Q. NLH-100 CA (Re: Table, page 15)

Does Dr. Kalymon believe that it would be unreasonable to restate his deemed 60/40 debt/equity capital structure inclusive of employee benefits by deducting half of the employee benefits component from the deemed equity and half from the deemed debt ratio, producing the following deemed capital structure?

Debt	59.14
Employee Benefits	1.72
Equity	39.14

If Dr. Kalymon believes this is an unreasonable alternative, please provide all support for his conclusion.

A. As stated in response to NLH-94 CA, the debt component of 60% was chosen as reflecting a viable and cost efficient level of external debt. Any decrease in the assumed debt level would not be at the most efficient capital structure level.