ERRATA

A Primer for the Mathematics of Financial Engineering

Second Edition, 2011

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Corrections – Chapter 4

- **Page 129**, Section 4.6: Formula (4.49) should be

$$d_{2,\mu} \;=\; \frac{\ln\left(\frac{S(0)}{K}\right)+\left(\mu-q-\frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

  Formula (4.50) should be:

$$P(S(T) \;>\; K) \;=\; N(d_{2,\mu}) \;=\; N\left(\frac{\ln\left(\frac{S(0)}{K}\right)+\left(\mu-q-\frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}\right)$$

  The formula after formula (4.50), instead of

$$d_2 \;=\; \frac{\ln\left(\frac{S(0)}{K}\right)+\left(r-\frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}},$$

  should read

$$d_2 \;=\; \frac{\ln\left(\frac{S(0)}{K}\right)+\left(r-q-\frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}.$$

Corrections – Chapter 9

- **Page 273**, Section 9.1: Formula (9.9) should be

$$\nabla f(x) \;=\; \left(\frac{\partial f}{\partial x_1}(x) \;\ldots\; \frac{\partial f}{\partial x_n}(x)\right);$$

- **Page 279**, Section 9.1: In the second paragraph,
  "*Note:* If the matrix $D^2F_0(x_0)$ is either positive semidefinite or negative semidefinite, skip Step 3.2 and go from Step 3.1 to the following version of Step 4:"
  should read
  "*Note:* If the matrix $D^2F_0(x_0)$ is either positive definite or negative definite, skip Steps 3.1 and 3.2, and go to the following version of Step 4:"