1   **Q.   Coyne Evidence: In terms of Mr. Coyne's forward looking DCF estimates for**
2   **the market on page 29 please confirm that these estimates are based on analyst**
3   **forecasts, provide the source for the analyst forecasts and explain why he has not**
4   **used the multi-stage DCF model.**
5

6   A.   Confirmed. As stated on page 29 of Concentric's report, the forward-looking market risk
7   premium is calculated by subtracting the risk-free rate for each country from the
8   estimated total return for the overall market, as calculated using the DCF methodology
9   for the S&P/TSX Composite Index in Canada and the S&P 500 Index in the U.S. The
10   total market returns are based on forecasted analyst earnings per share growth rates for
11   each company in the TSX Composite Index and the S&P 500 index for which growth
12   rates are available. As indicated on Exhibits JMC-5 and JMC-6, the source of the growth
13   rate forecasts is Bloomberg Finance LP. The purpose of this analysis was to derive the
14   market's expectations of overall stock market returns based on observed stock prices,
15   dividend yields and analyst growth rates. A multi-stage analysis would require
16   introducing assumptions concerning second and third stage growth rates, and was beyond
17   the scope of this analysis. Mr. Coyne introduces multi-stage analysis directly in his DCF
18   models for all three proxy groups; those results are summarized on page 3, Figure 1 in the
19   Report. The multi-stage results range from 9.2% to 10.3%, with an average of 9.6%, and
20   are factored into Mr. Coyne's recommended ROE of 9.5%.