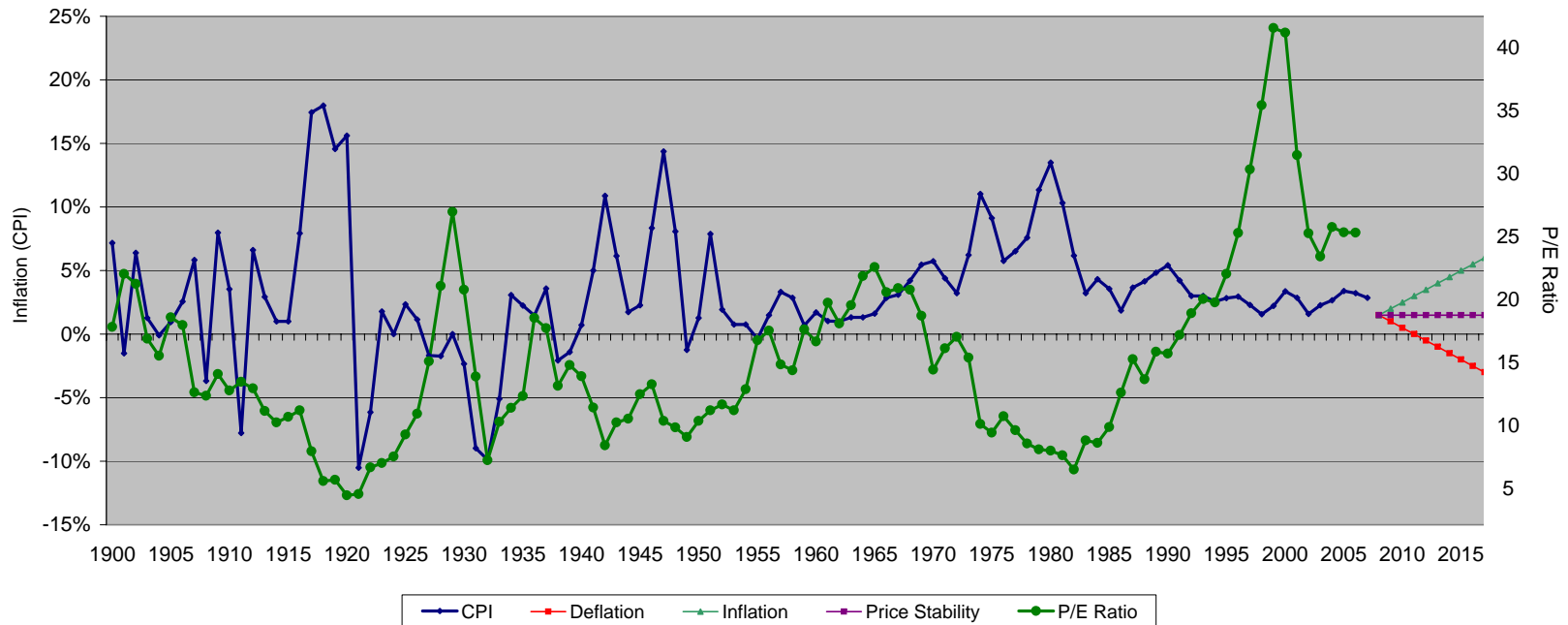


RELATIONSHIP OF INFLATION & PRICE/EARNINGS RATIOS (1900 - 2007)

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 (1900-2007)		EXCL. LATE 1990s+ (1900-1994)	
		AVG CPI	AVG P/E	AVG CPI	AVG P/E
less than	0.00%	-4.0%	14	-4.0%	14
	0.00%	0.99%	0.6%	16	0.6%
	1.00%	1.99%	1.4%	17	1.4%
	2.00%	2.99%	2.6%	22	2.6%
	3.00%	3.99%	3.3%	19	3.3%
	4.00%	4.99%	4.3%	16	4.3%
	5.00%	5.99%	5.5%	15	5.5%
	6.00%	9.99%	7.3%	13	7.3%
	10.0%	and more	13.7%	8	13.7%

SCATTER PLOT: P/E RATIO AND INFLATION (1900 - 2007)

