

2010 CFA Program: Level II Errata
7 October 2009

To be fair to all candidates, CFA Institute does not respond directly to individual candidate inquiries. If you have a question concerning CFA Program content, please contact CFA Institute (info@cfainstitute.org) to have potential errata investigated. Corrections below are in **bold** and new corrections will be in **red**.

The short scale method of numeration is used in the CFA Program curriculum. A billion is 10^9 and a trillion is 10^{12} . This is in contrast to the long scale method where a billion is 1 million squared and a trillion is 1 million cubed. The short scale method of numeration is the prevalent method internationally and in the finance industry.

There are a variety of ways of quoting **foreign exchange rates**: \$ to or per £ = \$/£ = £: \$. The quote £:\$ is equivalent to a quote of \$/£. Authors use the two different methods of quoting currency exchange rates to ensure readers develop familiarity with both.

- *Study Session 5, Reading 21*: On p. 47, in the ninth line of the third paragraph of Section 6.4.5, **change greater to less**: “...if the recoverable amount of the cash-generating unit is **less** than its carrying value.”
- *Study Session 6, Reading 22*: There are a number of corrections in this reading:
 - At the top of p. 107, the **Solution to 1 is €9,963.84** instead of €10,963.84.
 - In the third line of the third paragraph on p. 122, the excess should be **\$502 million** instead of \$512 million.
 - In Exhibit 1 at the top of p. 143, the Market Values in the left-hand column should be for 31 December **2008** and 31 March **2009**.
 - In the Solution to 7 (p. 146), the last line should reference **Exhibit 2** instead of Exh. 3.
 - In the Solution to 27 (p. 148), the **overfunding is €187 million** instead of €151 million.
 - In the Solution to 28 (p. 148), the net pension asset should be **€187 million**.
- *Study Session 8, Reading 27*: In the solution to practice problem 48 (p. 97), **A is correct** (instead of B). The explanation is correct as shown; only the letter changes.
- *Study Session 12, Reading 41*: In the middle of the last paragraph of Solution to 1 (p. 400), the increase in accrued taxes and expenses should be “... \$10 million (**\$150 million – \$140 million**).”
- *Study Session 12, Reading 42*: Equation 8 (p. 548) for harmonic mean **should have n in the numerator** instead of 1. In the data provided for Practice Problem 12 (p. 563), the **profit margin on sales should be 10.24** percent instead of 10.9. In the stem of 12.B, **insert “trailing”** before P/E (“What trailing P/E ...”). Using 10.24 profit margin instead of 10.9, the solution to 12.B (top of p. 570) becomes $P_0/S_0 = 0.0747/0.025 = 3.0$, and the justified P/S of 3.0 is carried to the third line of Solution 12.C “(**3.0** versus 2.9).”
- *Study Session 12, Reading 43*: At the top of p. 592, in the sixth bullet point, Rosato’s forecast of 2008 EPS should be **TWD 5.556** instead of 5.566. In the second line of Example 10 (p. 595), change “after 2027” to “**in 2027 and beyond**.”