



Potential New Issue Supply:
Investment Grade and High Yield
November 20, 2017

Update on Morningstar Credit Ratings' Potential New Issue Supply

Since our previous publication, we have made a number of updates to our list of companies that we think could be tapping the corporate bond market in the next six months or so. The following issuers we identified in our last publication came to the market:

- ▶ Waste Management issued \$750 million of senior notes to redeem maturing debt.
- ▶ Oracle issued \$10 billion of notes in November, which we believe will go toward repaying upcoming debt maturities.
- ▶ Mosaic issued \$1.25 billion to help finance upcoming acquisition.
- ▶ Diageo issued EUR1.275 billion in two tranches, EUR 775 million 0.000% due 2020 and EUR 500 million 0.500% bonds due 2024.
- ▶ Anthem issued \$5.5 billion in November to finance acquisitions and repurchase near-term maturities.

We are removing Coca-Cola from our list since its maturities are rolled into commercial paper. We are adding CVS Health, Owens & Minor, Walgreens Boot Alliance, Lennar, Apple, AT&T, Comcast, Intel, IBM, Interpublic Group of Companies, and Walt Disney to our list.

About Our New Issue Supply List

We've sourced our data from discussions with management teams, listening to earnings conference calls, and analyzing financial filings, among other things. Our list does not include serial issuers such as Ford Motor Credit. Instead, we believe it can be informative for clients to identify more infrequent issuers in the market. (Note that Morningstar Credit Ratings does not provide investment advice, nor do we recommend specific investment strategies.)

Potential New Supply by Sector

Company	Ticker	Sector	Issuer Rating
LafargeHolcim	LHN	Basic Materials	BBB-
LafargeHolcim may refinance some of its various maturities due in 2017.			
Martin Marietta Materials	MLM	Basic Materials	BBB-
We expect Martin Marietta to issue debt to fund its acquisition of Bluegrass Materials.			
Nucor	NUE	Basic Materials	A-
Nucor may refinance its \$600 million in notes due on Dec. 1.			
Potash Corp. of Saskatchewan	POT	Basic Materials	BBB
Potash Corp. may refinance its 3.25% bonds due on Dec. 1.			
Macy's	M	Consumer Cyclical	BBB-
Macy's may refinance 2017 maturities and term out commercial paper borrowings.			
McDonald's	MCD	Consumer Defensive	A-
McDonald's has a new 3-year \$22 billion-\$24 billion return to shareholder program, which will be partially financed.			
Starbucks	SBUX	Consumer Defensive	A
Starbucks instituted a 3-year \$15 billion return to shareholder program, a portion of which will be debt-financed.			
Charles Schwab	SCHW	Financial Institutions	A+
Schwab has \$625 million of senior notes maturing in March 2018.			
Fidelity National Information Services	FIS	Financial Institutions	BBB
Fidelity National has \$250 million of senior notes maturing in April 2018.			
Western Union	WU	Financial Institutions	A-
Western Union may enter the market for a third time this year to refinance \$500 million of senior notes maturing in December.			
AbbVie	ABBV	Healthcare	BBB+
May need to refinance \$6 billion of long-term debt maturities in 2018.			
Bayer	BAYN	Healthcare	A-/UR-
Bayer's successful pursuit of Monsanto will require debt funding of around \$47 billion to consummate the \$66 billion transaction.			
Baxter International	BAX	Healthcare	A-
Management recently reiterated its 2.0 times net leverage target, suggesting leverage may rise from its net neutral level.			
CVS Health	CVS	Healthcare	BBB+
Given ongoing shareholder returns, CVS will likely need to refinance its bonds coming due in 2018 (\$3.5 billion).			
DaVita	DVA	Healthcare	BB+
DaVita increased its repurchase authorization in October 2017 (\$1.5 billion authorized), which may be financed with new borrowings.			

*Morningstar's insurance company ratings are not NRSRO credit ratings.

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Company	Ticker	Sector	Issuer Rating
Fresenius Medical Care	FMS	Healthcare	BBB-
Fresenius plans to use debt financing for its \$2 billion acquisition of NxStage Medical, which is scheduled to close in 2018.			
Owens & Minor	OMI	Healthcare	BBB/UR-
Acquiring Halyard Health's surgical and infection prevention business in early 2018 for \$710 million may lead to new debt issuance.			
Shire	SHPG	Healthcare	BBB-
Likely to refinance \$6.3 billion in long-term debt maturities in 2017-18 given modest cash balance.			
Walgreens Boots Alliance Inc	WBA	Healthcare	BBB-
Walgreens may choose to finance some of the pending Rite Aid store purchases (\$4.4 billion), scheduled to be completed by the spring.			
AutoNation	AN	Industrials	BBB-
The company has a \$400 million 6.75% note due in 2018 and almost \$1 billion of outstanding commercial paper.			
Cummins	CMI	Industrials	A
Cummins may increase its leverage target to return additional cash to shareholders; we estimate incremental capacity could be \$1 billion.			
Deere	DE	Industrials	A
Deere will look to raise about \$1 billion to fund its \$5.2 billion purchase of global road construction equipment company Wirtgen Group.			
D.R. Horton	DHI	Industrials	BBB-
Horton completed a \$560 million cash acquisition and has a \$400 million bond due in February.			
Lennar	LEN	Industrials	BB+
Lennar needs to raise over \$1 billion to fund the cash portion of its CalAtlantic acquisition in first-quarter 2018.			
Spirit AeroSystems	SPR	Industrials	BBB
Spirit's \$300 million 5.25% senior notes due in 2022 are currently callable; \$500 million of term loans could also be refinanced.			
United Technologies	UTX	Industrials	A/UR-
United Technologies is looking to raise \$14 billion in incremental debt to finance its acquisition of Rockwell Collins.			
AIG*	AIG	Insurance	BBB
Roughly \$1.1 billion remaining of a \$2.5 billion offering of Series G medium-term notes are maturing in January 2018.			
Chubb*	CB	Insurance	A-
The company has \$300 million of senior debt maturing in March 2018.			
MetLife*	MET	Insurance	BBB+
MetLife has two senior note issuances of \$500 million each coming due in December.			
Prudential Financial*	PRU	Insurance	BBB+
Roughly \$391 million remaining of a \$750 million offering of Series D medium-term notes are maturing in December.			

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Potential New Supply by Sector

Company	Ticker	Sector	Issuer Rating
Travelers*	TRV	Insurance	A-
The company has \$450 million of senior debt maturing in December.			
Apple	AAPL	Tech/Media/Telco	AA-
Apple reports \$6.5 billion of senior notes coming due over the next 12 months. We expect multiple issues in 2018.			
AT&T	T	Tech/Media/Telco	BBB-
AT&T faces \$5.3 billion of senior note maturities between now the end of February. All of its 2017-vintage debt is earmarked to fund Time Warner merger.			
Cisco Systems	CSCO	Tech/Media/Telco	AA
At the end of October, Cisco reported short-term debt of \$10.2 billion, including \$1.3 billion of senior notes due in February 2018.			
Comcast	CMCSA	Tech/Media/Telco	A-
Comcast reported \$5.2 billion of short-term debt as of September 30, which includes \$900 million of senior notes due in February 2018			
Intel	INTC	Tech/Media/Telco	AA-
Intel reported \$4.1 billion of short-term debt as of September 30, which includes \$3 billion of senior notes due December 2017.			
International Business Machines	IBM	Tech/Media/Telco	A+
IBM faces \$3 billion of senior notes due in February 2018.			
Interpublic Group of Companies	IPG	Tech/Media/Telco	BBB
IPG reported \$302 million of short-term debt at September 30.			
Netflix	NFLX	Tech/Media/Telco	BB-
We expect Netflix to remain reliant on external capital markets to fund new content development, with at least one U.S. dollar-denominated issue per year.			
Walt Disney	DIS	Tech/Media/Telco	A+
Disney faces \$6.2 billion of senior note maturities in 2018.			

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