

# S&P 500 Stock Buybacks Increase in Q2 Following Two Quarters of Declines: S&P Dow Jones Indices

First Signs of Significant Share Count Reduction Seen As More Companies Add Tail-Wind To EPS

PR Newswire  
NEW YORK

NEW YORK, Sept. 20, 2012 /PRNewswire/ -- S&P Dow Jones Indices announced today that preliminary results show that S&P 500 stock buybacks increased 32.6% to \$111.7 billion during the second quarter of 2012, an increase from the \$84.3 billion spent on buybacks during the first quarter of the year. The year-over-year gain was a mild 2.3% as the Index reversed the prior two quarters of reduced buybacks.

"Company buyback activity increased significantly during the second quarter. The last time we have seen this level of activity was during the pre-recession heydays of 2005-2007," says Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices. "While the second quarter produced a 3.3% broad decline in the equity markets, companies used the quarter to increase holdings, reduce share counts, and add a tail-wind to their eps during a quarter which set an operating record for profits."

Also of significance were M&A deals, which gave a boost to buybacks and reduced cash and equivalents for the second quarter in a row. Of note during the second quarter was Johnson & Johnson's \$12.9 billion share repurchase as part of its Synthes deal and Express Scripts reducing its cash reserves by \$8.2 billion as it combined with Medco.

On a sector basis, Silverblatt notes that S&P 500 Health Care issues dominated the quarter with \$23.8 billion in buybacks, but excluding the Johnson & Johnson deal, would have ranked fourth behind Information Technology (which added \$21.6 billion in buybacks), Consumer Discretionary (\$17.3 billion), and Financials (\$16.2 billion).

Of note is AT&T, which returned to the buyback program during the first quarter with \$2.1 billion in repurchases. The telecom giant added another \$2.6 billion in buybacks during the second quarter, placing it as the fifth highest total for the quarter. American International Group, which purchased \$2 billion in stock during the second quarter, recently completed a \$5 billion repurchase. Johnson & Johnson's \$12.9 billion in buybacks ranked as the highest expenditure in the quarter and was the second highest quarterly repurchase in history with the \$15.7 billion spent by International Business Machines in the second quarter of 2007 still holding the record.

For the third quarter of 2012, Silverblatt sees additional improvement in S&P 500 buyback activity. "However, with average daily prices up 3% and quarter-to-date prices up over 7%, buyback dollars won't go as far as they did during the depressed second quarter. S&P Dow Jones Indices is expecting to see higher EPS, due to an increase in buyback activity in at least 80 issues in their third quarter results. This will mean that investors again will need to look at the aggregate net income change, as well as earnings per share, when evaluating these issues."

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

## S&P Dow Jones Indices

### S&P 500, \$ U.S. BILLIONS

PERIOD	MARKET VALUE	AS REPORTED EARNINGS	DIVIDENDS	BUYBACKS	DIVIDEND & BUYBACK YIELD
	\$ BILLIONS	\$ BILLIONS	\$ BILLIONS	\$ BILLIONS	

6/30/2012 prelim.	\$12,303	\$195.27	\$67.31	\$111.75	5.35%
3/31/2012	\$12,730	\$208.15	\$64.07	\$84.29	5.09%
12/31/2011	\$11,385	\$186.76	\$65.89	\$87.59	5.67%
09/30/2011	\$10,303	\$206.08	\$59.20	\$118.41	6.14%
6/30/2011	\$12,021	\$202.44	\$59.03	\$109.24	4.88%
3/31/2011	\$12,068	\$195.15	\$56.08	\$89.84	4.52%
12/31/2010	\$11,430	\$187.67	\$54.85	\$86.36	4.42%
09/30/2010	\$10,336	\$176.80	\$51.26	\$79.56	4.45%
06/30/2010	\$9,323	\$178.00	\$50.44	\$77.64	4.41%
03/31/2010	\$10,560	\$157.85	\$49.28	\$55.26	3.36%
12/31/2009	\$9,928	\$135.14	\$49.04	\$47.82	3.36%
09/30/2009	\$9,337	\$130.37	\$47.21	\$34.85	3.71%
06/30/2009	\$8,045	\$118.22	\$47.63	\$24.20	5.17%
03/31/2009	\$6,928	\$65.29	\$51.73	\$30.78	7.13%
12/31/2008	\$7,852	-\$202.11	\$62.19	\$48.12	7.48%
09/30/2008	\$10,181	\$86.16	\$61.44	\$89.71	6.73%
06/30/2008	\$11,163	\$112.15	\$61.94	\$87.91	6.88%
03/30/2008	\$11,511	\$135.24	\$61.72	\$113.90	7.25%
12/31/2007	\$12,868	\$68.53	\$67.09	\$141.71	6.49%
09/30/2007	\$13,470	\$133.66	\$61.21	\$171.95	5.89%
06/30/2007	\$13,350	\$194.30	\$59.76	\$157.76	5.44%
03/31/2007	\$12,706	\$190.75	\$58.53	\$117.70	5.35%
12/31/2006	\$12,729	\$181.65	\$61.79	\$105.18	5.16%

#### S&P Dow Jones Indices

#### S&P 500 20 LARGEST Q2 2012 BUYBACKS, \$ MILLIONS

Company	SECTOR	Q4 2011	BUYBACKS Q4,'04-Q1,'12
Johnson & Johnson	Healthcare	\$12,852	\$39,329
Exxon Mobil	Energy	\$5,012	\$184,618
ConocoPhillips	Energy	\$3,050	\$34,904
Intl Bus. Machines	Information Technology	\$2,987	\$90,032
AT&T	Telecommunication Services	\$2,557	\$26,059
Oracle Corporation	Information Technology	\$2,399	\$20,807
Wells Fargo & Company	Financials	\$2,037	\$19,272
American International Group	Financials	\$2,000	\$12,855
Cisco Systems	Information Technology	\$1,892	\$56,782
Wal-Mart Stores	Consumer Staples	\$1,840	\$40,930
American Express Company	Financials	\$1,778	\$13,560
Philip Morris International	Consumer Staples	\$1,632	\$24,342
The Coca-Cola Company	Consumer Staples	\$1,531	\$19,257
The Goldman Sachs Group	Financials	\$1,501	\$38,554
The Home Depot	Consumer Discretionary	\$1,499	\$29,999
JPMorgan Chase & Co	Financials	\$1,437	\$28,293
Intel Corporation	Information Technology	\$1,396	\$47,966
DIRECTV	Consumer Discretionary	\$1,352	\$21,111
Pfizer	Healthcare	\$1,340	\$31,064
News Corporation	Consumer Discretionary	\$1,295	\$8,530
<b>Top 20</b>		<b>\$51,387</b>	<b>\$788,264</b>
<b>S&amp;P 500</b>		<b>\$111,747</b>	<b>\$2,813,814</b>
<b>Top 20 % of S&amp;P 500</b>		<b>45.99%</b>	<b>28.01%</b>

#### About S&P Dow Jones Indices

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