

Q. NLH-112 CA (Re: Schedule 4 A - Analysis of Achieved Risk Premiums Over 1982-2002 Period)

Please explain why Dr. Kalymon believes a twenty-year period is a sufficiently long measurement period for historic risk premiums for the purpose of estimating the expected risk premiums.

A. **Under more stable markets which prevailed in the past thirty years, the focus on twenty year results appeared to cover several business cycles and would be viewed as an adequate length of time to establish investor expectations. Currently, I have added a longer term study for consideration, given the extreme market volatility in recent years.**