

Errata for Second Edition of Exam FM/Exam 2 Manual **(Last updated 9/10/06. See all entries dated 9/10/06 in errata list for 3rd edition.)**

- [9/28/05] Page 38, Q. 4, next-to-last line. The value of n^3 is 693.147, not 693.47.
- [9/28/05] Page 73, Q. 15, lines 1 and 3. Replace .40183 by .40188. The answer remains the same.
- [9/28/05] Page 88, Q. 11, 1st line. The minus sign should be an equal sign. 2nd line. The second equal sign should be a minus sign. 3rd line. There should be a closing bracket after (.9759).
- [4/4/06] Page 99, question 22. See errata list for 3rd edition for comments on this question.
- [9/28/05] Page 102, Q. 11, 3rd line. Replace 14.78368 by 14.78360.
- [4/4/06] Page 113, first line, right-hand side of equation. Should be **1.000**, not 10,000.
- [9/28/05] Page 123, Q. 2, 1st line. (s angle 15) should be (s angle 5). The solution uses the correct value.
- [9/28/05] Page 145, Q. 26, 4th line. Denominator of 2nd fraction should be $(1 + i)^3 - 1 + (1 - v)$.
- [9/28/05] Page 159 last line, right hand side of equation. $-v^n$ should be $-nv^n$.
- [4/4/06] Page 178, question 13, first and last lines. Replace 9.76 by **10.24**. The final answer on the last line is **124.93**, not 124.45. The answer is still (A).
- [10/11/05] Page 222, Q. 20, 1st line. The symbol for the AV of the increasing annuity should be (Is)(angle 29), not (Is)(angle 30). The solution uses the correct value.
- [10/11/05] Page 257, Q. 58. This question actually belongs in Section 6f.
- [9/28/05] Page 269, Q. 67, 3rd line. The result is 6, not 6.240. The solution uses the correct value.
- [9/28/05] Page 320, Q. 17, 4th line. After the first equal sign, should be $1,000r(a \text{ angle } 10)$. The solution uses the correct value.
- [10/11/05] Page 334, Q. 19. This question is somewhat ambiguous, because it doesn't say whether book values are based on the overall yield rate of 6% (which takes into account the reinvestment of the coupons at 5%), or whether they are based on the yield rate ignoring the reinvestment of the coupons.
- Ignoring the reinvestment of coupons, the yield rate is the solution of $839.33 = 40(\text{angle } 10) + 1,000v^{10}$ at i . The calculator gives $i = 6.204154\%$, so the book value at the end of the first year = $(839.33)(1.06204154) - 40 = 851.40$. This answer is in the same range as (B).
- [9/28/05] Page 385, "Note" at the top. This note should have been deleted in the second edition, which was completed in May 2005. Exam FM/2 currently consists of 25 questions.
- [9/28/05] Page 389, Q. 3. Annuities with payments in polynomial progression have rarely appeared on the exam. Technically, this subject is on the syllabus. See Kellison's Appendix VI.