

**Math 194, Winter 2008**

Homework 6 — Due Friday, February 15, 2008

**1.** For this problem use the model parameters of Exercise 2, section 2.4.

(a) Find the superhedging strategy for the American call option, and the time-zero cost of that strategy.

(b) Find the superhedging strategy for the American put option, and the time-zero cost of that strategy.

**2.** Exercise 6, Section 2.4 (pages 29–30 of the text), but do not do part (d).