

S&P 500 Buybacks Total \$135.3 Billion for Q4 2016, Decline for Full-Year 2016

- Q4 2016 repurchases 20.6% higher than Q3 2016, but 7.3% lower than Q4 2015
- Full-year 2016 expenditures down 6.3% from 2015
- Cash reserves tick down from record set in Q3 2016

NEW YORK, March 22, 2017: S&P Dow Jones Indices (“S&P DJI”) today announced preliminary results indicating that **S&P 500[®] stock buybacks**, or share repurchases, **totaled \$135.3 billion for Q4 2016. This is a 20.6% increase from the \$112.2 billion reported for Q3 2016, but a 7.3% decrease from the \$145.9 billion reported for Q4 2015.** The all-time high is \$172.0 billion from Q3 2007.

For **full-year 2016**, S&P 500 issues spent **\$536.4 billion on buybacks**, down 6.3% from \$572.2 billion for 2015 and down 3.1% from \$553.3 billion for 2014; the 12-month high is \$589.4 billion, which was set during Q1 2016.

Historical data on S&P 500 buybacks is available at: www.spdji.com/indices/equity/sp-500.

Key Takeaways:

- The last time S&P 500 issues reduced buybacks payments in consecutive years was in 2008 and 2009.
- Issues reducing their year-over-year share count, which is used to define earnings per share (EPS), declined to 19%, after 11 consecutive quarters over 20%.
- **S&P 500 buybacks are down 3.1% from 2014, but ex-Energy they are up 3.6%.**
- Total shareholder return increased to \$239.1 billion (up 13.5%) for Q4 2016, from \$210.6 billion for Q3 2016, as dividends set a quarterly record (\$103.8 billion); for full-year 2016, the return was \$933.6 billion, down 2.2% from 2015’s \$954.5 billion.
- 281 S&P 500 issues reduced their share counts for Q4 2016, up from 257 for Q3 2016 but down from 318 for Q4 2015.
- Year-over-year share count reductions of at least 4%, which are seen as impacting EPS, declined to 93 for Q4 2016, compared to 117 for Q3 2016 and 120 for Q4 2015.

“Share buybacks picked up for Q4 2016, but not enough to make up for the year’s earlier declines, as 2016 marked consecutive years of reduced expenditures,” said **Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices.**

Buybacks remained concentrated, as the top 20 issues accounted for 46.7% of the total Q4 2016 expenditures.

“The ability of companies to increase buybacks remains high, as cash declined a tick from last quarter’s record level, with money remaining relatively cheap and easily accessible,” said Silverblatt.

“However, the slowdown since Q1 2016 may indicate that companies do not currently want to increase planned buybacks. Q1 2017 prices are averaging higher, up 6% from Q4 2016 and up 19% from Q1

2016, meaning increased expenditures may be needed to cover the higher share prices to avoid EPS dilution.”

Sector Analysis:

Health Care jumped to 21.4% (\$28.9 billion) of all buybacks, from 11.7% (\$13.1 billion) for Q3 2016, led by **Allergan's** (AGN) \$12.3 billion accelerated buyback program.

Information Technology continued strong, even as its overall percentage of S&P 500 buybacks decreased to 21.2% (\$28.7 billion) for Q4 2016, from 23.2% (\$26.0 billion) for Q3 2016.

Energy saw its contribution decrease to 0.7% (\$0.98 billion) of all buybacks for Q4 2016, compared to 1.2% (\$1.34 billion) for Q3 2016 and 7.8% (\$10.3 billion) for Q4 2014.

Financials increased its buybacks by 6.2% to \$26.8 billion for Q3 2016.

Issues:

Allergan spent the most on buybacks for Q4 2016, at \$12.3 billion, which was the seventh-largest quarterly purchase by an S&P 500 issue in history. The company spent \$2.7 billion for Q3 2016, \$15.1 billion for full-year 2016 and \$118 million for full-year 2015.

Apple (AAPL) spent \$10.9 billion, the index's ninth-largest quarterly expenditure ever, up from \$6.0 billion for Q3 2016. Apple for 2016 spent \$33.7 billion, down from \$37.1 billion for 2015.

Citigroup (C) was third, with \$4.1 billion, up from \$2.5 billion for Q3 2016.

Microsoft (MSFT) came in fourth, with \$3.6 billion, down from \$4.4 billion for Q3 2016.

General Electric (GE) rounded out the top 5, at \$3.5 billion, down from \$3.7 billion for Q3 2016.

Exxon Mobil (XOM) ranked 111, up from 291 last quarter, as it increased its expenditures to \$250 million, from \$1 million for both Q3 2016 and Q2 2016. Exxon Mobil spent \$3.3 billion for Q4 2015.

Total Shareholder Returns:

Silverblatt determined that **total shareholder return** through regular cash dividends and buybacks **increased 13.5% to \$239.1 billion** for Q4 2016, up from \$210.6 billion for Q3 2016. Full-year 2016 shareholder return totaled \$934.6 billion, down 2.2% from \$954.5 billion for 2015.

Dividends posted a 5.5% payment gain for Q4 2016, to \$103.8 billion – **the first \$100 billion quarter in S&P 500 history** – as 2016's \$397.2 billion payment was 3.9% ahead of the \$382.3 billion paid for 2015.

According to Silverblatt, preliminary **cash reserves ticked down from their Q3 2016 record**, as S&P 500 Industrial (Old), which consists of the S&P 500 less Financials, Transportations and Utilities, available cash and equivalent now stands at \$1.48 trillion. This is 0.6% lower than the record of \$1.49 trillion, which was set last quarter. The current cash level is 1.7 times greater than expected 2017 operating income, giving corporations fiscal freedom.

“While buyback activity has slowed since Q1 2016, the steady growth of dividends indicates a positive development for shareholders,” said Silverblatt.

“Cash remains a tick off the record level posted in the third quarter, as low-cost financing, both domestically and internationally, remains plentiful. The rate of dividend increases continues to slow across sector lines into 2017, but Energy decreases have stabilized.

“Base buyback expenditures, used to negate stock options, may need to increase to compensate for higher share prices, as markets have posted all-time highs. Discretionary buybacks, used to reduce share count and increase EPS, have declined but remain popular.

“Looking ahead, repatriation legislation, either separate or as part of income taxes, could boost shareholder return, with buybacks being more popular than dividends.”

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

S&P Dow Jones Indices									
S&P 500, \$ U.S. BILLIONS									
(preliminary in bold)									
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
2016 Prelim.	\$18,412.04	\$919.77	\$818.46	\$397.21	\$536.38	2.16%	2.91%	5.07%	\$933.60
2015	\$17,916.79	\$885.38	\$762.74	\$382.32	\$572.16	2.13%	3.19%	5.33%	\$954.47
2014	\$17,272.45	\$1,004.22	\$909.09	\$350.43	\$553.28	2.03%	3.20%	5.23%	\$903.71
2013	\$14,936.01	\$956.01	\$892.76	\$311.77	\$475.59	2.09%	3.18%	5.27%	\$787.36
2012	\$12,408.36	\$870.19	\$777.56	\$280.69	\$398.91	2.26%	3.21%	5.48%	\$679.60
5 YR TOTAL	\$16,054.89	\$4,635.57	\$4,160.62	\$1,722.42	\$2,536.31	10.73%	15.80%	26.53%	\$4,258.74
10 YR TOTAL	\$13,494.12	\$7,938.38	\$6,819.15	\$2,857.93	\$4,306.61	21.18%	31.91%	53.09%	\$7,164.54
(mkt val avg 5 qtrs)									
12/31/2016 Prelim.	\$19,268	\$240.03	\$207.84	\$103.82	\$135.29	2.06%	2.78%	4.85%	\$239.11
9/30/2016	\$18,742	\$247.98	\$219.46	\$98.43	\$112.20	2.10%	2.92%	5.01%	\$210.63
6/30/2016	\$18,193	\$222.77	\$201.79	\$98.30	\$127.50	2.14%	3.22%	5.36%	\$225.81
3/31/2016	\$17,958	\$208.99	\$189.37	\$96.67	\$161.39	2.15%	3.28%	5.43%	\$258.05
12/31/2015	\$17,900	\$201.95	\$163.76	\$99.39	\$145.88	2.14%	3.20%	5.33%	\$245.27
9/30/2015	\$16,917	\$224.14	\$204.58	\$95.07	\$150.58	2.22%	3.30%	5.52%	\$245.66
6/30/2015	\$18,219	\$230.84	\$201.35	\$94.45	\$131.56	2.03%	3.04%	5.07%	\$226.01
3/31/2015	\$18,303	\$228.45	\$193.05	\$93.41	\$144.13	1.98%	2.94%	4.92%	\$237.54
12/30/2014	\$18,245	\$237.14	\$202.31	\$92.80	\$132.63	1.92%	3.03%	4.95%	\$225.43
9/30/2014	\$17,519	\$262.92	\$244.00	\$89.02	\$145.19	1.96%	3.14%	5.10%	\$234.22
6/30/2014	\$17,404	\$260.50	\$240.96	\$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

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S&P Dow Jones Indices							
S&P 500 SECTOR BUYBACKS							
SECTOR \$ MILLIONS	Q4,'16	Q3,'16	Q4,'15	2016	2015	2014	5-YEARS
Consumer Discretionary	\$20,604	\$21,970	\$22,949	\$89,528	\$92,039	\$81,747	\$398,616
Consumer Staples	\$11,615	\$8,397	\$16,394	\$43,440	\$44,890	\$42,347	\$221,366
Energy	\$979	\$1,344	\$2,587	\$5,762	\$15,250	\$40,928	\$138,612
Financials	\$26,772	\$25,213	\$25,018	\$104,357	\$94,557	\$75,404	\$385,197
Healthcare	\$28,898	\$13,089	\$16,457	\$87,588	\$70,320	\$60,069	\$349,517
Industrials	\$14,773	\$13,267	\$19,827	\$76,166	\$80,113	\$66,718	\$308,989
Information Technology	\$28,731	\$25,978	\$35,516	\$119,457	\$150,327	\$154,703	\$622,619
Materials	\$2,497	\$2,228	\$6,332	\$8,397	\$15,521	\$28,179	\$66,830
Real Estate	\$303	\$456		\$759	\$0	\$0	\$759
Telecommunication Services	\$69	\$247	\$547	\$529	\$6,222	\$2,267	\$36,714
Utilities	\$51	\$15	\$253	\$399	\$2,920	\$913	\$7,095
TOTAL	\$135,292	\$112,203	\$145,881	\$536,382	\$572,159	\$553,275	\$2,536,312

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S&P 500 20 LARGEST Q4 2016 BUYBACKS, \$ MILLIONS								
Company	Ticker	Sector	Q4,'16	2016	2015	5-Year	10-year	Indicated
			Buybacks	Buybacks	Buybacks	Buybacks	Buybacks	Dividend
			\$ Million	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
Allergan plc	AGN	Healthcare	\$12,318	\$15,076	\$118	\$15,457	\$15,495	\$0
Apple	AAPL	Information Technology	\$10,851	\$33,710	\$37,086	\$143,686	\$143,686	\$12,158
Citigroup	C	Financials	\$4,126	\$9,606	\$5,880	\$18,523	\$20,940	\$1,824
Microsoft	MSFT	Information Technology	\$3,599	\$15,495	\$17,845	\$52,079	\$114,883	\$12,130
General Electric	GE	Industrials	\$3,460	\$21,429	\$1,734	\$39,064	\$61,752	\$8,493
Amer International Gr	AIG	Financials	\$2,954	\$11,460	\$10,691	\$37,650	\$47,736	\$1,315
Home Depot	HD	Consumer Discretionary	\$2,345	\$6,880	\$7,000	\$32,279	\$50,471	\$4,337
JPMorgan	JPM	Financials	\$2,251	\$9,082	\$5,616	\$25,684	\$45,996	\$6,870
Wal-Mart Stores	WMT	Consumer Staples	\$2,044	\$8,298	\$4,112	\$23,051	\$58,857	\$6,269
Wells Fargo	WFC	Financials	\$2,034	\$8,116	\$8,697	\$35,437	\$47,269	\$7,634
Johnson & Johnson	JNJ	Healthcare	\$2,025	\$8,986	\$5,368	\$37,868	\$55,402	\$8,706
McKesson	MCK	Healthcare	\$2,002	\$2,712	\$960	\$5,120	\$10,511	\$237
Visa	V	Information Technology	\$1,953	\$7,106	\$4,211	\$22,488	\$41,679	\$1,233
AbbVie	ABBV	Healthcare	\$1,824	\$6,036	\$7,586	\$14,597	\$14,597	\$4,160
Yum! Brands	YUM	Consumer Discretionary	\$1,750	\$5,404	\$381	\$8,262	\$12,501	\$440
United Technologies	UTX	Industrials	\$1,726	\$2,254	\$10,000	\$14,194	\$24,830	\$2,174
McDonald's	MCD	Consumer Discretionary	\$1,509	\$11,171	\$6,099	\$24,049	\$41,583	\$3,122
Goldman Sachs Group	GS	Financials	\$1,488	\$6,078	\$4,135	\$26,132	\$47,720	\$1,034
Walt Disney	DIS	Consumer Discretionary	\$1,465	\$6,612	\$7,144	\$27,019	\$46,907	\$2,483
CBS	CBS	Consumer Discretionary	\$1,463	\$2,497	\$1,562	\$10,716	\$13,529	\$268
Top 20			\$63,187	\$198,008	\$146,225	\$613,355	\$916,344	\$84,886
S&P 500			\$135,292	\$535,976	\$572,159	\$2,536,313	\$4,306,615	\$425,798
Top 20 % of S&P 500			46.70%	36.94%	25.56%	24.18%	21.28%	19.94%
Gross values are not adjusted for float								

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S&P Dow Jones Indices			
S&P 500 20 Largest Quarterly Buybacks, \$ Millions, as of Q4 2016, 2 issues added for Q4,'16			
\$ MILLIONS	QUARTER	COMPANY	SECTOR
\$17,971	Q1 2014	Apple	Information Technology
\$17,000	Q3 2014	Apple	Information Technology
\$16,000	Q2 2013	Apple	Information Technology
\$15,707	Q2 2007	International Business Machines	Information Technology
\$13,253	Q3 2015	Apple	Information Technology
\$12,852	Q2 2012	Johnson & Johnson	Healthcare
\$12,318	Q4 2016	Allergan plc (AGN)	Healthcare
\$12,183	Q3 2012	Johnson & Johnson	Healthcare
\$10,851	Q4 2016	Apple	Information Technology
\$10,723	Q3 2007	Home Depot	Consumer Discretionary
\$10,166	Q2 2016	Apple	Information Technology
\$10,000	Q2 2015	Apple	Information Technology
\$9,859	Q4 2007	Transocean	Energy
\$9,179	Q4 2006	Exxon Mobil	Energy
\$9,465	Q1 2008	Exxon Mobil	Energy
\$8,845	Q4 2008	Exxon Mobil	Energy
\$8,761	Q2 2008	Exxon Mobil	Energy
\$8,663	Q3 2008	Exxon Mobil	Energy
\$8,463	Q3 2007	Exxon Mobil	Energy
\$8,166	Q1 2014	International Business Machines	Information Technology
\$230,425		TOP 20	

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S&P Dow Jones Indices			
S&P 500 Q4 2016 Buyback Report			
SECTOR	DIVIDEND	BUYBACK	COMBINED
	YIELD	YIELD	YIELD
Consumer Discretionary	1.57%	3.59%	5.16%
Consumer Staples	3.06%	2.31%	5.37%
Energy	2.75%	0.44%	3.19%
Financials	1.73%	3.38%	5.11%
HealthCare	1.73%	3.07%	4.80%
Industrials	2.22%	3.69%	5.91%
Information Technology	1.55%	2.84%	4.38%
Materials	2.17%	1.43%	3.59%
Real Estate	3.63%	0.59%	4.23%
Telecommunication Services	4.56%	0.11%	4.66%
Utilities	3.54%	0.06%	3.60%
S&P 500	2.11%	2.66%	4.77%
Uses full values (unadjusted for float)			
Dividends based on indicated; buybacks based on the last 12-months ending Q4,'16			

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