



Press Release

S&P Expects Record Dividend Increases and Payments for the S&P 500 in '05

Heavy February increases push S&P 500 indicated dividend rate up

New York, February 15, 2005 – Standard & Poor's, the world's leading provider of independent investment research, ratings and indices, announced today that it is raising the indicated dividend rate on the S&P 500 from \$20.35 to \$21.10. Standard & Poor's is estimating that cash dividends will set another record in 2005, paying out \$21.80 per share compared to \$19.44 for 2004. The 12.2% increase translates into a \$203 billion aggregate payment, compared to a payment of \$181 billion in 2004.

Within the S&P 500, 74 issues have increased their rate this year compared to 52 in 2004 and 41 in 2003. "For 2005, Standard & Poor's sees a continuation in both dividend increases and initiations," says Howard Silverblatt, equity market analyst, Standard & Poor's. "At the end of 2002, only 351 issues in the S&P 500 paid a dividend. We now have 378 issues in the S&P 500 paying dividends, with additional constituents having significant ability to increase and initiate."

Standard & Poor's notes that dividend increases continue to be dominated by financial companies, which represent 19 of the 74 increases in the S&P 500 so far in 2005. Also notable is that the tendency of S&P 500 issues to pay and continue to raise dividends is much greater than that of the general market. Over the past 15 years, on average, 53% of the S&P 500 issues have increased their dividend payments annually, while only 23% of the non-S&P 500 constituents have done so. For 2005, the tendency has been even stronger, with 15.2% of the S&P 500 increasing their rate, versus just 4.7% for non-S&P 500 companies. Standard & Poor's also points out that the propensity for index issues to pay cash dividends is much higher than that of the general market. Currently 75.6% of the S&P 500 constituents pay cash dividends versus 40.7% for the general market.

Dividend Payers Versus Non-Payers

Standard & Poor's data also shows that dividend payers continue to outperform non-payers in 2005. Year-to-date, through February 14th, payers have averaged a 0.64% gain compared to a non-payers' loss of 5.01%. For 2004, payers outperformed non-payers, returning 18.35% versus 13.65% for the non-payers.

"Dividend issues are less volatile than those that don't pay dividends," explains Silverblatt. "During bull markets, paying issues tend to go up less, and during bear markets they decline to a smaller degree. In essence, the dividend acts similar to an anchor, by stabilizing the stock during periods of market volatility."

"Due to the 2003 dividend tax rate change, with 34% of the S&P 500 held directly by individual investors, the net tax saving directly to individuals that hold stock in their own taxable account is now \$30 billion," adds Silverblatt. "Standard & Poor's estimates that through 2008, when the sunset provision changes back the tax rate, investors will save in excess of \$100 billion."

Dividend Aristocrats

Standard & Poor's also released findings on S&P 500 Dividend Aristocrats, a list of those companies that have increased their actual dividend payments in each of the last 25 years. Through February 14th, 11 of the 58 S&P 500 Dividend Aristocrats have increased their dividend rate. The full list of Dividend Aristocrats, along with their current indicated dividend rates and yield, as well a supplementary list of 27 non-S&P 500 issues, can be found on www.indices.standardandpoors.com.

	ESTIMATED TAX SAVINGS TO INDIVIDUALS FROM 2003 TAX CHANGE - \$ BILLIONS	AVERAGE DIVIDEND PAYERS RETURN	AVERAGE DIVIDEND NON-PAYERS RETURN
2002	\$0.00	-10.93%	-30.34%
2003	\$12.84	33.45%	61.65%
2004	\$14.46	18.23%	13.17%
2005 year-to-date	\$2.64	0.64%	-5.01%
2005 estimate	\$16.23		
2006 estimate	\$17.53		
2007 estimate	\$18.93		
2008 estimate	\$20.44		
Total Tax Savings	\$100.42		

PERIOD	FAVORABLE DIVIDEND ACTION S&P 500	FAVORABLE DIVIDEND ACTION Non-S&P 500 BASE
Average	52.68%	22.83%
2004	54.20%	29.66%
2003	45.40%	27.96%
2002	39.40%	21.89%
2001	40.40%	18.85%
2000	44.40%	18.38%
1999	48.40%	19.94%
1998	54.80%	21.32%
1997	58.00%	21.45%
1996	60.00%	22.53%
1995	61.00%	23.59%
1994	56.60%	23.84%
1993	54.80%	22.09%
1992	55.00%	22.83%
1991	54.00%	20.72%
1990	63.80%	27.46%

A company's dividend payment history and dividend paying prospects are not factors that are considered by Standard & Poor's in identifying companies for inclusion in or exclusion from an S&P index.

About Standard & Poor's

Standard & Poor's, a division of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of independent credit ratings, indices, risk evaluation, investment research, data and valuations. With 6,000 employees located in 21 countries, Standard & Poor's is an essential part of the world's financial infrastructure and has played a leading role for more than 140 years in providing investors with the independent benchmarks they need to feel more confident about their investment and financial decisions. For more information, visit www.standardandpoors.com.

For more information contact:

David Guarino
Communications
Standard & Poor's
212 438 1471
dave_guarino@standardandpoors.com

Howard Silverblatt
Market Equity Analyst
Standard & Poor's
212 438 3916
howard_silverblatt@standardandpoors.com

