



PUSHTech2020 Report and Analysis of Minority Participation in the Capital Markets

January 2014 – December 2017




[This report was produced by the Rainbow PUSH Wall Street Project, led by Rebecca Cruz, and the organization's PUSHTech2020 initiative, led by Butch Wing. Invaluable research was provided by Jordan Woodard of Loop Capital Markets, and Eda Kouch of Drexel Hamilton. The report was presented at the 21st Annual Wall Street Economic Summit held in New York, February 9, 2018.]

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Executive Summary

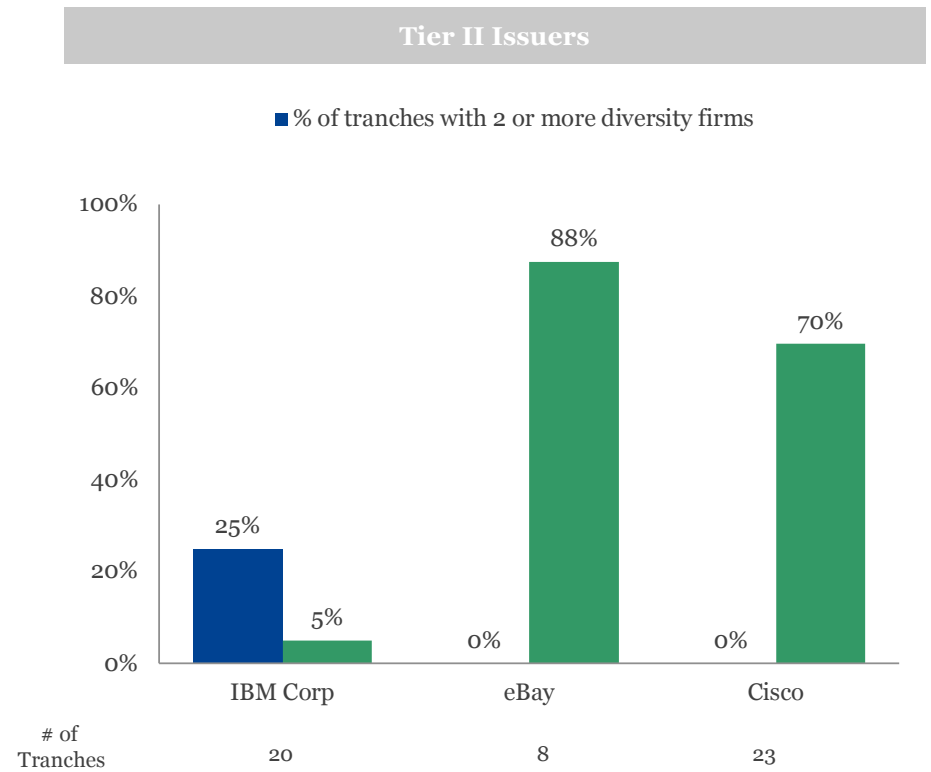
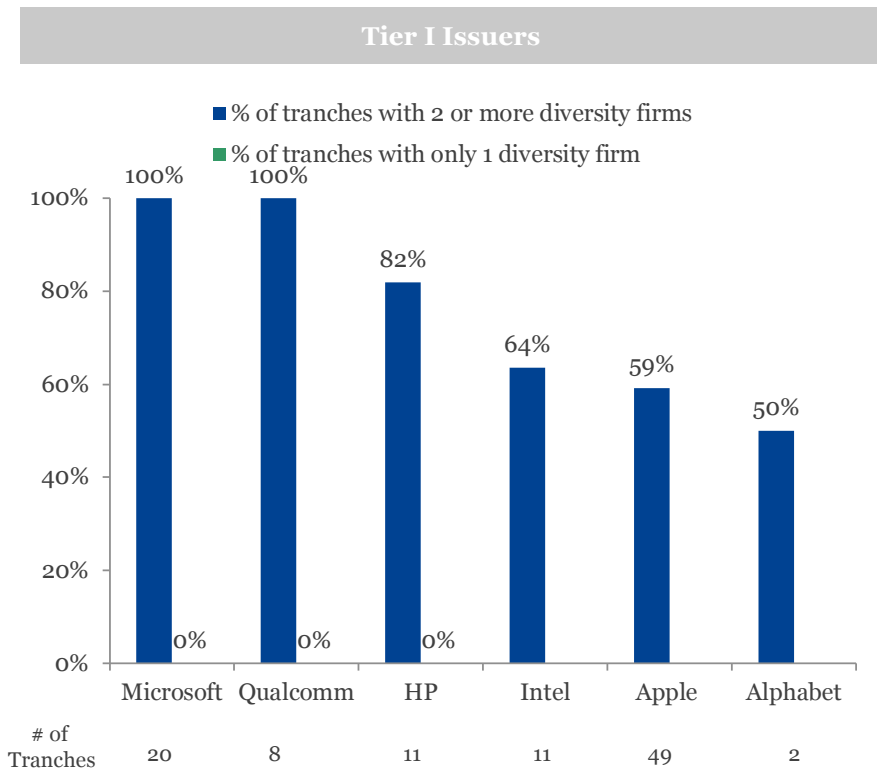
MWDVBE firms have enjoyed success, in varying degrees, with large cap technology new issuance activity

- Larger and more “seasoned” technology issuers have demonstrated, in varying degrees, their willingness to incorporate MWDVBE firms in their underwritings
 - Microsoft has emerged as the preeminent leader in inclusion, having utilized diversity firms on the majority of its offerings
- Certain technology names which had relatively low inclusion rates, historically, have gained meaningful momentum recently:
 - Comparatively, the % of tranches with 2 or more diversity firms for:
 -  **100%** (2014 – 2016) versus **100%** (FY 2017)
 -  **59%** (2014 – 2016) versus **87%** (FY 2017)
 -  **64%** (2014 – 2016) versus **78%** (FY 2017)
- Several names have accessed the capital markets infrequently and as a result have not utilized diversity firms on their new issue tranches
 - Opportunity to articulate diversity firm credentials and capabilities to ensure inclusion in future offerings
- A natural capability extension for diversity firms is to target large corporate share repurchase programs
 - Technology companies have well established share repurchase programs with significant authorized volume levels

Most Inclusive Technology Firms (2014 – 2016)

Tier I issuers include firms with 2 or more diversity firms in 50% or more deal tranches

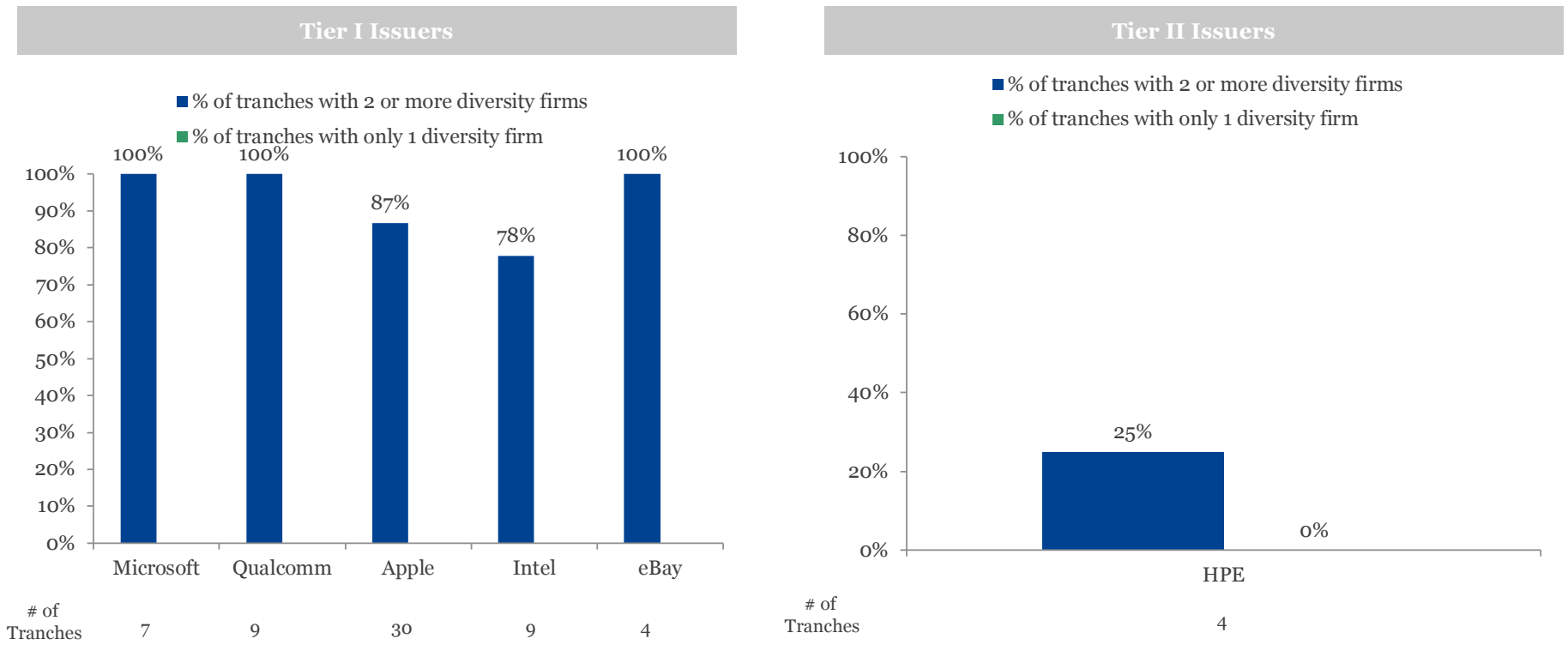
Tier II issuers include firms with 2 or more diversity firms in fewer than 50% of deal tranches



Most Inclusive Technology Firms (FY 2017)

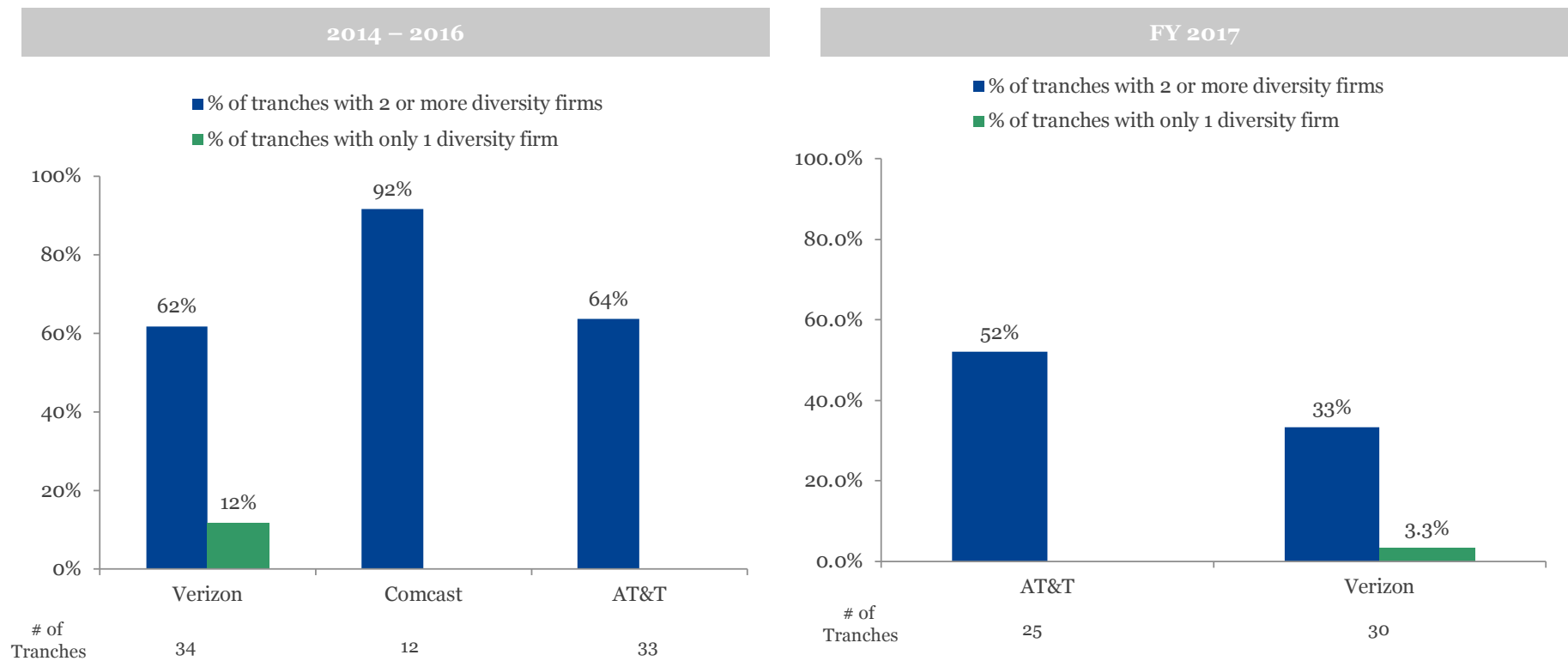
Tier I issuers include firms with 2 or more diversity firms in 50% or more deal tranches

Tier II issuers include firms with 2 or more diversity firms in fewer than 50% of deal tranches



Historically Inclusive Issuers (2014 – 2016 vs FY 2017)

Verizon, Comcast and AT&T have historically been inclusive of minority firms on debt transactions. This history of inclusion dates back to the late 1990's, and each of these companies has continued to do so as of late



Underwriting Analysis (2014 –2016)

Issuer	# of New Issue tranches	% of tranches with 2 or more diversity firms	% of tranches with only 1 diversity firm	# of tranches with 2 or more diversity firms	# of tranches with only 1 diversity firm	Total underwriting fees paid	MWDVBE underwriting fees paid	MWDVBE underwriting fee %
Microsoft	20	100.0%	0.0%	20	0	\$242,000,000	\$9,822,500	4.1%
Verizon	34	61.8%	11.8%	21	4	144,744,840	7,896,980	5.5%
Qualcomm Inc	8	100.0%	0.0%	8	0	39,500,000	1,777,500	4.5%
Hewlett Packard	11	81.8%	0.0%	9	0	7,000,000	405,844	5.8%
Comcast	12	91.7%	0.0%	11	0	57,340,000	2,193,350	3.8%
AT&T	33	63.6%	0.0%	21	0	171,835,852	9,179,887	5.3%
Apple	49	59.2%	6.1%	29	3	120,083,313	3,146,750	2.6%
Intel	11	63.6%	18.2%	7	2	25,622,000	580,400	2.3%
IBM	20	25.0%	5.0%	5	1	40,467,536	513,750	1.3%
eBay	8	0.0%	87.5%	0	7	40,862,500	474,000	1.2%
Cisco	23	0.0%	69.6%	0	16	54,950,000	440,625	0.8%
Intuit	1	0.0%	0.0%	0	0	0	0	-
Oracle	18	0.0%	0.0%	0	0	139,000,000	0	0.0%
Facebook	0	-	-	-	-	-	-	-
Alphabet	2	50.0%	0.0%	1	0	12,500,000	320,000	2.6%
Amazon	5	0.0%	0.0%	0	0	32,875,000	0	0.0%
Broadcom (Avago)	2	0.0%	0.0%	0	0	4,462,500	0	0.0%
LinkedIn	1	0.0%	0.0%	0	0	14,375,000	0	0.0%
SalesForce	0	-	-	-	-	-	-	-
Twitter	2	0.0%	0.0%	0	0	27,000,000	0	0.0%

NOTE: Some fee data unavailable for fields marked “-”. Source: Thomson SDC

Underwriting Analysis (FY 2017)

Issuer	# of New Issue tranches	% of tranches with 2 or more diversity firms	% of tranches with only 1 diversity firm	# of tranches with 2 or more diversity firms	# of tranches with only 1 diversity firm	Total underwriting fees paid	MWDVBE underwriting fees paid	MWDVBE underwriting fee %
Microsoft	7	100.0%	0.0%	7	0	\$87,625,000	\$1,752,500	2.0%
Verizon	30	33.3%	3.3%	10	1	94,152,704	5,073,272	5.4%
Qualcomm Inc	9	100.0%	0.0%	9	0	34,250,000	982,975	2.9%
Hewlett Packard	4	25.0%	0.0%	1	0	9,350,000	158,950	1.7%
Comcast	0	-	-	-	-	-	-	-
AT&T	25	52.0%	0.0%	13	0	223,243,911	9,384,760	4.2%
Apple	30	86.7%	0.0%	26	0	51,850,000	2,194,000	4.2%
Intel	9	77.8%	0.0%	7	0	12,975,000	228,700	1.8%
IBM	11	0.0%	0.0%	0	0	10,975,000	0	0.0%
eBay	4	100.0%	0.0%	4	0	9,100,000	273,000	3.0%
Cisco	0	-	-	-	-	-	-	-
Intuit	0	-	-	-	-	-	-	-
Oracle	5	0.0%	0.0%	0	0	29,895,000	0	0.0%
Facebook	0	-	-	-	-	-	-	-
Alphabet	0	-	-	-	-	-	-	-
Amazon	7	0.0%	0.0%	0	0	0	0	-
Broadcom (Avago)	0	-	-	-	-	-	-	-
LinkedIn	0	-	-	-	-	-	-	-
SalesForce	0	-	-	-	-	-	-	-
Twitter	0	-	-	-	-	-	-	-

NOTE: Some fee data unavailable for fields marked "-". Source: Thomson SDC

Share Repurchase Analysis

Issuer	Total Share Repurchase Amount (\$mm)	Open Market Share Repurchase (\$mm)	ASR Repurchase Amount (\$mm)	Total Shares Repurchased	Shares Repurchased (Open Market)	Shares Repurchased (ASR)	Open Market Share Repurchase Commissions ¹	Program Type
Apple, Inc.	35,397	20,397	15,000	246	142	104	2,130,587	Open Market & Accelerated
Microsoft Corp	8,333	8,333	0	129	129	0	1,934,714	Open Market
Oracle Corp ⁽²⁾	3,992	2,795	1,198	87	61	26	915,600	Open Market & Accelerated
Qualcomm Inc	1,342	1,342	0	23	23	0	341,880	Open Market & Accelerated
Cisco ⁽²⁾	6,225	4,357	1,867	198	139	59	2,079,000	Open Market & Accelerated
Verizon Communications Inc	0	0	0	0	0	0	0	Open Market
IBM Corp	4,531	0	4,531	28	0	28	0	Accelerated
Hewlett Packard Co/HP Enterprise	2,623	2,623	0	139	139	0	2,090,025	Open Market & Accelerated
Comcast ⁽²⁾	5,058	3,541	1,517	137	96	41	1,440,801	Open Market
Intel Corp	4,141	4,141	0	116	116	0	1,744,500	Open Market
Intuit Inc	1,008	1,008	0	8	8	0	121,869	Open Market
eBay Inc ⁽²⁾	2,764	1,935	829	85	60	26	893,182	Open Market & Accelerated
Alphabet	2,746	2,746	0	3	3	0	46,875	Open Market
Broadcom (Avgo)	0	0	0	0	0	0	0	Open Market & Accelerated
AT&T Inc	530	530	0	16	16	0	236,777	Open Market
Facebook Inc	1,038	1,038	0	7	7	0	103,860	Open Market
Amazon	0	0	0	0	0	0	0	Open Market & Accelerated
LinkedIn Corp	0	0	0	0	0	0	0	Open Market
SalesForce.com Inc	0	0	0	0	0	0	51	Open Market & Accelerated
Twitter Inc	0	0	0	0	0	0	0	None

NOTE:

Reflective of each issuer's most recent 4 quarters as of January 24, 2018

1) Commissions are hypothetically based on a \$0.015 commission per share repurchased.

2) If ASR volume isn't publicly disclosed, it is assumed to be 30% of total repurchase amount

Source: FactSet