

**Q. Reference: Transcript January 14, 2013**  
**Page 179, Lines 12-20**

**Please provide the average risk premium when treasury yields were below 4% outside the period from September 2008 to March 2009.**

A. Using the constant growth DCF model, the average observed risk premium at Treasury bond yields less than 4% excluding the five relevant observations between September 2008 and March 2009 is 6.3%. Rerunning the various DCF-based equity risk premium regressions excluding those five observations produces the following, as compared to the results presented in Table 24 of Ms. McShane's evidence.

	Coefficients		Equity Risk Premium	Cost of Equity
	Government Bond	Bond Yield Spread		
Constant Growth				
Single Variable	-0.60	n/a	5.9%	9.4%
Two Variable	-0.88	1.25	6.3%	9.8%
Three-Stage Growth				
Single Variable	-0.54	n/a	5.9%	9.4%
Two Variable	-0.71	0.71	6.1%	9.6%