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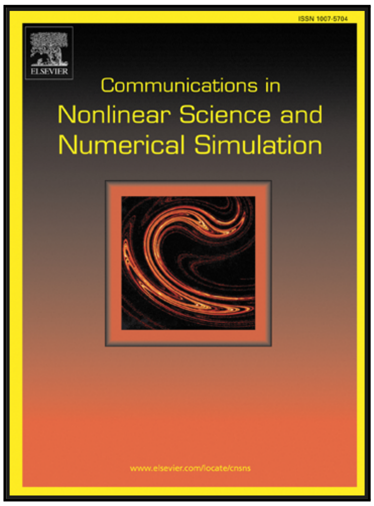

Analytic solution for American strangle options using Laplace-Carson transforms

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Highlights

- We derive analytic formula of Laplace-Carson transforms (LCT) for the price of American strangle options.
- By LCT, we can derive the nonlinear system of equations satisfied by the transformed value of two free boundaries of American strangle option.
- We then solve this nonlinear system using Newtons method and finally get the free boundaries and option values using numerical Laplace inversion techniques.