



## Press Release

### **S&P 500 Second Quarter Buybacks Soar 221% From Q2 2009**

#### *Cash-Rich Companies Protecting EPS From Dilution*

**New York, September 22, 2010** – Standard & Poor’s, the world’s leading index provider, announced today that preliminary results show that S&P 500 stock buybacks for the second quarter of 2010 increased 220.9% to \$77.64 billion from the record low \$24.2 billion registered during the second quarter of 2009. The \$77.64 billion in share repurchases represents a 40.5% improvement over the first quarter of 2010, and marks the fourth quarter in a row that S&P 500 companies have increased their stock buyback activity.

“The 221% increase represents a remarkable one-year turnaround for S&P 500 stock buybacks,” says Howard Silverblatt, Senior Index Analyst at S&P Indices. “We have effectively moved from a period when companies were reluctant to touch their stock (Q2 2009), to a point where companies are now protecting EPS dilution via share count reduction.”

S&P Indices also determined that during the second quarter of 2010, 257 issues participated in stock buyback programs, up from 251 in the first quarter of this year and 214 that participated in the fourth quarter of 2009. While there was broader participation, buybacks again remained top-heavy with 20 issues accounting for 50.3% of the buyback activity, down from 59.8% in the first quarter. Additionally, for the fifth quarter in a row, none of the issues made the top 20 historical list for largest stock buybacks.

On a sector basis, S&P Indices notes that Information Technology continues to dominate the buyback market, accounting for 27.3% of all buybacks with Health Care now accounting for 19.0% and Consumer Staples for 18.7%. Both Telecommunications and Utilities remain low-key players at 0.19% and 0.69%, respectively.

After 39 quarters of Share Count Reduction (SCR) through buybacks, Exxon shares increased in the second quarter, as it was restricted on buying additional shares during the proxy solicitation of XTO Energy. Consumer Staples issue, Wal-Mart, increased their buybacks for the sixth quarter in a row spending \$4.15 billion in the second quarter, a new quarterly record for the company. Of note was Microsoft’s \$3.9 billion expenditure (up from \$2.0 billion in the first quarter), given reports that they may use debt to pay for buybacks (\$9.3 billion over the past year) and dividends (\$5.5 billion annual rate after today’s increase).

“For the rest of 2010, S&P Indices sees buyback growth and expenditures outpacing dividends,” concludes Silverblatt. “We also expect companies to spend in excess of \$300 billion on stock buybacks for the year, up from the \$137.6 billion spent in 2009.”

Historical S&P 500 buyback data can be found at: [www.marketattributes.standardandpoors.com](http://www.marketattributes.standardandpoors.com).

**S&P Indices**

**S&P 500, \$ U.S. BILLIONS**

<b>PERIOD</b>	<b>MARKET VALUE \$ BILLIONS</b>	<b>OPERATING EARNINGS \$ BILLIONS</b>	<b>AS REPORTED EARNINGS \$ BILLIONS</b>	<b>DIVIDENDS \$ BILLIONS</b>	<b>BUYBACKS \$ BILLIONS</b>	<b>DIVIDEND &amp; BUYBACK YIELD</b>
06/30/2010	\$9,323	\$189.76	\$178.00	\$50.44	\$77.64	4.43%
03/31/2010	\$10,560	\$174.91	\$157.85	\$49.28	\$55.26	3.38%
12/31/2009	\$9,928	\$152.77	\$135.14	\$50.40	\$47.82	3.37%
09/30/2009	\$9,337	\$139.37	\$130.37	\$47.21	\$34.85	3.71%
06/30/2009	\$8,045	\$120.85	\$118.22	\$47.63	\$24.20	5.17%
03/31/2009	\$6,928	\$87.78	\$65.29	\$51.73	\$30.78	7.13%
12/31/2008	\$7,852	-\$0.78	-\$202.11	\$62.19	\$48.12	7.48%
09/30/2008	\$10,181	\$142.90	\$86.16	\$61.44	\$89.71	6.73%
06/30/2008	\$11,163	\$148.43	\$112.15	\$61.94	\$87.91	6.88%
03/30/2008	\$11,511	\$144.63	\$135.24	\$61.72	\$113.90	7.25%
12/31/2007	\$12,868	\$133.38	\$68.53	\$67.09	\$141.71	6.49%
09/30/2007	\$13,470	\$184.13	\$133.66	\$61.21	\$171.95	5.89%
06/30/2007	\$13,350	\$213.65	\$194.30	\$59.76	\$157.76	5.44%

**S&P Indices**

**S&P 500 SECTOR BUYBACKS**

<b>SECTOR \$ MILLIONS</b>	<b>Q2,'10</b>	<b>Q1,'10</b>	<b>Q2,'09 (low)</b>	<b>Q3,'07 (high)</b>	<b>CHG OVR Q1,'10</b>	<b>CHG OVR Q2,'09</b>	<b>CHG FR Q3,'07</b>
<b>Consumer Discretionary</b>	<b>\$12,816</b>	\$6,197	\$2,350	\$34,902	106.80%	445.42%	-63.28%
<b>Consumer Staples</b>	<b>\$14,488</b>	\$10,678	\$4,013	\$16,088	35.68%	261.02%	-9.95%
<b>Energy</b>	<b>\$3,127</b>	\$2,986	\$5,343	\$14,717	4.73%	-41.48%	-78.75%
<b>Financials</b>	<b>\$4,275</b>	\$5,455	\$1,170	\$27,762	-21.63%	265.37%	-84.60%
<b>Healthcare</b>	<b>\$14,729</b>	\$9,395	\$4,699	\$18,660	56.78%	213.43%	-21.06%
<b>Industrials</b>	<b>\$5,479</b>	\$3,304	\$1,681	\$17,521	65.86%	225.97%	-68.73%
<b>Information Technology</b>	<b>\$21,161</b>	\$16,207	\$4,757	\$23,904	30.57%	344.82%	-11.48%
<b>Materials</b>	<b>\$883</b>	\$735	\$159	\$6,503	20.02%	454.66%	-86.43%
<b>Telecommunication Services</b>	<b>\$145</b>	\$70	\$13	\$3,947	107.50%	1026.64%	-96.33%
<b>Utilities</b>	<b>\$537</b>	\$232	\$10	\$7,943	131.36%	5493.75%	-93.24%
<b>TOTAL</b>	<b>\$77,640</b>	<b>\$55,259</b>	<b>\$24,195</b>	<b>\$171,947</b>	<b>40.50%</b>	<b>220.89%</b>	<b>-54.85%</b>

**S&P Indices****S&P 500 20 LARGEST Q2 2010 BUYBACKS, \$ MILLIONS**

COMPANY	SECTOR	Q2 2010	BUYBACKS Q4,'04-Q2,'10
Wal-Mart Stores	Consumer Staples	\$4,145	\$27,343
Intl Bus. Machines	Information Technology	\$4,104	\$61,730
Microsoft Corp	Information Technology	\$3,839	\$87,639
Procter & Gamble	Consumer Staples	\$2,587	\$49,233
PepsiCo Inc	Consumer Staples	\$2,573	\$18,340
Hewlett-Packard	Information Technology	\$2,568	\$44,019
Cisco Systems	Information Technology	\$2,424	\$45,126
DIRECTV	Consumer Discretionary	\$1,723	\$10,081
Gilead Sciences	Healthcare	\$1,692	\$5,855
Exxon Mobil	Energy	\$1,568	\$142,817
WellPoint Inc	Healthcare	\$1,493	\$19,832
Travelers Cos	Financials	\$1,399	\$12,443
Merck & Co	Healthcare	\$1,297	\$7,756
Disney (Walt) Co	Consumer Discretionary	\$1,249	\$20,004
QUALCOMM Inc	Information Technology	\$1,178	\$8,783
Philip Morris Intl	Consumer Staples	\$1,104	\$13,709
Biogen Idec	Healthcare	\$1,032	\$6,769
Medco Health Solutions	Healthcare	\$1,024	\$9,199
McKesson Corp	Healthcare	\$1,016	\$4,130
Genzyme Corp	Healthcare	\$1,000	\$1,788
<b>Top 20</b>		<b>\$39,014</b>	<b>\$596,597</b>
<b>S&amp;P 500</b>		<b>\$77,640</b>	<b>\$2,046,776</b>
<b>Top 20 % of S&amp;P 500</b>		<b>50.25%</b>	<b>29.15%</b>

**S&P Indices****S&P 500 INDUSTRIAL (OLD) CASH AND EQUIVALENT LEVELS**

Values are in \$ million and are NOT index values; no adjustment for float

YEAR	CASH & EQUIVALENT \$ MILLIONS	% HELD AS CASH	SHORT-TERM SECURITIES	CASH % OF MARKET VALUE
06/30/2010	\$842,494	65.74%	34.26%	11.59%
03/31/2010	\$836,771	67.10%	32.90%	10.14%
12/31/2009	\$831,188	70.49%	28.85%	9.98%
9/30/2009	\$820,287	68.28%	31.22%	10.70%
6/30/2009	\$772,687	67.55%	32.10%	11.48%
3/31/2009	\$664,778	72.20%	27.80%	11.08%
12/31/2008	\$654,613	74.10%	25.40%	9.94%
9/30/2008	\$647,813	74.63%	25.37%	7.79%
6/30/2008	\$648,436	74.73%	25.27%	7.04%
3/31/2008	\$615,504	72.41%	27.12%	6.67%
12/31/2007	\$609,664	69.84%	29.79%	5.93%

**About S&P Indices**

S&P Indices, the world's leading index provider, maintains a wide variety of investable and benchmark indices to meet an array of investor needs. Over \$1.25 trillion is directly indexed to Standard & Poor's family of indices, which includes the S&P 500, the world's most followed stock market index, the S&P/Case-Shiller Home Price Indices, the leading measure of U.S. home prices, the S&P Global BMI, an index with approximately 11,000 constituents, the S&P GSCI, the industry's most closely watched

commodities index, and the S&P National AMT-Free Municipal Bond Index, the premier investable index for U.S. municipal bonds. For more information, please visit [www.standardandpoors.com/indices](http://www.standardandpoors.com/indices).

**About Standard & Poor's**

Standard & Poor's, a subsidiary of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of independent credit ratings, indices, risk evaluation, investment research and data. With offices in 23 countries and markets, Standard & Poor's is an essential part of the world's financial infrastructure and has played a leading role for 150 years in providing investors with the independent benchmarks they need to feel more confident about their investment and financial decisions. For more information, visit <http://www.standardandpoors.com>.

For more information:

David R. Guarino  
Standard & Poor's  
Communications  
212-438-1471  
[dave\\_guarino@standardandpoors.com](mailto:dave_guarino@standardandpoors.com)

Howard Silverblatt  
Senior Index Analyst  
S&P Indices  
212 438 3916  
[howard\\_silverblatt@standardandpoors.com](mailto:howard_silverblatt@standardandpoors.com)