

- 1 **Q. Evidence of Dr. Vander Weide: US DCF risk premia, Pages 26-30: Please indicate**
2 **the number of analyst growth forecasts used by Dr. Vander Weide in each of his**
3 **growth forecasts.**
4
- 5 A. The choice of the number of analysts required for a company to be included in a proxy
6 group involves a trade-off between improved information when there are more analysts'
7 estimates and improved confidence in DCF results when there are more companies in the
8 proxy group. For most years in the ex ante risk premium studies discussed on pp. 26 – 30,
9 Dr. Vander Weide required at least three analysts' long-term growth estimates for a
10 company to be included in the proxy group. In recent months, companies are included that
11 have at least two analysts' estimates of long-term growth because of an insufficient number
12 of companies with three analysts' estimates. Dr. Vander Weide does not maintain specific
13 information on the number of analysts for all prior periods.