

1 **Q. Evidence of Dr. Vander Weide: Equity cost estimates Page 39: Please confirm that**
2 **he has made no adjustments to the analyst growth forecasts unlike MS. McShane**
3 **who uses a three stage model as well as the constant growth model.**
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5 A. Dr. Vander Weide has not made an adjustment to the analysts' growth forecasts for his
6 proxy companies because his studies indicate that the analysts' growth forecasts are more
7 highly correlated with stock prices than other proxies for investors' growth expectations.
8 The high correlation between analysts' growth estimates and stock prices supports the
9 conclusion that investors use analysts' growth forecasts in making stock buy and sell
10 decisions.