

The SEC's Revised Disclosure Regime for Certain Registered Debt Securities

JULY 2020

This publication, which we believe may be of interest to our clients and friends of the Firm, is for general information only. It should not be relied upon as legal advice as facts and circumstances may vary. The sharing of this information will not establish a client relationship with the recipient unless Cravath is or has been formally engaged to provide legal services.

Overview of Amendments

- **On March 2, 2020, the SEC adopted amendments to Rules 3-10 and 3-16 of Regulation S-X to streamline the financial disclosure requirements for issuers and guarantors of registered debt securities and issuer affiliates whose securities collateralize registered debt offerings**
- **The amendments are predicated on a basic conceptual view (widely supported by commenters, including Cravath) that a parent company's consolidated financial information, together with supplemental information about structural subordination and collateral, is sufficient to permit a prospective investor to make an informed investment decision**
- **Notably, the amendments:**
 - expand the circumstances in which a parent company does not have to file separate financial statements for subsidiary issuers and guarantors of registered debt securities;
 - streamline the alternative financial disclosure required for subsidiary issuers and guarantors whose separate financial statements have been omitted and specify certain required alternative non-financial disclosures;
 - permit a parent company to omit the alternative disclosures from their periodic reports required by the Exchange Act upon the applicable issuer or guarantor no longer having a reporting obligation for the debt securities; and
 - make similar modifications to the required financial disclosures for issuer affiliates whose securities are pledged as collateral for registered debt securities
- **The final rules implementing the amendments will be effective on January 4, 2021, but, importantly, the SEC will accept voluntary compliance prior to that date**
 - Given the reduced cost and burden of compliance under the amended rules, we expect issuers and guarantors of registered debt securities to begin adapting their internal and disclosure controls and procedures
 - Several issuers have early adopted in their Exchange Act reports
 - It remains to be seen whether these amendments will meaningfully impact issuers' willingness to register offerings of guaranteed debt securities that would otherwise be conducted on an unregistered basis in the Rule 144A market

Rule 3-10 Amendments

- **Rule 3-10 requires each issuer of a registered security that is guaranteed and each guarantor of a registered security to file the financial statements required by Regulation S-X, unless one of five exceptions to this general rule is satisfied and certain alternative disclosures are provided**
- **The amendments to Rule 3-10 affect:**
 - ① the issuer and guarantor structures that are eligible for an exception to the general rule;
 - ② the conditions that must be satisfied in order to omit separate financial statements;
 - ③ the form and content of alternative disclosures; and
 - ④ the duration of the ongoing reporting obligations of issuers and guarantors in respect of the alternative disclosures
- **The amendments also relocate the required alternative disclosures set forth throughout existing Rule 3-10 to new Rule 13-01**
- **Rule 13-01 requires more streamlined financial information**
 - In place of the existing requirement to present all major captions of the three financial statements, Rule 13-01, via Rule 1-02(bb)(1) of Regulation S-X, only requires a summary presentation of:
 - certain balance sheet and income statement line items; and
 - an accompanying note that briefly describes the basis of presentation
 - Notably, no statement of cash flow information is required
 - If the information (as is permitted) is disclosed other than in the notes to the financial statements, it is not required to be audited or reviewed, substantially expediting preparation for debut structures

Rule 3-10 Amendments (cont'd)

	Key Provisions of Rule 3-10, as amended	Streamlining Effects
1 Eligible Structures	<ul style="list-style-type: none"> Separate financial statements of subsidiary issuers and guarantors may be omitted if: <ul style="list-style-type: none"> a parent company issues the security (or co-issues the security on a joint and several basis) with one or more of its consolidated subsidiaries a consolidated subsidiary issues the security (or co-issues the security with one or more other consolidated subsidiaries), and the parent company fully and unconditionally guarantees the security 	<ul style="list-style-type: none"> Expands eligibility to include structures involving subsidiary guarantees that are not full and unconditional (which had been required under the existing rule) Enhances possibility of including non-U.S. guarantors, which, historically, have been unable to satisfy the “full and unconditional” requirement under local law in certain jurisdictions
2 Conditions	<ul style="list-style-type: none"> The parent company’s consolidated financial statements must be included or incorporated by reference in the relevant filing A subsidiary issuer or guarantor whose separate financial statements are omitted must be a consolidated subsidiary of the parent company 	<ul style="list-style-type: none"> Expands the universe of subsidiary issuers and guarantors for which separate financial statements may be omitted to include entities that are not 100% owned or that have issued securities convertible into their own voting shares—both of which were previously excluded
3 Alternative Disclosures	<p>Summarized Financial Information</p> <ul style="list-style-type: none"> The alternative disclosures must include the summarized financial information required by Rule 1-02(bb)(1) of Regulation S-X, and the summarized financial information: <ul style="list-style-type: none"> must entirely exclude all financial information of non-issuer and non-guarantor subsidiaries may be presented on a combined basis for all issuers and guarantors of the applicable security, unless certain circumstances require a disaggregated presentation must include summarized financial information for a recently acquired subsidiary issuer or guarantor if the acquisition is “significant” under Rule 3-05 of Regulation S-X, as amended 	<ul style="list-style-type: none"> Eliminates separate disclosure of financial information of non-guarantor and non-issuer subsidiaries, as well as investments in non-issuer and non-guarantor subsidiaries, even if the non-guarantor and non-issuer subsidiaries would otherwise be consolidated If presented on a combined basis, eliminates burden of determining intercompany balances and transactions between obligors Reduces burden associated with recently acquired subsidiary issuers or guarantors—but may result in pre-acquisition summarized financial information being presented prior to it being required to be filed under Rule 3-05

Rule 3-10 Amendments (cont'd)

Key Provisions of Rule 3-10, as amended		Streamlining Effects
<div>3</div> <div>Alternative Disclosures (cont'd)</div>	Non-Financial Disclosures	
	<ul style="list-style-type: none"> The alternative disclosures must include certain non-financial disclosure, such as: <ul style="list-style-type: none"> the identification of the issuers and guarantors of each guaranteed security a description of the terms and conditions of the guarantees, including any way in which the guarantees are not full and unconditional a description of any material factors that may affect payment on the guarantees any additional information that would be material and necessary to be not misleading 	<ul style="list-style-type: none"> Issuers and guarantors may be identified in an exhibit to an Exchange Act report, which may be incorporated by reference (if unchanged) for ongoing compliance
	Safe Harbors	
	<ul style="list-style-type: none"> Summarized financial information may be omitted as not material if: <ul style="list-style-type: none"> the assets, liabilities and results of operations of the combined issuers and guarantors are not materially different from amounts presented in the parent company's consolidated financials the combined issuers and guarantors, excluding investments in subsidiaries that are not issuers and guarantors, have no material assets, liabilities or results of operations the sole issuer is a finance subsidiary of the parent company, and no other subsidiary of the parent company guarantees the security the issuer is a finance subsidiary that co-issued the security, jointly and severally, with the parent company, and no other subsidiary of the parent company guarantees the security 	<ul style="list-style-type: none"> Although the SEC believes these scenarios encompass most of the situations under which summarized information would not be material, the safe harbors are non-exclusive A general materiality provision in the amendments provides the parent company wide discretion to conclude, based on the facts and circumstances of a scenario outside the safe harbors, that all or a portion of the summarized financial information is not material and may, therefore, be omitted

Rule 3-10 Amendments (cont'd)

	Key Provisions of Rule 3-10, as amended	Streamlining Effects
	Location of Alternative Disclosures	
3 Alternative Disclosures (cont'd)	<ul style="list-style-type: none"> Unlike the existing rule, which requires subsidiary issuer and guarantor information to be presented in the footnotes to the parent's consolidated financial statements, the parent company may, at its option, provide the alternative disclosures: <ul style="list-style-type: none"> in the footnotes to the parent company's consolidated financial statements in its MD&A in a prospectus immediately following "Risk Factors", if any with pricing information described in Item 105 of Regulation S-K 	<ul style="list-style-type: none"> ☑ If the alternative disclosures are not provided in the footnotes to the parent company's financial statements (where they would be subject to auditor review or audit), the information will not need to be audited ☑ We believe the flexibility to include this information in the MD&A or otherwise outside the financial statements is one of the more attractive aspects of the new rules, significantly reducing the burden associated with the disclosure
4 Ongoing Reporting	<ul style="list-style-type: none"> Permits a parent company to cease providing alternative disclosures at the time the applicable issuer or guarantor no longer has a reporting obligation under the Exchange Act with respect to those securities 	<ul style="list-style-type: none"> ☑ Under the existing rule, alternative disclosures are required as long as the applicable securities are outstanding, even if the issuer's or guarantor's reporting obligations for those securities has been suspended under Section 15(d) of the Securities Act ☑ Although frequent issuers may not benefit from this change, a reporting company that is an infrequent issuer may benefit significantly as the amendment would allow the company to omit the alternative disclosures from its periodic reports after the first annual report on Form 10-K following the issuance of the applicable debt security (assuming the securities are held by fewer than 300 holders)

Rule 3-16 Amendments

- Rule 3-16 requires a registrant to provide separate financial statements for each issuer affiliate whose securities constitute a substantial portion of the collateral for any class of registered securities as if the affiliate were a separate registrant
- The amendments to Rule 3-16 establish a disclosure framework that is largely analogous to the changes discussed with respect to Rule 3-10, with the required alternative disclosures relocated from Rule 3-16 to new Rule 13-02
- Notably, the existing requirement to provide separate financial statements for an issuer affiliate if the aggregate principal amount, par value, book value or market value of its pledged securities exceeds a certain numerical threshold has been replaced with a requirement to provide alternative disclosures in all cases, to the extent material
- Compliance with the amended Rule 3-16 will not be required for debt securities issued by issuers that were not required to file Rule 3-16 financial statements prior the effective date of the amendments if the relevant securities include provisions requiring the release of the applicable collateral if separate financial information would be required under Rule 3-16
- This last provision was added in response to concerns that the amended Rule 3-16 might allow an existing issuer to release guarantors solely as a result of the rule change with a resulting substantive impact on the collateral package

Foreign Private Issuers

- **Similar to domestic issuers, foreign private issuers will be required to comply with new Rules 13-01 and 13-02 and will continue to be required to comply with amended Rules 3-10 and 3-16**
- **However, given differences between foreign and domestic forms required by the Exchange Act and the Securities Act, some of the requirements are located in different places, such as through amendments to the instructions to Forms F-1, F-3 and 20-F, when applied to foreign private issuers**

Key Issues for Investment Bankers

- **Implementation timing**
 - Early adoption?
- **Location of alternative disclosures**
- **Due diligence and auditor comfort**
- **Immateriality**
 - Easier for debt with stock pledges than guaranteed debt?
- **Termination of reporting / contractual reporting obligation trends**
- **Inclusion of non-U.S. guarantors**
- **Execution considerations**
 - Potential benefits to conducting an offering on a registered rather than Rule 144A/Regulation S basis?

Appendix—Example Disclosure

WestRock Company (NYSE: WRK)

Under
Existing Rules

Excerpt from “Notes to Consolidated Financial Statements—Note 14. Selected Condensed Consolidating Financial Statements of Parent, Issuer, Guarantors and Non-Guarantors”

Note 14. Selected Condensed Consolidating Financial Statements of Parent, Issuer, Guarantors and Non-Guarantors

The 2024 Notes, the 2025 Notes, the 2026 Notes, the 2027 Notes, the 2028 Notes, the June 2028 Notes, the 2029 Notes and the 2032 Notes (the “**Notes**”) were issued by WRKCo (the “**Issuer**”). Upon issuance, the 2024 Notes, the 2025 Notes, the 2027 Notes and the 2028 Notes were fully and unconditionally guaranteed by the Subsidiary Guarantors. On November 2, 2018, in connection with the consummation of the KapStone Acquisition, Whiskey Holdco, Inc. became the direct parent of the Issuer, changed its name to WestRock Company (“**Parent**”) and fully and unconditionally guaranteed the 2024 Notes, the 2025 Notes, the 2027 Notes and the 2028 Notes. The 2026 Notes, the June 2028 Notes, the 2029 Notes and the 2032 Notes were issued by the Issuer subsequent to the consummation of the KapStone Acquisition and were fully and unconditionally guaranteed at the time of issuance by Parent and the Subsidiary Guarantors. Accordingly, each series of the Notes is fully and unconditionally guaranteed on a joint and several basis by Parent and the Subsidiary Guarantors.

In accordance with GAAP, we retrospectively account for changes in our legal structure that constitute transfers of businesses between issuers, guarantors and non-guarantors. As such, our prior period financials may vary from those previously reported. The information in the tables reflect such revisions, as well as revisions to correct immaterial errors in the prior presentation of our financial statements.

In accordance with Rule 3-10 of Regulation S-X, the following tables present condensed consolidating financial data of the Parent, the Issuer, the Subsidiary Guarantors, the non-guarantor subsidiaries and eliminations. Such financial data include Condensed Consolidating Balance Sheet data as of September 30, 2019 and 2018 and the related Condensed Consolidating Statement of Income and Cash Flow data for each of the three years in the period ended September 30, 2019.

Source: Annual Report of WestRock Company on Form 10-K for the fiscal year ended September 30, 2019.

WestRock Company (cont'd)

Under
Existing Rules

Excerpt from “Notes to Consolidated Financial Statements—Note 14. Selected Condensed Consolidating Financial Statements of Parent, Issuer, Guarantors and Non-Guarantors”

WESTROCK COMPANY						
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)						
CONDENSED CONSOLIDATING STATEMENTS OF INCOME						
Year Ended September 30, 2019						
(In millions)	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	\$ -	\$ -	\$ 2,543.8	\$ 18,364.4	\$ (2,619.2)	\$ 18,289.0
Cost of goods sold	-	-	2,026.0	15,114.2	(2,600.2)	14,540.0
Selling, general and administrative, excluding intangible amortization	-	(0.9)	120.0	1,596.1	-	1,715.2
Selling, general and administrative intangible amortization	-	-	104.4	295.8	-	400.2
Loss (gain) on disposal of assets	-	-	0.1	(41.3)	-	(41.2)
Multiemployer pension withdrawal income	-	(0.2)	(0.3)	(5.8)	-	(6.3)
Land and Development impairments	-	-	-	13.0	-	13.0
Restructuring and other costs	-	7.6	0.3	165.8	-	173.7
Operating profit (loss)	-	(6.5)	293.3	1,226.6	(19.0)	1,494.4
Interest expense, net	-	(246.8)	(163.4)	(21.1)	-	(431.3)
Intercompany interest (expense) income, net	-	(3.2)	(115.3)	99.5	19.0	-
Loss on extinguishment of debt	-	(3.0)	(1.9)	(0.2)	-	(5.1)
Pension and other postretirement non-service (expense) income	-	-	(6.5)	80.7	-	74.2
Other (expense) income, net	-	(5.1)	3.4	4.1	-	2.4
Equity in income of unconsolidated entities	-	-	-	10.1	-	10.1
Equity in income of consolidated entities	862.9	1,149.9	729.2	-	(2,742.0)	-
Income before income taxes	862.9	885.3	738.8	1,399.7	(2,742.0)	1,144.7
Income tax benefit (expense)	-	67.9	7.2	(351.9)	-	(276.8)
Consolidated net income	862.9	953.2	746.0	1,047.8	(2,742.0)	867.9
Less: Net income attributable to noncontrolling interests	-	-	-	(5.0)	-	(5.0)
Net income attributable to common stockholders	\$ 862.9	\$ 953.2	\$ 746.0	\$ 1,042.8	\$ (2,742.0)	\$ 862.9
Comprehensive income attributable to common stockholders	\$ 489.0	\$ 577.7	\$ 377.3	\$ 682.4	\$ (1,637.4)	\$ 489.0

Source: Annual Report of WestRock Company on Form 10-K for the fiscal year ended September 30, 2019.

WestRock Company (cont'd)

Under
Existing Rules

Excerpt from “Notes to Consolidated Financial Statements—Note 14. Selected Condensed Consolidating Financial Statements of Parent, Issuer, Guarantors and Non-Guarantors”

WESTROCK COMPANY						
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)						
CONDENSED CONSOLIDATING STATEMENTS OF INCOME						
Year Ended September 30, 2018						
(In millions)	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	\$ -	\$ -	\$ 2,593.0	\$ 16,345.4	\$ (2,653.3)	\$ 16,285.1
Cost of goods sold	-	-	2,004.2	13,572.2	(2,653.3)	12,923.1
Selling, general and administrative, excluding intangible amortization	-	1.5	94.1	1,451.0	-	1,546.6
Selling, general and administrative intangible amortization	-	-	104.2	192.4	-	296.6
Loss on disposal of assets	-	-	0.2	9.9	-	10.1
Multiemployer pension withdrawals	-	6.5	12.5	165.2	-	184.2
Land and Development impairments	-	-	-	31.9	-	31.9
Restructuring and other costs	-	8.7	5.6	91.1	-	105.4
Operating profit (loss)	-	(16.7)	372.2	831.7	-	1,187.2
Interest expense, net	(12.5)	(76.9)	(173.5)	(30.9)	-	(293.8)
Intercompany interest income (expense), net	-	28.1	(87.6)	59.5	-	-
(Loss) gain on extinguishment of debt	(0.2)	(1.4)	1.9	(0.4)	-	(0.1)
Pension and other postretirement non-service (expense) income	-	-	(6.9)	102.2	-	95.3
Other income (expense), net	-	0.7	(22.5)	34.5	-	12.7
Equity in income of unconsolidated entities	-	-	7.5	26.0	-	33.5
Equity in income of consolidated entities	-	1,962.0	1,343.8	-	(3,305.8)	-
Income (loss) before income taxes	(12.7)	1,895.8	1,434.9	1,022.6	(3,305.8)	1,034.8
Income tax benefit	3.1	19.9	131.8	719.7	-	874.5
Consolidated net income (loss)	(9.6)	1,915.7	1,566.7	1,742.3	(3,305.8)	1,909.3
Less: Net income attributable to noncontrolling interests	-	-	-	(3.2)	-	(3.2)
Net income (loss) attributable to common stockholders	\$ (9.6)	\$ 1,915.7	\$ 1,566.7	\$ 1,739.1	\$ (3,305.8)	\$ 1,906.1
Comprehensive income (loss) attributable to common stockholders	\$ (9.6)	\$ 1,677.7	\$ 1,351.4	\$ 1,498.6	\$ (2,850.0)	\$ 1,668.1

Source: Annual Report of WestRock Company on Form 10-K for the fiscal year ended September 30, 2019.

WestRock Company (cont'd)

Under
Existing Rules

Excerpt from “Notes to Consolidated Financial Statements—Note 14. Selected Condensed Consolidating Financial Statements of Parent, Issuer, Guarantors and Non-Guarantors”

WESTROCK COMPANY						
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)						
CONDENSED CONSOLIDATING STATEMENTS OF INCOME						
Year Ended September 30, 2017						
(In millions)	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	\$ -	\$ -	\$ 2,485.6	\$ 15,208.5	\$ (2,834.4)	\$ 14,859.7
Cost of goods sold	-	-	2,289.0	12,686.9	(2,834.4)	12,141.5
Selling, general and administrative, excluding intangible amortization	-	0.8	123.9	1,332.5	-	1,457.2
Selling, general and administrative intangible amortization	-	-	104.2	125.4	-	229.6
Loss on disposal of assets	-	-	-	4.8	-	4.8
Land and Development impairments	-	-	-	46.7	-	46.7
Restructuring and other costs	-	1.3	26.0	169.4	-	196.7
Operating profit (loss)	-	(2.1)	(57.5)	842.8	-	783.2
Interest expense, net	-	(40.1)	(172.5)	(9.9)	-	(222.5)
Intercompany interest income (expense), net	-	18.5	(53.1)	34.6	-	-
(Loss) gain on extinguishment of debt	-	(0.9)	3.1	(0.4)	-	1.8
Pension and other postretirement non-service income	-	-	-	51.8	-	51.8
Other (expense) income, net	-	(1.0)	(30.2)	42.7	-	11.5
Equity in income of unconsolidated entities	-	-	12.7	26.3	-	39.0
Equity in income of consolidated entities	-	724.2	643.7	-	(1,367.9)	-
Gain on sale of HH&B	-	-	-	192.8	-	192.8
Income before income taxes	-	698.6	346.2	1,180.7	(1,367.9)	857.6
Income tax benefit (expense)	-	9.6	120.5	(289.1)	-	(159.0)
Consolidated net income	-	708.2	466.7	891.6	(1,367.9)	698.6
Net loss attributable to noncontrolling interests	-	-	-	9.6	-	9.6
Net income attributable to common stockholders	\$ -	\$ 708.2	\$ 466.7	\$ 901.2	\$ (1,367.9)	\$ 708.2
Comprehensive income attributable to common stockholders	\$ -	\$ 877.3	\$ 609.0	\$ 1,071.8	\$ (1,680.8)	\$ 877.3

Source: Annual Report of WestRock Company on Form 10-K for the fiscal year ended September 30, 2019.

WestRock Company (cont'd)

Under
Existing Rules

Excerpt from “Notes to Consolidated Financial Statements—Note 14. Selected Condensed Consolidating Financial Statements of Parent, Issuer, Guarantors and Non-Guarantors”

WESTROCK COMPANY						
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)						
CONDENSED CONSOLIDATING BALANCE SHEETS						
September 30, 2019						
(In millions)	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 17.8	\$ 133.8	\$ -	\$ 151.6
Accounts receivable	-	-	31.1	2,201.7	(39.6)	2,193.2
Inventories	-	-	254.3	1,853.2	-	2,107.5
Other current assets	-	1.2	11.8	483.2	-	496.2
Intercompany receivables	-	238.2	-	1,340.5	(1,578.7)	-
Assets held for sale	-	-	-	25.8	-	25.8
Total current assets	-	239.4	315.0	6,038.2	(1,618.3)	4,974.3
Property, plant and equipment, net	-	-	18.9	11,170.6	-	11,189.5
Goodwill	-	-	1,158.6	6,127.0	-	7,285.6
Intangibles, net	-	-	1,485.0	2,574.5	-	4,059.5
Restricted assets held by special purpose entities	-	-	-	1,274.3	-	1,274.3
Prepaid pension asset	-	-	-	224.7	-	224.7
Intercompany notes receivable	-	155.0	156.9	3,026.8	(3,338.7)	-
Investments in consolidated subsidiaries	11,973.7	18,460.4	20,039.9	-	(50,474.0)	-
Other assets	-	67.8	185.3	971.8	(76.1)	1,148.8
Total Assets	\$ 11,973.7	\$ 18,922.6	\$ 23,359.6	\$ 31,407.9	\$ (55,507.1)	\$ 30,156.7
LIABILITIES AND EQUITY						
Current liabilities:						
Current portion of debt	\$ -	\$ 135.3	\$ 108.9	\$ 316.9	\$ -	\$ 561.1
Accounts payable	-	0.7	31.3	1,839.4	(39.6)	1,831.8
Accrued compensation and benefits	0.2	-	14.6	455.6	-	470.4
Other current liabilities	-	18.6	83.8	469.4	-	571.8
Intercompany payables	303.6	10.5	1,052.9	211.7	(1,578.7)	-
Total current liabilities	303.8	165.1	1,291.5	3,293.0	(1,618.3)	3,435.1
Long-term debt due after one year	-	6,608.0	1,982.9	911.4	-	9,502.3
Intercompany notes payable	-	636.3	2,390.5	311.9	(3,338.7)	-
Pension liabilities, net of current portion	-	-	147.6	146.4	-	294.0
Postretirement benefit liabilities, net of current portion	-	-	25.7	136.4	-	162.1
Non-recourse liabilities held by special purpose entities	-	-	-	1,145.2	-	1,145.2
Deferred income taxes	-	-	278.9	2,675.2	(76.1)	2,878.0
Other long-term liabilities	-	12.9	131.2	909.8	-	1,053.9
Redeemable noncontrolling interests	-	-	-	1.9	-	1.9
Total stockholders' equity	11,669.9	11,500.3	17,111.3	21,862.4	(50,474.0)	11,669.9
Noncontrolling interests	-	-	-	14.3	-	14.3
Total equity	11,669.9	11,500.3	17,111.3	21,876.7	(50,474.0)	11,684.2
Total Liabilities and Equity	\$ 11,973.7	\$ 18,922.6	\$ 23,359.6	\$ 31,407.9	\$ (55,507.1)	\$ 30,156.7

Source: Annual Report of WestRock Company on Form 10-K for the fiscal year ended September 30, 2019.

WestRock Company (cont'd)

Under
Existing Rules

Excerpt from “Notes to Consolidated Financial Statements—Note 14. Selected Condensed Consolidating Financial Statements of Parent, Issuer, Guarantors and Non-Guarantors”

WESTROCK COMPANY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued) CONDENSED CONSOLIDATING BALANCE SHEETS September 30, 2018						
(In millions)	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ -	\$ 0.2	\$ 490.8	\$ 145.8	\$ -	\$ 636.8
Accounts receivable, net	-	0.1	196.5	1,840.2	(26.1)	2,010.7
Inventories	-	-	233.4	1,596.2	-	1,829.6
Other current assets	-	0.4	17.2	230.9	-	248.5
Intercompany receivables	-	27.7	269.8	792.8	(1,090.3)	-
Assets held for sale	-	-	-	59.5	-	59.5
Total current assets	-	28.4	1,207.7	4,665.4	(1,116.4)	4,785.1
Property, plant and equipment, net	-	-	21.3	9,061.2	-	9,082.5
Goodwill	-	-	1,151.3	4,426.3	-	5,577.6
Intangibles, net	-	-	1,589.4	1,532.6	-	3,122.0
Restricted assets held by special purpose entities	-	-	-	1,281.0	-	1,281.0
Prepaid pension asset	-	-	-	420.0	-	420.0
Intercompany notes receivable	-	884.2	33.1	2,865.4	(3,782.7)	-
Investments in consolidated subsidiaries	-	13,260.3	15,066.3	-	(28,326.6)	-
Other assets	3.4	12.4	172.8	910.8	(7.1)	1,092.3
Total Assets	\$ 3.4	\$ 14,185.3	\$ 19,241.9	\$ 25,162.7	\$ (33,232.8)	\$ 25,360.5
LIABILITIES AND EQUITY						
Current liabilities:						
Current portion of debt	\$ -	\$ -	\$ 609.5	\$ 131.2	\$ -	\$ 740.7
Accounts payable	-	0.8	40.3	1,701.8	(26.1)	1,716.8
Accrued compensation and benefits	-	0.2	10.7	388.4	-	399.3
Other current liabilities	-	3.2	77.7	395.6	-	476.5
Intercompany payables	13.0	506.6	570.4	0.3	(1,090.3)	-
Total current liabilities	13.0	510.8	1,308.6	2,617.3	(1,116.4)	3,333.3
Long-term debt due after one year	-	2,179.4	2,460.1	1,035.0	-	5,674.5
Intercompany notes payable	-	-	2,865.4	917.3	(3,782.7)	-
Pension liabilities, net of current portion	-	-	135.9	125.4	-	261.3
Postretirement benefit liabilities, net of current portion	-	-	28.1	106.7	-	134.8
Non-recourse liabilities held by special purpose entities	-	-	-	1,153.7	-	1,153.7
Deferred income taxes	-	-	291.0	2,037.6	(7.1)	2,321.5
Other long-term liabilities	-	16.1	106.2	872.5	-	994.8
Redeemable noncontrolling interests	-	-	-	4.2	-	4.2
Total stockholders' equity	(9.6)	11,479.0	12,046.6	16,280.0	(28,326.6)	11,469.4
Noncontrolling interests	-	-	-	13.0	-	13.0
Total equity	(9.6)	11,479.0	12,046.6	16,293.0	(28,326.6)	11,482.4
Total Liabilities and Equity	\$ 3.4	\$ 14,185.3	\$ 19,241.9	\$ 25,162.7	\$ (33,232.8)	\$ 25,360.5

Source: Annual Report of WestRock Company on Form 10-K for the fiscal year ended September 30, 2019.

WestRock Company (cont'd)

Under
Existing Rules

Excerpt from “Notes to Consolidated Financial Statements—Note 14. Selected Condensed Consolidating Financial Statements of Parent, Issuer, Guarantors and Non-Guarantors”

WESTROCK COMPANY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued) CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS Year Ended September 30, 2019						
(In millions)	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities:						
Net cash provided by (used for) operating activities	\$ 538.2	\$ (203.8)	\$ 442.1	\$ 1,533.7	\$ -	\$ 2,310.2
Investing activities:						
Capital expenditures	-	-	-	(1,369.1)	-	(1,369.1)
Cash paid related to business combinations, net of cash acquired	-	-	-	(3,374.2)	-	(3,374.2)
Investment in unconsolidated entities	-	-	-	(11.2)	-	(11.2)
Proceeds from sale of property, plant and equipment	-	-	-	119.1	-	119.1
Proceeds from property, plant and equipment insurance settlement	-	-	-	25.5	-	25.5
Intercompany notes issued	-	-	(0.1)	(75.7)	75.8	-
Intercompany notes proceeds	-	9.3	6.7	3,870.1	(3,886.1)	-
Intercompany capital investment	(563.0)	(563.0)	-	-	1,126.0	-
Other	-	-	30.2	0.1	-	30.3
Net cash (used for) provided by investing activities	(563.0)	(553.7)	36.8	(815.4)	(2,684.3)	(4,579.6)
Financing activities:						
Proceeds from issuance of notes	-	2,498.2	-	-	-	2,498.2
Additions (repayments) to revolving credit facilities	-	46.0	-	(8.8)	-	37.2
Additions to debt	-	4,101.8	-	959.8	-	5,061.6
Repayments of debt	-	(2,400.0)	(957.5)	(2,274.1)	-	(5,631.6)
Changes in commercial paper, net	-	339.2	-	-	-	339.2
Other financing additions	-	-	-	10.0	-	10.0
Issuances of common stock, net of related minimum tax withholdings	18.3	-	-	-	-	18.3
Purchases of common stock	(88.6)	-	-	-	-	(88.6)
Cash dividends paid to stockholders	(467.9)	-	-	-	-	(467.9)
Cash distributions paid to noncontrolling interests	-	-	-	(4.3)	-	(4.3)
Intercompany notes borrowing	-	-	75.7	0.1	(75.8)	-
Intercompany notes payments	-	(3,800.0)	(70.1)	(16.0)	3,886.1	-
Intercompany capital receipt	563.0	-	-	563.0	(1,126.0)	-
Other	-	(27.9)	-	36.0	-	8.1
Net cash provided by (used for) financing activities	24.8	757.3	(951.9)	(734.3)	2,684.3	1,780.2
Effect of exchange rate changes on cash, cash equivalents and restricted cash	-	-	-	4.0	-	4.0
Decrease in cash, cash equivalents and restricted cash	-	(0.2)	(473.0)	(12.0)	-	(485.2)
Cash, cash equivalents and restricted cash at beginning of period	-	0.2	490.8	145.8	-	636.8
Cash, cash equivalents and restricted cash at end of period	\$ -	\$ -	\$ 17.8	\$ 133.8	\$ -	\$ 151.6

Source: Annual Report of WestRock Company on Form 10-K for the fiscal year ended September 30, 2019.

WestRock Company (cont'd)

Under
Existing Rules

Excerpt from “Notes to Consolidated Financial Statements—Note 14. Selected Condensed Consolidating Financial Statements of Parent, Issuer, Guarantors and Non-Guarantors”

WESTROCK COMPANY							
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)							
The condensed consolidating statements of cash flows for the year ended September 30, 2019 do not include non-cash transactions between Parent, Issuer, Guarantor Subsidiaries and Non-Guarantor Subsidiaries. From time to time, we may enter into non-cash transactions for simplicity of execution of intercompany transactions. These may include intercompany non-cash capitalizations, intercompany non-cash returns of capital, intercompany debt-to-equity conversions or other transactions of a similar nature. The table below summarizes these non-cash transactions.							
(In millions)	Year Ended September 30, 2019						Consolidated Total
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations		
Operating activities:							
Intercompany receivables	\$ (140.9)	\$ -	\$ -	\$ -	\$ 140.9	\$ -	\$ -
Intercompany payables	\$ -	\$ -	\$ -	\$ 140.9	\$ (140.9)	\$ -	\$ -
Investing activities:							
Intercompany notes issued	\$ -	\$ (3,800.0)	\$ (4,667.2)	\$ (10,777.8)	\$ 19,245.0	\$ -	\$ -
Intercompany notes proceeds	\$ -	\$ 4,519.8	\$ 4,536.8	\$ 6,822.0	\$ (15,878.6)	\$ -	\$ -
Intercompany capital investment	\$ (10,396.2)	\$ (5,895.5)	\$ (6,889.3)	\$ -	\$ 23,181.0	\$ -	\$ -
Intercompany return of capital	\$ 606.7	\$ 1,479.6	\$ 1,032.7	\$ -	\$ (3,119.0)	\$ -	\$ -
Financing activities:							
Intercompany notes borrowing	\$ -	\$ 4,436.3	\$ 2,541.5	\$ 12,267.2	\$ (19,245.0)	\$ -	\$ -
Intercompany notes payments	\$ -	\$ -	\$ (3,022.0)	\$ (12,856.6)	\$ 15,878.6	\$ -	\$ -
Intercompany capital receipt	\$ -	\$ 10,396.2	\$ 5,413.7	\$ 7,371.1	\$ (23,181.0)	\$ -	\$ -
Intercompany capital distribution	\$ (563.0)	\$ (606.7)	\$ (457.5)	\$ (1,491.8)	\$ 3,119.0	\$ -	\$ -
Intercompany dividends paid	\$ -	\$ -	\$ (302.2)	\$ (1,435.0)	\$ 1,737.2	\$ -	\$ -

Source: Annual Report of WestRock Company on Form 10-K for the fiscal year ended September 30, 2019.

WestRock Company (cont'd)

Under
Existing Rules

Excerpt from “Notes to Consolidated Financial Statements—Note 14. Selected Condensed Consolidating Financial Statements of Parent, Issuer, Guarantors and Non-Guarantors”

WESTROCK COMPANY						
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)						
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS						
Year Ended September 30, 2018						
(In millions)	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities:						
Net cash provided by operating activities	\$ 4.1	\$ 563.4	\$ 375.8	\$ 1,016.3	\$ (28.4)	\$ 1,931.2
Investing activities:						
Capital expenditures	-	-	(1.2)	(999.7)	-	(999.9)
Cash paid for purchase of businesses, net of cash acquired	-	-	-	(239.9)	-	(239.9)
Cash receipts on sold trade receivables	-	-	-	461.6	-	461.6
Investment in unconsolidated entities	-	-	-	(114.3)	-	(114.3)
Proceeds from sale of property, plant and equipment	-	-	-	23.3	-	23.3
Proceeds from property, plant and equipment insurance settlement	-	-	-	7.9	-	7.9
Intercompany notes issued	-	-	(1.4)	-	1.4	-
Intercompany notes proceeds	-	-	4.5	-	(4.5)	-
Intercompany capital investment	-	(2.0)	-	-	2.0	-
Intercompany return of capital	-	-	82.6	-	(82.6)	-
Other	-	-	18.6	27.6	-	46.2
Net cash (used for) provided by investing activities	-	(2.0)	103.1	(832.5)	(83.7)	(815.1)
Financing activities:						
Proceeds from issuance of notes	-	1,197.3	-	-	-	1,197.3
Repayments to revolving credit facilities	-	(106.7)	-	(8.8)	-	(115.5)
Additions to debt	-	2.7	-	852.5	-	855.2
Repayments of debt	(0.1)	(1,025.2)	(22.5)	(985.1)	-	(2,032.9)
Other financing repayments	-	-	(8.9)	(15.3)	-	(24.2)
Issuances of common stock, net of related minimum tax withholdings	-	26.6	-	-	-	26.6
Purchases of common stock	-	(195.1)	-	-	-	(195.1)
Cash dividends paid to stockholders	-	(440.9)	-	-	-	(440.9)
Cash distributions paid to noncontrolling interests	-	-	-	(33.3)	-	(33.3)
Intercompany notes borrowing	-	-	-	1.4	(1.4)	-
Intercompany notes payments	-	-	-	(4.5)	4.5	-
Intercompany capital receipt	-	-	-	2.0	(2.0)	-
Intercompany capital distribution	-	-	-	(82.6)	82.6	-
Intercompany dividends	-	-	-	(28.4)	28.4	-
Other	(4.0)	(19.9)	-	31.6	-	7.7
Net cash used for financing activities	(4.1)	(561.2)	(31.4)	(270.5)	112.1	(755.1)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	-	-	-	(28.2)	-	(28.2)
Increase (decrease) in cash, cash equivalents and restricted cash	-	0.2	447.5	(114.9)	-	332.8
Cash, cash equivalents and restricted cash at beginning of period	-	-	43.3	260.7	-	304.0
Cash, cash equivalents and restricted cash at end of period	\$ -	\$ 0.2	\$ 490.8	\$ 145.8	\$ -	\$ 636.8

Source: Annual Report of WestRock Company on Form 10-K for the fiscal year ended September 30, 2019.

WestRock Company (cont'd)

Under
Existing Rules

Excerpt from “Notes to Consolidated Financial Statements—Note 14. Selected Condensed Consolidating Financial Statements of Parent, Issuer, Guarantors and Non-Guarantors”

WESTROCK COMPANY								
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)								
The condensed consolidating statements of cash flows for the year ended September 30, 2018 do not include non-cash transactions between Parent, Issuer, Guarantor Subsidiaries and Non-Guarantor Subsidiaries. From time to time, we may enter into non-cash transactions for simplicity of execution of intercompany transactions. These may include intercompany non-cash capitalizations, intercompany non-cash returns of capital, intercompany debt-to-equity conversions or other transactions of a similar nature. The table below summarizes these non-cash transactions.								
(In millions)	Year Ended September 30, 2018							
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total		
Investing activities:								
Intercompany notes issued	\$ -	\$ -	\$ -	\$ (392.1)	\$ 392.1	\$ -		
Intercompany notes proceeds	\$ -	\$ -	\$ -	\$ 83.0	\$ (83.0)	\$ -		
Intercompany capital investment	\$ -	\$ (755.3)	\$ (335.3)	\$ -	\$ 1,090.6	\$ -		
Intercompany return of capital	\$ -	\$ 1,356.3	\$ 766.0	\$ -	\$ (2,122.3)	\$ -		
Financing activities:								
Intercompany notes borrowing	\$ -	\$ -	\$ 392.1	\$ -	\$ (392.1)	\$ -		
Intercompany notes payments	\$ -	\$ (69.0)	\$ (14.0)	\$ -	\$ 83.0	\$ -		
Intercompany capital receipt	\$ -	\$ -	\$ 736.9	\$ 353.7	\$ (1,090.6)	\$ -		
Intercompany capital distribution	\$ -	\$ -	\$ (1,356.3)	\$ (766.0)	\$ 2,122.3	\$ -		
Intercompany dividends paid	\$ -	\$ -	\$ -	\$ (285.9)	\$ 285.9	\$ -		

Source: Annual Report of WestRock Company on Form 10-K for the fiscal year ended September 30, 2019.

WestRock Company (cont'd)

Under
Existing Rules

Excerpt from “Notes to Consolidated Financial Statements—Note 14. Selected Condensed Consolidating Financial Statements of Parent, Issuer, Guarantors and Non-Guarantors”

WESTROCK COMPANY						
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)						
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS						
Year Ended September 30, 2017						
(In millions)	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities:						
Net cash provided by operating activities	\$ -	\$ 928.6	\$ 344.2	\$ 192.4	\$ (1.4)	\$ 1,463.8
Investing activities:						
Capital expenditures	-	-	(1.4)	(777.2)	-	(778.6)
Cash paid for purchase of businesses, net of cash acquired	-	(61.0)	(118.1)	(1,409.4)	-	(1,588.5)
Cash receipts on sold trade receivables	-	-	-	411.2	-	411.2
Investment in unconsolidated entities	-	-	-	(2.5)	-	(2.5)
Proceeds from sale of HH&B	-	-	-	1,005.9	-	1,005.9
Proceeds from sale of property, plant and equipment	-	-	0.2	52.4	-	52.6
Proceeds from property, plant and equipment insurance settlement	-	-	-	3.5	-	3.5
Intercompany notes issued	-	(734.1)	-	(523.3)	1,257.4	-
Intercompany notes proceeds	-	5.0	2.4	523.3	(530.7)	-
Intercompany capital investment	-	(200.0)	(200.4)	-	400.4	-
Intercompany return of capital	-	-	-	-	-	-
Other	-	-	8.3	19.4	-	27.7
Net cash used for investing activities	-	(900.1)	(309.0)	(896.7)	1,127.1	(868.7)
Financing activities:						
Proceeds from issuance of notes	-	998.4	-	-	-	998.4
Additions to revolving credit facilities	-	421.8	-	-	-	421.8
Additions to debt	-	742.6	-	-	-	742.6
Repayments of debt	-	(1,657.1)	(206.6)	(468.2)	-	(2,331.9)
Other financing (repayments) additions	-	-	(26.9)	50.8	-	23.9
Issuances of common stock, net of related minimum tax withholdings	-	35.8	-	-	-	35.8
Purchases of common stock	-	(93.0)	-	-	-	(93.0)
Cash dividends paid to stockholders	-	(403.2)	-	-	-	(403.2)
Cash distributions paid to noncontrolling interests	-	-	-	(47.0)	-	(47.0)
Intercompany notes borrowing	-	3.5	519.8	734.1	(1,257.4)	-
Intercompany notes payments	-	(3.5)	(519.8)	(7.4)	530.7	-
Intercompany capital receipt	-	-	200.0	200.4	(400.4)	-
Intercompany capital distribution	-	-	-	-	-	-
Intercompany dividends	-	-	-	(1.4)	1.4	-
Other	-	(3.2)	-	0.4	-	(2.8)
Net cash provided by (used for) financing activities	-	42.1	(33.5)	461.7	(1,125.7)	(655.4)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	-	-	-	(2.1)	-	(2.1)
(Decrease) increase in cash, cash equivalents and restricted cash	-	(19.4)	1.7	(44.7)	-	(62.4)
Cash, cash equivalents and restricted cash at beginning of period	-	19.4	41.6	305.4	-	366.4
Cash, cash equivalents and restricted cash at end of period	\$ -	\$ -	\$ 43.3	\$ 260.7	\$ -	\$ 304.0

Source: Annual Report of WestRock Company on Form 10-K for the fiscal year ended September 30, 2019.

WestRock Company (cont'd)

Under
Existing Rules

Excerpt from “Notes to Consolidated Financial Statements—Note 14. Selected Condensed Consolidating Financial Statements of Parent, Issuer, Guarantors and Non-Guarantors”

WESTROCK COMPANY						
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)						
The condensed consolidating statements of cash flows for the year ended September 30, 2017 do not include non-cash transactions between Parent, Issuer, Guarantor Subsidiaries and Non-Guarantor Subsidiaries. From time to time, we may enter into non-cash transactions for simplicity of execution of intercompany transactions. These may include intercompany non-cash capitalizations, intercompany non-cash returns of capital, intercompany debt-to-equity conversions or other transactions of a similar nature. The table below summarizes these non-cash transactions.						
(In millions)	Year Ended September 30, 2017					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Investing activities:						
Intercompany notes issued	\$ -	\$ -	\$ -	\$ (1,673.9)	\$ 1,673.9	\$ -
Intercompany notes proceeds	\$ -	\$ 1,604.9	\$ -	\$ -	\$ (1,604.9)	\$ -
Intercompany capital investment	\$ -	\$ (2,200.5)	\$ (2,908.0)	\$ -	\$ 5,108.5	\$ -
Intercompany return of capital	\$ -	\$ 1,083.6	\$ 1,556.2	\$ -	\$ (2,639.8)	\$ -
Financing activities:						
Intercompany notes borrowing	\$ -	\$ 69.0	\$ 1,604.9	\$ -	\$ (1,673.9)	\$ -
Intercompany notes payments	\$ -	\$ -	\$ (1,604.9)	\$ -	\$ 1,604.9	\$ -
Intercompany capital receipt	\$ -	\$ -	\$ 1,728.4	\$ 3,380.1	\$ (5,108.5)	\$ -
Intercompany capital distribution	\$ -	\$ -	\$ (1,083.6)	\$ (1,556.2)	\$ 2,639.8	\$ -
Intercompany dividends paid	\$ -	\$ -	\$ (144.1)	\$ (204.5)	\$ 348.6	\$ -

Source: Annual Report of WestRock Company on Form 10-K for the fiscal year ended September 30, 2019.

Avis Budget Group, Inc. (NASDAQ: CAR)

Early
Adopter

Excerpt from “Notes to Consolidated Condensed Financial Statements—Basis of Presentation”

Financial Disclosures About Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant's Securities

During first quarter 2020, the Company early adopted the Securities Exchange Commission's, “Financial Disclosures About Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant's Securities” rules, which simplify the disclosure requirements related to the Company's registered securities under Rule 3-10 of Regulation S-X. The final rule also allows for the simplified disclosure to be included within Management's Discussion and Analysis of Financial Condition and Results of Operations.

Excerpt from “Management's Discussion and Analysis of Financial Condition and Results of Operations—Debt and Financing Arrangements”

Supplemental Guarantor Financial Information

The following financial information presents summarized financial information presented from the Consolidated Condensed Statements of Comprehensive Income for the three months ended March 31, 2020 and Consolidated Condensed Balance Sheets as of March 31, 2020 and December 31, 2019 for: Avis Budget Group, Inc. (the “Parent”), ABCR and Avis Budget Finance, Inc. (the “Subsidiary Issuers”) and the guarantor subsidiaries (the “Guarantor Subsidiaries”). The Subsidiary Issuers and the Guarantor Subsidiaries are 100% owned by the Parent, either directly or indirectly. All guarantees are full and unconditional and joint and several. This financial information is being presented in relation to the Company's guarantee of the payment of principal, premium (if any) and interest on the Senior Notes issued by the Subsidiary Issuers. For a description of these guaranteed notes, see Note 11 to our Consolidated Condensed Financial Statements. The Senior Notes are guaranteed by the Parent and certain subsidiaries.

The following tables present summarized financial information for the Parent, the Subsidiary Issuer and the Guarantor Subsidiaries on a combined basis after intercompany transactions have been eliminated, including adjustments to remove the receivable and payable balances, investment in, and equity in earnings from the subsidiaries that do not guarantee the Senior Notes (the “Non-Guarantor Subsidiaries”).

Source: Quarterly Report of Avis Budget Group, Inc. on Form 10-Q for the quarterly period ended March 31, 2020.

Avis Budget Group, Inc. (cont'd)

Early
Adopter

Excerpt from “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Debt and Financing Arrangements”

Summarized Income Statement

	Three Months Ended March 31, 2020
Revenues	\$ 1,131
Expenses	1,589
Loss before income taxes	(458)
Benefit from income taxes	(47)
Net loss	\$ (411)

For the three months ended March 31, 2020, the above amounts include expenses of \$574 million associated with intercompany charges from the Non-Guarantor Subsidiaries.

Summarized Balance Sheets

	March 31, 2020	December 31, 2019
Assets		
Current assets	\$ 437	\$ 485
Non-current assets	5,313	5,067
Assets under vehicle programs	359	348
Liabilities		
Current liabilities	\$ 1,303	\$ 1,244
Non-current liabilities	4,505	4,441
Liabilities under vehicle programs	2,331	2,311

As of March 31, 2020 and December 31, 2019, the above amounts exclude receivables of \$2 million, respectively from the Non-Guarantor Subsidiaries. As of March 31, 2020 and December 31, 2019, the above amounts exclude payables of approximately \$1.0 billion, respectively, to the Non-Guarantor Subsidiaries.

Source: Quarterly Report of Avis Budget Group, Inc. on Form 10-Q for the quarterly period ended March 31, 2020.

Avis Budget Group, Inc. (cont'd)

Early
Adopter

Excerpt of “Exhibit 22—List of Issuer and Guarantor Subsidiaries”

Exhibit 22

List of Issuer and Guarantor Subsidiaries

The following subsidiaries of Avis Budget Group, Inc. (the "Parent") were, as of March 31, 2020, guarantors of the Company's senior notes:

Entity	Jurisdiction of Incorporation	Senior Notes
AB Car Rental Services, Inc.	Delaware	Guarantor
Avis Budget Car Rental LLC	Delaware	Issuer
Avis Budget Holdings, LLC	Delaware	Guarantor
Avis Car Rental Group, LLC	Delaware	Guarantor
Avis Caribbean, Limited	Delaware	Guarantor
Avis Group Holdings, LLC	Delaware	Guarantor
Avis International, Ltd.	Delaware	Guarantor
Avis Rent A Car System, LLC	Delaware	Guarantor
Budget Rent A Car System, Inc.	Delaware	Guarantor
Budget Truck Rental LLC	Delaware	Guarantor
PR Holdco, Inc.	Delaware	Guarantor
Wizard Services, Inc.	Delaware	Guarantor
Wizard Co., Inc.	Delaware	Guarantor
Zipcar, Inc.	Delaware	Guarantor

Source: Quarterly Report of Avis Budget Group, Inc. on Form 10-Q for the quarterly period ended March 31, 2020.

Pentair plc (NYSE: PNR)

Early
Adopter

Excerpt from “Notes to condensed consolidated financial statements—Basis of Presentation and Responsibility for Interim Financial Statements”

On March 2, 2020, we early adopted the SEC’s rule titled “Financial Disclosures about Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant’s Securities,” which simplifies the disclosure requirements related to our guaranteed registered securities under Rule 3-10 of Regulation S-X.

Excerpt from “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources”

Supplemental guarantor information

Pentair plc (the “Parent Company Guarantor”) and PISG (the “Subsidiary Guarantor”), fully and unconditionally, guarantee the senior notes of PFSA (the “Subsidiary Issuer”). The Subsidiary Guarantor is a Switzerland limited liability company and 100 percent-owned subsidiary of the Parent Company Guarantor. The Subsidiary Issuer is a Luxembourg private limited liability company and 100 percent-owned subsidiary of the Subsidiary Guarantor. The guarantees provided by the Parent Company Guarantor and Subsidiary Guarantor are joint and several.

The Parent Company Guarantor is a holding company established to own directly and indirectly substantially all of its operating and other subsidiaries. The Subsidiary Guarantor is a holding company established to perform certain finance-related functions, primarily the guarantee of the Subsidiary Issuer’s debt. The Subsidiary Issuer is a holding company formed to own directly and indirectly substantially all of its operating and other subsidiaries and to issue debt securities, including the senior notes. The Parent Company Guarantor’s and the Subsidiary Guarantor’s principal source of cash flow, including cash flow to make payments on the senior notes pursuant to the guarantees, is dividends from their subsidiaries. The Subsidiary Issuer’s principal source of cash flow is interest income from its subsidiaries. None of the subsidiaries of the Parent Company Guarantor, the Subsidiary Guarantor or the Subsidiary Issuer is under any direct obligation to pay or otherwise fund amounts due on the senior notes or the guarantees, whether in the form of dividends, distributions, loans or other payments. In addition, there may be statutory and regulatory limitations on the payment of dividends from certain subsidiaries of the Parent Company Guarantor, the Subsidiary Guarantor or the Subsidiary Issuer. If such subsidiaries are unable to transfer funds to the Parent Company Guarantor, the Subsidiary Guarantor or the Subsidiary Issuer and sufficient cash or liquidity is not otherwise available, the Parent Company Guarantor, the Subsidiary Guarantor or the Subsidiary Issuer may not be able to make principal and interest payments on their outstanding debt, including the senior notes or the guarantees.

Source: Quarterly Report of Pentair plc on Form 10-Q for the quarterly period ended March 31, 2020.

Pentair plc (cont'd)

Early
Adopter

Excerpt from “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources”

The following tables present summarized financial information for the Parent Company Guarantor, Subsidiary Guarantor and Subsidiary Issuer on a combined basis after elimination of (i) intercompany transactions and balances among the guarantors and issuer and (ii) equity in earnings from and investments in any subsidiary that is a non-Guarantor or issuer.

<i>In millions</i>	Three months ended	
	March 31, 2020	
Net sales	\$	-
Gross profit		-
Loss from continuing operations before taxes		(4.1)
Net loss of continuing operations		(4.1)

<i>In millions</i>	March 31, 2020	December 31, 2019
Current assets ⁽¹⁾	\$ 10.1	\$ 3.6
Noncurrent assets ⁽²⁾	1,488.8	1,303.2
Current liabilities ⁽³⁾	58.4	702.6
Noncurrent liabilities ⁽⁴⁾	1,872.2	1,428.4

(1) Includes assets due from non-guarantor subsidiaries of \$7.2 million and \$2.4 million as of March 31, 2020 and December 31, 2019, respectively.

(2) Includes assets due from non-guarantor subsidiaries of \$1,476.5 million and \$1,278.7 million as of March 31, 2020 and December 31, 2019, respectively.

(3) Includes liabilities due to non-guarantor subsidiaries of \$8.9 million and \$648.8 million as of March 31, 2020 and December 31, 2019, respectively.

(4) Includes liabilities due to non-guarantor subsidiaries of \$441.1 million and \$449.9 million as of March 31, 2020 and December 31, 2019, respectively.

Source: Quarterly Report of Pentair plc on Form 10-Q for the quarterly period ended March 31, 2020.

Pentair plc (cont'd)

Early
Adopter

Excerpt of “Exhibit 22—List of Guarantors and Subsidiary Issuers of Guaranteed Securities as of March 31, 2020”

Exhibit 22

List of Guarantors and Subsidiary Issuers of Guaranteed Securities as of March 31, 2020

The following is a list of guarantors of the 3.625% Senior Notes due 2020, 5.000% Senior Notes due 2021, 3.150% Senior Notes due 2022, 4.650% Senior Notes due 2025, and 4.500% Senior Notes due 2029 issued by Pentair Finance S.à r.l., which is a wholly-owned subsidiary of Pentair plc:

Name of Guarantor	Jurisdiction of Incorporation
Pentair plc	Ireland
Pentair Investments Switzerland GmbH	Switzerland

Source: Quarterly Report of Pentair plc on Form 10-Q for the quarterly period ended March 31, 2020.

Concho Resources Inc. (NYSE: CXO)

Early
Adopter

Excerpt from “Notes to Consolidated Financial Statements—Bases of presentation and summary of significant account policies”

Recently adopted accounting pronouncements. In March 2020, the Securities and Exchange Commission (“SEC”) adopted final rules that amend the financial disclosure requirements for subsidiary issuers and guarantors of registered debt securities in Rule 3-10 of Regulation S-X. The amended rules, which can be found under new Rule 13-01 of Regulation S-X, narrow the circumstances that require separate financial statements of subsidiary issuers and guarantors and streamline the alternative disclosures required in lieu of those statements. The amended rules allow the registrants, among other things, to disclose summarized financial information of the issuer and guarantors on a combined basis and to present only the most recently completed fiscal year and subsequent year-to-date interim period. The rule allows the parent company to omit summarized financial information if it is not material, or if assets, liabilities, and results of operations of the combined issuers and guarantors of the security are not materially different than the amounts in the parent company’s consolidated financial statements. The rule is effective January 4, 2021, but earlier compliance is permitted. The Company early adopted the rule in the first quarter of 2020 and chose to omit the summarized financial information as the combined financial statements of the issuer and guarantors were not materially different than the amounts in the Company’s consolidated financial statements.

Source: Quarterly Report of Concho Resources Inc. on Form 10-Q for the quarterly period ended March 31, 2020.

CRAVATH

Worldwide Plaza

825 Eighth Avenue
New York, NY 10019-7475
+1-212-474-1000 Phone
+1-212-474-3700 Fax

CityPoint

One Ropemaker Street
London EC2Y 9HR England
+44-20-7453-1000 Phone
+44-20-7860-1150 Fax