

Figure 9.3 Stock prices in a two-step tree.

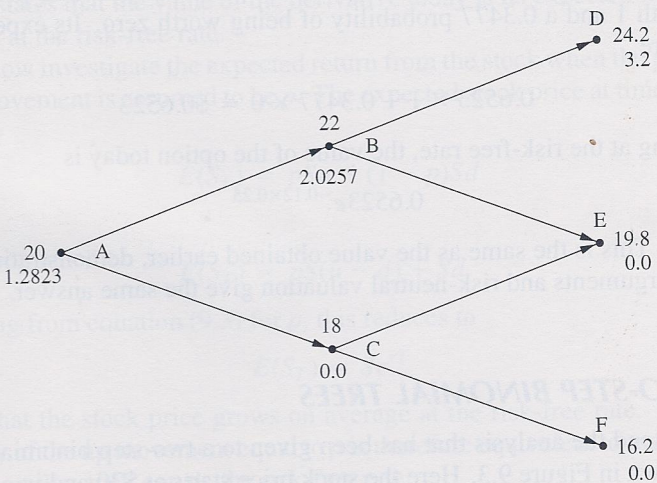


Figure 9.4 Stock and option prices in a two-step tree. The upper number at each node is the stock price; the lower number is the option price.