

$t = 0$ $t = 1$ $t = 2$

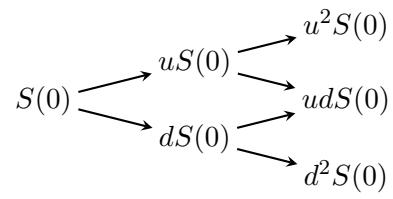


Figure 1: Binomial model with 3 trading dates.