

Who is Most Impacted by the New Lease Accounting Standards?



An Analysis of the Fortune 500's Leasing Obligations

lease
accelerator™

What Do Corporations Lease?

Many companies lease (rather than buy) much of the equipment and real estate they use to run their business. Many of the office buildings, warehouses, retail stores or manufacturing plants companies run their operations from are leased. Many of the forklifts, trucks, computers and data center equipment companies use to run their business is leased.

Leasing has many benefits. Cash flow is one. Instead of outlaying \$300,000 to buy five trucks today you can make a series of payments over the next four years to lease them. You can then deploy the cash you saved towards other investments that appreciate in value. Also, regular replacement of older technology with the latest and greatest technology increases productivity and profitability. Instead of buying a server to use in your data center for five years, you can lease the machines and get a new replacement every three years. If you can return the equipment on time, you are effectively outsourcing the monetization of the residual value in the equipment to an expert third-party, the leasing company.

Another benefit of leasing is the accounting, specifically the way the leases are reported on financial statements such as annual reports (10-Ks). Today, under the current ASC 840 standard, leases are classified as capital leases or operating leases. Capital leases are reported on the balance sheet. Operating leases are disclosed in the footnotes of your financial statements as “off balance sheet” operating expenses and excluded from important financial ratios such as Return on Assets that investors use to judge a company’s performance.

Why Introduce New Lease Accounting Standards?

Remember Enron and WorldCom? After they crashed, the SEC investigated off-balance sheet transactions and discovered a loophole: operating leases. The different accounting treatment for operating leases make it challenging for investors to gain an accurate understanding of a company’s real indebtedness.

Professional investors and Wall Street analysts with years of expertise are able to make estimates. Although, they sometimes overestimate the liabilities arising from those obligations.

However, the average Main Street investor cannot easily get the complete picture. The confusion, the SEC determined, was a big problem. So, the SEC asked the Financial Accounting Standards Board (FASB) which creates the standards for U.S. Generally Accepted Accounting Principles (GAAP) to work with the International Accounting Standards Board (IASB), which creates standards for the rest of the world on a new, global, converged standard.

Over the past 15 years, the main actions of the U.S. Congress, the SEC and FASB have introduced numerous regulations to provide investors with greater transparency and accuracy in the financial reports of public companies. In the wake of the accounting scandals of Enron, WorldCom and HealthSouth between 2001 and 2003, Congress rolled out Sarbanes-Oxley (SOX). The goal of SOX was to protect investors from corporate fraud. In this same vein, the new lease accounting standards bring a much higher level of transparency to leases. All leases longer than 12 months must be capitalized and reported on a company’s balance sheet as assets and liabilities.

“These new accounting requirements bring lease accounting into the 21st century, ending the guesswork involved when calculating a company’s often-substantial lease obligations. The new Standard will provide much-needed transparency on companies’ lease assets and liabilities, meaning that off-balance sheet lease financing is no longer lurking in the shadows. It will also improve comparability between companies that lease and those that borrow to buy.”

Hans Hoogervorst

*International Accounting Standards
Board Chairman*

When Do the New Lease Accounting Standards Begin?

The International Accounting Standards Board (IASB) and Financial Accounting Standards Boards (FASB) have prepared two, partially converged standards. FASB has introduced ASC 842 to replace ASC 840 (formerly FAS 13). IASB has launched IFRS 16 to replace IAS 17.

The implementation dates for IFRS and FASB (GAAP) deadlines are in 2019 or 2020 depending upon the fiscal year calendar for a particular company.

If your year end is:	You will likely transition to the new rules in your financial statements for the year ended:
December 31	December 31, 2019
March 31	March 31, 2020
June 30	June 30, 2020
September 30	September 30, 2020

2019 is a long time away for most companies. “Implementation date” here refers to the date when companies will be required to switch to the new lease accounting standard and drop the old model.

However, that is not the real deadline for companies. The SEC also requires that public companies provide side-by-side comparables to make this transition from old to new standards easy for investors to understand. The idea is to make it easy for Main Street and Wall Street investors alike to compare the before/after effects of the accounting change. The SEC requirement for “comparables data” will drive companies to take action now. Up to two years of historical reports will be needed for balance sheets. And up to three years of historical reports will be required for income statements. Here are the real deadlines for companies:

If your year end is:	You will have a comparative parallel <u>Income Statement</u> for transition to the new rules for the year ended:
December 31	December 31, 2017, 2018, 2019
March 31	March 31, 2018, 2019, 2020
June 30	June 30, 2018, 2019, 2020
September 30	September 30, 2018, 2019, 2020

Most companies will have to begin reporting in 2017. That means the real deadline is less than twelve months away for many companies.

What Will Be the Greatest Challenge with Compliance?

OUR OPINION

The problem is that the financial executives of most public companies have no idea how many leases they have. They do not have the data to respond to this compliance deadline. This means that they not only have to collect the lease contracts and find the assets, they also need to extract the required data at the appropriate level of detail to create a benchmark database. They then need to establish processes, roles and controls required to maintain that data across the company. While this may be easier to do with real estate data, equipment leases are highly decentralized and distributed around the world and represent the vast majority of all leases – more than 95% of the contracts in most companies' lease portfolios are equipment leases.

Why don't companies already have this data? Why aren't they already prepared? Well, most companies are focused on satisfying customers and driving returns to shareholders. They have limited time and resources and need to prioritize their investments – especially their compliance investments. For most, this just never became a priority. On top of this, the audit community has not been rigorous or thorough in their investigation of the data used to report on future payment obligations in the footnotes. This has already begun to change. In anticipation of the new standard and the capitalization of leases, auditors are intensifying their scrutiny of the data, processes and controls of public companies.

The purpose of this document is to identify and rank those companies who have the largest off-balance sheet future payment obligations based on public data, as it is reasonable to assume that these companies will have the greatest challenge in preparing for the new standard and likely face the highest risk and experience the most significant impacts of audit failure.

What Are the Shareholder Impacts?

Trillions of dollars in new leases are going to appear as assets and liabilities on the balance sheet in the next few years. With these new assets and liabilities, financial metrics such as Return on Assets, EBITDA, interest coverage and operating leverage could change significantly for some companies. How will shareholders, bondholders, lenders and credit rating agencies respond to these changes? Some key questions are outlined below:

- How will this impact the share price and market capitalization of big companies who have sizable leasing portfolios?
- Will this impact the credit ratings that agencies such as Moody's, Fitch, Standard and Poor's issue about large companies?
- Will the transfer of these new debts to the balance sheet impact a company's ability to borrow money? Will this change impact their ability to raise new debt?
- How will this impact the existing debt covenants that companies have with their banks and bondholders?
- Will this change the way companies measure their own financial performance? And the metrics they promote to investors?
- How will this impact executive compensation that is often based on financial metrics like EBITDA?
- Will companies use the requirement to comply as an opportunity to improve the economic performance of their lease portfolios? If they have to make the investment for compliance, what are the returns shareholders should expect from this kind of project?

The new lease accounting standards have been under development for over 10 years. As a result, most of the institutional investors (think pension funds, mutual funds, insurers) that are shareholders in Fortune 500 companies are well aware of the forthcoming accounting change. Banks that offer credit are also aware of these changes, as many banks sell leasing products of their own.

As a result, most experts on the new lease accounting standards believe that most professional investors have factored the accounting change into their financial models over the past few years. Of course, that does not rule out the possibility that there could be surprises.

How Will This Impact the Leasing industry?

Will the new accounting change influence companies to stop leasing because the administrative costs and hassles of compliance exceed the benefits of leasing? Will they choose to purchase equipment like forklifts, trucks and computers rather than lease them? Will they choose to own their office buildings, warehouses and retail stores rather than leasing them?

Most experts on the new lease accounting standards believe that the majority of companies will not change their leasing behaviors. Accounting treatment is just one of many benefits of leasing. Of course, that does not rule out the possibility that there could be a few surprises.

How Will This Impact the Day-to-Day Operations of Big Companies?

As the standard has been developed over the past few years there has been much debate and analysis of how the new lease accounting standards will impact leasing dynamics, market capitalization and credit ratings. However, there has been very little analysis of how these changes will impact the day-to-day operations of companies.

Now that the new standards are here, it is appropriate to start asking a deeper set of questions about how exactly companies plan to prepare for these new rules and how much effort will be required to comply. For example, is this another Sarbanes-Oxley-type burden that will create massive administrative burdens for the accounting departments of big companies? Or will it just be a few months' worth of work for the accountants and IT department?

- Are the leasing obligations that companies disclose in their annual reports today really accurate? Or have they been poorly tracked and under (or over) stated?
- How accurate is a company's leasing data today? Where is the leasing data stored? In spreadsheets? In a system? Is it one system or is it many? Who is responsible for keeping leasing data up-to-date?
- Do companies really know how many leases they have? How many buildings they are leasing? How many pieces of equipment (trucks, forklifts, furniture, computers) they are renting?
- Who owns leasing within the business? Is it accounting? Treasury? Procurement? IT? Is there a shared services group that owns all aspects of leasing? If not, should there be?
- Are CFOs prepared to explain their leasing programs to investors? Do they have good processes in place to evaluate when to lease versus when to buy? Are they seeking out the most competitive financing terms as they would for any other purchase or debt transaction?

Who Will Be Most Impacted by the New Lease Accounting Standards?

Companies with large operating leases obligations will be the most impacted. According to the IASB, listed companies are estimated to have around \$3.3 trillion of leasing commitments over 85 percent of which do not appear on their balance sheet. Leasing obligations for a specific company can range from a few million dollars (on the low end) to tens of billions of dollars (on the high end). For example, Walgreens and AT&T each have over \$30 billion in operating leasing obligations, while Hershey and Harley Davidson each have only a little more than \$50 million in operating leases.

With the goal of providing greater market awareness for the new lease accounting standards, LeaseAccelerator has compiled a list of the 500 largest U.S. public companies ranked by the size of their off balance sheet leasing obligations. To identify the 500 companies, we used Fortune Magazine's most recent "Fortune 500" study. For the operating lease obligations, we collected data from the most recent SEC 10-K annual filings for each of these public companies. The data was collected in September 2015. As a result, for most companies the fiscal year 2014 reports were used.

No calculations nor manipulation of the leasing obligation data has been performed. We have simply organized the data reported by the companies into a list. Hyperlinks to the SEC filings or other financial reports used to source the data have been included for reference.

Furthermore, no hypotheses or conclusions about the data are being offered. Instead, our goal is to put a centralized set of data out in the public domain to allow stakeholders to better debate the answers to the questions outlined above.

Full transparency – LeaseAccelerator markets "Equipment Lease Management" software, one benefit of which is helping companies comply with the new lease accounting standards. As a result, we benefit from greater awareness of the new standards.

* Fortune's April/May 2015 Rankings were used.

Fortune 500 Companies Ranked by Leasing Obligations

Company	Lessee Ranking	Total Operating Lease Obligations (\$Millions)	Link to Source Data
Walgreens	1	\$33,721	🔗
AT&T ¹	2	\$31,047	🔗
CVS Health ²	3	\$27,282	🔗
Wal-Mart Stores	4	\$17,910	🔗
FedEx Corporation	5	\$16,385	🔗
Bank of America Corp.	6	\$14,406	🔗
Verizon Communications	7	\$14,403	🔗
McDonald's	8	\$13,160	🔗
United Continental Holdings	9	\$13,000	🔗
Delta Air Lines	10	\$12,741	🔗
J.P. Morgan Chase & Co.	11	\$12,441	🔗
American Airlines Group	12	\$11,073	🔗
Citigroup	13	\$10,015	🔗
Whole Foods Market	14	\$8,902	🔗
Rite Aid	15	\$7,797	🔗
Home Depot	16	\$7,705	🔗
TJX	17	\$7,609	🔗
Aéropostale	18	\$7,446	🔗
Wells Fargo	19	\$7,055	🔗
Dollar General	20	\$6,627	🔗
Kroger	21	\$6,369	🔗
Apple	22	\$6,271	🔗
Gap	23	\$6,251	🔗
Exxon Mobil Corporation	24	\$6,213	🔗
Alphabet – Google	25	\$6,183	🔗
IBM Corporation	26	\$6,152	🔗
Amazon.com	27	\$5,913	🔗
Kohl's	28	\$5,800	🔗
Starbucks Corporation	29	\$5,670	🔗
Lowe's	30	\$5,479	🔗
YUM! Brands	31	\$5,479	🔗
Southwest Airlines	32	\$5,155	🔗
Microsoft Corporation	33	\$5,153	🔗
Penske Automotive Group	34	\$4,945	🔗
Family Dollar Stores	35	\$4,239	🔗
General Electric	36	\$4,100	🔗

Company	Lessee Ranking	Total Operating Lease Obligations (\$Millions)	Link to Source Data
Publix Super Markets	37	\$3,902	🔗
Best Buy	38	\$3,876	🔗
L Brands	39	\$3,870	🔗
Target	40	\$3,827	🔗
Safeway ³	41	\$3,742	🔗
Union Pacific Corporation	42	\$3,725	🔗
Macy's	43	\$3,567	🔗
Dick's Sporting Goods	44	\$3,504	🔗
Chevron Corporation	45	\$3,498	🔗
Foot Locker	46	\$3,426	🔗
Walt Disney Company	47	\$3,324	🔗
Bed Bath & Beyond	48	\$3,260	🔗
Advance Auto Parts	49	\$3,247	🔗
Toys "R" Us	50	\$3,108	🔗
Hilton Worldwide Holdings	51	\$3,107	🔗
Xcel Energy	52	\$3,104	🔗
Anadarko Petroleum Corporation	53	\$3,061	🔗
Dow Chemical	54	\$3,034	🔗
Sears Holdings	55	\$2,985	🔗
NIKE	56	\$2,974	🔗
Costco Wholesale	57	\$2,964	🔗
NRG Energy	58	\$2,955	🔗
ConocoPhillips	59	\$2,949	🔗
Staples	60	\$2,931	🔗
iHeartMedia	61	\$2,923	🔗
J.C. Penney	62	\$2,819	🔗
Hess	63	\$2,818	🔗
Hewlett-Packard Company	64	\$2,791	🔗
PNC Financial Services Group	65	\$2,655	🔗
Office Depot	66	\$2,653	🔗
Dollar Tree	67	\$2,623	🔗
DaVita HealthCare Partners	68	\$2,578	🔗
United Technologies Corporation	69	\$2,525	🔗
Bank of New York Mellon Corp.	70	\$2,356	🔗
Ross Stores	71	\$2,353	🔗
Nordstrom	72	\$2,318	🔗
Comcast Corporation	73	\$2,261	🔗
CenturyLink	74	\$2,257	🔗

Company	Lessee Ranking	Total Operating Lease Obligations (\$Millions)	Link to Source Data
Capital One Financial	75	\$2,251	🔗
Live Nation Entertainment	76	\$2,241	🔗
FirstEnergy	77	\$2,227	🔗
Marsh & McLennan	78	\$2,218	🔗
UnitedHealth Group	79	\$2,203	🔗
Goldman Sachs Group	80	\$2,173	🔗
Ralph Lauren Corporation	81	\$2,120	🔗
Interpublic Group	82	\$2,119	🔗
Avis Budget Group	83	\$2,091	🔗
Tractor Supply	84	\$2,076	🔗
AutoZone	85	\$2,059	🔗
PVH Corp.	86	\$2,046	🔗
O'Reilly Automotive	87	\$2,022	🔗
Phillips 66	88	\$2,008	🔗
American Electric Power	89	\$1,968	🔗
HCA Holdings	90	\$1,951	🔗
Barnes & Noble	91	\$1,941	🔗
EMC	92	\$1,938	🔗
Estee Lauder Companies	93	\$1,928	🔗
PetSmart	94	\$1,928	🔗
PepsiCo	95	\$1,894	🔗
Viacom	96	\$1,887	🔗
Kindred Healthcare	97	\$1,870	🔗
Duke Energy	98	\$1,818	🔗
Host Hotels & Resorts	99	\$1,788	🔗
MetLife	100	\$1,771	🔗
McKesson Corporation	101	\$1,766	🔗
Level 3 Communications	102	\$1,724	🔗
News Corporation	103	\$1,715	🔗
Tesoro	104	\$1,702	🔗
Omnicom Group	105	\$1,654	🔗
American Express Company	106	\$1,635	🔗
AECOM	107	\$1,620	🔗
Procter & Gamble Company	108	\$1,617	🔗
U.S. Bancorp	109	\$1,512	🔗
Boeing Company	110	\$1,503	🔗
JetBlue Airways	111	\$1,495	🔗
Time Warner	112	\$1,480	🔗

Company	Lessee Ranking	Total Operating Lease Obligations (\$Millions)	Link to Source Data
VF	113	\$1,476	🔗
Pfizer	114	\$1,467	🔗
BB&T Corp.	115	\$1,464	🔗
Energy Transfer Equity	116	\$1,437	🔗
Xerox	117	\$1,418	🔗
Occidental Petroleum Corporation	118	\$1,386	🔗
Marathon Petroleum	119	\$1,326	🔗
Darden Restaurants	120	\$1,324	🔗
Sherwin-Williams	121	\$1,315	🔗
Community Health Systems	122	\$1,311	🔗
United Parcel Service	123	\$1,304	🔗
Honeywell International	124	\$1,281	🔗
Caesars Entertainment	125	\$1,280	🔗
MGM Resorts International	126	\$1,276	🔗
Goodyear Tire & Rubber	127	\$1,266	🔗
Oracle Corporation	128	\$1,247	🔗
CBRE Group	129	\$1,207	🔗
Valero Energy	130	\$1,183	🔗
BlackRock	131	\$1,178	🔗
Exelon	132	\$1,158	🔗
Humana	133	\$1,145	🔗
Cisco Systems	134	\$1,142	🔗
CBS Corporation	135	\$1,114	🔗
Alaska Air Group	136	\$1,106	🔗
Facebook	137	\$1,101	🔗
GameStop	138	\$1,085	🔗
Mondelez International	139	\$1,080	🔗
General Dynamics	140	\$1,078	🔗
Marriott International	141	\$1,077	🔗
National Oilwell Varco	142	\$1,071	🔗
Intel Corporation	143	\$1,070	🔗
Colgate-Palmolive	144	\$1,063	🔗
Baxter International	145	\$1,047	🔗
Amgen	146	\$1,034	🔗
Fidelity National Financial	147	\$1,015	🔗
Starwood Hotels & Resorts	148	\$1,007	🔗
General Motors Company	149	\$1,003	🔗
Plains GP Holdings	150	\$993	🔗

Company	Lessee Ranking	Total Operating Lease Obligations (\$Millions)	Link to Source Data
Archer-Daniels-Midland Company	151	\$987	🔗
Halliburton Company	152	\$969	🔗
Coca-Cola Company	153	\$965	🔗
DIRECTV ¹	154	\$963	🔗
State Street Corporation	155	\$935	🔗
Jacobs Engineering Group	156	\$933	🔗
Tenet Healthcare	157	\$907	🔗
Anthem	158	\$896	🔗
Ford Motor Company	159	\$883	🔗
Whirlpool	160	\$868	🔗
Lockheed Martin Corporation	161	\$856	🔗
Emerson Electric	162	\$855	🔗
Alcoa	163	\$853	🔗
Regions Financial	164	\$845	🔗
Northrop Grumman Corporation	165	\$840	🔗
3M Company	166	\$831	🔗
Baker Hughes	167	\$806	🔗
Peabody Energy	168	\$802	🔗
Blackstone Group	169	\$801	🔗
Genuine Parts	170	\$793	🔗
Alliance Data Systems	171	\$780	🔗
Leucadia National	172	\$773	🔗
LKQ	173	\$760	🔗
KBR	174	\$753	🔗
Cognizant Technology Solutions	175	\$747	🔗
Cameron International Corporation	176	\$742	🔗
Philip Morris International	177	\$740	🔗
McGraw Hill Financial	178	\$734	🔗
Quest Diagnostics	179	\$721	🔗
Kellogg	180	\$721	🔗
Norfolk Southern Corporation	181	\$711	🔗
Global Partners	182	\$710	🔗
PPG Industries	183	\$698	🔗
Fifth Third Bancorp	184	\$697	🔗
Travelers Companies	185	\$696	🔗
Johnson & Johnson	186	\$691	🔗
Danaher Corporation	187	\$686	🔗
Micron Technology	188	\$682	🔗

Company	Lessee Ranking	Total Operating Lease Obligations (\$Millions)	Link to Source Data
Kinder Morgan	189	\$678	🔗
Biogen Idec	190	\$676	🔗
Thermo Fisher Scientific	191	\$672	🔗
Jones Lang LaSalle	192	\$670	🔗
Waste Management	193	\$668	🔗
Ecolab	194	\$663	🔗
Windstream Holdings	195	\$656	🔗
FMC Technologies	196	\$648	🔗
Merck	197	\$644	🔗
Abbott Laboratories	198	\$639	🔗
Cummins	199	\$632	🔗
Prudential Financial	200	\$629	🔗
Johnson Controls	201	\$628	🔗
Edison International	202	\$623	🔗
ManpowerGroup	203	\$611	🔗
Morgan Stanley	204	\$610	🔗
Allstate Corporation	205	\$606	🔗
Cigna	206	\$604	🔗
L-3 Communications	207	\$602	🔗
Eli Lilly and Company	208	\$602	🔗
Dominion Resources	209	\$601	🔗
Realogy Holdings	210	\$589	🔗
Kimberly-Clark	211	\$587	🔗
Supervalu	212	\$582	🔗
HD Supply Holdings	213	\$582	🔗
Sempra Energy	214	\$580	🔗
Southern	215	\$575	🔗
Bristol-Myers Squibb Company	216	\$572	🔗
Abbvie	217	\$562	🔗
Seaboard	218	\$549	🔗
Enterprise Products Partners	219	\$543	🔗
NGL Energy Partners	220	\$542	🔗
Jarden	221	\$537	🔗
Broadcom Corporation	222	\$537	🔗
Charles Schwab Corporation	223	\$536	🔗
Huntsman	224	\$534	🔗
Aramark	225	\$533	🔗
International Paper	226	\$531	🔗

Company	Lessee Ranking	Total Operating Lease Obligations (\$Millions)	Link to Source Data
Trinity Industries	227	\$531	🔗
Monsanto	228	\$525	🔗
Mattel	229	\$520	🔗
ConAgra Foods	230	\$520	🔗
R.R. Donnelley & Sons Company	231	\$518	🔗
Praxair	232	\$517	🔗
Sonic Automotive	233	\$507	🔗
Wyndham Worldwide	234	\$504	🔗
Western Refining	235	\$503	🔗
H.J. Heinz Company ⁴	236	\$502	🔗
Ingram Micro	237	\$494	🔗
Tyson Foods	238	\$493	🔗
Loews	239	\$492	🔗
Twenty-First Century Fox	240	\$484	🔗
Time Warner Cable	241	\$482	🔗
Aetna	242	\$478	🔗
EOG Resources	243	\$476	🔗
Jabil Circuit	244	\$473	🔗
Apache	245	\$469	🔗
Computer Sciences Corporation	246	\$469	🔗
Cablevision Systems	247	\$457	🔗
Calpine	248	\$455	🔗
Motorola Solutions	249	\$454	🔗
eBay	250	\$449	🔗
CH2M Hill	251	\$448	🔗
Lear	252	\$446	🔗
CarMax	253	\$443	🔗
Symantec Corporation	254	\$442	🔗
Textron	255	\$438	🔗
Hanesbrands	256	\$438	🔗
Priceline Group	257	\$437	🔗
WestRock	258	\$428	🔗
Kraft Foods Group ⁴	259	\$427	🔗
American Financial Group	260	\$425	🔗
Avon Products	261	\$423	🔗
Ameriprise Financial	262	\$423	🔗
Murphy Oil	263	\$422	🔗
Entergy	264	\$422	🔗

Company	Lessee Ranking	Total Operating Lease Obligations (\$Millions)	Link to Source Data
Williams Companies	265	\$419	🔗
AutoNation	266	\$413	🔗
PBF Energy	267	\$408	🔗
Cardinal Health	268	\$406	🔗
Devon Energy Corporation	269	\$405	🔗
Discovery Communications	270	\$403	🔗
Icahn Enterprises	271	\$403	🔗
General Mills	272	\$400	🔗
Avnet	273	\$400	🔗
Visa	274	\$392	🔗
Newell Rubbermaid	275	\$384	🔗
Ryder System	276	\$380	🔗
Freeport-McMoRan Copper & Gold	277	\$377	🔗
Franklin Resources	278	\$376	🔗
AmerisourceBergen Corporation	279	\$375	🔗
Celanese Corporation	280	\$372	🔗
Air Products and Chemicals	281	\$367	🔗
Harman Intl. Industries	282	\$367	🔗
PG&E Corp.	283	\$360	🔗
Deere & Company	284	\$354	🔗
Spectra Energy	285	\$352	🔗
Quintiles Transnational Holdings	286	\$351	🔗
Public Service Enterprise Group	287	\$346	🔗
Express Scripts Holding Company	288	\$341	🔗
Advanced Micro Devices	289	\$340	🔗
UGI	290	\$339	🔗
Illinois Tool Works	291	\$337	🔗
Laboratory Corp. of America	292	\$336	🔗
Con-way	293	\$336	🔗
Universal Health Services	294	\$335	🔗
Texas Instruments	295	\$332	🔗
Stanley Black & Decker	296	\$331	🔗
TEGNA	297	\$331	🔗
Henry Schein	298	\$330	🔗
Rockwell Automation	299	\$326	🔗
Altria Group	300	\$322	🔗
ADP	301	\$321	🔗
WESCO International	302	\$316	🔗

Company	Lessee Ranking	Total Operating Lease Obligations (\$Millions)	Link to Source Data
Chubb Corporation	303	\$313	🔗
CST Brands	304	\$309	🔗
Eastman Chemical	305	\$309	🔗
Group 1 Automotive	306	\$307	🔗
Mosaic	307	\$306	🔗
TRW ⁷	308	\$303	🔗
First Data	309	\$303	🔗
Gilead Sciences	310	\$302	🔗
Clorox	311	\$301	🔗
Expedia	312	\$300	🔗
Mohawk Industries	313	\$297	🔗
Navistar	314	\$293	🔗
Pantry ⁵	315	\$291	🔗
Owens & Minor	316	\$291	🔗
Dean Foods	317	\$288	🔗
Masco	318	\$287	🔗
United States Steel	319	\$284	🔗
KKR	320	\$283	🔗
MeadWestvaco ⁶	321	\$282	🔗
QUALCOMM	322	\$281	🔗
Alleghany	323	\$280	🔗
Coca-Cola Enterprises	324	\$277	🔗
Packaging Corp. of America	325	\$274	🔗
Dover Corporation	326	\$273	🔗
Liberty Interactive	327	\$270	🔗
Fidelity National Information Services	328	\$267	🔗
Core-Mark Holding	329	\$265	🔗
Corning	330	\$252	🔗
Energy Future Holdings	331	\$252	🔗
Centene Corporation	332	\$252	🔗
salesforce.com	333	\$252	🔗
NCR	334	\$251	🔗
Reliance Steel & Aluminum	335	\$250	🔗
CHS	336	\$250	🔗
Anixter International	337	\$247	🔗
Becton Dickinson	338	\$246	🔗
Owens-Illinois	339	\$245	🔗
Jones Financial	340	\$244	🔗

Company	Lessee Ranking	Total Operating Lease Obligations (\$Millions)	Link to Source Data
CSX Corporation	341	\$244	🔗
Booz Allen Hamilton Holding Corporation	342	\$242	🔗
Dr Pepper Snapple Group	343	\$239	🔗
W.R. Berkley	344	\$239	🔗
Fluor Corporation	345	\$236	🔗
Quanta Services	346	\$236	🔗
Parker-Hannifin Corporation	347	\$236	🔗
SpartanNash	348	\$230	🔗
Unum Group	349	\$227	🔗
Allergan	350	\$227	🔗
United Natural Foods	351	\$227	🔗
MRC Global	352	\$226	🔗
Old Republic International	353	\$222	🔗
J.M. Smucker	354	\$222	🔗
Celgene	355	\$219	🔗
DTE Energy	356	\$219	🔗
Boston Scientific	357	\$218	🔗
Stryker	358	\$216	🔗
Terex	359	\$215	🔗
Netflix	360	\$211	🔗
NetApp	361	\$206	🔗
Asbury Automotive Group	362	\$204	🔗
Weyerhaeuser	363	\$204	🔗
Essendant	364	\$204	🔗
Principal Financial	365	\$201	🔗
Owens Corning	366	\$200	🔗
Sysco Corporation	367	\$196	🔗
Lithia Motors	368	\$195	🔗
AGCO	369	\$194	🔗
EMCOR Group	370	\$194	🔗
Ashland	371	\$190	🔗
Tech Data Corporation	372	\$190	🔗
Arrow Electronics	373	\$189	🔗
Voya Financial	374	\$188	🔗
AGL Resources	375	\$188	🔗
W.W. Grainger	376	\$186	🔗
Western Digital Corporation	377	\$185	🔗
US Foods	378	\$184	🔗

Company	Lessee Ranking	Total Operating Lease Obligations (\$Millions)	Link to Source Data
HRG Group	379	\$183	🔗
Crown Holdings	380	\$182	🔗
Lincoln National	381	\$181	🔗
Calumet Specialty Products	382	\$181	🔗
Synnex	383	\$181	🔗
Marathon Oil	384	\$176	🔗
Avery Dennison	385	\$174	🔗
Ingredion	386	\$174	🔗
Precision Castparts Corp	387	\$173	🔗
MasterCard	388	\$171	🔗
Charter Communications	389	\$169	🔗
Sealed Air	390	\$167	🔗
DISH Network Corporation	391	\$165	🔗
Huntington Ingalls Industries	392	\$162	🔗
Tenneco	393	\$161	🔗
Ally Financial	394	\$156	🔗
Dana Holding	395	\$156	🔗
Visteon	396	\$155	🔗
Hartford Financial Services Group	397	\$154	🔗
Consolidated Edison	398	\$153	🔗
Delek	399	\$152	🔗
Republic Services	400	\$151	🔗
AK Steel Holding	401	\$150	🔗
C.H. Robinson Worldwide	402	\$150	🔗
Murphy USA	403	\$148	🔗
Western Union	404	\$144	🔗
PulteGroup	405	\$144	🔗
Campbell Soup	406	\$139	🔗
Ball	407	\$138	🔗
Land O'Lakes	408	\$137	🔗
Pioneer Natural Resources	409	\$137	🔗
Lennar	410	\$137	🔗
Buckeye Partners	411	\$136	🔗
PPL	412	\$135	🔗
Domtar	413	\$134	🔗
General Cable	414	\$130	🔗
United Rentals	415	\$130	🔗
Aflac	416	\$129	🔗

Company	Lessee Ranking	Total Operating Lease Obligations (\$Millions)	Link to Source Data
CMS Energy	417	\$129	🔗
CDW	418	\$128	🔗
LifePoint Health	419	\$126	🔗
Assurant	420	\$126	🔗
Expeditors International of Washington	421	\$123	🔗
Molina Healthcare	422	\$122	🔗
St. Jude Medical	423	\$122	🔗
Commercial Metals	424	\$118	🔗
Autoliv	425	\$115	🔗
Discover Financial Services	426	\$111	🔗
Eversource Energy	427	\$111	🔗
NiSource	428	\$111	🔗
Omnicare ²	430	\$109	🔗
Fannie Mae	429	\$109	🔗
Amphenol	431	\$100	🔗
Ameren	432	\$98	🔗
Kelly Services	433	\$94	🔗
ARRIS Group	434	\$91	🔗
HollyFrontier	435	\$88	🔗
Nucor	436	\$85	🔗
Caterpillar	437	\$83	🔗
Wynn Resorts	438	\$82	🔗
Graybar Electric	439	\$82	🔗
Genworth Financial	440	\$80	🔗
IntegrYS Energy Group	441	\$73	🔗
WellCare Health Plans	442	\$72	🔗
BorgWarner	443	\$70	🔗
SanDisk	444	\$66	🔗
Sanmina	445	\$66	🔗
DuPont	446	\$65	🔗
Dillard's	447	\$65	🔗
Applied Materials	448	\$61	🔗
Reinsurance Group of America	449	\$61	🔗
Insight Enterprises	450	\$61	🔗
Oshkosh	451	\$58	🔗
Hershey	452	\$56	🔗
Paccar	453	\$55	🔗
Harley-Davidson	454	\$55	🔗

Company	Lessee Ranking	Total Operating Lease Obligations (\$Millions)	Link to Source Data
Spirit AeroSystems	455	\$51	🔗
Newmont Mining	456	\$48	🔗
Peter Kiewit Sons'	457	\$45	🔗
INTL FCStone	458	\$42	🔗
Steel Dynamics	459	\$41	🔗
Hormel Foods	460	\$35	🔗
Agilent Technologies	461	\$35	🔗
Targa Resources	462	\$34	🔗
Reynolds American	463	\$30	🔗
Freddie Mac	464	\$29	🔗
Las Vegas Sands	465	\$29	🔗
Erie Insurance Group	466	\$28	🔗
J.B. Hunt Transport Services	467	\$27	🔗
D.R. Horton	468	\$27	🔗
TravelCenters of America	469	\$24	🔗
CenterPoint Energy	470	\$23	🔗
Chesapeake Energy	471	\$11	🔗
Casey's General Stores	472	\$3	🔗
A-Mark Precious Metals	473	\$2	🔗
Oneok	474	\$1	🔗
American Family Insurance Group	N/A	Data Not Available	
American International Group	N/A	Data Not Available	
Auto-Owners Insurance	N/A	Data Not Available	
Berkshire Hathaway	N/A	Data Not Available	
Farmers Insurance Exchange	N/A	Data Not Available	
Guardian Life Ins. Co. of America	N/A	Data Not Available	
Health Net	N/A	Data Not Available	
Lansing Trade Group	N/A	Data Not Available	
Liberty Mutual Insurance Group	N/A	Data Not Available	
Massachusetts Mutual Life Insurance	N/A	Data Not Available	
Mutual of Omaha Insurance	N/A	Data Not Available	
Nationwide	N/A	Data Not Available	
Navient	N/A	Data Not Available	
New York Life Insurance	N/A	Data Not Available	
NextEra Energy	N/A	Data Not Available	
Northwestern Mutual	N/A	Data Not Available	
Pacific Life	N/A	Data Not Available	
Progressive	N/A	Data Not Available	

Company	Lessee Ranking	Total Operating Lease Obligations (\$Millions)	Link to Source Data
Raytheon Company	N/A	Data Not Available	
State Farm Insurance Cos.	N/A	Data Not Available	
SunTrust Banks	N/A	Data Not Available	
Thrivent Financial for Lutherans	N/A	Data Not Available	
TIAA-CREF	N/A	Data Not Available	
USAA	N/A	Data Not Available	
Western & Southern Financial Group	N/A	Data Not Available	
World Fuel Services	N/A	Data Not Available	

FOOTNOTES

- | | |
|---|--|
| 1 AT&T acquired DirecTV | 5 Pantry merged with Circle-K |
| 2 CVS acquired Omnicare | 6 MeadWestvaco merged with RockTenn |
| 3 Safeway merged with Albertsons | 7 TRW merged with ZF |
| 4 Kraft merged with H.J. Heinz | |

Additional Information on the New Lease Accounting Standards

We encourage you to consult the FASB or IASB websites for more details on the specifics of the lease accounting standards. Additionally, each of the “Big Four” accounting firms provided thoughtful analyses of the standards. Links are provided below:

FASB <http://www.fasb.org/jsp/FASB/Page/BridgePage&cid=1351027207574>

IFRS <http://www.ifrs.org/Current-Projects/IASB-Projects/Leases/Pages/Leases.aspx>

PWC <http://www.pwc.com/us/en/cfodirect/issues/lease-accounting.html>

EY <http://www.ey.com/UL/en/AccountingLink/Current-topics-Leases>

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