

PRESS RELEASE

S&P 500 Q2 Buybacks Decline 27% From Q1 2014

New York, September 23, 2014 – S&P Dow Jones Indices announced today that preliminary results show that S&P 500® stock buybacks, or share repurchases, decreased 1.6% to \$116.2 billion during the second quarter of 2014, down from the \$118.1 billion spent on share repurchases during the second quarter of 2013. The \$116.2 billion also represents a 27.1% decline over the \$159.3 billion spent on stock buybacks during Q1 2014, which was the second largest on record.

According to S&P Dow Jones Indices, for the 12 months ending June 2014, S&P 500 issues increased their buyback expenditures by 26.6% to \$533.0 billion from the \$420.9 billion posted during the corresponding twelve month period in 2013. The twelve-month high mark was reached in fiscal year 2007, when companies spent \$589.1 billion. The twelve-month recession low point was \$137.6 billion, recorded in fiscal year 2009.

Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices, notes that buybacks are half of the stock supply story, with company stock issuance (for employee options, M&A or financing) being the other half. For the second quarter of 2014, companies reduced their overall spending on buybacks, even as the average daily stock price rose 3.6%, resulting in fewer shares being purchased. However, companies on aggregate also issued fewer shares, with the net change resulting in a lower share count and higher earnings-per-share (EPS).

“By reducing their share count, more companies are adding tailwinds to their EPS,” says Silverblatt. “During the second quarter, 23% of S&P 500 issuers reduced their year-over-year share count enough to push up their earnings per share significantly versus just shy of 20% during Q1 and 12% during the second quarter of 2013.”

S&P Dow Jones Indices’ data show that more companies continued to reduce their share count, with 295 doing so in Q2, up from 290 in Q1 2014 and 223 in Q2 2013. Significant changes (generally considered 1% or greater for the quarter) continued to strongly favor reductions, as 126 issues reduced their share count by at least 1%, up from last quarter’s 123 issues and 90 issues for Q2 2013. Share reduction change impacts of at least 4% (Q2 2014 over Q2 2013), which can be seen in EPS comparisons, were 116 in Q2 2014, up from the prior quarter’s 99, and Q2 2013’s 62.

Silverblatt also comments that companies continue to increase their total shareholders’ returns through regular cash dividends, as well as buybacks, even as the second quarter total expenditure declined from the first quarter. Over the year ended June 2014, buyback and dividend expenditures combined reached a new record high of \$865.9 billion, with buybacks representing 61.6% of the total.

“If companies wish to continue the trend of decreasing share count (and therefore increasing EPS), they may need to spend more on buybacks,” says Silverblatt. “Third quarter prices are averaging +3.9% and the continuing bull market conditions are putting more options in the money. While share count reduction is a management tool for EPS growth, most companies have shown a tendency to protect their EPS from dilution by at least covering their employee issuance.”

On a sector basis, Information Technology continued to dominate the group, even as its buybacks decreased to represent 26.3% (down from last quarter’s 30.9%) of all S&P 500 buybacks. Apple led the Index with its \$5 billion stock repurchase program, down from its record \$18 billion expenditure last quarter.

All data in this press release should be sourced to: S&P Dow Jones Indices. Historical S&P 500 buyback data can be found at: www.spindices.com/indices/equity/sp-500.

<More>

S&P Dow Jones Indices

S&P 500, \$ U.S. BILLIONS, preliminary values in bold italics

PERIOD	MARKET	OPERATING	AS REPORTED	DIVIDEND & DIVIDENDS					
	VALUE	EARNINGS	EARNINGS	DIVIDENDS	BUYBACKS	DIVIDEND	BUYBACK	BUYBACK	& BUYBACKS
	\$ BILLIONS	\$ BILLIONS	\$ BILLIONS	\$ BILLIONS	\$ BILLIONS	YIELD	YIELD	YIELD	\$ BILLION
6/30/2014 Prelim.	\$17,404	\$261.47	\$241.76	\$86.65	\$116.17	1.91%	3.06%	4.98%	\$202.82
3/31/2014	\$16,700	\$243.67	\$221.82	\$81.96	\$159.28	1.93%	3.20%	5.14%	\$241.24
12/31/2013	\$16,495	\$252.10	\$236.31	\$84.98	\$129.41	1.89%	2.88%	4.77%	\$214.40
9/30/2013	\$14,960	\$239.50	\$219.13	\$79.26	\$128.16	2.05%	2.98%	5.03%	\$207.42
6/30/2013	\$14,310	\$234.84	\$221.56	\$76.67	\$118.05	2.07%	2.94%	5.02%	\$194.72
3/31/2013	\$13,979	\$229.57	\$215.76	\$70.86	\$99.97	2.06%	2.97%	5.02%	\$170.82
12/31/2012	\$12,742	\$206.84	\$184.50	\$79.83	\$99.15	2.20%	3.13%	5.33%	\$178.98
9/30/2012	\$12,881	\$214.58	\$189.64	\$69.48	\$103.72	2.07%	3.01%	5.08%	\$173.20
6/30/2012	\$12,303	\$229.69	\$195.27	\$67.31	\$111.75	2.08%	3.27%	5.35%	\$179.05
3/31/2012	\$12,730	\$219.09	\$208.15	\$64.07	\$84.29	1.95%	3.14%	5.09%	\$148.37
12/31/2011	\$11,385	\$214.83	\$186.85	\$65.89	\$87.59	2.11%	3.56%	5.67%	\$153.47
09/30/2011	\$10,303	\$230.30	\$206.08	\$59.20	\$118.41	2.22%	3.92%	6.14%	\$177.61
6/30/2011	\$12,021	\$226.29	\$202.44	\$59.03	\$109.24	1.84%	3.04%	4.88%	\$168.27
3/31/2011	\$12,068	\$205.34	\$195.15	\$56.08	\$89.84	1.76%	2.76%	4.52%	\$145.91
12/31/2010	\$11,430	\$199.40	\$187.67	\$54.85	\$86.36	1.80%	2.61%	4.42%	\$141.21
09/30/2010	\$10,336	\$195.28	\$176.80	\$51.26	\$79.56	1.94%	2.52%	4.45%	\$130.81
06/30/2010	\$9,323	\$189.04	\$178.00	\$50.44	\$77.64	2.10%	2.31%	4.41%	\$128.08
03/31/2010	\$10,560	\$175.00	\$157.85	\$49.28	\$55.26	1.83%	1.54%	3.36%	\$104.54
12/31/2009	\$9,928	\$152.77	\$135.14	\$49.04	\$47.82	1.97%	1.39%	3.36%	\$96.86
09/30/2009	\$9,337	\$139.37	\$130.37	\$47.21	\$34.85	2.24%	1.48%	3.71%	\$82.06
06/30/2009	\$8,045	\$120.85	\$118.22	\$47.63	\$24.20	2.77%	2.40%	5.17%	\$71.83
03/31/2009	\$6,928	\$87.78	\$65.29	\$51.73	\$30.78	3.43%	3.70%	7.13%	\$82.51
12/31/2008	\$7,852	-\$0.78	-\$202.11	\$62.19	\$48.12	3.15%	4.33%	7.48%	\$110.31
09/30/2008	\$10,181	\$142.90	\$86.16	\$61.44	\$89.71	2.48%	4.26%	6.73%	\$151.15
06/30/2008	\$11,163	\$148.43	\$112.15	\$61.94	\$87.91	2.26%	4.62%	6.88%	\$149.86

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S&P 500 20 LARGEST Q2 2014 BUYBACKS, \$ MILLIONS

Company	Ticker	Sector	Q2,'14	12 Mo Jun,'14	Indicated	SCR	SCR
			Buybacks \$ Mil	Buybacks \$ Mil	Dividend \$ Mil	Q2,'14/ Q1,'14	Q2,'14/ Q2,'13
Apple	AAPL	Information Technology	\$5,000	\$32,910	\$11,336	-1.71%	-6.46%
International Business Machines	IBM	Information Technology	\$3,662	\$19,542	\$4,454	-3.52%	-9.40%
Exxon Mobil	XOM	Energy	\$3,003	\$13,209	\$11,852	-0.84%	-3.07%
Wells Fargo	WFC	Financials	\$2,954	\$7,497	\$7,374	-0.05%	-0.63%
Intel	INTC	Information Technology	\$2,352	\$4,009	\$4,480	0.12%	0.33%
Home Depot	HD	Consumer Discretionary	\$2,250	\$7,700	\$2,572	-1.67%	-6.24%
Merck	MRK	Healthcare	\$2,246	\$3,824	\$5,143	-0.74%	-2.03%
Express Scripts Holding	ESRX	Healthcare	\$2,042	\$5,914	\$0	-2.53%	-7.47%
Oracle	ORCL	Information Technology	\$1,972	\$9,813	\$2,140	-0.13%	-3.93%
Walt Disney	DIS	Consumer Discretionary	\$1,833	\$6,480	\$1,489	-1.24%	-4.01%
eBay	EBAY	Information Technology	\$1,657	\$3,869	\$0	-0.71%	-3.50%
Cisco Systems	CSCO	Information Technology	\$1,533	\$9,843	\$3,893	-0.15%	-4.87%
Citrix Systems	CTXS	Information Technology	\$1,501	\$1,806	\$0	-7.97%	-9.34%
Boeing	BA	Industrials	\$1,498	\$5,799	\$2,129	-1.94%	-4.04%
3M	MMM	Industrials	\$1,426	\$6,351	\$2,238	-1.47%	-4.93%
JPMorgan Chase	JPM	Financials	\$1,375	\$2,800	\$6,056	-0.29%	-0.05%
QUALCOMM	QCOM	Information Technology	\$1,350	\$6,675	\$2,836	-0.29%	-2.89%
General Dynamic	GD	Industrials	\$1,261	\$2,946	\$850	-1.47%	-2.86%
The Goldman Sachs Group	GS	Financials	\$1,250	\$6,019	\$984	-1.80%	-5.48%
Gilead Sciences	GILD	Healthcare	\$1,200	\$2,150	\$0	-0.92%	-1.78%
Top 20			\$41,365	\$159,157	\$69,826		
S&P 500			\$116,171	\$533,017	\$356,525		
Top 20 % of S&P 500			35.61%	29.86%	19.59%		

SCR - Share Count Reduction in average weighted diluted share count used for EPS

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S&P 500 SECTOR BUYBACKS

SECTOR \$ MILLIONS	Q2,'14	Q1,'14	Q2,'13	12MO JUN,'14	12 MO JUN,'13	5-YEARS
Consumer Discretionary	\$18,969	\$18,610	\$13,856	\$78,621	\$59,618	\$299,343
Consumer Staples	\$8,529	\$12,031	\$10,095	\$42,903	\$45,991	\$228,684
Energy	\$8,716	\$13,091	\$8,400	\$46,024	\$31,668	\$171,830
Financials	\$17,330	\$18,262	\$13,697	\$67,417	\$54,024	\$220,068
Healthcare	\$15,221	\$15,814	\$14,878	\$61,349	\$65,041	\$278,118
Industrials	\$12,662	\$22,024	\$14,354	\$65,088	\$42,959	\$187,455
Information Technology	\$30,569	\$49,182	\$37,221	\$146,394	\$95,583	\$469,028
Materials	\$3,772	\$8,534	\$1,578	\$18,114	\$6,116	\$41,035
Telecommunication Services	\$324	\$1,565	\$3,851	\$6,419	\$18,484	\$30,869
Utilities	\$79	\$164	\$122	\$689	\$1,403	\$10,079
TOTAL	\$116,171	\$159,277	\$118,051	\$533,017	\$420,887	\$1,936,508

SECTOR BUYBACK MAKEUP %	Q2,'14	Q1,'14	Q2,'13	12MO JUN,'14	12 MO JUN,'13	5-YEARS
Consumer Discretionary	16.33%	11.68%	11.74%	14.75%	14.16%	15.46%
Consumer Staples	7.34%	7.55%	8.55%	8.05%	10.93%	11.81%
Energy	7.50%	8.22%	7.12%	8.63%	7.52%	8.87%
Financials	14.92%	11.47%	11.60%	12.65%	12.84%	11.36%
Healthcare	13.10%	9.93%	12.60%	11.51%	15.45%	14.36%
Industrials	10.90%	13.83%	12.16%	12.21%	10.21%	9.68%
Information Technology	26.31%	30.88%	31.53%	27.47%	22.71%	24.22%
Materials	3.25%	5.36%	1.34%	3.40%	1.45%	2.12%
Telecommunication Services	0.28%	0.98%	3.26%	1.20%	4.39%	1.59%
Utilities	0.07%	0.10%	0.10%	0.13%	0.33%	0.52%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

DATE	CASH & EQUIVALENT \$ MILLIONS	% HELD AS CASH	% SHORT-TERM SECURITIES	CASH % OF LTD	LTD % OF MARKET VALUE	CASH % OF MARKET VALUE
6/30/2014 Prelim.	\$1,249,892	54.06%	45.94%	49.60%	17.22%	8.54%
3/31/2014	\$1,233,070	58.63%	41.37%	49.49%	17.86%	8.84%
12/31/2013	\$1,304,447	61.84%	38.16%	53.21%	17.68%	9.41%
9/30/2013	\$1,245,790	60.36%	39.64%	55.46%	19.09%	10.59%
6/30/2013	\$1,143,837	58.30%	41.70%	59.95%	16.02%	9.60%
3/31/2013	\$1,093,516	60.14%	39.86%	58.76%	15.91%	9.35%
12/31/2012	\$1,091,310	63.39%	36.61%	53.21%	18.94%	10.08%
9/30/2012	\$1,030,442	64.20%	35.80%	58.93%	15.93%	9.39%
6/30/2012	\$985,375	63.89%	36.11%	55.00%	17.26%	9.49%
3/31/2012	\$1,013,187	65.98%	34.02%	50.96%	18.36%	9.36%
12/31/2011	\$1,027,296	68.14%	31.86%	52.40%	20.39%	10.69%
9/30/2011	\$998,581	64.66%	35.34%	52.56%	21.85%	11.48%
6/30/2011	\$976,061	65.01%	34.99%	59.05%	17.32%	10.23%
3/31/2011	\$963,314	67.28%	32.72%	52.62%	18.39%	9.68%
12/31/2010	\$940,149	65.48%	34.52%	51.68%	20.24%	10.46%
09/30/2010	\$902,389	65.51%	33.55%	48.79%	20.19%	9.85%
06/30/2010	\$842,494	65.74%	34.26%	46.87%	24.73%	11.59%

Cash and equivalents (cash) are classified under current assets on the balance sheet, and represent the readily available discretionary liquid assets of a company. Cash is measured for the S&P Industrials (Old), which consist of the S&P 500 minus Financials, Utilities and Transportation issues since these issues maintain high cash reserves as part of their normal operating process [Note: The S&P Industrials (Old) date back for decades. When the GICS classifications were developed, one of the new sectors was the Industrials, so the former group is referred to as the S&P Industrials (Old)].

About S&P Dow Jones Indices

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