

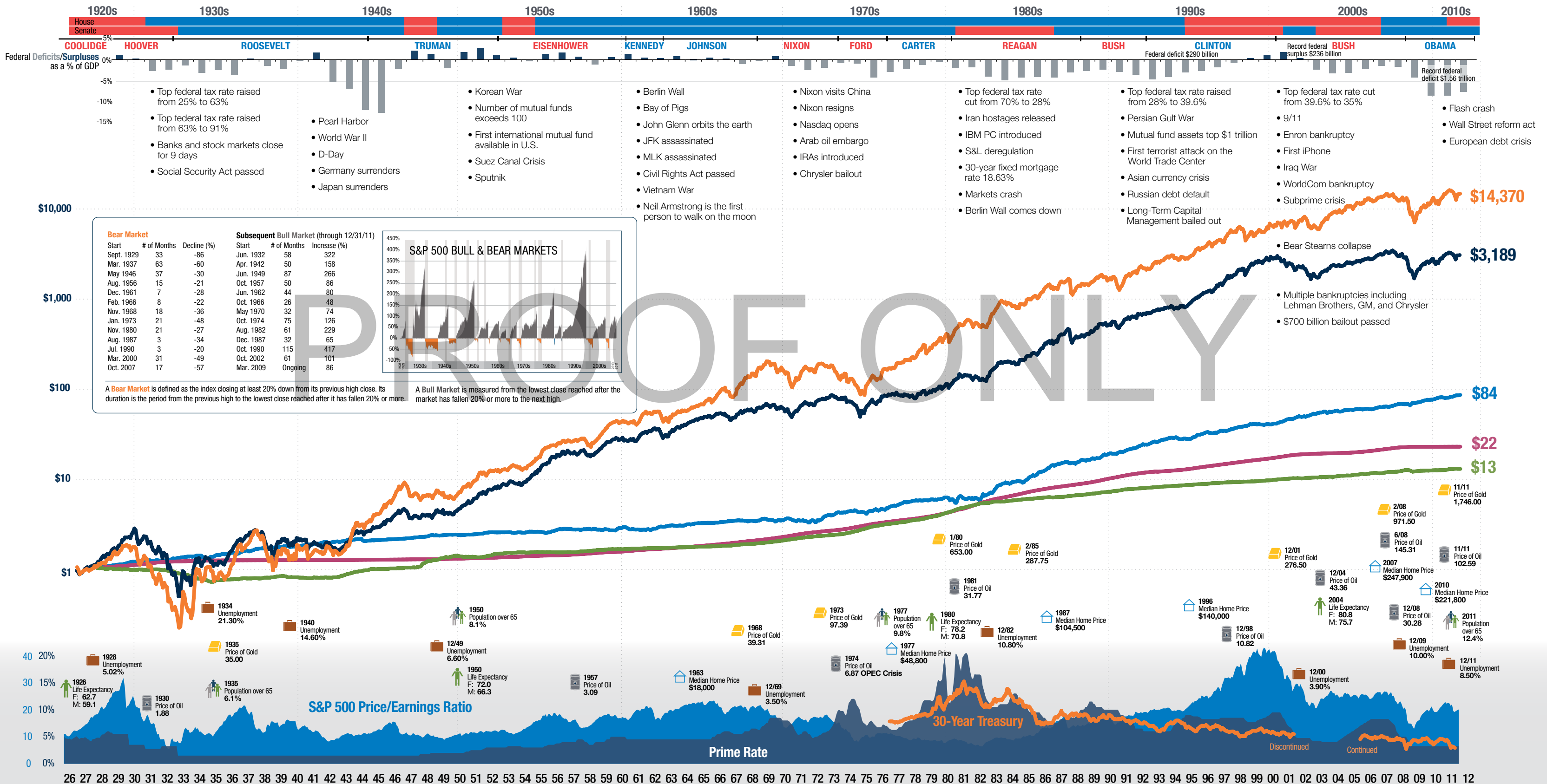
HISTORY OF THE FINANCIAL MARKETS

ANNUALIZED RETURNS THROUGH 12/31/11

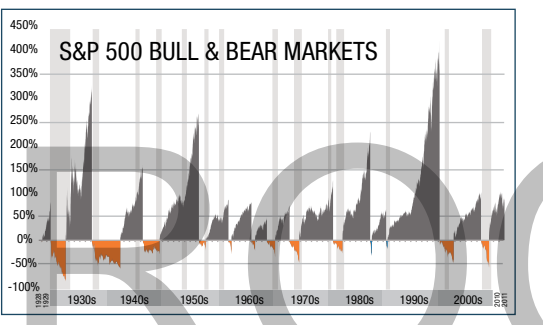
	1-Year	5-Year	10-Year	30-Year	Since 1926
Inflation	2.96%	2.17%	2.33%	3.15%	2.99%
Large-Cap U.S. Stocks	2.12%	2.29%	1.41%	10.72%	9.93%
Small-Cap U.S. Stocks	1.02%	4.65%	7.66%	11.79%	11.91%
Investment-Grade Bonds	7.87%	5.80%	5.84%	8.92%	5.25%
Cash	0.11%	2.49%	2.41%	5.29%	3.72%

ANNUALIZED RETURNS THROUGH 12/31/11

	1-Year	5-Year	10-Year	30-Year	Since 1926
Broad U.S. Stocks	1.10%	3.01%	2.56%	10.54%	—
Foreign Developed	-11.74%	2.94%	3.94%	9.70%	—
Emerging Markets	-18.17%	13.11%	16.23%	11.25%	—



Bear Market			Subsequent Bull Market (through 12/31/11)		
Start	# of Months	Decline (%)	Start	# of Months	Increase (%)
Sept. 1929	33	-86	Jun. 1932	58	322
Mar. 1937	63	-60	Apr. 1942	50	158
May 1946	37	-30	Jun. 1949	87	266
Aug. 1956	15	-21	Oct. 1957	50	86
Dec. 1961	7	-28	Jun. 1962	44	80
Feb. 1966	8	-22	Oct. 1966	26	48
Nov. 1968	18	-36	May 1970	32	74
Jan. 1973	21	-48	Oct. 1974	75	126
Nov. 1980	21	-27	Aug. 1982	61	229
Aug. 1987	3	-34	Dec. 1987	32	65
Jul. 1990	3	-20	Oct. 1990	115	417
Mar. 2000	31	-49	Oct. 2002	61	101
Oct. 2007	17	-57	Mar. 2009	Ongoing	86



A **Bear Market** is defined as the index closing at least 20% down from its previous high close. Its duration is the period from the previous high to the lowest close reached after it has fallen 20% or more.

A **Bull Market** is measured from the lowest close reached after the market has fallen 20% or more to the next high.

Sources: **Inflation:** Represented by the change in the Consumer Price Index. **Large-Cap U.S. stocks:** Represented by the S&P 500 index. **Small-Cap U.S. stocks:** Represented by a composite of the CRSP 6th-10th decile portfolios and the S&P SmallCap 600 index. **Investment-Grade bonds:** Represented by a composite of returns on long-term government bonds (derived from yields published by the Federal Reserve), the Barclays Long-Term Government Bond index, and the Barclays U.S. Aggregate Bond index. **Cash:** Represented by a composite of yields on 3-month Treasury bills, published by the Federal Reserve, and the Barclays 3-Month Treasury Bills index. **Broad U.S. stocks:** Represented by the Wilshire 5000 index. **Foreign Developed stocks:** Represented by the MSCI Europe, Australasia, and Far East (EAFE) index. **Emerging Markets:** Represented by a composite of the S&P/IFCG index and the MSCI Emerging Markets index. **Commodities:** Represented by the S&P/Goldman Sachs Commodities index. **Bear/Bull Markets:** Bear markets are defined as a drop of 20% or more from a peak value of the S&P 500 index, and are measured from the peak of the market to the bottom of the market. Bull markets are measured from the market low to the next peak. **Prime Rate and 30-Year Treasury Yield:** The Federal Reserve; U.S. Census. **S&P 500 Price-Earnings:** Represented by the ratio of the real price of the S&P 500 index to the average real earnings of the S&P 500 index over the preceding 10 years. **Life Expectancy, Population Over 65, and Median Home Prices:** U.S. Census. **Price of Gold:** Based on the 4 p.m. London Fix. Prices prior to 1978 are annual averages. **Oil Prices:** U.S. crude oil, first purchase price, annual average (prior to 1986); West Texas crude spot price (1986 and later). **Unemployment:** Bureau of Labor Statistics. **Federal Deficit/Surplus:** Bureau of Economic Analysis. © 2012 S&P Capital IQ Financial Communications. All rights reserved. A reference to a particular company is not a recommendation to buy, sell, or hold its securities. S&P does not guarantee the accuracy, adequacy, or completeness of the data contained in the chart and therefore is not subject to liability for errors or omissions.