

On July 7, 2008 the S&P 500 Index had declined 20% from its October 9, 2007 level. Both the Dow Jones Industrial Average and Nasdaq Composite had also fallen at least 20% from their previous highs. A downturn of 20% or more in multiple indexes is widely considered to be a bear market. Looking back at the S&P 500 since 1956, there have been nine previous bear markets, with declines ranging from 20% in 1990 to 48% and 49% in 1973-74 and 2000-02, respectively.

The table below shows each of the nine previous periods where the S&P 500 declined 20% and the 1, 3, 6, and 12 month index price change that followed. As you can see in the table, the index rebounded and recorded positive performance in all but 7 of the 36 periods. Additionally, the average price changes for each period after the 20% decline were positive, ranging from 3.0% to 16.5%. In only two instances, 1973-74 and 2000-02, did the negative performance extend an additional year.

While history has shown that bear markets are a normal occurrence and that patient investors have been rewarded over the long-term, it is important to use the past only as a point of reference to help keep market volatility in perspective.

Previous 20% Declines		S&P 500 Index Price Change (%) After 20% Decline			
<u>Date of Market High</u>	<u>Date of 20% Decline</u>	<u>1 Month</u>	<u>3 Months</u>	<u>6 Months</u>	<u>12 Months</u>
08/02/56	10/21/57	3.4	5.5	9.7	31.0
12/12/61	05/28/62	-2.0	5.9	11.9	26.1
02/09/66	08/29/66	2.4	7.9	16.4	24.6
11/29/68	01/29/70	4.4	-4.5	-8.9	11.8
01/11/73	11/27/73	2.1	0.7	-7.7	-26.9
11/28/80	02/22/82	1.1	3.0	4.1	30.4
08/25/87	10/19/87	6.8	10.9	14.7	23.2
07/16/90	10/11/90	8.1	6.7	27.8	29.1
03/24/00	03/12/01	0.3	6.4	-7.4	-1.2
10/09/07	07/07/08	???	???	???	???
Average		3.0	4.7	6.7	16.5

Source: Source: Standard & Poor's Equity Research. The historical performance figures for the S&P 500 Index are for illustrative purposes only and are not intended to imply or guarantee future performance. These returns were the result of certain market factors and events which may not be repeated in the future.

The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. The index cannot be purchased directly by investors.