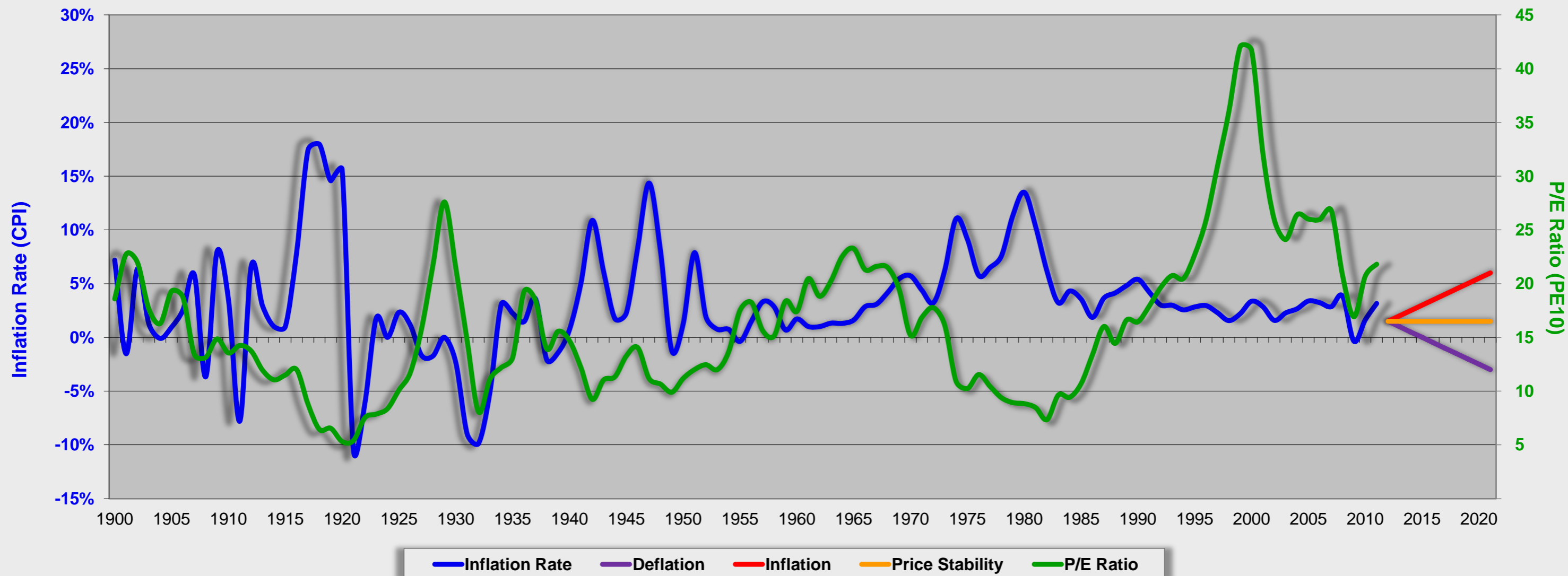


## RELATIONSHIP OF INFLATION & PRICE/EARNINGS RATIOS (1900 - 2011)

HISTORY OF INFLATION TRENDS (CPI; left scale) AND THE PRICE/EARNINGS RATIO (right scale)



AVERAGE P/E RATIO BY RANGE OF INFLATION

CPI RANGE		ALL PERIODS (1900-2011)		EXCL. LATE 1990s+ (1900-1994)	
		AVG CPI	AVG P/E	AVG CPI	AVG P/E
less than	0.00%	-3.8%	14	-4.0%	14
	0.00%	0.6%	16	0.6%	16
	1.00%	1.4%	18	1.4%	16
	2.00%	2.6%	22	2.6%	16
	3.00%	3.4%	19	3.3%	16
	4.00%	4.3%	16	4.3%	16
	5.00%	5.5%	15	5.5%	15
	6.00%	7.3%	13	7.3%	13
	10.0%	13.7%	8	13.7%	8

SCATTER PLOT: P/E RATIO AND INFLATION (1900 - 2011)

