Q. Reference: PUB-NP-056

Mr. Coyne argues that analyst bias has been reduced, based primarily on the results of a 2010 study in the Financial Analysts Journal. Please confirm that the conclusions of this study are based primarily on a comparison of forecast errors during 2003-2006 (a period with all positive stock returns in the U.S.) versus 1996-2002.

A. As explained on page 100 of the study, the analysis was conducted on a sample of 434,268 observations for each of three sub-periods. The period before Regulation FD (i.e., 1996 through October 2000) represents 53 percent of the sample observations, the period between Regulation FD and the Global Settlement (i.e., October 2000 through July 2002) represents 18 percent of the sample observations, and the period after the Global Settlement (i.e., July 2002 through 2006) represents 29 percent of the observations.

In response to the suggestion in the question that positive stock returns in the U.S. from 2003-2006 had some influence on the results of the study, Mr. Coyne notes that on page 102 of the study, the authors state:

> *"Neither aggregate economic performance nor stock valuations seem to be out of the ordinary in the post-settlement years. The actual earnings, stock returns, and GDP growth rates seem to be unusually low in the period between Reg FD and the Global Settlement. We controlled for these effects and other potentially relevant factors by examining the effects of Reg FD and the Global Settlement in a regression framework."*