Erratum

Erratum: “Equilibrium Cross Section of Returns”

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In the August 2003 issue of the Journal, firm market betas are incorrectly defined by equation (28) on page 705. The correct form of this equation should be

\[ \beta_i = \tilde{\beta}_i + \frac{1}{V_i} (\beta_i - \tilde{\beta}_i) + p(x_i) \frac{K_i}{V_i} (\beta_i - \tilde{\beta}_i), \]

and not

\[ \beta_i = \tilde{\beta}_i + \frac{1}{V_i} (\beta_i - \tilde{\beta}_i) + \frac{1}{p(x_i)} \frac{K_i}{V_i} (\beta_i - \tilde{\beta}_i). \]

Similarly, the weights \( \pi_{ij} \) used in the proof to proposition 4 on page 705, are given by the expression

\[ \pi_{ij} = \frac{K_{ij}}{V_i} \left( \frac{K_j}{V_j} \right)^{-1} = \frac{K_{ij}}{V_i} p(x_i), \]

and not

\[ \pi_{ij} = \frac{K_{ij}}{V_i} \left( \frac{K_j}{V_j} \right)^{-1} = \frac{K_{ij}}{V_i} \frac{1}{p(x_i)}. \]

We are grateful to Dmitry Livdan for pointing out these typographical errors.