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From: Wayne Western
To: Christensen, Steve; Gefferth, John
CC: Haddock, Daron; James Smith; OGMCOAL
Date: 11/10/2008 3:32 PM
Subject: Calculations
Place: OGMCOAL
Attachments: 20081110152337.pdf

John,

attached are the calculations for the escalation factor.

Steve Christensen and myself would like to set up a conference call with you and Means. We want to make sure that you get the backup information that you need.

Please let me know if I can be of any further help.

Wayne

2007 => 134.6
2004 => 120.2

$$134.6 = 120.2(1+x)^3$$
$$1.1198 = (1+x)^3$$
$$\log(1.1198) = 3\log(1+x)$$
$$0.0491 = 3\log(1+x)$$
$$0.0164 = \log(1+x)$$
$$1.0384 = 1+x$$
$$0.0384 = x$$

check

$$120.2(1+0.384)^3 = x$$
$$120.2(1.1197) = x$$
$$134.5856 = x$$

Note : 1.0384 was rounded to 1.038

$2007 \Rightarrow 134.6$
$2004 \Rightarrow 120.2$

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