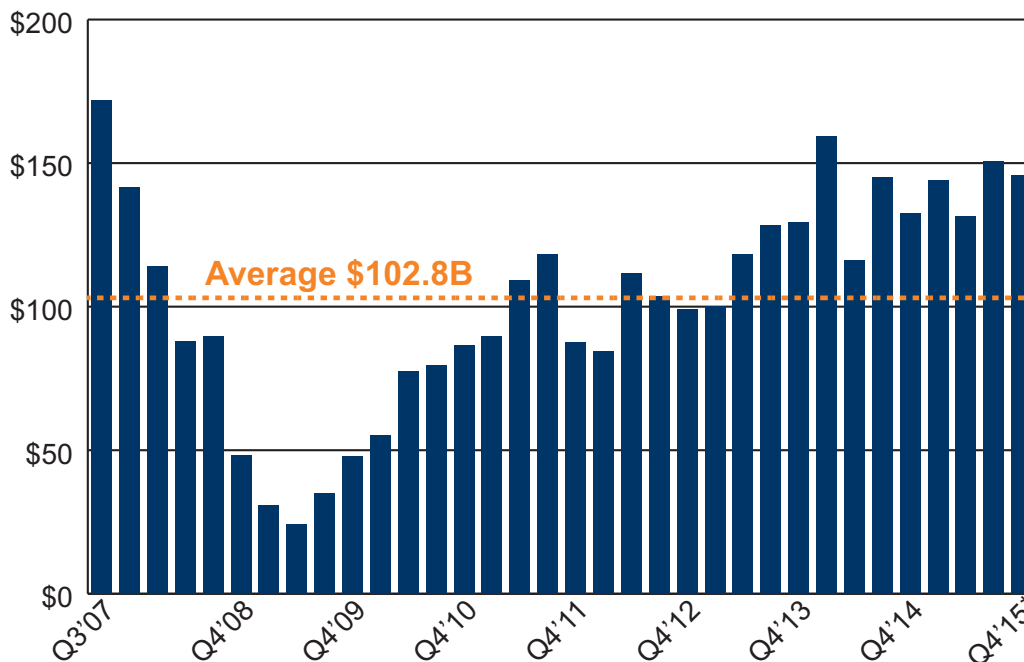


Companies Are Repurchasing Stock At A Better Than Average Clip

S&P 500 Index Quarterly Stock Buybacks in \$ U.S. Billions



Source: S&P Dow Jones Indices. *Preliminary

View from the Observation Deck

1. Stock buybacks are one way that a company can return capital to shareholders, particularly those companies that reduce outstanding share count.
2. Companies with excess cash can also spend it on such things as capital expenditures, stock dividends, mergers and acquisitions (M&A) and R&D.
3. We chose Q3'07 as the start date for the period depicted in the chart because it still stands as the biggest quarter ever for S&P 500 Index stock buybacks at \$172.0 billion, according to S&P Dow Jones Indices.
4. S&P 500 Index stock buybacks totaled \$145.9 billion in Q4'15, down 3.1% from the \$150.6 billion spent in Q3'15 and 15.2% below the all-time high of \$172.0 billion.
5. In Q4'15, over 20% of the companies executing buybacks reduced their year-over-year diluted share count by at least 4.0%, therefore boosting their EPS by at least 4.0%, according to S&P Dow Jones Indices.
6. While some pundits argue that companies are boosting their buybacks in order to prop up the stock market at a time when both earnings and economic growth have softened, we believe the data suggests otherwise.
7. In Q4'15, S&P 500 Index companies distributed a record \$99.4 billion in stock dividends, up 62.4% from the \$61.21 paid out in Q3'07, the quarter in which buybacks set an all-time high.
8. Dealogic reported that the total value of global mergers and acquisitions (M&A) activity (announced) topped \$5.0 trillion in 2015, surpassing the previous high set in 2007 by around 9%, according to PRNewswire. The U.S. accounted for half of all global M&A activity, or about \$2.5 trillion.
9. S&P 500 Industrials (Old), defined as the S&P 500 minus Financials, Utilities and Transportation companies, had cash and equivalent holdings totaling \$1.326 trillion in Q4'15, down slightly from the all-time high of \$1.333 trillion set in Q4'14.
10. Corporate America remains cash rich despite spending trillions of dollars on buybacks, stock dividends and M&A since 2007. While global M&A activity and S&P 500 Index stock dividends hit record-highs in 2015, buybacks sit well below their all-time high.

This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.