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Contacts

David Gonzales +1.212.553.9398
VP-Sr Accounting Analyst
david.gonzales@moodys.com

Glenn B. Eckert, CFA +1.212.553.1618
Associate Managing Director
glenn.eckert@moodys.com

Non-Financial Corporates - US

Debt and Taxes: Shareholder returns still a focal point, but debt reduction gains ground

This publication is our seventh in a series of commentaries discussing the credit implications of the changes in the US corporate tax policy on US non-financial issuers (excluding utilities).

In this post-tax overhaul period, while companies continue to use cash to bolster shareholder returns, they are putting new emphasis on reducing debt. Now that US corporates have had time to implement the 2017 Tax Cut and Jobs Act, we have analyzed data to understand how US non-financial corporates are spending their incremental cash. As we noted in a February report on tax reform (see report), we expected increased free cash flow and better access to global cash to be key benefits from the new tax laws. What we have found, so far, is that a sample of 100 corporate non-financial companies that we looked at (selected by prioritizing large cash holdings and by extension, potential freed international cash pools) have been using freed up excess cash to reduce debt while continuing to return cash to shareholders.

Credit implications from the tax overhaul remain a "wait and see." While we continue to expect substantially all companies included in our analysis to be better off because of tax reform, from a net cash position, we still need to see what companies do over time, in particular if they make financial policy changes.

Toll charge will be a drag on future cash flow. Disclosures that we have reviewed to date indicate that tax liabilities relating to unrepatriated overseas earnings can be a significant drain on reported operating cash flows in future years. This will be notably so the seventh and eighth years following implementation, when 45% of the total liability comes due. Of the companies we tracked, 74 have disclosed repatriation liabilities totaling about $202 billion, of which $91 billion will be due in years seven and eight.

Income tax disclosure is not keeping up with changes in tax law. Investors should scrutinize income tax disclosures because the notes to financial statements may not contain all of the pieces to a company's income tax puzzle. Lack of guidance in this area has led to varied disclosures and it is often necessary to piece together various sections of the financial statements to fully understand the net impact of transition tax liabilities.

Tax overhaul brings more shareholder returns and a new emphasis on debt reduction

When the 2017 Tax Cut and Jobs Act became a reality in December, one of the big questions for US corporates was what they were going to do with all their freed up cash. Depending on their industry and credit rating, the majority of companies have been poised to benefit from higher free cash flow thanks to a lower tax rate (21% versus 35%) and the ability to repatriate overseas cash free of additional tax. Over the past several months, we have been analyzing what companies have been doing with their capital structures, cash deployment and operating strategies, with a focus on possible credit implications.

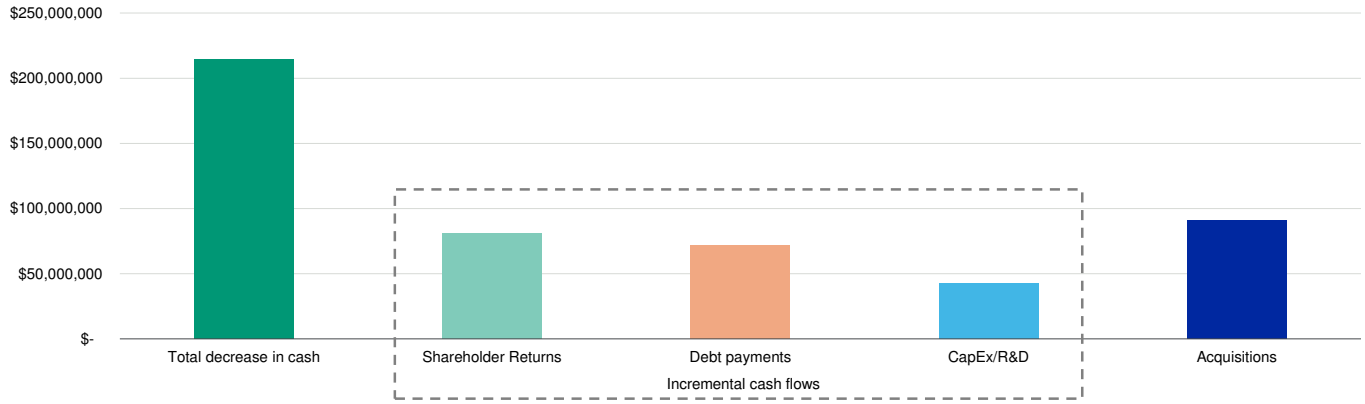
What we have found, so far, is that a sample of the top 100 corporate non-financial companies selected by cash holdings have been prioritizing paying down debt and returning cash to shareholders. The incremental dollars spent show less of a focus on CapEx/R&D and acquisition activities. Early data for debt reduction is in line with the stated intentions of companies that we surveyed and then discussed in our 12 June report Tax overhaul seen as positive by respondents to Moody's survey. However, our sample of companies from that report noted that overall CapEx would be second only to debt repayment in the top planned uses of cash, which doesn't align with the early results of this different subset of companies.

To determine an approximate cash spend since tax overhaul was implemented, we did a simple calculation and compared their cash balances pre-tax overhaul to the most current reported period. We calculated a decrease in cash over this period indicating a minimum cash outflow of $214 billion. We then examined the relevant financial statements to help determine where they are spending their cash. We did this by compiling financial statement data for total acquisitions and incremental spend on items that tend to be recurring outflows related to capital expenditures/R&D, net debt payments and shareholder returns.

Companies in our sample spent $92 billion on acquisitions post-tax overhaul, which was slightly more than the $82 billion and $73 billion for comparable periods in 2017 and 2016. However, there was no increase in the number of companies making acquisitions. Meanwhile, the bars in the box in Exhibit 1 represent recurring incremental cash outflows for the first six months of this year, with $81 billion going to shareholder returns; $72 to debt payments; and $47 billion to capital expenditures/research & development (R&D)[1].

Exhibit 1

Summary of post-tax overhaul cash outflows (January - July 2018)



Presented in 000's USD

Source: Moody's Investors Service

The three pie charts in Exhibit 2, page 3, displays the story of how companies in our sample have spent money related to recurring cash outflows in pre-tax overhaul periods, how incremental dollars above these amounts were distributed and how these two pieces combine to show post-tax overhaul spending.

The flow of these pie charts in Exhibit 2 provides three key takeaways:

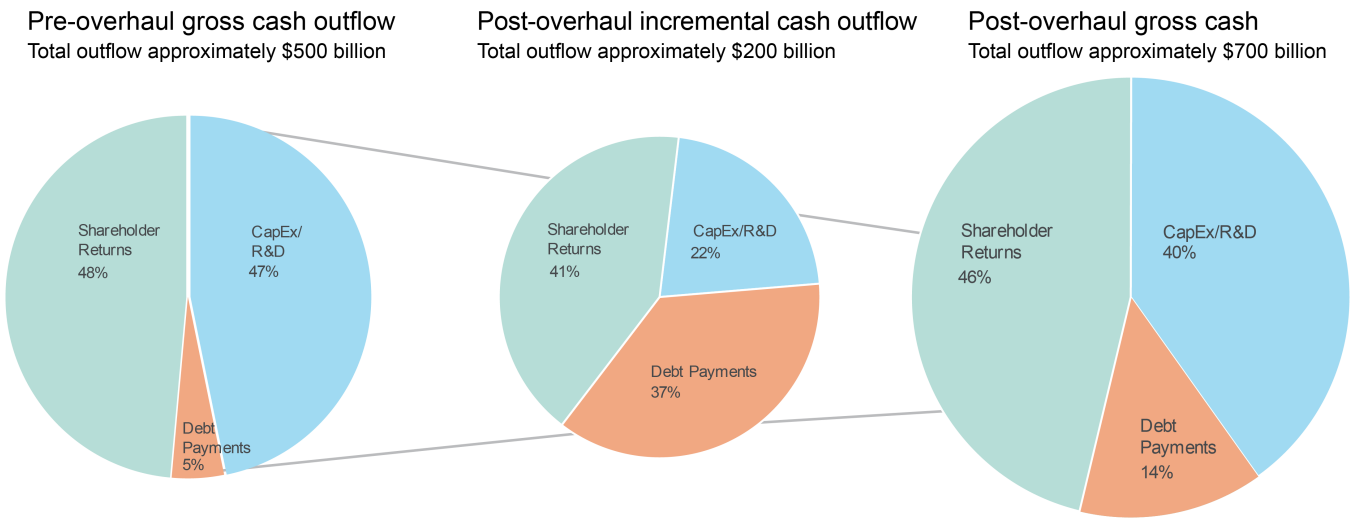
» Companies continue to spend a lot of cash on shareholder returns

» Companies are spending a much larger percentage of incremental dollars on debt reduction

» With shareholder returns as a constant priority and the new focus on debt reduction, relatively less dollars are being dedicated to investment in the company through CapEx/R&D

Exhibit 2

Post-overhaul debt reduction causes a shift in the overall distribution of recurring cash outflows

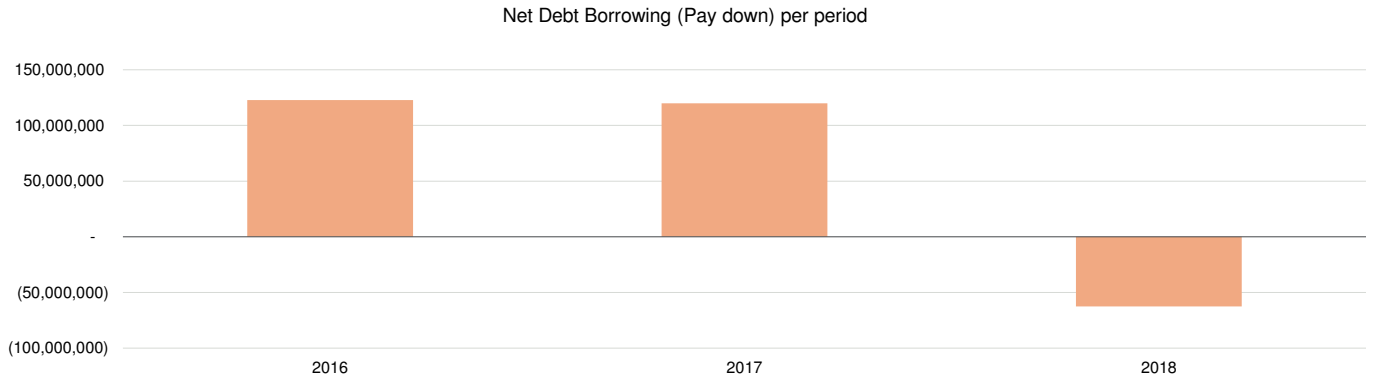


Post-overhaul includes interim periods filed as of 7 September 2018, pre-overhaul is the average of comparative 2016/2017 periods
Source: Moody's Investors Service

When we dig a bit deeper into the cash flow related to debt, it is interesting to see that the significant uptick in the percentage of cash outflows that represent debt payments can be interpreted as a drastic change in issuer behavior when we look at the data presented a different way in Exhibit 3, page 4. This Exhibit differs from Exhibits 1 and 2 in that it does not provide incremental comparative cash outflows, but focuses on the annual overall gross net debt activity. This is calculated as a summation of cash inflows and outflows for the current post-overhaul period, as well as the past two years on a per issuer basis. What we see when we look at the annual net borrowing activity is a big swing from issuers changing from a net borrower each year pre-tax overhaul to a net-payer of debt post-tax overhaul. Prior to the tax overhaul, companies were adding a total annual average of $123 billion in additional debt. Since the overhaul, they have paid down $64 billion in total debt.

Exhibit 3

Companies have flipped from adding debt pre-tax overhaul to paying down debt post-overhaul



Presented in 000's USD
Source: Moody's Investors Service

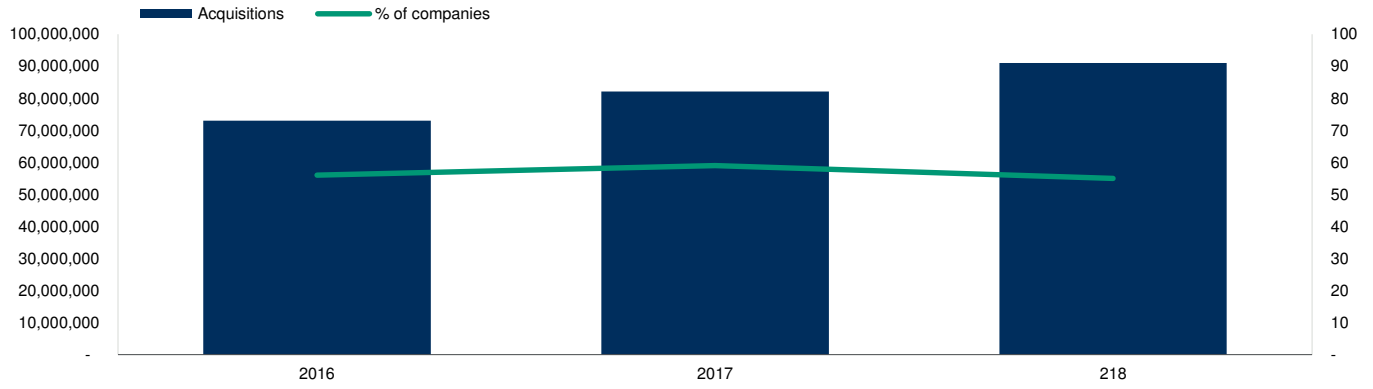
Companies spent more on acquisitions, but actual deal activity was flat

The cash outflows related to acquisitions are up slightly post-tax overhaul, with the dollar increase being driven by a few large acquisitions completed in the first two calendar quarters of 2018. As the line shows in Exhibit 4, the percentage of companies that have completed acquisitions post-overhaul is relatively flat compared to pre-tax overhaul activity.

Exhibit 4

Acquisition activity

Post-overhaul and comparable periods in 2016/17



Presented in 000's USD
Source: Moody's Investors Service

Credit implications from tax overhaul remain a "wait-and-see"

While we expect substantially all companies included in the sample to be better off as a result of the tax overhaul from a net cash position, it is still a wait-and-see from a credit perspective. Much will depend on how a company's cash outflows support their stated financial policy over a longer time horizon.

So far, the post-overhaul focus on debt reduction is in line with our report Tax overhaul seen as positive by respondents to Moody's survey, that looked at what companies across industries intended to do with tax proceeds. In that report, debt reduction was the top planned use of cash post-tax overhaul. We will continue to update and track post-tax overhaul data for further changes in behavior, notably to see if CapEx/R&D spend is higher over a longer sample period, to see if these trends change in the future.

Toll charge will be a drag on future cash flows

As part of this analysis, we compiled company disclosures of the transition tax related to unrepatriated overseas profits. The transition tax allows companies to freely repatriate overseas cash without any additional US tax consequence. Companies report the impact of the liability through an income statement charge in the period that includes the enactment date of tax overhaul. This one-time charge sets up the liability that will be paid and reported as operating cash outflows over a period of eight years on a set schedule of 8% in the first five years, 15% in year six, 20% in year seven and 25% in year eight. Where material and identifiable, we have added this tax liability to debt in our credit metrics. The disclosures that we have reviewed to date indicate that these liabilities can be a significant drain on reported operating cash flows in future years, notably in years seven and eight when 45% of the total liability comes due. Of the companies we tracked, 74 have disclosed repatriation liabilities, which total about $202 billion, of which $91 billion will be due in years seven and eight.

As companies make payments toward this liability, we reclassify those amounts from operating cash flow to financing cash flow as a repayment of debt. We believe this view properly reflects the attributes of this liability and future cash outflow. For example, Gilead Sciences, Inc. reported a transition tax liability in the period ending 31 December 2017 of approximately $6 billion. Within the first two quarters of its fiscal year 2018, the company made $1.2 billion in cash payments as disclosed below:

> Cash provided by operating activities decreased by $2.6 billion to $3.8 billion for the six months ended June 30, 2018 when compared to the same period in 2017, primarily due to lower product sales and higher tax payments. The tax payments included a $500 million payment related to the first annual installment of the Tax Reform transition tax during the first quarter of 2018, a $700 million deemed early payment of the Tax Reform transition tax and a $514 million settlement of a tax examination in the second quarter of 2018.

Without an adjustment to operating cash flow metrics, Gilead's LTM operating cash flow is reduced by 13% due to the transition tax liability payments. While Gilead has an unusually large payment this period, it is not unlike expected payments in years seven and eight, when a combined 45% of the total liability will come due. A simplified adjusted statement of cash flows is presented below to illustrate this point:

Exhibit 5

Gilead Sciences, Inc.

Summarized adjusted cashflow statement

Cash Flow (Adjustments)	06/30/18 (LTM) As Rep	Non-Standard Adjustments Public	Total Adj.	06/30/18 (LTM) As Adj
Operating Activities				
Net Income	2,234			2,234
Depreciation & Amortization	1,407		69	1,476
Deferred Income Taxes	(222)		6,084	5,862
Other Non-Cash Items	919			919
Other Operating Cash Flow	264			264
Funds From Operations	4,602	1,200	(4,897)	10,755
Changes in Working Capital Items	4,688			(209)
Cash Flow from Operations	9,290			10,546
Cash Flow From Oper After Unusual & Non-recur Adjs	9,290			10,546
Financing Activities				
Long-term Debt Proceeds	8,985		69	9,054
Long-term Debt Payments	(6,251)		(69)	(6,320)
Other financing activities-net	(633)	(1,200)	(1,200)	(1,820)
Common Stock Issued / Repurchased	(1,474)			(1,474)
Cash Dividends - Common	(2,857)			(2,857)
Net Cash From Financing Activities	(2,230)			(3,417)
Comprehensive Income	(3)			(3)
Net Inc(dec) In Cash & Equivalent	4,522			4,522

Source: Moody's Investors Service

Investors should keep track of transition tax related cash flows over the next seven years, because reported free cash flow can often times be materially misleading as the company pays back this obligation.

Income tax disclosure is not keeping up with changes in tax law

Income tax disclosures often lack meaningful disaggregation, so that even the most astute investor lacks enough information to make informed analyses about the tax planning strategy of a specific company. To date, the transition tax is the most meaningful information that we believe investors should understand from reported financial statements. This liability is provisional, and the disclosure for companies that incur a material liability should, in our view, simply be communicated to investors through required income tax disclosure.

However, there is no requirement to disclose material balance sheet liabilities related to income tax in any sort of disaggregated manner, including separating out the transition tax liability. Therefore, a straightforward analysis of the amount due on the balance sheet is only possible for a handful of companies that provide expanded disclosures over and above regulatory requirements. Companies are required to disclose significant items related to income tax expense, and tax overhaul disclosures generally can include disclosure on the following components of income tax expense:

» A revaluation of deferred tax attributes from the old 35% rate to the new 21% rate

» A reversal of any deferred tax liabilities that were previously accrued related to undistributed foreign earnings

» Current tax expense related to the transition tax liability

» Deferred tax expense related to global cash where the company no longer asserts these funds as permanently invested (this generally covers any withholdings taxes)

From disclosures like the one above we are able to understand the total tax liability. However, this is also done in conjunction with a careful read of the tax note, MD&A, commitments table and liquidity note in order to understand how any existing tax attributes could net down this obligation and reduce a company's cash obligation.

For example, Costco's income tax note to financial statements reads as follows:

> During the first thirty-six weeks of 2018, the Company recognized net tax benefits of $131 related to the 2017 Tax Act, including the impact of lowering the U.S. federal corporate rate. This benefit also included discrete tax expense of $142 for the estimated tax on deemed repatriation of foreign earnings, and $43 for the reduction in foreign tax credits and other immaterial items, largely offset by a tax benefit of $160 for the provisional remeasurement of certain deferred tax liabilities. These items were predominantly recorded in the second quarter as provisional amounts to reflect the Company's current interpretations and estimates that it believes are reasonable. As the Company continues to evaluate the 2017 Tax Act and available data, it anticipates that adjustments may be made in future periods up to and including the first quarter of fiscal 2019.

Based on the note, it appears that Costco discloses the following material income statement charges:

» $142 million for transition tax

» $43 million charge for a reduction in foreign tax credits

» $160 million dollar benefit for the reduction of net deferred tax liabilities

Based on the note, it would appear that the $142 million is the transition tax liability. But a more detailed look into the MD&A section of the 10-Q details a net liability of $101 million once income tax credits are utilized:

> In the first thirty-six weeks of 2018, we recorded a one-time charge of $142 for the estimated tax on deemed repatriation of unremitted earnings under the 2017 Tax Act. The 2017 Tax Act provides for the payment of the tax over an eight year period. Because of the availability of foreign tax credits, the amount payable is $101, of which $84 is classified as long-term and included in other liabilities on our condensed consolidated balance sheet.

In extreme cases we are seeing disclosure of only the total income statement impact of tax-overhaul without any disaggregation. For instance, we have seen disclosures that provide only a total charge for tax-overhaul related activity without allocating this net activity to different categories, including the transition tax. In these cases we are unable to estimate the transition tax liability based on public information as we are unable to split the charge related to transition tax out from the total charge.

While it is still early to understand the full tax impact of the overhaul with just six months of data so far, we believe that understanding the impact of other provisions and how they affect cash flows will be difficult to understand under the current disclosure requirements and that investors will have to continue to look for avenues outside of the notes to financial statements to surmise how more nuanced sections of tax overhaul are impacting companies they follow.

Our scope and approach

This report uses financial statement data from 100 large cash holding CFG companies for post-tax overhaul reported interim periods filed as of 7 September 2018 and comparative periods from 2016 and 2017. Large cash balances were a key driver for selection into the sample as companies with large cash balances are more likely to have large amounts of cash overseas. Cash balances of CFG companies, taken as of 31 December 2017, only included cash as defined below and only included rated CFG entities with three years of complete financial statement data in Moody's Financial Metrics (MFM). As the tax overhaul allowed companies to repatriate those cash balances immediately, the data from these companies can be the first to show changes in spending habits as opposed to other companies that will benefit from other provisions that may wait until the savings materialize into cash before changing their spending allocations.

Key definitions:

» **Incremental amounts** – All incremental calculations are the delta between activities in the post-tax overhaul period compared to the average of the same period in 2016/2017.

» **Cash** – Cash is defined as cash and cash equivalents, short term investments, deposits and restricted cash on company balance sheets.

» **Debt payments** – The sum of Moody's adjusted long term debt proceeds and long term debt payments from the financing section of the statement of cash flows. For our calculation this number is never negative. If the company was a net borrower, indicated by debt related inflows exceeding payments for a given period, the debt payment is zero as this company did not have a debt-related outflow for that period.

» **Shareholder returns** – Dollars spent on share repurchases plus dividends of any kind from the financing section of the statement of cash flows.

» **CapEx/R&D** – The sum of Moody's adjusted capital expenditures from the investing section of the statement of cash flows plus research and development expense from the income statement (if presented).

Appendix - Presented in 000's USD

				Δ compared to average 2016/2017 activity			
Company Name	Disclosed repatriation liability	Pre/Post overhaul Δ cash	Acquisitions	Incremental CapEx/R&D	Incremental shareholder Return	Incremental net debt payments	Total
3M Company	807,000	(943,000)	(13,000)	95,789	1,156,000	(325,000)	913,789
Abbott Laboratories	2,890,000	(6,346,000)	-	328,430	(38,500)	6,021,500	6,311,430
AbbVie, Inc.	4,500,000	(6,046,000)	401,000	373,251	7,105,500	3,006,500	10,886,251
Accenture Plc Class A	-	249,713	328,905	65,720	273,531	591	668,747
Activision Blizzard, Inc.	555,000	144,000	-	64,369	48,500	(255,000)	(142,131)
Adobe Systems Incorporated	528,000	514,290	14,614	247,822	562,500	349	825,285
Air Products and Chemicals, Inc.	348,600	(135,900)	83,100	389,926	71,850	(224,950)	319,926
Alphabet Inc. Class A	9,273,000	383,000	2,166,000	11,325,406	1,006,000	(521,000)	13,976,406
Amazon.com, Inc.	-	(3,936,000)	879,000	2,381,858	-	1,400,500	4,661,358
American Airlines Group, Inc.	-	(527,000)	-	(1,384,743)	(1,304,000)	993,000	(1,695,743)
Amgen Inc.	7,316,000	(12,283,000)	-	(126,313)	12,768,500	40,000	12,682,187
Anadarko Petroleum Corporation	-	(2,232,000)	-	1,200,434	2,191,000	(75,000)	3,316,434
Analog Devices, Inc	751,100	(241,321)	52,339	109,389	(53,122)	267,144	375,751
Apple Inc.	38,000,000	(41,354,000)	258,000	3,681,045	28,609,500	6,500,000	39,048,545
Applied Materials Inc.	1,158,000	(1,853,000)	-	156,021	1,903,500	-	2,059,521
AT&T Inc.	-	(36,975,000)	40,715,000	702,186	420,500	2,969,000	44,806,686
Baker Hughes, a GE Company Class A	-	(2,160,000)	-	298,030	1,104,000	80,500	1,482,530
Baxter International Inc.	-	(537,000)	228,000	(520)	773,000	(85,000)	915,480
Becton, Dickinson and Company	781,000	203,000	98,000	250,933	175,500	262,500	786,933
Biogen Inc.	713,500	(464,800)	900,000	48,509	2,356,200	3,200	3,307,909
Boeing Company	159,000	850,000	-	(1,133,369)	1,147,500	-	14,131
Booking Holdings Inc.	1,144,682	(69,580)	139,386	108,730	1,367,372	1,487,457	3,102,945
Bristol-Myers Squibb Company	2,600,000	(737,000)	1,170,000	901,521	(775,500)	5,000	1,301,021
CA, Inc.	96,000	357,000	25,000	27,126	20,500	-	72,626
Caterpillar Inc.	1,775,000	405,000	348,000	21,935	1,278,000	(72,000)	1,575,935
Celgene Corporation	1,882,000	(8,650,000)	8,648,000	1,748,442	4,837,500	-	15,233,942
Chevron Corporation	-	2,864,000	-	(2,127,350)	244,000	5,068,000	3,184,650
Cisco Systems, Inc.	8,900,000	(17,157,000)	2,035,000	(1,799)	5,677,000	1,570,000	9,280,201
Coca-Cola Company	4,600,000	(1,321,000)	218,000	(354,623)	(1,498,000)	453,000	(1,181,623)
Comcast Corporation Class A	101,000	2,289,000	192,000	143,766	724,500	68,000	1,128,266
ConocoPhillips	-	(4,092,000)	-	1,068,969	617,000	2,912,500	4,598,469
Corning Inc	-	(2,294,000)	794,000	623,317	214,500	(1,000)	1,630,817
Costco Wholesale Corporation	101,000	159,000	-	84,222	(5,500)	(550,000)	(471,278)
Deere & Company	262,000	(5,182,800)	41,400	113,935	5,650	(10,050)	150,935
DowDuPont Inc.	4,400,200	(1,236,000)	2,000	(665,927)	1,015,750	303,000	654,823
eBay Inc.	1,437,000	(1,856,000)	302,000	159,413	791,000	750,000	2,002,413
Electronic Arts Inc.	192,000	87,000	50,000	65,387	(71,000)	-	44,387
Eli Lilly and Company	3,245,000	(1,124,600)	-	116,825	1,879,500	1,001,500	2,997,825
Expedia Group, Inc.	-	1,514,708	-	203,986	217,371	(200,222)	221,136
Exxon Mobil Corporation	-	253,000	-	838,579	343,500	-	1,182,079
FedEx Corporation	-	497,000	135,000	804,561	(58,500)	-	881,061
Ford Motor Company	360,000	(1,377,000)	-	461,696	(126,000)	17,000	352,696
Freeport-McMoRan, Inc.	-	(588,000)	-	(296,827)	271,500	1,204,000	1,178,673
General Dynamics Corporation	-	(1,121,000)	10,039,000	134,805	(548,000)	(500)	9,625,305
General Electric Company	1,155,000	(4,047,000)	-	(227,573)	(10,671,000)	27,000	(10,871,573)
General Motors Company	-	(1,561,000)	-	245,048	(890,500)	-	(645,452)
Gilead Sciences, Inc.	4,897,000	407,000	-	54,999	(3,156,000)	4,470,000	1,368,999
Hess Corporation	-	(1,939,000)	-	(160,708)	890,500	573,500	1,303,292
Home Depot, Inc. (The)	400,000	(105,000)	-	335,878	389,000	11,000	735,878
Honeywell International Inc.	1,900,000	(967,000)	-	(93,909)	504,500	1,265,000	1,675,591
HP Inc.	1,300,000	(2,750,000)	-	80,297	545,500	1,975,000	2,600,797
Illinois Tool Works Inc.	676,000	(1,466,000)	-	49,788	356,000	(326,000)	79,788
Intel Corporation	6,120,000	(1,537,000)	-	3,410,540	4,061,000	1,169,000	8,640,540

				Δ compared to average 2016/2017 activity			
Company Name	Disclosed repatriation liability	Pre/Post overhaul Δ cash	Acquisitions	Incremental CapEx/R&D	Incremental shareholder Return	Incremental net debt payments	Total
International Business Machines Corporation	A	(654,000)	122,000	91,645	(307,500)	1,148,000	1,054,145
Johnson & Johnson	10,100,000	(157,000)	222,000	943,781	(3,084,000)	6,000	(1,912,219)
Juniper Networks, Inc.	431,200	(490,500)	-	(388)	570,300	-	569,912
Lam Research Corporation	595,195	(750,104)	-	171,059	1,032,534	370,609	1,574,201
Lockheed Martin Corporation	43,000	(1,680,000)	-	56,163	(286,500)	(226,000)	(456,337)
Marathon Petroleum Corporation	-	1,988,000	-	113,617	1,744,000	(446,000)	1,411,617
Mastercard Incorporated Class A	629,000	(127,000)	-	80,556	1,102,500	(32,000)	1,151,056
McDonald's Corporation	1,200,000	(840,300)	35,300	367,478	(1,486,450)	-	(1,083,672)
Medtronic plc	2,500,000	(3,432,000)	130,000	7,549	207,500	1,463,000	1,808,049
Merck & Co., Inc.	5,100,000	(904,000)	372,000	2,107,469	319,000	1,682,000	4,480,469
Micron Technology, Inc.	1,113,000	897,000	-	2,325,007	(6,000)	3,204,000	5,523,007
Microsoft Corporation	17,641,000	(9,012,000)	682,000	3,671,234	1,078,500	4,778,500	10,210,234
NetApp, Inc.	732,000	(574,000)	-	16,548	150,500	-	167,048
Newmont Mining Corporation	-	(138,000)	39,000	30,079	106,500	(250,500)	(74,921)
NIKE, Inc. Class B	1,078,000	(1,144,000)	-	15,432	922,500	(14,500)	923,432
Northrop Grumman Corporation	13,000	(9,686,000)	7,657,000	51,114	(408,000)	1,810,500	9,110,614
NVIDIA Corporation	369,000	980,000	-	227,636	424,000	(299,864)	351,773
Oracle Corporation	7,781,000	(4,319,000)	1,724,000	(72,294)	6,511,000	2,000	8,164,706
PACCAR Inc	130,600	(177,100)	-	80,754	152,800	(240,500)	(6,946)
PepsiCo, Inc.	4,778,000	(1,381,000)	188,000	57,206	36,000	2,226,500	2,507,706
Pfizer Inc.	15,200,000	(6,561,000)	-	57,636	1,319,000	3,104,000	4,480,636
Philip Morris International Inc.	1,400,000	(1,860,000)	-	260,551	127,500	2,483,000	2,871,051
Phillips 66	12,000	(1,235,000)	-	(258,731)	3,192,000	(161,500)	2,771,769
Procter & Gamble Company	2,884,000	(6,908,000)	8,000	(239,073)	(192,000)	1,592,000	1,168,927
QUALCOMM Incorporated	2,700,000	(3,905,000)	70,000	266,158	281,500	1,571,000	2,188,658
Raytheon Company	83,000	(306,000)	-	162,396	301,500	(314,500)	149,396
salesforce.com, inc.	-	3,530,335	182,000	112,974	-	922,125	1,217,099
Service Corporation International	22,000	(169,628)	167,622	32,957	139,819	-	340,398
Sprint Communications, Inc.	-	3,773,000	82,000	4,998,971	-	-	5,080,971
Starbucks Corporation	266,000	(1,791,400)	1,311,300	290,834	1,560,900	-	3,163,034
Stryker Corporation	840,940	(873,000)	767,000	88,671	229,500	5,000	1,090,171
Target Corporation	-	(1,665,000)	-	477,642	(83,500)	(441,101)	(46,958)
Tesla, Inc.	-	(1,139,991)	5,604	395,860	47,609	-	449,072
Texas Instruments Incorporated	669,000	661,000	-	221,069	1,048,000	(260,500)	1,008,569
TJX Companies, Inc.	178,000	(391,925)	139,386	95,059	205,708	-	440,153
United Continental Holdings, Inc.	19,000	1,273,000	139,000	(289,551)	(478,000)	(192,500)	(821,051)
United Parcel Service, Inc. Class B	310,000	865,000	2,000	1,378,650	(443,500)	1,501,000	2,438,150
United Technologies Corporation	A	2,083,000	315,000	(18,741)	(602,500)	-	(306,241)
Valero Energy Corporation	734,000	(1,399,000)	826,000	96,675	83,000	25,500	1,031,175
Visa Inc. Class A	1,100,000	954,000	196,000	88,744	706,500	-	991,244
VMware, Inc.	800,000	1,018,000	28,000	81,884	(212,500)	1,384	(101,232)
Walgreens	679,000	(12,000)	3,955,000	34,219	(735,000)	(18,000)	3,236,219
Walmart Inc.	1,900,000	859,000	-	(245,515)	(1,938,500)	793,985	(1,390,029)
Walt Disney Company	300,000	(363,000)	1,581,000	312,374	(1,690,000)	-	203,374
Western Digital Corporation	1,566,000	(1,290,000)	1,000	294,208	627,500	1,573,500	2,496,208
Wynn Resorts, Limited	-	(1,466,414)	-	486,053	65,747	1,190,229	1,742,028
Xilinx, Inc.	590,200	(177,378)	-	52,641	45,260	-	97,901
	201,811,217	**(214,133,695)**	**91,196,956**	**46,525,484**	**81,113,328**	**71,785,387**	**290,621,155**

A - Liability could not be determined with public disclosure.
Note: The liability for General Electric Company is the disclosed amount for GE and GE Capital.

Moody's related publications

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- US Tax Reform Likely to Increase Credit Risk, Impact Dependent on Regulatory Response (15 March 2017)
- US President Trump's Proposed Tax Framework is Likely Credit Negative for US, Positive for Most Sectors (2 October 2017)
- Corporate cash to rise 5% in 2017; top five cash holders remain tech companies (20 November 2017)
- Tax Relief on Repatriated Cash Would Present Deleveraging Opportunity (8 December 2016)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Endnotes

1 Refer to "Our scope and approach" for calculation details

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