



Press Release

S&P 500 Companies Using Excess Cash to Reduce Share Count

New Trend Seen Increasing Earnings Per Share and Shareholder Equity

New York, September 19, 2005 – Standard & Poor's, the world's leading index provider, announced today that S&P 500 second quarter buyback activity has surged 92% from that of the second quarter 2004. Standard & Poor's data shows that stock buybacks in the S&P 500 has increased to \$81 billion for the second quarter of 2005 from the \$42 billion registered in the second quarter of 2004.

“S&P 500 companies are finally starting to spend a significant portion of their record levels of cash,” says Howard Silverblatt, Equity Market Analyst at Standard & Poor's. “The trend we are seeing is that of companies using buybacks to reduce their share count, thereby directly enhancing shareholder equity and increasing their earnings per share value.”

According to Standard & Poor's, companies take advantage of stock buybacks for several reasons: to reduce their overall share count (thereby increasing current shareholder value), to reissue shares for mergers and acquisitions, and to satisfy employees looking to exercise their stock options. Merger & acquisition activity within the S&P 500 has picked up, with over \$200 billion awaiting consummation. While re-issuance of shares to cover existing employee stock options is still a major component of buybacks, Standard & Poor's has noted a steady and increasing tendency of companies to reduce their actual share count.

Standard & Poor's data shows a 33% growth in the number of issues within the S&P 500 that have significantly reduced their share count during the second quarter. In addition, there was a drop of 36% in the number of issues that significantly increased their share count. Significant reductions were found in 141 issues. Standard & Poor's sees the reduced share count starting to have an impact on earnings.

“While a few pennies may not appear to be much, during earnings season, the difference between beating your estimate or not will determine your stock's short term performance,” explains Silverblatt. “Reducing share count is a new trend that is growing fast. It adds to equity, increases EPS, answers investor demand for companies to spend their enormous cash reserves, and still gives management the ability to reissue the shares at a latter time for merger & acquisition activity,” concludes Silverblatt.

For the remainder of 2005, Standard & Poor's expects the strong buyback activity within the S&P 500 to continue, with share reductions adding to earnings and becoming a more active component for mergers and acquisitions.

STANDARD & POOR'S INVESTMENT SERVICES

QUARTER END	BUYBACKS \$ BILLIONS	DIVIDENDS \$ BILLIONS	OPERATING EARNINGS \$ BILLIONS	COMPANIES WITH SIGNIFICANT SHARES REDUCTIONS < = -0.5%	COMPANIES WITH SIGNIFICANT SHARES INCREASES >= 0.5%
06/30/2005	81.42	49.03	177.52	28.20%	14.20%
03/31/2005	82.05	48.99	164.42	21.20%	22.40%
12/31/2004	66.42	49.68	167.20	13.98%	12.00%
09/30/2004	45.68	45.54	157.47		
06/30/2004	42.46	43.43	158.12		
03/31/2004	42.92	42.36	147.42		
12/31/2003	38.53	46.76	137.65		
09/30/2003	34.13	39.96	133.22		
06/30/2003	28.36	37.74	119.34		
03/31/2003	30.03	36.19	115.16		
12/31/2002	30.62	39.22	110.03		
09/30/2002	35.18	35.97	107.07		
06/30/2002	30.98	38.11	106.90		
03/31/2002	30.47	34.51	99.31		
12/31/2001	32.75	36.27	90.59		
09/30/2001	34.63	37.53	83.04		
06/30/2001	33.62	34.58	81.24		
03/31/2001	31.21	33.83	96.03		
12/31/2000	33.69	35.31	116.32		

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.

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