



## Press Release

### **S&P 500 Stock Buybacks Retreat 66% in Fourth Quarter; Off 42% in 2008**

*Cash Sets New High, as Companies Cut Dividends and Buybacks*

**New York, March 26, 2009** – Standard & Poor's, the world's leading index provider, announced today that preliminary results show S&P 500 issues spending \$48.1 billion in stock repurchases during the fourth quarter of 2008, representing a 66.0% decline over the \$141.7 billion spent during the fourth quarter of 2007. For 2008, S&P 500 buybacks reached \$339.6 billion - a 42.3% drop from the record setting \$589.1 billion spent during 2007.

“This was the fourth and most significant quarter of reductions in stock buybacks. For the first time since the second quarter of 2004, S&P 500 companies have spent more on dividend payments than stock buybacks,” says Howard Silverblatt, Senior Index Analyst at Standard & Poor's.

“The need to conserve capital in the current recession, combined with the uncertainty of future cash flow, has made buybacks a high risk component for corporate planners,” continues Silverblatt. “Due to the current market environment, we expect buybacks to remain weak with the potential for companies to use existing treasury shares to satisfy options, as well as smaller M&A.”

Silverblatt's analysis shows that cash levels for the fourth quarter of 2008 have set a new all-time high, as companies continue to pull back on expenditures, such as dividends, employment, Capital Expenditures and buybacks. “However, as cash flow decreases, cash levels could also start to decline as actual payments for previously announced layoffs, severances, plant closings and pensions are made,” adds Silverblatt.

On a sector basis, Standard & Poor's notes that all groups significantly reduced their buyback activity in 2008 highlighted by an 88.9% reduction posted in Consumer Discretionary. Energy, which accounts for 13.6% of the market value, accounted for 24.5% of the buybacks, with Information Technology (the historical leader) following at 22.8%.

Since the buyback boom began during the fourth quarter of 2004, S&P 500 issues have spent approximately \$1.78 trillion on stock buybacks compared to \$2.22 trillion on As Reported Earnings, \$2.03 trillion on Capital Expenditures and \$970 billion on dividends.

“Given the current economic realities, it appears that the buyback bonanza has ended, or at least gone into hibernation until the return of better times,” concludes Silverblatt.

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

**STANDARD & POOR'S INDEX SERVICES  
S&P 500 BUYBACKS**

PERIOD	MARKET VALUE \$ BILLIONS	OPERATING EARNINGS \$ BILLIONS	AS REPORTED EARNINGS \$ BILLIONS	DIVIDENDS \$ BILLIONS	BUYBACKS \$ BILLIONS	DIVIDEND & BUYBACK YIELD
<b>YEAR</b>						
2008	\$7,852	\$435.00	\$133.26	\$247.29	\$339.65	7.48%
2007	\$12,868	\$731.38	\$587.24	\$246.58	\$589.11	6.49%
2006	\$12,729	\$790.10	\$734.16	\$224.76	\$431.83	5.16%
2005	\$11,255	\$693.70	\$638.22	\$201.84	\$349.23	4.90%
2004	\$11,289	\$630.20	\$545.14	\$181.02	\$197.47	3.35%
2003	\$10,286	\$505.36	\$450.37	\$160.65	\$131.05	2.84%
2002	\$8,107	\$423.30	\$253.52	\$147.81	\$127.25	3.39%
2001	\$10,463	\$350.90	\$222.74	\$142.22	\$132.21	2.62%
2000	\$11,715	\$486.57	\$432.73	\$141.08	\$150.58	2.49%
1999	\$12,315	\$426.08	\$397.12	\$137.53	\$141.47	2.27%
<b>QUARTER</b>						
12/31/2008	\$7,852	-\$0.96	-\$200.28	\$62.19	\$48.12	7.48%
09/30/2008	\$10,181	\$142.90	\$86.16	\$61.44	\$89.71	6.73%
06/30/2008	\$11,163	\$148.43	\$112.15	\$61.94	\$87.91	6.88%
03/30/2008	\$11,511	\$144.63	\$135.24	\$61.72	\$113.90	7.25%
12/31/2007	\$12,868	\$133.38	\$68.53	\$67.09	\$141.71	6.49%
09/30/2007	\$13,470	\$184.13	\$133.66	\$61.21	\$171.95	5.89%
06/30/2007	\$13,350	\$213.65	\$194.30	\$59.76	\$157.76	5.44%
03/31/2007	\$12,706	\$200.23	\$190.75	\$58.53	\$117.70	5.35%
12/31/2006	\$12,729	\$197.35	\$181.65	\$61.79	\$105.18	5.16%
09/30/2006	\$12,020	\$207.22	\$193.19	\$55.07	\$109.81	5.40%
06/30/2006	\$11,497	\$198.67	\$182.02	\$54.52	\$116.66	5.34%
03/31/2006	\$11,660	\$186.85	\$177.30	\$53.37	\$100.18	4.92%
12/31/2005	\$11,255	\$182.03	\$155.89	\$54.83	\$104.28	4.90%
09/30/2005	\$11,083	\$169.74	\$160.72	\$48.99	\$81.47	4.58%
06/30/2005	\$10,890	\$177.52	\$167.19	\$49.03	\$81.42	4.31%
03/31/2005	\$10,820	\$164.42	\$154.43	\$48.99	\$82.05	3.92%
12/31/2004	\$11,289	\$167.20	\$129.85	\$49.68	\$66.42	3.35%
09/30/2004	\$10,398	\$157.47	\$132.28	\$45.54	\$45.68	3.34%
06/30/2004	\$10,623	\$158.12	\$142.01	\$43.43	\$42.46	3.11%

**S&P 500 SECTOR BUYBACKS**

SECTOR \$ MILLIONS	Q4,'08	Q3,'08	Q2,'08	Q1,'08	Q4,'07	Q4 2004 - Q4 2008
Consumer Discretionary	\$1,847	\$9,415	\$9,316	\$12,743	\$16,606	\$245,847
Consumer Staples	\$4,627	\$12,184	\$11,629	\$9,608	\$12,377	\$156,368
Energy	\$11,809	\$16,128	\$14,913	\$16,869	\$25,334	\$207,299
Financials	\$4,292	\$5,978	\$5,782	\$13,539	\$17,744	\$275,241
Healthcare	\$5,453	\$8,331	\$10,415	\$14,056	\$15,271	\$186,332
Industrials	\$7,524	\$12,038	\$9,795	\$13,624	\$14,034	\$185,610
Information Technology	\$10,968	\$21,996	\$23,085	\$25,254	\$32,244	\$418,725
Materials	\$1,433	\$2,280	\$1,059	\$2,312	\$2,461	\$38,713
Telecommunication Services	\$87	\$1,092	\$2,688	\$5,759	\$3,025	\$39,638
Utilities	\$79	\$269	\$1,262	\$685	\$855	\$23,841
<b>TOTAL</b>	<b>\$48,117</b>	<b>\$89,711</b>	<b>\$89,944</b>	<b>\$114,449</b>	<b>\$139,949</b>	<b>\$1,777,615</b>

**S&P 500 20 LARGEST Q4 2008 BUYBACKS, \$ MILLIONS**

<b>COMPANY</b>	<b>SECTOR</b>	<b>Q4 2008 BUYBACKS</b>	<b>BUYBACKS Q4,'04-Q4,'08</b>
Exxon Mobil Corp	Energy	\$8,845	\$119,051
Microsoft Corp	Information Technology	\$2,820	\$76,330
Oracle Corp	Information Technology	\$1,844	\$11,171
General Electric Co	Industrials	\$1,830	\$35,975
Morgan Stanley	Financials	\$1,742	\$13,842
Procter & Gamble Co	Consumer Staples	\$1,332	\$42,102
Chevron Corp	Energy	\$1,291	\$20,888
Hewlett-Packard Co	Information Technology	\$1,238	\$33,038
Johnson & Johnson	Healthcare	\$878	\$21,096
Philip Morris International, Inc	Consumer Staples	\$868	\$5,256
Gilead Sciences Inc	Healthcare	\$754	\$3,002
ConocoPhillips	Energy	\$749	\$18,102
Intern'l Bus Machines Corp	Information Technology	\$740	\$46,180
General Mills Inc	Consumer Staples	\$707	\$5,611
Amgen Inc	Healthcare	\$700	\$14,822
United Technologies Corp	Industrials	\$690	\$8,714
Raytheon Co	Industrials	\$680	\$4,130
Cisco Systems, Inc	Information Technology	\$601	\$35,254
Lockheed Martin Corp	Industrials	\$593	\$8,752
Pepsico, Inc	Consumer Staples	\$523	\$15,032
<b>Top 20</b>		<b>\$29,424</b>	<b>\$538,348</b>
<b>S&amp;P 500</b>		<b>\$48,117</b>	<b>\$1,777,615</b>
<b>Top 20 % of S&amp;P 500</b>		<b>61.15%</b>	<b>30.28%</b>

**About Standard & Poor's Index Services**

Standard & Poor's Index Services, the world's leading index provider, maintains a wide variety of investable and benchmark indices to meet an array of investor needs. Its family of indices includes the S&P 500, an index with \$1.5 trillion invested and \$4.85 trillion benchmarked, and the S&P Global 1200, a composite index comprised of seven regional and country headline indices. For more information, please visit [www.standardandpoors.com/indices](http://www.standardandpoors.com/indices).

**About Standard & Poor's**

Standard & Poor's, a subsidiary 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 offices in 23 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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