

INFLATION FACTOR

YEAR	INFLATION FACTOR
1999	1.50%
2000	4.10%
2001	2.30%
2002	1.58%
2003	2.92%
2004	6.50%
2005	7.40%

PROJECTED INFLATION FACTOR FOR CALENDAR YEAR 2006: 4.8%
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DEMONSTRATION CALCULATION					
8/31/2004		9/31/04			
2519.2	-	2403.2	x	100	= 4.8%
2403.2					

The "Projected Inflation Factor for Calendar Year 2006" was calculated using the most recent cost index data available from the Boeckh index, the cost index selected by the MSI Board for inflation factor calculations. The actual inflation factor that will be used during calendar year 2006 will be calculated using the most recent data available prior to the entry of the new inflation index into the computer systems, which will occur on December 30, 2005.