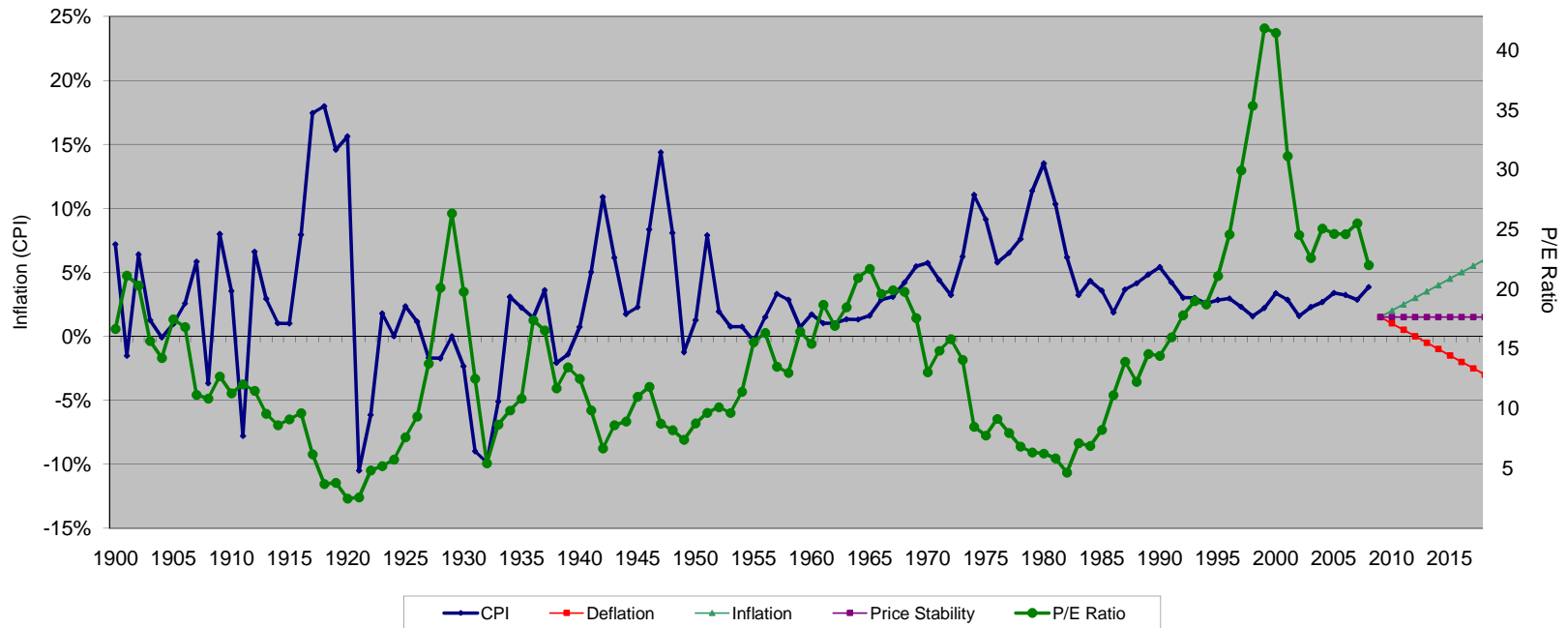


## RELATIONSHIP OF INFLATION & PRICE/EARNINGS RATIOS (1900 - 2008)

### 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<br>(1900-2008) |            | EXCL. LATE 1990s+<br>(1900-1994) |            |
|-----------|-------|----------------------------|------------|----------------------------------|------------|
|           |       | AVG<br>CPI                 | AVG<br>P/E | AVG<br>CPI                       | AVG<br>P/E |
| BEG       | END   |                            |            |                                  |            |
| less than | 0.00% | -4.0%                      | 14         | -4.0%                            | 14         |
|           | 0.00% | 0.6%                       | 16         | 0.6%                             | 16         |
|           | 1.00% | 1.4%                       | 17         | 1.4%                             | 16         |
|           | 2.00% | 2.9%                       | 22         | 2.6%                             | 16         |
|           | 3.00% | 3.9%                       | 19         | 3.3%                             | 16         |
|           | 4.00% | 4.9%                       | 16         | 4.3%                             | 16         |
|           | 5.00% | 5.9%                       | 15         | 5.5%                             | 15         |
|           | 6.00% | 9.9%                       | 13         | 7.3%                             | 13         |
|           | 10.0% | and more                   | 13.7%      | 13.7%                            | 8          |

### SCATTER PLOT: P/E RATIO AND INFLATION (1900 - 2008)

