



## Press Release

### **S&P Increases Indicated Dividend Rate on the S&P 500**

*Increases Expected to Continue in 2006*

**New York, February 27, 2006** – Standard & Poor's, the world's leading index provider, announced today that it is raising the indicated dividend rate on the S&P 500 from \$22.70 to \$24.00, and expects cash dividends for 2006 to set another record - paying out \$25.00 per share versus \$22.22 for 2005. The 12.5% increase in dividend payments translates into a \$227 billion aggregate payment for S&P 500 companies in 2006, compared to \$202 billion in 2005.

"Given the historically slow pace of change for dividends, the growth in dividend payers since January 2003 has been remarkable," says Howard Silverblatt, Senior Index Analyst at Standard & Poor's. "Unlike the prior 20 years when the number of paying issues actually declined by 25%, since the start of 2003 the number of paying issues within the S&P 500 issues has risen by 10% to 386. For the remainder of 2006, we expect a continuation in both dividend increases and initiations among S&P 500 constituents, resulting in another double-digit gain in dividend payments."

Standard & Poor's data shows that year-to-date 89 issues (21 of which were Financials) have increased their dividend rate compared to 85 for the same period in 2005 and 63 in 2003. S&P noted that the average increase year-to-date has been 18.21%. Also notable is the greater tendency among S&P 500 issues to pay and continue to raise dividends as compared to that of the general market. On average, over the past 15 years, 52% of the S&P 500 issues have annually increased their dividend payments, while only 23% of the non-S&P 500 constituents have done so.

Standard & Poor's also points out that the propensity for index issues to pay cash dividends is much greater than that of the general market. Currently 77.2% of the S&P 500 constituents pay cash dividends versus 41.1% for the non-S&P 500 general market.

While dividends are growing faster than earnings, Standard & Poor's data shows that the dividend payout ratio has actually declined over the past several years, as fewer companies were paying cash dividends. "We expect dividend initiations to continue, especially in the Information Technology sector where only a third of the issues current pay dividends," continues Silverblatt. "As more companies begin to pay dividends, the ratio will improve, but it will be slow."

#### **Dividend Aristocrats**

Standard & Poor's also released data today on the S&P 500 DividendAristocrats, a list of those companies within the S&P 500 that have increased their actual dividend payments in each of the past 25 years. Year-to-date, 16 of the 59 S&P 500 DividendAristocrats have increased their dividend rate. For more information on the DividendAristocrats, please visit [www.indices.standardandpoors.com](http://www.indices.standardandpoors.com).

## S&P 500 DIVIDEND ACTIONS FROM JANUARY 2003

| SECTOR                      | ACTIONS | INCREASES | INITIATIONS | DECREASES | SUSPENSIONS |
|-----------------------------|---------|-----------|-------------|-----------|-------------|
| Consumer Discretionary      | 172     | 150       | 11          | 6         | 5           |
| Consumer Staples            | 90      | 86        | 2           | 1         | 1           |
| Energy                      | 57      | 54        | 2           | 1         | 0           |
| Financials                  | 261     | 253       | 1           | 7         | 0           |
| Health Care                 | 56      | 51        | 3           | 2         | 0           |
| Industrials                 | 127     | 121       | 4           | 1         | 1           |
| Information Technology      | 56      | 43        | 11          | 1         | 1           |
| Materials                   | 74      | 70        | 4           | 0         | 0           |
| Telecommunications Services | 20      | 18        | 1           | 1         | 0           |
| Utilities                   | 77      | 67        | 3           | 5         | 2           |
| Total                       | 990     | 913       | 42          | 25        | 10          |

| PERIOD | FAVORABLE<br>S&P 500 | FAVORABLE<br>Non-S&P 500<br>BASE | UNFAVORABLE<br>S&P 500 | UNFAVORABLE<br>Non-S&P 500<br>BASE | S&P 500<br>TOTAL<br>RETURN | S&P 500<br>DIVIDEND | S&P 500<br>PRICE<br>CHANGE |
|--------|----------------------|----------------------------------|------------------------|------------------------------------|----------------------------|---------------------|----------------------------|
| YTD    | 18.00%               | 5.78%                            | 0.60%                  | 0.86%                              | 3.61%                      | 0.32%               | 3.30%                      |
| 2005   | 59.00%               | 28.78%                           | 5.60%                  | 5.05%                              | 4.91%                      | 1.91%               | 3.00%                      |
| 2004   | 54.20%               | 29.66%                           | 2.80%                  | 4.02%                              | 10.88%                     | 1.89%               | 8.99%                      |
| 2003   | 45.40%               | 27.96%                           | 7.00%                  | 4.34%                              | 28.68%                     | 2.30%               | 26.38%                     |
| 2002   | 39.40%               | 21.89%                           | 9.60%                  | 6.40%                              | -22.10%                    | 1.27%               | -23.37%                    |
| 2001   | 40.40%               | 18.85%                           | 10.20%                 | 6.89%                              | -11.89%                    | 1.15%               | -13.04%                    |
| 2000   | 44.40%               | 18.38%                           | 5.00%                  | 5.45%                              | -9.10%                     | 1.04%               | -10.14%                    |
| 1999   | 48.40%               | 19.94%                           | 5.40%                  | 5.35%                              | 21.04%                     | 1.51%               | 19.53%                     |
| 1998   | 54.80%               | 21.32%                           | 7.40%                  | 4.57%                              | 28.58%                     | 1.91%               | 26.67%                     |
| 1997   | 58.00%               | 21.45%                           | 5.80%                  | 3.79%                              | 33.36%                     | 2.35%               | 31.01%                     |
| 1996   | 60.00%               | 22.53%                           | 6.20%                  | 3.64%                              | 22.96%                     | 2.70%               | 20.26%                     |
| 1995   | 61.00%               | 23.59%                           | 4.40%                  | 3.77%                              | 37.58%                     | 3.47%               | 34.11%                     |
| 1994   | 56.60%               | 23.84%                           | 7.60%                  | 4.08%                              | 1.32%                      | 2.86%               | -1.54%                     |
| 1993   | 54.80%               | 22.09%                           | 9.20%                  | 5.93%                              | 10.08%                     | 3.02%               | 7.06%                      |
| 1992   | 55.00%               | 22.83%                           | 9.40%                  | 7.45%                              | 7.62%                      | 3.16%               | 4.46%                      |
| 1991   | 54.00%               | 20.72%                           | 11.80%                 | 10.65%                             | 30.47%                     | 4.16%               | 26.31%                     |
| 1990   | 63.80%               | 27.46%                           | 6.40%                  | 8.35%                              | -3.10%                     | 3.46%               | -6.56%                     |
| 1989   | 69.20%               | 29.42%                           | 5.60%                  | 7.47%                              | 31.69%                     | 4.44%               | 27.25%                     |
| 1988   | 68.00%               | 31.84%                           | 4.40%                  | 5.94%                              | 16.61%                     | 4.21%               | 12.40%                     |

Values based on year-end actual payments; unique issues

### 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 and data. With approximately 6,500 employees located in 22 countries and markets, 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 <http://www.standardandpoors.com>.

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