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April 28, 2006

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BY HAND

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Case Control Unit
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: STB Ex Parte No. 558 (Sub-No. 9),
Railroad Cost of Capital-2005

ENTERED
Office of Proceedings

APR 28 2006

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Public Record

Dear Secretary Williams:

Enclosed please find an original and ten (10) copies of the Reply Comments of the Western Coal Traffic League in the above-referenced proceeding. Also enclosed is a CD containing the filing. Workpapers are included within the filing itself.

If there are any questions concerning this matter, please contact the undersigned.

Respectfully submitted,

Robert D. Rosenberg

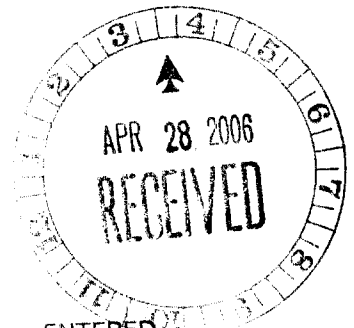
Robert D. Rosenberg
An Attorney for Western
Coal Traffic League

RDR:tda

Enclosures

cc: Service List-w/encl. (hardcopy only)

BEFORE THE
SURFACE TRANSPORTATION BOARD



ENTERED
Office of Proceedings

APR 28 2006

In the Matter of:

RAILROAD COST OF CAPITAL –
2005

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) Ex Parte No. 558 (Sub-No. 9)
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REPLY COMMENTS OF THE WESTERN COAL TRAFFIC LEAGUE

WESTERN COAL TRAFFIC LEAGUE

Of Counsel:

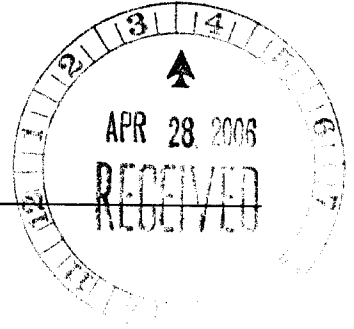
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Dated: April 28, 2006

Its Attorneys

BEFORE THE
SURFACE TRANSPORTATION BOARD



In the Matter of:

RAILROAD COST OF CAPITAL –
2005

Ex Parte No. 558 (Sub-No. 9)

REPLY COMMENTS OF THE WESTERN COAL TRAFFIC LEAGUE

Pursuant to the notice of the Surface Transportation Board (“STB” or “Board”) served in the above-captioned proceeding on December 20, 2005, the Western Coal Traffic League (“WCTL” or “League”)¹ submits these reply comments in response to the comments filed by the Association of American Railroads and its member railroads (“AAR” or “Railroads”) on March 31, 2006.

I. SUMMARY

The League has long been concerned that the STB’s method for calculating the railroad industry cost of capital yields figures that are unrealistically high and biased in favor of the railroads. The League has previously submitted comments explaining “that the Board’s procedures for calculating the cost of capital produces a figure that is too high given current economic conditions, the financial condition of the railroads, and the regulatory purposes of the cost of capital calculation.” Railroad Cost of

¹WCTL is a voluntary association, whose regular membership consists entirely of utility shippers of coal mined west of the Mississippi River that is transported by rail. WCTL members presently ship and receive in excess of 100 million tons of coal by rail each year. A list of WCTL’s regular members is attached as Exhibit A.

Capital-1997, 3 S.T.B. 176, 177 n.1 (1998). However, the STB faulted the League for not having introduced specific evidence concerning the computation of the cost of capital. Id. The League's instant filing is intended to respond directly to the Board's prior criticism.

As explained below, the cost of capital for the railroad industry proposed by the AAR's filing for 2005 is entirely too high and is devoid of rational support. The AAR's filing entails a massive increase in the cost of equity and the resulting overall cost of capital that rests entirely on projections by investment analysts of the expected growth in railroad earnings. Those projections do not provide a defensible means for calculating the cost of equity in light of the recent run-up in railroad stock prices and earnings.

As explained more fully below and in the accompanying Verified Statement of Thomas D. Crowley of L.E. Peabody & Associates, Inc. ("Crowley VS") attached as Exhibit B, the STB should instead calculate the cost of equity using the Capital Asset Pricing Model ("CAPM"), which enjoys broad acceptance in both the academic and financial communities.

Utilizing CAPM and publicly-available data from recognized sources, Mr. Crowley has calculated a 2005 railroad industry cost of equity of 10.41% and a 2005 railroad composite cost of capital of 8.87%. The STB should use these figures instead of the much higher figures proposed by the AAR.

II. THE AAR PROPOSES A MASSIVE INCREASE IN THE INDUSTRY COST OF CAPITAL THAT IS DEVOID OF MEANINGFUL SUPPORT

The AAR's comments propose a massive increase in the industry average composite after-tax cost of capital from the 10.1% that applied in 2004² to the 12.2% that the AAR seeks to apply for 2005. The increase amounts to 20.8%. On a before-tax basis, which is utilized under URCS for variable cost and jurisdictional purposes, the increase is even larger – 23.7% (17.9% ÷ 14.47%).³

Notwithstanding the enormity of the increase, the AAR's comments are purely technical and provide no explicit explanation or justification, or even acknowledgment for the massive change. The reader is left to discover on his own that: (a) the change in the cost of debt is minimal (from 5.25% in 2004 to 5.36% in 2005); (b) the weight assigned to equity, the most expensive capital cost component, has increased substantially from 61.5% to 69.6% (an increase of 13.17%); and (c) the cost of equity has increased even more, from 13.16% to 15.19% (an increase of 15.4%).

The AAR does not discuss the significance of these changes, nor does it address the underlying cause – the dramatic increase in railroad earnings and associated

²Ex Parte No. 558 (Sub-No. 8), Railroad Cost of Capital – 2004 (STB served June 30, 2005).

³The after-tax cost of capital is converted a before-tax cost of capital by dividing the after-tax cost of equity by 1 minus the statutory corporate tax rate of 35%. Accordingly, the 13.16% after-tax cost of equity proposed by the AAR for 2005 equates to 20.25% on a before-tax basis.

stock prices.⁴ The increase in railroad stock prices drives the increase in the cost of capital in two ways. First, the increase in stock prices increases the equity portion of the market capitalization, which means that a greater percentage weight is assigned to equity, the most expensive component of the cost of capital, as noted supra. Second, the increase in profits and stock prices fuels investor expectations that the growth in earnings will continue in the future. In particular, the truncated growth rate, which was 11.0% in 2004, is calculated at 13.67% for 2005,⁵ thus accounting for more than 100% of the increase in the cost of equity.⁶

The available data thus indicates that the cost of equity as calculated by the AAR is increasing not because the Railroads are suddenly viewed as riskier enterprises or have greater capital needs that are more likely to go unmet.⁷ Instead, the complete (but

⁴ For example, for the period from January 3, 2005 through February 14, 2006, the S&P Rail Index increased 46% compared to 5% for the S&P 500; for the period from December 31, 2002 through October 31, 2005, the seven major railroads on a capital-weighted basis increased 109% compared to 49% for the S&P 500. UBS, UBS Railroads Weekly, Feb. 16, 2006, and Nov. 17, 2005.

⁵The 13.67% growth rate implies that railroad earnings will double in slightly more than every five years, which is a further indication that the AAR's methodology does not yield a meaningful approximation of the industry cost of capital at this time.

⁶Somewhat ironically, the increase in the stock prices causes a decrease in the average current dividend yield (from 1.64% to 1.42%), the other cost of equity component, because the divided yield is expressed as a percentage of the stock price. This aspect would be offset or reversed if the Railroads used their increased earnings to increase their dividends.

⁷The AAR's filing indicates, in fact, that the cost of equity should be declining because the railroads are less risky now than they were in years past. The AAR indicates

entirely tacit) explanation is that simply because the railroads are making greater revenues and profits, investment analysts expect the growth in railroads revenues and earnings to continue.

This condition might be acceptable if the railroads were unregulated businesses or if the STB's annual cost of capital determination pursuant to 49 U.S.C. § 10704(a)(2) had no regulatory significance whatsoever. However, this condition is not acceptable, and certainly becomes arbitrary and capricious, when the cost of capital is used for such purposes as to determine the revenue adequacy of individual railroads, to adjudicate the reasonableness of the common carrier rates paid on individual movements, to regulate the railroad industry more generally, and to govern various aspects of private rail transportation contracts. The cost of capital should not be allowed to increase just because the railroads have been able to increase their rates, revenues, and earnings. Such developments should make the railroads revenue adequate or at least come significantly

that increases (or decreases) in the debt/equity ratio cause corresponding increases (or decreases) in the cost of equity that result in a constant current cost of capital. The underlying theory is that increasing the proportion of debt in the capital structure increases the cost of equity due to increased risk. Rockey VS at 3-4.

The STB's decision in Ex Parte No. 558 (Sub-No. 8), Cost of Capital-2004 (STB served June 20, 2005), determined the railroad industry had a capital structure mix of 38.5% debt and 61.5% equity. For 2005, the AAR calculates that the proportion of debt in the railroad industry declined to 30.4%, precipitating a decline in the industry's debt to equity ratio over 2004 levels. The decline in the railroad's debt/equity ratio indicates that the overall industry is less risky in 2005 than in 2004, and its cost of equity should decline. Instead, the AAR advocates a steep increase in industry's cost equity, contrary to its own musings on finance theory.

closer to achieving that goal, whereas the impact of the AAR's calculations will likely be to make the railroads appear further away from achieving that objective. In other words, the effect of increasing railroad earnings should not be to allow them to charge still higher rates. Such an outcome is the antithesis of meaningful economic rate regulation.

The AAR's implicit defense of its evidentiary submission is that it is simply doing what it has done before and that its chosen approach is used generally in other regulatory contexts. See, e.g., the Verified Statement of Craig F. Rockey submitted on behalf of the AAR at 8. However, the AAR's approach ignores altogether the change in the underlying economic conditions of the railroad industry and the impact of those changes on the results of the analysis. As such, the AAR's submission is entirely deficient and inadequate and does not provide reasonable evidentiary support for adoption of its calculations by the Board.

Further confirmation of the unreasonableness of the AAR's approach is obtained by considering the ratio of market-to-book ratios. See, e.g., A. Kahn, The Economics of Regulation (1988) at 48 n.68 (sharp increase in stock prices results when utilities are "permitted to earn considerably more than their cost of capital"). In that regard, it is significant that as of April 14, 2005, according to Yahoo Finance (<http://biz.yahoo.com/p/776prid.html>), the railroads had price to book value ratios of 3.26

(BNSF), 2.38 (NS), 1.78 (CSX), and 1.82 (UP), all sufficient to indicate that they are earning more than sufficient revenues to sustain their net book values.

III. THE STB SHOULD INSTEAD UTILIZE A CAPM APPROACH

What is then required for the Board to discharge its statutory duties is some alternative model of analysis that is not so utterly dependent on projections that railroads will continue to achieve growth in revenues, earnings, and stock prices that exceeds market levels.⁸ Fortunately, there is a standard methodology for calculating the cost of equity that can be used for this purpose, namely, the Capital Asset Pricing Model ("CAPM").

The STB is no stranger to CAPM. The predecessor Interstate Commerce Commission ("ICC") long ago considered CAPM and found that "the approach appears to be a useful one" and "conclude[d] that its results merit consideration along with the results of other types of studies." Adequacy of Railroad Revenue (1978 Determination), 361 I.C.C. 79, 92 (1978). For sometime thereafter, the AAR continued to rely on the CAPM "as a verification of the cost of equity developed using the DCF method," but the

⁸Stated differently, the problem with the AAR's methodology is that it relies upon relatively short-term market expectations, *i.e.*, analysts' forecasts of earnings, that are not sustainable and that do not reflect the levels of long-term risk facing the railroad industry. Normally, a more risky investment equates to a higher required return. Given the size of their asset bases, the make-up of their customer bases, and their low levels of debt, the Class I railroads, by their very nature, are not very risky investments. During periods of stability, the low rate of growth may reflect the low risk of the industry, but this is not a time of such stability, which makes the DCF equity approach especially inappropriate for calculating the industry's cost of capital under present circumstances.

ICC noted "the CAPM is quite complex" and its consideration and/or use, along with various other methods, was abandoned some time ago. See, e.g., Railroad Cost of Capital -1986, 3 I.C.C.2d 948, 958-59 (1987).⁹

Since that time, CAPM has attracted a considerably broader following. In particular, Dr. William F. Sharpe was awarded a share of the 1990 Nobel Prize in Economics for his work in developing the CAPM method. Indeed, there is abundant evidence that outside of the regulatory context, "CAPM is the dominant model for estimating the cost of equity." R. Bruner, K. Eades, R. Harris, and R. Higgins, "Best Practices in Estimating the Cost of Capital: Survey and Synthesis," Financial Practice and Education (Spring/Summer 1998) at 15 (available at <http://207.36.165.114/JAF/fpess982.pdf>).

In contrast, the AAR submission is devoid of any suggestion that financial investment analysts or the railroads themselves actually make any use of the DCF method for calculating their cost of equity. The AAR has provided no evidence that it believes

⁹One of the concerns with using the CAPM approach for calculating the cost of equity for a fully regulated entity is that the rate regulation and the calculation of the beta can become circular or tautological activities. (The DCF approach is also subject to this same criticism.) This argument might have some merit if the railroad were still fully regulated entities, but they are not. In the 25 years since deregulation, the markets have had more than adequate opportunity to digest impact of deregulation's impact on the railroads and accurately price the railroads' stock in a deregulated environment comparable to that of other firms.

that the results of its analysis are at all realistic or have any credibility or utility outside of the regulatory context.

Under more ideal circumstances, one would hope to find substantial convergence among different measures of the cost of capital including DCF, CAPM, and market-to-book ratios.¹⁰ However, the present circumstances, with the rapid increase in railroad earnings and stock prices, are plainly not normal in this regard. Under the present circumstances, it is appropriate to apply the CAPM method and see if it produces more reasonable and appropriate results.

IV. CALCULATION OF THE COST OF EQUITY USING THE CAPM APPROACH

Accordingly, the League has asked Mr. Crowley to calculate the cost of equity for the four largest Class I Railroads (BNSF, NS, UP, and CSX) using CAPM and independently-prepared, publicly-available materials. Mr. Crowley explains that he has applied CAPM using data from readily-available sources, including information published by Ibbotson Associates. Ibbotson Associates is a leading provider of financial data and was acquired on March 1, 2006 by Morningstar, Inc., a leading provider of independent investment research.

¹⁰For example, Railroad Cost of Capital—1982, 367 I.C.C. 662, 680 (1983), found only an 0.8% difference between the DCF and CAPM calculations of the cost of equity, notwithstanding “the numerous assumptions needed to implement the CAPM and our inability to examine the inputs.”

As explained in the Crowley VS, use of the Ibbotson Associate data in the application of the CAPM methodology shows that the railroad industry has a cost of equity of 10.41%. This figure is below the 13.16% cost of equity that the Board (and the AAR) calculated in 2004, indicating that even the 2004 composite cost of capital of 10.1% was too high. Moreover, if the other elements of the AAR's submission are adopted, then the resulting overall composite cost of capital for the industry for 2005 is 8.87%.

The League respectfully submits that the Board's 2005 cost of capital findings should utilize an average cost of equity of 10.41%, which translates into a composite cost of capital of 8.87%, assuming that the other elements of the AAR's calculations are accepted. The League further notes that such a figure would be generous for the Railroads. In particular, the figure does not entail any adjustment to the capital structure, especially the run-up in the percentage of equity attributable to the run-up in their stock prices. The Board's governing statute, 49 U.S.C. § 10704(a)(2), calls for a calculation to be made that reflects "honest, economical, and efficient management," and it would be economical and efficient for the Railroads to visit their debt-equity structure in light of their high stock prices. Nor does the analysis reflect any adjustment for the capacity problems plaguing the railroad industry and its shippers that would not have occurred with more thoughtful management by the railroad industry.

V. CONCLUSION

Accordingly, the League urges the Board to adopt the 2005 composite cost of capital figure of 8.87% as calculated in the attached Crowley VS. The figure submitted by the AAR in its March 31, 2006 submission is plainly unacceptable, and so the figure submitted by the League should be utilized as the best evidence of record.

Respectfully submitted,

WESTERN COAL TRAFFIC LEAGUE

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Dated: April 28, 2006

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Its Attorneys



EXHIBIT A

WESTERN COAL TRAFFIC LEAGUE MEMBERS

Alliant Energy

Ameren Energy Fuels and Services

Arizona Electric Power Cooperative, Inc.

Arizona Public Service

CLECO Corporation

City of Austin, Texas

CPS Energy

Kansas City Power & Light Company

Lower Colorado River Authority

MidAmerican Energy Company

Minnesota Power

Nebraska Public Power District

Omaha Public Power District

Texas Genco, LP

Texas Municipal Power Agency

Western Farmers Electric Cooperative

Western Fuels Association, Inc.

Wisconsin Public Service Corporation

Xcel Energy

EXHIBIT B

VERIFIED STATEMENT OF THOMAS D. CROWLEY

I. INTRODUCTION

My name is Thomas D. Crowley. I am an economist and the President of L. E. Peabody & Associates, Inc., an economic consulting firm that specializes in solving economic, transportation, marketing, and fuel supply problems. I have spent most of my consulting career of over thirty-five (35) years evaluating fuel supply issues and railroad operations, including railroad costs, prices, financing, capacity and equipment planning issues. My assignments in these matters were commissioned by railroads, producers, and shippers of different commodities. A copy of my credentials are included as Exhibit No. 1 to this verified statement.

My consulting assignments regularly involve working with and determining various facets of railroad financial issues, including cost of capital determinations. In these assignments, I have calculated railroad capital structures, market values, cost of railroad debt, cost of preferred railroad equity and common railroad equity. I am also well acquainted with and have used the commonly accepted models for determining a firm's cost of equity, including the Discounted Cash Flow Model ("DCF"), Capital Asset Pricing Model ("CAPM"), French-Fama Three Factor Model and Arbitrage Pricing Model.

I have developed railroad industry average cost of capital and company specific cost of capital for use in litigation and for use in general business management. For several clients, I have determined the Going Concern Value ("GCV") of privately held railroads. Developing the GCV under the Income Based Methodology requires developing company specific costs of debt and equity for use in discounting future company cash flows. I have also developed cost of capital in

order to capture the costs associated with shipper investment in railroad equipment and road property.

I have been asked by Counsel for the Western Coal Traffic League ("WCTL") to respond to the Association of American Railroad's ("AAR") filing pursuant to the STB's December 19, 2005 decision in Ex Parte No. 558 (Sub-No. 9), *Railroad Cost of Capital – 2005*, in which the AAR estimated the 2005 Railroad Industry Cost of Capital ("2005 Cost of Capital"). As described in detail in the Verified Statement of Mr. Craig F. Rockey, the AAR's Vice President of Policy and Economics ("Rockey VS"), the AAR developed its estimate of the 2005 Cost of Capital based on its calculations of the Railroad Industry's 2005 average capital structure, 2005 average cost of debt ("COD"), average cost of preferred equity and 2005 average cost of common equity ("COE"), and concluded that the 2005 Cost of Capital equaled 12.2 percent.^{1/}

I have reviewed the AAR's calculations of the railroad industry's capital structure, COD, COE, and 2005 Cost of Capital, and, in general, accept its calculations of the railroad industry's capital structure and COD. However, the AAR's use of the DCF method to estimate the COE leads to a significant overstatement of the COE and, subsequently, the 2005 Cost of Capital.

Contrary to the AAR's implicit assertion that its approach to calculating COE is at least as accurate as any other, each approach available to financial analysts contains assumptions and associated limitations. The DCF approach used by the AAR in its calculations of the COE is not

^{1/} See Rockey VS at 2. None of the Class I railroads included in the study group had any preferred stock outstanding in 2005. Therefore, the AAR did not calculate the cost of the preferred equity capital and the market value weight for preferred equity was given a weight of zero percent (0%) in the 2005 Cost of Capital calculation.

immune from these limitations. Specifically, the DCF approach assumes stable, perpetual growth rates in estimating a firm's COE. Over the last year, railroad industry earnings growth has not been stable, but has increased to record levels. The AAR relies on industry analysts' estimates of five year growth in railroad earnings per share ("EPS"). This overstates the perpetual growth rate implicit in the DCF model, since it is highly unlikely that the high near-term growth rates will continue into perpetuity. The AAR therefore significantly overstates COE.

An alternative approach to estimating the railroad industry's COE is the CAPM. The CAPM is used by the majority of experts within the financial industry to estimate the COE. It does not rely upon estimated growth rates, and, therefore, is not impacted by short-term growth expectations that lead to overstated COE using the DCF approach. A railroad industry COE using the CAPM can be easily calculated using publicly available data from reputable sources. The result can be vetted against railroad industry cost of equity prepared by independent sources. Using the CAPM, I have determined the railroad industry's 2005 COE is 10.41 percent, and the 2005 Cost of Capital is 8.87 percent.

My testimony is discussed further below under the following topical headings:

- II. Shortcomings of the DCF Approach
- III. The CAPM as an Alternative to the DCF Approach
- IV. Railroad Industry COE Using the CAPM
- V. 2005 Cost of Capital

II. SHORTCOMINGS OF THE DCF APPROACH

The DCF approach for estimating a company's COE is rooted in the concept of the time value of money. The model assumes that a public company's current stock price embodies future returns that the market would expect to receive by investing in that stock today. In other words, the current stock price is the sum of the present values of the expected future returns to investors in the form of dividends and stock price changes. The relationship between a company's stock price and the present value of future returns can be written in the form of a growing perpetuity and expressed mathematically as:

$$P_0 = \text{Div}_1 \div (r - g_p)$$

Where:

- P_0 = a company's current stock price;
- Div_1 = a company's dividend in the next pay period;
- r = a company's equity discount rate; and
- g_p = a company's anticipated perpetual growth rate.^{2/}

Alternatively, the growing perpetuity formula can be used to obtain an estimate of a company's equity discount rate from the company's expected future dividends, its current stock price and its perpetual growth rate. This would be expressed mathematically as:

^{2/} The theoretical underpinnings of the DCF approach are explained in numerous financial texts. See, for example, *Principles of Corporate Finance*, R.A Brealey, S.C. Myers, and A.J. Marcus, Eighth Edition, 2006, page 65.

$$r = (\text{Div}_1 \div P_0) + g_p$$

Of the three factors required to estimate the equity's required rate of return, only the equity's current stock price (P_0) is known. The other two factors, the company's expected dividend (Div_1) and perpetual growth rate (g_p), are not known. Surrogates for these factors must be used.^{3/}

In its previous cost of capital decisions, the STB has used a composite of the consensus analyst five-year earnings per share ("EPS") forecasts developed by the Institutional Brokers Estimate System ("IBES") to estimate the composite perpetual EPS growth rate, as well as to estimate the dividend yield in the next pay period. Mathematically, the DCF approach used by the STB can be expressed as:

$$k = \{[\text{Div}_0 (1+g/2)] \div P_0\} + g$$

Where:

- k = COE;
- Div_0 = Composite annual average railroad dividends;
- P_0 = Composite annual average railroad stock prices; and
- g = The composite average IBES forecasted five-year EPS growth rate.

The results of the dividend yield portion of the DCF approach ($[\text{Div}_0 (1+g/2)] \div P_0$) have been consistent in past STB railroad cost of capital calculations. Estimates have generally been between

^{3/} Without the use of insider information, a company's expected future dividend can only be estimated. Once a company announces a positive or negative change in its dividend, the price of the underlying equity shifts to reflect the newly acquired information.

1 and 3 percent per year for the past number of years. However, estimates of the railroad industry's perpetual growth rate have exhibited higher variability and have had a greater impact on the STB's COE estimates. For 2005, the AAR determined that the estimated perpetual growth rate based on IBES consensus forecasts is 13.67 percent. When this growth rate is added to the AAR's calculation of the composite average railroad industry dividend yield of 1.52 percent, the COE is estimated to be 15.19 percent.^{4/}

While on the surface the AAR's calculations appear reasonable, the estimate of the COE it produces is actually overstated. The overstatement is due to two primary factors. First, most of the estimates included in the average EPS growth rate were developed by stock analysts whose companies have a vested interest in selling stock and are more likely to forecast optimistic growth rates. Second, a mismatch exists between the estimated growth rate calculated by use of composite IBES five-year forecast and the actual perpetual growth rate the railroad industry can reasonably expect.^{5/} Simply stated, the AAR's use of a 13.67 percent growth rate far exceeds the growth rate any company can expect to achieve into perpetuity.

It is well documented that securities analysts are subject to behavioral biases and that their forecasts tend to be over-optimistic.^{6/} The STB's procedures attempt to adjust for this bias by using a truncated growth rate, which excludes the highest and lowest earnings estimates for each stock

^{4/} See *Rockey VS* at 13.

^{5/} In addition, the growth rate for small publicly traded companies can also be misstated due to the lack of coverage provided by industry analysts. The size of the railroad industry assures that it receives significant coverage by financial analysts.

^{6/} See *Principles of Corporate Finance*, R.A. Brealey, S.C. Myers, and A.J. Marcus, Eighth Edition, 2006, page 65, and A. Dugar and S. Nathan, *The Effects of Investment Banking Relationships on Financial Analysts' Earnings Investment Recommendations*, *Contemporary Accounting Research* 12 (1995), pp. 131-160.

observation in the study group. Even with the truncation, the remaining estimates can still be considered overly optimistic. As Dr. Shannon P. Pratt, a leading expert in the fields of valuation and cost of capital, observes of using analyst's growth estimates:

Most published analysts' estimates come from "sell-side" stock analysts who work for firms that are in business to sell stocks. Thus, although their earnings forecasts fall within the range of "reasonable" possibilities, they may be on the high end of the range.^{7/}

An even more significant aspect of the overstatement is the mismatch between the IBES five-year consensus forecast of the perpetual growth rate inherent in the DCF approach. It is widely agreed that the Class I railroads included in the AAR's cost of capital calculations are generating record earnings.^{8/} Class I railroads are likely to continue to generate even more earnings in the coming years due to capacity constraints and limited intermodal options.^{9/} This strong pricing power is reflected in the earnings estimates included in the IBES data used to estimate the railroads growth rates.

As indicated above, though, the growth factor included in the DCF approach represents the perpetual growth of railroad earnings. It is unrealistic to assume, as does the AAR in its calculations, that the railroad industry will grow at over 13 percent effectively forever. As indicated by Dr. Shannon P. Pratt:

^{7/} See *Cost of Capital: Estimations and Applications*, S. P. Pratt, Second Edition, 2002, p. 113.

^{8/} See *Uncommon Ground: railroad-shipper relationships are being tested by escalating rates, tight capacity and inadequate service* by John Gallagher, *Traffic World* magazine, March 20, 2006, page 8.

^{9/} One could argue that increasing fuel prices could put a damper on railroad earnings. Railroad fuel surcharge programs have tempered, or eliminated, the impact of fuel price increases, and will even do more so in the future as legacy contracts expire, and the railroads impose common carrier rates subject to fuel surcharge tariffs.

It is theoretically impossible for the sustainable growth rate for a company to significantly exceed the growth rate in the economy. Anything over 6-7% perpetual growth rate should be questioned carefully.^{10/}

Leading practitioners and theorists in the field of financial economics caution against the use of the DCF approach when the industry under study is experiencing high current rates of growth. In the widely used financial text "Principles of Corporate Finance," Drs. Richard A. Brealey, Stewart C. Myers and Alan J. Marcus point to the problem of high growth rates, especially in the railroad industry:

In addition, resist the temptation to apply the [DCF] formula to firms having high current rates of growth. Such growth can rarely be sustained indefinitely, but the constant-growth DCF formula assumes it can. This erroneous assumption leads to an overestimate of [the required rate of return on equity].

One wonders whether the large railroads listed there can really sustain the 11 percent forecasted growth rate.^{11/}

Similarly, Dr. Pratt notes that:

^{10/} See *Cost of Capital: Estimations and Applications*, S. P. Pratt, Second Edition, 2002, p. 113.

^{11/} See *Principles of Corporate Finance*, R.A Brealey, S.C. Myers, and A.J. Marcus, Eighth Edition, 2006, page 69. This citation is especially relevant because one of the authors of the text, Dr. Stewart C. Myers, is a former railroad witness who has previously testified to the proper cost of equity capital in a maximum reasonable rate case. See Myers Reply VS, public version, Volume 4 of 18, Docket No. 42022, FMC Corporation and FMC Wyoming Corporation v. Union Pacific Railroad Company. Also see STB Docket No. 42051, Wisconsin Power and Light Company v. Union Pacific Railroad Company, Decided December 12, 2001, p. 32, n.77.

These earnings growth estimates typically are for only the next two to five years; they are not perpetual. Therefore, any use of these forecasts in a single-stage DCF model must be tempered with a longer-term forecast.^{12/}

It is implausible to assume that the Class I railroads will continue to grow at over 13 percent per year, even with their substantial pricing power. Eventually, railroad profitability will fall due to a slow down in the economy, a change in transportation practices, depletion of opportunities, or the railroads' own greed. The AAR has failed to recognize this fact and incorrectly made the assumption that the railroads will continue to grow at a 13 percent clip (meaning earnings would double every 5.27 years) into perpetuity. As Drs. Brealey, Myers and Marcus astutely point out:

The simple constant-growth rate DCF formula is an extremely useful rule of thumb, but no more than that. Naive trust in the formula has led many financial analysts to silly conclusions.^{13/}

^{12/} See *Cost of Capital: Estimations and Applications*, S. P. Pratt, Second Edition, 2002, p. 113.

^{13/} See *id* at 68.

III. THE CAPM AS AN ALTERNATIVE TO THE DCF APPROACH

What is needed to provide a realistic estimate of the COE is a model that is not significantly impacted by the railroad industry's current record growth. Fortunately such a model exists, the Capital Asset Pricing Model ("CAPM"). The CAPM is part of a larger economic theory known as Capital Market Theory, which seeks to model pricing for risky assets based upon their relative risk. Investors will expect higher returns for higher risk. The Capital Market Theory represents a significant body of work over the past 50 years, and CAPM is a conceptual cornerstone of modern Capital Market Theory.^{14/}

The CAPM calculates a firm's COE by comparing the company's risk profile to that of the market as a whole. Mathematically, the CAPM can be expressed using the following equation:

$$k + r_f + \beta(rp_m) + rp_s$$

Where:

- k = COE;
- r_f = Rate of return available on a risk-free security;
- β = The measure of systematic risk of a stock, relative to the market as a whole;
- rp_m = The general equity risk premium for the market; and
- rp_s = The market risk premium related to company size.

^{14/} The CAPM is also the leading method used to develop the cost of equity amongst financial theorists and practitioners contrary to the AAR's assertions regarding the DCF approach. See Pratt at 70, and Brealy, Myers and Marcus at 306.

The CAPM assumes that investors will be compensated for three factors: 1) For investing their money, which is approximated by the risk free return; 2) For systematic risk of default, which cannot be eliminated through a diversified portfolio and is approximated by the market risk premium; and 3) For unsystematic risk, which depends upon the company's fortunes, as approximated by a company's Beta (β). Each factor is described in more detail below.

The risk-free rate (r_f) refers to a rate of return that is available in the market on an investment that is free of default risk. Normally, since the true risk-free rate is unknown, the yield to maturity on a long-term government security is used as a proxy. This represents a riskless asset because the government can raise taxes to cover the debt it incurs, thereby negating its risk of default.

The systematic risk, the additional return investors expect to receive to compensate for the additional risk associated with investing in equities as opposed to the risk free assets, is represented by the equity risk premium. The equity risk premium can be calculated at any time by comparing the rates of return on the market as whole to the rates of returns offered by long-term government securities. However, over a short-time period, the equity risk premium can greatly fluctuate due to "noise" intrinsic to the market as a whole. To avoid this problem of noisy data, long-term averages of the historic equity risk premium are used. Ibbotson Associates, Inc. ("Ibbotson"), a leading financial consulting firm, publishes a widely used estimate of the market risk premium. Ibbotson calculates its historic average by comparing the arithmetic average total return of the S&P 500 Index to the arithmetic average return of Treasury securities from 1928 to 2005. The Ibbotson calculation

of the equity risk premium is widely considered the best estimate of the equity risk premium available.^{15/}

Unsystematic risk is represented by the Beta (β). Mathematically, Beta is equal to the covariance between a company's stock and the market as a whole divided by the variance of the market as whole ($\beta = \sigma_{(\text{stock,market})} \div \sigma_{(\text{market})}$). The degree of risk represented by the size of the Beta represents three decisions the firm makes. The first decision is the type of business the company is in. For example, the more discretionary its products or services are, the higher the Beta and hence risk. Second is the cost structure of the firm as measured by the company's operating leverage, and third the financial leverage that the firm takes on. The higher the financial leverage, the higher the Beta. With access to historical company stock data, Beta can be calculated through the use of standard ordinary least square regression models. However, Beta information is readily available from reputable third-party sources, including Ibbotson. Ibbotson prepares two primary types of Beta estimates for large, publicly traded companies, levered betas, and the unlevered Beta. The unlevered Beta assumes that a firm's capital structure consists entirely of equity, and that the firm holds no debt. A levered Beta takes into consideration the incremental risk associated with a company's debt.

Finally, in addition to calculating the basic CAPM, financial theorists have determined there to be a "size effect" inherent in the CAPM. Simply stated, smaller companies have greater risks and require higher rates of return, while larger companies are less risky, and require lower rates of return. Ibbotson Associates has for many years separated companies with publicly traded equity into deciles

^{15/} See Pratt at 116.

based on size and calculated the size premium inherent in each decile's cost of equity. Exhibit No. 2 to this verified statement is a copy of Ibbotson's recently released "Risk Premia over Time Report: 2006" which contains updates on company size premiums through the end of 2005. As shown in the Ibbotson report, those companies in the highest decile with market capitalizations of greater than approximately \$16.1 billion have shown a negative size premium of approximately 0.37 percent. In other words, the largest publicly traded companies have, on average, had equity returns 0.37 percent less than that estimated by a straight application of the CAPM. Similarly, those companies with the smallest market capitalizations (less than \$169 million) have shown size premiums of upwards of 9.8 percent. Therefore, any calculation of the COE using the CAPM should take into consideration the relative size of the firms.

IV. RAILROAD INDUSTRY COE USING THE CAPM

Using publicly available U.S. government security information and Ibbotson beta and risk premium information, I have calculated the 2005 composite COE for the railroad industry using the CAPM. The determination of the data to include in the CAPM and its application are discussed below.

The first required component in the CAPM is an estimate of the 2005 risk-free rate of return. As mentioned previously, consensus amongst financial analysts today is to use long term government securities as a proxy for the risk-free rate of return.^{16/} I used the 2005 average 20-year U.S. Treasury yield to maturity as the risk-free rate when developing the COE under the CAPM. To be consistent with the STB's cost of capital calculations, the average was developed on a monthly basis. Based on this approach, as shown in Exhibit No. 3, the 2005 risk-free rate was found to be 4.65%.

To measure unsystematic risk, I obtained from Ibbotson its 2005 estimates for the unlevered Beta for the four U.S. based Class I railroads included in the AAR's cost of capital analysis, UP, BNSF, CSXT and NS.^{17/} A railroad industry weighted average unlevered Beta was calculated using the average market value of common equity of each of the four railroads included in the study group as the weighting factor. As shown in Table 1 below and also in Exhibit No. 4 to this Verified Statement, the railroad industry composite unlevered Beta was determined to be 0.56 in 2005.

^{16/} The estimated risk-free rate using long-term U.S. government securities actually has one element of risk: maturity or interest risk. This is the risk that the value of the bond will fluctuate with changes in general level of interest rates. It is generally agreed though that, even with this risk, long-term government securities remain the best proxy.

^{17/} Ibbotson's company specific Beta estimates were released in March, 2006 and reflect company specific information through December, 2005.

<u>Company</u> (1)	<u>Unlevered Beta</u> (2)	<u>Railroad Weights</u> (3)	<u>Weighted Average</u> ^{1/} (4)
1. Burlington Northern Santa Fe Corporation	0.53	32.20%	0.171
2. CSX Corporation	0.59	14.95%	0.088
3. Norfolk Southern Corporation	0.70	24.56%	0.172
4. Union Pacific Corporation	<u>0.46</u>	<u>28.29%</u>	<u>0.130</u>
5. Railroad Industry Unlevered Beta ^{2/}	---	---	0.56

^{1/} Column (2) x Column (3).
^{2/} Sum of Column (4).
Source: Exhibit No. 4.

As shown in Table 1 above, the railroad industry composite unlevered Beta equaled 0.56 in 2005. I next adjusted the composite unlevered Beta by the weighted average 2005 railroad debt to equity ratio to yield a levered Beta, which takes into consideration the risk implicit in the railroad industry COE from the railroad industry's debt load. Table 2 below and Exhibit No. 5 summarize the calculation of the railroad industry composite average levered Beta.

Table 2 <u>2005 Railroad Industry Levered Beta</u>	
Item (1)	Amount (2)
1. 2005 Railroad Industry Debt to Equity Ratio	
a. Debt portion of Capital Structure	30.4%
b. Equity portion of Capital Structure	<u>69.6%</u>
c. Debt/Equity Ratio ^{1/}	0.44
2. Railroad Industry 2005 Unlevered Beta	<u>0.56</u>
3. Railroad Industry 2005 Levered Beta ^{2/}	0.81
^{1/} Line 1a ÷ Line 1b. ^{2/} (1 + Line 1c) x Line 2. Source: Exhibit No. 5.	

As shown in Table 2 above, the railroad industry composite average leveraged Beta equaled 0.81 in 2005.^{18/}

Next, I obtained risk premium information that reflected market data through the end of 2005 from Ibbotson to finalize the calculation of the COE. Ibbotson's most current estimate of the long-term equity risk premium is 7.1 percent, which reflects stock and interest rates through 2005. In addition, the size premium of the railroad industry was also considered. As mentioned previously, financial analysts believe that company size impacts the relative risks of equities. The four carriers in the 2005 study have relatively large market capitalizations and therefore can be expected to have

^{18/} Normally, levered Betas are calculated by multiplying the unlevered Beta by one plus the company's debt to equity ratio times one less the company's effective tax rate ($\beta_{\text{levered}} = \beta_{\text{unlevered}} \times (1 + [(Debt \div Equity) \times (1 - \text{tax rate})])$). Because the STB does not consider the tax-shielding effects of a company's tax rate in its Cost of Capital determination, the impact of tax rates was excluded from the leveraged Beta calculation.

relatively low risk relative to smaller companies, all other factors being equal. Ibbotson has calculated separate size premiums through 2005 for each decile of companies' market capitalization. The two largest carriers of the group, UP and BNSF, are in the top decile of the market based on their equity capitalization. These two were found to have a market size premium of negative 0.37%. The other two railroads, NS and CSXT, are in the second decile and have a size premium of 0.67%. By weighting the size premiums by the four railroads' market capitalizations, a composite railroad industry size premium was determined to be 0.04% as shown in Table 3 below and Exhibit No. 6.

Table 3 <u>2005 Railroad Industry Size Premium</u>					
<u>Company</u> (1)	<u>2005 Average Market Capitalization</u> (2)	<u>Capitalization Decile Rank</u> (3)	<u>Size Premium</u> (4)	<u>Railroad Weights</u> (5)	<u>Weighted Average^{1/}</u> (6)
1. Burlington Northern Santa Fe Corporation	\$20,253,925,358	1	-0.37%	32.20%	-0.0012
2. CSX Corporation	9,402,561,373	2	0.67%	14.95%	0.0010
3. Norfolk Southern Corporation	15,449,669,248	2	0.67%	24.56%	0.0016
4. Union Pacific Corporation	<u>17,792,912,666</u>	<u>1</u>	<u>-0.37%</u>	<u>28.29%</u>	<u>-0.0010</u>
5. 2005 Railroad Industry Size Premium ^{2/}	---	---	---	---	0.04%
^{1/} Column (4) x Column (5). ^{2/} Sum of Column (6). Source: Exhibit No. 6.					

Having developed a proxy of the risk-free rate, calculated the railroad industry composite levered Beta and composite size premium and obtained current estimates of the equity risk premium, I combined the data to develop the COE using the CAPM.

Table 4	
<u>2005 Railroad Industry Cost of Equity</u>	
<u>Item</u> (1)	<u>Amount</u> (2)
1. 2005 Average Risk Free Rate	4.65%
2. Railroad Risk Premium	
a. 2005 Equity Risk Premium	7.10%
b. 2005 Railroad Industry Levered Beta	<u>0.81</u>
c. 2005 Railroad Industry Risk Premium ^{1/}	5.72%
3. 2005 Railroad Industry Size Premium	0.04%
4. 2005 Railroad Industry Cost of Equity ^{2/}	10.41%
^{1/} Line 2a x Line 2b.	
^{2/} Line 1 + Line 2c + Line 3.	
Source: Exhibit No. 7.	

As shown in Table 4 above and Exhibit No. 7, when the data is combined, the 2005 composite railroad industry COE equals 10.41 percent.

V. 2005 COST OF CAPITAL

To develop the 2005 Cost of Capital, I utilized the same approach as used by the AAR for all but the COE calculation. For COE, I substituted the CAPM results of 10.41 percent for the overstated 15.10 percent COE estimated by the AAR using the DCF approach. The other components of the AAR's cost of capital remained the same, including a composite railroad industry capital structure of 69.6 percent common equity, 30.4 percent debt and 0.0 percent preferred equity, and a railroad industry cost of debt of 5.36.^{19/}

Table 5 <u>2005 Railroad Industry Weighted Cost of Capital</u>	
<u>Item</u> (1)	<u>Amount</u> (2)
1. 2005 Weighted cost of Equity	
a. 2005 Railroad Industry Cost of Equity	10.42%
b. Equity portion of Capital Structure	<u>69.60%</u>
c. 2005 Weighted Cost of Railroad Industry Equity ^{1/}	7.24%
2. 2005 Weighted Cost of Debt	
a. 2005 Railroad Industry Cost of Debt	5.36%
b. Debt portion of Capital Structure	<u>30.40%</u>
c. 2005 Weighted cost of Railroad Industry Debt	1.63%
3. 2005 Railroad Industry Weighted Cost of Capital ^{2/}	8.87%
^{1/} Line 1a x Line 1b.	
^{2/} Line 1c + Line 2c.	
See Exhibit No. 8.	

Based on these parameters and the CAPM determined COE of 10.42 percent, the 2005 railroad industry weighted average cost of capital equals 8.87 percent as shown in Table 5 above and Exhibit No. 8.

^{19/} See Rockey VS at 28.

VERIFICATION

COMMONWEALTH OF VIRGINIA)
)
CITY OF ALEXANDRIA)

I, THOMAS D. CROWLEY, verify under penalty of perjury that I have read the foregoing Verified Statement of Thomas D. Crowley, that I know the contents thereof, and that the same are true and correct. Further, I certify that I am qualified and authorized to file this statement.


Thomas D. Crowley

Sworn to and subscribed before me
this day of April 27, 2006

Anthony V. Evanshaw
Anthony V. Evanshaw III
Notary Public for the State of Virginia

My Commission expires: September 30, 2007

STATEMENT OF QUALIFICATIONS

My name is Thomas D. Crowley. I am an economist and President of the economic consulting firm of L. E. Peabody & Associates, Inc. The firm's offices are located at 1501 Duke Street, Suite 200, Alexandria, Virginia 22314 and 5901 N. Cicero Avenue, Suite 504, Chicago, Illinois 60646.

I am a graduate of the University of Maine from which I obtained a Bachelor of Science degree in Economics. I have also taken graduate courses in transportation at George Washington University in Washington, D.C. I spent three years in the United States Army and since February 1971 have been employed by L. E. Peabody & Associates, Inc.

I am a member of the American Economic Association, the Transportation Research Forum, and the American Railway Engineering and Maintenance-of-Way Association.

The firm of L. E. Peabody & Associates, Inc. specializes in solving economic, marketing and transportation problems. As an economic consultant, I have organized and directed economic studies and prepared reports for railroads, freight forwarders and other carriers, for shippers, for associations and for state governments and other public bodies dealing with transportation and related economic problems. Examples of studies I have participated in include organizing and directing traffic, operational and cost analyses in connection with multiple car movements, unit train operations for coal and other commodities, freight forwarder facilities, TOFC/COFC rail facilities, divisions of through rail rates, operating commuter passenger service, and other studies dealing with markets and the transportation by different modes of various commodities from both eastern and western origins to various destinations in the United States. The nature of these

STATEMENT OF QUALIFICATIONS

studies enabled me to become familiar with the operating practices and accounting procedures utilized by railroads in the normal course of business.

Additionally, I have inspected and studied both railroad terminal and line-haul facilities used in handling various commodities, and in particular unit train coal movements from the Powder River Basin to various utility destinations in the midwestern and western portions of the United States. These operational reviews and studies were used as a basis for the determination of the traffic and operating characteristics for specific movements of coal, both inbound raw materials and outbound paper products to and from paper mills, crude and pelletized iron ore, crushed stone, soda ash, aluminum, fresh fruits and vegetables, TOFC/COFC traffic and numerous other commodities handled by rail.

I have frequently been called upon to develop and coordinate economic and operational studies relative to the acquisition of coal and the rail transportation of coal on behalf of electric utility companies. My responsibilities in these undertakings included the analyses of rail routes, rail operations and an assessment of the relative efficiency and costs of railroad operations over those routes. I have also analyzed and made recommendations regarding the acquisition of railcars according to the specific needs of various coal shippers. The results of these analyses have been employed in order to assist shippers in the development and negotiation of rail transportation contracts which optimize operational efficiency and cost effectiveness.

STATEMENT OF QUALIFICATIONS

I have presented evidence before the Interstate Commerce Commission ("ICC") in Ex Parte No. 347 (Sub-No. 1), Coal Rate Guidelines - Nationwide which is the proceeding that established the methodology for developing a maximum rail rate based on stand-alone costs. I have submitted evidence applying the ICC's stand-alone cost procedures in every proceeding before the ICC and its successor the Surface Transportation Board ("STB").^{1/}

^{1/} ICC Docket No. 36180, San Antonio, Texas, Acting By and Through Its City Public Service Board v. Burlington Northern Railroad Company, et al.; ICC Docket No. 37029, Iowa Public Service Company v. Burlington Northern, Inc.; ICC Docket No. 37038, Bituminous Coal - Hiawatha, Utah to Moapa, Nevada; ICC Docket No. 37437, Arizona Electric Power Cooperative, Inc. v. The Atchison, Topeka and Santa Fe Railway Company, et al.; ICC Docket No. 37809, McCarthy Farms, Inc. et. al. v. Burlington Northern, Inc.; ICC Docket No. 38025S, The Dayton Power and Light Company v. Louisville and Nashville Railroad Company; ICC Docket No. 38301S, Coal Trading Corporation v. Baltimore & Ohio Railroad, et al.; ICC Docket No. 38301S (Sub-No. 1), Westmoreland Coal Sales Company v. Denver and Rio Grande Western Railroad Company, et al.; ICC Docket No. 38783, Omaha Public Power District v. Burlington Northern Railroad Company; ICC Docket No. 39002, Utility Fuels Inc. v. The Burlington Northern Railroad Company, et. al.; ICC Docket No. 39386, The Kansas Power and Light Company v. Burlington Northern Railroad Company and Union Pacific Railroad Company; ICC Docket No. 40155, Lower Colorado River Authority and City of Austin, Texas v. Missouri-Kansas-Texas Railroad Company; ICC Docket No. 40224, Iowa Power and Light Company v. Burlington Northern Railroad Company; ICC Docket No. 41528, Kansas City Power & Light Company v. Missouri Pacific Railroad Company; ICC Docket No. 41685, CF Industries, Inc. v. Koch Pipeline, L.P.; STB No. 41185, Arizona Public Service Company and PacifiCorp v. The Atchison, Topeka And Santa Fe Railway Company; STB Docket No. 41191, West Texas Utilities Company v. Burlington Northern Railroad Company; STB Docket No. 41295, Pennsylvania Power & Light Company v. Consolidated Rail Corporation, CSX Transportation Inc. and Norfolk Southern Railway Company; STB Docket No. 41989, Potomac Electric Power Company v. CSX Transportation Inc.; STB Docket No. 42006, Omaha Public Power District v. Union Pacific Railroad Company; STB Docket No. 42012, Sierra Pacific Power Company, Idaho Power Company v. Union Pacific Railroad Company; STB Docket No. 42022, FMC Wyoming Corporation and FMC Corporation v. Union Pacific Railroad Company; STB Docket No. 42051, Wisconsin Power and Light Company v. Union Pacific Railroad Company; STB Docket No. 42054, PPL Montana LLC v. The Burlington Northern and Santa Fe Railway Company; STB Docket No. 42056, Texas Municipal Power Agency v. The Burlington Northern and Santa Fe Railway Company; STB Docket No. 42057, Public Service Company of Colorado D/B/A Xcel Energy v. The Burlington Northern and Santa Fe Railway Company; STB Docket No. 42058, Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad Company; STB Docket No. 42069, Duke Energy Corporation v. Norfolk Southern Railway Company; STB Docket No. 42070, Duke Energy Corporation v. CSX Transportation, Inc.; STB Docket No. 42071, Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company; STB Docket No. 42072, Carolina Power & Light Company v. Norfolk Southern Railway Company; STB Docket No. 42077, Arizona Public Service Company & PacifiCorp v. The Burlington Northern and Santa Fe Railway Company; STB Docket No. 41191 (Sub-No. 1), AEP Texas North Company v. BNSF Railway Company; STB Docket No. 42088, Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. v. BNSF Railway Company.

STATEMENT OF QUALIFICATIONS

Moreover, I have developed numerous variable cost calculations utilizing the various formulas employed by the ICC/STB for the development of variable costs for common carriers, with particular emphasis on the basis and use of Rail Form A and its replacement costing formula the Uniform Railroad Costing System ("URCS"). I have utilized Rail Form A/URCS costing principles since the beginning of my career with L. E. Peabody & Associates Inc. in 1971.

I have frequently presented both oral and written testimony before the Interstate Commerce Commission, Surface Transportation Board, Federal Energy Regulatory Commission, Railroad Accounting Principles Board, Postal Rate Commission and numerous state regulatory commissions, federal courts and state courts. This testimony was generally related to the development of variable cost of service calculations, rail traffic and operating patterns, fuel supply economics, contract interpretations, economic principles concerning the maximum level of rates, implementation of maximum rate principles, and calculation of reparations or damages, including interest. I presented testimony before the Congress of the United States, Committee on Transportation and Infrastructure on the status of rail competition in the western United States. I have also presented testimony in a number of court and arbitration proceedings concerning the level of rates, rate adjustment procedures, rail operating procedures and other economic components of specific contracts.

Since the implementation of the Staggers Rail Act of 1980, which clarified that rail carriers could enter into transportation contracts with shippers, I have been actively involved in negotiating transportation contracts on behalf of coal shippers. Specifically, I have advised utilities

STATEMENT OF QUALIFICATIONS

concerning coal transportation rates based on market conditions and carrier competition, movement specific service commitments, specific cost-based rate adjustment provisions, contract reopeners that recognize changes in productivity and cost-based ancillary charges.

I have been actively engaged in negotiating coal supply contracts for various users throughout the United States. In addition, I have analyzed the economic impact of buying out, brokering, and modifying existing coal supply agreements. My coal supply assignments have encompassed analyzing alternative coals to determine the impact on the delivered price of operating and maintenance costs, unloading costs, shrinkage factor and by-product savings.

I have developed different economic analyses for over sixty (60) electric utility companies located in all parts of the United States, and for major associations, including American Paper Institute, American Petroleum Institute, Chemical Manufacturers Association, Coal Exporters Association, Edison Electric Institute, Mail Order Association of America, National Coal Association, National Industrial Transportation League, the Fertilizer Institute and Western Coal Traffic League. In addition, I have assisted numerous government agencies, major industries and major railroad companies in solving various economic problems.

I have participated in various proceedings involved with the division of through rail rates. For example, I participated in ICC Docket No. 35585, Akron, Canton & Youngstown Railroad Company, et al. v. Aberdeen and Rockfish Railroad Company, et al. which was a complaint filed by the northern and midwestern rail lines to change the primary north-south divisions. I was personally involved in all traffic, operating and cost aspects of this proceeding on behalf of the

STATEMENT OF QUALIFICATIONS

northern and midwestern rail lines. I was the lead witness on behalf of the Long Island Rail Road in ICC Docket No. 36874, Notice of Intent to File Division Complaint by the Long Island Rail Road Company.

ibbotson.**Risk Premia over
Time Report: 2006**Estimates for 1926-2005

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Risk Premia over Time Report
2006

Risk Premia over Time Report 2006

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Introduction

This report contains data that summarizes the results of the capital markets for 2005 and current variables used to estimate the cost of capital. In addition, Tables A-1 through A-6 allow you to estimate any of these variables for any time period, 1926-2005. Each table consists of six pages and cover:

- Long-horizon equity risk premia
- Intermediate-horizon equity risk premia
- Short-horizon equity risk premia
- Mid-cap size premia
- Low-cap size premia
- Micro-cap size premia

Reading the Tables

The top row of each table indicates the starting year and the left column indicates the ending year. To find any statistic for a given time period, find the intersection of start and end dates. Please note that we have constrained the beta and size premia tables to contain data only for five-year periods or longer. Again, each table consists of six pages of data.

Description of Data

Long-horizon equity risk premia: large company stock total returns minus long-term government bond income returns¹

Intermediate-horizon equity risk premia: large company stock total returns minus intermediate-term government bond income returns¹

Short-horizon equity risk premia: large company stock total returns minus U.S. Treasury bill total returns^{1,2}

Mid-cap equity size premia: returns in excess of those predicted by beta for the portfolio of stocks represented by the 3-5 deciles of the New York Stock Exchange, American Stock Exchange, and Nasdaq National Market, current capitalization between \$1,729 and \$7,187 million

Low-cap equity size premia: returns in excess of those predicted by beta for the portfolio of stocks represented by the 6-8 deciles of the New York Stock Exchange, American Stock Exchange, and Nasdaq National Market, current capitalization between \$586 and \$1,729 million

Micro-cap equity size premia: returns in excess of those predicted by beta for the portfolio of stocks represented by the 9-10 deciles of the New York Stock Exchange, American Stock Exchange, and Nasdaq National Market, current capitalization below \$586 million

For additional information regarding Ibbotson's cost of capital related products, please visit our web site at <http://www.ibbotson.com>.

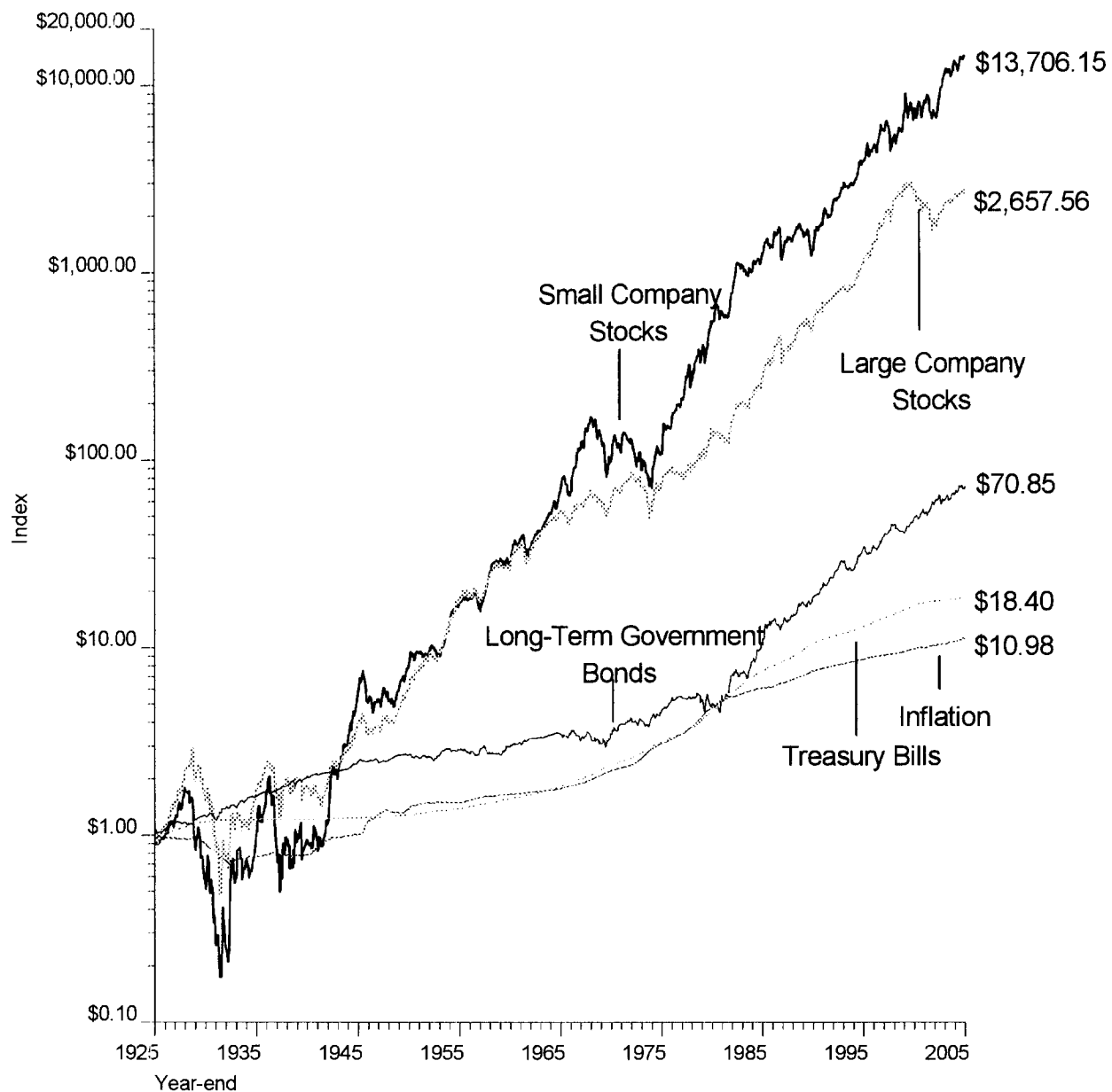
¹ Expected risk premia are based on the differences of historical annual arithmetic mean return over the period selected.

² For U.S. Treasury bills, the income return and total return are the same.

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Graph 1 **Wealth Indices of Investments**
In the U.S. Capital Markets
(Year-end 1925 = \$1.00)

December 31, 1925 to
December 30, 2005



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**Table 1 Total Returns, Income Returns
and Capital Appreciation**

Summary Statistics of
Annual Returns

From 1926 to 2005

Series	Geometric Mean	Arithmetic Mean	Standard Deviation
Large Company Stocks			
Total Returns	10.4	12.3	20.2
Income	4.2	4.2	1.5
Capital Appreciation	5.9	7.8	19.5
Ibbotson Small Company Stocks			
Total Returns	12.6	17.4	32.9
Mid-Cap Stocks*			
Total Returns	11.4	14.2	24.7
Income	4.1	4.1	1.7
Capital Appreciation	7.1	9.8	24.1
Low-Cap Stocks*			
Total Returns	11.7	15.7	29.5
Income	3.7	3.7	2.0
Capital Appreciation	7.9	11.7	28.9
Micro-Cap Stocks*			
Total Returns	12.7	18.8	39.2
Income	2.6	2.6	1.8
Capital Appreciation	10.1	16.1	38.6
Long-Term Corporate Bonds			
Total Returns	5.9	6.2	8.5
Long-Term Government Bonds			
Total Returns	5.5	5.8	9.2
Income	5.2	5.2	2.7
Capital Appreciation	0.1	0.4	8.1
Intermediate-Term Government Bonds			
Total Returns	5.3	5.5	5.7
Income	4.7	4.8	2.9
Capital Appreciation	0.4	0.5	4.4
Treasury Bills			
Total Returns	3.7	3.8	3.1
Inflation	3.0	3.1	4.3

Total return is equal to the sum of income return, capital appreciation return, and reinvestment return.

*Source: Center for Research in Security Prices, University of Chicago.

Risk Premia over Time Report
2006

**Table 2 Key Variables in Estimating
the Cost of Capital**

(As of Year-end 2005)

				Value
Yields (Riskless Rates)³				
Long-Term (20-year) U.S. Treasury Coupon Bond Yield				4.6%
Equity Risk Premium⁴				
Long-horizon expected equity risk premium (historical): large company stock total returns minus long-term government bond income returns				7.1%
Long-horizon expected equity risk premium (supply side): historical equity risk premium minus price-to-earnings ratio calculated using three-year average earnings				6.3%
Size Premium⁵				
Decile	Market Capitalization of Smallest Company (in millions)		Market Capitalization of Largest Company (in millions)	Size Premium (Return in Excess of CAPM)
Mid-Cap, 3-5	\$1,729.364	-	\$7,187.244	1.02%
Low-Cap, 6-8	\$587.243	-	\$1,728.888	1.81%
Micro-Cap, 9-10	\$1.079	-	\$586.393	3.95%
Breakdown of Deciles 1-10				
1-Largest	\$16,091.015	-	\$367,495.144	-0.37%
2	\$7,189.887	-	\$16,016.450	0.67%
3	\$3,968.998	-	\$7,187.244	0.85%
4	\$2,525.472	-	\$3,961.425	1.10%
5	\$1,729.364	-	\$2,519.280	1.49%
6	\$1,282.276	-	\$1,728.888	1.73%
7	\$872.443	-	\$1,280.966	1.67%
8	\$587.243	-	\$872.103	2.33%
9	\$265.056	-	\$586.393	2.76%
10-Smallest	\$1.079	-	\$264.981	6.36%
Breakdown of the 10th Decile				
10a	\$169.245	-	\$264.981	4.39%
10b-Smallest	\$1.079	-	\$169.195	9.83%

³ As of December 31, 2005. Maturity is approximate.

⁴ See Chapter 5 of Ibbotson's *SBBi Valuation Edition Yearbook* for complete methodology.

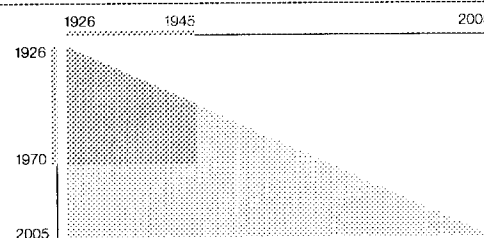
⁵ Expected return in excess of that predicted by the capital asset pricing model, also known as the beta-adjusted size premium. Underlying data provided by CRSP, the Center for Research in Security Prices. See Chapter 7 of Ibbotson's *SBBi Valuation Edition Yearbook* for methodology.

Table A-1 (Page 1 of 6)

Long-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
1926	7.9																				
1927	21.0	34.1																			
1928	27.5	37.2	40.4																		
1929	17.6	20.9	14.3	-11.9																	
1930	8.5	8.6	0.1	-20.1	-28.2																
1931	-0.7	-2.5	-11.6	-28.9	-37.4	-46.7															
1932	-2.3	-4.0	-11.7	-24.7	-28.9	-29.3	-11.9														
1933	4.3	3.8	-1.2	-9.6	-9.0	-2.6	19.5	50.9													
1934	3.3	2.8	-1.7	-8.7	-8.1	-3.1	11.5	23.1	-4.6												
1935	7.5	7.4	4.1	-1.1	0.7	6.5	19.8	30.4	20.1	44.9											
1936	9.6	9.8	7.1	3.0	5.1	10.6	22.1	30.6	23.8	38.0	31.1										
1937	5.7	5.5	2.6	-1.6	-0.3	3.7	12.1	16.9	8.4	12.8	-3.3	-37.7									
1938	7.4	7.4	5.0	1.4	2.9	6.8	14.5	18.8	12.4	16.7	7.3	-4.6	28.5								
1939	6.7	6.6	4.3	1.1	2.3	5.7	12.3	15.7	9.9	12.8	4.8	-4.0	12.8	-2.8							
1940	5.5	5.3	3.1	0.0	1.0	4.0	9.6	12.3	6.8	8.7	1.4	-6.0	4.6	-7.4	-12.0						
1941	4.3	4.0	1.9	-1.1	-0.2	2.4	7.3	9.4	4.2	5.5	-1.1	-7.5	0.0	-9.5	-12.8	-13.5					
1942	5.1	4.9	3.0	0.3	1.2	3.7	8.2	10.3	5.7	7.0	1.6	-3.3	3.6	-2.6	-2.6	2.2	17.9				
1943	6.1	6.0	4.2	1.8	2.8	5.2	9.5	11.5	7.5	8.9	4.4	0.5	6.9	2.6	3.9	9.3	20.7	23.5			
1944	6.7	6.6	5.0	2.8	3.8	6.1	10.1	11.9	8.4	9.7	5.8	2.6	8.4	5.0	6.6	11.3	19.5	20.4	17.3		
1945	8.1	8.1	6.6	4.6	5.7	7.9	11.8	13.6	10.5	11.9	8.6	6.1	11.6	9.2	11.2	15.8	23.2	24.9	25.7	34.1	
1946	7.2	7.2	5.7	3.8	4.7	6.8	10.4	12.0	9.0	10.1	6.9	4.5	9.2	6.8	8.2	11.5	16.5	16.2	13.8	12.0	
1947	7.0	7.0	5.6	3.8	4.7	6.6	9.9	11.4	8.6	9.6	6.6	4.4	8.6	6.4	7.6	10.4	14.4	13.7	11.2	9.2	
1948	6.9	6.8	5.5	3.8	4.6	6.4	9.5	10.9	8.2	9.1	6.4	4.3	8.1	6.1	7.1	9.5	12.8	11.9	9.6	7.7	
1949	7.3	7.2	6.0	4.4	5.2	6.9	9.9	11.2	8.7	9.6	7.1	5.3	8.8	7.0	8.0	10.3	13.2	12.6	10.7	9.4	
1950	8.2	8.2	7.0	5.5	6.4	8.1	11.0	12.2	10.0	10.9	8.6	7.0	10.4	8.9	10.0	12.2	15.0	14.7	13.4	12.8	
1951	8.7	8.7	7.6	6.2	7.0	8.7	11.5	12.7	10.6	11.5	9.4	8.0	11.2	9.9	11.0	13.0	15.7	15.5	14.5	14.1	
1952	8.9	9.0	8.0	6.6	7.4	9.0	11.7	12.9	10.9	11.7	9.8	8.5	11.5	10.3	11.3	13.3	15.7	15.5	14.6	14.3	
1953	8.5	8.5	7.5	6.2	7.0	8.5	11.0	12.1	10.1	10.9	9.0	7.7	10.6	9.4	10.2	12.0	14.1	13.7	12.8	12.3	
1954	9.9	10.0	9.1	7.9	8.7	10.2	12.7	13.8	12.0	12.9	11.2	10.1	12.9	11.9	12.9	14.7	16.8	16.7	16.1	16.0	
1955	10.5	10.6	9.8	8.7	9.4	10.9	13.4	14.4	12.8	13.6	12.1	11.1	13.8	12.9	13.9	15.6	17.7	17.7	17.2	17.2	
1956	10.3	10.4	9.6	8.5	9.2	10.7	13.0	14.0	12.4	13.2	11.7	10.7	13.2	12.4	13.3	14.9	16.7	16.7	16.1	16.0	
1957	9.5	9.6	8.8	7.7	8.4	9.7	11.9	12.9	11.3	12.0	10.5	9.5	11.9	11.0	11.7	13.1	14.8	14.6	14.0	13.7	
1958	10.5	10.5	9.8	8.8	9.5	10.8	13.0	13.9	12.4	13.1	11.8	10.9	13.2	12.4	13.2	14.6	16.3	16.2	15.7	15.6	
1959	10.4	10.5	9.7	8.7	9.4	10.7	12.8	13.7	12.3	12.9	11.6	10.8	13.0	12.2	13.0	14.3	15.8	15.7	15.2	15.1	
1960	10.0	10.0	9.3	8.4	9.0	10.2	12.2	13.1	11.7	12.3	11.0	10.2	12.2	11.5	12.2	13.4	14.8	14.6	14.1	13.9	
1961	10.4	10.4	9.7	8.8	9.4	10.7	12.6	13.4	12.1	12.7	11.5	10.7	12.7	12.0	12.7	13.8	15.2	15.1	14.6	14.4	
1962	9.7	9.8	9.1	8.2	8.8	9.9	11.8	12.5	11.2	11.8	10.6	9.8	11.7	11.0	11.6	12.6	13.9	13.7	13.2	12.9	
1963	10.0	10.0	9.4	8.5	9.1	10.2	12.0	12.7	11.5	12.0	10.9	10.1	11.9	11.3	11.9	12.9	14.1	13.9	13.5	13.3	
1964	10.0	10.1	9.4	8.6	9.2	10.3	12.0	12.7	11.5	12.0	10.9	10.2	12.0	11.3	11.9	12.9	14.0	13.9	13.4	13.2	
1965	10.0	10.0	9.4	8.6	9.1	10.2	11.9	12.6	11.4	11.9	10.8	10.1	11.8	11.2	11.7	12.7	13.8	13.6	13.2	13.0	
1966	9.4	9.4	8.8	8.0	8.5	9.5	11.1	11.8	10.6	11.1	10.0	9.3	10.9	10.3	10.8	11.7	12.7	12.4	12.0	11.7	
1967	9.6	9.7	9.1	8.3	8.8	9.8	11.4	12.0	10.9	11.3	10.3	9.6	11.2	10.6	11.1	11.9	12.9	12.7	12.3	12.1	
1968	9.5	9.6	9.0	8.2	8.7	9.7	11.2	11.8	10.7	11.2	10.2	9.5	11.0	10.4	10.9	11.7	12.6	12.4	12.0	11.8	
1969	9.0	9.0	8.4	7.6	8.1	9.1	10.5	11.1	10.0	10.4	9.4	8.8	10.2	9.6	10.0	10.8	11.7	11.4	11.0	10.7	
1970	8.7	8.7	8.2	7.4	7.9	8.8	10.2	10.8	9.7	10.1	9.1	8.4	9.8	9.2	9.6	10.4	11.2	10.9	10.5	10.2	

*S&P 500 total returns minus long-term government bond income returns.

Risk Premia Over Time Report 2006

Table A-1 (Page 2 of 6)

Long-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005

To the end of	From the beginning of 1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
1971	8.7	8.7	8.2	7.4	7.9	8.7	10.1	10.7	9.6	10.0	9.1	8.4	9.8	9.2	9.6	10.3	11.1	10.8	10.4	10.1
1972	8.8	8.8	8.3	7.5	8.0	8.8	10.2	10.8	9.7	10.1	9.2	8.5	9.9	9.3	9.7	10.4	11.1	10.9	10.5	10.2
1973	8.2	8.2	7.6	6.9	7.3	8.1	9.5	10.0	8.9	9.3	8.4	7.7	9.0	8.5	8.8	9.4	10.1	9.9	9.4	9.2
1974	7.3	7.3	6.7	6.0	6.4	7.2	8.4	8.9	7.9	8.2	7.3	6.7	7.9	7.3	7.6	8.1	8.8	8.5	8.0	7.7
1975	7.8	7.8	7.2	6.5	6.9	7.7	8.9	9.4	8.4	8.7	7.8	7.2	8.4	7.9	8.2	8.7	9.4	9.1	8.7	8.4
1976	7.9	7.9	7.4	6.7	7.1	7.9	9.1	9.6	8.6	8.9	8.0	7.5	8.6	8.1	8.4	8.9	9.6	9.3	8.9	8.7
1977	7.5	7.5	7.0	6.3	6.6	7.4	8.6	9.0	8.1	8.4	7.5	6.9	8.0	7.5	7.8	8.3	8.9	8.7	8.2	8.0
1978	7.3	7.3	6.8	6.1	6.5	7.2	8.4	8.8	7.9	8.1	7.3	6.7	7.8	7.3	7.5	8.1	8.6	8.4	8.0	7.7
1979	7.4	7.4	6.8	6.2	6.5	7.3	8.4	8.8	7.9	8.2	7.3	6.8	7.8	7.3	7.6	8.1	8.7	8.4	8.0	7.7
1980	7.6	7.6	7.1	6.5	6.9	7.6	8.7	9.1	8.2	8.5	7.7	7.1	8.2	7.7	8.0	8.5	9.0	8.8	8.4	8.1
1981	7.2	7.2	6.7	6.1	6.4	7.1	8.2	8.6	7.7	8.0	7.2	6.6	7.6	7.1	7.4	7.9	8.4	8.1	7.7	7.5
1982	7.2	7.2	6.7	6.1	6.4	7.1	8.2	8.6	7.7	8.0	7.2	6.6	7.6	7.2	7.4	7.9	8.4	8.1	7.7	7.5
1983	7.3	7.3	6.8	6.2	6.5	7.2	8.2	8.6	7.8	8.0	7.3	6.8	7.7	7.3	7.5	8.0	8.5	8.2	7.9	7.6
1984	7.1	7.1	6.6	6.0	6.3	7.0	8.0	8.4	7.5	7.8	7.0	6.5	7.5	7.0	7.2	7.6	8.1	7.9	7.5	7.3
1985	7.3	7.3	6.9	6.3	6.6	7.2	8.2	8.6	7.8	8.0	7.3	6.8	7.7	7.3	7.5	7.9	8.4	8.2	7.8	7.6
1986	7.4	7.3	6.9	6.3	6.6	7.3	8.2	8.6	7.8	8.1	7.3	6.9	7.8	7.3	7.6	8.0	8.5	8.2	7.9	7.7
1987	7.2	7.2	6.7	6.2	6.5	7.1	8.0	8.4	7.6	7.9	7.1	6.7	7.6	7.1	7.3	7.7	8.2	8.0	7.6	7.4
1988	7.2	7.2	6.8	6.2	6.5	7.1	8.0	8.4	7.6	7.9	7.2	6.7	7.6	7.1	7.3	7.8	8.2	8.0	7.7	7.4
1989	7.4	7.4	7.0	6.5	6.8	7.4	8.3	8.6	7.9	8.1	7.4	7.0	7.9	7.4	7.7	8.1	8.5	8.3	8.0	7.8
1990	7.2	7.1	6.7	6.2	6.5	7.1	8.0	8.3	7.6	7.8	7.1	6.7	7.5	7.1	7.3	7.7	8.1	7.9	7.6	7.4
1991	7.4	7.4	7.0	6.4	6.7	7.3	8.2	8.5	7.8	8.0	7.4	6.9	7.8	7.4	7.6	8.0	8.4	8.2	7.9	7.7
1992	7.3	7.3	6.9	6.3	6.6	7.2	8.1	8.4	7.7	7.9	7.3	6.8	7.6	7.2	7.4	7.8	8.2	8.0	7.7	7.5
1993	7.2	7.2	6.8	6.3	6.6	7.1	8.0	8.3	7.6	7.8	7.2	6.8	7.5	7.2	7.4	7.7	8.1	7.9	7.6	7.4
1994	7.0	7.0	6.6	6.1	6.4	6.9	7.8	8.1	7.4	7.6	7.0	6.5	7.3	6.9	7.1	7.5	7.9	7.7	7.4	7.2
1995	7.4	7.4	7.0	6.5	6.7	7.3	8.1	8.4	7.8	8.0	7.3	6.9	7.7	7.3	7.5	7.9	8.3	8.1	7.8	7.6
1996	7.5	7.5	7.1	6.6	6.9	7.4	8.3	8.6	7.9	8.1	7.5	7.1	7.9	7.5	7.7	8.0	8.4	8.3	8.0	7.8
1997	7.8	7.8	7.4	6.9	7.2	7.7	8.5	8.9	8.2	8.4	7.8	7.4	8.2	7.8	8.0	8.4	8.8	8.6	8.3	8.2
1998	8.0	8.0	7.6	7.1	7.4	7.9	8.7	9.1	8.4	8.6	8.0	7.7	8.4	8.1	8.3	8.6	9.0	8.8	8.6	8.4
1999	8.1	8.1	7.7	7.3	7.5	8.0	8.8	9.2	8.5	8.7	8.2	7.8	8.5	8.2	8.4	8.7	9.1	9.0	8.7	8.6
2000	7.8	7.8	7.4	6.9	7.2	7.7	8.5	8.8	8.2	8.4	7.8	7.4	8.1	7.8	8.0	8.3	8.7	8.5	8.3	8.1
2001	7.4	7.4	7.1	6.6	6.9	7.4	8.1	8.4	7.8	8.0	7.4	7.1	7.7	7.4	7.6	7.9	8.3	8.1	7.8	7.7
2002	7.0	7.0	6.6	6.1	6.4	6.9	7.6	7.9	7.3	7.5	6.9	6.5	7.2	6.9	7.0	7.3	7.7	7.5	7.2	7.1
2003	7.2	7.2	6.8	6.4	6.6	7.1	7.8	8.1	7.5	7.7	7.1	6.8	7.5	7.1	7.3	7.6	7.9	7.8	7.5	7.3
2004	7.2	7.2	6.8	6.4	6.6	7.1	7.8	8.1	7.5	7.7	7.1	6.8	7.4	7.1	7.3	7.6	7.9	7.7	7.5	7.3
2005	7.1	7.1	6.7	6.3	6.5	7.0	7.7	8.0	7.4	7.6	7.0	6.7	7.3	7.0	7.2	7.5	7.8	7.6	7.4	7.2

*S&P 500 total returns minus long-term government bond income returns.

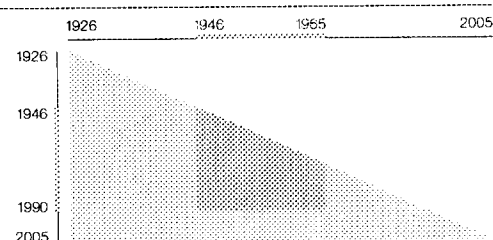
Risk Premia Over Time Report 2006

Table A-1 (Page 3 of 6)

Long-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1946	-10.1																				
1947	-3.3	3.6																			
1948	-1.1	3.3	3.1																		
1949	3.3	7.7	9.8	16.5																	
1950	8.5	13.2	16.4	23.1	29.6																
1951	10.7	14.9	17.7	22.6	25.6	21.6															
1952	11.4	15.0	17.3	20.9	22.3	18.7	15.7														
1953	9.5	12.3	13.8	15.9	15.8	11.2	5.9	-3.8													
1954	14.0	17.0	18.9	21.6	22.6	20.8	20.6	23.0	49.8												
1955	15.5	18.3	20.2	22.6	23.6	22.4	22.6	24.9	39.3	28.8											
1956	14.4	16.9	18.3	20.2	20.8	19.3	18.8	19.6	27.4	16.2	3.6										
1957	12.0	14.0	15.1	16.4	16.4	14.5	13.3	12.8	17.0	6.1	-5.3	-14.2									
1958	14.2	16.2	17.3	18.8	19.0	17.7	17.1	17.4	21.6	14.6	9.8	12.9	40.1								
1959	13.7	15.6	16.6	17.8	17.9	16.6	16.0	16.0	19.3	13.2	9.3	11.3	24.0	7.9							
1960	12.6	14.2	15.0	16.0	15.9	14.6	13.8	13.6	16.0	10.4	6.7	7.5	14.7	2.1	-3.8						
1961	13.2	14.8	15.6	16.5	16.5	15.3	14.7	14.6	16.9	12.2	9.4	10.6	16.8	9.1	9.6	23.1					
1962	11.7	13.1	13.7	14.4	14.3	13.0	12.2	11.9	13.6	9.1	6.3	6.7	10.9	3.6	2.2	5.2	-12.7				
1963	12.1	13.4	14.0	14.7	14.6	13.5	12.8	12.5	14.1	10.2	7.9	8.5	12.2	6.7	6.4	9.7	3.1	18.9			
1964	12.1	13.3	13.9	14.6	14.5	13.4	12.7	12.5	14.0	10.4	8.4	9.0	12.3	7.6	7.6	10.4	6.2	15.6	12.3		
1965	11.9	13.1	13.6	14.2	14.1	13.0	12.4	12.2	13.5	10.2	8.3	8.9	11.8	7.7	7.7	10.0	6.7	13.2	10.3	8.3	
1966	10.7	11.7	12.1	12.6	12.4	11.3	10.6	10.3	11.3	8.1	6.3	6.5	8.8	4.9	4.5	5.9	2.4	6.2	2.0	-3.1	
1967	11.1	12.1	12.5	13.0	12.8	11.8	11.2	10.9	11.9	9.0	7.4	7.7	9.9	6.5	6.4	7.8	5.3	8.9	6.4	4.4	
1968	10.8	11.8	12.2	12.6	12.4	11.4	10.8	10.5	11.5	8.8	7.2	7.5	9.5	6.4	6.3	7.5	5.3	8.3	6.2	4.7	
1969	9.8	10.6	10.9	11.3	11.1	10.1	9.4	9.1	9.9	7.2	5.7	5.8	7.5	4.5	4.2	5.1	2.8	5.1	2.8	0.8	
1970	9.3	10.1	10.3	10.7	10.4	9.4	8.8	8.4	9.1	6.6	5.1	5.2	6.7	3.9	3.6	4.3	2.2	4.1	2.0	0.2	
1971	9.2	10.0	10.3	10.6	10.3	9.4	8.8	8.4	9.1	6.7	5.3	5.4	6.8	4.2	3.9	4.6	2.8	4.5	2.7	1.4	
1972	9.4	10.1	10.4	10.7	10.4	9.5	9.0	8.6	9.3	7.0	5.7	5.9	7.2	4.9	4.6	5.3	3.7	5.4	3.9	2.8	
1973	8.3	8.9	9.2	9.4	9.1	8.2	7.6	7.2	7.8	5.5	4.3	4.3	5.5	3.1	2.8	3.3	1.7	3.0	1.4	0.2	
1974	6.8	7.4	7.6	7.7	7.4	6.5	5.8	5.3	5.8	3.6	2.3	2.2	3.1	0.8	0.4	0.7	-1.1	-0.1	-1.8	-3.2	
1975	7.6	8.2	8.3	8.5	8.2	7.4	6.8	6.4	6.8	4.8	3.6	3.6	4.6	2.5	2.2	2.6	1.1	2.2	0.8	-0.3	
1976	7.8	8.4	8.6	8.8	8.5	7.7	7.1	6.8	7.2	5.3	4.2	4.2	5.2	3.3	3.0	3.4	2.1	3.1	1.9	1.1	
1977	7.1	7.7	7.8	8.0	7.7	6.9	6.3	5.9	6.3	4.5	3.3	3.3	4.2	2.3	2.0	2.4	1.1	2.0	0.8	-0.1	
1978	6.9	7.4	7.5	7.7	7.4	6.6	6.0	5.7	6.0	4.2	3.1	3.1	4.0	2.1	1.8	2.2	0.9	1.8	0.6	-0.2	
1979	7.0	7.5	7.6	7.7	7.5	6.7	6.2	5.8	6.2	4.4	3.4	3.4	4.2	2.5	2.2	2.5	1.4	2.2	1.2	0.4	
1980	7.4	7.9	8.1	8.2	7.9	7.2	6.7	6.4	6.8	5.1	4.2	4.2	5.0	3.4	3.2	3.5	2.5	3.4	2.4	1.8	
1981	6.7	7.2	7.3	7.5	7.2	6.5	5.9	5.6	5.9	4.3	3.4	3.4	4.1	2.5	2.3	2.6	1.6	2.3	1.4	0.7	
1982	6.8	7.2	7.3	7.5	7.2	6.5	6.0	5.7	6.0	4.5	3.5	3.5	4.3	2.8	2.5	2.8	1.9	2.6	1.7	1.1	
1983	6.9	7.4	7.5	7.6	7.3	6.7	6.2	5.9	6.2	4.7	3.9	3.9	4.6	3.1	2.9	3.2	2.3	3.0	2.3	1.7	
1984	6.6	7.0	7.1	7.2	7.0	6.3	5.8	5.5	5.8	4.4	3.5	3.5	4.2	2.8	2.6	2.9	2.0	2.7	1.9	1.4	
1985	7.0	7.4	7.5	7.6	7.4	6.7	6.3	6.0	6.3	4.9	4.1	4.1	4.8	3.5	3.3	3.6	2.8	3.5	2.8	2.3	
1986	7.0	7.4	7.5	7.7	7.4	6.8	6.4	6.1	6.4	5.1	4.3	4.3	4.9	3.7	3.5	3.8	3.0	3.7	3.0	2.6	
1987	6.8	7.2	7.3	7.4	7.2	6.6	6.1	5.9	6.1	4.8	4.1	4.1	4.7	3.5	3.3	3.6	2.8	3.5	2.8	2.4	
1988	6.8	7.2	7.3	7.4	7.2	6.6	6.2	5.9	6.2	4.9	4.2	4.2	4.8	3.6	3.5	3.7	3.0	3.6	3.0	2.6	
1989	7.2	7.6	7.7	7.8	7.6	7.0	6.6	6.4	6.6	5.4	4.7	4.8	5.4	4.2	4.1	4.4	3.7	4.3	3.8	3.4	
1990	6.8	7.1	7.2	7.3	7.1	6.5	6.2	5.9	6.2	4.9	4.3	4.3	4.8	3.7	3.6	3.9	3.2	3.8	3.2	2.9	

*S&P 500 total returns minus long-term government bond income returns.

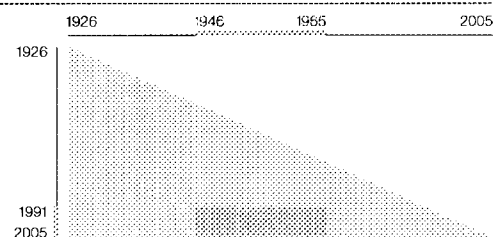
Risk Premia Over Time Report 2006

Table A-1 (Page 4 of 6)

Long-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia for
all historical time periods.

from 1926 to 2005



To the end of	From the beginning of																			
	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1991	7.1	7.5	7.6	7.7	7.5	6.9	6.6	6.3	6.6	5.4	4.8	4.8	5.4	4.3	4.2	4.5	3.8	4.4	3.9	3.6
1992	7.0	7.3	7.4	7.5	7.3	6.8	6.4	6.2	6.4	5.3	4.7	4.7	5.2	4.2	4.1	4.3	3.7	4.3	3.8	3.5
1993	6.9	7.2	7.3	7.4	7.2	6.7	6.3	6.1	6.3	5.2	4.6	4.6	5.2	4.2	4.0	4.3	3.7	4.2	3.7	3.4
1994	6.6	7.0	7.0	7.1	6.9	6.4	6.0	5.8	6.1	5.0	4.3	4.4	4.9	3.9	3.8	4.0	3.4	3.9	3.4	3.1
1995	7.1	7.4	7.5	7.6	7.4	6.9	6.6	6.4	6.6	5.6	5.0	5.0	5.5	4.6	4.5	4.7	4.2	4.7	4.3	4.0
1996	7.3	7.6	7.7	7.8	7.6	7.1	6.8	6.6	6.9	5.8	5.3	5.3	5.8	4.9	4.8	5.1	4.6	5.1	4.7	4.4
1997	7.7	8.0	8.1	8.2	8.0	7.6	7.3	7.1	7.3	6.3	5.8	5.8	6.3	5.5	5.4	5.7	5.2	5.7	5.3	5.1
1998	7.9	8.3	8.4	8.5	8.3	7.9	7.6	7.4	7.7	6.7	6.2	6.2	6.7	5.9	5.9	6.1	5.7	6.2	5.8	5.6
1999	8.1	8.4	8.5	8.6	8.5	8.0	7.7	7.6	7.8	6.9	6.4	6.5	7.0	6.1	6.1	6.4	5.9	6.4	6.1	5.9
2000	7.6	8.0	8.1	8.2	8.0	7.6	7.3	7.1	7.3	6.4	5.9	6.0	6.4	5.6	5.6	5.8	5.4	5.8	5.5	5.3
2001	7.2	7.5	7.6	7.7	7.5	7.1	6.8	6.6	6.8	5.9	5.4	5.4	5.9	5.1	5.0	5.2	4.8	5.2	4.9	4.7
2002	6.6	6.9	6.9	7.0	6.8	6.4	6.1	5.9	6.1	5.2	4.7	4.7	5.1	4.3	4.3	4.5	4.0	4.4	4.0	3.8
2003	6.9	7.2	7.2	7.3	7.2	6.7	6.4	6.3	6.5	5.6	5.1	5.1	5.5	4.8	4.7	4.9	4.5	4.9	4.5	4.3
2004	6.9	7.2	7.2	7.3	7.1	6.7	6.4	6.3	6.5	5.6	5.1	5.1	5.6	4.8	4.7	4.9	4.5	4.9	4.6	4.4
2005	6.8	7.0	7.1	7.2	7.0	6.6	6.3	6.1	6.3	5.5	5.0	5.0	5.4	4.7	4.6	4.8	4.4	4.8	4.5	4.3

*S&P 500 total returns minus long-term government bond income returns.

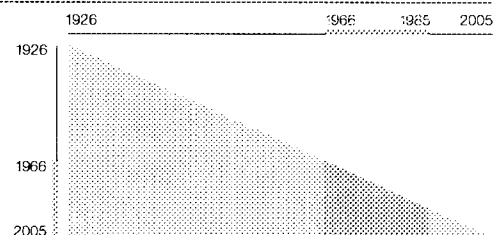
Risk Premia Over Time Report 2006

Table A-1 (Page 5 of 6)

Long-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
1966	-14.6																				
1967	2.4	19.4																			
1968	3.5	12.5	5.6																		
1969	-1.0	3.5	-4.4	-14.5																	
1970	-1.4	1.9	-3.9	-8.6	-2.7																
1971	0.2	3.2	-0.9	-3.1	2.6	8.0															
1972	2.0	4.8	1.9	1.0	6.1	10.6	13.1														
1973	-0.9	1.1	-1.9	-3.5	-0.7	0.0	-4.0	-21.2													
1974	-4.5	-3.3	-6.5	-8.5	-7.3	-8.5	-13.9	-27.5	-33.7												
1975	-1.1	0.4	-2.0	-3.1	-1.2	-0.9	-3.1	-8.6	-2.3	29.2											
1976	0.4	1.9	0.0	-0.7	1.2	1.9	0.7	-2.4	3.8	22.6	16.0										
1977	-0.8	0.4	-1.5	-2.2	-0.7	-0.4	-1.8	-4.8	-0.7	10.3	0.8	-14.3									
1978	-0.9	0.3	-1.4	-2.1	-0.8	-0.5	-1.8	-4.2	-0.8	7.4	0.1	-7.8	-1.3								
1979	-0.1	1.0	-0.5	-1.1	0.3	0.6	-0.3	-2.3	0.9	7.8	2.5	-2.0	4.1	9.6							
1980	1.4	2.5	1.2	0.9	2.3	2.8	2.2	0.8	4.0	10.3	6.5	4.1	10.2	16.0	22.4						
1981	0.3	1.3	0.0	-0.5	0.7	1.0	0.3	-1.1	1.4	6.4	2.6	0.0	3.6	5.2	3.0	-16.5					
1982	0.7	1.7	0.5	0.1	1.3	1.6	1.0	-0.2	2.1	6.6	3.4	1.3	4.4	5.9	4.6	-4.3	7.9				
1983	1.4	2.3	1.2	0.9	2.0	2.4	1.9	0.9	3.1	7.2	4.5	2.9	5.7	7.1	6.5	1.2	10.0	12.1			
1984	1.0	1.9	0.8	0.5	1.5	1.8	1.4	0.4	2.4	6.0	3.4	1.8	4.1	5.0	4.1	-0.5	4.9	3.3	-5.5		
1985	2.0	2.9	2.0	1.7	2.8	3.1	2.8	2.0	3.9	7.3	5.1	3.9	6.2	7.3	6.9	3.8	8.9	9.2	7.7	20.9	
1986	2.4	3.2	2.3	2.2	3.1	3.5	3.2	2.5	4.3	7.5	5.5	4.5	6.6	7.6	7.3	4.8	9.0	9.3	8.3	15.2	
1987	2.1	2.9	2.1	1.9	2.8	3.2	2.8	2.2	3.8	6.7	4.8	3.8	5.7	6.4	6.0	3.7	7.0	6.9	5.6	9.2	
1988	2.4	3.1	2.4	2.2	3.1	3.4	3.1	2.5	4.1	6.8	5.1	4.2	5.9	6.6	6.2	4.2	7.2	7.0	6.0	8.9	
1989	3.2	4.0	3.3	3.2	4.1	4.4	4.2	3.7	5.3	7.9	6.3	5.6	7.3	8.0	7.9	6.3	9.1	9.3	8.8	11.6	
1990	2.6	3.4	2.7	2.5	3.3	3.6	3.4	2.9	4.3	6.7	5.2	4.4	5.8	6.4	6.1	4.5	6.8	6.7	5.9	7.8	
1991	3.4	4.1	3.5	3.4	4.2	4.5	4.4	3.9	5.3	7.6	6.2	5.6	7.0	7.6	7.5	6.1	8.4	8.4	8.0	9.9	
1992	3.3	4.0	3.4	3.3	4.0	4.3	4.2	3.7	5.0	7.2	5.9	5.3	6.6	7.1	6.9	5.6	7.7	7.6	7.1	8.7	
1993	3.3	3.9	3.3	3.2	4.0	4.3	4.1	3.7	4.9	7.0	5.7	5.1	6.3	6.8	6.6	5.4	7.3	7.2	6.7	8.0	
1994	3.0	3.6	3.0	2.9	3.6	3.9	3.7	3.3	4.4	6.3	5.1	4.5	5.6	6.1	5.8	4.7	6.3	6.2	5.6	6.7	
1995	3.9	4.5	4.0	3.9	4.6	4.9	4.8	4.4	5.6	7.5	6.4	5.9	7.0	7.5	7.3	6.3	8.0	8.0	7.6	8.8	
1996	4.3	4.9	4.4	4.4	5.1	5.4	5.3	4.9	6.1	7.9	6.9	6.4	7.5	8.0	7.9	7.0	8.6	8.6	8.3	9.5	
1997	5.0	5.6	5.2	5.1	5.8	6.2	6.1	5.8	6.9	8.7	7.8	7.4	8.5	9.0	9.0	8.2	9.7	9.8	9.7	10.8	
1998	5.5	6.2	5.7	5.7	6.4	6.8	6.7	6.5	7.6	9.3	8.4	8.1	9.1	9.7	9.7	9.0	10.5	10.6	10.5	11.7	
1999	5.8	6.4	6.0	6.0	6.7	7.1	7.0	6.8	7.9	9.5	8.7	8.4	9.4	10.0	10.0	9.3	10.7	10.9	10.8	11.9	
2000	5.2	5.8	5.4	5.4	6.0	6.3	6.2	6.0	7.0	8.6	7.7	7.4	8.3	8.8	8.8	8.8	8.1	9.4	9.3	10.2	
2001	4.6	5.1	4.7	4.7	5.3	5.5	5.5	5.2	6.1	7.6	6.8	6.4	7.3	7.6	7.6	6.9	8.0	8.0	7.8	8.6	
2002	3.7	4.2	3.8	3.7	4.3	4.5	4.4	4.1	5.0	6.3	5.5	5.1	5.9	6.2	6.0	5.3	6.3	6.2	5.9	6.6	
2003	4.2	4.7	4.3	4.3	4.9	5.1	5.0	4.7	5.6	7.0	6.2	5.8	6.6	6.9	6.8	6.1	7.1	7.1	6.8	7.5	
2004	4.3	4.8	4.4	4.3	4.9	5.1	5.0	4.8	5.6	6.9	6.1	5.8	6.5	6.8	6.7	6.1	7.1	7.0	6.8	7.4	
2005	4.2	4.7	4.3	4.2	4.8	5.0	4.9	4.6	5.4	6.7	6.0	5.6	6.3	6.6	6.5	5.8	6.8	6.7	6.5	7.1	

*S&P 500 total returns minus long-term government bond income returns.

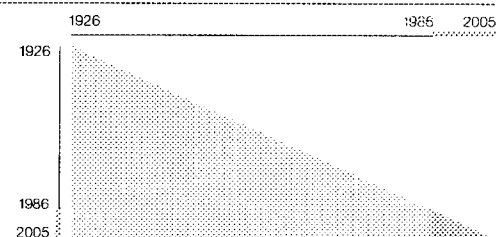
Risk Premia Over Time Report 2006

Table A-1 (Page 6 of 6)

Long-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1986	9.5																				
1987	3.4	-2.7																			
1988	4.9	2.6	7.8																		
1989	9.3	9.3	15.3	22.7																	
1990	5.2	4.	6.4	5.7	-11.4																
1991	8.0	7.8	10.4	11.2	5.5	22.3															
1992	7.0	6.5	8.4	8.5	3.8	11.4	0.4														
1993	6.4	6.0	7.5	7.4	3.5	8.5	1.6	2.8													
1994	5.1	4.6	5.6	5.3	1.8	5.1	-0.7	-1.2	-5.3												
1995	7.6	7.4	8.7	8.8	6.5	10.0	6.9	9.1	12.3	29.8											
1996	8.5	8.3	9.6	9.8	7.9	11.2	8.9	11.1	13.8	23.4	16.9										
1997	10.0	10.0	11.3	11.7	10.3	13.4	11.9	14.2	17.0	24.5	21.8	26.7									
1998	11.0	11.1	12.3	12.8	11.7	14.6	13.4	15.6	18.2	24.1	22.1	24.7	22.7								
1999	11.3	11.4	12.6	13.0	12.1	14.7	13.7	15.6	17.7	22.3	20.5	21.6	19.1	15.5							
2000	9.5	9.5	10.4	10.6	9.5	11.6	10.4	11.7	13.0	16.0	13.2	12.3	7.5	-0.1	-15.6						
2001	7.8	7.7	8.4	8.5	7.3	9.0	7.7	8.5	9.2	11.2	8.1	6.4	1.3	-5.8	-16.5	-17.4					
2002	5.7	5.5	6.0	5.9	4.6	5.9	4.4	4.8	5.1	6.4	3.0	0.7	-4.5	-11.3	-20.2	-22.6	-27.7				
2003	6.7	6.6	7.1	7.1	6.0	7.3	6.1	6.6	7.0	8.3	5.6	4.0	0.2	-4.3	-9.2	-7.1	-1.9	23.9			
2004	6.7	6.5	7.1	7.0	6.0	7.2	6.1	6.5	6.9	8.1	5.7	4.2	1.0	-2.6	-6.2	-3.8	0.7	14.9	5.8		
2005	6.4	6.2	6.7	6.6	5.6	6.7	5.6	6.0	6.3	7.4	5.1	3.8	0.9	-2.2	-5.1	-3.0	0.6	10.0	3.0	0.2	

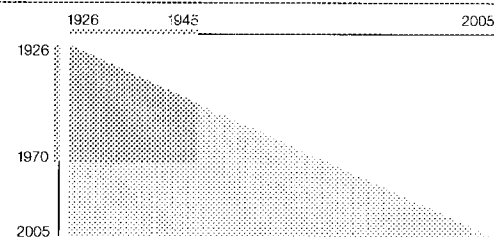
*S&P 500 total returns minus long-term government bond income returns.

Table A-2 (Page 1 of 6)

Intermediate-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
1926	7.8																				
1927	20.9	34.0																			
1928	27.3	37.0	40.0																		
1929	17.3	20.5	13.7	-12.5																	
1930	8.2	8.3	-0.2	-20.3	-28.2																
1931	-0.9	-2.6	-11.8	-29.1	-37.3	-46.5															
1932	-2.5	-4.2	-11.8	-24.7	-28.8	-29.2	-11.8														
1933	4.2	3.7	-1.3	-9.6	-8.8	-2.4	19.7	51.2													
1934	3.3	2.7	-1.7	-8.7	-7.9	-2.9	11.7	23.4	-4.4												
1935	7.5	7.5	4.2	-0.9	1.0	6.8	20.2	30.8	20.6	45.6											
1936	9.8	10.0	7.3	3.2	5.5	11.1	22.6	31.2	24.6	39.1	32.5										
1937	5.9	5.8	2.9	-1.2	0.2	4.3	12.8	17.7	9.3	13.9	-2.0	-36.5									
1938	7.7	7.7	5.3	1.9	3.5	7.4	15.1	19.6	13.3	17.7	8.4	-3.6	29.3								
1939	7.1	7.0	4.7	1.5	2.9	6.4	13.0	16.6	10.8	13.8	5.9	-3.0	13.8	-1.7							
1940	5.9	5.7	3.6	0.5	1.7	4.7	10.4	13.2	7.7	9.8	2.6	-4.9	5.6	-6.2	-10.7						
1941	4.7	4.5	2.4	-0.5	0.5	3.2	8.1	10.3	5.2	6.6	0.1	-6.4	1.2	-8.2	-11.5	-12.3					
1942	5.6	5.5	3.6	1.0	2.0	4.5	9.2	11.3	6.8	8.2	2.9	-2.0	4.8	-1.3	-1.1	3.7	19.6				
1943	6.7	6.6	4.9	2.5	3.6	6.0	10.4	12.5	8.6	10.0	5.6	1.7	8.1	3.8	5.2	10.6	22.0	24.3			
1944	7.3	7.2	5.7	3.5	4.6	6.9	11.0	12.9	9.5	10.8	7.0	3.8	9.6	6.3	7.9	12.5	20.7	21.3	18.3		
1945	8.7	8.7	7.3	5.4	6.5	8.8	12.8	14.7	11.6	13.1	9.8	7.3	12.8	10.4	12.4	17.0	24.4	26.0	26.8	35.2	
1946	7.8	7.8	6.4	4.6	5.6	7.7	11.3	13.0	10.0	11.2	8.1	5.6	10.3	8.0	9.3	12.7	17.7	17.2	14.8	13.0	
1947	7.7	7.7	6.3	4.6	5.5	7.5	10.9	12.4	9.6	10.7	7.8	5.5	9.7	7.6	8.7	11.5	15.5	14.6	12.2	10.2	
1948	7.5	7.5	6.2	4.5	5.4	7.3	10.5	11.9	9.2	10.2	7.5	5.4	9.2	7.2	8.2	10.6	13.8	12.9	10.6	8.6	
1949	7.9	7.9	6.7	5.2	6.0	7.8	10.9	12.2	9.8	10.7	8.2	6.3	9.9	8.1	9.1	11.3	14.3	13.5	11.7	10.4	
1950	8.8	8.9	7.8	6.3	7.2	9.0	11.9	13.2	11.0	11.9	9.7	8.0	11.5	10.0	11.1	13.2	16.1	15.6	14.4	13.7	
1951	9.3	9.4	8.4	7.0	7.9	9.6	12.4	13.7	11.6	12.5	10.4	9.0	12.2	10.9	12.0	14.0	16.7	16.3	15.3	14.9	
1952	9.6	9.6	8.7	7.4	8.2	9.9	12.6	13.8	11.8	12.7	10.8	9.4	12.5	11.3	12.3	14.2	16.6	16.3	15.4	15.1	
1953	9.1	9.2	8.2	6.9	7.7	9.3	11.8	13.0	11.1	11.9	10.0	8.7	11.5	10.3	11.2	12.8	14.9	14.5	13.5	13.0	
1954	10.6	10.7	9.8	8.6	9.5	11.0	13.5	14.7	13.0	13.8	12.1	11.0	13.8	12.8	13.8	15.6	17.7	17.6	16.9	16.8	
1955	11.2	11.3	10.5	9.4	10.2	11.8	14.2	15.3	13.7	14.6	13.0	12.0	14.7	13.8	14.8	16.5	18.5	18.4	18.0	17.9	
1956	10.9	11.0	10.2	9.2	10.0	11.4	13.8	14.8	13.2	14.0	12.5	11.5	14.1	13.2	14.1	15.7	17.5	17.4	16.8	16.7	
1957	10.1	10.2	9.4	8.4	9.1	10.5	12.7	13.7	12.1	12.8	11.3	10.3	12.7	11.8	12.5	13.9	15.5	15.3	14.6	14.3	
1958	11.1	11.2	10.4	9.4	10.2	11.6	13.7	14.7	13.2	14.0	12.6	11.7	14.0	13.2	14.0	15.4	17.0	16.8	16.3	16.2	
1959	11.0	11.1	10.3	9.4	10.1	11.4	13.5	14.4	13.0	13.7	12.4	11.5	13.7	13.0	13.7	15.0	16.5	16.3	15.8	15.6	
1960	10.5	10.6	9.9	9.0	9.7	10.9	12.9	13.8	12.4	13.0	11.7	10.9	12.9	12.2	12.9	14.0	15.4	15.2	14.7	14.4	
1961	10.9	11.0	10.3	9.4	10.1	11.3	13.3	14.1	12.8	13.4	12.2	11.4	13.4	12.7	13.3	14.5	15.8	15.6	15.1	14.9	
1962	10.3	10.3	9.7	8.8	9.4	10.6	12.4	13.2	11.9	12.5	11.3	10.5	12.3	11.6	12.2	13.3	14.5	14.2	13.7	13.4	
1963	10.5	10.6	9.9	9.1	9.7	10.8	12.6	13.4	12.2	12.7	11.6	10.8	12.6	11.9	12.5	13.5	14.7	14.4	14.0	13.7	
1964	10.5	10.6	10.0	9.2	9.8	10.9	12.6	13.4	12.2	12.7	11.6	10.8	12.6	12.0	12.5	13.5	14.6	14.4	13.9	13.7	
1965	10.5	10.6	9.9	9.1	9.7	10.8	12.5	13.2	12.1	12.6	11.5	10.8	12.4	11.8	12.3	13.3	14.3	14.1	13.6	13.4	
1966	9.9	9.9	9.3	8.5	9.1	10.1	11.7	12.4	11.2	11.7	10.6	9.9	11.5	10.9	11.3	12.2	13.1	12.9	12.4	12.1	
1967	10.1	10.1	9.5	8.8	9.3	10.3	11.9	12.6	11.5	11.9	10.9	10.2	11.7	11.1	11.6	12.4	13.4	13.1	12.7	12.4	
1968	10.0	10.0	9.4	8.7	9.2	10.2	11.7	12.4	11.3	11.8	10.7	10.0	11.6	11.0	11.4	12.2	13.1	12.8	12.4	12.1	
1969	9.4	9.4	8.9	8.1	8.6	9.6	11.0	11.7	10.6	11.0	10.0	9.3	10.7	10.1	10.5	11.2	12.1	11.8	11.3	11.0	
1970	9.1	9.2	8.6	7.8	8.3	9.2	10.7	11.3	10.2	10.6	9.6	8.9	10.3	9.7	10.1	10.8	11.5	11.3	10.8	10.5	

*S&P 500 total returns minus intermediate-term government bond income returns.

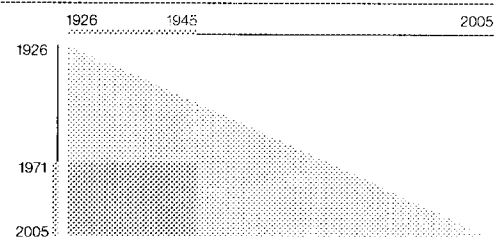
Risk Premia Over Time Report 2006

Table A-2 (Page 2 of 6)

Intermediate-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of																			
	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
1971	9.1	9.1	8.6	7.8	8.3	9.2	10.6	11.2	10.1	10.5	9.6	8.9	10.2	9.7	10.0	10.7	11.4	11.2	10.7	10.4
1972	9.2	9.2	8.7	8.0	8.4	9.3	10.7	11.2	10.2	10.6	9.7	9.0	10.3	9.8	10.1	10.8	11.5	11.2	10.8	10.5
1973	8.6	8.6	8.0	7.3	7.8	8.6	9.9	10.4	9.4	9.8	8.8	8.2	9.4	8.9	9.2	9.8	10.5	10.2	9.7	9.4
1974	7.7	7.7	7.1	6.4	6.8	7.6	8.9	9.4	8.4	8.7	7.7	7.1	8.3	7.7	8.0	8.5	9.1	8.8	8.3	8.0
1975	8.1	8.2	7.6	6.9	7.3	8.1	9.4	9.9	8.9	9.2	8.3	7.7	8.8	8.3	8.6	9.1	9.7	9.5	9.0	8.7
1976	8.3	8.3	7.8	7.1	7.5	8.3	9.5	10.0	9.1	9.4	8.5	7.9	9.0	8.5	8.8	9.3	9.9	9.7	9.2	8.9
1977	7.9	7.9	7.4	6.7	7.1	7.9	9.0	9.5	8.6	8.9	8.0	7.4	8.5	7.9	8.2	8.7	9.3	9.0	8.5	8.3
1978	7.7	7.7	7.2	6.5	6.9	7.7	8.8	9.3	8.3	8.6	7.8	7.2	8.2	7.7	8.0	8.4	9.0	8.7	8.3	8.0
1979	7.8	7.7	7.2	6.6	7.0	7.7	8.8	9.3	8.4	8.6	7.8	7.2	8.3	7.8	8.0	8.5	9.0	8.7	8.3	8.0
1980	8.0	8.0	7.5	6.9	7.3	8.0	9.1	9.5	8.6	8.9	8.1	7.6	8.6	8.1	8.3	8.8	9.3	9.1	8.7	8.4
1981	7.5	7.5	7.0	6.4	6.8	7.5	8.6	9.0	8.1	8.4	7.5	7.0	8.0	7.5	7.7	8.2	8.7	8.4	8.0	7.7
1982	7.6	7.6	7.1	6.5	6.8	7.5	8.6	9.0	8.1	8.4	7.6	7.0	8.0	7.5	7.7	8.2	8.7	8.4	8.0	7.7
1983	7.6	7.6	7.2	6.6	6.9	7.6	8.6	9.0	8.2	8.4	7.7	7.1	8.1	7.6	7.8	8.3	8.7	8.5	8.1	7.8
1984	7.4	7.4	6.9	6.4	6.7	7.3	8.4	8.8	7.9	8.2	7.4	6.9	7.8	7.3	7.5	7.9	8.4	8.2	7.8	7.5
1985	7.7	7.7	7.2	6.6	7.0	7.6	8.6	9.0	8.2	8.4	7.7	7.2	8.1	7.6	7.8	8.3	8.7	8.5	8.1	7.8
1986	7.7	7.7	7.3	6.7	7.0	7.7	8.7	9.0	8.2	8.5	7.7	7.3	8.1	7.7	7.9	8.3	8.8	8.5	8.2	7.9
1987	7.6	7.5	7.1	6.5	6.9	7.5	8.5	8.8	8.0	8.3	7.6	7.1	7.9	7.5	7.7	8.1	8.5	8.3	7.9	7.7
1988	7.6	7.6	7.1	6.6	6.9	7.5	8.5	8.8	8.1	8.3	7.6	7.1	8.0	7.5	7.7	8.1	8.5	8.3	7.9	7.7
1989	7.8	7.8	7.4	6.9	7.2	7.8	8.7	9.1	8.3	8.5	7.9	7.4	8.2	7.8	8.0	8.4	8.8	8.6	8.3	8.0
1990	7.5	7.5	7.1	6.6	6.9	7.5	8.4	8.7	8.0	8.2	7.5	7.1	7.9	7.5	7.6	8.0	8.4	8.2	7.8	7.6
1991	7.8	7.8	7.3	6.8	7.1	7.7	8.6	9.0	8.2	8.5	7.8	7.3	8.2	7.8	7.9	8.3	8.7	8.5	8.2	7.9
1992	7.7	7.7	7.2	6.7	7.0	7.6	8.5	8.8	8.1	8.3	7.7	7.2	8.0	7.6	7.8	8.2	8.6	8.4	8.0	7.8
1993	7.6	7.6	7.2	6.7	7.0	7.6	8.4	8.8	8.1	8.3	7.6	7.2	8.0	7.6	7.8	8.1	8.5	8.3	8.0	7.7
1994	7.4	7.4	7.0	6.5	6.8	7.4	8.2	8.5	7.8	8.1	7.4	7.0	7.7	7.4	7.5	7.9	8.2	8.0	7.7	7.5
1995	7.8	7.8	7.4	6.9	7.2	7.7	8.6	8.9	8.2	8.4	7.8	7.4	8.1	7.8	7.9	8.3	8.7	8.5	8.1	7.9
1996	7.9	7.9	7.5	7.0	7.3	7.9	8.7	9.0	8.4	8.6	8.0	7.5	8.3	7.9	8.1	8.4	8.8	8.6	8.3	8.1
1997	8.2	8.2	7.8	7.3	7.6	8.2	9.0	9.3	8.7	8.9	8.3	7.9	8.6	8.3	8.4	8.8	9.1	9.0	8.7	8.5
1998	8.4	8.4	8.0	7.6	7.9	8.4	9.2	9.5	8.9	9.1	8.5	8.1	8.9	8.5	8.7	9.0	9.4	9.2	8.9	8.8
1999	8.5	8.5	8.1	7.7	8.0	8.5	9.3	9.6	9.0	9.2	8.6	8.2	9.0	8.6	8.8	9.1	9.5	9.3	9.1	8.9
2000	8.2	8.2	7.8	7.4	7.6	8.2	8.9	9.2	8.6	8.8	8.3	7.9	8.6	8.2	8.4	8.7	9.1	8.9	8.6	8.5
2001	7.8	7.8	7.5	7.0	7.3	7.8	8.6	8.9	8.3	8.4	7.9	7.5	8.2	7.9	8.0	8.3	8.7	8.5	8.2	8.0
2002	7.4	7.4	7.0	6.6	6.9	7.3	8.1	8.4	7.8	7.9	7.4	7.0	7.7	7.3	7.5	7.8	8.1	7.9	7.6	7.4
2003	7.6	7.6	7.3	6.8	7.1	7.6	8.3	8.6	8.0	8.2	7.6	7.3	7.9	7.6	7.8	8.1	8.4	8.2	7.9	7.7
2004	7.6	7.6	7.3	6.9	7.1	7.6	8.3	8.6	8.0	8.2	7.6	7.3	7.9	7.6	7.8	8.0	8.4	8.2	7.9	7.7
2005	7.5	7.5	7.2	6.8	7.0	7.5	8.2	8.5	7.9	8.1	7.6	7.2	7.8	7.5	7.7	7.9	8.3	8.1	7.8	7.6

*S&P 500 total returns minus intermediate-term government bond income returns.

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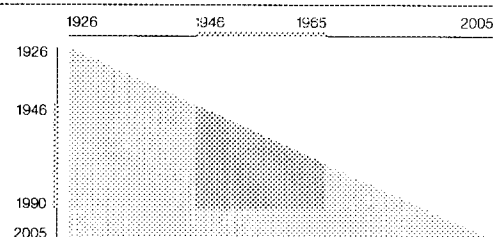
Risk Premia Over Time Report 2006

Table A-2 (Page 3 of 6)

Intermediate-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1946	-9.2																				
1947	-2.3	4.5																			
1948	-0.2	4.2	3.9																		
1949	4.2	8.6	10.7	17.4																	
1950	9.4	14.0	17.2	23.9	30.3																
1951	11.5	15.6	18.4	23.3	26.2	22.0															
1952	12.2	15.7	18.0	21.5	22.8	19.1	16.2														
1953	10.2	13.0	14.4	16.5	16.2	11.6	6.3	-3.5													
1954	14.7	17.7	19.6	22.2	23.2	21.4	21.2	23.7	51.0												
1955	16.2	19.0	20.8	23.2	24.2	23.0	23.2	25.5	40.1	29.1											
1956	15.0	17.4	18.9	20.8	21.2	19.7	19.3	20.0	27.9	16.3	3.5										
1957	12.6	14.6	15.6	16.9	16.8	14.8	13.7	13.1	17.3	6.1	-5.4	-14.4									
1958	14.7	16.7	17.8	19.2	19.4	18.0	17.5	17.7	21.9	14.7	9.9	13.0	40.4								
1959	14.2	16.0	17.0	18.2	18.2	16.9	16.3	16.3	19.6	13.3	9.3	11.3	24.1	7.8							
1960	13.0	14.6	15.4	16.4	16.3	14.8	14.0	13.8	16.3	10.5	6.7	7.5	14.8	2.1	-3.7						
1961	13.7	15.2	16.0	16.9	16.8	15.6	15.0	14.8	17.1	12.3	9.5	10.7	17.0	9.2	9.8	23.3					
1962	12.1	13.5	14.1	14.8	14.6	13.3	12.5	12.1	13.9	9.2	6.4	6.8	11.1	3.7	2.4	5.4	-12.5				
1963	12.5	13.8	14.4	15.1	14.9	13.7	13.0	12.7	14.4	10.3	8.0	8.6	12.4	6.8	6.6	10.0	3.3	19.1			
1964	12.5	13.7	14.3	14.9	14.7	13.6	13.0	12.7	14.2	10.5	8.5	9.1	12.4	7.8	7.8	10.6	6.4	15.8	12.5		
1965	12.3	13.4	13.9	14.5	14.3	13.3	12.7	12.4	13.7	10.3	8.4	9.0	11.9	7.8	7.8	10.2	6.9	13.3	10.4	8.3	
1966	11.0	12.0	12.4	12.9	12.6	11.5	10.8	10.4	11.5	8.2	6.3	6.6	8.9	5.0	4.6	6.0	2.5	6.2	1.9	-3.3	
1967	11.4	12.4	12.8	13.2	13.0	12.0	11.3	11.0	12.0	9.0	7.4	7.7	9.9	6.6	6.4	7.8	5.3	8.8	6.2	4.1	
1968	11.1	12.0	12.4	12.8	12.6	11.6	11.0	10.7	11.6	8.8	7.2	7.5	9.5	6.5	6.3	7.6	5.3	8.3	6.1	4.5	
1969	10.0	10.9	11.2	11.5	11.2	10.2	9.5	9.1	9.9	7.2	5.6	5.8	7.5	4.5	4.2	5.0	2.7	4.9	2.6	0.6	
1970	9.5	10.3	10.5	10.8	10.5	9.5	8.9	8.4	9.2	6.5	5.0	5.1	6.6	3.8	3.5	4.2	2.0	3.9	1.7	-0.1	
1971	9.5	10.2	10.4	10.7	10.4	9.5	8.8	8.5	9.1	6.7	5.3	5.4	6.8	4.2	3.9	4.6	2.7	4.4	2.5	1.1	
1972	9.6	10.3	10.6	10.8	10.5	9.6	9.0	8.7	9.3	7.0	5.7	5.9	7.2	4.8	4.6	5.3	3.7	5.3	3.7	2.6	
1973	8.5	9.1	9.3	9.5	9.2	8.3	7.7	7.3	7.8	5.5	4.2	4.3	5.4	3.1	2.8	3.3	1.6	2.9	1.2	0.0	
1974	7.0	7.6	7.7	7.9	7.5	6.5	5.9	5.4	5.8	3.6	2.2	2.2	3.1	0.8	0.3	0.6	-1.1	-0.2	-1.9	-3.4	
1975	7.8	8.4	8.5	8.7	8.4	7.5	6.9	6.5	6.9	4.8	3.6	3.6	4.6	2.5	2.2	2.6	1.1	2.1	0.7	-0.4	
1976	8.1	8.7	8.8	9.0	8.7	7.8	7.3	6.9	7.3	5.4	4.2	4.3	5.3	3.3	3.0	3.5	2.1	3.2	1.9	1.1	
1977	7.4	7.9	8.1	8.2	7.9	7.0	6.5	6.1	6.5	4.5	3.4	3.4	4.3	2.4	2.1	2.4	1.1	2.0	0.8	-0.1	
1978	7.1	7.7	7.8	7.9	7.6	6.7	6.2	5.8	6.2	4.3	3.2	3.2	4.0	2.2	1.9	2.2	1.0	1.8	0.7	-0.2	
1979	7.2	7.7	7.8	7.9	7.6	6.8	6.3	5.9	6.3	4.5	3.5	3.5	4.3	2.6	2.3	2.6	1.5	2.3	1.2	0.5	
1980	7.6	8.1	8.2	8.4	8.1	7.3	6.8	6.5	6.9	5.2	4.2	4.2	5.0	3.4	3.2	3.6	2.5	3.4	2.4	1.8	
1981	6.9	7.4	7.5	7.6	7.3	6.5	6.0	5.7	6.0	4.3	3.4	3.4	4.1	2.5	2.3	2.6	1.5	2.3	1.3	0.7	
1982	7.0	7.4	7.5	7.6	7.3	6.6	6.1	5.8	6.1	4.5	3.6	3.6	4.3	2.8	2.5	2.8	1.9	2.6	1.7	1.1	
1983	7.1	7.5	7.6	7.7	7.4	6.8	6.3	6.0	6.3	4.7	3.9	3.9	4.6	3.1	2.9	3.2	2.3	3.0	2.2	1.7	
1984	6.8	7.2	7.3	7.4	7.1	6.4	5.9	5.6	5.9	4.4	3.5	3.5	4.2	2.8	2.6	2.9	2.0	2.6	1.9	1.3	
1985	7.2	7.6	7.7	7.8	7.5	6.8	6.4	6.1	6.4	5.0	4.2	4.2	4.8	3.5	3.4	3.6	2.8	3.5	2.8	2.3	
1986	7.2	7.7	7.7	7.8	7.6	6.9	6.5	6.2	6.5	5.1	4.4	4.4	5.0	3.8	3.6	3.9	3.1	3.8	3.1	2.7	
1987	7.0	7.4	7.5	7.6	7.3	6.7	6.3	6.0	6.3	4.9	4.2	4.2	4.8	3.6	3.4	3.7	2.9	3.5	2.9	2.5	
1988	7.1	7.4	7.5	7.6	7.4	6.7	6.3	6.1	6.3	5.0	4.3	4.3	4.9	3.7	3.6	3.9	3.1	3.7	3.1	2.7	
1989	7.4	7.8	7.9	8.0	7.7	7.2	6.8	6.5	6.8	5.5	4.8	4.9	5.5	4.4	4.2	4.5	3.8	4.4	3.9	3.5	
1990	7.0	7.4	7.4	7.5	7.3	6.7	6.3	6.1	6.3	5.1	4.4	4.4	5.0	3.9	3.7	4.0	3.3	3.9	3.3	3.0	

*S&P 500 total returns minus intermediate-term government bond income returns.

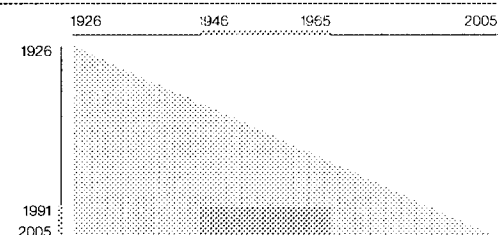
Risk Premia Over Time Report 2006

Table A-2 (Page 4 of 6)

Intermediate-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of																			
	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1991	7.4	7.7	7.8	7.9	7.7	7.1	6.7	6.5	6.8	5.6	4.9	4.9	5.5	4.5	4.3	4.6	4.0	4.5	4.0	3.7
1992	7.2	7.6	7.7	7.7	7.5	7.0	6.6	6.4	6.6	5.4	4.8	4.8	5.4	4.4	4.3	4.5	3.9	4.4	3.9	3.6
1993	7.2	7.5	7.6	7.7	7.4	6.9	6.5	6.3	6.6	5.4	4.8	4.8	5.4	4.4	4.3	4.5	3.9	4.4	4.0	3.7
1994	6.9	7.3	7.3	7.4	7.2	6.6	6.3	6.1	6.3	5.2	4.6	4.6	5.1	4.1	4.0	4.2	3.7	4.2	3.7	3.4
1995	7.4	7.7	7.8	7.9	7.7	7.2	6.8	6.6	6.9	5.8	5.2	5.3	5.8	4.8	4.7	5.0	4.4	5.0	4.5	4.3
1996	7.6	7.9	8.0	8.1	7.9	7.4	7.1	6.9	7.1	6.1	5.5	5.6	6.1	5.2	5.1	5.3	4.8	5.3	4.9	4.7
1997	8.0	8.3	8.4	8.5	8.3	7.8	7.5	7.3	7.6	6.6	6.0	6.1	6.6	5.7	5.7	5.9	5.4	5.9	5.6	5.4
1998	8.3	8.6	8.7	8.8	8.6	8.1	7.8	7.7	7.9	6.9	6.4	6.5	7.0	6.2	6.1	6.4	5.9	6.4	6.1	5.9
1999	8.4	8.7	8.8	8.9	8.7	8.3	8.0	7.8	8.1	7.1	6.6	6.7	7.2	6.4	6.4	6.6	6.2	6.7	6.3	6.2
2000	8.0	8.3	8.4	8.4	8.3	7.8	7.5	7.4	7.6	6.6	6.1	6.2	6.7	5.9	5.8	6.1	5.6	6.1	5.8	5.6
2001	7.5	7.8	7.9	8.0	7.8	7.4	7.1	6.9	7.1	6.2	5.7	5.7	6.2	5.4	5.3	5.5	5.1	5.5	5.2	5.0
2002	6.9	7.2	7.3	7.3	7.2	6.7	6.4	6.2	6.4	5.5	5.0	5.0	5.4	4.7	4.6	4.8	4.3	4.7	4.4	4.2
2003	7.3	7.6	7.6	7.7	7.5	7.1	6.8	6.6	6.8	5.9	5.4	5.5	5.9	5.1	5.1	5.3	4.8	5.3	4.9	4.7
2004	7.3	7.6	7.6	7.7	7.5	7.1	6.8	6.6	6.8	5.9	5.5	5.5	5.9	5.2	5.1	5.3	4.9	5.3	5.0	4.8
2005	7.2	7.5	7.5	7.6	7.4	7.0	6.7	6.5	6.7	5.8	5.4	5.4	5.8	5.1	5.0	5.2	4.8	5.2	4.9	4.7

*S&P 500 total returns minus intermediate-term government bond income returns.

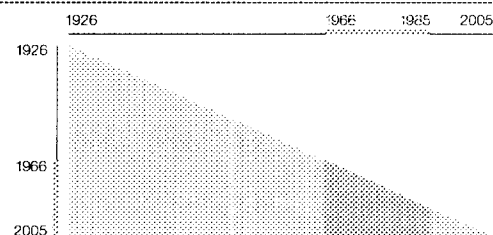
Risk Premia Over Time Report 2006

Table A-2 (Page 5 of 6)

Intermediate-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
1966	-15.0																				
1967	2.1	19.1																			
1968	3.2	12.3	5.6																		
1969	-1.4	3.2	-4.8	-15.2																	
1970	-1.8	1.5	-4.4	-9.3	-3.5																
1971	-0.1	2.9	-1.1	-3.4	2.5	8.6															
1972	1.8	4.6	1.7	0.8	6.1	10.9	13.2														
1973	-1.0	0.9	-2.1	-3.6	-0.7	0.2	-4.0	-21.2													
1974	-4.7	-3.4	-6.6	-8.6	-7.3	-8.3	-13.9	-27.5	-33.7												
1975	-1.2	0.3	-2.0	-3.1	-1.1	-0.7	-3.0	-8.4	-1.9	29.9											
1976	0.4	1.9	0.0	-0.7	1.4	2.2	1.0	-2.1	4.3	23.3	16.7										
1977	-0.8	0.5	-1.3	-2.1	-0.5	0.0	-1.5	-4.4	-0.2	11.0	1.5	-13.7									
1978	-0.8	0.4	-1.3	-2.0	-0.6	-0.2	-1.4	-3.9	-0.4	7.9	0.6	-7.5	-1.3								
1979	-0.1	1.1	-0.4	-1.0	0.4	0.9	-0.1	-2.0	1.2	8.2	2.8	-1.8	4.1	9.4							
1980	1.4	2.6	1.3	0.9	2.4	3.0	2.4	1.0	4.2	10.5	6.6	4.1	10.0	15.6	21.9						
1981	0.2	1.2	-0.1	-0.5	0.7	1.1	0.3	-1.1	1.4	6.4	2.5	-0.3	3.0	4.5	2.0	-17.9					
1982	0.7	1.7	0.5	0.1	1.3	1.7	1.1	-0.1	2.2	6.7	3.4	1.2	4.1	5.5	4.2	-4.6	8.6				
1983	1.3	2.3	1.2	0.9	2.1	2.5	2.0	1.0	3.2	7.3	4.5	2.7	5.5	6.8	6.2	1.0	10.4	12.2			
1984	1.0	1.8	0.8	0.5	1.6	1.9	1.4	0.5	2.4	6.0	3.4	1.7	3.9	4.8	3.9	-0.6	5.1	3.4	-5.4		
1985	2.0	2.9	2.0	1.8	2.9	3.3	2.9	2.1	4.0	7.5	5.2	4.0	6.2	7.2	6.9	3.9	9.3	9.5	8.2	21.9	
1986	2.4	3.3	2.5	2.3	3.3	3.7	3.4	2.7	4.6	7.8	5.7	4.6	6.7	7.7	7.4	5.0	9.6	9.8	9.1	16.3	
1987	2.2	3.0	2.2	2.1	3.0	3.4	3.1	2.4	4.1	7.0	5.1	4.0	5.8	6.6	6.2	4.0	7.6	7.4	6.2	10.1	
1988	2.5	3.3	2.5	2.4	3.3	3.7	3.4	2.8	4.4	7.1	5.3	4.4	6.0	6.8	6.5	4.6	7.8	7.6	6.7	9.7	
1989	3.3	4.1	3.5	3.4	4.3	4.7	4.5	4.0	5.5	8.2	6.6	5.8	7.5	8.2	8.1	6.6	9.7	9.8	9.4	12.4	
1990	2.8	3.5	2.8	2.7	3.5	3.9	3.6	3.1	4.5	6.9	5.4	4.6	6.0	6.6	6.4	4.8	7.3	7.2	6.5	8.4	
1991	3.5	4.3	3.7	3.6	4.4	4.8	4.6	4.2	5.6	7.9	6.5	5.8	7.2	7.9	7.8	6.5	8.9	8.9	8.5	10.5	
1992	3.5	4.2	3.6	3.5	4.3	4.7	4.5	4.0	5.4	7.5	6.2	5.6	6.8	7.4	7.3	6.1	8.2	8.2	7.8	9.4	
1993	3.5	4.2	3.6	3.5	4.3	4.6	4.5	4.1	5.3	7.4	6.1	5.5	6.7	7.2	7.1	5.9	7.9	7.9	7.4	8.8	
1994	3.2	3.9	3.3	3.2	3.9	4.3	4.1	3.7	4.8	6.8	5.5	4.9	6.0	6.5	6.3	5.2	6.9	6.8	6.3	7.5	
1995	4.1	4.8	4.3	4.2	5.0	5.3	5.2	4.8	6.0	7.9	6.8	6.3	7.4	7.9	7.8	6.9	8.6	8.6	8.3	9.6	
1996	4.6	5.2	4.7	4.7	5.4	5.8	5.7	5.3	6.5	8.3	7.3	6.8	7.9	8.4	8.4	7.5	9.2	9.3	9.0	10.2	
1997	5.3	5.9	5.5	5.5	6.2	6.6	6.5	6.2	7.4	9.2	8.2	7.8	8.9	9.4	9.4	8.7	10.3	10.5	10.3	11.5	
1998	5.8	6.5	6.0	6.1	6.8	7.2	7.1	6.9	8.0	9.7	8.9	8.5	9.6	10.1	10.1	9.5	11.1	11.3	11.2	12.4	
1999	6.1	6.7	6.4	6.4	7.1	7.5	7.4	7.2	8.3	10.0	9.2	8.8	9.8	10.4	10.4	9.8	11.4	11.5	11.5	12.6	
2000	5.5	6.1	5.7	5.7	6.4	6.7	6.6	6.4	7.4	9.0	8.2	7.8	8.8	9.2	9.2	8.6	10.0	10.0	9.9	10.9	
2001	4.9	5.5	5.1	5.0	5.7	6.0	5.9	5.6	6.6	8.1	7.2	6.9	7.7	8.1	8.0	7.4	8.7	8.7	8.5	9.3	
2002	4.1	4.6	4.2	4.1	4.7	5.0	4.8	4.6	5.5	6.9	6.0	5.6	6.4	6.7	6.6	5.9	7.0	6.9	6.6	7.3	
2003	4.6	5.2	4.8	4.7	5.3	5.6	5.5	5.3	6.1	7.5	6.7	6.3	7.1	7.4	7.4	6.7	7.9	7.8	7.6	8.3	
2004	4.7	5.2	4.8	4.8	5.4	5.7	5.6	5.3	6.2	7.5	6.7	6.4	7.1	7.5	7.4	6.8	7.8	7.8	7.6	8.3	
2005	4.6	5.1	4.7	4.7	5.3	5.5	5.4	5.2	6.0	7.3	6.6	6.2	6.9	7.2	7.1	6.5	7.6	7.5	7.3	7.9	

*S&P 500 total returns minus intermediate-term government bond income returns.

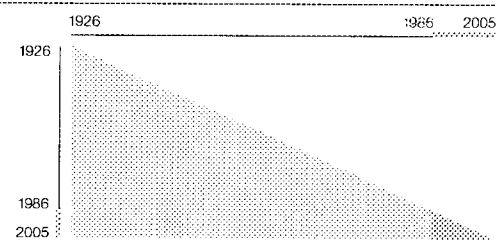
Risk Premia Over Time Report 2006

Table A-2 (Page 6 of 6)

Intermediate-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of																			
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1986	10.8																			
1987	4.3	-2.2																		
1988	5.7	3.2	8.6																	
1989	10.0	9.8	15.8	23.0																
1990	5.8	4.5	6.8	5.8	-11.3															
1991	8.7	8.2	10.8	11.6	5.9	23.1														
1992	7.6	7.1	9.0	9.1	4.4	12.3	1.4													
1993	7.2	6.7	8.2	8.1	4.4	9.7	2.9	4.5												
1994	5.9	5.3	6.4	6.0	2.6	6.1	0.4	-0.1	-4.8											
1995	8.4	8.1	9.4	9.5	7.3	11.0	8.0	10.1	13.0	30.7										
1996	9.2	9.0	10.3	10.5	8.7	12.0	9.8	11.9	14.4	24.0	17.3									
1997	10.7	10.7	12.0	12.3	11.0	14.2	12.7	15.0	17.6	25.1	22.2	27.2								
1998	11.7	11.7	13.0	13.4	12.4	15.3	14.2	16.4	18.7	24.6	22.6	25.3	23.3							
1999	11.9	12.0	13.2	13.7	12.7	15.4	14.4	16.3	18.2	22.8	20.9	22.1	19.5	15.7						
2000	10.1	10.1	11.0	11.2	10.2	12.3	11.1	12.3	13.5	16.5	13.6	12.7	7.9	0.2	-15.3					
2001	8.5	8.3	9.1	9.1	8.0	9.7	8.4	9.2	9.8	11.8	8.7	7.0	1.9	-5.2	-15.7	-16.2				
2002	6.5	6.2	6.7	6.6	5.4	6.7	5.3	5.6	5.8	7.1	3.7	1.5	-3.7	-10.4	-19.2	-21.1	-26.1			
2003	7.5	7.3	7.9	7.9	6.8	8.2	7.0	7.5	7.8	9.2	6.5	4.9	1.2	-3.2	-7.9	-5.5	-0.1	25.8		
2004	7.5	7.4	7.9	7.9	6.9	8.2	7.0	7.5	7.8	9.0	6.6	5.3	2.1	-1.4	-4.8	-2.2	2.4	16.7	7.6	
2005	7.2	7.0	7.5	7.5	6.5	7.7	6.6	7.0	7.2	8.3	6.0	4.8	2.0	-1.1	-3.9	-1.6	2.1	11.5	4.3	1.0

*S&P 500 total returns minus intermediate-term government bond income returns.

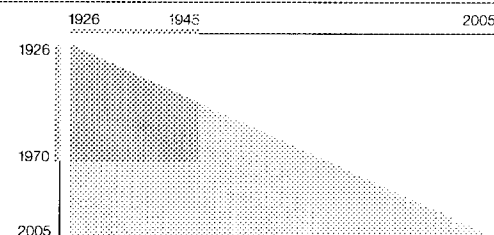
Risk Premia Over Time Report 2006

Table A-3 (Page 1 of 6)

Short-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
1926	8.4																				
1927	21.4	34.4																			
1928	27.6	37.2	40.1																		
1929	17.4	20.4	13.4	-13.2																	
1930	8.5	8.5	-0.1	-20.2	-27.3																
1931	-0.4	-2.1	-11.2	-28.3	-35.9	-44.4															
1932	-1.6	-3.3	-10.8	-23.5	-27.0	-26.8	-9.2														
1933	5.3	4.9	0.0	-8.1	-6.8	0.0	22.3	53.7													
1934	4.5	4.1	-0.3	-7.0	-5.8	-0.4	14.3	26.0	-1.6												
1935	8.8	8.9	5.7	0.8	3.1	9.2	22.6	33.2	22.9	47.5											
1936	11.1	11.4	8.8	4.9	7.5	13.3	24.8	33.3	26.5	40.6	33.7										
1937	7.2	7.1	4.4	0.4	2.1	6.3	14.8	19.6	11.1	15.3	-0.8	-35.3									
1938	9.1	9.1	6.8	3.5	5.4	9.4	17.1	21.5	15.1	19.3	9.8	-2.1	31.1								
1939	8.4	8.4	6.2	3.2	4.8	8.3	14.9	18.4	12.5	15.3	7.3	-1.5	15.4	-0.4							
1940	7.2	7.1	5.0	2.1	3.5	6.5	12.2	14.9	9.3	11.1	3.9	-3.6	7.0	-5.1	-9.8						
1941	6.0	5.8	3.8	1.0	2.2	4.9	9.8	11.9	6.7	7.9	1.3	-5.2	2.3	-7.3	-10.7	-11.7					
1942	6.8	6.7	4.9	2.4	3.6	6.1	10.7	12.7	8.2	9.4	4.0	-1.0	5.9	-0.4	-0.5	4.2	20.1				
1943	7.9	7.8	6.2	3.9	5.1	7.6	12.0	13.9	9.9	11.2	6.7	2.8	9.1	4.8	6.0	11.3	22.8	25.6			
1944	8.5	8.5	7.0	4.9	6.1	8.5	12.6	14.4	10.8	12.0	8.1	4.9	10.6	7.2	8.7	13.3	21.7	22.5	19.4		
1945	9.9	9.9	8.6	6.7	8.0	10.3	14.2	16.0	12.9	14.2	10.9	8.3	13.8	11.3	13.3	17.9	25.3	27.0	27.8	36.1	
1946	9.0	9.0	7.7	5.9	7.0	9.2	12.7	14.3	11.3	12.3	9.1	6.7	11.3	8.9	10.2	13.5	18.5	18.2	15.7	13.8	
1947	8.8	8.8	7.6	5.9	6.9	8.9	12.3	13.7	10.8	11.8	8.8	6.5	10.7	8.5	9.6	12.3	16.3	15.6	13.1	11.0	
1948	8.6	8.6	7.4	5.8	6.8	8.7	11.8	13.1	10.4	11.3	8.5	6.4	10.2	8.1	9.0	11.4	14.7	13.8	11.4	9.4	
1949	9.0	9.0	7.9	6.4	7.3	9.2	12.1	13.4	10.9	11.7	9.1	7.2	10.8	8.9	9.9	12.1	15.0	14.3	12.4	11.1	
1950	9.9	9.9	8.9	7.5	8.4	10.2	13.1	14.3	12.0	12.9	10.6	8.9	12.3	10.7	11.8	13.9	16.8	16.3	15.0	14.3	
1951	10.4	10.4	9.4	8.1	9.1	10.8	13.6	14.8	12.6	13.4	11.3	9.8	13.0	11.7	12.7	14.7	17.3	17.0	16.0	15.5	
1952	10.6	10.7	9.7	8.5	9.4	11.1	13.7	14.9	12.8	13.6	11.6	10.2	13.3	12.0	13.0	14.9	17.3	17.0	16.0	15.6	
1953	10.1	10.2	9.3	8.0	8.9	10.5	13.0	14.0	12.0	12.8	10.8	9.5	12.3	11.0	11.8	13.5	15.6	15.2	14.2	13.6	
1954	11.6	11.7	10.8	9.7	10.6	12.2	14.7	15.7	13.9	14.7	13.0	11.8	14.6	13.6	14.5	16.2	18.4	18.2	17.6	17.4	
1955	12.2	12.3	11.5	10.5	11.4	12.9	15.3	16.4	14.7	15.4	13.8	12.8	15.5	14.5	15.5	17.2	19.2	19.1	18.6	18.5	
1956	11.9	12.0	11.3	10.2	11.1	12.6	14.8	15.8	14.2	14.9	13.4	12.4	14.9	14.0	14.8	16.3	18.2	18.1	17.5	17.3	
1957	11.1	11.2	10.4	9.4	10.2	11.6	13.7	14.7	13.0	13.7	12.1	11.1	13.4	12.5	13.2	14.6	16.2	15.9	15.3	14.9	
1958	12.0	12.1	11.4	10.5	11.3	12.7	14.8	15.7	14.2	14.8	13.4	12.5	14.8	14.0	14.7	16.1	17.7	17.6	17.0	16.9	
1959	11.9	12.0	11.4	10.4	11.2	12.5	14.6	15.5	14.0	14.6	13.2	12.3	14.5	13.7	14.4	15.7	17.2	17.1	16.5	16.3	
1960	11.5	11.6	10.9	10.0	10.8	12.1	14.0	14.8	13.4	14.0	12.6	11.7	13.8	13.0	13.6	14.8	16.2	16.0	15.4	15.2	
1961	11.9	12.0	11.3	10.5	11.2	12.5	14.4	15.2	13.8	14.4	13.1	12.3	14.2	13.5	14.1	15.3	16.6	16.4	15.9	15.7	
1962	11.3	11.4	10.7	9.8	10.5	11.7	13.5	14.3	12.9	13.4	12.2	11.3	13.2	12.5	13.0	14.1	15.3	15.1	14.5	14.2	
1963	11.5	11.6	10.9	10.1	10.8	12.0	13.7	14.5	13.1	13.7	12.4	11.7	13.5	12.8	13.3	14.3	15.5	15.3	14.8	14.5	
1964	11.5	11.6	11.0	10.2	10.9	12.0	13.7	14.4	13.1	13.6	12.5	11.7	13.4	12.8	13.3	14.3	15.4	15.2	14.7	14.4	
1965	11.5	11.5	10.9	10.1	10.8	11.9	13.5	14.2	13.0	13.5	12.3	11.6	13.3	12.6	13.1	14.0	15.1	14.9	14.4	14.2	
1966	10.8	10.9	10.3	9.5	10.1	11.1	12.7	13.4	12.2	12.6	11.5	10.7	12.3	11.6	12.1	12.9	13.9	13.6	13.1	12.8	
1967	11.0	11.1	10.5	9.8	10.4	11.4	12.9	13.6	12.4	12.8	11.7	11.0	12.5	11.9	12.3	13.2	14.1	13.9	13.4	13.1	
1968	10.9	11.0	10.4	9.7	10.2	11.2	12.7	13.3	12.2	12.6	11.5	10.8	12.3	11.7	12.1	12.9	13.8	13.6	13.1	12.8	
1969	10.3	10.4	9.8	9.1	9.6	10.6	12.0	12.6	11.4	11.8	10.8	10.1	11.5	10.8	11.2	11.9	12.8	12.5	12.0	11.7	
1970	10.0	10.1	9.5	8.8	9.3	10.2	11.6	12.2	11.1	11.4	10.4	9.7	11.1	10.4	10.8	11.5	12.3	12.0	11.5	11.2	

*S&P 500 total returns minus 30-day Treasury bill total returns. For 30-day Treasury bills, the income return and total return are the same.

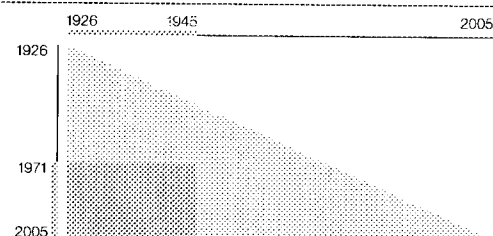
Risk Premia Over Time Report 2006

Table A-3 (Page 2 of 6)

Short-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of																			
	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
1971	10.0	10.1	9.5	8.8	9.3	10.2	11.6	12.1	11.0	11.4	10.4	9.7	11.0	10.4	10.7	11.4	12.2	11.9	11.4	11.1
1972	10.1	10.2	9.6	8.9	9.5	10.3	11.7	12.2	11.1	11.5	10.5	9.8	11.1	10.5	10.9	11.5	12.3	12.0	11.5	11.3
1973	9.5	9.5	9.0	8.3	8.8	9.6	10.9	11.4	10.3	10.6	9.6	9.0	10.2	9.6	9.9	10.5	11.2	10.9	10.4	10.1
1974	8.6	8.6	8.0	7.3	7.8	8.6	9.8	10.3	9.2	9.5	8.5	7.9	9.0	8.4	8.7	9.2	9.8	9.5	9.0	8.6
1975	9.0	9.1	8.5	7.9	8.3	9.1	10.3	10.8	9.7	10.0	9.1	8.5	9.6	9.0	9.3	9.8	10.5	10.2	9.7	9.4
1976	9.2	9.2	8.7	8.1	8.5	9.3	10.5	11.0	10.0	10.2	9.3	8.7	9.8	9.3	9.5	10.1	10.7	10.4	10.0	9.7
1977	8.8	8.8	8.3	7.7	8.1	8.9	10.0	10.4	9.5	9.7	8.8	8.2	9.3	8.7	9.0	9.5	10.1	9.8	9.3	9.0
1978	8.6	8.6	8.1	7.5	7.9	8.7	9.8	10.2	9.2	9.5	8.6	8.0	9.0	8.5	8.7	9.2	9.8	9.5	9.0	8.7
1979	8.6	8.6	8.1	7.5	7.9	8.6	9.7	10.1	9.2	9.4	8.6	8.0	9.0	8.5	8.7	9.2	9.7	9.5	9.0	8.7
1980	8.9	8.9	8.4	7.8	8.2	8.9	10.0	10.4	9.5	9.7	8.9	8.3	9.3	8.8	9.0	9.5	10.0	9.8	9.3	9.1
1981	8.3	8.3	7.9	7.3	7.6	8.3	9.4	9.8	8.9	9.1	8.2	7.7	8.6	8.1	8.3	8.8	9.3	9.0	8.6	8.3
1982	8.4	8.4	7.9	7.3	7.7	8.4	9.4	9.8	8.9	9.1	8.3	7.7	8.7	8.2	8.4	8.8	9.3	9.1	8.6	8.3
1983	8.5	8.5	8.0	7.4	7.8	8.5	9.5	9.9	9.0	9.2	8.4	7.9	8.8	8.3	8.5	8.9	9.4	9.2	8.8	8.5
1984	8.3	8.3	7.8	7.2	7.6	8.3	9.3	9.6	8.7	8.9	8.2	7.6	8.5	8.1	8.2	8.7	9.1	8.9	8.5	8.2
1985	8.5	8.5	8.1	7.5	7.9	8.6	9.5	9.9	9.0	9.3	8.5	8.0	8.9	8.4	8.6	9.0	9.5	9.2	8.8	8.6
1986	8.6	8.6	8.2	7.6	8.0	8.6	9.6	9.9	9.1	9.3	8.6	8.1	8.9	8.5	8.7	9.1	9.5	9.3	8.9	8.7
1987	8.5	8.5	8.0	7.5	7.8	8.5	9.4	9.7	8.9	9.1	8.4	7.9	8.8	8.3	8.5	8.9	9.3	9.1	8.7	8.5
1988	8.5	8.5	8.1	7.5	7.9	8.5	9.4	9.8	9.0	9.2	8.4	7.9	8.8	8.3	8.5	8.9	9.3	9.1	8.7	8.5
1989	8.7	8.7	8.3	7.8	8.1	8.7	9.7	10.0	9.2	9.4	8.7	8.2	9.1	8.6	8.8	9.2	9.6	9.4	9.1	8.8
1990	8.4	8.4	8.0	7.5	7.8	8.4	9.3	9.6	8.9	9.0	8.3	7.9	8.7	8.3	8.4	8.8	9.2	9.0	8.6	8.4
1991	8.7	8.7	8.3	7.8	8.1	8.7	9.6	9.9	9.1	9.3	8.6	8.2	9.0	8.6	8.7	9.1	9.5	9.3	9.0	8.8
1992	8.6	8.6	8.2	7.7	8.0	8.6	9.5	9.8	9.1	9.2	8.6	8.1	8.9	8.5	8.7	9.0	9.4	9.2	8.9	8.7
1993	8.6	8.6	8.2	7.7	8.0	8.6	9.4	9.8	9.0	9.2	8.5	8.1	8.9	8.5	8.6	9.0	9.4	9.2	8.8	8.6
1994	8.4	8.4	8.0	7.5	7.9	8.4	9.3	9.6	8.8	9.0	8.4	7.9	8.7	8.3	8.4	8.8	9.2	8.9	8.6	8.4
1995	8.8	8.8	8.4	7.9	8.2	8.8	9.6	9.9	9.2	9.4	8.7	8.3	9.1	8.7	8.8	9.2	9.6	9.4	9.1	8.9
1996	8.9	8.9	8.5	8.1	8.4	8.9	9.7	10.0	9.3	9.5	8.9	8.5	9.2	8.8	9.0	9.3	9.7	9.5	9.2	9.0
1997	9.2	9.2	8.8	8.3	8.7	9.2	10.0	10.3	9.6	9.8	9.2	8.8	9.5	9.2	9.3	9.7	10.1	9.9	9.6	9.4
1998	9.4	9.4	9.0	8.6	8.9	9.4	10.2	10.5	9.8	10.0	9.4	9.0	9.8	9.4	9.6	9.9	10.3	10.1	9.8	9.7
1999	9.4	9.5	9.1	8.7	9.0	9.5	10.3	10.6	9.9	10.1	9.5	9.2	9.9	9.5	9.7	10.0	10.4	10.2	10.0	9.8
2000	9.1	9.1	8.8	8.3	8.7	9.2	9.9	10.2	9.6	9.7	9.2	8.8	9.5	9.1	9.3	9.6	10.0	9.8	9.5	9.3
2001	8.8	8.8	8.5	8.0	8.3	8.8	9.6	9.8	9.2	9.4	8.8	8.4	9.1	8.7	8.9	9.2	9.5	9.4	9.1	8.9
2002	8.4	8.4	8.0	7.6	7.9	8.4	9.1	9.4	8.7	8.9	8.3	7.9	8.6	8.2	8.4	8.7	9.0	8.8	8.5	8.3
2003	8.6	8.6	8.3	7.9	8.1	8.6	9.4	9.6	9.0	9.1	8.6	8.2	8.9	8.5	8.7	9.0	9.3	9.1	8.8	8.7
2004	8.6	8.6	8.3	7.9	8.2	8.6	9.4	9.6	9.0	9.2	8.6	8.2	8.9	8.5	8.7	9.0	9.3	9.1	8.9	8.7
2005	8.5	8.5	8.2	7.8	8.1	8.6	9.3	9.5	8.9	9.1	8.5	8.1	8.8	8.4	8.6	8.9	9.2	9.0	8.7	8.6

*S&P 500 total returns minus 30-day Treasury bill total returns. For 30-day Treasury bills, the income return and total return are the same.

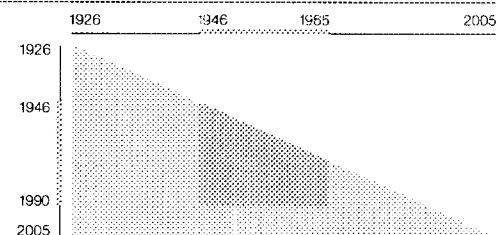
Risk Premia Over Time Report 2006

Table A-3 (Page 3 of 6)

Short-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1946	-8.4																				
1947	-1.6	5.2																			
1948	0.5	4.9	4.7																		
1949	4.8	9.2	11.2	17.7																	
1950	9.9	14.5	17.6	24.1	30.5																
1951	12.0	16.1	18.9	23.6	26.5	22.5															
1952	12.7	16.2	18.4	21.9	23.3	19.6	16.7														
1953	10.8	13.5	14.9	16.9	16.7	12.1	6.9	-2.8													
1954	15.3	18.3	20.2	22.7	23.7	22.0	21.9	24.5	51.8												
1955	16.8	19.6	21.4	23.8	24.8	23.6	23.9	26.3	40.9	30.0											
1956	15.6	18.0	19.5	21.3	21.8	20.4	19.9	20.8	28.6	17.0	4.1										
1957	13.2	15.1	16.1	17.4	17.4	15.5	14.3	13.8	18.0	6.7	-4.9	-13.9									
1958	15.4	17.4	18.5	19.8	20.1	18.8	18.2	18.5	22.7	15.5	10.7	14.0	41.8								
1959	14.9	16.7	17.7	18.9	19.0	17.7	17.1	17.1	20.5	14.2	10.3	12.3	25.4	9.0							
1960	13.8	15.4	16.1	17.1	17.0	15.7	14.9	14.7	17.2	11.5	7.8	8.7	16.2	3.4	-2.2						
1961	14.5	16.0	16.8	17.7	17.7	16.5	15.9	15.8	18.2	13.4	10.6	11.9	18.3	10.5	11.3	24.8					
1962	12.9	14.3	14.9	15.6	15.4	14.2	13.4	13.1	14.9	10.3	7.4	8.0	12.4	5.0	3.7	6.6	-11.5				
1963	13.3	14.6	15.2	15.9	15.7	14.6	14.0	13.7	15.4	11.3	9.0	9.7	13.6	8.0	7.7	11.0	4.1	19.7			
1964	13.3	14.5	15.0	15.7	15.6	14.5	13.9	13.6	15.1	11.5	9.4	10.1	13.5	8.8	8.7	11.5	7.1	16.3	12.9		
1965	13.1	14.2	14.7	15.3	15.1	14.1	13.5	13.2	14.6	11.2	9.3	9.9	12.9	8.8	8.7	10.9	7.4	13.7	10.7	8.5	
1966	11.7	12.7	13.1	13.6	13.4	12.3	11.6	11.2	12.3	9.0	7.1	7.4	9.8	5.8	5.3	6.6	3.0	6.6	2.2	-3.1	
1967	12.1	13.1	13.5	13.9	13.7	12.7	12.1	11.8	12.9	9.9	8.2	8.6	10.8	7.4	7.2	8.5	5.8	9.2	6.6	4.5	
1968	11.8	12.7	13.1	13.5	13.3	12.3	11.7	11.4	12.4	9.6	8.0	8.3	10.4	7.2	7.0	8.2	5.8	8.7	6.5	4.8	
1969	10.7	11.5	11.8	12.2	11.9	10.9	10.3	9.9	10.7	7.9	6.4	6.5	8.2	5.2	4.8	5.6	3.2	5.3	2.9	0.8	
1970	10.2	10.9	11.2	11.5	11.2	10.2	9.6	9.2	9.9	7.3	5.8	5.9	7.4	4.5	4.1	4.8	2.5	4.3	2.1	0.3	
1971	10.2	10.9	11.1	11.4	11.1	10.2	9.6	9.2	9.9	7.4	6.0	6.2	7.6	5.0	4.6	5.2	3.3	4.9	3.1	1.7	
1972	10.3	11.1	11.3	11.6	11.3	10.4	9.9	9.5	10.2	7.9	6.6	6.7	8.1	5.7	5.4	6.1	4.4	5.9	4.4	3.3	
1973	9.2	9.9	10.0	10.3	9.9	9.0	8.4	8.0	8.6	6.3	5.0	5.0	6.2	3.9	3.5	3.9	2.2	3.4	1.8	0.6	
1974	7.7	8.3	8.4	8.5	8.2	7.2	6.6	6.1	6.5	4.3	2.9	2.9	3.8	1.5	1.0	1.2	-0.6	0.3	-1.5	-2.9	
1975	8.5	9.1	9.2	9.4	9.1	8.2	7.6	7.2	7.7	5.6	4.3	4.4	5.4	3.2	2.9	3.2	1.7	2.7	1.3	0.2	
1976	8.8	9.4	9.5	9.7	9.4	8.6	8.1	7.7	8.1	6.2	5.0	5.1	6.1	4.1	3.8	4.2	2.8	3.8	2.6	1.7	
1977	8.2	8.7	8.8	9.0	8.6	7.8	7.3	6.9	7.3	5.4	4.2	4.2	5.2	3.2	2.9	3.2	1.9	2.7	1.5	0.7	
1978	7.9	8.4	8.5	8.6	8.3	7.5	7.0	6.6	7.0	5.1	4.0	4.0	4.9	3.0	2.7	3.0	1.7	2.5	1.4	0.6	
1979	7.9	8.4	8.5	8.6	8.3	7.5	7.0	6.7	7.0	5.2	4.2	4.2	5.0	3.3	3.0	3.3	2.1	2.9	1.8	1.1	
1980	8.3	8.8	8.9	9.0	8.7	8.0	7.5	7.2	7.5	5.8	4.9	4.9	5.7	4.1	3.9	4.2	3.1	3.9	2.9	2.3	
1981	7.5	8.0	8.0	8.1	7.8	7.1	6.6	6.3	6.6	4.9	3.9	3.9	4.7	3.1	2.8	3.0	1.9	2.6	1.7	1.0	
1982	7.6	8.0	8.1	8.2	7.9	7.2	6.7	6.4	6.7	5.1	4.2	4.2	4.9	3.4	3.1	3.4	2.4	3.1	2.2	1.6	
1983	7.8	8.2	8.3	8.4	8.1	7.4	7.0	6.6	7.0	5.4	4.5	4.5	5.3	3.8	3.6	3.8	2.9	3.6	2.8	2.2	
1984	7.5	7.9	8.0	8.0	7.8	7.1	6.6	6.3	6.6	5.1	4.3	4.3	4.9	3.5	3.3	3.5	2.6	3.2	2.5	1.9	
1985	7.9	8.3	8.4	8.5	8.2	7.6	7.2	6.9	7.2	5.7	4.9	5.0	5.6	4.3	4.1	4.4	3.5	4.2	3.5	3.0	
1986	8.0	8.4	8.5	8.6	8.3	7.7	7.3	7.0	7.3	5.9	5.2	5.2	5.9	4.6	4.4	4.7	3.9	4.5	3.8	3.4	
1987	7.8	8.2	8.3	8.4	8.1	7.5	7.1	6.8	7.1	5.8	5.0	5.0	5.7	4.4	4.2	4.5	3.7	4.3	3.7	3.3	
1988	7.9	8.3	8.3	8.4	8.2	7.6	7.2	6.9	7.2	5.9	5.2	5.2	5.8	4.6	4.5	4.7	4.0	4.5	3.9	3.6	
1989	8.2	8.6	8.7	8.8	8.6	8.0	7.6	7.4	7.6	6.4	5.7	5.7	6.4	5.2	5.1	5.3	4.6	5.2	4.7	4.3	
1990	7.8	8.2	8.2	8.3	8.1	7.5	7.1	6.9	7.1	5.9	5.2	5.2	5.8	4.7	4.6	4.8	4.1	4.7	4.1	3.8	

*S&P 500 total returns minus 30-day Treasury bill total returns. For 30-day Treasury bills, the income return and total return are the same.

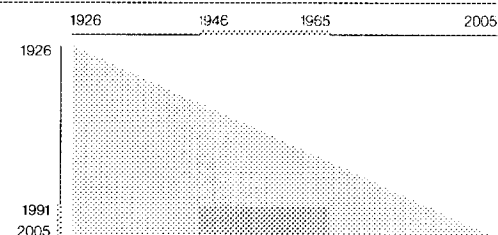
Risk Premia Over Time Report 2006

Table A-3 (Page 4 of 6)

Short-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of																			
	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1991	8.2	8.5	8.6	8.7	8.5	7.9	7.6	7.3	7.6	6.4	5.8	5.8	6.4	5.3	5.2	5.4	4.8	5.4	4.8	4.5
1992	8.1	8.4	8.5	8.6	8.4	7.9	7.5	7.3	7.5	6.4	5.7	5.8	6.3	5.3	5.2	5.4	4.8	5.3	4.8	4.5
1993	8.1	8.4	8.5	8.6	8.3	7.8	7.5	7.3	7.5	6.4	5.8	5.8	6.3	5.3	5.2	5.4	4.8	5.4	4.9	4.6
1994	7.8	8.2	8.2	8.3	8.1	7.6	7.2	7.0	7.3	6.2	5.5	5.6	6.1	5.1	5.0	5.2	4.6	5.1	4.7	4.4
1995	8.3	8.7	8.7	8.8	8.6	8.1	7.8	7.6	7.8	6.8	6.2	6.3	6.8	5.8	5.7	6.0	5.4	5.9	5.5	5.3
1996	8.5	8.8	8.9	9.0	8.8	8.3	8.0	7.8	8.1	7.0	6.5	6.5	7.1	6.2	6.1	6.3	5.8	6.3	5.9	5.7
1997	8.9	9.2	9.3	9.4	9.2	8.8	8.5	8.3	8.5	7.5	7.0	7.1	7.6	6.7	6.7	6.9	6.4	6.9	6.5	6.3
1998	9.2	9.5	9.6	9.7	9.5	9.1	8.8	8.6	8.9	7.9	7.4	7.5	8.0	7.1	7.1	7.3	6.9	7.4	7.0	6.8
1999	9.3	9.6	9.7	9.8	9.7	9.2	8.9	8.8	9.0	8.1	7.6	7.7	8.2	7.4	7.3	7.6	7.1	7.6	7.3	7.1
2000	8.9	9.2	9.2	9.3	9.2	8.7	8.5	8.3	8.5	7.6	7.1	7.2	7.6	6.8	6.8	7.0	6.5	7.0	6.7	6.5
2001	8.4	8.7	8.8	8.9	8.7	8.3	8.0	7.8	8.0	7.1	6.6	6.6	7.1	6.3	6.2	6.4	6.0	6.4	6.1	5.9
2002	7.8	8.1	8.2	8.3	8.1	7.6	7.4	7.2	7.4	6.4	5.9	6.0	6.4	5.6	5.5	5.7	5.3	5.7	5.3	5.1
2003	8.2	8.5	8.5	8.6	8.4	8.0	7.7	7.6	7.8	6.9	6.4	6.4	6.9	6.1	6.0	6.2	5.8	6.2	5.9	5.7
2004	8.2	8.5	8.6	8.6	8.5	8.1	7.8	7.6	7.8	6.9	6.5	6.5	6.9	6.2	6.1	6.3	5.9	6.3	6.0	5.8
2005	8.1	8.4	8.4	8.5	8.3	7.9	7.7	7.5	7.7	6.8	6.4	6.4	6.8	6.1	6.0	6.2	5.8	6.2	5.9	5.7

*S&P 500 total returns minus 30-day Treasury bill total returns. For 30-day Treasury bills, the income return and total return are the same.

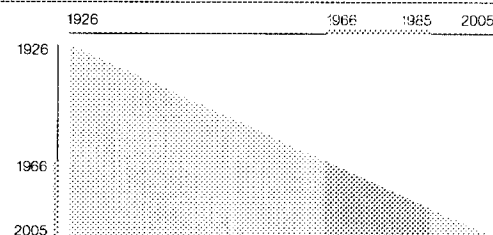
Risk Premia Over Time Report 2006

Table A-3 (Page 5 of 6)

Short-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of																			
	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
1966	-14.8																			
1967	2.5	19.8																		
1968	3.6	12.8	5.9																	
1969	-1.1	3.5	-4.6	-15.1																
1970	-1.4	2.0	-3.9	-8.8	-2.5															
1971	0.5	3.6	-0.5	-2.6	3.7	9.9														
1972	2.6	5.5	2.7	1.9	7.5	12.5	15.1													
1973	-0.4	1.6	-1.4	-2.8	0.2	1.2	-3.2	-21.6												
1974	-4.2	-2.9	-6.1	-8.1	-6.7	-7.7	-13.6	-28.0	-34.5											
1975	-0.6	0.9	-1.4	-2.5	-0.4	0.1	-2.4	-8.2	-1.5	31.4										
1976	1.1	2.7	0.8	0.2	2.4	3.2	1.8	-1.5	5.2	25.1	18.8									
1977	0.0	1.4	-0.5	-1.2	0.5	1.0	-0.5	-3.6	0.8	12.6	3.2	-12.3								
1978	0.0	1.2	-0.5	-1.1	0.4	0.8	-0.5	-3.1	0.6	9.3	1.9	-6.5	-0.6							
1979	0.5	1.7	0.2	-0.3	1.2	1.6	0.5	-1.5	1.8	9.1	3.5	-1.6	3.7	8.1						
1980	1.9	3.1	1.8	1.5	3.0	3.5	2.8	1.3	4.6	11.1	7.0	4.1	9.5	14.6	21.2					
1981	0.6	1.6	0.3	-0.1	1.1	1.4	0.6	-1.0	1.5	6.7	2.6	-0.7	2.3	3.2	0.8	-19.6				
1982	1.2	2.2	1.0	0.7	1.9	2.2	1.5	0.2	2.6	7.2	3.8	1.3	4.0	5.1	4.1	-4.4	10.9			
1983	1.9	2.9	1.8	1.5	2.7	3.1	2.5	1.4	3.7	7.9	5.0	3.0	5.6	6.8	6.5	1.7	12.3	13.7		
1984	1.6	2.5	1.5	1.2	2.3	2.6	2.1	1.0	3.0	6.8	4.1	2.2	4.3	5.1	4.5	0.3	7.0	5.1	-3.6	
1985	2.7	3.6	2.8	2.6	3.7	4.1	3.7	2.8	4.8	8.4	6.1	4.7	6.8	7.9	7.8	5.2	11.4	11.5	10.4	24.4
1986	3.2	4.1	3.3	3.1	4.2	4.6	4.2	3.5	5.4	8.7	6.7	5.4	7.4	8.4	8.5	6.4	11.5	11.7	11.1	18.4
1987	3.0	3.9	3.1	2.9	3.9	4.3	4.0	3.2	5.0	8.0	6.1	4.9	6.7	7.5	7.4	5.4	9.6	9.3	8.2	12.2
1988	3.3	4.2	3.4	3.3	4.3	4.7	4.3	3.7	5.4	8.2	6.4	5.4	7.0	7.8	7.7	6.0	9.7	9.5	8.7	11.7
1989	4.2	5.0	4.3	4.3	5.2	5.6	5.4	4.8	6.5	9.2	7.6	6.8	8.3	9.2	9.3	7.9	11.4	11.5	11.1	14.0
1990	3.6	4.3	3.7	3.6	4.4	4.8	4.5	3.9	5.4	7.9	6.4	5.5	6.9	7.5	7.4	6.0	8.9	8.7	7.9	9.9
1991	4.4	5.2	4.5	4.5	5.4	5.8	5.5	5.0	6.5	8.9	7.5	6.8	8.1	8.8	8.9	7.8	10.5	10.5	10.1	12.0
1992	4.4	5.1	4.5	4.5	5.3	5.7	5.5	5.0	6.4	8.7	7.3	6.6	7.9	8.5	8.5	7.5	9.9	9.8	9.4	11.0
1993	4.5	5.2	4.6	4.6	5.4	5.7	5.6	5.1	6.4	8.6	7.3	6.6	7.8	8.4	8.4	7.4	9.7	9.6	9.2	10.6
1994	4.2	4.9	4.4	4.3	5.1	5.4	5.2	4.8	6.0	8.0	6.8	6.1	7.2	7.7	7.7	6.7	8.7	8.6	8.1	9.3
1995	5.2	5.8	5.3	5.3	6.1	6.5	6.3	5.9	7.2	9.2	8.1	7.5	8.6	9.1	9.2	8.4	10.4	10.4	10.1	11.3
1996	5.6	6.2	5.8	5.8	6.5	6.9	6.8	6.4	7.6	9.6	8.5	8.0	9.1	9.6	9.7	9.0	10.9	10.9	10.7	11.9
1997	6.3	6.9	6.5	6.5	7.3	7.7	7.6	7.3	8.5	10.4	9.4	9.0	10.0	10.6	10.7	10.1	12.0	12.0	11.9	13.1
1998	6.8	7.5	7.1	7.1	7.9	8.3	8.2	7.9	9.1	10.9	10.0	9.6	10.7	11.2	11.4	10.9	12.7	12.8	12.7	13.9
1999	7.1	7.7	7.4	7.4	8.2	8.5	8.5	8.2	9.4	11.1	10.3	9.9	10.9	11.5	11.7	11.2	12.9	13.0	12.9	14.0
2000	6.4	7.1	6.7	6.7	7.4	7.7	7.7	7.4	8.5	10.1	9.3	8.9	9.8	10.3	10.4	9.8	11.4	11.4	11.3	12.2
2001	5.8	6.4	6.0	6.0	6.7	7.0	6.9	6.6	7.6	9.2	8.3	7.9	8.7	9.2	9.2	8.6	10.0	10.0	9.8	10.6
2002	5.0	5.6	5.2	5.2	5.8	6.0	5.9	5.6	6.5	8.0	7.1	6.7	7.4	7.8	7.8	7.2	8.4	8.3	8.0	8.7
2003	5.6	6.2	5.8	5.8	6.4	6.7	6.6	6.3	7.2	8.7	7.9	7.5	8.2	8.6	8.6	8.1	9.3	9.2	9.0	9.7
2004	5.7	6.3	5.9	5.9	6.5	6.8	6.7	6.4	7.3	8.7	7.9	7.5	8.3	8.6	8.6	8.1	9.3	9.3	9.0	9.7
2005	5.6	6.2	5.8	5.8	6.4	6.6	6.5	6.3	7.2	8.5	7.7	7.3	8.1	8.4	8.4	7.9	9.0	8.9	8.7	9.3

*S&P 500 total returns minus 30-day Treasury bill total returns. For 30-day Treasury bills, the income return and total return are the same.

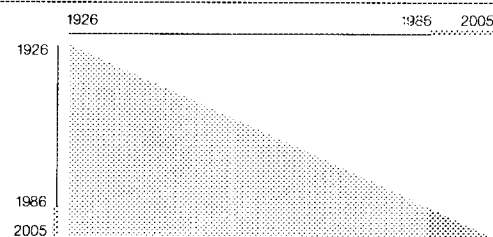
Risk Premia Over Time Report 2006

Table A-3 (Page 6 of 6)

Short-Horizon Equity Risk Premia*

Percent per annum arithmetic mean risk premia
for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1986	12.3																				
1987	6.0	-0.2																			
1988	7.5	5.1	10.5																		
1989	11.4	11.1	16.8	23.1																	
1990	6.9	5.6	7.5	6.1	-11.0																
1991	9.9	9.5	11.9	12.4	7.0	25.0															
1992	9.1	8.6	10.3	10.3	6.0	14.6	4.2														
1993	8.9	8.4	9.8	9.7	6.3	12.1	5.6	7.1													
1994	7.6	7.0	8.0	7.6	4.5	8.4	2.9	2.2	-2.6												
1995	10.0	9.8	11.0	11.1	9.1	13.1	10.1	12.1	14.6	31.8											
1996	10.7	10.6	11.8	11.9	10.3	13.9	11.7	13.5	15.7	24.9	17.9										
1997	12.2	12.2	13.4	13.7	12.6	15.9	14.4	16.5	18.8	25.9	23.0	28.1									
1998	13.1	13.1	14.3	14.7	13.8	16.9	15.7	17.7	19.8	25.4	23.2	25.9	23.7								
1999	13.3	13.4	14.5	14.9	14.1	16.8	15.8	17.5	19.2	23.6	21.5	22.7	20.0	16.4							
2000	11.4	11.3	12.2	12.4	11.4	13.7	12.4	13.4	14.3	17.1	14.2	13.3	8.4	0.7	-15.0						
2001	9.7	9.5	10.2	10.2	9.2	11.0	9.6	10.2	10.6	12.5	9.2	7.5	2.3	-4.8	-15.4	-15.7					
2002	7.7	7.5	8.0	7.8	6.6	8.1	6.6	6.8	6.8	7.9	4.5	2.3	-2.9	-9.5	-18.2	-19.7	-23.8				
2003	8.9	8.7	9.2	9.1	8.1	9.6	8.3	8.7	8.9	10.1	7.4	5.9	2.2	-2.1	-6.7	-3.9	2.0	27.7			
2004	8.9	8.7	9.2	9.2	8.2	9.6	8.4	8.8	8.9	10.1	7.7	6.4	3.3	-0.1	-3.4	-0.5	4.5	18.7	9.7		
2005	8.5	8.4	8.8	8.7	7.8	9.1	8.0	8.2	8.3	9.3	7.1	5.9	3.1	0.2	-2.5	0.0	3.9	13.1	5.8	1.9	

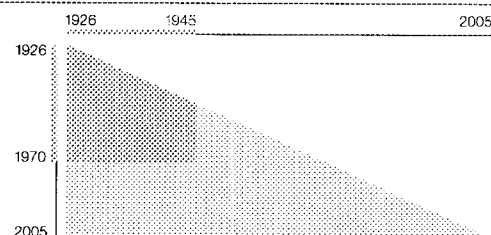
*S&P 500 total returns minus 30-day Treasury bill total returns. For 30-day Treasury bills, the income return and total return are the same.

Risk Premia Over Time Report 2006

Table A-4 (Page 1 of 6)

Mid-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
1926																					
1927																					
1928																					
1929																					
1930	-8.5																				
1931	-7.7	-7.4																			
1932	-6.2	-5.6	-5.5																		
1933	0.0	1.5	3.0	5.3																	
1934	1.4	2.9	4.5	6.8	11.7																
1935	0.0	1.2	2.3	3.9	7.3	9.7															
1936	-0.2	0.9	1.8	3.1	5.8	7.6	7.7														
1937	-0.3	0.7	1.5	2.6	5.0	6.5	6.5	6.5													
1938	-0.1	0.7	1.5	2.5	4.6	5.8	5.7	5.6	-0.5												
1939	-0.2	0.6	1.3	2.2	4.1	5.0	4.8	4.5	-0.8	-3.4											
1940	0.2	1.0	1.7	2.5	4.3	5.2	5.0	4.9	0.3	-1.7	0.7										
1941	0.5	1.3	1.9	2.8	4.4	5.2	5.1	5.1	1.0	-0.6	1.5	2.5									
1942	0.4	1.0	1.6	2.4	3.8	4.6	4.4	4.3	0.6	-0.8	0.9	1.5	1.9								
1943	0.8	1.5	2.1	2.8	4.2	4.8	4.7	4.6	1.4	0.2	1.8	2.5	2.9	3.3							
1944	1.2	1.8	2.4	3.1	4.3	5.0	4.8	4.7	1.9	0.9	2.4	3.1	3.4	3.8	5.2						
1945	1.9	2.5	3.1	3.8	5.0	5.6	5.5	5.4	2.9	2.2	3.6	4.3	4.8	5.3	7.0	7.2					
1946	1.8	2.4	2.9	3.6	4.7	5.3	5.1	5.0	2.7	1.9	3.3	3.9	4.2	4.6	5.8	5.6	5.4				
1947	1.4	2.0	2.5	3.1	4.1	4.6	4.5	4.3	2.1	1.4	2.5	3.0	3.3	3.5	4.4	3.9	3.4	3.8			
1948	1.1	1.7	2.1	2.7	3.6	4.1	3.9	3.8	1.6	0.9	2.0	2.3	2.5	2.7	3.4	3.0	2.6	3.0	2.2		
1949	1.1	1.7	2.1	2.6	3.5	3.9	3.7	3.6	1.6	0.9	1.9	2.2	2.4	2.5	3.2	2.8	2.4	2.7	2.0	1.1	
1950	0.9	1.3	1.7	2.2	3.0	3.4	3.2	3.0	1.1	0.5	1.4	1.6	1.7	1.8	2.4	2.0	1.6	1.6	0.9	0.0	
1951	0.5	1.0	1.3	1.7	2.5	2.8	2.6	2.3	0.6	0.0	0.7	0.9	1.0	1.0	1.6	1.2	0.7	0.6	-0.1	-1.0	
1952	0.2	0.6	0.9	1.3	2.0	2.3	2.0	1.8	0.1	-0.4	0.2	0.4	0.4	0.4	1.0	0.6	0.1	0.0	-0.7	-1.7	
1953	0.2	0.6	0.9	1.3	1.9	2.2	2.0	1.8	0.2	-0.3	0.3	0.4	0.5	0.5	1.0	0.7	0.3	0.2	-0.4	-1.2	
1954	0.1	0.5	0.8	1.1	1.7	2.0	1.7	1.5	0.1	-0.4	0.2	0.3	0.3	0.4	1.1	0.9	0.6	0.5	0.0	-0.8	
1955	-0.4	0.0	0.2	0.5	1.0	1.3	1.0	0.8	-0.5	-0.9	-0.5	-0.5	-0.4	-0.3	0.5	0.4	0.2	0.0	-0.4	-1.2	
1956	-0.3	0.0	0.3	0.5	1.1	1.3	1.1	1.0	-0.3	-0.7	-0.3	-0.3	-0.1	0.0	0.8	0.8	0.6	0.5	0.1	-0.6	
1957	-0.3	0.1	0.3	0.5	1.1	1.3	1.1	1.0	-0.2	-0.6	-0.2	-0.2	0.0	0.1	0.7	0.7	0.6	0.5	0.1	-0.6	
1958	0.0	0.3	0.5	0.8	1.3	1.5	1.3	1.2	0.1	-0.2	0.2	0.2	0.3	0.5	1.3	1.3	1.2	1.2	0.9	0.3	
1959	0.0	0.3	0.6	0.8	1.3	1.5	1.3	1.3	0.2	-0.1	0.3	0.3	0.5	0.6	1.4	1.4	1.4	1.3	1.1	0.6	
1960	0.1	0.4	0.6	0.9	1.4	1.6	1.4	1.3	0.3	0.0	0.4	0.4	0.6	0.8	1.5	1.5	1.5	1.5	1.2	0.7	
1961	0.1	0.4	0.6	0.8	1.3	1.5	1.3	1.2	0.3	0.0	0.4	0.4	0.6	0.7	1.4	1.5	1.4	1.4	1.1	0.7	
1962	0.0	0.3	0.5	0.7	1.2	1.4	1.2	1.1	0.2	-0.1	0.2	0.3	0.4	0.5	1.1	1.1	1.0	1.0	0.7	0.3	
1963	-0.2	0.1	0.2	0.4	0.9	1.0	0.9	0.8	-0.1	-0.4	-0.1	-0.1	0.1	0.2	0.8	0.8	0.7	0.6	0.3	-0.1	
1964	-0.2	0.1	0.2	0.4	0.8	1.0	0.8	0.8	-0.1	-0.3	0.0	0.0	0.1	0.2	0.8	0.8	0.7	0.7	0.4	0.0	
1965	0.1	0.4	0.5	0.7	1.1	1.3	1.2	1.1	0.3	0.1	0.4	0.4	0.5	0.7	1.2	1.3	1.2	1.2	0.9	0.6	
1966	0.3	0.5	0.7	0.9	1.3	1.5	1.3	1.3	0.5	0.3	0.6	0.6	0.7	0.9	1.4	1.4	1.3	1.3	1.1	0.8	
1967	0.6	0.8	1.0	1.2	1.6	1.8	1.7	1.6	0.9	0.7	1.0	1.0	1.2	1.3	1.8	1.9	1.8	1.8	1.6	1.4	
1968	0.8	1.0	1.2	1.4	1.8	2.0	1.9	1.8	1.1	0.9	1.2	1.2	1.4	1.6	2.1	2.1	2.0	2.1	1.9	1.6	
1969	0.6	0.9	1.1	1.3	1.6	1.8	1.7	1.6	0.9	0.7	1.0	1.0	1.2	1.3	1.7	1.7	1.6	1.6	1.4	1.1	
1970	0.5	0.7	0.9	1.1	1.4	1.6	1.5	1.4	0.7	0.4	0.7	0.8	0.9	0.9	1.3	1.2	1.1	1.1	0.9	0.6	

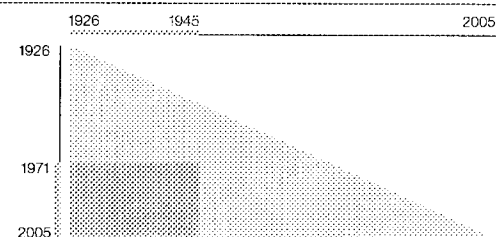
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-4 (Page 2 of 6)

Mid-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of																			
	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
1971	0.6	0.8	1.0	1.2	1.5	1.7	1.6	1.5	0.8	0.6	0.9	0.9	1.0	1.1	1.4	1.4	1.3	1.3	1.0	0.8
1972	0.3	0.6	0.7	0.9	1.2	1.4	1.2	1.2	0.5	0.2	0.5	0.5	0.6	0.7	1.0	1.0	0.9	0.8	0.6	0.4
1973	0.1	0.3	0.5	0.6	1.0	1.1	1.0	0.9	0.1	-0.1	0.2	0.2	0.2	0.3	0.5	0.4	0.3	0.2	0.0	-0.3
1974	0.3	0.5	0.6	0.8	1.1	1.3	1.2	1.1	0.4	0.2	0.4	0.5	0.5	0.6	0.8	0.7	0.6	0.6	0.4	0.1
1975	0.6	0.8	0.9	1.1	1.4	1.6	1.5	1.4	0.7	0.5	0.8	0.8	0.9	0.9	1.2	1.1	1.0	1.0	0.8	0.6
1976	0.8	1.0	1.2	1.4	1.7	1.8	1.7	1.7	1.0	0.8	1.1	1.1	1.2	1.3	1.5	1.4	1.3	1.3	1.2	0.9
1977	1.1	1.3	1.4	1.6	1.9	2.1	2.0	2.0	1.3	1.1	1.4	1.4	1.5	1.6	1.8	1.7	1.7	1.7	1.5	1.3
1978	1.1	1.3	1.5	1.7	2.0	2.1	2.0	2.0	1.4	1.2	1.4	1.5	1.6	1.6	1.9	1.8	1.7	1.7	1.6	1.4
1979	1.3	1.6	1.7	1.9	2.2	2.4	2.3	2.2	1.6	1.4	1.7	1.7	1.8	1.9	2.1	2.0	2.0	2.0	1.9	1.7
1980	1.2	1.5	1.6	1.8	2.1	2.2	2.1	2.1	1.5	1.3	1.6	1.6	1.7	1.8	2.0	1.9	1.8	1.9	1.7	1.6
1981	1.4	1.6	1.8	2.0	2.3	2.4	2.3	2.3	1.7	1.5	1.8	1.8	1.9	2.0	2.2	2.1	2.1	2.1	2.0	1.8
1982	1.4	1.6	1.8	2.0	2.3	2.4	2.3	2.3	1.7	1.6	1.8	1.9	2.0	2.0	2.2	2.1	2.1	2.1	2.0	1.8
1983	1.5	1.7	1.8	2.0	2.3	2.4	2.3	2.3	1.7	1.6	1.8	1.9	2.0	2.0	2.2	2.2	2.1	2.2	2.0	1.9
1984	1.3	1.5	1.7	1.8	2.1	2.2	2.2	2.1	1.6	1.4	1.6	1.7	1.8	1.8	2.0	1.9	1.9	1.9	1.8	1.6
1985	1.2	1.4	1.6	1.7	2.0	2.1	2.0	2.0	1.5	1.3	1.5	1.6	1.7	1.7	1.9	1.8	1.8	1.8	1.7	1.5
1986	1.2	1.4	1.5	1.6	1.9	2.0	2.0	2.0	1.4	1.3	1.5	1.5	1.6	1.6	1.8	1.8	1.7	1.8	1.6	1.5
1987	1.1	1.3	1.4	1.6	1.8	2.0	1.9	1.9	1.3	1.2	1.4	1.4	1.5	1.6	1.7	1.7	1.6	1.7	1.5	1.4
1988	1.2	1.4	1.5	1.6	1.9	2.3	1.9	1.9	1.4	1.3	1.5	1.5	1.6	1.6	1.8	1.8	1.7	1.7	1.6	1.4
1989	1.0	1.2	1.3	1.4	1.7	1.8	1.8	1.8	1.2	1.1	1.3	1.3	1.4	1.4	1.6	1.6	1.5	1.5	1.4	1.2
1990	0.9	1.1	1.2	1.3	1.6	1.7	1.6	1.6	1.1	0.9	1.1	1.2	1.2	1.3	1.4	1.4	1.3	1.3	1.2	1.0
1991	1.0	1.2	1.3	1.4	1.7	1.8	1.7	1.7	1.2	1.1	1.3	1.3	1.4	1.4	1.6	1.5	1.5	1.5	1.4	1.2
1992	1.1	1.3	1.4	1.5	1.8	1.9	1.9	1.9	1.4	1.2	1.4	1.4	1.5	1.6	1.7	1.7	1.6	1.7	1.5	1.4
1993	1.2	1.4	1.5	1.6	1.9	2.0	1.9	1.9	1.4	1.3	1.5	1.5	1.6	1.6	1.8	1.8	1.7	1.7	1.6	1.5
1994	1.1	1.3	1.4	1.5	1.8	1.9	1.8	1.8	1.4	1.2	1.4	1.4	1.5	1.6	1.7	1.7	1.6	1.6	1.5	1.4
1995	1.0	1.2	1.3	1.4	1.6	1.8	1.7	1.7	1.2	1.1	1.3	1.3	1.4	1.4	1.6	1.5	1.5	1.5	1.4	1.3
1996	0.9	1.1	1.2	1.3	1.5	1.6	1.5	1.6	1.1	1.0	1.1	1.2	1.2	1.3	1.4	1.4	1.3	1.4	1.2	1.1
1997	0.7	0.9	1.0	1.1	1.3	1.4	1.4	1.4	0.9	0.8	1.0	1.0	1.1	1.1	1.3	1.2	1.2	1.2	1.1	0.9
1998	0.4	0.5	0.6	0.7	0.9	1.0	1.0	1.0	0.5	0.4	0.6	0.6	0.6	0.7	0.8	0.8	0.7	0.7	0.6	0.4
1999	0.5	0.6	0.7	0.8	1.0	1.1	1.1	1.1	0.6	0.5	0.7	0.7	0.8	0.8	1.0	0.9	0.8	0.9	0.7	0.6
2000	0.5	0.7	0.8	0.9	1.1	1.2	1.1	1.1	0.7	0.6	0.8	0.8	0.9	0.9	1.0	1.0	0.9	1.0	0.8	0.7
2001	0.7	0.8	0.9	1.0	1.2	1.3	1.3	1.3	0.9	0.7	0.9	0.9	1.0	1.0	1.2	1.1	1.1	1.1	0.9	0.8
2002	0.8	0.9	1.0	1.1	1.3	1.4	1.4	1.4	1.0	0.9	1.0	1.0	1.1	1.1	1.3	1.2	1.2	1.2	1.1	0.9
2003	0.9	1.0	1.1	1.2	1.4	1.5	1.5	1.5	1.1	1.0	1.1	1.2	1.2	1.3	1.4	1.4	1.3	1.3	1.2	1.1
2004	1.0	1.1	1.2	1.3	1.5	1.6	1.6	1.6	1.2	1.1	1.2	1.2	1.3	1.3	1.5	1.4	1.4	1.4	1.3	1.2
2005	1.0	1.2	1.3	1.4	1.6	1.7	1.6	1.6	1.2	1.1	1.3	1.3	1.4	1.4	1.5	1.5	1.5	1.5	1.4	1.3

*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

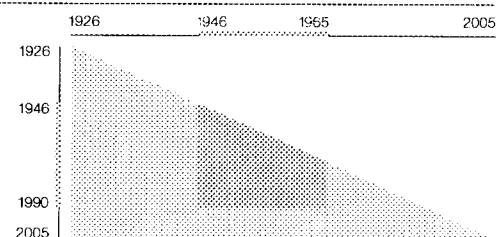
Risk Premia Over Time Report 2006

Table A-4 (Page 3 of 6)

Mid-Cap Size Premia*

Percent per annum risk premia for all historical time periods.

from 1926 to 2005



To the end of	From the beginning of 1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1946																				
1947																				
1948																				
1949																				
1950	-3.0																			
1951	-3.7	-3.8																		
1952	-4.1	-4.0	-3.4																	
1953	-3.3	-3.2	-2.5	-1.8																
1954	-2.6	-2.1	-1.2	-0.1	-0.5															
1955	-3.0	-2.2	-1.4	0.1	-0.2	0.1														
1956	-2.2	-1.4	-0.6	0.8	0.5	0.7	1.8													
1957	-2.1	-1.5	-0.9	0.1	-0.2	-0.3	0.2	1.0												
1958	-1.0	-0.2	0.5	1.7	1.6	1.8	2.8	3.9	5.0											
1959	-0.6	0.2	0.9	1.9	1.9	2.1	3.0	4.0	4.9	3.4										
1960	-0.4	0.3	0.9	1.8	1.7	1.9	2.5	3.4	4.0	2.7	4.2									
1961	-0.3	0.3	0.9	1.8	1.7	1.9	2.6	3.3	3.8	2.8	3.9	3.7								
1962	-0.8	-0.3	0.1	0.7	0.5	0.6	1.1	1.7	1.8	1.0	2.3	2.1	2.4							
1963	-1.1	-0.6	-0.2	0.3	0.1	0.2	0.6	1.0	1.1	0.3	1.2	0.8	0.9	-1.0						
1964	-0.9	-0.5	-0.1	0.4	0.2	0.3	0.7	1.2	1.3	0.5	1.3	0.9	0.9	-0.6	-1.5					
1965	-0.2	0.2	0.6	1.1	1.0	1.2	1.6	2.1	2.2	1.7	2.4	2.1	2.3	1.2	0.9	0.3				
1966	0.0	0.3	0.7	1.2	1.1	1.2	1.6	2.0	2.2	1.7	2.5	2.4	2.6	1.7	1.5	1.2	1.4			
1967	0.6	1.0	1.4	1.9	1.9	2.0	2.5	2.9	3.1	2.8	3.6	3.5	3.8	3.1	3.1	3.0	3.6	5.1		
1968	0.9	1.3	1.7	2.1	2.1	2.3	2.7	3.2	3.3	3.1	3.9	3.8	4.1	3.6	3.7	3.7	4.3	5.4	8.0	
1969	0.5	0.8	1.1	1.4	1.4	1.5	1.9	2.3	2.4	2.2	3.0	3.0	3.1	2.7	2.7	2.6	3.1	3.7	5.9	7.3
1970	0.0	0.2	0.5	0.7	0.7	0.8	1.2	1.5	1.6	1.4	2.3	2.2	2.2	1.8	1.8	1.6	2.0	2.4	4.3	5.2
1971	0.2	0.4	0.7	0.9	0.8	1.0	1.3	1.7	1.8	1.7	2.5	2.4	2.4	2.1	2.1	2.0	2.4	2.7	4.4	5.2
1972	-0.2	-0.1	0.2	0.4	0.3	0.5	0.8	1.1	1.1	1.0	1.7	1.5	1.5	1.1	1.0	0.8	1.0	1.2	2.4	2.9
1973	-0.8	-0.7	-0.5	-0.4	-0.5	-0.3	-0.1	0.2	0.2	0.1	0.9	0.7	0.6	0.3	0.2	0.0	0.2	0.3	1.5	1.9
1974	-0.5	-0.4	-0.2	0.0	-0.1	0.0	0.3	0.6	0.6	0.6	1.3	1.3	1.3	0.9	0.8	0.7	0.9	1.1	2.2	2.4
1975	0.0	0.1	0.3	0.5	0.5	0.6	0.9	1.2	1.2	1.3	2.0	2.0	2.0	1.7	1.7	1.6	1.9	2.2	3.2	3.6
1976	0.5	0.6	0.8	1.0	0.9	1.1	1.4	1.7	1.8	1.8	2.5	2.5	2.6	2.4	2.4	2.3	2.6	2.9	3.9	4.3
1977	0.8	1.0	1.2	1.4	1.4	1.5	1.9	2.2	2.2	2.3	3.0	3.1	3.1	3.0	3.0	3.0	3.3	3.7	4.6	5.1
1978	0.9	1.0	1.3	1.5	1.4	1.6	1.9	2.2	2.3	2.4	3.1	3.1	3.2	3.0	3.1	3.1	3.4	3.7	4.6	5.0
1979	1.3	1.4	1.6	1.8	1.8	2.0	2.3	2.6	2.7	2.8	3.5	3.5	3.6	3.5	3.6	3.6	3.9	4.2	5.1	5.5
1980	1.1	1.2	1.5	1.6	1.6	1.8	2.1	2.4	2.5	2.5	3.2	3.2	3.3	3.1	3.2	3.2	3.4	3.7	4.5	4.9
1981	1.4	1.5	1.7	1.9	1.9	2.1	2.4	2.7	2.8	2.9	3.5	3.5	3.6	3.5	3.6	3.6	3.9	4.2	5.0	5.3
1982	1.4	1.5	1.7	1.9	1.9	2.1	2.4	2.7	2.8	2.8	3.5	3.5	3.6	3.5	3.5	3.5	3.8	4.1	4.8	5.1
1983	1.5	1.6	1.8	2.0	2.0	2.1	2.4	2.7	2.8	2.8	3.4	3.5	3.5	3.4	3.5	3.5	3.7	4.0	4.7	4.9
1984	1.2	1.3	1.5	1.7	1.7	1.9	2.1	2.4	2.4	2.5	3.1	3.1	3.2	3.0	3.1	3.1	3.3	3.5	4.1	4.4
1985	1.1	1.2	1.4	1.6	1.6	1.7	2.0	2.2	2.3	2.3	2.9	2.9	2.9	2.8	2.8	2.8	3.0	3.2	3.7	3.9
1986	1.1	1.2	1.4	1.5	1.5	1.6	1.9	2.1	2.2	2.2	2.7	2.7	2.8	2.6	2.6	2.6	2.7	2.9	3.5	3.6
1987	1.0	1.1	1.2	1.4	1.4	1.5	1.7	2.0	2.0	2.1	2.5	2.5	2.6	2.4	2.4	2.4	2.5	2.7	3.2	3.4
1988	1.1	1.2	1.3	1.5	1.5	1.6	1.8	2.1	2.1	2.1	2.6	2.6	2.7	2.5	2.5	2.5	2.6	2.8	3.3	3.4
1989	0.9	1.0	1.1	1.3	1.3	1.4	1.6	1.8	1.8	1.8	2.3	2.3	2.3	2.1	2.1	2.1	2.2	2.4	2.8	2.9
1990	0.7	0.8	0.9	1.1	1.0	1.1	1.3	1.5	1.6	1.6	2.0	2.0	2.0	1.9	1.8	1.8	1.9	2.0	2.4	2.5

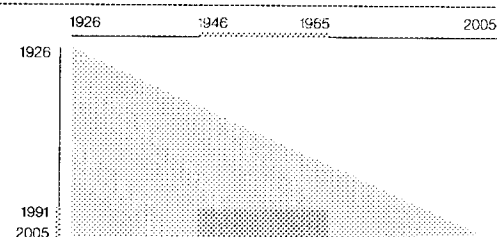
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-4 (Page 4 of 6)

Mid-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of																			
	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1991	0.9	1.0	1.1	1.3	1.2	1.3	1.5	1.8	1.8	1.8	2.2	2.2	2.2	2.1	2.1	2.0	2.1	2.3	2.7	2.8
1992	1.1	1.1	1.3	1.4	1.4	1.5	1.7	1.9	2.0	2.0	2.4	2.4	2.4	2.3	2.3	2.2	2.3	2.5	2.9	3.0
1993	1.2	1.2	1.4	1.5	1.5	1.6	1.8	2.0	2.1	2.1	2.5	2.5	2.5	2.4	2.4	2.3	2.4	2.6	3.0	3.1
1994	1.1	1.1	1.3	1.4	1.4	1.5	1.7	1.9	1.9	2.0	2.3	2.3	2.4	2.2	2.2	2.2	2.3	2.4	2.8	2.9
1995	0.9	1.0	1.2	1.3	1.3	1.4	1.5	1.7	1.8	1.8	2.1	2.1	2.1	2.0	2.0	1.9	2.0	2.1	2.5	2.6
1996	0.8	0.9	1.0	1.1	1.1	1.2	1.4	1.5	1.6	1.6	1.9	1.9	1.9	1.7	1.7	1.7	1.7	1.9	2.2	2.2
1997	0.6	0.7	0.8	0.9	0.9	1.0	1.2	1.3	1.3	1.3	1.6	1.6	1.6	1.4	1.4	1.4	1.4	1.5	1.8	1.9
1998	0.1	0.2	0.3	0.4	0.4	0.4	0.6	0.7	0.7	0.7	1.0	0.9	1.0	0.8	0.7	0.6	0.7	0.8	1.0	1.1
1999	0.3	0.4	0.5	0.6	0.5	0.6	0.8	0.9	0.9	0.9	1.2	1.1	1.1	1.0	0.9	0.9	0.9	1.0	1.2	1.3
2000	0.4	0.5	0.6	0.7	0.6	0.7	0.9	1.0	1.0	1.0	1.3	1.2	1.3	1.1	1.0	1.0	1.0	1.1	1.4	1.4
2001	0.5	0.6	0.7	0.8	0.8	0.9	1.0	1.2	1.2	1.2	1.4	1.4	1.4	1.3	1.2	1.2	1.2	1.3	1.6	1.6
2002	0.6	0.7	0.8	0.9	0.9	1.0	1.1	1.3	1.3	1.3	1.6	1.5	1.6	1.4	1.4	1.3	1.4	1.5	1.7	1.8
2003	0.8	0.9	1.0	1.1	1.1	1.2	1.3	1.5	1.5	1.5	1.7	1.7	1.8	1.6	1.6	1.5	1.6	1.7	1.9	2.0
2004	0.9	1.0	1.1	1.2	1.2	1.3	1.4	1.5	1.6	1.6	1.8	1.8	1.9	1.7	1.7	1.6	1.7	1.8	2.0	2.1
2005	1.0	1.1	1.2	1.3	1.3	1.3	1.5	1.6	1.6	1.6	1.9	1.9	1.9	1.8	1.8	1.7	1.8	1.9	2.1	2.2

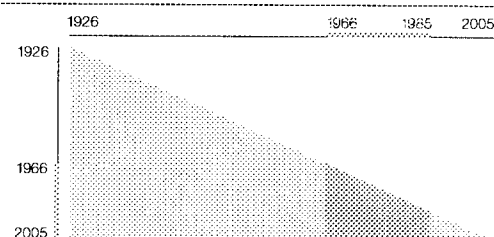
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-4 (Page 5 of 6)

Mid-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of																			
	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
1966																				
1967																				
1968																				
1969																				
1970	4.0																			
1971	4.1	3.3																		
1972	1.7	0.6	-1.6																	
1973	0.7	-0.4	-2.1	-4.1																
1974	1.4	0.7	-1.0	-2.8	-2.8															
1975	2.7	2.2	1.0	-0.1	0.4	1.6														
1976	3.6	3.3	2.3	1.5	2.2	3.5	3.1													
1977	4.5	4.3	3.5	2.9	3.6	4.9	4.8	8.2												
1978	4.5	4.3	3.6	3.0	3.7	4.9	4.7	7.6	10.6											
1979	5.1	4.9	4.3	3.9	4.6	5.8	5.8	8.4	11.1	11.3										
1980	4.4	4.2	3.6	3.1	3.7	4.7	4.6	6.7	9.0	8.7	7.9									
1981	4.9	4.7	4.2	3.8	4.4	5.4	5.3	7.3	9.2	9.3	8.6	7.6								
1982	4.7	4.6	4.0	3.7	4.2	5.1	5.0	6.7	8.5	8.5	7.6	6.6	5.4							
1983	4.5	4.4	3.9	3.5	4.1	4.9	4.8	6.3	7.9	7.8	7.0	6.1	4.9	5.1						
1984	4.0	3.8	3.3	2.9	3.4	4.0	3.9	5.2	6.5	6.3	5.5	4.5	3.2	3.1	1.2					
1985	3.5	3.4	2.8	2.5	2.9	3.5	3.4	4.5	5.8	5.4	4.6	3.6	2.4	2.2	0.5	1.2				
1986	3.2	3.1	2.5	2.2	2.6	3.1	3.0	4.0	5.1	4.9	4.0	3.0	2.0	1.7	0.2	0.7	-1.2			
1987	3.0	2.8	2.3	1.9	2.3	2.8	2.6	3.5	4.5	4.3	3.4	2.5	1.5	1.2	-0.3	0.0	-1.6	-2.4		
1988	3.0	2.9	2.3	2.0	2.4	2.9	2.7	3.6	4.5	4.3	3.5	2.6	1.7	1.5	0.3	0.6	-0.7	-1.2	-2.2	
1989	2.5	2.3	1.8	1.5	1.8	2.3	2.1	2.9	3.8	3.5	2.7	1.9	1.0	0.7	-0.5	-0.2	-1.5	-2.0	-2.9	-1.9
1990	2.1	2.0	1.5	1.1	1.4	1.8	1.6	2.3	3.1	2.9	2.0	1.2	0.3	0.0	-1.1	-1.0	-2.2	-2.8	-3.7	-3.0
1991	2.4	2.3	1.8	1.5	1.8	2.2	2.0	2.7	3.5	3.2	2.5	1.8	1.0	0.8	-0.2	0.0	-1.0	-1.4	-2.0	-1.1
1992	2.6	2.5	2.0	1.8	2.1	2.5	2.3	3.0	3.8	3.6	2.9	2.2	1.5	1.3	0.5	0.7	-0.1	-0.4	-0.8	0.1
1993	2.7	2.6	2.2	1.9	2.2	2.6	2.5	3.1	3.9	3.7	3.1	2.4	1.8	1.7	0.9	1.1	0.4	0.2	-0.1	0.8
1994	2.5	2.4	2.0	1.7	2.0	2.4	2.2	2.8	3.5	3.3	2.7	2.1	1.5	1.3	0.6	0.8	0.1	-0.1	-0.4	0.3
1995	2.2	2.1	1.7	1.4	1.7	2.0	1.9	2.4	3.1	2.9	2.3	1.7	1.1	1.0	0.2	0.4	-0.3	-0.4	-0.8	-0.1
1996	1.9	1.8	1.4	1.1	1.3	1.7	1.5	2.0	2.7	2.5	1.9	1.3	0.7	0.6	-0.1	0.0	-0.7	-0.8	-1.2	-0.6
1997	1.5	1.4	1.0	0.7	0.9	1.3	1.1	1.6	2.2	2.0	1.4	0.8	0.3	0.1	-0.6	-0.4	-1.1	-1.2	-1.6	-1.0
1998	0.7	0.5	0.1	-0.2	0.0	0.3	0.1	0.5	1.1	0.8	0.3	-0.4	-1.0	-1.2	-1.9	-1.8	-2.5	-2.8	-3.2	-2.9
1999	0.9	0.8	0.4	0.1	0.3	0.6	0.4	0.9	1.4	1.2	0.6	0.1	-0.5	-0.7	-1.3	-1.3	-1.9	-2.1	-2.5	-2.1
2000	1.1	0.9	0.5	0.3	0.5	0.8	0.6	1.0	1.6	1.3	0.8	0.3	-0.3	-0.4	-1.0	-0.9	-1.5	-1.7	-2.0	-1.6
2001	1.3	1.2	0.8	0.6	0.8	1.0	0.9	1.3	1.8	1.6	1.1	0.6	0.1	-0.1	-0.6	-0.6	-1.1	-1.2	-1.5	-1.1
2002	1.5	1.4	1.0	0.8	0.9	1.2	1.1	1.4	1.9	1.8	1.3	0.8	0.3	0.2	-0.4	-0.3	-0.7	-0.9	-1.1	-0.8
2003	1.7	1.6	1.3	1.0	1.2	1.5	1.4	1.8	2.2	2.1	1.6	1.2	0.7	0.6	0.1	0.2	-0.2	-0.3	-0.5	-0.1
2004	1.8	1.7	1.4	1.2	1.4	1.6	1.5	1.9	2.4	2.2	1.8	1.3	0.9	0.8	0.4	0.5	0.1	0.0	-0.2	0.2
2005	1.9	1.8	1.5	1.3	1.7	1.8	1.6	2.0	2.5	2.4	1.9	1.5	1.1	1.0	0.6	0.7	0.3	0.3	0.1	0.5

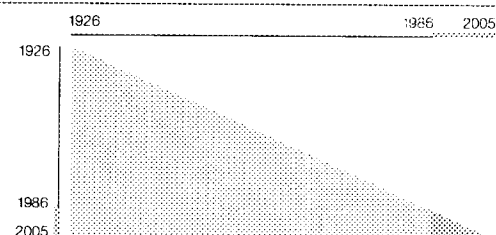
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-4 (Page 6 of 6)

Mid-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of															
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1986																
1987																
1988																
1989																
1990	-3.2															
1991	-1.0	-0.8														
1992	0.4	0.8	1.7													
1993	1.1	1.5	2.4	1.9												
1994	0.6	0.9	1.6	1.0	2.8											
1995	0.1	0.3	0.8	0.2	1.3	3.6										
1996	-0.4	-0.4	0.1	-0.5	0.2	2.3	0.8									
1997	-1.0	-1.0	-0.3	-0.9	-0.4	1.7	0.5	-1.2								
1998	-2.9	-3.1	-2.9	-3.7	-3.5	-2.5	-4.2	-6.6	-9.3							
1999	-2.1	-2.2	-1.9	-2.6	-2.3	-1.2	-2.6	-4.4	-6.2	-6.8						
2000	-1.6	-1.6	-1.2	-1.8	-1.5	-0.4	-1.7	-3.0	-4.3	-4.3	-4.7					
2001	-1.1	-1.0	-0.8	-1.2	-0.8	0.0	-1.1	-2.2	-3.2	-3.1	-3.0	-2.5				
2002	-0.7	-0.7	-0.4	-0.8	-0.3	0.4	-0.6	-1.5	-2.4	-2.2	-2.0	-1.4	0.6			
2003	0.0	0.1	0.4	0.1	0.5	1.3	0.5	-0.3	-0.9	-0.6	-0.2	0.6	2.4	7.7		
2004	0.3	0.4	0.7	0.5	0.9	1.6	0.9	0.3	-0.2	0.1	0.5	1.4	3.1	7.6	7.2	
2005	0.6	0.7	1.0	0.8	1.2	1.9	1.3	0.7	0.3	0.6	1.1	1.9	3.5	7.4	7.1	8.3

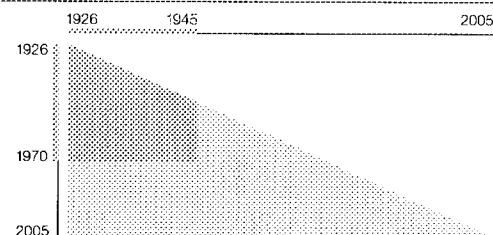
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-5 (Page 1 of 6)

Low-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of																			
	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
1926																				
1927																				
1928																				
1929																				
1930	-17.0																			
1931	-14.8	-15.1																		
1932	-11.7	-11.3	-9.8																	
1933	-3.4	-1.8	1.2	6.1																
1934	-0.5	1.3	4.5	9.3	16.9															
1935	-0.5	1.2	3.9	7.8	13.7	17.7														
1936	0.4	1.9	4.3	7.8	12.7	15.9	16.9													
1937	0.0	1.3	3.5	6.6	10.9	13.3	13.7	13.8												
1938	0.0	1.3	3.3	6.0	9.7	11.6	11.7	11.4	4.1											
1939	0.2	1.4	3.3	5.9	9.2	10.8	10.6	10.0	3.8	0.3										
1940	0.8	1.9	3.7	6.1	9.1	10.5	10.5	10.2	4.9	2.1	3.5									
1941	1.1	2.2	3.9	6.1	8.9	10.2	10.1	9.9	5.3	2.9	4.1	3.9								
1942	1.1	2.2	3.7	5.7	8.2	9.4	9.3	9.0	4.8	2.7	3.5	3.1	4.0							
1943	2.5	3.5	5.0	7.0	9.4	10.5	10.5	10.2	6.5	4.9	6.0	6.1	7.2	8.7						
1944	3.3	4.3	5.8	7.7	10.0	11.1	11.0	10.8	7.4	6.2	7.3	7.5	8.6	10.1	12.3					
1945	4.0	5.0	6.4	8.2	10.3	11.4	11.3	11.1	8.0	7.0	8.1	8.3	9.4	10.8	13.6	14.2				
1946	3.8	4.7	6.1	7.7	9.7	10.7	10.6	10.3	7.5	6.5	7.4	7.5	8.4	9.5	11.3	11.4	12.5			
1947	3.2	4.1	5.3	6.8	8.7	9.5	9.3	9.0	6.2	5.2	6.0	6.0	6.6	7.4	8.7	8.4	8.6	8.6		
1948	2.6	3.4	4.6	6.0	7.7	8.4	8.2	7.9	5.2	4.3	4.8	4.6	5.2	5.8	6.8	6.5	6.7	6.6	3.7	
1949	2.4	3.2	4.2	5.6	7.1	7.8	7.6	7.2	4.7	3.8	4.2	4.0	4.5	5.0	5.9	5.5	5.5	5.2	2.7	-0.4
1950	2.2	2.9	3.9	5.1	6.6	7.2	6.9	6.5	4.1	3.3	3.7	3.4	3.8	4.3	5.3	4.9	4.8	4.2	2.1	-0.6
1951	1.5	2.2	3.1	4.3	5.6	6.2	5.8	5.4	3.0	2.2	2.5	2.2	2.5	2.9	3.9	3.4	3.1	2.4	0.4	-2.1
1952	1.0	1.6	2.5	3.6	4.8	5.3	4.9	4.5	2.2	1.5	1.7	1.3	1.6	1.9	2.9	2.4	2.2	1.4	-0.5	-2.9
1953	1.0	1.6	2.4	3.4	4.6	5.0	4.7	4.3	2.2	1.4	1.6	1.2	1.5	1.8	2.7	2.3	2.1	1.4	-0.3	-2.4
1954	0.7	1.2	2.0	2.9	4.0	4.5	4.1	3.7	1.6	1.0	1.1	0.7	1.1	1.4	2.6	2.2	2.1	1.4	0.0	-1.9
1955	0.1	0.6	1.3	2.2	3.2	3.6	3.2	2.8	0.9	0.4	0.4	0.0	0.3	0.7	2.0	1.8	1.9	1.2	-0.1	-1.9
1956	0.2	0.7	1.3	2.1	3.1	3.5	3.2	2.9	1.1	0.5	0.6	0.1	0.5	1.0	2.3	2.2	2.3	1.8	0.5	-1.1
1957	0.1	0.6	1.2	2.0	2.9	3.3	3.0	2.7	1.0	0.5	0.5	0.1	0.4	0.8	1.9	1.8	1.9	1.4	0.1	-1.4
1958	0.3	0.8	1.4	2.2	3.1	3.5	3.2	2.9	1.3	0.8	0.9	0.5	0.9	1.3	2.6	2.6	2.7	2.2	1.2	-0.2
1959	0.4	0.9	1.5	2.2	3.1	3.5	3.2	2.9	1.4	1.0	1.0	0.6	1.1	1.5	2.8	2.8	2.9	2.5	1.6	0.3
1960	0.4	0.8	1.4	2.1	2.9	3.3	3.0	2.8	1.3	0.9	0.9	0.6	1.0	1.4	2.5	2.6	2.7	2.3	1.3	0.1
1961	0.3	0.7	1.3	1.9	2.7	3.1	2.8	2.5	1.1	0.7	0.8	0.4	0.8	1.3	2.4	2.4	2.5	2.1	1.2	0.1
1962	0.1	0.6	1.1	1.7	2.5	2.8	2.6	2.3	1.0	0.6	0.6	0.2	0.6	1.0	1.8	1.8	1.8	1.4	0.5	-0.6
1963	-0.1	0.3	0.8	1.4	2.2	2.5	2.2	2.0	0.7	0.3	0.3	-0.1	0.3	0.7	1.6	1.5	1.5	1.1	0.2	-0.8
1964	-0.2	0.2	0.7	1.3	2.0	2.3	2.0	1.8	0.6	0.2	0.2	-0.2	0.2	0.6	1.5	1.4	1.4	1.0	0.2	-0.8
1965	0.4	0.7	1.2	1.8	2.5	2.8	2.6	2.4	1.2	0.8	0.9	0.6	0.9	1.3	2.2	2.1	2.2	1.9	1.1	0.2
1966	0.5	0.9	1.4	2.0	2.7	3.0	2.7	2.5	1.4	1.0	1.0	0.8	1.1	1.5	2.3	2.2	2.2	1.9	1.2	0.3
1967	1.3	1.7	2.2	2.8	3.5	3.8	3.6	3.4	2.3	2.0	2.1	1.8	2.2	2.6	3.4	3.4	3.5	3.2	2.6	1.8
1968	1.7	2.1	2.6	3.2	3.9	4.2	4.0	3.9	2.8	2.5	2.6	2.4	2.7	3.1	3.9	3.9	4.0	3.8	3.2	2.5
1969	1.4	1.8	2.3	2.9	3.5	3.8	3.6	3.4	2.4	2.1	2.1	1.9	2.2	2.5	3.2	3.1	3.2	3.0	2.3	1.6
1970	1.1	1.5	1.9	2.5	3.1	3.4	3.2	3.0	1.9	1.6	1.7	1.4	1.7	2.0	2.5	2.4	2.4	2.2	1.5	0.8

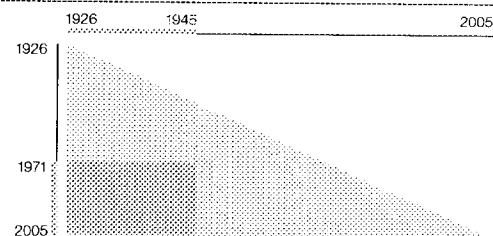
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-5 (Page 2 of 6)

Low-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of																			
	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
1971	1.1	1.5	2.0	2.5	3.1	3.4	3.2	3.0	1.9	1.6	1.7	1.5	1.7	2.0	2.5	2.4	2.4	2.1	1.5	0.8
1972	0.8	1.1	1.5	2.0	2.6	2.9	2.7	2.5	1.5	1.2	1.2	1.0	1.2	1.4	2.0	1.8	1.8	1.6	0.9	0.3
1973	0.4	0.7	1.1	1.6	2.2	2.4	2.2	2.0	0.9	0.6	0.6	0.4	0.6	0.8	1.2	0.9	0.8	0.6	0.0	-0.7
1974	0.7	1.0	1.4	1.9	2.5	2.7	2.6	2.4	1.4	1.1	1.1	0.9	1.1	1.3	1.6	1.5	1.4	1.2	0.5	-0.1
1975	1.0	1.3	1.7	2.2	2.8	3.0	2.8	2.7	1.7	1.4	1.4	1.2	1.5	1.6	2.0	1.9	1.8	1.6	1.0	0.4
1976	1.4	1.7	2.1	2.6	3.2	3.4	3.2	3.1	2.2	1.9	1.9	1.8	2.0	2.2	2.5	2.4	2.4	2.2	1.6	1.1
1977	1.9	2.3	2.7	3.2	3.7	4.0	3.8	3.7	2.8	2.6	2.6	2.4	2.7	2.9	3.2	3.1	3.1	3.0	2.4	1.9
1978	2.1	2.4	2.8	3.3	3.8	4.1	4.0	3.9	3.0	2.7	2.8	2.6	2.8	3.0	3.3	3.2	3.2	3.1	2.6	2.1
1979	2.5	2.8	3.2	3.7	4.3	4.5	4.4	4.3	3.4	3.2	3.2	3.1	3.3	3.5	3.9	3.8	3.8	3.7	3.2	2.7
1980	2.4	2.7	3.1	3.5	4.1	4.3	4.2	4.1	3.2	3.0	3.1	2.9	3.1	3.3	3.7	3.6	3.6	3.5	3.0	2.5
1981	2.5	2.9	3.3	3.7	4.2	4.5	4.4	4.3	3.5	3.2	3.3	3.1	3.4	3.5	3.9	3.8	3.8	3.7	3.2	2.7
1982	2.6	2.9	3.3	3.8	4.3	4.5	4.4	4.3	3.5	3.3	3.4	3.2	3.5	3.6	3.9	3.9	3.9	3.8	3.3	2.9
1983	2.6	2.9	3.3	3.8	4.3	4.5	4.4	4.3	3.5	3.3	3.4	3.2	3.5	3.6	3.9	3.9	3.9	3.8	3.3	2.9
1984	2.5	2.8	3.1	3.6	4.1	4.3	4.2	4.1	3.3	3.1	3.2	3.0	3.2	3.4	3.7	3.6	3.6	3.5	3.0	2.6
1985	2.4	2.6	3.0	3.4	3.9	4.1	4.0	3.9	3.2	3.0	3.0	2.9	3.1	3.3	3.5	3.5	3.5	3.4	2.9	2.5
1986	2.2	2.4	2.8	3.2	3.7	3.9	3.8	3.7	3.0	2.8	2.8	2.6	2.9	3.0	3.3	3.2	3.2	3.1	2.7	2.3
1987	2.0	2.2	2.6	3.0	3.4	3.6	3.5	3.5	2.8	2.5	2.6	2.4	2.6	2.8	3.0	2.9	2.9	2.8	2.4	2.0
1988	2.0	2.3	2.6	3.0	3.5	3.7	3.6	3.5	2.8	2.6	2.6	2.5	2.7	2.9	3.1	3.0	3.0	2.9	2.5	2.1
1989	1.8	2.0	2.3	2.7	3.1	3.3	3.3	3.2	2.5	2.3	2.3	2.2	2.4	2.5	2.8	2.7	2.7	2.6	2.2	1.8
1990	1.5	1.8	2.1	2.5	2.9	3.1	3.0	3.0	2.3	2.0	2.0	1.9	2.1	2.2	2.4	2.4	2.3	2.2	1.8	1.4
1991	1.7	2.0	2.3	2.6	3.1	3.3	3.2	3.1	2.5	2.2	2.3	2.1	2.3	2.5	2.7	2.6	2.6	2.5	2.1	1.7
1992	1.8	2.1	2.4	2.8	3.2	3.4	3.3	3.3	2.6	2.4	2.4	2.3	2.5	2.6	2.8	2.8	2.8	2.7	2.2	1.9
1993	1.9	2.2	2.5	2.8	3.2	3.4	3.4	3.3	2.7	2.5	2.5	2.4	2.6	2.7	2.9	2.9	2.9	2.8	2.4	2.0
1994	1.9	2.1	2.4	2.8	3.2	3.4	3.3	3.3	2.6	2.4	2.4	2.3	2.5	2.6	2.9	2.8	2.8	2.7	2.3	1.9
1995	1.7	1.9	2.2	2.5	2.9	3.1	3.0	3.0	2.3	2.2	2.2	2.0	2.2	2.4	2.6	2.5	2.5	2.4	2.0	1.7
1996	1.5	1.8	2.0	2.3	2.7	2.9	2.8	2.8	2.2	2.0	2.0	1.9	2.1	2.2	2.4	2.4	2.4	2.3	1.9	1.5
1997	1.4	1.6	1.9	2.2	2.6	2.7	2.7	2.6	2.1	1.9	1.9	1.7	1.9	2.1	2.3	2.3	2.2	2.2	1.8	1.4
1998	0.9	1.1	1.4	1.7	2.0	2.2	2.1	2.1	1.5	1.3	1.3	1.2	1.4	1.5	1.7	1.7	1.6	1.5	1.1	0.8
1999	1.0	1.2	1.5	1.8	2.1	2.3	2.2	2.2	1.6	1.5	1.5	1.3	1.5	1.7	1.9	1.8	1.8	1.7	1.3	1.0
2000	1.1	1.3	1.5	1.8	2.2	2.4	2.3	2.3	1.7	1.6	1.5	1.4	1.6	1.7	1.9	1.9	1.9	1.8	1.4	1.1
2001	1.4	1.7	1.9	2.2	2.6	2.7	2.7	2.7	2.1	1.9	1.9	1.8	2.0	2.1	2.3	2.3	2.3	2.2	1.8	1.5
2002	1.5	1.7	2.0	2.3	2.6	2.8	2.8	2.8	2.2	2.0	2.0	1.9	2.1	2.2	2.4	2.3	2.3	2.3	1.9	1.6
2003	1.7	1.9	2.2	2.5	2.8	3.0	3.0	3.0	2.4	2.3	2.3	2.1	2.3	2.4	2.6	2.6	2.6	2.5	2.2	1.9
2004	1.8	2.0	2.3	2.6	2.9	3.1	3.0	3.0	2.5	2.4	2.4	2.2	2.4	2.5	2.7	2.7	2.7	2.6	2.3	2.0
2005	1.8	2.0	2.3	2.5	2.9	3.1	3.0	3.0	2.5	2.3	2.3	2.2	2.4	2.5	2.7	2.7	2.7	2.6	2.2	1.9

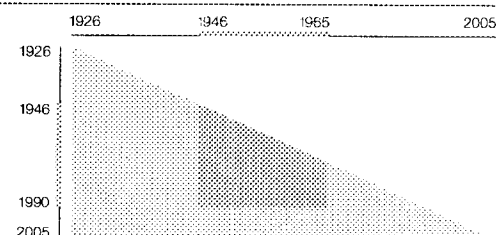
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-5 (Page 3 of 6)

Low-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1946																					
1947																					
1948																					
1949																					
1950	-4.5																				
1951	-5.7	-5.9																			
1952	-6.1	-6.1	-5.1																		
1953	-5.3	-5.1	-4.1	-3.3																	
1954	-4.4	-3.8	-2.6	-1.3	-0.8																
1955	-4.3	-3.2	-2.1	-0.2	0.5	-0.2															
1956	-3.3	-2.1	-1.0	0.9	1.4	0.7	2.6														
1957	-3.5	-2.7	-1.8	-0.4	-0.3	-1.3	-0.3	0.6													
1958	-1.9	-0.9	0.2	1.7	2.1	1.7	3.2	4.6	6.4												
1959	-1.3	-0.2	0.8	2.2	2.6	2.4	3.7	5.0	6.6	4.9											
1960	-1.4	-0.5	0.4	1.6	1.9	1.5	2.5	3.5	4.5	2.9	3.6										
1961	-1.3	-0.5	0.4	1.4	1.7	1.5	2.4	3.3	4.1	2.9	3.4	2.9									
1962	-2.0	-1.4	-0.8	-0.1	0.0	-0.4	0.4	1.0	1.3	0.3	1.1	0.7	1.6								
1963	-2.1	-1.6	-1.0	-0.3	-0.2	-0.6	0.1	0.6	0.9	0.0	0.4	-0.1	0.4	-2.2							
1964	-2.0	-1.5	-0.9	-0.2	-0.2	-0.5	0.2	0.7	0.9	0.1	0.4	-0.2	0.2	-2.0	-3.5						
1965	-0.9	-0.3	0.3	1.0	1.1	0.9	1.6	2.2	2.5	1.9	2.4	2.1	2.7	1.2	0.5	0.6					
1966	-0.7	-0.2	0.3	0.9	1.1	0.9	1.5	2.0	2.3	1.8	2.4	2.2	2.9	1.6	1.1	1.5	2.2				
1967	0.9	1.4	2.1	2.7	2.9	2.9	3.6	4.3	4.7	4.5	5.2	5.2	6.0	5.3	5.3	6.1	7.7	10.1			
1968	1.6	2.1	2.8	3.4	3.6	3.6	4.4	5.1	5.5	5.4	6.2	6.3	7.0	6.6	6.8	7.7	9.2	11.4	15.1		
1969	0.8	1.1	1.7	2.2	2.3	2.3	3.0	3.6	3.8	3.8	4.6	4.7	5.2	4.8	4.8	5.4	6.7	8.0	10.9	14.1	
1970	0.0	0.2	0.7	1.1	1.2	1.1	1.7	2.3	2.4	2.4	3.2	3.2	3.6	3.2	3.1	3.5	4.4	5.3	7.6	9.7	
1971	0.0	0.3	0.7	1.1	1.2	1.2	1.8	2.3	2.4	2.5	3.2	3.2	3.5	3.2	3.1	3.5	4.3	5.1	7.0	8.7	
1972	-0.5	-0.3	0.1	0.4	0.5	0.5	1.0	1.4	1.5	1.5	2.1	2.0	2.2	1.8	1.6	1.8	2.4	2.8	4.2	5.3	
1973	-1.4	-1.3	-1.0	-0.8	-0.7	-0.8	-0.3	0.1	0.1	0.2	0.9	0.8	0.8	0.5	0.3	0.4	1.0	1.2	2.5	3.4	
1974	-0.9	-0.7	-0.4	-0.1	0.0	-0.1	0.3	0.7	0.8	0.8	1.5	1.6	1.9	1.3	1.2	1.5	1.8	2.4	3.4	4.1	
1975	-0.3	-0.1	0.2	0.5	0.6	0.5	1.0	1.4	1.5	1.6	2.3	2.3	2.6	2.2	2.1	2.4	2.8	3.4	4.5	5.2	
1976	0.4	0.6	0.9	1.3	1.4	1.4	1.9	2.3	2.4	2.6	3.3	3.3	3.6	3.3	3.3	3.6	4.1	4.7	5.8	6.6	
1977	1.3	1.5	1.9	2.2	2.3	2.4	2.9	3.3	3.5	3.7	4.4	4.5	4.9	4.7	4.7	5.1	5.7	6.3	7.4	8.3	
1978	1.5	1.7	2.0	2.4	2.5	2.5	3.0	3.5	3.7	3.9	4.6	4.8	5.1	4.9	5.0	5.4	5.9	6.6	7.6	8.4	
1979	2.1	2.3	2.7	3.1	3.2	3.3	3.8	4.3	4.5	4.7	5.4	5.6	6.0	5.9	6.0	6.4	7.0	7.6	8.7	9.5	
1980	2.0	2.1	2.5	2.8	3.0	3.0	3.5	4.0	4.1	4.4	5.1	5.2	5.5	5.4	5.4	5.8	6.3	6.9	7.8	8.5	
1981	2.2	2.4	2.8	3.1	3.2	3.3	3.8	4.2	4.4	4.6	5.3	5.5	5.8	5.7	5.8	6.1	6.6	7.2	8.1	8.8	
1982	2.4	2.5	2.9	3.2	3.3	3.4	3.9	4.3	4.5	4.7	5.4	5.5	5.9	5.7	5.8	6.2	6.6	7.2	8.0	8.7	
1983	2.4	2.6	2.9	3.3	3.4	3.5	3.9	4.4	4.5	4.7	5.3	5.5	5.8	5.6	5.7	6.0	6.5	7.0	7.8	8.4	
1984	2.2	2.3	2.6	2.9	3.1	3.1	3.6	4.0	4.1	4.3	4.9	5.0	5.3	5.2	5.2	5.5	5.9	6.4	7.1	7.6	
1985	2.0	2.2	2.5	2.8	2.9	3.0	3.4	3.8	3.9	4.1	4.6	4.7	5.0	4.8	4.8	5.1	5.5	5.9	6.6	7.0	
1986	1.8	2.0	2.2	2.5	2.6	2.7	3.0	3.4	3.5	3.7	4.2	4.2	4.5	4.3	4.3	4.5	4.8	5.2	5.8	6.2	
1987	1.5	1.6	1.9	2.2	2.2	2.3	2.6	3.0	3.1	3.2	3.7	3.8	4.0	3.8	3.8	4.0	4.2	4.6	5.2	5.5	
1988	1.6	1.8	2.0	2.3	2.4	2.4	2.8	3.1	3.2	3.3	3.8	3.9	4.1	3.9	3.9	4.1	4.3	4.7	5.2	5.5	
1989	1.3	1.4	1.7	1.9	2.0	2.0	2.4	2.7	2.8	2.9	3.3	3.3	3.5	3.3	3.2	3.4	3.6	4.0	4.4	4.7	
1990	0.9	1.1	1.3	1.5	1.6	1.6	1.9	2.2	2.3	2.4	2.8	2.8	3.0	2.8	2.7	2.9	3.1	3.4	3.8	4.0	

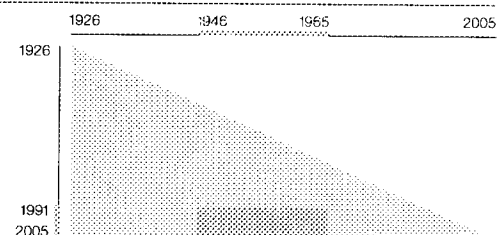
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-5 (Page 4 of 6)

Low-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of																			
	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1991	1.3	1.4	1.6	1.9	1.9	2.0	2.3	2.6	2.7	2.7	3.1	3.2	3.4	3.1	3.1	3.3	3.4	3.7	4.1	4.4
1992	1.5	1.6	1.8	2.1	2.1	2.2	2.5	2.8	2.8	2.9	3.3	3.4	3.6	3.3	3.3	3.5	3.6	4.0	4.3	4.6
1993	1.6	1.7	2.0	2.2	2.3	2.3	2.6	2.9	3.0	3.1	3.4	3.5	3.7	3.5	3.4	3.6	3.8	4.1	4.5	4.7
1994	1.5	1.7	1.9	2.1	2.2	2.2	2.5	2.8	2.9	2.9	3.3	3.4	3.5	3.3	3.3	3.5	3.6	3.9	4.3	4.5
1995	1.3	1.4	1.6	1.8	1.9	1.9	2.2	2.5	2.5	2.6	2.9	2.9	3.1	2.9	2.8	3.0	3.1	3.4	3.7	3.9
1996	1.1	1.2	1.5	1.7	1.7	1.7	2.0	2.3	2.3	2.4	2.7	2.7	2.9	2.6	2.6	2.7	2.8	3.1	3.4	3.6
1997	1.0	1.1	1.4	1.6	1.6	1.6	1.9	2.1	2.2	2.2	2.5	2.5	2.6	2.4	2.3	2.4	2.6	2.8	3.1	3.2
1998	0.4	0.5	0.7	0.9	0.9	0.9	1.1	1.4	1.4	1.4	1.7	1.7	1.8	1.5	1.4	1.5	1.6	1.8	2.1	2.2
1999	0.6	0.7	0.9	1.1	1.1	1.1	1.4	1.6	1.6	1.6	1.9	1.9	2.0	1.7	1.7	1.8	1.8	2.1	2.3	2.4
2000	0.7	0.8	1.0	1.2	1.2	1.2	1.4	1.6	1.7	1.7	1.9	1.9	2.1	1.8	1.7	1.8	1.9	2.1	2.4	2.5
2001	1.1	1.2	1.4	1.6	1.7	1.7	1.9	2.1	2.2	2.2	2.5	2.5	2.6	2.4	2.3	2.4	2.5	2.8	3.0	3.1
2002	1.2	1.3	1.5	1.7	1.7	1.7	1.9	2.2	2.2	2.3	2.5	2.5	2.7	2.5	2.4	2.5	2.6	2.8	3.1	3.2
2003	1.5	1.6	1.8	2.0	2.0	2.0	2.3	2.5	2.6	2.6	2.9	2.9	3.0	2.8	2.8	2.9	3.0	3.2	3.5	3.6
2004	1.6	1.7	1.9	2.1	2.2	2.2	2.4	2.6	2.7	2.7	3.0	3.0	3.2	3.0	2.9	3.0	3.1	3.4	3.6	3.7
2005	1.6	1.7	1.9	2.1	2.1	2.1	2.4	2.6	2.7	2.6	3.0	3.0	3.1	2.9	2.9	3.0	3.1	3.3	3.6	3.7

*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

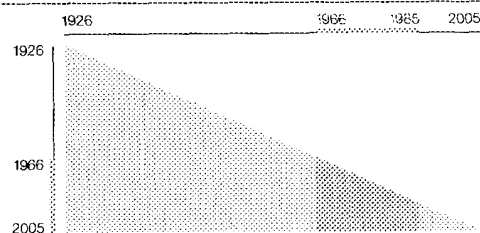
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Risk Premia Over Time Report 2006

Table A-5 (Page 5 of 6)

Low-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of 1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
1966																				
1967																				
1968																				
1969																				
1970	7.7																			
1971	6.9	6.4																		
1972	3.3	2.3	-3.6																	
1973	1.5	0.3	-4.7	-9.2																
1974	2.2	1.7	-3.3	-7.3	-6.9															
1975	3.7	3.3	-0.6	-3.5	-2.5	-0.3														
1976	5.3	5.1	1.9	-0.2	1.2	3.6	3.5													
1977	7.3	7.3	4.6	2.9	4.5	7.0	7.4	12.2												
1978	7.5	7.5	5.1	3.7	5.2	7.5	7.9	12.0	17.3											
1979	8.8	8.9	6.8	5.7	7.2	9.4	10.1	14.0	18.8	19.6										
1980	7.8	7.8	5.8	4.7	6.0	8.0	8.5	11.6	15.6	15.4	15.9									
1981	8.1	8.2	6.3	5.3	6.6	8.4	8.8	11.7	15.0	15.3	15.5	14.2								
1982	8.0	8.0	6.3	5.4	6.5	8.2	8.6	11.1	14.1	14.3	14.2	12.8	9.8							
1983	7.7	7.7	6.1	5.2	6.3	7.9	8.2	10.4	13.1	13.2	12.9	11.5	8.7	8.7						
1984	6.9	6.9	5.3	4.4	5.4	6.8	7.0	8.9	11.2	11.1	10.7	9.2	6.5	6.0	2.2					
1985	6.3	6.3	4.8	3.9	4.8	6.1	6.2	7.9	10.1	9.8	9.2	7.8	5.2	4.7	1.4	2.4				
1986	5.5	5.5	3.9	3.1	3.9	5.1	5.1	6.6	8.6	8.3	7.6	6.1	3.7	3.1	0.1	0.5	-1.2			
1987	4.8	4.7	3.2	2.4	3.1	4.1	4.1	5.4	7.1	6.9	6.1	4.5	2.2	1.5	-1.5	-1.4	-3.2	-5.3		
1988	4.9	4.8	3.4	2.6	3.3	4.3	4.3	5.5	7.1	6.9	6.1	4.7	2.7	2.1	-0.5	-0.3	-1.7	-3.1	-4.8	
1989	4.0	3.9	2.5	1.7	2.4	3.3	3.2	4.3	5.9	5.5	4.7	3.3	1.3	0.7	-1.7	-1.6	-3.0	-4.4	-6.0	-5.4
1990	3.3	3.2	1.8	1.0	1.6	2.4	2.4	3.3	4.7	4.3	3.5	2.0	0.1	-0.6	-2.9	-3.0	-4.4	-5.8	-7.4	-7.2
1991	3.8	3.7	2.3	1.6	2.2	3.0	3.0	4.0	5.3	5.0	4.2	2.9	1.2	0.7	-1.3	-1.2	-2.3	-3.4	-4.4	-3.8
1992	4.0	3.9	2.6	2.0	2.6	3.4	3.3	4.3	5.5	5.3	4.6	3.4	1.8	1.3	-0.5	-0.3	-1.2	-2.0	-2.8	-2.0
1993	4.1	4.1	2.8	2.2	2.8	3.5	3.5	4.4	5.7	5.4	4.8	3.7	2.2	1.8	0.1	0.4	-0.4	-1.1	-1.7	-0.9
1994	3.9	3.9	2.7	2.0	2.6	3.3	3.3	4.1	5.3	5.0	4.4	3.4	2.0	1.6	0.0	0.2	-0.5	-1.2	-1.8	-1.0
1995	3.4	3.3	2.1	1.5	2.0	2.7	2.7	3.4	4.6	4.2	3.6	2.6	1.2	0.8	-0.6	-0.5	-1.2	-1.8	-2.4	-1.8
1996	3.0	2.9	1.8	1.2	1.7	2.4	2.3	3.0	4.1	3.8	3.2	2.2	0.9	0.5	-0.9	-0.8	-1.4	-2.0	-2.6	-2.0
1997	2.7	2.6	1.5	0.9	1.4	2.1	2.0	2.7	3.7	3.4	2.8	1.9	0.6	0.3	-1.0	-0.9	-1.5	-2.1	-2.6	-2.0
1998	1.6	1.5	0.4	-0.2	0.3	0.8	0.7	1.4	2.3	1.9	1.3	0.3	-1.0	-1.4	-2.7	-2.7	-3.4	-4.0	-4.6	-4.3
1999	1.9	1.8	0.7	0.1	0.6	1.2	1.1	1.7	2.7	2.3	1.7	0.8	-0.4	-0.8	-2.0	-1.9	-2.5	-3.1	-3.6	-3.2
2000	2.0	1.9	0.8	0.3	0.7	1.3	1.2	1.8	2.7	2.4	1.8	0.9	-0.2	-0.5	-1.7	-1.6	-2.2	-2.7	-3.2	-2.7
2001	2.6	2.6	1.6	1.1	1.5	2.1	2.0	2.6	3.5	3.2	2.7	1.9	0.8	0.5	-0.6	-0.5	-0.9	-1.3	-1.7	-1.3
2002	2.7	2.7	1.7	1.2	1.6	2.1	2.1	2.6	3.5	3.3	2.7	1.9	1.0	0.7	-0.4	-0.3	-0.8	-1.2	-1.5	-1.1
2003	3.1	3.1	2.2	1.7	2.1	2.7	2.6	3.2	4.0	3.9	3.4	2.6	1.7	1.4	0.5	0.6	0.2	-0.1	-0.4	0.1
2004	3.3	3.3	2.4	1.9	2.4	2.9	2.8	3.4	4.2	4.0	3.5	2.8	1.9	1.7	0.8	0.9	0.6	0.3	0.0	0.5
2005	3.2	3.2	2.3	1.9	2.8	2.8	2.8	3.3	4.1	3.9	3.5	2.8	1.9	1.7	0.9	0.9	0.6	0.3	0.1	0.5

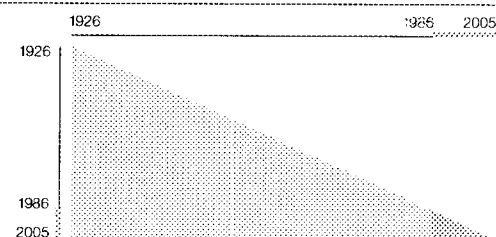
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-5 (Page 6 of 6)

Low-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of															
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1986																
1987																
1988																
1989																
1990	-8.4															
1991	-4.2	-3.3														
1992	-2.2	-1.1	1.5													
1993	-0.9	0.2	2.6	1.4												
1994	-1.1	-0.1	1.9	0.8	3.5											
1995	-1.9	-1.2	0.6	-0.5	1.1	5.2										
1996	-2.1	-1.6	0.1	-1.0	0.2	3.9	1.5									
1997	-2.1	-1.7	0.2	-0.8	0.1	3.8	1.8	0.0								
1998	-4.5	-4.3	-3.1	-4.3	-3.7	-1.6	-4.2	-6.9	-10.1							
1999	-3.3	-3.0	-1.8	-2.8	-2.2	0.0	-2.1	-4.1	-6.2	-7.3						
2000	-2.9	-2.5	-1.3	-2.1	-1.5	0.5	-1.4	-2.9	-4.5	-4.8	-4.6					
2001	-1.3	-0.8	0.2	-0.4	0.4	2.1	0.6	-0.5	-1.6	-1.4	-0.4	0.3				
2002	-1.1	-0.7	0.3	-0.3	0.5	2.0	0.5	-0.4	-1.4	-1.2	-0.3	0.4	1.7			
2003	0.1	0.6	1.6	1.1	2.0	3.4	2.3	1.6	0.9	1.3	2.5	3.5	5.1	12.0		
2004	0.6	1.1	2.0	1.6	2.5	3.8	2.8	2.2	1.7	2.1	3.2	4.3	5.7	11.7	12.0	
2005	0.6	1.1	1.9	1.5	2.4	3.6	2.7	2.1	1.6	1.9	3.0	3.9	5.2	10.3	10.4	12.9

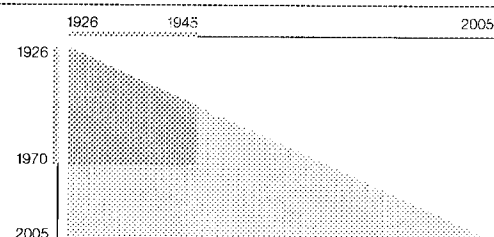
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-6 (Page 1 of 6)

Micro-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of																			
	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
1926																				
1927																				
1928																				
1929																				
1930	-18.8																			
1931	-15.6	-14.3																		
1932	-10.2	-7.9	-5.8																	
1933	5.1	9.2	14.4	20.9																
1934	7.6	11.6	16.5	22.6	34.8															
1935	7.0	10.4	14.5	19.3	28.5	35.2														
1936	9.5	12.9	16.8	21.2	29.1	34.9	37.2													
1937	8.7	11.7	15.2	19.1	26.0	30.3	31.5	30.8												
1938	6.5	9.0	11.9	15.0	20.5	23.7	23.8	22.1	6.6											
1939	5.8	8.2	10.9	13.7	18.6	21.0	20.4	18.0	4.6	0.3										
1940	5.8	7.9	10.4	13.0	17.4	19.5	18.9	17.1	5.6	2.0	3.9									
1941	5.7	7.8	10.0	12.4	16.4	18.3	17.7	16.1	5.9	2.8	4.5	-0.5								
1942	6.7	8.6	10.8	13.0	16.7	18.5	17.9	16.5	7.3	5.0	6.5	2.5	1.7							
1943	9.6	11.6	13.8	16.1	19.7	21.5	21.2	19.9	12.0	10.5	12.8	10.4	10.8	17.8						
1944	10.7	12.7	14.8	17.0	20.4	22.1	21.8	20.5	13.4	12.3	14.4	12.7	13.2	19.1	24.4					
1945	11.6	13.4	15.5	17.6	20.7	22.4	22.0	20.7	14.1	13.3	15.3	13.8	14.5	19.2	25.2	27.0				
1946	11.1	12.8	14.7	16.7	19.6	21.1	20.7	19.5	13.3	12.5	14.2	12.7	13.2	17.5	21.6	23.2	27.0			
1947	10.1	11.7	13.5	15.2	17.9	19.2	18.7	17.4	11.5	10.6	12.1	10.5	10.8	14.3	17.5	18.2	20.3	18.3		
1948	9.1	10.6	12.2	13.8	16.3	17.4	16.9	15.7	10.1	9.2	10.3	8.7	8.9	11.9	14.5	15.3	17.0	15.1	8.3	
1949	8.5	9.9	11.4	12.9	15.1	16.1	15.5	14.3	9.0	8.1	9.0	7.4	7.5	10.1	12.6	12.9	14.2	12.0	6.1	1.2
1950	8.1	9.4	10.8	12.2	14.2	15.2	14.5	13.2	8.1	7.4	8.1	6.6	6.7	8.8	11.6	11.7	12.8	10.5	5.6	1.6
1951	6.8	8.0	9.3	10.5	12.4	13.2	12.5	11.1	6.2	5.4	6.0	4.4	4.4	6.2	8.8	8.8	9.5	7.1	2.6	-1.4
1952	5.8	7.0	8.2	9.2	11.0	11.7	10.9	9.6	4.9	4.1	4.6	3.0	2.9	4.5	7.1	7.0	7.7	5.2	1.1	-2.6
1953	5.5	6.6	7.8	8.8	10.4	11.1	10.4	9.1	4.6	3.9	4.3	2.7	2.7	4.2	6.5	6.5	7.1	4.8	1.0	-2.4
1954	5.0	6.0	7.0	8.0	9.4	10.1	9.3	8.0	3.8	3.2	3.5	1.9	2.0	3.4	6.1	6.2	6.9	4.7	1.4	-1.5
1955	4.1	5.1	6.0	6.8	8.2	8.8	8.0	6.8	2.8	2.2	2.4	0.8	0.9	2.4	5.2	5.4	6.2	4.1	1.2	-1.6
1956	3.9	4.8	5.8	6.5	7.8	8.4	7.7	6.5	2.8	2.3	2.4	0.9	1.1	2.5	5.3	5.6	6.4	4.6	1.8	-0.8
1957	3.9	4.8	5.7	6.4	7.7	8.3	7.6	6.6	3.0	2.5	2.6	1.1	1.4	2.8	5.2	5.5	6.3	4.6	1.8	-0.6
1958	4.1	4.9	5.8	6.5	7.7	8.2	7.5	6.5	3.1	2.7	2.8	1.5	1.7	3.1	5.8	6.2	7.0	5.4	3.0	0.9
1959	4.0	4.9	5.7	6.3	7.5	8.0	7.4	6.4	3.1	2.8	2.8	1.6	1.9	3.2	5.8	6.2	7.0	5.5	3.3	1.4
1960	3.9	4.7	5.5	6.1	7.2	7.7	7.1	6.2	3.1	2.7	2.8	1.5	1.9	3.2	5.6	6.0	6.8	5.4	3.2	1.4
1961	3.6	4.4	5.1	5.7	6.7	7.2	6.6	5.7	2.7	2.4	2.4	1.2	1.6	2.9	5.3	5.7	6.4	5.0	3.0	1.3
1962	3.5	4.3	5.0	5.6	6.6	7.1	6.5	5.7	2.8	2.5	2.5	1.3	1.6	2.9	4.9	5.3	5.9	4.6	2.5	0.8
1963	2.9	3.7	4.3	4.9	5.8	6.3	5.7	4.9	2.1	1.8	1.8	0.6	1.0	2.2	4.2	4.6	5.2	3.9	1.9	0.3
1964	2.8	3.5	4.1	4.6	5.5	6.0	5.4	4.6	1.9	1.6	1.6	0.5	0.8	2.0	4.0	4.4	5.0	3.7	1.9	0.3
1965	3.3	3.9	4.6	5.1	6.0	6.4	5.9	5.2	2.6	2.3	2.3	1.3	1.6	2.8	4.8	5.2	5.7	4.6	2.9	1.4
1966	3.4	4.1	4.7	5.2	6.1	6.5	6.0	5.3	2.8	2.6	2.6	1.5	1.9	3.0	4.8	5.1	5.7	4.6	2.8	1.4
1967	5.0	5.7	6.3	6.8	7.7	8.2	7.8	7.1	4.8	4.6	4.7	3.7	4.2	5.3	7.2	7.6	8.2	7.2	5.7	4.5
1968	5.7	6.4	7.1	7.6	8.5	9.0	8.6	8.0	5.7	5.6	5.7	4.8	5.3	6.4	8.3	8.7	9.3	8.5	7.0	5.9
1969	5.2	5.8	6.5	7.0	7.8	8.3	7.9	7.3	5.0	4.8	4.9	4.0	4.4	5.4	7.0	7.3	7.8	6.9	5.4	4.3
1970	4.7	5.3	5.9	6.4	7.2	7.6	7.2	6.6	4.4	4.2	4.2	3.4	3.7	4.7	6.1	6.3	6.7	5.9	4.3	3.2

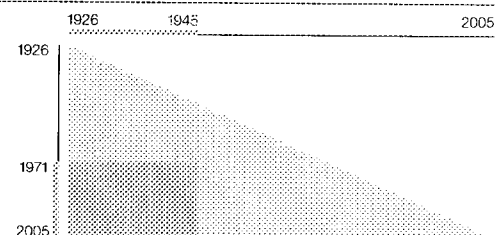
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-6 (Page 2 of 6)

Micro-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of																			
	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
1971	4.5	5.2	5.7	6.2	7.0	7.4	7.0	6.4	4.3	4.0	4.1	3.2	3.5	4.5	5.8	6.0	6.4	5.6	4.0	3.0
1972	3.9	4.5	5.0	5.5	6.2	6.6	6.2	5.6	3.5	3.2	3.3	2.4	2.7	3.6	4.9	5.1	5.4	4.6	3.1	2.0
1973	3.4	4.0	4.5	4.9	5.7	6.0	5.6	5.0	2.9	2.6	2.6	1.8	2.0	2.8	3.9	4.0	4.2	3.4	1.8	0.8
1974	3.8	4.4	4.9	5.3	6.1	6.4	6.1	5.6	3.5	3.2	3.2	2.4	2.7	3.5	4.4	4.6	4.8	4.0	2.4	1.4
1975	4.1	4.7	5.2	5.6	6.4	6.7	6.4	5.9	3.9	3.6	3.6	2.9	3.1	3.9	4.9	5.0	5.3	4.5	3.0	2.0
1976	4.5	5.0	5.5	5.9	6.7	7.0	6.7	6.2	4.3	4.0	4.1	3.3	3.6	4.4	5.3	5.5	5.7	5.0	3.6	2.7
1977	5.1	5.6	6.2	6.6	7.3	7.7	7.4	7.0	5.1	4.8	4.9	4.1	4.4	5.2	6.1	6.3	6.6	5.9	4.5	3.6
1978	5.3	5.8	6.3	6.8	7.5	7.8	7.6	7.2	5.3	5.1	5.1	4.4	4.7	5.5	6.3	6.5	6.7	6.1	4.7	3.9
1979	5.6	6.1	6.6	7.0	7.8	8.1	7.8	7.4	5.6	5.4	5.5	4.8	5.1	5.8	6.7	6.8	7.1	6.5	5.2	4.4
1980	5.3	5.9	6.4	6.7	7.4	7.8	7.5	7.1	5.4	5.2	5.2	4.5	4.8	5.5	6.4	6.6	6.8	6.2	4.9	4.1
1981	5.6	6.2	6.6	7.0	7.7	8.1	7.8	7.5	5.7	5.5	5.6	4.9	5.2	5.9	6.7	6.9	7.1	6.5	5.3	4.5
1982	5.6	6.1	6.6	7.0	7.7	8.0	7.8	7.5	5.8	5.6	5.6	5.0	5.3	6.0	6.7	6.9	7.1	6.6	5.3	4.6
1983	5.7	6.2	6.6	7.0	7.7	8.0	7.7	7.4	5.8	5.6	5.6	5.0	5.3	6.0	6.8	6.9	7.2	6.6	5.4	4.7
1984	5.3	5.8	6.2	6.5	7.2	7.5	7.3	7.0	5.3	5.2	5.2	4.5	4.8	5.5	6.2	6.4	6.6	6.0	4.8	4.1
1985	5.0	5.4	5.9	6.2	6.8	7.2	6.9	6.6	5.0	4.8	4.9	4.2	4.5	5.2	5.9	6.0	6.2	5.7	4.5	3.8
1986	4.6	5.1	5.5	5.8	6.4	6.7	6.5	6.2	4.7	4.5	4.5	3.9	4.2	4.8	5.5	5.7	5.9	5.3	4.2	3.5
1987	4.3	4.8	5.2	5.5	6.1	6.4	6.2	6.0	4.4	4.2	4.2	3.6	3.8	4.4	5.1	5.2	5.4	4.9	3.7	3.0
1988	4.3	4.8	5.2	5.4	6.0	6.3	6.1	5.9	4.4	4.2	4.2	3.6	3.8	4.4	5.1	5.2	5.4	4.9	3.7	3.0
1989	3.8	4.2	4.6	4.9	5.4	5.7	5.5	5.3	3.8	3.6	3.6	3.0	3.3	3.8	4.5	4.6	4.8	4.3	3.2	2.5
1990	3.5	3.9	4.2	4.5	5.1	5.3	5.1	4.9	3.4	3.2	3.2	2.6	2.8	3.4	4.0	4.1	4.3	3.8	2.6	1.9
1991	3.6	4.0	4.4	4.6	5.2	5.4	5.3	5.1	3.6	3.5	3.4	2.8	3.1	3.7	4.3	4.4	4.6	4.1	3.0	2.3
1992	3.9	4.3	4.6	4.9	5.4	5.7	5.5	5.3	3.9	3.8	3.7	3.1	3.4	4.0	4.6	4.7	4.9	4.4	3.4	2.7
1993	3.9	4.3	4.7	4.9	5.5	5.8	5.6	5.4	4.0	3.9	3.8	3.3	3.5	4.1	4.7	4.8	5.0	4.5	3.5	2.8
1994	3.9	4.3	4.6	4.8	5.4	5.6	5.5	5.3	4.0	3.8	3.8	3.2	3.5	4.0	4.6	4.7	4.9	4.4	3.4	2.7
1995	3.6	4.0	4.3	4.5	5.0	5.3	5.1	5.0	3.7	3.5	3.5	2.9	3.2	3.7	4.4	4.5	4.6	4.2	3.2	2.5
1996	3.4	3.8	4.1	4.3	4.8	5.1	4.9	4.8	3.5	3.4	3.3	2.7	3.0	3.6	4.2	4.3	4.5	4.0	3.0	2.4
1997	3.2	3.5	3.8	4.0	4.5	4.8	4.6	4.5	3.3	3.1	3.1	2.5	2.8	3.3	4.0	4.1	4.3	3.8	2.8	2.2
1998	2.5	2.9	3.2	3.4	3.8	4.1	3.9	3.8	2.6	2.4	2.4	1.8	2.1	2.6	3.2	3.4	3.5	3.0	2.1	1.5
1999	2.6	2.9	3.2	3.4	3.9	4.1	4.0	3.9	2.7	2.5	2.5	1.9	2.2	2.7	3.4	3.5	3.6	3.2	2.2	1.7
2000	2.7	3.0	3.3	3.5	3.9	4.2	4.0	4.0	2.8	2.6	2.6	2.0	2.3	2.8	3.4	3.6	3.7	3.2	2.3	1.7
2001	3.3	3.7	3.9	4.1	4.6	4.9	4.8	4.7	3.5	3.4	3.3	2.8	3.1	3.6	4.1	4.3	4.4	4.0	3.1	2.5
2002	3.6	3.9	4.2	4.4	4.9	5.1	5.0	4.9	3.8	3.6	3.5	3.0	3.3	3.8	4.3	4.4	4.6	4.2	3.2	2.7
2003	4.0	4.4	4.7	4.9	5.3	5.6	5.5	5.4	4.3	4.2	4.1	3.6	3.9	4.4	4.9	5.1	5.2	4.8	3.9	3.4
2004	4.0	4.4	4.6	4.8	5.3	5.6	5.5	5.4	4.3	4.2	4.1	3.6	3.9	4.4	4.9	5.0	5.2	4.8	3.9	3.4
2005	3.9	4.3	4.6	4.7	5.2	5.5	5.4	5.3	4.2	4.1	4.0	3.5	3.8	4.3	4.8	4.9	5.1	4.7	3.8	3.3

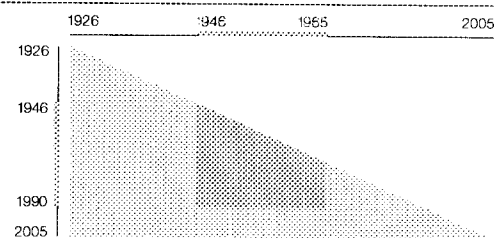
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-6 (Page 3 of 6)

Micro-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of																			
	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1946																				
1947																				
1948																				
1949																				
1950	-4.6																			
1951	-7.1	-7.3																		
1952	-7.8	-7.7	-6.4																	
1953	-7.0	-6.7	-5.6	-4.2																
1954	-5.5	-4.7	-3.2	-1.2	-0.3															
1955	-5.3	-4.0	-2.5	0.0	1.0	-0.8														
1956	-4.2	-2.8	-1.4	1.2	1.9	0.1	3.0													
1957	-3.9	-2.7	-1.6	0.4	0.7	-1.2	0.6	2.1												
1958	-1.9	-0.5	0.9	3.0	3.7	2.7	5.1	7.1	10.0											
1959	-1.2	0.2	1.5	3.5	4.3	3.4	5.5	7.3	9.8	7.4										
1960	-1.1	0.2	1.4	3.1	3.6	2.7	4.4	5.8	7.7	5.2	5.7									
1961	-1.0	0.3	1.4	3.0	3.5	2.7	4.4	5.7	7.2	5.3	5.7	6.1								
1962	-1.4	-0.5	0.4	1.6	1.9	0.9	2.2	3.2	4.2	2.4	3.0	3.4	4.5							
1963	-1.9	-1.0	-0.2	1.0	1.2	0.3	1.5	2.3	3.1	1.3	1.6	1.6	2.2	-2.3						
1964	-1.7	-0.8	0.0	1.1	1.3	0.5	1.6	2.4	3.1	1.6	1.7	1.6	2.1	-1.5	-3.3					
1965	-0.4	0.5	1.3	2.4	2.7	2.1	3.2	4.0	4.8	3.6	4.0	4.1	4.8	2.1	1.3	1.6				
1966	-0.3	0.5	1.2	2.2	2.4	1.8	2.8	3.6	4.2	3.1	3.6	3.8	4.4	2.0	1.3	1.9	2.1			
1967	3.0	3.9	4.8	5.9	6.3	5.9	7.2	8.2	9.1	8.6	9.5	10.1	11.1	9.9	10.4	11.9	14.0	17.2		
1968	4.5	5.4	6.4	7.4	7.9	7.7	9.0	10.0	11.0	10.7	11.7	12.4	13.6	12.8	13.5	15.2	17.5	20.8	27.3	
1969	2.9	3.6	4.4	5.2	5.5	5.3	6.4	7.3	8.0	7.7	8.6	9.2	9.8	9.1	9.4	10.6	12.3	14.0	19.2	23.9
1970	1.8	2.4	3.0	3.7	4.0	3.6	4.6	5.4	6.0	5.7	6.6	7.0	7.4	6.6	6.7	7.6	8.8	10.0	13.8	16.8
1971	1.6	2.1	2.7	3.4	3.6	3.3	4.2	5.0	5.5	5.2	6.1	6.4	6.7	6.0	6.1	6.8	7.9	8.8	12.0	14.3
1972	0.8	1.2	1.7	2.3	2.5	2.2	3.0	3.7	4.0	3.7	4.4	4.6	4.7	3.9	3.8	4.2	4.9	5.4	7.8	9.2
1973	-0.5	-0.2	0.2	0.7	0.8	0.5	1.3	1.9	2.1	1.9	2.6	2.7	2.7	2.0	1.9	2.1	2.8	3.0	5.2	6.4
1974	0.1	0.4	0.8	1.3	1.4	1.0	1.8	2.4	2.7	2.4	3.1	3.4	3.6	2.7	2.5	3.0	3.4	4.1	6.0	6.8
1975	0.9	1.1	1.6	2.1	2.2	1.9	2.7	3.3	3.6	3.5	4.3	4.5	4.7	4.1	4.0	4.5	5.1	5.6	7.5	8.4
1976	1.6	1.8	2.3	2.8	2.9	2.7	3.5	4.2	4.5	4.4	5.2	5.5	5.7	5.2	5.2	5.7	6.3	6.9	8.7	9.7
1977	2.6	2.9	3.4	3.9	4.1	3.9	4.7	5.3	5.7	5.7	6.5	6.8	7.1	6.7	6.8	7.4	8.0	8.7	10.6	11.6
1978	2.9	3.2	3.6	4.1	4.3	4.2	5.0	5.6	6.0	6.0	6.8	7.2	7.5	7.1	7.2	7.8	8.5	9.2	11.0	11.9
1979	3.4	3.7	4.2	4.7	4.9	4.8	5.5	6.2	6.6	6.7	7.5	7.8	8.1	7.8	8.0	8.5	9.2	9.9	11.6	12.6
1980	3.2	3.5	3.9	4.4	4.6	4.5	5.2	5.9	6.2	6.3	7.0	7.3	7.6	7.2	7.4	7.9	8.5	9.0	10.5	11.4
1981	3.6	3.9	4.3	4.8	5.0	4.9	5.6	6.3	6.6	6.7	7.4	7.8	8.0	7.7	7.9	8.4	9.0	9.6	11.1	11.9
1982	3.7	4.0	4.4	4.9	5.1	5.0	5.7	6.3	6.6	6.7	7.4	7.7	8.0	7.6	7.8	8.2	8.8	9.4	10.7	11.4
1983	3.9	4.1	4.6	5.0	5.2	5.1	5.8	6.4	6.7	6.8	7.4	7.7	8.0	7.7	7.8	8.2	8.8	9.3	10.6	11.2
1984	3.3	3.5	3.9	4.3	4.5	4.4	5.0	5.6	5.9	5.9	6.5	6.8	7.0	6.7	6.7	7.1	7.6	8.0	9.2	9.7
1985	3.0	3.2	3.6	4.0	4.2	4.0	4.7	5.2	5.4	5.5	6.0	6.3	6.4	6.1	6.1	6.5	6.9	7.3	8.3	8.8
1986	2.6	2.9	3.2	3.6	3.7	3.6	4.2	4.7	4.9	4.9	5.4	5.6	5.8	5.3	5.4	5.7	6.0	6.3	7.3	7.7
1987	2.2	2.4	2.7	3.1	3.2	3.0	3.6	4.0	4.3	4.2	4.7	4.9	5.0	4.6	4.6	4.8	5.1	5.4	6.3	6.6
1988	2.2	2.4	2.8	3.1	3.2	3.1	3.6	4.1	4.3	4.2	4.7	4.8	5.0	4.6	4.5	4.8	5.1	5.4	6.2	6.5
1989	1.6	1.9	2.2	2.5	2.6	2.4	2.9	3.3	3.5	3.4	3.8	3.9	4.1	3.6	3.5	3.8	3.9	4.2	4.9	5.1
1990	1.1	1.3	1.6	1.9	2.0	1.8	2.3	2.6	2.8	2.7	3.1	3.2	3.3	2.8	2.7	2.9	3.1	3.3	4.0	4.1

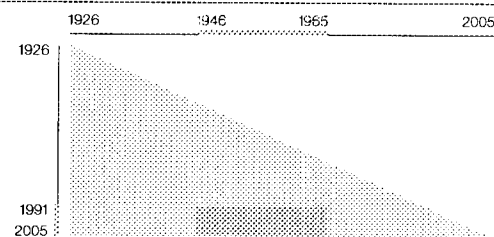
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-6 (Page 4 of 6)

Micro-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of																			
	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1991	1.5	1.7	2.0	2.3	2.4	2.2	2.7	3.0	3.2	3.1	3.5	3.6	3.7	3.2	3.2	3.4	3.5	3.8	4.4	4.6
1992	1.9	2.1	2.4	2.8	2.8	2.7	3.1	3.5	3.7	3.6	4.0	4.1	4.2	3.8	3.7	3.9	4.1	4.3	5.0	5.2
1993	2.1	2.3	2.6	2.9	3.0	2.8	3.3	3.7	3.8	3.7	4.1	4.2	4.4	3.9	3.9	4.1	4.2	4.5	5.1	5.3
1994	2.0	2.2	2.5	2.8	2.9	2.7	3.1	3.5	3.7	3.6	3.9	4.0	4.2	3.7	3.7	3.9	4.0	4.3	4.9	5.0
1995	1.8	2.0	2.3	2.6	2.7	2.5	2.9	3.3	3.4	3.3	3.6	3.7	3.8	3.4	3.4	3.5	3.6	3.9	4.4	4.6
1996	1.7	1.9	2.2	2.5	2.5	2.4	2.8	3.1	3.3	3.1	3.4	3.5	3.6	3.2	3.1	3.3	3.4	3.6	4.1	4.3
1997	1.5	1.7	2.0	2.3	2.3	2.2	2.6	2.9	3.0	2.9	3.1	3.2	3.3	2.9	2.8	2.9	3.0	3.2	3.7	3.8
1998	0.8	0.9	1.2	1.4	1.5	1.3	1.7	2.0	2.1	1.9	2.2	2.2	2.3	1.8	1.7	1.8	1.9	2.1	2.5	2.5
1999	1.0	1.1	1.4	1.6	1.7	1.5	1.9	2.2	2.3	2.1	2.4	2.4	2.5	2.0	1.9	2.0	2.1	2.3	2.7	2.8
2000	1.0	1.2	1.5	1.7	1.8	1.6	1.9	2.2	2.3	2.2	2.4	2.4	2.5	2.1	2.0	2.1	2.1	2.3	2.7	2.8
2001	1.8	2.0	2.3	2.5	2.6	2.4	2.8	3.1	3.2	3.1	3.3	3.4	3.5	3.1	3.0	3.2	3.2	3.5	3.9	4.0
2002	2.0	2.2	2.4	2.7	2.8	2.6	3.0	3.2	3.4	3.3	3.5	3.6	3.7	3.3	3.2	3.4	3.5	3.7	4.1	4.2
2003	2.8	3.0	3.2	3.5	3.6	3.4	3.8	4.1	4.2	4.1	4.4	4.5	4.6	4.2	4.2	4.4	4.5	4.7	5.1	5.2
2004	2.8	3.0	3.2	3.5	3.6	3.4	3.8	4.1	4.2	4.1	4.4	4.5	4.6	4.2	4.2	4.4	4.5	4.7	5.1	5.2
2005	2.7	2.9	3.1	3.4	3.4	3.3	3.7	4.0	4.1	3.9	4.3	4.4	4.5	4.1	4.1	4.2	4.3	4.5	4.9	5.0

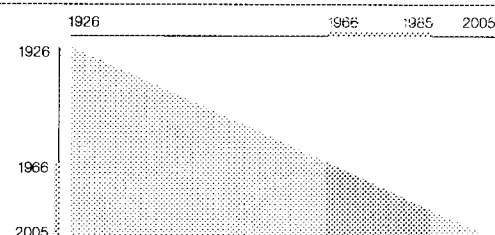
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-6 (Page 5 of 6)

Micro-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of																			
	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
1966																				
1967																				
1968																				
1969																				
1970	15.7																			
1971	13.1	13.8																		
1972	7.4	7.1	-5.3																	
1973	4.5	3.7	-7.0	-15.6																
1974	4.9	4.8	-5.4	-12.8	-11.7															
1975	7.0	7.0	-1.2	-6.7	-4.7	-1.6														
1976	8.5	8.6	1.6	-2.8	-0.5	2.7	3.1													
1977	10.7	11.0	4.9	1.3	3.7	7.1	8.1	14.6												
1978	11.1	11.4	5.9	2.8	5.1	8.3	9.3	15.1	21.8											
1979	11.9	12.2	7.3	4.5	6.8	9.8	11.0	16.1	22.0	22.7										
1980	10.7	10.9	6.2	3.6	5.7	8.2	9.1	13.4	18.3	17.9	17.6									
1981	11.2	11.5	7.2	4.8	6.8	9.2	10.1	14.0	18.2	18.6	18.1	17.1								
1982	10.7	11.0	6.9	4.7	6.6	8.8	9.5	12.9	16.7	17.1	16.3	14.9	11.3							
1983	10.6	10.8	7.0	4.9	6.7	8.8	9.4	12.5	16.0	16.2	15.3	14.1	10.9	10.3						
1984	9.1	9.2	5.5	3.4	5.0	6.8	7.3	9.9	12.8	12.7	11.6	9.9	6.6	5.3	2.0					
1985	8.1	8.2	4.6	2.7	4.1	5.7	6.1	8.4	11.1	10.7	9.5	8.0	4.8	3.5	0.5	1.1				
1986	6.9	7.0	3.5	1.6	3.0	4.4	4.7	6.6	9.1	8.8	7.5	5.8	2.8	1.5	-1.4	-1.4	-4.3			
1987	5.8	5.9	2.5	0.6	1.8	3.2	3.3	5.0	7.2	6.9	5.4	3.6	0.8	-0.7	-3.6	-4.1	-7.1	-9.7		
1988	5.7	5.8	2.5	0.7	1.9	3.2	3.3	5.0	7.0	6.8	5.3	3.7	1.1	-0.2	-2.7	-2.9	-5.3	-7.2	-10.9	
1989	4.4	4.3	1.2	-0.6	0.5	1.7	1.7	3.1	5.0	4.7	3.2	1.6	-0.9	-2.2	-4.6	-5.0	-7.3	-9.3	-12.7	-11.0
1990	3.4	3.3	0.2	-1.5	-0.5	0.5	0.5	1.7	3.4	3.1	1.5	-0.2	-2.6	-4.0	-6.4	-7.0	-9.3	-11.2	-14.4	-13.3
1991	3.8	3.8	0.9	-0.8	0.3	1.3	1.3	2.5	4.2	3.9	2.6	1.1	-1.1	-2.2	-4.2	-4.5	-6.3	-7.7	-10.1	-8.5
1992	4.5	4.5	1.7	0.1	1.2	2.2	2.3	3.5	5.1	4.9	3.7	2.3	0.4	-0.5	-2.3	-2.4	-3.8	-4.8	-6.6	-4.7
1993	4.7	4.6	2.0	0.5	1.5	2.5	2.6	3.8	5.3	5.2	4.0	2.8	1.0	0.2	-1.4	-1.4	-2.6	-3.4	-4.9	-3.0
1994	4.4	4.4	1.8	0.4	1.3	2.3	2.3	3.4	4.9	4.8	3.6	2.4	0.7	0.0	-1.5	-1.6	-2.7	-3.5	-4.8	-3.1
1995	3.9	3.9	1.4	0.0	1.0	1.9	1.9	3.0	4.4	4.2	3.2	2.0	0.4	-0.3	-1.7	-1.7	-2.8	-3.4	-4.7	-3.1
1996	3.6	3.6	1.2	-0.2	0.7	1.6	1.7	2.6	4.1	3.8	2.8	1.7	0.2	-0.5	-1.8	-1.8	-2.7	-3.4	-4.5	-3.0
1997	3.2	3.2	0.8	-0.5	0.4	1.2	1.3	2.2	3.6	3.4	2.4	1.4	-0.1	-0.7	-1.9	-1.9	-2.8	-3.4	-4.5	-3.0
1998	1.9	1.8	-0.5	-1.8	-1.0	-0.2	-0.2	0.6	1.9	1.6	0.6	-0.5	-2.0	-2.6	-3.9	-4.0	-5.0	-5.7	-6.8	-5.7
1999	2.1	2.1	-0.2	-1.4	-0.6	0.2	0.2	1.0	2.3	2.0	1.1	0.1	-1.3	-1.9	-3.1	-3.1	-3.9	-4.5	-5.6	-4.4
2000	2.2	2.1	-0.1	-1.3	-0.5	0.3	0.3	1.0	2.3	2.1	1.2	0.2	-1.1	-1.7	-2.8	-2.9	-3.6	-4.2	-5.1	-4.0
2001	3.4	3.4	1.3	0.2	1.0	1.7	1.8	2.6	3.8	3.7	2.8	1.9	0.7	0.2	-0.8	-0.8	-1.4	-1.8	-2.6	-1.4
2002	3.6	3.7	1.6	0.5	1.3	2.0	2.1	2.8	3.9	3.9	3.0	2.1	1.0	0.5	-0.4	-0.5	-1.1	-1.4	-2.1	-1.0
2003	4.8	4.8	2.8	1.8	2.6	3.4	3.4	4.2	5.4	5.4	4.6	3.8	2.8	2.4	1.6	1.7	1.2	1.0	0.4	1.6
2004	4.7	4.8	2.9	1.9	2.7	3.4	3.5	4.3	5.4	5.3	4.6	3.8	2.9	2.5	1.7	1.8	1.3	1.1	0.6	1.8
2005	4.6	4.6	2.7	1.8	3.0	3.2	3.3	4.1	5.1	5.1	4.4	3.6	2.7	2.3	1.7	1.6	1.2	1.0	0.5	1.5

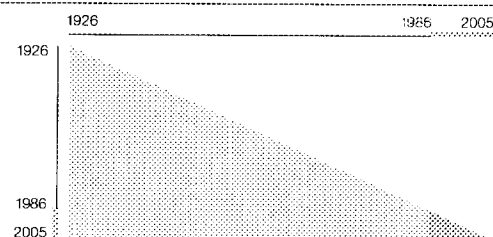
*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

Risk Premia Over Time Report 2006

Table A-6 (Page 6 of 6)

Micro-Cap Size Premia*

Percent per annum risk premia for all historical time periods.



from 1926 to 2005

To the end of	From the beginning of																
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
1986																	
1987																	
1988																	
1989																	
1990	-15.1																
1991	-9.2	-8.4															
1992	-4.8	-3.4	0.8														
1993	-2.9	-1.5	2.4	1.6													
1994	-3.1	-1.8	1.3	0.5	4.4												
1995	-3.0	-1.9	1.2	0.4	3.4	10.5											
1996	-2.9	-2.0	1.0	0.3	2.8	8.8	6.1										
1997	-2.9	-2.1	1.0	0.3	2.3	8.0	5.6	2.0									
1998	-5.8	-5.3	-3.1	-4.1	-2.6	1.0	-2.2	-6.6	-10.2								
1999	-4.4	-3.8	-1.6	-2.3	-0.9	2.6	0.1	-3.4	-5.8	-6.3							
2000	-4.0	-3.4	-1.3	-2.0	-0.7	2.5	0.2	-2.6	-4.5	-4.3	-5.6						
2001	-1.3	-0.5	1.3	0.9	2.5	5.4	3.6	1.7	0.6	1.4	1.6	2.1					
2002	-0.9	-0.1	1.4	1.1	2.6	5.1	3.5	1.8	0.8	1.6	1.9	2.5	4.6				
2003	1.9	2.8	4.4	4.3	6.0	8.5	7.4	6.1	5.7	6.9	7.9	9.4	12.2	22.0			
2004	2.0	2.9	4.4	4.3	5.9	8.2	7.2	6.0	5.6	6.7	7.6	8.9	11.3	19.4	21.5		
2005	1.8	2.6	4.0	3.9	5.4	7.5	6.5	5.4	5.0	5.8	6.6	7.7	9.7	16.4	17.8	22.3	

*Beta and equity risk premium estimated from the S&P 500. Estimates based on a minimum of five years of data.

**Market Yield on U.S. Treasury Securities
at 20-Year Constant Maturity, Quoted on Investment Basis**

	<u>Month</u> (1)	<u>Yield</u> (2)
1.	January 2005	4.77
2.	February 2005	4.61
3.	March 2005	4.89
4.	April 2005	4.75
5.	May 2005	4.56
6.	June 2005	4.35
7.	July 2005	4.48
8.	August 2005	4.53
9.	September 2005	4.51
10.	October 2005	4.74
11.	November 2005	4.83
12.	December 2005	<u>4.73</u>
13.	Average	4.65

2005 Railroad Industry Unlevered Beta

<u>Company</u> (1)	<u>Unlevered Beta 1/</u> (2)	<u>Railroad Weights 2/</u> (3)	<u>Weighted Average 3/</u> (4)
1. Burlington Northern Santa Fe Corporation	0.53	32.20%	0.171
2. CSX Corporation	0.59	14.95%	0.088
3. Norfolk Southern Corporation	0.70	24.56%	0.172
4. Union Pacific Corporation	0.46	28.29%	<u>0.130</u>
5. Railroad Industry Unlevered Beta <u>4/</u>	---	---	0.56

1/ Ibbotson Associates.

2/ Rockey VS at 7.

3/ Column (2) x Column (3)

4/ Sum of Column (4)

2005 Railroad Industry Levered Beta

<u>Item</u>	<u>Source</u>	<u>Statistics</u>
(1)	(2)	(3)
1. 2005 Railroad Industry Debt to Equity Ratio		
a. Debt Portion of Capital Structure	Rockey VS at 28	30.4%
b. Equity Portion of Capital Structure	Rockey VS at 28	<u>69.6%</u>
c. Debt/Equity Ratio	Line 1a ÷ Line 1b	0.44
2. Railroad Industry 2005 Unlevered Beta	Exhibit No. 4	<u>0.56</u>
3. Railroad Industry 2005 Levered Beta	(1+ Line 1c) x Line 2	0.81

2005 Railroad Industry Size Premium

<u>Company</u> (1)	<u>2005 Average Market Capitalization</u> <u>1/</u> (2)		<u>Capitalization Decile Rank</u> <u>2/</u> (3)		<u>Size Premium</u> <u>2/</u> (4)		<u>Railroad Weights</u> <u>1/</u> (5)		<u>Weighted Average</u> <u>3/</u> (6)	
1. Burlington Northern Santa Fe Corporation	\$20,253,925,358		1		-0.37%		32.20%		-0.0012	
2. CSX Corporation	9,402,561,373		2		0.67%		14.95%		0.0010	
3. Norfolk Southern Corporation	15,449,669,248		2		0.67%		24.56%		0.0016	
4. Union Pacific Corporation	17,792,912,666		1		-0.37%		28.29%		-0.0010	
5. 2005 Railroad Industry Size Premium 4/	---		---		---		---		0.04%	

1/ Rocky VS at 7.

2/ Ibbotson Associates Risk Premia over Time Report: 2006. For the year end 2005, companies with market capitalizations greater than \$16.091 billion were in the top decile of publicly traded stocks, and companies with market capitalizations between \$7.189 billion and \$16.091 billion were in the second decile.

3/ Column (4) x Column (5)

2005 Railroad Industry Cost of Equity

<u>Item</u> (1)	<u>Source</u> (2)	<u>Statistic</u> (3)
1. 2005 Average Risk Free Rate	<u>1/</u>	4.65%
2. Railroad Risk Premium		
a. 2005 Equity Risk Premium	<u>2/</u>	7.10%
b. 2005 Railroad Industry Levered Beta	Exhibit No. 5	<u>0.81</u>
c. 2005 Railroad Industry Risk Premium	Line 2a x Line 2b	5.72%
3. 2005 Railroad Industry Size Premium	Exhibit No. 6	0.04%
4. 2005 Railroad Industry Cost of Equity	Line 1 + Line 2c + Line 3	10.41%

1/ Average 2005 monthly yield on 20 year U.S. Treasury securities with constant maturity rate as reported by the Federal Reserve Bank of Saint Louis.

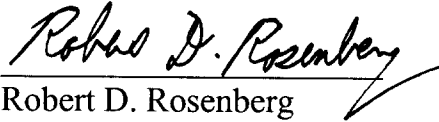
2/ Ibbotson Associates Risk Premia over Time Report: 2006.

2005 Railroad Industry Weighted Average Cost of Capital

<u>Item</u> (1)	<u>Source</u> (2)	<u>Statistic</u> (3)
1. 2005 Weighted Cost of Equity		
a. 2005 Railroad Industry Cost of Equity	Exhibit No. 7	10.41%
b. Equity Portion of Capital Structure	Rockey VS at 28	<u>69.60%</u>
c. 2005 Weighted Cost of Railroad Industry Equity	Line 1a x Line 1b	7.24%
2. 2005 Weighted Cost of Debt		
a. 2005 Railroad Industry Cost of Debt	Rockey VS at 28	5.36%
b. Debt Portion of Capital Structure 1/	Rockey VS at 28	<u>30.40%</u>
c. 2005 Weighed Cost of Railroad Industry Debt		1.63%
3. 2005 Railroad Industry Weighted Average Cost of Capital	Line 1c + Line 2c	8.87%

CERTIFICATE OF SERVICE

I hereby certify that on this 28th day of April 2006, I have caused true and accurate copies of the foregoing Reply Comments of the Western Coal Traffic League to be served upon all parties on the service list in this proceeding.


Robert D. Rosenberg