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Comment Letter No. 9

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Ms. Susan Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
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Dear Ms. Cosper:

I commend the FASB's issuance of an "Invitation to Comment" document on its agenda-setting priorities. It affords a timely opportunity for all of the Board's constituents to provide thoughtful input into the standard-setting process. Whether we are preparers, auditors or financial statement users, the Board's agenda affects all of us. At this point in time, we're at a rare juncture in financial reporting evolution: the FASB's agenda is devoid of major projects, the SEC is considering a rethinking of its own rules and formats, and the technology of information delivery continues to evolve at a frantic pace. It's a perfect time to think carefully about the FASB's next projects. My suggestions and answers to selected questions follow.

Question 0.1: *Are there major financial reporting issues that are not considered in this ITC that should be addressed by the FASB before any of the issues discussed in the ITC are addressed?*

In my view, the financial reporting issues described in the invitation to comment are definitely the four areas for which there is potential for significant improvement, and there is none that I think should be added to the list. Similarly, I have no recommendations of other projects to be completed before attempting to improve these four areas.

Question 0.2: *What is your view about the priority of addressing the major financial reporting issues addressed in this ITC? In other words, is addressing one or more of the issues more critical than others?*

Of the four, I find the liabilities and equity issues to be the least urgent. I would agree with preparers that the literature on liabilities and equity has become complex and not particularly cohesive, but this is not particularly troubling for financial statement users. There's a certain element of free will in the instruments that create liabilities and equity issues: companies can choose to use financing instruments that make for blurry distinctions involved between liabilities and equity, or they can choose to finance their needs with straightforward liability and equity instruments. Partly for that reason, and partly to keep my comments succinct, I will not address the liabilities and equity section. I would say it is a worthy addition to the Board's agenda; I would also consider it the least urgent of the four possibilities.

Question 0.3: *Is it necessary to resolve one or more of the issues before resolving others? In other words, is the resolution of any of the issues dependent upon the resolution of one or more other issues? Please identify any of the projects that should be completed before others and why.*

I think the other three projects depend on each other to a large degree. As I envision the accounting changes for the intangible assets and pension/postretirement benefits plans, those changes need to be complemented by much revision to the reporting of performance and cash flow information. As a financial statement user, my priority would be to improve the reporting of performance and cash flow information, but it would be more effectively accomplished in conjunction with the other two projects. There are measurement issues contained in the Invitation's sections on intangible assets and pension/postretirement benefits plans. I favor the use of fair value for the measurement of those particular assets and liabilities – and that requires not only a change in the measurement method currently in use, but I would also recommend a different method of presentation in performance reporting, as well.

I would now like to address the specific questions regarding the three projects, in the order in which they are presented in the Invitation to Comment.

Intangible Assets

Question 1.1: *Is the accounting for intangible assets (including research and development) a major financial reporting issue that the FASB should consider for improvement? Please explain why.*

The importance of intangible assets is frequently stressed by accounting critics who like to highlight the fact that corporate profits often derive from unrecognized assets resulting from investments in research & development (R&D), and from expenditures to develop customer loyalty and brand building, such as advertising and other customer-centric expenditures. Firms that dedicate resources to these efforts are required to treat them as expenses, regardless of whether they provide future benefits. Such criticisms are valid: this is a shortcoming of the current reporting system, but the critics rarely, if ever, offer rigorous suggestions for remedies.

Another perverse consequence of the current accounting for intangible assets is that they are recognized on the balance sheet of an acquiring firm. This creates a non-comparability issue between companies that build intangible assets internally, charging their expenditures to the income statement, and companies that acquire intangible assets either by purchasing them separately or through an acquisition of an entire firm, with balance sheet recognition.

This asymmetrical treatment for intangible assets is a frequent justification for the elimination of intangibles amortization in "non-GAAP" earnings presentations, on the grounds that the amortization is a non-cash charge that penalizes performance. In cross-company comparisons, the performance of an amortization-neutralizing, non-GAAP earnings reporter to a company with an organic growth strategy will be on uneven footing. The organic-grower invests in research and development, marketing, advertising, and similar expenditures – all of which must be expensed immediately. The organic grower bears a natural disadvantage in comparisons to an amortization-neutralizer.[1]

The disconnect between the accounting treatment of internally-grown intangible assets and acquired intangible assets is not a standards flaw that should be patched over heuristically through non-GAAP reporting. Capital allocation in the broad markets depends on the reporting of neutral, reliable and meaningful financial information - and the current accounting for intangible assets doesn't provide it. The FASB possesses the authority and the resources to revise the accounting for intangible assets. The Board should add this project to its agenda to fulfill its mission "to establish and improve financial accounting and reporting standards to provide useful information to investors and other users of financial reports and educate stakeholders on how to most effectively understand and implement those standards,"[2] the Board should add this project to its agenda.

Question 1.2: *If yes, should the issue be addressed broadly for all intangible assets or should it first be addressed for a subset of intangibles (for example, research and development)? Please explain why.*

I believe the issue should be addressed broadly for <u>all</u> intangible assets for the following reasons:

- The accounting model can be developed to address all intangible assets if it is done as a fresh start. Existing standards allow for capitalization of certain intangibles related to internal-use software and software for distribution, with different thresholds for capitalization. I would recommend a broader approach to all intangible assets that would subsume those standards.
- The Board has been striving for simplicity for years: if it goes down the path of "testing things out" on selected intangible assets, say R&D, they will run the risk of trying to develop different methods of accounting for different intangible assets, and in so doing, introduce unwanted complexity into the accounting standards. The first attempt should address all intangibles cohesively, not on a piecemeal basis. If a single cohesive model cannot be determined, then it would be fair to examine other possibilities.
- The accounting issues related to intangible assets are faced by <u>all</u> companies, regardless of industry. The technology and health care sectors are perhaps the most vocal proponents of change because of their prodigious R&D investments, but to target only R&D would be unfair to all other firms that invest in other forms of intangibles currently required to be expensed. This would not be neutral standard-setting, relative to the entirety of the capital markets.

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[1] The non-GAAP reporter counter-argument is that the firm reporting intangibles amortization is "double-counting" an expense because the firm may make ongoing cash expenditures similar to those of the organic-grower firm. This is an argument that conflates cash changes with earnings reporting, however. The intangibles amortization represents the consumption of an asset known to be consumed in a certain period of time, and the cash expenditures may or may not successfully replace it. It's not unlike the relationship between depreciation expense and capital spending. Depreciation is rarely backed out of non-GAAP earnings presentations on the grounds that capital spending takes place. The exception may be the special case of EBITDA, which is not normally contemplated as an earnings measure but a liquidity measure.

[2] From "About the FASB," at http://fasb.org/jsp/FASB/Page/SectionPage&cid=1176154526495

Question 1.3: *Which approach to addressing the issue is appropriate, considering the benefits and costs of each approach and why? If you recommend a recognition approach, please explain your view about (a) the threshold for recognizing the asset and (b) the measurement of the asset (cost or fair value). If you recommend a disclosure approach, please explain the disclosure objective and recommend what specific information should be disclosed. If you recommend an approach to adopt IAS 38, please explain any implementation concerns.*

I do not recommend a disclosure approach; I don’t believe a disclosure approach would provide the same rigor in application as a recognition approach. Furthermore, I do not have confidence that investors will consistently use disclosures.

I do not recommend the adoption of IAS 38; I would prefer a fresh look at all aspects of intangible asset recognition instead of adopting a standard from twelve years ago. Besides, IAS 38 is a cost-based measurement standard, something that I would not recommend.

I recommend a fair value approach for all classes of intangible assets, supported by historical cost disclosures about the expenditures related to the intangible assets recognized. Reasons:

- For investors, it provides a more relevant value of the assets than simple historical cost accumulation.
- We know it can be done: companies make this determination of the intangible asset values, usually with an appraiser, when they acquire another company. The tools for determining fair values for intangible assets exist and have been proven.
- Investors would find comparisons between fair values of intangible assets and their historical cost very useful. The information would provide an indication of management effectiveness in allocating capital, and it would provide an indication of a firm’s value to an acquirer.

Question 1.4: *Recognition of an intangible asset if a threshold is met and measurement of that asset at fair value would likely result in (a) a gain in the period in which the asset initially is recognized and (b) gains or losses in each period for the change in the fair value of the asset. How should those initial and subsequent gains and losses be presented in the income statement?*

The approach I would recommend for intangible assets would be to recognize all of them at fair value, from the point of view of an acquirer. This is how intangible assets are recognized in current practice when one company acquires another. Remeasurement on the same basis could be performed on an annual basis - similar to current practice for benefit plan assets and obligations.

Initially, a valuation allowance would be recorded to fully offset their value. Keep in mind that the measurement of the intangible assets’ fair values takes place from the point of view of an acquirer, who may be able to put the intangible assets to use in its own asset portfolio immediately, and with a possibly different use than what the self-investing firm may intend. What needs to be developed in the model is a determination of when the internally-developed intangible assets will add value to the self-investing firm through the contribution of cash flows. As evidence accrues that the intangible asset will be a working asset providing immediate cash flows, the valuation allowance would be reduced so the net presentation reflects the intangible asset’s value. From that point forward, the fair value of the intangible asset would be frozen and amortized over its defined life.

As the annual fair value remeasurements occur, the resulting gain or loss would be shown in a remeasurements section of the income statement, to be discussed more in a later section.

Pensions and Other Postretirement Benefit Plans

Question 2.1: *Is the accounting for pensions and other postretirement benefit plans a major financial reporting issue that the FASB should consider for improvement? Please explain why.*

The accounting for benefit plans is a major financial reporting issue that the FASB should consider for improvement. Reasons:

- The current delayed recognition (smoothing) of gains and losses has always obscured the true reporting of economic events of these plans.
- In the case of health care benefit plans, negative plan costs have occurred - a very counterintuitive result at a time when increasing health care costs are a national topic. Out of 257 S&P 500 firms reporting other postretirement benefit plan costs, 76 of them reported *negative* benefit plan costs - about 30%. (See Appendix 1.) The anomaly may be becoming the norm - and these negative plan costs are often triggered by the delayed recognition accounting mechanisms.
- The flexibility embedded in the accounting principles has made for greater non-comparability of results between firms that employ delayed recognition and those who employ so-called "mark-to-market" benefit plan reporting.
- Those non-comparability effects are not remedied by non-GAAP reporting of "mark-to-market" reporters, who eliminate the immediately recognized gains or losses from their non-GAAP earnings measures. Other comparable firms may not necessarily make similar adjustments to eliminate delayed recognition items from their reporting.
- The problem might be assumed to diminish because defined benefit plans are no longer popular and firms are not initiating them. That's a false assumption: they're now more prevalent, due in no small part to the spinoff phenomenon of the last ten years. In fact, there are relatively more of these plans. There were 462 firms at the end of 2015 with financial data[3] available back to 2006. In 2015, there were 302 firms showing a projected benefit obligation - 65% of them. In 2006, there were 286 of them - 62%. By a slim margin, they're more prevalent, but still totally contrary to the oft-held view that such plans are on the road to near-term extinction.

Question 2.2: *Would Alternative A (see paragraphs 2.15–2.16) and/or Alternative B (see paragraphs 2.17–2.19) improve the usefulness of financial information provided to users and be operable?*

I would not support Alternative A at all, nor would I be concerned about possible effects on future convergence of international accounting standards.

I would, however, support Alternative B. The fact that firms might eliminate immediate recognition of gains/losses through non-GAAP reporting is not a concern, because:

- At least all firms would be reporting on the same basis in the first place.
- The income statement should have a separate section for all remeasurements, where the immediate recognition of gains/losses should be reported.
- If the income statement reports a remeasurement section, then it should be more convenient for financial statement users to equalize treatments between firms that treat the remeasurement as a non-GAAP adjustment and those firms that do not.

Question 2.3: *If you support Alternative A (convergence with IAS 19), would you recommend any modifications to IAS 19 or would you expect any implementation issues? Please explain why.*

Not applicable. See answer above.

[3] Source: Standard & Poor's Research Insight database.

Pensions and Other Postretirement Benefit Plans (cont'd.)

Question 2.4: *Are there other approaches to consider for addressing the issue of delayed recognition in earnings? If so, please provide them in sufficient detail so that the FASB can consider your proposal(s). Please provide your rationale for why your proposal provides users of financial statements with more useful information.*

The simple elimination of delayed recognition, in conjunction with an improvement in display of remeasurements in the income statement, should provide financial statement users with clearer information about the effects of such benefit plans on their sponsors and stakeholders.

Question 2.5: *Is the current measurement of a defined benefit obligation appropriate? If not, what changes do you suggest and why (for example, what characteristics of plans are not adequately reflected in the current measurement of the benefit obligation)?*

The current measurement of a defined benefit obligation is appropriate and adequate. The only problem I find in its construction is the lack of visibility into the composition of the discount rate and the expected term of the obligation.

Question 2.6: *What approach (that is, targeted improvements or comprehensive reassessment) would you recommend and why?*

I would support a targeted improvements approach that would eliminate the choices provided by delayed recognition, and improving the presentation of remeasurements, discount rates and obligation expected terms. These efforts would also simplify the accounting and reporting for such plans, something that has interested the FASB in recent years.

Income Statement

Question 4.1: *Is income statement presentation a major financial reporting issue that the FASB should consider for improvement? Please explain why. In making your assessment, what criteria were used?*

The income statement should be considered for improvement. It's undeniably useful to investors, yet it has never received much comprehensive attention. A logical format consistently presented among companies would aid investors in making intercompany comparisons, yet there's never been a presentation standard addressing the matter.

Firms have great leeway in how they present "special" items, and combining amounts in income statement lines, complicating comparisons between companies. At least a consistent cash flow statement presentation standard was prescribed - in 1987. The income statement has never gotten even that much attention.

(Some of my thinking has been influenced by the CFA Institute's 2007 document, "A Comprehensive Business Reporting Model Financial Reporting for Investors." I strongly recommend that the Board revisit that white paper in its consideration of the income statement and cash flow statement issues.[4])

Question 4.2: *How should the components of net income be categorized, if at all? If the FASB were to develop an operating activities category and display a subtotal for operating income, how should the category be defined or described?*

I would favor the categorization of activities by operating income, and would also favor approaching the approach of defining non-operating items. Everything else would have to be operating income or loss - and would also have to be integrated with segment information.

Question 4.3: *Could an operating activity category be defined or described consistently and effectively for all types of reporting entities (for example, entities involved in financial services, investing, banking, and financing)?*

I think it could be done, if the reverse approach described in Question 4.2 is employed.

[4] The document can be downloaded from:
https://www.cfainstitute.org/ethics/topics/Pages/comprehensive_business_reporting_model.aspx?PageName=searchresults&ResultsPage=1

Income Statement (cont'd.)

Question 4.4: *How should the FASB evaluate the benefits of a standardized definition versus a management determination of an entity's operating activities?*

If a standardized definition were to be reached, it would facilitate intercompany comparisons for financial statement users, which is a process that is very elemental to investing. Some might say that a reconfiguration of the income statement is not necessary given that investors often rely on machine-produced data, and can produce income statements configured to their own liking. I do not give much weight to this argument for the following reasons:

- Third-party vendors supplying such information are hampered by the same inconsistencies in presentation as other users when they are trying to convert the financial statements into data points.
- Third-party vendors may make errors, and sometimes combine data points in ways that they see fit for themselves.
- XBRL hasn't resolved the comparability problem because a lot of custom tagging has occurred - and there are not many good XBRL interfaces from which to choose, as well.

Question 4.5: *Which, if any, of the three alternatives described for combining or separating items provides more useful information to users of financial statements, and why?*

I support Alternative B, which calls for identification and definition of income statement items that are remeasurements, with a separate presentation for these items. An example of them would be gains or losses resulting from benefit plan remeasurements; another example would be fair value changes in carrying amounts of existing assets and liabilities that are recognized in net income.

Alternative C should also be integrated into the income statement for all income statement lines.

Segment Reporting

Question 4.7: *Is segment disclosure a major financial reporting issue that the FASB should consider for improvement? In making your assessment, what criteria were used?*

Segment disclosure is a worthy agenda addition, for the reasons cited in the Invitation to Comment document: over-aggregation of segments is a concern, as is the limited consistency of segment disclosures. In some cases, disclosures are of limited usefulness.

Question 4.8: *Considering the three alternatives described for improving aspects of the Topic 280 disclosure requirements, which, if any, alternative provides more useful information to the users of financial statements and why?*

I prefer Alternative C, for the following reasons:

- It's designed to integrate with the consolidated balance sheet and income statement.
- It contains a level of standardization that should improve comparability among companies.
- It is a format that should be easily adaptable for firms: it doesn't require new information, it merely changes presentation of information that should already be produced.

There's one problem with Alternative C that is easily remedied: it needs to be expanded to cover the cash flow statement. The cash flow statement is extremely useful for investors on a consolidated basis, and they would find value in segment disclosures expanded in this fashion. It would become much clearer which segments are consumers of cash instead of cash generators, for instance, and this is a basic concern for investors in companies composed of multiple businesses.

Question 4.9: *Would the described improvements to (a) reexamine the aggregation criteria and (b) apply the segment standard from a governance perspective provide more useful information to users of financial statements and why?*

It's hard to tell if they would improve the information package without some road-testing, but the current situation needs to be improved. I suspect that the reexamination of the aggregation criteria might help. On first thought, the governance approach might work - but I am concerned that the board might study less granular information than the chief operating decision maker. Perhaps there could be a prioritization of the governance approach: whichever package produces the greatest number of segments (the one used by the board, or the one used by the chief operating decision maker) is the one that is used in the segment information.

<u>*Other Comprehensive Income*</u>

Question 4.11: *Is the presentation of other comprehensive income a major financial reporting issue that the FASB should consider for improvement? In making your assessment, what criteria were used?*

I believe the other comprehensive income statement could be eliminated in its entirety under two conditions:

- If the Board could get an operable, consistent measure of operating income worked into the income statement, and
- If the Board were to add a section for remeasurement items (that is, value changes) in the income statement.

There would then be no need for recycling items, and no need to consider whether a two-statement presentation of other comprehensive income is appropriate. Earnings per share presentations could be expanded to show the per share operating income, the per share remeasurement items, and non-operating items.

<u>*Cash Flow Statement*</u>

Question 4.15: *Is the presentation of cash flows a major financial reporting issue that the FASB should consider for improvement? In making your assessment, what criteria were used?*

The Board should consider the presentation of cash flows, if it takes up the issue of income statement reporting. There needs to be symmetry between the two reports, and changes to the income statement should be synchronized to the cash flow statement. For instance, if there was a required operating income subtotal in the income statement, there should be an analog on the cash flow statement.

Question 4.16: *Do you recommend that the FASB retain or reconsider the three- category structure and the definitions of operating, investing, and financing activities within the statement of cash flows?*

I think the current three-category structure and definitions are satisfactory. I would prefer that the direct method of presentation be required, however. It has practically gone extinct, and I believe that part of the reason might be simply that prior firms on the direct method just want to be comparable to their peers.

Investors now pay much more attention to cash flows than they did in 1987, when Statement No. 95 was issued. They would benefit from a cash basis income statement: it would show the degree to which the different line items on an income statement absorb cash and they would be able to more clearly assess the importance of each component. The direct method would go much farther to providing this than the indirect method.

<u>*If the FASB Maintains the Current Three-Category Structure and Definitions:*</u>

Question 4.17: *What specific cash flows should be disaggregated in the future that are not being disaggregated today and is that disaggregation feasible?*

Regardless of whether the FASB makes any changes regarding direct vs. indirect presentation, I believe the operating section requires expansion. It would be useful for users of financial statements to see the cash generated by operations, before interest and taxes, in the face of the cash flow statement.

Question 4.18: *What specific cash payments and receipts are in need of additional classification guidance?*

A frequent investor request for improvement of the cash flow statement is for expanded disclosure of "maintenance capital expenditures." This term defies consistent definition. A better approach may be to require capital expenditure amounts to be categorized three ways: capacity-replenishment capital expenditures, which keep productive capacity equal to the prior year's; expansion capital expenditures, which of course, expand productive capacity over the prior year's; and all other capital expenditures. Knowing how much a company spends on each category would help investors understand liquidity needs of a firm in times of liquidity duress.

<u>*Cash Flow Statement (cont'd.)*</u>

<u>*If the FASB Reconsiders the Current Three-Category Structure and Definitions:*</u>

Question 4.19: *How should the cash flow statement be categorized, if at all? Considering the three alternatives that would reconsider the current structure of the cash flow statement, which, if any, alternative provides more useful information to users of financial statements and why? How should the FASB define or describe those categories?*

I support the proposed Alternative C. It would be the best of all worlds: it would link the income statement on a line-by-line basis to the cash flow statement, which would provide financial statement users with useful information about a firm's cash needs by function, as mentioned above.

I would further support the categorization of the cash flow statement into operating and non-operating activities.

Question 4.20: *How should the FASB evaluate the benefits of a standardized structure versus a management determination to classification of cash flows?*

From the user point of view, the benefits would flow from a standardized structure rather than a management determination.

Question 4.21: *If you prioritize a standardized structure and recommend an operating activities category, how should the Board evaluate the benefits of aligning the description or definition of that category across the income and cash flow statements?*

From the user point of view, the difference between an accrual amount (income statement) versus a cash basis amount (cash flow statement) for a category is critical. Investors often want to model both earnings and cash flows, and the income statement amounts are not symmetrical with their cash basis. If the Board is concerned with investors using accurate information to properly allocate their capital, then this is how the Board should evaluate the benefits of this presentation.

Question 4.22: *Are there other alternatives for improving the cash flow statement that the FASB should consider? If so, please describe in detail to help the FASB in considering your proposal(s). Please provide your rationale for why your proposal provides users of financial statements with more useful information.*

I think special attention needs to be paid to the cash flow reporting of the financial sector. Investors do not use the cash flow statement for such firms as much as they do for other sectors, simply because the operating section does not reflect the operating transactions that are mingled in their investing and (sometimes) financing sections.

At this time, I don't have a recommended solution; I'm simply noting it as an area needing improvement.

Topic Specific Questions for Respondents—Paths Forward

Question 4.23: *What type of project or projects do you recommend that the FASB prioritize to improve the reporting of performance and cash flow information? If you recommend multiple projects or different combinations, please explain the recommended sequencing of those projects.*

The problem is that they would all work best if done at the same time - which is like trying to change the tire on a car that's moving at 60 miles per hour. I think that the projects all need to be done - as well as the other projects mentioned in this letter - but in some cases, done on an iterative basis. Once a project is done, it may have to be revised after another project is completed. It's a rancorous, but necessary, prospect.

For example, I believe that the segment information project could be done first as a discrete project with the existing income statement and cash flow reporting - but if the reporting of the income statement and cash flow statements change, then the segment information reporting may have to change to accommodate the newer standards.

If possible, I would attempt to reform the income statement and cash flow statements first, along with the other comprehensive income statement. This could pave the way for the other projects (intangible assets and benefit plan accounting) to be completed, as they might result in performance reporting that would be better presented under revised standards, particularly in regard to remeasurement effects.

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I appreciate the chance to comment on the Board's potential agenda. The Board and all of its representatives are welcome to contact me if any clarification or expansion on the above remarks is desired. Best regards.

Sincerely,

Jack Ciesielski

Appendix 1. 2015 Negative Other Post-Retirement Benefit Plan Expense

The 76 firms in the table below were drawn from the 275 S&P 500 firms that reported other post-retirement benefit plan *cost* in 2015. Their distinction: the cost is negative for these firms, something that is very counterintuitive when health care cost increases are a topic of national discussion.

Some of the firms use the so-called “mark-to-market” method of recognizing revaluation gains and losses. (With the exception of **American Airlines Group,** this method is employed by the first six firms in the list.) This could explain some of the negative amounts, if the gains on the revaluation exceed all the other cost components. If so, then this begs the question: does this revaluation really tell much about the current period cost of providing these benefits for employees? The revaluation certainly has implications for future cash demands of such promises, but the information might be better displayed in a “remeasurements” section of the income statement.

For the firms employing delayed recognition of gains/losses, it’s much more likely that they have consistently made benefit cuts in the past, resulting in gains to be amortized over the service lives of employees. As the amortization grows annually as new gains are realized, it can exceed the other elements of the benefit cost - especially if the plans are frozen and no new service cost accrues. This is an example of delayed recognition producing irrelevant results, by combining past gains/losses with current period economic activity.

($ in millions)

AT&T	($2,142.0)	Hewlett Packard Enterprise	($28.0)	News Corp.	($7.0)	Capital One Financial	($2.0)
Verizon Communications	(1,606.0)	Merck & Co.	(24.0)	Harris Corp.	(6.0)	Hartford Financial Services	(2.0)
American Airlines Group	(218.0)	Tesoro	(24.0)	NRG Energy	(6.0)	Mallinckrodt Plc	(2.0)
Ford Motor	(199.0)	Pfizer	(21.0)	Albemarle	(5.9)	Reynolds American	(2.0)
Marsh & McLennan Cos.	(118.0)	Goodyear Tire & Rubber	(20.0)	Westrock	(5.2)	Dun & Bradstreet	(1.6)
FirstEnergy	(108.0)	Baker Hughes	(18.0)	Mettler-Toledo Int’l	(5.1)	Martin Marietta Materials	(1.5)
DTE Energy	(99.0)	Norfolk Southern	(15.0)	U S Bancorp	(5.0)	Ryder System	(1.4)
Lilly (Eli) & Co	(95.4)	Morgan Stanley	(14.0)	Huntington Bancshares	(5.0)	Equifax	(1.1)
Duke Energy	(95.0)	Fortune Brands Home & Security	(13.2)	Xcel Energy	(4.5)	Nucor	(1.1)
JPMorgan Chase & Co	(74.0)	Bristol-Myers Squibb	(13.0)	Rockwell Automation	(4.4)	Allegion Plc	(1.0)
Whirlpool	(65.0)	Williams Cos.	(13.0)	Newell Brands	(4.1)	CBS	(1.0)
American Electric Power	(58.8)	AFLAC	(12.0)	Kinder Morgan	(4.0)	Devon Energy	(1.0)
Motorola Solutions	(51.0)	Emerson Electric	(12.0)	Textron	(4.0)	Transocean Ltd.	(1.0)
Kraft Heinz	(42.0)	Invesco Ltd.	(11.6)	Visa	(4.0)	Avery Dennison	(0.8)
Principal Financial Grp	(38.8)	Pinnacle West Capital	(10.4)	TJX Companies	(3.5)	PVH Corp.	(0.8)
Wells Fargo & Co	(37.0)	Loews	(10.0)	Darden Restaurants	(2.6)	Kansas City Southern	(0.6)
HP	(35.0)	Laboratory Cp. Of America	(9.1)	Hasbro	(2.4)	Dover	(0.4)
Dominion Resources	(31.0)	Suntrust Banks	(9.0)	Mead Johnson Nutrition	(2.2)	Alliant Energy	(0.3)
CMS Energy	(28.0)	Agilent Technologies	(8.0)	Broadcom Ltd.	(2.0)	Arthur J. Gallagher & Co	(0.3)

Source: S&P Research Insight database.