Effects of the Tax Cuts and Jobs Act on Public Company Disclosures

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SPECIAL REPORT

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OVERVIEW

On December 22, 2017, President Donald Trump signed into law H.R.1, *An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018*, commonly referred to as the Tax Cuts and Jobs Act (TCJA),[1] which impacts businesses with its far-reaching changes to the Internal Revenue Code (Code). Generally effective for tax years beginning after December 31, 2017, the new legislation resulted in tax accounting modifications, such as (1) the reduction in the United States (U.S.) corporate income tax rate from 35% to 21%; (2) the one-time tax on undistributed earnings of foreign subsidiaries that were not previously subject to U.S. income taxes (i.e., mandatory repatriation tax); (3) the elimination of the corporate alternative minimum tax (AMT); (4) a new base erosion anti-abuse tax (BEAT) that subjects certain payments made by a U.S. company to a related foreign company to additional taxes; (5) a new global-intangible-low-taxed-income (GILTI) measure targeting U.S. corporations that own controlled foreign companies (CFCs); (6) changes to Code Section 172 impacting the carryover and carryback rules for net operating losses (NOLs); and (7) changes to Code Section 162(m) impacting the deductibility of executive compensation.

On the same date, in an effort to clarify the effect of the sweeping changes to the Code on the reporting and disclosure obligations of public companies, Securities and Exchange Commission (SEC) staff in the Office of the Chief Accountant (OCA) and in the Division of Corporation Finance (Division) issued Staff Accounting Bulletin (SAB) No. 118, while SEC staff in the Division issued Exchange Act Form 8-K Compliance and Disclosure Interpretation (C&DI) 110.02. The SAB acknowledges that some registrants might not have had the information necessary to evaluate the income tax effects of the TCJA at the time of issuance of financial statements for the period including December 22, 2017 (i.e., the enactment date of the TCJA), and provides some relief in that regard. The related C&DI confirms that the remeasurement of a deferred tax asset (DTA) to incorporate the effects of newly-enacted tax rates or other provisions of the TCJA does not constitute an impairment, and therefore does not trigger an obligation to report under Form 8-K, Item 2.06.

Both SAB No. 118 and the related C&DI are intended to shed light on the application of United States generally accepted accounting principles (U.S. GAAP) to the accounting modifications resulting from the new tax reform legislation. In fact, Chairman Jay Clayton and Commissioners Kara M. Stein and Michael S. Piwowar issued a Public Statement, wherein they thanked SEC staff in the OCA and the Division "for the development of practical guidance that will assist issuers in their compliance efforts and provide for an orderly implementation process while ensuring the protection of investors."[2]

CHECKPOINT® SEARCH TIPS

Standards Tracker: To quickly learn about any standard-setting activity relevant to the Tax Cuts and Jobs Act or SAB No. 118, use Standards Tracker Create-a-Chart to gather relevant activity. Use Keywords, Dates, and Forms to streamline results to review relevant activity. A complete summary, effectiveness and compliance information, and cross-references will help you stay abreast of all related developments and quickly access important news and analysis on Checkpoint.

[1] 115th Congress (2017-2018).

[2] Statement on the Tax Cuts and Jobs Act (December 22, 2017).

Considering the foregoing Staff guidance, this special report identifies additional considerations that public company reporting entities should be aware of as they assess the business impact of the TCJA, including:

- Annual report disclosures on Form 10-K pertaining to:
  - Forward-looking statements
  - Risk factors
  - Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)
  - Financial statements (e.g., notes concerning income taxes and the reconciliation of non-GAAP financial measures)

- Proxy statement disclosures pertaining to:
  - Compensation Discussion and Analysis (CD&A) and other compensation provisions

- Current report disclosures on Form 8-K pertaining to:
  - Forward-looking statements
  - Results of operations and financial condition
  - Regulation Fair Disclosure (FD)
  - Other events

Additionally, this special report includes excerpts from SEC filings to assist registrants in their efforts to examine how peers and other reporting entities across industries are handling TCJA-related disclosures.

SAB NO. 118

To resolve uncertainties surrounding the application of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 740, *Income Taxes*, in circumstances where a registrant does not have the necessary information available, prepared, or analyzed to complete the accounting thereunder for certain income tax effects of the TCJA, SEC Staff in the OCA and the Division issued SAB No. 118.

By way of background, Topic 740 provides guidance concerning the accounting for income taxes under U.S. GAAP. This guidance addresses the (1) recognition of taxes payable or refundable for the current year, (2) recognition of deferred tax liabilities and DTAs for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns, and (3) accounting for income taxes upon a change in tax laws or tax rates (e.g., adjusting or remeasuring deferred tax liabilities and DTAs). The guidance, however, does not address circumstances where the accounting for certain income tax effects of the TCJA will be incomplete by the time that financial statements are issued for the reporting period that includes the enactment date of December 22, 2017.

Accordingly, in SAB No. 118, SEC Staff sought to close this gap in guidance through new SAB Topic 5.EE, *Income Tax Accounting Implications of the Tax Cuts and Jobs Act*, which sets forth the following approach:

Status of Registrant's Topic 740 Assessment	Registrant's Accounting Obligation
Completed.	Account for those effects in financial statements for the fiscal period that includes December 22, 2017.
Not completed, but *can* determine reasonable estimate of such effects.	Reflect and identify the reasonable estimate in financial statements as a provisional amount during a measurement period that begins in the fiscal period including December 22, 2017, and ends on the earlier of the date by which the registrant has all the information necessary to complete its assessment and December 22, 2018.*
Not completed, and *cannot* determine reasonable estimate of such effects.	Continue to apply the provisions of the tax laws that were in effect immediately prior to December 22, 2017, and refrain from reporting any provisional amounts until the first reporting period in which a reasonable estimate can be determined.

*Registrants are expected to act in good faith as they complete their accounting under Topic 740 during the measurement period.

Additionally, SAB No. 118 sets forth disclosures that SEC Staff expect a registrant to provide concerning material financial reporting impacts of the TCJA for which the accounting under Topic 740 is incomplete, including:

- Qualitative disclosures of the income tax effects of the TCJA for which the accounting is incomplete;
- Disclosures of items reported as provisional amounts;
- Disclosures of existing current or deferred tax amounts for which the income tax effects of the TCJA have not been completed;
- Reason as to why the initial accounting is incomplete;
- Additional information that must be obtained, prepared, or analyzed to complete the accounting requirements under Topic 740;
- Nature and amount of any measurement period adjustments recognized during the reporting period;
- Effect of measurement period adjustments on the effective tax rate; and
- When the accounting for the income tax effects of the TCJA has been completed.

EXCHANGE ACT FORM 8-K C&DI 110.02

In Exchange Act Form 8-K C&DI 110.02, SEC Staff in the Division explained that companies with a DTA will have to revalue that asset based upon the 21% tax rate applicable under the TCJA instead of the 35% tax rate applicable under prior tax laws, but that such remeasurement does not constitute an impairment under Topic 740, and therefore does not trigger a reporting obligation under Form 8-K, Item 2.06.

The staff recognized, however, that the passage of new tax rates or tax laws could have implications for a registrant's financial statements. In view of this, the staff explained that if a registrant were to apply the measurement-period approach to complying with Topic 740 (discussed in SAB No. 118), and determine that an impairment had occurred due to changes resulting from the enactment of the TCJA, it could disclose that impairment or a related provisional amount in its next periodic report.

ADDITIONAL DISCLSOURE CONSIDERATIONS AND EXCERPTS

Form 10-K Disclosures

Forward-Looking Statements

Registrants should include the impact of the TCJA in their lists of risks and uncertainties that could cause a discrepancy between actual results and the expectations upon which their forward-looking statements are based, as demonstrated in the excerpt below.

Teledyne Technologies Incorporated (for year ended December 31, 2017)

Safe Harbor Cautionary Statement Regarding Forward-Looking Information

This Management's Discussion and Analysis of Financial Condition and Results of Operation contains forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, directly and indirectly relating to earnings, growth opportunities, acquisitions and divestitures, product sales, capital expenditures, pension matters, stock option compensation expense, the credit facility, interest expense, severance and relocation costs, environmental remediation cost, stock repurchases, taxes, exchange rate fluctuations and strategic plans. All statements made in this Management's Discussion and Analysis of Financial Condition and Results of Operation that are not historical in nature should be considered forward-looking. Actual results could differ materially from these forward-looking statements.

Many factors could change the anticipated results, including: disruptions in the global economy; changes in demand for products sold to the defense electronics, instrumentation, digital imaging, energy exploration and production, commercial aviation, semiconductor and communications markets; funding, continuation and award of government programs; changes in the estimated impact of the Tax Act; and cuts to defense spending resulting from existing and future deficit reduction measures; impacts from the United Kingdom's planned exit from the European Union; uncertainties related to the policies of the U.S. Presidential administration; and threats to the security of our confidential and proprietary information, including cyber security threats. Lower oil and natural gas prices, as well as instability in the Middle East or other oil producing regions, and new regulations or restrictions relating to energy production, including with respect to hydraulic fracturing could further negatively affect our businesses that supply the oil and gas industry. Increasing fuel costs could negatively affect the markets of our commercial aviation businesses. In addition, financial market fluctuations affect the value of our pension assets.

Information regarding the impact of the Tax Act consists of preliminary estimates which are forward-looking statements and are subject to change, possibly materially, as the company completes its financial statements. Information regarding the impact of the Tax Act is based on our current calculations, as well as our current interpretations, assumptions and expectations relating to the Tax Act, which are subject to change.

Risk Factors

Registrants should also include cautionary disclosures concerning risks and uncertainties surrounding the passage of the TCJA, as well as the potential impact of such risks and uncertainties, in the section on risk factors. The following excerpts illustrate this view.

Avadel Pharmaceuticals PLC (for year ended December 31, 2017)

Risks Related to Recent Tax Legislation

The effect of comprehensive U.S. tax reform legislation on us, whether adverse or favorable, is uncertain.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act (H.R. 1) (the "Tax Act"). Among a number of significant changes to the U.S. federal income tax rules, the Tax Act reduces the marginal U.S. corporate income tax rate from 35% to 21%, limits the deduction for net interest expense, shifts the United States toward a more territorial tax system, and imposes new rules to combat erosion of the U.S. federal income tax base. While our analysis of the Tax Act's impact on our cash tax liability and financial condition has not identified any overall material adverse effect, we are still evaluating the effects of the Tax Act on us and there are a number of uncertainties and ambiguities as to the interpretation and application of many of the provisions in the Tax Act. In the absence of guidance on these issues, we will use what it believes are reasonable interpretations and assumptions in interpreting and applying the Tax Act for purposes of determining our cash tax liabilities and results of operations, which may change as we receive additional clarification and implementation guidance and as the interpretation of the Tax Act evolves over time. It is possible that the Internal Revenue Service ("IRS") could issue subsequent guidance or take positions on audit that differ from the interpretations and assumptions that we have previously made, which could have a material adverse effect on our cash tax liabilities, results of operations and financial condition.

ONE Gas, Inc. (for year ended December 31, 2017)

We are subject to comprehensive energy regulation by governmental agencies, and the recovery of our costs is dependent on regulatory action.

We are subject to comprehensive regulation by several state and municipal utility regulatory agencies, which significantly influences our operating environment and our ability to recover our costs from utility customers. The utility regulatory authorities in Oklahoma, Kansas and Texas regulate many aspects of our utility operations, including organization, safety, financing, affiliate transactions, customer service and the terms of service to customers, including the rates that we can charge customers. Currently, there are regulatory efforts in Oklahoma, Kansas and Texas to adjust our rates to reflect lower federal corporate tax rates brought about by the enactment of the Tax Cuts and Jobs Act of 2017.

The profitability of our operations is dependent on our ability to pass through costs, including income taxes, related to providing natural gas to our customers by filing periodic rate cases. The regulatory environment applicable to our operations could impair our ability to recover costs historically absorbed by our customers. In addition, as the regulatory environment applicable to our operations increases in complexity, the risk of inadvertent noncompliance could also increase. Our failure to comply with applicable laws and regulations could result in the imposition of fines, penalties or other enforcement action by the authorities that regulate our operations.

We are unable to predict the impact that the future regulatory activities of these agencies will have on our operations. Changes in regulations or the imposition of additional regulations could have an adverse impact on our business, financial condition and results of operations. Further, the results of our operations could be impacted adversely if our authorized cost-recovery mechanisms do not function as anticipated.

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A downgrade in our credit ratings could adversely affect our cost of and ability to access capital.

Our ability to obtain adequate and cost-effective financing depends in part on our credit ratings. Our credit ratings are subject to change at any time in the discretion of the applicable rating agencies. Numerous factors, including many of which are not within our control, are considered by the rating agencies in connection with assigning credit ratings. For example, the Tax Cuts and Jobs Act of 2017 recently prompted one rating agency to adjust the credit outlook (but not the underlying credit ratings) of several regulated utilities, including us. A reduction in our ratings by our rating agencies could adversely affect our costs of borrowing and/or access to sources of liquidity and capital. Such a downgrade could further limit or delay our access to public and private credit markets and increase the costs of borrowing under available credit lines. Should our credit ratings be downgraded, it could limit or delay our ability to obtain additional financing in the future for working capital, capital expenditures and acquisitions when necessary or desirable. In addition, our pool of investors and prospective creditors would likely decrease. An increase in borrowing costs without the ability to recover these higher costs in the rates charged to our customers could adversely affect our results of operations, financial condition and cash flows by limiting our ability to earn our allowed rate of return.

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Changes in federal and state fiscal, tax and monetary policy could significantly increase our costs or decrease our cash flows.

Changes in federal and state fiscal, tax and monetary policy may result in increased taxes, interest rates, and inflationary pressures on the costs of goods, services and labor. This could increase our expenses and capital spending and decrease our cash flows if we are not able to recover or recover timely such increased costs from our customers. This series of events may increase our rates to customers and thus may adversely impact customer billings and customer growth. Changes in tax rates, including the effects of the Tax Cuts and Jobs Act of 2017, could adversely affect our cash flows and may increase the cash we pay for income taxes in the future. Any of these events may cause us to increase debt, conserve cash, adversely affect our ability to make capital expenditures to grow the business or other discretionary uses of cash, and could adversely affect our cash flows.

MD&A

As reflected in the excerpts below, registrants have to disclose the material effects of the tax changes made under the TCJA when preparing the MD&A, including a discussion of results of operations and liquidity and capital resources (e.g., remeasuring DTAs and deferred tax liabilities due to the lower corporate income tax rates and reevaluating the realizability of DTAs).

Note that, per Code Section 15, non-calendar-year companies are to use a blended tax rate by dividing their year-end taxable income into two portions: one that precedes January 1, 2018, and another that follows such date.

CHECKPOINT SEARCH TIPS

SECPlus Advanced: Run a "Selected Sections only" search in SECPlus Advanced to retrieve just the MD&A portion of the 10-K. Specify Company Group or Company Names to further limit your results to specific peers. Once on the results page, filter by a specific industry to see how peer companies have provided disclosures.

Sample Search Terms:

- Keywords:
  - "Tax Cuts and Jobs Act" or "TCJA"
  - "tax reform" /p "SAB 118"
  - TCJA /p "income tax effect"
  - "ASC 740"
  - "Tax Act" /p "provisional tax expense"
- Selected Sections only
- Form: 10-K
- Sections: Management's Discussion and Analysis of Financial Condition and Results of Operations
- Filing Date: last 6 months

Expand your search to cover periods preceding the last 6 months. Save peer MD&A disclosures to the Compare Center. Then, run a comparison to see the difference in disclosures preceding and following enactment of the Act.

Multiplying total income by the percentage of the year preceding January 1, 2018 will yield the amount that is subject to the rate of 35%, while multiplying total income by the percentage of the year following January 1, 2018 will yield the amount that is subject to the rate of 21%. The aggregate amount owed in taxes will be the sum of these two calculations. By way of example, if a company has a year-end of March 31, it will use a blended tax rate of 31.5%, consisting of nine months at 35% and three months at 21%.

Kingsway Financial Services Inc. (for year ended December 31, 2017)

Income Tax Benefit

Income tax benefit for 2017 was $17.8 million compared to $9.7 million in 2016. The 2017 income tax benefit is primarily related to a release of deferred income tax liabilities and an adjustment to the deferred income tax valuation allowance resulting from the Tax Cuts and Jobs Act (the "Tax Act") enacted on December 22, 2017. The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, a permanent reduction in the U.S. federal corporate income tax rate to 21%.

The Company is subject to the provisions of Accounting Standards Codification 740-10, *Income Taxes*, which requires that the effect on deferred tax income assets and liabilities of a change in tax rates be recognized in the period the tax rate change was enacted. In December of 2017, the SEC staff issued Staff Accounting Bulletin 118 ("SAB 118"), which provides that companies that have not completed their accounting for the effects of the Tax Act but can determine a reasonable estimate of those effects should include a provisional amount based on their reasonable estimate in their financial statements.

Pursuant to SAB 118, the Company recorded provisional amounts for the estimated income tax effects of the Tax Act on deferred income taxes. The Company recorded a $19.0 million decrease to income tax expense in the consolidated statements of operations for the year ended December 31, 2017, $18.9 million of which related to a decrease in the Company's net deferred income tax liability as of December 31, 2017 because of the reduction in the corporate income tax rate.

Although the $19.0 million tax benefit represents what the Company believes is a reasonable estimate of the impact of the income tax effects of the Tax Act on the Company's Consolidated Financial Statements as of December 31, 2017, it should be considered provisional. Any adjustments to the Company's provisional amounts will be reported as a component of the consolidated statements of operations during the reporting period in which any such adjustments are determined, all of which will be reported no later than the fourth quarter of 2018.

CHECKPOINT SEARCH TIPS

SECPlus Advanced: Use SECPlus Create-a-Chart to quickly compare financial fundamentals for a peer group to determine financial impact of the TCJA or to review the year-over-year change for a specific company.

Sample Create-a-Chart Search:

- Reporting Period and Time Frame: Annual/Last 24 Months
- Statement of Income

Best Buy Co., Inc. (for year ended February 3, 2018)

Income Tax Expense

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act ("tax reform" or "Tax Act"), which among other things, lowered the U.S. statutory tax rate from 35% to 21% effective January 1, 2018. Consequently, we applied a blended U.S. statutory federal income tax rate of 33.7 % for fiscal 2018. In addition, the Tax Act imposed a one-time deemed repatriation tax on net unremitted earnings of foreign subsidiaries not previously subject to U.S. income tax, which is payable over a period of eight years. In response to the Tax Act, the Securities and Exchange Commission ("SEC") staff issued a Staff Accounting Bulletin No. 118 ("SAB 118") that provides guidance on accounting for the impact of the Tax Act. SAB 118 allows companies to record provisional amounts while the accounting impact of the Tax Act is still under analysis, not to extend beyond the measurement period of one year from the enactment of the Tax Act.

As a result of the Tax Act, we recorded provisional tax expense in fiscal 2018 of $283 million. The $283 million included a $209 million charge associated with the deemed repatriation tax and a $74 million charge primarily related to the revaluation of deferred tax assets and liabilities to reflect the new tax rate. The actual impact of the Tax Act may differ materially from our provisional amounts due to further refinement of our calculations as allowed by SAB 118, changes in interpretations and assumptions we have made, or actions we may take as a result of the Tax Act. The provisional amounts will be finalized within the one-year measurement period as we gather and analyze the additional documentation necessary for the calculations. Refer to Note 10, *Income Taxes*, of the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K for additional information.

Income tax expense increased to $818 million in fiscal 2018, compared to $609 million in fiscal 2017, primarily as a result of the $283 million of tax expense associated with the Tax Act, partially offset by the impacts from the recognition of excess tax benefits related to stock-based compensation, the lower blended U.S. statutory tax rate of 33.7% and a higher mix of pre-tax income from foreign operations in the current year. Our effective income tax rate ("ETR") for fiscal 2018 was 45.0%, compared to a rate of 33.5% in fiscal 2017. The increase in the ETR was primarily due to the impact of the Tax Act, partially offset by the recognition of excess tax benefits related to stock-based compensation and a higher mix of pre-tax income from foreign operations in the current year.

Income tax expense increased to $609 million in fiscal 2017, compared to $503 million in fiscal 2016, primarily as a result of an increase in pre-tax earnings, partially offset by a higher mix of pre-tax income from foreign operations and the resolution of certain tax matters in fiscal 2017. Our ETR for fiscal 2017 was 33.5%, compared to a rate of 38.4% in fiscal 2016. The decrease in the ETR was primarily due to a higher mix of pre-tax income from foreign operations and the resolution of certain tax matters in fiscal 2017.

Our consolidated ETR is impacted by the statutory income tax rates applicable to each of the jurisdictions in which we operate. As our foreign earnings are generally taxed at a lower statutory rate than the current 33.7% U.S. statutory rate, changes in the proportion of our consolidated taxable earnings originating in foreign jurisdictions impact our consolidated effective rate. With the lower U.S. statutory tax rate enacted by the Tax Act, we expect our fiscal 2019 effective tax rate to be lower.

Financial Statements

When considering the financial reporting impacts of the TCJA, registrants should be mindful of the accounting for such elements as (1) the remeasurement of DTAs and deferred tax liabilities due to the new lower tax rates for businesses, (2) NOLs, (3) the repatriation tax, (4) AMT, (5) BEAT, and (6) GILTI. Note the use of the blended tax rate, discussed above, for non-calendar-year companies.

Registrants should also be mindful of the U.S. GAAP/non-GAAP reconciliation requirements of Regulation G and Regulation S-K Item 10(e), per the C&DI on non-GAAP financial measures, most recently updated on April 2, 2018. For example, if a registrant estimates the impact of a provision of the TCJA and indicates what its results would have been excluding the impact of the TCJA, then the registrant is presenting a non-GAAP financial measure, which triggers the reconciliation requirements. The excerpts below from notes to financial statements are practical examples of the foregoing; see also the Form 8-K disclosure excerpts from Worthington Industries, Inc. and National CineMedia, Inc.

CHECKPOINT SEARCH TIPS

GAAP Reporter: Analysis of the FASB Accounting Standards Codification (ASC) mirrors the structure of the ASC itself. To review the latest Explanations relating to income tax accounting, navigate to Topic 740, *Income Taxes*, in GAAP Reporter and view the latest analysis, updated with observations and illustrations following the enactment of the TCJA.

Exela Technologies, Inc. (for year ended December 31, 2017)

10. Income Taxes

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The Tax Cuts and Jobs Act ("TCJA") was signed by the President of the United States and enacted into law on December 22, 2017. The TCJA significantly changes U.S. tax law by reducing the U.S. corporate income tax rate to 21.0% from 35.0%, adopting a territorial tax regime, creating new taxes on certain foreign sourced earnings and imposing a one-time transition tax on the undistributed earnings of certain non-U.S. subsidiaries.

Accounting Standards Codification Topic 740, Income Taxes ("ASC 740") requires companies to account for the tax effects of changes in income tax rates and laws in the period in which legislation is enacted (December 22, 2017). ASC 740 does not specifically address accounting and disclosure guidance in connection with the income tax effects of the TCJA. Consequently, on December 22, 2017, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 118 ("SAB 118"), to address the application of ASC 740 in the reporting period that includes the date the TCJA was enacted. SAB 118 allows companies a reasonable period of time to complete the accounting for the income tax effects of the TCJA.

At December 31 2017, the Company has not completed the accounting for the income tax effects of the TCJA. However, pursuant to SAB 118, the Company has made provisional estimates of the effects of existing deferred tax assets and liabilities and the one-time transition tax. The Company recognized a $9.4 million provisional tax benefit to Continuing Operations on revaluing its existing net deferred tax liability at the reduced corporate tax rate of 21.0%. Also, the Company determined that a $9.1 million provisional tax was due on estimated earnings and profits subject to the deemed mandatory repatriation. However, a payable was not recorded by the Company since the Company›s net operating loss carryforward at December 31, 2017 can be used to offset the mandatory repatriation tax.

The TCJA subjects US stockholders to tax on global intangible low-taxed income ("GILTI") earned by certain foreign subsidiaries. Pursuant to FASB Staff Q&A, Topic 740, No. 5, Accounting for Global Intangible Low-Taxed Income, the Company can make an accounting policy election to either recognize deferred taxes for temporary basis differences expected to reverse as GILTI in subsequent periods or recognize the tax expense related to GILTI as a period cost in the year the tax is incurred. The GILTI provisions are complex and the Company expects additional clarification and interpretive guidance to be released by the Treasury subsequent to the issuance of the Company›s annual financial statements. The Company has not elected an accounting policy related to GILTI but will continue evaluating the application of the GILTI provisions during the SAB 118 measurement period.

The provisional tax effects reflected in the financial statements are subject to change due to, among other things, additional analysis and receipt of final data as well as the release of new authoritative and interpretive guidance. The Company expects to complete its accounting for the effects of the TCJA after the filing of the U.S. federal consolidated and state tax returns in 2018.

General Electric Company (for year ended December 31, 2017)

INCOME TAXES

GE pays the income taxes it owes in every country in which it does business. Many factors impact our income tax expense and cash tax payments. The most significant factor is that we conduct business in over 180 countries and the majority of our revenue is earned outside the U.S., often in countries with lower tax rates than in the U.S. We reinvest most of our foreign earnings overseas to be able to fund our active non-U.S. business operations. Our tax liability is also affected by U.S. and foreign tax incentives designed to encourage certain investments, like research and development; and by acquisitions, dispositions and tax law changes. On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act ("U.S. tax reform") that lowers the statutory tax rate on our U.S. earnings, taxes historic foreign earnings at a reduced rate of tax, creates a territorial tax system and enacts new taxes associated with global operations. Our provisional estimate of the transition tax on historic foreign earnings and the effect on our deferred taxes is described below. Finally, our tax returns are routinely audited, and settlements of issues raised in these audits sometimes affect our tax rates.

GE and GE Capital file a consolidated U.S. federal income tax return. This enables GE and GE Capital to use tax deductions and credits of one member of the group to reduce the tax that otherwise would have been payable by another member of the group. The effective tax rate reflects the benefit of these tax reductions in the consolidated return. GE makes cash payments to GE Capital for tax reductions and GE Capital pays for tax increases at the time GE's tax payments are due.

CONSOLIDATED

(Dollars in billions)	2017	2016	2015
Effective tax rate (ETR)	34.6%	(5.1)%	79.2%
Provision (benefit) for income taxes	(3.0)	(0.5)	6.5
Cash income taxes paid (a)	2.4	7.5	2.5

(a) Includes taxes paid related to discontinued operations.

2017 – 2016 COMMENTARY

- The consolidated income tax rate for 2017 was 34.6%. This effective tax rate reflects a tax benefit on a consolidated pre-tax loss.

- The effective tax rate included a charge of $3.3 billion associated with the provisional estimate of the impact of the transition tax on historic foreign earnings ($1.2 billion) and the revaluation of deferred taxes ($2.2 billion) as a result of the enactment of U.S. tax reform.

- As discussed in Note 13 to the consolidated financial statements, the impact of U.S. tax reform on the revaluation of deferred taxes and the transition tax on historic earnings has been recorded on a provisional basis as the legislation provides for additional guidance to be issued by the U.S. Department of the Treasury on several provisions including the computation of the transition tax. Guidance during 2018 could impact the information required for, and the calculation of, the transition tax charge and could affect decisions on timing of various U.S. and foreign items, which would further impact the final 2017 amounts included in the transition charge and the revaluation of deferred taxes. In addition, analysis performed and conclusions reached as part of the tax return filing process and additional guidance on accounting for U.S. tax reform could affect the provisional amount.

- The consolidated tax rate excluding the effect of U.S. tax reform was 72.4%. This effective tax rate was also a tax benefit on a consolidated pre-tax loss. The tax benefit excluding the impact of tax reform was larger than 35% because of the benefit from lower-taxed international income compared to losses taxed at higher than the average rate and the benefit of the lower-taxed disposition of the Water business.

- The consolidated tax provision included $3.3 billion and $1.0 billion for GE (excluding GE Capital) for 2017 and 2016, respectively.

Best Buy Co., Inc. (for year ended February 3, 2018)

10. Income Taxes

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Tax Reform

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act ("tax reform" or "Tax Act"), which significantly changed U.S. tax law. Among other things, the Tax Act lowered the U.S. statutory tax rate from 35% to 21% effective January 1, 2018, broadened the base to which U.S. income tax applies, imposed a one-time deemed repatriation tax on net unremitted earnings of foreign subsidiaries not previously subject to U.S. income tax and effectively created a new minimum tax on certain future foreign earnings.

In response to the Tax Act, the Securities and Exchange Commission ("SEC") staff issued Staff Accounting Bulletin No. 118 ("SAB 118") that provides guidance on accounting for the impact of the Tax Act. SAB 118 allows companies to record provisional amounts to the extent that they are reasonably estimable and adjust them over time as more information becomes available, not to extend beyond the measurement period of one year from the enactment of the Tax Act.

As a result of the Tax Act, we applied a blended U.S. statutory federal income tax rate of 33.7% for fiscal 2018. In addition, we recorded provisional tax expense in fiscal 2018 of $283 million. The $283 million included a $209 million charge associated with the deemed repatriation tax and a $74 million charge related to the revaluation of deferred tax assets and liabilities to reflect the new tax rate.

We previously considered substantially all of the earnings in our non-U.S. subsidiaries to be indefinitely reinvested outside the U.S. and, accordingly, recorded no deferred income taxes on such earnings. At this time, and until we fully analyze the applicable provisions of the Tax Act, our intention with respect to unremitted foreign earnings is to continue to indefinitely reinvest outside the U.S. those earnings needed for working capital or additional foreign investment. Apart from the deemed repatriation tax, any incremental deferred income taxes on the unremitted foreign earnings are not expected to be material.

We continue to analyze the impacts of the Tax Act for provisions that become effective in future years. One such provision is the Global Intangible Low Tax Income ("GILTI"), effectively, a new minimum tax on certain foreign earnings. Under U.S. GAAP, we can make an accounting policy election and either treat taxes on GILTI as a current period expense when incurred or factor such amounts into the measurement of deferred taxes. Due to the complexity of these new rules, we have not completed the analysis of this provision; therefore, we have not made any adjustments in our fiscal 2018 financial statements nor have we made a policy decision regarding the recording of GILTI.

The actual impact of the Tax Act may differ materially from our provisional amounts due to further refinement of our calculations as allowed by SAB 118, changes in interpretations and assumptions we have made or actions we may take as a result of the Tax Act. The provisional amounts will be finalized within the one-year measurement period, as we gather and analyze the additional documentation necessary for the calculations.

Proxy Statement Compensation Disclosures

The TCJA impacts the deductibility of executive compensation under Section 162(m) of the Code in such a way that could influence companies' design and management of their executive compensation programs for tax years beginning after December 31, 2017. For example, prior to the TCJA, Section 162(m) imposed an annual limit of $1 million on the deductibility by a "publicly held corporation" of compensation paid to each "covered employee," and excepted from the deduction limit "qualified performance-based compensation." The TCJA eliminates this exemption, making all compensation paid to a covered employee of more than $1 million nondeductible, except for compensation, subject to the transition rule, that is provided pursuant to a written binding contract in effect on November 2, 2017 and not materially modified on or after that date.

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Additionally, the TCJA expands upon the definition of a covered employee to include (1) the chief executive officer (CEO), the chief financial officer (CFO), and the three most highly-paid officers for the taxable year, other than the CEO and the CFO (i.e., the definition previously excluded CFOs); and (2) any individual who was a covered employee for any taxable year beginning after December 31, 2016, even following termination of employment and death (i.e., previously, the covered-employee designation did not carry forward to future years).

Finally, whereas prior to the TCJA, Section 162(m) only applied to companies with publicly-traded equity, the TCJA expands its applicability to also include, among other entities, companies with publicly-traded debt. Below is an excerpt from a definitive proxy statement that incorporates disclosures in response to changes to Section 162(m) made by the TCJA.

NVIDIA Corporation (DEF 14A, filed on April 6, 2018)

Provision in CD&A

Tax and Accounting Implications

Section 162(m) of the Internal Revenue Code disallows a deduction to any publicly-held corporation and its affiliates for certain compensation paid to "covered employees" in a taxable year to the extent that compensation exceeds $1 million per covered employee. Prior to the enactment of the Tax Cuts and Jobs Act in December 2017, Section 162(m)-qualified "performance-based compensation" was not subject to this deduction limitation. Pursuant to the Tax Cuts and Jobs Act, the Section 162(m) performance-based compensation exception was repealed with respect to taxable years beginning after December 31, 2017, except that certain transition relief is provided for remuneration provided pursuant to a written binding contract which was in effect on November 2, 2017 and which was not modified in any material respect on or after such date. As a result, compensation paid to any of our covered employees in excess of $1 million per taxable year generally will not be deductible unless, among other requirements, it is intended to qualify, and is eligible to qualify, as Section 162(m) performance-based compensation pursuant to the transition relief provided by the Tax Cuts and Jobs Act. Because of certain ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, including the uncertain scope of the transition relief provided by the Tax Cuts and Jobs Act, no assurance can be given that any compensation paid by NVIDIA will be eligible for such transition relief and, therefore, eligible for the Section 162(m) performance-based compensation exception. The CC will continue to monitor the applicability of Section 162(m) to our ongoing compensation arrangements and intends to continue to compensate our NEOs in a manner consistent with the best interests of NVIDIA and our stockholders.

Provisions in Description of Proposed Amended Compensation Plan

Section 162(m) Transition Relief for Performance-Based Compensation. Certain provisions in the Proposed 2007 Plan refer to the "performance-based compensation" exception under Section 162(m) of the Internal Revenue Code, or Section 162(m). Pursuant to the Tax Cuts and Jobs Act, this exception was recently repealed for taxable years beginning after December 31, 2017. However, an award may still be eligible for this exception if, among other requirements, it is intended to qualify, and is eligible to qualify, as Section 162(m) performance-based compensation pursuant to the transition relief provided by the Tax Cuts and Jobs Act for remuneration provided pursuant to a written binding contract which was in effect on November 2, 2017 and which was not modified in any material respect on or after such date, or Section 162(m) Transition Relief. As of the date our CC approved the Proposed 2007 Plan, the U.S. Department of the Treasury and the Internal Revenue Service had not issued any applicable guidance, rulings or regulations regarding the Section 162(m) Transition Relief. Accordingly, the provisions in the Proposed 2007 Plan which refer to the Section 162(m) performance-based compensation exception were not removed so as not to jeopardize the ability of certain awards to qualify for the Section 162(m) Transition Relief before any such guidance, rulings or regulations are issued. However, such provisions will only apply to any award that is intended to qualify, and is eligible to qualify, as Section 162(m) performance-based compensation pursuant to the Section 162(m) Transition Relief and, therefore, are not applicable to any other

awards granted under the Proposed 2007 Plan. Because of certain ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, including the uncertain scope of the Section 162(m) Transition Relief, we do not know the extent to which any award granted under the Proposed 2007 Plan will be eligible for the Section 162(m) Transition Relief, if at all.

***

Section 162(m) of the Internal Revenue Code. Section 162(m) of the Internal Revenue Code disallows a deduction to any publicly held corporation and its affiliates for certain compensation paid to "covered employees" in a taxable year to the extent that compensation to a covered employee exceeds $1 million. Prior to the recent enactment of the Tax Cuts and Jobs Act, compensation that qualified as "performance-based compensation" under Section 162(m) of the Internal Revenue Code was not subject to this deduction limitation. Pursuant to the Tax Cuts and Jobs Act, this exception for "performance-based compensation" under Section 162(m) of the Internal Revenue Code was repealed with respect to taxable years beginning after December 31, 2017, except that certain transition relief is provided by the Tax Cuts and Jobs Act for remuneration provided pursuant to a written binding contract which was in effect on November 2, 2017 and which was not modified in any material respect on or after such date. As a result, compensation paid to any of our "covered employees" in excess of $1 million per taxable year will not be deductible unless, among other requirements, it is intended to qualify, and is eligible to qualify, as "performance-based compensation" under Section 162(m) of the Internal Revenue Code pursuant to the transition relief provided by the Tax Cuts and Jobs Act. Because of certain ambiguities and uncertainties as to the application and interpretation of Section 162(m) of the Internal Revenue Code and the regulations issued thereunder, including the uncertain scope of the transition relief provided by the Tax Cuts and Jobs Act, no assurance can be given that any award granted under the Proposed 2007 Plan will be eligible for such transition relief and, therefore, eligible for the "performance-based compensation" exception under Section 162(m) of the Internal Revenue Code.

Provision in Proposed Amended Compensation Plan

1. General

***

(e) **Section 162(m) Transition Relief.** Notwithstanding anything in the Plan to the contrary, any reference in the Plan to "performance-based compensation" under Section 162(m) of the Code will only apply to any Award that is intended, and is eligible, to qualify as such pursuant to the transition relief provided by the Tax Cuts and Jobs Act (the "***TCJA***") for remuneration provided by a written binding contract which was in effect on November 2, 2017 and which was not subsequently materially modified, as determined by the Board, in its sole discretion, in accordance with the TCJA and any applicable guidance, rulings or regulations issued by any governmental authority.

Form 8-K Disclosures

Forward-Looking Statements

See also the discussion regarding forward-looking statements under "Form 10-K Disclosures," above.

Healthcare Services Group, Inc. Press Release (filed on April 16, 2018)

Cautionary Statement Regarding Forward-Looking Statements

This release and any schedules incorporated by reference into it may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are not historical facts but rather are based on current expectations, estimates and projections about our business and industry, and our beliefs and assumptions. Words such as "believes," "anticipates," "plans," "expects," "will," "goal," and similar expressions are intended to identify forward-looking statements. The inclusion of forward-looking statements should not be regarded as a representation by us that any of our plans will be achieved. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Such forward-looking information is also subject to various risks and uncertainties. Such risks and uncertainties include, but are not limited to, risks arising from our providing services exclusively to the healthcare industry, primarily providers of long-term care; having several clients who individually contributed over 3%, with one as high as 20% of our total consolidated revenues for the three months ended March 31, 2018 ; credit and collection risks associated with this industry; our claims experience related to workers' compensation and general liability insurance; the effects of changes in, or interpretations of laws and regulations governing the industry, our workforce and services provided, including state and local regulations pertaining to the taxability of our services and other labor-related matters such as minimum wage increases; continued realization of tax benefits arising from our corporate reorganization and self-funded health insurance program; risks associated with the reorganization of our corporate structure; realization of our expectations regarding the impact of the Tax Cuts and Jobs Act on our financial results; and the risk factors described in Part I of our Form 10-K for the fiscal year ended December 31, 2017 under "Government Regulation of Clients," "Competition" and "Service Agreements and Collections," and under Item IA. "Risk Factors" in such Form 10-K.

These factors, in addition to delays in payments from clients and/or clients in bankruptcy or clients with which we are in litigation to collect payment, have resulted in, and could continue to result in, significant additional bad debts in the near future. Additionally, our operating results would be adversely affected if unexpected increases in the costs of labor and labor-related costs, materials, supplies and equipment used in performing services could not be passed on to our clients.

In addition, we believe that to improve our financial performance we must continue to obtain service agreements with new clients, retain and provide new services to existing clients, achieve modest price increases on current service agreements with existing clients and maintain internal cost reduction strategies at our various operational levels. Furthermore, we believe that our ability to sustain the internal development of managerial personnel is an important factor impacting future operating results and the successful execution of our projected growth strategies.

Results of Operations and Financial Condition (Item 2.02)

Although SAB No. 118 seems to cover financial reporting as it relates to financial statements in periodic reports, as opposed to those included in companies' earnings releases, registrants should still be mindful of the disclosures in SAB No. 118 when preparing earnings releases, and consider including them to the extent appropriate.

Note that Form 8-K, Item 2.02 is not limited to companies' earnings releases, but rather is triggered by any public disclosure of material non-public information regarding a company's results of operations or financial condition for a completed quarterly or annual fiscal period. Accordingly, a registrant could be required to report under this Item if it makes material disclosures regarding the financial reporting impact of the TCJA that relate to the fiscal period including December 22, 2017, but are made after the end of such period. The following excerpts provide illustrative guidance.

Worthington Industries, Inc. (filed on April 3, 2018)

Item 2.02. Results of Operations and Financial Condition.

Management of Worthington Industries, Inc. (the "Registrant") conducted a conference call on March 29, 2018, beginning at approximately 2:30 p.m., Eastern Daylight Time, to discuss the Registrant's unaudited financial results for the third quarter of fiscal 2018 (the fiscal quarter ended February 28, 2018). Additionally, the Registrant's management addressed certain issues related to the outlook for the Registrant and its subsidiaries and their markets for the coming months. A copy of the transcript of the conference call is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information contained in this Item 2.02 and Exhibit 99.1 furnished with this Current Report on Form 8-K, is being furnished pursuant to Item 2.02 and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, unless the Registrant specifically states that the information is to be considered "filed" under the Exchange Act or incorporates the information by reference into a filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act.

In the conference call, management referred to quarterly earnings per share, excluding restructuring and the impact of the new tax law (i.e., discrete tax items resulting from the enactment of the Tax Cuts and Jobs Act of 2017). This represents a non-GAAP financial measure and is used by management as a measure of operating performance. Earnings per share adjusted for restructuring and the impact of the new tax law is calculated by adding (subtracting) restructuring and other expense (income), net (in each case, after-tax) and the impact of discrete tax items resulting from the new tax law to (from) net earnings attributable to controlling interest, and dividing the result by the average diluted common shares for the period. The difference between the GAAP-based financial measure of diluted earnings per share attributable to controlling interest and the non-GAAP financial measure of diluted earnings per share adjusted for restructuring and the impact of the new tax law for the fiscal quarters ended February 28, 2018 and 2017, as mentioned in the conference call, is outlined below.

National CineMedia, Inc. (filed on March 12, 2018)

Adjusted Net Income and Income per Share

Adjusted net income and income per share are not financial measures calculated in accordance with GAAP in the United States. Adjusted net income and income per share are calculated using reported net income and income per share and exclude CEO transition-related costs, early lease termination costs, the reversal of a reserve for uncertain tax positions, a loss on early retirement of debt, certain impacts of the Tax Cuts and Jobs Act, including a gain on re-measurement of the payable to founding members under the tax receivable agreement, income tax expense related to re-measurement of deferred tax balances and adjusting for the impact to the measurement of dilutive securities. Our management uses these non-GAAP financial measures as an additional tool to evaluate operating performance. The Company believes these are important supplemental measures of operating performance because they eliminate items that have less bearing on its operating performance and so highlight trends in its core business that may not otherwise be apparent when relying solely on GAAP financial measures. The Company believes the presentation of these measures is relevant and useful for investors because it enables them to view performance in a manner similar to a method used by the Company's management and helps improve their ability to understand the Company's operating performance. Adjusted net income should not be regarded as an alternative to net income and should not be regarded as an alternative to income per share or as indicators of operating performance, nor should they be considered in isolation of, or as substitutes for financial measures prepared in accordance with GAAP. The Company believes that net income and income per share are the most directly comparable GAAP financial measures. Because not all companies use identical calculations, these presentations may not be comparable to other similarly titled measures of other companies.

The following table reconciles net income as previously reported to net income as reported reflecting the impact of the correction of the error. In addition, as reported net income and income per share are reconciled to adjusted net income and income per share excluding the CEO transition-related costs, early lease termination expense, loss on early retirement of debt, the reversal of a reserve for uncertain tax positions and certain impacts of the Tax Cuts and Jobs Act, including a gain on re-measurement of the payable to founding members under the tax receivable agreement, income tax expense related to re-measurement of deferred tax balances and adjusting for the impact to the measurement of dilutive securities for the periods presented [***].

Regulation FD (Item 7.01)

Registrants should expect to receive inquiries from analysts and investors concerning the business impact of the TCJA. If a registrant plans to discuss such matters before issuing its financial results, then it should consider its Regulation FD obligations under Item 7.01, because such disclosures may be material, given that investors may not be able to evaluate the impact of the TCJA based on earlier disclosures. See the excerpt below for some practical guidance.

Delta Air Lines, Inc. (filed on March 13, 2018)

Item 7.01 Regulation FD Disclosure

As discussed in the December 31, 2017 Form 10-K, on January 1, 2018, we adopted the new accounting standards for Revenue from Contracts with Customers (Topic 606), Compensation-Retirement Benefits (Topic 715) and Financial Instruments (Subtopic 825-10) (collectively the "new standards"). We are furnishing this Form 8-K under Regulation FD to present our previously reported financial information on a basis consistent with these new standards. Beginning with the March 2018 quarter, our financial information will reflect adoption of the new standards with prior periods adjusted ("recast") accordingly.

The impacts to our financial statements for each of the new standards are discussed below. The changes only affect the balance sheet and income statement; there is no impact to our cash flows. Our business strategy and the opportunities highlighted at our December 2017 Investor Day and on our December 2017 quarterly earnings call are unchanged.

Revenue from Contracts with Customers

"Revenue from Contracts with Customers" standardizes revenue accounting guidance across industries in the U.S. and aligns with international standards. (See Note 1 of our Consolidated Financial Statements within the Form 10-K filed on February 23, 2018.) Accounting for our frequent flyer program and the classification of travel-related fees are the areas most impacted by the adoption of this standard.

- Balance Sheet: The standard requires a shift to the equivalent-ticket value method ("ETV") for frequent flyer accounting, which impacts the balance sheet through the higher deferral rate for outstanding mileage credits.
  - When miles are sold to other companies, the portion related to marketing components is recognized immediately in other revenue. The remainder is deferred in our frequent flyer liability along with miles earned through travel by SkyMiles program members. ETV produces a higher deferral rate than previously used, driving an approximately $2 billion increase to the frequent flyer liability.
  - This increase in the frequent flyer liability and other adjustments results in an increase to the related deferred tax asset. This asset was subsequently revalued using a lower tax rate as a result of the Tax Cuts and Jobs Act of 2017 ("tax reform"), resulting in a $419 million net increase to the deferred tax asset at December 31, 2017.
- Income Statement: Income statement impacts are driven by the shift to ETV for frequent flyer accounting and the seasonality of our business, which affect the timing of revenue recognition. In 2017, this shift reduced net income by $128 million. Other changes relate to line item reclassifications and have no significant impact to net income.
  - Travel-related fees (e.g., bag fees, administrative fees) are reclassified from other revenues to passenger revenues.
  - Deferred revenue from our frequent flyer program is recognized in passenger revenue when miles are redeemed. Shifting to ETV to value award miles resulted in a $128 million reduction to net income for 2017.
  - There will be $244 million in incremental tax expense associated with the revaluation of our deferred tax asset as a result of tax reform discussed above. Similar to the one-time charge of $150 million from tax reform in the December 2017 quarter, we plan to exclude this incremental tax expense from adjusted earnings.
  - These changes do not have a material impact to year-on-year change in metrics including passenger unit revenue (PRASM), total unit revenue (TRASM), pre-tax margin and earnings per share.

Other Events (Item 8.01)

Even if a registrant concludes that a Form 8-K is not required, it may still choose to report under Item 8.01 updates to prior disclosures, as demonstrated in the excerpts below.

PG&E Corporation (filed on April 2, 2018)

Item 8.01 Other Events

Updated Impacts of the Tax Cuts and Jobs Act of 2017

On March 30, 2018, Pacific Gas and Electric Company (the "Utility"), a subsidiary of PG&E Corporation, submitted to the California Public Utilities Commission (the "CPUC") (i) a petition for modification of the CPUC's final decision in the Utility's 2017 General Rate Case ("GRC"), (ii) a petition for modification of the CPUC's final decision in the Utility's 2015 Gas Transmission and Storage ("GT&S") rate case, and (iii) updated testimony in connection with the Utility's 2019 GT&S rate case. These submittals reflect the effects of the Tax Cuts and Jobs Act of 2017 (the "Tax Act") on these rate cases.

If adopted by the CPUC, the submittals would:

- In connection with the 2017 GRC, reduce the revenue requirements by $267 million and $296 million for 2018 and 2019, respectively, and increase rate base by $199 million and $425 million for 2018 and 2019, respectively;
- In connection with the 2015 GT&S rate case, reduce the revenue requirement by $58 million for 2018 and increase rate base by $12 million for 2018 (excluding the impact of an approximately $9 million increase in revenue requirement and a $60 million increase in rate base associated with the Utility's Private Letter Ruling (the "PLR") advice letter that is currently pending); and
- In connection with the 2019 GT&S rate case, including the impact of the PLR advice letter, reduce the Utility's previously forecasted revenue requirement by $25 million for 2019, $30 million for 2020, $22 million for 2021 and $5 million for 2022; and increase rate base by $188 million for 2019, $254 million for 2020, $378 million for 2021 and $469 million for 2022.

On an aggregate basis from these three submittals and the pending PLR advice letter, the Utility anticipates an annual reduction to revenue requirements of approximately $325 million starting in 2018, and incremental increases to rate base of approximately $271 million for 2018 (including the impact of the pending PLR advice letter) and $613 million for 2019. The Utility also expects to reflect additional annual revenue requirement reductions of approximately $125 million from other rate cases, including a pending Federal Energy Regulatory Commission (FERC) proceeding. The associated rate base increases are approximately $100 million in 2018 and $200 million for 2019.

ARMOUR Residential REIT, Inc. (filed on February 23, 2018)

Item 8.01 Other Events

U.S. Federal Income Tax Disclosure

ARMOUR Residential REIT, Inc. (the "Company") is filing as Exhibit 99.1 (which is incorporated herein and in to the Company's Registration Statements and prospectuses and prospectus supplements thereto by reference) an updated summary of the material U.S. federal income tax considerations relating to the taxation of the Company as a real estate investment trust for U.S. federal income tax purposes and the ownership and disposition of the capital stock of the Company in connection with the recently passed U.S. Tax Cuts and Jobs Act. The summary contained in Exhibit 99.1 replaces and supersedes prior summaries of the U.S. federal income tax treatment of the Company and its stockholders contained in the Company's Registration Statements and prospectuses and prospectus supplements thereto to the extent that they are inconsistent with the summary contained in this Form 8-K. This summary is based on current law, is for general information only and is not tax advice.

CONCLUSION

Guidance from the Internal Revenue Service (IRS) related to implementing changes effected by the TCJA is expected to evolve over the next several months, perhaps even years. This is due in part to the TCJA's quick enactment (the comprehensive bill was introduced in the House of Representatives on November 2, 2017, and became law less than two months later, on December 22, 2017) and to its becoming generally effective just 10 days following enactment, on January 1, 2018.

In the interim, as public companies continue to gain an understanding of the impact of the TCJA on their financial reporting and disclosure obligations, they can look to SEC Staff guidance in SAB No. 118 and the related C&DI and to other public companies' TCJA disclosures to help balance the challenges inherent in complying with the TCJA with the need for investors to receive quality information.

Tobi Carter is an Author/Editor at Thomson Reuters. In this position, she serves as in-house SEC expert. Prior to joining Thomson Reuters, Ms. Carter was an associate in the Corporate and Securities Law Practice Group at Certilman Balin Adler & Hyman, LLP for nearly five years. Before practicing at Certilman Balin, Ms. Carter was an attorney for two years in the Securities Litigation Group at Greenberg Traurig, L.L.P. Prior to that, she was Associate Counsel for two years at Oppenheimer & Co. Inc. Ms. Carter earned her Juris Doctor from New York University School of Law in 2001, where she served as Senior Staff Editor of the E*nvironmental Law Journal*. In 1998, she graduated from the University of California at Berkeley with a B.A., *cum laude*, in Legal Studies. Admitted to practice in the State of New York, Ms. Carter is a member of the American Bar Association, as well as its Business Law Section.

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