

Q. Evidence of Ms. McShane, Equity risk premium tests, Pages 44-56: Ms. McShane claims there are similar bond yields in the US and Canada, please provide the current yield on the 30 year Government of Canada and US Treasury bond and the three month treasury bill yield in both countries.

A. Ms. McShane is unable to locate the claim in the question. At page 54 line 1372 to page 55 line 1374, Ms. McShane stated "With similar government bond yields in the two countries **for more than a decade**, U.S. historical equity market risk premiums are a relevant benchmark for the estimation of the forward-looking equity market risk premium for Canadian investors." (emphasis added) As at April 16, 2012, the specific requested yields were as follows:

	Canada		U.S.	
	Long Term Bond	3-Month T-Bill	30-Year	3-Month T-Bill
4/16/2012	2.57	0.98	3.12	0.08

On average, from January 1, 2011 to March 31, 2012, the comparative yields on various fixed income securities were as follows:

	<u>Canada</u>	<u>U.S.</u>
3-Month T-Bill	0.91	0.06
10-Year Government	2.61	2.61
Long-Term/30-Year Government	3.13	3.71
Long-Term AAA/AA Corporates	4.52	4.52
Long-Term A Corporates	4.81	4.89
Long-Term BBB Corporates	5.56	5.54