

In July 2008 the major U.S. stock market indexes had declined at least 20% from their October 2007 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 49% in 2000-02. In addition, the authority on U.S. business cycles, the National Bureau of Economic Research, officially announced that the U.S. economy is currently in a recession that began in December 2007.

The table below shows the most recent bear market as well as each of the nine previous bear markets. History has shown that bear markets are a normal occurrence and much can be learned by using the past to help keep current market volatility in perspective.

- The average bear market has lasted 14 months and seven of the ten bear markets have been accompanied by a recession.
- Bear markets accompanied by recession have tended to last longer than bear markets that do not include a recession.
- The latest bear market has been the most severe with the S&P 500 index declining 52%.\*
- The average price change in the year that followed a bear market trough has been 35.6%.

The bottom line is that each bear market is different and it is difficult to predict when a recovery will begin. However, history has shown that market recoveries can happen quickly so we believe investors who are patient and remain committed to their long-term investment plan will continue to be rewarded over time.

Previous U.S. Bear Markets					
Date of Market Peak	Date of Market Trough	Bear Market Length (in months)	Peak to Trough Return	Recession During Bear Market	1 Year Return After Trough
08/02/56	10/22/57	15	-22%	Yes	31.0%
12/12/61	06/26/62	7	-28%	No	32.7%
02/09/66	10/07/66	8	-22%	No	32.9%
11/29/68	05/26/70	18	-36%	Yes	43.7%
01/11/73	10/03/74	21	-48%	Yes	38.0%
11/28/80	08/12/82	21	-27%	Yes	58.3%
08/25/87	12/04/87	4	-34%	No	21.4%
07/16/90	10/11/90	3	-20%	Yes	29.1%
03/24/00	10/09/02	31	-49%	Yes	33.7%
10/09/07	11/20/08*	14	-52%	Yes	???
<i>Average (excluding most recent bear market)</i>		<i>14</i>	<i>-32%</i>	<i>-</i>	<i>35.6%</i>

\*Information for the most recent bear market is as of 12/1/08.

Source: Bloomberg and National Bureau of Economic Research. Historical performance figures for the S&P 500 Index are based on price appreciation and are for illustrative purposes only. Returns 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.