The eBook for the 2024 curriculum is formatted for continuous flow, so the text will fit all screen sizes. Therefore, eBook page numbering—which is linked to section heads—does not match page numbering in the print curriculum.

Corrections below are in bold, and new corrections will be shown in red; page numbers shown are for the print volumes.

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.

Volume 1

Extensions of Multiple Regression (Quant LM4)

- In the Extensions of Multiple Regression section, please disregard the Cook’s $D$ formula as a means to identify data points and the associated content/questions.
- Equation 3 on page 87 should read:
  \[ Y_i = b_0 + d_0 D + b_1 X_i + \varepsilon_i. \]
- In the Question Set, page 93, the explanation for the solution to question 3 should include the following:
  - For answer A, as MKTSH approaches 0, we see that the regulated firm has 0.5% less return. Or, if the Market Share Contribution to return is the same, that is, $0.2\text{MKTSH(Regulated)} = 0.4\text{MKTSH(Non-regulated)}$, then the regulated firm has 0.5% less return.
  - For answer C, if MKTSH increases by 1%, for both regulated and non-regulated, the regulated firm will have a return that is 0.2% less, $0.2(1\%) - 0.4(1\%) = -0.2\%$. The 0.5% return of the non-regulated does not get included, since we are looking at the change in the return, based on a 1% increase in MKTSH.

Monetary and Fiscal Policies (Econ LM1)

- Exhibit 5’s chart should read:
  1. Expansionary Monetary Policy + Expansionary Fiscal Policy, outcome should be Domestic Currency Depreciates
  2. Expansionary Monetary Policy + Restrictive Fiscal Policy outcome should be indeterminate
3. Restrictive Monetary Policy + Expansionary Fiscal Policy outcome should be indeterminate

4. Restrictive Monetary Policy + Restrictive Fiscal Policy, outcome should be Domestic Currency Appreciates

**Economic Growth (Econ LM2)**

- In Example 1, the second line from the bottom of solution 1 (page 465 of print) should read, “Singapore\(\frac{(66,189/4,299)1/68}{\text{year}} \) \(= 4.1\%\).”

- In Example 15, the first sentence in the fourth paragraph in the Solution to 1 (page 525 of print) should read, “The growth rate in total factor productivity (Exhibit 19) is calculated by using a geometric average of the growth rates for 2006–2015 and is equal to \(-0.85\%\).” The calculation in the next paragraph should read:

\[
\text{Growth in potential GDP} = \alpha \Delta K/K + (1 - \alpha) \Delta L/L + \Delta A/A \\
= (0.413)(0.04) + (0.587)(-0.0127) + (-0.0085)
\]

The last line of this solution should read, “TFP = \(-0.85\%).”

- In Example 15, the second-to-last sentence before Exhibit 21 in the Solution to 3 (page 526 of print) should read, “In contrast to capital deepening, TFP made a negative contribution to growth; the average rate of growth for TFP from 2006 to 2015 was \(-0.85\%).”

- In Example 15, the second calculation in the Solution to 4 (page 527 of print) should read:

\[
\text{Steady-state growth rate} = \frac{-0.85\%}{(1 - 0.413)} + (-1.27\%) = -2.7\%
\]
Volume 2

Intercorporate Investments (FSA LM1)
- In the lesson “Amortization of Excess Purchase Price, Fair Value Option, and Impairment,” the second-to-last paragraph of the lesson (page 19 of print) should read, “US GAAP prohibits the reversal of impairment losses even if the fair value later increases. However, IFRS permits the reversal of a previous impairment loss, in line with IAS 36, to the extent that the recoverable amount of the net investment subsequently increases. Both IFRS and US GAAP prohibit the reversal of impairment losses even if the fair value later increases.”

Employee Compensation: Post-Employment and Share-Based (FSA LM2)
- In Example 4, the first calculation under Solution (page 80 of print) should read:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic shares outstanding</td>
<td>176,401,000</td>
</tr>
<tr>
<td>Effect of dilutive securities:</td>
<td>1,456,333</td>
</tr>
<tr>
<td>Diluted shares outstanding:</td>
<td>177,857,333</td>
</tr>
</tbody>
</table>

Under “RSUs:” (page 81 of print) it should read:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unvested RSUs</td>
<td>3,028,000</td>
</tr>
<tr>
<td>Minus: Assumed repurchases of</td>
<td>1,571,667**</td>
</tr>
<tr>
<td>Dilutive shares:</td>
<td>1,456,333</td>
</tr>
</tbody>
</table>

**Assumed purchases are calculated as:

- Assumed proceeds from cash exercise = 0
- Assumed unrecognized share-based compensation expense (0 + 13,202 million)/2 = 6,601 million
- 0 + 6,601 million / Average share price of 4,200 = 1,571,667** assumed repurchases

- In the lesson “Financial Reporting for Post-Employment Benefits,” the first sentence after Equation 1 (page 92 of print) should read, “If the funded status is negative, the plan is an underfunded plan and the funded status is reported on the balance sheet as a net pension liability.”

Financial Statement Modeling (FSA LM7)
- In Example 5, the Solution to 2 (page 426 of print), the second sentence should read, “The projected beauty EBIT is EUR2,689 million, while the projected mass market EBIT is EUR 3,249 million, assuming mass market sales of EUR14,937 million, gross margin of 60.75%, A&P % of 15.4%, and SG&A/Other % of 23.6.”
Volume 3
Corporate Restructuring (Corporate Issuers LM4)

- In Exhibit 1 (page 158 of print), the second stage should read “Growth” instead of “Start-Up.”
- In Example 11, the first sentence in the Solution to 3 (page 198 of print) should read, “Hapalla AG’s offer of BRL45 billion to acquire a 25% interest in OHAA values OHAA at BRL180 billion (45/0.25) on an enterprise value basis, or BRL 147,539 million in equity value after subtracting cash and cash equivalents at year-end 20X7.”
- In Exhibit 31 (page 198 of print), in the row Gain on Sale, the Transaction value should be 32,000.
Residual Income Validation (Equity LM3)

- The table on page 236 should be:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current book value per share</td>
<td>15,000</td>
</tr>
<tr>
<td>Present value of 6 years' residual income</td>
<td>17,755</td>
</tr>
<tr>
<td>Terminal value</td>
<td>31,580</td>
</tr>
<tr>
<td>Present value of terminal value (at 7.95%)</td>
<td>19,956</td>
</tr>
<tr>
<td>Value per share</td>
<td>€52,711</td>
</tr>
</tbody>
</table>

The Term Structure and Interest Rate Dynamics (Fixed Income LM1)

- At the end of the lesson “Yield Curve Movement and the Forward Curve,” the third-from-last calculation (page 360 of print) should read:

\[
DF_{1}^{\text{new}} = \frac{DF_{2}}{DF_{1}} = \frac{0.9246}{0.9615} = 0.9615
\]

The last calculation should read:

\[
F_{2,1}^{\text{new}} = \frac{DF_{2}^{\text{new}}}{DF_{1}^{\text{new}}} = \frac{0.9246}{0.9615} = 0.9615
\]

And the sentence following that calculation should read, “The price of the forward contract is nearly unchanged.”

Market-Based Valuation: Price and Enterprise Value Multiples (Fixed Income LM2)

- The table entries in Example 11 (page 124) should be as follows:

  - Company
    - Trailing P/E
    - Forward P/E
    - Five-Year EPS Growth Forecast
    - Forward PEG Ratio
    - Beta
      - AT&T
        - 13.20
        - 9.36
        - 1.83%
        - 5.11

  - Company
    - Trailing P/E
    - Forward P/E
    - Five-Year EPS Growth Forecast
    - Forward PEG Ratio
    - Beta
      - AT&T
        - 13.20
        - 9.36
        - 1.83%
        - 5.11
<table>
<thead>
<tr>
<th>Company</th>
<th>NMF</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comcast Corporation</td>
<td>0.56</td>
<td>16.23</td>
<td>12.92</td>
<td>11.29</td>
<td>1.14</td>
<td>1.09</td>
<td></td>
</tr>
<tr>
<td>CenturyLink NMF</td>
<td>8.89</td>
<td>8.52</td>
<td>1.04</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China Telecom</td>
<td>13.14</td>
<td>10.31</td>
<td>6.90</td>
<td>1.49</td>
<td>0.81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charter Communications</td>
<td>70.67</td>
<td>30.32</td>
<td>45.30</td>
<td>0.67</td>
<td>1.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Verizon</td>
<td>15.03</td>
<td>11.99</td>
<td>2.51</td>
<td>4.78</td>
<td>0.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Windstream Holdings</td>
<td>19.01</td>
<td>16.29</td>
<td>3.19</td>
<td>5.11</td>
<td>0.45</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Mean
24.55
14.30
11.30
2.76
0.78

Median
15.03
11.99
6.90
1.49
0.78

- The opening sentence in the solution on page 125 should be changed to:
  - “Among the three companies identified as underpriced (based on their low forward P/Es), CenturyLink has the highest five-year EPS growth forecast and the lowest PEG ratio.”

- The third sentence should be changed to:
  - “Among the other companies in Exhibit 5, Comcast and Charter Communications had the highest EPS growth forecasts and the third lowest and lowest PEG ratios.”

**Private Company Valuation (Fixed Income LM4)**

- In Example 12 on page 326, the section in the chart titled FLI’s Normalized Operating Income after Taxes labeled EBIT should be EBITDA as should the calculation that follows.
• In the lesson “Standard IV(A): Recommended Procedures,” part of the text under Incident-Reporting Procedures (page 266 of print) is not appearing. The full paragraph is as follows:

Members and candidates should be aware of their firm’s policies related to whistleblowing and encourage their firm to adopt industry best practices in this area. Many firms are required by regulatory mandates to establish confidential and anonymous reporting procedures that allow employees to report potentially unethical and illegal activities in the firm.