



# Contents

<i>Preface</i>	<i>ix</i>
<i>General Notation</i>	<i>xi</i>
<i>Contents of Volume 2</i>	<i>xiii</i>
<b>1 Stochastic Processes</b>	
1. The Kolmogorov construction of a stochastic process	1
2. Separable and continuous processes	6
3. Martingales and stopping times	9
Problems	15
<b>2 Markov Processes</b>	
1. Construction of Markov processes	18
2. The Feller and the strong Markov properties	23
3. Time-homogeneous Markov processes	30
Problems	31
<b>3 Brownian Motion</b>	
1. Existence of continuous Brownian motion	36
2. Nondifferentiability of Brownian motion	39
3. Limit theorems	40
4. Brownian motion after a stopping time	44
5. Martingales and Brownian motion	46
6. Brownian motion in $n$ dimensions	50
Problems	53

#### 4 The Stochastic Integral

1. Approximation of functions by step functions	55
2. Definition of the stochastic integral	59
3. The indefinite integral	67
4. Stochastic integrals with stopping time	72
5. Itô's formula	78
6. Applications of Itô's formula	85
7. Stochastic integrals and differentials in $n$ dimensions	89
Problems	93

#### 5 Stochastic Differential Equations

1. Existence and uniqueness	98
2. Stronger uniqueness and existence theorems	102
3. The solution of a stochastic differential system as a Markov process	108
4. Diffusion processes	114
5. Equations depending on a parameter	117
6. The Kolmogorov equation	123
Problems	125

#### 6 Elliptic and Parabolic Partial Differential Equations and Their Relations to Stochastic Differential Equations

1. Square root of a nonnegative definite matrix	128
2. The maximum principle for elliptic equations	132
3. The maximum principle for parabolic equations	134
4. The Cauchy problem and fundamental solutions for parabolic equations	139
5. Stochastic representation of solutions of partial differential equations	144
Problems	150

#### 7 The Cameron–Martin–Girsanov Theorem

1. A class of absolutely continuous probabilities	152
2. Transformation of Brownian motion	156
3. Girsanov's formula	164
Problems	169

**8 Asymptotic Estimates for Solutions**

1. Unboundedness of solutions	172
2. Auxiliary estimates	174
3. Asymptotic estimates	180
4. Applications of the asymptotic estimates	185
5. The one-dimensional case	188
6. Counterexample	191
Problems	193

**9 Recurrent and Transient Solutions**

1. Transient solutions	196
2. Recurrent solutions	200
3. Rate of wandering out to infinity	203
4. Obstacles	207
5. Transient solutions for degenerate diffusion	213
6. Recurrent solutions for degenerate diffusion	217
7. The one-dimensional case	219
Problems	222

<i>Bibliographical Remarks</i>	224
<i>References</i>	226
<i>Index</i>	I