

1 **Q. Reference pages 26-33: Risk Premiums: On page 33 Mr. MacDonald indicates that**
2 **the CAPM estimate of 6.84% is “below what we believe is a fair ROE for the**
3 **company.” Does this mean that he entered into the research with a preconceived**
4 **notion of what the fair ROE for NP is? If not what does this mean?**

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6 **A.** Mr. MacDonald did not enter the research process with a preconceived notion of what the
7 fair ROE for NP should be. The approach taken during the research process was to
8 utilize multiple methodologies to determine a fair ROE. The estimate returned from the
9 CAPM is the lowest of our ROE estimates and lower than our fair ROE conclusion.