

MarketAttributes Snapshot

S&P 500

MarketAttributes is a snapshot of the U.S. market, as measured by the S&P 500, taken at the end of each month. It seeks to highlight those statistical factors that have impacted market performance over the course of the month, such as stock buybacks, cash levels, and dividend payments.

MarketAttributes is a product of the Standard & Poor's Index Services Group by Senior Index Analyst, Howard Silverblatt.

For additional information covering a wide scope of topics and a complete set of current and historical data that supports analysis summarized in this snapshot, visit: www.marketattributes.standardandpoors.com

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THE MARKET

The S&P 500 return for February 2009 is -10.99%, marking the second worst February in the history of the Index. The worst month so far is February 1933, when the Index posted a return of -18.44%. When combined with January's return of -8.57%, a new record is made for the worst two-month start in S&P 500 history of -18.62%.

All ten sectors were down in February. Telecommunications was the best performer losing 2.84%. Industrials, via GEs -27.7% decline, gave Financials a run for the worst performer, but in the end Financials declined 18.42% versus -17.95% for Industrials. Health Care became the leading sector in the Index this month, displacing Information Technology. From the October 2007 high, Health Care is down 36.8%, compared to the S&P 500's return of -53.0%.

The top five gainers for the month were DHI (+41.78% for the month, +19.52% YTD), CF (+36.87%, +30.86%), S (+35.39%, +79.78%), AKAM (+34.20%, +19.88%), and ANF (+23.19%, -4.68%). The bottom of the downside was dominated by Financials: AIG (-67.19%, -73.25%), SLM (-59.83%, -48.31%), C (-57.75%, -77.65%), HIG (-53.65%, -62.85%), and ACAS (-52.80%, -58.33%). Overall for the month, 20 issues gained at least 10%, with over half the Index declining at least -10%. Four issues were up at least 25%, with 65 issues down 25%, and seven issues lost at least 50%. Year-to-date, 344 issues are down at least -10%, 149 issues are off at least -25% and 32 issues have lost over -50%.

GLOBAL INDUSTRY CLASSIFICATION: Preliminary Capital Appreciation Contributions to the S&P 500

% CHANGES	FEBRUARY 2009	FROM 11/28/2008	1-YEAR (2/29/2008)	2-YEARS (2/28/2007)	5-YEARS 2/27/2004	FROM 03/24/2000	10-YEARS ANNUALIZED
Consumer Discretionary	-8.69%	-14.23%	-43.74%	-54.21%	-45.07%	-51.57%	-5.95%
Consumer Staples	-7.24%	-15.01%	-25.30%	-21.35%	-10.62%	26.88%	-0.99%
Energy	-12.45%	-18.68%	-42.83%	-25.02%	38.76%	56.45%	6.88%
Financials	-18.42%	-40.48%	-70.69%	-79.03%	-74.77%	-69.74%	-11.00%
Health Care	-12.84%	-8.28%	-29.89%	-31.81%	-26.39%	-16.86%	-3.27%
Industrials	-17.95%	-27.93%	-54.75%	-53.87%	-40.51%	-45.56%	-4.17%
Information Technology	-4.30%	-5.69%	-37.71%	-38.65%	-33.41%	-78.07%	-7.43%
Materials	-8.85%	-16.09%	-54.20%	-49.60%	-29.50%	-14.71%	-0.95%
Telecommunication Services	-2.84%	-12.82%	-29.58%	-39.24%	-18.00%	-69.50%	-10.40%
Utilities	-12.95%	-15.79%	-32.92%	-34.43%	4.34%	-13.59%	-1.55%
S&P 500	-10.99%	-17.98%	-44.76%	-47.75%	-35.80%	-51.88%	-5.08%

BREADTH

Breadth was poor in February, with only 62 issues up for the month (average +9.25%), compared to the 127 issues up in January. There were 438 issues (368 issues last month) that declined, averaging -15.00%.

Monthly. *By market value.

PERIOD	ISSUES UP	ISSUES UNCHANGED	ISSUES DOWN	AVERAGE % CHANGE	TOP 10* % AVG CHANGE	TOP 25* % AVG CHANGE	TOP 50* % AVG CHANGE	S&P 500 % CHANGE
Feb,'09	62	0	438	-11.99	-8.67	-8.45	-9.30	-10.99
Jan,'09	129	3	368	-7.96	-9.98	-8.80	-7.15	-8.57
Dec,'08	283	2	215	4.09	-0.81	-0.12	0.81	0.78
Nov,'08	104	3	393	-10.68	-3.59	-5.87	-6.09	-7.49

Yearly. *By market value.

PERIOD	ISSUES UP	ISSUES UNCHANGED	ISSUES DOWN	AVERAGE % CHANGE	TOP 10* % AVG CHANGE	TOP 25* % AVG CHANGE	TOP 50* % AVG CHANGE	S&P 500 % CHANGE
2008	25	5	470	-39.30	-20.12	-28.01	-26.81	-37.00
2007	245	9	246	2.55	20.93	17.29	12.66	3.53
2006	369	11	120	14.39	13.91	17.70	20.02	13.62
2005	286	1	213	7.61	1.52	0.78	5.52	3.00

WORLD MARKETS

February's global market decline of -10.09%, combined with January's -8.51% return, produced a devastating -17.74% year-to-date result. Emerging markets performed better than the developed markets, posting a 3.17% loss versus a 10.76% decline for the developed markets. Year-to-date numbers were similar, with emerging markets down 9.85% and developed markets off 18.49%. Only five emerging markets were positive in February, but the best developed market (Hong Kong) lost 4.08% for the month.

PENSION FUNDS

With 15.7% of the 2008 pension data in (17.9% of the market value), assets are running -17.7% lower than liabilities; the same issues last year were +1.4% over funded. Those initial numbers suggest that the estimate last year was low, given that most of the data is for non-December fiscal issues (12 mo Dec S&P 500 -38.5%, 12 Mo Sep was -23.6%), especially given that interest rates in the Q4 period may not help as much. Still, it is too early to tell, but between data and discussions, there is talk of higher expected returns, and an extension of duration until retirees actually apply for proceeds.

EARNINGS

Of the 457 reported issues, 126 issues have negative As Reported earnings. As Reported earnings are negative for the quarter (28% of issues are negative), with or without Financials. With 96.38% of the market value and 457 issues reported, Operating earnings are 70% below Q4,'07. Both As Reported and Operating Earnings are set for the sixth quarter of negative growth.

Reported quarterly sales are also down with a return of -9.16%. This number is 40% higher year over year (average +6.849%), and 60% lower (average -17.91%).

S&P 500 OPERATING EARNINGS PER SHARE: (By Year)

	2004 P/E	2005 P/E	2006 P/E	2007 P/E	2008 P/E	2009 P/E
Consumer Discretionary	20.50	19.64	19.19	19.51	22.88	16.46
Consumer Staples	18.52	17.85	18.91	19.18	8.05	7.68
Energy	11.85	10.66	10.44	13.03	6.38	10.24
Financials	13.31	13.32	13.17	17.20	-5.96	10.03
Health Care	20.45	19.70	19.33	17.58	10.68	9.85
Industrials	22.11	17.74	16.95	16.65	7.00	8.83
Information Technology	26.17	22.16	23.56	23.72	13.59	14.36
Materials	18.16	15.62	14.20	16.27	8.45	13.58
Telecommunication Services	18.88	16.20	19.48	20.35	11.72	11.63
Utilities	16.50	16.40	16.23	18.53	10.28	10.06
S&P 500	17.93	16.33	16.17	17.79	13.57	11.21

DIVIDENDS

February's 22.6% decline for dividends is the worst February since -36.3% in 1938. February was even worse than January for cuts (as measured by \$ reductions), with 22 issues reducing their rates by US\$ 19.4B; January was 11 issues for US\$ 12.4B. Actual payments YTD are down -9.3% from the same 2008 period.

Cutting dividends has become very popular over the past six months, with US\$ 55.2B cut. Dividend reductions within the S&P 500 last quarter (Q4,'08) set a record at US\$ 15.9B. Now, two months into the quarter, the record has already been broken with 33 issues cutting US\$ 31.8B. S&P expects more cuts to be announced as companies take steps to conserve cash in order to ride out the global recession.

Companies are now openly warning that there will be future dividend cuts if things (earnings, cash flow) do not improve, with some companies already taking the prudent step of cutting. Cutting dividends show that the company is addressing the situation, and as a result, its stock price may go up (similar to layoffs). Even companies who are not as stressed (cash flow) are cutting in order to further build up cash and reduce future obligation to insure their ability to ride out the recession. Simplistic stress tests (declining earnings, cash-flow, while still paying current dividends) find many issues paying current dividends out of retained earnings, with estimates not covering the current rate.

For the month, 30 issues increased, 0 initiated, 17 decreased and 5 suspended, versus 47 increases, 3 initiations, 0 decreases, and 2 suspensions for the same period in 2008, and 53 increases, 0 initiations, 0 decreases, and 0 suspensions for February 2007. Payers significantly underperformed non-payers in February, with a -20.42% return for payers versus a -12.52% loss for non-payers. The YTD is similar, with -27.90% for payers versus -15.49% for non-payers, and the trailing 12-month still shows payers doing better with -52.69% versus 49.67%.

ISSUE INDICATED DIVIDEND RATE CHANGE

Month of February

PERIOD	INCREASES	INITIALS	DECREASES	SUSPENSIONS
2009	30	0	18	5
2008	47	3	0	2
2007	53	0	0	0
2006	51	0	2	2

By Year

PERIOD	INCREASES	INITIALS	DECREASES	SUSPENSIONS
2008	236	5	40	22
2007	287	11	8	4
2006	299	6	7	3
2005	306	10	9	2

DIVIDEND TOTAL RETURN PERFORMANCE

PERIOD	AVERAGE S&P 500 PAYERS	AVERAGE S&P 500 NON-PAYERS
Month – Average Change	-20.42%	-12.52%
12-Months	-52.69%	-49.67%
Average Yield	4.37%	

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