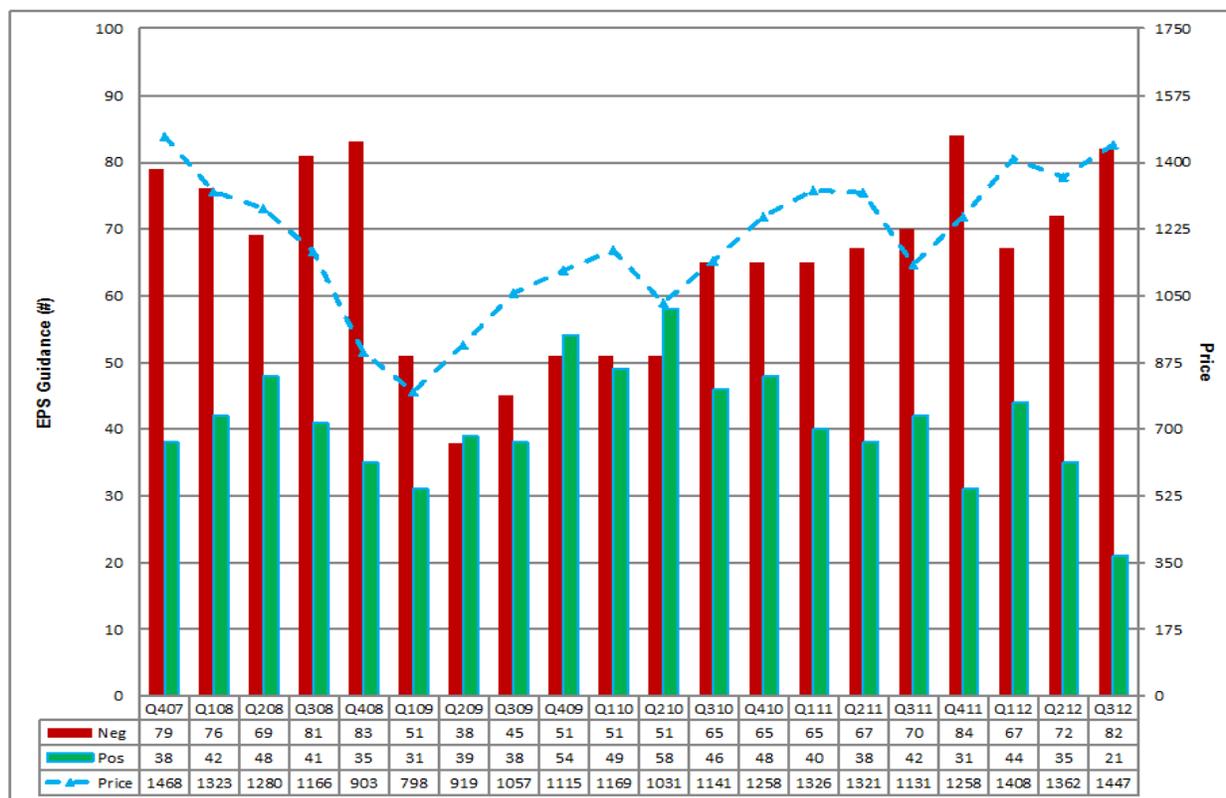


Key Metrics:

- + For Q3 2012, 82 companies have issued negative EPS guidance and 21 companies have issued positive EPS guidance. If the final percentage of companies issuing negative guidance is 80% (82 out of 103), it will be the highest percentage recorded for a quarter since FactSet began tracking guidance in Q1 2006.
- + For Q2 2012, 107 companies issued quarterly EPS guidance. Of these 107 companies, 69% reported actual EPS above guidance, 23% reported actual EPS below guidance, and 7% reported actual EPS equal to guidance. The percentage of companies reporting EPS above guidance is below the five-year average and the overall percentage for the S&P 500 for Q2 2012.
- + For the current fiscal year, 143 companies have issued negative EPS guidance and 105 companies have issued positive EPS guidance. The Materials, Financials, and Health Care sectors (with a minimum of ten companies) have the highest percentages of companies issuing negative guidance while the Utilities sector has the highest percentage of companies issuing positive guidance.
- + Over the past five years, companies that issued either quarterly or annual EPS guidance have outperformed companies that did not issue quarterly or annual EPS guidance.

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



Overview:

Small Number of Companies Issued EPS Guidance in September

September was a quiet month for guidance. For Q4 2012, nine companies in the S&P 500 issued quarterly EPS guidance during the month. All nine of these preannouncements were negative. The Consumer Discretionary (4) and Information Technology (3) sectors had the highest number of companies issue quarterly EPS guidance during the month.

For Q3 2012, five companies in the S&P 500 issued quarterly EPS guidance during the month. Of these five preannouncements, four were negative while one was positive. The Information Technology (2) and Industrials (2) sectors had the highest number of companies issue quarterly EPS guidance during the month.

For the current fiscal year, 15 companies in the S&P 500 issued annual EPS guidance during the month. Of these 15 preannouncements, seven were negative while eight were positive. The Consumer Staples (6) sectors had the highest number of companies issue annual EPS guidance during the month.

Q3 Guidance:

Highest Percentage (80%) of Negative Guidance to Date, But Average Stock Prices Are Flat

For Q3 2012, 82 companies have issued negative EPS guidance while 21 companies have issued positive EPS guidance. If 82 is the final number of companies issuing negative EPS guidance for the quarter, it will mark the third highest number for a quarter during the past five years, only trailing the numbers recorded in Q4 2011 (84) and Q4 2008 (83). If 21 is the final number of companies issuing positive guidance for the quarter, it will mark the lowest number of companies for a quarter since FactSet began tracking guidance in Q1 2006.

As a result, the overall percentage of companies issuing negative guidance for Q3 2012 stands at 80% (82 out of 103). If this is the final percentage for the quarter, it will be the highest percentage recorded since FactSet began tracking guidance data in Q1 2006. The Q4 2011 quarter currently has the record for the quarter that finished with the highest percentage of companies issuing negative EPS guidance (73%).

At the sector level (with a minimum of five companies issuing quarterly EPS guidance), the Health Care (100%) and Materials (100%) sectors have the highest percentages of companies that have issued negative EPS preannouncements, while the Consumer Staples (50%) and Industrials (44%) sectors have the highest percentage of companies that have issued positive EPS preannouncements.

Although the percentage of negative preannouncements is running at an all-time high, the market is not punishing the price performance of these stocks in the short term. For the 82 companies that have issued negative EPS guidance for Q3 2012 to date, the average price change (2 days before the guidance was issued through 2 days after the guidance was issued) was 0.0%. This percentage is above the average over the past five years of -1.8%. Just under half of the companies (36) that have issued negative guidance have recorded an increase in price during this time frame. Ten of these companies witnessed a double-digit increase in price.

For companies that have issued positive guidance, the story has been even better. Of the 21 companies that have issued positive EPS guidance for Q3 2012, the average price increase has been +6.7%. This percentage is also well above the average over the past five years of +2.6%.

On average, companies issued EPS guidance that was 10.5% below the mean EPS estimate. This difference is below the trailing 5-year average (-7.8%).

Q2 Guidance:

Lower Percentage (69%) of Companies Report Actual EPS above Guidance

For Q2 2012, 72 companies issued negative EPS guidance and 35 companies issued positive EPS guidance.

At the sector level (with a minimum of five companies issuing quarterly guidance), the Materials (78%) and Health Care (77%) sectors had the highest percentages of companies that issued negative EPS preannouncements, while the Consumer Staples (50%) and Consumer Discretionary (42%) sectors had the highest percentages of companies that issued positive EPS preannouncements.

At this point in time, all 107 companies that issued guidance for Q2 2012 reported actual results for Q2 2012. Of these 107 companies, 69% reported actual EPS above guidance, 23% reported actual EPS below guidance, and 7% reported actual EPS in line with guidance. These percentages were lower than the trailing 5-year average for companies issuing guidance, and slightly lower than the overall performance of the S&P 500 for Q2 2012. Of the companies that issued quarterly EPS guidance over the past five years, 78% reported EPS above guidance, 15% reported EPS below guidance, and 6% reported EPS in-line with guidance. Of the 497 companies in the S&P 500 that have reported earnings to date for Q2 2012, 70% have reported EPS above the mean estimate and 30% reported EPS below the mean EPS estimate.

Although fewer companies reported actual EPS above guidance for Q2 2012 relative to the 5-year average, companies surpassed estimates by a wider margin. On average, companies that issued quarterly guidance for Q2 reported an actual EPS number that was 8.8% above the guidance. Over the past five years, companies that issued quarterly EPS guidance reported an actual EPS number that was 4.5% above the guidance on average. A large upside earnings surprise reported by Netflix is mainly responsible for the unusually high surprise factor for companies that have issued guidance. Netflix reported actual EPS of \$0.11, compared to the mid-point of the EPS guidance range of \$0.02. Excluding Netflix, the average surprise percentage falls to 4.7%.

Fiscal Year Guidance:

Materials Sector (67%) Has Highest Percentage of Negative Guidance

For the current fiscal year, 143 companies have issued negative EPS guidance and 106 companies have issued positive EPS guidance. Relative to last month, there was no change in the number of companies issuing negative EPS guidance for the current fiscal year, while the number of companies issuing positive EPS guidance increased by one.

At the sector level (with a minimum of ten companies issuing guidance), the Materials (67%), Financials (65%), and Health Care (64%) sectors have the highest percentages of companies issuing negative EPS preannouncements, while the Utilities (59%) sector has the highest percentage of companies issuing positive EPS preannouncements.

FedEx Corp. is an example of a company that issued annual EPS guidance during the month of September. The company stated earnings for FY 2013 would be between \$6.20 and \$6.60 per share on September 18, compared to the mean EPS estimate of \$6.91. This was the second time since the start of 2012 that FedEx Corp. provided EPS guidance for the year.

Performance:

Companies Providing Guidance Outperform Companies Not Providing Guidance

Using FactSet's Alpha Testing, one can compare the cumulative performance of companies (on a market-cap weighted basis) that issued quarterly or annual EPS guidance to companies (on a market-cap weighted basis) that did not issue quarterly or annual EPS guidance to the benchmark of the S&P 500. Over the past five years, companies that issued quarterly EPS guidance outperformed the S&P 500 by just over 23%, while companies that did not issue quarterly EPS guidance underperformed the index by just under 7%. Over the same time frame (trailing 5 years), companies that issued annual EPS guidance outperformed the S&P 500 by under 9%, while companies that did not issue annual EPS guidance underperformed the index by just under 10%.

Definitions / Methodology

All guidance numbers in this report reflect EPS guidance, with the exception of companies that are classified as part of the REIT industry. For these companies FFO guidance is used in place of EPS guidance.

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

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

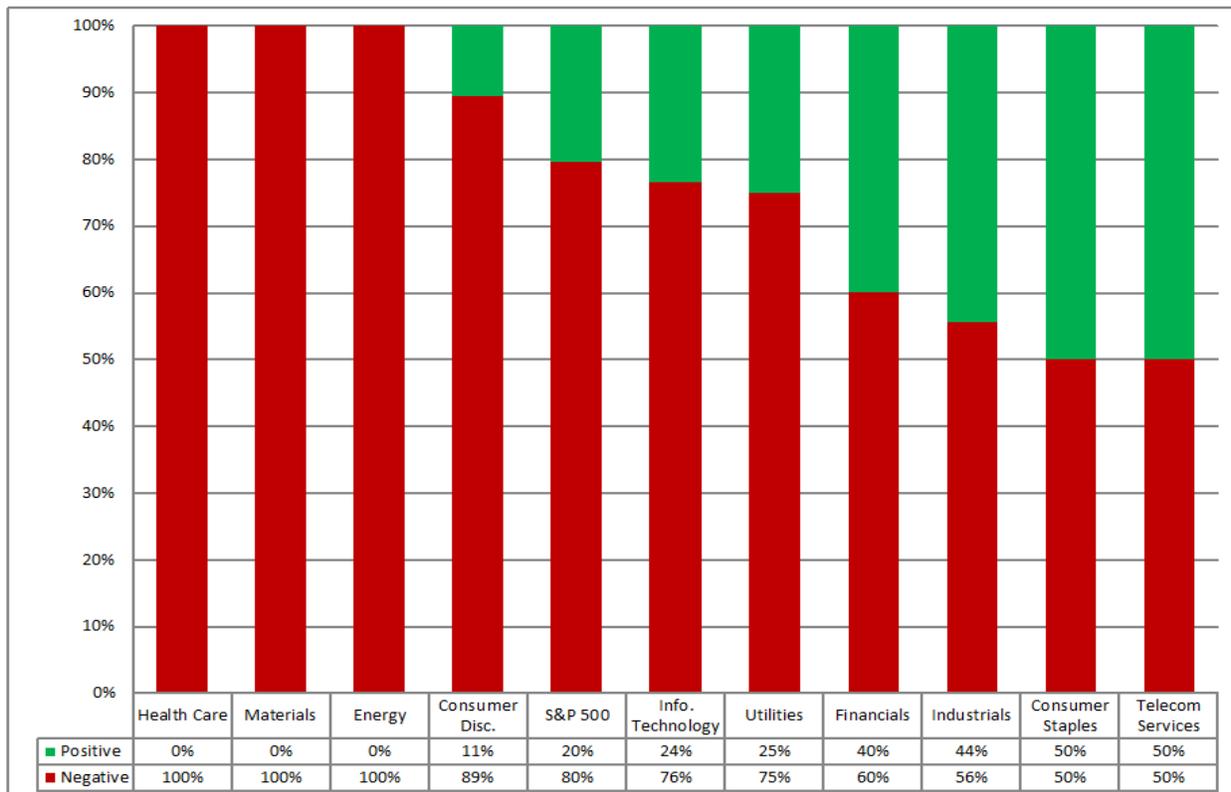
Guidance is classified as positive if the estimate (or mid-point of a range of estimates) provided by the company is higher than the mean EPS estimate the day before the guidance was issued.

Q3 2012: Sector-Level Guidance

Number of Negative & Positive Preannouncements

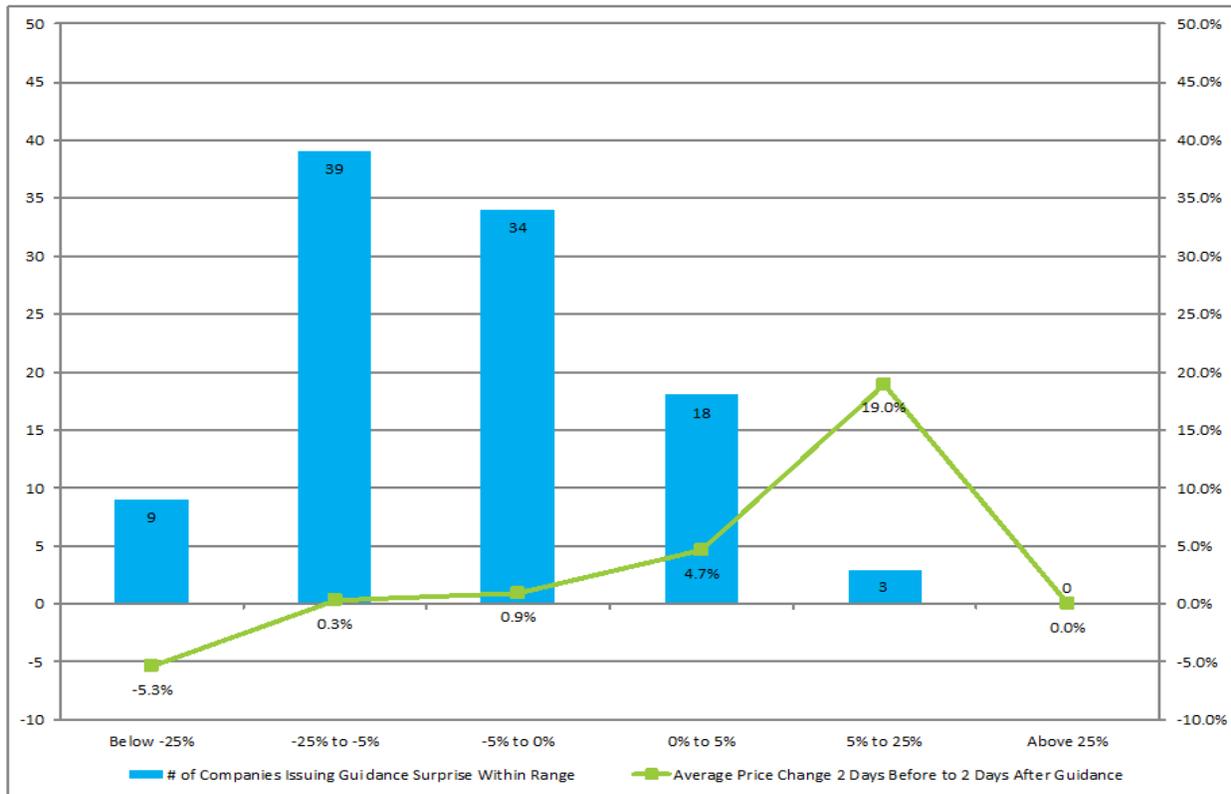
Sector	Negative (#)	Positive (#)	Negative (%)	Positive (%)
Consumer Disc.	17	2	89%	11%
Consumer Staples	3	3	50%	50%
Energy	3	0	100%	0%
Financials	3	2	60%	40%
Health Care	13	0	100%	0%
Industrials	5	4	56%	44%
Info. Technology	26	8	76%	24%
Materials	8	0	100%	0%
Telecom Services	1	1	50%	50%
Utilities	3	1	75%	25%
S&P 500	82	21	80%	20%

Percentage of Negative & Positive Preannouncements

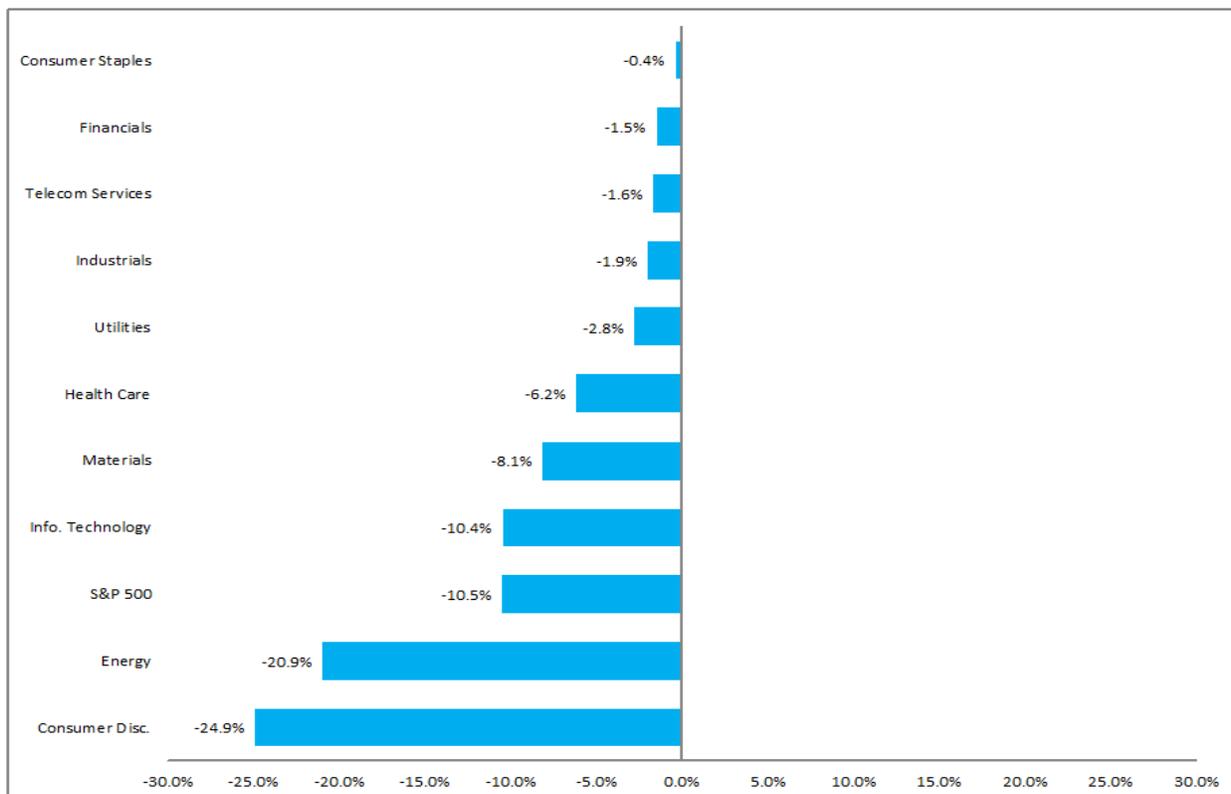


Q3 2012: Guidance vs. Mean Estimate

Difference between Guidance and Mean Estimate vs. Price

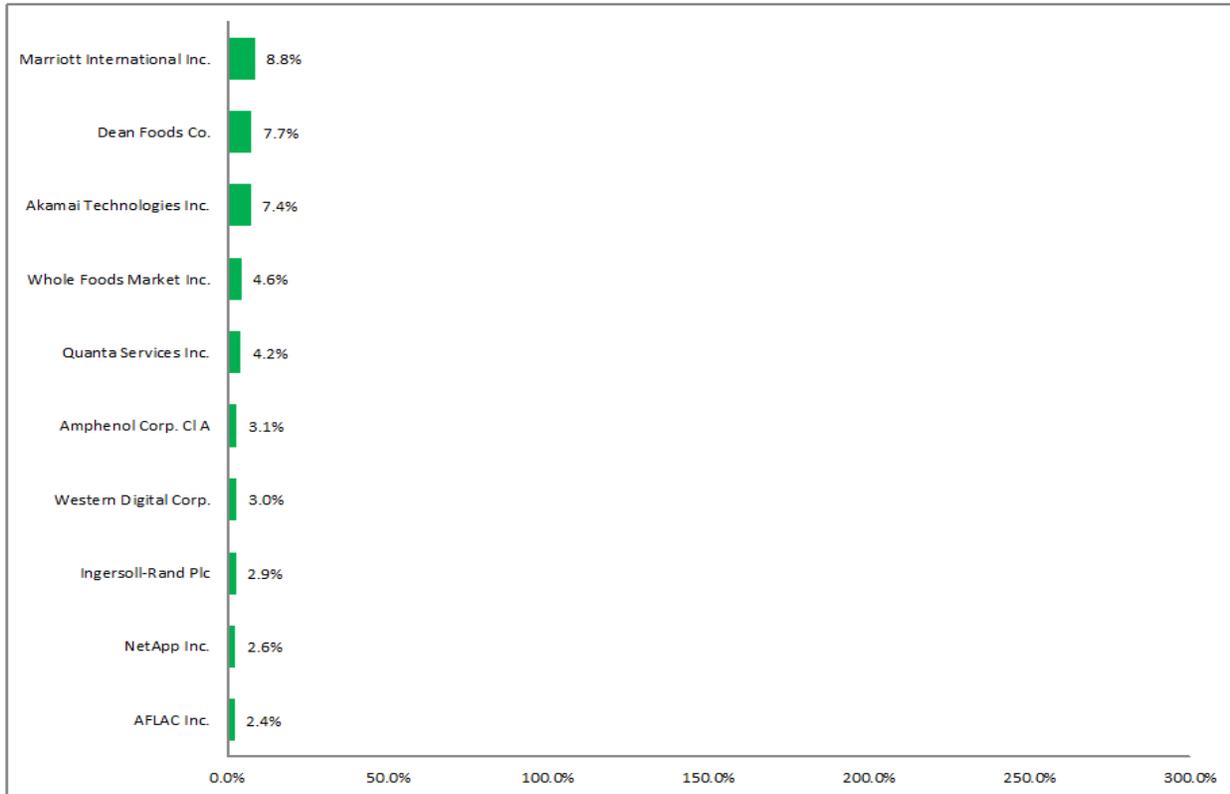


Difference between Guidance and Mean Estimate: Sector-Level Average

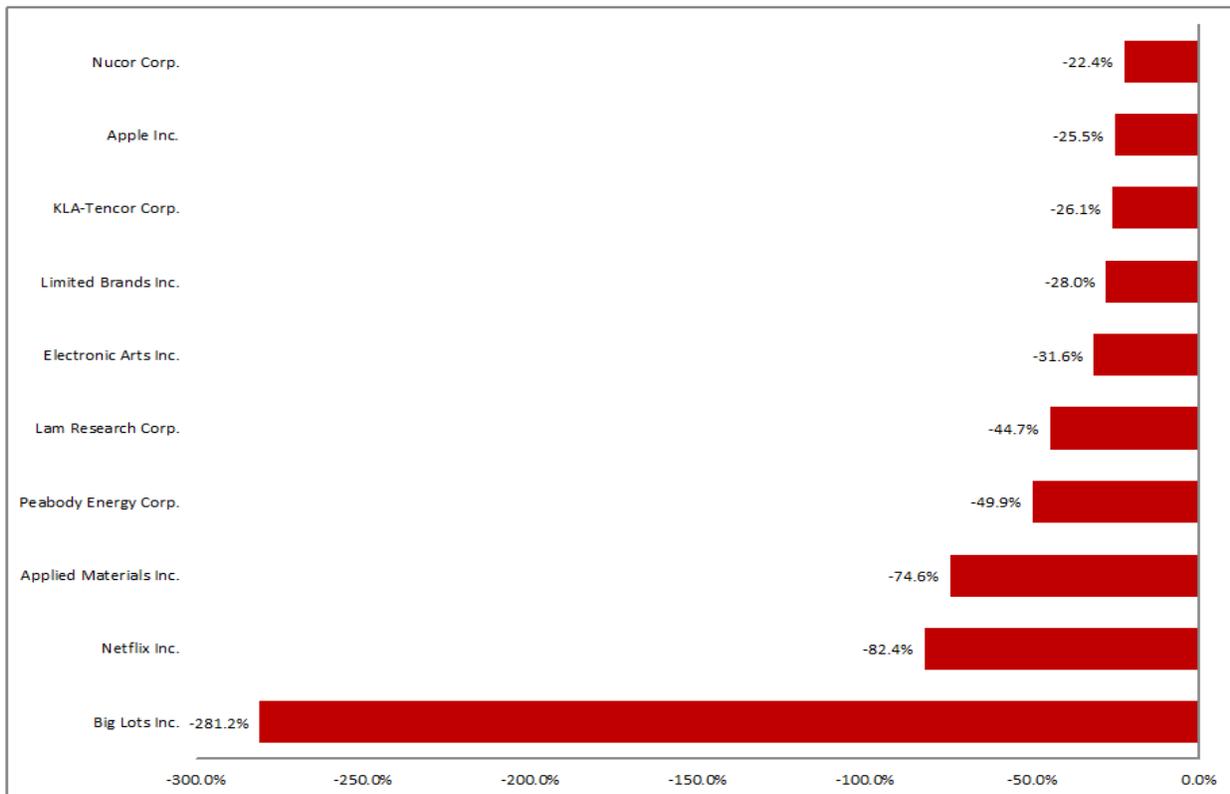


Q3 2012: Guidance vs. Mean Estimate

Upside Difference between Guidance and Mean Estimate: Top 10



Downside Difference between Guidance and Mean Estimate: Top 10

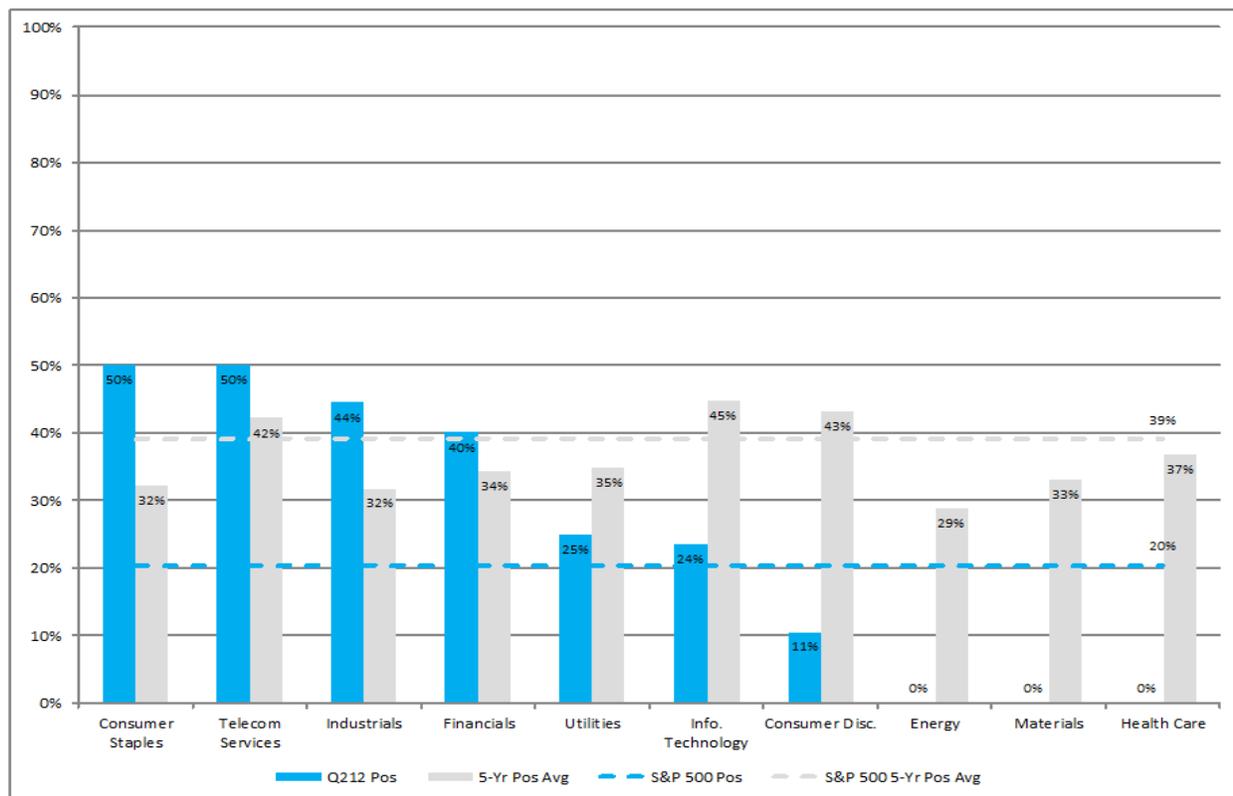


Q3 2012: Guidance vs. 5-Year Average

Number of Positive Preannouncements vs. 5-Year Average

Sector	Positive (#)	5-Year Avg. #	Diff. (#)	Diff. (%)
Consumer Disc.	2.0	9.6	-7.6	-79%
Consumer Staples	3.0	1.9	1.1	58%
Energy	0.0	0.9	-0.9	-100%
Financials	2.0	2.4	-0.4	-15%
Health Care	0.0	4.7	-4.7	-100%
Industrials	4.0	3.8	0.3	7%
Info. Technology	8.0	14.5	-6.5	-45%
Materials	0.0	3.1	-3.1	-100%
Telecom Services	1.0	0.8	0.3	33%
Utilities	1.0	0.4	0.6	150%
S&P 500	21.0	41.8	-20.8	-50%

Percentage of Positive Preannouncements vs. 5-Year History

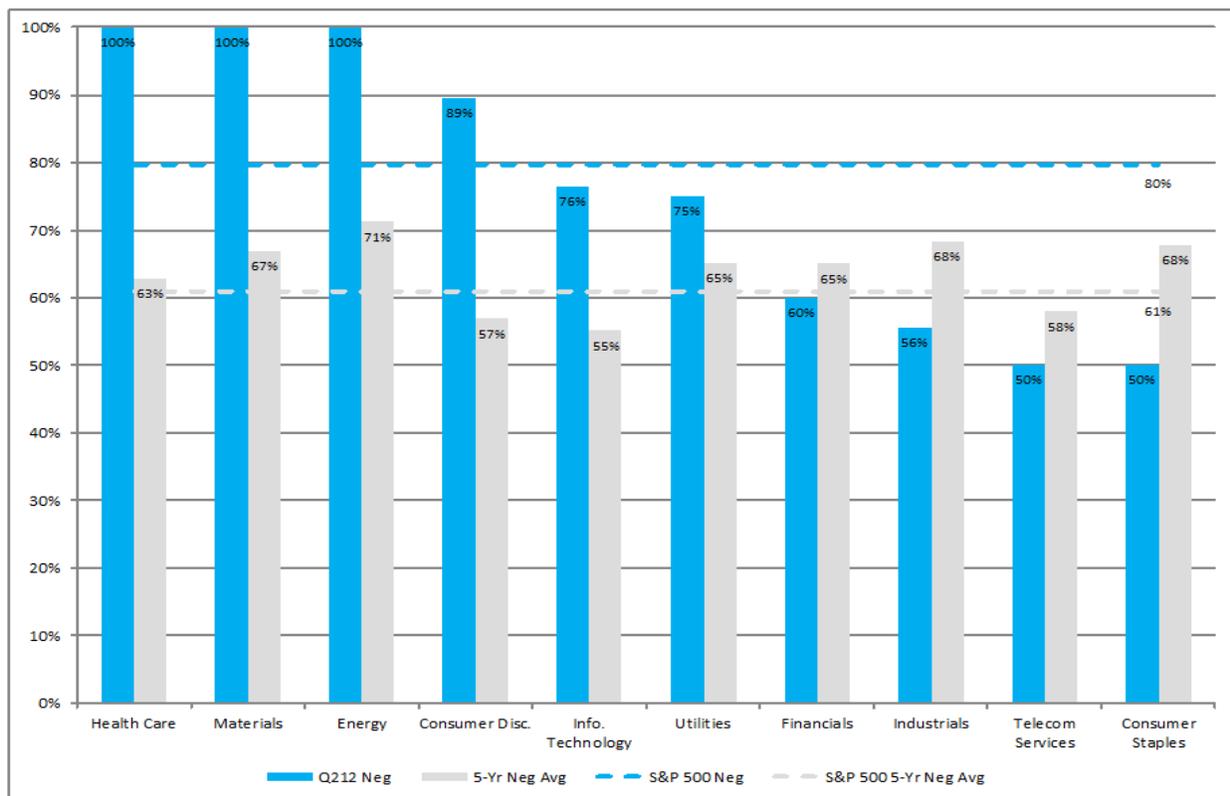


Q3 2012: Guidance vs. 5-Year Average

Number of Negative Preannouncements vs. 5-Year Averages

Sector	Negative (#)	5-Year Avg. #	Diff. (#)	Diff. (%)
Consumer Disc.	17.0	12.6	4.4	35%
Consumer Staples	3.0	4.0	-1.0	-25%
Energy	3.0	2.1	0.9	43%
Financials	3.0	4.5	-1.5	-33%
Health Care	13.0	8.0	5.0	63%
Industrials	5.0	8.1	-3.1	-38%
Info. Technology	26.0	17.9	8.2	46%
Materials	8.0	6.2	1.9	30%
Telecom Services	1.0	1.4	-0.4	-29%
Utilities	3.0	0.6	2.5	445%
S&P 500	82.0	65.2	16.9	26%

Percentage of Negative Preannouncements vs. 5-Year Averages

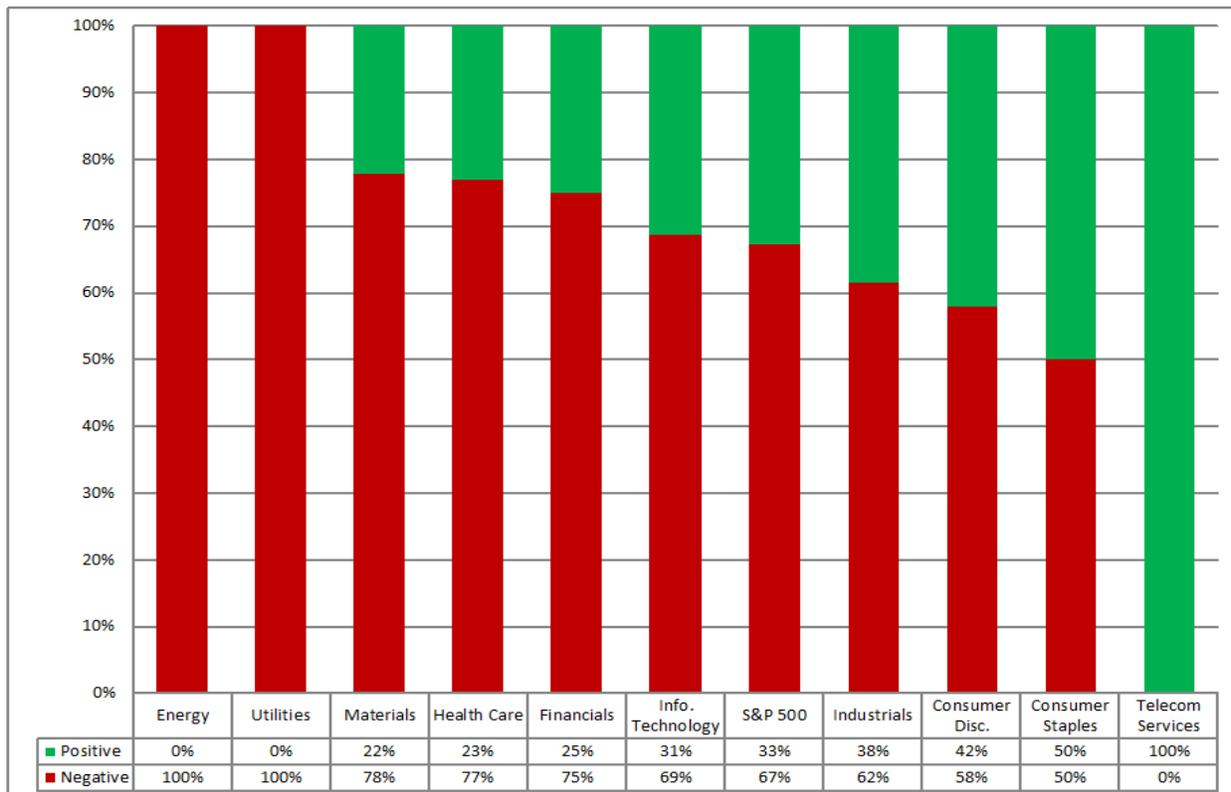


Q2 2012: Sector-Level Guidance

Number of Negative & Positive Preannouncements

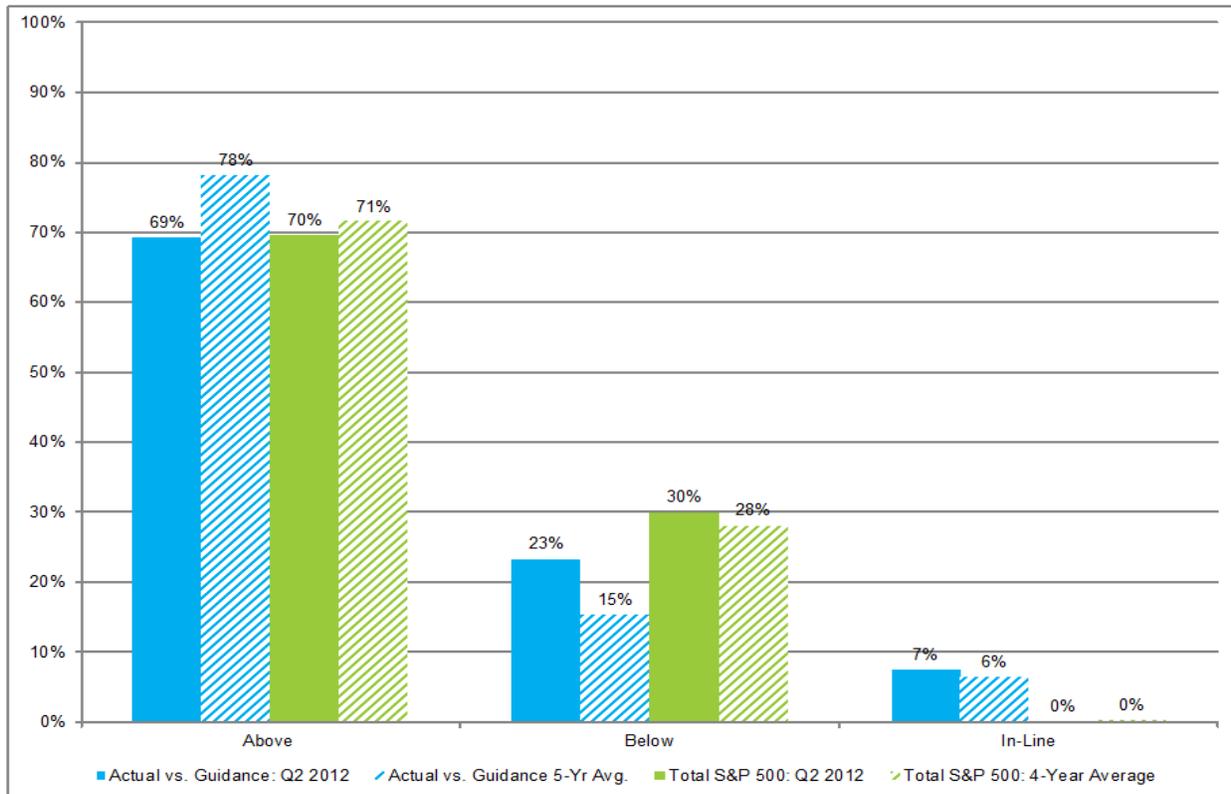
Sector	Negative (#)	Positive (#)	Negative (%)	Positive (%)
Consumer Disc.	11	8	58%	42%
Consumer Staples	3	3	50%	50%
Energy	4	0	100%	0%
Financials	3	1	75%	25%
Health Care	10	3	77%	23%
Industrials	8	5	62%	38%
Info. Technology	24	11	69%	31%
Materials	7	2	78%	22%
Telecom Services	0	2	0%	100%
Utilities	2	0	100%	0%
S&P 500	72	35	67%	33%

Percentage of Negative & Positive Preannouncements

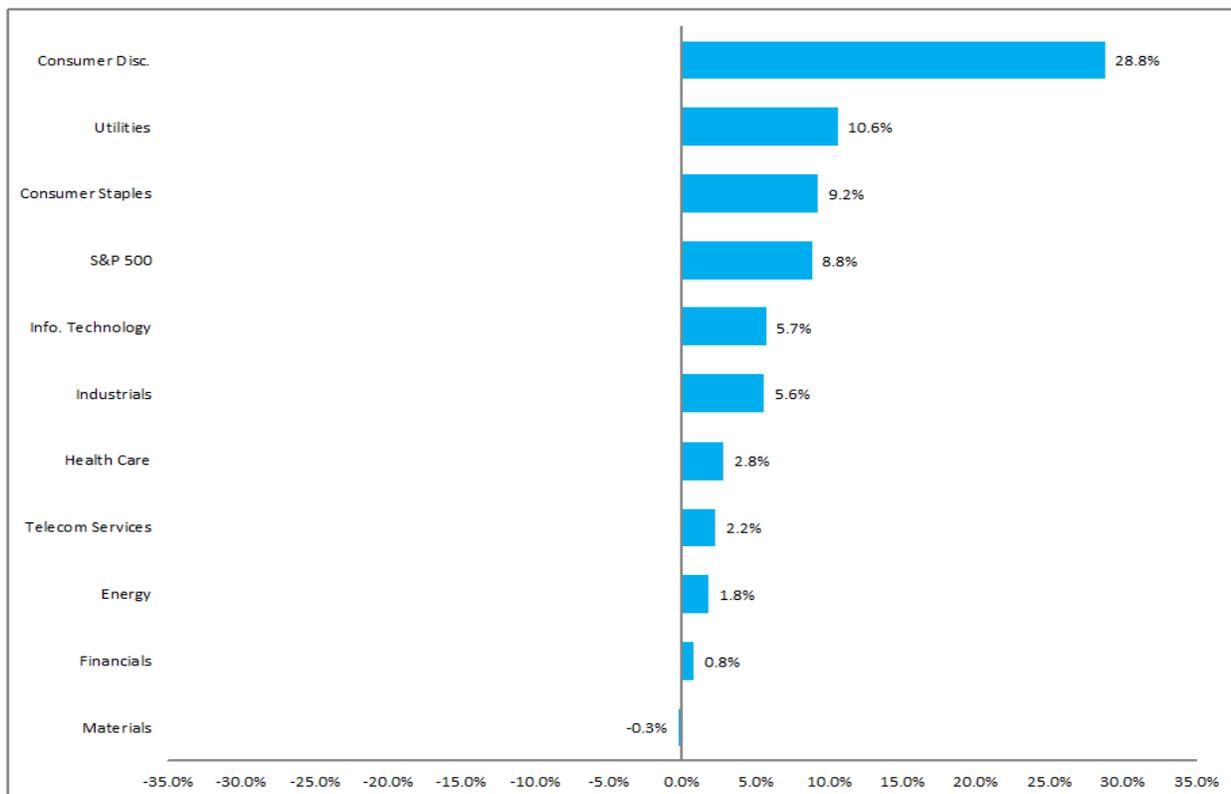


Q2 2012: Actual vs. Guidance

Actual vs. Guidance

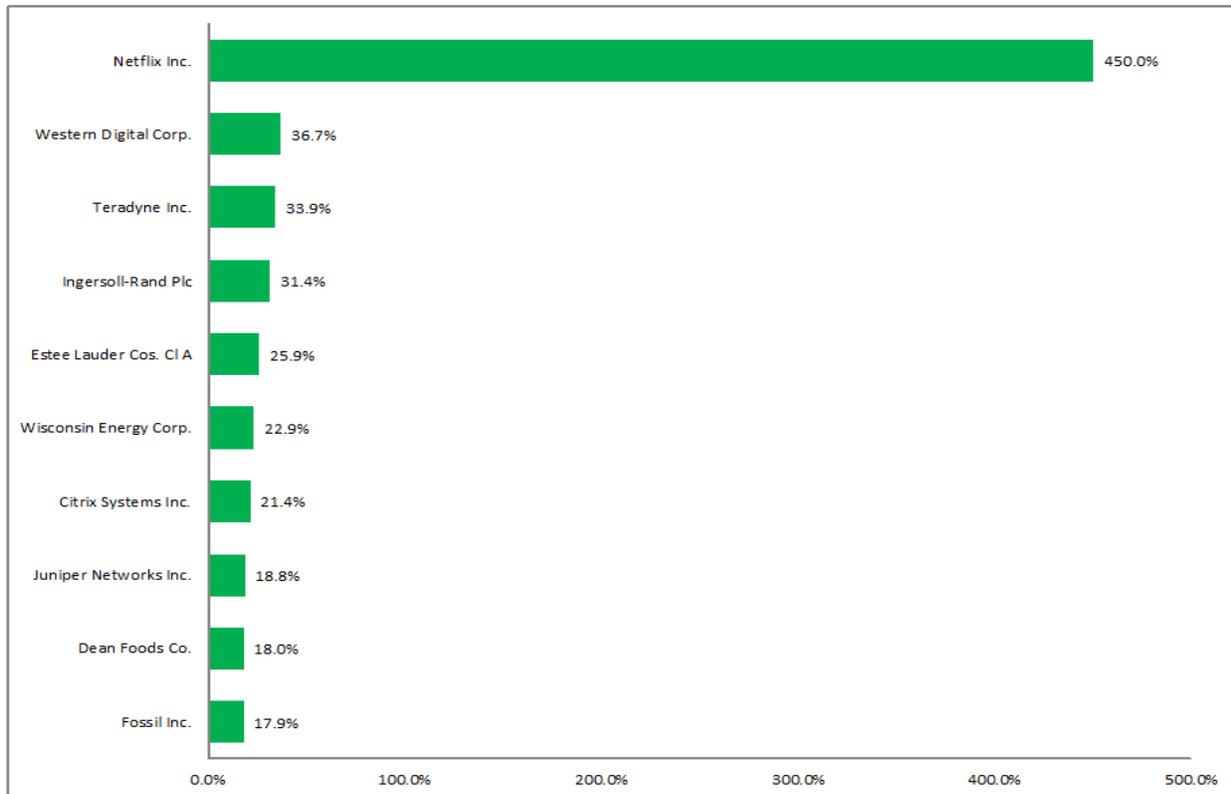


Actual vs. Guidance: Sector-Level Average

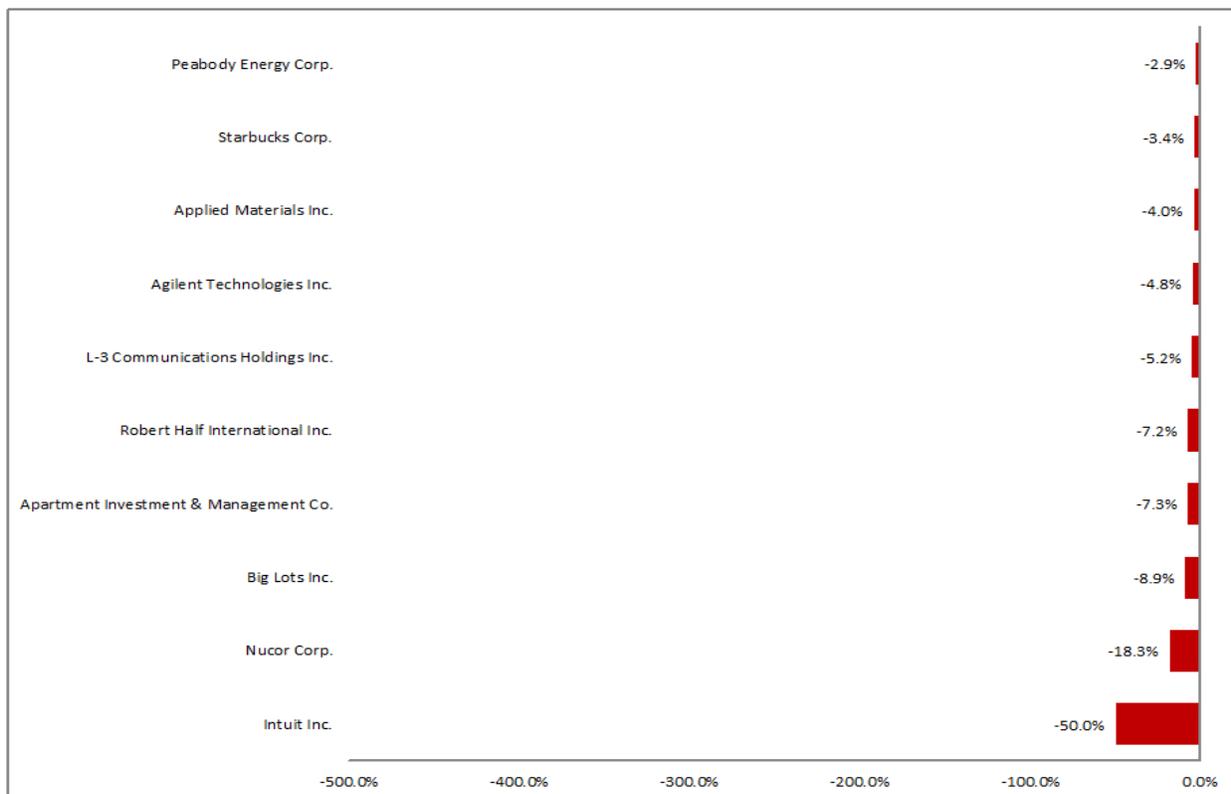


Q2 2012: Actual vs. Guidance

Upside Difference between Actual & Guidance: Top 10



Downside Difference between Actual & Guidance: Top 10

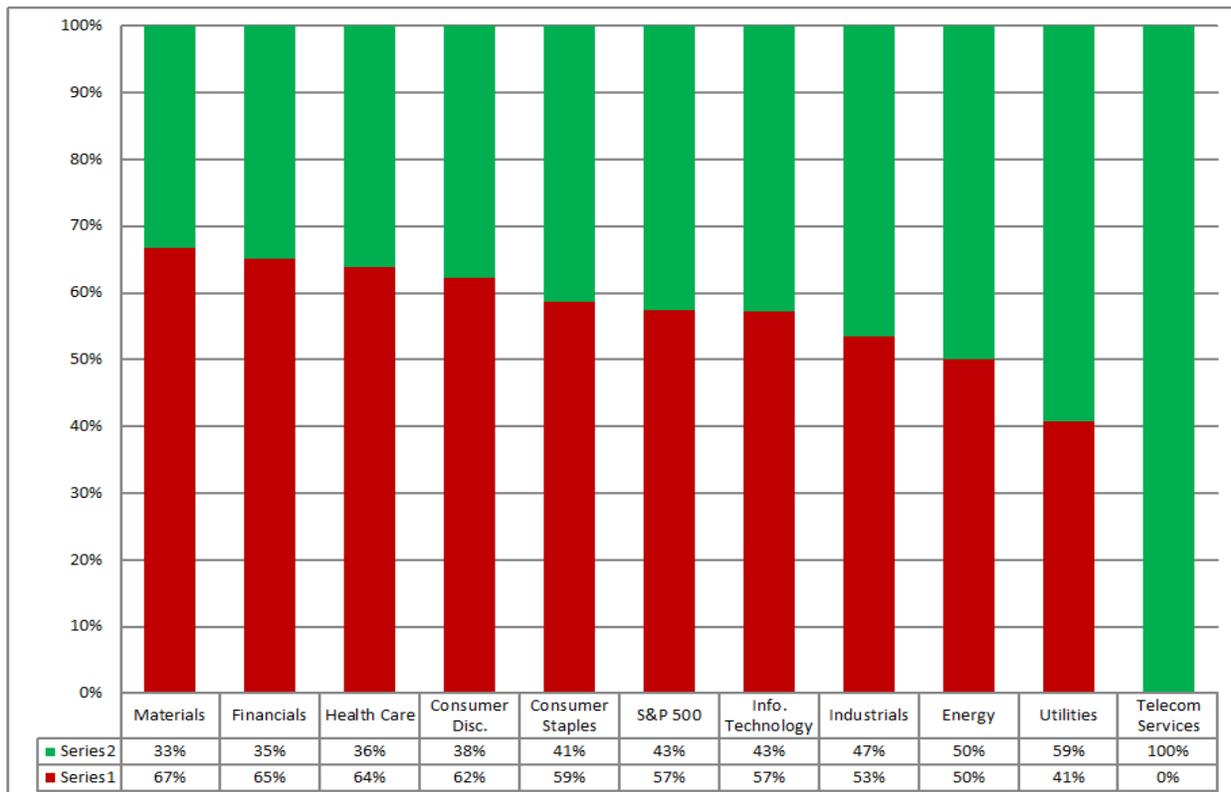


Current FY: Sector-Level

Number of Positive & Negative Preannouncements

Sector	Negative (#)	Positive (#)	Negative (%)	Positive (%)
Consumer Disc.	23	14	62%	38%
Consumer Staples	17	12	59%	41%
Energy	2	2	50%	50%
Financials	13	7	65%	35%
Health Care	30	17	64%	36%
Industrials	23	20	53%	47%
Info. Technology	16	12	57%	43%
Materials	8	4	67%	33%
Telecom Services	0	2	0%	100%
Utilities	11	16	41%	59%
S&P 500	143	106	57%	43%

Percentage of Positive & Negative Preannouncements

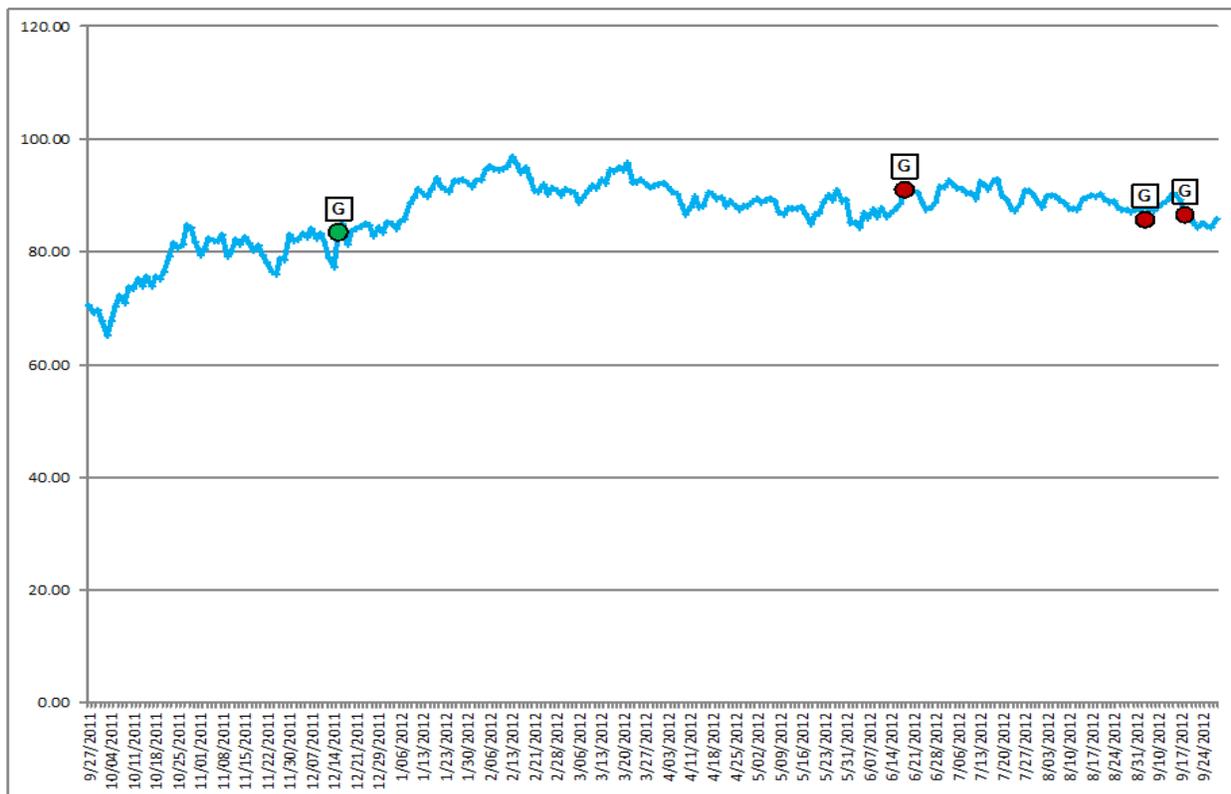


Current FY: Company-Level Data (GPS)

Guidance: Data Items

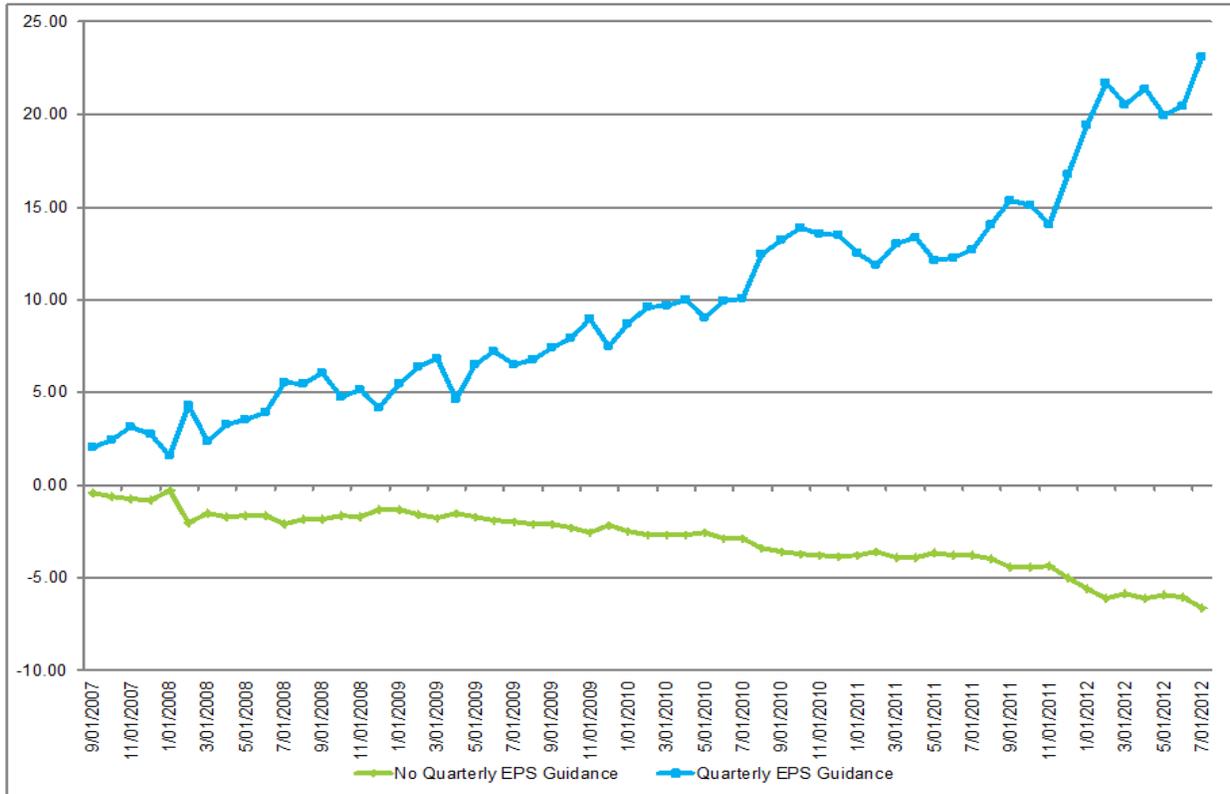
Date Issued	Fiscal Prd	Item	Guid (Avg)	Mean
18-Sep-12	FY2012E	EPS - Non GAAP	6.40	6.91
18-Sep-12	FY2012E	Capital Expenditures	3900.00	3881.87
18-Sep-12	FY2012E	EPS	6.40	6.91
18-Sep-12	FY2012E	Profit Warning		
05-Sep-12	FY2012E	Sales	43000.00	44599.41
19-Jun-12	FY2012E	EPS - Non GAAP	7.15	7.39
19-Jun-12	FY2012E	Capital Expenditures	3900.00	3843.45
19-Jun-12	FY2012E	EPS	7.15	7.39
15-Dec-11	FY2012E	Capital Expenditures	3800.00	3565.70

Guidance vs. Price

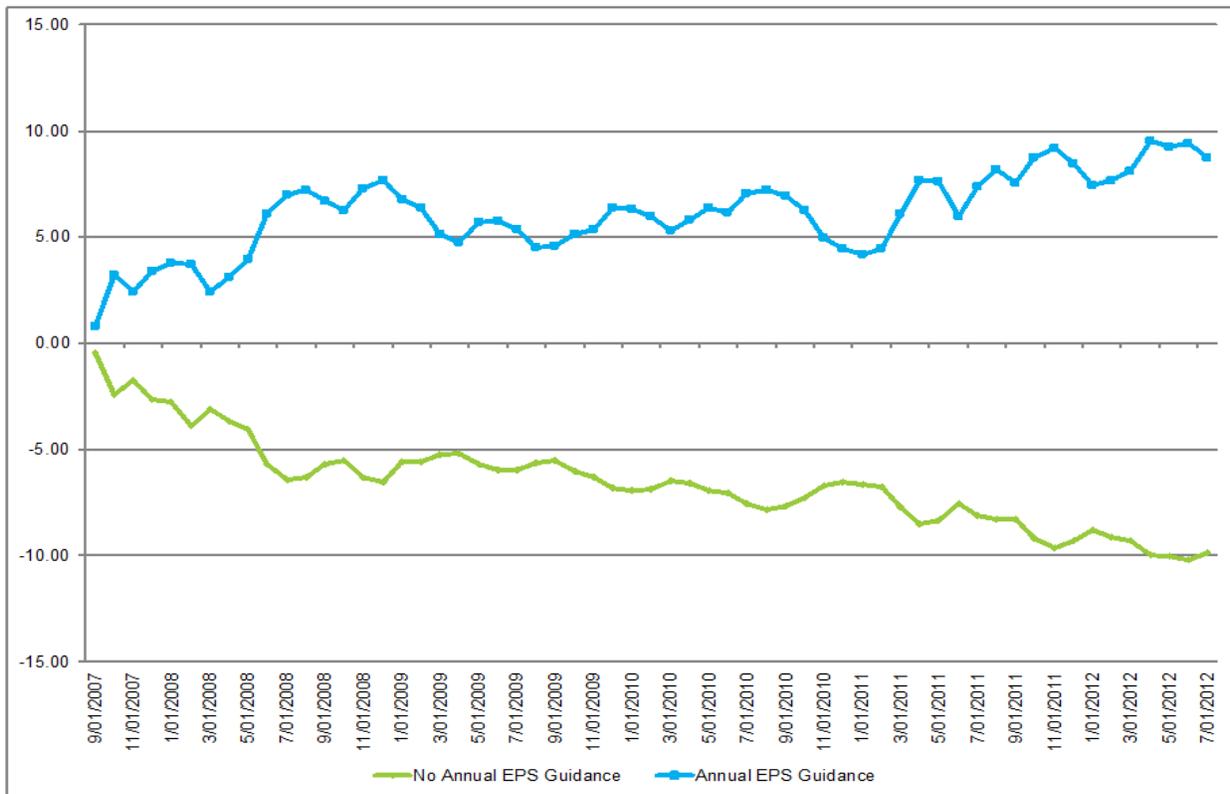


Performance: Guidance vs. No Guidance

Cumulative Performance: Quarterly EPS Guidance / No Quarterly EPS Guidance vs. S&P 500



Cumulative Performance: Annual EPS Guidance / No Annual EPS Guidance vs. S&P 500



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