

# INFLATION FACTOR

YEAR	INFLATION FACTOR
1999	1.50%
2000	4.10%
2001	2.30%
2002	1.58%
2003	2.92%
2004	6.5%

**PROJECTED INFLATION FACTOR FOR CALENDAR YEAR 2005: 7.4%**

DEMONSTRATION CALCULATION						
9/31/04		9/31/03				
<u>2403.2</u>	-	<u>2237.7</u>	x	100	=	7.4%
		2237.7				

The Projected Inflation Factor was calculated using the most recent 12 months of data available from the Boeck Index prior to the Board Meeting. The actual inflation factor applied on December 31 will be calculated using the most recent data available at that time.