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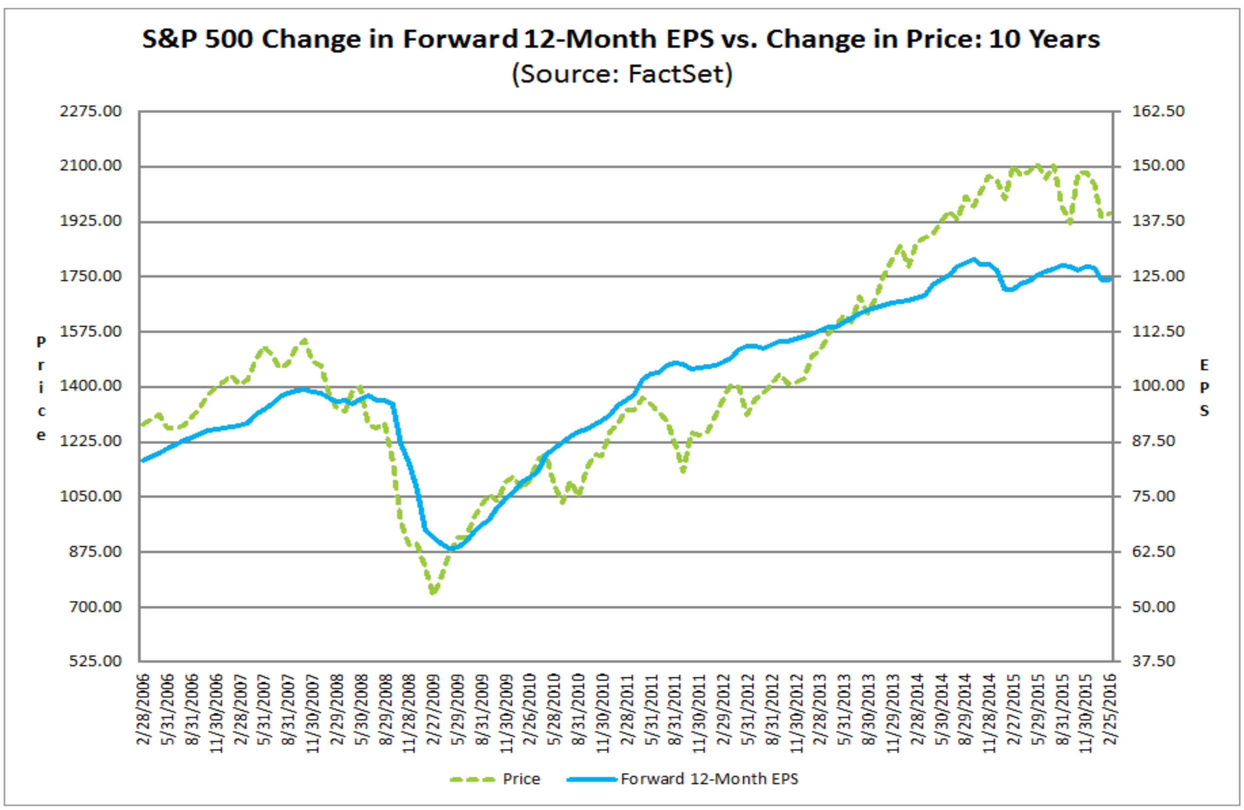
S&P 500 February 26, 2016

Key Metrics

- **Earnings Scorecard:** With 96% of the companies in the S&P 500 reporting earnings to date for Q4 2015, 69% have reported earnings above the mean estimate and 48% have reported sales above the mean estimate.
- **Earnings Growth:** For Q4 2015, the blended earnings decline is -3.3%. The fourth quarter marks the first time the index has seen three consecutive quarters of year-over-year declines in earnings since Q1 2009 through Q3 2009.
- **Earnings Revisions:** On December 31, the estimated earnings decline for Q4 2015 was -3.9%. Eight sectors have higher growth rates today (compared to December 31) due to upside earnings surprises, led by the Materials sector.
- **Earnings Guidance:** For Q1 2016, 88 companies have issued negative EPS guidance and 22 companies have issued positive EPS guidance.
- **Valuation:** The 12-month forward P/E ratio is 15.7. This P/E ratio is based on Thursday's closing price (1951.70) and forward 12-month EPS estimate ($124.21).



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Topic of the Week:

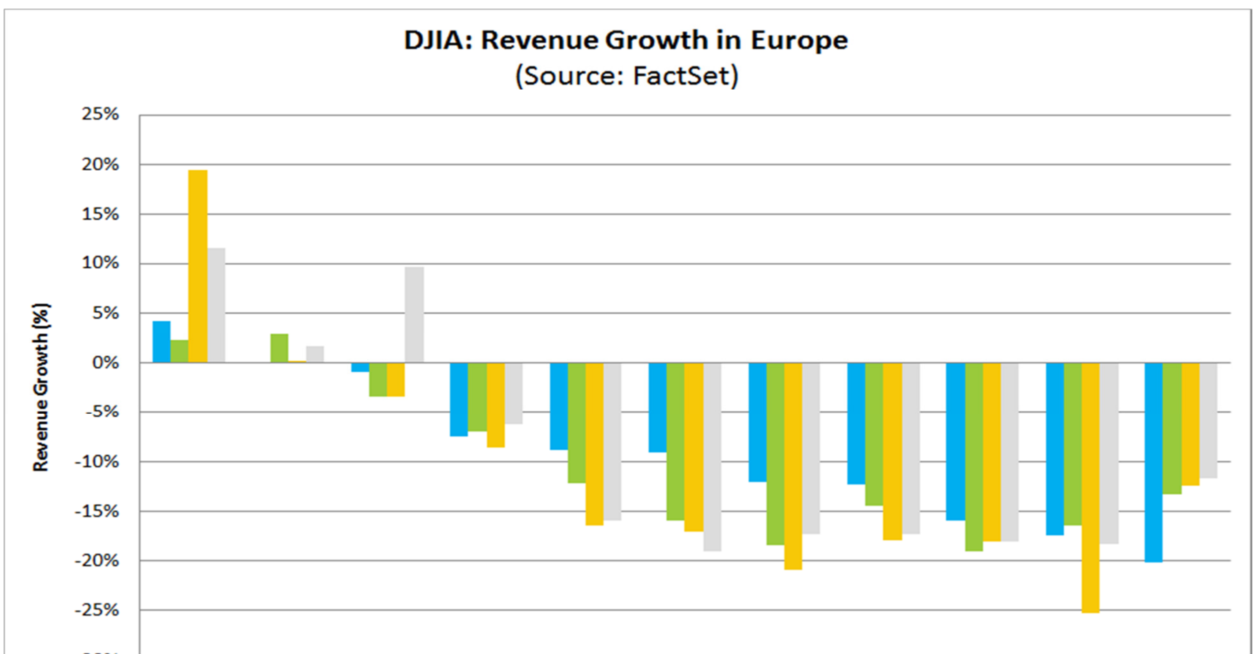
Dow 30 Companies Continued to Report Sales Declines in Europe in Q4

"Finally, foreign currency impacts reduced sales by 5.8 percentage points with notable year-on-year declines in the euro, yen and Brazilian real." –3M (January26)

Coming into the Q4 earnings season, there were concerns in the market regarding the impact of slower economic growth in Europe and the stronger dollar relative to the euro on U.S. corporate earnings for the fourth quarter. With the final DJIA component (Home Depot) reporting results for Q4 this past week, how did companies in the DJIA perform in the fourth quarter in Europe in terms of sales? How did the revenue numbers for Q4 2015 compare to prior quarters?

Overall, 11 of the 30 companies in the DJIA provided revenue growth numbers for Europe for the fourth quarter. Of these eleven companies, nine reported a year-over-year decline in revenues. This number is equal to the number of Dow 30 companies that reported a year-over-year sales decrease in the previous two quarters. For eight of these DJIA companies, the fourth quarter marked (at least) the third consecutive quarter of year-over-year declines in revenues from Europe.

The stronger dollar appeared to be a factor in the weaker revenue performance of these companies in Europe. Of the 11 companies in the DJIA that provided revenue growth numbers for Europe, all 11 cited some negative impact on revenues or EPS (or both) for Q4 due to unfavorable foreign exchange during their earnings conference calls. Six of these 11 companies specifically discussed the weakness of the euro relative to the dollar during these same earnings calls.



	AAPL	CSCO*	NKE^	KO	MMM*	IBM*	PFE	JNJ	DD*	MRK+	CAT*
Q4 2015	4%	0%	-1%	-7%	-9%	-9%	-12%	-12%	-16%	-17%	-20%
Q3 2015	2%	3%	-3%	-7%	-12%	-16%	-18%	-14%	-19%	-16%	-13%
Q2 2015	19%	0%	-3%	-9%	-16%	-17%	-21%	-18%	-18%	-25%	-12%
Q1 2015	12%	2%	10%	-6%	-16%	-19%	-17%	-17%	-18%	-18%	-12%

*EMEA (Europe, Middle East, & Africa) ^ Western Europe + Pharmaceutical Sales

Q4 2015 Earnings Season: By the Numbers

Overview

With 96% of the companies in the S&P 500 reporting actual results for Q4 to date, more companies are reporting actual EPS above estimates (69%) compared to the 5-year average, while fewer companies are reporting sales above estimates (48%) relative to the 5-year average. In aggregate, companies are reporting earnings that 3.7% above the estimates. This percentage is below the 5-year average (+4.7%).

The blended (combines actual results for companies that have reported and estimated results for companies yet to report) earnings decline for Q4 2015 is now -3.3%. At the sector level, the Energy and Materials sectors reported the largest year-over-year decreases in earnings, while the Telecom Services sector reported the largest year-over-year increase in earnings.

The blended revenue decline for Q4 2015 is now -3.9%. At the sector level, the Energy and Materials sectors reported the largest year-over-year decreases in sales of all ten sectors. On the other hand, the Telecom Services and Health Care sectors are reporting the largest year-over-year increases in sales.

Looking at future quarters, analysts do not currently project earnings growth and revenue growth to return until Q3 2016.

The forward 12-month P/E ratio is now 15.7, which is still above the 5-year and 10-year averages.

During the upcoming week, 11 S&P 500 companies are scheduled to report results for the fourth quarter.

More Companies Beating EPS Estimates, But Fewer Companies Beating Sales Estimates

Percentage of Companies Beating EPS Estimates (69%) is Above 5-Year Average

Overall, 96% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 69% have reported actual EPS above the mean EPS estimate, 10% have reported actual EPS equal to the mean EPS estimate, and 21% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting actual EPS above the mean EPS estimate is equal to the 1-year (69%) average, but above the 5-year (67%) average.

At the sector level, the Information Technology (77%) and Health Care (74%) sectors have the highest percentages of companies reporting earnings above estimates, while the Telecom Services (60%) and Utilities (61%) sectors have the lowest percentages of companies reporting earnings above estimates.

Market Rewarding Earnings Beats and Not Punishing Earnings Misses

To date, the market is rewarding upside earnings surprises more than average and punishing downside earnings surprises less than average.

Companies that have reported upside earnings surprises for Q4 2015 have seen an average price increase of 1.3% two days before the earnings release through two days after the earnings. This percentage is above the 5-year average price increase of 1.1% during this same window for companies reporting upside earnings surprises.

Companies in the index that have reported downside earnings surprises for Q4 2015 have seen an average price decrease of 1.7% two days before the earnings release through two days after the earnings. This percentage decline is smaller than the 5-year average price decrease of 2.2% during this same window for companies reporting downside earnings surprises.

Earnings Surprise Percentage (+3.7%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 3.7% above expectations. This surprise percentage is below both the 1-year (+4.9%) average and the 5-year (+4.7%) average.

Companies in the Materials (+13.8%) sector reported the largest upside aggregate difference between actual earnings and estimated earnings. In this sector, Alcoa ($0.04 vs. $0.02), Nucor ($0.46 vs. $0.23), Sealed Air ($0.76 vs. $0.50), and Monsanto (-$0.11 vs. -$0.23) reported some of the largest upside earnings surprises.

Percentage of Companies Beating Revenue Estimates (48%) is Below 5-Year Average

In terms of revenues, 48% of companies have reported actual sales above estimated sales and 52% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is below the 1-year (50%) average and the 5-year average (56%).

At the sector level, the Health Care (68%), Information Technology (65%), and Financials (61%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (15%) and Materials (22%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (-0.4%) is Below 5-Year Average

In aggregate, companies are reporting sales that are 0.4% below expectations. This surprise percentage is below both the 1-year (+0.6%) average and above the 5-year (+0.7%) average.

Companies in the Energy (+2.0%) sector reported the largest upside aggregate difference between actual sales and estimated sales, while companies in the Utilities (-15.8%) sector are reporting the largest downside aggregate difference between actual sales and estimated sales.

Small Decrease in Blended Earnings Decline This Week

Small Decrease in Blended Earnings Decline This Week

The blended earnings decline for the fourth quarter is -3.3% this week, which is smaller than the blended earnings decline of -3.7% last week. Upside earnings surprises reported by companies in multiple sectors accounted for the small decrease in the overall earnings decline for the index during the past week.

Materials Sector Has Seen Largest Increase in Earnings since December 31

The blended earnings decline for Q4 2015 of -3.3% is smaller than the estimate of -3.9% at the end of the fourth quarter (December 31). Eight sectors have recorded an increase in expected earnings growth during this time due to upside earnings surprises, led by the Materials (to -20.3% from -25.4%), Health Care (to 9.4% from 4.8%), Information Technology (to -1.9% from -6.1%), and Consumer Discretionary (to 9.5% from 5.6%) sectors. Two sectors have recorded a decrease in earnings growth since the end of the quarter due to downside earnings surprises and downward revisions to earnings estimates: Financials (to -0.2% from 8.1%) and Energy (to -72.8% from -67.6%).

Third Consecutive Quarter of Earnings Declines (-3.3%)

The blended earnings decline for Q4 2015 is -3.3%. The fourth quarter marks the first time the index has seen three consecutive quarters of year-over-year declines in earnings since Q1 2009 through Q3 2009. It also marks the largest year-over-year decline in earnings since Q3 2009 (-15.5%). Four sectors are reporting or have reported year-over-year growth in earnings, led by the Telecom Services sector. Six sectors are reporting or have reported a year-over-year decline in earnings, led by the Energy and Materials sectors.

Telecom Services: Level 3 Communications Leads Growth

The Telecom Services sector reported the highest earnings growth rate at 80.7%. Of the five companies in the sector, Level 3 Communications was the largest contributor to earnings growth. The company reported actual EPS of $9.24 for Q4 2015 (which includes a non-cash benefit of $3.3 billion to income tax expense related to the release of the company's valuation allowance against U.S federal and state deferred tax assets), compared to year-ago EPS of $0.21. If this company is excluded, the blended earnings growth rate for the Telecom Services sector would fall to 29.5%.

Energy: Largest Contributor to Earnings Decline for the S&P 500

The Energy sector reported the largest year-over-year decline in earnings (-72.8%) of all ten sectors. All seven sub-industries in this sector reported a year-over-year drop in earnings: Oil & Gas Exploration & Production (-163%), Coal & Consumable Fuels (-144%), Oil & Gas Equipment & Services (-71%), Integrated Oil & Gas (-67%), Oil & Gas Drilling (-43%), Oil & Gas Refining & Marketing (-22%), and Oil & Gas Storage & Transportation (-5%).

This sector was also the largest contributor to the earnings decline for the S&P 500 as a whole. If the Energy sector is excluded, the blended earnings decline for the S&P 500 would improve to 2.6% from -3.3%.

Materials: Weakness in Metals & Mining and Chemicals

The Materials sector reported the second largest year-over-year decline in earnings (-20.3%) of all ten sectors. At the industry level, two of the four industries in the sector reported a year-over-year decrease in earnings: Metals & Mining (-79%) and Chemicals (-18%).

Fourth Consecutive Quarter of Revenue Declines (-3.9%)

The blended revenue decline for Q4 2015 is -3.9%. The fourth quarter marks the first time the index has seen four consecutive quarters of year-over-year revenue declines since Q4 2008 through Q3 2009. Four sectors are reporting or have reported year-over-year growth in revenues, led by the Telecom Services and Health Care sectors. One sector (Consumer Staples) is reporting flat revenues year-over-year (0%). Five sectors are reporting or have reported a year-over-year decline in revenues, led by the Energy and Materials sectors.

Telecom Services: AT&T Leads Growth

The Telecom Services sector reported the highest revenue growth of all ten sectors at 12.0%. At the company level, AT&T was the largest contributor to revenue growth for the sector. The company reported actual sales of $42.1 billion for Q4 2015 (which reflects the combination of AT&T and DIRECTV), compared to year-ago sales (which reflects standalone AT&T) of $34.4 billion. If AT&T is excluded, the blended growth rate for the sector would fall to 3.2%.

Health Care: Broad-Based Growth

The Health Care sector is reporting the second highest revenue growth of all ten sectors at 8.5%. Five of the six industries in this sector are reporting or have reported sales growth for the quarter, led by the Health Care Technology (27%), Biotechnology (14%), and Health Care Providers & Services (11%) industries.

Energy: Largest Contributor to Revenue Decline for the S&P 500

On the other hand, the Energy (-35.0%) sector reported the largest year-over-year decrease in sales for the quarter. All seven sub-industries in the sector reported a decrease in revenues: Oil & Gas Exploration & Production (-44%), Oil & Gas Equipment & Services (-42%), Integrated Oil & Gas (-33%), Oil & Gas Refining & Marketing (-33%), Oil & Gas Drilling (-27%), Coal & Consumable Fuels (-19%), and Oil & Gas Storage & Transportation (-15%).

This sector was also the largest contributor to the revenue decline for the S&P 500 as a whole. If the Energy sector is excluded, the blended revenue growth rate for the S&P 500 would jump to 0.3% from -3.9%.

Materials: Weakness in Metals & Mining and Chemicals

The Materials (-15.3%) sector reported the second largest year-over-year decrease in revenue of all ten sectors. Two of the four industries in the sector are reporting a decline in sales for the quarter: Metals & Mining (-23%) and Chemicals (-18%).

Q4 2015 Earnings Season: Themes

Overview

Similar to last quarter, companies discussed the impact of the stronger dollar, lower oil prices, slower global economic growth, and higher wages during their earnings conference calls.

Stronger U.S. Dollar

The dollar was stronger in Q4 2015 relative to year-ago values for both the euro and the yen. In the year-ago quarter (Q4 2014), one euro was equal to $1.25 dollars on average. For Q4 2015, one euro was equal to $1.10 dollars on average. In the year-ago quarter (Q4 2014), one dollar was equal to $114.44 yen on average. For Q4 2015, one dollar was equal to $121.44 yen on average.

"In our Consumer Foods segment, we reported second quarter net sales of approximately $2 billion, this is down versus the prior year as a 2% improvement in price mix, only partially offset a 3% decline in volume and a negative 2% impact from foreign exchange." –ConAgra (Dec. 22)

"NIKE Inc. revenues grew 4% to $7.7 billion despite continued FX headwinds." –NIKE (Dec. 22)

"For 2016, we are forecasting to benefit from the impact of lower fuel prices, which we expect to be partially offset by the stronger dollar. The net favorable impact of lower fuel prices and currency included in our guidance is $0.22 versus the prior year." –Carnival (Dec. 18)

"Net revenues for the quarter were $8 billion, a 1.5% increase in USD, 10% in local currency, reflecting a negative 8.5% FX impact consistent with the assumption we provided in September." –Accenture (Dec. 17)

"Positive sales mix and net price realization increased sales by 1 point while foreign exchange reduced sales by 4 points." –General Mills (Dec. 17)

"Taking into account the fluctuations in foreign currency exchange rates, total revenue would have been $28 million or 630 basis points higher, using the rates from Q3 of last year." –Red Hat (Dec. 17)

"International export revenue per package decreased 9%, as lower fuel surcharges and unfavorable currency exchange rates more than offset higher base rates." –FedEx (Dec. 16)

"Q2 currency headwinds were mostly as expected, around 6% in most categories including total revenues. However, the currency effect to earnings per share was $0.06; one penny more than my guidance." –Oracle (Dec. 16)

"From a year-over-year currency perspective, FX decreased revenue by $59.6 million. We had $1.3 million in hedge gains in Q4 FY 2015 versus $12.2 million in hedge gains in Q4 FY 2014. Thus, the net year-over-year currency decrease to revenue considering hedging gains was $70.5 million." –Adobe Systems (Dec. 10)

"First, FX, in the first quarter, deferred currencies where we operate were weaker year over year versus the U.S. dollar primarily in Canada, Mexico and Korea such that foreign earnings in Q1 when converted into U.S. dollars for reporting purposes were lower by approximately $42 million or $0.10 a share than those earnings would've been, had FX exchange rates been flat year over year." –Costco (Dec. 9)

"Over the quarter, the foreign currency headwinds lowered our EBIT growth rate by more than 1 percentage point." –AutoZone (Dec. 8)

Lower Oil & Gas Prices

During the fourth quarter, the price of crude oil decreased by 17.9% (to $37.04 from $45.09). As a result, the average price of oil for Q4 2015 ($42.25) was more than 40% lower than the average price in the year-ago quarter ($73.19).

The impact of oil and gas prices varies by sector, industry, and company. The negative impact of lower oil prices relative to last year was clearly seen in the Energy sector, where year-over-year earnings were down by more than 70%.

"We've talked a lot of about the benefits of low fuel prices, but we've seen these low fuel prices affect our customers more than anticipated 90 days ago. U.S. oil rig counts are down over 60% compared to last year, and the price of oil has tumbled below $40 per barrel. We see the impact of headcount reductions in not only the oil industry, but also in gas and coal. We estimate that headcount reductions in these industries lowered our organic growth rate by about 75 basis points in the second quarter and reduced our operating margin by about 35 basis points. While low fuel prices still more than offset this bottom-line impact in the second quarter, we expect this net impact to be even or slightly negative in the second half of the year." –Cintas (Dec. 21)

"I think the other big variable that's impossible to predict is, first, gas prices and then, second, the impact of gas prices. I know you remember back in the spring of 2008 when gas hits $4, nobody would buy an SUV of any kind. But in October of that same year, gas was below $2 and things kind of went back to where they were…So gas prices have been pretty low for a while, and I think it's provided a boost for trucks and SUVs. But it's really hard to say what will happen going forward." –CarMax (Dec.18)

"For 2016, we are forecasting to benefit from the impact of lower fuel prices, which we expect to be partially offset by the stronger dollar. The net favorable impact of lower fuel prices and currency included in our guidance is $0.22 versus the prior year." –Carnival (Dec. 18)

"While Express fuel expense decreased 43% in the quarter due to lower fuel prices, fuel had a slight negative net impact to earnings versus last year. The negative net impact of fuel was a result of lower fuel surcharge revenue year-over-year, primarily and partially offset by lower fuel prices during the quarter." –FedEx (Dec. 16)

"In regard to our three primary merchandise category splits, discretionary product sales performed the best…We attribute the recent strength in discretionary category to be due to lower gas prices freeing up money for our customers." –AutoZone (Dec. 8)

Global Economic Growth: U.S., Europe, and China

United States

According to FactSet Economic Estimates, real (year-over-year) GDP growth in the U.S. is projected to be 2.5% in 2016, which would be consistent with GDP growth of the past few years. The U.S. remains the key geographic market for the S&P 500. According to FactSet Geographic Revenue Exposure data (based on the most recent fiscal year data), companies in the S&P 500 in aggregate generate about 70% of sales from North America, almost all of which comes from the U.S.

"North America had another strong quarter, with revenues up 10% and futures up 14%. This geography continues to drive strong growth across most key categories." –NIKE (Dec. 22)

"So we obviously are reading the same press releases that you are. We understand the headwinds to U.S. manufacturing, and we're keeping an eye on it." –Cintas (Dec. 21)

"U.S. Retail profit declined 3% in the second quarter due to lower sales, including the impact of acquisitions and divestitures. This was partially offset by benefit from our cost savings initiatives and lower media expense." –General Mills (Dec. 17)

"In North America, I am very pleased that we again delivered double-digit growth. The 11% increase in revenues was driven by strong double-digit growth in the United States." –Accenture (Dec. 17)

"Our U.S. GDP growth forecast is 2.4% as we end calendar 2015, which is slightly lower than our September 2.5% growth outlook, and our forecast for calendar 2016 is 2.6%, which is led by gains in consumer spending in the near term." –FedEx (Dec.16)

Europe

According to FactSet Economic Estimates, real (year-over-year) GDP growth in the Eurozone is projected to be 1.7% in 2016, which is a slight improvement relative to expectations for 2015. Europe is still an important geographic market for the S&P 500. According to FactSet Geographic Revenue Exposure data (based on the most recent fiscal year data), companies in the S&P 500 in aggregate generate about 12% of sales from Europe (combination of European Union and non-European Union countries).

"Now let's turn to Western Europe, where we see broad-based demand with strong revenue growth of 12% in the quarter and futures up 25%." –NIKE (Dec. 22)

"Finally, I want to provide you with some color on 2016. Many early indications are positive. But as Arnold mentioned, our guidance is tempered by ongoing geopolitical and macroeconomic uncertainties, particularly for the European markets and destinations." Carnival (Dec. 18)

"In Europe, we had another great quarter with 12% revenue growth in local currency, driven by double-digit growth in many of our major markets, such as the United Kingdom, Spain, Italy and Switzerland, as well as high-single digit growth in Germany." –Accenture (Dec. 17)

China

According to FactSet Economic Estimates, real (year-over-year) GDP growth in China is projected to be 6.5% in 2016, which would be a continuation of the declining growth seen in recent years. China continues to be a vital geographic market for the S&P 500. According to FactSet Geographic Revenue Exposure data (based on the most recent fiscal year data), companies in the S&P 500 in aggregate generate about 10% of sales from the Asia Pacific region, most of which comes from China and Japan.

"In Greater China, we continue to deliver extraordinary revenue growth with Q2 revenue up 28% on a currency neutral basis." –NIKE (Dec. 22)

"In the end, we expect overall our returns in China to be above the fleet average again next year. We have significant capacity increase, 60% plus, and around 60%. And so it's a unit growth story for us in China….and overall, we are very, very positive on the China market. –Carnival (Dec. 18)

"In the Asia-Pacific region, constant currency net sales were up 2% through the first half, slower than our usual rate of growth due to a more challenging consumer environment in China." –General Mills (Dec. 17)

Higher Wages

A number of companies commented on the impact of higher wages on earnings and revenues as well during their Q4 earnings calls.

"First I want to just clarify that we, at this point in time, we are not seeing a whole lot of wage rate inflation. And our direct labor is actually less than it was last year. What you're seeing in our labor cost is, bonus payments this year are up for our managers….Historically, when there has been wage pressure and wage growth, that has been good for the demand of the casual dining restaurant business." – Darden Restaurants (Dec. 18)

"Labor is a complicated factor, one of the big questions that people ask us, where is all the labor gone and why isn't it showing backup and how does that mesh with unemployment and wage gains and everything? To me, it's kind of a double-edged sword. On the one hand, labor costs are going up, on the other hand, wages are going up and that means, more people are going to be able to afford homes. And I think, it's generally a net positive for the industry." –Lennar (Dec. 18)

"Freight segment operating income and operating margin decreased due to salaries and employee benefits expense, significantly outpacing lower-than-anticipated volume growth. We are adjusting staffing levels and other items to offset the impact of the current weak industrial environment." –FedEx (Dec. 16)

"We're not seeing a significant amount of wage inflation yet. We've seen a little bit. We anticipate probably a little bit more going forward." –AutoZone (Dec. 8)

Looking Ahead: Forward Estimates and Valuation

Guidance: Negative EPS Guidance (80%) for Q1 Above Average

At this point in time, 110 companies in the index have issued EPS guidance for Q1 2016. Of these 110 companies, 88 have issued negative EPS guidance and 22 have issued positive EPS guidance. Thus, the percentage of companies issuing negative EPS guidance to date for the first quarter is 80% (88 out of 110). This percentage is above the 5-year average of 72%.

Earnings and Revenue Growth Not Expected to Return Until 2nd Half of 2016

For Q4 2015, companies are reporting year-over-year declines in both earnings (-3.3%) and revenues (-3.9%). Analysts currently do not expect earnings growth and revenue growth to return until Q3 2016.

As is usually the case, analysts are predicting significant increases in earnings and revenue growth in the 2nd half of the year. In terms of earnings, the estimated declines for Q1 2016 and Q2 2016 are -7.4% and -1.6%, while the estimated growth rates for Q3 2016 and Q4 2016 are 4.7% and 9.4%. In terms of revenues, the estimated declines for Q1 2016 and Q2 2016 are -0.6% and -0.6%, while the estimated growth rates for Q3 2016 and Q4 2016 are 1.9% and 4.7%.

For all of 2015, companies are reporting year-over-year declines in both earnings (-0.6%) and revenues (-3.6%). For all of 2016, analysts are projecting earnings (2.8%) and revenues (1.9%) to increase year-over-year.

Valuation: Forward P/E Ratio is 15.7, above the 10-Year Average (14.2)

The forward 12-month P/E ratio is 15.7. This P/E ratio is based on Thursday's closing price (1951.70) and forward 12-month EPS estimate ($124.21).

At the sector level, the Energy (48.8) sector has the highest forward 12-month P/E ratio, while the Financials (11.3) sector has the lowest forward 12-month P/E ratio.

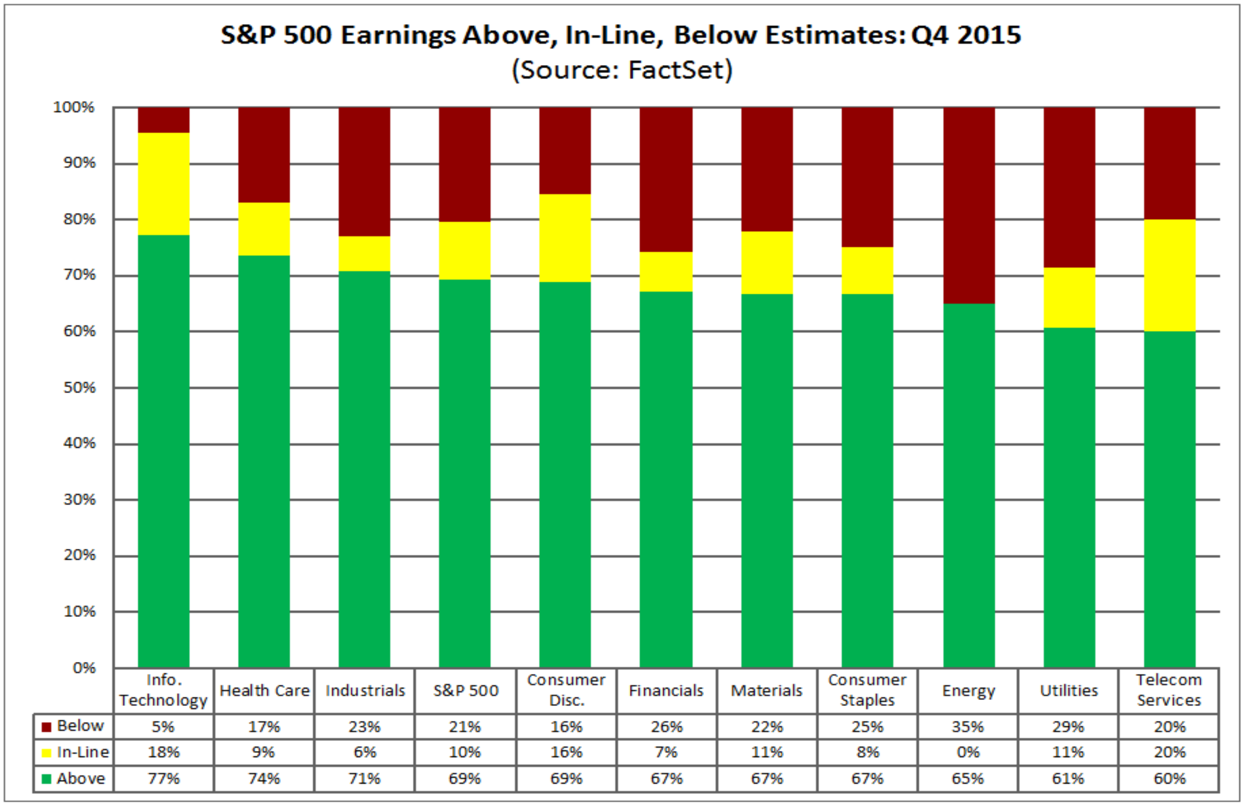
The P/E ratio of 15.7 for the index as a whole is above the prior 5-year average forward 12-month P/E ratio of 14.4, and above the prior 10-year average forward 12-month P/E ratio of 14.2. However, it is below the forward 12-month P/E ratio of 16.1 recorded at the start of the first quarter (December 31). Since the start of the first quarter, the price of the index has decreased by 4.5%, while the forward 12-month EPS estimate has decreased by 2.1%.

Seven sectors have forward 12-month P/E ratios that are above their 10-year averages, led by the Energy (48.8 vs. 13.6) sector. Three sectors have forward 12-month P/E ratios that are below their 10-year averages, led by the Telecom Services (13.3 vs. 14.7) sector.

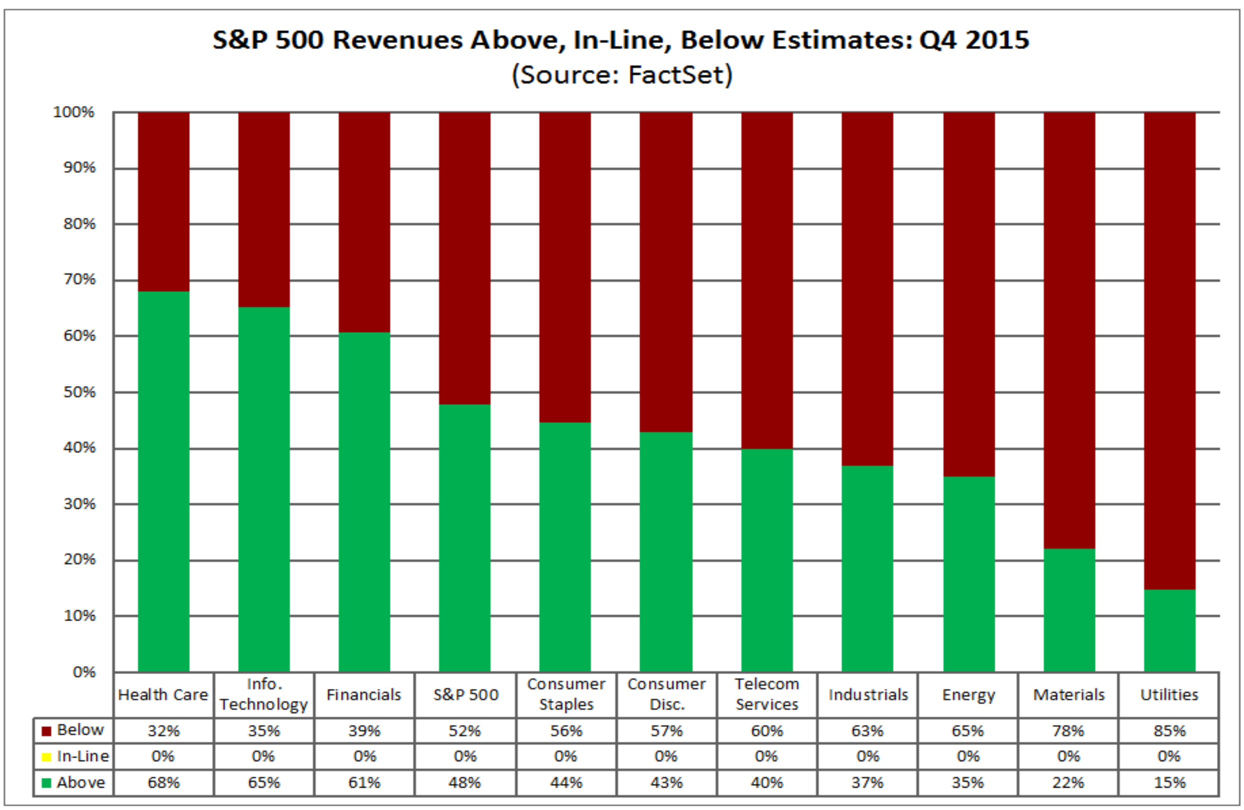
Companies Reporting Next Week: 11

During the upcoming week, 11 S&P 500 companies are scheduled to report results for the fourth quarter.

Q4 2015: Scorecard

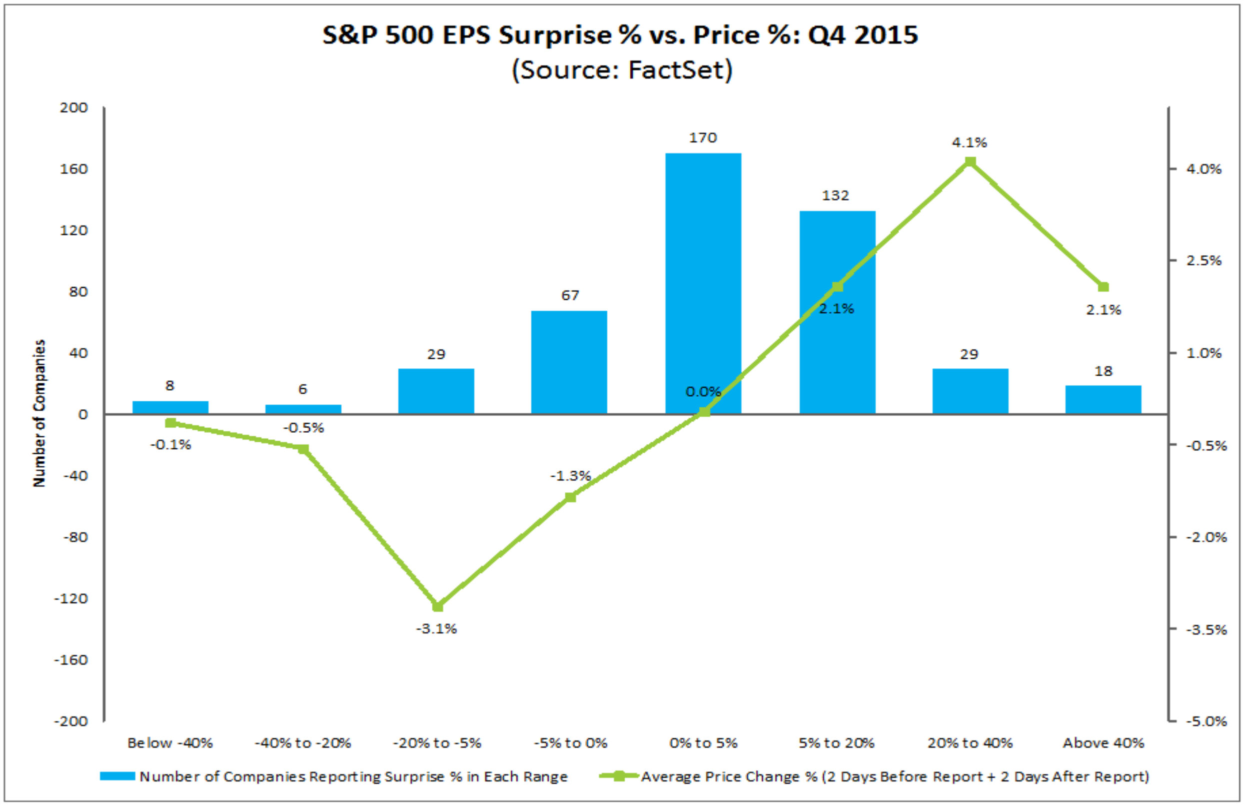


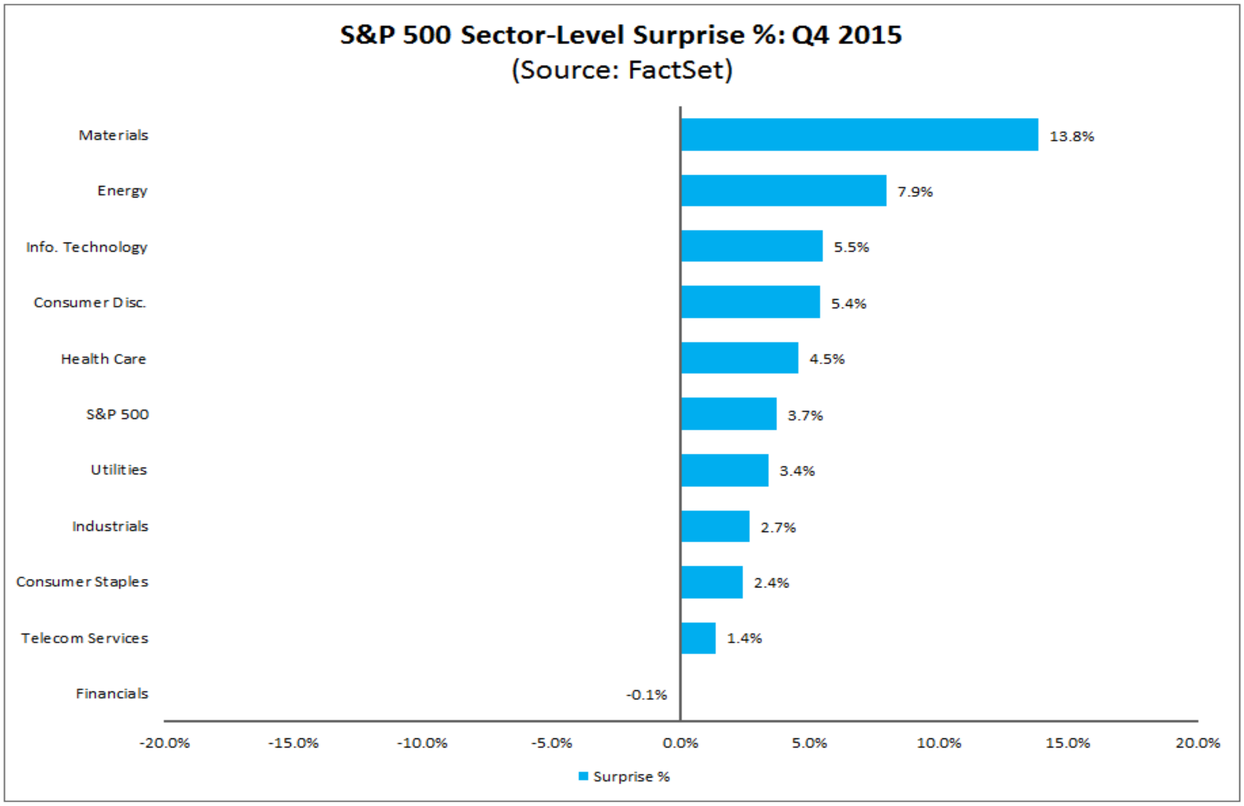
	Info. Technology	Health Care	Industrials	S&P 500	Consumer Disc.	Financials	Materials	Consumer Staples	Energy	Utilities	Telecom Services
Below	5%	17%	23%	21%	16%	26%	22%	25%	35%	29%	20%
In-Line	18%	9%	6%	10%	16%	7%	11%	8%	0%	11%	20%
Above	77%	74%	71%	69%	69%	67%	67%	67%	65%	61%	60%



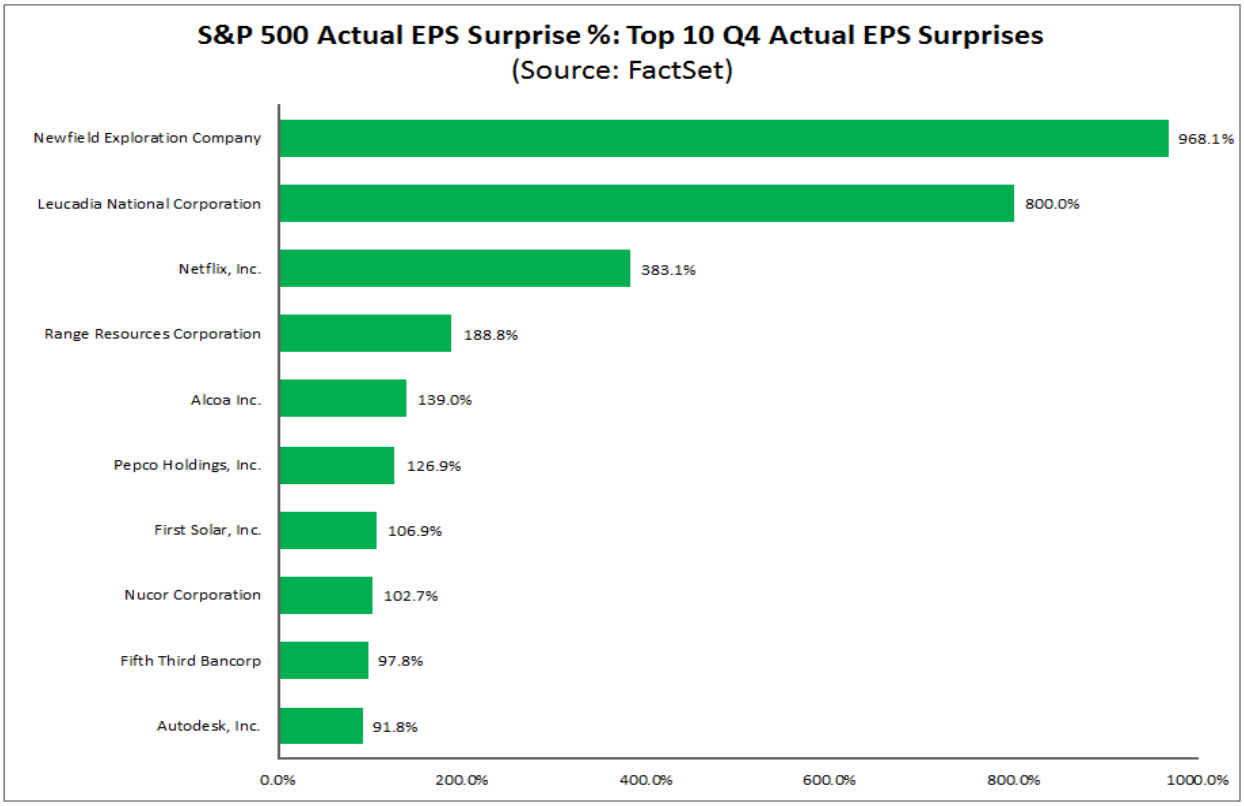
	Health Care	Info. Technology	Financials	S&P 500	Consumer Staples	Consumer Disc.	Telecom Services	Industrials	Energy	Materials	Utilities
Below	32%	35%	39%	52%	56%	57%	60%	63%	65%	78%	85%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	68%	65%	61%	48%	44%	43%	40%	37%	35%	22%	15%

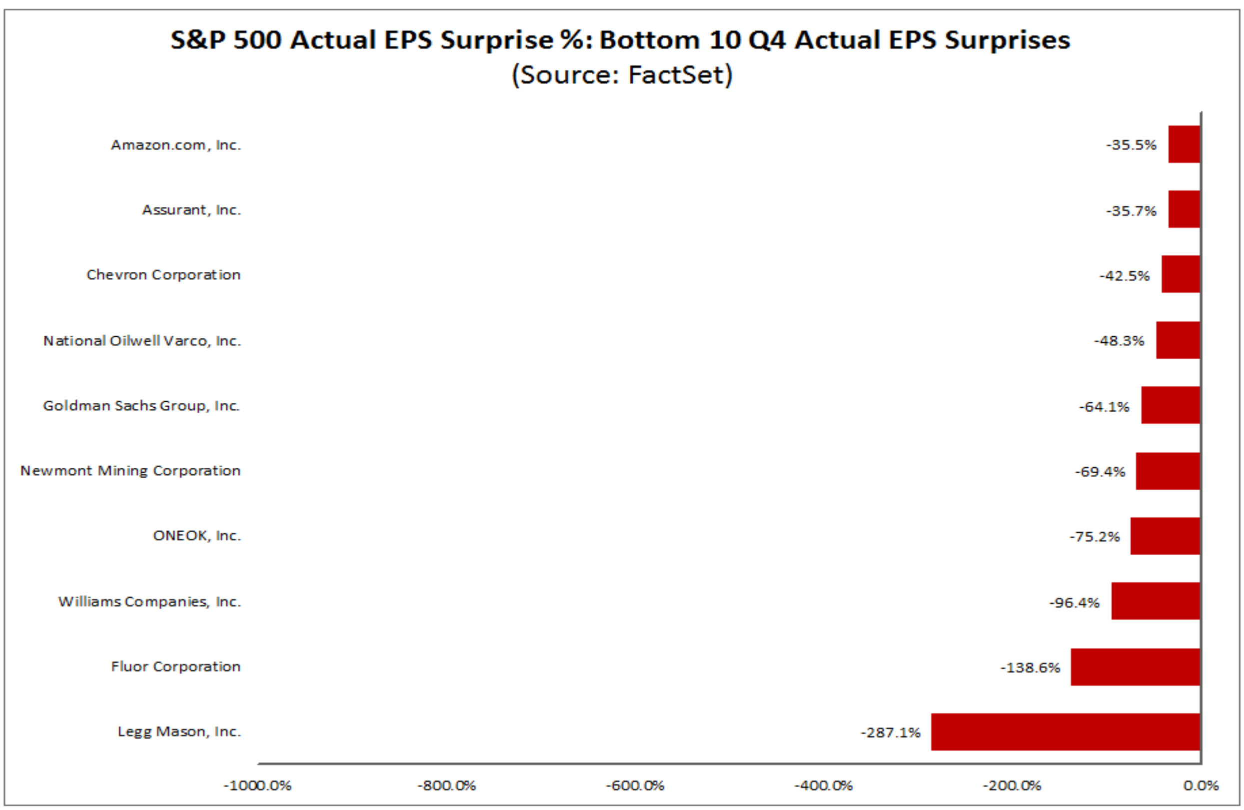
Q4 2015: Scorecard



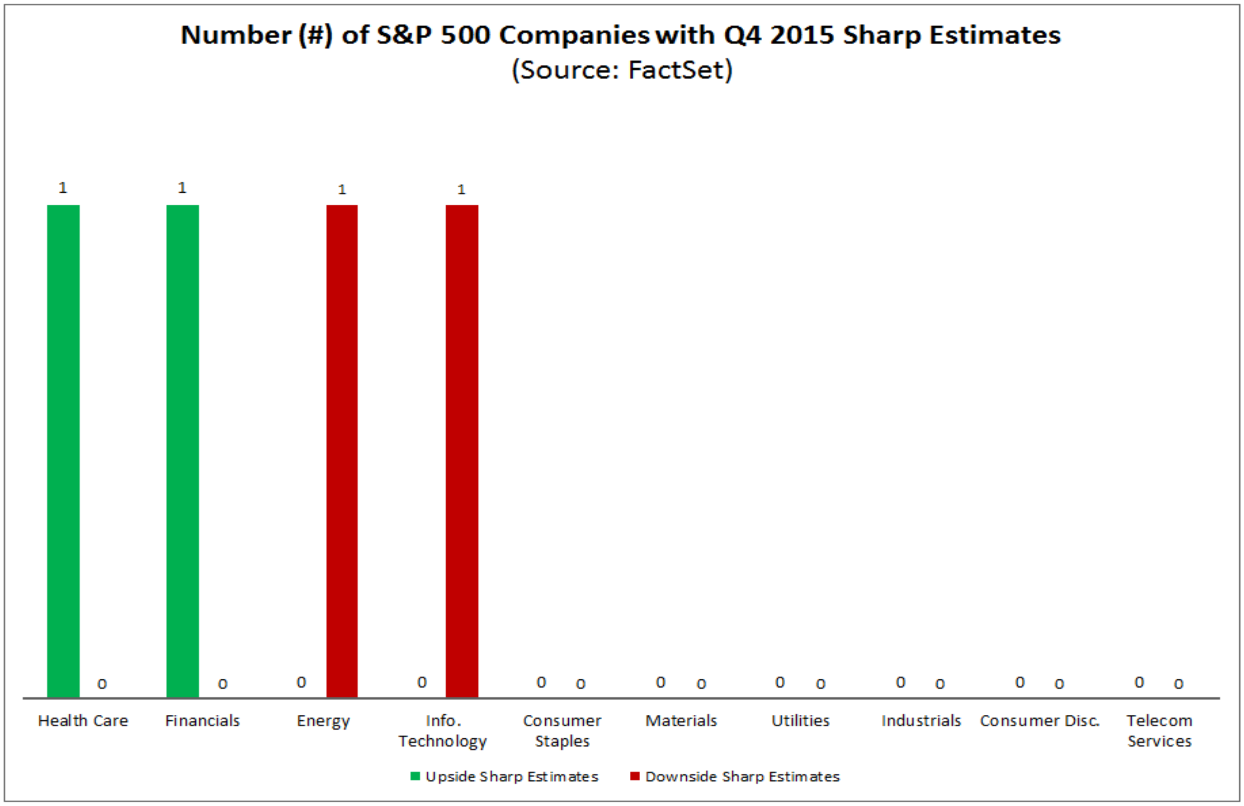


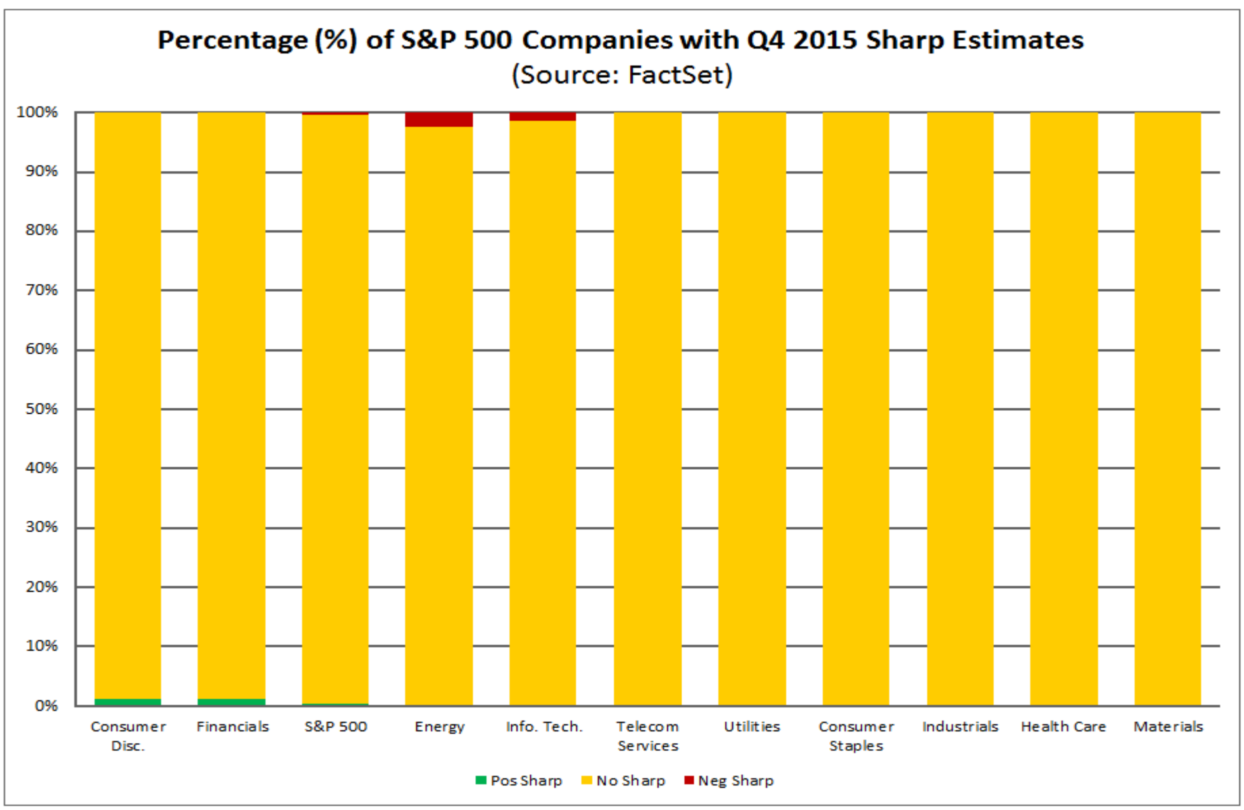
Q4 2015: Scorecard





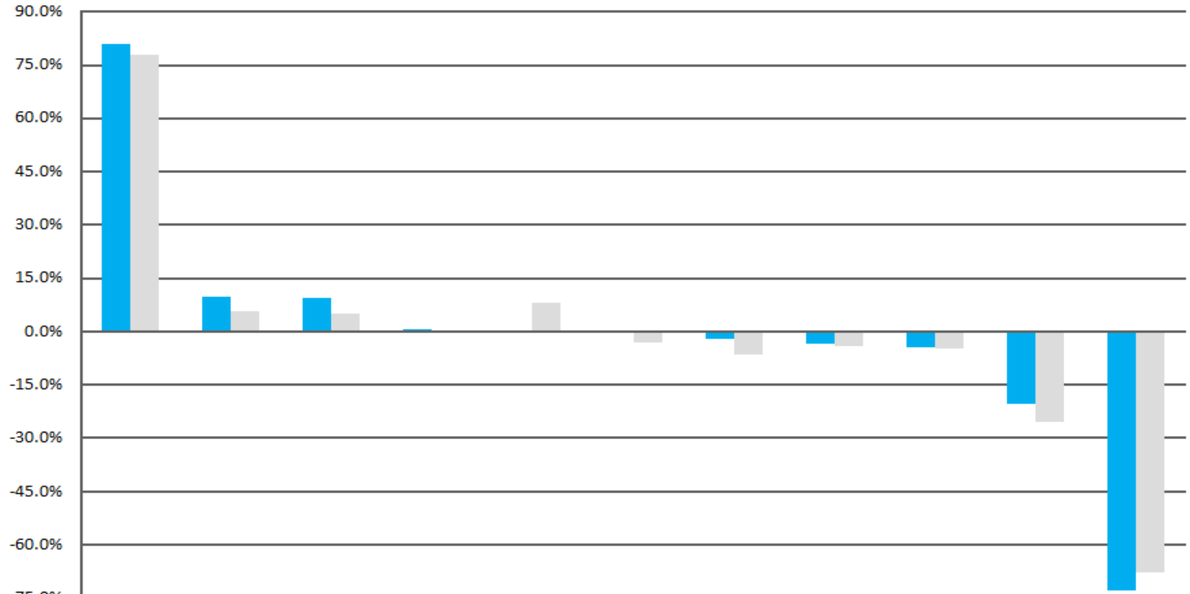
Q4 2015: Projected EPS Surprises (Sharp Estimates)





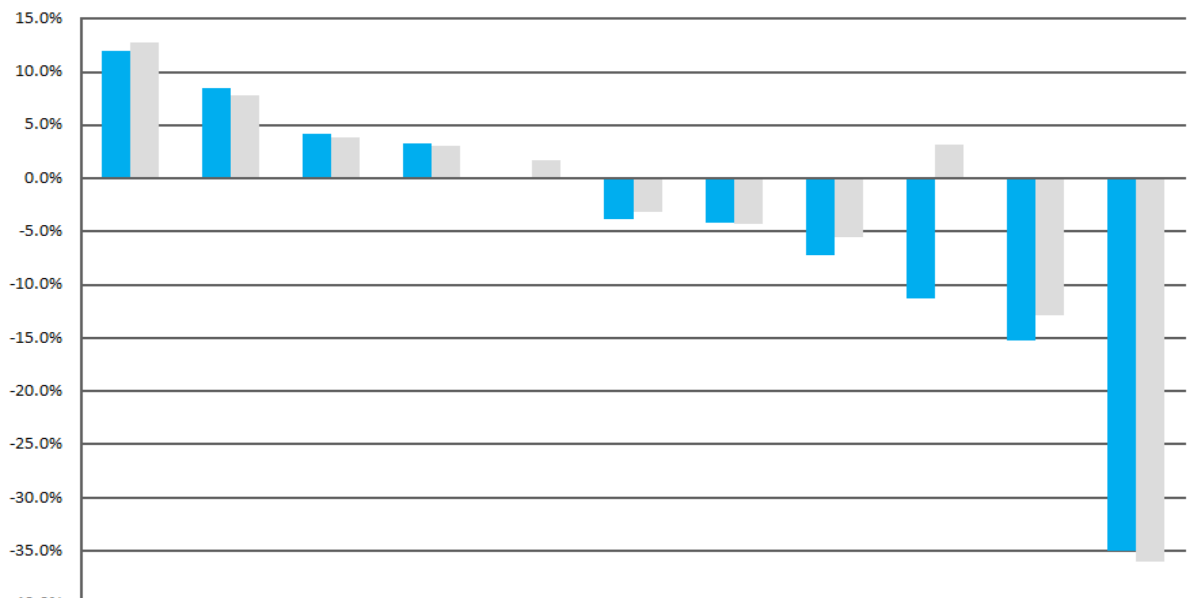
Q4 2015: Growth

S&P 500 Earnings Growth: Q4 2015
(Source: FactSet)



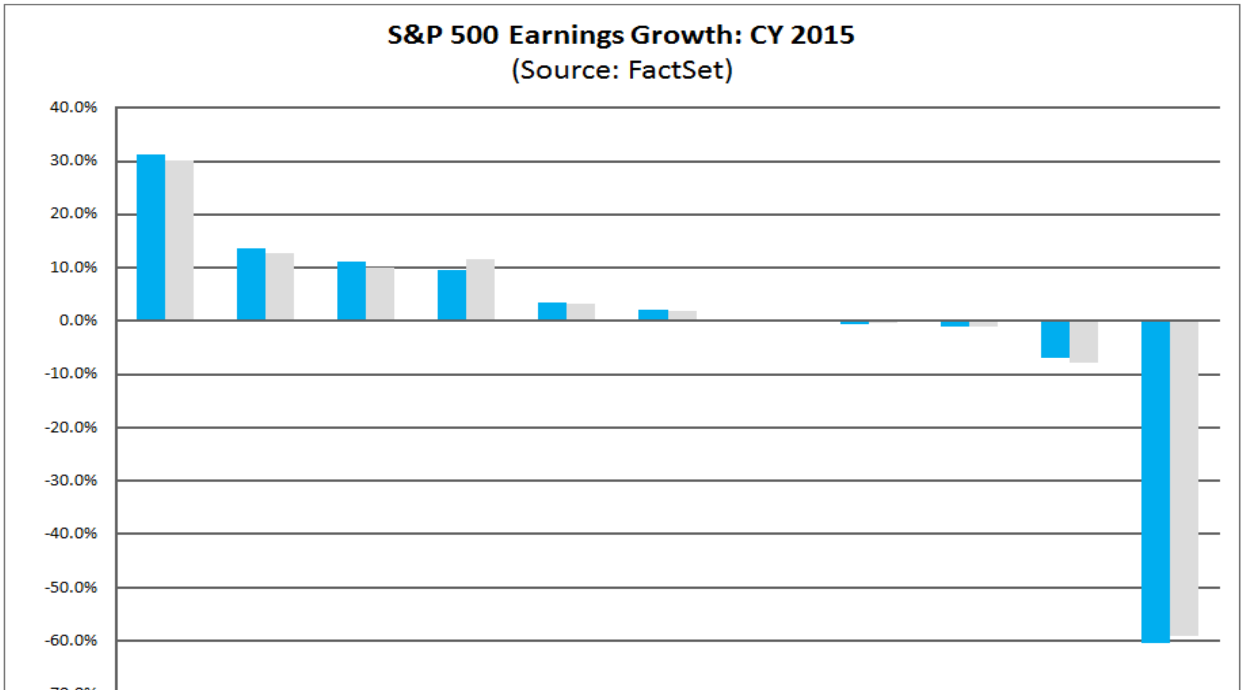
	Telecom Services	Consumer Disc.	Health Care	Utilities	Financials	Consumer Staples	Info. Technology	S&P 500	Industrials	Materials	Energy
Today	80.7%	9.5%	9.4%	0.1%	-0.2%	-0.7%	-1.9%	-3.3%	-4.3%	-20.3%	-72.8%
31-Dec	77.8%	5.6%	4.8%	-0.7%	8.1%	-2.9%	-6.1%	-3.9%	-4.7%	-25.4%	-67.6%

S&P 500 Revenue Growth: Q4 2015
(Source: FactSet)

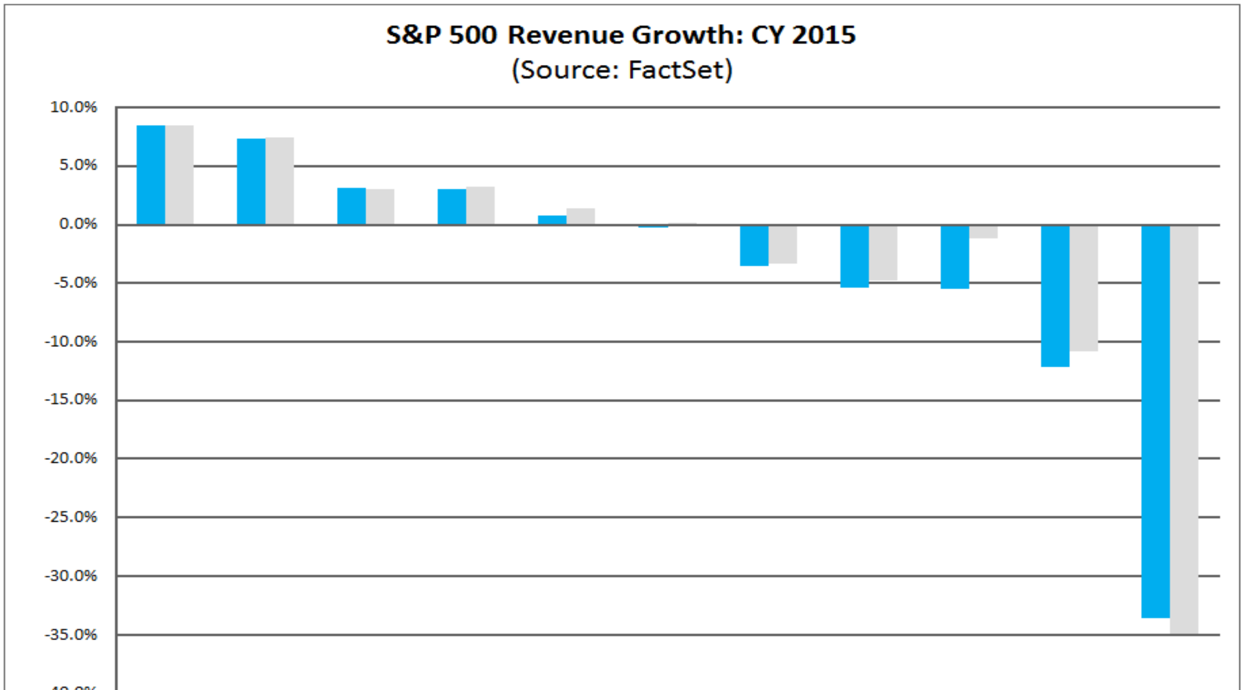


	Telecom Services	Health Care	Consumer Disc.	Financials	Consumer Staples	S&P 500	Info. Technology	Industrials	Utilities	Materials	Energy
Today	12.0%	8.5%	4.1%	3.2%	0.0%	-3.9%	-4.2%	-7.3%	-11.3%	-15.3%	-35.0%
31-Dec	12.7%	7.8%	3.8%	3.0%	1.6%	-3.2%	-4.3%	-5.6%	3.1%	-12.9%	-35.9%

CY 2015: Growth

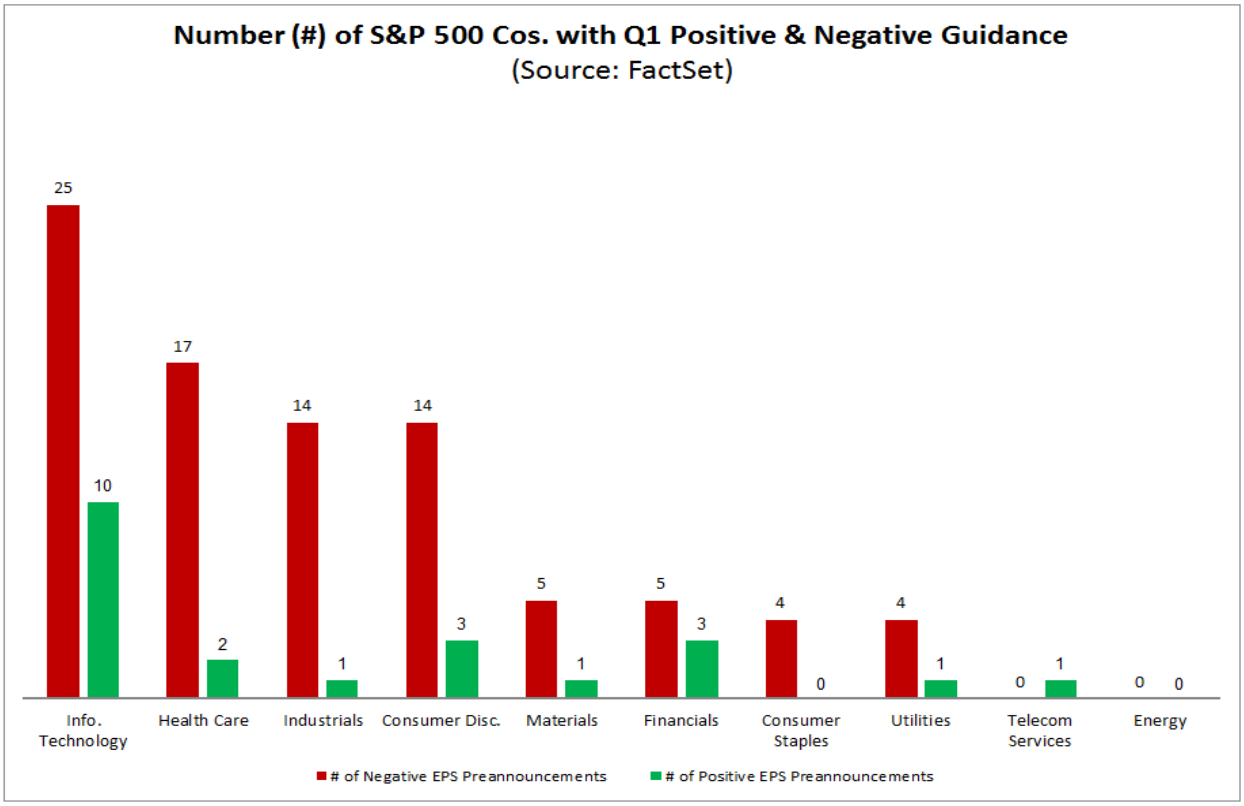


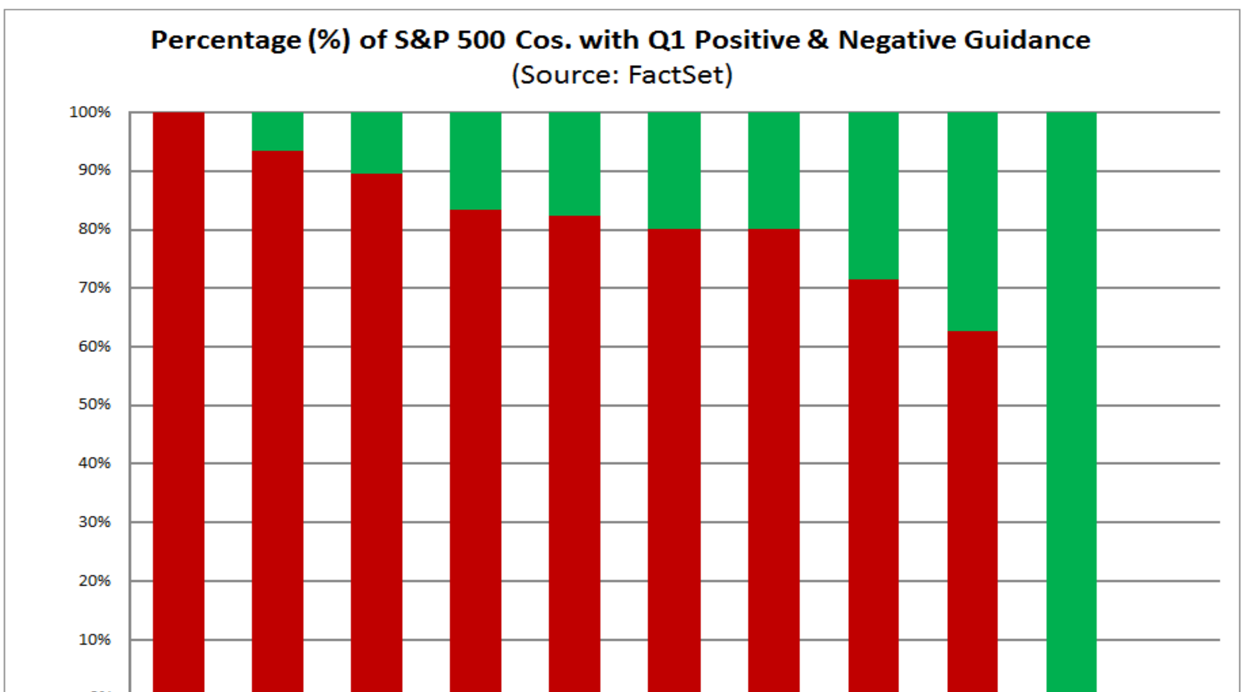
	Telecom Services	Health Care	Consumer Disc.	Financials	Info. Technology	Utilities	Consumer Staples	S&P 500	Industrials	Materials	Energy
Today	31.1%	13.5%	11.1%	9.4%	3.3%	2.0%	-0.3%	-0.6%	-1.1%	-7.1%	-60.3%
31-Dec	30.0%	12.5%	10.0%	11.5%	3.2%	1.9%	-0.2%	-0.4%	-1.1%	-7.9%	-59.0%



	Health Care	Telecom Services	Consumer Disc.	Financials	Consumer Staples	Info. Technology	S&P 500	Industrials	Utilities	Materials	Energy
Today	8.5%	7.3%	3.1%	3.0%	0.8%	-0.3%	-3.6%	-5.4%	-5.6%	-12.1%	-33.6%
31-Dec	8.5%	7.4%	3.0%	3.2%	1.3%	0.0%	-3.4%	-4.8%	-1.2%	-10.9%	-34.9%

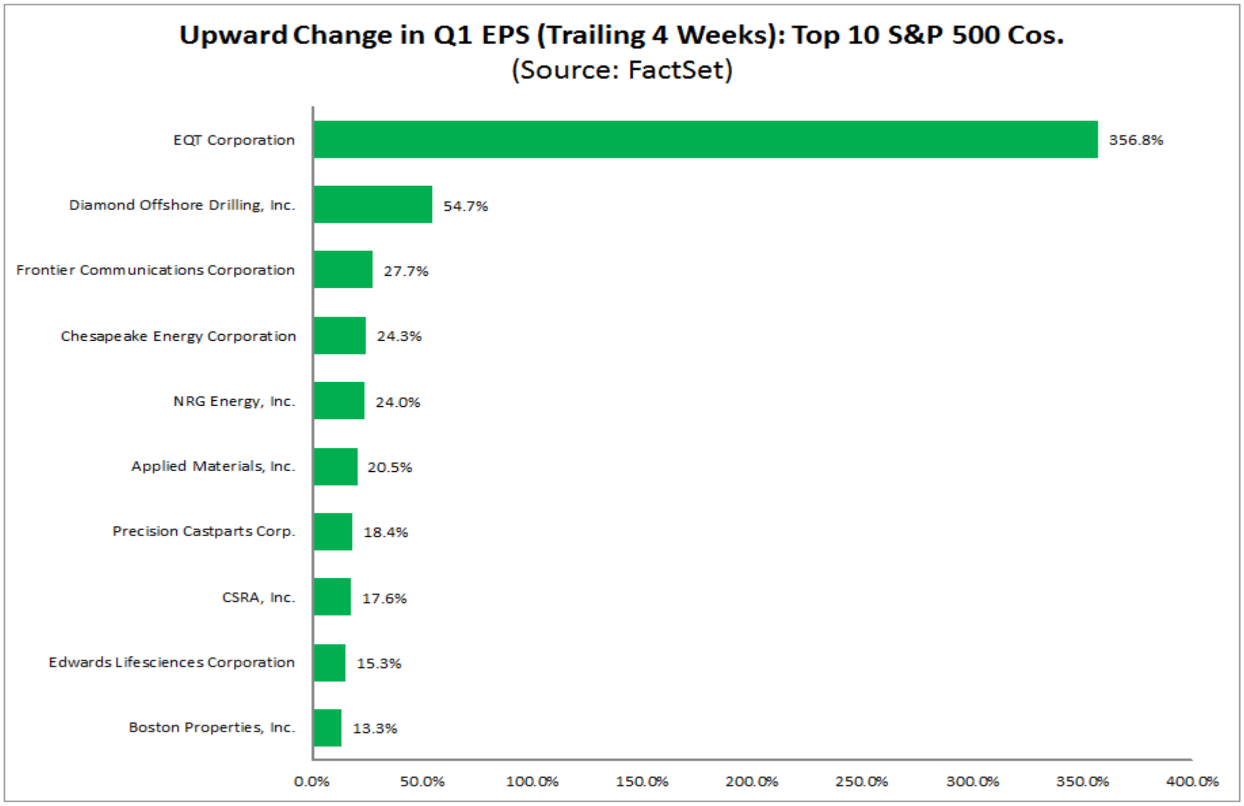
Q1 2016: EPS Guidance

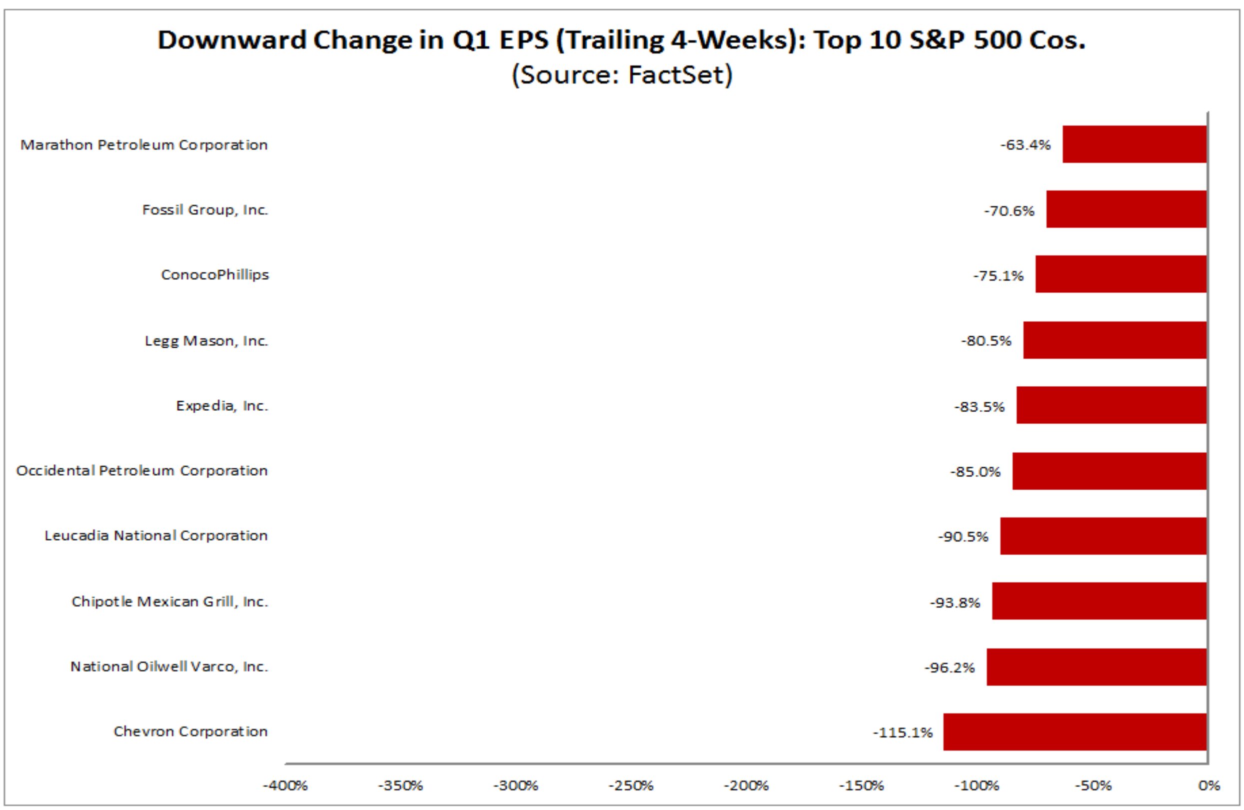




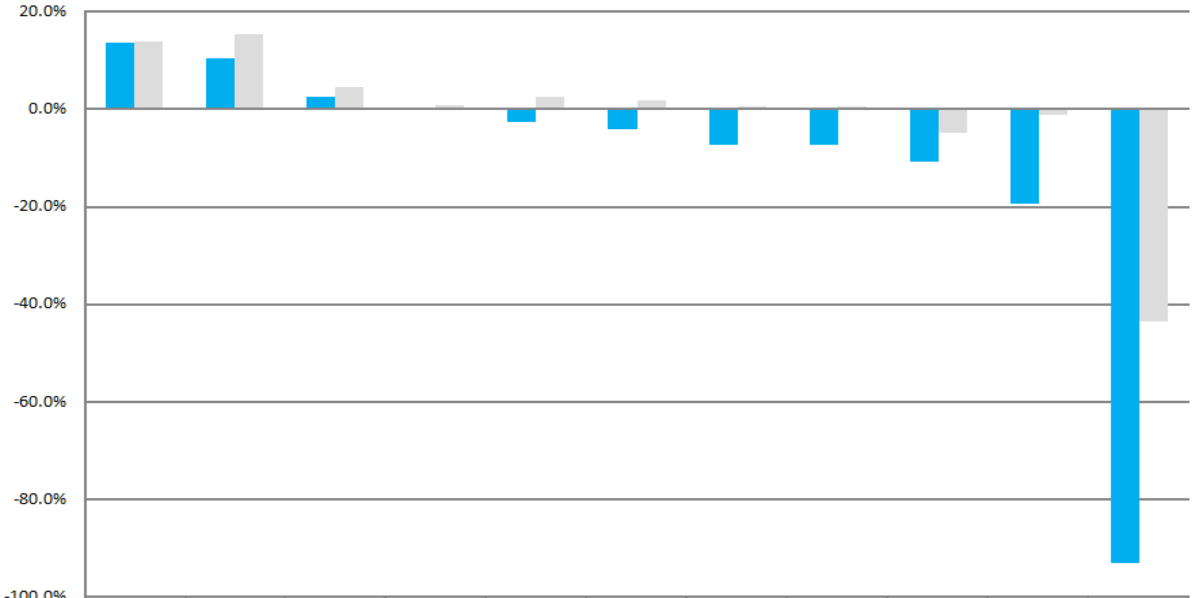
	Consumer Staples	Industrials	Health Care	Materials	Consumer Disc.	S&P 500	Utilities	Info. Technology	Financials	Telecom Services	Energy
Positive	0%	7%	11%	17%	18%	20%	20%	29%	38%	100%	0%
Negative	100%	93%	89%	83%	82%	80%	80%	71%	63%	0%	0%

Q1 2016: EPS Revisions

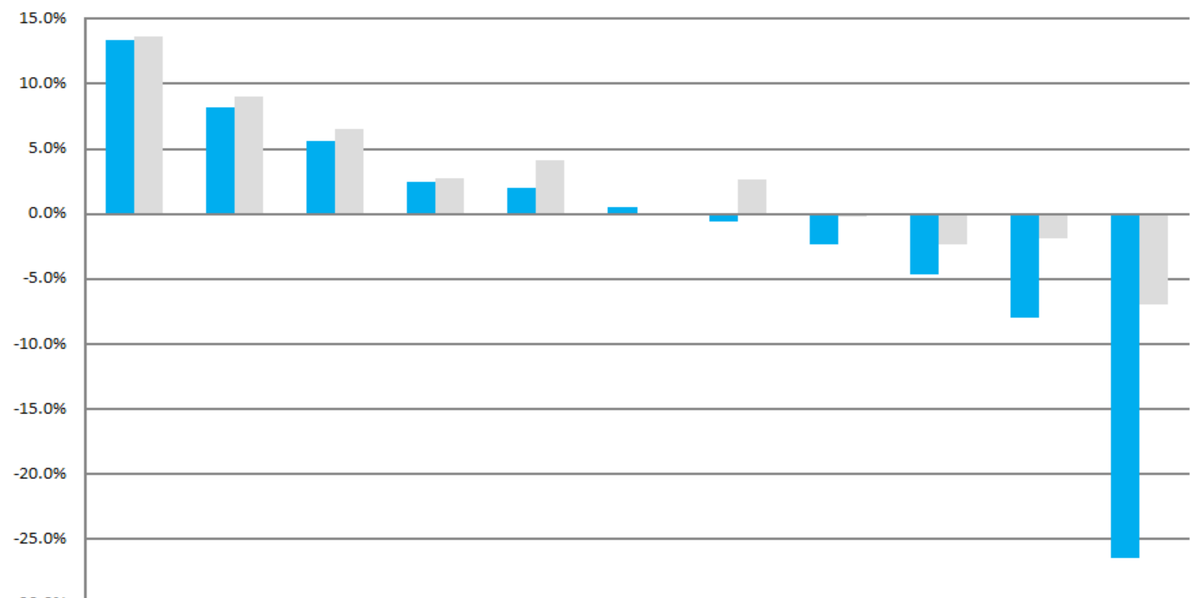




Q1 2016: Growth

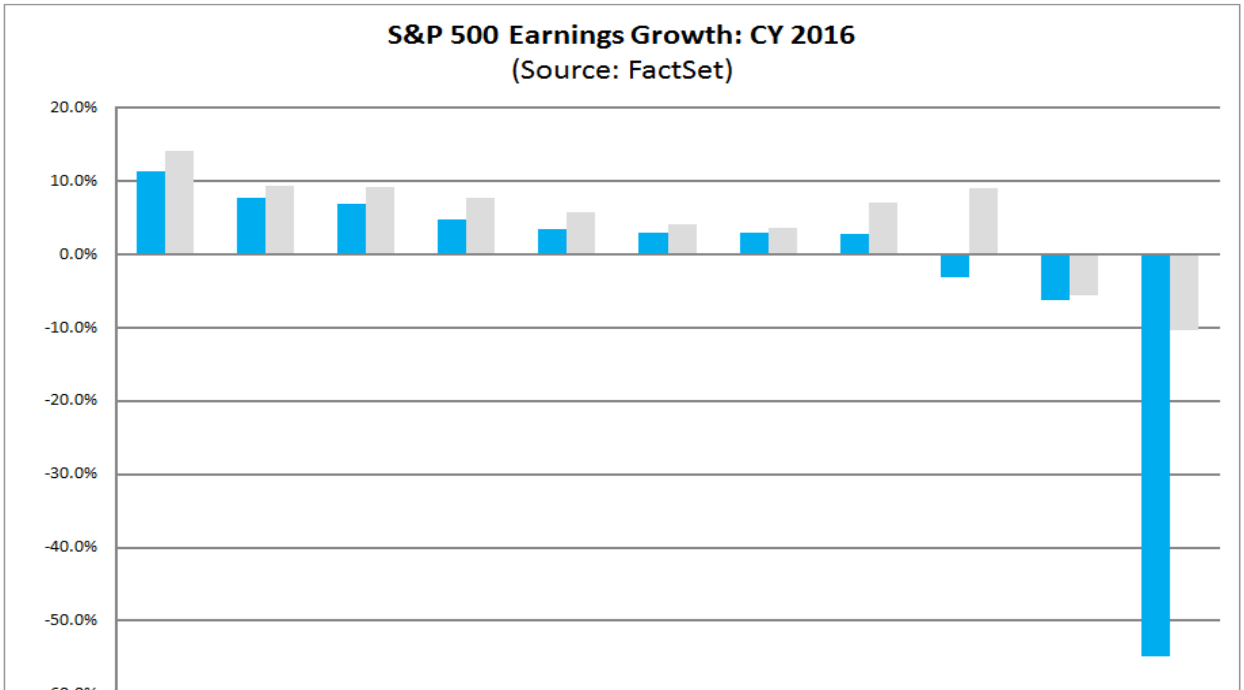


	Telecom Services	Consumer Disc.	Health Care	Utilities	Consumer Staples	Financials	Info. Technology	S&P 500	Industrials	Materials	Energy
Today	13.5%	10.3%	2.5%	-0.2%	-2.6%	-4.3%	-7.3%	-7.4%	-10.9%	-19.5%	-92.8%
31-Dec	13.7%	15.3%	4.5%	0.8%	2.5%	1.8%	0.5%	0.5%	-5.0%	-1.3%	-43.7%

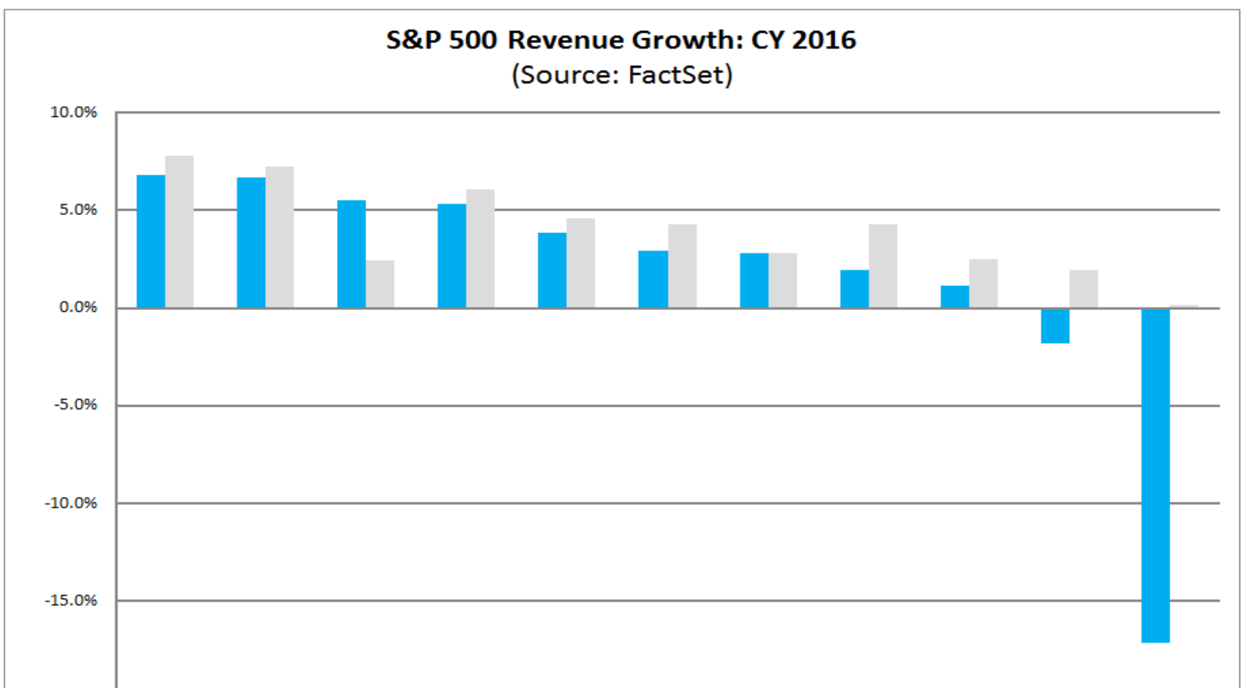


	Telecom Services	Health Care	Consumer Disc.	Financials	Consumer Staples	Utilities	S&P 500	Industrials	Info. Technology	Materials	Energy
Today	13.3%	8.1%	5.5%	2.4%	2.0%	0.4%	-0.6%	-2.4%	-4.7%	-8.1%	-26.4%
31-Dec	13.6%	9.0%	6.5%	2.7%	4.1%	0.0%	2.6%	-0.2%	-2.4%	-1.9%	-7.0%

CY 2016: Growth

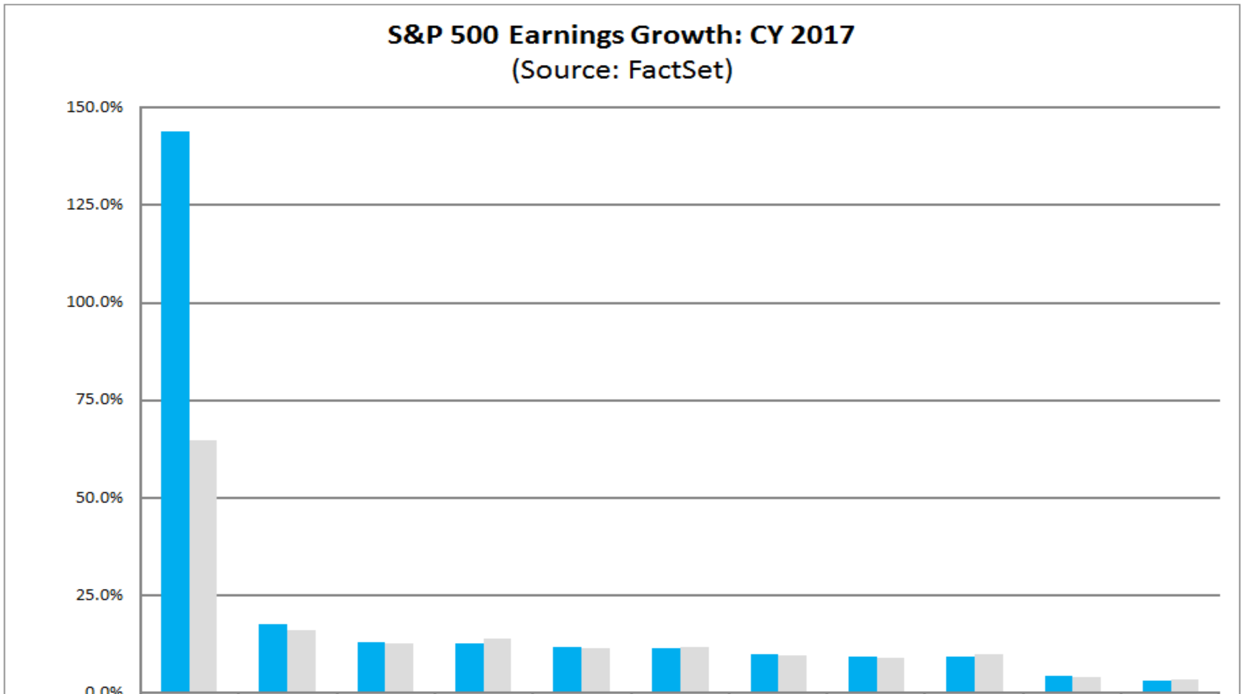


	Consumer Disc.	Financials	Health Care	Info. Technology	Consumer Staples	Industrials	Utilities	S&P 500	Materials	Telecom Services	Energy
Today	11.2%	7.6%	6.8%	4.7%	3.3%	2.8%	2.8%	2.8%	-3.2%	-6.2%	-54.8%
31-Dec	14.0%	9.3%	9.1%	7.7%	5.7%	4.0%	3.6%	7.0%	9.0%	-5.7%	-10.4%

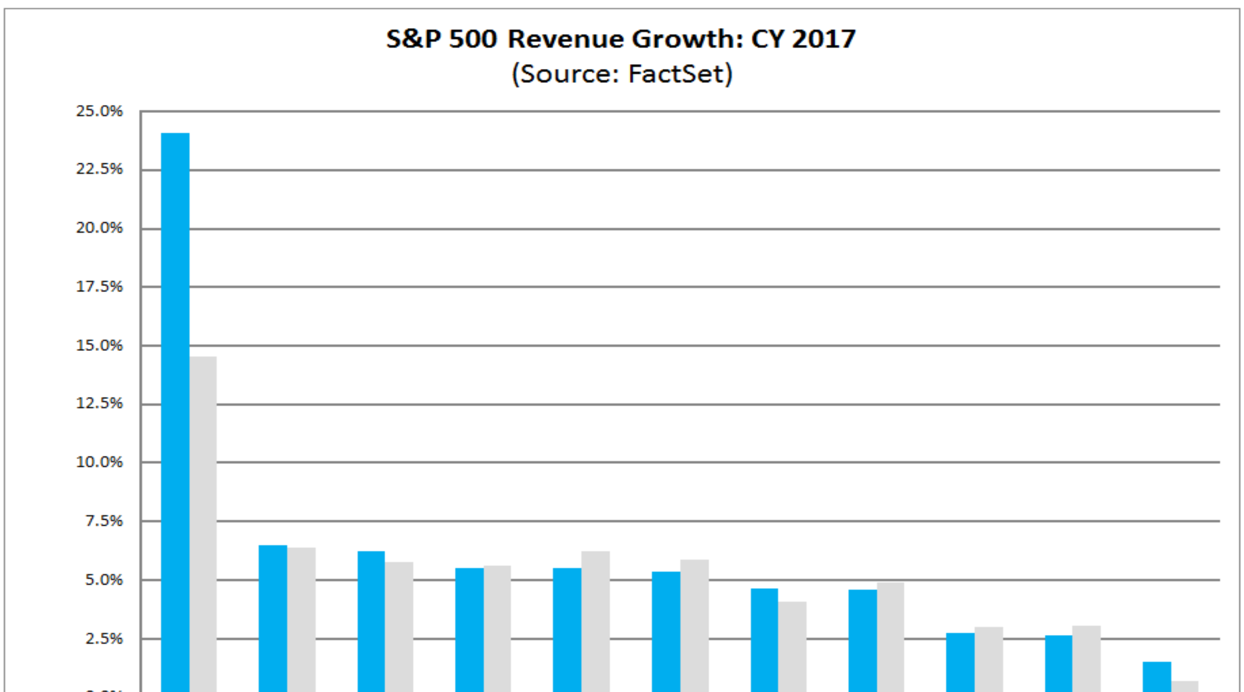


	Health Care	Telecom Services	Utilities	Consumer Disc.	Info. Technology	Consumer Staples	Financials	S&P 500	Industrials	Materials	Energy
Today	6.8%	6.6%	5.5%	5.3%	3.8%	2.9%	2.8%	1.9%	1.1%	-1.8%	-17.1%
31-Dec	7.8%	7.2%	2.4%	6.0%	4.5%	4.2%	2.8%	4.3%	2.5%	1.9%	0.2%

CY 2017: Growth

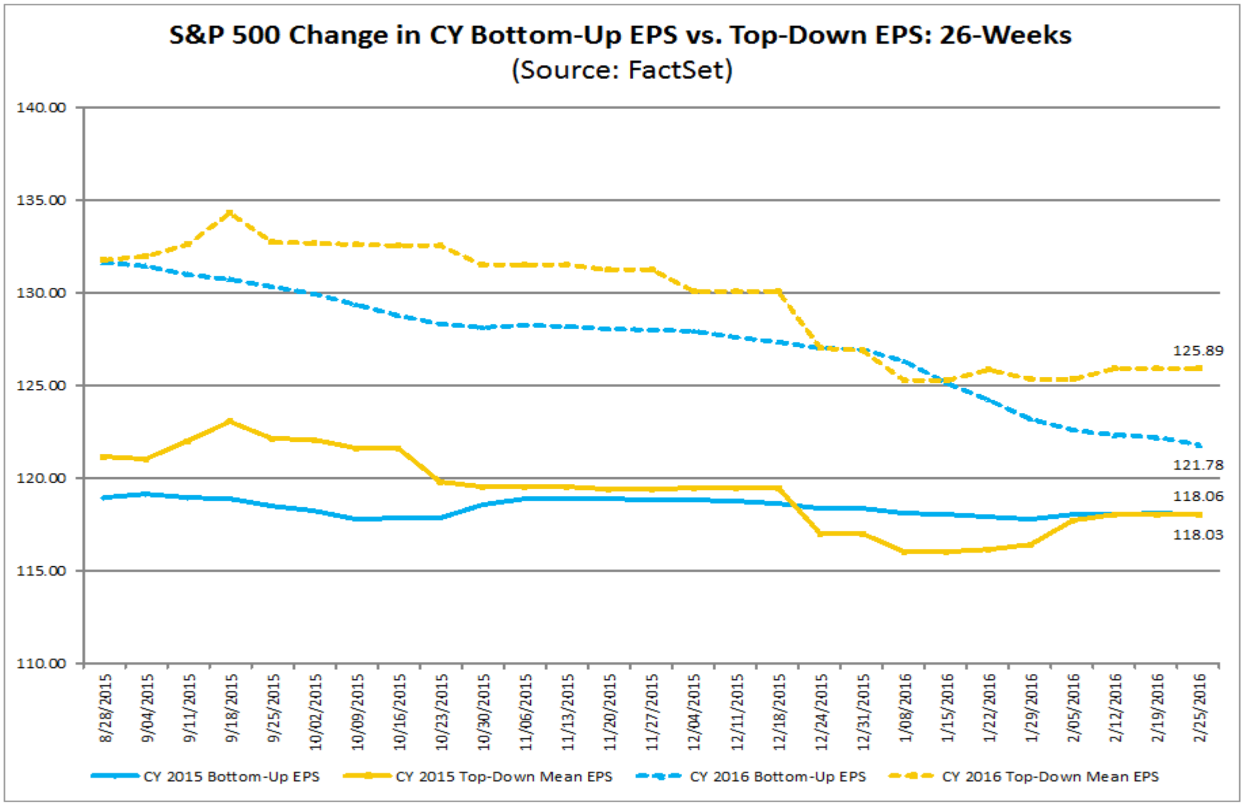


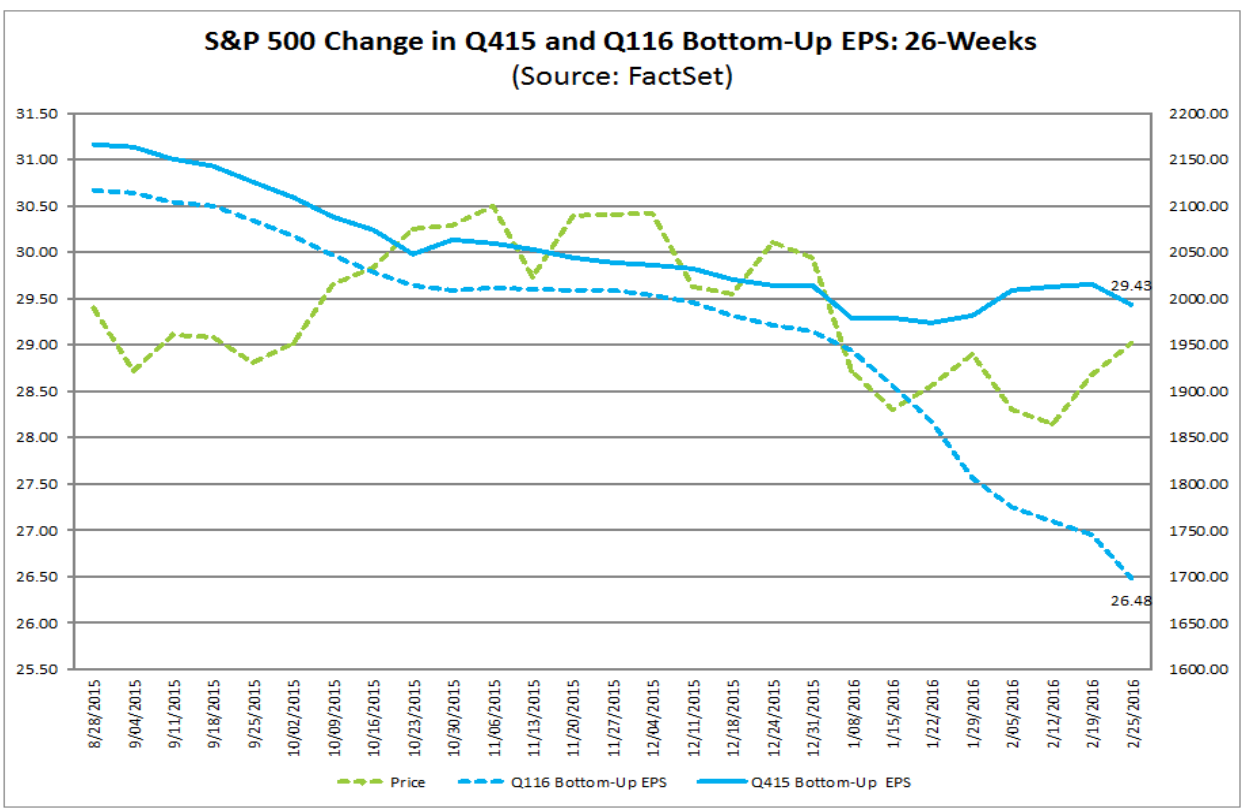
	Energy	Materials	S&P 500	Consumer Disc.	Info. Tech.	Health Care	Financials	Consumer Staples	Industrials	Telecom Services	Utilities
Today	143.8%	17.7%	13.2%	12.8%	11.9%	11.5%	10.0%	9.6%	9.3%	4.4%	3.4%
31-Dec-15	64.8%	16.3%	12.8%	14.1%	11.5%	12.0%	9.8%	9.3%	10.1%	4.4%	3.7%



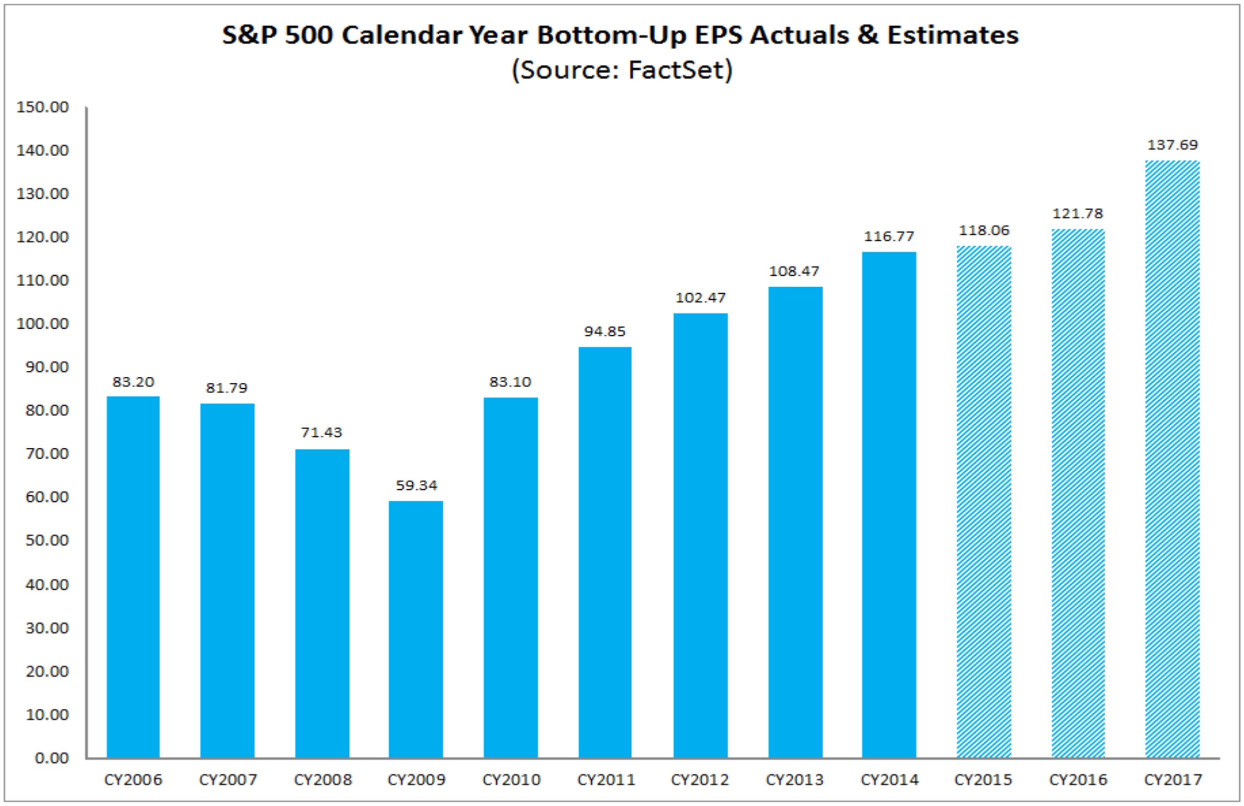
	Energy	Info. Technology	S&P 500	Materials	Health Care	Consumer Disc.	Consumer Staples	Financials	Utilities	Industrials	Telecom Services
Today	24.1%	6.5%	6.2%	5.5%	5.5%	5.4%	4.7%	4.6%	2.8%	2.7%	1.5%
31-Dec-15	14.5%	6.4%	5.8%	5.6%	6.2%	5.9%	4.1%	4.9%	3.0%	3.1%	0.7%

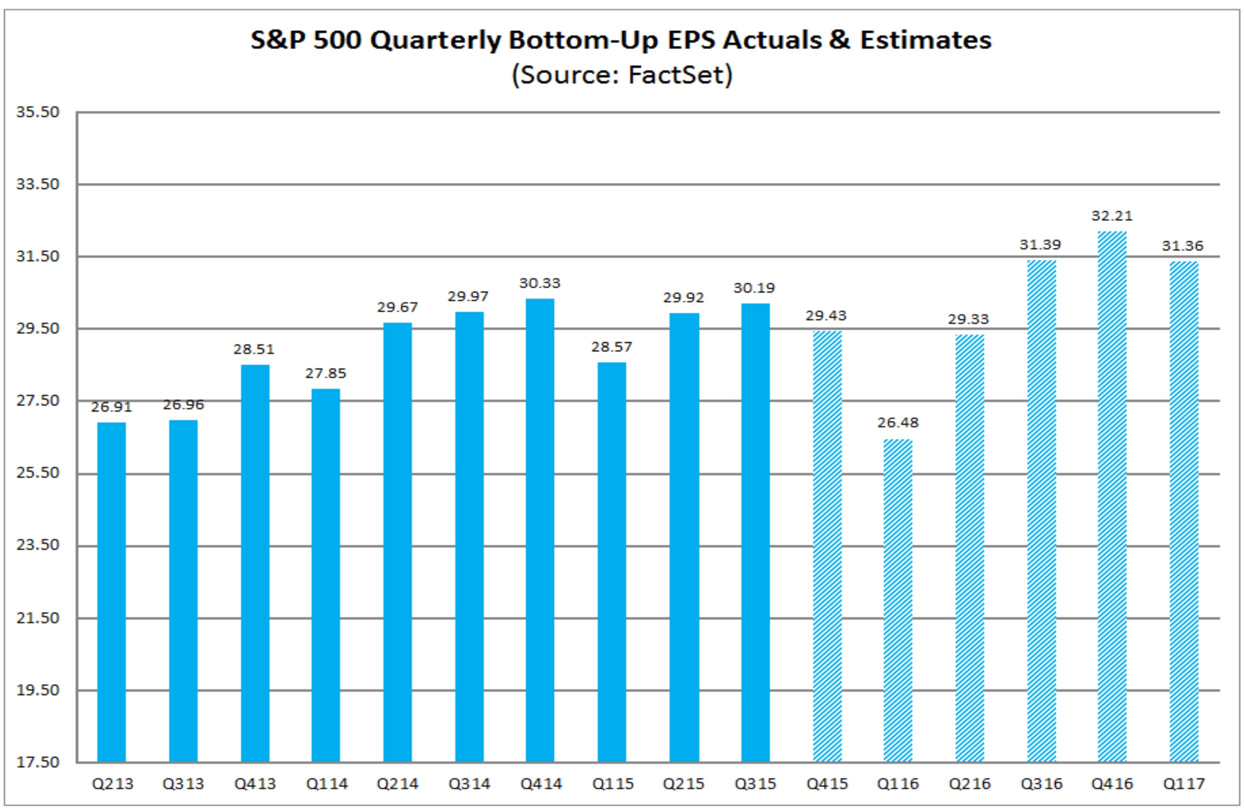
Bottom-Up EPS Estimates: Revisions



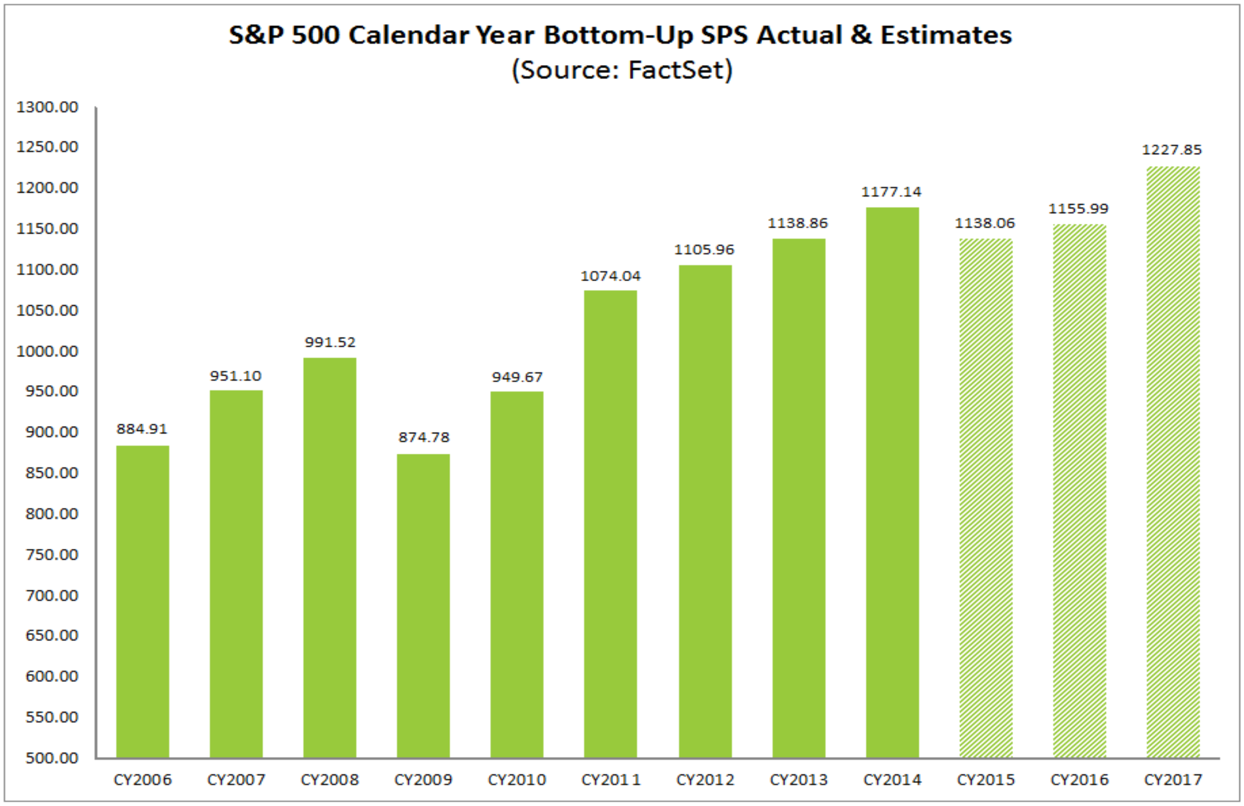


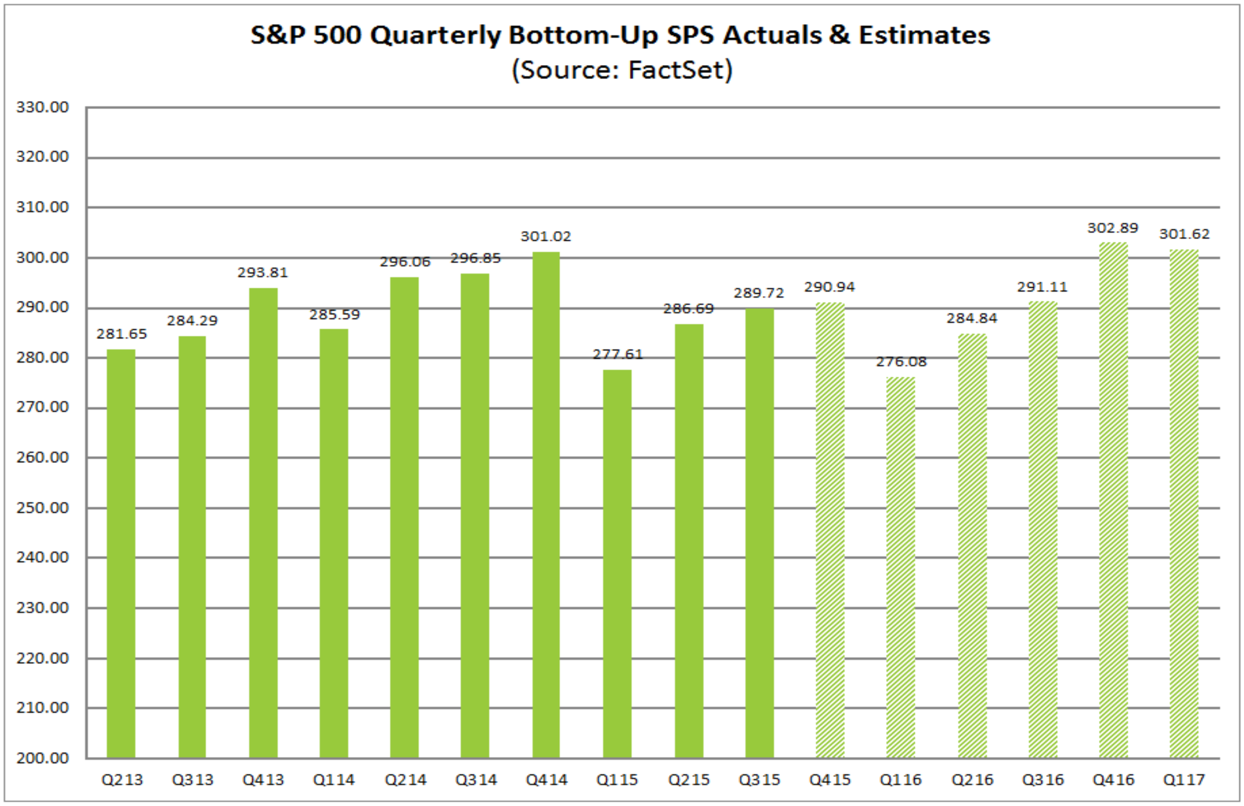
Bottom-Up EPS: Current & Historical



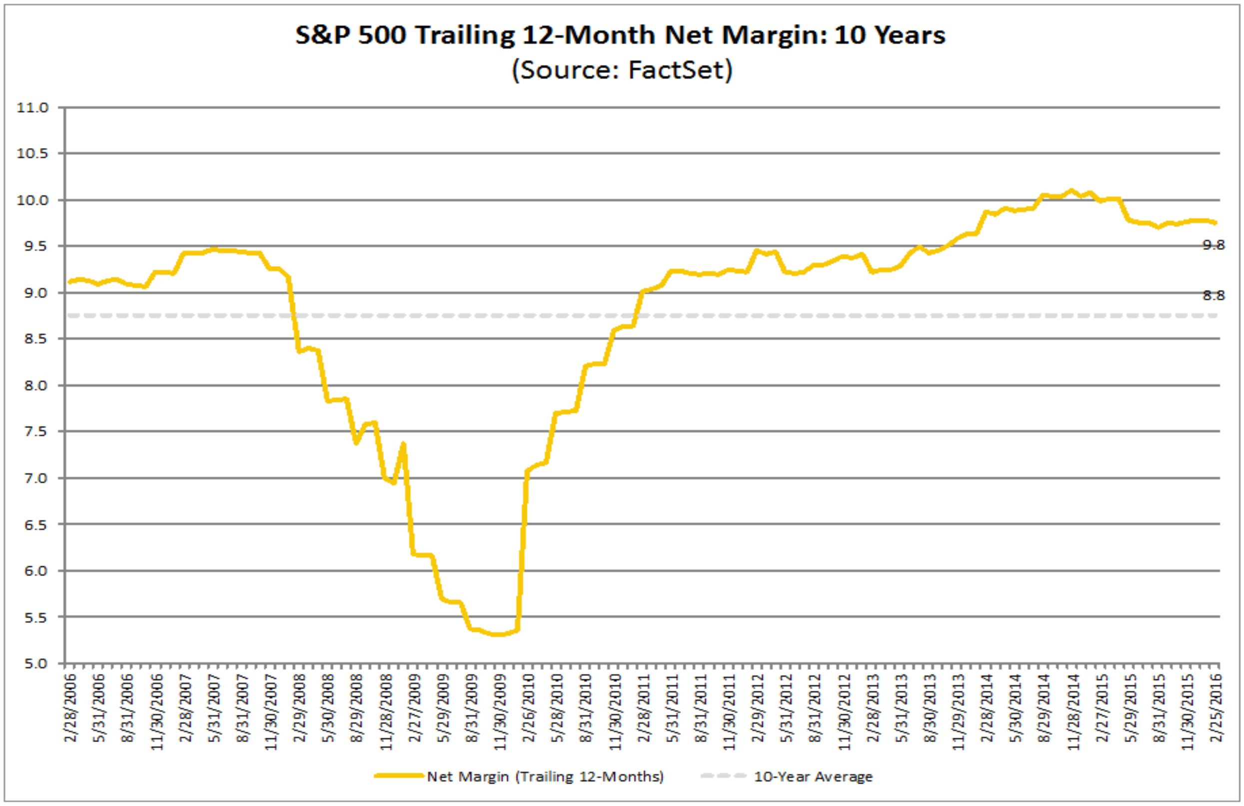


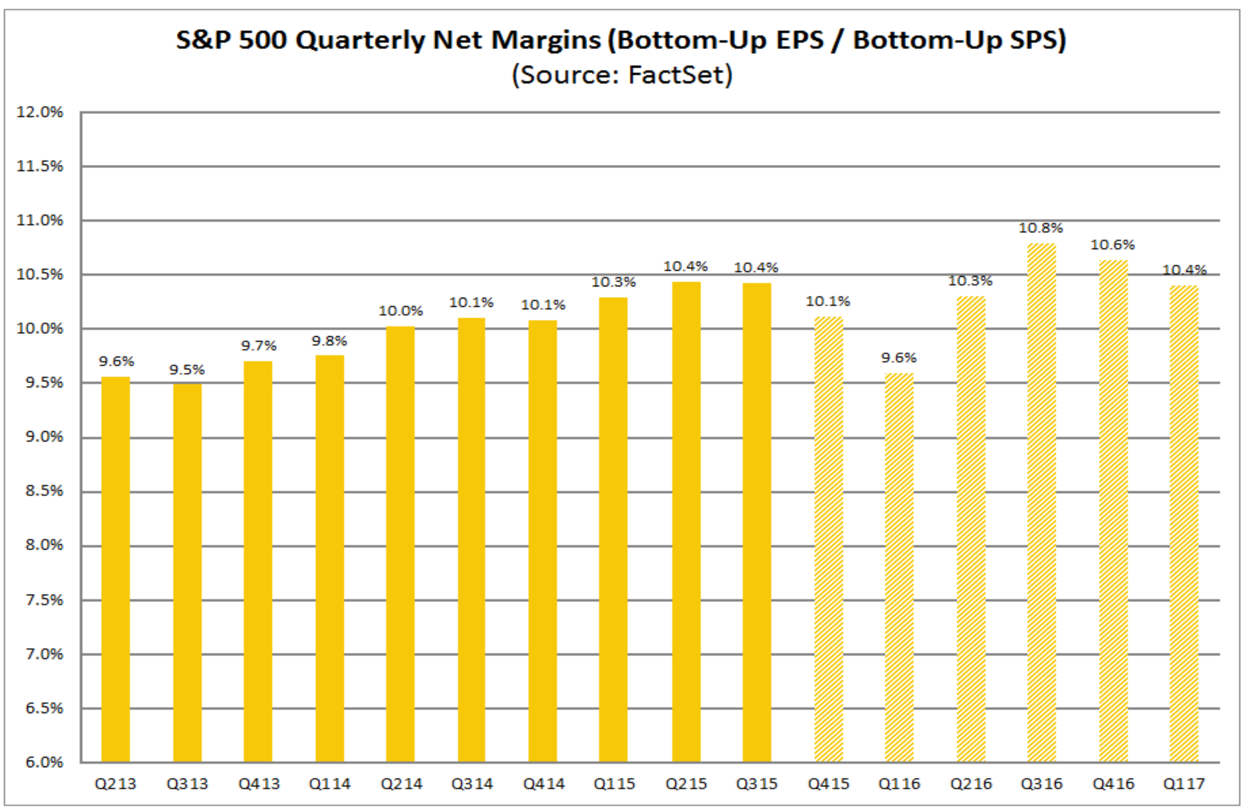
Bottom-Up SPS: Current & Historical



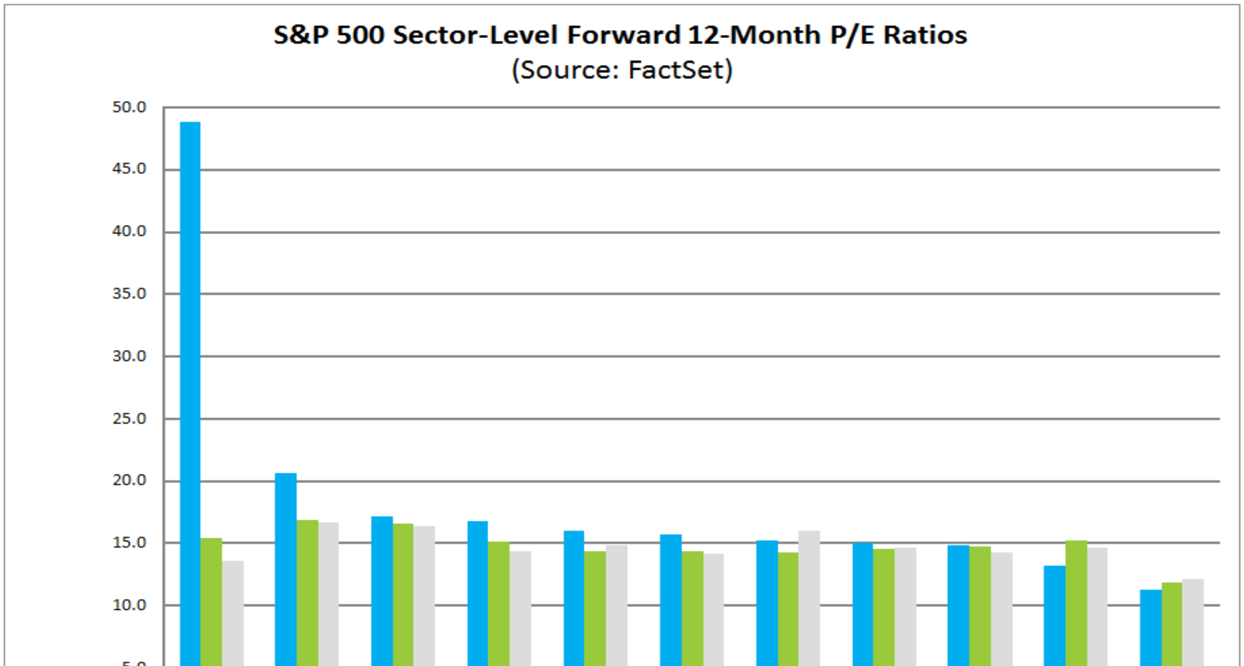


Net Margins: Current & Historical

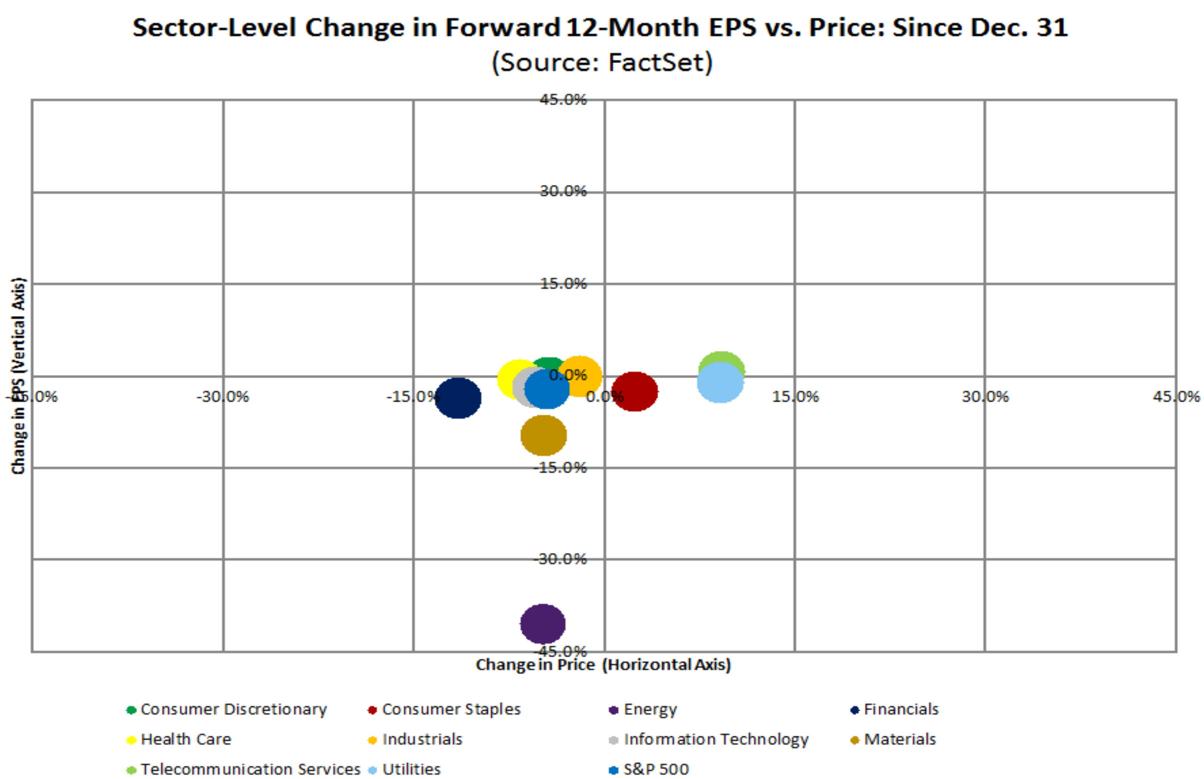




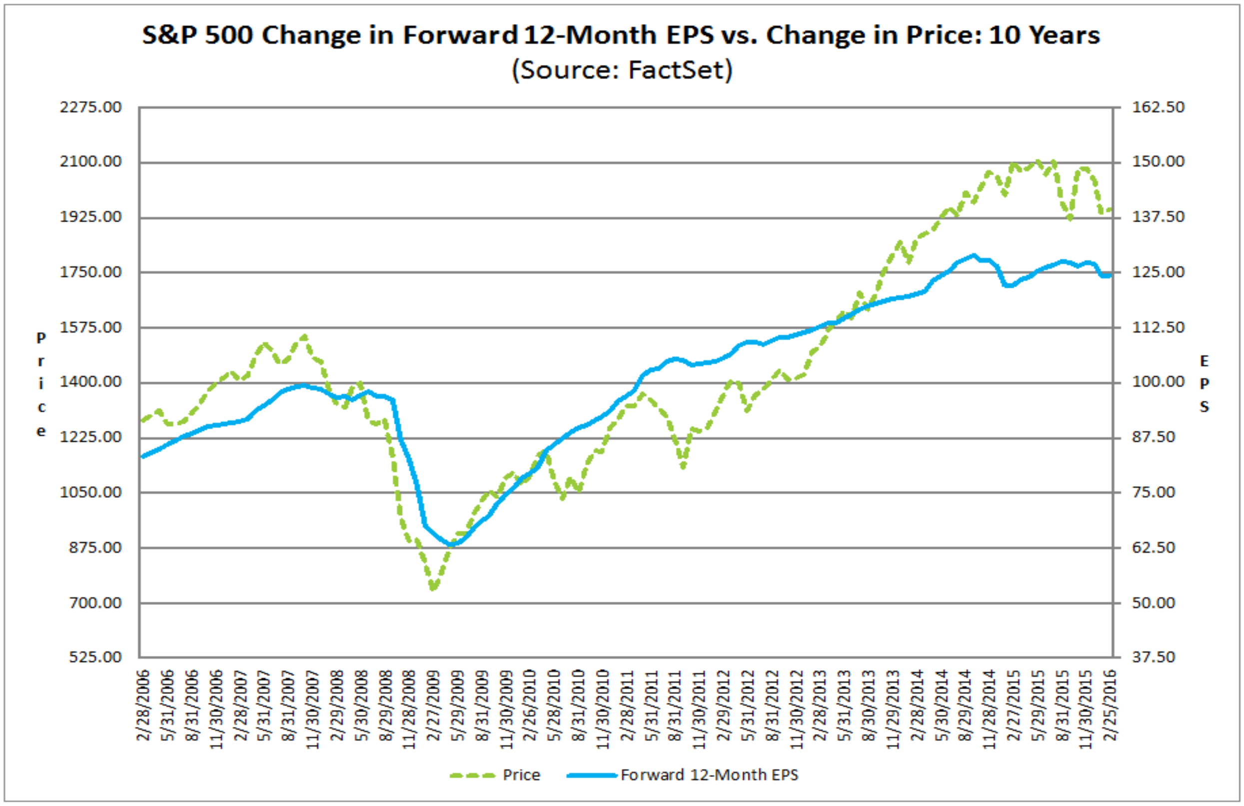
Forward 12M Price / Earnings Ratio: Sector Level

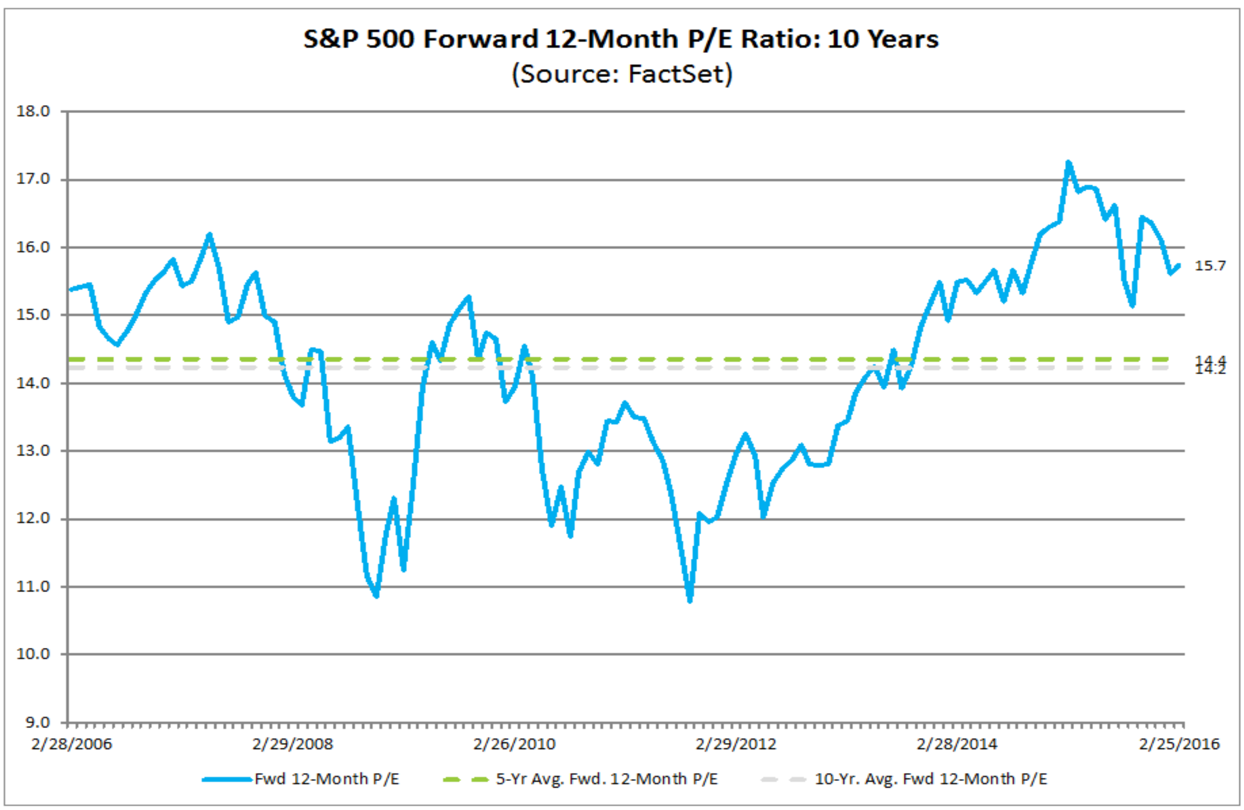


	Energy	Consumer Staples	Consumer Disc.	Utilities	Materials	S&P 500	Info. Technology	Industrials	Health Care	Telecom Services	Financials
Fwd 12M P/E	48.8	20.7	17.2	16.9	16.0	15.7	15.2	15.1	14.9	13.3	11.3
5-Yr Avg.	15.5	16.9	16.6	15.2	14.4	14.4	14.3	14.6	14.8	15.3	11.9
10-Yr Avg.	13.6	16.7	16.5	14.4	14.9	14.2	16.0	14.7	14.3	14.7	12.2

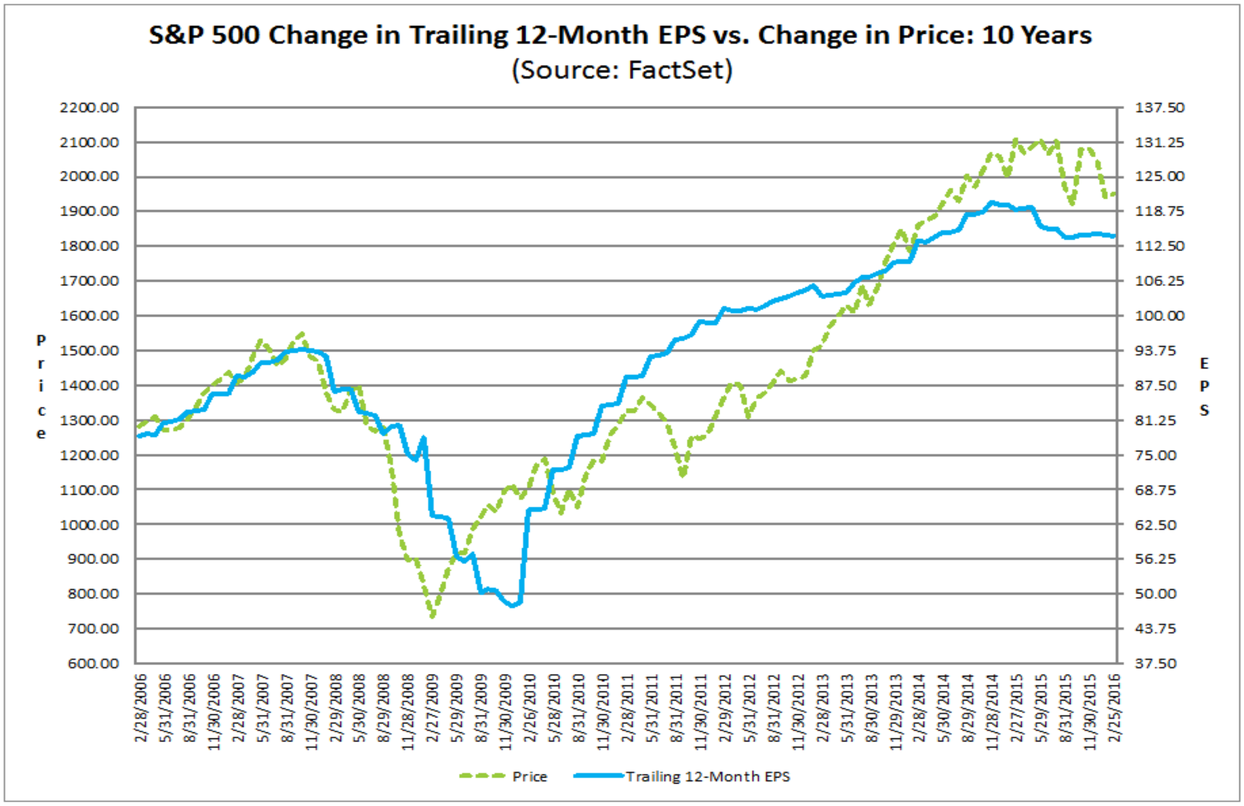


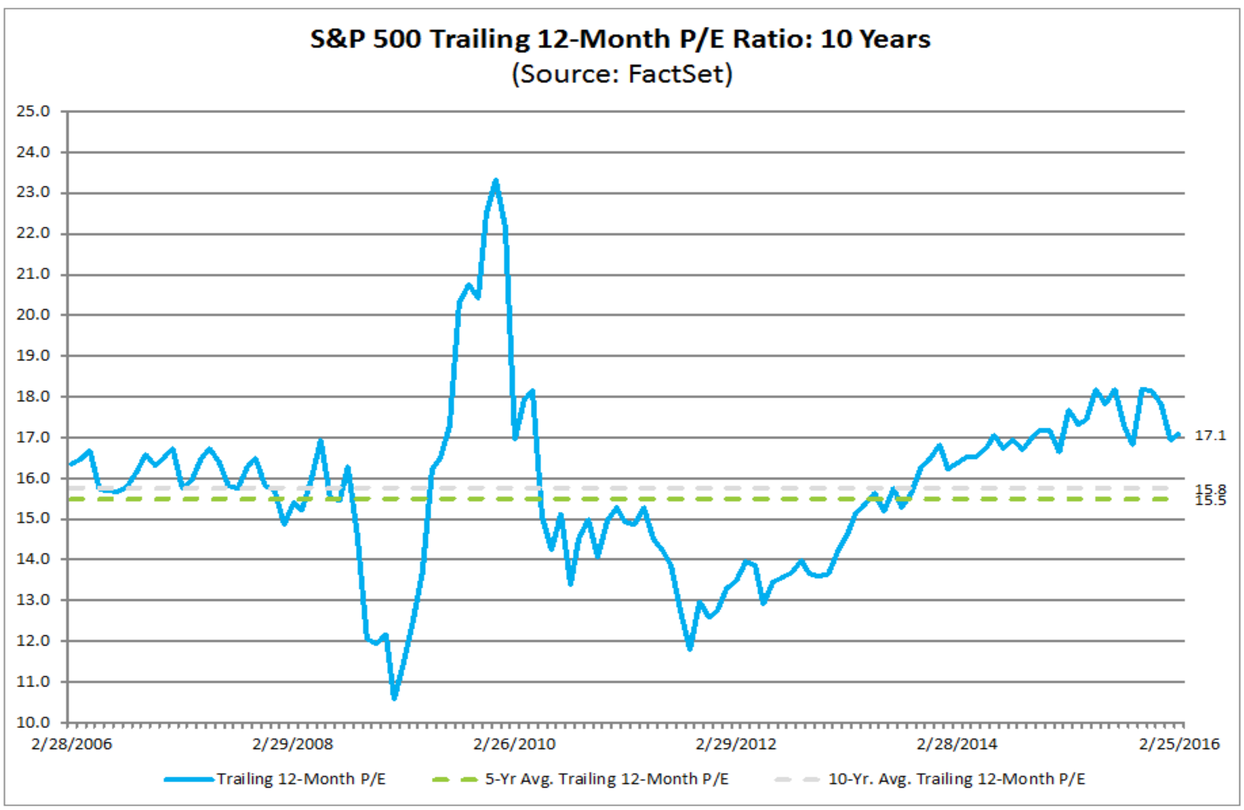
Forward 12M Price / Earnings Ratio: Long-Term Averages





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





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