**Problem Set 6**

**Kaiyue Wu**

**Question 1.**

Call Option Prices

Chart, line chart

Description automatically generated

**Put Option Prices**

Chart, line chart, scatter chart

Description automatically generated

**Question 2**

with 𝜆1=.2, 𝜆2=0.4 and T=5

The default option D: 4374.32

The default probability Prob: 0.92

The expected exercise time Et: 1.18

**(a) Value of Default Option**

Chart

Description automatically generated

### (b) Default Probability

Chart, scatter chart

Description automatically generated

### (c) Expected Exercise Time

Chart, scatter chart

Description automatically generated