

- Q. At p. 42, lines 11 and 12, Dr. Kalymon states: "Given the current market conditions and assuming a deemed equity component of 40 percent, I would recommend a provision of 8.5 % to 9 %." What is Dr. Kalymon's recommendation at the observed forecast equity component of 44%?
- A. **Under the forecast equity component of 44%, Dr. Kalymon's recommendations would be for a return of equity which is lower by 5 basis points.**