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Q: Reference: Page 48, Lines 1-12

Please provide the data used to calculate the averages presented in the table at the top of page 48 and explain how the averages were calculated.

A: Please see the table on the second page of this response for the underlying data. The arithmetic averages are calculated at the bottom of the table.

The calculations at the bottom of the second page of this response indicate that the table at the top of page 48 of Dr. Cannon’s prefiled evidence needs to be corrected as follows:

	<u>Average Return On Long-Term Canada Bonds</u>	<u>Average Return On Canadian 91-Day Treasury Bills</u>	<u>Average Experienced Maturity Risk Premium</u>
	%	%	%
1957-2006 (50 years)	7.76	6.50	1.26
1967-2006 (40 years)	8.46	7.19	1.27
1977-2006 (30 years)	8.71	7.55	1.16
1987-2006 (20 years)	7.31	5.80	1.51
1997-2006 (10 years)	5.44	3.66	1.78

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HISTORICAL CANADIAN INTEREST RATES AND YIELDS - AVERAGES FOR ANNUAL PERIODS					
<u>Year</u>	Government of Canada 91-Day Treasury <u>Bills</u>	Government of Canada Long-Term <u>Bonds</u>	<u>Year</u>	Government of Canada 91-Day Treasury <u>Bills</u>	Government of Canada Long-Term <u>Bonds</u>
	%	%		%	%
1957	3.81	4.11	1982	13.81	14.36
1958	2.28	4.15	1983	9.32	11.77
1959	4.90	5.08	1984	11.11	12.74
1960	3.24	5.19	1985	9.44	11.11
1961	2.84	5.05	1986	8.99	9.54
1962	4.12	5.11	1987	8.19	9.95
1963	3.61	5.09	1988	9.42	10.23
1964	3.80	5.18	1989	12.02	9.92
1965	4.04	5.21	1990	12.80	10.81
1966	5.09	5.69	1991	8.85	9.82
1967	4.64	5.94	1992	6.50	8.77
1968	6.26	6.75	1993	4.91	7.86
1969	7.19	7.58	1994	5.42	8.60
1970	6.10	7.97	1995	6.98	8.35
1971	3.60	6.95	1996	4.30	7.54
1972	3.55	7.23	1997	3.13	6.71
1973	5.39	7.55	1998	4.71	5.57
1974	7.80	8.87	1999	4.69	5.72
1975	7.37	9.00	2000	5.40	5.73
1976	8.90	9.22	2001	3.88	5.77
1977	7.35	8.69	2002	2.51	5.68
1978	8.59	9.24	2003	2.72	5.35
1979	11.55	10.17	2004	2.81	5.13
1980	12.75	12.33	2005	2.71	4.43
1981	17.77	15.03	2006	3.99	4.27
Averages:			1977-2006	7.55	8.71
1957-2006	6.50	7.76	1987-2006	5.80	7.31
1967-2006	7.19	8.46	1997-2006	3.66	5.44

5 **Sources:** Bank of Canada Review and Bank of Canada Weekly Financial Statistics.  
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