# 7/15/09 Update for Fall 2009 Exam Cycle

# MFE Review Notes Errata

**Chapter 18**

7/15/09 Page 18-12. In the middle of the page, the probability density functions should be conditional on $S_t$. The corrected equations are:

$$PE\left[S_T \,|S_T < K\right] = E\left[S_T \,|S_T < K\right] \times \text{Prob}\left(S_T < K\right) = \int_0^K S_T\, g(S_T; S_t)\, dS_T$$

$$PE\left[S_T \,|S_T > K\right] = E\left[S_T \,|S_T > K\right] \times \text{Prob}\left(S_T > K\right) = \int_K^\infty S_T\, g(S_T; S_t)\, dS_T$$

# MFE Questions Errata

**Chapter 19**

7/15/09 **Question 7.** The question should specify that, “A European call option on the stock expires in 1 year and has a strike price of $47.”

7/15/09 **Question 9.** The question should specify that, “The continuously compounded risk-free rate of return is 5%.”