

Corrections to the Third Edition of 2006

p. 126, second line in 4.2.1: minus sign

$$f'(x) = \frac{f(x+h) - f(x)}{h} - \frac{h}{2}f''(\xi)$$

p.180, (Exercise 4.8) lines 9, 10: replace $S - K$ by $K - S$

p.230: line -9 , a w is missing. The last term is ξw_{xxx}

p.247, equation (A4.12): the factor $e^{-\delta(T-t)}$ is lost; correct is

$$\begin{aligned}\Delta &= e^{-\delta(T-t)} F(d_1) && \text{for a European call,} \\ \Delta &= e^{-\delta(T-t)} (F(d_1) - 1) && \text{for a European put.}\end{aligned}$$

p.247, last formula, and p.248, first formula: replace the $\tilde{\Pi}$ on the left-hand sides by $d\tilde{\Pi}$

p.249 / 251, both λ_2 -expressions in formula (A5.1) and (A5.2) are wrong by a factor of 2.

$$\text{Replace } \frac{1}{2\sigma^2} \{ \dots \} \quad \text{by} \quad \frac{1}{\sigma^2} \{ \dots \}$$

last change: 26 Jan 2014