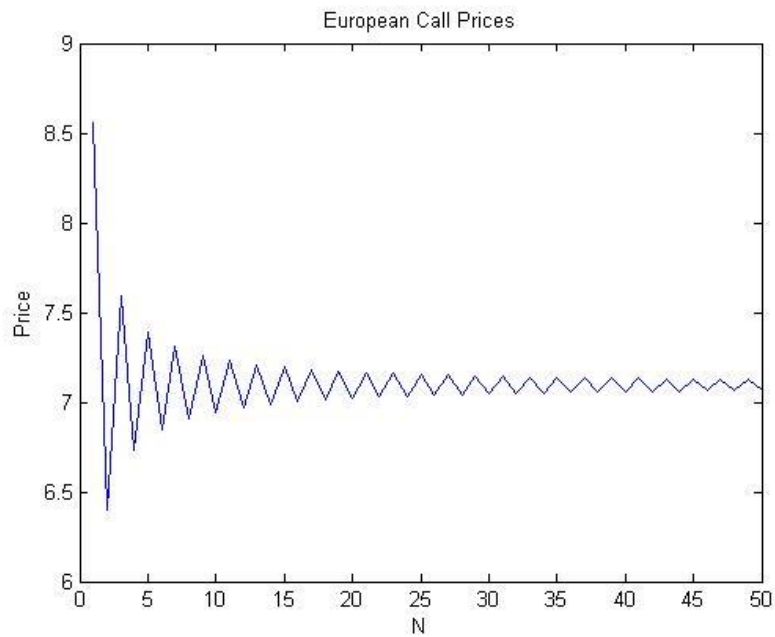


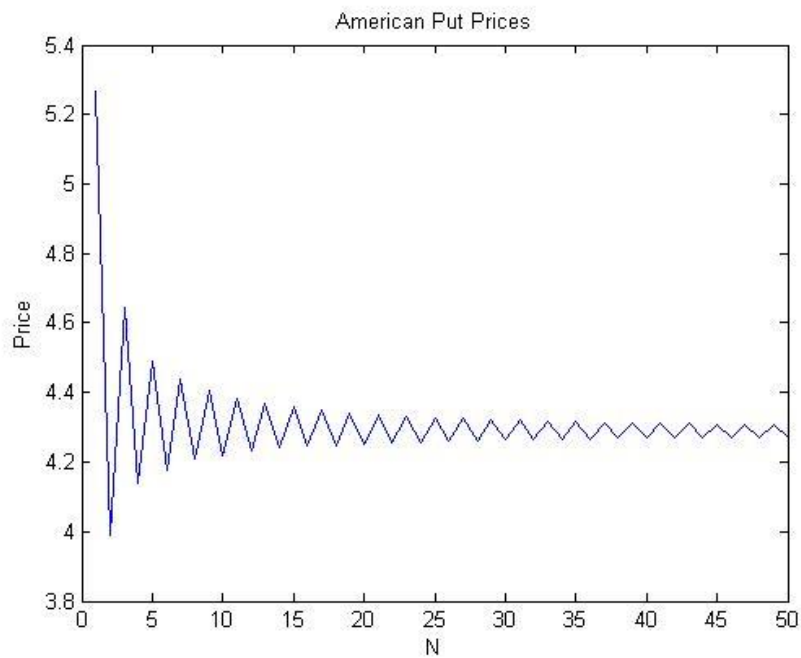
Math 6635 Homework 4 solution

Problem 11: The value of European option obtained as function of N , $1 \leq N \leq 50$:



$N=100$, value is 7.0807; $N=200$, value is 7.0883; $N=400$, value is 7.0921

Problem 12: Value of American Option for $1 \leq N \leq 50$



$N=100$, value is 4.2781; $N=200$, value is 4.2812; $N=400$, value is 4.2827