

Contents

Title Page	i
Abstract	iii
Table of Contents	v
Dedication	1
1 Introduction	1
1.1 Motivations and Research Objectives	1
1.2 Major Results	3
1.2.1 Single Asset American Option Pricing Problems	3
1.2.2 American Exchange Option Pricing Problems	4
1.2.3 Optimization Approaches for Pricing American Style Options	4
1.3 Organization of the Dissertation	5
2 Literature Review	7
2.1 American Option Pricing Problems	7
2.2 American Exchange Option Pricing Problems	9
2.3 Optimization Approaches for Option Pricing Problems	10

2.4	Applications to Real Options	14
3	Single Asset American Style Option Pricing Problems	16
3.1	Free Boundary Problems Arising from Pricing of American Options	17
3.2	Properties of the Solution	20
3.3	Concavity of the Free Boundary	25
3.4	Application to American Call Option	29
3.5	An Asymptotic Solution for the Early Exercise Boundary	33
4	American Exchange Option Pricing Problems	39
4.1	The Formulation of AEO	40
4.2	Properties of the Free Boundary	43
4.3	The Integral Equation	45
4.4	An Asymptotic Solution of Finite-Lived AEO	50
4.5	The Exact Solution of the Perpetual AEO	58
4.6	Integral Recursive Methods	63
4.7	Numerical Results	65
5	Optimization Approaches for Pricing an Option	68
5.1	Notations	69
5.2	Binomial Pricing Approach	70
5.3	MINLP Valuation Models	72
5.4	Writer's Problems	79

5.5	Numerical Results	81
6	Conclusions and Future Researches	87
6.1	Conclusions	87
6.1.1	Single Asset American Option Pricing Problems	87
6.1.2	American Exchange Option Pricing Problems	88
6.1.3	Optimization Approaches for Pricing an Option	88
6.2	Future Researches	89
6.2.1	Incomplete Markets	89
6.2.2	American Spread Option Valuation Problems	89
6.2.3	Martingale Probability Measure for the American Option . . .	90
	Bibliography	91

