Quiz B for 4:00 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 Citigroup that expires on July 19, 2013 (93 days from today) and which has a strike price of $45. 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 Citigroup.

Actual or expected values as of:				Expected standard deviation between now and:			
	4/17	6/21	7/19		4/17	6/21	7/19
Assets	183	185	188	Assets	19%	20%	21%
Stock	46	47	49	Stock	28%	29%	31%
Debt	137	138	139	Debt	13%	14%	15%
				This call	95%	97%	98%
				Equivalent put	98%	101%	103%

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