

$$(A) \quad M(EPE) = 1 + \frac{\sum_{\substack{\text{maturity} \\ t_k > 1 \text{ year}}} EE_k \times \Delta t_k \times df_k}{\sum_{t_k \leq 1 \text{ year}} \text{effective} EE_k \times \Delta t_k \times df_k} ;$$

(B)  $df_k$  is the risk-free discount factor for future time period  $t_k$ ; and

$$(C) \quad \Delta t_k = t_k - t_{k-1}.$$