

# Corporate Taxpayers & Corporate Tax Dodgers 2008-10

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*Citizens for Tax Justice* is a nonpartisan research and advocacy group that fights for tax fairness—at the federal, state and local levels. Widely respected on Capitol Hill as “the average taxpayer’s voice in Washington,” CTJ ranked at the top of the *Washington Monthly’s* list of America’s “best public interest groups.”

*The Institute on Taxation & Economic Policy* has engaged in research on tax policy since 1980. ITEP is best known for its unique microsimulation tax model, an important tool that helps the public and federal, state and local lawmakers understand how current and proposed tax laws affect taxpayers at different income levels.

In the 1980s, CTJ & ITEP collaborated on a series of studies about the taxes paid or not paid by America’s largest and most profitable corporations. Those eye-opening reports played an important role in educating lawmakers about the tax issues that were ultimately addressed in the Tax Reform Act of 1986. That path-breaking federal legislation curbed tax shelters for corporations and the well-off and cut taxes on low- and middle-income families. *The Washington Post* called the reports a “key turning point” in the tax reform debate that “had the effect of touching a spark to kindling” and “helped to raise public ire against corporate tax evaders.” *The Wall Street Journal* said that the studies “helped propel the tax-overhaul effort,” and the Associated Press reported that they “assured that something would be done . . . to make profitable companies pay their share.”

This new report provides a detailed examination of what has happened to corporate taxation in recent years. We hope that it will prove as useful to policymakers and the public as our corporate tax studies in the 1980s.

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Earlier this year, Berkshire Hathaway Chairman Warren Buffett made headlines by publicly decrying the stark inequity between his own effective federal tax rate (about 17 percent, by his estimate) and that of his secretary (about 30 percent). The resulting media firestorm has drawn welcome attention to unfair tax breaks that allow the richest Americans to avoid paying their fair share of the personal income tax. But these inequities are not limited to the personal tax. Our corporate tax system is plagued by very similar problems, problems that allow many of America's most profitable corporations to pay little or nothing in federal income taxes.

This study takes a hard look at the federal income taxes paid or not paid by 280 of America's largest and most profitable corporations in 2008, 2009 and 2010. The companies in our report are all from *Fortune's* annual list of America's 500 largest corporations, and all of them were profitable in each of the three years analyzed. Over the three years, the 280 companies in our survey reported total pretax U.S. profits of \$1.4 trillion.

While the federal corporate tax code ostensibly requires big corporations to pay a 35 percent corporate income tax rate, on average, the 280 corporations in our study paid only about half that amount. And many paid far less, including a number that paid nothing at all.

Our report reveals which companies pay their fair share to support the country that makes their huge profits possible, and which companies don't.

Many people will be appalled to learn that a quarter of the companies in our study paid effective federal tax rates on their U.S. profits of less than 10 percent. Others may be surprised to learn that an almost equal number of our companies paid close to the full 35 percent official corporate tax rate.

This is not an "anti-business" report. On the contrary, we, like most Americans, want our businesses to do well. In a market economy, we need managers and entrepreneurs, just as we (and they) need workers and consumers. But we also need a much better balance when it comes to taxes. Just as workers pay their fair share of taxes on their earnings, so should successful businesses pay their fair share on their success.

But today corporate tax loopholes are so out of control that most Americans can rightfully complain, "I pay more federal income taxes than General Electric, Boeing, DuPont, Wells Fargo, Verizon, etc., etc., all put together." That's an unacceptable situation.

Twenty-five years ago, President Ronald Reagan was horrified by a similar epidemic of corporate tax dodging. “I just didn’t realize that things had gotten that far out of line,” Reagan reportedly told his Treasury Secretary. And Reagan solved the problem, by sweeping away corporate tax loopholes with the Tax Reform Act of 1986.

But over time, Reagan’s 1986 decision to get rid of corporate tax subsidies and make our big corporations pay their fair share has been reversed. Ironically, that reversal has been led in large part by politicians who claim to be Reagan’s disciples and to oppose government subsidies that interfere with market incentives. Indeed, many of these purported fans of Reagan want to expand corporate subsidies and tilt public policy even further in favor of corporate tax avoidance.

There is plenty of blame to share for today’s sad situation. Corporate apologists will correctly point out that the loopholes and tax breaks that allow low-tax corporations to minimize or eliminate their income taxes are generally quite legal, and that they stem from laws passed over the years by Congress and signed by various Presidents. But that does not mean that low-tax corporations bear no responsibility for their low taxes. The laws were not enacted in a vacuum; they were adopted in response to relentless corporate lobbying, threats and campaign support.

This study is the latest in a series of corporate-tax reports by Citizens for Tax Justice and the Institute on Taxation and Economic Policy beginning in 1984.<sup>1</sup> Our most recent prior report, issued in 2004, covered corporate taxes in 2001 through 2003. As in our previous reports, this new study includes some companies that paid substantial taxes and others that paid little or nothing. The methodological appendix at the end of the study explains in more detail how the companies were chosen and how their effective tax rates were calculated. The notes on specific companies beginning on page 53 add more details.

#### Previous CTJ & ITEP Corporate Tax Studies

- *Corporate Income Taxes in the Reagan Years* (Citizens for Tax Justice 1984)
- *The Failure of Corporate Tax Incentives* (CTJ 1985)
- *Corporate Taxpayers and Corporate Freeloaders* (CTJ 1985)
- *Money for Nothing* (CTJ & the Institute on Taxation and Economic Policy 1986)
- *130 Reasons Why We Need Tax Reform* (CTJ & ITEP 1986)
- *The Corporate Tax Comeback* (CTJ & ITEP 1988)
- *It’s Working, But . . .* (CTJ & ITEP 1989)
- *Corporate Income Taxes in the 1990s* (ITEP 2000)
- *Corporate Income Taxes in the Bush Years* (CTJ & ITEP 2004)

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<sup>1</sup>A description of the role that CTJ and ITEP’s corporate tax studies played in the enactment of the 1986 Tax Reform Act can be found in Robert S. McIntyre, “Remembering the 1986 Tax Reform Act,” *Tax Notes*, Oct. 17, 2011.

## Who's Paying Corporate Taxes — and Who's Not

Obviously, the federal tax code requires corporations to pay 35 percent of their profits in income taxes. And in fact, some of the 280 corporations in our study did pay close to the 35 percent official tax rate. But the vast majority paid considerably less. And some paid nothing at all. Over the three years covered by our study, the average effective tax rate for all 280 companies was only 18.5 percent. For the past two years, 2009 and 2010, the effective tax rate for all 280 companies averaged only 17.3 percent, less than half of the statutory 35 percent rate.

### Overview:

The table on this page summarizes what the 280 companies paid (or didn't pay) in effective U.S. income tax rates on their pretax U.S. profits.

- The good news is that 71 of our companies, 25 percent of the total, paid effective three-year tax rates of more than 30 percent. Their average effective tax rate was 32.3 percent.
- The bad news is that an almost equal number of companies, 67, paid effective three-year tax rates of less than 10 percent. Their average effective tax rate was zero.
- Even worse news is that 30 companies paid less than zero percent over the three years. Their effective tax rate averaged -6.7 percent.

It's interesting to note that the average pretax profits for the companies in each effective-tax-rate group were quite similar. But their average after-tax profits diverged widely.

### Summary of three-year tax rates for 280 companies

Effective tax rate group	# of cos.	% of cos.	2008-10 (\$-billion)			Ave. 3-yr profit (\$-mill.)	
			Profits	Tax	Ave. Rate	Pre-tax	After-tax
Less than 17.5%	111	40%	\$ 526.4	\$ 24.4	4.6%	\$ 4,742	\$ 4,522
More than 17.5%, less than 30%	98	35%	490.0	117.6	24.0%	5,000	3,800
More than 30%	71	25%	336.5	108.8	32.3%	4,740	3,207
<b>All 280 companies</b>	<b>280</b>	<b>100%</b>	<b>\$ 1,352.8</b>	<b>\$ 250.8</b>	<b>18.5%</b>	<b>\$ 4,832</b>	<b>\$ 3,936</b>
<b>Ultra-low tax:</b>							
Zero or less	30	11%	\$ 160.3	\$ -10.7	-6.7%	\$ 5,345	\$ 5,703
Less than 10%	67	24%	356.5	0.0	0.0%	5,322	5,321

### A more detailed look:

Over the 2008-2010 period, three-year effective tax rates for the 280 companies ranged from a low of -57.6 percent for Pepco Holdings to a high of 40.8 percent for Coventry Health Care. Here are some startling statistics:

■ **Seventy-eight of the 280 companies paid zero or less in federal income taxes in at least one year from 2008 to 2010.** Twenty-five of these companies enjoyed multiple no-tax years, bringing the total number of no-tax years to 108. In the years they paid no income tax, these companies earned \$156 billion in pretax U.S. profits. But instead of paying \$55 billion in income taxes as the 35 percent corporate tax rate seems to require, these companies generated so many excess tax breaks that they reported negative taxes (often receiving outright tax rebate checks from the U.S. Treasury), totaling \$21.8 billion. These companies' "negative tax rates" mean that they made more after taxes than before taxes in those no-tax years.<sup>2</sup>

■ **Thirty corporations paid less than nothing in aggregate federal income taxes over the entire 2008-10 period.** These companies, whose pretax U.S. profits totaled \$160 billion over the three years, included: Pepco Holdings (-57.6% tax rate), General Electric (-45.3%), DuPont (-3.4%), Verizon (-2.9%), Boeing (-1.8%), Wells Fargo (-1.4%) and Honeywell (-0.7%).

■ **2009 was a particularly banner year for non-payment of taxes. In that year, 49 companies paid zero or less in federal income taxes.** These 49 companies, one out of six of the companies in the study, told their shareholders they earned combined U.S. pretax profits in 2009 of \$78.6 billion, yet they received tax rebates totaling \$10.8 billion.

■ **In 2008, 22 companies paid no federal income tax, and got \$3.3 billion in tax rebates. In 2010, 37 companies paid no income tax, and got \$7.8 billion in rebates.**

**30 Corporations Paying No Total Income Tax in 2008-2010**

<b>Company (\$-millions)</b>	<b>08-10 Profit</b>	<b>08-10 Tax</b>	<b>08-10 Rate</b>
Pepco Holdings	\$ 882	\$ -508	-57.6%
General Electric	10,460	-4,737	-45.3%
Paccar	365	-112	-30.5%
PG&E Corp.	4,855	-1,027	-21.2%
Computer Sciences	1,666	-305	-18.3%
NiSource	1,385	-227	-16.4%
CenterPoint Energy	1,931	-284	-14.7%
Tenet Healthcare	415	-48	-11.6%
Atmos Energy	897	-104	-11.6%
Integrus Energy Group	818	-92	-11.3%
American Electric Power	5,899	-545	-9.2%
Con-way	286	-26	-9.1%
Ryder System	627	-46	-7.3%
Baxter International	926	-66	-7.1%
Wisconsin Energy	1,725	-85	-4.9%
Duke Energy	5,475	-216	-3.9%
DuPont	2,124	-72	-3.4%
Consolidated Edison	4,263	-127	-3.0%
Verizon Communications	32,518	-951	-2.9%
Interpublic Group	571	-15	-2.6%
CMS Energy	1,292	-29	-2.2%
NextEra Energy	6,403	-139	-2.2%
Navistar International	896	-18	-2.0%
Boeing	9,735	-178	-1.8%
Wells Fargo	49,370	-681	-1.4%
El Paso	4,105	-41	-1.0%
Mattel	1,020	-9	-0.9%
Honeywell International	4,903	-34	-0.7%
DTE Energy	2,551	-17	-0.7%
Corning	1,977	-4	-0.2%
<b>TOTAL</b>	<b>\$ 160,341</b>	<b>\$ -10,742</b>	<b>-6.7%</b>

<sup>2</sup>Corporations can receive outright rebates by "carrying back" excess tax benefits to earlier years, and thereby getting a cash refund from the IRS for taxes paid in the past. In addition, companies sometimes obtain favorable settlements of tax disputes with the IRS covering past years. Companies then recognize tax benefits that they did not disclose in their prior financial reports to shareholders because they expected that the IRS would not allow them to keep the money. These settlements can produce what are essentially tax rebates, as the appendix on page 21 explains. In reporting their "current" income taxes paid, companies do not distinguish between the two types of tax benefits.



## 78 Companies Paying Zero Tax or Less in at Least One Year, 2008–2010

Company (\$-millions)	In No-Tax Years			# of zero tax years	Company (\$-millions)	In No-Tax Years			# of zero tax years
	Profit	Tax	Rate			Profit	Tax	Rate	
Pepco Holdings	\$ 882	\$-508	-57.6%	3	Interpublic Group	148	-48	-32.7%	1
General Electric	10,460	-4,737	-45.3%	3	Insight Enterprises	15	-5	-32.3%	1
PG&E Corp.	4,855	-1,027	-21.2%	3	Apache	439	-130	-29.7%	1
Boeing	9,735	-178	-1.8%	3	Yum Brands	294	-70	-23.7%	1
El Paso	4,105	-41	-1.0%	3	Entergy	1,992	-433	-21.7%	1
Paccar	187	-136	-72.6%	2	Navistar International	162	-30	-18.5%	1
NiSource	845	-259	-30.6%	2	Wells Fargo	21,797	-3,967	-18.2%	1
CenterPoint Energy	1,250	-324	-25.9%	2	DTE Energy	950	-172	-18.1%	1
Tenet Healthcare	257	-54	-21.0%	2	Goldman Sachs Group	4,909	-786	-16.0%	1
American Electric Power	3,883	-709	-18.3%	2	Southwest Airlines	165	-24	-14.5%	1
Atmos Energy	612	-111	-18.1%	2	Ingram Micro	14	-2	-13.4%	1
Integrus Energy Group	525	-94	-17.9%	2	Pantry	29	-4	-12.7%	1
Honeywell International	2,966	-510	-17.2%	2	Capital One Financial	1,259	-152	-12.1%	1
Wisconsin Energy	1,072	-157	-14.6%	2	DuPont	949	-109	-11.5%	1
Baxter International	745	-105	-14.1%	2	Yahoo	855	-82	-9.6%	1
PPL	1,169	-123	-10.5%	2	Consolidated Edison	1,528	-144	-9.4%	1
Ryder System	475	-50	-10.5%	2	Scana	533	-47	-8.8%	1
FirstEnergy	2,398	-206	-8.6%	2	R.R. Donnelley & Sons	561	-49	-8.8%	1
Duke Energy	3,917	-276	-7.0%	2	Ameren	953	-73	-7.7%	1
Verizon Communications	24,224	-1,316	-5.4%	2	Reliance Steel & Aluminum	197	-15	-7.5%	1
PNC Financial Services Group	7,982	-318	-4.0%	2	Mattel	356	-21	-5.9%	1
NextEra Energy	3,925	-150	-3.8%	2	Halliburton	565	-30	-5.3%	1
CMS Energy	868	-33	-3.8%	2	H.J. Heinz	500	-26	-5.3%	1
Corning	1,176	-8	-0.7%	2	Casey's General Stores	150	-7	-4.5%	1
Peabody Energy	465	-1	-0.2%	2	Chesapeake Energy	2,806	-120	-4.3%	1
State Street Corp.	731	-885	-121.1%	1	Xcel Energy	1,048	-40	-3.8%	1
Con-way	46	-53	-115.4%	1	Domtar	162	-6	-3.8%	1
International Paper	217	-249	-114.7%	1	Time Warner	2,031	-74	-3.7%	1
Eli Lilly	202	-208	-102.9%	1	Hewlett-Packard	2,424	-87	-3.6%	1
Omnicare	18	-14	-76.1%	1	Progress Energy	1,419	-46	-3.2%	1
Computer Sciences	626	-397	-63.4%	1	FedEx	1,208	-38	-3.2%	1
Holly	46	-24	-52.1%	1	Health Management Associates	244	-7	-3.0%	1
NYSE Euronext	67	-31	-46.3%	1	Rockwell Automation	148	-4	-2.4%	1
Marathon Oil	571	-232	-40.7%	1	Merck	5,766	-55	-1.0%	1
SPX	90	-36	-40.4%	1	Sempra Energy	1,171	-10	-0.9%	1
Eastman Chemical	204	-82	-40.2%	1	FMC Technologies	67	-0	-0.2%	1
Reinsurance Group of America	543	-216	-39.8%	1	Occidental Petroleum	2,068	-4	-0.2%	1
Dean Foods	126	-49	-38.4%	1	Deere	907	-1	-0.1%	1
Cliffs Natural Resources	128	-49	-38.4%	1					
Exxon Mobil	2,490	-954	-38.3%	1					
					<b>Totals, these 78 companies</b>	<b>\$ 155,872</b>	<b>\$ -21,826</b>	<b>-14.0%</b>	<b>108</b>

## The Size of the Corporate Tax Subsidies

Over the 2008-10 period, our 280 companies earned almost \$1.4 trillion in pretax profits in the United States. Had all of those profits been reported to the IRS and taxed at the statutory 35 percent corporate tax rate, then the 280 companies would have paid \$473 billion in income taxes over the three years. But instead, the companies as a group paid only about half that amount. The enormous amount they did *not* pay was due to the hundreds of billions of dollars in tax subsidies that they enjoyed.

- Tax subsidies for the 280 companies over the three years totaled a staggering \$222.7 billion (\$61.4 billion in 2008, \$76.2 billion in 2009 and \$85.1 billion in 2010). These amounts are the difference between what the companies would have paid if their tax bills equaled 35 percent of their profits and what they actually paid.

- More than half of the total tax-subsidy dollars over the three years — \$114.8 billion — went to just 25 companies, each with more than \$1.9 billion in tax subsidies.

- Wells Fargo topped the list of corporate tax-subsidy recipients, with \$18 billion in tax subsidies over the three years.

- Other top tax subsidy recipients included AT&T (\$14.5 billion), Verizon (\$12.3 billion), General Electric (\$8.4 billion), IBM (\$8.3 billion), Exxon Mobil (\$4.1 billion), and Boeing (\$3.6 billion).

### 25 Companies with the Largest Total Tax Subsidies, 2008-10

Company	(\$-millions)	2008-10 Tax breaks
Wells Fargo		\$ 17,960
AT&T		14,491
Verizon Communications		12,332
General Electric		8,398
International Business Machines		8,265
Exxon Mobil		4,096
Boeing		3,585
PNC Financial Services Group		3,354
Goldman Sachs Group		3,178
Procter & Gamble		3,158
Merck		2,860
PG&E Corp.		2,726
Hewlett-Packard		2,677
American Electric Power		2,610
Devon Energy		2,563
Wal-Mart Stores		2,511
Coca-Cola		2,461
American Express		2,427
NextEra Energy		2,380
Chesapeake Energy		2,303
Exelon		2,224
Duke Energy		2,132
Comcast		2,125
Union Pacific		2,012
United Technologies		1,986
<b>Total these 25 companies</b>		<b>\$ 114,815</b>
Other 255 companies		107,885
<b>All companies</b>		<b>\$ 222,701</b>

## Tax Rates (and Subsidies) by Industry

Effective tax rates varied widely by industry. Over the 2008-10 period, effective tax rates for our 280 corporations, when grouped by industry, ranged from a low of -13.5 percent (a negative rate) to a high of 30.4 percent. In the year 2010 alone, the range of industry tax rates was even greater, ranging from a low of -36.4 percent up to a high of 30.6 percent.

- Industrial machinery companies enjoyed the lowest effective tax rate over the three years, paying a negative tax rate of -13.5 percent of their profits in federal income taxes. This industry's taxes declined sharply over the three years, falling to -36.4 percent of profits in 2010. These results were largely driven by a long-time champion tax avoider, General Electric, but GE was not alone. Four of the seven companies in this industry paid effective tax rates of less than 10 percent during the 2008-10 period.
- Other low-tax industries, paying less than half the statutory 35 percent tax rate over the entire 2008-10 period, included: Information Technology Services (2.5%), Utilities (3.7%), Telecommunications (8.2%), Chemicals (15.2%), Financial (15.5%), Oil, Gas & Pipelines (15.7%), Transportation (16.4%), and Aerospace & Defense (17.0%).
- Only two industries, Retail & Wholesale Trade and Health Care, paid an effective tax rate of 30 percent or more over the full three-year period.

Effective tax rates also varied widely within industries. For example, over the three-year period, average tax rates on oil, gas & pipeline companies ranged from -1.0 percent for El Paso Corporation up to 33.6 percent on Murphy Oil. Among aerospace and defense companies, three-year effective tax rates ranged from a low of -1.8 percent for Boeing up to a high of 28.7 percent for SAIC. Pharmaceutical giant Baxter paid -7.1 percent, while its competitor Amgen paid 28 percent. In fact, as the detailed industry table starting on page 25 of this report illustrates, effective tax rates were widely divergent in every industry.

### Effective Corporate Tax Rates for 280 Corporations by Industry, 2008-10

\$-millions	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Industrial Machinery	\$ 23,419	\$ -3,165	-13.5%	\$ 8,599	\$ -3,127	-36.4%	\$ 5,182	\$ -679	-13.1%	\$ 9,638	\$ 641	6.6%
Information Technology Services	28,139	696	2.5%	9,421	204	2.2%	9,884	551	5.6%	8,834	-59	-0.7%
Utilities, gas and electric	99,805	3,714	3.7%	35,635	828	2.3%	31,261	45	0.1%	32,909	2,841	8.6%
Telecommunications	114,639	9,411	8.2%	40,944	2,142	5.2%	38,356	3,863	10.1%	35,340	3,406	9.6%
Chemicals	19,978	3,029	15.2%	7,174	902	12.6%	5,848	894	15.3%	6,957	1,234	17.7%
Financial	191,762	29,663	15.5%	62,827	9,897	15.8%	75,607	9,290	12.3%	53,329	10,475	19.6%
Oil, gas & pipelines	125,560	19,764	15.7%	40,254	5,992	14.9%	20,045	233	1.2%	65,261	13,539	20.7%
Transportation	27,576	4,516	16.4%	10,615	2,038	19.2%	7,096	797	11.2%	9,864	1,682	17.1%
Aerospace & defense	71,634	12,192	17.0%	25,033	3,539	14.1%	21,675	3,893	18.0%	24,925	4,760	19.1%
Pharmaceuticals & medical products	69,570	14,639	21.0%	22,800	5,664	24.8%	26,196	4,148	15.8%	20,574	4,827	23.5%
Household & personal products	34,537	7,766	22.5%	12,064	2,621	21.7%	11,514	2,990	26.0%	10,960	2,155	19.7%
Miscellaneous manufacturing	26,220	6,056	23.1%	9,083	1,992	21.9%	8,285	1,334	16.1%	8,852	2,730	30.8%
Miscellaneous services	82,934	19,174	23.1%	29,724	6,882	23.2%	26,097	5,377	20.6%	27,113	6,915	25.5%
Food & beverages & tobacco	74,698	17,451	23.4%	29,726	5,199	17.5%	24,309	6,376	26.2%	20,664	5,876	28.4%
Publishing, printing	4,722	1,263	26.8%	1,744	480	27.5%	1,241	441	35.5%	1,736	342	19.7%
Financial data services	13,240	3,557	26.9%	6,040	1,610	26.7%	5,142	1,210	23.5%	2,057	737	35.8%
Computers, office equip, software, data	76,806	20,800	27.1%	37,212	9,614	25.8%	18,688	4,587	24.5%	20,906	6,600	31.6%
Engineering & construction	5,423	1,484	27.4%	1,610	368	22.9%	2,037	616	30.3%	1,776	500	28.2%
Electronics, electrical equipment	4,806	1,415	29.4%	1,418	492	34.7%	1,226	244	19.9%	2,163	679	31.4%
Retail & wholesale trade	213,173	63,914	30.0%	78,358	22,902	29.2%	68,622	21,113	30.8%	66,193	19,898	30.1%
Health care	44,208	13,456	30.4%	17,430	5,333	30.6%	14,453	4,447	30.8%	12,326	3,676	29.8%
<b>ALL INDUSTRIES</b>	<b>\$ 1,352,850</b>	<b>\$ 250,797</b>	<b>18.5%</b>	<b>\$ 487,709</b>	<b>\$ 85,574</b>	<b>17.5%</b>	<b>\$ 422,765</b>	<b>\$ 71,768</b>	<b>17.0%</b>	<b>\$ 442,376</b>	<b>\$ 93,454</b>	<b>21.1%</b>

“Top Defense Contractors” is not exactly an industry, but it is a group that paid notably low tax rates. Not only was the 2008-10 effective tax rate on the top ten defense contractors less than half of the 35 percent official corporate tax rate, but the effective rate fell steadily from 2008 to 2010, from an already paltry 19.3 percent in 2008 to a tiny 10.6% by 2010.

### Top US defense contractors, 2008-10

U.S. pretax profits & federal income taxes

Rank	Company	Three-Year Totals			2010			2009			2008		
		Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
1	Lockheed Martin	\$ 12,562	\$ 2,541	20.2%	\$ 3,794	\$ 589	15.5%	\$ 4,246	\$ 650	15.3%	\$ 4,522	\$ 1,302	28.8%
2	Boeing	9,735	-178	-1.8%	4,450	-3	-0.1%	1,494	-136	-9.1%	3,791	-39	-1.0%
3	Northrop Grumman	7,126	1,695	23.8%	2,548	482	18.9%	2,140	525	24.5%	2,438	688	28.2%
4	General Dynamics	9,147	2,472	27.0%	3,146	936	29.8%	2,927	715	24.4%	3,074	821	26.7%
5	Raytheon	7,865	1,080	13.7%	2,699	205	7.6%	2,806	669	23.8%	2,360	206	8.7%
6	L-3 Communications	3,586	833	23.2%	1,206	296	24.6%	1,153	301	26.1%	1,227	236	19.2%
7	United Technologies	7,935	791	10.0%	2,543	44	1.7%	2,539	198	7.8%	2,854	550	19.3%
8	SAIC	2,217	636	28.7%	826	250	30.3%	733	236	32.2%	658	150	22.7%
9	ITT	2,044	428	21.0%	720	147	20.4%	663	127	19.1%	661	155	23.4%
10	Honeywell International	4,903	-34	-0.7%	1,243	-482	-38.7%	1,723	-28	-1.6%	1,937	476	24.6%
<b>TOTALS</b>		<b>\$ 67,121</b>	<b>\$ 10,265</b>	<b>15.3%</b>	<b>\$ 23,176</b>	<b>\$ 2,465</b>	<b>10.6%</b>	<b>\$ 20,423</b>	<b>\$ 3,256</b>	<b>15.9%</b>	<b>\$ 23,522</b>	<b>\$ 4,544</b>	<b>19.3%</b>

Note: Defense rankings are from *Defense News*, www.defensenews.com/static/features/top100/charts/rank\_2010.php?c=FEA&s=T1C and earlier years.

### Tax Subsidies by Industry

We also took a look at the size of the total tax subsidies received by each industry for the 280 companies in our study. Notably, 56 percent of the total tax subsidies went to just four industries: financial, utilities, telecommunications, and oil, gas & pipelines.<sup>3</sup>

It seems rather odd, not to mention highly wasteful, that the industries with the largest subsidies (driven in part by their large share of total profits) are ones that would seem to need them least.

Regulated utilities, for example, make investment decisions in concert with their regulators based on the needs of the communities they serve. Oil and gas companies are so profitable that even President George W. Bush said they did not need tax breaks. He could have said the same about telecommunications companies. And does anyone think that financial companies need bailouts from the IRS, too?

#### 2008-10 Effective Tax Rates & Total Tax Subsidies, by Industry \$-millions

Industry & Company	Effective Tax Rate	Total Tax Subsidies	% of total Subsidies
Financial	15.5%	37,454	16.8%
Utilities, gas and electric	3.7%	31,217	14.0%
Telecommunications	8.2%	30,713	13.8%
Oil, gas & pipelines	15.7%	\$ 24,182	10.9%
Aerospace & defense	17.0%	12,880	5.8%
Industrial Machinery	-13.5%	11,362	5.1%
Retail & wholesale trade	30.0%	10,697	4.8%
Miscellaneous services	23.1%	9,853	4.4%
Pharmaceuticals & medical products	21.0%	9,711	4.4%
Information Technology Services	2.5%	9,153	4.1%
Food & beverages & tobacco	23.4%	8,693	3.9%
Computers, office equip, software, data	27.1%	6,082	2.7%
Transportation	16.4%	5,135	2.3%
Household & personal products	22.5%	4,322	1.9%
Chemicals	15.2%	3,963	1.8%
Miscellaneous manufacturing	23.1%	3,121	1.4%
Health care	30.4%	2,017	0.9%
Financial data services	26.9%	1,077	0.5%
Engineering & construction	27.4%	414	0.2%
Publishing, printing	26.8%	389	0.2%
Electronics, electrical equipment	29.4%	267	0.1%
<b>ALL INDUSTRIES</b>	<b>18.5%</b>	<b>\$ 222,701</b>	<b>100%</b>
<b>Financial, Utilities, Telecommunications and Oil, gas &amp; pipelines</b>	<b>11.8%</b>	<b>123,567</b>	<b>55.5%</b>

<sup>3</sup>Also worth noting is that 39 of the 67 companies in our survey that paid less than 10% in taxes over the full 2008-10 period were in these four industries.

## Historical Comparisons of Tax Rates and Tax Subsidies

How do our results for 2008 to 2010 compare to corporate tax rates in earlier years? The answer illustrates how corporations have managed to get around some of the corporate tax reforms enacted back in 1986, and how tax avoidance has surged with the help of our political leaders.

By 1986, President Ronald Reagan fully repudiated his earlier policy of showering tax breaks on corporations. Reagan’s Tax Reform Act of 1986 closed tens of billions of dollars in corporate loopholes, so that by 1988, our survey of large corporations (published in 1989) found that the overall effective corporate tax rate was up to 26.5 percent, compared to only 14.1 percent in 1981-83.<sup>4</sup> That improvement occurred even though the statutory corporate tax rate was cut from 46 percent to 34 percent as part of the 1986 reforms.<sup>5</sup>

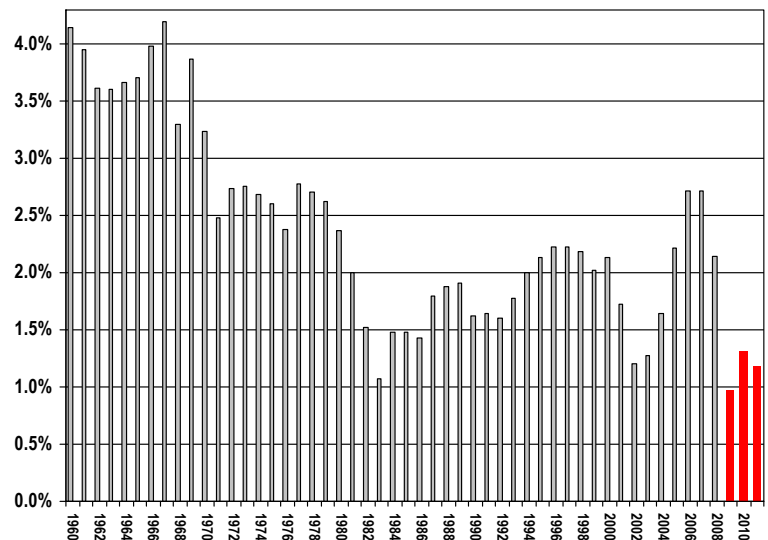
In the 1990s, however, many corporations began to find ways around the 1986 reforms, abetted by changes in the tax laws as well as by tax-avoidance schemes devised by major accounting firms. As a result, in our 1996-98 survey of 250 companies, we found that their average effective corporate tax rate had fallen to only 21.7 percent. Our September 2004 study found that corporate tax cuts adopted in 2002 had driven the effective rate down to only 17.2 percent in 2002 and 2003. That’s almost exactly the same as the average rate this study shows for 2009-10.

As a share of GDP, overall federal corporate tax collections in fiscal 2002 and 2003 fell to only 1.24 percent. At the time, that was their lowest sustained level as a share of the economy since World War II. Corporate taxes as a share of GDP recovered somewhat in the mid 2000s after the 2002-enacted tax breaks expired, averaging 2.3 percent of GDP from fiscal 2004 through fiscal 2008. But over the past three fiscal years (2009-11), total corporate income tax payments fell to only 1.16 percent of the GDP, an even lower share than in fiscal 2002-03 and a new sustained record low since World War II.

Corporate taxes paid for more than a quarter of federal outlays in the 1950s and a fifth in the 1960s. They began to decline during the Nixon administration, yet even by the second half of the 1990s, corporate taxes still covered 11 percent of the cost of federal programs. But in fiscal 2010, corporate taxes paid for a mere 6 percent of the federal government’s expenses.

In this context, it seems odd that anyone would insist that corporate tax reform should be “revenue neutral.” If we are going to get our nation’s fiscal house back in order, increasing corporate income taxes should play an important role.

Federal corporate taxes as a % of GDP, fiscal 1960-2011



<sup>4</sup>The 1986 Tax Reform Act was expected to increase corporate tax payments by about a third. It may have done even better than that.

<sup>5</sup>The statutory rate was increased to 35 percent in President Bill Clinton’s 1993 deficit reduction act.

## U.S. Corporate Income Taxes vs. Foreign Income Taxes

Corporate lobbyists relentlessly tell Congress that companies need tax subsidies from the government in order to be successful. They promise more jobs if they get the subsidies, and threaten economic harm if they are denied them. A central claim in the lobbyists' arsenal is the assertion that their clients need still more tax subsidies to "compete" because U.S. corporate taxes are much higher than foreign corporate taxes.

If high U.S. corporate taxes were really encouraging companies to move operations and jobs abroad, then the simple solution would be to repeal our rule that lets corporations indefinitely "defer" paying U.S. taxes on their foreign profits. Without this "deferral," companies that pay low foreign taxes on their foreign profits would owe some U.S. taxes on those profits too, so that there would be no income-tax advantage to operating abroad.<sup>6</sup> Naturally, the corporate lobbyists are violently opposed to this long-overdue reform.

In any event, it turns out that the corporate lobbyists' assertion that U.S. taxes are higher than foreign taxes is wrong. In fact, in most cases just the opposite is true.

We examined the 134 companies in our survey that had significant pretax foreign profits (i.e., equal to at least 10 percent of their total worldwide pretax profits), and compared the 2008-10 U.S. and foreign effective tax rates they paid. Here is what we found:

- Two-thirds of these U.S. companies paid higher foreign taxes on their foreign profits than they paid in U.S. tax on their U.S. profits.
- Overall, the effective foreign tax rate on the 134 companies was 6.1 percentage points higher than their U.S. effective tax rate — almost a third higher.<sup>7</sup>

### U.S. Profits & U.S. Federal Income Taxes versus Foreign Profits & Foreign Income Taxes, 2008-10 for companies with significant foreign profits, \$-million

	US profits & federal income taxes			Foreign profits & for. income taxes			US rate
	US profit	US tax	US rate	For. profit	For. tax	For. rate	- For rate
<b>87 with lower US rate (65%)</b>	\$ 358,698	\$ 48,449	13.5%	\$ 397,380	\$ 116,112	29.2%	<b>-15.7%</b>
<b>47 with lower foreign rate (35%)</b>	275,632	79,907	29.0%	190,012	38,867	20.5%	<b>+8.5%</b>
<b>Totals for 134 companies</b>	<b>\$ 634,331</b>	<b>\$ 128,355</b>	<b>20.2%</b>	<b>\$ 587,392</b>	<b>\$ 154,979</b>	<b>26.4%</b>	<b>-6.1%</b>
<b>% that average foreign effective tax rate exceeds average US tax rate (134 cos.):</b>							<b>+30%</b>

<sup>6</sup>Without "deferral," an American company that paid, say, a 15% tax on its foreign profits, would owe a 20% U.S. tax on those profits (35% less the 15% already paid to foreign governments).

<sup>7</sup>There actually were 141 companies in our survey that reported foreign pretax profits equal to at least 10% of their worldwide pretax profits. We excluded seven "outliers" from our totals. The important omissions were three large oil companies whose huge foreign profits and extremely high foreign tax rates would have skewed our results. We also excluded four companies with extremely low foreign tax rates because we suspect that their reported geographic allocation of pretax profits is seriously inaccurate. Had we included the seven outliers in our totals, then the effective foreign tax rate would have been 54% higher than the effective U.S. tax rate.

In case anyone wonders, our analysis is not colored by the share of total worldwide pretax profits that these 141 companies report as foreign profits. In fact, the 87 companies (65%) that paid a lower U.S. income tax rate on their U.S. profits report an average of 53 percent of their profits as foreign, while the 47 companies (35%) that report a lower foreign income tax rate on their foreign profits report 41 percent of their profits as foreign.

A table showing U.S. and foreign tax rates for each of the 134 companies begins on page 50.<sup>8</sup>

One might note that generally paying higher foreign taxes to do business in foreign countries rather than in the United States has not stopped American corporations from shifting operations and jobs overseas over the past decades. This is just more evidence that corporate income tax levels are usually not a significant determinant of what companies do. Instead, companies have shifted jobs overseas for a variety of non-tax reasons, such as low wages in some countries, a desire to serve growing foreign markets, and the development of vastly cheaper costs for shipping goods from one country to another than used to be the case.

Conversely, it follows that cracking down on the plethora of U.S. tax subsidies that have produced our current low corporate taxes in the United States will not cause companies to further expand their foreign operations. But closing the loopholes will have real benefits, including a fairer tax system, reduced federal budget deficits, and more resources to pay for improving our roads, bridges and schools — things that really are important for economic development here in the United States.

To be sure, most corporate lobbyists are probably aware that the U.S. is a low-tax country for corporations to do business in. But, ever resourceful, they have a back-up argument. They say that Congress should actually give them more tax incentives to move operations and jobs overseas, because that will retain a handful of executive and research jobs in the United States to support those overseas operations. We are not making this up.<sup>9</sup> Even worse, we're not making up the fact that virtually all congressional Republicans and many Democrats think this argument makes sense.

## How Companies Pay Low Tax Bills

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**W**hy do we find such low tax rates on so many companies and industries? The 24 pages of company-by-company notes starting on page 53 detail, where available, reasons why particular corporations paid low taxes. Here is a summary of several of the major tax-lowering items that are revealed in the companies' annual reports — plus some that aren't disclosed.

**Accelerated depreciation.** The tax laws generally allow companies to write off their capital investments considerably faster than the assets actually wear out. This “accelerated depreciation” is technically a tax deferral, but so long as a company continues to invest, the tax deferral tends to be indefinite.

In early 2008, in an attempt at economic stimulus for the flagging economy, Congress and President George W. Bush dramatically expanded these depreciation tax breaks by creating a supposedly temporary “50% bonus depreciation” provision that allowed companies to immediately write off as much as 75 percent of the cost of their investments in new equipment right away.<sup>10</sup>

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<sup>8</sup>An addendum to the table separately shows the results for the seven “outliers” left out of the main table.

<sup>9</sup>This is a central argument that the lobbyists make in favor of a switch to a “territorial” tax system that would *permanently* exempt U.S. corporations from tax on profits that earn outside the United States, or that they can claim to be “foreign” (rather than our current indefinite “deferral” system). This tax reform would almost certainly make it easier and more lucrative for companies to use schemes to shift their U.S. profits into tax havens, and thereby avoid even more of their U.S. tax responsibilities.

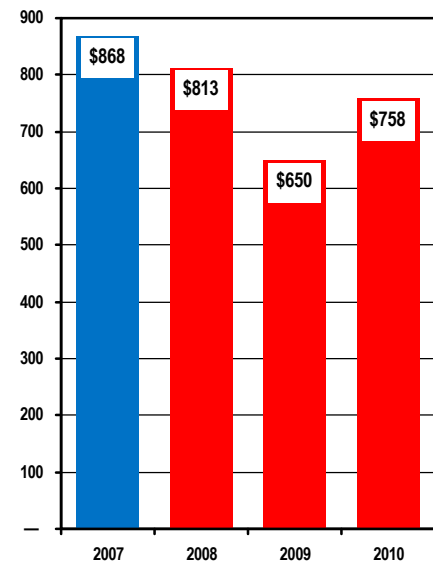
<sup>10</sup>Under “bonus depreciation,” in the first full year that most equipment is placed in service, the depreciation write-offs include: a 20 percent regular write-off for the first half of the year, plus 50 percent bonus depreciation, plus a 6 percent write-off for the second half of the first full year.

This provision was extended and expanded through 2012 under President Barack Obama. These changes to the depreciation rules, on top of the already far too generous depreciation deductions allowed under pre-existing law, certainly did reduce taxes for many of the companies in our study, probably by tens of billions of dollars. But limited financial reporting of these tax benefits makes it hard to calculate exactly how much they saved companies in taxes. The depreciation benefits that companies received, however, are included in our calculations of total tax subsidies.

One thing that seems clear about “bonus depreciation” is that it has been a failure at stimulating business investment or economic growth. That was quite predictable even before it was enacted.<sup>11</sup> The chart on the right shows how business investment in new equipment performed in 2008-10, compared to 2007, before “bonus depreciation” was adopted.

As noted, even without bonus depreciation, the tax law allows companies to take much bigger accelerated depreciation write-offs than is economically justified. This subsidy distorts economic behavior by favoring some industries and some investments over others, wastes huge amounts of scarce resources, and has little or no effect in stimulating investment. Besides letting “bonus depreciation” to expire, the rest of accelerated depreciation should be repealed, too. According to the congressional Joint Committee on Taxation, the latter reform would cut corporate subsidies by about \$60 billion a year over the first 10 years.<sup>12</sup>

Business Investment in New Equipment 2007–2010, \$-billions



**Stock options.** Most big corporations give their executives (and sometimes other employees) options to buy the company’s stock at a favorable price in the future. When those options are exercised, companies can take a tax deduction for the difference between what the employees pay for the stock and what it’s worth (while employees report this difference as taxable wages).<sup>13</sup> Paying executives with options took off in the mid-1990s, in part because this kind of compensation was exempt from a law enacted in 1993 that tried to reduce income inequality by limiting corporate deductions for executive pay to \$1 million per executive.

Tax options were also attractive because companies didn’t have to reduce the profits they report to their shareholders by the amount that they deducted on their tax returns as the “cost” of the stock options. Many people complained (rightly) that it didn’t make sense for companies to treat stock options inconsistently for tax purposes versus shareholder-reporting purposes. Some of us argued that this non-cash “expense” should not be deductible for either tax or book purposes. We didn’t win that argument, but nevertheless, as a result of the complaints about

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<sup>11</sup>For example, Jane Gravelle of the Congressional Research Service wrote in March of 2008: “Based on empirical evidence, it is unlikely that these [bonus depreciation] provisions would provide significant short-term stimulus. . . . This lack of effectiveness may occur because of planning lags or because stimulus is generally provided during economic slowdowns when excess capacity may already exist.” “Tax Provisions of the Economic Stimulus Package,” Jane G. Gravelle, Senior Specialist in Economic Policy, Government and Finance Division, March 2008. <http://www.policyarchive.org/handle/10207/bitstreams/19303.pdf>

<sup>12</sup>Thereafter, the increased revenues from repeal of accelerated depreciation would taper off somewhat, but would still average about \$30-40 billion a year. (The estimates are very sensitive to how fast investment grows.)

<sup>13</sup>Employees exercising stock options must report the difference between the value of the stock and what they pay for it as wages on their personal income tax returns.



inconsistency, rules in place since 2006 now require companies to lower their “book” profits to take some account of options. But the book write-offs are still usually considerably less than what the companies take as tax deductions. That’s because the oddly-designed rules require the value of the stock options for book purposes to be calculated — or guessed at — when the options are issued, while the tax deductions reflect the actual value when the options are exercised. Because companies low-ball the estimated values for book purposes, they usually end up with bigger tax deductions than they deduct from the profits they report to shareholders.<sup>14</sup>

Some members of Congress have taken aim at this remaining inconsistency. In July of 2011, Senator Carl Levin (D-MI) introduced the “Ending Excess Executive Corporate Deductions for Stock Options Act,” to require companies to treat stock options the same for both book and tax purposes. Levin calculates that over the past five years U.S. companies have consistently taken far higher stock-option tax write-offs than they reported as book expenses.

Of our 280 corporations, 185 reported “excess stock-option tax benefits” over the 2008-10 period, which lowered their taxes by a total of \$12.3 billion over three years. The benefits ranged from as high as \$1.5 billion for Apple over the three years to tiny amounts for a few companies. Just 25 companies enjoyed almost two-thirds of the total excess tax benefits from stock options received by all of our 280 companies, getting \$8.1 billion of the \$12.3 billion total.

**Industry-specific tax breaks.** The federal tax code also provides tax subsidies to companies that engage in certain activities. For example: research (very broadly defined); drilling for oil and gas; providing alternatives to oil and gas; making video games; ethanol production; moving operations offshore; not moving operations offshore; maintaining railroad tracks; building NASCAR race tracks; making movies; and a wide variety of activities that special interests have persuaded Congress need to be subsidized through the tax code.

One of these special interest tax breaks is of particular importance to long-time tax avoider General Electric. It is oxymoronicly titled the “active financing exception” (the joke is that financing is generally considered to be a quintessentially *passive* activity). This tax break allows financial companies (GE has a major financial branch) to pay no taxes on foreign (or ostensibly foreign) lending and leasing, apparently while deducting the interest expenses of engaging in such activities from their U.S. taxable income. (This is an exception to the general rule that U.S. corporations can defer their U.S. taxes on offshore profits only if they take the form of *active* income rather than *passive* income.) This tax break was repealed in 1986, which helped put GE back on the tax rolls. But the tax break was reinstated, allegedly “temporarily,” in 1997, and has been periodically extended ever since, at a current cost of about \$4 billion a year. We don’t know how much of this particular tax subsidy goes to GE, but in its annual report, GE singles out the potential expiration of the “active financing” loophole as one of the significant “Risk Factors” the company faces.<sup>15</sup>

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<sup>14</sup>The value of these “excess tax benefits” from stock options is reported in corporate annual reports, and we take it into account in calculating the taxes that companies actually pay. See the Methodology at the end of this study for more details.

<sup>15</sup>GE’s 2010 Annual Report states: “GE’s effective tax rate is reduced because active business income earned and indefinitely reinvested outside the United States is taxed at less than the U.S. rate. A significant portion of this reduction depends upon a provision of U.S. tax law that defers the imposition of U.S. tax on certain active financial services income until that income is repatriated to the United States as a dividend. . . . This provision, which expires at the end of 2011, has been scheduled to expire and has been extended by Congress on six previous occasions, including in December of 2010, but there can be no assurance that it will continue to be extended. In the event the provision is not extended after 2011, . . . we expect our effective tax rate to increase significantly.”

Details about companies that used specific tax breaks to lower their tax bills — often substantially — can be found in the company-by-company notes.

**Offshore tax sheltering.** Over the past decade or so, corporations and their accounting firms have become increasingly aggressive in seeking ways to shift their U.S. profits, on paper, into offshore tax havens, in order to avoid their U.S. tax obligations. These typically involve various artificial transactions between U.S. corporations and their foreign subsidiaries, in which revenues are shifted to low- or no-tax jurisdictions (where they are not actually doing any business), while deductions are created in the United States.<sup>16</sup> Some companies have gone so far as to renounce their U.S. “citizenship” and reincorporate in Bermuda or other tax-haven countries to facilitate tax-sheltering.

Not surprisingly, corporations do not explicitly disclose their offshore tax sheltering activities in their annual reports. For example, in the early 2000s, Wachovia’s extensive schemes to shelter its U.S. profits from tax were cryptically described in the notes to its annual reports merely as “leasing.” It took extensive digging by PBS’s *Frontline* researchers to discover that Wachovia’s tax shelter involved pretending to own and lease back municipal assets in Germany, such as sewers and rail tracks, a practice heavily promoted by some accounting firms.

In November of 2010, the congressional Joint Committee on Taxation estimated that international corporate tax reforms proposed by Senator Ron Wyden (D-Ore.) would increase U.S. corporate taxes by about \$70 billion a year.<sup>17</sup> Other analysts have pegged the cost of corporate offshore tax sheltering as even higher than that. Presumably the effects of these shelters in reduced U.S. taxes on U.S. profits are reflected in the bottom-line U.S. corporate taxes reported in our study, even though companies do not directly disclose them.

Unfortunately, too many of our political leaders have rebuffed efforts to crack down on abusive offshore corporate tax sheltering. In the late 1990s, Congress scoffed at proposals to curb offshore abuses put forward by the Clinton administration, and President Obama’s efforts to crack down on some of the worst offshore profit shifters have been equally scorned.

Instead, most Republicans in Congress, along with some Democrats, seem intent on making the problem of offshore tax sheltering even worse, by replacing our system under which U.S. taxes on offshore profits are indefinitely “deferred” with a so-called “territorial” system in which profits that companies can style as “foreign” are permanently exempt from U.S. taxes. This terrible approach, along with its cousin, a “repatriation holiday,” would encourage even more offshore tax avoidance.

**What about the AMT?** The corporate Alternative Minimum Tax (AMT) was established in 1986 to ensure that profitable corporations pay some substantial amount in income taxes no matter how many tax breaks they enjoy under the regular corporate tax. The corporate AMT (unlike the much-maligned personal AMT) was particularly designed to curb leasing tax shelters that had allowed corporations such as General Electric to avoid most or all of their regular tax liabilities.

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<sup>16</sup>These artificial transactions (often called “transfer pricing” abuses) are particularly available to companies with valuable “intangible property,” such as brand names, secret formulas for soda or drugs, and so forth. By transferring such intangibles to subsidiaries set up in offshore tax havens, companies can then have those foreign subsidiaries “charge” the U.S. parents big fees to use the brand names and so forth, thereby shifting U.S. profits to the havens for tax purposes.

<sup>17</sup>Wyden’s international tax reforms were part of a larger tax overhaul bill that he co-sponsored with then Sen. Judd Gregg (R-N.H.).

But laws enacted in 1993 and 1997 at the behest of corporate lobbyists sharply weakened the corporate AMT, and now hardly any companies pay the tax. In fact, many are getting rebates for past AMT payments. In late 2001, U.S. House of Representatives leaders attempted to repeal the corporate AMT entirely and give companies instant refunds for any AMT they had paid since 1986. Public outcry stopped that outrageous plan, at least so far, but the AMT remains a shell of its former self that will require substantial reform if it is to once again achieve its goal of curbing corporate tax avoidance.

## Who Loses from Corporate Tax Avoidance?

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**L**ow- and no-tax companies may be happy about their ability to avoid huge amounts in taxes every year, but our current corporate income tax mess is not a good approach for the rest of us. The losers under this system include:

**The general public.** As a share of the economy, corporate tax payments have fallen dramatically over the last quarter century. So one obvious group of losers from growing corporate tax avoidance is the general public, which has to pay more for — and/or get less in — public services, or else face mounting national debt burdens that must be paid for in the future.

**Disadvantaged companies.** Almost as obvious is how the wide variation in tax rates among industries, and among companies within particular industries, gives relatively high-tax companies and industries a legitimate beef that federal tax policy is helping their competitors at their expense. The table on page 7 showed how widely industry tax rates vary. The detailed industry tables starting on page 25 show that discrepancies *within* industries also abound. For example:

- DuPont and Monsanto both produce chemicals. But over the 2008-10 period, Monsanto paid 22 percent of its profits in U.S. corporate income taxes, while DuPont actually paid a negative tax rate of -3.4 percent.
- Department store chain Macy's paid a three-year rate of 12.1 percent, while competing chain Nordstrom's paid 37.1 percent.
- In computer technology, Hewlett-Packard paid 3.7 of its three-year U.S. profits in federal income taxes, while Texas Instruments paid 33.5 percent.
- FedEx paid 0.9 percent over three years, while its competitor United Parcel Service paid 24.1 percent.

**The U.S. economy.** Besides being unfair, the fact that the government is offering much larger tax subsidies to some companies and industries than others is also poor economic policy. Such a system artificially boosts the rate of return for tax-favored industries and companies and reduces the rate of return for those industries and companies that are less favored. To be sure, companies that push for tax breaks argue that the “incentives” will encourage useful activities. But the idea that the government should tell businesses what kinds of investments to make conflicts with our basic economic philosophy that consumer demand and free markets should be the test of which private investments make sense.

Most of the time, tax breaks don't have much effect on business behavior. After all, companies don't lobby to have the government tell them what to do. Why would they? Instead, they ask for subsidies to reward them for doing what they would do anyway. Thus, to a large degree, corporate tax subsidies are simply an economically useless waste of resources.

Take for example, Boeing. Recently, it was awarded a \$35 billion contract to build new airborne tankers for the Air Force. That seems all well and good. After all, the contract was subject to competitive bidding, and Boeing won. And for its \$35 billion, the Pentagon will get the planes it says it needs. But on top of that lucrative contract, Boeing gets a bonus. Over the past three years, Boeing reported \$9.7 billion in pretax U.S. profits. But instead of paying the 35 percent corporate tax rate on those profits, Boeing received \$3.5 billion in tax subsidies. As a result, it paid no federal income tax at all over those three years. The truth is that Boeing doesn't need subsidies to build planes. It just needs someone who wants to buy them, such as occurred with the tanker deal.

Indeed, corporate executives (as opposed to their lobbyists) often insist that tax subsidies are not the basis for their investment decisions. Other things, they say, usually matter much more, including infrastructure, wage levels, access to markets, the quality of the workforce and so forth.

But not all corporate tax subsidies are merely useless waste. Making some kinds of investments more profitable than others through tax breaks will sometimes shift capital away from what's most economically beneficial and into lower-yield activities. As a result, the flow of capital is diverted in favor of those industries that have been most aggressive in the political marketplace of Washington, D.C., at the expense of long-term economic growth.

**State governments and state taxpayers.** The loopholes that reduce federal corporate income taxes cut state corporate income taxes, too, since state corporate tax systems generally take federal taxable income as their starting point in computing taxable corporate profits.<sup>18</sup> Thus, when the federal government allows corporations to write off their machinery faster than it wears out or to shift U.S. profits overseas or to shelter earnings from oil drilling, most states automatically do so, too. It's a mathematical truism that low and declining state revenues from corporate income taxes means higher state taxes on other state taxpayers or diminished state and local public services.

**The integrity of the tax system and public trust therein.** Ordinary taxpayers have a right to be suspicious and even outraged about a tax code that seems so tilted toward politically well-connected companies. In a tax system that by necessity must rely heavily on the voluntary compliance of tens of millions of honest taxpayers, maintaining public trust is essential — and that trust is endangered by the specter of widespread corporate tax avoidance. The fact that the law allows America's biggest companies to report only half of their actual U.S. profits to the IRS, while ordinary wage-earners have to report every penny of their earnings, has to undermine public respect for the tax system.

## A Plea for Better Disclosure

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**T**his report has been a work in progress for almost two years, as we struggled to understand the often cryptic disclosures in corporate annual reports. The fact that it took us so much time and effort to complete this report illustrates how desirable it would be if companies would provide the public with clearer and more detailed information about their federal income taxes. We need a straightforward statement of what they paid in federal taxes on their U.S. profits,

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<sup>18</sup>Over the past decade, companies have been extremely aggressive at avoiding state taxes by shifting profits not only offshore, but also from states that would tax them into states that don't. In addition, most states also provide their own set of business tax breaks or abatements beyond the federal ones, although these often involve taxes other than corporate income taxes.

and the reasons why those taxes differed from the statutory 35 percent corporate tax rate. This information would be a major help, not only to analysts but also to policy makers. Soon, we plan to offer detailed recommendations on the kinds of tax information that ought to be required in every large, publicly-traded corporation's annual report.

## Tax Reform (& Deform) Options

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**T**wenty-five years after the major corporate tax reforms under Ronald Reagan in 1986, we now find the re-emergence of many of the problems that those reforms were designed to address, along with an array of new corporate tax-avoidance techniques. This report is not intended to provide a list of all the possible corporate tax reform measures that could be enacted to address these issues, but rather to illustrate the current consequences of inaction. The point is that if our nation's leaders want to reform the corporate income tax to curb tax subsidies and make the taxation of different industries and companies more equal, they certainly could do so. And in doing so, like President Reagan, they should design corporate tax reform legislation so that it increases corporate tax revenues substantially, to help curb our nation's large long-term deficits.

Our lawmakers could start by focusing on the long list of corporate tax breaks, or as they are officially called, "corporate tax expenditures" produced each year by the Joint Committee on Taxation and the U.S. Treasury. They could reinstate a strong corporate Alternative Minimum Tax that really does the job it was originally designed to do. They could rethink the way the corporate income tax currently treats stock options. They could adopt restrictions on abusive corporate tax sheltering. They could reform the way multinational corporations allocate their profits between the United States and foreign countries, so that U.S. taxable profits are not artificially shifted offshore. Even better, they could repeal the rule allowing U.S. corporations to "defer" their U.S. taxes on their offshore profits, so that there would be no tax incentive to shift profits overseas.

Unfortunately, corporate tax legislation now being promoted by many in Congress seems stuck on the idea that as a group, corporations are now either paying the perfect amount in federal income taxes or are paying too much. Many members of the tax writing committees in Congress seem intent on making changes that would actually make it easier (and more lucrative) for companies to shift taxable profits, and potentially jobs, overseas.<sup>19</sup> Meanwhile, GOP candidates for president are all promoting huge cuts in the corporate tax or, in several cases, even elimination of the corporate income tax entirely.

Real, revenue-raising corporate tax reform, however, is what most Americans want and what our country needs.<sup>20</sup> Our elected officials should stop kowtowing to the loophole lobbyists and stand up for the vast majority of Americans.

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<sup>19</sup>Senate Finance Committee member Ron Wyden (D-Ore.) is a notable exception, in that he wants to stop offshore corporate tax sheltering by repealing "deferral." But Wyden, too, wants corporate tax reform to be at best "revenue-neutral" overall.

<sup>20</sup>One of CTJ's reports on revenue-positive tax reform can be found at [www.ctj.org/pdf/revenueraisers.pdf](http://www.ctj.org/pdf/revenueraisers.pdf).

<b>37 Corporations Paying No Income Tax in 2010</b>			
<b>Company (\$-millions)</b>	<b>2010 Profit</b>	<b>2010 Tax</b>	<b>2010 Rate</b>
State Street Corp.	\$ 731	\$ -885	-121.1%
Peppo Holdings	229	-270	-117.9%
Con-way	46	-53	-115.4%
International Paper	217	-249	-114.7%
General Electric	4,248	-3,253	-76.6%
Omnicare	18	-14	-76.1%
SPX	90	-36	-40.4%
Reinsurance Group of America	543	-216	-39.8%
Honeywell International	1,243	-482	-38.7%
Dean Foods	126	-49	-38.4%
Integrus Energy Group	353	-84	-23.7%
Atmos Energy	328	-74	-22.5%
Navistar International	162	-30	-18.5%
DTE Energy	950	-172	-18.1%
NiSource	433	-62	-14.3%
Pantry	29	-4	-12.7%
Capital One Financial	1,259	-152	-12.1%
DuPont	949	-109	-11.5%
Yahoo	855	-82	-9.6%
Consolidated Edison	1,528	-144	-9.4%
Scana	533	-47	-8.8%
American Electric Power	1,869	-134	-7.2%
Verizon Communications	11,963	-705	-5.9%
PNC Financial Services Group	3,584	-208	-5.8%
PPL	935	-51	-5.5%
Casey's General Stores	150	-7	-4.5%
Chesapeake Energy	2,806	-120	-4.3%
Domtar	162	-6	-3.8%
CMS Energy	561	-21	-3.7%
Progress Energy	1,419	-46	-3.2%
Rockwell Automation	148	-4	-2.4%
FirstEnergy	1,207	-23	-1.9%
PG&E Corp.	1,530	-12	-0.8%
El Paso	1,231	-4	-0.3%
Duke Energy	2,150	-5	-0.2%
Boeing	4,450	-3	-0.1%
Corning	974	—	—
<b>TOTAL</b>	<b>\$ 50,009</b>	<b>\$ -7,814</b>	<b>-15.6%</b>

<b>49 Corporations Paying No Income Tax in 2009</b>			
<b>Company (\$-millions)</b>	<b>2009 Profit</b>	<b>2009 Tax</b>	<b>2009 Rate</b>
Paccar	\$ 83	\$ -108	-130.7%
General Electric	1,574	-833	-52.9%
Holly	46	-24	-52.1%
NiSource	412	-197	-47.9%
NYSE Euronext	67	-31	-46.3%
Peppo Holdings	359	-160	-44.6%
PG&E Corp.	1,735	-747	-43.1%
Marathon Oil	571	-232	-40.7%
Eastman Chemical	204	-82	-40.2%
Cliffs Natural Resources	128	-49	-38.4%
Exxon Mobil	2,490	-954	-38.3%
Ryder System	126	-45	-36.0%
Interpublic Group	148	-48	-32.7%
Insight Enterprises	15	-5	-32.3%
PPL	234	-72	-30.8%
Apache	439	-130	-29.7%
American Electric Power	2,014	-575	-28.6%
Tenet Healthcare	194	-53	-27.3%
Yum Brands	294	-70	-23.7%
Entergy	1,992	-433	-21.7%
CenterPoint Energy	538	-103	-19.1%
Wells Fargo	21,797	-3,967	-18.2%
FirstEnergy	1,191	-183	-15.4%
Duke Energy	1,768	-271	-15.3%
Southwest Airlines	165	-24	-14.5%
Ingram Micro	14	-2	-13.4%
Atmos Energy	283	-37	-13.1%
Boeing	1,494	-136	-9.1%
Ameren	953	-73	-7.7%
Reliance Steel & Aluminum	197	-15	-7.5%
Mattel	356	-21	-5.9%
Halliburton	565	-30	-5.3%
H.J. Heinz	500	-26	-5.3%
Verizon Communications	12,261	-611	-5.0%
Wisconsin Energy	543	-26	-4.8%
CMS Energy	307	-12	-3.9%
Xcel Energy	1,048	-40	-3.8%
Hewlett-Packard	2,424	-87	-3.6%
Health Management Associate	244	-7	-3.0%
Baxter International	466	-12	-2.7%
PNC Financial Services Group	4,398	-110	-2.5%
Honeywell International	1,723	-28	-1.6%
NextEra Energy	1,865	-18	-1.0%
Merck	5,766	-55	-1.0%
Corning	202	-8	-4.0%
Peabody Energy	280	-1	-0.3%
Occidental Petroleum	2,068	-4	-0.2%
Deere	907	-1	-0.1%
El Paso	1,205	-1	-0.1%
<b>TOTAL</b>	<b>\$ 78,652</b>	<b>\$ -10,758</b>	<b>-13.7%</b>

<b>22 Corporations Paying No Income Tax in 2008</b>			
<b>Company (\$-millions)</b>	<b>2008 Profit</b>	<b>2008 Tax</b>	<b>2008 Rate</b>
Eli Lilly	\$ 202	\$ -208	-102.9%
Computer Sciences	\$ 626	\$ -397	-63.4%
Baxter International	\$ 279	\$ -93	-33.2%
CenterPoint Energy	\$ 712	\$ -221	-31.0%
Paccar	\$ 105	\$ -28	-26.6%
Peppo Holdings	\$ 294	\$ -78	-26.5%
Wisconsin Energy	\$ 529	\$ -131	-24.7%
PG&E Corp.	\$ 1,590	\$ -268	-16.9%
Goldman Sachs Group	\$ 4,909	\$ -786	-16.0%
General Electric	\$ 4,638	\$ -651	-14.0%
R.R. Donnelley & Sons	\$ 561	\$ -49	-8.8%
NextEra Energy	\$ 2,060	\$ -132	-6.4%
Integrus Energy Group	\$ 172	\$ -11	-6.1%
Time Warner	\$ 2,031	\$ -74	-3.7%
FedEx	\$ 1,208	\$ -38	-3.2%
El Paso	\$ 1,669	\$ -36	-2.2%
Tenet Healthcare	\$ 63	\$ -1	-1.6%
Ryder System	\$ 349	\$ -4	-1.2%
Boeing	\$ 3,791	\$ -39	-1.0%
Sempra Energy	\$ 1,171	\$ -10	-0.9%
FMC Technologies	\$ 67	\$ -0	-0.2%
Peabody Energy	\$ 185	\$ —	—
<b>TOTAL</b>	<b>\$ 27,211</b>	<b>\$ -3,254</b>	<b>-12.0%</b>



## Appendix:

The “current” federal income taxes that corporations disclose in their annual reports are the best (and only) measure of what corporations really pay (or don’t pay) in federal income taxes.

Some analysts and journalists, along with some corporations, have complained that the “current income taxes” reported by corporations under oath in their annual reports are not a true measure of the income taxes that corporations actually pay. This complaint is mostly incorrect. In fact, “current income taxes,” with a sometimes important downward adjustment that we make for “excess stock option tax benefits,” are a good assessment of companies’ tax situations, and are the only available measure of what corporations pay in income taxes broken down by payments to the federal government, state governments and foreign governments.

Our report focuses on the federal income tax that companies are currently paying on their U.S. profits. So we look at the current federal tax expense portion of the income tax provision in the financial statements. The “deferred” portion of the tax provision is tax based on the current year income but not due yet because of the differences between calculating income for financial statement purposes and for tax purposes. When those timing differences turn around, if they ever do, the related taxes will be reflected in the current tax expense.<sup>21</sup>

The federal current tax expense is just exactly what the company expects its current year tax bill to be when it files its tax return. If the calculation of the income tax provision was done perfectly, the current tax expense (after adjusting for excess stock option tax benefits) would exactly equal the total amount of tax shown on the tax return. But the income tax provision is calculated in February as the company is preparing its 10-K for filing with the SEC and the tax return isn’t usually filed until September. When the tax return is prepared over those several months, things will be found that weren’t accounted for in the financial statement income tax provision and numbers that were estimated in February will be refined for the actual return. Those small differences will be included in the following year’s current tax expense, but the impact on our calculations is minimal (especially because we look at the rates over a period of years). If the differences in any one year were material, accounting rules would require the company to restate their prior year financials.

The complaints that “current income taxes” are not an accurate measure of taxes actually paid make two main points.

**A. Excess stock option tax benefits:** The first, easily dismissed complaint is that “current income taxes” do not include some of the tax benefits that corporations enjoy when employees exercise stock options. That is certainly true. But our study does subtract those “excess stock option tax benefits” from current income taxes in the tax results we report.

**B. Dubious tax benefits:** A more interesting, but also flawed argument against the use of current income taxes (less stock option tax benefits) involves the accounting treatment of dubious tax benefits that companies claim on their tax returns but are not allowed to report on their books until and if these claimed tax benefits are allowed.

Dubious tax benefits, officially known as “uncertain tax positions” and “unrecognized tax benefits,” are tax reductions that corporations claim when they file their tax returns but which they do not expect to be allowed by the IRS or other taxing authority.

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<sup>21</sup>Companies also explain in their tax footnote why the income tax provision isn’t exactly 35% (the U.S. statutory rate) in their “rate reconciliation.” It might show, for example, that “U.S. Business Credits” reduced their total worldwide effective tax rate by 4.4% or that “Tax on Global Activities” reduced their total worldwide effective tax rate by 19.7%. But this disclosure is a reconciliation of their *worldwide* effective rate, based on the total of current *and deferred* taxes, and doesn’t tell you much, if anything, about what they are currently paying in U.S. taxes.

For example, suppose a corporation on its 2005 tax return tells the IRS that it owes \$700 million in federal income tax for the year. But the corporation's tax staff believes that on audit, the corporation will most likely owe an additional \$300 million, because \$300 million in tax benefits that the company claimed on its tax return are unlikely to be approved by the IRS. As a result, the corporation's current income tax for 2005 that it reports to shareholders will be \$1,000 million, the amount that the corporation expects to actually owe in income taxes.<sup>22</sup>

After that, two things, in general, can happen:

**1. More often than not.** Suppose that, as the corporation's tax staff predicted, the IRS in 2010 disallows the \$300 million in dubious tax benefits claimed on the company's 2005 tax return. In this case, the \$1,000 million in reported current income tax for 2005 will turn out to have been correct. In 2010, when the dubious tax benefits are disallowed, the company will have to pay back the \$300 million (plus interest and penalties) to the IRS. Reasonably enough, the corporation will not report that 2010 payback in its 2010 annual report to shareholders, since it had already reported it as paid back in 2005.

**2. Occasionally.** Suppose instead that to the surprise of the corporation's tax staff, the IRS in 2010 allows some or part of the \$300 million in dubious tax benefits claimed back in 2005. In this case, the corporation will reduce its 2010 "current income tax" reported to shareholders by the allowed amount of the dubious tax benefits previously claimed on the corporation's 2005 tax return.

But, argue some analysts, isn't the right answer to go back and reassign the eventually allowed dubious tax benefits to 2005, the year they were claimed on the corporation's tax return? The answer is no, for two reasons:

First, booking the corporation's tax windfall in 2010, the year it was allowed by the IRS makes logical sense. That's because until the IRS allowed the dubious tax benefits, it was the judgment of the company's tax experts that the company was probably not legally entitled to those tax benefits. In essence, the IRS's allowance of all or part of the dubious tax benefits claimed on the company's 2005 tax return is the same as the corporation receiving an unexpected tax refund in 2010.

It's as if the company had initially borrowed the money from the IRS, but expected to pay it back (with interest). When and if the IRS "forgives" part or all of the "loan," then the company recognizes the tax benefit. Likewise, suppose you borrow money from your employer with the expectation that you'll pay it back. But later, your employer forgives your debt. You didn't have to declare the loan as income when you borrowed the money, but you do have to declare it as income when the loan is forgiven.

Second, even if one believed that the 2010 tax windfall ought to be reassigned to 2005, there is simply no way to do so. That's because corporations do not disclose sufficient information in their annual reports to make such a retroactive reallocation.<sup>23</sup>

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<sup>22</sup>Dubious tax benefits are not booked as either a current or a "deferred" tax benefit until and if they lose their dubiousness. In its 2010 annual report, Amgen offers a concise explanation of how dubious tax benefits are treated in financial statements: "We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. . . . The amount of unrecognized tax benefits ("UTBs") is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination." Amgen 2010 10-K, p. F8 (pdf p. 117).

<sup>23</sup>Companies do provide information on the growth or decline in the amount of dubious tax benefits they have outstanding. This info is not provided on a geographic basis, however. Moreover, it does not distinguish between benefits allowed (which reduces the amount of outstanding dubious tax benefits) and benefits not allowed (which also

**C. A final point here, regarding a potentially useful, but currently almost useless measure called “cash income taxes paid”:** In their annual reports to shareholders, corporations also report something called “cash income taxes paid.” Cash income taxes paid is net of stock option tax benefits and does not include “deferred” taxes.<sup>24</sup> Unlike current taxes, however, cash income taxes paid subtracts dubious tax benefits that are likely to be reversed later (and add those dubious tax benefits if and when they are later reversed).

“Cash income taxes paid” is sometimes interesting, but at this point in time, it is useless for purposes of measuring the federal income taxes that U.S. multinational corporations pay on their U.S. profits. That’s because “cash income taxes paid” are not broken down by taxing jurisdiction. Instead, this measure lumps together U.S. federal income taxes, U.S. state income taxes, and foreign income taxes. Since most big corporations are multinationals these days, that’s a fatal defect.<sup>25</sup>

Even for purely domestic corporations, “cash income taxes paid” is a problematic measure. It often fails to match income in a given year with the taxes paid for that year (since companies don’t settle up with the IRS until after a given year is over). The cash payments made during the year include quarterly estimated tax payments for the current year, balances due on tax returns for prior years, and any refunds or additional taxes due as a result of tax return examinations or loss carrybacks.

To be sure, if “cash income taxes paid” were reported by taxing jurisdiction and better linked with the pretax income in a given year, then this measure could be useful. But as of now, it is not, except in one way: it supports our use of current taxes as a measure of how much taxes corporations are really paying. If you compare a company’s total current taxes (after subtracting the excess stock benefits) to cash taxes paid over a period of years, you will see that they are generally very close. The differences, if any, suggest that the effective rate corporations are paying may be even less than what we’ve calculated.

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reduced the amount of outstanding dubious tax benefits). For these two reasons, the currently provided information on dubious tax benefits is useless for our goal of measuring U.S. income taxes paid on U.S. profits.

<sup>24</sup>Both current and cash income taxes also include refunds of taxes paid in the past if a company “carries back” “tax losses” to earlier years and gets a refund of previously paid taxes. This can occur even if a company reports book profits. Current and cash income taxes also automatically include payments of taxes “deferred” in the past in the relatively unusually occasions when those “deferred” taxes actually come due and are not offset by additional tax deferrals. (“Deferred taxes” are taxes that are not paid in the current year, but may or may not come due in future years.)

<sup>25</sup>An interesting point regarding worldwide “cash income taxes paid” is that in the cases we have examined, over time, they are usually very similar to worldwide “current income taxes” (less stock option tax benefits). The relatively small exceptions are generally in the case of companies that are very aggressive in claiming dubious tax benefits year after year. Since it takes time for the tax authorities to disallow these dubious tax benefits, worldwide cash taxes paid over time by such companies are typically somewhat lower than “current income taxes” (less stock option benefits).

For example, from 2001 to 2010, General Electric’s worldwide cash income taxes paid were 13 percent less than its worldwide current income taxes. Verizon’s worldwide cash income taxes paid were 10 percent less than its worldwide current taxes. And Exxon Mobil’s worldwide cash income taxes paid were 10 percent less than its worldwide current taxes.

Since “cash taxes paid” are presented only on a worldwide basis, we usually cannot tell whether these and other similar companies’ U.S. cash taxes paid are noticeably less than their current U.S. taxes. But it does suggest that our use of “current income taxes” (less stock option tax benefits) may slightly overstate the income taxes that U.S. corporations actually pay on their U.S. profits over time.

## An Example: General Electric, Current Taxes, Cash Taxes & Uncertain Tax Benefits

When a brilliant article by David Kocieniewski in the *New York Times* in May of this year exposed GE as a champion tax dodger, the company begged to differ. “In 2010,” said GE, pathetically, “we paid a small amount in federal income taxes.”

According to GE, the *New York Times* had counted as “tax benefits” in 2010 (leading to a stated huge negative tax in that year), tax reductions that the company had actually received in earlier years. GE said it had not revealed those earlier tax benefits on its books in the earlier years because it had expected that the IRS would disallow GE’s improbable claims, and thus GE expected to be required to pay the money back later (with interest).

But as it turned out, GE implied, in 2010 the IRS decided that GE could get to keep some of the unpaid income taxes that GE had expected to have to pay back. So, under standard accounting rules, GE booked the tax benefits in 2010. At least this seems to be GE’s story.

Even if true, of course, that meant that GE really did get the tax breaks. It just hadn’t bothered to tell anyone about them until 2010. Which is arguably quite reasonable, since GE expected it would have to pay the money back. Counting the tax breaks as received in 2010 (as “current” taxes do) makes sense, because that’s the year that GE was really entitled to keep the money.

In any event, a frantic GE (along with some grumpy reporters) argued that the *Times* would have been better advised to look at GE’s “cash income taxes paid” rather than its “current” federal income taxes. The problem, however, is that companies do not break down their “cash income taxes paid” between U.S. and foreign taxes. That makes “cash income taxes paid” pretty much useless in measuring what companies actually pay to the U.S. government.

Except for one thing. Companies are required to keep track, in a confusing way, of their “uncertain tax benefits.” These are taxes that the companies did not pay, but expect to have to pay in the future once various governments audit their tax returns. These “UTBs” are almost never broken down geographically. But in its 2010 report, GE admitted that all or almost all of its UTBs reflect U.S. federal income taxes not paid. (The non-US-federal portion of the UTBs, GE said, are not “material.”)

Since over time, the difference between worldwide “current” income taxes and “cash” income taxes is almost entirely due to “uncertain tax benefits,” this admission by GE allows a diligent analyst to find out something very interesting about GE’s federal income taxes (if one thinks that “cash income taxes paid” is the best measure).

Over the past 10 years (2001-10), GE’s reported that its total worldwide “cash” income taxes paid have been \$3.3 billion less than it reported in total federal, state and foreign “current” income taxes. Meanwhile, GE says that at the end of 2010, its worldwide “unrecognized tax benefits” totaled at least \$4.1 billion.

If, as GE seems to say, all or almost all of that \$4.1 billion reflects unrecognized *U.S. federal* tax benefits, and one subtracts the \$4.1 billion from the \$2.6 billion in “current” federal income taxes that GE reported over the 10 years (already a tiny 3.1 percent U.S. federal 10-year tax rate), here’s what one finds:

From 2001 through 2010, GE’s U.S. net federal cash income taxes paid appear to have been less than zero!

So, if we accept GE’s suggestion to look deeper, it seems that the *New York Times* may have slightly *understated* the vast scope of GE’s tax avoidance over the last decade. But the *Times* certainly got the gist absolutely right. Or, if one thinks that uncertain tax benefits shouldn’t be counted until they’re actually allowed (our position), then the *Times* got the story perfect.

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 by Industry

\$-millions	Three-Year Totals			2010			2009			2008		
Industry & Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
<b>Aerospace &amp; defense</b>												
Boeing	9,735.5	-177.6	-1.8%	4,450.3	-2.7	-0.1%	1,493.9	-136.1	-9.1%	3,791.3	-38.7	-1.0%
United Technologies	7,935.4	791.4	10.0%	2,543.3	44.3	1.7%	2,538.7	197.7	7.8%	2,853.5	549.5	19.3%
Goodrich	1,901.5	200.8	10.6%	634.2	49.3	7.8%	546.3	39.8	7.3%	721.0	111.7	15.5%
Raytheon	7,865.0	1,080.0	13.7%	2,699.0	205.0	7.6%	2,806.0	669.0	23.8%	2,360.0	206.0	8.7%
Lockheed Martin	12,562.0	2,540.5	20.2%	3,794.0	589.0	15.5%	4,246.0	649.6	15.3%	4,522.0	1,301.9	28.8%
Rockwell Collins	2,428.7	498.7	20.5%	733.9	131.9	18.0%	795.3	173.3	21.8%	899.4	193.4	21.5%
ITT	2,043.7	428.2	21.0%	720.0	147.0	20.4%	662.5	126.5	19.1%	661.2	154.7	23.4%
L-3 Communications	3,585.6	832.6	23.2%	1,206.2	296.2	24.6%	1,152.7	300.7	26.1%	1,226.7	235.7	19.2%
Alliant Techsystems	1,262.1	294.9	23.4%	430.1	95.4	22.2%	426.3	151.0	35.4%	405.7	48.5	12.0%
Precision Castparts	3,824.1	898.6	23.5%	1,302.2	315.9	24.3%	1,207.6	245.2	20.3%	1,314.3	337.5	25.7%
Northrop Grumman	7,126.0	1,695.5	23.8%	2,548.0	481.8	18.9%	2,140.0	525.3	24.5%	2,438.0	688.3	28.2%
General Dynamics	9,147.3	2,472.3	27.0%	3,146.1	936.1	29.8%	2,926.9	714.9	24.4%	3,074.4	821.4	26.7%
SAIC	2,217.0	635.8	28.7%	826.0	249.9	30.3%	733.0	236.2	32.2%	658.0	149.7	22.7%
<b>Aerospace &amp; defense</b>	<b>71,633.9</b>	<b>12,191.9</b>	<b>17.0%</b>	<b>25,033.3</b>	<b>3,539.2</b>	<b>14.1%</b>	<b>21,675.1</b>	<b>3,893.1</b>	<b>18.0%</b>	<b>24,925.5</b>	<b>4,759.6</b>	<b>19.1%</b>
<b>Chemicals</b>												
DuPont	2,124.0	-72.0	-3.4%	949.0	-109.0	-11.5%	180.0	23.0	12.8%	995.0	14.0	1.4%
Ashland	389.1	26.2	6.7%	166.7	5.9	3.5%	46.6	8.2	17.5%	175.8	12.2	6.9%
Mosaic	3,153.5	376.5	11.9%	1,427.8	123.8	8.7%	582.9	82.5	14.1%	1,142.8	170.2	14.9%
Eastman Chemical	1,073.0	141.0	13.1%	489.0	115.0	23.5%	204.0	-82.0	-40.2%	380.0	108.0	28.4%
PPG Industries	1,407.0	205.0	14.6%	487.0	62.0	12.7%	260.0	3.0	1.2%	660.0	140.0	21.2%
Ecolab	1,290.9	194.0	15.0%	478.6	137.7	28.8%	431.1	27.0	6.3%	381.2	29.3	7.7%
Celanese	620.1	112.1	18.1%	203.5	51.5	25.3%	292.1	9.1	3.1%	124.5	51.5	41.3%
Air Products & Chemicals	1,292.8	244.6	18.9%	465.9	80.7	17.3%	341.2	75.3	22.1%	485.7	88.6	18.2%
Praxair	1,735.1	332.1	19.1%	633.8	90.8	14.3%	572.0	89.0	15.6%	529.3	152.3	28.8%
Sherwin-Williams	1,951.9	381.6	19.6%	660.8	118.7	18.0%	604.7	158.6	26.2%	686.4	104.3	15.2%
Monsanto	4,940.9	1,087.7	22.0%	1,211.5	224.4	18.5%	2,333.1	500.1	21.4%	1,396.3	363.3	26.0%
<b>Chemicals</b>	<b>19,978.3</b>	<b>3,028.9</b>	<b>15.2%</b>	<b>7,173.6</b>	<b>901.5</b>	<b>12.6%</b>	<b>5,847.7</b>	<b>893.7</b>	<b>15.3%</b>	<b>6,957.0</b>	<b>1,233.7</b>	<b>17.7%</b>
<b>Computers, office equip, software, data</b>												
Corning	1,977.0	-4.0	-0.2%	974.0	—	—	202.0	-8.0	-4.0%	801.0	4.0	0.5%
Hewlett-Packard	8,553.6	316.6	3.7%	3,890.9	240.9	6.2%	2,424.0	-87.0	-3.6%	2,238.7	162.7	7.3%
EMC	2,375.4	504.4	21.2%	1,407.3	285.2	20.3%	469.5	143.5	30.6%	498.7	75.7	15.2%
Cognizant Technology Solutions	482.3	129.9	26.9%	211.6	30.2	14.3%	143.9	61.8	42.9%	126.8	38.0	30.0%
Oracle	13,571.8	4,035.8	29.7%	6,152.2	1,639.2	26.6%	4,002.0	1,216.0	30.4%	3,417.6	1,180.6	34.5%
Pitney Bowes	1,460.6	443.7	30.4%	392.1	170.2	43.4%	499.0	188.3	37.7%	569.5	85.2	15.0%
CA	2,006.0	620.0	30.9%	703.0	110.0	15.6%	684.0	198.0	28.9%	619.0	312.0	50.4%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 by Industry

\$-millions	Three-Year Totals			2010			2009			2008		
Industry & Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Apple	14,119.1	4,414.1	31.3%	5,013.4	1,536.4	30.6%	4,984.6	1,718.6	34.5%	4,121.2	1,159.2	28.1%
Intel	23,272.2	7,341.2	31.5%	13,886.2	3,995.2	28.8%	3,231.0	595.0	18.4%	6,155.0	2,751.0	44.7%
Harris	2,118.8	698.9	33.0%	827.8	270.5	32.7%	677.3	227.3	33.6%	613.7	201.1	32.8%
Texas Instruments	6,868.7	2,299.7	33.5%	3,753.2	1,336.2	35.6%	1,371.2	333.2	24.3%	1,744.3	630.3	36.1%
<b>Computers, office equip, software, data</b>	<b>76,805.6</b>	<b>20,800.3</b>	<b>27.1%</b>	<b>37,211.6</b>	<b>9,614.0</b>	<b>25.8%</b>	<b>18,688.5</b>	<b>4,586.6</b>	<b>24.5%</b>	<b>20,905.5</b>	<b>6,599.8</b>	<b>31.6%</b>
<b>Electronics, electrical equipment</b>												
Rockwell Automation	686.4	158.4	23.1%	147.8	-3.6	-2.4%	81.9	13.8	16.9%	456.7	148.2	32.4%
Emerson Electric	4,120.0	1,257.0	30.5%	1,270.0	496.0	39.1%	1,144.0	230.0	20.1%	1,706.0	531.0	31.1%
<b>Electronics, electrical equip.</b>	<b>4,806.4</b>	<b>1,415.4</b>	<b>29.4%</b>	<b>1,417.8</b>	<b>492.4</b>	<b>34.7%</b>	<b>1,225.9</b>	<b>243.8</b>	<b>19.9%</b>	<b>2,162.7</b>	<b>679.2</b>	<b>31.4%</b>
<b>Engineering &amp; construction</b>												
AECOM Technology	406.5	55.4	13.6%	160.1	1.6	1.0%	165.2	13.4	8.1%	81.2	40.4	49.8%
URS	1,091.2	174.4	16.0%	415.0	119.2	28.7%	321.0	32.2	10.0%	355.1	23.0	6.5%
Fluor	1,639.1	493.5	30.1%	426.8	22.4	5.2%	712.9	289.3	40.6%	499.4	181.8	36.4%
Tutor Perini	542.3	169.9	31.3%	150.0	49.7	33.1%	186.4	65.8	35.3%	205.9	54.4	26.4%
Emcor Group	667.1	219.3	32.9%	186.2	54.7	29.4%	231.8	71.4	30.8%	249.2	93.2	37.4%
Jacobs Engineering Group	1,076.6	372.0	34.5%	272.2	120.8	44.4%	419.5	144.0	34.3%	384.9	107.2	27.9%
<b>Engineering &amp; construction</b>	<b>5,422.8</b>	<b>1,484.4</b>	<b>27.4%</b>	<b>1,610.3</b>	<b>368.3</b>	<b>22.9%</b>	<b>2,036.7</b>	<b>616.1</b>	<b>30.3%</b>	<b>1,775.8</b>	<b>500.0</b>	<b>28.2%</b>
<b>Financial</b>												
Wells Fargo	49,370.0	-680.8	-1.4%	16,486.1	1,344.8	8.2%	21,797.2	-3,966.9	-18.2%	11,086.8	1,941.3	17.5%
Reinsurance Group of America	942.2	1.2	0.1%	542.5	-216.1	-39.8%	332.4	201.6	60.7%	67.3	15.7	23.4%
PNC Financial Services Group	9,995.6	144.6	1.4%	3,584.2	-207.8	-5.8%	4,398.2	-109.8	-2.5%	2,013.2	462.2	23.0%
Loews	5,414.2	346.2	6.4%	2,215.3	152.3	6.9%	2,018.3	1.3	0.1%	1,180.5	192.5	16.3%
State Street Corp.	3,849.0	255.0	6.6%	731.0	-885.0	-121.1%	1,685.0	75.0	4.5%	1,433.0	1,065.0	74.3%
Principal Financial	2,025.1	290.7	14.4%	806.9	74.1	9.2%	725.5	97.7	13.5%	492.8	118.9	24.1%
American Express	12,443.0	1,928.0	15.5%	6,002.0	532.0	8.9%	3,091.0	661.0	21.4%	3,350.0	735.0	21.9%
NYSE Euronext	377.0	60.0	15.9%	149.0	18.0	12.1%	67.0	-31.0	-46.3%	161.0	73.0	45.3%
Travelers Cos.	11,837.0	2,405.0	20.3%	3,984.0	838.0	21.0%	4,419.0	814.0	18.4%	3,434.0	753.0	21.9%
BB&T Corp.	6,688.0	1,362.0	20.4%	1,053.0	161.0	15.3%	2,051.0	302.0	14.7%	3,584.0	899.0	25.1%
Goldman Sachs Group	22,342.2	4,641.5	20.8%	7,089.0	1,499.9	21.2%	10,344.0	3,927.4	38.0%	4,909.3	-785.8	-16.0%
Chubb	6,384.6	1,425.0	22.3%	2,249.9	436.0	19.4%	2,290.9	532.0	23.2%	1,843.8	457.0	24.8%
W.R. Berkley	1,140.0	264.6	23.2%	575.3	75.6	13.1%	342.6	115.0	33.6%	222.1	74.0	33.3%
H&R Block	2,141.0	515.3	24.1%	593.6	187.7	31.6%	731.6	91.7	12.5%	815.8	236.0	28.9%
Capital One Financial	4,953.2	1,195.2	24.1%	1,258.9	-152.0	-12.1%	876.1	278.3	31.8%	2,818.1	1,068.8	37.9%
U.S. Bancorp	13,397.0	3,702.0	27.6%	4,175.0	1,105.0	26.5%	4,146.0	765.0	18.5%	5,076.0	1,832.0	36.1%
J.P. Morgan Chase & Co.	29,686.9	8,936.0	30.1%	8,486.4	3,979.5	46.9%	13,557.9	4,683.9	34.5%	7,642.6	272.6	3.6%
Charles Schwab	4,173.6	1,259.6	30.2%	1,049.5	323.5	30.8%	1,204.4	393.4	32.7%	1,919.7	542.7	28.3%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 by Industry

\$-millions	Three-Year Totals			2010			2009			2008		
Industry & Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
American Financial Group	1,859.8	589.1	31.7%	697.0	214.0	30.7%	877.2	239.4	27.3%	285.6	135.7	47.5%
Franklin Resources	2,743.2	1,022.7	37.3%	1,098.2	416.8	38.0%	651.7	219.5	33.7%	993.3	386.4	38.9%
<b>Financial</b>	<b>191,762.4</b>	<b>29,662.8</b>	<b>15.5%</b>	<b>62,826.8</b>	<b>9,897.3</b>	<b>15.8%</b>	<b>75,606.9</b>	<b>9,290.5</b>	<b>12.3%</b>	<b>53,328.7</b>	<b>10,475.1</b>	<b>19.6%</b>
<b>Financial Data Services</b>												
MasterCard	2,775.6	515.8	18.6%	1,595.7	308.7	19.3%	870.9	127.7	14.7%	309.0	79.3	25.7%
Visa	8,460.6	2,399.6	28.4%	3,715.4	1,077.4	29.0%	3,582.2	906.2	25.3%	1,163.0	416.0	35.8%
Fiserv	2,003.3	641.3	32.0%	729.0	224.0	30.7%	689.0	176.0	25.5%	585.3	241.3	41.2%
<b>Financial Data Services</b>	<b>13,239.5</b>	<b>3,556.8</b>	<b>26.9%</b>	<b>6,040.1</b>	<b>1,610.1</b>	<b>26.7%</b>	<b>5,142.1</b>	<b>1,210.0</b>	<b>23.5%</b>	<b>2,057.4</b>	<b>736.7</b>	<b>35.8%</b>
<b>Food &amp; beverages &amp; tobacco</b>												
H.J. Heinz	1,586.3	74.7	4.7%	552.8	31.6	5.7%	500.3	-26.4	-5.3%	533.2	69.5	13.0%
Dean Foods	765.3	85.3	11.1%	126.2	-48.5	-38.4%	355.6	94.2	26.5%	283.5	39.7	14.0%
Coca-Cola	11,800.0	1,669.0	14.1%	7,139.0	470.0	6.6%	2,612.0	509.0	19.5%	2,049.0	690.0	33.7%
Kellogg	3,460.2	543.2	15.7%	1,262.4	90.4	7.2%	1,168.7	327.7	28.0%	1,029.1	125.1	12.2%
Kraft Foods	4,134.5	747.0	18.1%	1,038.0	91.0	8.8%	1,853.6	335.0	18.1%	1,242.9	321.0	25.8%
Campbell Soup	2,886.4	544.4	18.9%	1,006.9	243.9	24.2%	967.1	130.1	13.5%	912.4	170.4	18.7%
General Mills	5,721.1	1,188.0	20.8%	2,067.9	282.2	13.6%	1,973.0	521.7	26.4%	1,680.2	384.1	22.9%
ConAgra Foods	2,509.1	557.5	22.2%	1,012.4	261.3	25.8%	856.6	113.6	13.3%	640.1	182.6	28.5%
PepsiCo	11,187.3	2,773.3	24.8%	3,889.5	843.5	21.7%	4,092.3	1,203.3	29.4%	3,205.5	726.5	22.7%
Archer Daniels Midland	4,764.0	1,299.0	27.3%	2,025.0	251.0	12.4%	1,435.0	422.0	29.4%	1,304.0	626.0	48.0%
Reynolds American	5,933.7	1,764.0	29.7%	2,039.4	543.3	26.6%	1,907.2	590.3	31.0%	1,987.0	630.3	31.7%
Altria Group	14,646.0	4,428.0	30.2%	5,451.0	1,430.0	26.2%	4,757.0	1,512.0	31.8%	4,438.0	1,486.0	33.5%
Hormel Foods	1,527.3	468.8	30.7%	594.9	161.8	27.2%	501.4	158.1	31.5%	431.0	148.9	34.5%
J.M. Smucker	1,782.1	614.8	34.5%	709.3	265.6	37.4%	699.8	254.0	36.3%	373.0	95.2	25.5%
Hershey	1,994.8	694.4	34.8%	810.8	282.3	34.8%	629.3	231.6	36.8%	554.7	180.5	32.5%
<b>Food &amp; beverages &amp; tobacco</b>	<b>74,698.1</b>	<b>17,451.4</b>	<b>23.4%</b>	<b>29,725.7</b>	<b>5,199.4</b>	<b>17.5%</b>	<b>24,308.9</b>	<b>6,376.2</b>	<b>26.2%</b>	<b>20,663.6</b>	<b>5,875.8</b>	<b>28.4%</b>
<b>Health care</b>												
Tenet Healthcare	415.0	-48.0	-11.6%	158.0	6.0	3.8%	194.0	-53.0	-27.3%	63.0	-1.0	-1.6%
Omnicare	568.7	29.1	5.1%	18.3	-13.9	-76.1%	316.5	3.8	1.2%	233.9	39.2	16.8%
Health Management Associates	830.2	48.4	5.8%	261.0	53.4	20.4%	244.3	-7.3	-3.0%	324.9	2.4	0.7%
Community Health Systems	1,286.8	140.6	10.9%	499.1	43.1	8.6%	432.0	96.4	22.3%	355.7	1.1	0.3%
Kindred Healthcare	279.8	57.2	20.4%	87.5	12.8	14.6%	97.3	24.1	24.7%	95.0	20.3	21.4%
DaVita	2,076.8	447.9	21.6%	714.2	148.3	20.8%	725.0	187.4	25.9%	637.6	112.1	17.6%
Health Net	581.1	137.5	23.7%	324.5	75.8	23.4%	109.3	25.2	23.0%	147.4	36.5	24.8%
Universal American	634.9	163.6	25.8%	268.9	53.8	20.0%	210.4	62.9	29.9%	155.6	46.9	30.1%
Aetna	6,610.1	1,902.5	28.8%	2,621.4	533.4	20.3%	1,840.0	652.3	35.5%	2,148.7	716.8	33.4%
Laboratory Corp. of America	2,344.5	706.2	30.1%	826.6	265.7	32.1%	807.1	265.8	32.9%	710.8	174.7	24.6%

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\$-millions	Three-Year Totals			2010			2009			2008		
Industry & Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Quest Diagnostics	3,229.5	989.9	30.7%	1,089.2	346.0	31.8%	1,145.8	346.0	30.2%	994.5	297.9	30.0%
UnitedHealth Group	17,606.0	5,906.9	33.6%	7,379.7	2,501.7	33.9%	5,736.6	1,892.6	33.0%	4,489.7	1,512.6	33.7%
Centene	409.9	137.7	33.6%	147.6	45.5	30.8%	131.9	41.3	31.3%	130.4	51.0	39.1%
Universal Health Services	1,198.2	403.2	33.7%	410.1	129.4	31.6%	453.3	147.6	32.6%	334.8	126.2	37.7%
Humana	4,196.9	1,641.2	39.1%	1,686.6	784.3	46.5%	1,546.5	528.3	34.2%	963.7	328.7	34.1%
Coventry Health Care	1,939.2	792.0	40.8%	936.8	348.0	37.2%	462.7	233.5	50.5%	539.7	210.6	39.0%
<b>Health care</b>	<b>44,207.8</b>	<b>13,456.0</b>	<b>30.4%</b>	<b>17,429.5</b>	<b>5,333.2</b>	<b>30.6%</b>	<b>14,452.7</b>	<b>4,446.8</b>	<b>30.8%</b>	<b>12,325.6</b>	<b>3,676.0</b>	<b>29.8%</b>
<b>Household &amp; personal products</b>												
Kimberly-Clark	4,411.0	812.0	18.4%	1,515.0	363.0	24.0%	1,649.6	305.6	18.5%	1,246.4	143.4	11.5%
Procter & Gamble	24,970.0	5,582.0	22.4%	8,717.0	1,809.0	20.8%	8,073.0	2,154.0	26.7%	8,180.0	1,619.0	19.8%
Clorox	1,814.1	475.3	26.2%	632.3	131.6	20.8%	642.7	184.7	28.7%	539.0	159.0	29.5%
Colgate-Palmolive	3,342.4	897.0	26.8%	1,199.3	317.7	26.5%	1,148.6	345.3	30.1%	994.5	234.0	23.5%
<b>Household &amp; personal products</b>	<b>34,537.4</b>	<b>7,766.3</b>	<b>22.5%</b>	<b>12,063.7</b>	<b>2,621.3</b>	<b>21.7%</b>	<b>11,513.8</b>	<b>2,989.6</b>	<b>26.0%</b>	<b>10,959.9</b>	<b>2,155.4</b>	<b>19.7%</b>
<b>Industrial machinery</b>												
General Electric	10,459.7	-4,737.0	-45.3%	4,247.6	-3,253.0	-76.6%	1,574.1	-833.0	-52.9%	4,638.0	-651.0	-14.0%
Honeywell International	4,903.1	-33.9	-0.7%	1,243.2	-481.8	-38.7%	1,723.2	-27.8	-1.6%	1,936.6	475.6	24.6%
Flowserve	465.0	24.1	5.2%	202.3	4.2	2.1%	136.4	18.6	13.6%	126.3	1.2	1.0%
SPX	565.7	35.3	6.2%	89.6	-36.2	-40.4%	216.2	49.3	22.8%	259.9	22.1	8.5%
Dover	1,221.3	216.6	17.7%	463.2	28.5	6.2%	253.2	70.9	28.0%	504.9	117.2	23.2%
Deere	4,609.7	1,036.3	22.5%	2,020.6	538.0	26.6%	906.6	-0.8	-0.1%	1,682.5	499.0	29.7%
Parker Hannifin	1,194.8	293.6	24.6%	332.0	73.5	22.2%	372.6	43.5	11.7%	490.1	176.6	36.0%
<b>Industrial machinery</b>	<b>23,419.3</b>	<b>-3,165.1</b>	<b>-13.5%</b>	<b>8,598.6</b>	<b>-3,126.6</b>	<b>-36.4%</b>	<b>5,182.3</b>	<b>-679.3</b>	<b>-13.1%</b>	<b>9,638.4</b>	<b>640.8</b>	<b>6.6%</b>
<b>Information Technology Services</b>												
Computer Sciences	1,665.8	-305.1	-18.3%	560.0	14.0	2.5%	479.6	77.6	16.2%	626.2	-396.7	-63.4%
International Business Machines	26,473.0	1,001.0	3.8%	8,861.0	190.0	2.1%	9,404.0	473.0	5.0%	8,208.0	338.0	4.1%
<b>Information Technology Services</b>	<b>28,138.8</b>	<b>695.9</b>	<b>2.5%</b>	<b>9,421.0</b>	<b>204.0</b>	<b>2.2%</b>	<b>9,883.6</b>	<b>550.6</b>	<b>5.6%</b>	<b>8,834.2</b>	<b>-58.7</b>	<b>-0.7%</b>
<b>Miscellaneous manufacturing</b>												
Paccar	365.5	-111.6	-30.5%	178.1	24.5	13.8%	82.8	-108.3	-130.7%	104.6	-27.8	-26.6%
Navistar International	896.0	-18.0	-2.0%	162.0	-30.0	-18.5%	435.0	3.0	0.7%	299.0	9.0	3.0%
Mattel	1,019.8	-9.2	-0.9%	429.7	7.8	1.8%	355.6	-21.1	-5.9%	234.5	4.1	1.8%
International Paper	1,470.0	138.0	9.4%	217.0	-249.0	-114.7%	898.0	228.0	25.4%	355.0	159.0	44.8%
Levi Strauss	398.9	40.5	10.2%	162.6	12.3	7.5%	40.6	17.9	44.2%	195.7	10.3	5.3%
Domtar	982.1	127.6	13.0%	162.0	-6.1	-3.8%	556.0	94.8	17.1%	264.1	38.8	14.7%
Ball	817.9	156.3	19.1%	309.0	38.1	12.3%	293.8	74.4	25.3%	215.1	43.8	20.4%
VF	1,651.2	372.0	22.5%	587.1	181.0	30.8%	489.6	75.2	15.4%	574.4	115.8	20.2%
Phillips-Van Heusen	368.6	87.1	23.6%	20.5	1.3	6.2%	202.6	25.3	12.5%	145.4	60.5	41.6%



## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 by Industry

\$-millions	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
3M	7,283.4	1,734.2	23.8%	2,695.5	793.2	29.4%	2,286.6	76.4	3.3%	2,301.3	864.6	37.6%
Polo Ralph Lauren	1,305.3	324.6	24.9%	541.4	90.9	16.8%	436.4	117.2	26.8%	327.6	116.6	35.6%
Thermo Fisher Scientific	1,981.0	600.1	30.3%	753.5	245.9	32.6%	555.0	190.1	34.3%	672.4	164.0	24.4%
Bemis	527.6	161.9	30.7%	212.3	67.7	31.9%	143.6	51.5	35.9%	171.7	42.8	24.9%
Nike	2,501.4	777.3	31.1%	1,038.1	236.1	22.7%	659.0	152.0	23.1%	804.3	389.2	48.4%
Illinois Tool Works	2,814.4	974.0	34.6%	1,190.8	421.6	35.4%	503.1	226.6	45.0%	1,120.5	325.9	29.1%
Sealed Air	266.7	94.6	35.5%	73.0	22.1	30.3%	100.7	35.8	35.6%	93.0	36.7	39.5%
Harley-Davidson	1,570.6	606.5	38.6%	350.7	135.1	38.5%	246.7	94.8	38.4%	973.2	376.5	38.7%
<b>Miscellaneous manufacturing</b>	<b>26,220.3</b>	<b>6,056.1</b>	<b>23.1%</b>	<b>9,083.3</b>	<b>1,992.3</b>	<b>21.9%</b>	<b>8,285.2</b>	<b>1,333.8</b>	<b>16.1%</b>	<b>8,851.8</b>	<b>2,730.1</b>	<b>30.8%</b>
<b>Miscellaneous services</b>												
Interpublic Group	570.9	-15.0	-2.6%	199.4	13.7	6.9%	148.0	-48.4	-32.7%	223.5	19.7	8.8%
FedEx	4,246.6	37.0	0.9%	1,749.0	60.0	3.4%	1,289.3	15.3	1.2%	1,208.3	-38.3	-3.2%
Yahoo	1,663.0	144.8	8.7%	855.5	-82.0	-9.6%	354.3	102.1	28.8%	453.2	124.7	27.5%
Omnicom Group	1,894.2	219.4	11.6%	569.2	70.3	12.4%	587.0	58.2	9.9%	738.0	90.9	12.3%
Time Warner	8,610.3	1,095.9	12.7%	3,399.7	758.2	22.3%	3,180.2	412.2	13.0%	2,030.5	-74.5	-3.7%
Yum Brands	1,074.8	159.8	14.9%	341.9	97.9	28.6%	294.2	-69.8	-23.7%	438.6	131.6	30.0%
Darden Restaurants	1,492.0	262.9	17.6%	505.8	126.5	25.0%	497.6	38.1	7.7%	488.6	98.3	20.1%
News Corp.	8,332.0	1,746.0	21.0%	3,182.0	823.0	25.9%	2,775.0	248.0	8.9%	2,375.0	675.0	28.4%
United Parcel Service	12,443.9	2,993.6	24.1%	4,661.7	772.7	16.6%	2,997.2	714.2	23.8%	4,785.0	1,506.7	31.5%
Waste Management	4,384.5	1,180.5	26.9%	1,419.6	346.6	24.4%	1,322.7	403.7	30.5%	1,642.2	430.2	26.2%
Viacom	4,850.0	1,308.0	27.0%	1,512.0	553.0	36.6%	1,944.0	427.0	22.0%	1,394.0	328.0	23.5%
Walt Disney	17,463.0	4,765.0	27.3%	5,851.1	1,467.1	25.1%	5,277.7	1,274.7	24.2%	6,334.1	2,023.1	31.9%
McDonald's	7,841.4	2,457.6	31.3%	2,624.2	1,020.7	38.9%	2,561.0	731.1	28.5%	2,656.2	705.8	26.6%
Automatic Data Processing	5,044.8	1,740.5	34.5%	1,583.9	401.1	25.3%	1,873.7	707.7	37.8%	1,587.2	631.7	39.8%
Apollo Group	3,022.6	1,077.6	35.7%	1,268.8	452.9	35.7%	995.6	362.6	36.4%	758.2	262.2	34.6%
<b>Miscellaneous services</b>	<b>82,933.9</b>	<b>19,173.5</b>	<b>23.1%</b>	<b>29,723.8</b>	<b>6,881.7</b>	<b>23.2%</b>	<b>26,097.4</b>	<b>5,376.7</b>	<b>20.6%</b>	<b>27,112.7</b>	<b>6,915.2</b>	<b>25.5%</b>
<b>Oil, gas &amp; pipelines</b>												
El Paso	4,105.0	-41.0	-1.0%	1,231.0	-4.0	-0.3%	1,205.0	-1.0	-0.1%	1,669.0	-36.0	-2.2%
Apache	3,596.9	22.3	0.6%	1,324.0	25.0	1.9%	438.6	-130.5	-29.7%	1,834.3	127.8	7.0%
EOG Resources	4,825.2	95.5	2.0%	755.0	17.8	2.4%	878.6	32.2	3.7%	3,191.6	45.4	1.4%
Oneok	2,223.3	84.1	3.8%	742.5	58.9	7.9%	696.3	6.4	0.9%	784.5	18.8	2.4%
Devon Energy	8,687.5	477.5	5.5%	2,929.8	230.8	7.9%	1,430.4	38.4	2.7%	4,327.4	208.4	4.8%
Peabody Energy	1,008.2	71.0	7.0%	543.3	71.7	13.2%	279.7	-0.7	-0.3%	185.2	—	—
Williams	3,671.0	270.0	7.4%	560.0	81.0	14.5%	987.0	10.0	1.0%	2,124.0	179.0	8.4%
Holly	418.2	31.1	7.4%	187.7	31.9	17.0%	45.9	-23.9	-52.1%	184.6	23.1	12.5%
Chesapeake Energy	8,560.0	693.2	8.1%	2,806.0	-120.0	-4.3%	1,987.0	427.1	21.5%	3,767.0	386.1	10.2%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 by Industry

\$-millions	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
<b>Industry &amp; Company</b>												
Spectra Energy	2,792.0	380.0	13.6%	877.0	105.0	12.0%	806.0	35.0	4.3%	1,109.0	240.0	21.6%
MDU Resources	1,283.6	178.5	13.9%	326.1	36.0	11.1%	384.8	63.9	16.6%	572.8	78.6	13.7%
Exxon Mobil	19,655.2	2,783.2	14.2%	7,419.4	992.4	13.4%	2,490.2	-953.8	-38.3%	9,745.5	2,744.5	28.2%
Newmont Mining	1,591.0	230.2	14.5%	737.0	163.2	22.1%	291.0	4.5	1.5%	563.0	62.5	11.1%
Marathon Oil	5,366.9	846.9	15.8%	949.9	173.9	18.3%	570.7	-232.3	-40.7%	3,846.3	905.3	23.5%
Cliffs Natural Resources	1,286.7	204.8	15.9%	595.3	105.4	17.7%	127.9	-49.1	-38.4%	563.5	148.5	26.4%
Consol Energy	1,689.1	270.3	16.0%	415.4	69.3	16.7%	663.1	131.5	19.8%	610.6	69.5	11.4%
Halliburton	5,065.0	931.0	18.4%	1,876.0	400.0	21.3%	565.0	-30.0	-5.3%	2,624.0	561.0	21.4%
Occidental Petroleum	11,058.3	2,086.3	18.9%	3,219.8	595.8	18.5%	2,068.2	-3.8	-0.2%	5,770.3	1,494.3	25.9%
Chevron	17,517.3	4,344.3	24.8%	6,163.6	1,445.6	23.5%	1,098.3	107.3	9.8%	10,255.3	2,791.3	27.2%
FMC Technologies	200.1	53.4	26.7%	64.6	16.0	24.7%	68.8	37.6	54.7%	66.8	-0.1	-0.2%
ConocoPhillips	19,079.0	5,132.0	26.9%	5,971.0	1,312.0	22.0%	2,442.0	575.0	23.5%	10,666.0	3,245.0	30.4%
Cameron International	918.1	295.4	32.2%	360.0	88.9	24.7%	221.6	78.2	35.3%	336.5	128.2	38.1%
Murphy Oil	962.1	323.7	33.6%	199.2	95.1	47.8%	299.2	110.6	37.0%	463.7	118.0	25.4%
<b>Oil, gas &amp; pipelines</b>	<b>125,559.8</b>	<b>19,763.8</b>	<b>15.7%</b>	<b>40,253.6</b>	<b>5,991.8</b>	<b>14.9%</b>	<b>20,045.4</b>	<b>232.8</b>	<b>1.2%</b>	<b>65,260.8</b>	<b>13,539.2</b>	<b>20.7%</b>
<b>Pharmaceuticals &amp; medical products</b>												
Baxter International	926.1	-65.9	-7.1%	181.1	39.1	21.6%	465.6	-12.4	-2.7%	279.4	-92.6	-33.2%
Eli Lilly	5,066.3	214.3	4.2%	3,112.8	376.2	12.1%	1,751.8	45.7	2.6%	201.7	-207.6	-102.9%
Merck	12,166.7	1,398.0	11.5%	1,038.1	399.0	38.4%	5,766.2	-55.0	-1.0%	5,362.4	1,054.0	19.7%
Bristol-Myers Squibb	8,699.0	1,389.0	16.0%	3,768.2	724.2	19.2%	2,684.3	384.3	14.3%	2,246.5	280.5	12.5%
Gilead Sciences	8,900.0	1,865.1	21.0%	3,787.8	785.3	20.7%	3,362.5	653.5	19.4%	1,749.7	426.3	24.4%
Becton Dickinson	2,553.8	638.0	25.0%	869.8	288.0	33.1%	883.8	140.9	15.9%	800.2	209.1	26.1%
Medtronic	4,026.1	1,081.6	26.9%	1,545.7	363.8	23.5%	1,509.1	501.6	33.2%	971.3	216.2	22.3%
Amgen	6,517.0	1,827.0	28.0%	2,165.0	636.0	29.4%	2,019.0	325.0	16.1%	2,333.0	866.0	37.1%
Johnson & Johnson	19,120.3	5,693.3	29.8%	5,790.3	1,802.3	31.1%	7,212.7	1,973.7	27.4%	6,117.3	1,917.3	31.3%
St. Jude Medical	1,595.1	598.6	37.5%	541.5	250.0	46.2%	541.1	190.9	35.3%	512.5	157.7	30.8%
<b>Pharmaceuticals &amp; medical products</b>	<b>69,570.3</b>	<b>14,639.0</b>	<b>21.0%</b>	<b>22,800.4</b>	<b>5,663.9</b>	<b>24.8%</b>	<b>26,196.1</b>	<b>4,148.2</b>	<b>15.8%</b>	<b>20,573.8</b>	<b>4,826.9</b>	<b>23.5%</b>
<b>Publishing, printing</b>												
R.R. Donnelley & Sons	990.7	145.4	14.7%	233.3	99.4	42.6%	196.6	95.0	48.3%	560.7	-49.1	-8.8%
Washington Post	986.0	276.5	28.0%	501.1	136.4	27.2%	212.3	65.5	30.8%	272.6	74.6	27.4%
McGraw-Hill	2,744.8	841.6	30.7%	1,009.3	244.5	24.2%	832.6	280.7	33.7%	903.0	316.3	35.0%
<b>Publishing, printing</b>	<b>4,721.5</b>	<b>1,263.4</b>	<b>26.8%</b>	<b>1,743.7</b>	<b>480.4</b>	<b>27.5%</b>	<b>1,241.4</b>	<b>441.2</b>	<b>35.5%</b>	<b>1,736.4</b>	<b>341.8</b>	<b>19.7%</b>
<b>Retail &amp; wholesale trade</b>												
Insight Enterprises	125.2	8.4	6.7%	70.2	8.0	11.3%	14.9	-4.8	-32.3%	40.1	5.3	13.2%
Amazon.com	1,831.5	144.5	7.9%	882.3	48.3	5.5%	533.5	48.5	9.1%	415.7	47.7	11.5%
Pantry	154.2	17.9	11.6%	29.2	-3.7	-12.7%	80.7	16.3	20.2%	44.4	5.3	12.0%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 by Industry

\$-millions	Three-Year Totals			2010			2009			2008		
Industry & Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Core-Mark Holding	132.2	15.7	11.9%	32.3	2.1	6.6%	71.1	7.3	10.2%	28.7	6.3	21.9%
Macy's	2,242.0	271.0	12.1%	1,308.0	217.0	16.6%	498.0	48.0	9.6%	436.0	6.0	1.4%
Airgas	1,109.9	144.0	13.0%	393.8	70.5	17.9%	304.4	30.7	10.1%	411.7	42.8	10.4%
Supervalu	1,668.7	216.7	13.0%	346.7	3.7	1.1%	622.8	65.8	10.6%	699.2	147.2	21.0%
Casey's General Stores	460.1	66.0	14.3%	149.6	-6.7	-4.5%	176.9	41.3	23.4%	133.7	31.3	23.4%
Wesco International	645.7	100.1	15.5%	164.6	8.7	5.3%	169.4	29.1	17.2%	311.7	62.3	20.0%
J.C. Penney	1,849.5	301.5	16.3%	585.3	90.3	15.4%	379.0	59.0	15.6%	885.2	152.2	17.2%
UGI	1,194.7	212.1	17.8%	429.1	55.3	12.9%	410.6	67.2	16.4%	355.0	89.6	25.2%
Ruddick	450.2	83.4	18.5%	164.8	14.1	8.6%	141.5	35.0	24.7%	143.8	34.3	23.9%
Arrow Electronics	875.1	166.5	19.0%	300.0	86.7	28.9%	107.2	24.5	22.9%	467.9	55.3	11.8%
Reliance Steel & Aluminum	1,174.8	232.4	19.8%	271.5	37.0	13.6%	197.3	-14.8	-7.5%	706.0	210.2	29.8%
Kroger	5,242.3	1,178.3	22.5%	1,657.0	697.0	42.1%	1,661.7	189.7	11.4%	1,923.6	291.6	15.2%
McKesson	3,170.0	715.0	22.6%	1,121.0	283.0	25.2%	1,315.0	255.0	19.4%	734.0	177.0	24.1%
Nash-Finch	195.0	44.9	23.0%	71.3	5.9	8.3%	71.4	27.3	38.2%	52.2	11.8	22.6%
O'Reilly Automotive	1,437.9	333.1	23.2%	668.1	130.9	19.6%	481.6	113.5	23.6%	288.2	88.7	30.8%
Safeway	2,331.6	565.8	24.3%	506.0	178.9	35.4%	624.3	137.0	21.9%	1,201.3	249.9	20.8%
AmerisourceBergen	2,507.8	639.7	25.5%	992.3	251.8	25.4%	793.5	199.7	25.2%	721.9	188.3	26.1%
Target	11,519.0	2,997.0	26.0%	4,451.0	1,086.0	24.4%	3,729.0	877.0	23.5%	3,339.0	1,034.0	31.0%
Dollar General	1,669.4	439.8	26.3%	954.2	261.5	27.4%	526.2	168.6	32.0%	189.0	9.7	5.1%
Advance Auto Parts	1,330.1	351.6	26.4%	539.5	145.6	27.0%	424.7	84.5	19.9%	365.9	121.5	33.2%
Big Lots	892.9	241.3	27.0%	340.4	83.7	24.6%	311.7	89.8	28.8%	240.7	67.8	28.2%
BJ's Wholesale Club	607.1	164.7	27.1%	190.0	31.3	16.5%	204.8	71.0	34.7%	212.2	62.3	29.4%
TJX	4,343.1	1,183.0	27.2%	1,701.2	487.4	28.7%	1,507.7	451.3	29.9%	1,134.2	244.2	21.5%
Express Scripts	4,382.6	1,238.3	28.3%	1,888.1	497.1	26.3%	1,289.1	396.6	30.8%	1,205.4	344.6	28.6%
Owens & Minor	510.5	145.3	28.5%	171.7	59.2	34.4%	179.7	49.4	27.5%	159.0	36.7	23.1%
Genuine Parts	2,294.0	653.1	28.5%	728.4	219.1	30.1%	487.3	172.3	35.3%	1,078.2	261.7	24.3%
GameStop	1,560.3	453.7	29.1%	543.7	117.9	21.7%	496.8	162.7	32.7%	519.8	173.2	33.3%
Anixter International	395.1	115.0	29.1%	112.0	20.1	18.0%	95.6	28.5	29.8%	187.5	66.4	35.4%
Tech Data	312.9	92.3	29.5%	134.3	45.6	33.9%	91.8	26.6	29.0%	86.8	20.1	23.2%
Dick's Sporting Goods	661.5	198.4	30.0%	283.8	61.6	21.7%	212.7	52.2	24.5%	164.9	84.6	51.3%
Wal-Mart Stores	50,515.0	15,169.0	30.0%	17,761.0	4,600.0	25.9%	17,106.0	5,798.0	33.9%	15,648.0	4,771.0	30.5%
Limited Brands	2,249.6	677.6	30.1%	1,158.3	390.3	33.7%	565.0	138.0	24.4%	526.3	149.3	28.4%
Costco Wholesale	4,174.2	1,267.2	30.4%	1,348.7	436.7	32.4%	1,360.3	394.3	29.0%	1,465.1	436.1	29.8%
Graybar Electric	260.6	80.1	30.7%	67.3	14.4	21.4%	60.0	21.6	36.0%	133.3	44.1	33.1%
Ingram Micro	187.9	58.1	30.9%	83.0	33.8	40.7%	13.7	-1.8	-13.4%	91.2	26.2	28.7%
Publix Super Markets	5,250.8	1,628.4	31.0%	1,960.0	601.1	30.7%	1,706.7	518.3	30.4%	1,584.1	509.0	32.1%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 by Industry

\$-millions	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Henry Schein	903.5	281.5	31.2%	323.2	99.2	30.7%	292.4	97.2	33.2%	287.8	85.1	29.6%
Kohl's	4,621.0	1,458.0	31.6%	1,712.5	564.5	33.0%	1,528.5	482.5	31.6%	1,380.0	411.0	29.8%
AutoZone	3,120.4	986.5	31.6%	1,126.4	397.1	35.3%	1,007.3	303.9	30.2%	986.8	285.5	28.9%
Staples	2,412.1	767.0	31.8%	828.1	142.3	17.2%	687.7	322.6	46.9%	896.2	302.2	33.7%
Family Dollar Stores	1,326.0	421.7	31.8%	540.9	173.0	32.0%	433.4	137.0	31.6%	351.7	111.7	31.8%
Cardinal Health	3,109.7	1,009.1	32.5%	1,279.8	387.5	30.3%	916.3	429.4	46.9%	913.6	192.2	21.0%
United Stationers	489.3	158.8	32.5%	186.0	45.7	24.6%	152.8	61.4	40.2%	150.6	51.7	34.3%
Walgreen	9,653.0	3,137.0	32.5%	3,283.0	1,129.0	34.4%	3,073.0	807.0	26.3%	3,297.0	1,201.0	36.4%
W.W. Grainger	2,099.2	685.4	32.7%	758.3	262.3	34.6%	646.9	187.6	29.0%	694.0	235.5	33.9%
RadioShack	915.2	299.4	32.7%	320.3	101.9	31.8%	319.3	105.3	33.0%	275.6	92.2	33.5%
CVS Caremark	15,989.3	5,257.3	32.9%	5,288.8	1,870.8	35.4%	5,519.3	1,750.3	31.7%	5,181.2	1,636.2	31.6%
Dollar Tree	1,417.1	467.8	33.0%	598.6	215.7	36.0%	480.1	160.2	33.4%	338.4	91.9	27.2%
PetSmart	928.4	306.6	33.0%	344.6	126.7	36.8%	282.9	109.5	38.7%	300.8	70.4	23.4%
CarMax	1,108.9	366.3	33.0%	586.7	177.5	30.3%	435.3	120.0	27.6%	86.9	68.8	79.2%
Ross Stores	2,054.4	701.5	34.1%	869.1	317.5	36.5%	702.2	236.1	33.6%	483.1	147.9	30.6%
Synnex	310.3	108.2	34.9%	134.8	42.3	31.4%	91.0	30.1	33.1%	84.6	35.8	42.3%
Gap	4,213.6	1,470.6	34.9%	1,612.9	466.9	28.9%	1,433.7	568.7	39.7%	1,167.0	435.0	37.3%
Home Depot	11,013.0	3,918.0	35.6%	4,673.0	1,478.0	31.6%	3,402.0	1,157.0	34.0%	2,938.0	1,283.0	43.7%
Bed Bath & Beyond	2,764.7	996.4	36.0%	1,202.8	424.5	35.3%	925.3	341.7	36.9%	636.6	230.2	36.2%
Lowe's	9,082.3	3,285.3	36.2%	3,040.2	1,170.2	38.5%	2,702.0	1,046.0	38.7%	3,340.2	1,069.2	32.0%
Whole Foods Market	747.5	271.7	36.3%	359.6	148.9	41.4%	222.6	64.6	29.0%	165.3	58.1	35.2%
Nordstrom	2,210.7	820.7	37.1%	941.8	310.8	33.0%	659.2	269.2	40.8%	609.7	240.7	39.5%
Medco Health Solutions	5,919.4	2,220.2	37.5%	2,229.4	798.9	35.8%	1,975.9	791.7	40.1%	1,714.1	629.5	36.7%
Best Buy	4,849.7	1,908.1	39.3%	1,557.2	679.9	43.7%	1,709.7	660.2	38.6%	1,582.8	568.0	35.9%
<b>Retail &amp; wholesale trade</b>	<b>213,173.5</b>	<b>63,914.1</b>	<b>30.0%</b>	<b>78,358.1</b>	<b>22,902.2</b>	<b>29.2%</b>	<b>68,622.5</b>	<b>21,113.4</b>	<b>30.8%</b>	<b>66,192.9</b>	<b>19,898.5</b>	<b>30.1%</b>
<b>Telecommunications</b>												
Verizon Communications	32,518.0	-951.0	-2.9%	11,963.0	-705.0	-5.9%	12,261.0	-611.0	-5.0%	8,294.0	365.0	4.4%
AT&T	53,755.2	4,323.1	8.0%	17,359.0	305.3	1.8%	17,343.0	2,852.0	16.4%	19,053.1	1,165.7	6.1%
DirecTV	6,085.2	1,222.2	20.1%	2,790.9	381.9	13.7%	1,383.9	303.9	22.0%	1,910.4	536.4	28.1%
Comcast	14,755.3	3,039.2	20.6%	5,719.7	1,498.7	26.2%	5,262.0	802.0	15.2%	3,773.6	738.5	19.6%
CenturyLink	2,856.7	670.1	23.5%	1,467.4	374.6	25.5%	813.0	154.8	19.0%	576.3	140.7	24.4%
DISH Network	4,669.0	1,107.3	23.7%	1,643.5	286.5	17.4%	1,292.9	361.0	27.9%	1,732.6	459.9	26.5%
<b>Telecommunications</b>	<b>114,639.3</b>	<b>9,410.8</b>	<b>8.2%</b>	<b>40,943.5</b>	<b>2,142.0</b>	<b>5.2%</b>	<b>38,355.7</b>	<b>3,862.6</b>	<b>10.1%</b>	<b>35,340.0</b>	<b>3,406.2</b>	<b>9.6%</b>
<b>Transportation</b>												
Con-way	286.4	-26.0	-9.1%	46.1	-53.2	-115.4%	32.2	7.7	23.9%	208.2	19.4	9.3%
Ryder System	627.0	-45.8	-7.3%	151.8	3.9	2.6%	126.3	-45.5	-36.0%	348.9	-4.3	-1.2%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 by Industry

\$-millions	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
<b>Industry &amp; Company</b>												
CSX	6,476.6	787.6	12.2%	2,494.6	419.6	16.8%	1,711.1	141.1	8.2%	2,270.9	226.9	10.0%
Union Pacific	10,835.9	1,780.9	16.4%	4,322.8	819.8	19.0%	2,925.7	307.7	10.5%	3,587.3	653.3	18.2%
Southwest Airlines	1,159.0	197.0	17.0%	726.0	198.0	27.3%	165.0	-24.0	-14.5%	268.0	23.0	8.6%
Norfolk Southern	6,595.5	1,285.5	19.5%	2,305.7	464.7	20.2%	1,613.6	226.6	14.0%	2,676.1	594.1	22.2%
C.H. Robinson Worldwide	1,595.2	537.3	33.7%	568.2	185.0	32.6%	522.3	182.9	35.0%	504.8	169.4	33.6%
<b>Transportation</b>	<b>27,575.6</b>	<b>4,516.4</b>	<b>16.4%</b>	<b>10,615.2</b>	<b>2,037.9</b>	<b>19.2%</b>	<b>7,096.2</b>	<b>796.6</b>	<b>11.2%</b>	<b>9,864.2</b>	<b>1,682.0</b>	<b>17.1%</b>
<b>Utilities, gas and electric</b>												
Pepco Holdings	882.0	-508.0	-57.6%	229.0	-270.0	-117.9%	359.0	-160.0	-44.6%	294.0	-78.0	-26.5%
PG&E Corp.	4,855.0	-1,027.0	-21.2%	1,530.0	-12.0	-0.8%	1,735.0	-747.0	-43.1%	1,590.0	-268.0	-16.9%
NiSource	1,384.6	-227.3	-16.4%	432.9	-61.8	-14.3%	411.7	-197.0	-47.9%	540.0	31.5	5.8%
CenterPoint Energy	1,931.0	-284.0	-14.7%	681.0	40.0	5.9%	538.0	-103.0	-19.1%	712.0	-221.0	-31.0%
Atmos Energy	896.8	-103.7	-11.6%	328.5	-73.8	-22.5%	283.3	-37.0	-13.1%	285.0	7.2	2.5%
Integrus Energy Group	818.4	-92.3	-11.3%	353.0	-83.7	-23.7%	293.0	1.9	0.6%	172.4	-10.5	-6.1%
American Electric Power	5,899.0	-545.0	-9.2%	1,869.0	-134.0	-7.2%	2,014.0	-575.0	-28.6%	2,016.0	164.0	8.1%
Wisconsin Energy	1,724.9	-85.0	-4.9%	653.0	71.7	11.0%	543.4	-26.0	-4.8%	528.6	-130.7	-24.7%
Duke Energy	5,475.5	-216.0	-3.9%	2,149.8	-5.0	-0.2%	1,767.6	-271.0	-15.3%	1,558.0	60.0	3.9%
Consolidated Edison	4,263.0	-127.0	-3.0%	1,528.0	-144.0	-9.4%	1,331.0	16.0	1.2%	1,404.0	1.0	0.1%
CMS Energy	1,292.0	-29.0	-2.2%	561.0	-21.0	-3.7%	307.0	-12.0	-3.9%	424.0	4.0	0.9%
NextEra Energy	6,403.0	-139.0	-2.2%	2,478.0	11.0	0.4%	1,865.0	-18.0	-1.0%	2,060.0	-132.0	-6.4%
DTE Energy	2,551.0	-17.0	-0.7%	950.0	-172.0	-18.1%	782.0	25.0	3.2%	819.0	130.0	15.9%
Xcel Energy	3,181.7	32.8	1.0%	1,176.0	16.7	1.4%	1,048.2	-39.9	-3.8%	957.5	56.0	5.9%
Northeast Utilities	1,430.1	16.7	1.2%	611.2	8.3	1.4%	463.0	3.8	0.8%	356.0	4.7	1.3%
Sempra Energy	2,588.0	56.0	2.2%	450.0	27.0	6.0%	967.0	39.0	4.0%	1,171.0	-10.0	-0.9%
Entergy	5,555.8	163.6	2.9%	1,867.7	145.2	7.8%	1,991.7	-433.1	-21.7%	1,696.3	451.5	26.6%
FirstEnergy	4,458.0	149.0	3.3%	1,207.0	-23.0	-1.9%	1,191.0	-183.0	-15.4%	2,060.0	355.0	17.2%
Ameren	2,800.0	105.0	3.8%	886.0	13.0	1.5%	953.0	-73.0	-7.7%	961.0	165.0	17.2%
PPL	2,110.0	91.0	4.3%	935.0	-51.0	-5.5%	234.0	-72.0	-30.8%	941.0	214.0	22.7%
Scana	1,589.0	72.0	4.5%	533.0	-47.0	-8.8%	528.0	63.0	11.9%	528.0	56.0	10.6%
Progress Energy	3,776.0	219.0	5.8%	1,419.0	-46.0	-3.2%	1,196.0	227.0	19.0%	1,161.0	38.0	3.3%
NRG Energy	3,794.0	399.0	10.5%	656.0	211.0	32.2%	1,488.0	99.0	6.7%	1,650.0	89.0	5.4%
Exelon	12,191.8	2,042.8	16.8%	4,050.5	503.5	12.4%	4,265.9	798.9	18.7%	3,875.4	740.4	19.1%
Southern	8,274.0	1,441.0	17.4%	3,120.0	42.0	1.3%	2,504.0	771.0	30.8%	2,650.0	628.0	23.7%
Dominion Resources	9,680.8	2,326.9	24.0%	4,980.7	882.7	17.7%	2,200.9	947.9	43.1%	2,499.2	496.3	19.9%
<b>Utilities, gas and electric</b>	<b>99,805.4</b>	<b>3,714.4</b>	<b>3.7%</b>	<b>35,635.4</b>	<b>827.7</b>	<b>2.3%</b>	<b>31,260.6</b>	<b>45.3</b>	<b>0.1%</b>	<b>32,909.3</b>	<b>2,841.3</b>	<b>8.6%</b>
<b>ALL INDUSTRIES</b>	<b>\$ 1,352,850</b>	<b>\$ 250,797</b>	<b>18.5%</b>	<b>\$ 487,709</b>	<b>\$ 85,574</b>	<b>17.5%</b>	<b>\$ 422,765</b>	<b>\$ 71,768</b>	<b>17.0%</b>	<b>\$ 442,376</b>	<b>\$ 93,454</b>	<b>21.1%</b>

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (by 3-year tax rate)

\$-millions Company	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Pepco Holdings	882.0	-508.0	-57.6%	229.0	-270.0	-117.9%	359.0	-160.0	-44.6%	294.0	-78.0	-26.5%
General Electric	10,459.7	-4,737.0	-45.3%	4,247.6	-3,253.0	-76.6%	1,574.1	-833.0	-52.9%	4,638.0	-651.0	-14.0%
Paccar	365.5	-111.6	-30.5%	178.1	24.5	13.8%	82.8	-108.3	-130.7%	104.6	-27.8	-26.6%
PG&E Corp.	4,855.0	-1,027.0	-21.2%	1,530.0	-12.0	-0.8%	1,735.0	-747.0	-43.1%	1,590.0	-268.0	-16.9%
Computer Sciences	1,665.8	-305.1	-18.3%	560.0	14.0	2.5%	479.6	77.6	16.2%	626.2	-396.7	-63.4%
NiSource	1,384.6	-227.3	-16.4%	432.9	-61.8	-14.3%	411.7	-197.0	-47.9%	540.0	31.5	5.8%
CenterPoint Energy	1,931.0	-284.0	-14.7%	681.0	40.0	5.9%	538.0	-103.0	-19.1%	712.0	-221.0	-31.0%
Tenet Healthcare	415.0	-48.0	-11.6%	158.0	6.0	3.8%	194.0	-53.0	-27.3%	63.0	-1.0	-1.6%
Atmos Energy	896.8	-103.7	-11.6%	328.5	-73.8	-22.5%	283.3	-37.0	-13.1%	285.0	7.2	2.5%
Integrus Energy Group	818.4	-92.3	-11.3%	353.0	-83.7	-23.7%	293.0	1.9	0.6%	172.4	-10.5	-6.1%
American Electric Power	5,899.0	-545.0	-9.2%	1,869.0	-134.0	-7.2%	2,014.0	-575.0	-28.6%	2,016.0	164.0	8.1%
Con-way	286.4	-26.0	-9.1%	46.1	-53.2	-115.4%	32.2	7.7	23.9%	208.2	19.4	9.3%
Ryder System	627.0	-45.8	-7.3%	151.8	3.9	2.6%	126.3	-45.5	-36.0%	348.9	-4.3	-1.2%
Baxter International	926.1	-65.9	-7.1%	181.1	39.1	21.6%	465.6	-12.4	-2.7%	279.4	-92.6	-33.2%
Wisconsin Energy	1,724.9	-85.0	-4.9%	653.0	71.7	11.0%	543.4	-26.0	-4.8%	528.6	-130.7	-24.7%
Duke Energy	5,475.5	-216.0	-3.9%	2,149.8	-5.0	-0.2%	1,767.6	-271.0	-15.3%	1,558.0	60.0	3.9%
DuPont	2,124.0	-72.0	-3.4%	949.0	-109.0	-11.5%	180.0	23.0	12.8%	995.0	14.0	1.4%
Consolidated Edison	4,263.0	-127.0	-3.0%	1,528.0	-144.0	-9.4%	1,331.0	16.0	1.2%	1,404.0	1.0	0.1%
Verizon Communications	32,518.0	-951.0	-2.9%	11,963.0	-705.0	-5.9%	12,261.0	-611.0	-5.0%	8,294.0	365.0	4.4%
Interpublic Group	570.9	-15.0	-2.6%	199.4	13.7	6.9%	148.0	-48.4	-32.7%	223.5	19.7	8.8%
CMS Energy	1,292.0	-29.0	-2.2%	561.0	-21.0	-3.7%	307.0	-12.0	-3.9%	424.0	4.0	0.9%
NextEra Energy	6,403.0	-139.0	-2.2%	2,478.0	11.0	0.4%	1,865.0	-18.0	-1.0%	2,060.0	-132.0	-6.4%
Navistar International	896.0	-18.0	-2.0%	162.0	-30.0	-18.5%	435.0	3.0	0.7%	299.0	9.0	3.0%
Boeing	9,735.5	-177.6	-1.8%	4,450.3	-2.7	-0.1%	1,493.9	-136.1	-9.1%	3,791.3	-38.7	-1.0%
Wells Fargo	49,370.0	-680.8	-1.4%	16,486.1	1,344.8	8.2%	21,797.2	-3,966.9	-18.2%	11,086.8	1,941.3	17.5%
El Paso	4,105.0	-41.0	-1.0%	1,231.0	-4.0	-0.3%	1,205.0	-1.0	-0.1%	1,669.0	-36.0	-2.2%
Mattel	1,019.8	-9.2	-0.9%	429.7	7.8	1.8%	355.6	-21.1	-5.9%	234.5	4.1	1.8%
Honeywell International	4,903.1	-33.9	-0.7%	1,243.2	-481.8	-38.7%	1,723.2	-27.8	-1.6%	1,936.6	475.6	24.6%
DTE Energy	2,551.0	-17.0	-0.7%	950.0	-172.0	-18.1%	782.0	25.0	3.2%	819.0	130.0	15.9%
Corning	1,977.0	-4.0	-0.2%	974.0	—	—	202.0	-8.0	-4.0%	801.0	4.0	0.5%
Reinsurance Group of America	942.2	1.2	0.1%	542.5	-216.1	-39.8%	332.4	201.6	60.7%	67.3	15.7	23.4%
Apache	3,596.9	22.3	0.6%	1,324.0	25.0	1.9%	438.6	-130.5	-29.7%	1,834.3	127.8	7.0%
FedEx	4,246.6	37.0	0.9%	1,749.0	60.0	3.4%	1,289.3	15.3	1.2%	1,208.3	-38.3	-3.2%
Xcel Energy	3,181.7	32.8	1.0%	1,176.0	16.7	1.4%	1,048.2	-39.9	-3.8%	957.5	56.0	5.9%
Northeast Utilities	1,430.1	16.7	1.2%	611.2	8.3	1.4%	463.0	3.8	0.8%	356.0	4.7	1.3%
PNC Financial Services Group	9,995.6	144.6	1.4%	3,584.2	-207.8	-5.8%	4,398.2	-109.8	-2.5%	2,013.2	462.2	23.0%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (by 3-year tax rate)

\$-millions	Three-Year Totals			2010			2009			2008		
	Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax
EOG Resources	4,825.2	95.5	2.0%	755.0	17.8	2.4%	878.6	32.2	3.7%	3,191.6	45.4	1.4%
Sempra Energy	2,588.0	56.0	2.2%	450.0	27.0	6.0%	967.0	39.0	4.0%	1,171.0	-10.0	-0.9%
Entergy	5,555.8	163.6	2.9%	1,867.7	145.2	7.8%	1,991.7	-433.1	-21.7%	1,696.3	451.5	26.6%
FirstEnergy	4,458.0	149.0	3.3%	1,207.0	-23.0	-1.9%	1,191.0	-183.0	-15.4%	2,060.0	355.0	17.2%
Hewlett-Packard	8,553.6	316.6	3.7%	3,890.9	240.9	6.2%	2,424.0	-87.0	-3.6%	2,238.7	162.7	7.3%
Ameren	2,800.0	105.0	3.8%	886.0	13.0	1.5%	953.0	-73.0	-7.7%	961.0	165.0	17.2%
International Business Machines	26,473.0	1,001.0	3.8%	8,861.0	190.0	2.1%	9,404.0	473.0	5.0%	8,208.0	338.0	4.1%
Oneok	2,223.3	84.1	3.8%	742.5	58.9	7.9%	696.3	6.4	0.9%	784.5	18.8	2.4%
Eli Lilly	5,066.3	214.3	4.2%	3,112.8	376.2	12.1%	1,751.8	45.7	2.6%	201.7	-207.6	-102.9%
PPL	2,110.0	91.0	4.3%	935.0	-51.0	-5.5%	234.0	-72.0	-30.8%	941.0	214.0	22.7%
Scana	1,589.0	72.0	4.5%	533.0	-47.0	-8.8%	528.0	63.0	11.9%	528.0	56.0	10.6%
H.J. Heinz	1,586.3	74.7	4.7%	552.8	31.6	5.7%	500.3	-26.4	-5.3%	533.2	69.5	13.0%
Omnicare	568.7	29.1	5.1%	18.3	-13.9	-76.1%	316.5	3.8	1.2%	233.9	39.2	16.8%
Flowserve	465.0	24.1	5.2%	202.3	4.2	2.1%	136.4	18.6	13.6%	126.3	1.2	1.0%
Devon Energy	8,687.5	477.5	5.5%	2,929.8	230.8	7.9%	1,430.4	38.4	2.7%	4,327.4	208.4	4.8%
Progress Energy	3,776.0	219.0	5.8%	1,419.0	-46.0	-3.2%	1,196.0	227.0	19.0%	1,161.0	38.0	3.3%
Health Management Associates	830.2	48.4	5.8%	261.0	53.4	20.4%	244.3	-7.3	-3.0%	324.9	2.4	0.7%
SPX	565.7	35.3	6.2%	89.6	-36.2	-40.4%	216.2	49.3	22.8%	259.9	22.1	8.5%
Loews	5,414.2	346.2	6.4%	2,215.3	152.3	6.9%	2,018.3	1.3	0.1%	1,180.5	192.5	16.3%
State Street Corp.	3,849.0	255.0	6.6%	731.0	-885.0	-121.1%	1,685.0	75.0	4.5%	1,433.0	1,065.0	74.3%
Ashland	389.1	26.2	6.7%	166.7	5.9	3.5%	46.6	8.2	17.5%	175.8	12.2	6.9%
Insight Enterprises	125.2	8.4	6.7%	70.2	8.0	11.3%	14.9	-4.8	-32.3%	40.1	5.3	13.2%
Peabody Energy	1,008.2	71.0	7.0%	543.3	71.7	13.2%	279.7	-0.7	-0.3%	185.2	—	—
Williams	3,671.0	270.0	7.4%	560.0	81.0	14.5%	987.0	10.0	1.0%	2,124.0	179.0	8.4%
Holly	418.2	31.1	7.4%	187.7	31.9	17.0%	45.9	-23.9	-52.1%	184.6	23.1	12.5%
Amazon.com	1,831.5	144.5	7.9%	882.3	48.3	5.5%	533.5	48.5	9.1%	415.7	47.7	11.5%
AT&T	53,755.2	4,323.1	8.0%	17,359.0	305.3	1.8%	17,343.0	2,852.0	16.4%	19,053.1	1,165.7	6.1%
Chesapeake Energy	8,560.0	693.2	8.1%	2,806.0	-120.0	-4.3%	1,987.0	427.1	21.5%	3,767.0	386.1	10.2%
Yahoo	1,663.0	144.8	8.7%	855.5	-82.0	-9.6%	354.3	102.1	28.8%	453.2	124.7	27.5%
International Paper	1,470.0	138.0	9.4%	217.0	-249.0	-114.7%	898.0	228.0	25.4%	355.0	159.0	44.8%
United Technologies	7,935.4	791.4	10.0%	2,543.3	44.3	1.7%	2,538.7	197.7	7.8%	2,853.5	549.5	19.3%
Levi Strauss	398.9	40.5	10.2%	162.6	12.3	7.5%	40.6	17.9	44.2%	195.7	10.3	5.3%
NRG Energy	3,794.0	399.0	10.5%	656.0	211.0	32.2%	1,488.0	99.0	6.7%	1,650.0	89.0	5.4%
Goodrich	1,901.5	200.8	10.6%	634.2	49.3	7.8%	546.3	39.8	7.3%	721.0	111.7	15.5%
Community Health Systems	1,286.8	140.6	10.9%	499.1	43.1	8.6%	432.0	96.4	22.3%	355.7	1.1	0.3%
Dean Foods	765.3	85.3	11.1%	126.2	-48.5	-38.4%	355.6	94.2	26.5%	283.5	39.7	14.0%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (by 3-year tax rate)

\$-millions	Three-Year Totals			2010			2009			2008		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Merck	12,166.7	1,398.0	11.5%	1,038.1	399.0	38.4%	5,766.2	-55.0	-1.0%	5,362.4	1,054.0	19.7%
Omnicom Group	1,894.2	219.4	11.6%	569.2	70.3	12.4%	587.0	58.2	9.9%	738.0	90.9	12.3%
Pantry	154.2	17.9	11.6%	29.2	-3.7	-12.7%	80.7	16.3	20.2%	44.4	5.3	12.0%
Core-Mark Holding	132.2	15.7	11.9%	32.3	2.1	6.6%	71.1	7.3	10.2%	28.7	6.3	21.9%
Mosaic	3,153.5	376.5	11.9%	1,427.8	123.8	8.7%	582.9	82.5	14.1%	1,142.8	170.2	14.9%
Macy's	2,242.0	271.0	12.1%	1,308.0	217.0	16.6%	498.0	48.0	9.6%	436.0	6.0	1.4%
CSX	6,476.6	787.6	12.2%	2,494.6	419.6	16.8%	1,711.1	141.1	8.2%	2,270.9	226.9	10.0%
Time Warner	8,610.3	1,095.9	12.7%	3,399.7	758.2	22.3%	3,180.2	412.2	13.0%	2,030.5	-74.5	-3.7%
Airgas	1,109.9	144.0	13.0%	393.8	70.5	17.9%	304.4	30.7	10.1%	411.7	42.8	10.4%
Supervalu	1,668.7	216.7	13.0%	346.7	3.7	1.1%	622.8	65.8	10.6%	699.2	147.2	21.0%
Domtar	982.1	127.6	13.0%	162.0	-6.1	-3.8%	556.0	94.8	17.1%	264.1	38.8	14.7%
Eastman Chemical	1,073.0	141.0	13.1%	489.0	115.0	23.5%	204.0	-82.0	-40.2%	380.0	108.0	28.4%
Spectra Energy	2,792.0	380.0	13.6%	877.0	105.0	12.0%	806.0	35.0	4.3%	1,109.0	240.0	21.6%
AECOM Technology	406.5	55.4	13.6%	160.1	1.6	1.0%	165.2	13.4	8.1%	81.2	40.4	49.8%
Raytheon	7,865.0	1,080.0	13.7%	2,699.0	205.0	7.6%	2,806.0	669.0	23.8%	2,360.0	206.0	8.7%
MDU Resources	1,283.6	178.5	13.9%	326.1	36.0	11.1%	384.8	63.9	16.6%	572.8	78.6	13.7%
Coca-Cola	11,800.0	1,669.0	14.1%	7,139.0	470.0	6.6%	2,612.0	509.0	19.5%	2,049.0	690.0	33.7%
Exxon Mobil	19,655.2	2,783.2	14.2%	7,419.4	992.4	13.4%	2,490.2	-953.8	-38.3%	9,745.5	2,744.5	28.2%
Casey's General Stores	460.1	66.0	14.3%	149.6	-6.7	-4.5%	176.9	41.3	23.4%	133.7	31.3	23.4%
Principal Financial	2,025.1	290.7	14.4%	806.9	74.1	9.2%	725.5	97.7	13.5%	492.8	118.9	24.1%
Newmont Mining	1,591.0	230.2	14.5%	737.0	163.2	22.1%	291.0	4.5	1.5%	563.0	62.5	11.1%
PPG Industries	1,407.0	205.0	14.6%	487.0	62.0	12.7%	260.0	3.0	1.2%	660.0	140.0	21.2%
R.R. Donnelley & Sons	990.7	145.4	14.7%	233.3	99.4	42.6%	196.6	95.0	48.3%	560.7	-49.1	-8.8%
Yum Brands	1,074.8	159.8	14.9%	341.9	97.9	28.6%	294.2	-69.8	-23.7%	438.6	131.6	30.0%
Ecolab	1,290.9	194.0	15.0%	478.6	137.7	28.8%	431.1	27.0	6.3%	381.2	29.3	7.7%
American Express	12,443.0	1,928.0	15.5%	6,002.0	532.0	8.9%	3,091.0	661.0	21.4%	3,350.0	735.0	21.9%
Wesco International	645.7	100.1	15.5%	164.6	8.7	5.3%	169.4	29.1	17.2%	311.7	62.3	20.0%
Kellogg	3,460.2	543.2	15.7%	1,262.4	90.4	7.2%	1,168.7	327.7	28.0%	1,029.1	125.1	12.2%
Marathon Oil	5,366.9	846.9	15.8%	949.9	173.9	18.3%	570.7	-232.3	-40.7%	3,846.3	905.3	23.5%
NYSE Euronext	377.0	60.0	15.9%	149.0	18.0	12.1%	67.0	-31.0	-46.3%	161.0	73.0	45.3%
Cliffs Natural Resources	1,286.7	204.8	15.9%	595.3	105.4	17.7%	127.9	-49.1	-38.4%	563.5	148.5	26.4%
Bristol-Myers Squibb	8,699.0	1,389.0	16.0%	3,768.2	724.2	19.2%	2,684.3	384.3	14.3%	2,246.5	280.5	12.5%
URS	1,091.2	174.4	16.0%	415.0	119.2	28.7%	321.0	32.2	10.0%	355.1	23.0	6.5%
Consol Energy	1,689.1	270.3	16.0%	415.4	69.3	16.7%	663.1	131.5	19.8%	610.6	69.5	11.4%
J.C. Penney	1,849.5	301.5	16.3%	585.3	90.3	15.4%	379.0	59.0	15.6%	885.2	152.2	17.2%
Union Pacific	10,835.9	1,780.9	16.4%	4,322.8	819.8	19.0%	2,925.7	307.7	10.5%	3,587.3	653.3	18.2%



## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (by 3-year tax rate)

\$-millions	Three-Year Totals			2010			2009			2008		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Exelon	12,191.8	2,042.8	16.8%	4,050.5	503.5	12.4%	4,265.9	798.9	18.7%	3,875.4	740.4	19.1%
Southwest Airlines	1,159.0	197.0	17.0%	726.0	198.0	27.3%	165.0	-24.0	-14.5%	268.0	23.0	8.6%
Southern	8,274.0	1,441.0	17.4%	3,120.0	42.0	1.3%	2,504.0	771.0	30.8%	2,650.0	628.0	23.7%
Darden Restaurants	1,492.0	262.9	17.6%	505.8	126.5	25.0%	497.6	38.1	7.7%	488.6	98.3	20.1%
Dover	1,221.3	216.6	17.7%	463.2	28.5	6.2%	253.2	70.9	28.0%	504.9	117.2	23.2%
UGI	1,194.7	212.1	17.8%	429.1	55.3	12.9%	410.6	67.2	16.4%	355.0	89.6	25.2%
Kraft Foods	4,134.5	747.0	18.1%	1,038.0	91.0	8.8%	1,853.6	335.0	18.1%	1,242.9	321.0	25.8%
Celanese	620.1	112.1	18.1%	203.5	51.5	25.3%	292.1	9.1	3.1%	124.5	51.5	41.3%
Halliburton	5,065.0	931.0	18.4%	1,876.0	400.0	21.3%	565.0	-30.0	-5.3%	2,624.0	561.0	21.4%
Kimberly-Clark	4,411.0	812.0	18.4%	1,515.0	363.0	24.0%	1,649.6	305.6	18.5%	1,246.4	143.4	11.5%
Ruddick	450.2	83.4	18.5%	164.8	14.1	8.6%	141.5	35.0	24.7%	143.8	34.3	23.9%
MasterCard	2,775.6	515.8	18.6%	1,595.7	308.7	19.3%	870.9	127.7	14.7%	309.0	79.3	25.7%
Campbell Soup	2,886.4	544.4	18.9%	1,006.9	243.9	24.2%	967.1	130.1	13.5%	912.4	170.4	18.7%
Occidental Petroleum	11,058.3	2,086.3	18.9%	3,219.8	595.8	18.5%	2,068.2	-3.8	-0.2%	5,770.3	1,494.3	25.9%
Air Products & Chemicals	1,292.8	244.6	18.9%	465.9	80.7	17.3%	341.2	75.3	22.1%	485.7	88.6	18.2%
Arrow Electronics	875.1	166.5	19.0%	300.0	86.7	28.9%	107.2	24.5	22.9%	467.9	55.3	11.8%
Ball	817.9	156.3	19.1%	309.0	38.1	12.3%	293.8	74.4	25.3%	215.1	43.8	20.4%
Praxair	1,735.1	332.1	19.1%	633.8	90.8	14.3%	572.0	89.0	15.6%	529.3	152.3	28.8%
Norfolk Southern	6,595.5	1,285.5	19.5%	2,305.7	464.7	20.2%	1,613.6	226.6	14.0%	2,676.1	594.1	22.2%
Sherwin-Williams	1,951.9	381.6	19.6%	660.8	118.7	18.0%	604.7	158.6	26.2%	686.4	104.3	15.2%
Reliance Steel & Aluminum	1,174.8	232.4	19.8%	271.5	37.0	13.6%	197.3	-14.8	-7.5%	706.0	210.2	29.8%
DirecTV	6,085.2	1,222.2	20.1%	2,790.9	381.9	13.7%	1,383.9	303.9	22.0%	1,910.4	536.4	28.1%
Lockheed Martin	12,562.0	2,540.5	20.2%	3,794.0	589.0	15.5%	4,246.0	649.6	15.3%	4,522.0	1,301.9	28.8%
Travelers Cos.	11,837.0	2,405.0	20.3%	3,984.0	838.0	21.0%	4,419.0	814.0	18.4%	3,434.0	753.0	21.9%
BB&T Corp.	6,688.0	1,362.0	20.4%	1,053.0	161.0	15.3%	2,051.0	302.0	14.7%	3,584.0	899.0	25.1%
Kindred Healthcare	279.8	57.2	20.4%	87.5	12.8	14.6%	97.3	24.1	24.7%	95.0	20.3	21.4%
Rockwell Collins	2,428.7	498.7	20.5%	733.9	131.9	18.0%	795.3	173.3	21.8%	899.4	193.4	21.5%
Comcast	14,755.3	3,039.2	20.6%	5,719.7	1,498.7	26.2%	5,262.0	802.0	15.2%	3,773.6	738.5	19.6%
General Mills	5,721.1	1,188.0	20.8%	2,067.9	282.2	13.6%	1,973.0	521.7	26.4%	1,680.2	384.1	22.9%
Goldman Sachs Group	22,342.2	4,641.5	20.8%	7,089.0	1,499.9	21.2%	10,344.0	3,927.4	38.0%	4,909.3	-785.8	-16.0%
ITT	2,043.7	428.2	21.0%	720.0	147.0	20.4%	662.5	126.5	19.1%	661.2	154.7	23.4%
News Corp.	8,332.0	1,746.0	21.0%	3,182.0	823.0	25.9%	2,775.0	248.0	8.9%	2,375.0	675.0	28.4%
Gilead Sciences	8,900.0	1,865.1	21.0%	3,787.8	785.3	20.7%	3,362.5	653.5	19.4%	1,749.7	426.3	24.4%
EMC	2,375.4	504.4	21.2%	1,407.3	285.2	20.3%	469.5	143.5	30.6%	498.7	75.7	15.2%
DaVita	2,076.8	447.9	21.6%	714.2	148.3	20.8%	725.0	187.4	25.9%	637.6	112.1	17.6%
Monsanto	4,940.9	1,087.7	22.0%	1,211.5	224.4	18.5%	2,333.1	500.1	21.4%	1,396.3	363.3	26.0%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (by 3-year tax rate)

\$-millions	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
ConAgra Foods	2,509.1	557.5	22.2%	1,012.4	261.3	25.8%	856.6	113.6	13.3%	640.1	182.6	28.5%
Chubb	6,384.6	1,425.0	22.3%	2,249.9	436.0	19.4%	2,290.9	532.0	23.2%	1,843.8	457.0	24.8%
Procter & Gamble	24,970.0	5,582.0	22.4%	8,717.0	1,809.0	20.8%	8,073.0	2,154.0	26.7%	8,180.0	1,619.0	19.8%
Kroger	5,242.3	1,178.3	22.5%	1,657.0	697.0	42.1%	1,661.7	189.7	11.4%	1,923.6	291.6	15.2%
Deere	4,609.7	1,036.3	22.5%	2,020.6	538.0	26.6%	906.6	-0.8	-0.1%	1,682.5	499.0	29.7%
VF	1,651.2	372.0	22.5%	587.1	181.0	30.8%	489.6	75.2	15.4%	574.4	115.8	20.2%
McKesson	3,170.0	715.0	22.6%	1,121.0	283.0	25.2%	1,315.0	255.0	19.4%	734.0	177.0	24.1%
Nash-Finch	195.0	44.9	23.0%	71.3	5.9	8.3%	71.4	27.3	38.2%	52.2	11.8	22.6%
Rockwell Automation	686.4	158.4	23.1%	147.8	-3.6	-2.4%	81.9	13.8	16.9%	456.7	148.2	32.4%
O'Reilly Automotive	1,437.9	333.1	23.2%	668.1	130.9	19.6%	481.6	113.5	23.6%	288.2	88.7	30.8%
W.R. Berkley	1,140.0	264.6	23.2%	575.3	75.6	13.1%	342.6	115.0	33.6%	222.1	74.0	33.3%
L-3 Communications	3,585.6	832.6	23.2%	1,206.2	296.2	24.6%	1,152.7	300.7	26.1%	1,226.7	235.7	19.2%
Alliant Techsystems	1,262.1	294.9	23.4%	430.1	95.4	22.2%	426.3	151.0	35.4%	405.7	48.5	12.0%
CenturyLink	2,856.7	670.1	23.5%	1,467.4	374.6	25.5%	813.0	154.8	19.0%	576.3	140.7	24.4%
Precision Castparts	3,824.1	898.6	23.5%	1,302.2	315.9	24.3%	1,207.6	245.2	20.3%	1,314.3	337.5	25.7%
Phillips-Van Heusen	368.6	87.1	23.6%	20.5	1.3	6.2%	202.6	25.3	12.5%	145.4	60.5	41.6%
Health Net	581.1	137.5	23.7%	324.5	75.8	23.4%	109.3	25.2	23.0%	147.4	36.5	24.8%
DISH Network	4,669.0	1,107.3	23.7%	1,643.5	286.5	17.4%	1,292.9	361.0	27.9%	1,732.6	459.9	26.5%
Northrop Grumman	7,126.0	1,695.5	23.8%	2,548.0	481.8	18.9%	2,140.0	525.3	24.5%	2,438.0	688.3	28.2%
3M	7,283.4	1,734.2	23.8%	2,695.5	793.2	29.4%	2,286.6	76.4	3.3%	2,301.3	864.6	37.6%
Dominion Resources	9,680.8	2,326.9	24.0%	4,980.7	882.7	17.7%	2,200.9	947.9	43.1%	2,499.2	496.3	19.9%
United Parcel Service	12,443.9	2,993.6	24.1%	4,661.7	772.7	16.6%	2,997.2	714.2	23.8%	4,785.0	1,506.7	31.5%
H&R Block	2,141.0	515.3	24.1%	593.6	187.7	31.6%	731.6	91.7	12.5%	815.8	236.0	28.9%
Capital One Financial	4,953.2	1,195.2	24.1%	1,258.9	-152.0	-12.1%	876.1	278.3	31.8%	2,818.1	1,068.8	37.9%
Safeway	2,331.6	565.8	24.3%	506.0	178.9	35.4%	624.3	137.0	21.9%	1,201.3	249.9	20.8%
Parker Hannifin	1,194.8	293.6	24.6%	332.0	73.5	22.2%	372.6	43.5	11.7%	490.1	176.6	36.0%
PepsiCo	11,187.3	2,773.3	24.8%	3,889.5	843.5	21.7%	4,092.3	1,203.3	29.4%	3,205.5	726.5	22.7%
Chevron	17,517.3	4,344.3	24.8%	6,163.6	1,445.6	23.5%	1,098.3	107.3	9.8%	10,255.3	2,791.3	27.2%
Polo Ralph Lauren	1,305.3	324.6	24.9%	541.4	90.9	16.8%	436.4	117.2	26.8%	327.6	116.6	35.6%
Becton Dickinson	2,553.8	638.0	25.0%	869.8	288.0	33.1%	883.8	140.9	15.9%	800.2	209.1	26.1%
AmerisourceBergen	2,507.8	639.7	25.5%	992.3	251.8	25.4%	793.5	199.7	25.2%	721.9	188.3	26.1%
Universal American	634.9	163.6	25.8%	268.9	53.8	20.0%	210.4	62.9	29.9%	155.6	46.9	30.1%
Target	11,519.0	2,997.0	26.0%	4,451.0	1,086.0	24.4%	3,729.0	877.0	23.5%	3,339.0	1,034.0	31.0%
Clorox	1,814.1	475.3	26.2%	632.3	131.6	20.8%	642.7	184.7	28.7%	539.0	159.0	29.5%
Dollar General	1,669.4	439.8	26.3%	954.2	261.5	27.4%	526.2	168.6	32.0%	189.0	9.7	5.1%
Advance Auto Parts	1,330.1	351.6	26.4%	539.5	145.6	27.0%	424.7	84.5	19.9%	365.9	121.5	33.2%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (by 3-year tax rate)

\$-millions Company	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
FMC Technologies	200.1	53.4	26.7%	64.6	16.0	24.7%	68.8	37.6	54.7%	66.8	-0.1	-0.2%
Colgate-Palmolive	3,342.4	897.0	26.8%	1,199.3	317.7	26.5%	1,148.6	345.3	30.1%	994.5	234.0	23.5%
Medtronic	4,026.1	1,081.6	26.9%	1,545.7	363.8	23.5%	1,509.1	501.6	33.2%	971.3	216.2	22.3%
ConocoPhillips	19,079.0	5,132.0	26.9%	5,971.0	1,312.0	22.0%	2,442.0	575.0	23.5%	10,666.0	3,245.0	30.4%
Waste Management	4,384.5	1,180.5	26.9%	1,419.6	346.6	24.4%	1,322.7	403.7	30.5%	1,642.2	430.2	26.2%
Cognizant Technology Solutions	482.3	129.9	26.9%	211.6	30.2	14.3%	143.9	61.8	42.9%	126.8	38.0	30.0%
Viacom	4,850.0	1,308.0	27.0%	1,512.0	553.0	36.6%	1,944.0	427.0	22.0%	1,394.0	328.0	23.5%
General Dynamics	9,147.3	2,472.3	27.0%	3,146.1	936.1	29.8%	2,926.9	714.9	24.4%	3,074.4	821.4	26.7%
Big Lots	892.9	241.3	27.0%	340.4	83.7	24.6%	311.7	89.8	28.8%	240.7	67.8	28.2%
BJ's Wholesale Club	607.1	164.7	27.1%	190.0	31.3	16.5%	204.8	71.0	34.7%	212.2	62.3	29.4%
TJX	4,343.1	1,183.0	27.2%	1,701.2	487.4	28.7%	1,507.7	451.3	29.9%	1,134.2	244.2	21.5%
Archer Daniels Midland	4,764.0	1,299.0	27.3%	2,025.0	251.0	12.4%	1,435.0	422.0	29.4%	1,304.0	626.0	48.0%
Walt Disney	17,463.0	4,765.0	27.3%	5,851.1	1,467.1	25.1%	5,277.7	1,274.7	24.2%	6,334.1	2,023.1	31.9%
U.S. Bancorp	13,397.0	3,702.0	27.6%	4,175.0	1,105.0	26.5%	4,146.0	765.0	18.5%	5,076.0	1,832.0	36.1%
Amgen	6,517.0	1,827.0	28.0%	2,165.0	636.0	29.4%	2,019.0	325.0	16.1%	2,333.0	866.0	37.1%
Washington Post	986.0	276.5	28.0%	501.1	136.4	27.2%	212.3	65.5	30.8%	272.6	74.6	27.4%
Express Scripts	4,382.6	1,238.3	28.3%	1,888.1	497.1	26.3%	1,289.1	396.6	30.8%	1,205.4	344.6	28.6%
Visa	8,460.6	2,399.6	28.4%	3,715.4	1,077.4	29.0%	3,582.2	906.2	25.3%	1,163.0	416.0	35.8%
Owens & Minor	510.5	145.3	28.5%	171.7	59.2	34.4%	179.7	49.4	27.5%	159.0	36.7	23.1%
Genuine Parts	2,294.0	653.1	28.5%	728.4	219.1	30.1%	487.3	172.3	35.3%	1,078.2	261.7	24.3%
SAIC	2,217.0	635.8	28.7%	826.0	249.9	30.3%	733.0	236.2	32.2%	658.0	149.7	22.7%
Aetna	6,610.1	1,902.5	28.8%	2,621.4	533.4	20.3%	1,840.0	652.3	35.5%	2,148.7	716.8	33.4%
GameStop	1,560.3	453.7	29.1%	543.7	117.9	21.7%	496.8	162.7	32.7%	519.8	173.2	33.3%
Anixter International	395.1	115.0	29.1%	112.0	20.1	18.0%	95.6	28.5	29.8%	187.5	66.4	35.4%
Tech Data	312.9	92.3	29.5%	134.3	45.6	33.9%	91.8	26.6	29.0%	86.8	20.1	23.2%
Reynolds American	5,933.7	1,764.0	29.7%	2,039.4	543.3	26.6%	1,907.2	590.3	31.0%	1,987.0	630.3	31.7%
Oracle	13,571.8	4,035.8	29.7%	6,152.2	1,639.2	26.6%	4,002.0	1,216.0	30.4%	3,417.6	1,180.6	34.5%
Johnson & Johnson	19,120.3	5,693.3	29.8%	5,790.3	1,802.3	31.1%	7,212.7	1,973.7	27.4%	6,117.3	1,917.3	31.3%
Dick's Sporting Goods	661.5	198.4	30.0%	283.8	61.6	21.7%	212.7	52.2	24.5%	164.9	84.6	51.3%
Wal-Mart Stores	50,515.0	15,169.0	30.0%	17,761.0	4,600.0	25.9%	17,106.0	5,798.0	33.9%	15,648.0	4,771.0	30.5%
J.P. Morgan Chase & Co.	29,686.9	8,936.0	30.1%	8,486.4	3,979.5	46.9%	13,557.9	4,683.9	34.5%	7,642.6	272.6	3.6%
Fluor	1,639.1	493.5	30.1%	426.8	22.4	5.2%	712.9	289.3	40.6%	499.4	181.8	36.4%
Laboratory Corp. of America	2,344.5	706.2	30.1%	826.6	265.7	32.1%	807.1	265.8	32.9%	710.8	174.7	24.6%
Limited Brands	2,249.6	677.6	30.1%	1,158.3	390.3	33.7%	565.0	138.0	24.4%	526.3	149.3	28.4%
Charles Schwab	4,173.6	1,259.6	30.2%	1,049.5	323.5	30.8%	1,204.4	393.4	32.7%	1,919.7	542.7	28.3%
Altria Group	14,646.0	4,428.0	30.2%	5,451.0	1,430.0	26.2%	4,757.0	1,512.0	31.8%	4,438.0	1,486.0	33.5%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (by 3-year tax rate)

\$-millions Company	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Thermo Fisher Scientific	1,981.0	600.1	30.3%	753.5	245.9	32.6%	555.0	190.1	34.3%	672.4	164.0	24.4%
Costco Wholesale	4,174.2	1,267.2	30.4%	1,348.7	436.7	32.4%	1,360.3	394.3	29.0%	1,465.1	436.1	29.8%
Pitney Bowes	1,460.6	443.7	30.4%	392.1	170.2	43.4%	499.0	188.3	37.7%	569.5	85.2	15.0%
Emerson Electric	4,120.0	1,257.0	30.5%	1,270.0	496.0	39.1%	1,144.0	230.0	20.1%	1,706.0	531.0	31.1%
Quest Diagnostics	3,229.5	989.9	30.7%	1,089.2	346.0	31.8%	1,145.8	346.0	30.2%	994.5	297.9	30.0%
McGraw-Hill	2,744.8	841.6	30.7%	1,009.3	244.5	24.2%	832.6	280.7	33.7%	903.0	316.3	35.0%
Bemis	527.6	161.9	30.7%	212.3	67.7	31.9%	143.6	51.5	35.9%	171.7	42.8	24.9%
Hormel Foods	1,527.3	468.8	30.7%	594.9	161.8	27.2%	501.4	158.1	31.5%	431.0	148.9	34.5%
Graybar Electric	260.6	80.1	30.7%	67.3	14.4	21.4%	60.0	21.6	36.0%	133.3	44.1	33.1%
CA	2,006.0	620.0	30.9%	703.0	110.0	15.6%	684.0	198.0	28.9%	619.0	312.0	50.4%
Ingram Micro	187.9	58.1	30.9%	83.0	33.8	40.7%	13.7	-1.8	-13.4%	91.2	26.2	28.7%
Publix Super Markets	5,250.8	1,628.4	31.0%	1,960.0	601.1	30.7%	1,706.7	518.3	30.4%	1,584.1	509.0	32.1%
Nike	2,501.4	777.3	31.1%	1,038.1	236.1	22.7%	659.0	152.0	23.1%	804.3	389.2	48.4%
Henry Schein	903.5	281.5	31.2%	323.2	99.2	30.7%	292.4	97.2	33.2%	287.8	85.1	29.6%
Apple	14,119.1	4,414.1	31.3%	5,013.4	1,536.4	30.6%	4,984.6	1,718.6	34.5%	4,121.2	1,159.2	28.1%
Tutor Perini	542.3	169.9	31.3%	150.0	49.7	33.1%	186.4	65.8	35.3%	205.9	54.4	26.4%
McDonald's	7,841.4	2,457.6	31.3%	2,624.2	1,020.7	38.9%	2,561.0	731.1	28.5%	2,656.2	705.8	26.6%
Intel	23,272.2	7,341.2	31.5%	13,886.2	3,995.2	28.8%	3,231.0	595.0	18.4%	6,155.0	2,751.0	44.7%
Kohl's	4,621.0	1,458.0	31.6%	1,712.5	564.5	33.0%	1,528.5	482.5	31.6%	1,380.0	411.0	29.8%
AutoZone	3,120.4	986.5	31.6%	1,126.4	397.1	35.3%	1,007.3	303.9	30.2%	986.8	285.5	28.9%
American Financial Group	1,859.8	589.1	31.7%	697.0	214.0	30.7%	877.2	239.4	27.3%	285.6	135.7	47.5%
Staples	2,412.1	767.0	31.8%	828.1	142.3	17.2%	687.7	322.6	46.9%	896.2	302.2	33.7%
Family Dollar Stores	1,326.0	421.7	31.8%	540.9	173.0	32.0%	433.4	137.0	31.6%	351.7	111.7	31.8%
Fiserv	2,003.3	641.3	32.0%	729.0	224.0	30.7%	689.0	176.0	25.5%	585.3	241.3	41.2%
Cameron International	918.1	295.4	32.2%	360.0	88.9	24.7%	221.6	78.2	35.3%	336.5	128.2	38.1%
Cardinal Health	3,109.7	1,009.1	32.5%	1,279.8	387.5	30.3%	916.3	429.4	46.9%	913.6	192.2	21.0%
United Stationers	489.3	158.8	32.5%	186.0	45.7	24.6%	152.8	61.4	40.2%	150.6	51.7	34.3%
Walgreen	9,653.0	3,137.0	32.5%	3,283.0	1,129.0	34.4%	3,073.0	807.0	26.3%	3,297.0	1,201.0	36.4%
W.W. Grainger	2,099.2	685.4	32.7%	758.3	262.3	34.6%	646.9	187.6	29.0%	694.0	235.5	33.9%
RadioShack	915.2	299.4	32.7%	320.3	101.9	31.8%	319.3	105.3	33.0%	275.6	92.2	33.5%
Emcor Group	667.1	219.3	32.9%	186.2	54.7	29.4%	231.8	71.4	30.8%	249.2	93.2	37.4%
CVS Caremark	15,989.3	5,257.3	32.9%	5,288.8	1,870.8	35.4%	5,519.3	1,750.3	31.7%	5,181.2	1,636.2	31.6%
Harris	2,118.8	698.9	33.0%	827.8	270.5	32.7%	677.3	227.3	33.6%	613.7	201.1	32.8%
Dollar Tree	1,417.1	467.8	33.0%	598.6	215.7	36.0%	480.1	160.2	33.4%	338.4	91.9	27.2%
PetSmart	928.4	306.6	33.0%	344.6	126.7	36.8%	282.9	109.5	38.7%	300.8	70.4	23.4%
CarMax	1,108.9	366.3	33.0%	586.7	177.5	30.3%	435.3	120.0	27.6%	86.9	68.8	79.2%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (by 3-year tax rate)

\$-millions Company	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Texas Instruments	6,868.7	2,299.7	33.5%	3,753.2	1,336.2	35.6%	1,371.2	333.2	24.3%	1,744.3	630.3	36.1%
UnitedHealth Group	17,606.0	5,906.9	33.6%	7,379.7	2,501.7	33.9%	5,736.6	1,892.6	33.0%	4,489.7	1,512.6	33.7%
Centene	409.9	137.7	33.6%	147.6	45.5	30.8%	131.9	41.3	31.3%	130.4	51.0	39.1%
Murphy Oil	962.1	323.7	33.6%	199.2	95.1	47.8%	299.2	110.6	37.0%	463.7	118.0	25.4%
Universal Health Services	1,198.2	403.2	33.7%	410.1	129.4	31.6%	453.3	147.6	32.6%	334.8	126.2	37.7%
C.H. Robinson Worldwide	1,595.2	537.3	33.7%	568.2	185.0	32.6%	522.3	182.9	35.0%	504.8	169.4	33.6%
Ross Stores	2,054.4	701.5	34.1%	869.1	317.5	36.5%	702.2	236.1	33.6%	483.1	147.9	30.6%
J.M. Smucker	1,782.1	614.8	34.5%	709.3	265.6	37.4%	699.8	254.0	36.3%	373.0	95.2	25.5%
Automatic Data Processing	5,044.8	1,740.5	34.5%	1,583.9	401.1	25.3%	1,873.7	707.7	37.8%	1,587.2	631.7	39.8%
Jacobs Engineering Group	1,076.6	372.0	34.5%	272.2	120.8	44.4%	419.5	144.0	34.3%	384.9	107.2	27.9%
Illinois Tool Works	2,814.4	974.0	34.6%	1,190.8	421.6	35.4%	503.1	226.6	45.0%	1,120.5	325.9	29.1%
Hershey	1,994.8	694.4	34.8%	810.8	282.3	34.8%	629.3	231.6	36.8%	554.7	180.5	32.5%
Synnex	310.3	108.2	34.9%	134.8	42.3	31.4%	91.0	30.1	33.1%	84.6	35.8	42.3%
Gap	4,213.6	1,470.6	34.9%	1,612.9	466.9	28.9%	1,433.7	568.7	39.7%	1,167.0	435.0	37.3%
Sealed Air	266.7	94.6	35.5%	73.0	22.1	30.3%	100.7	35.8	35.6%	93.0	36.7	39.5%
Home Depot	11,013.0	3,918.0	35.6%	4,673.0	1,478.0	31.6%	3,402.0	1,157.0	34.0%	2,938.0	1,283.0	43.7%
Apollo Group	3,022.6	1,077.6	35.7%	1,268.8	452.9	35.7%	995.6	362.6	36.4%	758.2	262.2	34.6%
Bed Bath & Beyond	2,764.7	996.4	36.0%	1,202.8	424.5	35.3%	925.3	341.7	36.9%	636.6	230.2	36.2%
Lowe's	9,082.3	3,285.3	36.2%	3,040.2	1,170.2	38.5%	2,702.0	1,046.0	38.7%	3,340.2	1,069.2	32.0%
Whole Foods Market	747.5	271.7	36.3%	359.6	148.9	41.4%	222.6	64.6	29.0%	165.3	58.1	35.2%
Nordstrom	2,210.7	820.7	37.1%	941.8	310.8	33.0%	659.2	269.2	40.8%	609.7	240.7	39.5%
Franklin Resources	2,743.2	1,022.7	37.3%	1,098.2	416.8	38.0%	651.7	219.5	33.7%	993.3	386.4	38.9%
Medco Health Solutions	5,919.4	2,220.2	37.5%	2,229.4	798.9	35.8%	1,975.9	791.7	40.1%	1,714.1	629.5	36.7%
St. Jude Medical	1,595.1	598.6	37.5%	541.5	250.0	46.2%	541.1	190.9	35.3%	512.5	157.7	30.8%
Harley-Davidson	1,570.6	606.5	38.6%	350.7	135.1	38.5%	246.7	94.8	38.4%	973.2	376.5	38.7%
Humana	4,196.9	1,641.2	39.1%	1,686.6	784.3	46.5%	1,546.5	528.3	34.2%	963.7	328.7	34.1%
Best Buy	4,849.7	1,908.1	39.3%	1,557.2	679.9	43.7%	1,709.7	660.2	38.6%	1,582.8	568.0	35.9%
Coventry Health Care	1,939.2	792.0	40.8%	936.8	348.0	37.2%	462.7	233.5	50.5%	539.7	210.6	39.0%
<b>ALL 280 COMPANIES</b>	<b>\$ 1,352,850</b>	<b>\$ 250,797</b>	<b>18.5%</b>	<b>\$ 487,709</b>	<b>\$ 85,574</b>	<b>17.5%</b>	<b>\$ 422,765</b>	<b>\$ 71,768</b>	<b>17.0%</b>	<b>\$ 442,376</b>	<b>\$ 93,454</b>	<b>21.1%</b>

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (alphabetical)

Company	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
3M	7,283.4	1,734.2	23.8%	2,695.5	793.2	29.4%	2,286.6	76.4	3.3%	2,301.3	864.6	37.6%
Advance Auto Parts	1,330.1	351.6	26.4%	539.5	145.6	27.0%	424.7	84.5	19.9%	365.9	121.5	33.2%
AECOM Technology	406.5	55.4	13.6%	160.1	1.6	1.0%	165.2	13.4	8.1%	81.2	40.4	49.8%
Aetna	6,610.1	1,902.5	28.8%	2,621.4	533.4	20.3%	1,840.0	652.3	35.5%	2,148.7	716.8	33.4%
Air Products & Chemicals	1,292.8	244.6	18.9%	465.9	80.7	17.3%	341.2	75.3	22.1%	485.7	88.6	18.2%
Airgas	1,109.9	144.0	13.0%	393.8	70.5	17.9%	304.4	30.7	10.1%	411.7	42.8	10.4%
Alliant Techsystems	1,262.1	294.9	23.4%	430.1	95.4	22.2%	426.3	151.0	35.4%	405.7	48.5	12.0%
Altria Group	14,646.0	4,428.0	30.2%	5,451.0	1,430.0	26.2%	4,757.0	1,512.0	31.8%	4,438.0	1,486.0	33.5%
Amazon.com	1,831.5	144.5	7.9%	882.3	48.3	5.5%	533.5	48.5	9.1%	415.7	47.7	11.5%
Ameren	2,800.0	105.0	3.8%	886.0	13.0	1.5%	953.0	-73.0	-7.7%	961.0	165.0	17.2%
American Electric Power	5,899.0	-545.0	-9.2%	1,869.0	-134.0	-7.2%	2,014.0	-575.0	-28.6%	2,016.0	164.0	8.1%
American Express	12,443.0	1,928.0	15.5%	6,002.0	532.0	8.9%	3,091.0	661.0	21.4%	3,350.0	735.0	21.9%
American Financial Group	1,859.8	589.1	31.7%	697.0	214.0	30.7%	877.2	239.4	27.3%	285.6	135.7	47.5%
AmerisourceBergen	2,507.8	639.7	25.5%	992.3	251.8	25.4%	793.5	199.7	25.2%	721.9	188.3	26.1%
Amgen	6,517.0	1,827.0	28.0%	2,165.0	636.0	29.4%	2,019.0	325.0	16.1%	2,333.0	866.0	37.1%
Anixter International	395.1	115.0	29.1%	112.0	20.1	18.0%	95.6	28.5	29.8%	187.5	66.4	35.4%
Apache	3,596.9	22.3	0.6%	1,324.0	25.0	1.9%	438.6	-130.5	-29.7%	1,834.3	127.8	7.0%
Apollo Group	3,022.6	1,077.6	35.7%	1,268.8	452.9	35.7%	995.6	362.6	36.4%	758.2	262.2	34.6%
Apple	14,119.1	4,414.1	31.3%	5,013.4	1,536.4	30.6%	4,984.6	1,718.6	34.5%	4,121.2	1,159.2	28.1%
Archer Daniels Midland	4,764.0	1,299.0	27.3%	2,025.0	251.0	12.4%	1,435.0	422.0	29.4%	1,304.0	626.0	48.0%
Arrow Electronics	875.1	166.5	19.0%	300.0	86.7	28.9%	107.2	24.5	22.9%	467.9	55.3	11.8%
Ashland	389.1	26.2	6.7%	166.7	5.9	3.5%	46.6	8.2	17.5%	175.8	12.2	6.9%
AT&T	53,755.2	4,323.1	8.0%	17,359.0	305.3	1.8%	17,343.0	2,852.0	16.4%	19,053.1	1,165.7	6.1%
Atmos Energy	896.8	-103.7	-11.6%	328.5	-73.8	-22.5%	283.3	-37.0	-13.1%	285.0	7.2	2.5%
Automatic Data Processing	5,044.8	1,740.5	34.5%	1,583.9	401.1	25.3%	1,873.7	707.7	37.8%	1,587.2	631.7	39.8%
AutoZone	3,120.4	986.5	31.6%	1,126.4	397.1	35.3%	1,007.3	303.9	30.2%	986.8	285.5	28.9%
Ball	817.9	156.3	19.1%	309.0	38.1	12.3%	293.8	74.4	25.3%	215.1	43.8	20.4%
Baxter International	926.1	-65.9	-7.1%	181.1	39.1	21.6%	465.6	-12.4	-2.7%	279.4	-92.6	-33.2%
BB&T Corp.	6,688.0	1,362.0	20.4%	1,053.0	161.0	15.3%	2,051.0	302.0	14.7%	3,584.0	899.0	25.1%
Becton Dickinson	2,553.8	638.0	25.0%	869.8	288.0	33.1%	883.8	140.9	15.9%	800.2	209.1	26.1%
Bed Bath & Beyond	2,764.7	996.4	36.0%	1,202.8	424.5	35.3%	925.3	341.7	36.9%	636.6	230.2	36.2%
Bemis	527.6	161.9	30.7%	212.3	67.7	31.9%	143.6	51.5	35.9%	171.7	42.8	24.9%
Best Buy	4,849.7	1,908.1	39.3%	1,557.2	679.9	43.7%	1,709.7	660.2	38.6%	1,582.8	568.0	35.9%
Big Lots	892.9	241.3	27.0%	340.4	83.7	24.6%	311.7	89.8	28.8%	240.7	67.8	28.2%
BJ's Wholesale Club	607.1	164.7	27.1%	190.0	31.3	16.5%	204.8	71.0	34.7%	212.2	62.3	29.4%
Boeing	9,735.5	-177.6	-1.8%	4,450.3	-2.7	-0.1%	1,493.9	-136.1	-9.1%	3,791.3	-38.7	-1.0%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (alphabetical)

Company	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Bristol-Myers Squibb	8,699.0	1,389.0	16.0%	3,768.2	724.2	19.2%	2,684.3	384.3	14.3%	2,246.5	280.5	12.5%
C.H. Robinson Worldwide	1,595.2	537.3	33.7%	568.2	185.0	32.6%	522.3	182.9	35.0%	504.8	169.4	33.6%
CA	2,006.0	620.0	30.9%	703.0	110.0	15.6%	684.0	198.0	28.9%	619.0	312.0	50.4%
Cameron International	918.1	295.4	32.2%	360.0	88.9	24.7%	221.6	78.2	35.3%	336.5	128.2	38.1%
Campbell Soup	2,886.4	544.4	18.9%	1,006.9	243.9	24.2%	967.1	130.1	13.5%	912.4	170.4	18.7%
Capital One Financial	4,953.2	1,195.2	24.1%	1,258.9	-152.0	-12.1%	876.1	278.3	31.8%	2,818.1	1,068.8	37.9%
Cardinal Health	3,109.7	1,009.1	32.5%	1,279.8	387.5	30.3%	916.3	429.4	46.9%	913.6	192.2	21.0%
CarMax	1,108.9	366.3	33.0%	586.7	177.5	30.3%	435.3	120.0	27.6%	86.9	68.8	79.2%
Casey's General Stores	460.1	66.0	14.3%	149.6	-6.7	-4.5%	176.9	41.3	23.4%	133.7	31.3	23.4%
Celanese	620.1	112.1	18.1%	203.5	51.5	25.3%	292.1	9.1	3.1%	124.5	51.5	41.3%
Centene	409.9	137.7	33.6%	147.6	45.5	30.8%	131.9	41.3	31.3%	130.4	51.0	39.1%
CenterPoint Energy	1,931.0	-284.0	-14.7%	681.0	40.0	5.9%	538.0	-103.0	-19.1%	712.0	-221.0	-31.0%
CenturyLink	2,856.7	670.1	23.5%	1,467.4	374.6	25.5%	813.0	154.8	19.0%	576.3	140.7	24.4%
Charles Schwab	4,173.6	1,259.6	30.2%	1,049.5	323.5	30.8%	1,204.4	393.4	32.7%	1,919.7	542.7	28.3%
Chesapeake Energy	8,560.0	693.2	8.1%	2,806.0	-120.0	-4.3%	1,987.0	427.1	21.5%	3,767.0	386.1	10.2%
Chevron	17,517.3	4,344.3	24.8%	6,163.6	1,445.6	23.5%	1,098.3	107.3	9.8%	10,255.3	2,791.3	27.2%
Chubb	6,384.6	1,425.0	22.3%	2,249.9	436.0	19.4%	2,290.9	532.0	23.2%	1,843.8	457.0	24.8%
Cliffs Natural Resources	1,286.7	204.8	15.9%	595.3	105.4	17.7%	127.9	-49.1	-38.4%	563.5	148.5	26.4%
Clorox	1,814.1	475.3	26.2%	632.3	131.6	20.8%	642.7	184.7	28.7%	539.0	159.0	29.5%
CMS Energy	1,292.0	-29.0	-2.2%	561.0	-21.0	-3.7%	307.0	-12.0	-3.9%	424.0	4.0	0.9%
Coca-Cola	11,800.0	1,669.0	14.1%	7,139.0	470.0	6.6%	2,612.0	509.0	19.5%	2,049.0	690.0	33.7%
Cognizant Technology Solutions	482.3	129.9	26.9%	211.6	30.2	14.3%	143.9	61.8	42.9%	126.8	38.0	30.0%
Colgate-Palmolive	3,342.4	897.0	26.8%	1,199.3	317.7	26.5%	1,148.6	345.3	30.1%	994.5	234.0	23.5%
Comcast	14,755.3	3,039.2	20.6%	5,719.7	1,498.7	26.2%	5,262.0	802.0	15.2%	3,773.6	738.5	19.6%
Community Health Systems	1,286.8	140.6	10.9%	499.1	43.1	8.6%	432.0	96.4	22.3%	355.7	1.1	0.3%
Computer Sciences	1,665.8	-305.1	-18.3%	560.0	14.0	2.5%	479.6	77.6	16.2%	626.2	-396.7	-63.4%
ConAgra Foods	2,509.1	557.5	22.2%	1,012.4	261.3	25.8%	856.6	113.6	13.3%	640.1	182.6	28.5%
ConocoPhillips	19,079.0	5,132.0	26.9%	5,971.0	1,312.0	22.0%	2,442.0	575.0	23.5%	10,666.0	3,245.0	30.4%
Consol Energy	1,689.1	270.3	16.0%	415.4	69.3	16.7%	663.1	131.5	19.8%	610.6	69.5	11.4%
Consolidated Edison	4,263.0	-127.0	-3.0%	1,528.0	-144.0	-9.4%	1,331.0	16.0	1.2%	1,404.0	1.0	0.1%
Con-way	286.4	-26.0	-9.1%	46.1	-53.2	-115.4%	32.2	7.7	23.9%	208.2	19.4	9.3%
Core-Mark Holding	132.2	15.7	11.9%	32.3	2.1	6.6%	71.1	7.3	10.2%	28.7	6.3	21.9%
Corning	1,977.0	-4.0	-0.2%	974.0	—	—	202.0	-8.0	-4.0%	801.0	4.0	0.5%
Costco Wholesale	4,174.2	1,267.2	30.4%	1,348.7	436.7	32.4%	1,360.3	394.3	29.0%	1,465.1	436.1	29.8%
Coventry Health Care	1,939.2	792.0	40.8%	936.8	348.0	37.2%	462.7	233.5	50.5%	539.7	210.6	39.0%
CSX	6,476.6	787.6	12.2%	2,494.6	419.6	16.8%	1,711.1	141.1	8.2%	2,270.9	226.9	10.0%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (alphabetical)

Company	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
CVS Caremark	15,989.3	5,257.3	32.9%	5,288.8	1,870.8	35.4%	5,519.3	1,750.3	31.7%	5,181.2	1,636.2	31.6%
Darden Restaurants	1,492.0	262.9	17.6%	505.8	126.5	25.0%	497.6	38.1	7.7%	488.6	98.3	20.1%
DaVita	2,076.8	447.9	21.6%	714.2	148.3	20.8%	725.0	187.4	25.9%	637.6	112.1	17.6%
Dean Foods	765.3	85.3	11.1%	126.2	-48.5	-38.4%	355.6	94.2	26.5%	283.5	39.7	14.0%
Deere	4,609.7	1,036.3	22.5%	2,020.6	538.0	26.6%	906.6	-0.8	-0.1%	1,682.5	499.0	29.7%
Devon Energy	8,687.5	477.5	5.5%	2,929.8	230.8	7.9%	1,430.4	38.4	2.7%	4,327.4	208.4	4.8%
Dick's Sporting Goods	661.5	198.4	30.0%	283.8	61.6	21.7%	212.7	52.2	24.5%	164.9	84.6	51.3%
DirectTV	6,085.2	1,222.2	20.1%	2,790.9	381.9	13.7%	1,383.9	303.9	22.0%	1,910.4	536.4	28.1%
DISH Network	4,669.0	1,107.3	23.7%	1,643.5	286.5	17.4%	1,292.9	361.0	27.9%	1,732.6	459.9	26.5%
Dollar General	1,669.4	439.8	26.3%	954.2	261.5	27.4%	526.2	168.6	32.0%	189.0	9.7	5.1%
Dollar Tree	1,417.1	467.8	33.0%	598.6	215.7	36.0%	480.1	160.2	33.4%	338.4	91.9	27.2%
Dominion Resources	9,680.8	2,326.9	24.0%	4,980.7	882.7	17.7%	2,200.9	947.9	43.1%	2,499.2	496.3	19.9%
Domtar	982.1	127.6	13.0%	162.0	-6.1	-3.8%	556.0	94.8	17.1%	264.1	38.8	14.7%
Dover	1,221.3	216.6	17.7%	463.2	28.5	6.2%	253.2	70.9	28.0%	504.9	117.2	23.2%
DTE Energy	2,551.0	-17.0	-0.7%	950.0	-172.0	-18.1%	782.0	25.0	3.2%	819.0	130.0	15.9%
Duke Energy	5,475.5	-216.0	-3.9%	2,149.8	-5.0	-0.2%	1,767.6	-271.0	-15.3%	1,558.0	60.0	3.9%
DuPont	2,124.0	-72.0	-3.4%	949.0	-109.0	-11.5%	180.0	23.0	12.8%	995.0	14.0	1.4%
Eastman Chemical	1,073.0	141.0	13.1%	489.0	115.0	23.5%	204.0	-82.0	-40.2%	380.0	108.0	28.4%
Ecolab	1,290.9	194.0	15.0%	478.6	137.7	28.8%	431.1	27.0	6.3%	381.2	29.3	7.7%
El Paso	4,105.0	-41.0	-1.0%	1,231.0	-4.0	-0.3%	1,205.0	-1.0	-0.1%	1,669.0	-36.0	-2.2%
Eli Lilly	5,066.3	214.3	4.2%	3,112.8	376.2	12.1%	1,751.8	45.7	2.6%	201.7	-207.6	-102.9%
EMC	2,375.4	504.4	21.2%	1,407.3	285.2	20.3%	469.5	143.5	30.6%	498.7	75.7	15.2%
Emcor Group	667.1	219.3	32.9%	186.2	54.7	29.4%	231.8	71.4	30.8%	249.2	93.2	37.4%
Emerson Electric	4,120.0	1,257.0	30.5%	1,270.0	496.0	39.1%	1,144.0	230.0	20.1%	1,706.0	531.0	31.1%
Entergy	5,555.8	163.6	2.9%	1,867.7	145.2	7.8%	1,991.7	-433.1	-21.7%	1,696.3	451.5	26.6%
EOG Resources	4,825.2	95.5	2.0%	755.0	17.8	2.4%	878.6	32.2	3.7%	3,191.6	45.4	1.4%
Exelon	12,191.8	2,042.8	16.8%	4,050.5	503.5	12.4%	4,265.9	798.9	18.7%	3,875.4	740.4	19.1%
Express Scripts	4,382.6	1,238.3	28.3%	1,888.1	497.1	26.3%	1,289.1	396.6	30.8%	1,205.4	344.6	28.6%
Exxon Mobil	19,655.2	2,783.2	14.2%	7,419.4	992.4	13.4%	2,490.2	-953.8	-38.3%	9,745.5	2,744.5	28.2%
Family Dollar Stores	1,326.0	421.7	31.8%	540.9	173.0	32.0%	433.4	137.0	31.6%	351.7	111.7	31.8%
FedEx	4,246.6	37.0	0.9%	1,749.0	60.0	3.4%	1,289.3	15.3	1.2%	1,208.3	-38.3	-3.2%
FirstEnergy	4,458.0	149.0	3.3%	1,207.0	-23.0	-1.9%	1,191.0	-183.0	-15.4%	2,060.0	355.0	17.2%
Fiserv	2,003.3	641.3	32.0%	729.0	224.0	30.7%	689.0	176.0	25.5%	585.3	241.3	41.2%
Flowserve	465.0	24.1	5.2%	202.3	4.2	2.1%	136.4	18.6	13.6%	126.3	1.2	1.0%
Fluor	1,639.1	493.5	30.1%	426.8	22.4	5.2%	712.9	289.3	40.6%	499.4	181.8	36.4%
FMC Technologies	200.1	53.4	26.7%	64.6	16.0	24.7%	68.8	37.6	54.7%	66.8	-0.1	-0.2%



## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (alphabetical)

\$-millions	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Franklin Resources	2,743.2	1,022.7	37.3%	1,098.2	416.8	38.0%	651.7	219.5	33.7%	993.3	386.4	38.9%
GameStop	1,560.3	453.7	29.1%	543.7	117.9	21.7%	496.8	162.7	32.7%	519.8	173.2	33.3%
Gap	4,213.6	1,470.6	34.9%	1,612.9	466.9	28.9%	1,433.7	568.7	39.7%	1,167.0	435.0	37.3%
General Dynamics	9,147.3	2,472.3	27.0%	3,146.1	936.1	29.8%	2,926.9	714.9	24.4%	3,074.4	821.4	26.7%
General Electric	10,459.7	-4,737.0	-45.3%	4,247.6	-3,253.0	-76.6%	1,574.1	-833.0	-52.9%	4,638.0	-651.0	-14.0%
General Mills	5,721.1	1,188.0	20.8%	2,067.9	282.2	13.6%	1,973.0	521.7	26.4%	1,680.2	384.1	22.9%
Genuine Parts	2,294.0	653.1	28.5%	728.4	219.1	30.1%	487.3	172.3	35.3%	1,078.2	261.7	24.3%
Gilead Sciences	8,900.0	1,865.1	21.0%	3,787.8	785.3	20.7%	3,362.5	653.5	19.4%	1,749.7	426.3	24.4%
Goldman Sachs Group	22,342.2	4,641.5	20.8%	7,089.0	1,499.9	21.2%	10,344.0	3,927.4	38.0%	4,909.3	-785.8	-16.0%
Goodrich	1,901.5	200.8	10.6%	634.2	49.3	7.8%	546.3	39.8	7.3%	721.0	111.7	15.5%
Graybar Electric	260.6	80.1	30.7%	67.3	14.4	21.4%	60.0	21.6	36.0%	133.3	44.1	33.1%
H&R Block	2,141.0	515.3	24.1%	593.6	187.7	31.6%	731.6	91.7	12.5%	815.8	236.0	28.9%
H.J. Heinz	1,586.3	74.7	4.7%	552.8	31.6	5.7%	500.3	-26.4	-5.3%	533.2	69.5	13.0%
Halliburton	5,065.0	931.0	18.4%	1,876.0	400.0	21.3%	565.0	-30.0	-5.3%	2,624.0	561.0	21.4%
Harley-Davidson	1,570.6	606.5	38.6%	350.7	135.1	38.5%	246.7	94.8	38.4%	973.2	376.5	38.7%
Harris	2,118.8	698.9	33.0%	827.8	270.5	32.7%	677.3	227.3	33.6%	613.7	201.1	32.8%
Health Management Associates	830.2	48.4	5.8%	261.0	53.4	20.4%	244.3	-7.3	-3.0%	324.9	2.4	0.7%
Health Net	581.1	137.5	23.7%	324.5	75.8	23.4%	109.3	25.2	23.0%	147.4	36.5	24.8%
Henry Schein	903.5	281.5	31.2%	323.2	99.2	30.7%	292.4	97.2	33.2%	287.8	85.1	29.6%
Hershey	1,994.8	694.4	34.8%	810.8	282.3	34.8%	629.3	231.6	36.8%	554.7	180.5	32.5%
Hewlett-Packard	8,553.6	316.6	3.7%	3,890.9	240.9	6.2%	2,424.0	-87.0	-3.6%	2,238.7	162.7	7.3%
Holly	418.2	31.1	7.4%	187.7	31.9	17.0%	45.9	-23.9	-52.1%	184.6	23.1	12.5%
Home Depot	11,013.0	3,918.0	35.6%	4,673.0	1,478.0	31.6%	3,402.0	1,157.0	34.0%	2,938.0	1,283.0	43.7%
Honeywell International	4,903.1	-33.9	-0.7%	1,243.2	-481.8	-38.7%	1,723.2	-27.8	-1.6%	1,936.6	475.6	24.6%
Hormel Foods	1,527.3	468.8	30.7%	594.9	161.8	27.2%	501.4	158.1	31.5%	431.0	148.9	34.5%
Humana	4,196.9	1,641.2	39.1%	1,686.6	784.3	46.5%	1,546.5	528.3	34.2%	963.7	328.7	34.1%
Illinois Tool Works	2,814.4	974.0	34.6%	1,190.8	421.6	35.4%	503.1	226.6	45.0%	1,120.5	325.9	29.1%
Ingram Micro	187.9	58.1	30.9%	83.0	33.8	40.7%	13.7	-1.8	-13.4%	91.2	26.2	28.7%
Insight Enterprises	125.2	8.4	6.7%	70.2	8.0	11.3%	14.9	-4.8	-32.3%	40.1	5.3	13.2%
Integrus Energy Group	818.4	-92.3	-11.3%	353.0	-83.7	-23.7%	293.0	1.9	0.6%	172.4	-10.5	-6.1%
Intel	23,272.2	7,341.2	31.5%	13,886.2	3,995.2	28.8%	3,231.0	595.0	18.4%	6,155.0	2,751.0	44.7%
International Business Machines	26,473.0	1,001.0	3.8%	8,861.0	190.0	2.1%	9,404.0	473.0	5.0%	8,208.0	338.0	4.1%
International Paper	1,470.0	138.0	9.4%	217.0	-249.0	-114.7%	898.0	228.0	25.4%	355.0	159.0	44.8%
Interpublic Group	570.9	-15.0	-2.6%	199.4	13.7	6.9%	148.0	-48.4	-32.7%	223.5	19.7	8.8%
ITT	2,043.7	428.2	21.0%	720.0	147.0	20.4%	662.5	126.5	19.1%	661.2	154.7	23.4%
J.C. Penney	1,849.5	301.5	16.3%	585.3	90.3	15.4%	379.0	59.0	15.6%	885.2	152.2	17.2%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (alphabetical)

Company	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
J.M. Smucker	1,782.1	614.8	34.5%	709.3	265.6	37.4%	699.8	254.0	36.3%	373.0	95.2	25.5%
J.P. Morgan Chase & Co.	29,686.9	8,936.0	30.1%	8,486.4	3,979.5	46.9%	13,557.9	4,683.9	34.5%	7,642.6	272.6	3.6%
Jacobs Engineering Group	1,076.6	372.0	34.5%	272.2	120.8	44.4%	419.5	144.0	34.3%	384.9	107.2	27.9%
Johnson & Johnson	19,120.3	5,693.3	29.8%	5,790.3	1,802.3	31.1%	7,212.7	1,973.7	27.4%	6,117.3	1,917.3	31.3%
Kellogg	3,460.2	543.2	15.7%	1,262.4	90.4	7.2%	1,168.7	327.7	28.0%	1,029.1	125.1	12.2%
Kimberly-Clark	4,411.0	812.0	18.4%	1,515.0	363.0	24.0%	1,649.6	305.6	18.5%	1,246.4	143.4	11.5%
Kindred Healthcare	279.8	57.2	20.4%	87.5	12.8	14.6%	97.3	24.1	24.7%	95.0	20.3	21.4%
Kohl's	4,621.0	1,458.0	31.6%	1,712.5	564.5	33.0%	1,528.5	482.5	31.6%	1,380.0	411.0	29.8%
Kraft Foods	4,134.5	747.0	18.1%	1,038.0	91.0	8.8%	1,853.6	335.0	18.1%	1,242.9	321.0	25.8%
Kroger	5,242.3	1,178.3	22.5%	1,657.0	697.0	42.1%	1,661.7	189.7	11.4%	1,923.6	291.6	15.2%
L-3 Communications	3,585.6	832.6	23.2%	1,206.2	296.2	24.6%	1,152.7	300.7	26.1%	1,226.7	235.7	19.2%
Laboratory Corp. of America	2,344.5	706.2	30.1%	826.6	265.7	32.1%	807.1	265.8	32.9%	710.8	174.7	24.6%
Levi Strauss	398.9	40.5	10.2%	162.6	12.3	7.5%	40.6	17.9	44.2%	195.7	10.3	5.3%
Limited Brands	2,249.6	677.6	30.1%	1,158.3	390.3	33.7%	565.0	138.0	24.4%	526.3	149.3	28.4%
Lockheed Martin	12,562.0	2,540.5	20.2%	3,794.0	589.0	15.5%	4,246.0	649.6	15.3%	4,522.0	1,301.9	28.8%
Loews	5,414.2	346.2	6.4%	2,215.3	152.3	6.9%	2,018.3	1.3	0.1%	1,180.5	192.5	16.3%
Lowe's	9,082.3	3,285.3	36.2%	3,040.2	1,170.2	38.5%	2,702.0	1,046.0	38.7%	3,340.2	1,069.2	32.0%
Macy's	2,242.0	271.0	12.1%	1,308.0	217.0	16.6%	498.0	48.0	9.6%	436.0	6.0	1.4%
Marathon Oil	5,366.9	846.9	15.8%	949.9	173.9	18.3%	570.7	-232.3	-40.7%	3,846.3	905.3	23.5%
MasterCard	2,775.6	515.8	18.6%	1,595.7	308.7	19.3%	870.9	127.7	14.7%	309.0	79.3	25.7%
Mattel	1,019.8	-9.2	-0.9%	429.7	7.8	1.8%	355.6	-21.1	-5.9%	234.5	4.1	1.8%
McDonald's	7,841.4	2,457.6	31.3%	2,624.2	1,020.7	38.9%	2,561.0	731.1	28.5%	2,656.2	705.8	26.6%
McGraw-Hill	2,744.8	841.6	30.7%	1,009.3	244.5	24.2%	832.6	280.7	33.7%	903.0	316.3	35.0%
McKesson	3,170.0	715.0	22.6%	1,121.0	283.0	25.2%	1,315.0	255.0	19.4%	734.0	177.0	24.1%
MDU Resources	1,283.6	178.5	13.9%	326.1	36.0	11.1%	384.8	63.9	16.6%	572.8	78.6	13.7%
Medco Health Solutions	5,919.4	2,220.2	37.5%	2,229.4	798.9	35.8%	1,975.9	791.7	40.1%	1,714.1	629.5	36.7%
Medtronic	4,026.1	1,081.6	26.9%	1,545.7	363.8	23.5%	1,509.1	501.6	33.2%	971.3	216.2	22.3%
Merck	12,166.7	1,398.0	11.5%	1,038.1	399.0	38.4%	5,766.2	-55.0	-1.0%	5,362.4	1,054.0	19.7%
Monsanto	4,940.9	1,087.7	22.0%	1,211.5	224.4	18.5%	2,333.1	500.1	21.4%	1,396.3	363.3	26.0%
Mosaic	3,153.5	376.5	11.9%	1,427.8	123.8	8.7%	582.9	82.5	14.1%	1,142.8	170.2	14.9%
Murphy Oil	962.1	323.7	33.6%	199.2	95.1	47.8%	299.2	110.6	37.0%	463.7	118.0	25.4%
Nash-Finch	195.0	44.9	23.0%	71.3	5.9	8.3%	71.4	27.3	38.2%	52.2	11.8	22.6%
Navistar International	896.0	-18.0	-2.0%	162.0	-30.0	-18.5%	435.0	3.0	0.7%	299.0	9.0	3.0%
Newmont Mining	1,591.0	230.2	14.5%	737.0	163.2	22.1%	291.0	4.5	1.5%	563.0	62.5	11.1%
News Corp.	8,332.0	1,746.0	21.0%	3,182.0	823.0	25.9%	2,775.0	248.0	8.9%	2,375.0	675.0	28.4%
NextEra Energy	6,403.0	-139.0	-2.2%	2,478.0	11.0	0.4%	1,865.0	-18.0	-1.0%	2,060.0	-132.0	-6.4%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (alphabetical)

\$-millions	Three-Year Totals			2010			2009			2008		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Nike	2,501.4	777.3	31.1%	1,038.1	236.1	22.7%	659.0	152.0	23.1%	804.3	389.2	48.4%
NiSource	1,384.6	-227.3	-16.4%	432.9	-61.8	-14.3%	411.7	-197.0	-47.9%	540.0	31.5	5.8%
Nordstrom	2,210.7	820.7	37.1%	941.8	310.8	33.0%	659.2	269.2	40.8%	609.7	240.7	39.5%
Norfolk Southern	6,595.5	1,285.5	19.5%	2,305.7	464.7	20.2%	1,613.6	226.6	14.0%	2,676.1	594.1	22.2%
Northeast Utilities	1,430.1	16.7	1.2%	611.2	8.3	1.4%	463.0	3.8	0.8%	356.0	4.7	1.3%
Northrop Grumman	7,126.0	1,695.5	23.8%	2,548.0	481.8	18.9%	2,140.0	525.3	24.5%	2,438.0	688.3	28.2%
NRG Energy	3,794.0	399.0	10.5%	656.0	211.0	32.2%	1,488.0	99.0	6.7%	1,650.0	89.0	5.4%
NYSE Euronext	377.0	60.0	15.9%	149.0	18.0	12.1%	67.0	-31.0	-46.3%	161.0	73.0	45.3%
Occidental Petroleum	11,058.3	2,086.3	18.9%	3,219.8	595.8	18.5%	2,068.2	-3.8	-0.2%	5,770.3	1,494.3	25.9%
Omnicare	568.7	29.1	5.1%	18.3	-13.9	-76.1%	316.5	3.8	1.2%	233.9	39.2	16.8%
Omnicom Group	1,894.2	219.4	11.6%	569.2	70.3	12.4%	587.0	58.2	9.9%	738.0	90.9	12.3%
Oneok	2,223.3	84.1	3.8%	742.5	58.9	7.9%	696.3	6.4	0.9%	784.5	18.8	2.4%
Oracle	13,571.8	4,035.8	29.7%	6,152.2	1,639.2	26.6%	4,002.0	1,216.0	30.4%	3,417.6	1,180.6	34.5%
O'Reilly Automotive	1,437.9	333.1	23.2%	668.1	130.9	19.6%	481.6	113.5	23.6%	288.2	88.7	30.8%
Owens & Minor	510.5	145.3	28.5%	171.7	59.2	34.4%	179.7	49.4	27.5%	159.0	36.7	23.1%
Paccar	365.5	-111.6	-30.5%	178.1	24.5	13.8%	82.8	-108.3	-130.7%	104.6	-27.8	-26.6%
Pantry	154.2	17.9	11.6%	29.2	-3.7	-12.7%	80.7	16.3	20.2%	44.4	5.3	12.0%
Parker Hannifin	1,194.8	293.6	24.6%	332.0	73.5	22.2%	372.6	43.5	11.7%	490.1	176.6	36.0%
Peabody Energy	1,008.2	71.0	7.0%	543.3	71.7	13.2%	279.7	-0.7	-0.3%	185.2	—	—
Pepco Holdings	882.0	-508.0	-57.6%	229.0	-270.0	-117.9%	359.0	-160.0	-44.6%	294.0	-78.0	-26.5%
PepsiCo	11,187.3	2,773.3	24.8%	3,889.5	843.5	21.7%	4,092.3	1,203.3	29.4%	3,205.5	726.5	22.7%
PetSmart	928.4	306.6	33.0%	344.6	126.7	36.8%	282.9	109.5	38.7%	300.8	70.4	23.4%
PG&E Corp.	4,855.0	-1,027.0	-21.2%	1,530.0	-12.0	-0.8%	1,735.0	-747.0	-43.1%	1,590.0	-268.0	-16.9%
Phillips-Van Heusen	368.6	87.1	23.6%	20.5	1.3	6.2%	202.6	25.3	12.5%	145.4	60.5	41.6%
Pitney Bowes	1,460.6	443.7	30.4%	392.1	170.2	43.4%	499.0	188.3	37.7%	569.5	85.2	15.0%
PNC Financial Services Group	9,995.6	144.6	1.4%	3,584.2	-207.8	-5.8%	4,398.2	-109.8	-2.5%	2,013.2	462.2	23.0%
Polo Ralph Lauren	1,305.3	324.6	24.9%	541.4	90.9	16.8%	436.4	117.2	26.8%	327.6	116.6	35.6%
PPG Industries	1,407.0	205.0	14.6%	487.0	62.0	12.7%	260.0	3.0	1.2%	660.0	140.0	21.2%
PPL	2,110.0	91.0	4.3%	935.0	-51.0	-5.5%	234.0	-72.0	-30.8%	941.0	214.0	22.7%
Praxair	1,735.1	332.1	19.1%	633.8	90.8	14.3%	572.0	89.0	15.6%	529.3	152.3	28.8%
Precision Castparts	3,824.1	898.6	23.5%	1,302.2	315.9	24.3%	1,207.6	245.2	20.3%	1,314.3	337.5	25.7%
Principal Financial	2,025.1	290.7	14.4%	806.9	74.1	9.2%	725.5	97.7	13.5%	492.8	118.9	24.1%
Procter & Gamble	24,970.0	5,582.0	22.4%	8,717.0	1,809.0	20.8%	8,073.0	2,154.0	26.7%	8,180.0	1,619.0	19.8%
Progress Energy	3,776.0	219.0	5.8%	1,419.0	-46.0	-3.2%	1,196.0	227.0	19.0%	1,161.0	38.0	3.3%
Publix Super Markets	5,250.8	1,628.4	31.0%	1,960.0	601.1	30.7%	1,706.7	518.3	30.4%	1,584.1	509.0	32.1%
Quest Diagnostics	3,229.5	989.9	30.7%	1,089.2	346.0	31.8%	1,145.8	346.0	30.2%	994.5	297.9	30.0%

## Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (alphabetical)

Company	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
R.R. Donnelley & Sons	990.7	145.4	14.7%	233.3	99.4	42.6%	196.6	95.0	48.3%	560.7	-49.1	-8.8%
RadioShack	915.2	299.4	32.7%	320.3	101.9	31.8%	319.3	105.3	33.0%	275.6	92.2	33.5%
Raytheon	7,865.0	1,080.0	13.7%	2,699.0	205.0	7.6%	2,806.0	669.0	23.8%	2,360.0	206.0	8.7%
Reinsurance Group of America	942.2	1.2	0.1%	542.5	-216.1	-39.8%	332.4	201.6	60.7%	67.3	15.7	23.4%
Reliance Steel & Aluminum	1,174.8	232.4	19.8%	271.5	37.0	13.6%	197.3	-14.8	-7.5%	706.0	210.2	29.8%
Reynolds American	5,933.7	1,764.0	29.7%	2,039.4	543.3	26.6%	1,907.2	590.3	31.0%	1,987.0	630.3	31.7%
Rockwell Automation	686.4	158.4	23.1%	147.8	-3.6	-2.4%	81.9	13.8	16.9%	456.7	148.2	32.4%
Rockwell Collins	2,428.7	498.7	20.5%	733.9	131.9	18.0%	795.3	173.3	21.8%	899.4	193.4	21.5%
Ross Stores	2,054.4	701.5	34.1%	869.1	317.5	36.5%	702.2	236.1	33.6%	483.1	147.9	30.6%
Ruddick	450.2	83.4	18.5%	164.8	14.1	8.6%	141.5	35.0	24.7%	143.8	34.3	23.9%
Ryder System	627.0	-45.8	-7.3%	151.8	3.9	2.6%	126.3	-45.5	-36.0%	348.9	-4.3	-1.2%
Safeway	2,331.6	565.8	24.3%	506.0	178.9	35.4%	624.3	137.0	21.9%	1,201.3	249.9	20.8%
SAIC	2,217.0	635.8	28.7%	826.0	249.9	30.3%	733.0	236.2	32.2%	658.0	149.7	22.7%
Scana	1,589.0	72.0	4.5%	533.0	-47.0	-8.8%	528.0	63.0	11.9%	528.0	56.0	10.6%
Sealed Air	266.7	94.6	35.5%	73.0	22.1	30.3%	100.7	35.8	35.6%	93.0	36.7	39.5%
Sempra Energy	2,588.0	56.0	2.2%	450.0	27.0	6.0%	967.0	39.0	4.0%	1,171.0	-10.0	-0.9%
Sherwin-Williams	1,951.9	381.6	19.6%	660.8	118.7	18.0%	604.7	158.6	26.2%	686.4	104.3	15.2%
Southern	8,274.0	1,441.0	17.4%	3,120.0	42.0	1.3%	2,504.0	771.0	30.8%	2,650.0	628.0	23.7%
Southwest Airlines	1,159.0	197.0	17.0%	726.0	198.0	27.3%	165.0	-24.0	-14.5%	268.0	23.0	8.6%
Spectra Energy	2,792.0	380.0	13.6%	877.0	105.0	12.0%	806.0	35.0	4.3%	1,109.0	240.0	21.6%
SPX	565.7	35.3	6.2%	89.6	-36.2	-40.4%	216.2	49.3	22.8%	259.9	22.1	8.5%
St. Jude Medical	1,595.1	598.6	37.5%	541.5	250.0	46.2%	541.1	190.9	35.3%	512.5	157.7	30.8%
Staples	2,412.1	767.0	31.8%	828.1	142.3	17.2%	687.7	322.6	46.9%	896.2	302.2	33.7%
State Street Corp.	3,849.0	255.0	6.6%	731.0	-885.0	-121.1%	1,685.0	75.0	4.5%	1,433.0	1,065.0	74.3%
Supervalu	1,668.7	216.7	13.0%	346.7	3.7	1.1%	622.8	65.8	10.6%	699.2	147.2	21.0%
Synnex	310.3	108.2	34.9%	134.8	42.3	31.4%	91.0	30.1	33.1%	84.6	35.8	42.3%
Target	11,519.0	2,997.0	26.0%	4,451.0	1,086.0	24.4%	3,729.0	877.0	23.5%	3,339.0	1,034.0	31.0%
Tech Data	312.9	92.3	29.5%	134.3	45.6	33.9%	91.8	26.6	29.0%	86.8	20.1	23.2%
Tenet Healthcare	415.0	-48.0	-11.6%	158.0	6.0	3.8%	194.0	-53.0	-27.3%	63.0	-1.0	-1.6%
Texas Instruments	6,868.7	2,299.7	33.5%	3,753.2	1,336.2	35.6%	1,371.2	333.2	24.3%	1,744.3	630.3	36.1%
Thermo Fisher Scientific	1,981.0	600.1	30.3%	753.5	245.9	32.6%	555.0	190.1	34.3%	672.4	164.0	24.4%
Time Warner	8,610.3	1,095.9	12.7%	3,399.7	758.2	22.3%	3,180.2	412.2	13.0%	2,030.5	-74.5	-3.7%
TJX	4,343.1	1,183.0	27.2%	1,701.2	487.4	28.7%	1,507.7	451.3	29.9%	1,134.2	244.2	21.5%
Travelers Cos.	11,837.0	2,405.0	20.3%	3,984.0	838.0	21.0%	4,419.0	814.0	18.4%	3,434.0	753.0	21.9%
Tutor Perini	542.3	169.9	31.3%	150.0	49.7	33.1%	186.4	65.8	35.3%	205.9	54.4	26.4%
U.S. Bancorp	13,397.0	3,702.0	27.6%	4,175.0	1,105.0	26.5%	4,146.0	765.0	18.5%	5,076.0	1,832.0	36.1%

### Effective Federal Corporate Income Tax Rates on 280 Major Corporations, 2008–2010 (alphabetical)

Company	Three-Year Totals			2010			2009			2008		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
UGI	1,194.7	212.1	17.8%	429.1	55.3	12.9%	410.6	67.2	16.4%	355.0	89.6	25.2%
Union Pacific	10,835.9	1,780.9	16.4%	4,322.8	819.8	19.0%	2,925.7	307.7	10.5%	3,587.3	653.3	18.2%
United Parcel Service	12,443.9	2,993.6	24.1%	4,661.7	772.7	16.6%	2,997.2	714.2	23.8%	4,785.0	1,506.7	31.5%
United Stationers	489.3	158.8	32.5%	186.0	45.7	24.6%	152.8	61.4	40.2%	150.6	51.7	34.3%
United Technologies	7,935.4	791.4	10.0%	2,543.3	44.3	1.7%	2,538.7	197.7	7.8%	2,853.5	549.5	19.3%
UnitedHealth Group	17,606.0	5,906.9	33.6%	7,379.7	2,501.7	33.9%	5,736.6	1,892.6	33.0%	4,489.7	1,512.6	33.7%
Universal American	634.9	163.6	25.8%	268.9	53.8	20.0%	210.4	62.9	29.9%	155.6	46.9	30.1%
Universal Health Services	1,198.2	403.2	33.7%	410.1	129.4	31.6%	453.3	147.6	32.6%	334.8	126.2	37.7%
URS	1,091.2	174.4	16.0%	415.0	119.2	28.7%	321.0	32.2	10.0%	355.1	23.0	6.5%
Verizon Communications	32,518.0	-951.0	-2.9%	11,963.0	-705.0	-5.9%	12,261.0	-611.0	-5.0%	8,294.0	365.0	4.4%
VF	1,651.2	372.0	22.5%	587.1	181.0	30.8%	489.6	75.2	15.4%	574.4	115.8	20.2%
Viacom	4,850.0	1,308.0	27.0%	1,512.0	553.0	36.6%	1,944.0	427.0	22.0%	1,394.0	328.0	23.5%
Visa	8,460.6	2,399.6	28.4%	3,715.4	1,077.4	29.0%	3,582.2	906.2	25.3%	1,163.0	416.0	35.8%
W.R. Berkley	1,140.0	264.6	23.2%	575.3	75.6	13.1%	342.6	115.0	33.6%	222.1	74.0	33.3%
W.W. Grainger	2,099.2	685.4	32.7%	758.3	262.3	34.6%	646.9	187.6	29.0%	694.0	235.5	33.9%
Walgreen	9,653.0	3,137.0	32.5%	3,283.0	1,129.0	34.4%	3,073.0	807.0	26.3%	3,297.0	1,201.0	36.4%
Wal-Mart Stores	50,515.0	15,169.0	30.0%	17,761.0	4,600.0	25.9%	17,106.0	5,798.0	33.9%	15,648.0	4,771.0	30.5%
Walt Disney	17,463.0	4,765.0	27.3%	5,851.1	1,467.1	25.1%	5,277.7	1,274.7	24.2%	6,334.1	2,023.1	31.9%
Washington Post	986.0	276.5	28.0%	501.1	136.4	27.2%	212.3	65.5	30.8%	272.6	74.6	27.4%
Waste Management	4,384.5	1,180.5	26.9%	1,419.6	346.6	24.4%	1,322.7	403.7	30.5%	1,642.2	430.2	26.2%
Wells Fargo	49,370.0	-680.8	-1.4%	16,486.1	1,344.8	8.2%	21,797.2	-3,966.9	-18.2%	11,086.8	1,941.3	17.5%
Wesco International	645.7	100.1	15.5%	164.6	8.7	5.3%	169.4	29.1	17.2%	311.7	62.3	20.0%
Whole Foods Market	747.5	271.7	36.3%	359.6	148.9	41.4%	222.6	64.6	29.0%	165.3	58.1	35.2%
Williams	3,671.0	270.0	7.4%	560.0	81.0	14.5%	987.0	10.0	1.0%	2,124.0	179.0	8.4%
Wisconsin Energy	1,724.9	-85.0	-4.9%	653.0	71.7	11.0%	543.4	-26.0	-4.8%	528.6	-130.7	-24.7%
Xcel Energy	3,181.7	32.8	1.0%	1,176.0	16.7	1.4%	1,048.2	-39.9	-3.8%	957.5	56.0	5.9%
Yahoo	1,663.0	144.8	8.7%	855.5	-82.0	-9.6%	354.3	102.1	28.8%	453.2	124.7	27.5%
Yum Brands	1,074.8	159.8	14.9%	341.9	97.9	28.6%	294.2	-69.8	-23.7%	438.6	131.6	30.0%
<b>ALL INDUSTRIES</b>	<b>\$ 1,352,850</b>	<b>\$ 250,797</b>	<b>18.5%</b>	<b>\$ 487,709</b>	<b>\$ 85,574</b>	<b>17.5%</b>	<b>\$ 422,765</b>	<b>\$ 71,768</b>	<b>17.0%</b>	<b>\$ 442,376</b>	<b>\$ 93,454</b>	<b>21.1%</b>

**U.S. Profits & U.S. Federal Income Taxes versus Foreign Profits & Foreign Income Taxes, 2008-10**  
**for companies with foreign pretax profits at least 10% of total worldwide pretax profits, \$-million**

Company	US profits & federal income taxes			Foreign profits & for. income taxes			US rate
	US profit	US tax	US rate	For. profit	For. tax	For. rate	- For rate
3M	\$ 7,283	\$ 1,734	23.8%	\$ 8,129	\$ 2,202	27.1%	-3.3%
AECOM Technology	406	55	13.6%	442	136	30.6%	-17.0%
Air Products & Chemicals	1,293	245	18.9%	2,007	448	22.3%	-3.4%
Amazon.com	1,831	144	7.9%	1,708	85	5.0%	+2.9%
Anixter International	395	115	29.1%	195	79	40.8%	-11.7%
Apache	3,597	22	0.6%	10,984	3,494	31.8%	-31.2%
Archer Daniels Midland	4,764	1,299	27.3%	3,280	556	17.0%	+10.3%
Arrow Electronics	875	167	19.0%	394	147	37.2%	-18.2%
Ashland	389	26	6.7%	433	146	33.7%	-27.0%
Ball	818	156	19.1%	731	224	30.6%	-11.5%
Baxter International	926	-66	-7.1%	6,188	641	10.4%	-17.5%
Becton Dickinson	2,554	638	25.0%	2,147	449	20.9%	+4.0%
Bemis	528	162	30.7%	285	83	29.2%	+1.5%
Best Buy	4,850	1,908	39.3%	935	211	22.6%	+16.8%
Bristol-Myers Squibb	8,699	1,389	16.0%	7,663	1,634	21.3%	-5.4%
CA	2,006	620	30.9%	1,327	318	24.0%	+6.9%
Cameron International	918	295	32.2%	1,303	342	26.2%	+6.0%
Campbell Soup	2,886	544	18.9%	321	151	47.0%	-28.2%
Capital One Financial	4,953	1,195	24.1%	611	176	28.9%	-4.8%
Cardinal Health	3,110	1,009	32.5%	651	43	6.6%	+25.8%
Celanese	620	112	18.1%	579	275	47.5%	-29.4%
Chevron	17,517	4,344	24.8%	75,037	32,658	43.5%	-18.7%
Chubb	6,385	1,425	22.3%	1,972	605	30.7%	-8.4%
Cliffs Natural Resources	1,287	205	15.9%	1,011	247	24.4%	-8.5%
Clorox	1,814	475	26.2%	394	123	31.2%	-5.0%
Coca-Cola	11,800	1,669	14.1%	20,261	3,543	17.5%	-3.3%
Cognizant Technology Solutions	482	130	26.9%	1,523	219	14.4%	+12.6%
Colgate-Palmolive	3,342	897	26.8%	6,521	2,086	32.0%	-5.2%
Computer Sciences	1,666	-305	-18.3%	1,419	341	24.0%	-42.4%
Consol Energy	1,689	270	16.0%	230	-3	-1.4%	+17.4%
Corning	1,977	-4	-0.2%	6,683	576	8.6%	-8.8%
Costco Wholesale	4,174	1,267	30.4%	1,398	432	30.9%	-0.5%
Deere	4,610	1,036	22.5%	3,094	1,038	33.5%	-11.1%
Devon Energy	8,688	478	5.5%	2,443	586	24.0%	-18.5%
DirecTV	6,085	1,222	20.1%	1,583	452	28.6%	-8.5%
Dover	1,221	217	17.7%	1,107	243	22.0%	-4.2%
Duke Energy	5,475	-216	-3.9%	1,269	289	22.8%	-26.7%
DuPont	2,124	-72	-3.4%	6,174	1,109	18.0%	-21.4%
Eastman Chemical	1,073	141	13.1%	264	62	23.5%	-10.3%
Ecolab	1,291	194	15.0%	666	194	29.2%	-14.1%
Eli Lilly	5,066	214	4.2%	5,481	1,910	34.8%	-30.6%
Emcor Group	667	219	32.9%	69	10	14.6%	+18.3%
Emerson Electric	4,120	1,257	30.5%	4,746	1,214	25.6%	+4.9%
EOG Resources	4,825	96	2.0%	909	322	35.5%	-33.5%
FedEx	4,247	37	0.9%	1,378	619	44.9%	-44.0%
Flowserve	465	24	5.2%	1,234	354	28.7%	-23.5%
Fluor	1,639	494	30.1%	1,131	294	26.0%	+4.1%
FMC Technologies	200	53	26.7%	1,358	204	15.0%	+11.7%
Franklin Resources	2,743	1,023	37.3%	2,695	382	14.2%	+23.1%
GameStop	1,560	454	29.1%	248	109	44.1%	-15.0%
Gap	4,214	1,471	34.9%	976	372	38.1%	-3.2%
General Dynamics	9,147	2,472	27.0%	1,737	401	23.1%	+3.9%

**U.S. Profits & U.S. Federal Income Taxes versus Foreign Profits & Foreign Income Taxes, 2008-10**  
**for companies with foreign pretax profits at least 10% of total worldwide pretax profits, \$-million**

Company	US profits & federal income taxes			Foreign profits & for. income taxes			US rate
	US profit	US tax	US rate	For. profit	For. tax	For. rate	- For rate
General Electric	10,460	-4,737	-45.3%	37,799	8,670	22.9%	-68.2%
General Mills	5,721	1,188	20.8%	652	124	19.0%	+1.8%
Goldman Sachs Group	22,342	4,641	20.8%	11,895	5,289	44.5%	-23.7%
Goodrich	1,901	201	10.6%	691	59	8.5%	+2.0%
H.J. Heinz	1,586	75	4.7%	2,385	517	21.7%	-17.0%
Halliburton	5,065	931	18.4%	3,005	883	29.4%	-11.0%
Henry Schein	903	282	31.2%	398	94	23.6%	+7.5%
Hewlett-Packard	8,554	317	3.7%	22,034	3,423	15.5%	-11.8%
Home Depot	11,013	3,918	35.6%	1,269	431	34.0%	+1.6%
Honeywell International	4,903	-34	-0.7%	4,646	1,148	24.7%	-25.4%
Illinois Tool Works	2,814	974	34.6%	2,898	925	31.9%	+2.7%
Ingram Micro	188	58	30.9%	879	208	23.7%	+7.3%
Intel	23,272	7,341	31.5%	6,163	1,040	16.9%	+14.7%
International Business Machines	26,473	1,001	3.8%	27,488	7,401	26.9%	-23.1%
International Paper	1,470	138	9.4%	1,189	227	19.1%	-9.7%
Interpublic Group	571	-15	-2.6%	555	207	37.4%	-40.0%
ITT	2,044	428	21.0%	1,269	349	27.5%	-6.6%
J.P. Morgan Chase & Co.	29,687	8,936	30.1%	24,183	6,089	25.2%	+4.9%
Jacobs Engineering Group	1,077	372	34.5%	536	137	25.6%	+8.9%
Johnson & Johnson	19,120	5,693	29.8%	29,519	4,333	14.7%	+15.1%
Kellogg	3,460	543	15.7%	1,549	465	30.0%	-14.3%
Kimberly-Clark	4,411	812	18.4%	2,902	935	32.2%	-13.8%
Kraft Foods	4,135	747	18.1%	5,670	1,934	34.1%	-16.0%
L-3 Communications	3,586	833	23.2%	553	141	25.5%	-2.3%
Levi Strauss	399	41	10.2%	385	111	28.9%	-18.7%
Loews	5,414	346	6.4%	1,965	602	30.6%	-24.2%
MasterCard	2,776	516	18.6%	1,898	764	40.3%	-21.7%
Mattel	1,020	-9	-0.9%	971	399	41.1%	-42.0%
McDonald's	7,841	2,458	31.3%	11,413	2,431	21.3%	+10.0%
McGraw-Hill	2,745	842	30.7%	894	307	34.4%	-3.7%
McKesson	3,170	715	22.6%	1,439	133	9.2%	+13.3%
Medtronic	4,026	1,082	26.9%	6,221	719	11.6%	+15.3%
Merck	12,167	1,398	11.5%	15,567	2,233	14.3%	-2.9%
Monsanto	4,941	1,088	22.0%	2,659	642	24.1%	-2.1%
Mosaic	3,154	377	11.9%	4,099	1,145	27.9%	-16.0%
Murphy Oil	962	324	33.6%	4,516	1,356	30.0%	+3.6%
Newmont Mining	1,591	230	14.5%	6,654	2,157	32.4%	-18.0%
News Corp.	8,332	1,746	21.0%	2,011	734	36.5%	-15.5%
Nike	2,501	777	31.1%	4,689	1,097	23.4%	+7.7%
NYSE Euronext	377	60	15.9%	1,437	303	21.1%	-5.2%
Occidental Petroleum	11,058	2,086	18.9%	13,529	5,936	43.9%	-25.0%
Omnicom Group	1,894	219	11.6%	2,316	656	28.3%	-16.7%
Oracle	13,572	4,036	29.7%	13,083	2,984	22.8%	+6.9%
Paccar	365	-112	-30.5%	1,938	480	24.8%	-55.3%
Parker Hannifin	1,195	294	24.6%	1,517	414	27.3%	-2.7%
Peabody Energy	1,008	71	7.0%	1,942	357	18.4%	-11.3%
PepsiCo	11,187	2,773	24.8%	11,865	1,933	16.3%	+8.5%
Pitney Bowes	1,461	444	30.4%	443	115	26.0%	+4.3%
Polo Ralph Lauren	1,305	325	24.9%	724	160	22.1%	+2.8%
PPG Industries	1,407	205	14.6%	1,354	440	32.5%	-17.9%
PPL	2,110	91	4.3%	881	131	14.9%	-10.6%
Praxair	1,735	332	19.1%	3,339	1,036	31.0%	-11.9%
Precision Castparts	3,824	899	23.5%	558	135	24.1%	-0.6%

**U.S. Profits & U.S. Federal Income Taxes versus Foreign Profits & Foreign Income Taxes, 2008-10**  
**for companies with foreign pretax profits at least 10% of total worldwide pretax profits, \$-million**

Company	US profits & federal income taxes			Foreign profits & for. income taxes			US rate
	US profit	US tax	US rate	For. profit	For. tax	For. rate	- For rate
Procter & Gamble	24,970	5,582	22.4%	18,889	4,072	21.6%	+0.8%
R.R. Donnelley & Sons	991	145	14.7%	462	147	31.8%	-17.1%
Reinsurance Group of America	942	1	0.1%	795	152	19.1%	-19.0%
Rockwell Automation	686	158	23.1%	958	170	17.8%	+5.3%
Ryder System	627	-46	-7.3%	99	29	29.1%	-36.4%
Safeway	2,332	566	24.3%	957	289	30.2%	-5.9%
Sealed Air	267	95	35.5%	610	165	27.1%	+8.4%
Sempra Energy	2,588	56	2.2%	1,052	174	16.5%	-14.4%
Sherwin-Williams	1,952	382	19.6%	281	111	39.5%	-19.9%
Spectra Energy	2,792	380	13.6%	1,631	261	16.0%	-2.4%
SPX	566	35	6.2%	486	69	14.2%	-7.9%
St. Jude Medical	1,595	599	37.5%	1,203	168	14.0%	+23.6%
Staples	2,412	767	31.8%	2,530	280	11.1%	+20.7%
State Street Corp.	3,849	255	6.6%	3,251	622	19.1%	-12.5%
Synnex	310	108	34.9%	110	23	21.2%	+13.6%
Tech Data	313	92	29.5%	401	81	20.3%	+9.2%
Texas Instruments	6,869	2,300	33.5%	2,156	298	13.8%	+19.7%
Thermo Fisher Scientific	1,981	600	30.3%	1,147	291	25.3%	+5.0%
TJX	4,343	1,183	27.2%	989	318	32.1%	-4.9%
UGI	1,195	212	17.8%	243	84	34.5%	-16.7%
United Parcel Service	12,444	2,994	24.1%	1,550	463	29.9%	-5.8%
United Technologies	7,935	791	10.0%	11,096	3,212	28.9%	-19.0%
URS	1,091	174	16.0%	253	38	15.1%	+0.9%
VF	1,651	372	22.5%	840	163	19.4%	+3.1%
Viacom	4,850	1,308	27.0%	1,072	472	44.0%	-17.1%
Visa	8,461	2,400	28.4%	949	315	33.2%	-4.8%
W.R. Berkley	1,140	265	23.2%	163	44	27.1%	-3.9%
Wal-Mart Stores	50,515	15,169	30.0%	14,208	3,941	27.7%	+2.3%
Yum Brands	1,075	160	14.9%	3,249	758	23.3%	-8.5%
<b>Totals for 134 companies</b>	<b>\$ 634,331</b>	<b>\$ 128,355</b>	<b>20.2%</b>	<b>\$ 587,392</b>	<b>\$ 154,979</b>	<b>26.4%</b>	<b>-6.1%</b>
<b>87 with lower US rate (65%)</b>	<b>\$ 358,698</b>	<b>\$ 48,449</b>	<b>13.5%</b>	<b>\$ 397,380</b>	<b>\$ 116,112</b>	<b>29.2%</b>	<b>-15.7%</b>
<b>47 with lower foreign rate (35%)</b>	<b>275,632</b>	<b>79,907</b>	<b>29.0%</b>	<b>190,012</b>	<b>38,867</b>	<b>20.5%</b>	<b>+8.5%</b>
<b>% that average foreign effective tax rate exceeds average US tax rate (134 cos.):</b>							<b>+30%</b>

**ADDENDUM:**

Outliers removed from above list: 3 significant foreign high-tax outliers (i.e., 3 oil companies) & 4 significant foreign low-tax outliers

Company	US profits & federal income taxes			Foreign profits & foreign income taxes			US rate
	US profit	US tax	US rate	For. profit	For. tax	For. rate	- For rate
Exxon Mobil	\$ 19,655	\$ 2,783	14.2%	\$ 150,694	\$ 68,300	45.3%	-31.2%
ConocoPhillips	19,079	5,132	26.9%	35,892	23,321	65.0%	-38.1%
Marathon Oil	5,367	847	15.8%	11,684	6,627	56.7%	-40.9%
Apple	14,119	4,414	31.3%	24,200	902	3.7%	+27.5%
Amgen	6,517	1,827	28.0%	8,800	460	5.2%	+22.8%
Gilead Sciences	8,900	1,865	21.0%	3,600	125	3.5%	+17.5%
EMC	2,375	504	21.2%	3,200	252	7.9%	+13.4%
<b>Totals for 7 removed outliers</b>	<b>\$ 76,013</b>	<b>\$ 17,373</b>	<b>22.9%</b>	<b>\$ 238,070</b>	<b>\$ 99,987</b>	<b>42.0%</b>	<b>-19.1%</b>
<b>Note: Totals with outliers (141 cos.)</b>	<b>\$ 710,343</b>	<b>\$ 145,728</b>	<b>20.5%</b>	<b>\$ 825,462</b>	<b>\$ 254,966</b>	<b>30.9%</b>	<b>-10.4%</b>



## Company-by-Company Notes

**3M:** The high tax rate in 2008 reflects a turnaround of deferred taxes. The Domestic Production Activities Deduction reduced taxes by \$81 million, \$23 million and \$41 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$12, \$14 and \$26 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$53 million, \$14 million and \$21 million in the same years. Restructuring charges were taken in 2008 and 2009. Pretax profits for each year were adjusted for the actual utilization of the company's restructuring reserves, which increased pretax profits in 2008 and decreased them in 2010 and 2009.

**Advance Auto Parts:** The company's fiscal year ends in January following the year listed. Deferred taxes explain most of the company's tax breaks in each year, driven largely by accelerated depreciation. Excess tax benefits from stock options reduced federal and state taxes by \$7 million, \$3 million and \$9 million in 2010, 2009 and 2008.

**AECOM Technology:** In computing U.S. pretax profits, the study estimated foreign pretax profits based on reported current foreign taxes. The high tax rate in 2008 reflects a turnaround of deferred taxes. Excess tax benefits from stock options reduced federal and state taxes by \$17 million, \$15 million and \$21 million in 2010, 2009 and 2008. Restructuring charges were taken in 2010 and 2009. Pretax profits for each year were adjusted for the actual utilization of the company's restructuring reserves, which increased pretax profits in 2009 and decreased them in 2010.

**Aetna:** Deferred taxes explain the company's low tax rate in 2010. Excess tax benefits from stock options reduced federal and state taxes by \$23 million, \$5 million and \$28 million in 2010, 2009 and 2008.

**Air Products & Chemicals:** The company's fiscal year ends in September of the year listed. Deferred taxes explain most of the company's tax breaks. The Domestic Production Activities Deduction saved the company \$8 million, \$8 million and \$8 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$24 million, \$16 million and \$52 million in the same years.

**Airgas:** The company's fiscal years end in March following the years listed. Deferred taxes, driven almost entirely by accelerated depreciation, explain most of the company's tax breaks in each year. Excess tax benefits from stock options reduced federal and state taxes by \$8 million, \$15 million and \$12 million in 2010, 2009 and 2008.

**Alliant Techsystems:** Reported pretax profits in 2008 were adjusted upward for a non-cash goodwill impairment. The Domestic Production Activities Deduction saved the company \$10 million, \$8 million and \$4 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$4 million, \$3 million and \$3 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$1, \$2 and \$3 million in the same years.

**Altria:** The Domestic Production Activities Deduction reduced taxes by \$137 million, \$73 million and \$77 million in 2010, 2009 and 2008.

**Amazon:** Reported total current income taxes were adjusted in order to separate federal and state taxes. Excess tax benefits from stock options reduced federal and state taxes by \$276 million, \$98 million and \$170 million in 2010, 2009 and 2008.

**Ameren:** Reported pretax profits in 2010 were adjusted upward for a non-cash goodwill impairment. Accelerated depreciation saved the company \$497 million, \$436 million and \$191 million in 2010, 2009 and 2008.

**American Electric Power:** Deferred taxes, driven primarily by accelerated depreciation, explain most of the company's low rates in each year between 2008 and 2010.

**American Financial Group:** A turnaround of deferred taxes explains the company's high rate in 2008. Small deferred taxes reduced the company's tax rates in 2009 and 2010.

**AmerisourceBergen:** Excess tax benefits from stock options reduced federal and state taxes by \$21 million, \$2 million and \$12 million in 2010, 2009 and 2008.

**Amgen:** The research and experimentation tax credit saved the company \$48 million, \$47 million and \$55 million in 2010, 2009 and 2008.

**Anixter International:** Deferral explains most of the company's tax breaks in 2010, and a slight turnaround of deferred taxes explains the company's high tax rate in 2008. Excess tax benefits from stock options reduced federal and state taxes by \$5 million, \$1 million and \$10 million in 2010, 2009 and 2008.

**Apache:** The study reversed impairments for the carrying value of oil and gas properties in 2009 and 2008. The Domestic Production Activities Deduction saved the company \$7 million in 2008.

**Apollo Group:** The company's fiscal years end in August of the years listed. Reported pretax profits in 2010 were adjusted upward for a non-cash goodwill impairment. Excess tax benefits from stock options reduced federal and state taxes by \$7 million, \$19 million and \$19 million in 2010, 2009 and 2008.

**Apple:** The company's fiscal years end in June following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$742 million, \$246 million and \$770 million in 2010, 2009 and 2008.

**Archer Daniels Midland:** The company's fiscal years end in June following the years listed.

**Arrow Electronics:** Reported pretax profits in 2008 were adjusted upward for a non-cash goodwill impairment. Deferral explains most of the company's tax breaks in 2009 and 2010.

**Ashland:** Restructuring charges were taken in 2010 and 2009. Pretax profits for each year were adjusted for the actual utilization of the company's restructuring reserves, which increased pretax profits in 2008 and 2009 and decreased them in 2010. The research and experimentation tax credit saved the company \$19 million, \$9 million and \$1 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$5, \$1 and \$1 million in the same years.

**AT&T:** Excess tax benefits from stock options reduced federal and state taxes by \$2 million and \$10 million in 2010 and 2008.

**Atmos Energy:** The company's fiscal years end in September of the years listed. Most of the company's tax breaks were due to deferrals related to depreciation.

**Automatic Data Processing:** The Domestic Production Activities Deduction saved the company \$12 million, \$7 million and \$6 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$2 and \$1 million in 2009 and 2008.

**Autozone:** The company's fiscal years end in August of the years listed. Most of the company's tax savings were due to deferred taxes associated with inventory valuation and accelerated depreciation.

**Ball:** The Domestic Production Activities Deduction saved the company \$10 million, \$4 million and \$3 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$1 million, \$1 million and \$5 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$13 million, \$6 million and \$4 million in the same years.

**Baxter International:** Excess tax benefits from stock options reduced federal and state taxes by \$41 million, \$96 million and \$112 million in 2010, 2009 and 2008.

**BB&T:** Because the company does not disclose U.S. and foreign pretax income, the study estimated foreign pretax income based on reported current foreign income taxes. The study adjusted U.S. pretax income by replacing the company's provision for loan losses with actual charges net of recoveries. This had the effect of increasing pretax income in 2010, 2009 and 2008.

**Becton Dickinson:** The research and experimentation tax credit saved the company \$27 million, \$43 million and \$13 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$23 million, \$15 million and \$64 million in the same years.

**Bed Bath & Beyond:** The company's fiscal year ends in February following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$3 million, \$6 million and \$4 million in 2010, 2009 and 2008.

**Bemis:** The Domestic Production Activities Deduction saved the company \$6 million, \$4 million and \$2 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$4 and \$1 million in 2010 and 2009.

**Best Buy:** The company's fiscal year ends in February following the years listed. Excess tax benefits from stock options reduced

federal and state taxes by \$11 million, \$7 million and \$6 million in 2010, 2009 and 2008.

**Big Lots:** The company's fiscal year ends in January following the years listed. The company's tax rates reflect small savings from deferred taxes, mostly due to accelerated depreciation. Excess tax benefits from stock options reduced federal and state taxes by \$14 million, \$2 million and \$5 million in 2010, 2009 and 2008.

**BJ's Wholesale Club:** The company's fiscal year ends in January following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$2, \$1 and \$3 million in 2010, 2009 and 2008.

**Boeing:** The research and experimentation tax credit saved the company \$158 million, \$175 million and \$172 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$19 million, \$5 million and \$100 million in the same years.

**Bristol-Myers Squibb:** Reported total current income taxes were adjusted in order to separate federal and state taxes. The research and experimentation tax credit saved the company \$61 million, \$81 million and \$84 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$8 million and \$5 million in 2010 and 2009.

**C.H. Robinson:** Because the company does not disclose U.S. and foreign pretax income, the study estimated foreign pretax income based on reported current foreign income taxes. Excess tax benefits from stock options reduced federal and state taxes by \$13 million, \$10 million and \$12 million in 2010, 2009 and 2008.

**CA:** The company's fiscal years end in March following the years listed. The high rate in 2008 reflects a turnaround in deferred taxes.

**Cameron International:** Excess tax benefits from stock options reduced federal and state taxes by \$16 million, \$6 million and \$17 million in 2010 and 2008.

**Campbell Soup:** The company's fiscal years end in August of the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$11 million, \$18 million and \$8 million in 2010, 2009 and 2008. The Domestic Production Activities Deduction reduced taxes by \$16 million, \$11 million and \$14 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$11 million, \$18 million and \$8 million in the same years.

**Capital One:** Reported pretax profits in 2008 were adjusted upward for a non-cash goodwill impairment. Deferred taxes explain most of the company's low tax rate in 2010, and a turnaround of deferred taxes explains the company's high rate in 2008.

**Cardinal Health:** The company's fiscal years end in June of the years listed.

**CarMax:** The company's fiscal years end in February following the years listed. The high rate in 2008 reflects a turnaround in deferred taxes related to "partnership basis" and "stock compensation." Excess tax benefits from stock options reduced federal and state taxes by \$9 million and \$4 million in 2010 and 2009.

**Casey's General Stores:** The company's fiscal year ends in April following the years listed. Deferred taxes, driven mainly by accelerated depreciation, explain the low taxes in 2010, and also explains most of the tax breaks in 2009 and 2008.

**Celanese:** Reported total current income taxes were adjusted in order to separate federal and state taxes. The company's income tax note did not distinguish between federal and state taxes, so the study estimated the federal and state share of current U.S. taxes.

**Centene:** The company's high rate in 2008 is likely driven by a turnaround of deferred taxes. Excess tax benefits from stock options reduced federal and state taxes by \$1 and \$3 million in 2010 and 2008.

**CenterPoint Energy:** Accelerated depreciation saved the company substantial amounts in all three years.

**CenturyLink:** Deferred taxes, primarily accelerated depreciation, explain the company's low tax rate in 2010. Excess tax benefits from stock options reduced federal and state taxes by \$12 million, \$4 million and \$1 million in 2010, 2009 and 2008. Accelerated depreciation saved the company substantial amounts in 2010 and 2009.

**Charles Schwab:** Excess tax benefits from stock options reduced federal and state taxes by \$3 million, \$8 million and \$50 million in 2010, 2009 and 2008.

**Chesapeake Energy:** Reported total current income taxes were adjusted in order to separate federal and state taxes. The study reversed impairments for the carrying value of oil and gas properties in 2009 and 2008. Deferred taxes explain the company's low tax rate in 2010.

**Chevron:** Excess tax benefits from stock options reduced federal and state taxes by \$67 million, \$25 million and \$106 million in 2010, 2009 and 2008. Accelerated depreciation saved the company substantial amounts over the three years.

**Chubb:** Because the company does not disclose U.S. and foreign pretax income, the study estimated foreign pretax income based on reported current foreign income taxes.

**Cliffs Natural Resources:** The Domestic Production Activities Deduction saved the company \$7 million in 2008. Excess tax benefits from stock options reduced federal and state taxes by \$3, \$4 and \$4 million in 2010, 2009 and 2008.

**Clorox:** The company's fiscal years end in June of the years listed. Federal and state excess tax benefits from stock options were \$10 million, \$6 million and \$9 million in 2010, 2009 and 2008. The Domestic Production Activities Deduction reduced taxes by \$20 million, \$14 million and \$13 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$9 million, \$10 million and \$6 million in the same years.

**CMS Energy:** The research and experimentation tax credit saved the company \$3 million and \$9 million in 2010 and 2009. Accelerated depreciation saved the company substantial amounts in all three years.

**Coca-Cola:** Reported pretax profits in 2008 were adjusted upward for a non-cash impairment charge. Accelerated depreciation saved the company substantial amounts in 2010 and 2009.

**Cognizant Technology Solutions:** Reported total current income taxes were adjusted in order to separate federal and state taxes. Excess tax benefits from stock options reduced federal and state taxes by \$72 million, \$32 million and \$17 million in 2010, 2009 and 2008.

**Colgate-Palmolive:** Excess tax benefits from stock options reduced federal and state taxes by \$31 million, \$16 million and \$26 million in 2010, 2009 and 2008.

**Comcast:** Excess tax benefits from stock options reduced federal and state taxes by \$4 million and \$15 million in 2010 and 2008. Accelerated depreciation saved the company substantial amounts in all three years.

**Community Health Systems:** Excess tax benefits from stock options reduced federal and state taxes by \$10, -\$3 and \$1 million in 2010, 2009 and 2008.

**Computer Sciences:** The company's low rate in 2010 is driven by deferred taxes, primarily accelerated depreciation. The company's low tax rate in 2008 was driven largely by a favorable audit settlement. Excess tax benefits from stock options reduced federal and state taxes by \$6 million, \$9 million and \$1 million in 2010, 2009 and 2008.

**ConocoPhillips:** The Domestic Production Activities Deduction saved the company \$82 million, \$19 million and \$182 million in 2010, 2009 and 2008.

**Consol Energy:** Because the company does not disclose U.S. and foreign pretax income, the study estimated foreign pretax income based on reported current foreign income taxes. The Domestic Production Activities Deduction saved the company \$6 million, \$13 million and \$8 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$15 million, \$3 million and \$22 million in the same years.

**Consolidated Edison:** Accelerated depreciation saved the company substantial amounts in all three years.

**Con-Way:** Reported pretax profits in 2010, 2009 and 2008 were adjusted upward for a non-cash goodwill impairment. Excess tax benefits from stock options reduced federal and state taxes by \$1 million in 2008.

**Core-Mark Holding:** Excess tax benefits from stock options reduced federal and state taxes by \$2 and \$1 million in 2010 and 2008.

**Costco Wholesale:** The company's fiscal year ends in August of the years listed. Accelerated depreciation saved the company substantial amounts in all three years. Excess stock options reduced federal income taxes by \$10 million, \$2 million and \$41 million in the same years. These two tax breaks appear to explain virtually all of the reduction below the 35 percent tax rate for Costco.

**Coventry Health Care:** Excess tax benefits from stock options reduced federal and state taxes by \$3 and \$1 million in 2010 and 2009.

**CSX:** Excess tax benefits from stock options reduced federal and state taxes by \$38 million, \$12 million and \$69 million in 2010, 2009 and 2008. Accelerated depreciation saved the company substantial amounts in all three years.

**CVS Caremark:** Excess tax benefits from stock options reduced federal and state taxes by \$28 million, \$19 million and \$53 million in the same years.

**Darden Restaurants:** The company's fiscal years end in May following the years listed. Unspecified "federal income tax credits" reduced taxes by \$45 million, \$45 million, and \$46 million in 2010, 2009 and 2008. Deferred taxes, predominantly accelerated depreciation, explain the remainder of the company's low tax rate in 2009.

**DaVita:** Deferred taxes, predominantly accelerated depreciation, account for most of the company's tax breaks in each of the three years. Excess tax benefits from stock options reduced federal and state taxes by \$6 million, \$7 million and \$8 million in 2010, 2009 and 2008.

**Dean Foods:** Deferred taxes, primarily from accelerated depreciation, were responsible for the company's tax rebate in 2010, and account for most of the company's tax breaks in 2009 and 2008. An audit settlement reduced 2010 taxes.

**Deere:** The company's fiscal years end in October of the years listed. Reported pretax profits in 2009 and 2010 were adjusted upward for non-cash goodwill impairments. Wind energy production tax credits reduced taxes by \$30 million, \$26 million, and \$14 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$5 million, \$25 million and \$18 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$44 million, \$5 million and \$73 million in the same years.

**Devon Energy:** The study reversed impairments for the carrying value of oil and gas properties in 2008 and 2009. Deferred taxes explain virtually all of the company's tax breaks in 2010. Excess tax benefits from stock options reduced federal and state taxes by \$18 million, \$8 million and \$60 million in 2010, 2009 and 2008.

**Dick's Sporting Goods:** The company's fiscal years end in January following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$22 million, \$16 million and \$2 million in 2010, 2009, and 2008.

**DirectTV:** Excess tax benefits from stock options reduced federal and state taxes by \$11 million, \$5 million and \$8 million in 2010, 2009 and 2008. Accelerated depreciation saved the company significant amounts in all three years.

**Dish Network:** Reported pretax profits in 2010 November 1, 2011 and 2009 were adjusted for litigation settlements. Deferred taxes, primarily accelerated depreciation, reduced the company's tax rate in 2008 and 2010.

**Dollar General:** The company's fiscal years end in January following the years listed. Excess tax benefits from stock options

reduced federal and state taxes by \$14 million, \$5 million and \$1 million in 2010, 2009 and 2008.

**Dollar Tree:** The company's fiscal years end in January following the years listed. The company's high tax rate in 2010 reflects a turnaround of deferred taxes.

**Dominion Resources:** Restructuring charges were taken in 2010. Pretax profits were adjusted for the actual utilization of the company's restructuring reserves, which increased pretax profits in 2010. The study reversed impairments for the carrying value of oil and gas properties in 2010 and 2009. The Domestic Production Activities Deduction reduced taxes by \$20 million, \$54 million and \$13 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$10 million, \$5 million and \$7 million in the same years. Accelerated depreciation saved the company substantial amounts in all three years.

**Domtar:** Reported total current income taxes were adjusted in order to separate federal and state taxes. Reported pretax profits in 2008 were adjusted upward for a non-cash goodwill impairment. The Domestic Production Activities Deduction saved the company \$2 million, \$2 million and \$2 million in 2010, 2009 and 2008.

**Dover:** Deferred taxes explain most of the company's low tax rate in 2010. The Domestic Production Activities Deduction reduced taxes by \$7 million, \$4 million and \$7 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$4 million, \$2 million and \$5 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$6 million and \$8 million in 2010 and 2008.

**DTE Energy:** The Domestic Production Activities Deduction saved the company \$7 million, \$5 million and \$2 million in 2010, 2009 and 2008. Accelerated depreciation saved the company substantial amounts in all three years.

**Duke Energy:** Reported pretax profits in 2009 and 2010 were adjusted upward for a non-cash goodwill impairment. The Domestic Production Activities Deduction saved the company \$18 million in 2008. Accelerated depreciation saved the company substantial amounts in all three years.

**Dupont:** Deferred taxes explain the negative tax rate in 2010. Accelerated depreciation is the primary factor in these tax deferrals. Favorable tax settlements reduced Dupont's taxes in 2008 and 2010.

**Eastman Chemical:** The company's low tax rates in 2009 and 2010 are due primarily to deferred taxes, mainly accelerated depreciation. General business credits explain most of the low rates in 2008. The Domestic Production Activities Deduction saved the company \$14 million, \$5 million and \$7 million in 2010, 2009 and 2008.

**Ecolab:** Reported total current income taxes were adjusted in order to separate federal and state taxes. The Domestic Production Activities Deduction reduced taxes by \$15 million, \$7 million and \$10 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$17 million, \$8 million and \$8 million in the same years.

**El Paso Energy:** The study reversed impairments for the carrying value of oil and gas properties in 2009 and 2008. Deferral explains most of the company's low rates in 2010.

**Eli Lilly:** Reported pretax profits in 2009 and 2008 were adjusted by moving the cost of a litigation settlement to 2009, the year it was paid, from 2008, the year it was booked. Deferral explains the company's low tax rates in 2010 and 2008.

**EMC:** Excess tax benefits from stock options reduced federal and state taxes by \$282 million, \$46 million and \$98 million in 2010, 2009 and 2008.

**Emcor Group:** Reported pretax profits in 2010 and 2009 were adjusted upward for a non-cash goodwill impairment. Excess tax benefits from stock options reduced federal and state taxes by \$1, \$2 and \$1 million in 2010, 2009 and 2008.

**Emerson Electric:** The company's fiscal years end in September of the years listed. A turnaround of deferred taxes explains the company's high tax rate in 2010. The Domestic Production Activities Deduction reduced taxes by \$17 million, \$20 million and \$26 million in 2010, 2009 and 2008.

**Entergy:** Because the company does not disclose U.S. and foreign pretax income, the study estimated foreign pretax income based on reported current foreign income taxes. Deferred taxes explain their low tax rates in 2009 and 2010, driven mainly by accelerated depreciation.

**EOG Resources:** The Domestic Production Activities Deduction saved the company \$1 million in 2009. Excess tax benefits from stock options reduced (increased) federal and state taxes by (\$1 million), \$76 million and \$6 million in 2010, 2009 and 2008.

**Exelon:** Deferred taxes explain most of the company's low rates. The Domestic Production Activities Deduction reduced taxes by \$51 million, \$40 million and \$52 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$3 million, \$5 million and \$60 million in the same years. Accelerated depreciation saved the company substantial amounts over the three years.

**Express Scripts:** Deferred taxes explain most of the company's tax breaks in each year. Excess tax benefits from stock options reduced federal and state taxes by \$59 million, \$13 million and \$42 million in 2010, 2009 and 2008.

**Exxon Mobil:** Excess tax benefits from stock options reduced federal and state taxes by \$280 million, \$140 million and \$315 million in 2010, 2009 and 2008. Accelerated depreciation saved the company substantial amounts over the three years.

**Family Dollar Stores:** The company's fiscal years end in August of the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$2 and \$1 million in 2010 and 2009.

**FedEx:** The company's fiscal year ends in May following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$23 million, \$25 million and \$4 million in 2010, 2009 and 2008. Accelerated depreciation saved the company substantial amounts over the three years.

**First Energy:** The Domestic Production Activities Deduction reduced taxes by \$13 million and \$29 million in 2009 and 2008. Accelerated depreciation saved the company substantial amounts over the three years.

**Fiserv:** Because the company does not disclose foreign pretax income, the study estimated foreign income based on reported current foreign income taxes. Excess tax benefits from stock options reduced federal and state taxes by \$2 million in 2008.

**Flowserve:** Excess tax benefits from stock options reduced federal and state taxes by \$10 million, \$1 million and \$13 million in 2010, 2009 and 2008.

**FMC Technologies:** Deferred taxes explain the low tax rates in 2010 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$6 million, \$2 million and \$24 million in 2010, 2009 and 2008.

**Franklin Resources:** Excess tax benefits from stock options reduced federal and state taxes by \$12 million, \$5 million and \$28 million in 2010, 2009 and 2008.

**Gamestop:** The company's fiscal years end in January following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$19 million and \$34 million in 2010 and 2008. Tax savings from accelerated depreciation and excess stock options made up most of the company's tax savings.

**Gap:** The company's fiscal years end in January following the years listed. The company's high tax rate in 2009 reflects a turnaround of deferred taxes related to accelerated depreciation. Excess tax benefits from stock options reduced federal and state taxes by \$11 million, \$4 million and \$6 million in 2010, 2009 and 2008.

**General Dynamics:** Deferred taxes explain most of the tax breaks the company received in 2010, 2009 and 2008. In addition, the Domestic Production Activities Deduction reduced taxes by \$61 million, \$28 million and \$36 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$18 million, \$5 million and \$31 million in 2010, 2009 and 2008.

**General Electric:** The study adjusted U.S. pretax income by replacing the company's provision for loan losses with actual charges net of recoveries. This had the effect of increasing pretax income in 2009 and 2008 and reducing income in 2010.

**General Mills:** The company's fiscal years end in May following the years listed. Deferred taxes explain much of the low rate the company paid in 2010. The Domestic Production Activities Deduction reduced taxes by \$39 million, \$40 million and \$21 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$106 million, \$114 million and \$89 million in the same years.

**Genuine Parts:** Because the company does not disclose U.S. and foreign pretax income, the study estimated foreign pretax income based on reported current foreign income taxes. The company's high tax rate in 2008 reflects a turnaround in deferred taxes. Pretax profits between 2008 and 2010 were adjusted for expenses booked but not yet recognized for taxes. This adjustment increased pretax profits in all three years.

**Gilead Sciences:** Excess tax benefits from stock options reduced federal and state taxes by \$82 million, \$80 million and \$192 million in 2010, 2009 and 2008.

**Goldman Sachs Group:** Excess tax benefits from stock options reduced federal and state taxes by \$352 million, \$135 million and \$614 million in 2010, 2009 and 2008.

**Goodrich:** The Domestic Production Activities Deduction saved the company \$7 million, \$7 million and \$8 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$22 million, \$5 million and \$8 million in the same years.

**H&R Block:** The company's fiscal years end in April following the years listed. The study adjusted U.S. pretax income to replace provision for loan losses with actual charges net of recoveries. The company's low tax rate in 2009 is primarily due to deferred taxes. Excess tax benefits from stock options reduced federal and state taxes by \$1, \$2 and \$9 million in 2010, 2009 and 2008.

**H.J. Heinz:** The company's fiscal years end in April following the years listed. Deferred taxes, primarily accelerated depreciation, explains most of the company's tax breaks in each year. Excess tax benefits from stock options reduced federal and state taxes by \$9 million, \$2 million and \$5 million in 2010, 2009 and 2008.

**Halliburton:** The Domestic Production Activities Deduction reduced taxes by \$48 million and \$42 million in 2010 and 2008. Deferred taxes, primarily accelerated depreciation, explains most of the company's tax savings over the three years.

**Harley-Davidson:** Restructuring charges were taken in each year between 2008 and 2010. Pretax profits for each year were adjusted for the actual utilization of the company's restructuring reserves, which increased pretax profits in 2008 and 2009 and decreased them in 2010. Reported pretax profits in 2009 were also adjusted upward for a non-cash goodwill impairment. The Domestic Production Activities Deduction saved the company \$12 million and \$11 million in 2010 and 2008. The research and experimentation tax credit saved the company \$4 million, \$3 million and \$5 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$4 million in 2010.

**Harris:** The company's fiscal years end in July of the years listed. Reported pretax profits in 2009 were adjusted upward for a non-cash goodwill impairment. The Domestic Production Activities Deduction reduced taxes by \$13 million, \$12 million and \$10 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$6 million, \$10 million and \$5 million in the same years.

**Health Management Associates:** Deferred taxes explain virtually all of the company's low tax rates over the three-year period. Excess tax benefits from stock options reduced federal and state taxes by \$1 million in 2010.

**Health Net:** Reported pretax profits in 2009 and 2010 were adjusted upward for a non-cash goodwill impairment. Excess tax benefits from stock options reduced federal and state taxes by \$1 and \$1 million in 2010 and 2008. Deferral explains most of the company's low tax rate in 2010.

**Henry Schein:** Excess tax benefits from stock options reduced federal and state taxes by \$11 million, \$5 million and \$11 million in 2010, 2009 and 2008.

**Hershey:** The company's relatively high tax rates in all three years are driven by a turnaround of deferred taxes. The Domestic Production Activities Deduction reduced taxes by \$19 million, \$11 million and \$8 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$1, \$4 and \$1 million in the same years.

**Hewlett-Packard:** The company's fiscal years end in October of the years listed. Deferred taxes substantially reduce the company's taxes in all three years. The research and experimentation tax credit saved the company \$11 million, \$47 million and \$42 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$294 million, \$162 million and \$293 million in the same years.

**Holly:** Deferred taxes, primarily due to accelerate depreciation, explain most of the company's low tax rates in each year. The Domestic Production Activities Deduction saved the company \$1 million and \$2 million in 2010 and 2008.

**Home Depot:** The company's fiscal years end in January following the years listed. The company's high tax rate in 2008 is due to a turnaround of deferred taxes.

**Honeywell International:** Deferred taxes, primarily due to accelerate depreciation, explain most of the company's low tax rates in each year. Excess tax benefits from stock options reduced federal and state taxes by \$13 million, \$1 million and \$21 million in 2010, 2009 and 2008. Accelerated depreciation saved the company significant amounts in all three years.

**Hormel Foods:** Because the company does not disclose U.S. and foreign pretax income, the study estimated foreign pretax income based on reported current foreign income taxes. The company's fiscal years end in October of the years listed. The Domestic Production Activities Deduction saved the company \$11 million, \$11 million and \$8 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$10 million, \$1 million and \$10 million in the same years.

**Humana:** The company's high tax rate in 2010 is due to a turnaround of deferred taxes. Excess tax benefits from stock options reduced federal and state taxes by \$2 million, \$5 million and \$10 million in 2010, 2009 and 2008.

**Illinois Tool Works:** Reported pretax profits in 2009 were adjusted upward for a non-cash goodwill impairment. A turnaround of deferred taxes explains the company's high tax rate in 2009, and a turnaround of deferred tax also increases the 2010 rate. The Domestic Production Activities Deduction saved the company \$27 million, \$10 million and \$24 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$9 million, \$4 million and \$4 million in 2010, 2009 and 2008.

**Ingram Micro:** Reported pretax profits in 2009 and 2008 were adjusted for a goodwill impairment. Excess tax benefits from stock options reduced federal and state taxes by \$4, \$4 and \$1 million in 2010, 2009 and 2008.

**Insight Enterprises:** Reported pretax profits in 2008 were adjusted upward for a non-cash goodwill impairment charge. Deferred taxes explain the negative tax rate in 2009, and explain most of the company's tax breaks in 2010. Excess tax benefits from stock options reduced federal and state taxes by \$1 million in 2010.

**Integrus:** Reported pretax profits in 2009 and 2008 were adjusted upward for a non-cash goodwill impairment charge. Restructuring charges were taken in 2009 and 2010. Pretax profits for each year were adjusted for the actual utilization of the company's restructuring reserves, which increased pretax profits in 2009 and decreased them in 2010. Deferred taxes explain much of the company's tax rates, driven primarily by accelerated depreciation.

**Intel:** The Domestic Production Activities Deduction saved the company \$337 million, \$86 million and \$131 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$144 million, \$114 million and \$108 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$65 million, \$11 million and \$36 million in 2010, 2009 and 2008. A turnaround of deferred taxes explains the company's high tax rate in 2010. Deferred taxes, primarily accelerated depreciation, explain most of the company's tax breaks in 2009.

**International Business Machines (IBM):** Deferred taxes saved the company substantial amounts in each of the three years, in part due to accelerated depreciation tax breaks.

**International Paper:** Reported pretax profits in 2008 were adjusted upward for a non-cash goodwill impairment charge. Deferred taxes explain the company's negative tax rate in 2010. The company's high tax rate in 2008 is due to a turnaround of deferred taxes. Alternative fuel mixture credits reduced taxes by \$133 million in 2009. Cellulosic bio-fuel credits reduced taxes by \$40 million in 2010.

**Interpublic:** Deferred taxes explain most of the company's tax breaks in 2010 and 2008.

**ITT:** Reported pretax profits in 2010, 2009 and 2008 were adjusted for non-cash "asbestos-related charges." The Domestic Production Activities Deduction reduced taxes by \$21 million, \$11 million and \$3 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$9 million, \$7 million and \$3 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$6 million, \$3 million and \$7 million in the same years.

**J.C. Penney:** The company's fiscal years end in January following the years listed. The company's fiscal years end in January following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$2 million and \$1 million in 2010 and 2008.

**J.M. Smucker:** The company's fiscal years end in April following the years listed. The Domestic Production Activities Deduction reduced taxes by \$27 million, \$14 million and \$6 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$7 million, \$3 million and \$2 million in the same years.

**J.P. Morgan Chase & Co.:** The study adjusted U.S. and foreign pretax income by replacing for the company's provision for loan losses with actual charges net of recoveries. This had the effect of increasing pretax income in 2009 and 2008 and decreasing it in 2010. Excess tax benefits from stock options reduced federal and state taxes by \$26 million, \$17 million and \$148 million in 2010, 2009 and 2008.

**Jacobs Engineering Group:** The company's fiscal years end in October of the years listed. The company's high tax rate in 2010 is due to a turnaround of deferred taxes, driven primarily by accelerated depreciation. Excess tax benefits from stock options reduced federal and state taxes by \$3 million, \$4 million and \$46 million in 2010, 2009 and 2008.

**Johnson & Johnson:** The company recorded restructuring charges in 2010, 2009 and 2008. The study adjusted U.S. pretax profits for the current effect of those charges, which reduced reported U.S. profits in 2010 and 2008 and increased them in 2009. The company recorded nondeductible R&D writeoffs from acquisition in 2008. The study adjusted U.S. pretax profits to include only the current effect of those charges, which increased reported income in 2008. The Domestic Production Activities Deduction saved the company \$85 million, \$63 million and \$68 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$102, \$95 and \$102 million in the same years.

**Kellogg:** The Domestic Production Activities Deduction reduced taxes by \$19 million and \$27 million in 2010 and 2009. Excess tax benefits from stock options reduced federal and state taxes by \$8 million, \$4 million and \$12 million in 2010, 2009, and 2008.

**Kimberly-Clark:** Excess tax benefits from stock options reduced federal and state taxes by \$6 million, \$9 million and \$8 million in 2010, 2009 and 2008.

**Kindred Healthcare:** Deferred taxes, primarily accelerated depreciation, explain most of the company's tax breaks in each of the three years.

**Kohl's:** The company's fiscal years end in January following the years listed. The company enjoyed small deferred tax breaks in each of the three years, driven mainly by accelerated depreciation.

**Kraft Foods:** The company recorded restructuring charges in 2010, 2009 and 2008. The study adjusted U.S. pretax profits for the current effect of those charges, which increased reported U.S. profits in 2010 and 2008 and reduced them in 2009.

**Kroger:** The company's fiscal years end in January following the years listed. Reported pretax profits in 2010 and 2009 were adjusted upward for a non-cash goodwill impairment. Excess tax benefits from stock options reduced federal and state taxes by \$4 million and \$15 million in 2009 and 2008.

**L-3 Communications:** The Domestic Production Activities Deduction reduced taxes by \$21 million, \$11 million and \$13 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$15, \$18 and \$14 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$7 million, \$4 million and \$10 million in the same years.

**Laboratory Corp. of America:** Excess tax benefits from stock options reduced federal and state taxes by \$5 million, \$1 million and \$16 million in 2010, 2009 and 2008.

**Levi Strauss:** The company's fiscal years end in November of the years listed. The company's high tax rate in 2009 is driven by a turnaround of deferred taxes.

**Limited Brands:** The company's fiscal years end in January following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$19 million and \$2 million in 2010 and 2008.

**Lockheed Martin:** Because the company does not disclose U.S. and foreign pretax income, the study estimated foreign pretax income based on reported current foreign income taxes. More than 80% of the company's worldwide sales in 2010, 2009, and 2008 were to the U.S. government. The Domestic Production Activities Deduction saved the company \$110 million, \$39 million, and \$67 million in 2010 and 2009. The research and experimentation tax credit saved the company \$43 million, \$43 million and \$36 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$21 million and \$92 million in 2009 and 2008. Accelerated depreciation saved the company substantial amounts in all three years.

**Loews:** Reported pretax profits in 2008 were adjusted upward for a non-cash goodwill impairment charge. Reported pretax profits in 2009 and 2008 were adjusted for an impairment of natural gas and oil properties. The Domestic Production Activities Deduction saved the company \$12 million in 2008. Excess tax benefits from stock options reduced federal and state taxes by \$2, \$2 and \$3 million in 2010, 2009 and 2008.

**Lowe's:** The company's fiscal years end in January following the years listed. The company's high tax rates in 2010 and 2009 reflect a turnaround of deferred taxes related to accelerated depreciation. Excess tax benefits from stock options reduced federal and state taxes by \$1 and \$1 million in 2010 and 2008.

**Macy's:** The company's fiscal years end in January following the years listed. Reported pretax profits in 2008 were adjusted for a goodwill impairment. The company's tax rates in 2010 and 2009 reflect a turnaround of deferred taxes related to accelerated depreciation. Accelerated depreciation reduced the company's taxes in 2008.

**Marathon Oil:** Reported pretax profits in 2008 were adjusted upward for a non-cash goodwill impairment charge. Reported pretax profits in 2010 were adjusted upward for a non-cash impairment of natural gas and oil properties. The Domestic Production Activities Deduction reduced taxes by \$44 million in 2008. Excess tax benefits from stock options reduced federal and state taxes by \$11 million, \$10 million and \$19 million in 2010, 2009, and 2008. Accelerated depreciation saved the company a significant amount in 2009

**Mastercard:** Reported pretax profits in 2010, 2009, and 2008 were adjusted to move the cost of litigation settlements to the years when the money was actually spent. Excess tax benefits from stock options reduced federal and state taxes by \$85 million, \$39 million and \$48 million in 2010, 2009 and 2008.

**Mattel:** The company offered two versions of the geographic location of its profits. We used the more plausible of the two. The company recorded minor restructuring charges in 2010, 2009 and 2008. The study adjusted U.S. pretax profits for the current effect of those charges, which increased reported U.S. profits in 2009 and 2008 and reduced them in 2010. Excess tax benefits from stock options reduced federal and state taxes by \$8 million, \$37 million and -\$2 million in 2010, 2009 and 2008.

**McDonalds:** Excess tax benefits from stock options reduced federal and state taxes by \$129 million, \$74 million and \$124 million in 2010, 2009 and 2008.

**McGraw-Hill:** Excess tax benefits from stock options reduced federal and state taxes by \$2 and \$4 million in 2010 and 2008.

**McKesson:** The company's fiscal years end in March following the years listed.

**MDU Resources:** Reported pretax profits in 2010, 2009, and 2008 were adjusted for an impairment of natural gas and oil properties. The Domestic Production Activities Deduction saved the company \$1 million and \$3 million in 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$1, \$1 and \$4 million in 2010, 2009 and 2008.

**Medco Health Solutions:** The company's high tax rates in all three years are due to a turnaround of deferred taxes in each year. Excess tax benefits from stock options reduced federal and state taxes by \$52 million, \$64 million and \$42 million in 2010, 2009 and 2008.

**Medtronic:** The company's fiscal years end in April following the years listed. Reported total current income taxes were adjusted in order to separate federal and state taxes. The company recorded restructuring charges in 2010, 2009 and 2008. The study adjusted U.S. pretax profits for the current effect of those charges, which increased reported U.S. profits in 2010 and 2008 and reduced them in 2009. The Domestic Production Activities Deduction reduced taxes by \$19 million, \$12 million and \$12 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$45 million, \$24 million and \$39 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$24 million in 2008.

**Merck:** The company recorded restructuring charges in 2010, 2009 and 2008. The study adjusted U.S. pretax profits for the current effect of those charges, which increased reported U.S. profits in 2009 and 2008 and reduced them in 2010. Deferred taxes explain most of the company's tax breaks in 2009 and 2008.

**Monsanto:** The company's fiscal years end in August of the years listed. The company recorded restructuring charges in 2010 and 2009. The study adjusted U.S. pretax profits for the current effect of those charges, which increased reported U.S. profits in 2009 and reduced them in 2010. The Domestic Production Activities Deduction reduced taxes by \$22 million, \$45 million and \$13 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$10 million, \$33 million and \$5 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$43 million, \$35 million and \$198 million in the same years.



**Mosaic:** The company's fiscal years end in May following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$13 million, \$3 million and \$7 million in 2010, 2009 and 2008.

**Murphy Oil:** Reported pretax profits in 2009 was adjusted for an impairment of natural gas and oil properties. The company's high tax rates in 2010, 2009, and 2008 reflect a turnaround of deferred taxes related to accelerated depreciation. Excess tax benefits from stock options reduced federal and state taxes by \$12 million, \$4 million and \$20 million in 2010, 2009 and 2008.

**Nash-Finch:** Reported pretax profits in 2009 were adjusted for a goodwill impairment. A turnaround of deferred taxes explains the company's high tax rate in 2009. Excess tax benefits from stock options reduced federal and state taxes by \$1 million in 2008.

**Navistar International:** The company's fiscal years end in October of the years listed. The research and experimentation tax credit saved the company \$2 million, \$2 million and \$8 million in 2010, 2009 and 2008.

**News Corp:** The company's fiscal years end in June following the years listed. Reported pretax profits in 2008 were adjusted upward for a non-cash goodwill impairment charge.

**NextEra Energy:** Deferred tax benefits explain most of the company's tax benefits.

**Nike:** The company's fiscal years end in May following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$64 million, \$58 million and \$25 million in 2010, 2009 and 2008.

**NiSource:** The Domestic Production Activities Deduction saved the company \$1 million and \$2 million in 2009 and 2008.

**Nordstrom:** The company's fiscal years end in January following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$16 million, \$7 million and \$4 million in 2010, 2009 and 2008.

**Norfolk Southern:** Excess tax benefits from stock options reduced federal and state taxes by \$33 million, \$15 million and \$76 million in 2010, 2009 and 2008.

**Northeast Utilities:** Excess tax benefits from stock options reduced federal and state taxes by \$1, \$1 and \$2 million in 2010, 2009 and 2008.

**Northrop Grumman:** Reported pretax profits in 2008 were adjusted upward for a non-cash goodwill impairment charge. The Domestic Production Activities Deduction reduced taxes by \$34 million, \$24 million and \$19 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$15, \$17 and \$13 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$22 million, \$2 million and \$48 million in the same years.

**NRG Energy:** The Domestic Production Activities Deduction saved the company \$11 million and \$10 million in 2010 and 2009.

**Occidental Petroleum:** Excess tax benefits from stock options reduced federal and state taxes by \$22 million, \$24 million and

\$77 million in 2010, 2009 and 2008. Accelerated depreciation saved the company substantial amounts in all three years.

**Omnicare:** Reported pretax profits in 2010 were adjusted for a goodwill impairment. Excess tax benefits from stock options reduced federal and state taxes by \$1, \$2 and \$1 million in 2010, 2009 and 2008.

**Omnicom Group:** Excess tax benefits from stock options reduced federal and state taxes by \$45 million and \$13 million in 2010 and 2008.

**Oneok:** Deferred taxes, primarily due to accelerated depreciation, explains most of the company's tax breaks in all three years.

**Oracle:** The company's fiscal years end in May following the years listed. The Domestic Production Activities Deduction saved the company \$206 million, \$95 million and \$82 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$215, \$110 and \$194 million in the same years.

**O'Reilly Automotive:** Excess tax benefits from stock options reduced federal and state taxes by \$19 million, \$10 million and \$2 million in 2010, 2009 and 2008. Accelerated depreciation saved the company substantial amounts in all three years.

**Owens & Minor:** Excess tax benefits from stock options reduced federal and state taxes by \$2, \$3 and \$3 million in 2010, 2009 and 2008.

**Paccar:** The research and experimentation tax credit saved the company \$3 million, \$4 million and \$6 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$7 and \$4 million in 2009 and 2008.

**Pantry:** The company's fiscal years end in September of the years listed. Reported pretax profits in 2010 were adjusted upward for a non-cash goodwill and asset impairment charge.

**Parker Hannifin:** The company's fiscal years end in June of the years listed. The research and experimentation tax credit saved the company \$5 million, \$17 million and \$5 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$14 million, \$4 million and \$28 million in 2010, 2009 and 2008.

**Peabody Energy:** Excess tax benefits from stock options reduced federal and state taxes by \$51 million in 2010.

**Pepco Holdings:** The company recorded restructuring charges in 2010. The study adjusted U.S. pretax profits for the current effect of those charges, which increased reported U.S. profits in 2010.

**Pepsico:** Excess tax benefits from stock options reduced federal and state taxes by \$107 million, \$42 million and \$107 million in 2010, 2009 and 2008.

**Petsmart:** The company's fiscal years end in January following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$9 million, \$3 million and \$3 million in 2010, 2009 and 2008.

**PG&E Corp:** Accelerated depreciation saved the company substantial amounts in all three years.

**Phillips-Van Heusen:** Excess tax benefits from stock options reduced federal and state taxes by \$9 million, \$1 million and \$1 million in 2010, 2009 and 2008.

**Pitney Bowes:** The company recorded restructuring charges in 2010, 2009, and 2008. The study adjusted U.S. pretax profits for the current effect of those charges, which increased reported U.S. profits in 2010 and 2008 and decreased them in 2009.

**PNC Financial Services Group:** The study adjusted U.S. and foreign pretax income to replace provision for loan losses with actual charges net of recoveries. Excess tax benefits from stock options reduced federal and state taxes by \$1 million, \$1 million and \$13 million in 2010, 2009 and 2008.

**Polo Ralph Lauren:** The company's fiscal years end in March following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$43 million, \$25 million and \$12 million in 2010, 2009 and 2008.

**PPG Industries:** Deferred taxes explain the company's low tax rates in all three years.

**PPL:** The Domestic Production Activities Deduction saved the company \$11 million, \$3 million and \$17 million in 2010, 2009 and 2008. Accelerated depreciation saved the company substantial amounts in 2010 and 2009.

**Praxair:** The Domestic Production Activities Deduction and research and experimentation tax credit combined reduced taxes by \$18 million, \$10 million and \$10 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$51 million, \$23 million and \$54 million in the same years.

**Precision Castparts:** The company's fiscal years end in March following the years listed. The Domestic Production Activities Deduction saved the company \$36 million, \$18 million and \$24 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$30 million, \$23 million and \$12 million in the same years.

**Principal Financial:** Excess tax benefits from stock options reduced federal and state taxes by \$1 and \$3 million in 2010 and 2008.

**Procter & Gamble:** The company's fiscal years end in June following the years listed.

**Progress Energy:** The Domestic Production Activities Deduction saved the company \$10 million and \$4 million in 2009 and 2008. Accelerated depreciation saved the company substantial amounts in all three years.

**Publix Super Markets:** The company enjoyed small deferred tax benefits, primarily from accelerated depreciation, in 2009 and 2010.

**Quest Diagnostics:** Excess tax benefits from stock options reduced federal and state taxes by \$1, \$6 and \$2 million in 2010, 2009 and 2008. Deferred taxes reduced the company's tax rate slightly in 2009 and 2008.

**R.R. Donnelley & Sons:** The study adjusted reported pretax income upward for non-cash goodwill impairment charges in

2008, 2009 and 2010. The Domestic Production Activities Deduction saved the company \$8 and \$2 million in 2010 and 2009. Excess tax benefits from stock options reduced federal and state taxes by \$1 million in 2010. A turnaround of deferred taxes explains the high rate in 2009.

**RadioShack:** The company reduced its tax rates slightly through deferred taxes, driven mostly by accelerated depreciation.

**Raytheon:** The Domestic Production Activities Deduction reduced taxes by \$41 million, \$26 million and \$13 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$27 million, \$26 million and \$25 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$21 million, \$13 million and \$53 million in the same years.

**Reinsurance Group of America:** Excess tax benefits from stock options reduced federal and state taxes by -\$2, \$3 and \$4 million in 2010, 2009 and 2008.

**Reliance Steel & Aluminum:** Because the company does not disclose U.S. and foreign pretax income, the study estimated foreign pretax income based on reported current foreign income taxes. The Domestic Production Activities Deduction saved the company \$4 million and \$6 million in 2010 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$4 million, \$2 million and \$10 million in the same years.

**Reynolds American:** Reported pretax profits in 2010, 2009 and 2008 were adjusted upward for a non-cash goodwill impairment. The company recorded restructuring charges in 2008 and 2009. The study made adjustments for the current effect of the charges, which increased U.S. pretax profits in 2008 and 2009 and decreased them in 2010. The Domestic Production Activities Deduction reduced the company's taxes by \$54 million, \$41 million and \$41 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$2, \$2 and \$2 million in the same years.

**Rockwell Automation:** The Domestic Production Activities Deduction saved the company \$1, \$3 and \$5 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$16 million, \$2 million and \$5 million in the same years.

**Rockwell Collins:** The Domestic Production Activities Deduction reduced taxes by \$9 million, \$11 million and \$14 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$10 million, \$19 million and \$25 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$17 million, \$2 million and \$8 million in the same years.

**Ross Stores:** Excess tax benefits from stock options reduced federal and state taxes by \$15 million, \$7 million and \$6 million in 2010, 2009 and 2008.

**Ruddick:** The study adjusted 2009 income upward for a non-cash goodwill impairment charge. Deferred taxes, primarily due to accelerated depreciation, explain the company's low tax rates in all three years.

**Ryder System:** Excess tax benefits from stock options reduced federal and state taxes by \$1, \$1 and \$6 million in 2010, 2009 and 2008.

**Safeway:** The company's fiscal years end in January following the years listed. Reported pretax profits in 2009 were adjusted upward for a non-cash goodwill impairment charge. Excess tax benefits from stock options reduced federal and state taxes by \$2 and \$2 million in 2010 and 2008. A favorable tax settlement reduced federal taxes in 2009.

**SAIC:** The company's fiscal years end in January following the years listed. The Domestic Production Activities Deduction saved the company \$5 million, \$2 million and \$2 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$8 million, \$6 million and \$5 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$11 million, \$36 million and \$56 million in the same years.

**Scana:** The company's low rates between 2008 and 2010 primarily reflect deferred taxes. Accelerated depreciation was the most common source of deferred taxes in each year. The Domestic Production Activities Deduction saved the company \$4 million and \$1 million in 2009 and 2008.

**Sealed Air:** The company recorded restructuring charges in each year between 2008 and 2010. The study made adjustments for the current effect of the charges, which reduced reported U.S. pretax profits in 2010 and 2009 and increased them in 2008. The company's high tax rate in 2008 is due to a turnaround of deferred taxes.

**Sempra Energy:** The company's low rates in 2008 and 2009 primarily reflect deferred taxes. Accelerated depreciation was the most common source of deferred tax savings in each year.

**Sherwin-Williams:** The Domestic Production Activities Deduction reduced taxes by \$17 million, \$11 million and \$8 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$20 million, \$8 million and \$12 million in the same years. The company's low tax rates in 2008 and 2010 also reflect deferred taxes.

**Southern:** The company's low rate in 2010 primarily reflects deferred taxes. Accelerated depreciation saved the company substantial amounts in all three years. The Domestic Production Activities Deduction saved the company \$18 million and \$11 million in 2009 and 2008.

**Southwest Airlines:** The company's low rates in 2008 and 2009 primarily reflect deferred taxes. Accelerated depreciation was the most common source of deferred tax savings in each year.

**Spectra Energy:** The company's low rates between 2008 and 2010 primarily reflect deferred taxes. Accelerated depreciation was the most important source of deferred tax savings in each year. The Domestic Production Activities Deduction saved the company \$6 million, \$4 million and \$13 million in 2010, 2009 and 2008.

**SPX:** Reported pretax profits in 2008, 2009 and 2010 were adjusted upward for a non-cash goodwill impairment charge. Reported total current income taxes were adjusted in order to

separate federal and state taxes. Deferred taxes explain the company's low rate in 2010. Excess tax benefits from stock options reduced federal and state taxes by \$4 million, \$2 million and \$35 million in 2010, 2009 and 2008.

**St. Jude Medical:** The company's fiscal years end in January following the years listed. The Domestic Production Activities Deduction reduced taxes by \$13 million, \$10 million and \$10 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$29, \$31 and \$35 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$17, \$26 and \$49 million in the same years.

**Staples:** The company's fiscal years end in January following the years listed. The company's high tax rate in 2009 reflects a turnaround of deferred taxes, mostly related to accelerated depreciation. Excess tax benefits from stock options reduced federal and state taxes by \$9 million and \$6 million in 2009 and 2008.

**State Street:** The company's high tax rate in 2008 reflects a turnaround of deferred taxes, mostly related to accelerated depreciation. Deferred taxes were primarily responsible for the company's low rate in 2009.

**Supervalu:** The company's fiscal years end in February following the years listed. Reported pretax profits in 2008 and 2010 were adjusted upward for a non-cash goodwill impairment charge. Deferred taxes, primarily accelerated depreciation, explain the company's low tax rate in 2009.

**Synnex:** The company's fiscal year ends of November of the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$10 million, \$6 million and \$2 million in 2010, 2009 and 2008. A turnaround of deferred taxes explains the company's high tax rate in 2008.

**Target:** The company's fiscal years end in January following the years listed. Deferred taxes, primarily accelerated depreciation, explains virtually all of Target's tax breaks over the three years.

**Tech Data:** The company's fiscal years end in January following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$1 and \$1 million in 2010 and 2009.

**Texas Instruments:** The Domestic Production Activities Deduction reduced taxes by \$63 million, \$21 million and \$18 million in 2010, 2009 and 2008. The research and experimentation tax credit saved the company \$54, \$28 and \$75 million in the same years. Excess tax benefits from stock options reduced federal and state taxes by \$13 million, \$1 million and \$19 million in the same years. A turnaround of deferred taxes offset most of these tax breaks in 2010 and 2008.

**Thermo Fisher Scientific:** The Domestic Production Activities Deduction reduced taxes by \$32 million, \$16 million and \$18 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$13, \$3 and \$25 million in the same years. A turnaround of deferred taxes offset some of these tax breaks in all three years.

**Time Warner:** The company recorded restructuring charges in each year between 2008 and 2010. The study made adjustments for the current effect of the charges, which reduced reported U.S. pretax profits in 2010 and 2009 and increased them in 2008. The study also adjusted 2008 income upward for a non-cash goodwill impairment. The Domestic Production Activities Deduction saved the company \$96, \$69 and \$52 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$7, \$1 and \$3 million in the same years.

**TJX:** The company's fiscal years end in January following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$28, \$17 and \$19 million in 2010, 2009 and 2008. The company reduced its tax rate by deferring taxes in each year: in 2008 and 2009, accelerated depreciation was the most important source of deferred tax savings, while in 2008 the main cause of deferral was expenses that were charged against book income in prior years and the tax benefits were received in 2008.

**Travelers Cos.:** Because the company does not disclose U.S. and foreign pretax income, the study estimated foreign pretax income based on reported current foreign income taxes. Excess tax benefits from stock options reduced federal and state taxes by \$10 million, \$10 million and \$12 million in 2010, 2009 and 2008.

**Tutor Perini:** The study adjusted 2008 income upward for a non-cash goodwill impairment charge. Excess tax benefits from stock options reduced federal and state taxes by \$1 million in 2008.

**U.S. Bancorp:** Pretax income was adjusted by replacing the company's non-cash "provision for credit losses" with actual "charge-offs, net of recoveries." This adjustment increased pretax profits in all three years. The Company has investments in Variable Interest Entities (VIEs) that generate low-income housing tax credits and rehabilitation tax credits. As stated in its tax footnote, "the Company's investments in these entities are designed to generate a return primarily through the realization of federal and state income tax credits over specified time periods. The Company realized federal and state income tax credits related to these investments of \$713 million, \$685 million and \$556 million for the years ended December 31, 2010, 2009 and 2008."

**UGI:** The company deferred about half of the taxes it would have owed at the 35 percent statutory rate from 2008 - 2010, primarily through tax savings from accelerated depreciation and book/tax differences in regulatory assets. Excess tax benefits from stock options reduced federal and state taxes by \$4, \$3 and \$3 million in 2010, 2009 and 2008.

**Union Pacific:** Reported total current income taxes were adjusted to separate federal and state taxes. Excess tax benefits from stock options reduced federal and state taxes by \$51 million, \$10 million and \$54 million in 2010, 2009 and 2008. Accelerated depreciation saved the company substantial amounts in all 3 years.

**United Parcel Service:** Pretax income in 2008 was adjusted upward for a non-cash goodwill impairment charge. Excess tax benefits from stock options reduced federal and state taxes by \$4, \$1 and \$4 million in 2010, 2009 and 2008. Accelerated depreciation saved the company substantial amounts in all three years.

**United Stationers:** The study adjusted 2010 pretax income upward for restructuring charges recorded but not yet paid. Excess tax benefits from stock options reduced federal and state taxes by \$5 and \$1 million in 2010 and 2009.

**United Technologies:** Excess tax benefits from stock options reduced federal and state taxes by \$94 million, \$50 million and \$32 million in 2010, 2009 and 2008.

**UnitedHealth Group:** Pretax income for 2010 was adjusted upward for a non-cash goodwill impairment charge. Excess tax benefits from stock options reduced federal and state taxes by \$27 million, \$38 million and \$62 million in 2010, 2009 and 2008.

**Universal American:** Reported total current income taxes were adjusted in order to separate federal and state taxes. The study adjusted for restructuring charges in excess of cash payments in 2009 and 2010. Pretax income for 2008 was adjusted upward for a non-cash goodwill impairment charge. Excess tax benefits from stock options reduced federal and state taxes by \$1, \$3 and \$3 million in 2010, 2009 and 2008.

**Universal Health Services:** Because the company does not disclose U.S. and foreign pretax income, the study estimated foreign pretax income based on reported current foreign income taxes.

**URS:** Pretax income for 2010 was adjusted to reflect unpaid restructuring charges. A low effective rate in 2008 was partially a result of net operating losses generated by acquired companies. Excess tax benefits from stock options reduced federal and state taxes by \$1, \$2 and \$4 million in 2010, 2009 and 2008.

**Verizon Communications:** In its 2010 report, the company changed its accounting method for pensions, and retroactively restated its pretax profits for 2009 and 2008. The restatement had little effect for 2009. For 2008, our report uses the profits actually reported in the company's 2008 report. Accelerated depreciation and amortization comprised most of the company's tax subsidies. In 2008 and again in 2010, the company divested substantial assets using a technique known as a "reverse Morris trust" transaction, saving an estimated \$1.5 billion in federal and state income taxes. Over a number of years, the company has deferred approximately \$2.0 billion in taxes as the lessor in leveraged leasing transactions of commercial aircraft, power generating facilities, real estate, and other assets unrelated to their core business.

**VF:** Pretax income for 2009 and 2010 were adjusted upward for non-cash goodwill impairment charges. The relatively high tax rate in 2010 compared to the prior two years is explained by the turnaround of amortization deductions, the accrual of compensation not yet deductible, and an increase in net operating losses not yet utilized. Excess tax benefits from stock options reduced federal and state taxes by \$9 million, \$6 million and \$23 million in 2010, 2009 and 2008.

**Viacom:** The company's fiscal years end in September of the years listed. Before 2010, the fiscal years ended in December, so fiscal year 2010 has only 9 months for Viacom. The company's high tax rate in 2010 reflects a turnaround of deferred taxes related to accelerated depreciation. The Domestic Production Activities Deduction saved the company \$69 million, \$44 million and \$36 million in 2010, 2009 and 2008. A favorable tax settlement saved the company \$29 million, \$104 million and \$45 million in the same three years.

**Visa:** The lower effective rates in 2009 and 2010 were partially the result of tax deductions for litigation payments that were deducted in earlier years for financial statement purposes, but deducted later for tax purposes. Excess tax benefits from stock options reduced federal and state taxes by \$14 million and \$7 million in 2010 and 2009.

**W.R. Berkley:** Because the company does not disclose U.S. and foreign pretax income, the study estimated foreign pretax income based on reported current foreign income taxes. Reported total current income taxes were adjusted in order to separate federal and state taxes. The lower rate in 2010 was primarily a result of unrealized investment gains that were recorded for book purposes but are not yet taxable and the deductibility of loss reserves that were recorded as book expenses in prior years.

**W.W. Grainger:** Excess tax benefits from stock options reduced federal and state taxes by \$26 million, \$19 million and \$14 million in 2010, 2009 and 2008.

**Walgreen:** The company's fiscal years end in August of the years listed. Accelerated depreciation and book/tax differences in accounting for inventory significantly reduced the company's rate in 2009.

**Wal-Mart:** The company's fiscal years end in January following the years listed. Accelerated depreciation saved the company substantial amounts in all three years.

**Walt Disney:** The company's fiscal years end in October of the years listed. The Domestic Production Activities Deduction reduced taxes by \$111 million, \$100 million and \$97 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$76 million, \$4 million and \$47 million in 2010, 2009 and 2008.

**Washington Post:** Reported pretax profits in 2010, 2009 and 2008 were adjusted upward for non-cash goodwill impairment charges. The Domestic Production Activities Deduction saved the company \$8 million in 2010.

**Waste Management:** Excess tax benefits from stock options reduced federal and state taxes by \$9 million, \$4 million and \$7 million in 2010, 2009 and 2008. The company's biggest tax subsidy is related to the accelerated depreciation of property, plant, and equipment.

**Wells Fargo:** Because the company does not disclose U.S. and foreign pretax income, the study estimated foreign pretax income based on reported current foreign income taxes. Pretax income was adjusted by replacing the company's non-cash "provision for loan losses" with actual "charge-offs, net of recoveries." This adjustment reduced pretax profits in 2010 and increased them in 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$97 million, \$18 million and \$123 million in 2010, 2009 and 2008. Accelerated depreciation saved the company significant amounts in all three years.

**Wesco International:** The Domestic Production Activities Deduction saved the company \$1, \$1 and \$1 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$3 million, \$1 million and \$10 million in the same years. **Whole Foods Market:** Because the company does not disclose U.S. and foreign pretax income, the study estimated foreign pretax income based on reported current foreign income taxes. Excess tax benefits from stock options reduced federal and state taxes by \$3 and \$6 million in 2010 and 2008.

**Williams:** Reported pretax profits in 2010 were adjusted upward for a non-cash goodwill impairment charge. The study also reversed non-cash impairments for the carrying value of oil and gas properties in 2010, 2009 and 2008.

**Wisconsin Energy:** The Domestic Production Activities Deduction saved the company \$13, \$8 and \$8 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$22 million, \$6 million and \$3 million in the same years.

**Xcel Energy:** The company's low tax rate is almost entirely driven by the generous accelerated depreciation write-offs they enjoy on their property, plant, and equipment. In 2010, the company paid \$10 million in back taxes on an aggressive tax-planning strategy using corporate-owned life insurance in addition to \$64 million that was paid in 2007 related to the same issue.

**Yahoo:** Excess tax benefits from stock options reduced federal and state taxes by \$131 million, \$108 million and \$125 million in 2010, 2009 and 2008.

**Yum Brands:** Pretax income for 2009 was adjusted upward for non-cash goodwill impairment charges. The company's 2009 tax rate was substantially lowered by large excess pension plan contributions. Excess tax benefits from stock options reduced federal and state taxes by \$69 million, \$59 million and \$44 million in 2010, 2009 and 2008.

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## Methodology

This study is an in-depth look at corporate taxes over the past three years. It is similar to a series of widely-cited and influential studies by Citizens for Tax Justice and the Institute on Taxation and Economic Policy, starting in the 1980s and most recently in 2004. The new report covers 280 large *Fortune 500* corporations, and analyzes their U.S. profits and corporate income taxes from 2008 to 2010. Over the three-year period, these companies reported almost \$1.4 trillion in pretax U.S. profits, and, on average, paid tax on about half that amount.

### 1. Choosing the Companies:

Our report is based on corporate annual reports to shareholders and the similar 10-K forms that corporations are required to file with the Securities and Exchange Commission. We relied on electronic versions of these reports from the companies' web sites or from the SEC web site.

As we pursued our analysis, we gradually eliminated companies from the study based on two criteria: either (1) a company lost money in any one of the three years; or (2) a company's report did not provide sufficient information for us to accurately determine its domestic profits, current federal income taxes, or both. This left us with the 280 companies in our report.

The total net federal income taxes reported by our 280 companies over the three years amounted to 45 percent of all net federal corporate income tax collections in that period.

### 2. Method of Calculation:

Conceptually, our method for computing effective corporate tax rates was straightforward. First, a company's domestic profit was determined and then current state and local taxes were subtracted to give us net U.S. pretax profits before federal income taxes. (We excluded foreign profits since U.S. income taxes rarely apply to them, because the taxes are indefinitely "deferred" or are offset by credits for taxes paid to foreign governments.) We then determined a company's federal current income taxes. Current taxes are those that a company is obligated to pay during the year; they do not include taxes "deferred" due to various federal "tax incentives" such as accelerated depreciation. Finally, we divided current U.S. taxes by pretax U.S. profits to determine effective tax rates.<sup>1</sup>

**A. Issues in measuring profits.** The pretax U.S. profits reported in the study are generally as the companies dis-

closed them.<sup>2</sup> In a few cases, if companies did not separate U.S. pretax profits from foreign, but foreign profits were obviously small, we made our own geographic allocation, based on a geographic breakdown of operating profits minus a prorated share of any expenses not included therein (e.g., overhead or interest), or we estimated foreign profits based on reported foreign taxes or reported foreign revenues as a share of total worldwide profits.

Where significant, we adjusted reported pretax profits for several items to reduce distortions. In the second half of 2008, the U.S. financial system imploded, taking our economy down with it. By the fourth quarter of 2008, no one knew for sure how the federal government's financial rescue plan would work. Many banks predicted big future loan losses, and took big book write-offs for these pessimistic estimates. Commodity prices for things like oil and gas and metals plummeted, and many companies that owned such assets booked "impairment charges" for their supposed long-term decline in value. Companies that had acquired "goodwill" and other "intangible assets" from mergers calculated the estimated future returns on these assets, and if these were lower than their "carrying value" on their books, took big book "impairment charges." All of these book write-offs were non-cash and had no effect on either current income taxes or a company's cash flow.

As it turned out, the financial rescue plan, supplemented by the best parts of the economic stimulus program adopted in early 2009, succeeded in averting the Depression that many economists had worried could have happened. Commodity prices recovered, the stock market boomed, and corporate profits zoomed upward.

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<sup>2</sup>For multinational companies, we are at the mercy of companies accurately allocating their pretax profits between U.S. and foreign in their annual reports. Hardly anyone but us cares about this geographic book allocation, yet fortunately for us, it appears that the great majority of companies were reasonably honest about it.

One company, Mattel, offered two versions of its geographic allocation of profits. We used the more plausible one.

We did have to leave out from the study companies whose geographic allocations were obviously ridiculous (e.g., almost all or even more than all of their pretax profits were reported as foreign, even though most of their revenues and assets were in the United States). Google and Microsoft are two examples of such apparently "liar companies" that we left out of the study. For such companies, it may be that they reported in their annual reports how they misallocated their profits on their tax returns, rather than where their profits were really earned.

For better or worse, we did, with grave reservations, include some potential "liar companies" that we highly suspect made a lot more in the U.S., and less overseas, than they reported to their shareholders (e.g., Apple, Amgen, Gilead Sciences, and EMC). We urge our readers to treat these companies' true "effective U.S. income tax rates" as possibly much lower than what we reluctantly report. We will be working more on this issue, and will report our findings in a later study.

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<sup>1</sup>The effective federal income tax rates we report in this study should not be confused with an item that companies include in their annual reports with the unfortunately similar name "effective tax rate." This latter number is a conglomeration of U.S., state and foreign income taxes, including income taxes paid and income taxes not paid (i.e., deferred). It is meaningless for understanding what companies actually pay in U.S. taxes.

But in one of the oddities of book accounting, the impairment charges could not be reversed.

Here is how we dealt with these extraordinary non-cash charges, plus “restructuring charges,” that would otherwise distort annual reported book profits and effective tax rates:

### 1. *Smoothing adjustments*

Some of our adjustments simply reassign booked expenses to the year’s that the expenses were actually incurred. These “smoothing” adjustments avoid aberrations in one year to the next.

a. “Provisions for loan losses” by financial companies: Rather than using estimates of future losses, we generally replaced companies’ projected future loan losses with actual loan charge-offs less recoveries. Over time, these two approaches converge, but using actual loan charge-offs is more accurate and avoids year-to-year distortions. Typically, financial companies provide sufficient information to allow this kind of adjustment to be allocated geographically.

b. “Restructuring charges”: Sometimes companies announce a plan for future spending (such as the cost of laying off employees over the next few years) and will book a charge for the total expected cost in the year of the announcement. In cases where these restructuring charges were significant and distorted year-by-year income, we reallocated the costs to year the money was actually spent (allocated geographically).

### 2. *“Impairments”*

Companies that booked “impairment” charges typically went to great lengths to assure investors and stock analysts that these charges had no real effect on the companies’ earnings. Some companies simply excluded impairment charges from the geographic allocation of their pretax income. For example, Conoco-Phillips assigned its 2008 pretax profits to three geographic areas, “United States,” “Foreign,” and “Goodwill impairment,” implying that the goodwill impairment charge, if it had any real existence at all, was not related to anything on this planet. In addition, many analysts have criticized these non-cash impairment charges as misleading, and even “a charade.”<sup>3</sup> Here is how we treated “impairment charges”:

(a) Impairment charges for goodwill (and intangible assets with indefinite lives) do not affect future book income, since they are not amortizable over time. We added these charges back to reported profits, allocating them geographically based on geographic information that companies supplied, or as a last resort by geographic revenue shares.

(b) Impairment charges to assets (tangible or intangible) that are depreciable or amortizable on the

books will affect future book income somewhat (by reducing future book write-offs, and thus increasing future book profits). But big impairment charges still hugely distort current year book profit. So as a general rule, we also added these back to reported profits if the charges were significant.

(c) Caveat: Impairments of assets held for sale soon were not added back.

All significant adjustments to profits made in the study are reported in the company-by-company notes.

**B. Issues in measuring federal income taxes.** The primary source for current federal income taxes was the companies’ income tax notes to their financial statements. From reported current taxes, we subtracted “excess tax benefits” from stock options (if any), which reduced companies’ tax payments but which are not reported as a reduction in current taxes, but are instead reported separately (typically in companies’ cash-flow statements). We divided the tax benefits from stock options between federal and state taxes based on the relative statutory tax rates (using a national average for the states). All of the non-trivial tax benefits from stock options that we found are reported in the company-by-company notes.

### 3. **Negative tax rates.**

A “negative” effective tax rate means that a company enjoyed a tax rebate. This can occur by carrying back excess tax deductions and/or credits to an earlier year or years and receiving a tax refund check from the U.S. Treasury Department. Negative tax rates can also result from recognition of tax benefits claimed on earlier years’ tax returns, but not reported as tax reduction in earlier annual reports because companies did not expect that the IRS would allow the tax benefits. If and when these “uncertain tax benefits” are recognized, they reduce a companies reported current income tax in the year that they are recognized. See the appendix on page 21 for a fuller discussion of “uncertain tax benefits.”

**4. High effective tax rates:** Fourteen of the companies in our study report effective three-year U.S. federal income tax rates that are slightly higher than the 35 percent official corporate tax rate. Indeed, in particular years, some companies report effective U.S. tax rates that are much higher than 35 percent. This phenomenon is usually due to taxes that were deferred in the past but that eventually came due. Such “turnarounds” often involve accelerated depreciation tax breaks, which usually do not turn around so long as companies are continuing to increase or maintain their investments in plant and equipment. But these tax breaks can turn around if new investments fall off (for example, because a bad economy makes continued new investments temporarily unprofitable).

### 5. **Industry classifications.**

Because some companies do business in multiple industries, our industry classifications are far from perfect. We generally, but not always, based them on *Fortune’s* industry classifications. ●

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<sup>3</sup>One article describes goodwill impairment charges as “a ludicrous charade” “which everyone and their brothers and sisters dismiss as merely the result of an arbitrary recalculation of an arbitrary calculation.”

<http://accountingonion.typepad.com/theaccountingonion/2010/01/goodwill-impairment-i-love-a-charade-reposted.html>