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SHARE REPURCHASE MONTHLY INVESTMENT BANKING

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Investment Banking Contacts:

Ethan Creo
ecreo@guzman.com
305.416.5324

Bill Robertson
wrobertson@guzman.com
646.979.1169

Ruslan Magdeev
rmagdeev@guzman.com
305.416.5354

REPURCHASE MARKET UPDATE: November 2016

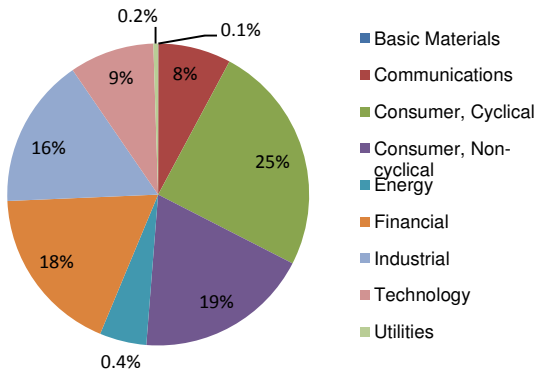
SHARE REPURCHASE:

With the world focusing on the Elections, share repurchase activity flew under the radar in November. Yet, the month was busy in both number and volume of new buyback authorizations, including an impressive 24 announcements greater than \$1BN. Perhaps the most notable was Facebook's maiden voyage into the buyback world, with a \$6BN authorization.

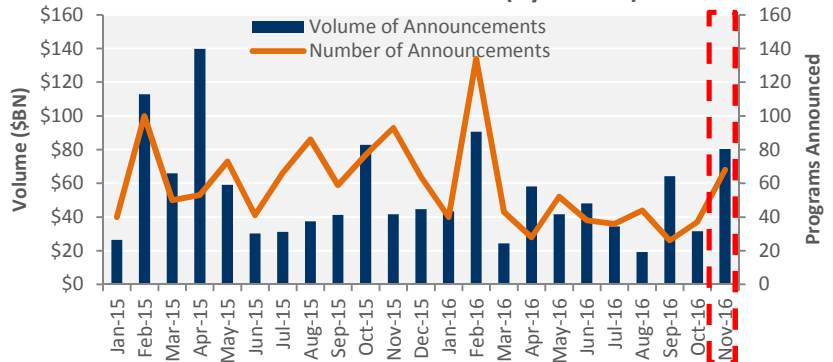
- 24 announcements of \$1BN+, 11 \$2BN+, and two \$10BN+.
- 68 companies announced share repurchase plans greater than \$25MM in November, representing ~\$80BN in volume.
- New share repurchase authorizations for November were led by CVS (\$15BN), followed by Union Pacific (\$11.8BN) and Facebook (\$6BN).

NOVEMBER ANNOUNCEMENTS AND VOLUME

November Announcements (by volume):



Volume and Announcements (by month):

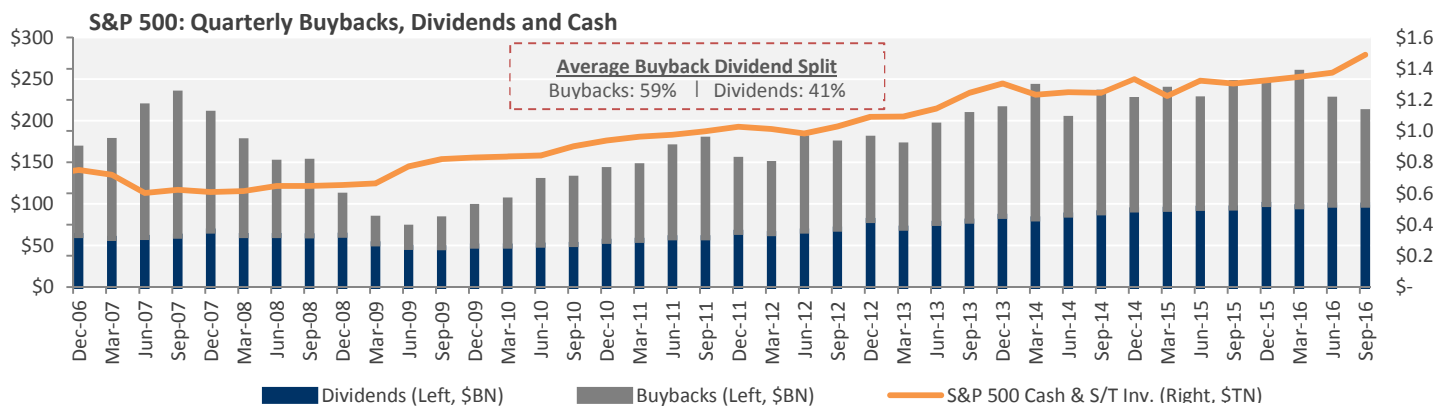


NOVEMBER TOP SHARE REPURCHASE ANNOUNCEMENTS

Ann Date	Company	Ann Amt (\$MM)	Mkt Cap (\$MM)	% of Mkt Cap Ann'd	Mult of 30d ADTV	% Px chg +1 day	% Px chg +5 days
11/8/16	CVS Health Corp	\$15,000	\$78,415	19.1%	21.7x	-9.7%	-12.3%
11/17/16	Union Pacific Corp	\$11,857	\$81,431	14.6%	27.7x	1.6%	2.5%
11/18/16	Facebook Inc	\$6,000	\$338,093	1.8%	2.0x	2.9%	1.6%
11/2/16	Allergan plc	\$5,000	\$78,355	6.4%	4.3x	-8.4%	-0.4%
11/2/16	American International Group Inc	\$3,000	\$64,828	4.6%	7.5x	-3.1%	-2.0%
11/10/16	MetLife Inc	\$3,000	\$59,068	5.1%	7.4x	4.6%	5.1%
11/10/16	ConocoPhillips	\$3,000	\$55,484	5.4%	8.0x	-4.0%	-5.7%
11/9/16	Marsh & McLennan Cos Inc	\$2,500	\$34,498	7.2%	14.9x	2.4%	1.8%
11/10/16	NVIDIA Corp	\$2,000	\$36,257	5.5%	1.7x	25.7%	31.0%
11/14/16	HCA Holdings Inc	\$2,000	\$26,955	7.4%	6.9x	5.6%	3.3%
11/17/16	Yum! Brands Inc	\$2,000	\$22,299	9.0%	10.8x	3.0%	3.2%
11/21/16	Citigroup Inc	\$1,750	\$158,274	1.1%	1.2x	0.2%	-0.9%
11/17/16	Fiserv Inc	\$1,576	\$22,804	6.9%	12.1x	0.8%	2.2%
11/1/16	Quintiles IMS Holdings Inc	\$1,500	\$17,623	8.5%	10.4x	2.2%	5.2%
11/8/16	Baxter International Inc	\$1,500	\$26,152	5.7%	7.0x	-3.6%	-5.5%
Mean		\$4,112	\$73,369	7.2%	9.6x	1.4%	1.9%
Median		\$2,500	\$55,484	6.4%	7.5x	1.6%	1.8%

A REVIEW OF Q3 2016 SHARE REPURCHASES

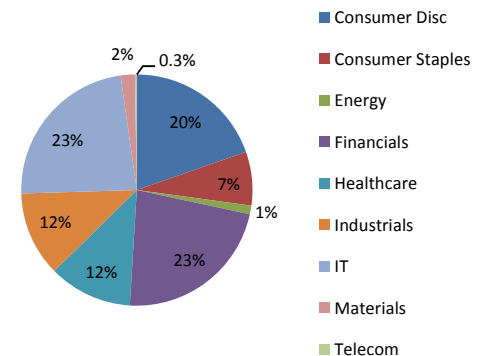
For a second consecutive quarter buybacks and total shareholder return trended downward. The quarterly buyback amount of \$112BN is down -12% Q/Q and -25% Y/Y. The dip has been driven by a few of the heavy hitters (i.e. AAPL, AGN, MCD, etc.) easing off the gas in the second half of the year. Expect to see a reversal in the first half of 2017 with current cash levels at record highs coupled with new large authorizations already announced at the end of 2016 (BA, FB, GOOGL, etc.). Additionally, there's a common belief out there that any Trump administration "repatriation holiday" for the \$1TN+ cash sitting overseas could lead to a huge influx in buybacks.



Q3'16 Buybacks:

- In Q3'16, total shareholder return (buybacks and dividends) in the S&P 500 was \$210BN, down 14% Y/Y, yet still above 5 and 10 year averages.
- The average split between buybacks and dividends for the quarter was 53% to 47%, respectively, less weighted to buybacks than in recent quarters.
- All but three S&P sectors saw a dip in quarterly buybacks, with particularly large decreases from the Tech and Industrials sectors.
- Apple remained the biggest buyer but pared back amounts to \$6BN. Microsoft and General Electric continue among the most active, repurchasing \$4.4BN and \$3.7BN, respectively.

Q3'16 Sector Breakdown



Largest S&P 500 Q3'16 Buybacks:

Company	Sector	Q3'16	LTM	5-YEAR	10-YEAR
Apple	Information Technology	\$6.0	\$29.7	\$132.8	\$132.8
Microsoft	Information Technology	\$4.4	\$15.6	\$50.5	\$117.1
General Electric	Industrials	\$3.7	\$19.7	\$36.2	\$61.4
Allergan plc	Healthcare	\$2.7	\$2.8	\$3.2	\$3.2
Citigroup	Financials	\$2.5	\$7.1	\$14.6	\$17.8
Corning	Information Technology	\$2.4	\$5.2	\$12.7	\$13.5
JPMorgan	Financials	\$2.3	\$8.1	\$24.5	\$43.7
American Intern'l Group	Financials	\$2.3	\$11.7	\$37.8	\$44.8
Johnson & Johnson	Healthcare	\$2.2	\$8.9	\$36.8	\$54.7
Oracle	Information Technology	\$2.2	\$9.8	\$46.7	\$58.6
Yum! Brands	Consumer Discretionary	\$2.1	\$4.5	\$7.6	\$11.7
Home Depot	Consumer Discretionary	\$2.1	\$6.5	\$31.5	\$51.3
McDonald's	Consumer Discretionary	\$2.0	\$11.2	\$23.7	\$41.2
Wells Fargo	Financials	\$1.8	\$8.1	\$34.1	\$45.6
Visa	Information Technology	\$1.7	\$7.2	\$20.6	\$39.7
Walt Disney	Consumer Discretionary	\$1.6	\$7.5	\$27.2	\$46.4
Cisco Systems	Information Technology	\$1.4	\$4.3	\$26.5	\$63.4
Wal-Mart Stores	Consumer Staples	\$1.4	\$8.6	\$23.9	\$58.5
Bank of America	Financials	\$1.4	\$4.6	\$11.1	\$18.1
Comcast	Consumer Discretionary	\$1.4	\$4.7	\$20.3	\$30.2
Top 20		\$47.5	\$185.8	\$622.3	\$954.0
S&P 500		\$112.2	\$547.0	\$2,488.6	\$4,276.5

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