

INFLATION FACTOR

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YEAR	INFLATION FACTOR
1999	1.50%
2000	4.10%
2001	2.30%
2002	1.58%
2003	2.92%
2004	6.50%
2005	7.40%
2006	4.80%

PROJECTED INFLATION FACTOR FOR CALENDAR YEAR 2007: 7.17%

DEMONSTRATION CALCULATION

$$\begin{array}{r} 10/31/2006 \\ \hline 2699.8 \end{array} - \begin{array}{r} 10/31/2005 \\ \hline 2519.2 \end{array} \times 100 = 7.17\%$$

The "Projected Inflation Factor for Calendar Year (CY) 2007" was calculated using the most recent cost index data available from the Marshall & Swift/Boeckh Building Cost Index Numbers, the cost index selected by the MSI Board for inflation factor calculations. The actual inflation factor that will be used during CY 2007 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 29, 2006.