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 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.

**Volume 1**
- **Reading 13**: In the first summary bullet (p. 477), the subscript for the coefficient for the log-linear model should be 1 instead of 0: $\hat{b}_1 t$.
- **Reading 14**: In the second equation of Solution 1 (p. 596), the value for $i_d$ in the denominator should be 0.0543 (instead of 0.0573).

**Volume 2**
- **Reading 19**: The following two paragraphs were omitted from the bottom of p. 127:
  Only under rare circumstances will joint ventures be allowed to use proportionate consolidation under IFRS and U.S. GAAP. On the venturer’s financial statements, proportionate consolidation requires the venturer’s share of the assets, liabilities, income, and expenses of the joint venture to be combined or shown on a line-by-line basis with similar items under its sole control. In contrast, the equity method results in a single line item (equity in income of the joint venture) on the income statement and a single line item (investment in joint venture) on the balance sheet. Because the single line item on the income statement under the equity method reflects the net effect of the sales and expenses of the joint venture, the total income recognized is identical under the two methods. In addition, because the single line item on the balance sheet item (investment in joint venture) under the equity method reflects the investors’ share of the net assets of the joint venture, the total net assets of the investor is identical under both methods. There can be significant differences, however, in ratio analysis between the two methods because of the differential effects on values for total assets, liabilities, sales, expenses, etc.
  - In the last table on p. 130, the “total net income (loss)” for 2011 should appear in parentheses: $(264)$.
- **Reading 22**: In the two bulleted items at the top of p. 310, insert “other” before “comprehensive income.” In Practice Problem 6 (p. 313), change “net income” to “other comprehensive income” in options A and B, and insert “other” before “comprehensive income” in option C. Solution C remains correct.

**Volume 4**
- **Reading 34**: There are a number of corrections in this reading:
  - In the top row of Exhibit 27 (p. 181), the price increase for Analyst D should be 5.0% (instead of 50).
In Examples 12 and 13 and Exhibit 39 (pp. 185–194), the effective tax rate used for calculations was 17.53% (the actual effective tax rate for FY 2011). The authors rounded this to 18% before printing. The provisions for income taxes, which used 17.53%, will not appear correct if 18% is used.

In the last line on p. 191, post-cannibalization operating income should be $28,313 million instead of $43,543 million.

In Exhibit 45 (p. 205), 2015E “Depreciation and amortization as % of sales” should be positive 2.1% instead of negative. Also change 324 to 325 in 2015E (appears twice in Exhibit 45 and once in Exhibit 46, p. 207).

Reading 36: When calculating Value per Share in the solution to Problem 14.B (p. 367), the two instances of discount rate “1.225” are missing a number and should be “1.1225.” In the same calculation, the value of FCFE₄ should be $4.2234 (instead of 4.2334). The ending solution is correct as shown.

Reading 37: The first formula on p. 407 should read “= Benchmark value of trailing terminal” (instead of “forward”). The last line of the eighth summary bullet (p. 456) should read: (ROE EPS = average ROE multiplied by current book value per share).

Reading 38: There are a number of edits to this reading:
- The information on p. 511 on the treatment of in-process R&D at acquisition is out of date with respect to accounting standards, but useful in considering the effect of capitalizing versus expensing items.
- In the first line of Solution 7.B (p. 525), insert an equal sign between Total capital and $26 stock price.
- The heading for the last column of Solution 15 (p. 528) should be PV of RI (instead of RV).

Reading 39: In the third line of Solution 4.A (p. 586), change “intangible assets” to “fixed assets.” The $540,000 required return is for working capital and fixed assets.

Volume 5
- Reading 40: In the top row of Exhibit 2 (p. 68), change NOI for Year 2 to $2,859,119. In Practice Problem 1 (p. 69), change least likely to most likely and in option B, insert “greater than” before three years.
- Reading 45: In Example 8 (pp. 284-287), the “Years to maturity” numbers are incorrect which affects the other numbers shown. However, the interpretation and required understanding is not affected by this error. Candidates should interpret the numbers in Example 8 and do any calculations based on those numbers, as though they are correct.
- Reading 47: In Exhibit 11 (p. 369), the node for N-HHL should show 7.8812% (instead of 7.8112%). In the formula for Convexity on p. 370, delete the ‘2’ from the denominator.
- Reading 49: The column head at the top of p. 511 should be “Par Amount ($)” instead of Paramount; i.e., insert a space between the words.

Volume 6
- Reading 52: In the formula for valuing a futures contract found at the bottom of p. 87, the first expression should be \( v(T) \) —i.e., the ‘v’ should be lower case.
- Reading 53: In the paragraph immediately above Equation 16 (p. 176), the first \( c^- \) should be \( c^+ \): “We know that \( H^+ = nS^+ - c^+ \).” In the first paragraph of Solution to B (p. 214), delete the minus sign from the forward price formula. It should appear as \( F(0,T) = S_0 e^{rT} \).
- Reading 54: Solution 3.B.iii (p. 298) should be \$0.0461 = 1.0189 – 0.9728 (i.e., equal sign instead of minus).
- Reading 57: There are a number of corrections in this reading:
In the formula for active specific risk on p. 445, the expression for active weight should be squared: Active specific risk = \( \sum_{i=1}^{n} (w_i^a)^2 \sigma_i^2 \)

In the summary of weights at the end of Example 23 (p. 454), \( w_J \) should equal 2 instead of 0.2.

Reading 58: In the equation at the top of page 480, the last active weight in the equation for portfolio alpha should be \(-0.10\).