

## **S&P 500 Stock Buybacks Decrease in Fourth Quarter of 2012**

*Share Repurchases Fall Slightly During the Year;  
Second Consecutive Quarterly Decline*

**New York, March 27, 2013** – S&P Dow Jones Indices announced today that preliminary results show that S&P 500® stock buybacks decreased 4.4% to \$99.1 billion during the fourth quarter of 2012, off slightly from the \$103.7 billion spent on share repurchases during the third quarter of 2012. Buybacks are still up 13.2% over the \$87.6 billion spent during the fourth quarter of 2011. For calendar year 2012, S&P 500 issues decreased their buyback expenditures by 1.5% to \$398.9 billion from the \$405.1 billion posted in 2011. The high mark was reached in 2007, when companies spent \$589.1 billion.

“Companies continued to protect their earnings from dilution due to option execution and issuance during the fourth quarter of 2012,” says Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices. “Most companies, however, have not taken the more aggressive action seen in 2006 and 2007 when buying extra shares to reduce share count was a major tool used to increase their earnings per share. While programs have generally been extended and increased potentially to fulfill the execution of older options now coming closer to expiration (at lower prices), to date most of the companies have shied away from share count reduction.”

Of significance during the fourth quarter was the participation from two issues which for years did not engage in buybacks. Apple, which last reported buybacks in the second quarter of 2006, spent \$1.95 billion on buybacks during the fourth quarter, ranking eighth highest in the Index. The second issue to initiate a share repurchase program was Berkshire Hathaway, which spent \$1.30 billion on buybacks during the fourth quarter, ranking it 16<sup>th</sup> in the Index.

Buybacks remain the instrument of choice to prevent earnings dilution; however, the fourth quarter appeared to come short of the needed shares. In the fourth quarter, 317 issues repurchased shares with 98 of them reducing their share count and only 36 reducing their count by at least 1%. Also during the quarter, 203 issues of the issues which participated in share repurchases, saw their share count rise (107 issues rose over 1%), therefore diluting share earnings. “At this point I would expect companies to become slightly more aggressive in their buyback activity in order to get ahead of earnings dilution,” commented Silverblatt.

On a sector basis, Silverblatt notes that the S&P 500 Information Technology sector has returned as the traditional leader, spending \$22.8 billion on buybacks during the fourth quarter (up from \$18.0 billion in the third quarter) representing 23.0% of all expenditures in the S&P 500. The greatest decline came from the Health Care sector, where M&A activity had increased the prior quarter’s expenditures. The sector reported \$11.6 billion in buybacks during the fourth quarter, down from the \$21.8 billion reported during the third quarter.

“For 2013, S&P Dow Jones Indices anticipates that companies will continue to protect their earnings by buying back the number of shares necessary to prevent earnings dilution – something not difficult to do given record levels of cash on hand,” concludes Silverblatt.

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

<b>S&amp;P Dow Jones Indices</b>					
<b>S&amp;P 500, \$ U.S. BILLIONS</b>					
<b>PERIOD</b>	<b>MARKET</b>	<b>AS REPORTED</b>			<b>DIVIDEND &amp;</b>
	<b>VALUE</b>	<b>EARNINGS</b>	<b>DIVIDENDS</b>	<b>BUYBACKS</b>	<b>BUYBACK</b>
	<b>\$ BILLIONS</b>	<b>\$ BILLIONS</b>	<b>\$ BILLIONS</b>	<b>\$ BILLIONS</b>	<b>YIELD</b>
12/31/2012 Prelim.	\$12,742	\$183.61	\$79.83	\$99.15	5.33%
9/28/2012	\$12,881	\$189.64	\$69.48	\$103.72	5.08%
6/30/2012	\$12,303	\$195.27	\$67.31	\$111.75	5.35%
3/31/2012	\$12,730	\$208.15	\$64.07	\$84.29	5.09%
12/31/2011	\$11,385	\$186.76	\$65.89	\$87.59	5.67%
09/30/2011	\$10,303	\$206.08	\$59.20	\$118.41	6.14%
6/30/2011	\$12,021	\$202.44	\$59.03	\$109.24	4.88%
3/31/2011	\$12,068	\$195.15	\$56.08	\$89.84	4.52%
12/31/2010	\$11,430	\$187.67	\$54.85	\$86.36	4.42%
09/30/2010	\$10,336	\$176.80	\$51.26	\$79.56	4.45%
06/30/2010	\$9,323	\$178.00	\$50.44	\$77.64	4.41%
03/31/2010	\$10,560	\$157.85	\$49.28	\$55.26	3.36%
12/31/2009	\$9,928	\$135.14	\$49.04	\$47.82	3.36%
09/30/2009	\$9,337	\$130.37	\$47.21	\$34.85	3.71%
06/30/2009	\$8,045	\$118.22	\$47.63	\$24.20	5.17%
03/31/2009	\$6,928	\$65.29	\$51.73	\$30.78	7.13%
12/31/2008	\$7,852	-\$202.11	\$62.19	\$48.12	7.48%
09/30/2008	\$10,181	\$86.16	\$61.44	\$89.71	6.73%
06/30/2008	\$11,163	\$112.15	\$61.94	\$87.91	6.88%
03/30/2008	\$11,511	\$135.24	\$61.72	\$113.90	7.25%
12/31/2007	\$12,868	\$68.53	\$67.09	\$141.71	6.49%
09/30/2007	\$13,470	\$133.66	\$61.21	\$171.95	5.89%
06/30/2007	\$13,350	\$194.30	\$59.76	\$157.76	5.44%
03/31/2007	\$12,706	\$190.75	\$58.53	\$117.70	5.35%
12/31/2006	\$12,729	\$181.65	\$61.79	\$105.18	5.16%

<b>S&amp;P Dow Jones Indices</b>			
<b>S&amp;P 500 20 LARGEST Q4 2012 BUYBACKS, \$ MILLIONS</b>			
<b>Company</b>	<b>SECTOR</b>	<b>Q4, '12</b>	<b>BUYBACKS Q4, '12-Q4, '04</b>
Exxon Mobil	Energy	\$5,254	\$194,970
AT&T	Telecommunication Services	\$4,378	\$34,188
Internat'l Business Machines	Information Technology	\$3,007	\$96,025
Oracle	Information Technology	\$2,996	\$26,879
Wal-Mart Stores	Consumer Staples	\$2,943	\$45,101
General Electric	Industrials	\$2,835	\$45,431
Philip Morris Internat'l	Consumer Staples	\$1,968	\$27,808
Apple	Information Technology	\$1,950	\$2,305
Microsoft	Information Technology	\$1,658	\$107,513
Goldman Sachs Group	Financials	\$1,524	\$41,328
Yahoo!	Information Technology	\$1,452	\$10,699
Procter & Gamble	Consumer Staples	\$1,400	\$63,762
DIRECTV	Consumer Discretionary	\$1,347	\$23,674
Wells Fargo	Financials	\$1,321	\$21,089
Visa	Information Technology	\$1,317	\$21,143
Berkshire Hathaway	Financials	\$1,296	\$1,363
Time Warner	Consumer Discretionary	\$1,276	\$31,749
Amgen	Healthcare	\$1,217	\$34,764
Chevron	Energy	\$1,180	\$28,774
Merck	Healthcare	\$1,152	\$12,564
<b>Top 20</b>		<b>\$41,471</b>	<b>\$871,128</b>
<b>S&amp;P 500</b>		<b>\$99,148</b>	<b>\$3,016,684</b>
<b>Top 20 % of S&amp;P 500</b>		<b>41.83%</b>	<b>28.88%</b>

### About S&P Dow Jones Indices

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