



Press Release

S&P: Q2 Earnings Stronger Than Expected for the S&P 500

New York, September 19, 2007 – According to figures released today by Standard & Poor's Index Services, second-quarter 2007 operating earnings for the S&P 500 increased 9.9% over the second-quarter of 2006, surpassing recent market estimates and propelling stock prices to record levels in July.

With 98% of the data in, second-quarter operating earnings are preliminarily set at \$24.12 per share, compared to \$21.95 in the second-quarter of 2006. As Reported earnings posted a 9.0% gain, with \$21.91 in earnings compared to \$20.11 in the second-quarter of 2006.

“The 9.9% S&P 500 earnings gain is higher than expected, as Financials, which represent 20% of the index, contributed 28% of the earnings during the second-quarter,” says Howard Silverblatt, Senior Index Analyst at Standard & Poor's. “On the low side was Information Technology, which, at year-end 2006, was expected to report a 20% EPS gain, but instead posted a 5.1% second-quarter increase. The second-quarter was good, but the climate total changed after July 19 with a growing concern over liquidity and the impact that the housing slowdown might have on corporate earnings.”

In terms of aggregate dollars, both operating and as reported earnings posted their highest earnings for a quarter at \$214.2 billion (versus the record \$207.2 billion in Q3 2006) and \$194.6 billion (versus the record \$193.2 in Q3 2006), respectively. Year-over-year cash flow rose 6%, with the S&P Industrial (Old) cash holding increasing for the first time in a year. Standard & Poor's notes that buybacks were especially strong during the second-quarter, setting a record at \$158 billion versus the prior record of \$118 billion set in the first-quarter of this year.

According to Standard & Poor's, sector performance varied significantly. Health Care came in on target posting a strong 21.5% gain during the second-quarter. Financials, however, that were originally expected to post a 6% gain, came in strong recording a double-digit gain of 14.0%. Consumer Discretionary improved slightly, but still posted a 1.8% year-over-year quarterly decline, after a 6.7% first-quarter decline.

For more information, please visit www.marketattributes.standardandpoors.com.

S&P 500

QUARTER	OPERATING Y-OVER-Y EARNINGS CHANGE PER SHARE		AS REPORTED Y-OVER-Y EARNINGS CHANGE PER SHARE	
	12/31/2007 Estimate	24.36	10.78%	21.00
09/30/2007 Estimate	23.51	2.08%	21.70	1.07%
06/30/2007 (98%)	24.12	9.89%	21.91	8.95%
03/31/2007	22.39	7.90%	21.33	8.33%
12/31/2006	21.99	8.92%	20.24	16.99%
09/30/2006	23.03	22.24%	21.47	23.46%
06/30/2006	21.95	13.03%	20.11	9.95%
03/31/2006	20.75	15.28%	19.69	16.17%
12/31/2005	20.19	12.48%	17.30	24.10%
09/30/2005	18.84	11.61%	17.39	22.64%
06/30/2005	19.42	14.37%	18.29	19.93%
03/31/2005	18.00	13.42%	16.95	11.66%
12/31/2004	17.95	20.63%	13.94	5.93%
09/30/2004	16.88	17.14%	14.18	12.90%
06/30/2004	16.98	31.42%	15.25	37.39%
03/31/2004	15.87	27.16%	15.18	27.35%

	2003 P/E	2004 P/E	2005 P/E	2006 P/E	2007 P/E est
S&P 500	20.33	17.93	16.33	16.17	16.10
Consumer Discretionary	23.61	20.50	19.64	19.19	19.36
Consumer Staples	18.95	18.52	17.85	18.91	18.76
Energy	13.74	11.85	10.66	10.44	12.77
Financials	14.20	13.31	13.32	13.17	11.73
Health Care	23.90	20.45	19.70	19.33	17.08
Industrials	22.96	22.11	17.74	16.95	17.66
Information Technology	40.14	26.17	22.16	23.56	23.58
Materials	31.10	18.16	15.62	14.20	16.09
Telecommunication Services	16.35	18.88	16.20	19.48	18.79
Utilities	13.50	16.50	16.40	16.23	17.50

	Q1 2007 OVER Q1 2006	Q2 2007 OVER Q2 2006	Q3 2007 OVER Q3 2006	Q4 2007E OVER Q4 2006	2007E OVER 2006
S&P 500	7.89%	9.89%	2.08%	10.78%	7.59%
Consumer Discretionary	-6.68%	-1.78%	-11.14%	9.11%	-2.75%
Consumer Staples	6.11%	7.69%	6.56%	8.47%	7.24%
Energy	1.71%	8.71%	-4.07%	7.66%	3.38%
Financials	10.82%	14.04%	-3.93%	4.22%	6.27%
Health Care	13.15%	21.52%	16.38%	25.26%	18.85%
Industrials	14.24%	9.28%	7.68%	9.25%	9.95%
Information Technology	10.80%	5.06%	10.76%	21.53%	12.40%
Materials	16.89%	8.85%	-3.79%	-7.16%	3.74%
Telecommunication Services	-1.12%	3.00%	25.47%	33.99%	15.93%
Utilities	3.77%	-2.11%	-0.49%	5.49%	1.40%

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 \$1.26 trillion invested and \$4.45 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.

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