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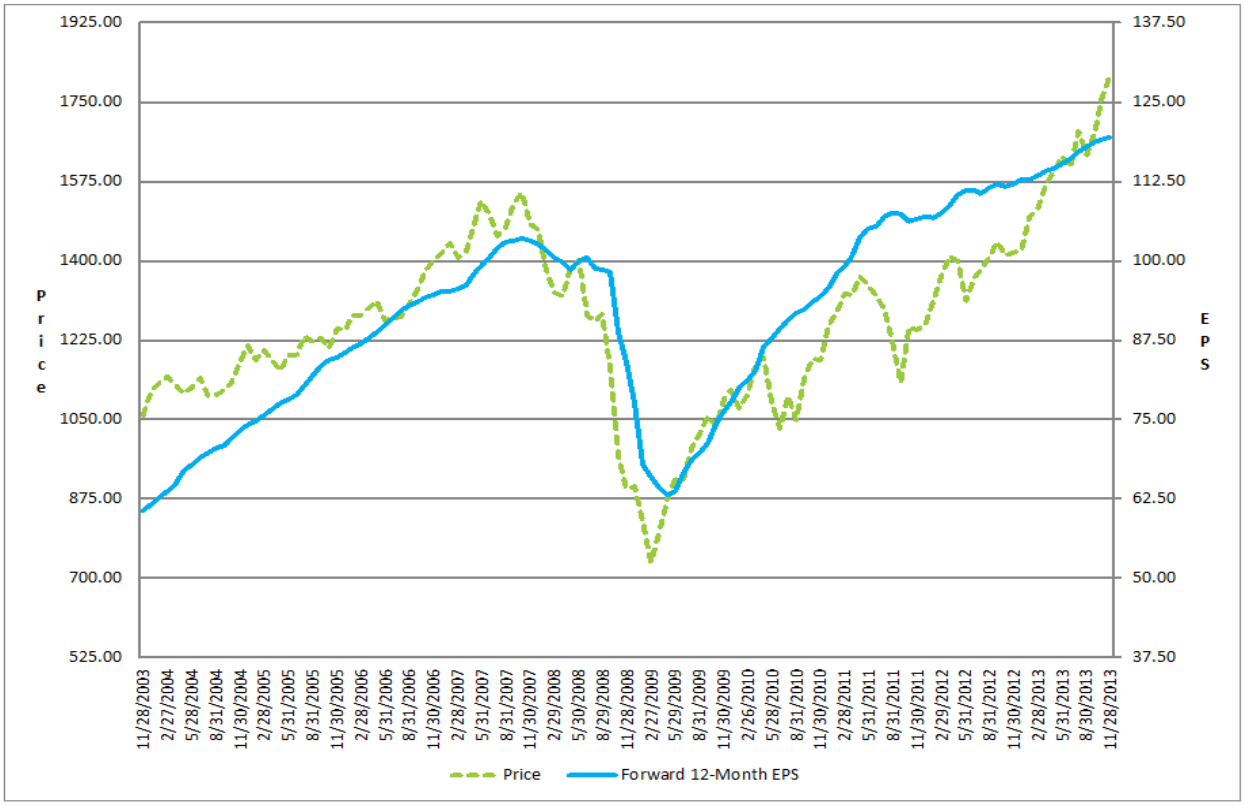
Key Metrics

- **Earnings Scorecard:** Of the 494 companies that have reported earnings to date for Q3 2013, 73% have reported earnings above the mean estimate and 52% have reported sales above the mean estimate.
- **Earnings Growth:** The blended earnings growth rate for Q3 2013 is 3.4%. The Consumer Discretionary has the highest earnings growth rate for the quarter, while the Energy sector has the lowest earnings growth rate for the quarter.
- **Earnings Revisions:** On September 30, the earnings growth rate for Q3 2013 was 2.9%. Eight sectors have recorded increases in earnings growth rates over this time frame, and two sectors have recorded declines in earnings growth rates over this time frame.
- **Earnings Guidance:** For Q4 2013, 91 companies have issued negative EPS guidance and 12 companies have issued positive EPS guidance.
- **Valuation:** The current 12-month forward P/E ratio is 15.1. This P/E ratio is based on Wednesday's closing price of 1807.23 and forward 12-month EPS estimate of $119.45.

S&P 500 Forward 12-Month EPS vs. Price: 10-Year



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Topic of the Week

Heading into Black Friday, Analysts Optimistic on Department Stores and Pessimistic on General Merchandise and Apparel Stores

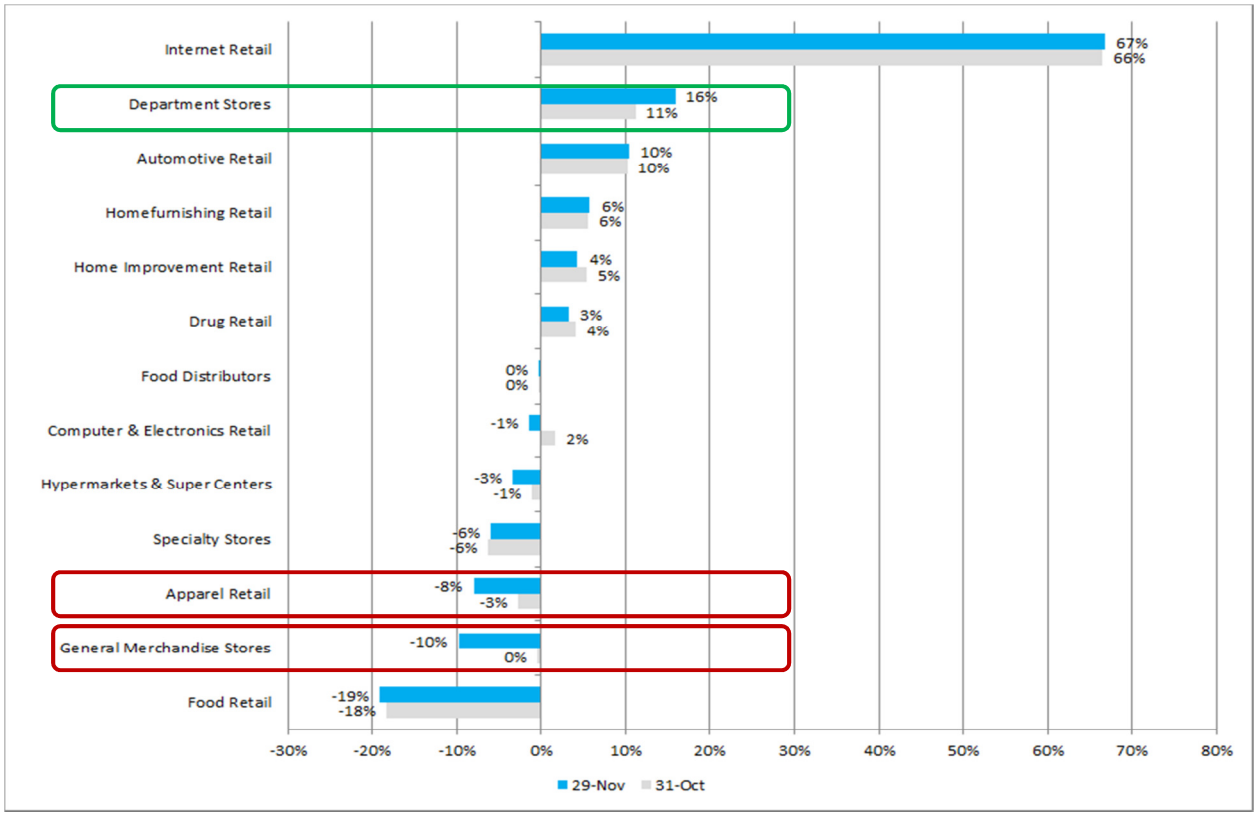
With "Black Friday" today, the performance of retailers will be a focus for the markets. As of today, which retailers in the S&P 500 are projected to see the highest and lowest earnings growth for the fourth quarter? Which retailers in the index have seen the largest upward and downward revisions to earnings estimates over the past month?

In terms of year-over-year earnings growth, only six of the thirteen retail sub-industries in the S&P 500 are predicted to report growth in earnings for the fourth quarter. Of these six sub-industries, the Internet Retail (67%), Department Stores (16%), and Automotive Retail (10%) sub-industries are expected to see the highest earnings growth. On the other hand, the Food Retail (-19%), General Merchandise Stores (-10%), and Apparel Retail (-8%) sub-industries are expected to see the lowest earnings growth for the quarter.

In terms of upward revisions to earnings estimates, only one sub-industry has recorded an increase in expected earnings growth of more than one percentage point since the end of last month: Department Stores (to 16% from 11%). Within this sub-industry, J.C. Penney has witnessed the largest upward revisions to EPS estimates over this time frame (to -$0.69 from -$0.84).

In terms of downward revisions to earnings estimates, five sub-industries have recorded decreases in expected earnings growth of more than one percentage point since October 31, led by the General Merchandise Stores (to -10% from 0%) and the Apparel Retail (to -8% from -3%) sub-industries. Within the General Merchandise Stores sub-industry, Target has recorded the largest downward revisions to EPS estimates since October 31 (to $1.25 from $1.47). Within the Apparel Retail Sub-industry, Abercrombie & Fitch has recorded the largest downward revisions to estimates (to $0.93 from $1.47).

S&P 500 Retail Sub-Industries: Estimated Q4 Earnings Growth



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Q3 2013 Earnings Season: Overview

EPS Beats are Average, but Revenue Beats are Below Average

With 99% of the companies in the S&P 500 reporting actual results, the percentage of companies reporting earnings above estimates is equal to the four-year average, while the percentage of companies reporting revenue above estimates is below the four-year average.

Percentage of Companies Beating EPS Estimates (73%) Equal to 4-Year Average

Overall, 494 companies have reported earnings to date for the third quarter. Of these 494 companies, 73% have reported actual EPS above the mean EPS estimate and 27% have reported actual EPS below the mean EPS estimate. Over the past four quarters on average, 70% of companies have reported actual EPS above the mean EPS estimate. Over the past four years on average, 73% of companies have reported actual EPS above the mean EPS estimate.

At the sector level, the Information Technology (86%), Health Care (82%), and Consumer Discretionary (78%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (58%) sector has the lowest percentage of companies reporting earnings above estimates.

Lowest EPS Surprise Percentage (1.7%) since 2008 due to Financials sector

In aggregate, companies are reporting earnings that are 1.7% above expectations. Over the last four quarters on average, actual earnings have surpassed estimates by 3.7%. Over the past four years on average, actual earnings have surpassed estimates by 6.5%. If 1.7% is the final surprise percentage for the quarter, it will mark the lowest surprise percentage since Q4 2008 (-62%).

Companies in the Information Technology (+8.1%) and Materials (+7.2%) sectors reported the largest upside aggregate differences between actual earnings and estimated earnings. In the Information Technology sector, Micron Technology reported the largest upside earnings surprise of all the companies in the index. The company reported EPS of $1.51 for the third quarter, which was substantially above the mean EPS estimate of $0.23. The upside surprise was aided by *"purchase accounting gains relating to the acquisition and the results of operations of Elpida for the month of August,"* which totaled $1.31 per share. Other companies in the sector that reported significant upside earnings surprises included Electronic Arts (+176%) and First Solar (+102%). In the Materials sector, companies that reported actual EPS substantially above the mean EPS estimate included Alcoa (+105%), Newmont Mining (+43%), and Freeport McMoRan Copper & Gold (+41%).

Companies in the Financials (-8.8%) sector reported the largest downside aggregate differences between actual earnings and estimated earnings. However, one company was mainly responsible for the unusually large negative surprise percentage for the sector: JPMorgan Chase. The company reported a loss of $0.17 for the third quarter, which was significantly below the mean EPS estimate of $1.19. A legal expense (including reserves for litigation and regulatory proceedings) of $1.85 per share was the main contributor to the downside surprise. In addition to JPMorgan Chase, SunTrust Banks (-52%) and BB&T Corporation (-47%) also reported actual EPS well below the expectations of analysts.

Percentage of Companies Beating Revenue Estimates (52%) Below 4-Year Average

In terms of revenues, 52% of companies have reported actual sales above estimated sales and 48% have reported actual sales below estimated sales. The percentage of companies beating sales estimates is above the percentage recorded over the last four quarters (48%), but below the average over the previous four years (59%).

At the sector level, the Health Care (67%), Telecom Services (67%), and Information Technology (64%) sectors have the highest percentages of companies reporting revenue above estimates, while the Consumer Staples (39%) and Materials (42%) sectors have the lowest percentages of companies reporting revenue above estimates.

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High Sales Surprise Percentage (0.8%) due to Energy sector

In aggregate, companies are reporting sales that are 0.8% above expectations. Over the previous four quarters on average, actual sales have exceeded estimates by 0.5%. Over the previous four years on average, actual sales have exceeded estimates by 0.6%.

Companies in the Energy (+5.2%) sector reported the largest upside aggregate differences between actual sales and estimated sales, while companies in the Utilities (-1.8%) sector reported the largest downside aggregate differences between actual sales and estimated sales.

No Change in the Earnings Growth Rate This Week

The blended earnings growth rate for the third quarter is 3.4% this week, unchanged from a growth rate of 3.4% last week.

Information Technology and Materials Have Seen Largest Rise in Earnings Growth since September 30

The blended earnings growth rate for Q3 2013 of 3.4% is above the estimate of 2.9% at the end of the quarter (September 30). Eight of the ten sectors have seen an increase in earnings growth over this period, led by the Information Technology (to 8.9% from 0.7%) and Materials (to 9.0% from 1.3%) sectors. The Financials (to -0.3% from 9.0%) and Energy (to -8.2% from -0.9%) sectors are the only two sectors that have witnessed a decline in earnings growth over this time frame.

Blended Earnings Growth: 3.4%

The blended earnings growth rate for Q3 2013 is 3.4%. Eight of the ten sectors are reporting higher earnings relative to a year ago, led by the Consumer Discretionary, Materials, and Information Technology sectors. On the other hand, the Energy and Financials sectors are the only two sectors that reported year-over-year decreases in earnings for the quarter.

Consumer Discretionary: Broad-Based Growth across Sector

The Consumer Discretionary sector has the highest earnings growth rate of all ten sectors at 9.9%. Growth is broad-based across the sector. Ten of the twelve industries in the sector are reporting earnings growth. Seven of these industries have double-digit growth rates, led by the Internet & Catalog Retail (93%), Household Durables (25%), and Auto Components (19%) industries. At the other end of the spectrum, the Multiline Retail (-41%) industry has the lowest earnings growth rate for the quarter.

Materials: Broad-Based Growth across Sector

The Materials sector has the second highest earnings growth rate of all ten sectors at 9.0%. Growth was broad-based across this sector as well. Ten of the 13 sub-industries in the sector reported earnings growth for the quarter. Seven of these sub-industries had double-digit growth rates, led by the Aluminum (268%) and Construction Materials (130%) sub-industries. On the other hand, the Fertilizers & Agricultural Chemicals (-50%), Gold (-46%), and Steel (-29%) sub-industries had the lowest growth rates for the quarter.

Information Technology: Apple Still a Drag on Earnings Growth

The Information Technology sector has the third highest earnings growth rate of all ten sectors at 8.9%. Six of the eight industries in the sector reported earnings growth, led by the Semiconductors & Semiconductor Equipment (40%) industry. On the other hand, the Computer & Peripherals (-8%) industry reported the largest decrease in earnings for the quarter.

At the company level, Micron Technology was the largest contributor to earnings growth for the sector. The company reported actual EPS of $1.51 for the third quarter, relative to year-ago actual EPS of -$0.24. The increase in EPS relative to Q3 2012 was aided by *"purchase accounting gains relating to the acquisition and the results of operations of Elpida for the month of August,"* which totaled $1.31 per

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share. If Micron Technology is excluded from the index, the growth rate for the sector falls to 4.8%. Microsoft and Google were also significant contributors to growth for the sector.

Apple is the largest detractor to earnings growth for the sector. The reported actual EPS of $8.26 for the third quarter, compared to year-ago actual EPS of $8.67. This marked the fourth consecutive quarter that Apple reported a year-over-year decline in EPS. If Apple is excluded from the index, the growth rate for the sector would improve to 12.6%.

Energy: Exxon Mobil, Phillips 66, and Marathon Petroleum

The Energy sector has the lowest earnings growth rate of any sector at -8.2%. Three of the seven sub-industries in this sector reported a decline in earnings: Coal & Consumable Fuels (-131%), Oil & Gas Refining & Marketing (-75%), and Integrated Oil & Gas (-9%). On the other end of the spectrum, the Oil & Gas Storage & Transportation (57%) and Oil & Gas Exploration & Production (29%) sub-industries had the highest earnings growth rates.

At the company level, Exxon Mobil, Phillips 66, and Marathon Petroleum were the largest detractors to earnings growth. Exxon Mobil reported actual EPS of $1.79, compared to year-ago EPS of $2.09. Phillips 66 reported actual EPS of $0.87, relative to year-ago EPS of $2.97. Marathon Petroleum reported actual EPS of $0.59, compared to year-ago actual EPS of $3.31. If these three companies are excluded, the growth rate for the Energy sector would improve to 8.7%.

Financials: Bank of America & Morgan Stanley vs. JPMorgan Chase

The Financials sector has the second lowest earnings growth rate (-0.3%) of any sector. Four of the eight industries in the sector reported a decline in earnings for the quarter, led by the Diversified Financial Services (-33%) industry. Four of the eight industries reported year-over-year growth in earnings, led by the Capital Markets (64%) industry.

At the company level, Bank of America and Morgan Stanley were the not only the largest contributors to growth for the sector, but for the entire S&P 500 as well. Bank of America reported actual EPS of $0.20, relative to year-ago actual EPS of $0.00. Morgan Stanley reported actual EPS of $0.50, compared to year-ago actual EPS of -$0.55. If both of these companies are excluded from the index, the growth rate for the Financials sector would fall to -9.8%, while the growth rate for the S&P 500 would be 1.7%.

On the other hand, JPMorgan Chase was not only the largest detractor to growth for the sector, but for the entire S&P 500 as well. The company reported actual EPS of -$0.17, compared to year-ago actual EPS of $1.40. A legal expense (including reserves for litigation and regulatory proceedings) of $1.85 per share was the main contributor to the decrease in EPS relative to Q3 2012. If this company is excluded from the index, the growth rate for the Financials sector would improve to 16.1%, while the growth rate for the S&P 500 would rise to 6.0%.

Blended Revenue Growth: 2.9%

The blended revenue growth rate for Q3 2013 is 2.9%, which is above the growth rate of 2.7% recorded at the end of the third quarter (September 30). All ten sectors are reporting revenue growth for the quarter, led by the Health Care and Consumer Discretionary sectors. The Energy and Industrials sectors reported the lowest growth in sales for the quarter.

The Health Care sector has the highest revenue growth rate at 5.7%. At the industry level, five of the six industries reported revenue growth, led by the Biotechnology (16%) and Health Care Providers & Services (10%) industries. The only industry that reported a decline in sales was the Health Care Equipment & Supplies (-13%) industry.

The Consumer Discretionary sector has the second highest revenue growth rate at 5.3%. Growth is broad-based across the sector. At the industry level, all twelve industries in the sector are reporting revenue growth, led by the Internet & Catalog Retail (24%) and Household Durables (13%) industries.

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The Energy sector has the lowest revenue growth rate of all ten sectors (along with the Industrials sector) at 1.3%. At the sub-industry level, five of the seven sub-industries reported growth in sales, led by the Oil & Gas Storage & Transportation sub-industry (15%). On the other hand, the Coal & Consumable Fuels (-6%) and Integrated Oil & Gas (-5%) sub-industries reported declines in sales.

The Industrials sector has the lowest revenue growth rate of all ten sectors (along with the Energy sector) at 1.3%. At the industry level, ten of the twelve industries reported revenue growth, led by the Electrical Equipment (14%) industry. The only two industries that reported a decline in sales were the Machinery (-5%) and Construction & Engineering (-1%) industries.

Domestic Concerns: Government Shutdown

Government Shutdown

During the past few months, a number of companies have commented on the impact of the government shutdown on the overall economy. While most companies stated that the shutdown has added to "uncertainty" in the economy, some companies were more specific in their comments, citing the negative impact of the shutdown as one factor impacting actual earnings for the third quarter or projected earnings for the fourth quarter.

"And then, so far this quarter, I think we'll have a potentially stronger quarter in international and the U.S. we think we'll struggle a little bit. Struggle may be too harsh a word, but we'll have some impact from the budgetary stalemate. Probably if the U.S. government, if we didn't have this issue on the macro side, given that we had a slight positive book-to-bill, given that the Japan economy in particular was doing well and Europe had a better summer than normal, we probably would not have guided down. We probably would've guided somewhere in the flat range had we not had these macroeconomic events." – Linear Technology (Oct. 16)

"And we believe the strategy and the programs that are in place to deliver the long-term financial objectives will get where they need to be. But we are revising our full-year 2013 guidance – EPS guidance to a range of $4.90 to $5 as a result – primarily as a result of the slower margin recovery within Security, weakening in emerging markets, and the impact of the U.S. government shutdown on near-term organic growth." –Stanley Black & Decker (Oct. 16)

"Our results reflect the challenging operating environment, including a slowdown in client activity based on uncertainty regarding Fed tapering, concerns about the effect of the U.S. government shutdown and forecast for slowing economic growth, particularly in the emerging markets." –Citigroup (Oct. 15)

Global Concerns: F/X Rates, Europe and Emerging Markets

Less Favorable F/X Rates

The U.S. dollar has strengthened relative to the Japanese yen and other foreign currencies over the past year. In the year-ago quarter (Q3 2012), one dollar was equal to about $78.62 yen on average. For Q3 2013 on average, one dollar was equal to about $98.90 yen on average. A number of companies commented on the negative impact of F/X rates on revenues and earnings for the third quarter.

"For example, the year-over-year exchange rates for the yen for both the spot rate and the average rate have weakened 20% against the dollar. Other major FX moves occurred in India, Australia, Argentina and Brazil. These were somewhat offset by a slight strengthening of the euro. Overall, FX rates had a negative impact on our revenue and billings growth for the quarter although the impact on profitability was less pronounced." –Red Hat (Sep. 23)

"I want to start by letting you know that currency in Q1 gave us a 2% headwind for new software license and total revenue which was more than my guidance last quarter." –Oracle (Sep. 18)

"Year-over-year, FX rate changes had an $18 million negative impact on reported revenue." –Adobe Systems (Sep. 17)

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Europe

Europe has been reporting a decline in economic growth relative to last year. According to FactSet Economics, the European Union recorded a decrease in GDP of 0.2% in Q2 2013, which marked the sixth consecutive quarter of year-over-year declines in GDP. A number of companies stated that economic conditions were still weak in Europe in the third quarter. However, some companies stated that conditions may have reached a bottom or improved slightly.

"I think so from a macroeconomic situation, the one area that I called out was in particular the EMEA region had its lowest percentage of total bookings or total company bookings that they've had in some time. Having said that, I think their Q3 and Q4 is shaping up better and I'm hopeful that we're going to see some improvement there." –Red Hat (Sep. 23)

"In Europe, first quarter sales in constant currency declined 3%, reflecting the tough operating environment in the region." –General Mills (Sep. 18)

Emerging Markets

Economic growth for some countries in emerging markets regions has also been decreasing over the past year. According to FactSet Economics, two of the four "BRIC" countries recorded slower GDP growth in the most recent quarter. For Q2 2012, China and India recorded GDP growth of 7.6% and 3.4%, respectively. By Q2 2013, GDP growth rates for China and India had fallen to 7.5% and 2.4%.

On the other hand, Brazil has recorded an increase in GDP growth over the past year. For Q2 2013, Brazil reported GDP growth of 3.3%, above the 0.5% recorded in Q1 2012.

As a result, comments on business conditions in China and emerging markets continued to be mixed for Q3. Some companies reported weak conditions, while others saw strength.

"For the third quarter, we reported a 15% decline in EPS before special items, which is obviously disappointing. This decline was led by sales and profit declines in our China Division as well as a higher tax rate." –YUM! Brands (Oct. 9)

"Revenues for the NIKE Brand were $6.5 billion, up 7 percent on a currency neutral basis, with growth in every product type and every geography except Greater China." –NIKE (Sep. 26)

"And by the way, while many of you have commented on the softening in emerging market economies overall, I mean, I do want to point out that our business continues to be very strong in emerging markets. We had a very strong quarter in China and we're seeing terrific growth in Brazil." –General Mills (Sep.18)

Q4 Guidance: High Percentage (88%) of Negative Guidance due to Lack of Positive Projections

At this stage of Q3 2013 earnings season, 103 companies in the index have issued EPS guidance for the fourth quarter. Of these 103 companies, 91 have issued negative EPS guidance and 12 have issued positive EPS guidance. Thus, the percentage of companies issuing negative EPS guidance to date for the fourth quarter is 88% (91 out of 103). This percentage is well above the 5-year average of 63%.

One of the reasons for the high percentage of negative EPS guidance is the unusually low number of companies issuing positive EPS guidance. Over the past four quarters (Q412 – Q313), 86 companies on average have issued negative EPS guidance and 26 companies on average have issued positive EPS guidance. Thus, the number of companies issuing negative EPS guidance for Q4 is up 6% compared to the one-year average, while the number of companies issuing positive EPS guidance for Q4 is down 54% compared to the one-year average.

Earnings Growth Rebound Still Projected for Q413, But Little Revenue Growth

Since the start of the fourth quarter (September 30), analysts have reduced earnings growth expectations for Q4 2013 (to 6.7% from 9.6%). However, they still expect a significant improvement in earnings growth in the fourth quarter of 2013 relative to recent quarters. For Q4 2013, four of the ten

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sectors are predicted to see double-digit earnings growth: Financials (25.3%), Industrials (14.3%), Telecom Services (14.1%), and Materials (10.1%).

The estimated revenue growth rate for Q4 2013 of 0.4% is well below the estimated earnings growth rate. The Financials sector accounts for much of this gap between expected earnings and revenue growth for the index, as the sector is projected to report the highest earnings growth of all ten sectors at 25.3%, but also the lowest revenue growth of all ten sectors at -10.1%. For more details on this dichotomy, please see our most recent *Market Insight* report titled, "Growth Divide in EPS & Sales in Q4," which was published on September 25.

Valuation: Forward P/E Ratio is 15.1, above the 10-Year Average (14.0)

The current 12-month forward P/E ratio is 15.1. This P/E ratio is based on Wednesday's closing price of 1807.23 and forward 12-month EPS estimate of $119.45.

At the sector level, the Consumer Discretionary (18.3) and Consumer Staples (17.4) sectors have the highest forward 12-month P/E ratios, while the Financials (12.7) and Energy (12.9) sectors have the lowest forward 12-month P/E ratios.

The P/E ratio of 15.1 for the index as a whole is above the prior 5-year average forward 12-month P/E ratio of 13.0, and above the prior 10-year average forward 12-month P/E ratio of 14.0.

It is also above the forward 12-month P/E ratio of 14.8 recorded one month ago. During the past month, the price of the index rose by 2.7%, while the forward 12-month EPS estimate increased by 0.3%.

At the sector level, six of the ten sectors recorded an increase in the forward 12-month P/E ratio over the past month, led by the Health Care (to 16.9 from 16.2) sector. On the other hand, four of the ten sectors witnessed a decline in the forward 12-month P/E ratio, led by the Utilities sector (to 15.0 from 15.6).

Companies Reporting Next Week: 3

The "peak" weeks of the third quarter earnings season are now finished. The remaining 1% of the companies in the S&P 500 that have not reported earnings to date for the third quarter will do so over the next few weeks. During the upcoming week, three S&P 500 companies are scheduled to report earnings for the third quarter.

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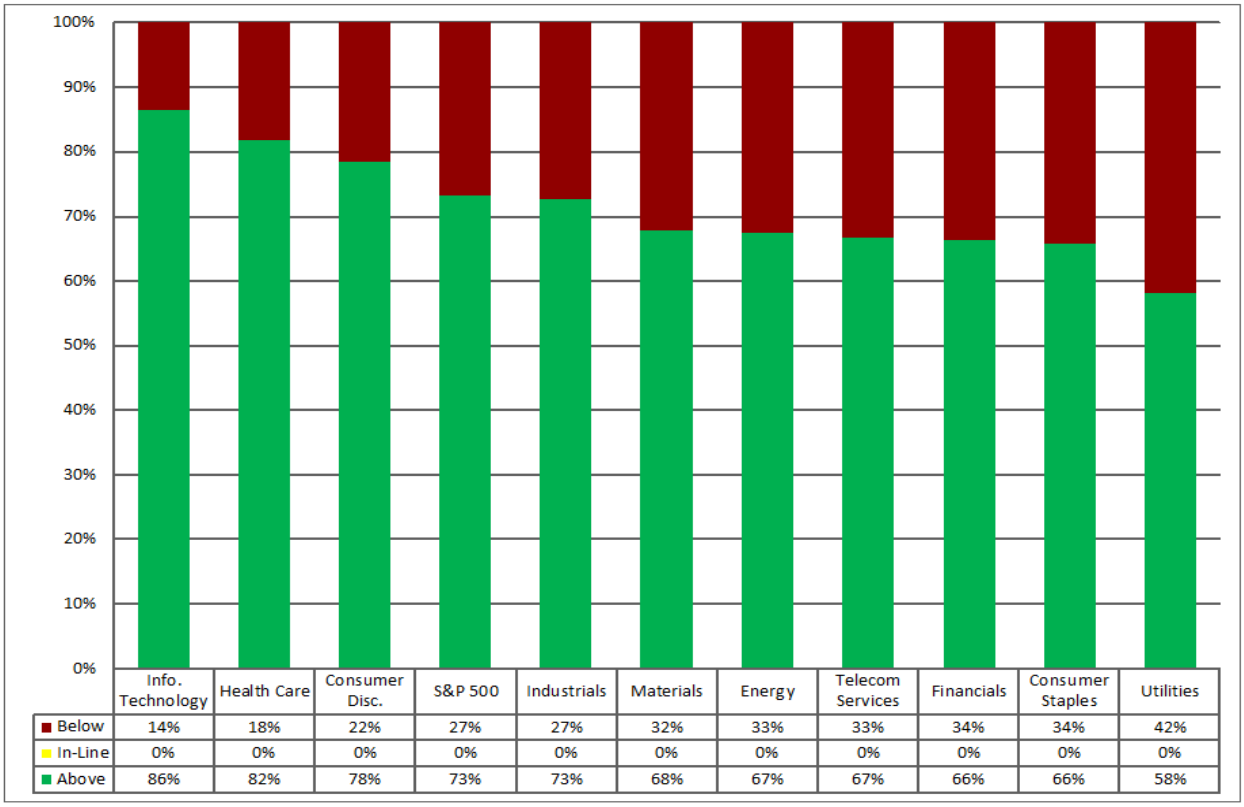
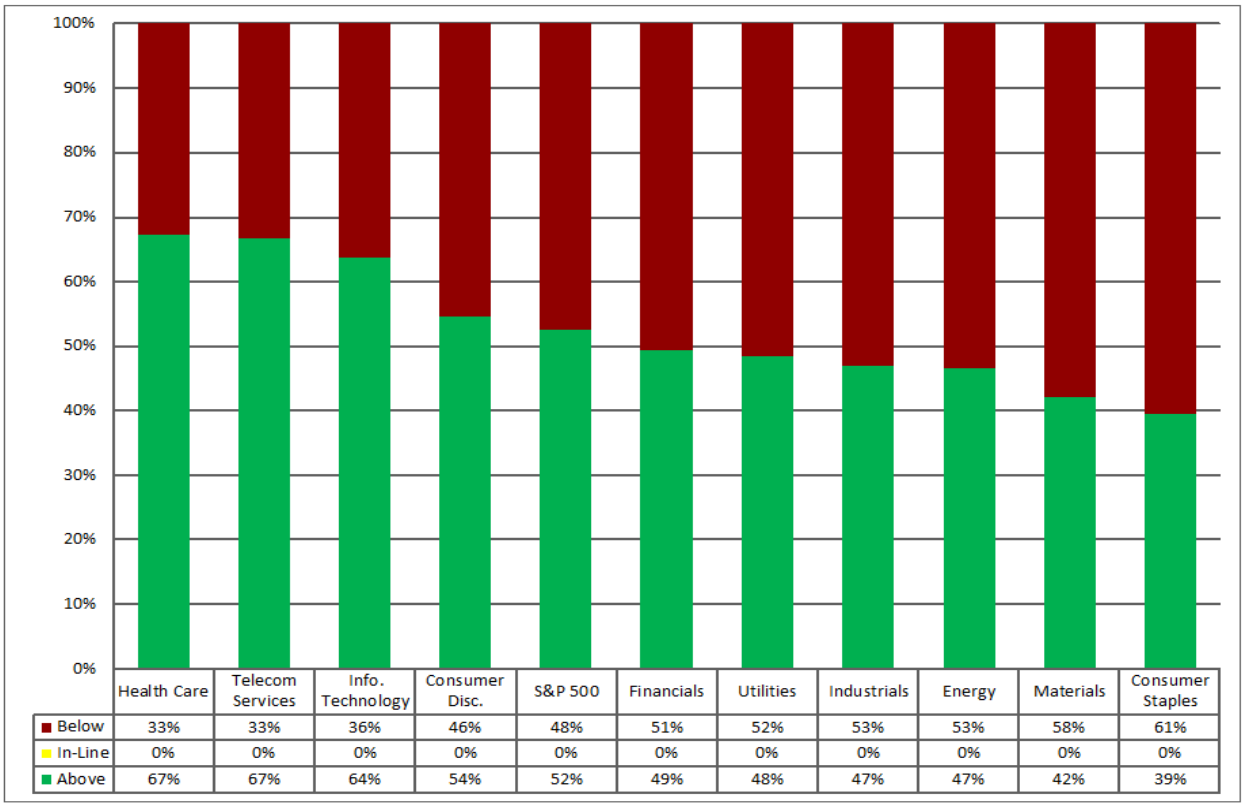
Q3 2013: Scorecard

Q3 2013 Earnings: Above, In-Line, Below Estimates



	Info. Technology	Health Care	Consumer Disc.	S&P 500	Industrials	Materials	Energy	Telecom Services	Financials	Consumer Staples	Utilities
Below	14%	18%	22%	27%	27%	32%	33%	33%	34%	34%	42%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	86%	82%	78%	73%	73%	68%	67%	67%	66%	66%	58%

Q3 2013 Revenues: Above, In-Line, Below Estimates



	Health Care	Telecom Services	Info. Technology	Consumer Disc.	S&P 500	Financials	Utilities	Industrials	Energy	Materials	Consumer Staples
Below	33%	33%	36%	46%	48%	51%	52%	53%	53%	58%	61%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	67%	67%	64%	54%	52%	49%	48%	47%	47%	42%	39%

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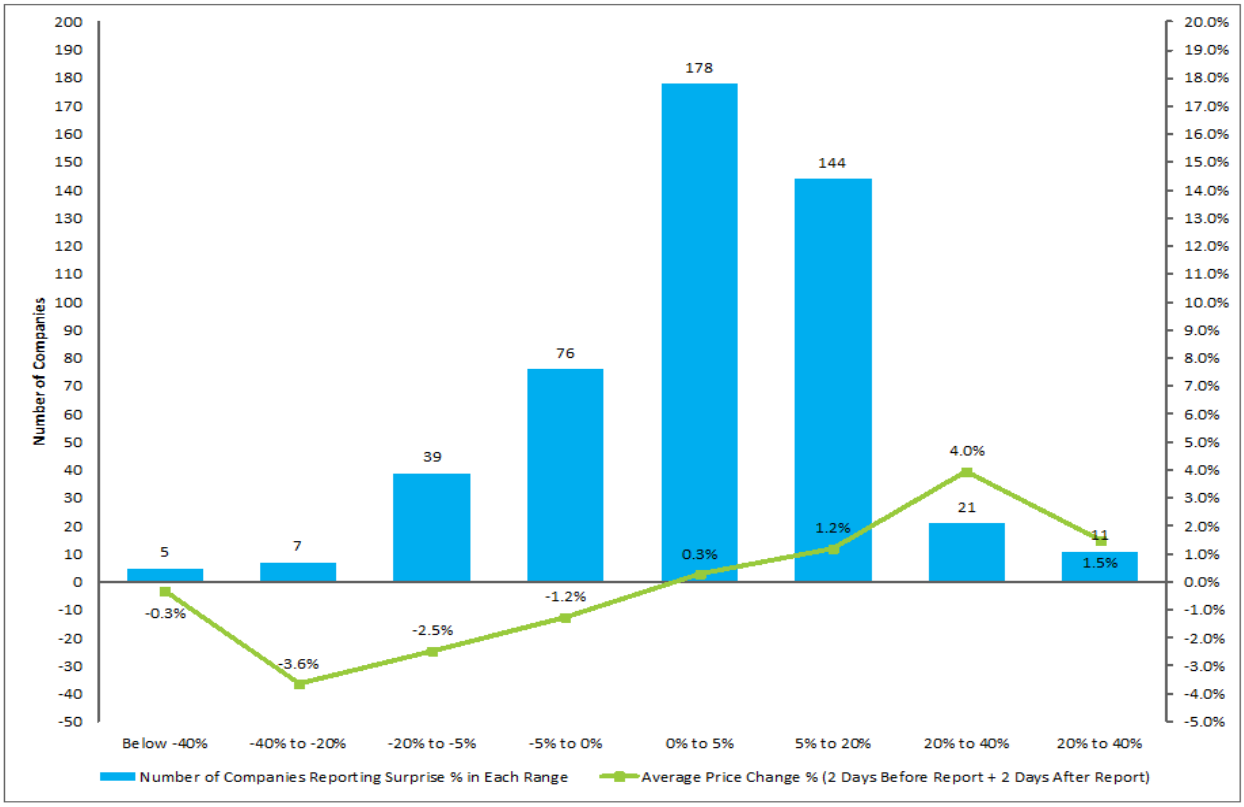
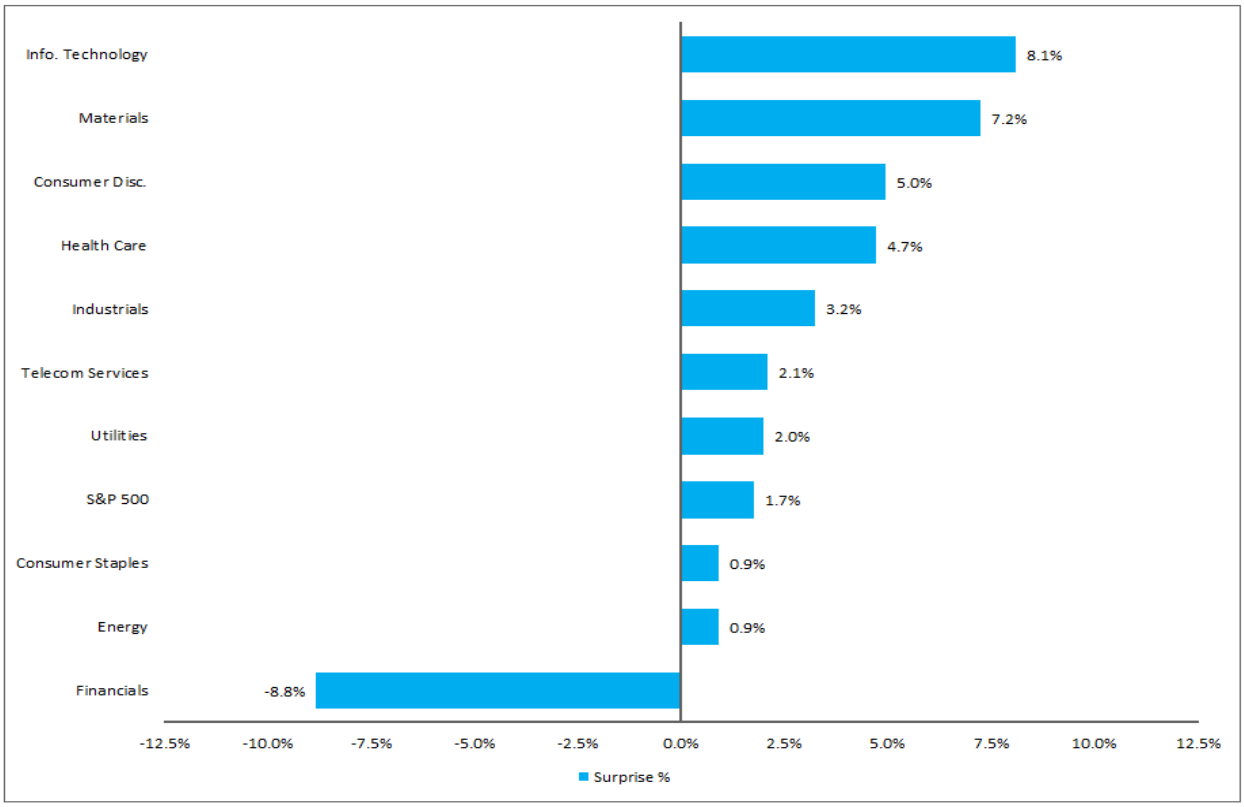
Q3 2013: Scorecard

Q3 2013: Surprise % Numbers



Q3 2013: Sector Level Surprise %



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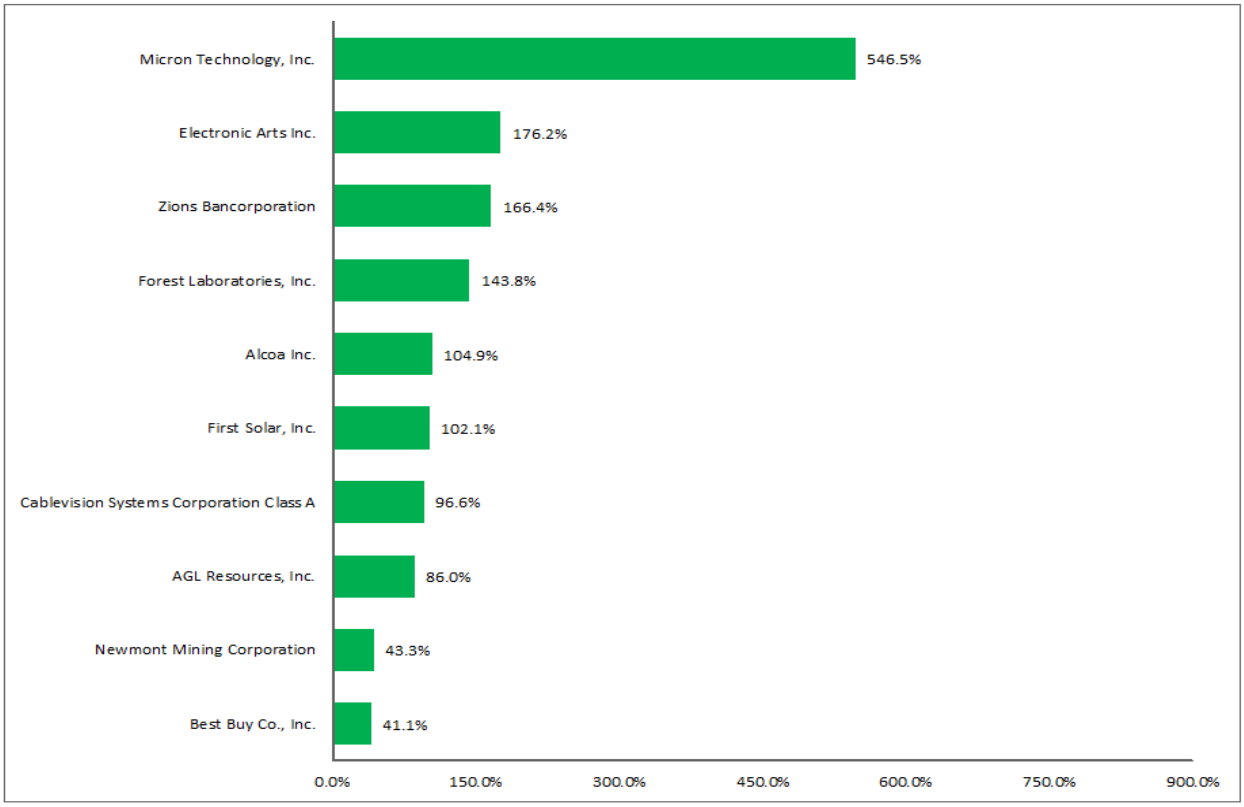
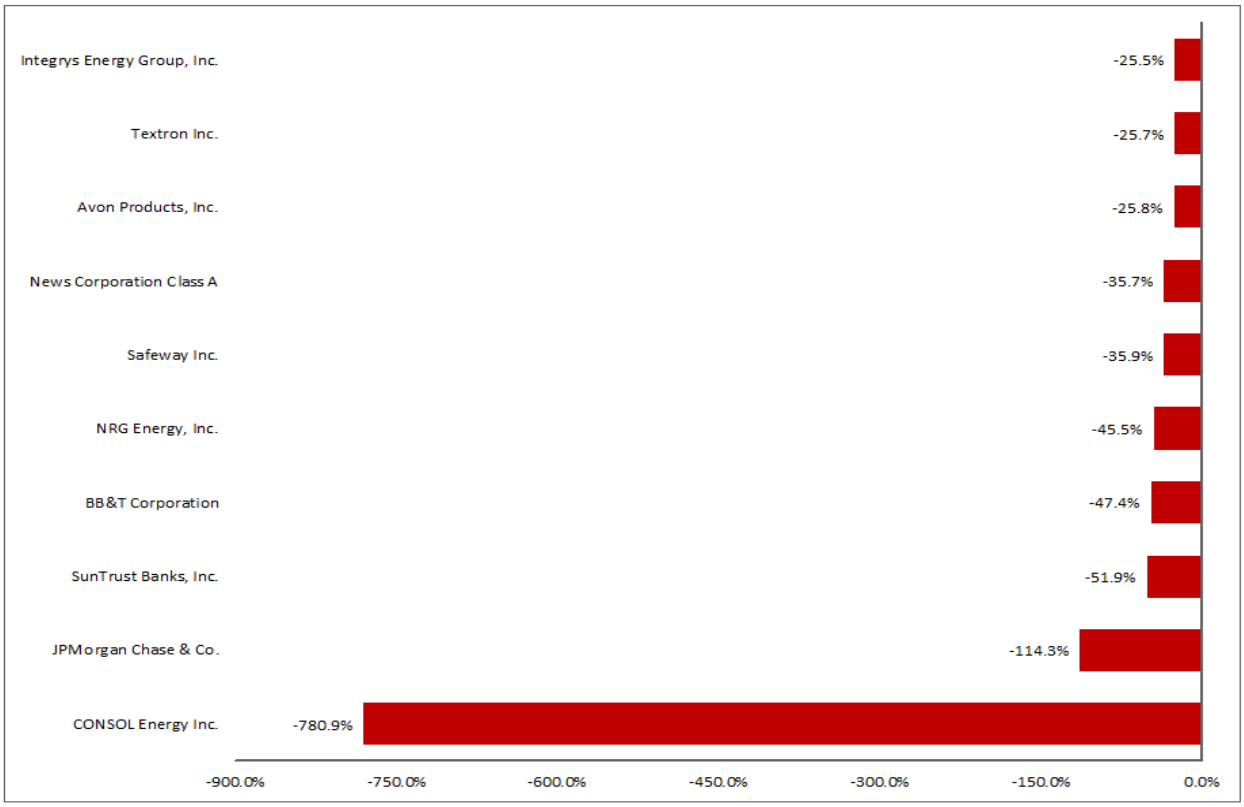
Q3 2013: Scorecard

EPS Surprise %: Top 10 Companies



EPS Surprise %: Bottom 10 Companies



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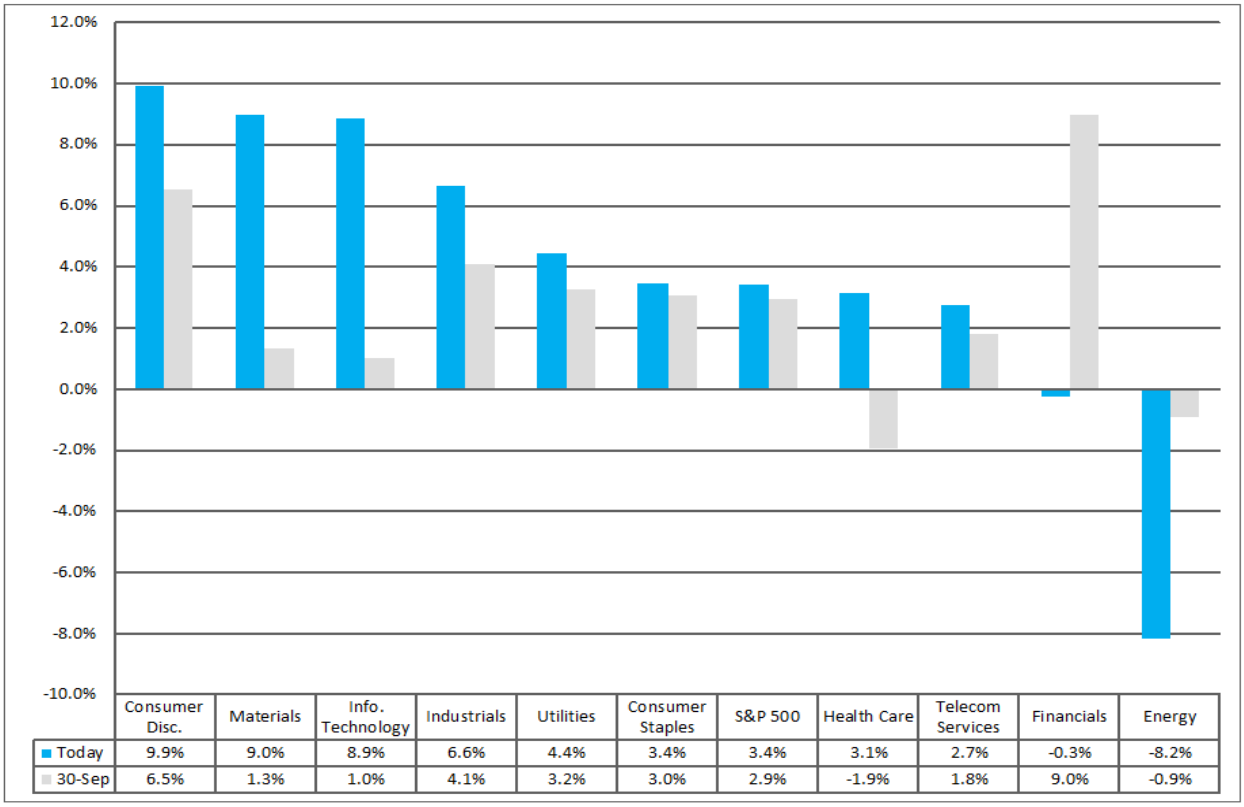
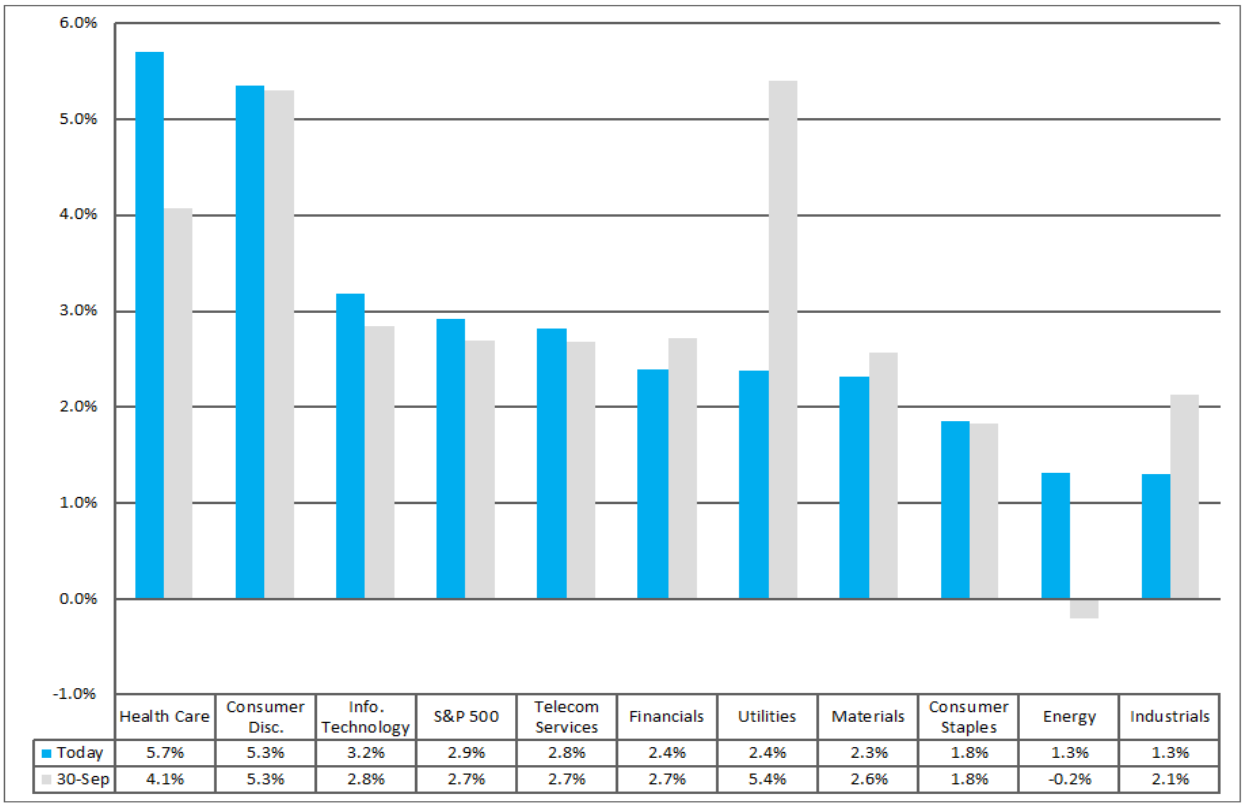
Q3 2013: Growth

Q3 2013 Earnings Growth



	Consumer Disc.	Materials	Info. Technology	Industrials	Utilities	Consumer Staples	S&P 500	Health Care	Telecom Services	Financials	Energy
Today	9.9%	9.0%	8.9%	6.6%	4.4%	3.4%	3.4%	3.1%	2.7%	-0.3%	-8.2%
30-Sep	6.5%	1.3%	1.0%	4.1%	3.2%	3.0%	2.9%	-1.9%	1.8%	9.0%	-0.9%

Q3 2013 Revenue Growth



	Health Care	Consumer Disc.	Info. Technology	S&P 500	Telecom Services	Financials	Utilities	Materials	Consumer Staples	Energy	Industrials
Today	5.7%	5.3%	3.2%	2.9%	2.8%	2.4%	2.4%	2.3%	1.8%	1.3%	1.3%
30-Sep	4.1%	5.3%	2.8%	2.7%	2.7%	2.7%	5.4%	2.6%	1.8%	-0.2%	2.1%

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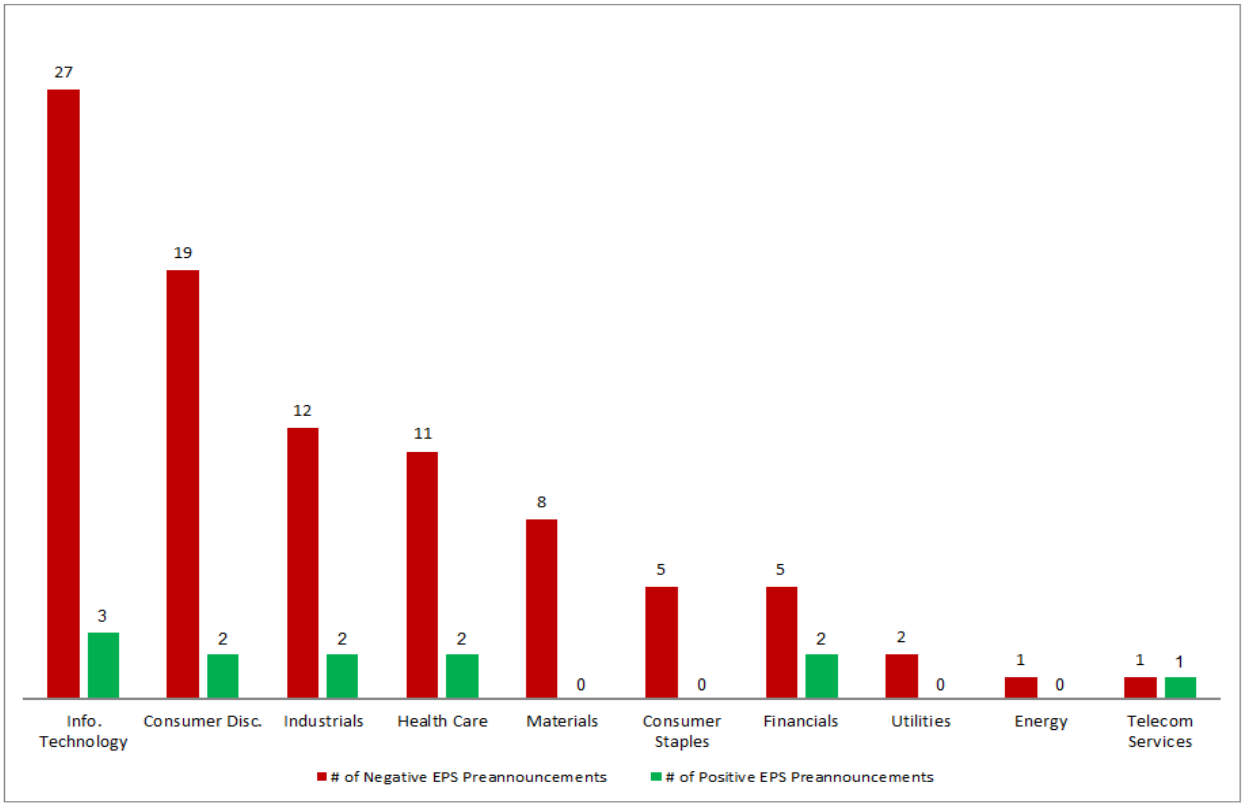
Q4 2013: Guidance

Number of Positive & Negative EPS Preannouncements: Q4 2013



Percentage of Positive & Negative EPS Preannouncements: Q4 2013

	Materials	Consumer Staples	Utilities	Energy	Consumer Disc.	Info. Technology	S&P 500	Industrials	Health Care	Financials	Telecom Services
Positive	0%	0%	0%	0%	10%	10%	12%	14%	15%	29%	50%
Negative	100%	100%	100%	100%	90%	90%	88%	86%	85%	71%	50%

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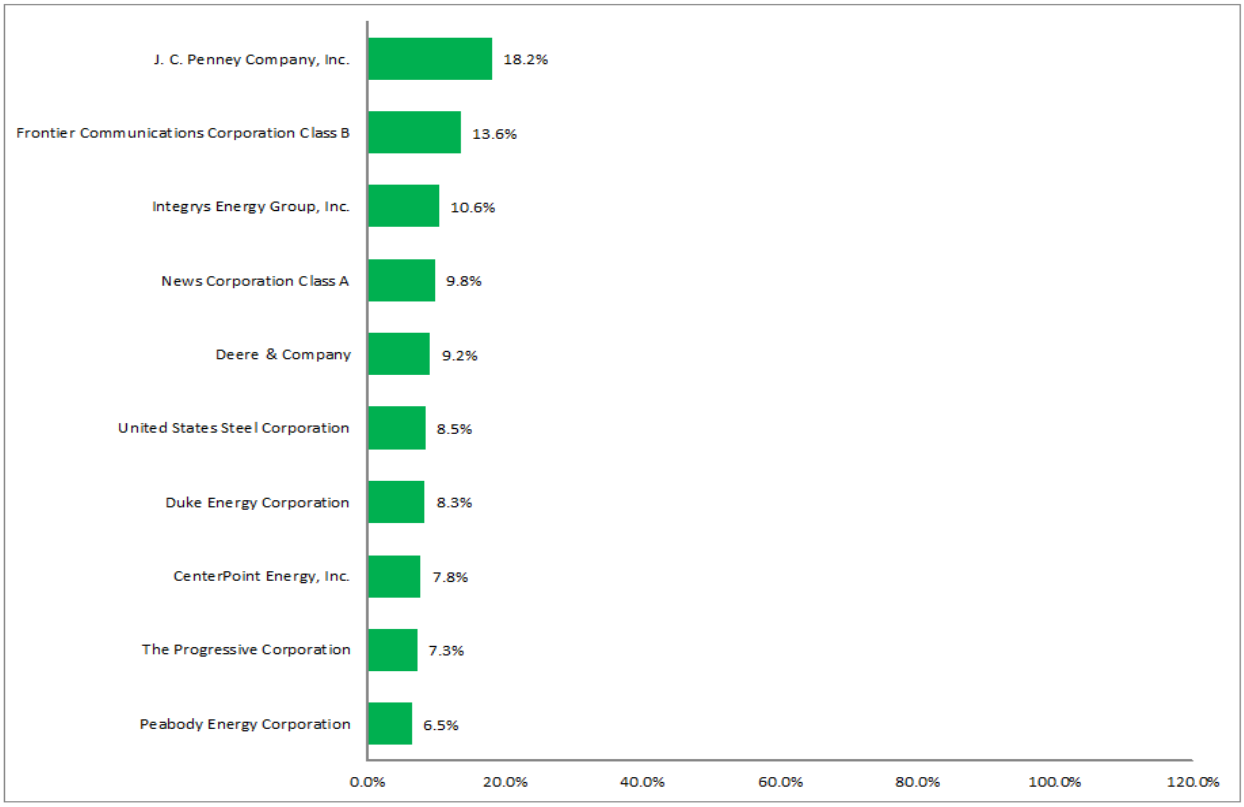
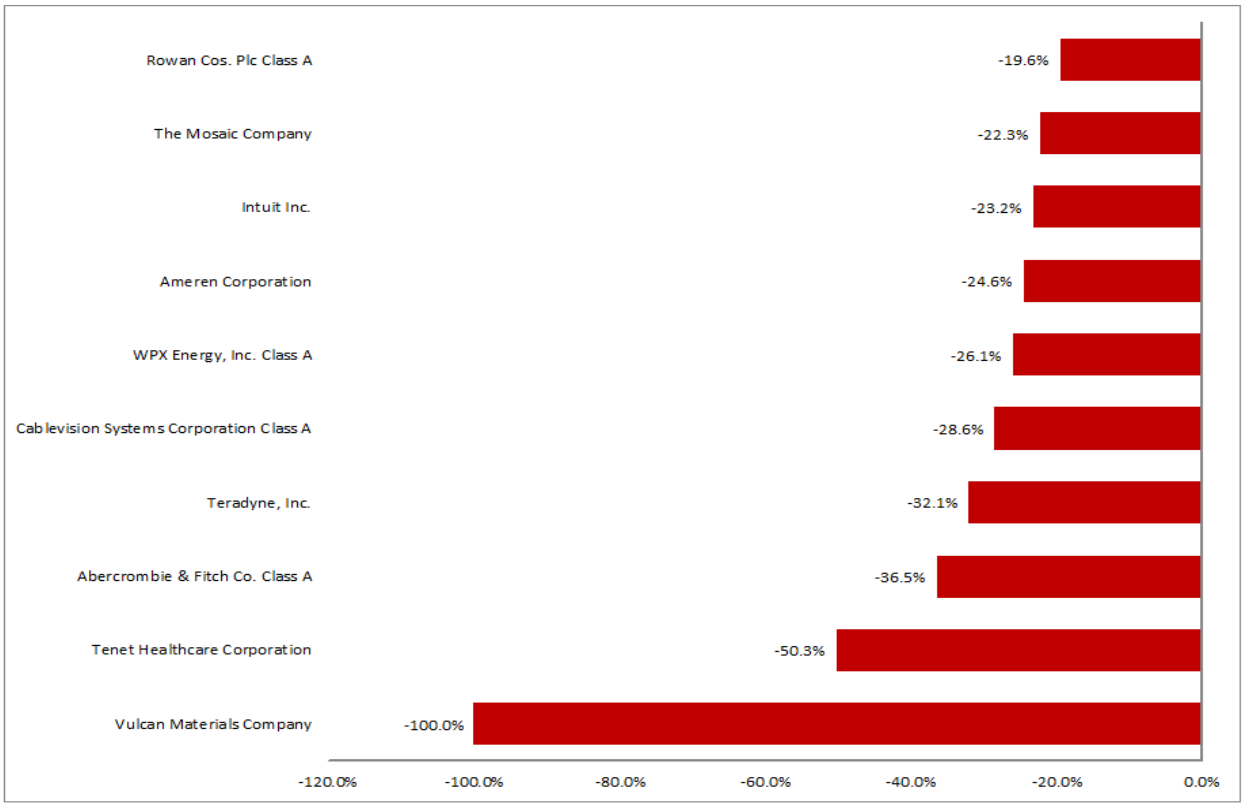
Q4 2013: EPS Revisions

Highest Upward Change (Trailing 4-Weeks) in Mean EPS Estimate: Top 10 Companies



Highest Downward Change (Trailing 4-Weeks) in Mean EPS Estimate: Top 10 Companies



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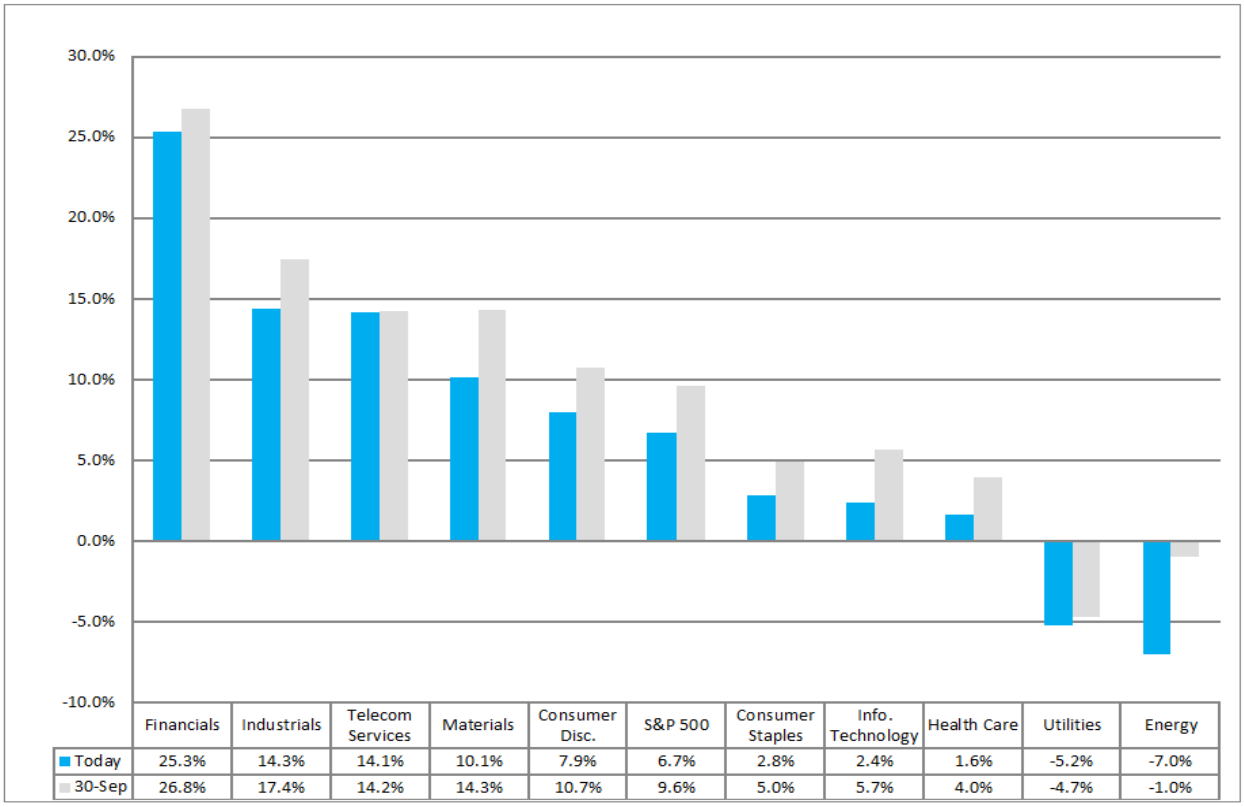
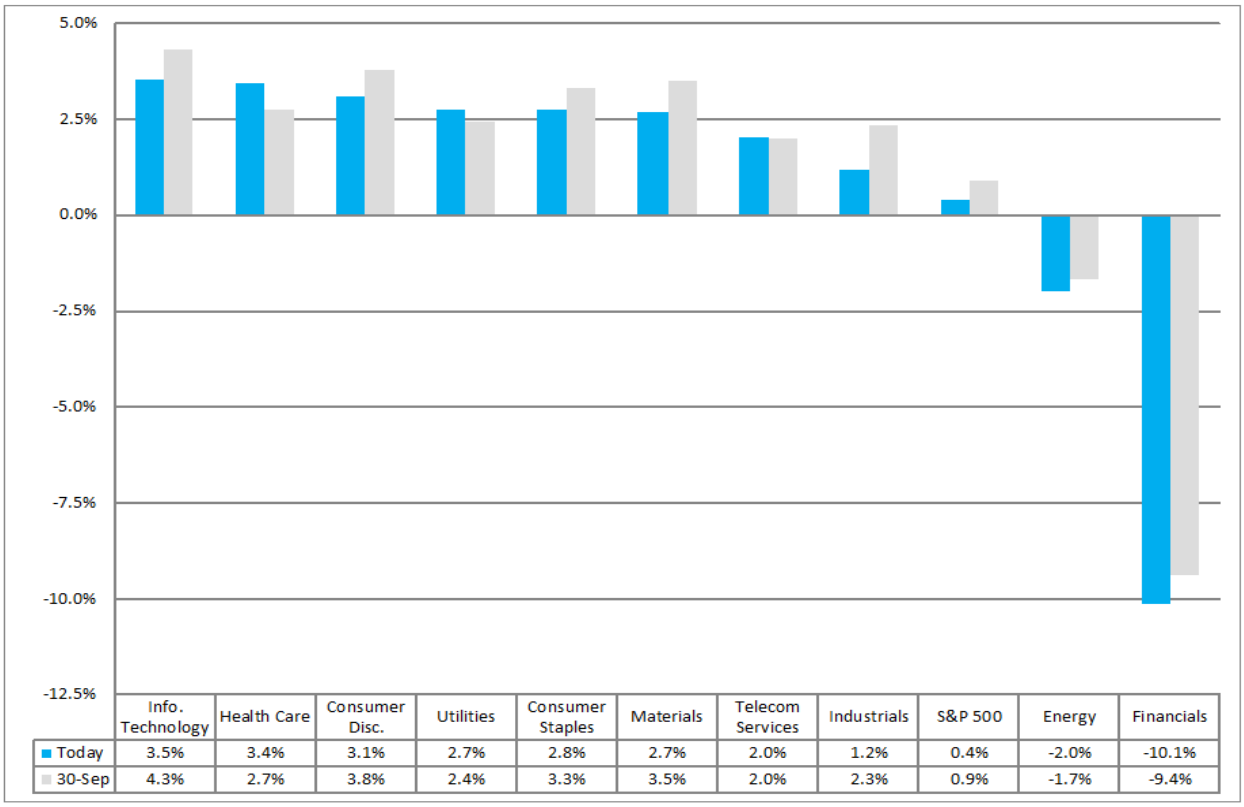
Q4 2013: Growth

Q4 2013 Earnings Growth



	Financials	Industrials	Telecom Services	Materials	Consumer Disc.	S&P 500	Consumer Staples	Info. Technology	Health Care	Utilities	Energy
Today	25.3%	14.3%	14.1%	10.1%	7.9%	6.7%	2.8%	2.4%	1.6%	-5.2%	-7.0%
30-Sep	26.8%	17.4%	14.2%	14.3%	10.7%	9.6%	5.0%	5.7%	4.0%	-4.7%	-1.0%

Q4 2013 Revenue Growth



	Info. Technology	Health Care	Consumer Disc.	Utilities	Consumer Staples	Materials	Telecom Services	Industrials	S&P 500	Energy	Financials
Today	3.5%	3.4%	3.1%	2.7%	2.8%	2.7%	2.0%	1.2%	0.4%	-2.0%	-10.1%
30-Sep	4.3%	2.7%	3.8%	2.4%	3.3%	3.5%	2.0%	2.3%	0.9%	-1.7%	-9.4%

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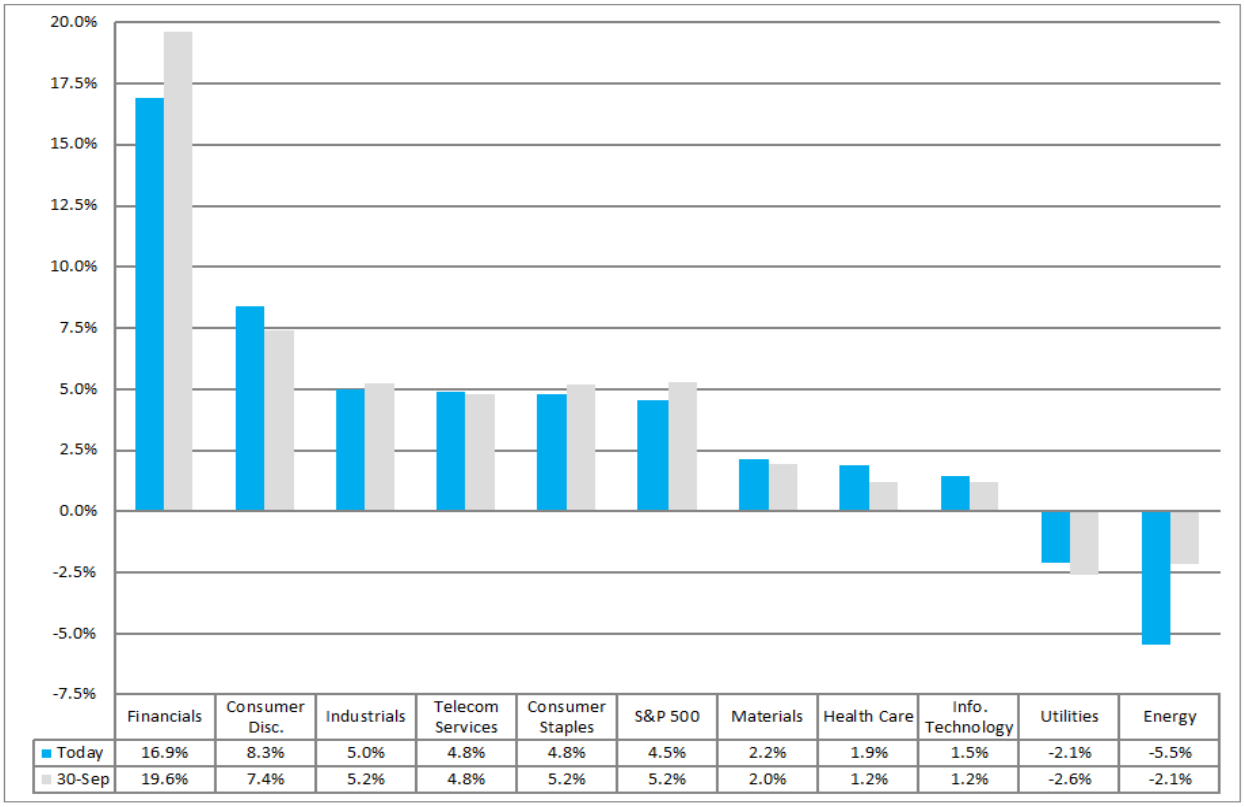
CY 2013: Growth

CY 2013 Earnings Growth



	Financials	Consumer Disc.	Industrials	Telecom Services	Consumer Staples	S&P 500	Materials	Health Care	Info. Technology	Utilities	Energy
Today	16.9%	8.3%	5.0%	4.8%	4.8%	4.5%	2.2%	1.9%	1.5%	-2.1%	-5.5%
30-Sep	19.6%	7.4%	5.2%	4.8%	5.2%	5.2%	2.0%	1.2%	1.2%	-2.6%	-2.1%

CY 2013 Revenue Growth

	Utilities	Consumer Disc.	Consumer Staples	Health Care	Info. Technology	Telecom Services	S&P 500	Materials	Industrials	Financials	Energy
Today	6.1%	4.7%	4.1%	4.1%	3.3%	2.1%	1.9%	1.6%	1.3%	0.4%	-4.3%
30-Sep	6.6%	4.8%	4.3%	3.6%	3.6%	2.0%	2.1%	2.0%	1.9%	0.9%	-4.3%

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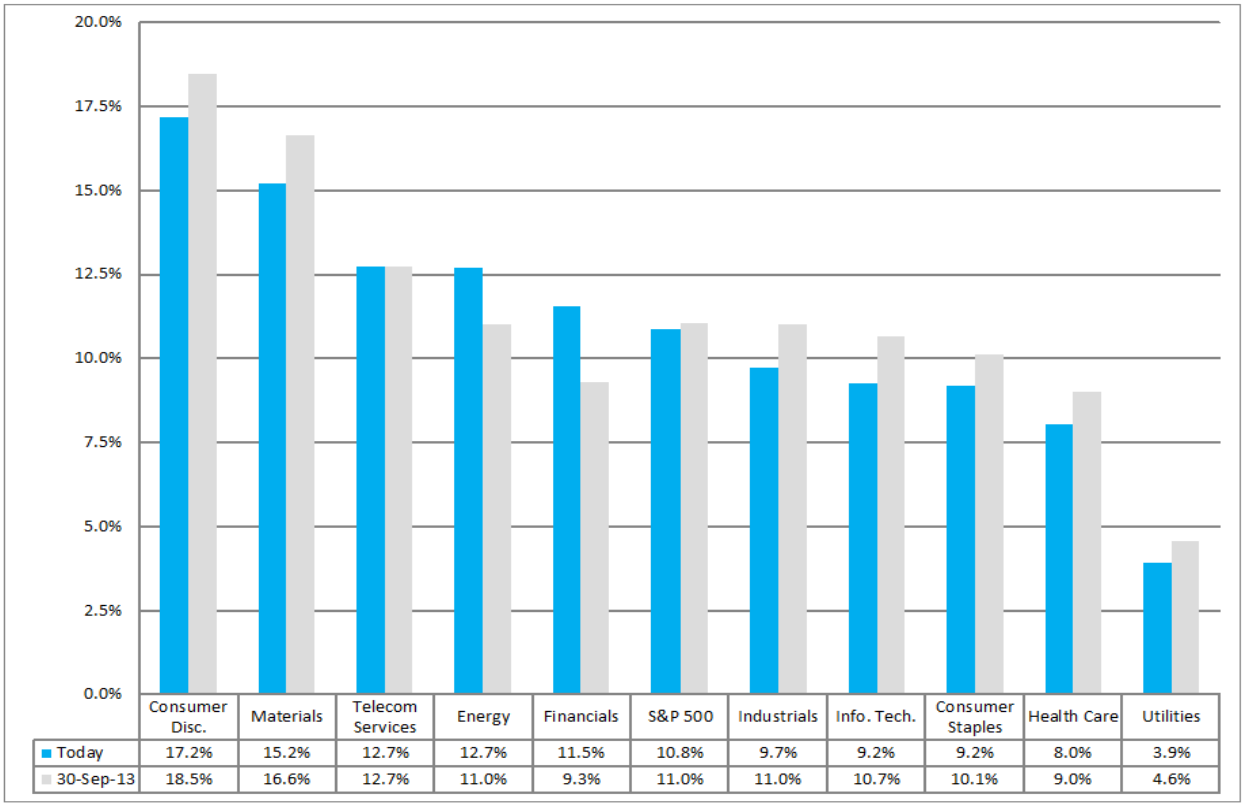
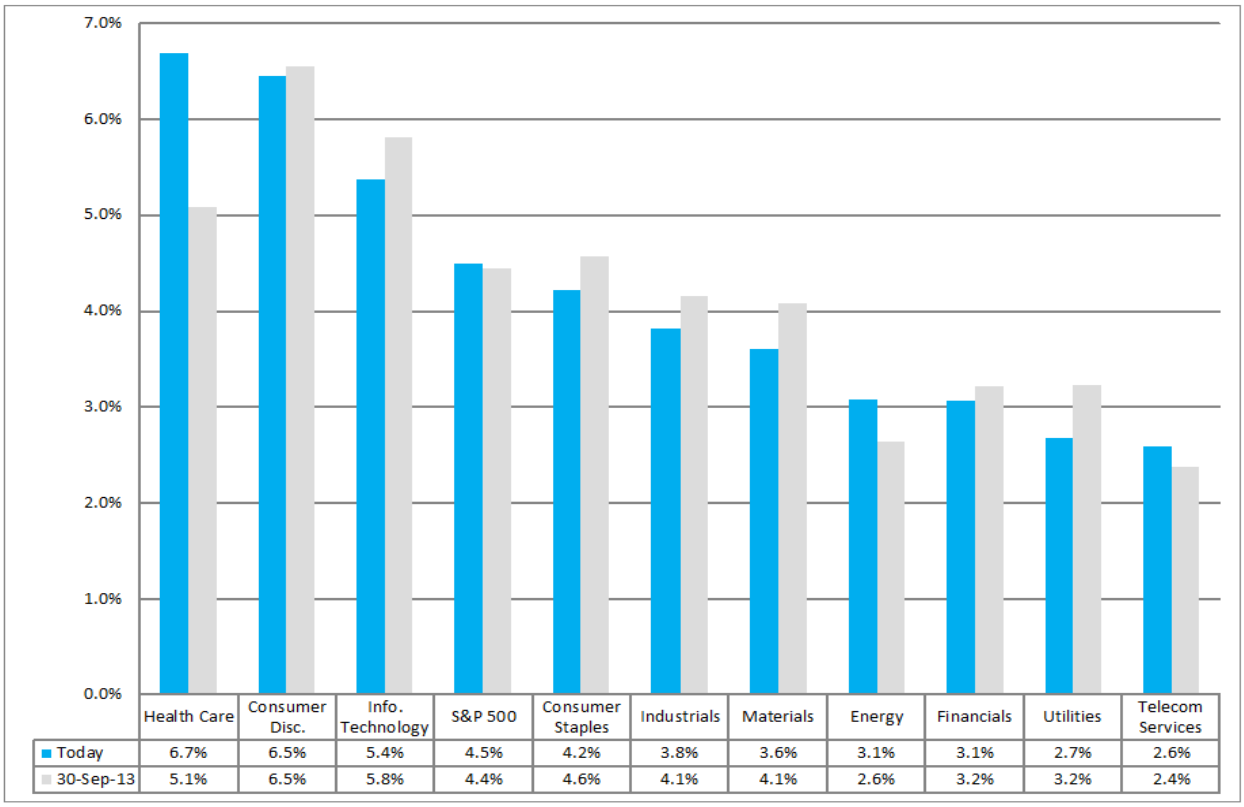
CY 2014: Growth

CY 2014 Earnings Growth



	Consumer Disc.	Materials	Telecom Services	Energy	Financials	S&P 500	Industrials	Info. Tech.	Consumer Staples	Health Care	Utilities
Today	17.2%	15.2%	12.7%	12.7%	11.5%	10.8%	9.7%	9.2%	9.2%	8.0%	3.9%
30-Sep-13	18.5%	16.6%	12.7%	11.0%	9.3%	11.0%	11.0%	10.7%	10.1%	9.0%	4.6%

CY 2014 Revenue Growth



	Health Care	Consumer Disc.	Info. Technology	S&P 500	Consumer Staples	Industrials	Materials	Energy	Financials	Utilities	Telecom Services
Today	6.7%	6.5%	5.4%	4.5%	4.2%	3.8%	3.6%	3.1%	3.1%	2.7%	2.6%
30-Sep-13	5.1%	6.5%	5.8%	4.4%	4.6%	4.1%	4.1%	2.6%	3.2%	3.2%	2.4%

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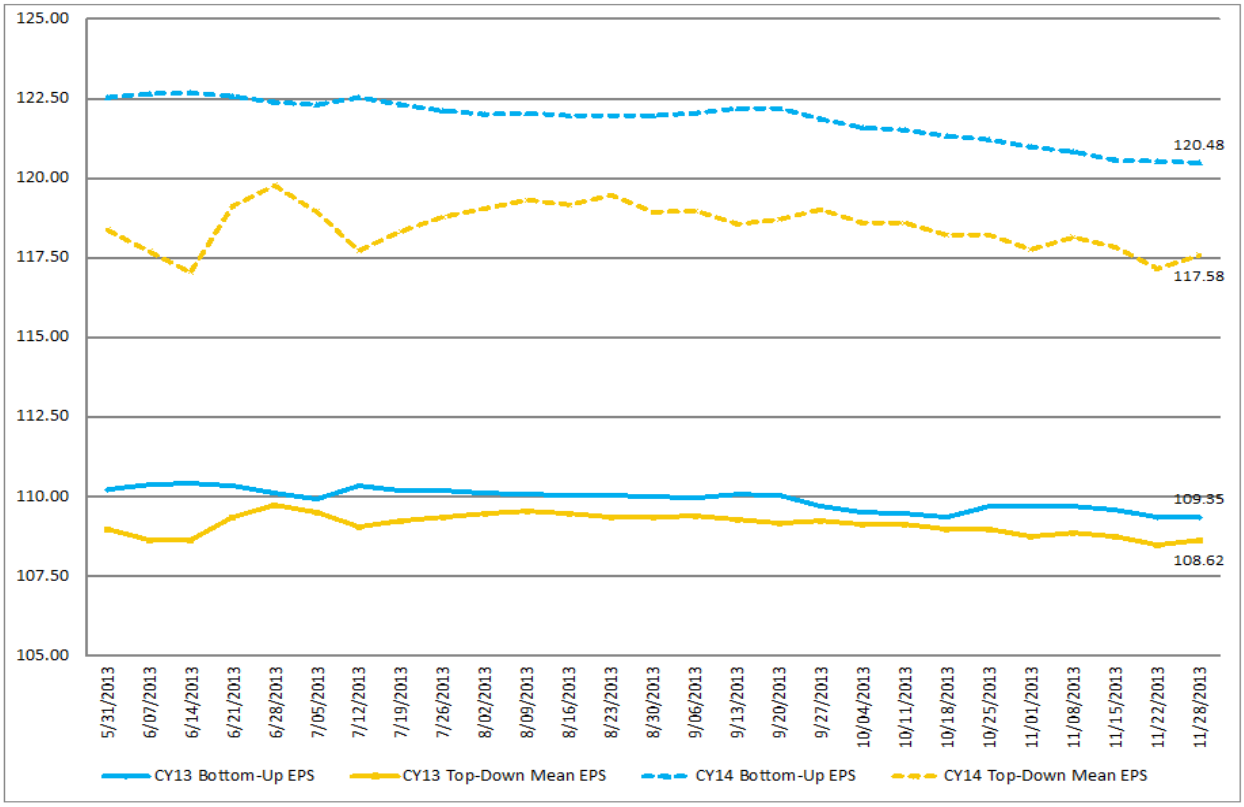
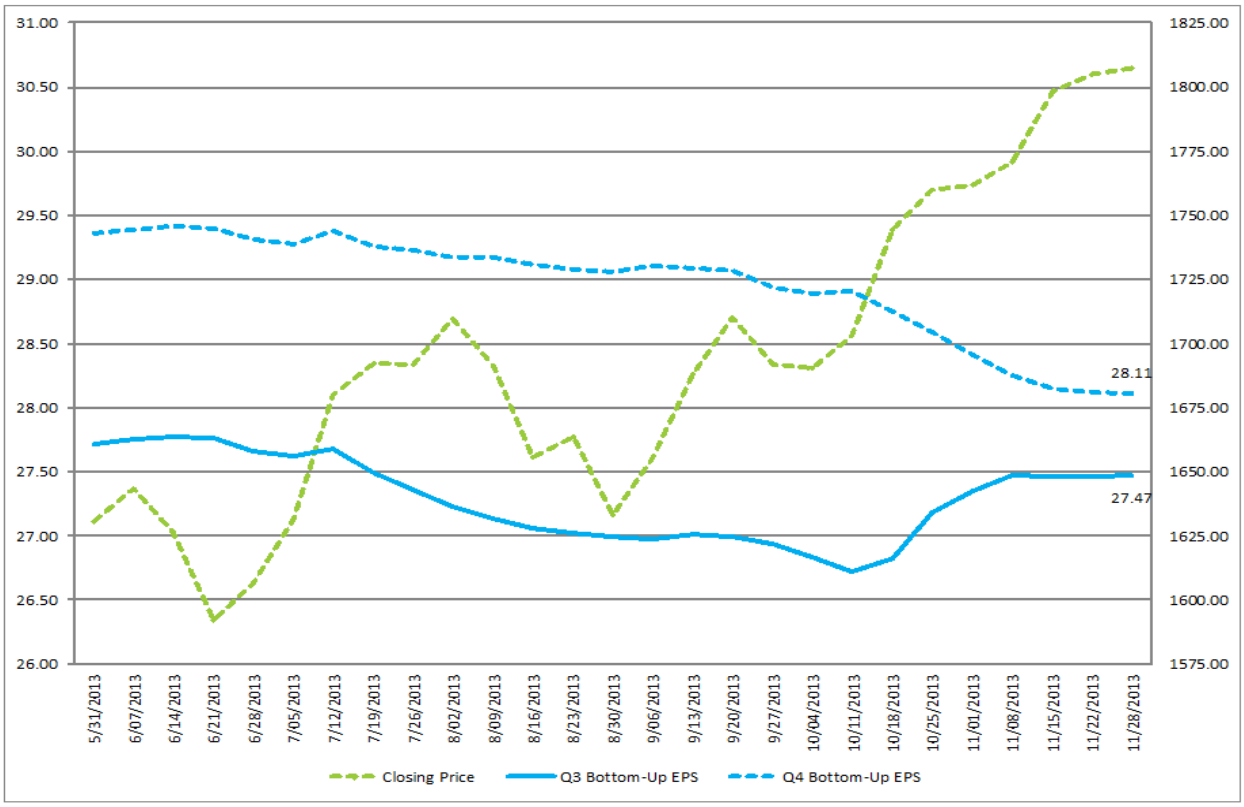
Bottom-up EPS Estimates: Revisions

CY Bottom-Up EPS vs. Top-Down Mean EPS (Trailing 26-Weeks)



Change in Q313 and Q413 Bottom-Up EPS vs. Price (Trailing 26-Weeks)



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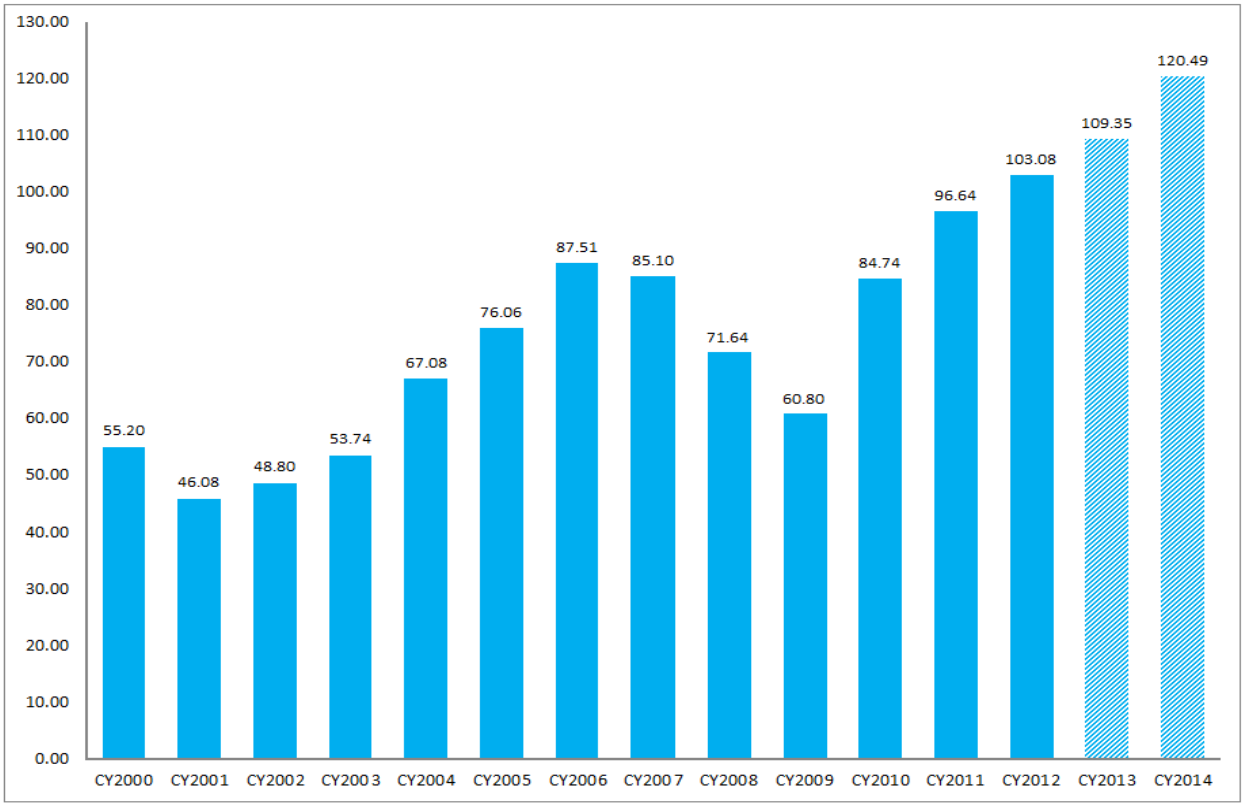
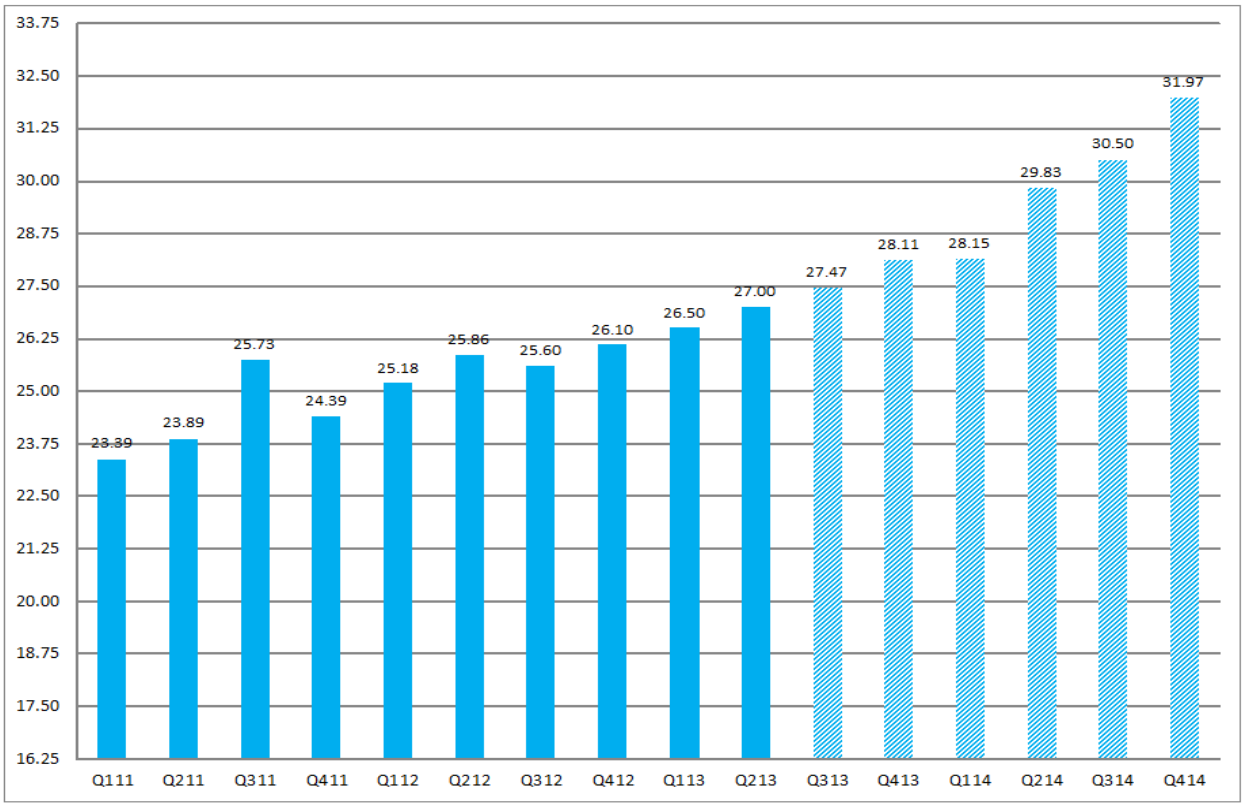
Bottom-up EPS Estimates: Current & Historical

Calendar Year Bottom-Up EPS Actuals & Estimates



Quarterly Bottom-Up EPS Actuals & Estimates



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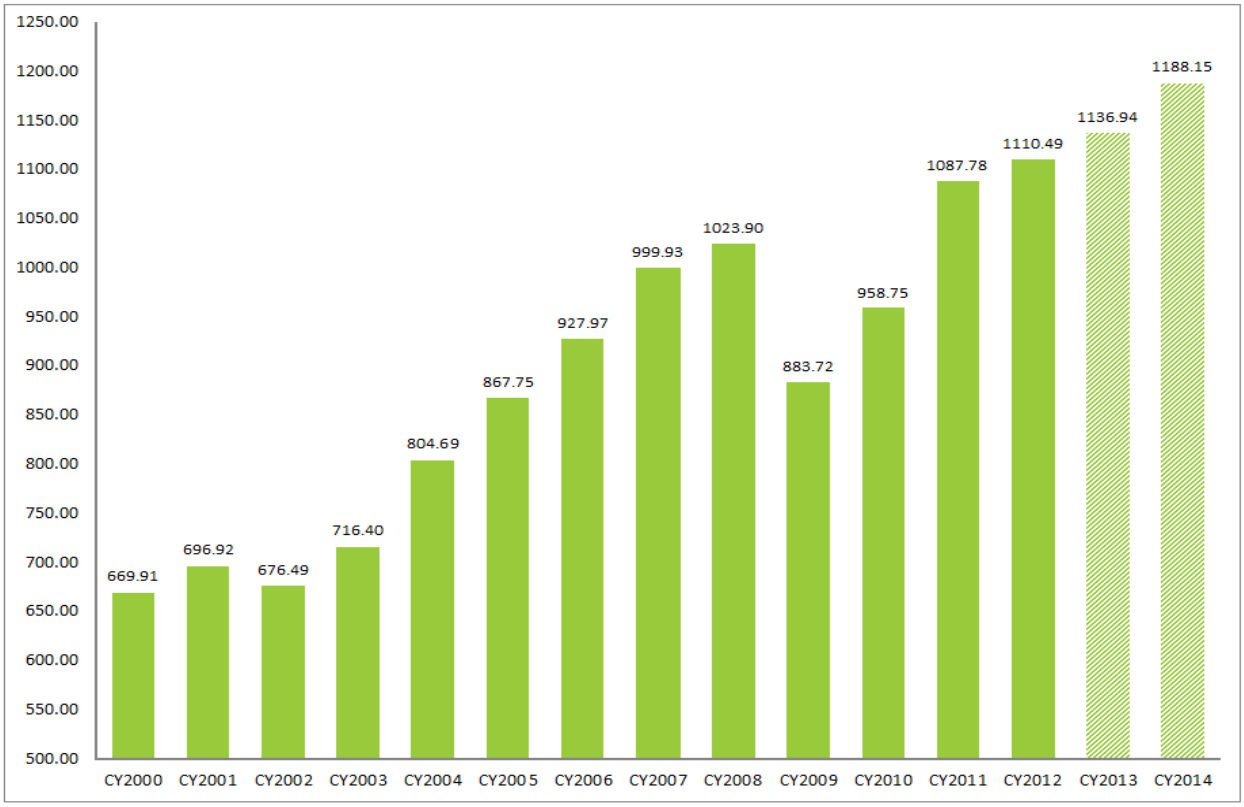
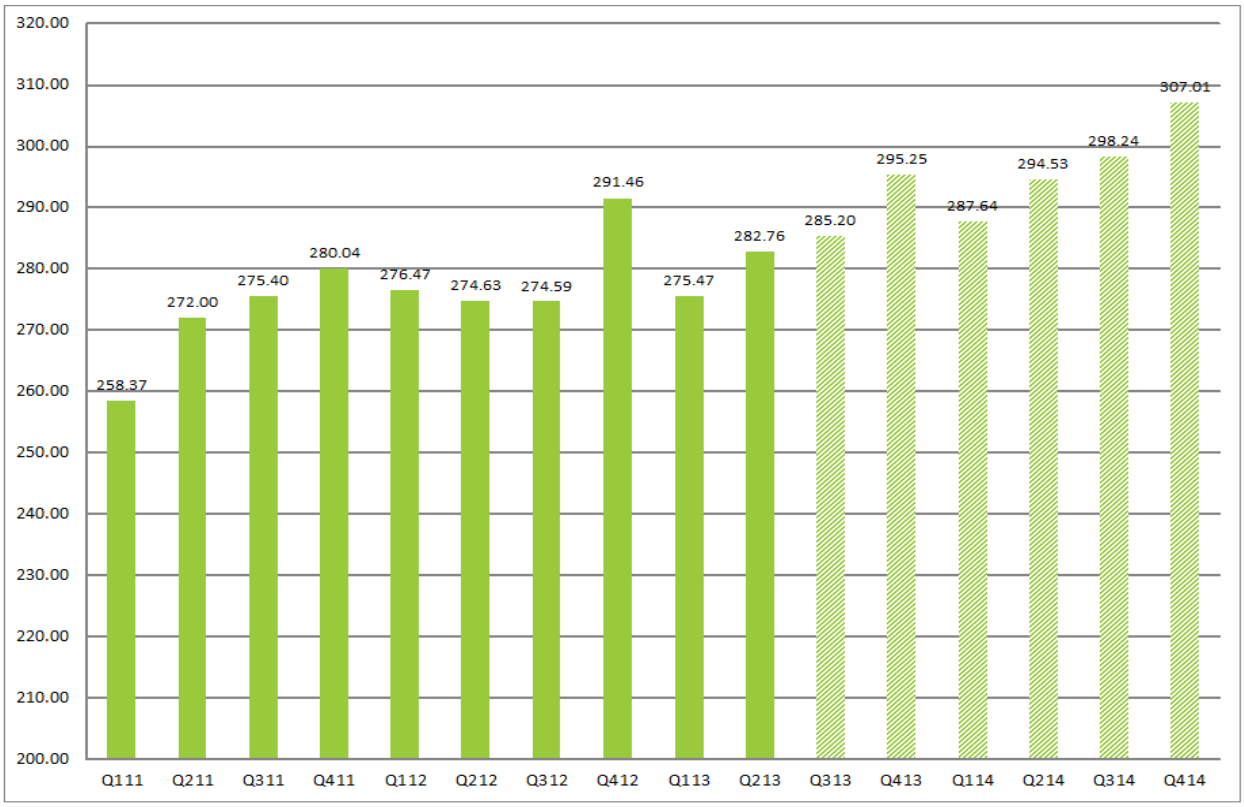
Bottom-up SPS Estimates: Current & Historical

Calendar Year Bottom-Up SPS Actuals & Estimates



Quarterly Bottom-Up SPS Actuals & Estimates



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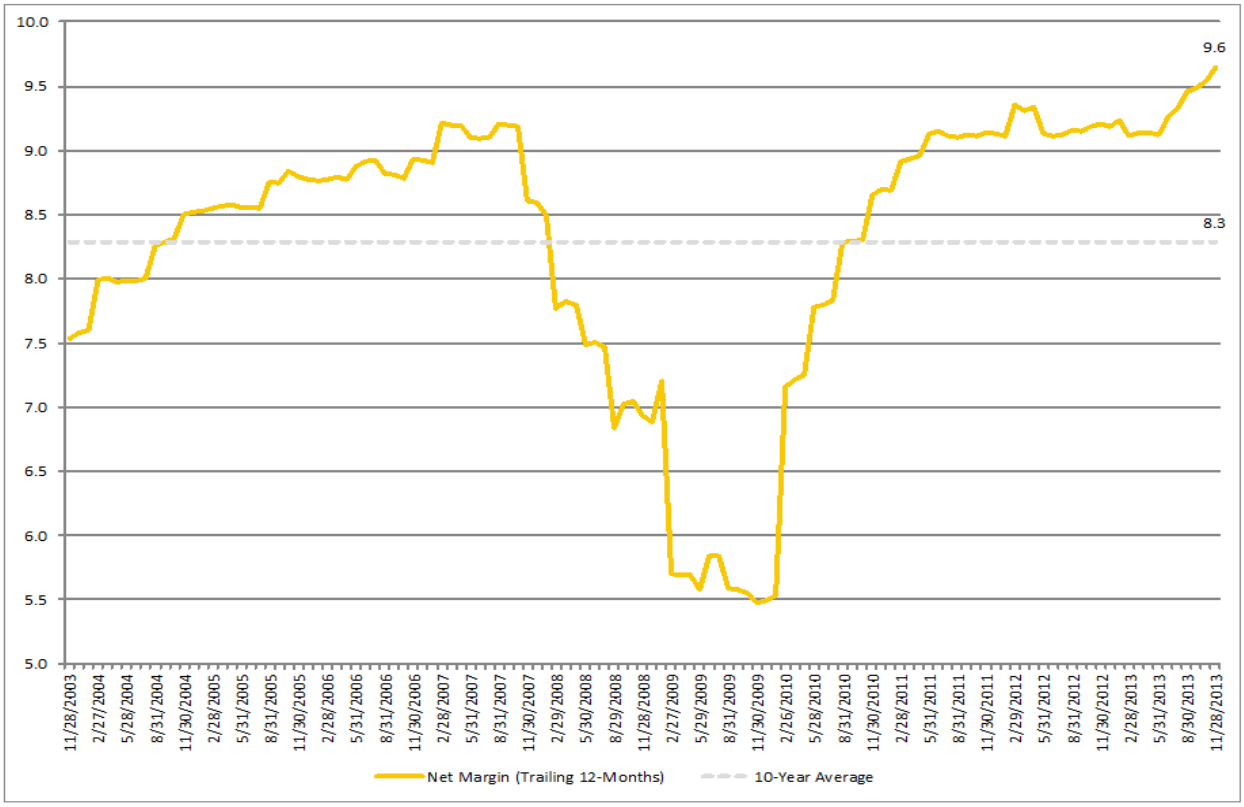
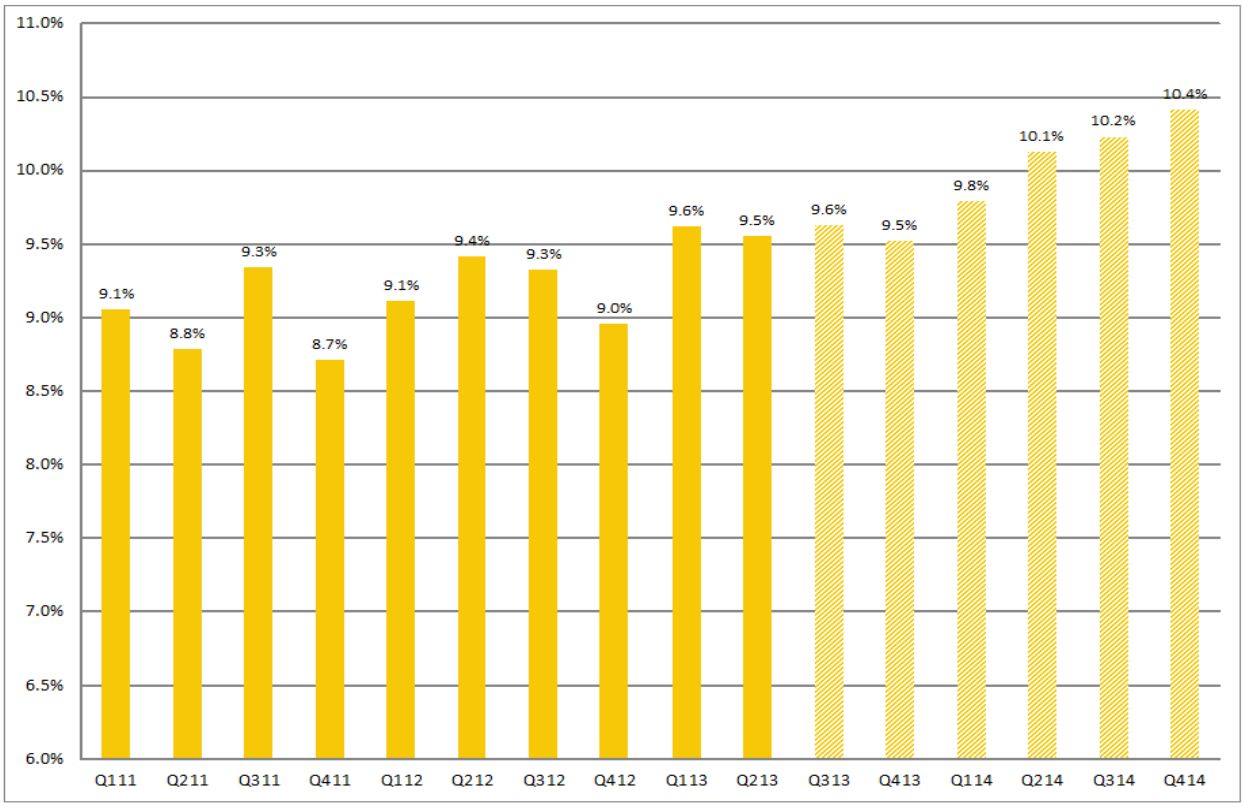
Net Margins: Current & Historical

Trailing 12M Net Margin: 10 Years



Quarterly Net Margins (Bottom-Up EPS / Bottom-Up SPS)



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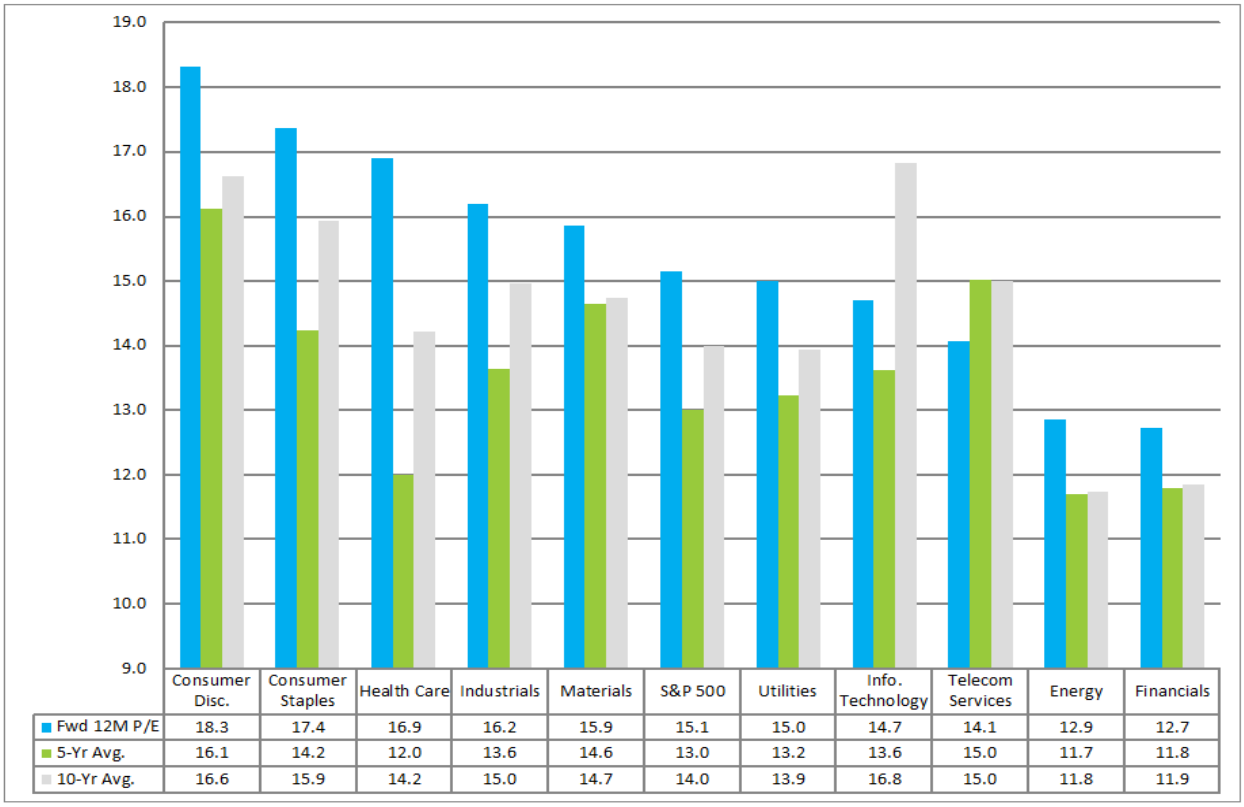
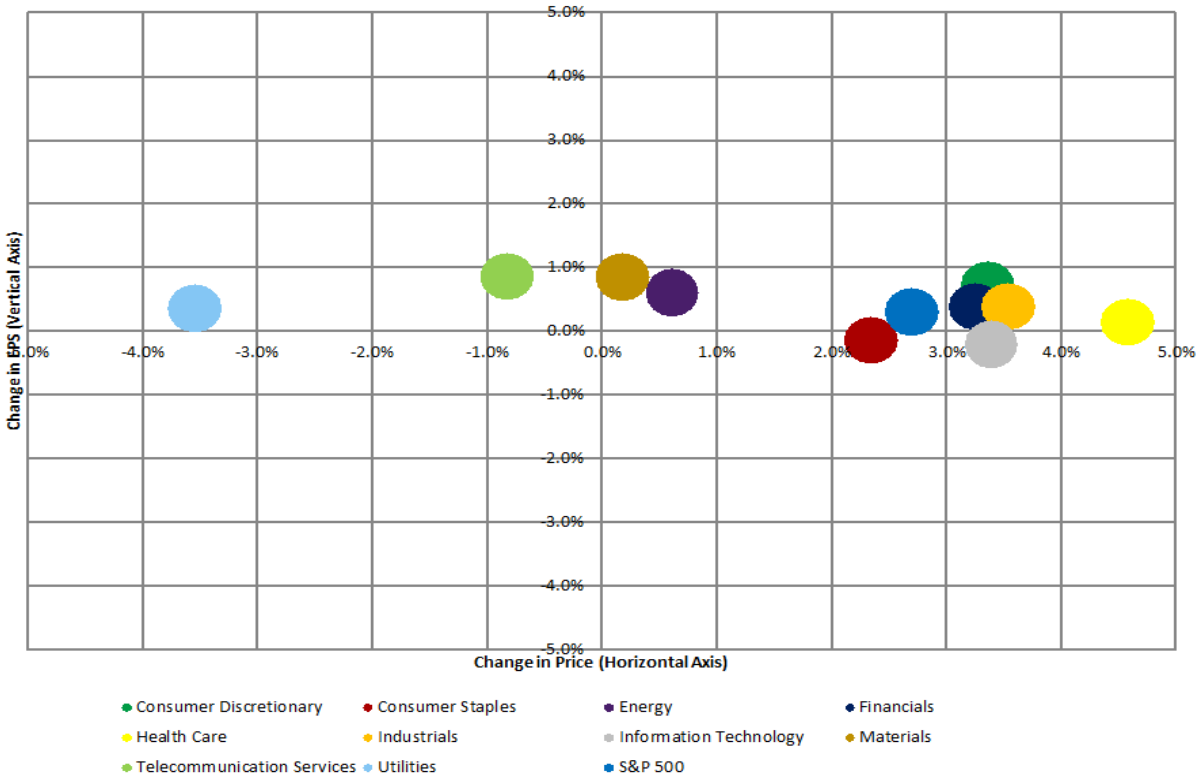
Forward 12M Price / Earnings Ratio: Sector Level

Sector-Level Forward 12-Month P/E Ratios



	Consumer Disc.	Consumer Staples	Health Care	Industrials	Materials	S&P 500	Utilities	Info. Technology	Telecom Services	Energy	Financials
Fwd 12M P/E	18.3	17.4	16.9	16.2	15.9	15.1	15.0	14.7	14.1	12.9	12.7
5-Yr Avg.	16.1	14.2	12.0	13.6	14.6	13.0	13.2	13.6	15.0	11.7	11.8
10-Yr Avg.	16.6	15.9	14.2	15.0	14.7	14.0	13.9	16.8	15.0	11.8	11.9

Sector-Level Change in Price vs. Change Forward 12M EPS: 1-Month



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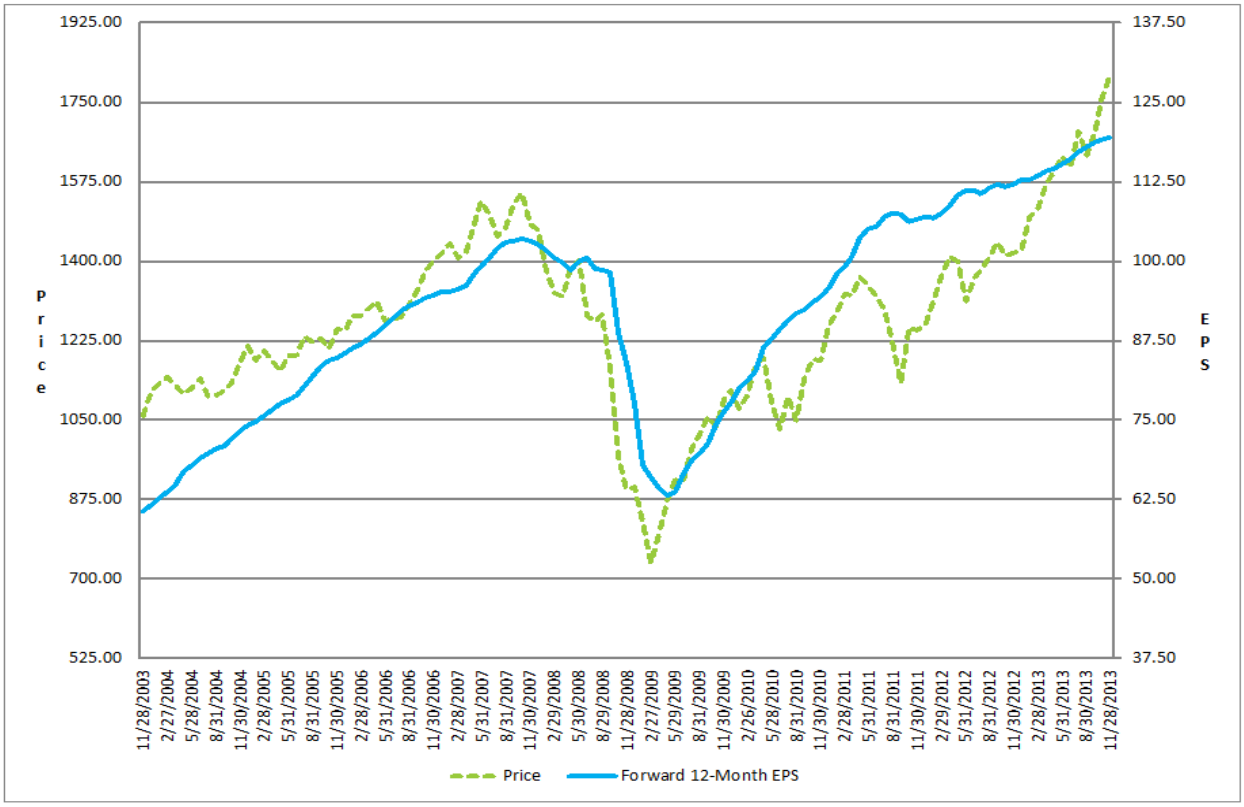
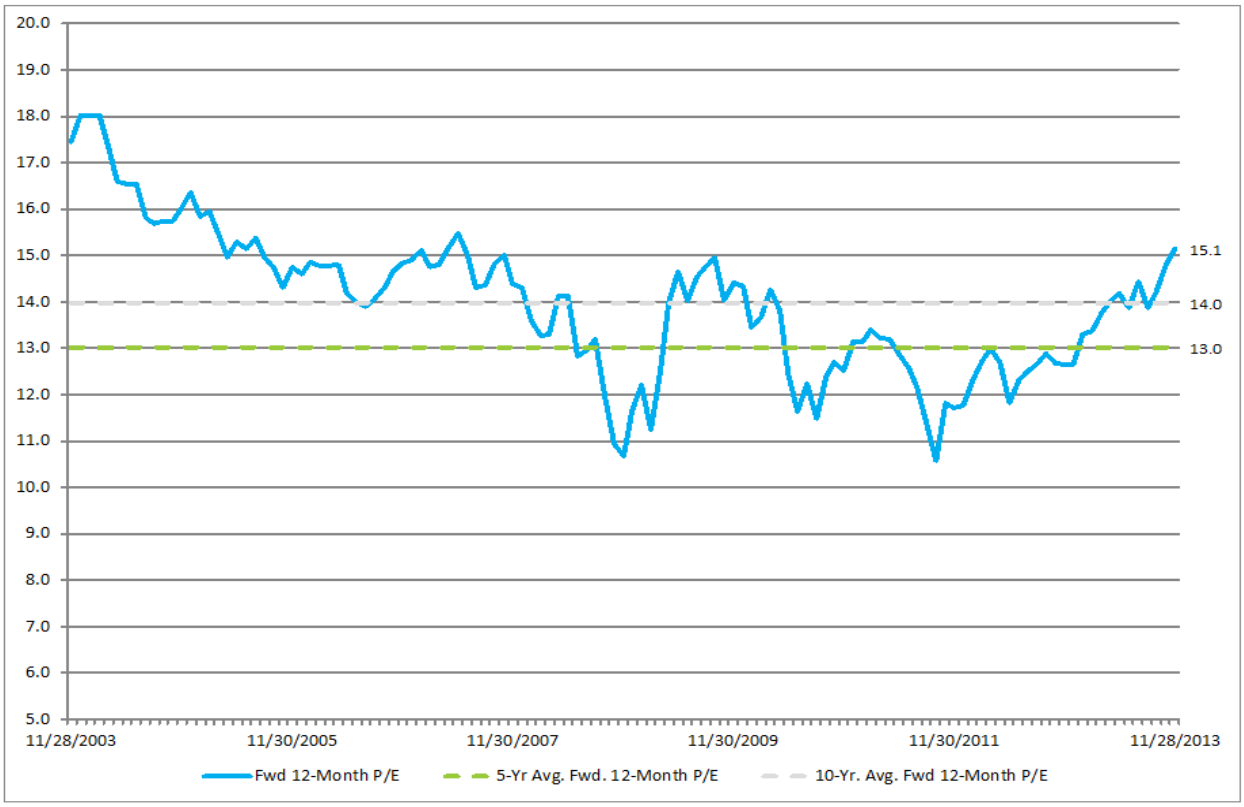
Forward 12M Price / Earnings Ratio: Long-Term Averages

Change in Price vs. Change in Forward 12M EPS: 10-Year



Forward 12M P/E Ratio: 10-Year



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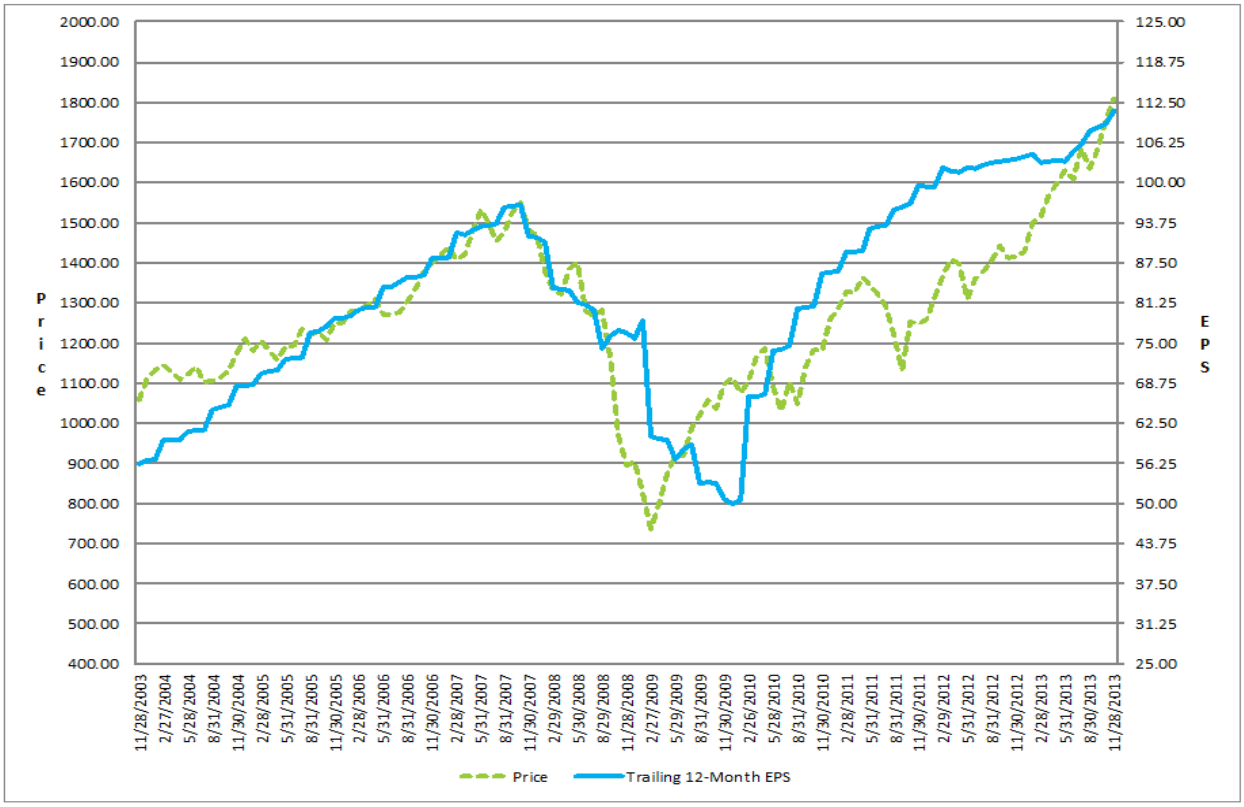
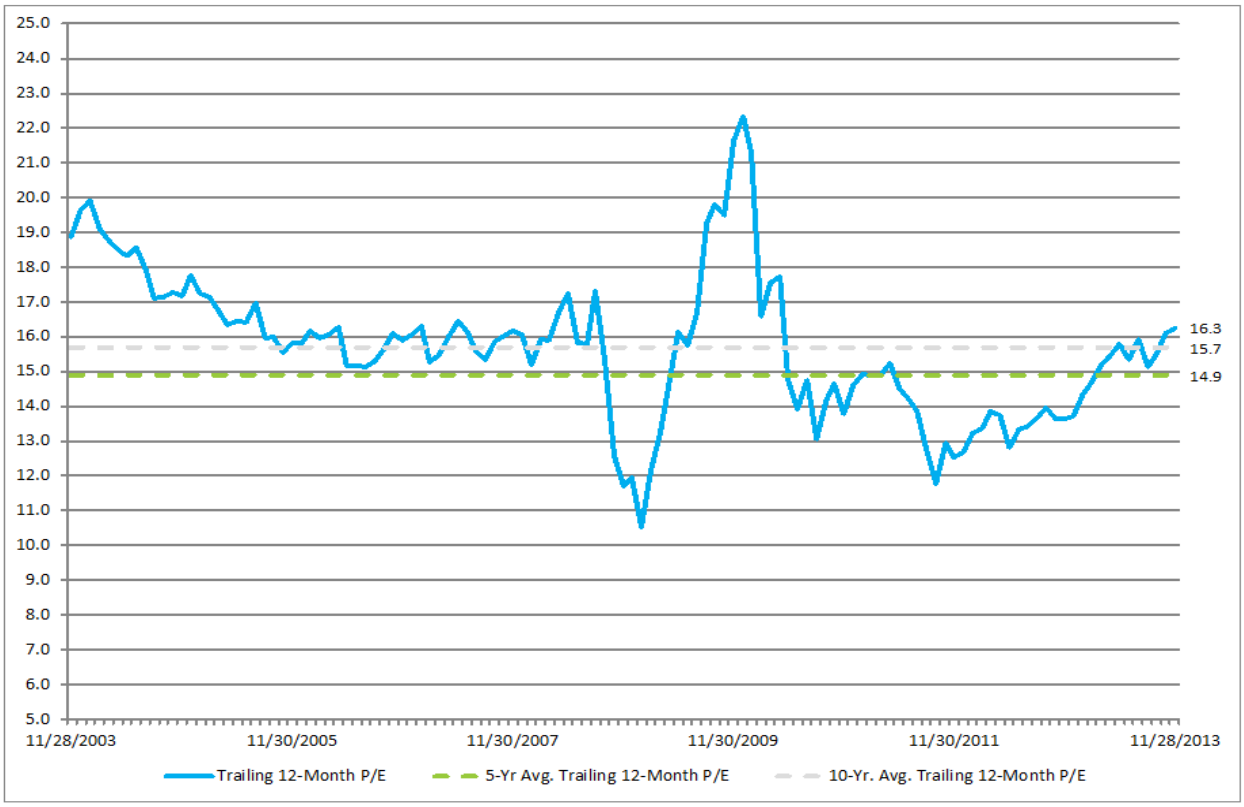
Trailing 12M Price / Earnings Ratio: Long-Term Averages

Change in Price vs. Change in Trailing 12M EPS: 10-Year



Trailing 12M P/E Ratio: 10-Year



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