

Dividends Set Record in 2007

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Companies in the S&P 500 paid a record \$27.73 a share in dividends in 2007, and Standard & Poor's expects that amount to rise 9.3% in 2008.

S&P said the 11.5% increase in the average per-share dividend from 2006 to 2007 resulted in a total of \$246.6 billion in dividend payments. Dividends in 2008 are expected to reach \$30.30 a share.

"While we have concern over the deterioration within the financials sector, we believe that the vast majority of S&P 500 companies will continue their long history of dividend increases in 2008," said Howard Silverblatt, senior index analyst at S&P.

Taxes on most types of corporate dividends were lowered to 15% in 2003 and are scheduled to stay at that tax rate through 2008. The move helped make dividend payments -- along with stock buybacks -- more attractive to companies as they began accumulating large cash piles amid a rebounding economy and earnings growth.

S&P data show that corporate buybacks have outpaced dividends in aggregate dollars and growth. "The growth in dividends appears to be negatively impacted by the large expenditures on buybacks in 2007," Mr. Silverblatt said. "However, we are encouraged that 11 companies in the S&P 500 chose to initiate a dividend payment in 2007, bringing the total to 389, a level not seen in seven years."

S&P 500 companies are more likely than others to pay cash dividends: 78% versus 39% of non-S&P 500 companies. In 2007, more than 60% of the S&P 500 increased their dividend payout compared with less than 28% of non-S&P 500 companies, Mr. Silverblatt said. S&P keeps a list of S&P 500 members that have increased their actual dividend payments in each of the past 25 years. For 2008, it added five companies -- [Aflac Inc.](#), [Avery Dennison Corp.](#), [Exxon Mobil Corp.](#), [Integrus Energy Group Inc.](#) and [Pitney Bowes Inc.](#) -- to the list of 58 and subtracted three: [Altria Group](#), [First Horizon National Corp.](#) and [SLM Corp.](#)

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