PUB CA 38

T	Q.	In calculating your market risk premium you include an allowance for flotation costs
2		of 0.50%. Please provide a detailed explanation of why this is considered to be an
3		appropriate allowance.
4		
5	A.	Dr. Booth does not include any issue cost in the market risk premium estimate of 5.0-6.0%.
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
1		
17		
18		
19 20		
20 21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31	Page	1 of 1