

Institutional Investor's 2012 Corporate Buyback Scorecard

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The Most and Least Effective Stock Buyback Programs

The 2012 Corporate Buyback Scorecard shows which companies do the best job of maximizing returns.

[By S.L. Mintz](#)

Until now the case for corporate stock buybacks has rested far more on faith than data. Whenever a company seems to lack better opportunities, its CEO or CFO will be pressured by investors to buy back stock, or will anticipate such demands by announcing a buyback program, on the assumption that reducing the supply of outstanding shares will send the stock price up. And that it often does. But are buybacks always the best allocation of shareholder capital? Absolutely not, a new study of buybacks shows.



In fact, return measurements that are typically applied to capital expenditures, mergers and acquisitions and virtually every other use of corporate capital are rarely used to measure the value of buybacks, even though they consume equal or greater amounts of corporate capital.

The prevailing wisdom in favor of them has rested on one or more of the following rationales: 1) Buybacks provide management with the flexibility to cash in gains or leave capital invested; 2) The tax consequences of the alternative for returning capital to shareholders — dividends — are onerous; and 3) Buybacks automatically produce higher earnings per share (although this is purely a mathematical, non-operating result and overlooks the increase in risk that the leverage accompanying the reduction in equity may consequently produce).

However, actual measures that analyze the returns or losses that buybacks generate on invested capital are rarely marshaled as evidence to back up such claims. “Buybacks are probably the

least analyzed tangible event that companies spend so much money on,” says Jim Morrow, Fidelity Research Equity Income Fund portfolio manager. “There’s a lot of room to illuminate the effectiveness of buybacks.”

Institutional Investor’s 2012 Corporate Buyback Scoreboard does just that. Compiled by Fortuna Advisors, a New York City-based consultancy, the study ranks the biggest spenders on buybacks among the members of the S&P 500 based on the two-year returns their repurchases generated, as of last June 30, a period when stock repurchases exceeded dividends by more than two to one for all S&P constituents. The 253 companies bought back at least 4 percent of their market capitalization, which Fortuna deemed a minimum amount to be material. Using an approach much the same as any that investors employ to measure returns on other corporate investments, the rankings are based on the total return on cash expended on buybacks during that period, taking into account dividends avoided and the average value of shares at the end of each quarter.

“Hallelujah, we’ve been looking for something like this,” says Tom Kolefas, Manager of the TIAA-CREF Mid-Cap Value Fund. “It opens a window on share repurchases just as we, and the Street, require a return on acquisitions or capital expenditures. You can’t just say it was accretive. It has to post a satisfactory return on invested capital.”

To illuminate how companies achieved their ROI, the rankings also measure how effective the companies have been in timing their purchases. Quite obviously, the more cash a company spends before its stock rises and the more it rises, the higher its ROI will be. But the study reflects wide variations in timing and results, a surprising outcome given management’s freedom in this case to exploit inside information about its revenue, cash flow, earnings and other measures of corporate performance that shareholders care about.

Those variations are apparent in the study’s measures of buyback strategy, which compares total shareholder returns with the average prices of shares in the prior quarter, their dividends and ending quarter average price, and of buyback effectiveness, which compares the difference between a company’s ROI and its strategy. Companies that tend to repurchase shares when the stock price is lower than the overall trend demonstrate positive effectiveness, whereas those that tend to repurchase shares at prices higher than the overall trend demonstrate negative

effectiveness. At heart, the study's formula shows ROI to be the sum of strategy and effectiveness.

Among the highlights of the study's findings:

- The median buyback cost \$1.18 billion and produced ROI of 7.7 percent. Across all 24 sectors, Telecommunications Services led the way with a collective buyback ROI of 38.7 percent. At the low end of the spectrum, technology hardware & equipment (-12.3 percent) trailed other sectors.
- More than half of the 253 companies that bought back at least 4 percent of their market cap recorded a negative buyback effectiveness, indicating that managers generally time buybacks poorly.
- Sorting all 253 companies by their volume of buybacks as a percentage of market cap, the median buyback ROI was 5.5 percent for companies in the top half versus 9.5 percent for those in the bottom half. Perhaps underscoring the challenge of timing larger buyback volumes, the only company with buybacks that exceeded half the value of their current market capitalization was Safeway at 72.9 percent. Its buyback ROI was negative 9.2 percent.
- A typical company uses a hurdle rate of about ten percent when examining new investments. Logically, buying back shares should be held to the same standard. However, 115 companies had a higher buyback ROI and 138 were lower.
- Comparing two-year aggregate buyback ROI though June 2012 to the two years ending in Q2 2010, a 4 percent increase in buyback ROI trailed the stock market. Meantime, buyback effectiveness slipped by about 10 percent.

Individual performances also produced some surprises. Goldman Sachs has a reputation for the shrewdest market judgment on Wall Street. Yet its \$9.8 billion produced a buyback ROI of negative 20 percent — the worst in class. Both Goldman's buyback strategy and effectiveness were also negative.

A 115 percent internal rate of return secured first place overall for Sunoco, where \$313 million in buybacks outpaced \$131 million in dividends distributed over the same period. These buybacks rode a generally rising share price — reflecting a strong buyback strategy. And

effectiveness was over 60 percent, an indication that management also executed their buybacks with share prices generally below the prevailing trend.

In dead last, on the other hand, was Netflix, with more than half of its \$257 million spent to repurchase stock vanishing. Management bought back most of the shares during a run up in their share price and then reduced buybacks when the shares fell, landing the company in negative territory for both strategy and effectiveness.

The study's authors concede that an element of luck is involved here. Who, after all, can predict with certainty when executing buybacks whether the price will go up or down? But market volatility also affects other investments on which shareholders judge managers, including capital investments, R&D pipelines and acquisitions. "Ultimately what matters is the return on your buyback. It's no different from returns on other assets," says Fortuna CEO Greg Milano.

Yet investors often won't hear about returns on repurchases from companies that spend lavish sums on them. Take, for example, seventh place Biogen Idec, a global biotechnology company. Readers who search its latest 10K for comment on buybacks will find that Biogen Idec paid \$2.6 billion to repurchase 40.3 million shares in 2010 and 6 million shares in 2011 under authorization in February 2011 to repurchase up to 20 million more shares. But any measure of return is left for investors to calculate.

Ingersoll Rand, an Ireland-based multinational that competes in the worldwide market for products and systems that protect property and air quality, garnered 16th place overall and first place in the capital goods sector after spending \$1.2 billion to repurchase shares. That price tag was the largest single line item on Ingersoll's 2011 statement of cash flows, nearly twice the next biggest item, \$646 million for a "loss on sale/asset impairment," and just under five times capital expenditures. Nevertheless, its 10K reports authorization by the board to repurchase 2 billion shares without further comment — as if the merits of a massive buyback are self-evident.

In some cases, managers may be padding their own pockets through ill-timed buybacks. In a paper entitled "Insider Trading via the Corporation" and published last August, Harvard Law Professor Jesse Fried cited "overwhelming evidence that insiders use private information to have firms secretly buy and sell their own shares at favorable prices. The volume of such indirect

insider trading likely totals tens or hundreds of billions of dollars per year.” The upshot? “On average, public investors lose, and insiders systematically profit – to the tune of several billion dollars per year,” Fried wrote.

Whatever the explanation for ill-timed stock repurchases, investors now have a tool with which to hold executives’ feet to the fire over their decisions.

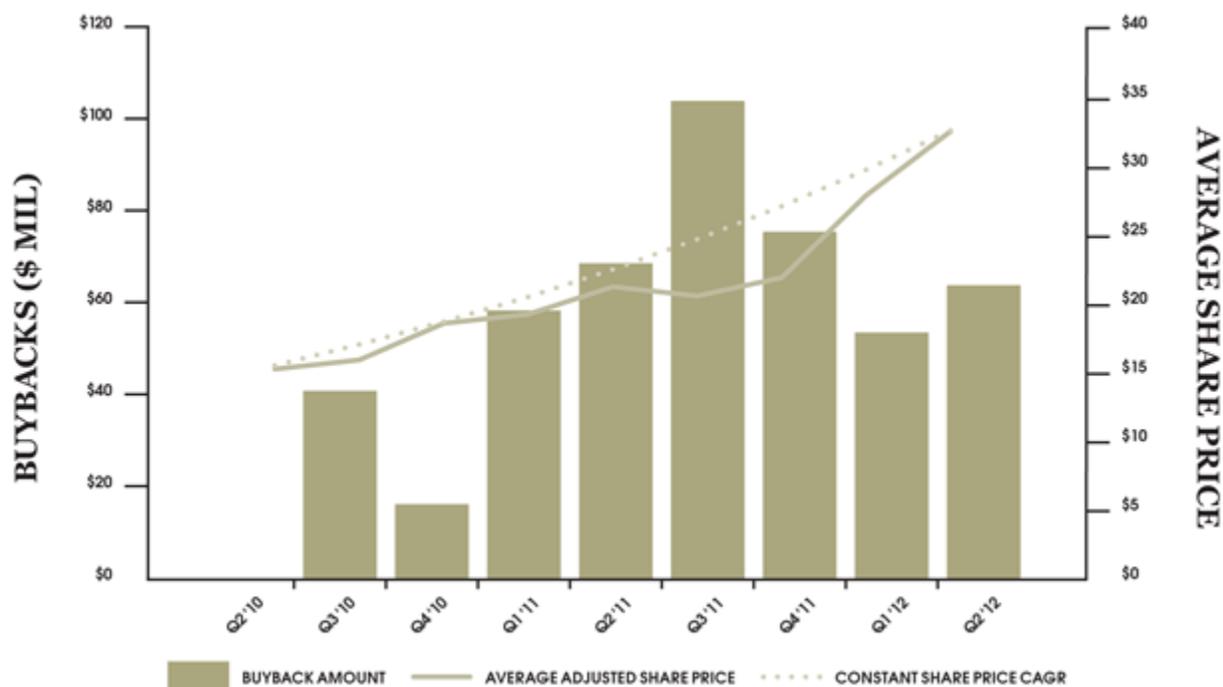
A Tale of Two Companies' Buyback Programs

The findings of Institutional Investor's 2012 Corporate Buyback Scorecard may be most dramatically illustrated by a detailed comparison of two companies' approaches. Seventh from the top of the buyback rankings table and first in consumer services, Wyndham Corp. follows a disciplined approach to putting cash flow into shareholders' pockets through share repurchases. Since June 2010, \$1.4 billion in buybacks has exceeded dividend payouts by more than 8 to 1.

But Wyndham's payback appears to validate the repurchases. The company's 63.1 percent buyback ROI was three times the consumer services median. Accounting for that was a buyback strategy that produced a return that was double the median in its sector and that dwarfed the 9.6 percent median for all companies, and effectiveness that produced a robust 12.6 percent return versus a negative 0.4 percent in its sector and a more dramatically worse negative 2.2 percent median overall.

Fortuna Advisors Buyback ROI

Wyndham Worldwide Corporation (NYSE:WYN)



Buyback ROI	63.1%	Annualized IRR based on \$ of buybacks, avoided dividends and value of shares at ending share price
Buyback Strategy	44.8%	Annualized TSR of quarterly average starting price, dividends and ending price. Buybacks lever up TSR when it is high.
Buyback Effectiveness	12.6%	Shows degree to which Buyback ROI exceeds TSR. Buying shares back when the price is below the long term trend is beneficial.

Note: Estimated number of shares repurchased each quarter based on average adjusted share price over the course of the quarter.

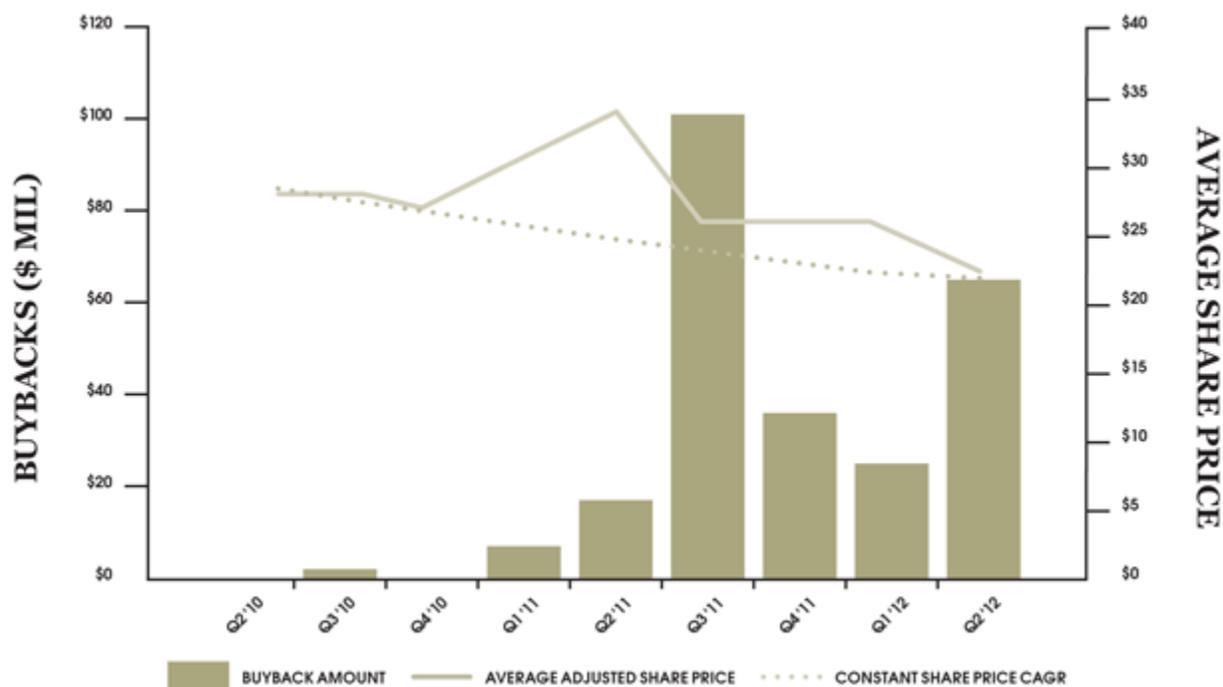
In contrast, FLIR Systems, which designs, manufactures and markets thermal imaging infrared cameras, produced a buyback ROI over the past two years that at No. 240, placed it 14th from the bottom of the S&P 500 and 16th out of 18 in the Technology Hardware and Equipment Industry, ahead of only Hewlett-Packard and Juniper Networks, with a negative 27 percent ROI on \$253 million in buybacks. Not surprisingly, its buyback strategy produced a negative 12.8 percent return, while its buyback effectiveness lost 16.6 percent.

In the company's defense, FLIR vice president of finance Tony Trunzo says the Fortuna study focuses too much on the short term. Over nine years, Trunzo estimates that FLIR buybacks have created significant value for shareholders. He notes that the average price paid to repurchase FLIR shares since 2003 is \$16.28, versus an average stock price of \$21.50, and that includes a 40 percent slide from the peak stock price. As a result, Trunzo says the program has generated "a slightly positive" internal rate of return. And he estimates that the program saved shareholders around \$300 million, based on the difference in prices paid for the shares versus the average price for the period.

On a relative basis, however, FLIR's buyback ROI over the longer period was only so-so, says Greg Milano, CEO of Fortuna Advisors of New York City. He notes that an asset that rises in value by a third over nine years amounts to a 3 percent annual return — below the level of returns on investment that shareholders ordinarily expect. Still, Trunzo has a point, says fund manager Tom Kolefas at TIAA-CREF. Two years may not capture a complete economic cycle over which disciplined buyback strategies tend to deliver higher returns, he notes. But Kolefas points out that the buyback analysis puts FLIR on a level playing field with hundreds of companies subject to identical market conditions since June 2010, and is useful for that reason alone.

Fortuna Advisors Buyback ROI

FLIR Systems, Inc. (NasdaqGS:FLIR)



Buyback ROI	-27.3%	Annualized IRR based on \$ of buybacks, avoided dividends and value of shares at ending share price
Buyback Strategy	-12.8%	Annualized TSR of quarterly average starting price, dividends and ending price. Buybacks lever up TSR when it is high.
Buyback Effectiveness	-16.6%	Shows degree to which Buyback ROI exceeds TSR. Buying shares back when the price is below the long term trend is beneficial.

Note: Estimated number of shares repurchased each quarter based on average adjusted share price over the course of the quarter.

2012 Corporate Buyback Scorecard: Industries

The table below ranks the buyback programs of the S&P 500 companies by the industries to which they belong, according to their return on investment on purchases of at least 4 percent of their shares from June 30, 2010, to June 30, 2012. As calculated by Fortuna Advisors, a New York City-based consultancy that compiled the data for *Institutional Investor*, buyback ROI measures the overall rate of return of buybacks, based on the internal rate of return of the cash flows associated with them. Buyback strategy tracks the performance of the underlying stock in terms of annualized total shareholder return. Once Fortuna determines buyback ROI and buyback strategy, buyback effectiveness can then be calculated as simply the difference between the two, determined as compounded return.

How Industries Compare as Stock Repurchasers

Industry	Market Capitalization	\$ Total Buyback	\$ Total Buyback / Market Cap	Buyback Strategy	Buyback Effectiveness	Buyback ROI
Telecom	\$398,393	\$5,037	1.3%	3.3%	34.2%	38.7%
Banks	\$357,851	\$7,031	2.0%	3.2%	21.4%	25.3%
Retailing	\$508,986	\$50,291	9.9%	82.9%	-32.6%	23.4%
Real Estate	\$101,334	\$590	0.6%	5.0%	16.5%	22.4%
Consumer Drbls	\$135,978	\$10,196	7.5%	61.5%	-25.0%	21.2%
Pharma	\$984,782	\$62,835	6.4%	26.7%	-5.1%	20.2%
Food and Bev	\$829,033	\$41,435	5.0%	23.6%	-3.0%	19.9%
Consumer Svcs	\$264,558	\$15,986	6.0%	20.2%	-0.3%	19.8%
Semiconductors	\$287,115	\$28,337	9.9%	27.5%	-6.2%	19.6%
Software and Svcs	\$1,311,242	\$87,074	6.6%	54.0%	-23.4%	18.0%
Materials	\$416,067	\$14,443	3.5%	27.0%	-7.7%	17.2%
Autos	\$76,307	\$1,228	1.6%	26.7%	-7.6%	17.0%
Media	\$399,153	\$47,072	11.8%	90.9%	-39.5%	15.4%
Food and Staples	\$414,205	\$29,852	7.2%	19.0%	-5.7%	12.2%
Insurance	\$330,303	\$29,064	8.8%	23.2%	-9.2%	11.9%
Healthcare	\$482,553	\$46,759	9.7%	67.6%	-33.6%	11.2%
Household	\$287,823	\$18,905	6.6%	33.9%	-17.3%	10.8%
Utilities	\$442,842	\$5,657	1.3%	2.7%	7.8%	10.7%
Transportation	\$234,869	\$14,806	6.3%	22.5%	-10.5%	9.7%
Cap Goods	\$946,682	\$43,531	4.6%	12.0%	-2.8%	8.9%
Energy	\$1,192,665	\$73,954	6.2%	24.1%	-12.7%	8.3%
Comm and Prof Svcs	\$64,757	\$5,375	8.3%	7.5%	-4.6%	2.6%
Financials	\$1,038,511	\$46,223	4.5%	1.2%	-3.4%	-2.3%
S&P 500	\$12,497,551	\$735,130	5.9%	12.5%	-0.2%	12.2%

2012 Corporate Buyback Scorecard: S&P 500 Companies

The table below ranks the 253 companies in the S&P 500 that bought back at least 4 percent of their shares from June 30, 2010, through June 30, 2012. The companies are ranked according to their return on investment from these repurchases. As calculated by Fortuna Advisors, a New York City-based consultancy that compiled the data for *Institutional Investor*, buyback ROI measures the overall rate of return of buybacks, based on the internal rate of return of the cash flows associated with them. Buyback strategy tracks the performance of the underlying stock in terms of annualized total shareholder return. Once Fortuna determines buyback ROI and buyback strategy, buyback effectiveness can then be calculated as simply the difference between the two, determined as compounded return.

How the S&P 500 Stack Up as Stock Repurchasers

(Companies: 1-50)

COMPANY	INDUSTRY	MARKET CAPITALIZATION	\$ TOTAL BUYBACK	\$ TOTAL BUYBACK / MARKET CAP	BUYBACK STRATEGY	BUYBACK EFFECTIVENESS	BUYBACK ROI
AVERAGE		\$26,593	\$2,644	11.9%	10.7%	-1.0%	9.7%
MEDIAN		\$12,515	\$1,177	9.8%	9.6%	-2.2%	7.4%
1 Sunoco	Energy	\$4,969	\$313	6.3%	34.2%	60.5%	115.4%
2 American International Group	Insurance	\$55,466	\$5,070	9.1%	0.0%	77.0%	76.9%
3 Seagate Technology	Tech Hardware	\$10,516	\$3,248	30.9%	28.9%	34.6%	73.5%
4 Ross Stores	Retailing	\$14,092	\$898	6.4%	51.9%	10.8%	68.3%
5 O'Reilly Automotive	Retailing	\$10,563	\$1,571	14.9%	43.1%	15.8%	65.6%
6 Discover Financial Services	Financials	\$17,806	\$899	5.0%	52.3%	8.0%	64.6%
7 Wyndham Worldwide	Consumer Svcs	\$7,695	\$1,401	18.2%	44.8%	12.6%	63.1%
8 Biogen Idec	Pharma	\$34,588	\$1,876	5.4%	61.4%	0.9%	62.8%
9 Dollar Tree	Retailing	\$12,479	\$919	7.4%	58.0%	2.2%	61.4%
10 The TJX Companies	Retailing	\$31,809	\$2,537	8.0%	36.9%	15.1%	57.6%
11 Scripps Networks Interactive	Media	\$8,640	\$700	8.1%	9.6%	43.1%	56.8%
12 The Sherwin-Williams Company	Materials	\$13,669	\$930	6.8%	29.8%	18.2%	53.4%
13 Macy's	Retailing	\$14,192	\$1,117	7.9%	32.7%	14.0%	51.2%
14 Expedia	Retailing	\$6,109	\$810	13.3%	40.2%	7.8%	51.1%
15 The Home Depot	Retailing	\$81,110	\$7,499	9.2%	26.8%	13.1%	43.5%
16 Ingersoll-Rand	Cap Goods	\$13,056	\$1,193	9.1%	5.8%	33.3%	41.1%
17 W.W. Grainger	Cap Goods	\$13,413	\$610	4.6%	38.5%	1.2%	40.2%
18 Lorillard	Food and Bev	\$17,222	\$2,151	12.5%	37.7%	1.2%	39.3%
19 Philip Morris International	Food and Bev	\$148,827	\$10,633	7.1%	40.6%	-2.0%	37.8%
20 AutoZone	Retailing	\$13,745	\$2,915	21.2%	43.3%	-4.6%	36.7%
21 ONEOK	Utilities	\$8,794	\$1,168	13.3%	38.5%	-2.2%	35.4%
22 CBS	Media	\$21,268	\$1,416	6.7%	49.2%	-9.3%	35.3%
23 Gap	Retailing	\$13,385	\$3,322	24.8%	10.7%	21.8%	34.9%
24 Unitedhealth Group	Healthcare	\$60,691	\$6,079	10.0%	39.0%	-3.3%	34.4%
25 FMC	Materials	\$7,334	\$429	5.8%	30.2%	3.2%	34.4%
26 Bed Bath & Beyond	Retailing	\$14,282	\$2,127	14.9%	25.1%	7.4%	34.4%

2012 Corporate Buyback Scorecard: S&P 500 Companies

27	Equifax	Comm and Prof Svcs	\$5,610	\$296	5.3%	20.7%	10.6%	33.5%
28	Comcast	Media	\$85,868	\$4,241	4.9%	30.0%	2.5%	33.2%
29	The Estée Lauder Companies	Household	\$21,038	\$989	4.7%	39.0%	-4.3%	33.0%
30	Family Dollar Stores	Retailing	\$7,769	\$823	10.6%	32.9%	-0.4%	32.3%
31	Airgas	Materials	\$6,461	\$600	9.3%	19.9%	10.1%	32.0%
32	Amgen	Pharma	\$56,703	\$12,397	21.9%	12.2%	17.6%	32.0%
33	eBay	Software and Svcs	\$54,244	\$2,370	4.4%	31.0%	-0.1%	30.9%
34	CVS Caremark	Food and Staples	\$59,885	\$4,551	7.6%	15.4%	12.9%	30.3%
35	Ralph Lauren	Consumer Drbls	\$12,985	\$1,114	8.6%	35.6%	-4.0%	30.2%
36	News Corp.	Media	\$53,355	\$4,589	8.6%	19.1%	9.1%	29.9%
37	Intel	Semiconductors	\$134,076	\$18,772	14.0%	14.8%	12.6%	29.3%
38	Mattel	Consumer Drbls	\$11,048	\$894	8.1%	25.0%	2.8%	28.5%
39	Ecolab	Materials	\$20,024	\$1,028	5.1%	18.8%	7.7%	27.9%
40	VeriSign	Software and Svcs	\$6,884	\$718	10.4%	32.1%	-3.5%	27.6%
41	American Express Company	Financials	\$66,995	\$4,089	6.1%	18.0%	7.6%	27.0%
42	PPG Industries	Materials	\$16,161	\$1,431	8.9%	27.5%	-0.5%	26.9%
43	Cintas	Comm and Prof Svcs	\$5,011	\$836	16.7%	21.7%	4.1%	26.7%
44	Nike	Consumer Drbls	\$40,034	\$3,673	9.2%	22.0%	3.7%	26.5%
45	Moody's	Financials	\$8,213	\$558	6.8%	30.6%	-3.5%	26.1%
46	KLA-Tencor	Semiconductors	\$8,241	\$499	6.1%	29.2%	-2.4%	26.1%
47	Fossil	Consumer Drbls	\$4,740	\$586	12.4%	58.0%	-20.3%	25.9%
48	Marriott International	Consumer Svcs	\$12,975	\$2,032	15.7%	10.3%	13.6%	25.3%
49	International Business Machines	Software and Svcs	\$225,598	\$28,302	12.5%	26.9%	-1.6%	24.8%
50	Gilead Sciences	Pharma	\$38,835	\$4,813	12.4%	13.2%	10.0%	24.6%

Source: Fortuna Advisors Analysis using data from the Capital IQ database. Financial Data from June 2010 to June 2012. Includes the 491 members of the current S&P 500 that were public for the full period. Market Capitalization as of: 6/30/2012. Companies Included here if \$ Total Buyback / Market Capitalization is greater than 4%

How the S&P 500 Stack Up as Stock Repurchasers

(Companies: 51-100)

	COMPANY	INDUSTRY	MARKET CAPITALIZATION	\$ TOTAL BUYBACK	\$ TOTAL BUYBACK / MARKET CAP	BUYBACK STRATEGY	BUYBACK EFFECTIVENESS	BUYBACK ROI
	AVERAGE		\$26,593	\$2,644	11.9%	10.7%	-1.0%	9.7%
	MEDIAN		\$12,515	\$1,177	9.8%	9.6%	-2.2%	7.4%
51	Tyco International Ltd.	Cap Goods	\$24,462	\$2,424	9.9%	21.9%	1.6%	23.8%
52	Discovery Communications	Media	\$20,124	\$2,256	11.2%	18.0%	4.8%	23.7%
53	Coach	Consumer Drbls	\$16,805	\$1,798	10.7%	30.6%	-5.4%	23.6%
54	CA Technologies	Software and Svcs	\$12,796	\$1,319	10.3%	12.5%	9.8%	23.5%
55	Union Pacific	Transportation	\$57,119	\$3,078	5.4%	25.5%	-2.1%	22.8%
56	Jabil Circuit	Tech Hardware	\$4,202	\$312	7.4%	21.1%	1.0%	22.3%
57	Kimberly-Clark	Household	\$32,848	\$2,214	6.7%	17.8%	3.8%	22.3%
58	Walt Disney Co.	Media	\$86,687	\$8,215	9.5%	14.8%	6.3%	22.1%
59	Accenture	Software and Svcs	\$38,145	\$4,313	11.3%	24.9%	-2.4%	21.9%
60	Celgene	Pharma	\$28,262	\$3,025	10.7%	11.0%	9.8%	21.8%
61	Aetna	Healthcare	\$13,469	\$3,896	28.9%	21.4%	0.3%	21.7%
62	Colgate-Palmolive Co.	Household	\$49,681	\$3,742	7.5%	13.1%	7.2%	21.3%
63	Pfizer Inc.	Pharma	\$172,227	\$10,389	6.0%	23.4%	-1.9%	21.1%
64	Lowe's Companies	Retailing	\$33,466	\$7,333	21.9%	10.7%	9.1%	20.8%
65	Allergan	Pharma	\$28,468	\$1,161	4.1%	23.3%	-2.0%	20.8%
66	Ball	Materials	\$6,432	\$1,183	18.4%	26.4%	-5.0%	20.2%
67	F5 Networks	Tech Hardware	\$7,904	\$426	5.4%	30.2%	-7.9%	19.9%
68	Chubb	Insurance	\$19,658	\$3,352	17.1%	20.9%	-1.1%	19.6%
69	The McGraw-Hill Companies	Media	\$12,587	\$1,569	12.5%	24.8%	-4.6%	19.1%
70	Allstate	Insurance	\$17,212	\$1,683	9.8%	6.0%	12.4%	19.0%
71	CF Industries Holdings	Materials	\$12,717	\$1,500	11.8%	55.4%	-23.7%	18.5%
72	Lockheed Martin	Cap Goods	\$28,095	\$4,151	14.8%	7.2%	10.5%	18.5%
73	Wal-Mart Stores	Food and Staples	\$235,900	\$13,587	5.8%	12.5%	4.8%	18.0%
74	Nordstrom	Retailing	\$10,336	\$1,342	13.0%	16.3%	1.4%	17.9%
75	LSI	Semiconductors	\$3,624	\$844	23.3%	13.9%	3.1%	17.5%
76	Time Warner Cable	Media	\$25,656	\$3,916	15.3%	25.0%	-6.1%	17.3%
77	Intuit	Software and Svcs	\$17,429	\$2,260	13.0%	27.3%	-7.9%	17.3%
78	Citrix Systems	Software and Svcs	\$15,629	\$759	4.9%	30.7%	-10.3%	17.2%
79	Eastman Chemical Co.	Materials	\$6,948	\$594	8.5%	28.4%	-8.7%	17.2%

2012 Corporate Buyback Scorecard: S&P 500 Companies

80	Western Digital	Tech Hardware	\$7,926	\$654	8.3%	-2.2%	19.4%	16.8%
81	McDonald's	Consumer Svcs	\$89,968	\$6,286	7.0%	19.3%	-2.4%	16.5%
82	McKesson	Healthcare	\$22,068	\$2,430	11.0%	16.2%	0.0%	16.2%
83	Microsoft	Software and Svcs	\$256,982	\$16,584	6.5%	7.0%	8.5%	16.0%
84	Motorola Solutions	Tech Hardware	\$14,051	\$2,914	20.7%	32.8%	-12.8%	15.8%
85	The Interpublic Group of Companies	Media	\$4,807	\$531	11.0%	15.8%	0.0%	15.8%
86	Flowserve	Cap Goods	\$6,272	\$606	9.7%	4.5%	10.8%	15.7%
87	Marsh & McLennan Companies	Insurance	\$17,585	\$788	4.5%	21.8%	-5.2%	15.5%
88	Raytheon Co.	Cap Goods	\$18,864	\$2,529	13.4%	1.1%	14.0%	15.2%
89	Torchmark	Insurance	\$4,977	\$1,251	25.1%	18.5%	-2.8%	15.2%
90	Humana	Healthcare	\$12,637	\$870	6.9%	33.9%	-14.3%	14.7%
91	Fiserv	Software and Svcs	\$9,857	\$955	9.7%	17.2%	-2.2%	14.7%
92	United Parcel Service, Inc.	Transportation	\$75,570	\$3,924	5.2%	13.0%	1.4%	14.6%
93	Covidien plc	Healthcare Equipment and Services	\$25,802	\$1,440	5.6%	10.8%	3.4%	14.6%
94	The J. M. Smucker Company	Food, Beverage and Tobacco	\$8,340	\$704	8.4%	17.1%	-2.3%	14.4%
95	The Travelers Companies, Inc.	Insurance	\$24,836	\$5,918	23.8%	14.0%	0.3%	14.4%
96	The Coca-Cola Company	Food, Beverage and Tobacco	\$176,393	\$10,082	5.7%	19.2%	-4.3%	14.1%
97	Praxair Inc.	Materials	\$32,476	\$1,697	5.2%	18.8%	-4.2%	13.8%
98	Fidelity National Information Services, Inc.	Software and Services	\$10,047	\$3,060	30.5%	12.0%	1.5%	13.6%
99	Progressive Corp.	Insurance	\$12,700	\$1,232	9.7%	9.3%	3.9%	13.6%
100	H&R Block, Inc.	Consumer Services	\$4,385	\$303	6.9%	0.3%	12.9%	13.2%

Source: Fortuna Advisors Analysis using data from the Capital IQ database. Financial Data from June 2010 to June 2012. Includes the 491 members of the current S&P 500 that were public for the full period. Market Capitalization as of: 6/30/2012. Companies Included here if \$ Total Buyback / Market Capitalization is greater than 4%

How the S&P 500 Stack Up as Stock Repurchasers

(Companies: 101-150)

	COMPANY	INDUSTRY	MARKET CAPITALIZATION	\$ TOTAL BUYBACK	\$ TOTAL BUYBACK / MARKET CAP	BUYBACK STRATEGY	BUYBACK EFFECTIVENESS	BUYBACK ROI
	AVERAGE		\$26,593	\$2,644	11.9%	10.7%	-1.0%	9.7%
	MEDIAN		\$12,515	\$1,177	9.8%	9.6%	-2.2%	7.4%
101	Patterson Companies	Healthcare	\$3,800	\$494	13.0%	5.9%	6.7%	13.0%
102	Darden Restaurants	Consumer Svcs	\$6,514	\$761	11.7%	10.7%	1.9%	12.9%
103	Amphenol	Tech Hardware	\$8,898	\$873	9.8%	13.7%	-0.9%	12.7%
104	CR Bard	Healthcare	\$9,095	\$1,296	14.2%	10.6%	1.3%	12.1%
105	State Street	Financials	\$21,811	\$1,363	6.2%	4.2%	7.2%	11.7%
106	Cardinal Health	Healthcare	\$14,535	\$727	5.0%	11.6%	0.1%	11.7%
107	Exxon Mobil	Energy	\$400,139	\$41,801	10.4%	16.8%	-4.4%	11.7%
108	ConAgra Foods	Food and Bev	\$10,770	\$1,177	10.9%	5.7%	5.6%	11.6%
109	BorgWarner	Autos	\$7,518	\$729	9.7%	38.3%	-19.6%	11.2%
110	DaVita	Healthcare	\$9,234	\$842	9.1%	16.4%	-4.6%	11.1%
111	Akamai Technologies	Software and Svcs	\$5,689	\$449	7.9%	-8.7%	21.6%	10.9%
112	Dr Pepper Snapple Group	Food and Bev	\$9,268	\$1,230	13.3%	10.0%	0.7%	10.8%
113	T. Rowe Price Group	Financials	\$16,061	\$694	4.3%	9.5%	1.1%	10.7%
114	Zimmer Holdings	Healthcare	\$11,336	\$1,625	14.3%	4.1%	6.2%	10.6%
115	Target	Retailing	\$38,476	\$4,139	10.8%	4.5%	5.3%	10.1%
116	Automatic Data Processing	Software and Svcs	\$27,222	\$1,474	5.4%	16.3%	-5.9%	9.5%
117	EMC	Tech Hardware	\$53,816	\$2,743	5.1%	18.2%	-7.8%	9.0%
118	Newell Rubbermaid	Consumer Drbls	\$5,284	\$563	10.7%	6.1%	2.7%	9.0%
119	WellPoint	Healthcare	\$21,104	\$5,692	27.0%	12.8%	-3.5%	8.8%
120	Omnicom Group	Media	\$13,250	\$2,385	18.0%	14.2%	-4.7%	8.8%
121	The Clorox Company	Household	\$9,425	\$880	9.3%	8.2%	0.1%	8.3%
122	Archer Daniels Midland Company	Food and Bev	\$19,440	\$828	4.3%	10.4%	-2.0%	8.3%
123	General Mills	Food and Bev	\$24,947	\$1,477	5.9%	6.5%	1.2%	7.8%
124	Viacom	Media	\$25,022	\$4,581	18.3%	19.4%	-9.8%	7.7%
125	Big Lots	Retailing	\$2,598	\$540	20.8%	3.7%	3.9%	7.7%
126	Analog Devices	Semiconductors	\$11,238	\$506	4.5%	16.0%	-7.2%	7.7%
127	Northrop Grumman	Cap Goods	\$16,043	\$3,172	19.8%	6.5%	0.9%	7.4%
128	ConocoPhillips	Energy	\$70,663	\$19,561	27.7%	18.8%	-9.7%	7.3%
129	Cummins	Cap Goods	\$18,625	\$904	4.9%	24.3%	-13.7%	7.3%

2012 Corporate Buyback Scorecard: S&P 500 Companies

130	Robert Half International	Comm and Prof Svcs	\$4,085	\$353	8.6%	5.4%	1.5%	7.0%
131	Quest Diagnostics	Healthcare	\$9,503	\$1,359	14.3%	3.5%	3.3%	6.9%
132	Pepsico	Food and Bev	\$110,510	\$5,365	4.9%	5.5%	1.3%	6.8%
133	DIRECTV	Media	\$31,977	\$11,030	34.5%	13.2%	-5.6%	6.8%
134	AutoNation	Retailing	\$4,310	\$1,217	28.2%	32.7%	-19.7%	6.5%
135	Johnson & Johnson	Pharma	\$185,545	\$15,323	8.3%	5.5%	1.0%	6.5%
136	Invesco	Financials	\$10,130	\$779	7.7%	9.1%	-2.7%	6.2%
137	Medtronic	Healthcare	\$39,700	\$1,750	4.4%	-2.2%	8.1%	5.8%
138	Norfolk Southern	Transportation	\$23,380	\$3,650	15.6%	11.9%	-5.6%	5.6%
139	Adobe Systems	Software and Svcs	\$15,918	\$1,600	10.1%	-1.1%	6.7%	5.5%
140	Iron Mountain	Comm and Prof Svcs	\$5,643	\$834	14.8%	12.9%	-7.2%	4.7%
141	Nasdaq OMX Group	Financials	\$3,855	\$872	22.6%	7.9%	-3.2%	4.5%
142	Franklin Resources	Financials	\$23,883	\$1,825	7.6%	6.6%	-2.2%	4.3%
143	PerkinElmer	Pharma	\$2,938	\$184	6.3%	8.4%	-3.9%	4.3%
144	Waters Corp.	Pharma	\$7,063	\$659	9.3%	9.8%	-5.4%	3.9%
145	Procter & Gamble Co.	Household	\$167,831	\$11,063	6.6%	4.7%	-0.7%	3.9%
146	Agilent Technologies	Pharma	\$13,636	\$627	4.6%	10.9%	-6.4%	3.8%
147	TE Connectivity Ltd.	Tech Hardware	\$13,649	\$997	7.3%	9.9%	-5.6%	3.7%
148	XL Group	Insurance	\$6,558	\$1,413	21.5%	9.6%	-5.5%	3.6%
149	Harris Corp.	Tech Hardware	\$4,762	\$730	15.3%	-4.2%	8.1%	3.6%
150	Constellation Brands Inc.	Food and Bev	\$4,789	\$797	16.6%	10.1%	-6.0%	3.5%

Source: Fortuna Advisors Analysis using data from the Capital IQ database. Financial Data from June 2010 to June 2012. Includes the 491 members of the current S&P 500 that were public for the full period. Market Capitalization as of: 6/30/2012. Companies Included here if \$ Total Buyback / Market Capitalization is greater than 4%

How the S&P 500 Stack Up as Stock Repurchasers

(Companies: 151-200)

	COMPANY	INDUSTRY	MARKET CAPITALIZATION	\$ TOTAL BUYBACK	\$ TOTAL BUYBACK / MARKET CAP	BUYBACK STRATEGY	BUYBACK EFFECTIVENESS	BUYBACK ROI
	AVERAGE		\$26,593	\$2,644	11.9%	10.7%	-1.0%	9.7%
	MEDIAN		\$12,515	\$1,177	9.8%	9.6%	-2.2%	7.4%
151	Yahoo!	Software and Svcs	\$19,357	\$3,013	15.6%	-2.5%	6.1%	3.5%
152	AES	Utilities	\$9,847	\$485	4.9%	7.6%	-3.9%	3.3%
153	Autodesk	Software and Svcs	\$8,041	\$689	8.6%	9.4%	-5.9%	3.0%
154	Tyson Foods	Food and Bev	\$6,883	\$422	6.1%	1.5%	1.5%	3.0%
155	AmerisourceBergen	Healthcare	\$9,869	\$1,475	14.9%	11.1%	-7.3%	2.9%
156	Waste Management	Comm and Prof Svcs	\$15,453	\$790	5.1%	4.0%	-1.2%	2.8%
157	Dun & Bradstreet	Comm and Prof Svcs	\$3,406	\$429	12.6%	0.9%	1.6%	2.6%
158	3M Co.	Cap Goods	\$62,171	\$4,325	7.0%	5.2%	-2.6%	2.5%
159	Baxter International	Healthcare	\$29,569	\$2,884	9.8%	9.5%	-6.5%	2.4%
160	Bemis Company	Materials	\$3,231	\$215	6.7%	7.0%	-4.3%	2.4%
161	Texas Instruments	Semiconductors	\$32,831	\$3,321	10.1%	11.1%	-8.0%	2.2%
162	Laboratory Corp. of America Holdings	Healthcare	\$8,965	\$1,018	11.4%	6.3%	-4.0%	2.1%
163	Coventry Health Care	Healthcare	\$4,541	\$647	14.3%	21.2%	-15.9%	2.0%
164	CSX	Transportation	\$23,236	\$2,493	10.7%	12.7%	-9.6%	1.9%
165	Stryker	Healthcare	\$20,989	\$1,033	4.9%	0.0%	1.8%	1.8%
166	Dover	Cap Goods	\$9,843	\$501	5.1%	13.3%	-10.3%	1.7%
167	Rockwell Automation	Cap Goods	\$9,428	\$495	5.3%	17.0%	-13.2%	1.5%
168	Kellogg Company	Food and Bev	\$17,634	\$1,647	9.3%	0.1%	1.0%	1.1%
169	Prudential Financial	Insurance	\$22,714	\$1,499	6.6%	-4.2%	5.4%	1.0%
170	Noble Corp.	Energy	\$8,210	\$544	6.6%	0.8%	0.2%	
171	Varian Medical Systems Inc.	Healthcare	\$6,776	\$665	9.8%	8.8%	-7.3%	0.9%
172	Express Scripts Holding Company	Healthcare	\$44,970	\$3,263	7.3%	3.4%	-2.4%	0.9%
173	Aon	Insurance	\$15,270	\$1,328	8.7%	9.5%	-7.9%	0.8%
174	United Technologies	Cap Goods	\$68,835	\$3,225	4.7%	6.9%	-5.8%	0.7%
175	JPMorgan Chase & Co.	Financials	\$136,012	\$13,380	9.8%	-1.8%	2.5%	0.7%
176	Thermo Fisher Scientific	Pharma	\$19,067	\$2,563	13.4%	0.2%	0.5%	0.6%
177	Loews	Insurance	\$16,235	\$837	5.2%	7.5%	-6.7%	0.3%
178	Parker Hannifin	Cap Goods	\$11,613	\$1,150	9.9%	15.2%	-13.0%	0.2%

2012 Corporate Buyback Scorecard: S&P 500 Companies

179	The Kroger Co.	Food and Staples	\$12,631	\$2,209	17.5%	5.0%	-4.6%	0.1%
180	People's United Financial	Banks	\$4,002	\$503	12.6%	-5.7%	6.1%	0.0%
181	Boston Scientific	Healthcare	\$8,104	\$743	9.2%	-4.9%	5.0%	-0.1%
182	Deere & Company	Cap Goods	\$32,165	\$3,148	9.8%	16.9%	-14.6%	-0.2%
183	L-3 Communications Holdings	Cap Goods	\$7,210	\$1,853	25.7%	-7.9%	7.9%	-0.6%
184	Ameriprise Financial	Financials	\$11,425	\$2,537	22.2%	10.9%	-10.5%	-0.8%
185	Leggett & Platt	Consumer Drbls	\$2,962	\$274	9.2%	1.5%	-2.5%	-1.0%
186	BMC Software	Software and Svcs	\$6,793	\$1,290	19.0%	5.0%	-5.8%	-1.1%
187	Becton, Dickinson and Company	Healthcare	\$15,152	\$2,950	19.5%	3.1%	-4.2%	-1.2%
188	Ryder System	Transportation	\$1,846	\$139	7.5%	3.6%	-4.6%	-1.2%
189	General Dynamics	Cap Goods	\$23,786	\$2,406	10.1%	-0.6%	-1.1%	-1.6%
190	Principal Financial Group	Insurance	\$7,873	\$760	9.7%	-0.6%	-1.6%	-2.2%
191	Assurant	Insurance	\$2,988	\$1,002	33.5%	3.5%	-6.1%	-2.8%
192	BlackRock	Financials	\$30,467	\$4,190	13.8%	4.5%	-7.0%	-2.9%
193	Cisco Systems	Tech Hardware	\$91,978	\$11,656	12.7%	-14.0%	12.7%	-3.1%
194	Entergy	Utilities	\$12,027	\$975	8.1%	-3.5%	0.2%	-3.3%
195	Forest Laboratories	Pharma	\$9,298	\$867	9.3%	12.2%	-13.8%	-3.3%
196	Walgreen Co.	Food and Staples	\$25,393	\$4,221	16.6%	0.7%	-4.1%	-3.4%
197	The Washington Post Company	Media	\$2,848	\$636	22.3%	-11.3%	8.6%	-3.7%
198	Emerson Electric Co.	Cap Goods	\$34,171	\$1,491	4.4%	2.5%	-6.4%	-4.1%
199	Republic Services	Comm and Prof Svcs	\$9,796	\$675	6.9%	-1.4%	-2.8%	-4.1%
200	Tenet Healthcare	Healthcare	\$2,168	\$400	18.4%	-4.8%	0.6%	-4.3%

Source: Fortuna Advisors Analysis using data from the Capital IQ database. Financial Data from June 2010 to June 2012. Includes the 491 members of the current S&P 500 that were public for the full period. Market Capitalization as of: 6/30/2012. Companies Included here if \$ Total Buyback / Market Capitalization is greater than 4%

How the S&P 500 Stack Up as Stock Repurchasers

(Companies: 201-253)

	COMPANY	INDUSTRY	MARKET CAPITALIZATION	\$ TOTAL BUYBACK	\$ TOTAL BUYBACK / MARKET CAP	BUYBACK STRATEGY	BUYBACK EFFECTIVENESS	BUYBACK ROI
	AVERAGE		\$26,593	\$2,644	11.9%	10.7%	-1.0%	9.7%
	MEDIAN		\$12,515	\$1,177	9.8%	9.6%	-2.2%	7.4%
201	Lincoln National	Insurance	\$6,242	\$752	12.0%	-10.7%	6.9%	-4.5%
202	Molson Coors Brewing Company	Food and Bev	\$7,497	\$321	4.3%	-0.5%	-4.4%	-4.9%
203	Kohl's	Retailing	\$10,908	\$3,935	36.1%	-4.3%	-1.4%	-5.6%
204	Corning	Tech Hardware	\$19,622	\$1,166	5.9%	-14.1%	9.8%	-5.6%
205	Dell	Tech Hardware	\$21,880	\$3,841	17.6%	-1.4%	-4.6%	-6.0%
206	Symantec	Software and Svcs	\$10,530	\$1,866	17.7%	0.6%	-6.5%	-6.0%
207	Lam Research	Semiconductors	\$7,694	\$1,169	15.2%	0.1%	-6.1%	-6.0%
208	SLM	Financials	\$7,663	\$909	11.9%	12.2%	-16.5%	-6.3%
209	The Bank of New York Mellon	Financials	\$26,180	\$1,577	6.0%	-11.5%	5.8%	-6.4%
210	Applied Materials	Semiconductors	\$14,669	\$1,518	10.3%	-5.8%	-1.1%	-6.8%
211	St. Jude Medical	Healthcare	\$12,515	\$1,700	13.6%	1.1%	-7.8%	-6.8%
212	Southwest Airlines Co.	Transportation	\$7,078	\$515	7.3%	-17.9%	12.9%	-7.3%
213	Oracle	Software and Svcs	\$145,010	\$7,016	4.8%	8.5%	-14.8%	-7.5%
214	Rockwell Collins	Cap Goods	\$7,158	\$1,053	14.7%	-5.4%	-2.4%	-7.7%
215	The Western Union Company	Software and Svcs	\$10,322	\$1,271	12.3%	3.2%	-11.2%	-8.4%
216	Mylan	Pharma	\$9,160	\$850	9.3%	3.1%	-11.2%	-8.5%
217	Cognizant Technology Solutions	Software and Svcs	\$18,269	\$847	4.6%	12.4%	-18.7%	-8.7%
218	Unum Group	Insurance	\$5,468	\$1,149	21.0%	-3.7%	-5.2%	-8.7%
219	Safeway	Food and Staples	\$4,363	\$3,181	72.9%	-6.5%	-2.9%	-9.2%
220	Hasbro	Consumer Drbls	\$4,392	\$720	16.4%	-3.7%	-6.1%	-9.6%
221	Xerox	Tech Hardware	\$10,607	\$1,099	10.4%	-10.1%	0.3%	-9.8%
222	J. C. Penney Company	Retailing	\$5,095	\$900	17.7%	5.2%	-14.2%	-9.8%
223	Life Technologies	Pharma	\$8,034	\$1,175	14.6%	-7.1%	-3.5%	-10.4%
224	International Game Technology	Consumer Svcs	\$4,649	\$525	11.3%	-10.5%	-0.5%	-10.9%

2012 Corporate Buyback Scorecard: S&P 500 Companies

225	Expeditors International of Washington	Transportation	\$8,231	\$393	4.8%	3.6%	-14.0%	-11.0%
226	The Mosaic Company	Materials	\$23,298	\$1,163	5.0%	2.0%	-13.4%	-11.7%
227	Devon Energy	Energy	\$23,451	\$3,070	13.1%	-1.4%	-11.0%	-12.2%
228	Avery Dennison	Comm and Prof Svcs	\$2,833	\$264	9.3%	-6.7%	-6.8%	-13.1%
229	Fluor	Cap Goods	\$8,344	\$930	11.2%	5.5%	-18.2%	-13.7%
230	NYSE Euronext	Financials	\$6,497	\$404	6.2%	-3.5%	-10.9%	-14.0%
231	Lexmark International	Tech Hardware	\$1,872	\$305	16.3%	-12.1%	-3.4%	-15.0%
232	CH Robinson Worldwide	Transportation	\$9,518	\$416	4.4%	3.7%	-18.5%	-15.4%
233	Staples	Retailing	\$8,994	\$1,171	13.0%	-18.6%	2.2%	-16.8%
234	Pitney Bowes	Comm and Prof Svcs	\$2,997	\$200	6.7%	-13.5%	-4.7%	-17.6%
235	Sears Holdings	Retailing	\$6,354	\$284	4.5%	-23.8%	6.8%	-18.6%
236	Legg Mason	Financials	\$3,694	\$695	18.8%	-9.4%	-11.0%	-19.4%
237	The Goldman Sachs Group	Financials	\$48,869	\$9,828	20.1%	-15.5%	-6.0%	-20.6%
238	SAIC	Software and Svcs	\$4,140	\$647	15.6%	-18.0%	-7.0%	-23.7%
239	NetApp	Tech Hardware	\$11,678	\$750	6.4%	-1.3%	-24.1%	-25.1%
240	FLIR Systems	Tech Hardware	\$3,007	\$253	8.4%	-12.8%	-16.6%	-27.3%
241	NRG Energy	Utilities	\$3,953	\$560	14.2%	-16.9%	-12.6%	-27.4%
242	Titanium Metals	Materials	\$1,981	\$82	4.1%	-13.4%	-17.0%	-28.1%
243	Apollo Group	Consumer Svcs	\$4,103	\$1,620	39.5%	-21.4%	-8.9%	-28.4%
244	Best Buy Co.	Retailing	\$7,124	\$2,515	35.3%	-28.7%	-2.4%	-30.4%
245	Cablevision Systems	Media	\$3,603	\$873	24.2%	-14.0%	-21.8%	-32.8%
246	Cliffs Natural Resources	Materials	\$7,023	\$290	4.1%	-1.8%	-32.9%	-34.1%
247	Hospira	Pharma	\$5,777	\$300	5.2%	-21.2%	-16.6%	-34.3%
248	Hewlett-Packard Company	Tech Hardware	\$39,654	\$15,575	39.3%	-31.3%	-5.1%	-34.7%
249	DeVry	Consumer Svcs	\$2,028	\$291	14.4%	-29.8%	-7.6%	-35.1%
250	Juniper Networks	Tech Hardware	\$8,637	\$1,010	11.7%	-17.7%	-21.7%	-35.6%
251	R.R. Donnelley & Sons Company	Comm and Prof Svcs	\$2,122	\$500	23.6%	-19.3%	-23.5%	-38.2%
252	Electronic Arts	Software and Svcs	\$3,926	\$600	15.3%	-9.9%	-35.7%	-42.0%
253	Netflix	Retailing	\$3,802	\$257	6.8%	-12.2%	-45.2%	-51.9%

2012 Corporate Buyback Scorecard: S&P 500 Companies

Source: Fortuna Advisors Analysis using data from the Capital IQ database. Financial Data from June 2010 to June 2012. Includes the 491 members of the current S&P 500 that were public for the full period. Market Capitalization as of: 6/30/2012. Companies Included here if \$ Total Buyback / Market Capitalization is greater than 4%
