Quiz A for 2:30 Class: 04/17/13 Name ____________________________

Using the following information, set up the calculations (write out equations and plug in the numbers) needed to determine the value of a call on Abbott Laboratories that expires on July 19, 2013 (93 days from today) and which has a strike price of $35. You plan to hold this call only through June 21, 2013 (65 days from today). Risk-free interest rates (all less than 1%) vary by maturity as follows: 5/16 = 0.030%, 5/23 = 0.020%, 5/30 = 0.035%, 6/6 = 0.040%, 6/13 = 0.036%, 6/20 = 0.041%, 6/27 = 0.042%, 7/5 = 0.046%, 7/11 = 0.056%, 7/18 = 0.051%, and 7/25 = 0.057%. Note: All of the following are per-share data related to Abbott Laboratories.

Actual or expected values as of:

	4/17	6/21	7/19
Assets	40	42	45
Stock	36	37	39
Debt	4	5	6

Expected standard deviation between now and:

	4/17	6/21	7/19
Assets	11%	12%	13.5%
Stock	13%	14%	15%
Debt	3%	4%	5%
This call	58%	60%	63%
Equivalent put	62%	64%	65%

Wall Street Journal Questions are on the back of this page.