



Potential New Issue Supply:
Investment Grade and High Yield
October 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 issuer we identified in our last publication came to the market:

- ▶ 3M issued \$2 billion of senior notes in three tranches to fund its Scott Safety acquisition.
- ▶ Clorox issued \$400 million 3.1% notes due 2027.
- ▶ General Mills issued \$500 million 2.6% notes due 2022 to refinance maturing debt.
- ▶ Wal-Mart issued \$6 billion of fixed and floating rate debt with various maturities to fund tender offer for higher coupon debt.
- ▶ Cigna issued \$1 billion of senior notes in September to support cash tender offer of currently outstanding senior notes.

We are removing Pepsico from our list since it issued \$4 billion in multi-tranche refinance commercial paper. We are also removing Franklin Resources as its issue matured in September. Similarly, we are removing Campbell Soup because its \$400 million bond matured in July and was refinanced with commercial paper. We are adding Charles Schwab, Fidelity National Information Services, Western Union, AIG, Chubb, Prudential Financial, and Travelers 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.			
Mosaic	MOS	Basic Materials	BBB
Mosaic will finance approximately one half of the \$2.5 billion acquisition of Vale Fertilizantes in the debt markets.			
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.			
Coca-Cola	KO	Consumer Defensive	A+
Coca-Cola has \$750 million of senior notes maturing in October and \$225 million in November.			
Diageo	DGE	Consumer Defensive	A-
Diageo has \$1 billion of senior notes maturing in October.			
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+
AbbVie 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	BAX	Healthcare	A-
Management recently reiterated its 2.0 times net leverage target, suggesting leverage may rise from its net neutral level.			
DaVita	DVA	Healthcare	BB+
DaVita increased its repurchase authorization in Oct. 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.			
Shire	SHPG	Healthcare	BBB-
Likely to refinance \$6.3 billion in long-term debt maturities in 2017-18 given modest cash balance.			
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.			
Raytheon	RTN	Industrials	A
Raytheon has two bonds totaling over \$500 million due in 2018 and has not tapped the market since 2014.			
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.			
Waste Management	WM	Industrials	BBB+
We estimate the company is currently underleveraged by \$1 billion and will look to raise debt to fund tuck-in deals or repurchases.			
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.			
Anthem*	ANTM	Insurance	BBB
Anthem has \$625 million of senior notes maturing in January 2018, and may still issue debt to fund returns to shareholders or acquisitions.			
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.			

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

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Company	Ticker	Sector	Issuer Rating
Travelers*	TRV	Insurance	A-
The company has \$450 million of senior debt maturing in December.			
Cisco Systems	CSCO	Tech/Media/Telco	AA
Cisco reported \$4.5 billion of short-term debt at the end of 2016, including \$2.4 billion of senior notes that matured in March.			
NetApp	NTAP	Tech/Media/Telco	BBB
NetApp faces \$750 million of debt maturities in December, making it more likely that it will look to issue new senior debt this year.			
Netflix	NFLX	Tech/Media/Telco	BB-
We expect Netflix to remain reliant on external capital markets to fund new content development.			
Oracle	ORCL	Tech/Media/Telco	AA-
At fiscal year-end May 31, Oracle reported \$9.8 billion of maturities due in the next 12 months, including \$2.5 billion of notes due in October.			

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Credit Analyst Contacts

Basic Materials

Sean Sexton, CFA
sean.sexton@morningstar.com
+1 312 348-3077

Consumer

Dave Sekera, CFA
david.sekera@morningstar.com
+1 312 696-6293

Consumer Defensive

Wesley Moultrie, CPA, CGMA
wesley.moultrie@morningstar.com
+1 312 384-5405

Consumer Cyclical

Wayne Stefurak, CFA
wayne.stefurak@morningstar.com
+1 312 696-6114

Energy

Andrew O'Connor
andrew.oconor@morningstar.com
+1 312 348-3021

Financials – Banks

Chris Baker, CFA
christopher.baker@morningstar.com
+1 312 244-7533

Financials – European Banks

Erin Davis
erin.davis@morningstar.com
+1 312 384-4810

Financials – Insurance, Non-Bank Financials

Jeremy Graczyk, CFA
jeremy.graczyk@morningstar.com
+1 312 244-7491

Healthcare

Julie Utterback, CFA
julie.utterback@morningstar.com
+ 1 312 696-6278

Healthcare

Michael Zbinovec
michael.zbinovec@morningstar.com
+ 1 312 348-3136

Industrials

Rick Tauber, CFA, CPA
rick.tauber@morningstar.com
+1 312 384-5431

Industrials

Basili Alukos, CFA, CPA
basili.alukos@morningstar.com
+1 312 384-4984

REITs

Chris Wimmer, CFA
chris.wimmer@morningstar.com
+1 646 560 4585

REITs

Mike Magerman, CFA
mike.magerman@morningstar.com
+1 267 960 6022

Technology, Media, and Telecom

Michael Dimler, CFA
michael.dimler@morningstar.com
+1 312 696-6339

For More Information

Gregg Novek
+1 646 560-4529
gregg.novek@morningstar.com



22 West Washington Street
Chicago, IL 60602 USA

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vanessa.sussman@morningstar.com.