

Within the next 12 months, the company believes it is reasonably possible that the total amount of unrecognized tax benefits associated with certain positions may be reduced. The potential decrease in the amount of unrecognized tax benefits is associated with the anticipated resolution of various U.S. state and non-U.S. audits. The company estimates that the unrecognized tax benefits at December 31, 2019 could be reduced by \$236 million.

The company's U.S. income tax returns for 2013 and 2014 continue to be examined by the IRS with specific focus on certain cross-border transactions in 2013. Although the IRS could propose additional adjustments related to these transactions, the company believes it is adequately reserved on these matters. In the third quarter of 2018, the U.S. Internal Revenue Service commenced its audit of the company's U.S. tax returns for 2015 and 2016. The company anticipates that this audit will be completed in 2021. With respect to major U.S. state and foreign taxing jurisdictions, the company is generally no longer subject to tax examinations for years prior to 2014. The company is no longer subject to income tax examination of its U.S. federal tax return for years prior to 2013. The open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as it relates to the amount and/or timing of income, deductions and tax credits. Although the outcome of tax audits is always uncertain, the company believes that adequate

amounts of tax, interest and penalties have been provided for any adjustments that are expected to result for these years.

The company is involved in a number of income tax-related matters in India challenging tax assessments issued by the India Tax Authorities. As of December 31, 2019, the company had recorded \$729 million as prepaid income taxes in India. A significant portion of this balance represents cash tax deposits paid over time to protect the company's right to appeal various income tax assessments made by the India Tax Authorities. Although the outcome of tax audits is always uncertain, the company believes that adequate amounts of tax, interest and penalties have been provided for any adjustments that are expected to result for these years.

Within consolidated retained earnings at December 31, 2019 were undistributed after-tax earnings from certain non-U.S. subsidiaries that were not indefinitely reinvested. At December 31, 2019, the company had a deferred tax liability of \$725 million for the estimated taxes associated with the repatriation of these earnings. Undistributed earnings of approximately \$650 million and other outside basis differences in foreign subsidiaries were indefinitely reinvested in foreign operations. Quantification of the deferred tax liability, if any, associated with indefinitely reinvested earnings and outside basis differences was not practicable.

NOTE H. EARNINGS PER SHARE

The following table presents the computation of basic and diluted earnings per share of common stock.

(\$ in millions except per share amounts)

For the year ended December 31:	2019	2018	2017
Weighted-average number of shares on which earnings per share calculations are based			
Basic	887,235,105	912,048,072	932,828,295
Add—incremental shares under stock-based compensation plans	4,199,440	2,786,316	3,094,373
Add—incremental shares associated with contingently issuable shares	1,378,831	1,481,326	1,462,957
Assuming dilution	892,813,376	916,315,714	937,385,625
Income from continuing operations	\$9,435	\$8,723	\$5,758
Income/(loss) from discontinued operations, net of tax	(4)	5	(5)
Net income on which basic earnings per share is calculated	\$9,431	\$8,728	\$5,753
Income from continuing operations	\$9,435	\$8,723	\$5,758
Net income applicable to contingently issuable shares	0	(6)	(2)
Income from continuing operations on which diluted earnings per share is calculated	\$9,435	\$8,718	\$5,756
Income/(loss) from discontinued operations, net of tax, on which basic and diluted earnings per share is calculated	(4)	5	(5)
Net income on which diluted earnings per share is calculated	\$9,431	\$8,722	\$5,752
Earnings/(loss) per share of common stock			
Assuming dilution			
Continuing operations	\$10.57	\$ 9.51	\$ 6.14
Discontinued operations	(0.01)	0.01	0.00
Total	\$10.56	\$ 9.52	\$ 6.14
Basic			
Continuing operations	\$10.63	\$ 9.56	\$ 6.17
Discontinued operations	0.00	0.01	0.00
Total	\$10.63	\$ 9.57	\$ 6.17