

S&P 500

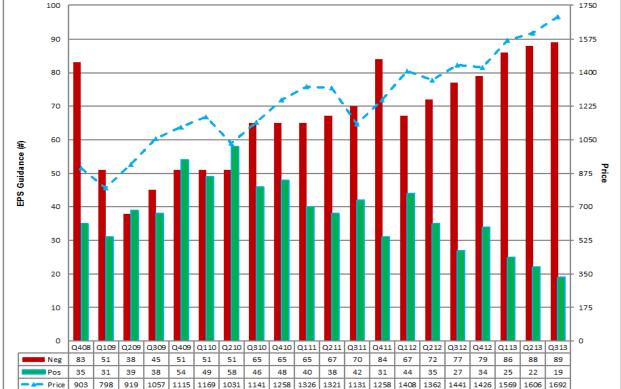
September 30, 2013

Key Metrics:

- + For Q3 2013, 89 companies in the S&P 500 have issued negative EPS guidance and 19 companies have issued positive EPS guidance. If 89 is the final number, it will mark the highest number of companies issuing negative EPS guidance for a quarter. The current record is 88, which was recorded in Q2 2013.
- + The percentage of companies issuing negative EPS guidance is 82% (89 out of 108). If this is the final percentage for the quarter, it will mark the highest percentage of companies issuing negative EPS guidance for a quarter. The current record is 79%, which was also recorded in Q2 2013.
- + On average, companies have issued EPS guidance that has been 4.8% below the mean EPS estimate. This percentage decline is smaller than the 5-year average of -8.5%.
- + The average price change (2 days before issuing guidance through 2 days after issuing guidance) for companies issuing negative EPS guidance for Q3 is -0.5%, which is slightly above the five-year average (-0.8%). The average price change for companies issuing positive EPS guidance is 4.2%, which is above the five-year average (3.0%).
- + For the current fiscal year, 157 companies have issued negative EPS guidance and 101 companies have issued positive EPS guidance. There was a 15% increase in the number of companies issuing positive EPS guidance from the end of June through the end of September.

S&P 500 Negative & Positive Preannouncements: 5-Year





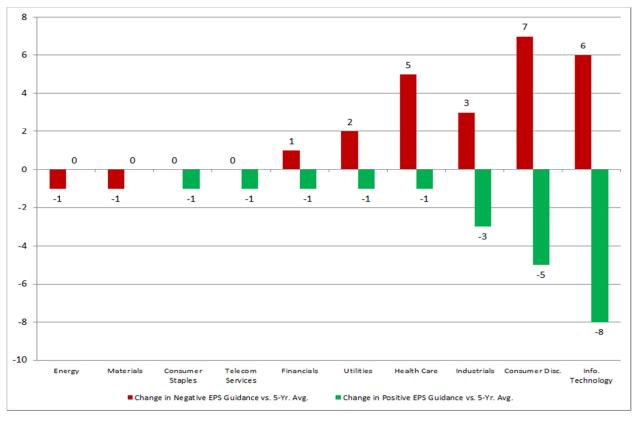


Q3 Guidance:

Record High Number (89) and Percentage (82%) of Cos. Issuing Negative EPS Guidance for Q3

For Q3 2013, 89 companies have issued negative EPS guidance while 19 companies have issued positive EPS guidance. If 89 is the final number of companies issuing negative EPS guidance for the quarter, it will mark the highest number of companies issuing negative EPS guidance since FactSet began tracking guidance data in 2006. The current record is 88, which was recorded in Q2 2013. If 19 is the final number of companies issuing positive EPS guidance, it will mark the lowest number of companies issuing positive EPS guidance for a quarter. The current record is 22, which was also recorded in Q2 2013.

These numbers are well above and below the five-year averages for the number of companies issuing negative EPS guidance (67) and positive EPS guidance (39) for a quarter. At the sector level, the Consumer Discretionary (+7) and Information Technology (+6) sectors have witnessed the largest increases in the number of companies issuing negative EPS guidance relative to their five-year averages. The Information Technology (-8) and Consumer Discretionary (-5) sectors have also seen the largest decreases in the number of companies issuing positive EPS guidance for the quarter relative to their five-year averages.



S&P 500: # of S&P 500 Companies Issuing Positive/Negative EPS Guidance vs. 5-Yr. Avg.

The percentage of companies issuing negative EPS guidance is 82% (89 out of 108). If this is the final percentage for the quarter, it will mark the highest percentage of companies issuing negative EPS guidance for a quarter since FactSet began tracking the data in 2006.

At the sector-level (with a minimum of five companies issuing quarterly EPS guidance), the Industrials (92%), Information Technology (84%), Financials (83%), and Consumer Discretionary (83%) sectors have the highest percentages of companies issuing negative EPS guidance for the quarter.



Low Surprise Percentage (-4.8%) for Q3 Guidance

For the 108 companies in the S&P 500 that have issued EPS guidance for the third quarter, the EPS guidance has been 4.8% below the mean estimate on average. This percentage decline is smaller than the trailing 5-year average for the index of -8.5%.

Among the sectors that average 10 or more preannouncements per quarter, the Industrials and Information Technology sectors are recording the largest positive differences between the surprise percentage for Q3 2013 and the five-year averages. In the Information Technology sector, companies have issued EPS guidance that has been 6.1% below the mean estimate on average, which is a smaller decline than the average of -9.3% over the past five years. In the Industrials sector, companies have issued EPS guidance that has been 4.0% below the mean estimate on average, which is a smaller decline than the average of -6.9% over the past five years.

For the 89 companies in the S&P 500 that issued negative EPS guidance for the third quarter, the EPS guidance has been 7.8% below the mean EPS estimate on average. This percentage is a smaller decline than the trailing 5-year average for the index of -22.4%. Eight of the ten sectors are guiding EPS estimates lower by a smaller percentage than their trailing five-year averages.

Markets Rewarding the Few Companies That Have Issued Positive EPS Guidance

Although the number of negative preannouncements is running at an all-time high, the reaction of the market in the short term has been in line with recent averages. For the 89 companies that have issued negative EPS guidance for Q3 2013 to date, the average price change (2 days before the guidance was issued through 2 days after the guidance was issued) was -0.5%. This percentage is relatively in line with the average of -0.8% over the past five years. Almost half of the companies (44) that have issued negative guidance recorded an increase in price during this time frame.

On the other hand, the market reaction to the performance of companies that have issued positive EPS guidance has been above average. Of the 19 companies that have issued positive EPS guidance for Q3 2013, the average price change (2 days before the guidance was issued through 2 days after the guidance was issued) was +4.2%. This percentage is above the average over the past five years of +3.0%.

Johnson Controls is an example of a company that issued positive EPS guidance for the quarter and recorded a significant increase in price. On July 18 (before the opening bell), the company stated that it would report EPS between \$0.93 and \$0.95 for the third quarter, compared to the mean estimate of \$0.92. The price of the stock increased more than 10% (to \$40.92 from \$37.15) during the two days before the guidance was issued through two days after the guidance was issued.

Drop in the Number of Companies Issuing Negative Revenue Guidance for Q3

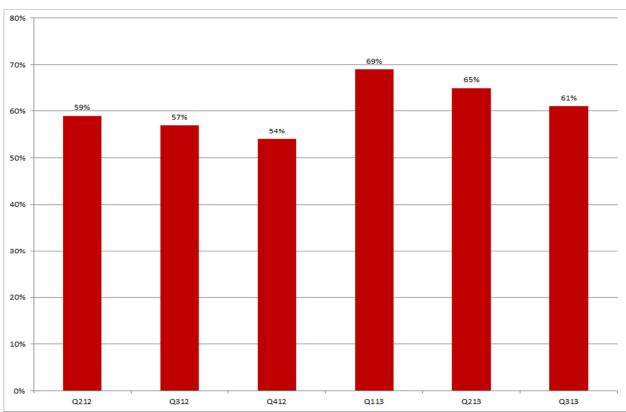
For Q3 2013, 48 companies have issued negative revenue guidance for the quarter and 17 have issued positive revenue guidance. If 48 is the final number for the quarter, it will mark the lowest number of companies issuing negative revenue guidance since Q2 2012 (43). On a percentage basis, 74% (48 out 65) of the companies that have issued revenue guidance for the quarter have issued negative guidance. If this is the final percentage for the quarter, however, it will mark the fourth consecutive quarter in which more than 70% of the companies issued negative revenue guidance for a quarter. At the sector level, more than half (37) of the companies that have issued revenue guidance for the quarter are in the Information Technology sector. In this sector, 28 of the 37 companies (or 76%) that have issued revenue guidance have issued negative guidance. This percentage is above the average of 54% recorded over the past five years.



Fiscal Year Guidance:

Increase in Number of Companies Issuing Positive EPS Guidance since Q2

For the current fiscal year, 157 companies have issued negative EPS guidance and 101 companies have issued positive EPS guidance. As a result, the overall percentage of companies issuing negative EPS guidance to date for the current fiscal year stands at 61% (157 out of 258), which is below the percentage recorded at the end of June (65%). Since the end of June, the number of companies issuing negative EPS guidance for the current fiscal year has decreased by seven, while the number of companies issuing positive EPS guidance has increased by 13. The Health Care (+5), Industrials (+4), and Consumer Discretionary (+3) sectors saw the largest increases in the number of companies issuing positive EPS guidance for the current fiscal year since June 30.



S&P 500 Negative Guidance % for Current Fiscal Year

At the sector level today (with a minimum of ten companies issuing guidance), the Consumer Staples (73%) and Consumer Discretionary (69%) sectors have the highest percentages of companies issuing negative EPS preannouncements for the current fiscal year, while the Health Care (52%) sector has the highest percentage of companies issuing positive EPS preannouncements.

Bed Bath & Beyond is an example of a company that issued annual EPS guidance during the third quarter. The company stated that earnings for the current fiscal year would be between \$4.88 and \$5.01 per share on September 26, compared to the mean EPS estimate of \$5.01. This was the third time that Bed Bath & Beyond had provided some guidance for the current fiscal year during the past 12 months.



Positive Shift in Industrials and Information Technology Sectors for Revenue Guidance

For the current fiscal year, 84 companies have issued negative revenue guidance and 79 companies have issued positive revenue guidance. As a result, the overall percentage of companies issuing negative revenue guidance to date for the current fiscal year stands at 52% (84 out of 163), which is below the percentage recorded at the end of June (58%). Since June, the number of companies issuing negative revenue guidance for the current fiscal year has decreased by eight, while the number of companies issuing positive EPS guidance has increased by 13. The Industrials (+4) and Information Technology (+4) sectors saw the largest increases in the number of companies issuing positive revenue guidance since the end of June.

At the sector level today (with a minimum of 10 companies issuing guidance), the Consumer Staples (59%) and Health Care (58%) sectors have the highest percentages of companies issuing negative revenue preannouncements, while the Information Technology (57%) and Industrials (50%) sectors have the highest percentages of companies issuing positive revenue preannouncements.

Q2 Guidance:

Above Average Percentage (86%) of Companies Report Actual EPS above Guidance

At this point in time, all 111 of the companies that issued EPS guidance for Q2 2013 have reported actual results for the quarter. Of these 111 companies, 86% reported actual EPS above guidance, 9% reported actual EPS below guidance, and 5% reported actual EPS in line with guidance. This percentage (86%) is well above the trailing 5-year average for companies issuing guidance, and above the overall performance of the S&P 500 for Q2 2013. Of the companies that issued quarterly EPS guidance over the past five years, 78% reported EPS above guidance, 16% reported EPS below guidance, and 6% reported EPS in-line with guidance. Of the 498 companies in the S&P 500 that have reported earnings to date for Q2 2013, 72% have reported EPS above the mean estimate and 28% reported EPS below the mean EPS estimate.

Actual Surprises vs. Guidance for Q2 Equal to the Average

Companies surpassed EPS guidance by a margin in Q2 2013 that was relatively equal to the five-year average. Companies that issued quarterly EPS guidance for Q2 reported an actual EPS number that was 12.0% above the guidance, on average. Over the past five years, companies that issued quarterly EPS guidance reported an actual EPS number that was 12.2% above the EPS guidance on average.

Definitions / Methodology

For companies that are classified as part of the REIT industry, FFO guidance is used in place of EPS guidance.

If a company provides a range of EPS estimates for guidance, the mid-point of the range is used in this report for all analysis.

Guidance is classified as negative if the estimate (or mid-point of a range estimates) provided by a company is lower than the mean EPS estimate the day before the guidance was issued.

Guidance is classified as positive if the estimate (or mid-point of a range of estimates) provided by the company is higher than the mean EPS estimate the day before the guidance was issued.

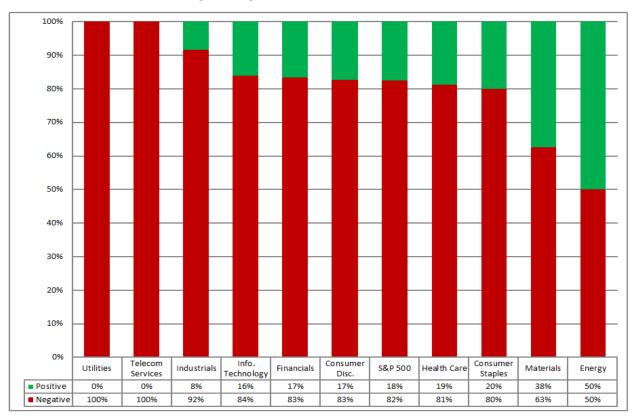


Q3 2013: Sector-Level EPS Guidance

Number of Negative & Positive EPS Preannouncements

Sector	Negative (#)	Positive (#)	Negative (%)	Positive (%)
Consumer Disc.	19	4	83%	17%
Consumer Staples	4	1	80%	20%
Energy	1	1	50%	50%
Financials	5	1	83%	17%
Health Care	13	3	81%	19%
Industrials	11	1	92%	8%
Info. Technology	26	5	84%	16%
Materials	5	3	63%	38%
Telecom Services	2	0	100%	0%
Utilities	3	0	100%	0%
S&P 500	89	19	82%	18%

Percentage of Negative & Positive EPS Preannouncements





Q3 2013: Sector-Level Revenue Guidance

Number of Negative & Positive Revenue Preannouncements

Sector	Negative (#)	Positive (#)	Negative (%)	Positive (%)
Consumer Disc.	5	2	71%	29%
Consumer Staples	2	0	100%	0%
Energy	1	0	100%	0%
Financials	0	0	0%	0%
Health Care	5	2	71%	29%
Industrials	6	3	67%	33%
Info. Technology	28	9	76%	24%
Materials	1	0	100%	0%
Telecom Services	0	1	0%	100%
Utilities	0	0	0%	0%
S&P 500	48	17	74%	26%

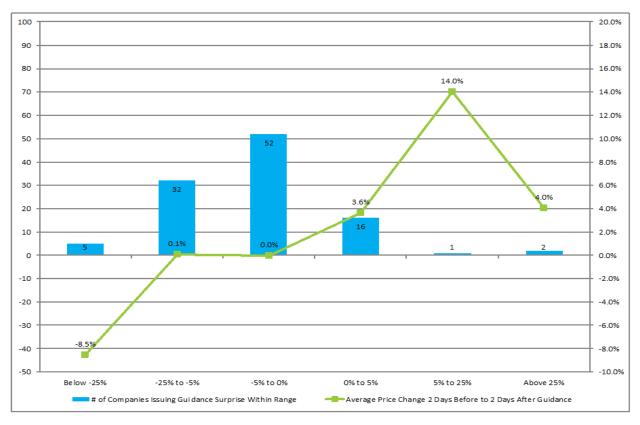
Percentage of Negative & Positive Revenue Preannouncements



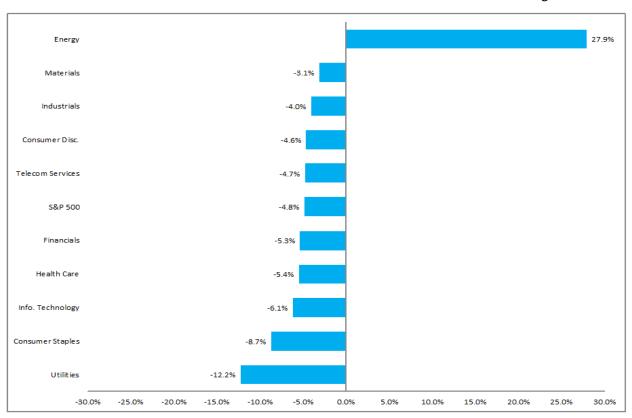


Q3 2013: EPS Guidance vs. Mean EPS Estimate





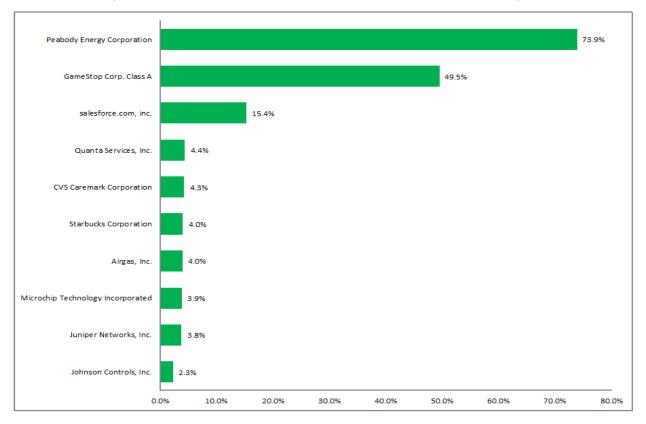
Difference between EPS Guidance and Mean EPS Estimate: Sector-Level Average



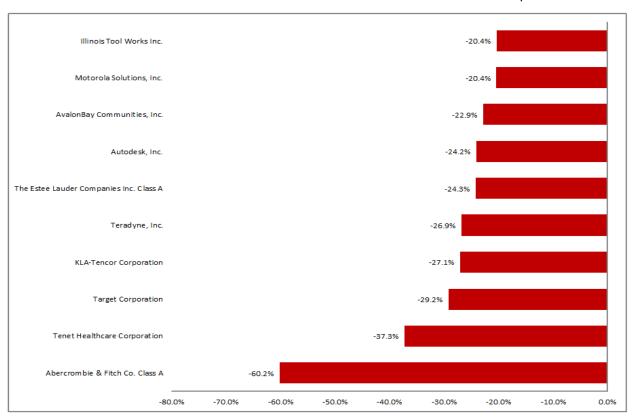


Q3 2013: EPS Guidance vs. Mean EPS Estimate

Upside Difference between EPS Guidance and Mean EPS Estimate: Top 10



Downside Difference between EPS Guidance and Mean EPS Estimate: Top 10



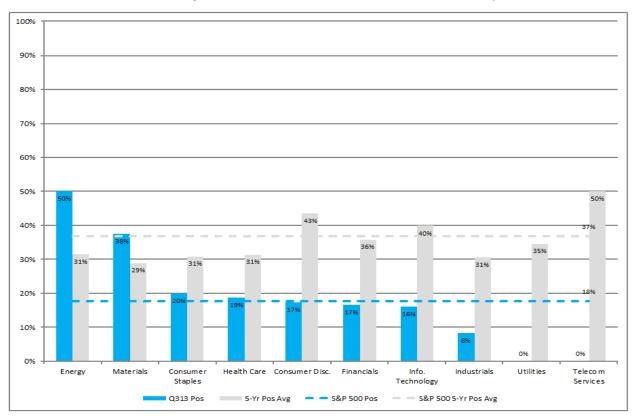


Q3 2013: Positive EPS Guidance vs. 5-Year Average

Number of Positive Preannouncements vs. 5-Year Average

Sector	Positive (#)	5-Year Avg. #	Diff. (#)	Diff. (%)
Consumer Disc.	4.0	9.4	-5.4	-57%
Consumer Staples	1.0	1.7	-0.7	-41%
Energy	1.0	0.9	0.2	18%
Financials	1.0	2.1	-1.1	-52%
Health Care	3.0	3.9	-0.9	-22%
Industrials	1.0	3.7	-2.7	-73%
Info. Technology	5.0	13.2	-8.2	-62%
Materials	3.0	2.7	0.4	13%
Telecom Services	0.0	0.9	-0.9	-100%
Utilities	0.0	0.6	-0.6	-100%
S&P 500	19.0	38.9	-19.9	-51%

Percentage of Positive Preannouncements vs. 5-Year History



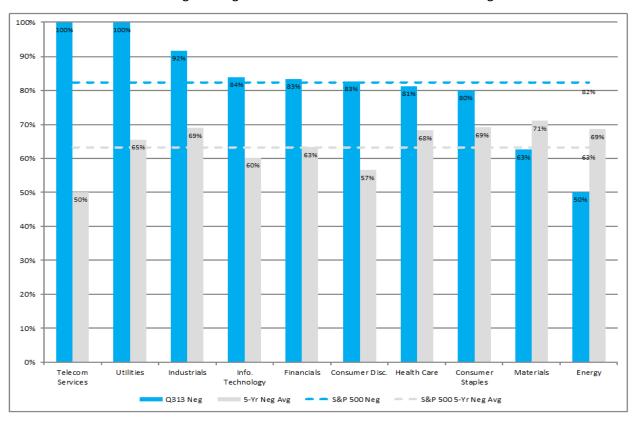


Q3 2013: Negative EPS Guidance vs. 5-Year Average

Number of Negative Preannouncements vs. 5-Year Averages

Sector	Negative (#)	5-Year Avg. #	Diff. (#)	Diff. (%)
Consumer Disc.	19.0	12.2	6.8	56%
Consumer Staples	4.0	3.8	0.2	5%
Energy	1.0	1.9	-0.9	-46%
Financials	5.0	3.7	1.3	35%
Health Care	13.0	8.4	4.7	56%
Industrials	11.0	8.2	2.8	34%
Info. Technology	26.0	19.9	6.1	31%
Materials	5.0	6.5	-1.5	-23%
Telecom Services	2.0	1.7	0.3	18%
Utilities	3.0	0.6	2.4	400%
S&P 500	89.0	66.8	22.2	33%

Percentage of Negative Preannouncements vs. 5-Year Averages





Current FY: Sector-Level EPS Guidance

Number of Positive & Negative EPS Preannouncements

Sector	Negative (#)	Positive (#)	Negative (%)	Positive (%)
Consumer Disc.	29	13	69%	31%
Consumer Staples	19	7	73%	27%
Energy	3	1	75%	25%
Financials	14	8	64%	36%
Health Care	23	25	48%	52%
Industrials	28	16	64%	36%
Info. Technology	14	13	52%	48%
Materials	9	5	64%	36%
Telecom Services	2	0	100%	0%
Utilities	16	13	55%	45%
S&P 500	157	101	61%	39%

Percentage of Positive & Negative EPS Preannouncements





Current FY: Sector-Level Revenue Guidance

Number of Positive & Negative Revenue Preannouncements

Sector	Negative (#)	Positive (#)	Negative (%)	Positive (%)
Consumer Disc.	16	14	53%	47%
Consumer Staples	10	7	59%	41%
Energy	0	1	0%	100%
Financials	5	1	83%	17%
Health Care	23	17	58%	43%
Industrials	17	17	50%	50%
Info. Technology	13	17	43%	57%
Materials	0	3	0%	100%
Telecom Services	0	2	0%	100%
Utilities	0	0	0%	0%
S&P 500	84	79	52%	48%

Percentage of Positive & Negative EPS Preannouncements



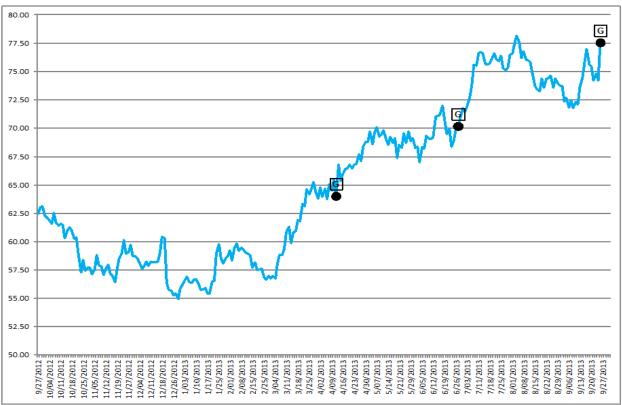


Current FY: Company-Level Data (BBBY)

Guidance: Data Items

Date Issued	Fiscal Prd	Item	Guid (Avg)	Mean
26-Sep-13	FY2013E	Tax Rate	37.00	36.92
26-Sep-13	FY2013E	Depr. & Amort.	220.00	220.29
26-Sep-13	FY2013E	Capital Expenditures	350.00	344.56
26-Sep-13	FY2013E	EPS	4.95	5.01
27-Jun-13	FY2013E	Depr. & Amort.	220.00	219.14
27-Jun-13	FY2013E	Capital Expenditures	350.00	344.31
11-Apr-13	FY2013E	Depr. & Amort.	220.00	218.28
11-Apr-13	FY2013E	# Stores Opened	45.00	47.00
11-Apr-13	FY2013E	Capital Expenditures	350.00	316.96
20-Dec-12	FY2012	Depr. & Amort.	195.00	200.72

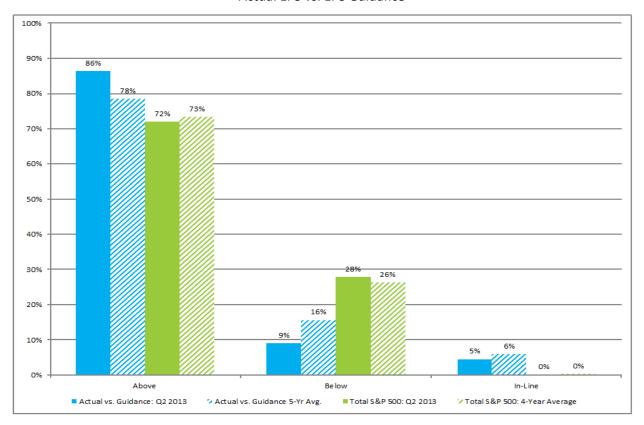
Guidance vs. Price



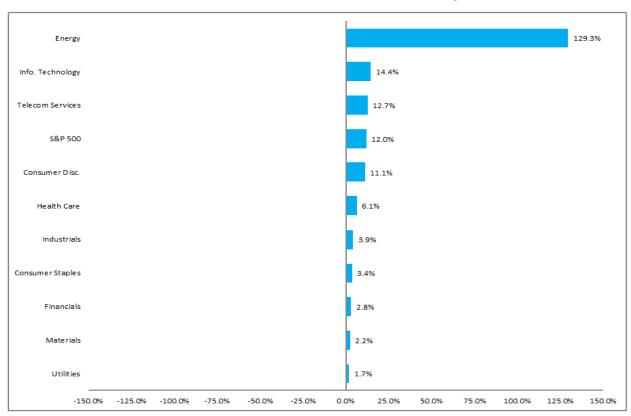


Q2 2013: Actual EPS vs. EPS Guidance

Actual EPS vs. EPS Guidance

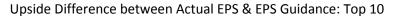


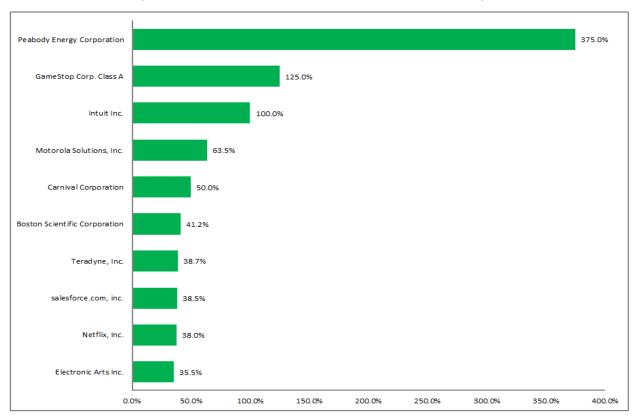
Actual EPS vs. EPS Guidance: Sector-Level Average



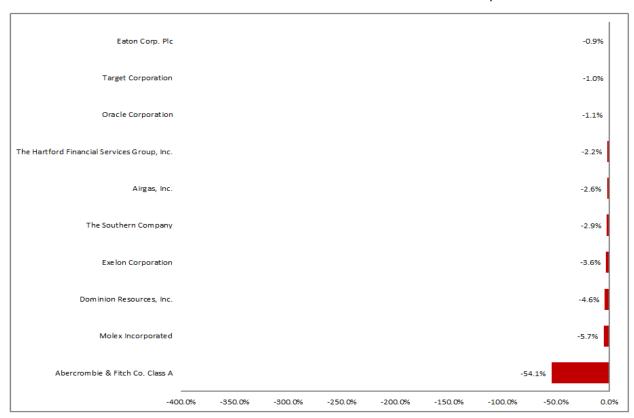


Q2 2013: Actual EPS vs. EPS Guidance





Downside Difference between Actual EPS & EPS Guidance: Top 10





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