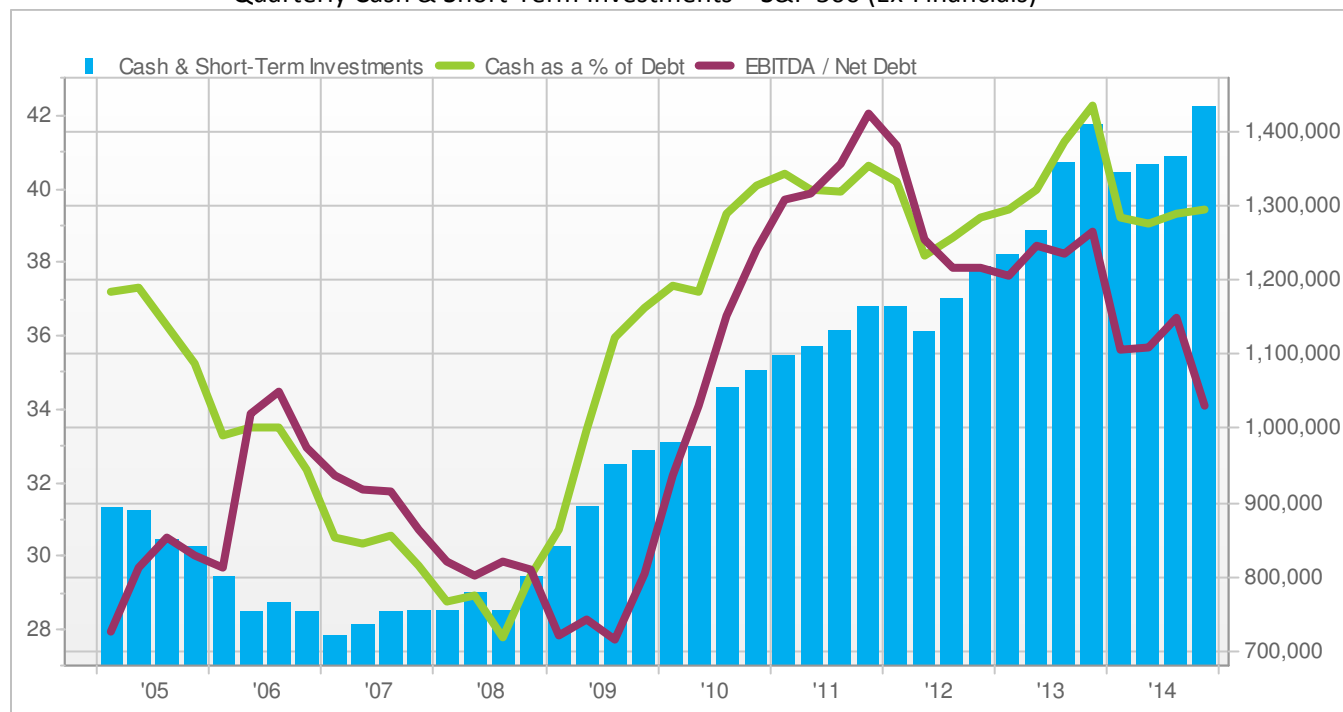


## Key Metrics:

- + **Aggregate Cash:** The S&P 500 (ex-Financials) cash and marketable securities balance was \$1.43 trillion at the end of Q4 (January), which marked a record-high cash balance for the index (ex-Financials).
- + **Capital Expenditures:** Capital expenditures (“CapEx”) grew 6.0% year-over-year in Q4. Over the next 12 months, capital expenditures are expected to decline by 3.4% year-over-year.
- + **Net Shareholder Distributions:** Shareholder distributions in the form of dividends and net repurchase of stock increased 1.7% year-over-year to \$175.4 billion in Q4. This quarter marked just the 2nd time in the past 9 quarters in which shareholder distributions did not record double-digit growth.

Quarterly Cash & Short-Term Investments – S&P 500 (Ex-Financials)



Cash & Investments Quarterly is one part of three reports ([Buyback Quarterly](#) and [Dividend Quarterly](#)) analyzing cash and discretionary spending within US large-cap companies. The other reports can be found at <http://www.factset.com/insight> or within the FactSet Market News application of your FactSet workstation. All data published in this report is available on FactSet. Please contact [media\\_request@factset.com](mailto:media_request@factset.com) or 1-877-FACTSET for more information.

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## Cash Balances Hit New Record, While Cap Ex Projected to Fall

### Cash Balances Hit New Record High

Cash & short-term investments (“cash”) in the S&P 500 (ex-Financials) settled at a balance of \$1.43 trillion at the end of Q4 (January), which marked a record-high balance for the index. The previous record balance was \$1.41 billion, set in Q4 2013.

### Consumer Staples and Health Care Sectors Record Largest Percentage Increases in Cash

In terms of year-over-year growth in cash balances at the sector level, six sectors witnessed an increase in cash balances, led by the Consumer Staples and Health Care sectors. Four sectors saw a drop in cash balances, led by the Telecom Services sector.

The Consumer Staples sector saw the largest rise in cash balances for Q4 at 18.7%. This sector had the 5<sup>th</sup> highest cash balance (ex-Financials) at \$112.8 billion at the end of the quarter. Walgreens Boots Alliance was the largest contributor to the increase in cash for this sector. The newly combined company (Walgreen and Boots Alliance) recorded an \$11.9 billion increase in cash relative to the year-ago quarter, when Walgreen was a stand-alone company. Other companies in the sector that recorded substantial increases in cash included Sysco Corporation (+\$4.5 billion) and Procter & Gamble (+\$3.7 billion).

The Health Care sector recorded the second highest jump in cash balances for Q4 at 18.0%. This sector had the second highest cash balance (ex-Financials) at \$237.1 billion at the end of the quarter. Gilead Sciences was the largest contributor to the increase in cash for this sector, as the company recorded an \$8.0 billion increase in cash relative to the year-ago quarter. Other companies in the sector that recorded substantial increases in cash included Amgen Inc. (+\$7.6 billion) and Becton, Dickinson and Company (+\$6.3 billion).

On the other hand, the Telecom Services sector had the largest decrease in cash balances for Q4 at -62%. This sector also had the lowest cash balance (ex-Financials) at \$23.1 billion. Verizon was the largest contributor to the decline in cash for the sector, as the company recorded a \$43.0 billion drop in cash balances compared to the year-ago quarter.

### Microsoft and General Electric Hold Largest Cash Balances At End of Q4.

At the company level (ex-Financials), Microsoft (\$90.2 billion) and General Electric (\$90.2 billion) had the largest cash balances at the end of the fourth quarter. Five of the ten companies with the highest cash balances at the end of the quarter were in the Information Technology sector.

### Capital Expenditures Projected to Decline by 3.4% over Next 12 Months

#### Year-Over-Year Decline of 3.4% in CapEx Predicted for Next 12 Months, Led by Energy sector

On a forward 12-month basis (as of January 31), capital expenditures (“CapEx”) for companies in the S&P 500 (ex-Financials) are expected to fall by 3.4%. Four sectors are projected to report a year-over-year decline in CapEx during this time, led by the Energy sector (-13.5%). The other three sectors predicted to see year-over-year decreases in CapEx during this period are the Telecom Services (-4.5%), Utilities (-2.5%), and Materials (-1.4%) sectors. On the other hand, six sectors are projected to report year-over-year increases in CapEx, led by the Information Technology (+6.3%) and Health Care (+5.2%) sectors.

### Capital Expenditures Increased by 6.0% in Q4 2015

On a quarterly basis, capital expenditures (“CapEx”) for the S&P 500 (ex-Financials) grew by 6.0% year-over-year to \$183.9 billion in Q4 2015.

At the sector level, eight sectors reported an increase in CapEx, led by the Energy, Consumer Discretionary, and Information Technology sectors.

Despite falling oil prices, the Energy sector recorded the largest growth in CapEx at 15.8%. This sector also spent the largest dollar amount on CapEx of all ten sectors in the index at \$63.8 billion. At the company level, Southwestern Energy Company was the main driver of the increase in CapEx spending for the sector, as the company reported a 971.8% year-over-year increase in CapEx for the quarter. Southwestern Energy spent 5.628 billion on CapEx in Q4 2015, compared to \$525 million in the year-ago quarter.

The Consumer Discretionary sector witnessed the second highest growth in CapEx at 11.3%. This sector spent the second largest dollar amount on CapEx in Q4 2015 at \$23.4 billion. At the company level, General Motors was a substantial contributor to the increase in CapEx spending for the sector, as the company reported a 56.5% year-over-year increase in CapEx (to \$3.6 billion from \$2.3 billion) for the quarter.

The Information Technology sector reported the third highest growth in CapEx at 10.4%. This sector spent the fourth largest dollar amount on CapEx for the quarter at \$17.9 billion. At the company level, Google and Apple were the key drivers of the increase in CapEx for the sector. Apple reported a 59.7% year-over-year increase in CapEx (to \$3.2 billion from \$2.0 billion), while Google reported a 57.5% year-over-year increase in CapEx (to \$3.6 billion from \$2.3 billion).

At the company level, Chevron (\$10.0 billion) and Exxon Mobil (\$8.9 billion) were the largest spenders on CapEx during the fourth quarter. Four of the ten companies that spent the largest amounts on CapEx during the quarter were in the Energy sector.

#### **Shareholder Distributions Grow 1.7% in Q4**

Shareholder distributions in the form of dividends and net repurchase of stock increased by 1.7% year-over-year to \$175.4 billion in Q4. This marked the just the 2nd time in the past 9 quarters that year-over-year shareholder distributions did not grow by double-digits.

At the sector level, the Consumer Discretionary sector reported the highest growth in distributions (23.9%), while the Information Technology sector paid out the largest aggregate sum (\$52.2 billion).

At the company level, Apple (\$7.8 billion) and Exxon Mobil (\$6.2 billion) were the largest spenders on shareholder distributions as of the end of Q4.

#### **Net Debt Issuance: 3<sup>rd</sup> Highest Quarter in Past 10 Years**

Net debt issued is the measure of aggregate, net funds from issuance (reduction) of debt and increases (decreases) in capitalized lease obligations. It also includes the increases in debt from acquisitions and the decreases in debt from the conversion of debentures into common stock.

In Q4 2015, companies issued \$89.4 billion in net debt. This marked the third highest total for a quarter over the past 10 years, trailing only Q4 2008 (\$98.2 billion) and Q3 2013 (\$95.2 billion). A number of sectors issued net debt in Q4 2014 that ran well above their 10-year averages for a quarter, including the Energy (\$23.6 billion vs \$4.5 billion), Consumer Discretionary (\$20.8 billion vs. \$3.4 billion), Telecom Services (\$11.4 billion vs. \$1.1 billion) and industrials (\$8.7 billion vs. \$607 million) sectors.

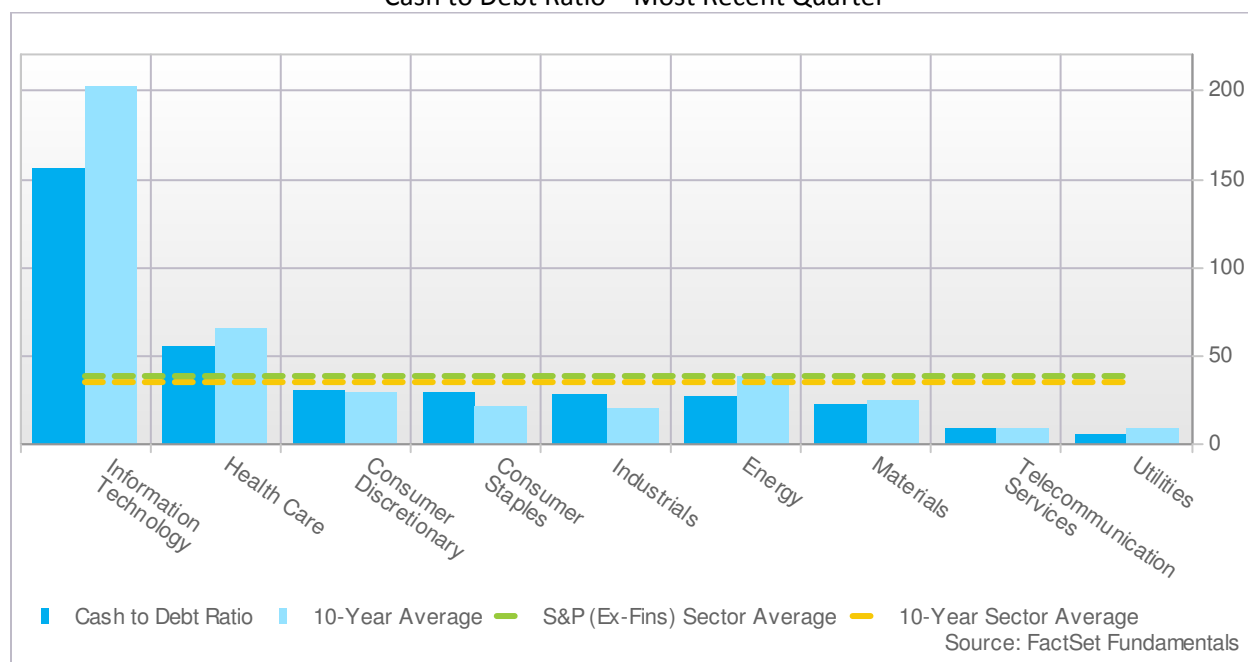
Cash as a percentage of debt was 39.4% at the end of Q4. While this percentage was below the percentage one year-ago (42.3%), it was slightly above the percentage recorded in the previous quarter (39.3%) and also above the 10-year average (36.1%) for the S&P 500 (ex-Financials).

## Cash & Short-Term Investments:

Within this report, cash, cash & equivalents, and cash & short-term investments are used interchangeably. Also, companies in the Financials sector have been excluded throughout this report.

All aforementioned and forthcoming values are in millions, unless otherwise designated. Data is generally organized by adjusted calendar quarters. Adjusted calendar quarters are mapped with Q2 capturing fiscal periods ending in May, June, and July.

Cash to Debt Ratio – Most Recent Quarter



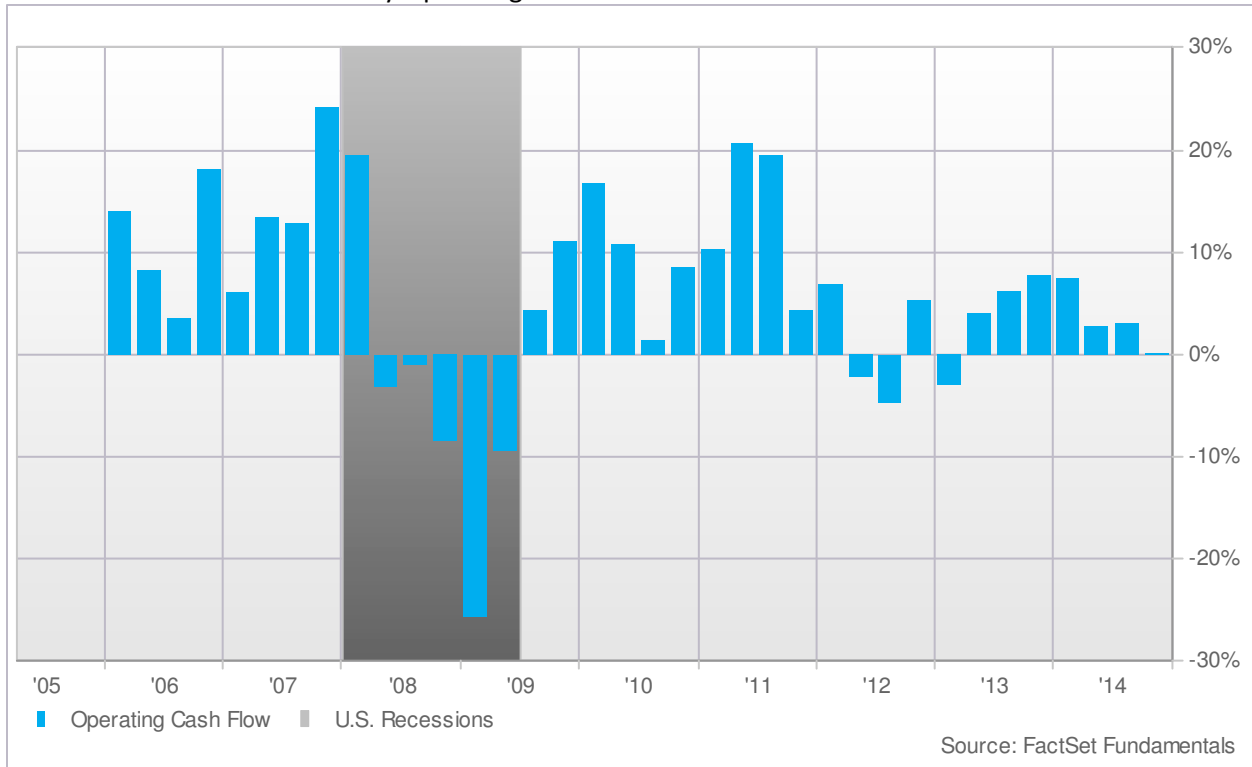
Top 10 Companies by Cash and Short-Term Investments (ex-Financials and Managed Health Care)

Company	Sector	Cash (Qtr)	1 Year Growth	Cash to Debt	1 Yr Total Return
Microsoft Corporation	Information Technology	\$90,249	7.5%	318.8%	12.5%
General Electric Co.	Industrials	\$90,230	1.8%	24.7%	3.0%
Google Inc. Class A	Information Technology	\$64,395	9.7%	1229.6%	(6.5%)
Cisco Systems, Inc.	Information Technology	\$53,022	12.7%	258.4%	34.9%
Oracle Corporation	Information Technology	\$44,733	21.0%	137.8%	13.5%
Pfizer Inc.	Health Care	\$36,122	11.5%	98.5%	12.6%
Johnson & Johnson	Health Care	\$33,089	13.3%	176.4%	9.3%
Apple Inc.	Information Technology	\$32,463	(20.3%)	89.2%	72.0%
Ford Motor Company	Consumer Discretionary	\$31,150	(14.8%)	26.1%	11.0%
General Motors Co.	Consumer Discretionary	\$29,514	(2.4%)	63.0%	14.4%
<b>S&amp;P 500 (Ex-Financials)*</b>	-	<b>\$1,433,880</b>	<b>2.3%</b>	<b>39.4%</b>	<b>13.7%</b>

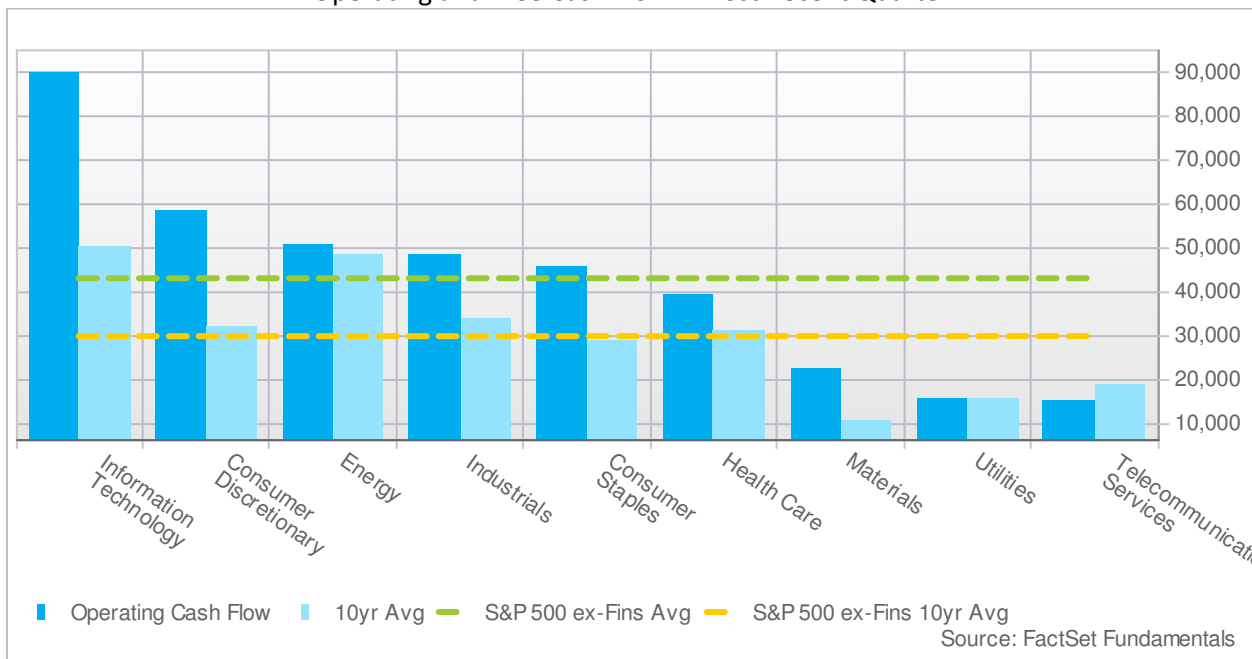
\*Total return provided for the S&P 500 is for the entire 500 index (does not exclude the Financials sector).

## Operating and Free Cash Flows

Quarterly Operating Cash Flow – Year-over-Year % Growth

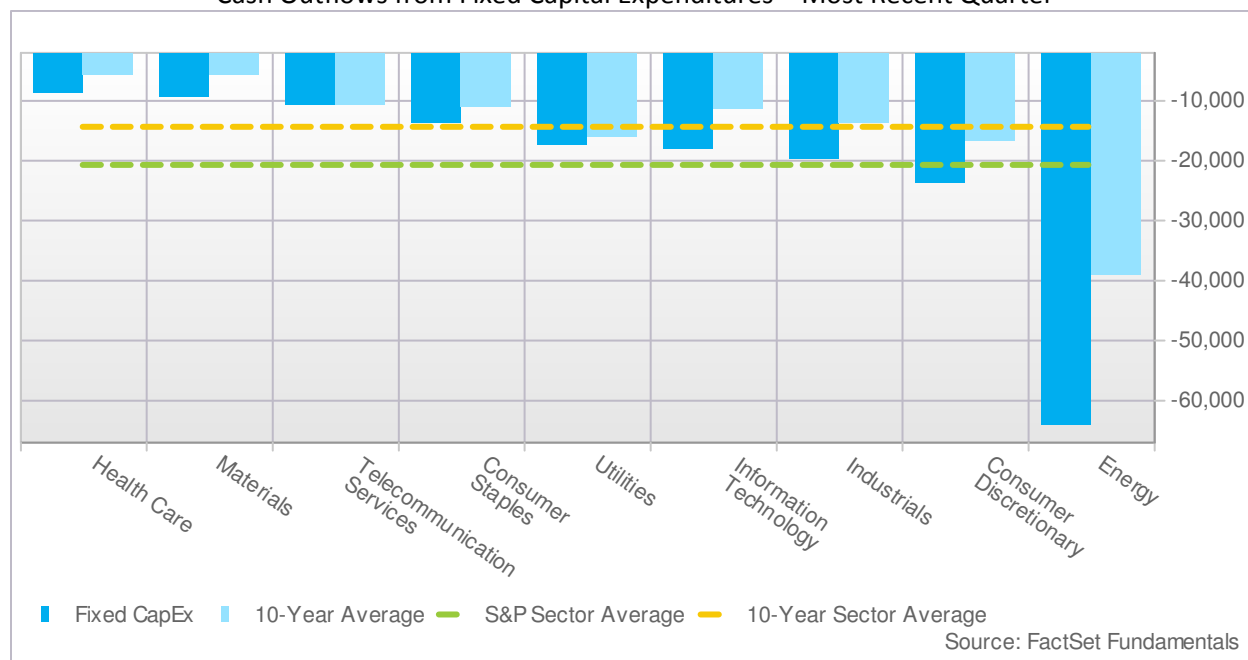


Operating and Free Cash Flow – Most Recent Quarter



## Investing Cash Flows: Quarterly Fixed Capital Expenditures

Cash Outflows from Fixed Capital Expenditures – Most Recent Quarter



Top 10 Companies by Fixed Capital Expenditures – Most Recent Quarter

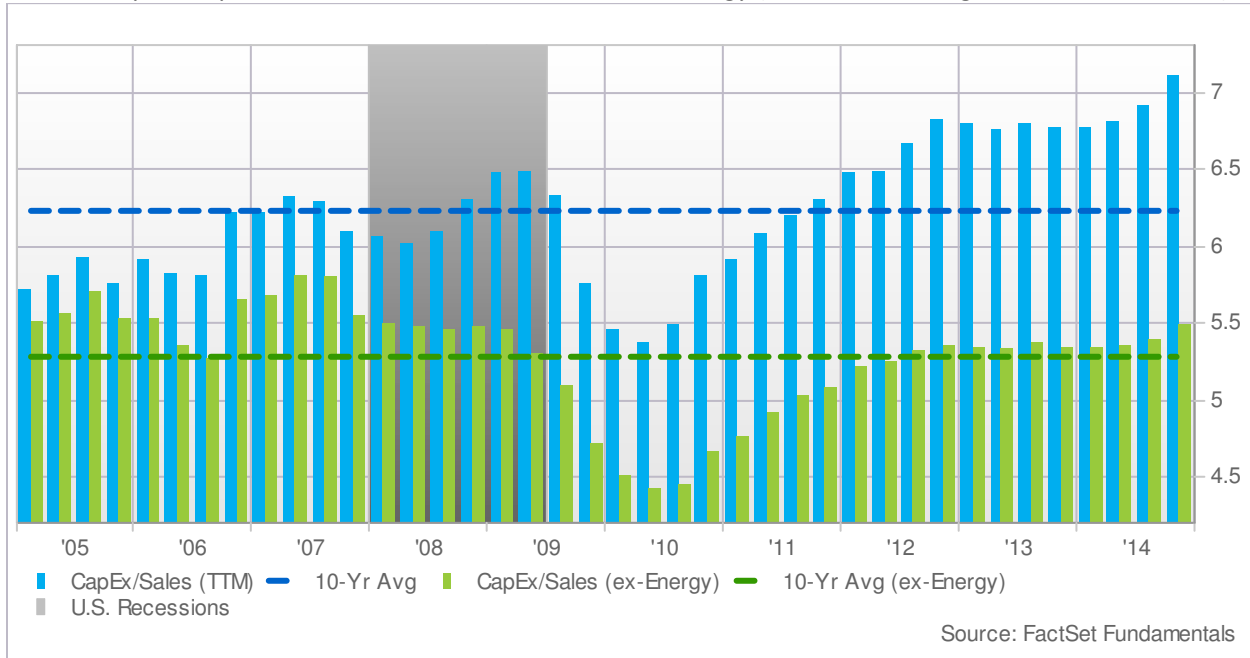
Company	Sector	CapEx (Most Recent Qtr)	CapEx Qtrly Growth (YoY%)	CapEx to Sales (TTM basis)	1 Yr Total Return
Chevron Corporation	Energy	\$9,993	(13.9%)	18.5%	(7.1%)
Exxon Mobil Corporation	Energy	\$8,884	5.4%	9.0%	(8.3%)
Southwestern Energy Co.	Energy	\$5,628	971.8%	180.6%	(48.4%)
Verizon Communications	Telecom Services	\$4,567	(7.5%)	13.5%	10.5%
AT&T Inc.	Telecom Services	\$4,426	(18.8%)	16.2%	5.5%
ConocoPhillips	Energy	\$4,356	2.3%	32.9%	(4.3%)
General Electric Company	Industrials	\$4,026	21.0%	9.2%	3.0%
Wal-Mart Stores, Inc.	Consumer Staples	\$3,931	8.9%	2.5%	13.4%
General Motors Company	Consumer Disc.	\$3,609	56.5%	7.6%	14.4%
Google Inc. Class A	Info. Technology	\$3,551	57.5%	16.6%	(6.5%)
<b>S&amp;P 500 (Ex-Financials)*</b>	-	<b>(\$183,877)</b>	<b>6.0%</b>	<b>7.1%</b>	<b>13.7%</b>

\*Total return provided for the S&P 500 is for the entire 500 index (does not exclude the Financials sector).

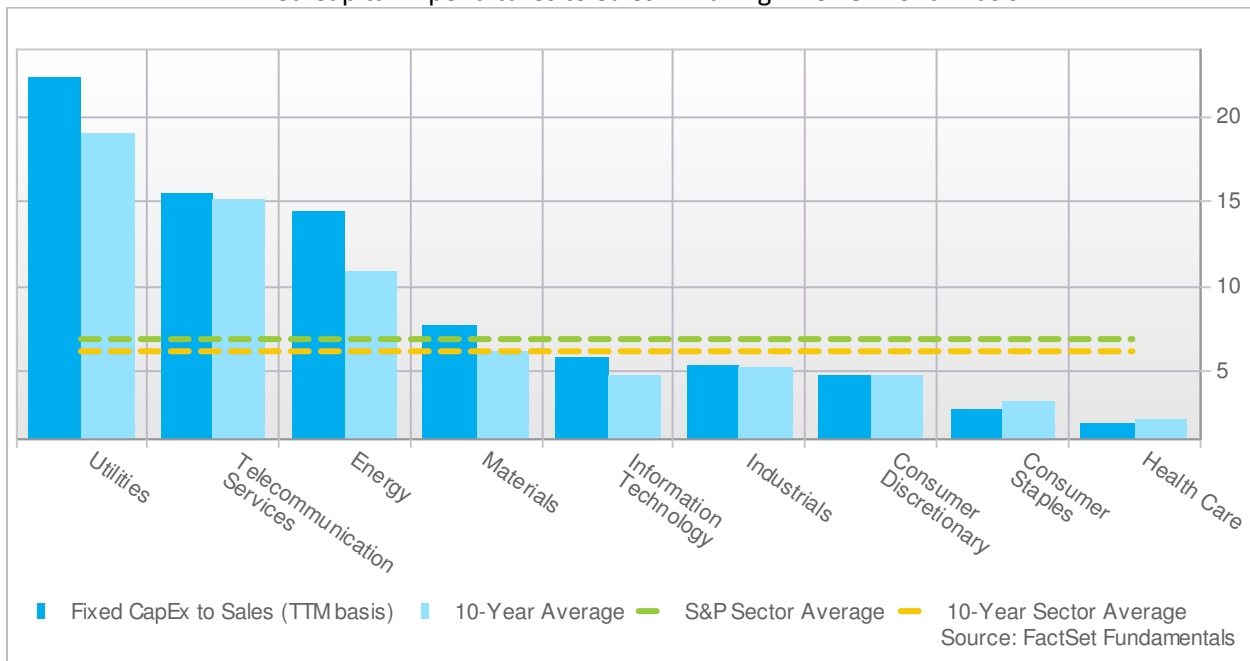
## Investing Cash Flows: Fixed Capital Expenditures to Sales

Fixed capital expenditures represent funds used to acquire fixed assets other than those associated with acquisitions. This includes, but is not restricted to, additions and investments in property, plant, machinery and equipment.

Fixed Capital Expenditures to Sales – S&P 500 and ex-Energy (Ten Years, Tailing Twelve-Month Basis)



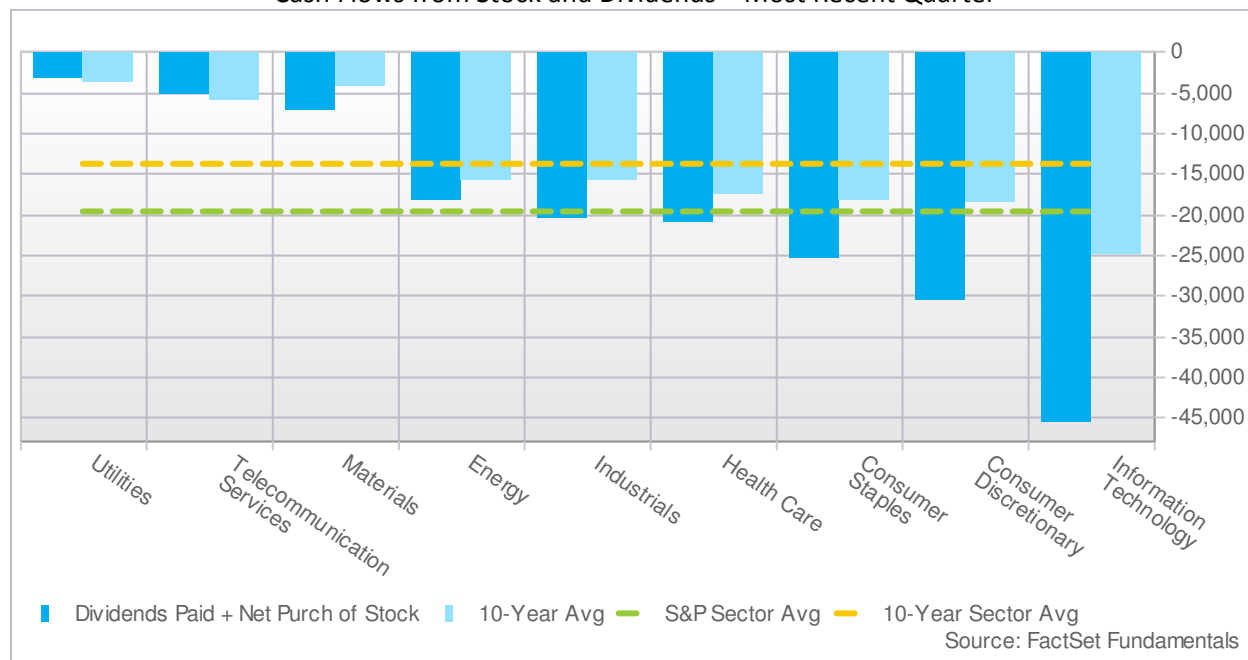
Fixed Capital Expenditures to Sales – Trailing Twelve-Month Basis



## Financing Cash Flows: Shareholder Distributions

Dividends paid represent the total common and preferred dividends paid to shareholders. Net proceeds from the purchase of stock is the proceeds from sale/issuance of stock (sale of treasury shares, proceeds from stock options, etc.) minus funds used to decrease the outstanding share of common or preferred stock (purchase of treasury shares, repurchase or retirement of stock, etc.) Additional analysis on gross buybacks and dividends can be found within the “[Buyback Quarterly](#)” and “[Dividend Quarterly](#)” reports.

Cash Flows from Stock and Dividends – Most Recent Quarter



Top 10 Companies by Shareholder Distributions – Most Recent Quarter

Company	Sector	Divs & Net Stock Redemp	Divs Paid (MRQ)	Net Stock Redemp. (MRQ)	Combined Yield*
Apple Inc.	Information Technology	\$7,751	\$2,801	\$4,950	8.2%
Exxon Mobil Corporation	Energy	\$6,222	\$2,924	\$3,298	6.2%
Intel Corporation	Information Technology	\$4,661	\$1,069	\$3,592	7.2%
Procter & Gamble Co.	Consumer Staples	\$4,649	\$1,808	\$2,841	3.4%
Microsoft Corporation	Information Technology	\$4,571	\$2,547	\$2,024	3.7%
General Motors Co.	Consumer Discretionary	\$4,493	\$1,384	\$3,109	(3.5%)
Johnson & Johnson	Health Care	\$4,323	\$1,956	\$2,367	4.1%
Chevron Corporation	Energy	\$3,240	\$2,002	\$1,238	5.8%
KLA-Tencor Corporation	Information Technology	\$2,914	\$2,797	\$117	5.4%
Coca-Cola Company	Consumer Staples	\$2,892	\$2,670	\$222	3.6%
<b>S&amp;P 500 (Ex-Financials)**</b>	-	<b>\$175,442</b>	<b>\$82,238</b>	<b>\$93,281</b>	<b>2.3%</b>

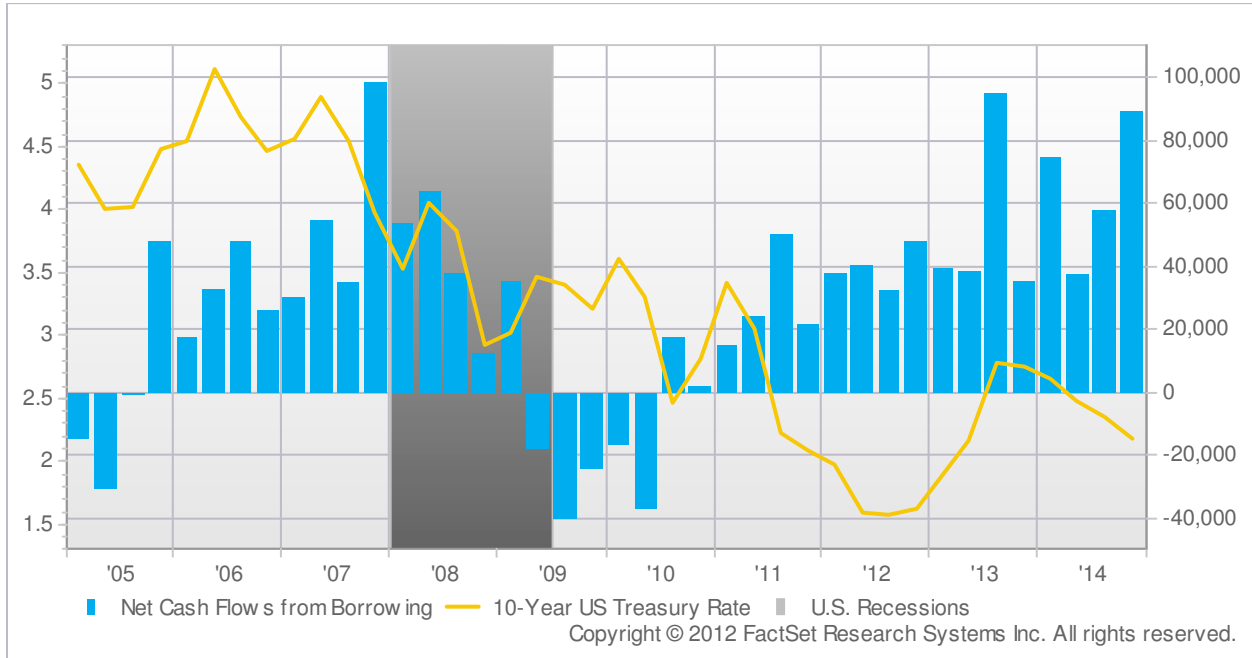
\*Combined yield is the sum of dividend yield and share yield. Share yield is the trailing twelve month percent reduction in shares and operates under the assumption that the price to earnings multiple remains constant (i.e. the percent reduction in shares translates to an equivalent percent increase in EPS, which is assumed to translate to a percent increase in price).



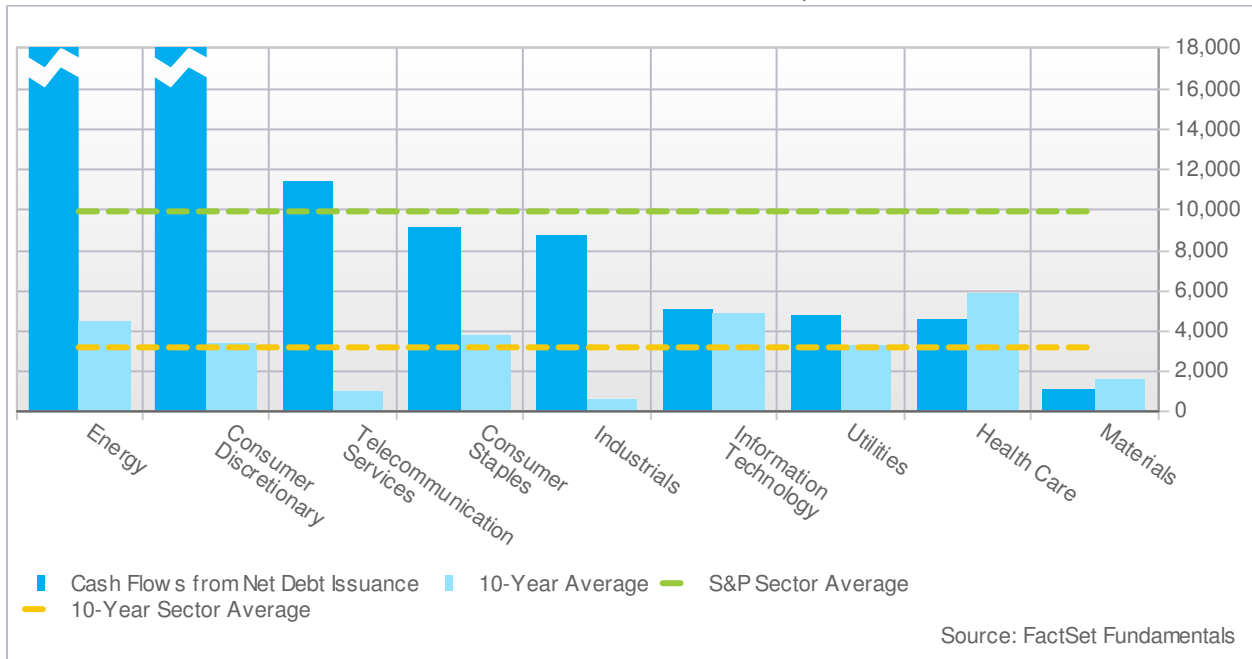
## Financing Cash Flows: Net Debt Issuance

Net debt issued is the measure of aggregate, net funds from issuance (reduction) of debt and increases (decreases) in capitalized lease obligations. Also included are the increase in debt from acquisitions and the decrease in debt from the conversion of debentures into common stock.

Debt Cash Flows – Ten Years



Net Debt Issuance – Most Recent Quarter



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