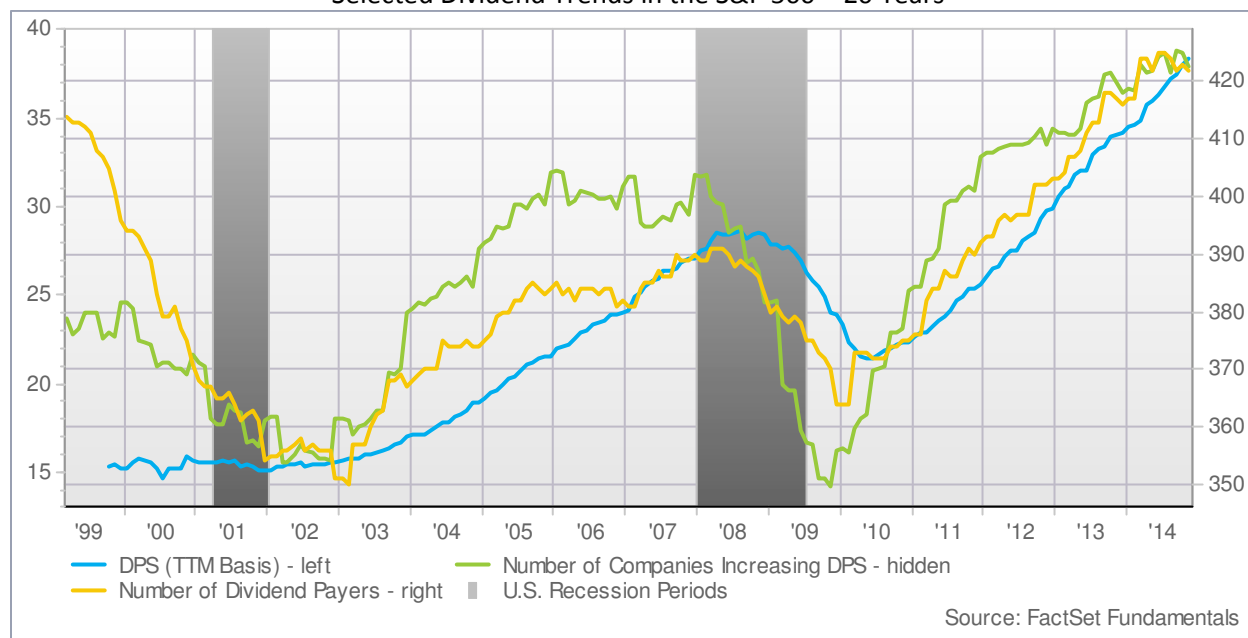


Key Metrics:

- + **DPS Growth (TTM):** Dividends per share (DPS) for the S&P 500 grew 11.3% to \$37.99 in the trailing twelve-month (TTM) period ending in October (Q3 2014). Nine of the ten sectors reported double-digit increases in DPS, led by the Consumer Discretionary and Financials sectors.
- + **Dividend Payout Ratio:** The dividend payout ratio on a trailing 12-month basis was 32.0% at the end of the third quarter (October), which was above the 10-year median.
- + **Dividend Yield:** The dividend yield on a trailing 12-month basis was 1.9% at the end of the third quarter (October), which was equal to the 10-year median.
- + **Dividend Participation:** The number of companies paying dividends over the TTM was 421, or 84% of the S&P 500 index.
- + **DPS Growth (NTM):** Dividends per share (DPS) for the S&P 500 are projected to grow 8.3% over the next twelve months (NTM). All ten sectors are projected to report growth in DPS, led by the Financials (14.8%) and Consumer Discretionary (10.3%) sectors.

Selected Dividend Trends in the S&P 500 – 20 Years



Dividend Quarterly is one part of three reports (*Buyback Quarterly* and *Cash & Investments Quarterly*) analyzing cash and spending within the S&P 500. The other reports can be found at http://www.factset.com/insight/thought_leadership or within the FactSet Market News or Investment Research applications of your FactSet workstation. All data published in this report is available on FactSet. Please contact media_request@factset.com or 1-877-FACTSET for more information.

Dividend Growth Projected to Continue at Slower Pace in 2015

Double-Digit DPS Growth (11.3%) Continued in Q3

15th Consecutive Quarter of Double-Digit DPS Growth

Dividends per share (DPS) grew 11.3% to \$37.99 in the trailing twelve-month (TTM) period ending in October. This marked the 15th consecutive quarter in which DPS for the S&P 500 has grown at double-digit rates. Over this 15-quarter window, DPS for the index has seen average growth of 14.2%.

At the sector level, nine of the ten sectors recorded growth in DPS over the prior 12 months. Six of these nine sectors recorded double-increases in DPS growth: Consumer Discretionary (18.8%), Financials (17.6%), Telecom Services (15.5%), Energy (14.6%), Information Technology (13.6%), and Industrials (12.2%). The only sector that recorded a decline in DPS over this period was the Materials sector (-6.6%). While the Consumer Discretionary has consistently been one of the top sectors in terms of DPS growth in recent quarters, the third quarter marked the first time this sector reported the highest DPS growth of all ten sectors over the prior 12 months since Q4 2010 (27.9%).

Dividend Payout Ratio: 32.0%

The dividend payout ratio (ratio of dividends to earnings) on a trailing 12-month basis was 32.0% at the end of the third quarter, which was above the 10-year median (29.0%) for the index. This quarter marked the highest payout ratio since the end of Q1 2010 (33.1%). Over the past 12 months, DPS growth (11.3%) outpaced EPS growth (7.6%) for the index.

Dividend Yield: 1.9%

The dividend yield (ratio of dividends to price) on a trailing 12-month basis was 1.9%, which was equal to the 10-year median (1.9%).

Percentage of Dividend Payers: 84%

The number of companies paying dividends in the TTM period was 421 (or 84% of the index) at the end of October. Overall, 337 companies increased their dividend payments over the past 12 months.

Companies with the Highest Long-Term Trailing DPS Growth Rates

Examining the individual drivers of longer-term, trailing DPS growth captures a wider cross-section of the economy. Several companies from a variety of industries have been remarkably consistent in boosting their DPS payouts. For example, Diamond Offshore Drilling, Seagate Technology, and Lockheed Martin were among the highest companies by compound annual DPS growth over the ten, five, and three year horizons (23.1%, 44.0%, and 21.9%, respectively). Wisconsin Energy was also noteworthy for being among the ten companies with the highest three, five, and ten-year annualized DPS growth rates.

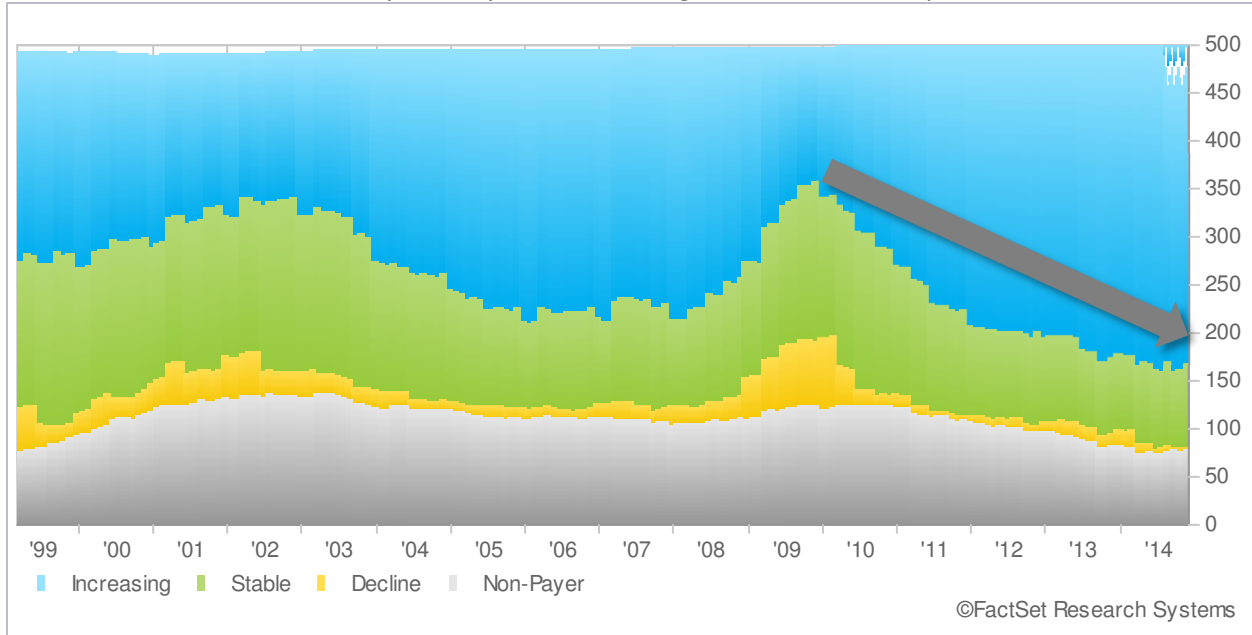
Analyst Project 8.3% Growth in DPS Over Next 12 Months

It is interesting to note that the estimate for DPS growth over the next 12 months (NTM) is 8.3%. While all ten sectors are projected to report growth in DPS over this time frame, only the Financials (14.8%) and Consumer Discretionary (10.3%) sectors are expected to report double-digit growth in dividends. As noted in last quarter's report, it appears dividend payments for the Financials sector have not yet fully recovered from the financial crisis, resulting in higher growth expectations going forward. The Financials sector is currently the only sector in the index still reporting DPS on a trailing 12-month basis below the 10-year average for the sector.

Dividend Payout Practices

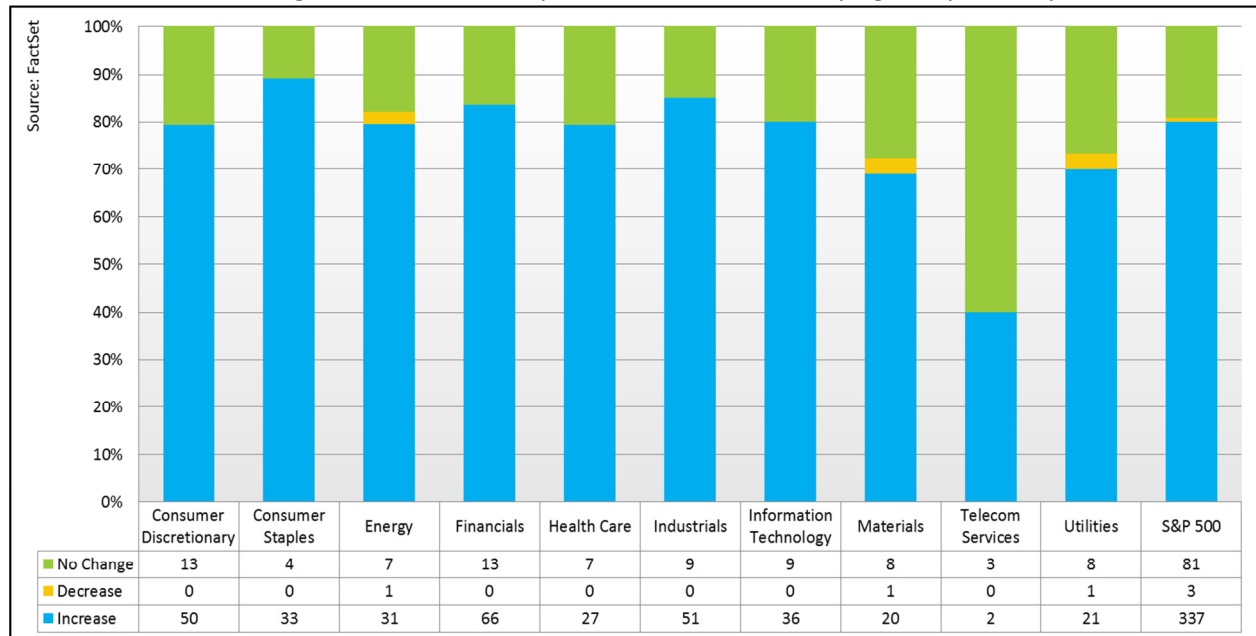
The top chart examines counts a time-series of the number of companies with trailing twelve-month dividend payments that are above, below, or in-line with payments from the previous quarter. “Non-payers” are stocks that did not pay dividends in the trailing twelve months or the previous quarter’s trailing twelve months.

Count of Companies by 3-Month Change in TTM Dividends per Share



Increases and decreases in dividends per share are assessed on how the month-end trailing twelve-month DPS figure compares to the previous quarter’s value. Dividends per share figures include extra/special dividends.

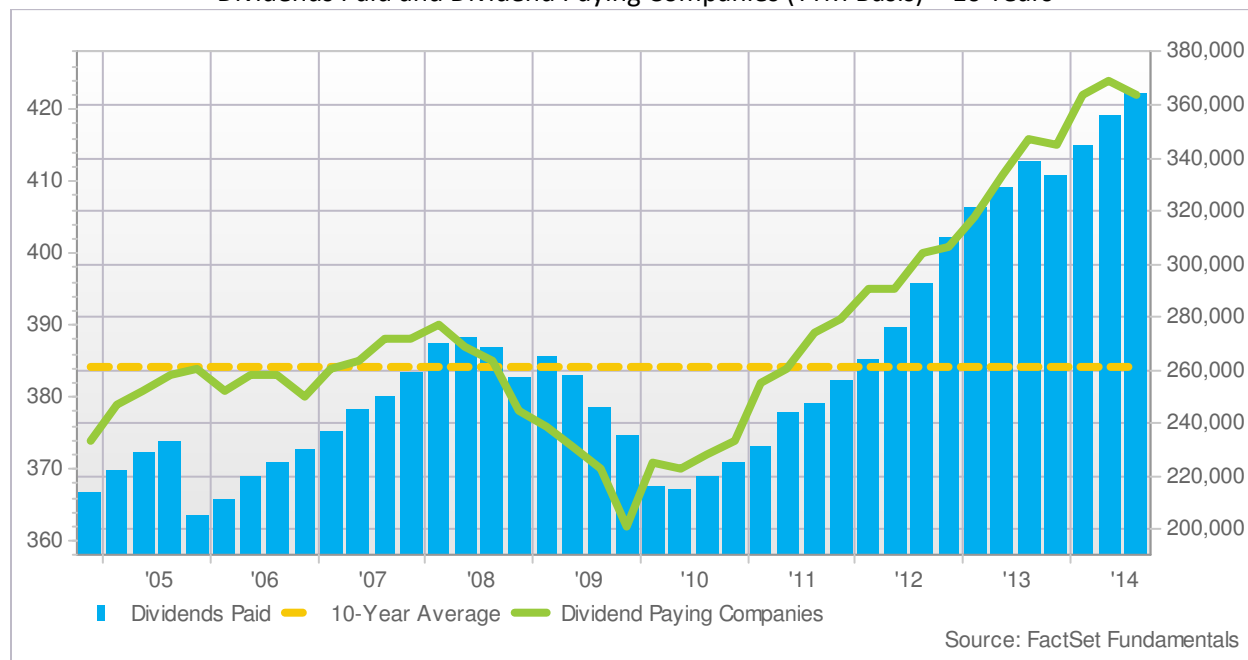
3-Month Change in TTM Dividends per Share of Dividend-Paying Companies by Sector



Dividends Paid

Aggregate cash dividends paid is sourced directly from the cash flow statement and includes both common and preferred dividends. The information presented below shows cash dividends paid over the trailing twelve months.

Dividends Paid and Dividend Paying Companies (TTM Basis) – 10 Years



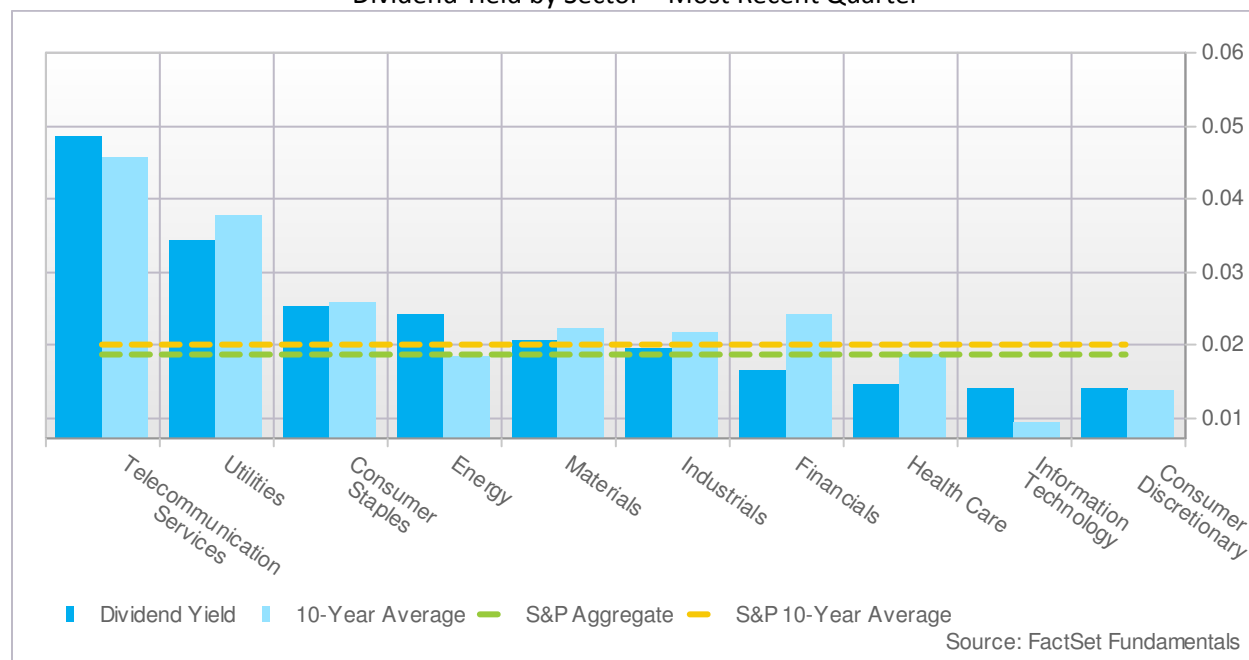
Top 10 Companies by Common and Preferred Dividends Paid (TTM Basis)

Company	Sector	Divs Paid (TTM)	Payout Ratio (ANN)	1 Yr Price Return	1 Yr Total Return
Exxon Mobil Corporation	Energy	\$11,394	33.4%	(11.1%)	(8.6%)
Apple Inc.	Information Technology	\$11,126	28.1%	34.0%	36.8%
AT&T Inc.	Telecom Services	\$9,541	53.4%	(5.9%)	(0.8%)
Microsoft Corporation	Information Technology	\$9,270	40.7%	22.4%	25.8%
General Electric Company	Industrials	\$8,569	54.8%	(9.2%)	(6.2%)
Chevron Corporation	Energy	\$7,829	35.2%	(15.4%)	(12.4%)
Wells Fargo & Company	Financials	\$7,810	29.6%	20.0%	23.3%
Johnson & Johnson	Health Care	\$7,674	53.8%	12.5%	15.6%
Verizon Communications	Telecom Services	\$7,169	52.3%	(5.7%)	(1.5%)
Procter & Gamble	Consumer Staples	\$7,009	61.0%	9.4%	12.8%
S&P 500	-	\$364,754	32.0%	10.4%	12.3%

Dividend Yield: Sector-Level

Dividend yield is calculated by dividing the trailing twelve-month dividends per share figure by yesterday's closing price. Ten-year average figures compute the average based on the dividend yield at the quarter-end.

Dividend Yield by Sector – Most Recent Quarter



Top 10 Companies by Dividend Yield – TTM Basis

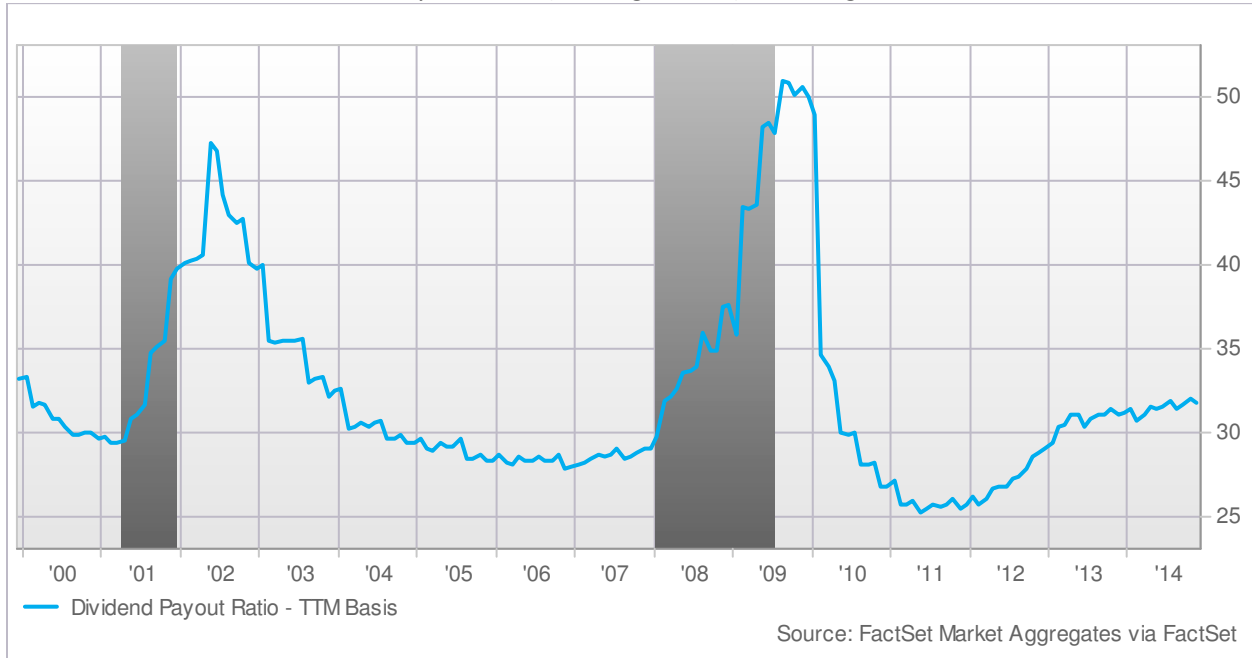
Company	Sector	Yield (TTM)	DPS (TTM)	Payout Ratio (TTM)	1 Yr Total Return
Noble Corporation plc	Energy	10.0%	\$1.50	44.8%	(51.0%)
Freeport-McMoRan, Inc.	Materials	5.9%	\$1.25	57.9%	(36.5%)
AT&T Inc.	Telecom Services	5.7%	\$1.84	56.3%	(0.8%)
Mattel, Inc.	Consumer Disc.	5.0%	\$1.52	71.8%	(29.4%)
Verizon Communications	Telecom Services	4.7%	\$2.14	44.5%	(1.5%)
Philip Morris International	Consumer Staples	4.7%	\$3.82	76.9%	0.5%
People's United Financial	Financials	4.5%	\$0.66	79.4%	3.5%
ConocoPhillips	Energy	4.5%	\$2.84	37.1%	(5.9%)
CenterPoint Energy, Inc.	Utilities	4.4%	\$0.95	72.4%	(0.9%)
Southern Company	Utilities	4.4%	\$2.08	88.2%	24.0%
S&P 500	-	1.9%	\$37.99	32.0%	12.3%

*Screen results exclude companies that had a dividend payout ratio greater than 100% or less than 0% for the trailing twelve-month period.

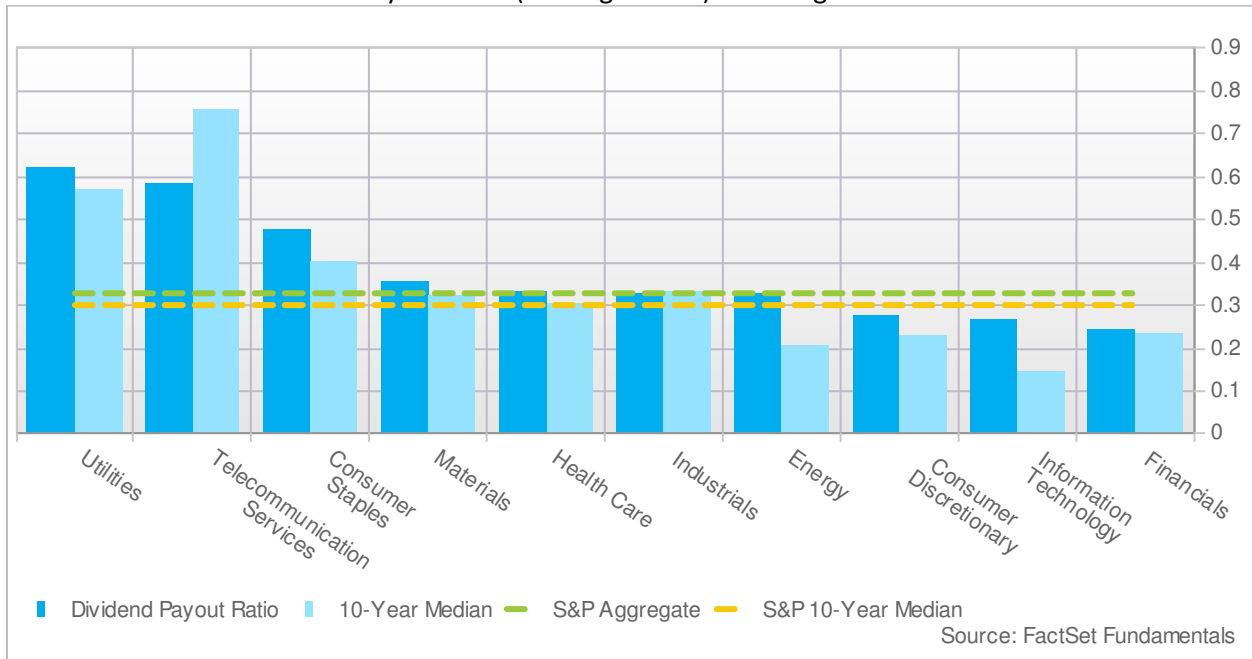
Dividend Payout Ratio:

In examining dividend payout ratios, there are a number of periods where earnings volatility caused payout ratios to change dramatically. This phenomenon can be seen in certain sectors' ten-year average payout ratios. For this reason, the sector chart examines median payout ratios. For this reason, the sector chart examines median payout ratios.

Historical Dividend Payout Ratio (Earnings based) – Trailing Twelve-Month Basis

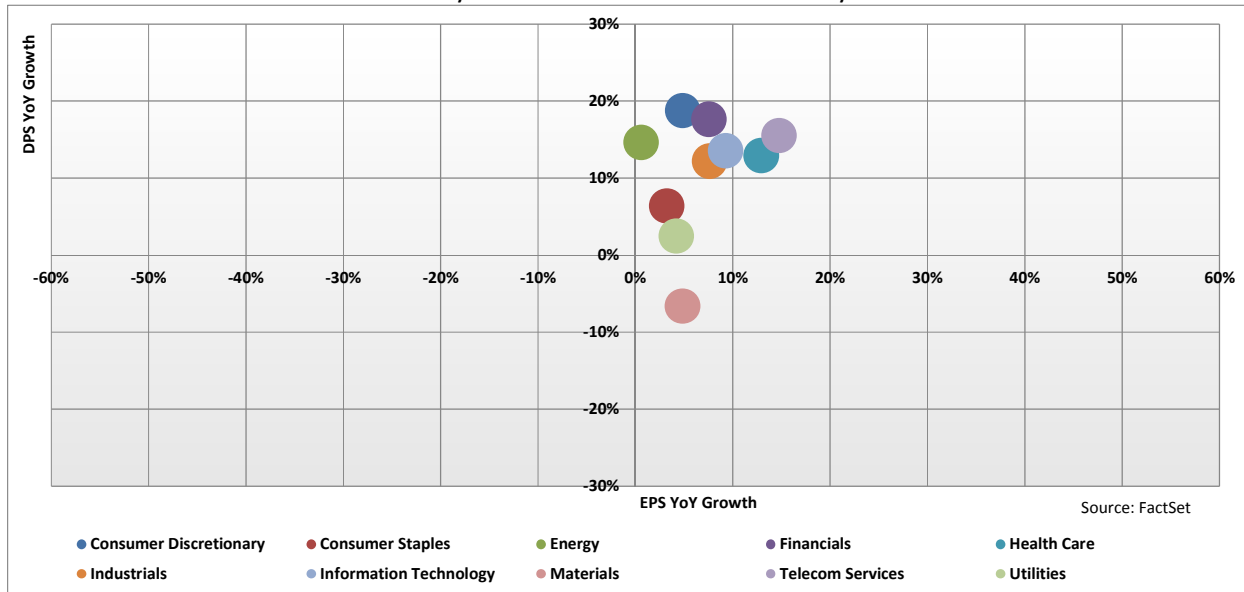


Dividend Payout Ratio (Earnings based) – Trailing Twelve Months



Dividend Growth: One-Year

Year-over-year % Growth in DPS and EPS by Sector



Top 10 Companies by Growth in TTM Dividends per Share – 1 Year

Company	Sector	1Yr DPS Growth	1Yr EPS Growth	1 Yr Total Return	Yield (TTM)
Noble Corporation plc	Energy	97.4%	6.6%	(51.0%)	10.0%
Transocean Ltd.	Energy	67.3%		(62.4%)	16.7%
EnSCO plc	Energy	64.7%		(50.3%)	10.1%
Host Hotels & Resorts	Financials	47.6%	120.3%	31.9%	2.7%
CME Group Inc. Class A	Financials	43.9%	6.0%	12.4%	5.1%
ONEOK, Inc.	Energy	43.6%	7.7%	(10.7%)	4.8%
LyondellBasell Industries	Materials	35.0%	48.0%	(4.4%)	3.8%
Frontier Communication	Telecom Services	33.3%	170.1%	54.9%	6.3%
Wynn Resorts, Limited	Consumer Discretionary	31.3%	32.9%	(20.7%)	3.7%
Williams Companies, Inc.	Energy	27.8%	189.9%	23.4%	4.2%
S&P 500	-	11.3%	7.6%	12.3%	1.9%

*This screen excludes companies with current dividend yield of less than 2%. The growth rate methodology is based on trailing twelve-month DPS compared to the value one year ago.

Compound Annual Dividend Growth: 3, 5, and 10-Year Rates

These screens exclude companies with a starting or current dividend yield of less than 2%. The growth rate methodology is that of compound annual growth rates based on annual dividends per share.

Highest Growth in Annual Dividends per Share – 3 Year

Company	Sector	3Yr Ann DPS Growth	3Yr Ann EPS Growth	3Yr Annualized Return	Yield (TTM)
Lockheed Martin Corp.	Industrials	21.9%	7.0%	39.4%	3.0%
Wisconsin Energy Corp.	Utilities	21.8%	9.2%	18.5%	3.1%
Simon Property Group, I	Financials	21.4%	56.2%	19.0%	2.9%
Microsoft Corporation	Information Technology	20.6%	(0.7%)	23.6%	2.5%
Gap, Inc.	Consumer Discretionary	20.5%	13.4%	32.2%	2.2%
Mattel, Inc.	Consumer Discretionary	20.2%	11.5%	6.9%	5.0%
Accenture Plc	Information Technology	20.1%	10.0%	18.0%	2.4%
Darden Restaurants, Inc.	Consumer Discretionary	19.8%	(14.1%)	13.2%	3.9%
General Electric Co.	Industrials	19.8%	7.1%	16.8%	3.6%
Dr Pepper Snapple Grp.	Consumer Staples	19.1%	12.0%	25.5%	2.3%
S&P 500	-	15.7%	5.0%	17.4%	1.9%

Highest Growth in Annual Dividends per Share – 3 Year

Company	Sector	5Yr Ann DPS Growth	5Yr Ann EPS Growth	5Yr Annualized Return	Yield (TTM)
Seagate Technology PLC	Information Technology	44.0%		33.6%	2.9%
CME Group Inc. Class A	Financials	36.8%	3.8%	9.8%	5.1%
Cummins Inc.	Industrials	30.3%	15.5%	26.3%	2.0%
Williams Companies, Inc.	Energy	27.3%	(23.7%)	24.0%	4.2%
KLA-Tencor Corporation	Information Technology	25.3%		21.2%	2.8%
Coca-Cola Enterprises	Consumer Staples	23.4%		27.4%	2.4%
CMS Energy Corporation	Utilities	23.2%	6.2%	21.5%	3.2%
Darden Restaurants, Inc.	Consumer Discretionary	22.4%	(4.1%)	15.1%	3.9%
Wisconsin Energy Corp.	Utilities	21.8%	10.6%	19.8%	3.1%
Omnicom Group Inc	Consumer Discretionary	21.7%	3.2%	17.0%	2.4%
S&P 500	-	9.8%	20.0%	12.2%	1.9%

Highest Growth in Annual Dividends per Share – 10 Year

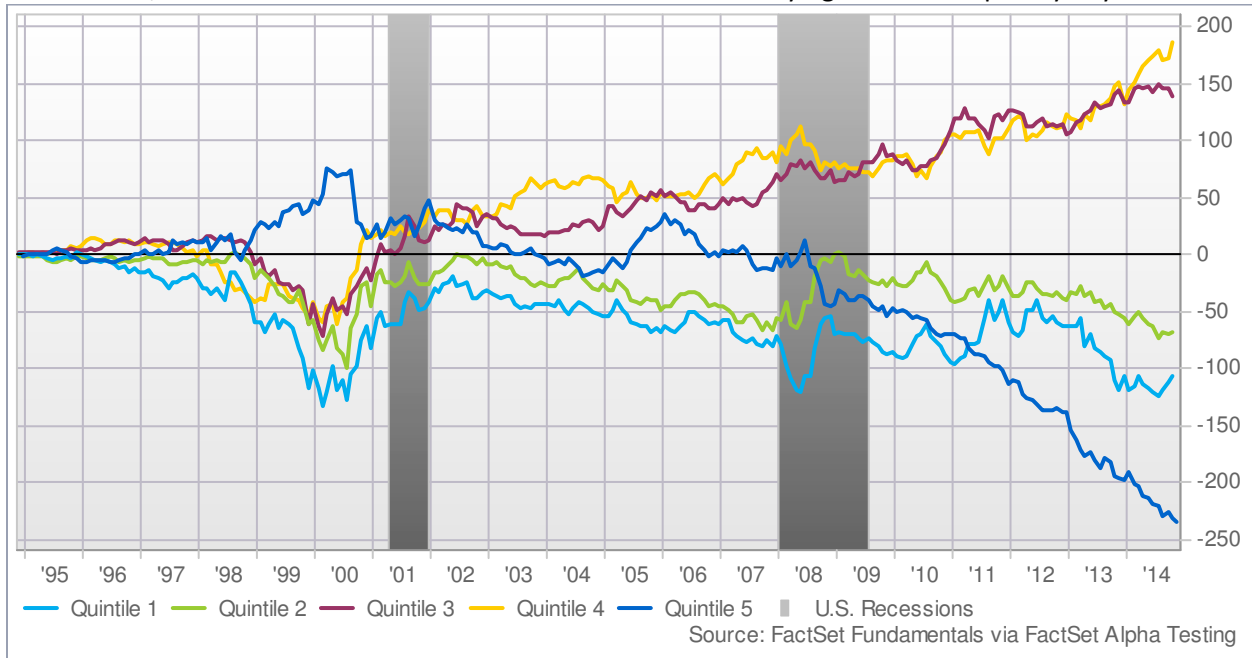
Company	Sector	10Yr Ann DPS Growth	10Yr Ann EPS Growth	10Yr Annualized Return	Yield (TTM)
Diamond Offshore Drill	Energy	23.1%		5.3%	9.6%
Cummins Inc.	Industrials	22.3%	37.0%	23.0%	2.0%
Occidental Petroleum	Energy	17.3%	13.5%	12.8%	3.8%
ONEOK, Inc.	Energy	15.7%	1.7%	17.6%	4.8%
Wisconsin Energy Corp.	Utilities	13.7%	9.3%	14.6%	3.1%
Mattel, Inc.	Consumer Discretionary	13.7%	7.8%	8.6%	5.0%
ConocoPhillips	Energy	12.7%	8.2%	10.3%	4.5%
Public Storage	Financials	11.1%	14.4%	15.9%	3.1%
General Mills, Inc.	Consumer Staples	10.9%	7.5%	11.0%	3.1%
Raytheon Company	Industrials	10.6%	21.5%	13.2%	2.3%
S&P 500	-	6.8%	5.9%	5.1%	1.9%

20-Year Forward Performance: Dividend Practices

The following charts show cumulative, forward one-month returns based on previous month characteristics, or factors, from a rolling universe of S&P 500 constituents. For all back tests, securities are regrouped dynamically and shown market-cap weighted to ensure that the effects of differences in security weighting between the model and the benchmark have a limited impact on return comparisons.

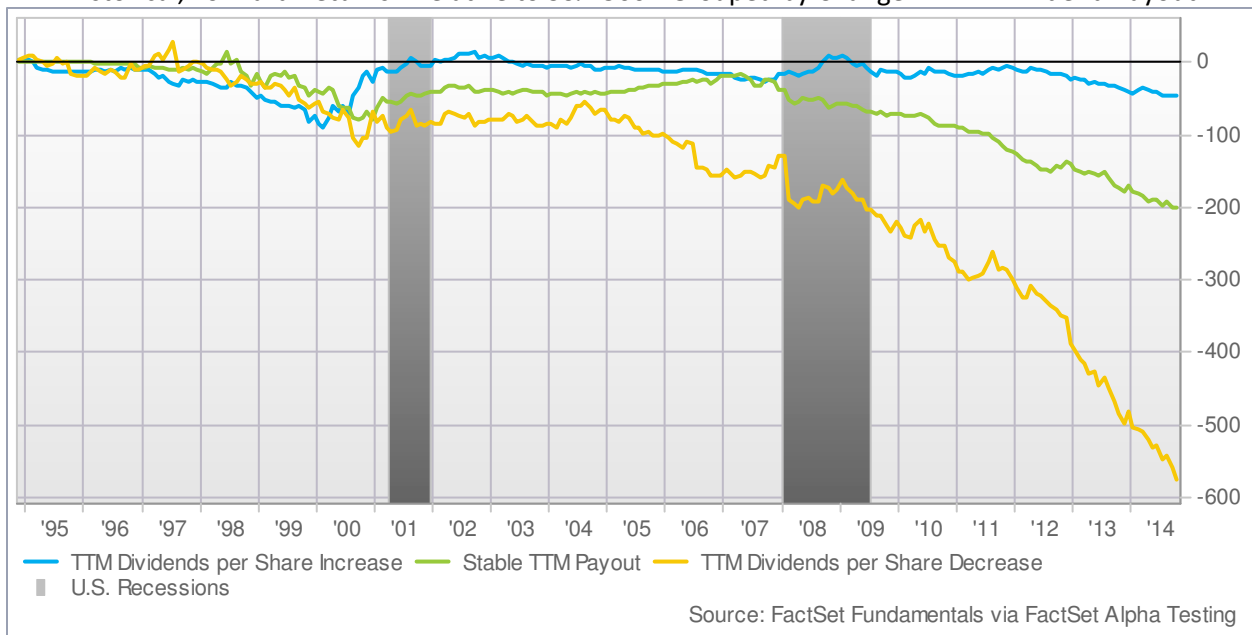
For this back test, S&P 500 companies were broken into quintiles by dividend payout ratio (TTM basis). The groups were formed after removing non-dividend paying companies and companies with negative earnings from the universe. Quintile 1 includes the group of companies with the highest payout ratios.

Historical, Forward Returns - Relative to S&P 500 - Dividend-Paying Stocks Grouped by Payout Ratio



For this back test, S&P 500 companies were broken into groups by change in their TTM DPS relative to last year. The groups were formed after removing non-dividend paying companies from the universe.

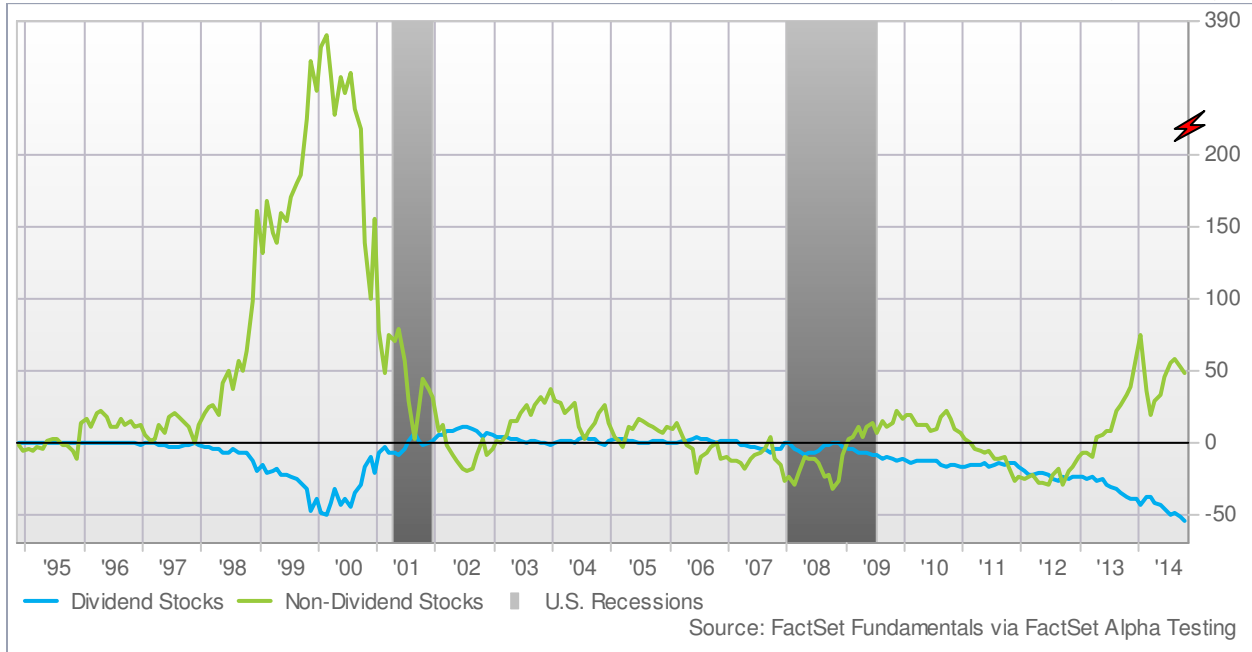
Historical, Forward Returns - Relative to S&P 500 - Grouped by Change in TTM Dividend Payout



20-Year Forward Performance: Dividend Practices, Ctd.

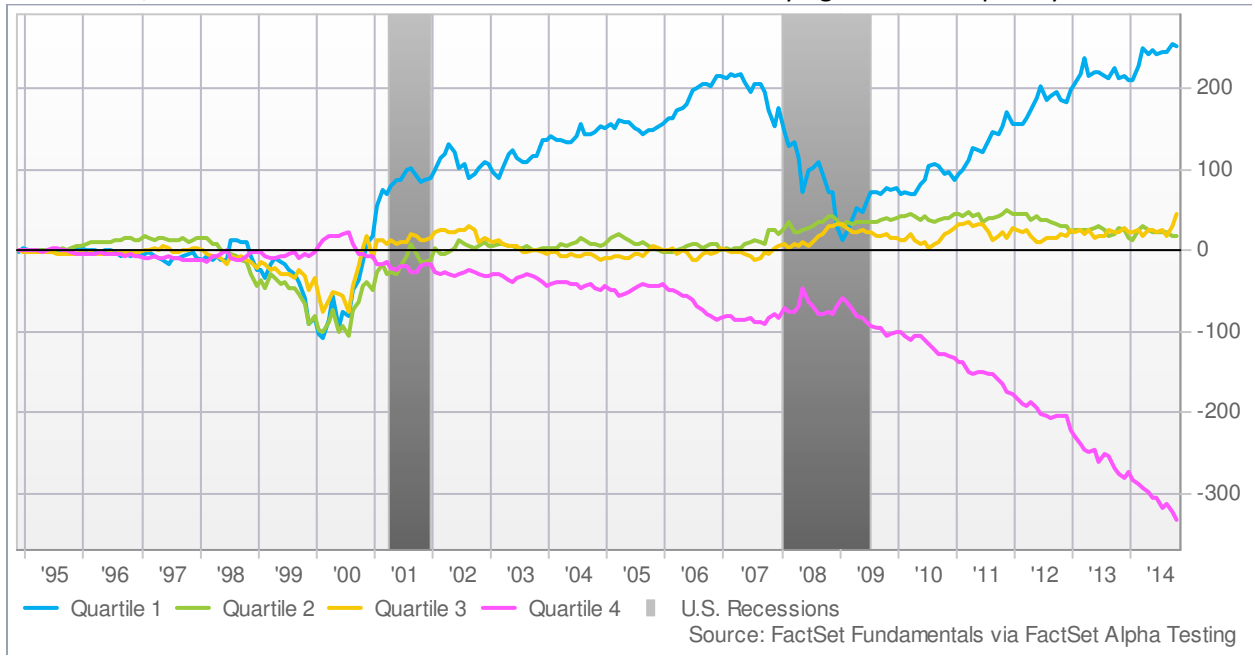
For this back test, S&P 500 companies were broken into two groups: those with positive TTM dividends per share those with no TTM dividends per share. Apple has been excluded because its significant weight and volatile performance in 2011 and 2012 has distorted the trends.

Historical, Forward Total Return - Relative to S&P 500 - Dividend vs. Non-Dividend Stocks (ex-AAPL)



For this Alpha Testing back test, S&P 500 companies were broken into quartiles by dividend yield. The quartiles were formed after removing non-dividend paying companies from the universe. Quartile 1 includes the group of companies with the highest yields.

Historical, Forward Returns - Relative to S&P 500 – Dividend-Paying Stocks Grouped by Yield Quartile



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