

## Erratum

Car, P. and Linetsky, V. (2000) The valuation of executive stock options in an intensity-based framework, *European Finance Review* 4, 211–230.

In the original publication the table data of Table I and Table II were switched around. On the next two pages the correct tables are printed.

*Table I. Occupation Time Model.* ESO values, expected times of exercise or forfeiture and expected stock prices at the time of exercise or forfeiture as functions of the intensity parameters  $\lambda_f$  and  $\lambda_e$ . Parameters:  $K = 100$ ,  $S_0 = 100$ ,  $T = 10$  years,  $\sigma = 0.30$ ,  $r = 0.05$ ,  $m = 0.15$ ,  $t_v = 0$ , no dividends

$\lambda_f$	$\lambda_e$									
	0	0.02	0.04	0.06	0.08	0.1	0.12	0.14	0.16	0.18
ESO value										
0	52.56	50.33	48.29	46.42	44.71	43.13	41.68	40.35	39.11	37.96
0.02	49.03	47.05	45.23	43.57	42.04	40.63	39.33	38.13	37.02	35.98
0.04	45.89	44.13	42.51	41.02	39.66	38.39	37.23	36.14	35.14	34.20
0.06	43.09	41.52	40.07	38.74	37.51	36.38	35.33	34.35	33.44	32.59
0.08	40.59	39.19	37.89	36.69	35.59	34.56	33.61	32.73	31.90	31.13
0.10	38.35	37.09	35.92	34.85	33.85	32.92	32.06	31.26	30.51	29.80
0.12	36.33	35.20	34.15	33.18	32.28	31.44	30.65	29.92	29.24	28.59
0.14	34.52	33.50	32.55	31.67	30.85	30.08	29.37	28.70	28.08	27.49
0.16	32.88	31.96	31.10	30.30	29.55	28.85	28.20	27.59	27.01	26.47
0.18	31.39	30.56	29.77	29.04	28.36	27.73	27.13	26.57	26.04	25.54
Expected exercise or forfeiture time (years)										
0	10.00	9.32	8.72	8.18	7.69	7.26	6.86	6.51	6.19	5.89
0.02	9.06	8.47	7.94	7.47	7.04	6.65	6.31	5.99	5.71	5.45
0.04	8.24	7.72	7.26	6.84	6.46	6.12	5.82	5.54	5.28	5.05
0.06	7.52	7.06	6.65	6.29	5.95	5.65	5.38	5.13	4.90	4.70
0.08	6.88	6.48	6.12	5.79	5.50	5.23	4.99	4.77	4.57	4.38
0.10	6.32	5.97	5.65	5.36	5.10	4.86	4.64	4.44	4.26	4.10
0.12	5.82	5.51	5.23	4.97	4.74	4.52	4.33	4.15	3.99	3.84
0.14	5.38	5.10	4.85	4.62	4.41	4.22	4.05	3.89	3.74	3.61
0.16	4.99	4.74	4.52	4.31	4.13	3.96	3.80	3.66	3.52	3.40
0.18	4.64	4.42	4.22	4.03	3.87	3.71	3.57	3.44	3.32	3.21
Expected stock price at time of exercise or forfeiture relative to strike										
0	4.48	4.14	3.83	3.57	3.34	3.13	2.96	2.80	2.66	2.53
0.02	4.08	3.78	3.52	3.29	3.09	2.92	2.76	2.62	2.50	2.39
0.04	3.73	3.48	3.25	3.05	2.88	2.72	2.59	2.47	2.36	2.27
0.06	3.43	3.21	3.02	2.84	2.69	2.56	2.44	2.33	2.24	2.16
0.08	3.17	2.98	2.81	2.66	2.53	2.41	2.31	2.22	2.13	2.06
0.10	2.95	2.78	2.63	2.50	2.39	2.28	2.19	2.11	2.04	1.97
0.12	2.75	2.60	2.48	2.36	2.26	2.17	2.09	2.02	1.95	1.90
0.14	2.58	2.45	2.34	2.24	2.15	2.07	2.00	1.94	1.88	1.83
0.16	2.43	2.32	2.22	2.13	2.05	1.98	1.92	1.87	1.81	1.77
0.18	2.30	2.20	2.11	2.04	1.97	1.91	1.85	1.80	1.76	1.72

Table II. **Area Model.** ESO values, expected times of exercise or forfeiture and expected stock prices at the time of exercise or forfeiture as functions of the intensity parameters  $\lambda_f$  and  $\lambda_e$ . Parameters:  $K = 100$ ,  $S_0 = 100$ ,  $T = 10$  years,  $\sigma = 0.30$ ,  $r = 0.05$ ,  $m = 0.15$ ,  $t_v = 0$ , no dividends

$\lambda_f$	$\lambda_e$									
	0	0.02	0.04	0.06	0.08	0.1	0.12	0.14	0.16	0.18
ESO value										
0	52.56	51.74	50.97	50.24	49.57	48.93	48.33	47.76	47.22	46.71
0.02	49.03	48.31	47.63	47.00	46.41	45.85	45.32	44.82	44.34	43.89
0.04	45.89	45.26	44.67	44.11	43.59	43.09	42.63	42.18	41.76	41.36
0.06	43.09	42.54	42.02	41.53	41.07	40.63	40.22	39.83	39.45	39.10
0.08	40.59	40.10	39.64	39.21	38.80	38.42	38.05	37.71	37.37	37.06
0.1	38.35	37.92	37.51	37.13	36.77	36.43	36.10	35.79	35.50	35.22
0.12	36.33	35.95	35.60	35.26	34.94	34.63	34.34	34.07	33.80	33.55
0.14	34.52	34.18	33.86	33.56	33.28	33.01	32.75	32.50	32.27	32.04
0.16	32.88	32.58	32.30	32.03	31.77	31.53	31.30	31.08	30.87	30.67
0.18	31.39	31.12	30.87	30.63	30.41	30.19	29.98	29.78	29.59	29.41
Expected exercise or forfeiture time (years)										
0	10.00	9.60	9.24	8.91	8.62	8.36	8.11	7.89	7.69	7.50
0.02	9.06	8.72	8.40	8.12	7.87	7.64	7.43	7.23	7.05	6.89
0.04	8.24	7.94	7.67	7.43	7.20	7.00	6.82	6.65	6.49	6.35
0.06	7.52	7.26	7.02	6.81	6.62	6.44	6.28	6.13	5.99	5.87
0.08	6.88	6.66	6.45	6.27	6.10	5.94	5.80	5.67	5.55	5.44
0.1	6.32	6.12	5.95	5.78	5.63	5.50	5.37	5.26	5.15	5.05
0.12	5.82	5.65	5.50	5.35	5.22	5.10	4.99	4.89	4.80	4.71
0.14	5.38	5.23	5.09	4.97	4.86	4.75	4.65	4.56	4.48	4.40
0.16	4.99	4.86	4.74	4.63	4.53	4.43	4.35	4.27	4.19	4.12
0.18	4.64	4.52	4.42	4.32	4.23	4.15	4.07	4.00	3.94	3.87
Expected stock price at time of exercise or forfeiture relative to strike										
0	4.48	4.18	3.93	3.71	3.53	3.37	3.23	3.10	2.99	2.90
0.02	4.08	3.82	3.61	3.42	3.26	3.12	3.00	2.90	2.80	2.72
0.04	3.73	3.51	3.33	3.17	3.03	2.91	2.81	2.72	2.63	2.56
0.06	3.43	3.25	3.09	2.95	2.83	2.73	2.64	2.56	2.49	2.42
0.08	3.17	3.01	2.87	2.76	2.65	2.57	2.49	2.42	2.35	2.30
0.10	2.95	2.81	2.69	2.59	2.50	2.42	2.35	2.29	2.24	2.19
0.12	2.75	2.63	2.53	2.44	2.36	2.30	2.24	2.19	2.14	2.10
0.14	2.58	2.48	2.39	2.31	2.25	2.19	2.14	2.09	2.05	2.01
0.16	2.43	2.34	2.26	2.20	2.14	2.09	2.04	2.00	1.97	1.93
0.18	2.30	2.22	2.15	2.10	2.05	2.00	1.96	1.93	1.90	1.87

