

# **The Sorry State of Corporate Taxes**

**What Fortune 500 Firms Pay (or Don't Pay) in the USA  
And What they Pay Abroad — 2008 to 2012**

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**Citizens for Tax Justice (CTJ)** 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 and Economic Policy (ITEP)** 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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## EXECUTIVE SUMMARY

Profitable corporations are supposed to pay a 35 percent federal income tax rate on their U.S. profits. But many corporations pay far less, or nothing at all, because of the many tax loopholes and special breaks they enjoy. This report documents just how successful many Fortune 500 corporations have been at using these loopholes and special breaks over the past five years.

The report looks at the profits and U.S. federal income taxes of the 288 Fortune 500 companies that have been consistently profitable in each of the five years between 2008 and 2012, excluding companies that experienced even one unprofitable year during this period. Most of these companies were included in our November 2011 report, *Corporate Taxpayers and Corporate Tax Dodgers*, which looked at the years 2008 through 2010. Our new report is broader, in that it includes companies, such as Facebook, that have entered the Fortune 500 since 2011, and narrower, in that it excludes some companies that were profitable during 2008 to 2010 but lost money in 2011 or 2012.

### ***Some Key Findings:***

- As a group, the 288 corporations examined paid an effective federal income tax rate of just 19.4 percent over the five-year period — far less than the statutory 35 percent tax rate.
- Twenty-six of the corporations, including Boeing, General Electric, Priceline.com and Verizon, paid no federal income tax at all over the five-year period. A third of the corporations (93) paid an effective tax rate of less than ten percent over that period.
- Of those corporations in our sample with significant offshore profits, two-thirds paid higher corporate tax rates to foreign governments where they operate than they paid in the U.S. on their U.S. profits.

These findings refute the prevailing view inside the Washington, D.C. Beltway that America's corporate income tax is more burdensome than the corporate income taxes levied by other countries, and that this purported (but false) excess burden somehow makes the U.S. "uncompetitive."

### ***Other Findings:***

- One hundred and eleven of the 288 companies (39 percent of them) paid zero or less in federal income taxes in at least one year from 2008 to 2012.

- The sectors with the lowest effective corporate tax rates over the five-year period were utilities (2.9 percent), industrial machinery (4.3 percent), telecommunications (9.8 percent), oil, gas and pipelines (14.4 percent), transportation (16.4 percent), aerospace and defense (16.7 percent) and financial (18.8 percent).
- The tax breaks claimed by these companies are highly concentrated in the hands of a few very large corporations. Just 25 companies claimed \$174 billion in tax breaks over the five years between 2008 and 2012. That's almost half the \$364 billion in tax subsidies claimed by all of the 288 companies in our sample.
- Five companies — Wells Fargo, AT&T, IBM, General Electric, and Verizon — enjoyed over \$77 billion in tax breaks during this five-year period.

### ***Recommendations for Reform:***

- Congress should repeal the rule allowing American multinational corporations to indefinitely “defer” their U.S. taxes on their offshore profits. This reform would effectively remove the tax incentive to shift profits and jobs overseas.
- Limit the ability of tech and other companies to use executive stock options to reduce their taxes by generating phantom “costs” these companies never actually incur.
- Having allowed “bonus depreciation” to expire at the end of 2013, Congress could take the next step and repeal the rest of accelerated depreciation, too.
- Reinstate a strong corporate Alternative Minimum Tax that really does the job it was originally designed to do.
- Require more complete and transparent geography-specific public disclosure of corporate income and tax payments than the Securities and Exchange Commission’s regulations currently mandate.

# INTRODUCTION

Last year, a U.S. Senate committee wrapped up an extensive investigation into techniques used by giant technology firms, including Apple and Microsoft, to avoid paying corporate income taxes in the United States and abroad. The committee's findings showed that some of the most profitable U.S.-based multinationals are finding ways to artificially shift their profits, on paper, from the United States to low-tax havens where they do little or no real business. At the same time, corporate lobbyist groups have engaged in an aggressive push on Capitol Hill to reduce the federal corporate income tax rate, based on the claim that our corporate tax is uncompetitively high compared to other developed nations.

Do American corporations really pay higher taxes in the United States than they do abroad? Do they pay anything close to the 35 percent U.S. tax rate that corporate lobbyists have complained about so vocally? This study takes a hard look at federal income taxes paid or not paid by 288 of America's largest and most profitable corporations in the five years between 2008 and 2012 — and compares these tax payments to the foreign taxes that a multinational subset of these same companies pay on their activities in the rest of the world. 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 the United States in each of the five years analyzed. Over five years, the 288 companies in our survey reported total pretax U.S. profits of more than \$2.3 trillion.

While the federal corporate tax law ostensibly requires big corporations to pay a 35 percent corporate income tax rate, the 288 corporations in our study on average paid barely more than half that amount: 19.4 percent over the 2008-12 period. Many companies paid far less, including 26 that paid nothing at all over the entire five-year period.

We also find that for most of the multinationals in our survey — companies that engage in significant business both in the United States and abroad — the U.S. tax rates these companies pay are lower than the rates they face abroad. Two-thirds of the multinationals in our survey enjoyed lower U.S. tax rates on their U.S. profits than the foreign tax rates they paid on their foreign profits.

There is wide variation in the tax rates paid by the companies surveyed. A quarter of the companies in this study paid effective federal income tax rates on their U.S. profits close to the full 35 percent official corporate tax rate. But almost one-third paid less than 10 percent. One hundred and eleven of these profitable companies found ways to zero out every last dime of their federal income tax in at least one year during the five-year period.

There is plenty of blame to share for today's sad situation. Corporate apologists will correctly point out that loopholes and tax breaks that allow low-tax corporations to minimize or eliminate their income taxes

are generally 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. The tax laws were not enacted in a vacuum; they were adopted in response to relentless corporate lobbying, threats and campaign support.

The good news is that the corporate income tax can be repaired. The parade of industry-specific and even company-specific tax breaks that lard the corporate tax can — and should — be repealed. This includes tax giveaways as narrow as the NASCAR depreciation tax break and as broad as the manufacturing deduction. High-profile multinational corporations that have shifted hundreds of billions of their U.S. income into tax havens for tax purposes, without actually engaging in any meaningful activity in those tiny countries, will stop doing so if Congress acts to end indefinite deferral of U.S. taxes on their offshore profits. As Congress considers these steps, lawmakers and the Securities and Exchange Commission should take steps to ensure that they, and the public, have access to basic information about how much big companies are paying in taxes and which tax breaks they're claiming.

This study is the latest in a series of comprehensive corporate tax reports by Citizens for Tax Justice and the Institute on Taxation and Economic Policy, beginning in 1984. Our most recent prior report, issued in 2011, covered corporate taxes in 2008 through 2010. The methodological appendix at the end of the study explains in more detail how we chose the companies and calculated their effective tax rates. The notes on specific companies beginning on page 62 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 1986)
- *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)
- *Corporate Taxpayers and Corporate Tax Dodgers* (CTJ & ITEP 2011)

## WHO'S PAYING CORPORATE TAXES — AND WHO'S NOT

On paper at least, the federal tax law requires corporations to pay 35 percent of their profits in federal income taxes. In fact, some of the 288 corporations in this 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 five years covered by this study, the average effective tax rate (that is, the percentage of U.S. pretax profits paid in federal corporate income taxes) for all 288 companies was only 19.4 percent.

### Overview:

The table on this page summarizes what the 288 companies paid (or didn't pay) in effective U.S. income tax rates on their pretax U.S. profits.

- The good news is that 62 companies (about a fifth of the companies in this report), paid effective five-year tax rates of more than 30 percent. Their average effective tax rate was 33.6 percent.
- The bad news is that even more companies, 67, paid effective five-year tax rates between zero and 10 percent. Their average effective tax rate was 1.5 percent.
- Even worse news is that 26 companies paid less than zero percent over the five-year period. Their effective tax rate averaged –5.1 percent.

### Summary of five-year tax rates for 288 companies, 2008-2012

Effective tax rate group	# of cos.	% of cos.	2008-12 (\$-billion)			Ave. 5-yr profit (\$-mill.)	
			Profits	Tax	Ave. Rate	Pre-tax	After-tax
Less than 17.5%	119	41%	\$ 929.6	\$ 71.4	7.7%	\$ 7,812	\$ 7,212
17.5% to 30%	107	37%	1,001.6	246.8	24.6%	9,360	7,054
More than 30%	62	22%	401.2	134.6	33.6%	6,470	4,299
<b>All 288 companies</b>	<b>288</b>	<b>100%</b>	<b>\$ 2,332.4</b>	<b>\$ 452.8</b>	<b>19.4%</b>	<b>\$ 8,098</b>	<b>\$ 6,526</b>
<b>93 Ultra-low tax companies</b>							
Zero or less	26	9%	\$ 169.5	\$ –8.7	–5.1%	\$ 6,519	\$ 6,853
Less than 10%	67	23%	465.0	7.0	1.5%	6,941	6,836

### A more detailed look:

Over the 2008-2012 period, five-year effective tax rates for the 288 companies ranged from a low of –33.0 percent for PEPCO Holdings to a high of 41.2 percent for St. Jude Medical. Here are some startling statistics:



- One hundred and eleven of the 288 companies paid zero or less in federal income taxes in at least one year from 2008 to 2012. Fifty-five of these companies enjoyed multiple no-tax years, bringing the total number of no-tax years to 203. In the years they paid no income tax, these 111 companies earned \$227 billion in pretax U.S. profits. But instead of paying \$79 billion in federal income taxes, as the 35

### 26 Corporations Paying No Total Income Tax in 2008-12

Company (\$-millions)	08-12 Profit	08-12 Tax	08-12 Rate
Pepco Holdings	\$ 1,743	\$ -575	-33.0%
PG&E Corp.	7,035	-1,178	-16.7%
NiSource	2,473	-336	-13.6%
Wisconsin Energy	3,228	-436	-13.5%
General Electric	27,518	-3,054	-11.1%
CenterPoint Energy	4,078	-347	-8.5%
Integrus Energy Group	1,623	-133	-8.2%
Atmos Energy	1,486	-114	-7.7%
Tenet Healthcare	854	-51	-6.0%
American Electric Power	10,016	-577	-5.8%
Ryder System	1,073	-51	-4.7%
Con-way	587	-21	-3.5%
Duke Energy	9,026	-299	-3.3%
Priceline.com	557	-17	-3.0%
FirstEnergy	7,236	-216	-3.0%
Apache	7,580	-184	-2.4%
Interpublic Group	1,305	-28	-2.1%
Verizon Communications	30,203	-535	-1.8%
NextEra Energy	11,433	-178	-1.6%
Consolidated Edison	7,581	-87	-1.1%
CMS Energy	2,471	-26	-1.1%
Boeing	20,473	-202	-1.0%
Northeast Utilities	2,820	-19	-0.7%
Corning	3,438	-10	-0.3%
Paccar	1,711	-1	-0.1%
MetroPCS Communications	1,956	-1	-0.1%
<b>TOTAL</b>	<b>\$ 169,504</b>	<b>\$ -8,676</b>	<b>-5.1%</b>

percent corporate tax rate seems to require, these companies generated so many excess tax breaks that they reported negative taxes (often receiving tax rebate checks from the U.S. Treasury), totaling \$28 billion. These companies' "negative tax rates" mean that they made more after taxes than before taxes in those no-tax years.<sup>1</sup>

- Twenty six of these corporations paid less than nothing in aggregate federal income taxes over the 2008-12 period. These companies, whose pretax U.S. profits totaled \$170 billion over the five years, included: Pepco Holdings (-33.0% tax rate), General Electric (-11.1%), Priceline.com (-3.0%), Ryder System (-4.7%), Verizon (-1.8%) and Boeing (-1.0%).

- In 2012, 43 companies paid no federal income tax, and got \$2.9 billion in tax rebates. In 2011, 44 companies paid no income tax, and got \$3.3 billion in rebates. (See Appendices with year-by-year results.)

- 119 of the 288 companies paid less than

half the 35 percent statutory corporate tax rate for the five-year period as a whole. And more than two-thirds of the companies, 189 of the 288, paid effective tax rates of less than half the 35 percent statutory corporate income tax rate in at least one of the five years.

<sup>1</sup>Corporations can receive outright rebates by "carrying back" excess tax breaks 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 breaks 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 24 explains. In reporting their "current" income taxes paid, companies do not distinguish between the two types of tax breaks.

# 111 Companies Paying Zero Tax or Less in at Least One Year, 2008–2012

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	
PG&E Corp.	7,035	-1,178	-16.7%	5	State Street Corp.	731	-885	-121.1%	1
Pepco Holdings	1,362	-584	-42.9%	4	Con-way	46	-53	-115.4%	1
Wisconsin Energy	2,575	-508	-19.7%	4	Eli Lilly	202	-208	-102.9%	1
NiSource	1,933	-368	-19.0%	4	Murphy Oil	206	-183	-89.1%	1
CenterPoint Energy	3,397	-387	-11.4%	4	Sonic Automotive	27	-14	-51.0%	1
FirstEnergy	5,173	-571	-11.0%	4	Fluor	288	-137	-47.5%	1
Tenet Healthcare	706	-57	-8.1%	4	Facebook	1,062	-429	-40.4%	1
Boeing	14,837	-822	-5.5%	4	Eastman Chemical	204	-82	-40.2%	1
Duke Energy	7,468	-359	-4.8%	4	Windstream	250	-98	-39.1%	1
NextEra Energy	8,955	-189	-2.1%	4	Cliffs Natural Resources	128	-49	-38.4%	1
Corning	2,637	-14	-0.5%	4	Exxon Mobil	2,490	-954	-38.3%	1
MetroPCS Communications	1,682	-1	-0.1%	4	AECOM Technology	146	-50	-34.2%	1
General Electric	10,460	-4,737	-45.3%	3	Insight Enterprises	15	-5	-32.3%	1
Paccar	775	-140	-18.0%	3	Telephone & Data Systems	308	-94	-30.5%	1
Integrus Energy Group	886	-139	-15.7%	3	Texas Instruments	321	-81	-25.2%	1
American Electric Power	5,670	-761	-13.4%	3	Health Net	34	-8	-24.9%	1
Atmos Energy	918	-122	-13.3%	3	Yum Brands	294	-70	-23.7%	1
Susser Holdings	78	-8	-10.7%	3	Pitney Bowes	386	-88	-22.7%	1
Ryder System	706	-55	-7.8%	3	Group 1 Automotive	53	-11	-20.2%	1
Progress Energy	2,562	-181	-7.1%	3	Ingram Micro	13	-2	-19.0%	1
Priceline.com	308	-20	-6.4%	3	DTE Energy	924	-172	-18.6%	1
Interpublic Group	905	-57	-6.3%	3	Wells Fargo	21,797	-3,967	-18.2%	1
PPL	2,165	-123	-5.7%	3	CBS	472	-81	-17.1%	1
Peabody Energy	1,000	-21	-2.1%	3	Goldman Sachs Group	4,894	-801	-16.4%	1
Cablevision Systems	1,014	-10	-1.0%	3	Travelers Cos.	1,230	-191	-15.5%	1
Allegheny Technologies	152	-139	-91.1%	2	Principal Financial	896	-137	-15.3%	1
SPX	101	-46	-45.0%	2	Kindred Healthcare	44	-6	-13.4%	1
International Paper	1,110	-327	-29.5%	2	Capital One Financial	1,259	-152	-12.1%	1
Reinsurance Group of America	996	-222	-22.3%	2	DuPont	949	-109	-11.5%	1
NYSE Euronext	203	-45	-22.2%	2	Yahoo	855	-82	-9.6%	1
Baxter International	738	-139	-18.8%	2	Scana	533	-47	-8.8%	1
Honeywell International	2,966	-510	-17.2%	2	Time Warner Cable	2,330	-188	-8.1%	1
Apache	2,044	-300	-14.7%	2	Reliance Steel & Aluminum	199	-15	-7.4%	1
Entergy	3,287	-481	-14.6%	2	AT&T	5,714	-422	-7.4%	1
Verizon Communications	10,449	-1,316	-12.6%	2	McKesson	1,153	-85	-7.4%	1
R.R. Donnelley & Sons	677	-59	-8.8%	2	UGI	229	-15	-6.5%	1
Fifth Third Bancorp	1,856	-162	-8.7%	2	FMC Technologies	63	-4	-5.5%	1
Public Service Enterprise Group	4,473	-371	-8.3%	2	Halliburton	565	-30	-5.3%	1
Southwest Airlines	838	-69	-8.2%	2	H.J. Heinz	500	-26	-5.3%	1
Omnicare	348	-25	-7.1%	2	CenturyLink	992	-49	-4.9%	1
Occidental Petroleum	5,910	-411	-7.0%	2	Northeast Utilities	792	-38	-4.8%	1
Ameren	1,775	-100	-5.6%	2	Casey's General Stores	149	-7	-4.5%	1
Dominion Resources	2,545	-138	-5.4%	2	Devon Energy	3,459	-154	-4.4%	1
MDU Resources	677	-35	-5.2%	2	Rockwell Automation	145	-6	-4.4%	1
Consolidated Edison	3,240	-157	-4.8%	2	Praxair	870	-36	-4.1%	1
FedEx	3,914	-173	-4.4%	2	Air Products & Chemicals	614	-25	-4.0%	1
Oneok	1,153	-48	-4.2%	2	Domtar	154	-6	-3.9%	1
Chesapeake Energy	5,515	-220	-4.0%	2	Xcel Energy	1,048	-40	-3.8%	1
PNC Financial Services Group	7,982	-318	-4.0%	2	HCA Holdings	3,195	-119	-3.7%	1
Frontier Communications	437	-17	-3.9%	2	DISH Network	973	-36	-3.7%	1
CMS Energy	868	-33	-3.8%	2	Time Warner	2,031	-74	-3.7%	1
Mattel	827	-25	-3.0%	2	Health Management Associates	225	-7	-3.3%	1
Sempra Energy	1,625	-46	-2.8%	2	Merck	5,766	-55	-1.0%	1
Rock-Tenn	532	-13	-2.5%	2	Danaher	1,179	-6	-0.5%	1
Universal American	12	-26	-224.4%	1	Deere	907	-1	-0.1%	1
HollyFrontier	12	-24	-196.9%	1	<b>Totals, these 111 companies</b>	<b>\$ 226,782</b>	<b>-\$28,096</b>	<b>-12.4%</b>	<b>203</b>

## THE SIZE OF THE CORPORATE TAX SUBSIDIES

Over the 2008-12 period, the 288 companies earned more than \$2.3 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 288 companies would have paid \$816 billion in income taxes over the five years. But instead, the companies as a group paid just more than half of that amount. The enormous amount they did not pay was due to hundreds of billions of dollars in tax subsidies that they enjoyed.

### 25 Companies with the Largest TOTAL Tax Subsidies, 2008-12

Company	2008-12 Tax Breaks
Wells Fargo	\$ 21,574
AT&T	19,200
International Business Machines	13,223
General Electric	12,685
Verizon Communications	11,106
Exxon Mobil	8,673
Boeing	7,368
J.P. Morgan Chase & Co.	5,886
PNC Financial Services Group	5,343
Wal-Mart Stores	5,139
Procter & Gamble	4,986
Occidental Petroleum	4,880
ConocoPhillips	4,759
Chevron	4,486
Devon Energy	4,432
Exelon	4,211
NextEra Energy	4,180
Chesapeake Energy	4,102
Goldman Sachs Group	4,094
American Electric Power	4,083
Coca-Cola	4,046
Union Pacific	3,934
Intel	3,803
American Express	3,736
Southern	3,729
<b>Total these 25 companies</b>	<b>\$ 173,658</b>

- Tax subsidies for the 288 companies over the five years totaled a staggering \$364 billion, including \$56 billion in 2008, \$70 billion in 2009, \$80 billion in 2010, \$87 billion in 2011, and \$70 billion in 2012. 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.
- Almost half of the total tax-subsidy dollars over the five years — \$173.7 billion — went to just 25 companies, each with more than \$3.7 billion in tax subsidies.
- Wells Fargo topped the list of corporate tax-subsidy recipients, with nearly \$21.6 billion in tax subsidies over the five years.
- Other top tax subsidy recipients included AT&T (\$19.2 billion), IBM (\$13.2 billion), General Electric (\$12.7 billion), Verizon (\$11.1 billion), Exxon Mobil (\$8.7 billion), and Boeing (\$7.4 billion).

## TAX RATES (AND SUBSIDIES) BY INDUSTRY

The effective tax rates in our study varied widely by industry. Over the 2008-12 period, effective industry tax rates (for our 288 corporations) ranged from a low of 2.9 percent to a high of 29.6 percent. In the year 2012 alone, the range of industry tax rates was even greater, from a low of –1.8 percent (a negative rate) up to a high of 28 percent.

- Gas and electric utility companies enjoyed the lowest effective federal tax rate over the five years, paying a tax rate of only 2.9 percent. This industry's taxes declined steadily over the five years, from 12.8 percent in 2008 to –1.8 percent in 2012. These results were largely driven by the ability of these companies to claim accelerated depreciation tax breaks on their capital investments. Only one of the 27 utilities in our sample paid more than half the 35 percent statutory tax rate during the 2008-12 period.
- Other low-tax industries, paying less than half the statutory 35 percent tax rate over the entire 2008-12 period, included: industrial machinery (4.3%), telecommunications (9.8%), oil, gas & pipelines (14.4%), transportation (16.4%), and aerospace & defense (16.7%).
- None of the industries surveyed paid an effective tax rate of 30 percent or more over the full five-year period.

**Effective Corporate Tax Rates for 288 Corporations by Industry, 2008–12**

Industry & Company	Five-Year Totals			2012			2011			2008-2010		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Utilities, gas and electric	\$ 169,790	\$ 4,977	2.9%	\$ 30,061	\$ –555	–1.8%	\$ 36,260	\$ 184	0.5%	\$ 103,469	\$ 5,348	5.2%
Industrial Machinery	54,311	2,334	4.3%	15,442	2,837	18.4%	14,158	2,569	18.1%	24,710	–3,072	–12.4%
Telecommunications	173,980	16,987	9.8%	32,905	4,982	15.1%	29,387	1,832	6.2%	111,688	10,173	9.1%
Oil, gas & pipelines	223,077	32,172	14.4%	46,873	5,363	11.4%	60,896	8,017	13.2%	115,308	18,792	16.3%
Transportation	55,153	9,052	16.4%	14,201	2,607	18.4%	12,528	1,746	13.9%	28,424	4,699	16.5%
Aerospace & defense	117,698	19,714	16.7%	24,293	4,723	19.4%	25,192	3,520	14.0%	68,213	11,472	16.8%
Financial	334,678	62,988	18.8%	88,114	22,529	25.6%	64,420	11,054	17.2%	182,144	29,405	16.1%
Chemicals	42,333	8,286	19.6%	10,627	2,073	19.5%	10,220	2,625	25.7%	21,486	3,589	16.7%
Computers, office equip, software, data	152,932	30,220	19.8%	32,629	6,046	18.5%	37,904	6,154	16.2%	82,398	18,019	21.9%
Pharmaceuticals & medical products	46,615	9,846	21.1%	10,553	3,118	29.5%	9,044	2,399	26.5%	27,017	4,329	16.0%
Household & personal products	51,307	11,268	22.0%	10,286	2,264	22.0%	9,826	2,135	21.7%	31,195	6,869	22.0%
Internet Services & Retailing	11,331	2,535	22.4%	5,847	1,820	31.1%	2,502	347	13.9%	2,982	368	12.3%
Miscellaneous manufacturing	64,358	14,607	22.7%	16,437	3,837	23.3%	14,116	2,382	16.9%	33,804	8,389	24.8%
Miscellaneous services	166,683	37,951	22.8%	42,180	10,079	23.9%	39,354	8,122	20.6%	85,149	19,749	23.2%
Engineering & construction	9,193	2,281	24.8%	1,680	344	20.5%	1,549	357	23.1%	5,964	1,580	26.5%
Financial data services	46,321	11,506	24.8%	13,491	3,000	22.2%	12,256	3,069	25.0%	20,574	5,437	26.4%
Food & beverages & tobacco	115,671	29,190	25.2%	22,949	6,886	30.0%	22,264	5,744	25.8%	70,457	16,560	23.5%
Publishing, printing	7,179	1,893	26.4%	1,165	266	22.9%	1,273	363	28.5%	4,740	1,263	26.7%
Retail & wholesale trade	368,225	108,967	29.6%	85,069	26,290	30.9%	80,174	21,934	27.4%	202,982	60,743	29.9%
Health care	121,518	35,992	29.6%	27,613	7,725	28.0%	27,224	6,843	25.1%	66,681	21,424	32.1%
<b>ALL INDUSTRIES</b>	<b>\$ 2,332,350</b>	<b>\$ 452,766</b>	<b>19.4%</b>	<b>\$ 532,416</b>	<b>\$ 116,234</b>	<b>21.8%</b>	<b>\$ 510,548</b>	<b>\$ 91,395</b>	<b>17.9%</b>	<b>\$ 1,289,387</b>	<b>\$ 245,136</b>	<b>19.0%</b>

Effective tax rates also varied widely within industries. For example, over the five-year period, average tax rates on oil, gas & pipeline companies ranged from –2.4 percent for Apache Corporation up to 29.1 percent for HollyFrontier. Among aerospace and defense companies, five-year effective tax rates ranged from a low of –1.0 percent for Boeing up to a high of 29.5 percent for SAIC. Pharmaceutical giant Baxter paid only 3.5 percent, while its competitor Biogen Idec paid 32.9 percent. In fact, as the detailed industry table starting on page 32 of this report illustrates, effective tax rates were widely divergent in almost every industry.

## 2008-12 Effective Tax Rates & Total Tax Subsidies, by Industry

\$-millions

Industry & Company	Effective Tax Rate	Total Tax Subsidies	% of total Subsidies	% of total U.S. Profits
Utilities, gas and electric	2.9%	54,450	15.0%	7.3%
Financial	18.8%	54,149	14.9%	14.3%
Oil, gas & pipelines	14.4%	45,905	12.6%	9.6%
Telecommunications	9.8%	43,906	12.1%	7.5%
Computers, office equip, software, data	19.8%	23,306	6.4%	6.6%
Aerospace & defense	16.7%	21,480	5.9%	5.0%
Miscellaneous services	22.8%	20,389	5.6%	7.1%
Retail & wholesale trade	29.6%	19,912	5.5%	15.8%
Industrial Machinery	4.3%	16,675	4.6%	2.3%
Food & beverages & tobacco	25.2%	11,295	3.1%	5.0%
Transportation	16.4%	10,251	2.8%	2.4%
Miscellaneous manufacturing	22.7%	7,918	2.2%	2.8%
Household & personal products	22.0%	6,689	1.8%	2.2%
Health care	29.6%	6,539	1.8%	5.2%
Chemicals	19.6%	6,530	1.8%	1.8%
Pharmaceuticals & medical products	21.1%	6,469	1.8%	2.0%
Financial data services	24.8%	4,707	1.3%	2.0%
Internet Services & Retailing	22.4%	1,431	0.4%	0.5%
Engineering & construction	24.8%	936	0.3%	0.4%
Publishing, printing	26.4%	620	0.2%	0.3%
<b>ALL INDUSTRIES</b>	<b>19.4%</b>	<b>\$ 363,557</b>	<b>100%</b>	<b>100%</b>
<b>Financial, Utilities, Telecommunications and Oil, Gas &amp; Pipelines</b>	<b>13%</b>	<b>198,410</b>	<b>54.6%</b>	<b>38.7%</b>

## Tax Subsidies by Industry:

We also looked at the size of the total tax subsidies received by each industry for the 288 companies in our study. Among the notable findings:

- 55 percent of the total tax subsidies went to just four industries: financial, utilities, telecommunications, and oil, gas & pipelines — even though these companies only enjoyed 39 percent of the U.S. profits in our sample.
- Other industries receive a disproportionately small share of tax subsidies. Companies engaged in retail and wholesale trade, for example, represented 16 percent of the five-year U.S. profits in our sample, but enjoyed less than 6 percent of the tax subsidies.

It seems rather odd, not to mention highly wasteful, that the industries with the largest subsidies are ones that would seem to need them least. Regulated utilities, for example, make investment decisions in concert with their regulators based on needs of 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. Financial companies get so much federal support that adding huge tax breaks on top of that seems unnecessary.

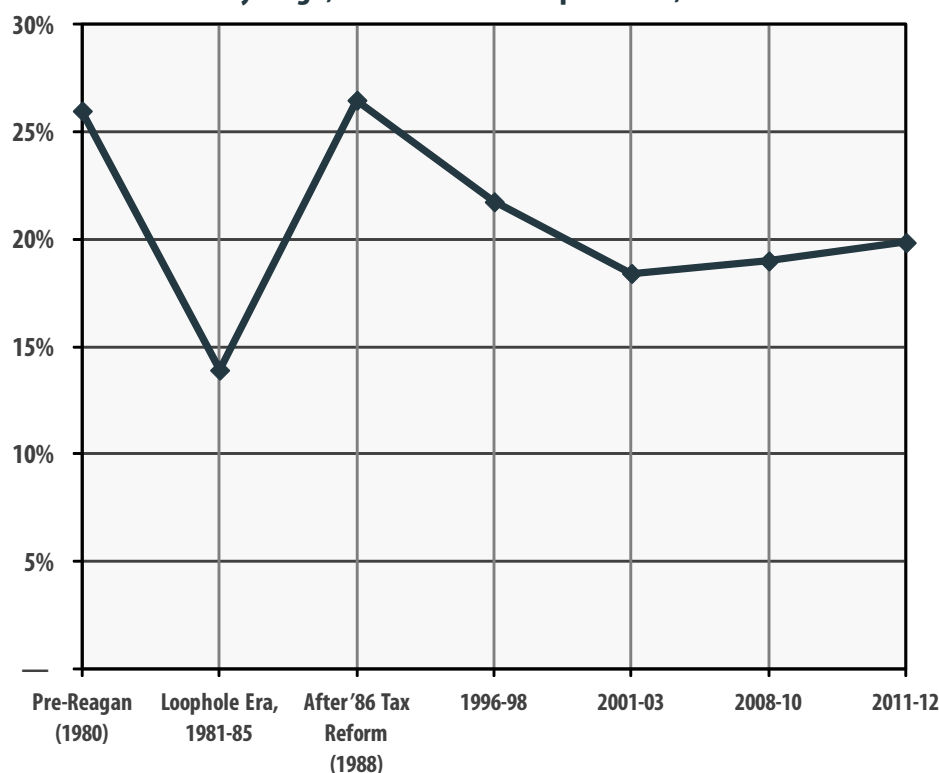


## HISTORICAL COMPARISONS OF TAX RATES AND TAX SUBSIDIES

How do our results for 2008 to 2012 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>2</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>3</sup>

**Effective Federal Corporate Income Tax Rates on U.S. Profits  
Paid by Large, Profitable U.S. Corporations, 1980 to 2012**



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. The five-year average rate found in the current study is only slightly higher, at 19.4 percent.

As a share of GDP, overall federal corporate tax collections in fiscal 2002 and 2003 fell to only 1.24 percent. At

<sup>2</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>3</sup>The statutory rate was increased to 35 percent in President Bill Clinton's 1993 deficit reduction act.

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 five fiscal years (2009-13), total corporate income tax payments fell back to only 1.39 percent of the GDP.

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 2012, corporate taxes paid for a mere 7 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 tax revenues should play an important role.

## U.S. CORPORATE INCOME TAXES VS. FOREIGN INCOME TAXES

Corporate lobbyists relentlessly tell Congress that companies need tax subsidies from the government 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 allegedly much higher than foreign corporate taxes. But the figures that most of these corporations report to their shareholders indicate the exact opposite, that they pay higher corporate income taxes in the other countries where they do business than they pay here in the U.S.

### U.S. Profits & U.S. Federal Income Taxes versus Foreign Profits & Foreign Income Taxes, 2008-12 for companies with foreign pretax profits at least 10% of total worldwide pretax profits, \$-million

	US profits & federal+state income taxes			Foreign profits & for. income taxes			US rate – For rate
	US profit	US tax	US rate	For. profit	For. tax	For. rate	
82 with lower US rate (66%)	\$562,680	\$89,029	15.8%	\$484,666	\$132,556	27.3%	-11.5%
43 with lower foreign rate (34%)	481,784	146,825	30.5%	266,615	57,377	21.5%	9.0%
<b>Totals for 125 companies</b>	<b>1,044,465</b>	<b>235,855</b>	<b>22.6%</b>	<b>751,281</b>	<b>189,933</b>	<b>25.3%</b>	<b>-2.7%</b>
<b>% that average foreign effective tax rate exceeds average US tax rate (125 cos.):</b>							<b>12.0%</b>

We examined the 125 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 their 2008-12 U.S. (federal & state) effective tax rates to the foreign effective tax rates they paid. Here is what we found:

- About two-thirds (66 percent) of these U.S. companies paid higher foreign tax rates on their foreign profits than they paid in U.S. taxes on their U.S. profits.
- Overall, the effective foreign tax rate on the 125 companies was 2.7 percentage points higher than their U.S. effective tax rate.<sup>4</sup>

A table showing U.S. and foreign tax rates for each of the 125 companies begins on page 59.

How do these figures square with the well-known practice of corporations shifting their profits to countries like the Cayman Islands where they are not taxed at all? The figures here show what corporations report to their shareholders as U.S. profits and foreign profits, and therefore are likely to reflect profits genuinely earned in the U.S. and those genuinely earned offshore, respectively. But many of these corporations are likely to report something very different to the IRS by using various legal but arcane accounting maneuvers. Some of the profits correctly reported to shareholders as U.S. profits are likely to be reported to the IRS as profits earned in tax-haven countries like Bermuda or the Cayman Islands, where they are not taxed at all. Indeed, this partly explains the low effective U.S. income tax rates that many corporations enjoy. This “profit-shifting” problem will exist so long as our tax laws allow corporations to “defer” paying U.S. taxes on their “offshore” profits, providing an incentive to make U.S. profits appear to be earned in offshore tax havens.

The figures make clear that most American corporations are paying higher taxes in other countries where they engage in real business activities than they pay in U.S. taxes on their true U.S. profits.

One might note that 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 several decades. But 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 and weaker labor and environmental regulations 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.

.....

<sup>4</sup> There actually were 134 companies in our survey that reported foreign pretax profits equal to at least 10 percent of their worldwide pretax profits. We excluded three “outliers” from our totals—all companies in the oil and gas industry that tend to pay special higher tax rates on their foreign activities. We also excluded six companies for which the foreign tax rates were not explicitly reported by the companies in their annual reports.



## HOW COMPANIES PAY LOW TAX BILLS

**W**hy do we find such low tax rates on so many companies and industries? The company-by-company notes starting on page 62 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.

**Offshore tax sheltering.** The high-profile congressional hearings on tax-dodging strategies of Apple and other tech companies over the past couple of years told lawmakers and the general public what some of us have been pointing out for years: multinational corporations and their accounting firms have become increasingly aggressive in seeking ways to shift their U.S. profits, on paper, to offshore tax havens to avoid their U.S. tax obligations. This typically involves various artificial transactions between U.S. corporations and their foreign subsidiaries, in which revenues are shifted to low- or no-tax jurisdictions (where these corporations are not actually doing any real business), while deductions are created in the United States.<sup>5</sup>

The cost of this tax-sheltering is difficult to determine precisely, but is thought to be enormous. In November 2010, the congressional Joint Committee on Taxation estimated that international corporate tax reforms proposed by Sen. Ron Wyden (D-Ore.) would increase U.S. corporate taxes by about \$70 billion a year.<sup>6</sup> Other analysts have pegged the cost of corporate offshore tax sheltering as even higher than that. Presumably, the effects of these offshore shelters in reducing U.S. taxes on U.S. profits are reflected in bottom-line U.S. corporate taxes reported in this study, even though companies do not directly disclose them.

Sadly, most Republicans in Congress, along with some Democrats, seem intent on making the problem of offshore tax sheltering even worse by replacing our current 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.

**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.

.....  
<sup>5</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>6</sup> Wyden’s international tax reforms are part of a larger tax overhaul bill that he co-sponsored with then-Sen. Judd Gregg (R-NH) and later with Sen. Dan Coats (R-IN).

While accelerated depreciation tax breaks have been available for decades, temporary tax provisions have increased their cost in the past five years. In early 2008, in an attempt at economic stimulus for the flagging economy, Congress and President George W. Bush dramatically expanded depreciation tax breaks by creating a supposedly temporary “50 percent 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>7</sup> This provision was repeatedly extended and expanded through the end of 2013 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 this study by tens of billions of dollars. But limited financial reporting makes it hard to calculate exactly how much of the tax breaks we identify are depreciation-related tax breaks.

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 resources, and has little or no effect in stimulating investment. A recent report from the Congressional Research Service, reviewing efforts to quantify the impact of depreciation breaks, found that “the studies concluded that accelerated depreciation in general is a relatively ineffective tool for stimulating the economy.”<sup>8</sup>

Combined with rules allowing corporations to deduct interest expenses, accelerated depreciation can result in very low, or even negative, tax rates on profits from particular investments. A corporation can borrow money to purchase equipment or a building, deduct the interest expenses on the debt and quickly deduct the cost of the equipment or building thanks to accelerated depreciation. The total deductions can then make the investments more profitable after-tax than before-tax.

**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<sup>9</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 top executive.

.....  
<sup>7</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.

<sup>8</sup> Gary Guenther, “Section 179 and Bonus Depreciation Expensing Allowances: Current Law, Legislative Proposals in the 112th Congress, and Economic Effects,” Congressional Research Service, September 10, 2012. <http://www.fas.org/sgp/crs/misc/RL31852.pdf>

<sup>9</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.

Stock 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 or "book" 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 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>10</sup>

## SOME COMPANIES ZEROED OUT TAX USING STOCK OPTION BREAK

While most of the companies in our sample reported some benefit from the stock-option tax break, a few companies were able to leverage this tax break in a way that sharply reduced, or even eliminated, their income tax bills. For example, Facebook used this single tax break to zero out all income taxes on a billion dollars of U.S. profit in 2012.

Some members of Congress have taken aim at this remaining inconsistency. In February of 2013, Senator Carl Levin (D-MI) introduced the "Cut Unjustified Loopholes Act," which includes a provision requiring companies to treat stock options the same for both book and tax purposes, as well as making stock option compensation subject to the \$1 million cap on corporate tax deductions for top executives' pay. 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 288 corporations, 204 fully disclosed their "excess stock-option tax benefits" for at least one year in the 2008-12 period, which lowered their taxes by a total of \$27.1 billion over five years. (Some other companies enjoyed stock option benefits, but did not disclose them fully.) The tax benefits ranged from as high as \$1.6 billion for Goldman Sachs over the five years to only tiny amounts for a few companies. Just 25 companies enjoyed 55 percent of the total excess tax benefits from stock options disclosed by all of our 288 companies, getting \$15.3 billion of the \$27.1 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; maintaining railroad tracks; building NASCAR race tracks; making movies; and a wide variety of activities that special interests have

<sup>10</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.

## Top 25 Tax Savings from Stock Options, 2008-12

Company (\$-millions)	2012	2011	2008-10	5 yrs
Goldman Sachs Group	\$ 130	\$ 358	\$ 1,101	<b>\$ 1,589</b>
Facebook	1,033	433	115	<b>1,581</b>
J.P. Morgan Chase & Co.	255	867	191	<b>1,313</b>
Exxon Mobil	178	202	735	<b>1,115</b>
Amazon.com	429	62	523	<b>1,014</b>
Qualcomm	168	183	532	<b>883</b>
Oracle	241	97	519	<b>857</b>
McDonald's	142	113	326	<b>581</b>
Wells Fargo	226	79	238	<b>543</b>
General Mills	103	63	309	<b>475</b>
Yahoo	36	71	365	<b>472</b>
PepsiCo	124	70	256	<b>450</b>
Chevron	98	121	198	<b>417</b>
Walt Disney	122	124	127	<b>373</b>
Monsanto	50	36	276	<b>362</b>
Starbucks	170	104	68	<b>341</b>
Yum Brands	98	66	172	<b>336</b>
Nike	72	115	147	<b>334</b>
United Technologies	67	81	176	<b>324</b>
Union Pacific	100	83	115	<b>298</b>
Baxter International	24	21	249	<b>294</b>
Intel	142	37	104	<b>283</b>
Coca-Cola	144	79	41	<b>264</b>
Praxair	60	53	128	<b>241</b>
MasterCard	47	12	172	<b>231</b>
<b>These 25 companies</b>	<b>\$ 4,259</b>	<b>\$ 3,529</b>	<b>\$ 7,183</b>	<b>\$ 14,971</b>
Other 263 companies	3,971	2,593	5,522	12,086
<b>All 288 companies</b>	<b>\$ 8,230</b>	<b>\$ 6,122</b>	<b>\$ 12,705</b>	<b>\$ 27,057</b>

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 oxymoronically 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 more than \$5 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>11</sup>

Notably, the “active financing” loophole is one of dozens of narrowly-targeted temporary tax giveaways that expired at the end of calendar year 2013. These tax breaks, known collectively as the “extenders,” have been routinely renewed temporarily for decades. If Congressional tax writers could restrain them-

<sup>11</sup> GE’s 2012 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. . . . In the event the provision is not extended after 2013, . . . we expect our effective tax rate to increase significantly after 2014.”

selves from passing a new “extenders” bill that brings the active financing loophole back to life — that is, if Congress could simply do nothing on this front — that would constitute a major step forward toward corporate tax fairness.

## “MANUFACTURING” DOES NOT MEAN WHAT YOU THINK IT MEANS

When Congressional tax writers signaled their intention to enact a new tax break for domestic manufacturing income in 2004, lobbyists began a feeding frenzy to define both “domestic” and “manufacturing” as expansively as possible. As a result, current beneficiaries of the tax break include mining and oil, coffee roasting (a special favor to Starbucks, which lobbied heavily for inclusion) and even Hollywood film production. The Walt Disney corporation has disclosed receiving \$720 million in tax breaks from this provision over the past five years, presumably from its film production work. World Wrestling Entertainment has disclosed receiving tax breaks for its “domestic manufacturing” of wrestling-related films. And we were surprised to find that Silicon Valley-based OpenTable, which “manufactures” only online restaurant reservations, has somehow found a way to claim this tax break.

President Obama has sensibly proposed scaling back the domestic manufacturing deduction to prevent big oil and gas companies from claiming it, but a better approach would be to simply repeal this tax break. At a minimum, Congress and the Obama Administration should take steps to ensure that the companies claiming this misguided giveaway are engaged in something that can at least plausibly be described as manufacturing.

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

**What about the AMT?** The corporate Alternative Minimum Tax (AMT) was revised 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.

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, 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?

**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 good 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 complaint 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 32 show that discrepancies within industries also abound. For example:

- Honeywell International and Deere both produce industrial machinery. But over the 2008-12 period, Deere paid 29.8 percent of its profits in U.S. corporate income taxes, while Honeywell paid a tax rate of only 7.5 percent.
- Aerospace giant Boeing paid a five-year federal tax rate of –1.0 percent, while competitor General Dynamics paid 29.0 percent.
- Household products maker Kimberly-Clark paid a five-year rate of 13.9 percent, while competitor Clorox paid 28.6 percent.
- Pharmaceutical firm Baxter International paid just 5.6 percent of its five-year U.S. profits in federal income taxes, while Becton Dickinson paid 23.5 percent.
- Time Warner Cable paid 3.9 percent over five years, while its competitor Comcast paid 24.0 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.

To be sure, 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.

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 demand for their products, production costs 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>12</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 shelter almost half of their U.S. profits from tax, while ordinary wage-earners have to report every penny of their earnings, has to undermine public respect for the tax system.

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<sup>12</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.

## A PLEA FOR BETTER DISCLOSURE

**D**etermining tax rates paid by the nation's biggest and most profitable corporations shouldn't be hard. Lawmakers, the media and the general public should all have a straightforward way of knowing whether our tax system requires companies like General Electric to pay their fair share. But in fact, it's an incredibly difficult enterprise. Even veteran analysts struggle to understand the often cryptic disclosures in corporate annual reports. And many amateurs come up with (and unfortunately publish) hugely mistaken results. 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, 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.

### A Sensible Benchmark for Corporate Tax Disclosure in Annual Financial Reports

1	Pretax profits as reported to shareholders	U.S. profits		Foreign profits		
2	Income taxes on those profits—	On US profits		On foreign profits		
	(a) Income taxes paid or payable on return for year, including effects of carrybacks	To US govt	To state govts	To foreign govts	To US govt	To state govts
	(b) Income taxes deferred (not yet paid and not payable on return for year)	By US govt	By state govts	By foreign govts	By US govt	By state govts
3	Details on income taxes paid and not paid	On US profits		On foreign profits		
	(a) List of all significant items reducing or increasing taxable income compared to profits reported above (with dollar amounts)	US federal	state	Foreign govts	US federal	US state
	(b) Taxable income (profits less items listed above)	US federal	state	Foreign govts	US federal	US state
	(c) Tax paid or payable on return for year before credits, including the effects of carrybacks	US federal	state	Foreign govts	US federal	US state
	(d) Credits taken on return for taxable year (listing details and dollar amounts) including the effects of carrybacks	US federal	state	Foreign govts	US federal	US state
	(e) Tax after credits (should equal line 2(a) above)	US federal	state	Foreign govts	US federal	US state

Notes: "Significant" means any item that reduces or increases taxable income by more than 3 percent, or in the case of credits reduces tax before credits by more than 1 percent. Items not listed separately because they are not "significant" should be reported in the aggregate. Tax items that under current reporting are not listed in the tax footnote, for example, tax benefits from stock options, should be included in the tax figures reported under the rules outlined above.



## TAX REFORM (& DEFORM) OPTIONS

More than a quarter century after major loophole-closing corporate tax reforms were enacted under Ronald Reagan in 1986, many of the problems that those reforms were designed to address have re-emerged — along with a dizzying array of new corporate tax-avoidance techniques. But these problems can be resolved. The discussion of tax giveaways elsewhere in this report provides a clear roadmap to the types of reforms lawmakers should consider:

- Repealing the rule allowing U.S. corporations to “defer” their U.S. taxes on their offshore profits so there would be no tax incentive to shift profits to offshore tax havens or jobs to lower-tax countries.
- Limiting the ability of tech and other companies to use executive stock options to reduce their taxes by generating phantom “costs” these companies never actually incur.
- Having sensibly allowed “bonus depreciation” to expire at the end of 2013, Congress could take the next step and repeal the rest of accelerated depreciation, too.
- Reinstating a strong corporate Alternative Minimum Tax that really does the job it was originally designed to do.
- Require more complete and transparent geography-specific public disclosure of corporate income and tax payments than the Securities and Exchange Commission’s regulations currently mandate (see page 19).

Sadly, these sensible proposals bear little resemblance to the “reform” ideas put forth by some members of Congress. Corporate tax legislation now being promoted by many on Capitol Hill seems fixated on the misguided notion 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>13</sup>

Real, revenue-raising corporate tax reform, however, is what most Americans want and what our country needs.<sup>14</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>13</sup> Incoming Senate Finance Committee chairman 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>14</sup> CTJ’s comprehensive plan for fair, revenue-raising tax reform can be found at [www.ctj.org/pdf/taxreformdetails.pdf](http://www.ctj.org/pdf/taxreformdetails.pdf).

## YEAR-BY-YEAR DETAILS ON COMPANIES PAYING NO INCOME TAX

### 43 Corporations Paying No Income Tax in 2012

Company (\$-millions)	2012 Profit	2012 Tax	2012 Rate	Company (\$-millions)	2012 Profit	2012 Tax	2012 Rate
Murphy Oil	206	-183	-89.1%	Southwest Airlines	673	-45	-6.7%
SPX	12	-9	-81.1%	UGI	229	-15	-6.5%
Fluor	288	-137	-47.5%	Northeast Utilities	792	-38	-4.8%
Facebook	1,062	-429	-40.4%	Praxair	870	-36	-4.1%
Dominion Resources	392	-125	-32.0%	Entergy	1,296	-48	-3.7%
Texas Instruments	321	-81	-25.2%	DISH Network	973	-36	-3.7%
Health Net	34	-8	-24.9%	Rock-Tenn	369	-13	-3.5%
Progress Energy	262	-44	-16.8%	American Electric Power	1,787	-52	-2.9%
Pepco Holdings	480	-76	-15.8%	Oneok	570	-16	-2.8%
Principal Financial	896	-137	-15.3%	Duke Energy	1,792	-46	-2.6%
NiSource	620	-95	-15.3%	Ryder System	230	-5	-2.3%
Wisconsin Energy	786	-113	-14.3%	Frontier Communications	213	-4	-1.8%
Cablevision Systems	43	-6	-12.9%	Tenet Healthcare	310	-3	-1.0%
Occidental Petroleum	3,841	-408	-10.6%	Corning	495	-4	-0.8%
NYSE Euronext	136	-14	-10.3%	Interpublic Group	363	-3	-0.8%
Public Service Enterprise Group	2,013	-204	-10.1%	Consolidated Edison	1,712	-13	-0.8%
Apache	1,605	-154	-9.6%	Priceline.com	84	-1	-0.7%
FirstEnergy	1,295	-122	-9.4%	NextEra Energy	2,589	-4	-0.2%
Sempra Energy	404	-36	-8.9%	CenterPoint Energy	997	—	—
MDU Resources	344	-27	-7.8%	MetroPCS Communications	611	—	—
McKesson	1,153	-85	-7.4%	PPL	996	—	—
PG&E Corp.	1,034	-74	-7.2%	<b>TOTAL</b>	<b>\$ 35,178</b>	<b>\$ -2,947</b>	<b>-8.4%</b>

## 44 Corporations Paying No Income Tax in 2011

Company (\$-millions)	2011 Profit	2011 Tax	2011 Rate	Company (\$-millions)	2011 Profit	2011 Tax	2011 Rate
Universal American	12	-26	-224.4%	Air Products & Chemicals	614	-25	-4.0%
Windstream	250	-98	-39.1%	HCA Holdings	3,195	-119	-3.7%
AECOM Technology	146	-50	-34.2%	Atmos Energy	306	-11	-3.7%
Wisconsin Energy	717	-238	-33.2%	Chesapeake Energy	2,751	-98	-3.6%
Telephone & Data Systems	308	-94	-30.5%	Ameren	834	-27	-3.2%
Pitney Bowes	386	-88	-22.7%	NiSource	468	-14	-3.0%
FirstEnergy	1,440	-243	-16.9%	MDU Resources	333	-8	-2.5%
Travelers Cos.	1,230	-191	-15.5%	Duke Energy	1,759	-37	-2.1%
Kindred Healthcare	44	-6	-13.4%	Interpublic Group	407	-6	-1.5%
Boeing	5,105	-641	-12.6%	Reinsurance Group of America	453	-7	-1.4%
Integrus Energy Group	361	-45	-12.4%	NextEra Energy	2,441	-35	-1.4%
Priceline.com	139	-15	-10.6%	Mattel	472	-4	-0.9%
Progress Energy	881	-91	-10.3%	Dominion Resources	2,153	-13	-0.6%
International Paper	893	-78	-8.7%	Paccar	587	-3	-0.6%
R.R. Donnelley & Sons	131	-10	-7.9%	Danaher	1,179	-6	-0.5%
AT&T	5,714	-422	-7.4%	Susser Holdings	71	-0	-0.5%
PG&E Corp.	1,146	-77	-6.7%	Cablevision Systems	401	-2	-0.4%
Frontier Communications	224	-13	-6.0%	Rock-Tenn	163	-0	-0.2%
Oneok	583	-32	-5.5%	Corning	966	-2	-0.2%
CenterPoint Energy	1,150	-63	-5.5%	Tenet Healthcare	156	—	—
FedEx	2,706	-135	-5.0%	MetroPCS Communications	476	—	—
CenturyLink	992	-49	-4.9%	<b>TOTAL</b>	<b>\$ 48,203</b>	<b>\$ -3,277</b>	<b>-6.8%</b>
Devon Energy	3,459	-154	-4.4%				

## 40 Corporations Paying No Income Tax in 2010

Company (\$-millions)	2010 Profit	2010 Tax	2010 Rate	Company (\$-millions)	2010 Profit	2010 Tax	2010 Rate
Susser Holdings	4	-7	-190.7%	American Electric Power	1,869	-134	-7.2%
State Street Corp.	731	-885	-121.1%	Public Service Enterprise Group	2,460	-167	-6.8%
Pepco Holdings	229	-270	-117.9%	PNC Financial Services Group	3,584	-208	-5.8%
Con-way	46	-53	-115.4%	PPL	935	-51	-5.5%
International Paper	217	-249	-114.7%	Casey's General Stores	149	-7	-4.5%
General Electric	4,248	-3,253	-76.6%	Rockwell Automation	145	-6	-4.4%
Allegheny Technologies	92	-47	-51.7%	Chesapeake Energy	2,764	-122	-4.4%
SPX	90	-36	-40.4%	Domtar	154	-6	-3.9%
Reinsurance Group of America	543	-216	-39.7%	Peabody Energy	536	-21	-3.8%
Omnicare	32	-12	-39.2%	CMS Energy	561	-21	-3.7%
Honeywell International	1,243	-482	-38.7%	Fifth Third Bancorp	134	-5	-3.7%
Integrus Energy Group	353	-84	-23.7%	Progress Energy	1,419	-46	-3.2%
Atmos Energy	328	-74	-22.5%	FirstEnergy	1,231	-23	-1.9%
DTE Energy	924	-172	-18.6%	PG&E Corp.	1,530	-12	-0.8%
Verizon Communications	4,895	-705	-14.4%	Cablevision Systems	570	-3	-0.5%
NiSource	433	-62	-14.3%	Duke Energy	2,150	-5	-0.2%
Capital One Financial	1,259	-152	-12.1%	Boeing	4,447	-6	-0.1%
DuPont	949	-109	-11.5%	Corning	974	—	—
Yahoo	855	-82	-9.6%	MetroPCS Communications	309	—	—
Consolidated Edison	1,528	-144	-9.4%	<b>TOTAL</b>	<b>\$ 45,452</b>	<b>\$ -7,983</b>	<b>-17.6%</b>
Scana	533	-47	-8.8%				

## 53 Corporations Paying No Income Tax in 2009

Company (\$-millions)	2009 Profit	2009 Tax	2009 Rate	Company (\$-millions)	2009 Profit	2009 Tax	2009 Rate
HollyFrontier	12	-24	-196.9%	FirstEnergy	1,207	-183	-15.2%
Allegheny Technologies	61	-91	-150.4%	Southwest Airlines	165	-24	-14.5%
Paccar	83	-108	-130.7%	Atmos Energy	283	-37	-13.1%
General Electric	1,574	-833	-52.9%	Verizon Communications	5,554	-611	-11.0%
NiSource	412	-197	-47.9%	Fifth Third Bancorp	1,722	-157	-9.1%
NYSE Euronext	67	-31	-46.3%	Boeing	1,494	-136	-9.1%
Pepco Holdings	359	-160	-44.6%	Ameren	941	-73	-7.8%
PG&E Corp.	1,735	-747	-43.1%	Reliance Steel & Aluminum	199	-15	-7.4%
Eastman Chemical	204	-82	-40.2%	Baxter International	476	-29	-6.1%
Cliffs Natural Resources	128	-49	-38.4%	Mattel	356	-21	-5.9%
Exxon Mobil	2,490	-954	-38.3%	Halliburton	565	-30	-5.3%
Ryder System	126	-45	-36.0%	H.J. Heinz	500	-26	-5.3%
Interpublic Group	136	-48	-35.7%	Wisconsin Energy	543	-26	-4.8%
Apache	439	-146	-33.4%	Corning	202	-8	-4.0%
Insight Enterprises	15	-5	-32.3%	Omnicare	316	-12	-3.9%
PPL	234	-72	-30.8%	CMS Energy	307	-12	-3.9%
Tenet Healthcare	184	-53	-28.8%	Xcel Energy	1,048	-40	-3.8%
American Electric Power	2,014	-575	-28.6%	Health Management Associates	225	-7	-3.3%
Yum Brands	294	-70	-23.7%	PNC Financial Services Group	4,398	-110	-2.5%
Entergy	1,992	-433	-21.7%	Honeywell International	1,723	-28	-1.6%
Group 1 Automotive	53	-11	-20.2%	NextEra Energy	1,865	-18	-1.0%
CenterPoint Energy	538	-103	-19.1%	Merck	5,766	-55	-1.0%
Ingram Micro	13	-2	-19.0%	MetroPCS Communications	286	-1	-0.4%
Susser Holdings	3	-1	-18.7%	Peabody Energy	280	-1	-0.3%
Wells Fargo	21,797	-3,967	-18.2%	Occidental Petroleum	2,068	-4	-0.2%
CBS	472	-81	-17.1%	Deere	907	-1	-0.1%
Duke Energy	1,768	-271	-15.3%	<b>TOTAL</b>	<b>\$ 70,598</b>	<b>\$ -10,825</b>	<b>-15.3%</b>

## 23 Corporations Paying No Income Tax in 2008

Company (\$-millions)	2008 Profit	2008 Tax	2008 Rate	Company (\$-millions)	2008 Profit	2008 Tax	2008 Rate
Eli Lilly	202	-208	-102.9%	NextEra Energy	2,060	-132	-6.4%
Sonic Automotive	27	-14	-51.0%	Integrus Energy Group	172	-11	-6.1%
Baxter International	262	-110	-42.0%	FMC Technologies	63	-4	-5.5%
CenterPoint Energy	712	-221	-31.0%	Priceline.com	86	-4	-5.2%
Paccar	105	-28	-26.6%	Time Warner	2,031	-74	-3.7%
Pepco Holdings	294	-78	-26.5%	FedEx	1,208	-38	-3.2%
Wisconsin Energy	529	-131	-24.7%	Tenet Healthcare	56	-1	-1.8%
PG&E Corp.	1,590	-268	-16.9%	Ryder System	349	-4	-1.2%
Goldman Sachs Group	4,894	-801	-16.4%	Boeing	3,791	-39	-1.0%
General Electric	4,638	-651	-14.0%	Sempra Energy	1,221	-10	-0.8%
R.R. Donnelley & Sons	547	-49	-9.0%	Peabody Energy	185	—	—
Time Warner Cable	2,330	-188	-8.1%	<b>TOTAL</b>	<b>\$ 27,351</b>	<b>\$ -3,063</b>	<b>-11.2%</b>

## APPENDIX 1:

### Why 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 tax

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>15</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 Securities and Exchange Commission (SEC), and the company’s tax return isn’t usually filed until September. While the company’s 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.

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<sup>15</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.

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 expect the IRS (or other taxing authority) to disallow.

For example, suppose a corporation on its 2008 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 2008 that it reports to shareholders (and that we calculate in our reports) will be \$1,000 million, the amount that the corporation expects to actually owe in income taxes.<sup>16</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 2012 disallows the \$300 million in dubious tax benefits claimed on the company’s 2008 tax return. In this case, the \$1,000 million in reported current income tax for 2008 will turn out to have been correct. In 2012, 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

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<sup>16</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 2012 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 UTBs [unrecognized tax benefits] 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 2012 10-K, p. 74 (pdfp. 76).



2012 payback in its 2012 annual report to shareholders, since it had already reported it as paid back in 2008.

**2. Occasionally.** Suppose instead that to the surprise of the corporation's tax staff, the IRS in 2012 allows some or part of the \$300 million in dubious tax benefits claimed back in 2008. In this case, the corporation will reduce its 2012 "current income tax" reported to shareholders by the allowed amount of the dubious tax benefits previously claimed on the corporation's 2008 tax return. But, argue some analysts, isn't the right answer to go back and reassign the eventually allowed dubious tax benefits to 2008, 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 2012, 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 2008 tax return is the same as the corporation receiving an unexpected tax refund in 2012.

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 2012 tax windfall ought to be reassigned to 2008, 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>17</sup>

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<sup>17</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 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>18</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).

**C. A final point here, regarding a potentially useful 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>18</sup> Unlike current taxes, however, cash income taxes paid subtracts dubious tax benefits that are likely to be reversed later (and adds those dubious tax benefits if and when they are later reversed).

“Cash income taxes paid” is sometimes interesting, but 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, and almost all are subject to both federal and state income taxes, that’s a fatal defect.<sup>19</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 pre-tax 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 in 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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<sup>19</sup> The good news regarding worldwide “cash income taxes paid” is that, over time, they are usually very similar to worldwide “current income taxes” (less stock option tax benefits). In fact, for the 288 corporations in our study, the overall difference between worldwide cash and current taxes over the 2008-12 period was less than 1 percent.

For individual companies, the 5-year current and cash tax figures were also quite similar in most cases. For half of the companies, the five-year world-wide current and cash effective tax rates were essentially identical (plus or minus 1 percentage point). For 70 percent of the companies, the 5-year worldwide current and cash effective tax rates were within 3 percentage points of each other, and for 84 percent of the companies the 5-year worldwide current and cash effective tax rates were within 5 percentage points of each other. For the handful of outliers, going back a few more years usually brings cash and current taxes back into line with one another.

The relatively small exceptions generally seems to involve 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).



## **APPENDIX 2:** **Seventeen multinational corporations that do not provide plausible geographic breakdowns of their pretax profits**

Noticeably missing from our sample of 288 profitable companies are some well-known multinational corporations, such as Apple and Microsoft. They are excluded because we do not believe the geographic breakdown of their profits between the U.S. and foreign countries that they report to shareholders.

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. Even companies that are shifting U.S. profits to offshore tax havens generally do not make the implausible claim to their shareholders that such U.S. profits were actually “foreign.”

Some companies, however, report geographic profit allocations that we find to be obviously ridiculous. Indicators of ridiculousness include:

- A company reports that all or even more than all of its pretax profits were foreign, even though most of its revenues and assets are in the United States.
- A company reports U.S. taxes that are a very high share of what it calls its U.S. profits, while its foreign taxes are a very low share of what it calls its foreign profits.
- A company admits that it has used tax schemes to move profits to low- or no-tax jurisdictions.
- A company has a large amount of “unrecognized tax benefits” relative to the current income taxes it reports. These “UTBs” are tax reductions that companies have claimed on their tax returns but do not expect to be allowed when their returns are audited (and are thus not allowed to be reported as tax savings to their shareholders). A substantial portion of UTBs involve schemes to shift profits to tax havens.

In our previous corporate studies, we generally left out such suspicious companies. In a few cases, with grave reservations, we included some potential “liar companies” that we highly suspected made a lot more in the U.S. and less overseas than they reported to their shareholders.

In our current report, we have done better. We have left out of our main analysis 17 companies whose geographic allocations we do not trust (and that we highly suspect have shifted a significant portion of their U.S. profits, on paper, into tax havens). We have included in this appendix some information on

these 17 companies. In a table on this page, we show the worldwide pretax profits for these suspicious companies over the 2008-12 period, along with their worldwide income taxes and worldwide effective tax rates.

Here are some of the specific reasons why we are suspicious of the 17 multinational companies we excluded from our main study:

### 17 multinational corporations that do not provide plausible geographic breakdowns of their pretax profits

Company (\$-millions)	2008-12 Worldwide pretax profits	Worldwide cash income tax rate
Broadcom	\$ 3.0	3.0%
Western Digital	5.8	3.3%
NetApp	2.5	6.4%
EMC	12.2	12.1%
Celgene	5.7	13.7%
Apple	129.5	14.0%
Amgen	24.7	14.6%
Dell	15.8	15.0%
Medtronic	18.7	15.1%
Google	51.0	17.3%
eBay	14.3	17.6%
Abbott Laboratories	30.2	17.8%
Microsoft	128.4	18.2%
Johnson & Johnson	75.9	18.9%
Western Union	6.0	19.4%
Cisco	45.5	21.7%
Gilead Sciences	17.4	23.6%
<b>All 17 companies</b>	<b>\$ 586.5</b>	<b>16.9%</b>

- Abbott Laboratories says that only 3 percent of its 2008-12 pretax profits were earned in the United States, despite the fact that it says 44 percent of its revenues were in the U.S. The company also says that its current U.S. federal and state income tax rate on that tiny share of its profits was 276 percent! In contrast, Abbott says its foreign current tax rate on its purported foreign profits was only 15.5 percent.

- Amgen says that only 40 percent of its profits were earned in the U.S., despite the fact that it says 78 percent of its revenues were in the U.S. It claims to have paid a 31.4 percent tax rate in the U.S. on its U.S. profits, while paying a mere 5.2 percent tax rate on its foreign profits.

- Apple claims to have paid a 36.5 percent U.S. tax rate on its claimed U.S. profits, but only 3.4 percent on its

foreign profits. The low “foreign” rate mainly reflects the fact that Apple, for tax purposes, has moved about two-thirds of its worldwide profits to Ireland, where those profits are taxed neither by Ireland nor by the U.S. or any other government.

- Broadcom claims to have lost money in the United States over the 2008-12 period. On the profits it says were “foreign,” it claims to have paid a foreign tax rate of only 2.8 percent.

- Celgene says that 61 percent of its revenues were in the U.S., but only 24 percent of its profits were U.S. Using Celgene's breakdown of profit, its U.S. tax rate on U.S. profits would be 35.1 percent, while its foreign tax rate on "foreign" profits would be only 4.5 percent.
- Cisco says that its U.S. taxes were 79 percent of its U.S. profits, while its foreign tax rate was a mere 6.5 percent.
- Dell says it earned only 11 percent of its pretax profits in the U.S., even though it reports that U.S. revenues were more than half of its worldwide total. Dell's reported U.S. tax rate on what it claims were its U.S. profits was 175 percent. In contrast, its reported foreign tax rate on foreign profits was a mere 6.9 percent.
- eBay claims to have paid a U.S. tax rate of 42.3 percent on its U.S. profits, while paying only a 4.8 percent foreign tax rate on its purported foreign profits. (eBay says only a quarter of its worldwide profits were earned in the U.S., even though it says half of its revenues were in the U.S.).
- EMC claims to have paid a 23.9 percent U.S. tax rate on its claimed U.S. profits, versus a foreign tax rate on foreign profits of only 7.8 percent.
- Gilead Sciences claims to have paid a 33.5 percent U.S. tax rate on its U.S. profits, versus a foreign tax rate of only 3.2 percent.
- Google claims to have paid a U.S. tax rate of 47.4 percent, versus a foreign tax rate of only 3.3 percent.
- Johnson & Johnson says it paid a U.S. tax rate of 39.3 percent, versus a foreign tax rate of 14.2 percent. In its annual report, the company mentions some of the profit-shifting techniques it uses, such as its "intangible assets in low tax jurisdictions" and "the CFC look-through provisions," which can allow companies to create "nowhere income," untaxed by any government.
- Medtronic told its shareholders that only a third of its profits were earned in the U.S., even though three-fifths of its revenues are in the U.S. It says its U.S. taxes were 30.9 percent of its U.S. profits, while its foreign taxes were 10.5 percent of its foreign profits.
- Microsoft says that only a quarter of its profits are in the U.S., even though it says that more than half its revenues are in the U.S. Microsoft would like us to believe that its U.S. tax rate on its U.S. profits was 47.5 percent, while its foreign tax rate on foreign profits was only 8.8 percent.

- NetApp claims to have paid a 32.3 percent tax rate on its U.S. profits, but only 5.9 percent on its purported foreign profits. It says that half of its revenues are in the U.S., but only a sixth of its profits.
- Western Digital claims to have paid a U.S. tax rate of 31.9 percent, versus a foreign tax rate of only 2.1 percent.
- Western Union claims a U.S. tax rate of 57.9 percent on its U.S. profits, versus a foreign tax rate of only 6.0 percent.

## Effective Federal Corporate Income Tax Rates on \$\*\* Major Corporations, 2008–2012 by Industry

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Industry & Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
<b>Aerospace &amp; defense</b>												
Boeing	20,473.0	–202.1	–1.0%	5,635.8	619.8	11.0%	5,105.0	–641.0	–12.6%	9,732.2	–180.8	–1.9%
United Technologies	13,738.5	1,497.5	10.9%	2,595.0	345.0	13.3%	3,208.0	361.0	11.3%	7,935.4	791.4	10.0%
Raytheon	13,099.0	2,109.7	16.1%	2,630.0	742.2	28.2%	2,604.0	359.4	13.8%	7,865.0	1,008.1	12.8%
Rockwell Collins	3,992.1	727.1	18.2%	791.6	110.6	14.0%	776.2	122.2	15.7%	2,424.3	494.4	20.4%
Lockheed Martin	20,922.0	3,839.6	18.4%	4,199.0	387.0	9.2%	3,628.0	912.0	25.1%	13,095.0	2,540.6	19.4%
L-3 Communications	5,517.5	1,168.5	21.2%	906.5	194.5	21.5%	1,025.3	141.3	13.8%	3,585.6	832.6	23.2%
Northrop Grumman	13,029.0	3,125.0	24.0%	2,905.0	867.0	29.8%	2,998.0	575.0	19.2%	7,126.0	1,683.0	23.6%
Precision Castparts	7,142.0	1,728.3	24.2%	1,779.5	420.7	23.6%	1,539.1	408.1	26.5%	3,823.3	899.4	23.5%
Alliant Techsystems	2,042.5	552.4	27.0%	384.4	128.8	33.5%	396.0	128.6	32.5%	1,262.1	294.9	23.4%
General Dynamics	14,707.7	4,271.5	29.0%	2,331.2	868.0	37.2%	3,229.2	931.2	28.8%	9,147.3	2,472.3	27.0%
SAIC	3,035.0	896.8	29.5%	135.0	39.0	28.9%	683.0	222.0	32.5%	2,217.0	635.8	28.7%
<b>Aerospace &amp; defense</b>	<b>117,698.2</b>	<b>19,714.3</b>	<b>16.7%</b>	<b>24,292.9</b>	<b>4,722.7</b>	<b>19.4%</b>	<b>25,191.9</b>	<b>3,519.9</b>	<b>14.0%</b>	<b>68,213.4</b>	<b>11,471.7</b>	<b>16.8%</b>
<b>Chemicals</b>												
Air Products & Chemicals	2,413.2	229.8	9.5%	514.4	17.5	3.4%	613.6	–24.7	–4.0%	1,285.2	237.0	18.4%
Celanese	1,326.3	152.3	11.5%	407.2	27.2	6.7%	294.6	8.6	2.9%	624.5	116.5	18.7%
DuPont	3,631.0	446.0	12.3%	636.0	121.0	19.0%	871.0	397.0	45.6%	2,124.0	–72.0	–3.4%
Mosaic	5,620.8	829.8	14.8%	1,115.6	138.8	12.4%	1,351.7	314.5	23.3%	3,153.5	376.5	11.9%
Ecolab	2,298.7	349.4	15.2%	586.3	82.7	14.1%	421.5	72.7	17.2%	1,290.9	194.0	15.0%
Praxair	3,346.7	525.7	15.7%	870.4	–35.6	–4.1%	741.2	229.2	30.9%	1,735.1	332.1	19.1%
Eastman Chemical	2,510.0	429.0	17.1%	637.0	123.0	19.3%	800.0	165.0	20.6%	1,073.0	141.0	13.1%
Monsanto	8,351.0	1,647.6	19.7%	1,907.1	259.7	13.6%	1,503.0	300.2	20.0%	4,940.9	1,087.7	22.0%
Sherwin-Williams	3,544.9	699.5	19.7%	879.7	121.1	13.8%	713.3	196.8	27.6%	1,951.9	381.6	19.6%
PPG Industries	2,500.3	730.0	29.2%	633.8	332.0	52.4%	586.2	193.0	32.9%	1,280.3	205.0	16.0%
CF Industries Holdings	6,790.0	2,247.0	33.1%	2,439.7	885.5	36.3%	2,324.2	772.4	33.2%	2,026.2	589.1	29.1%
<b>Chemicals</b>	<b>42,332.9</b>	<b>8,286.1</b>	<b>19.6%</b>	<b>10,627.1</b>	<b>2,072.8</b>	<b>19.5%</b>	<b>10,220.3</b>	<b>2,624.7</b>	<b>25.7%</b>	<b>21,485.5</b>	<b>3,588.7</b>	<b>16.7%</b>
<b>Computers, office equip, software, data</b>												
Corning	3,438.0	–10.0	–0.3%	495.0	–4.0	–0.8%	966.0	–2.0	–0.2%	1,977.0	–4.0	–0.2%
International Business Machines	45,294.0	2,630.0	5.8%	9,534.0	1,361.0	14.3%	9,287.0	268.0	2.9%	26,473.0	1,001.0	3.8%
Qualcomm	10,605.8	1,453.8	13.7%	3,553.1	1.1	0.0%	2,958.7	27.7	0.9%	4,094.0	1,425.0	34.8%
Pitney Bowes	2,281.0	530.7	23.3%	434.0	174.7	40.3%	386.4	–87.7	–22.7%	1,460.6	443.7	30.4%
Intel	47,848.2	12,944.2	27.1%	10,014.6	2,421.6	24.2%	14,561.4	3,181.4	21.8%	23,272.2	7,341.2	31.5%
Oracle	26,017.3	7,087.3	27.2%	6,401.7	1,520.7	23.8%	6,043.8	1,530.8	25.3%	13,571.8	4,035.8	29.7%
CA	3,685.6	1,166.5	31.7%	886.0	274.0	30.9%	793.5	272.5	34.3%	2,006.0	620.0	30.9%
Harris	3,628.5	1,156.5	31.9%	636.7	189.4	29.7%	799.2	240.2	30.1%	2,192.6	726.9	33.2%
Texas Instruments	8,978.1	2,885.1	32.1%	321.0	–81.0	–25.2%	1,788.4	666.4	37.3%	6,868.7	2,299.7	33.5%
Cognizant Technology Solutions	1,155.2	375.5	32.5%	353.3	188.8	53.4%	319.6	56.7	17.8%	482.3	129.9	26.9%

## Effective Federal Corporate Income Tax Rates on \$\*\* Major Corporations, 2008–2012 by Industry

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Industry & Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
<b>Computers, office equip, software, data</b>	<b>152,931.5</b>	<b>30,219.5</b>	<b>19.8%</b>	<b>32,629.4</b>	<b>6,046.3</b>	<b>18.5%</b>	<b>37,903.9</b>	<b>6,153.9</b>	<b>16.2%</b>	<b>82,398.2</b>	<b>18,019.3</b>	<b>21.9%</b>
<b>Engineering &amp; construction</b>												
AECOM Technology	645.7	33.5	5.2%	89.9	28.3	31.4%	146.5	−50.2	−34.2%	409.3	55.4	13.5%
Fluor	2,252.0	448.0	19.9%	288.4	−136.9	−47.5%	321.1	107.3	33.4%	1,642.4	477.6	29.1%
URS	1,634.1	357.2	21.9%	405.8	152.2	37.5%	274.9	77.6	28.2%	953.5	127.4	13.4%
Quanta Services	1,218.3	310.8	25.5%	364.7	109.0	29.9%	181.2	43.3	23.9%	672.4	158.5	23.6%
Tutor Perini	716.5	220.3	30.7%	47.1	19.6	41.6%	127.2	30.8	24.3%	542.3	169.9	31.3%
Emcor Group	1,067.8	334.5	31.3%	219.8	64.2	29.2%	180.8	51.0	28.2%	667.1	219.3	32.9%
Jacobs Engineering Group	1,658.2	577.0	34.8%	264.4	107.8	40.8%	317.2	97.2	30.7%	1,076.6	372.0	34.5%
<b>Engineering &amp; construction</b>	<b>9,192.6</b>	<b>2,281.3</b>	<b>24.8%</b>	<b>1,680.1</b>	<b>344.1</b>	<b>20.5%</b>	<b>1,548.9</b>	<b>357.2</b>	<b>23.1%</b>	<b>5,963.6</b>	<b>1,580.0</b>	<b>26.5%</b>
<b>Financial</b>												
Reinsurance Group of America	2,038.9	45.9	2.3%	644.2	52.0	8.1%	453.3	−6.5	−1.4%	941.4	0.5	0.1%
PNC Financial Services Group	17,205.6	678.6	3.9%	3,648.0	343.0	9.4%	3,562.0	191.0	5.4%	9,995.6	144.6	1.4%
State Street Corp.	6,702.0	457.0	6.8%	1,601.0	153.0	9.6%	1,252.0	49.0	3.9%	3,849.0	255.0	6.6%
Principal Financial	3,819.2	269.1	7.0%	895.9	−137.0	−15.3%	873.9	115.4	13.2%	2,049.4	290.7	14.2%
Loews	7,633.2	656.2	8.6%	1,387.0	183.0	13.2%	1,307.0	127.0	9.7%	4,939.2	346.2	7.0%
Wells Fargo	94,669.1	11,559.9	12.2%	25,511.0	8,954.1	35.1%	19,788.1	3,286.7	16.6%	49,370.0	−680.8	−1.4%
Travelers Cos.	16,405.1	2,589.6	15.8%	3,000.0	371.0	12.4%	1,230.0	−190.9	−15.5%	12,175.1	2,409.5	19.8%
BB&T Corp.	10,292.0	1,697.0	16.5%	2,480.0	252.0	10.2%	1,124.0	83.0	7.4%	6,688.0	1,362.0	20.4%
Fifth Third Bancorp	4,804.0	807.0	16.8%	1,771.0	327.0	18.5%	1,068.0	82.0	7.7%	1,965.0	398.0	20.3%
NYSE Euronext	652.0	117.0	17.9%	136.0	−14.0	−10.3%	139.0	71.0	51.1%	377.0	60.0	15.9%
W.R. Berkley	2,224.3	478.9	21.5%	625.2	157.5	25.2%	465.4	56.8	12.2%	1,133.7	264.6	23.3%
Goldman Sachs Group	33,526.5	7,640.7	22.8%	6,244.7	2,905.5	46.5%	4,954.8	108.9	2.2%	22,327.0	4,626.3	20.7%
U.S. Bancorp	26,712.0	6,462.0	24.2%	7,334.0	1,853.0	25.3%	6,027.0	907.0	15.0%	13,351.0	3,702.0	27.7%
Capital One Financial	13,619.7	3,317.2	24.4%	5,373.9	1,401.0	26.1%	3,292.7	721.0	21.9%	4,953.2	1,195.2	24.1%
J.P. Morgan Chase & Co.	59,537.9	14,952.2	25.1%	18,587.6	3,014.1	16.2%	11,263.4	3,002.0	26.7%	29,686.9	8,936.0	30.1%
H&R Block	3,217.6	861.1	26.8%	610.8	219.1	35.9%	467.4	126.7	27.1%	2,139.4	515.3	24.1%
Unum Group	4,243.8	1,210.6	28.5%	1,144.1	164.4	14.4%	371.9	218.4	58.7%	2,727.8	827.8	30.3%
Charles Schwab	6,935.6	2,172.5	31.3%	1,422.0	489.0	34.4%	1,340.0	424.0	31.6%	4,173.6	1,259.5	30.2%
American Financial Group	2,832.8	921.1	32.5%	450.0	146.0	32.4%	564.0	186.0	33.0%	1,818.8	589.1	32.4%
Discover Financial Services	11,709.1	3,940.6	33.7%	3,588.0	1,109.0	30.9%	3,381.2	931.0	27.5%	4,739.9	1,900.6	40.1%
Franklin Resources	5,897.1	2,153.8	36.5%	1,659.2	586.6	35.4%	1,494.8	564.2	37.7%	2,743.2	1,003.0	36.6%
<b>Financial</b>	<b>334,677.6</b>	<b>62,988.0</b>	<b>18.8%</b>	<b>88,113.6</b>	<b>22,529.3</b>	<b>25.6%</b>	<b>64,419.8</b>	<b>11,053.7</b>	<b>17.2%</b>	<b>182,144.2</b>	<b>29,405.0</b>	<b>16.1%</b>
<b>Financial Data Services</b>												
American Express	21,340.0	3,733.2	17.5%	5,367.4	944.8	17.6%	5,652.8	908.4	16.1%	10,319.8	1,880.0	18.2%
MasterCard	7,097.8	1,610.0	22.7%	2,468.1	485.1	19.7%	1,854.1	609.1	32.9%	2,775.6	515.8	18.6%
Fiserv	3,499.3	1,095.3	31.3%	817.0	253.0	31.0%	679.0	201.0	29.6%	2,003.3	641.3	32.0%

## Effective Federal Corporate Income Tax Rates on \$\*\* Major Corporations, 2008–2012 by Industry

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Industry & Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Visa	14,384.0	5,067.0	35.2%	4,838.3	1,317.3	27.2%	4,070.1	1,350.1	33.2%	5,475.6	2,399.6	43.8%
<b>Financial Data Services</b>	<b>46,321.2</b>	<b>11,505.6</b>	<b>24.8%</b>	<b>13,490.8</b>	<b>3,000.2</b>	<b>22.2%</b>	<b>12,256.0</b>	<b>3,068.6</b>	<b>25.0%</b>	<b>20,574.3</b>	<b>5,436.8</b>	<b>26.4%</b>
<b>Food &amp; beverages &amp; tobacco</b>												
Coca-Cola	18,241.7	2,338.7	12.8%	3,476.9	482.9	13.9%	2,957.7	220.7	7.5%	11,807.1	1,635.1	13.8%
H.J. Heinz	2,253.2	297.1	13.2%	365.4	118.4	32.4%	301.5	104.1	34.5%	1,586.3	74.7	4.7%
ConAgra Foods	4,540.2	855.6	18.8%	1,045.3	166.7	15.9%	470.4	156.7	33.3%	3,024.5	532.2	17.6%
Campbell Soup	4,699.3	956.3	20.3%	894.4	206.4	23.1%	918.9	205.9	22.4%	2,886.0	544.0	18.9%
General Mills	9,508.3	1,943.1	20.4%	1,964.3	408.2	20.8%	1,823.4	346.9	19.0%	5,720.6	1,188.0	20.8%
Kellogg	5,678.1	1,197.1	21.1%	975.0	378.0	38.8%	1,242.9	275.9	22.2%	3,460.2	543.2	15.7%
PepsiCo	18,220.7	4,134.9	22.7%	2,985.3	808.5	27.1%	3,940.1	553.1	14.0%	11,295.3	2,773.3	24.6%
Archer Daniels Midland	6,380.0	1,691.0	26.5%	602.0	92.0	15.3%	1,014.0	300.0	29.6%	4,764.0	1,299.0	27.3%
Reynolds American	10,123.3	2,950.0	29.1%	2,095.3	614.7	29.3%	2,064.9	571.2	27.7%	5,963.0	1,764.0	29.6%
Hormel Foods	2,916.9	867.6	29.7%	710.4	209.3	29.5%	679.2	189.5	27.9%	1,527.3	468.8	30.7%
Hershey	3,819.3	1,208.6	31.6%	949.8	271.1	28.5%	874.7	243.2	27.8%	1,994.8	694.4	34.8%
J.M. Smucker	3,237.6	1,098.8	33.9%	771.9	259.7	33.6%	683.6	224.3	32.8%	1,782.1	614.8	34.5%
Altria Group	26,052.0	9,651.0	37.0%	6,113.0	2,870.0	46.9%	5,293.0	2,353.0	44.5%	14,646.0	4,428.0	30.2%
<b>Food &amp; beverages &amp; tobacco</b>	<b>115,670.7</b>	<b>29,189.8</b>	<b>25.2%</b>	<b>22,949.2</b>	<b>6,885.9</b>	<b>30.0%</b>	<b>22,264.2</b>	<b>5,744.4</b>	<b>25.8%</b>	<b>70,457.2</b>	<b>16,559.5</b>	<b>23.5%</b>
<b>Health care</b>												
Tenet Healthcare	854.0	−51.0	−6.0%	310.0	−3.0	−1.0%	156.0	—	—	388.0	−48.0	−12.4%
Omnicare	1,137.5	39.3	3.5%	296.3	3.2	1.1%	259.2	29.8	11.5%	582.0	6.3	1.1%
Health Management Associates	1,508.0	168.7	11.2%	345.1	80.1	23.2%	386.9	40.1	10.4%	776.0	48.4	6.2%
Community Health Systems	1,926.2	250.0	13.0%	414.3	90.8	21.9%	391.2	18.6	4.8%	1,120.7	140.6	12.5%
Cigna	7,675.8	1,627.2	21.2%	2,153.4	591.6	27.5%	1,687.5	311.7	18.5%	3,834.9	723.9	18.9%
Universal American	740.2	159.5	21.5%	90.6	19.2	21.2%	11.7	−26.3	−224.4%	637.8	166.6	26.1%
Kindred Healthcare	428.3	93.7	21.9%	104.5	42.4	40.6%	43.9	−5.9	−13.4%	279.8	57.2	20.4%
HCA Holdings	10,480.0	2,394.0	22.8%	2,988.7	604.0	20.2%	3,195.2	−119.0	−3.7%	4,296.0	1,909.0	44.4%
DaVita	3,528.5	860.4	24.4%	853.9	211.8	24.8%	780.5	200.7	25.7%	1,894.0	447.9	23.6%
Health Net	779.5	211.8	27.2%	33.9	−8.4	−24.9%	164.5	82.7	50.3%	581.1	137.5	23.7%
Aetna	12,108.8	3,505.9	29.0%	2,505.7	689.9	27.5%	2,983.5	904.0	30.3%	6,619.7	1,912.1	28.9%
Laboratory Corp. of America	4,001.3	1,214.6	30.4%	875.3	247.3	28.3%	781.5	261.1	33.4%	2,344.5	706.2	30.1%
Universal Health Services	2,515.9	781.5	31.1%	700.6	254.0	36.3%	626.3	165.4	26.4%	1,189.0	362.1	30.5%
Quest Diagnostics	4,842.8	1,578.9	32.6%	954.1	328.8	34.5%	764.2	260.2	34.1%	3,124.6	989.9	31.7%
UnitedHealth Group	33,887.0	11,152.9	32.9%	8,472.0	2,638.0	31.1%	7,809.0	2,608.0	33.4%	17,606.0	5,906.9	33.6%
WellPoint	22,530.0	7,457.1	33.1%	3,850.3	1,033.6	26.8%	4,032.7	1,115.5	27.7%	14,647.0	5,308.0	36.2%
Centene	601.4	200.4	33.3%	24.1	6.8	28.0%	173.3	56.0	32.3%	403.9	137.7	34.1%
Molina Healthcare	359.8	120.3	33.4%	18.4	14.8	80.6%	121.8	27.0	22.1%	219.6	78.5	35.7%
Coventry Health Care	3,386.6	1,176.4	34.7%	768.4	190.7	24.8%	679.0	193.7	28.5%	1,939.2	792.0	40.8%



## Effective Federal Corporate Income Tax Rates on \$\*\* Major Corporations, 2008–2012 by Industry

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Industry & Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Humana	8,226.3	3,050.6	37.1%	1,853.8	689.8	37.2%	2,175.6	719.6	33.1%	4,196.9	1,641.2	39.1%
<b>Health care</b>	<b>121,517.8</b>	<b>35,992.2</b>	<b>29.6%</b>	<b>27,613.5</b>	<b>7,725.4</b>	<b>28.0%</b>	<b>27,223.5</b>	<b>6,842.8</b>	<b>25.1%</b>	<b>66,680.8</b>	<b>21,424.0</b>	<b>32.1%</b>
<b>Household &amp; personal products</b>												
Kimberly-Clark	7,092.2	983.2	13.9%	1,393.7	140.7	10.1%	1,287.6	30.6	2.4%	4,411.0	812.0	18.4%
Procter & Gamble	41,046.3	9,380.0	22.9%	8,182.8	1,885.0	23.0%	7,893.5	1,913.0	24.2%	24,970.0	5,582.0	22.4%
Clorox	3,168.7	905.0	28.6%	709.9	237.9	33.5%	644.7	191.7	29.7%	1,814.1	475.3	26.2%
<b>Household &amp; personal products</b>	<b>51,307.2</b>	<b>11,268.2</b>	<b>22.0%</b>	<b>10,286.4</b>	<b>2,263.6</b>	<b>22.0%</b>	<b>9,825.8</b>	<b>2,135.3</b>	<b>21.7%</b>	<b>31,195.1</b>	<b>6,869.3</b>	<b>22.0%</b>
<b>Industrial machinery</b>												
General Electric	27,518.3	-3,054.0	-11.1%	7,902.7	651.0	8.2%	9,155.9	1,032.0	11.3%	10,459.7	-4,737.0	-45.3%
SPX	637.2	45.7	7.2%	11.6	-9.4	-81.1%	55.6	15.6	28.0%	570.0	39.5	6.9%
Honeywell International	6,976.0	526.0	7.5%	1,760.7	423.7	24.1%	312.3	136.3	43.6%	4,903.1	-33.9	-0.7%
Flowserve	926.0	125.9	13.6%	219.2	64.2	29.3%	242.1	37.9	15.7%	464.7	23.8	5.1%
Joy Global	2,347.9	403.5	17.2%	711.4	141.7	19.9%	527.1	81.6	15.5%	1,109.4	180.1	16.2%
Parker Hannifin	2,800.5	558.3	19.9%	645.5	112.7	17.5%	782.4	242.7	31.0%	1,372.5	202.9	14.8%
Dover	2,522.4	570.3	22.6%	705.0	201.0	28.5%	596.0	152.7	25.6%	1,221.3	216.6	17.7%
Deere	10,582.2	3,158.4	29.8%	3,486.3	1,252.1	35.9%	2,486.1	870.0	35.0%	4,609.7	1,036.3	22.5%
<b>Industrial machinery</b>	<b>54,310.5</b>	<b>2,334.1</b>	<b>4.3%</b>	<b>15,442.5</b>	<b>2,837.0</b>	<b>18.4%</b>	<b>14,157.6</b>	<b>2,568.7</b>	<b>18.1%</b>	<b>24,710.5</b>	<b>-3,071.7</b>	<b>-12.4%</b>
<b>Internet Services &amp; Retailing</b>												
Priceline.com	557.0	-16.8	-3.0%	83.7	-0.6	-0.7%	138.9	-14.7	-10.6%	334.5	-1.5	-0.4%
Facebook	3,870.9	91.9	2.4%	1,062.0	-429.0	-40.4%	1,819.0	291.0	16.0%	989.9	229.9	23.2%
Yahoo	6,903.3	2,459.8	35.6%	4,701.1	2,249.1	47.8%	544.3	70.9	13.0%	1,658.0	139.8	8.4%
<b>Internet Services &amp; Retailing</b>	<b>11,331.2</b>	<b>2,534.9</b>	<b>22.4%</b>	<b>5,846.8</b>	<b>1,819.5</b>	<b>31.1%</b>	<b>2,502.2</b>	<b>347.2</b>	<b>13.9%</b>	<b>2,982.3</b>	<b>368.2</b>	<b>12.3%</b>
<b>Miscellaneous manufacturing</b>												
Paccar	1,710.5	-1.5	-0.1%	755.9	122.6	16.2%	587.3	-3.5	-0.6%	367.4	-120.5	-32.8%
Mattel	1,957.2	26.8	1.4%	465.6	40.0	8.6%	471.9	-4.1	-0.9%	1,019.7	-9.2	-0.9%
International Paper	2,830.0	74.0	2.6%	467.0	14.0	3.0%	893.0	-78.0	-8.7%	1,470.0	138.0	9.4%
Allegheny Technologies	1,405.3	134.0	9.5%	179.3	85.3	47.6%	272.4	44.8	16.4%	953.6	3.9	0.4%
Rock-Tenn	1,186.6	116.8	9.8%	368.9	-12.8	-3.5%	163.2	-0.4	-0.2%	654.5	130.0	19.9%
Levi Strauss	630.6	75.9	12.0%	117.4	15.3	13.1%	114.3	20.0	17.5%	398.9	40.5	10.2%
Rockwell Automation	1,519.1	224.0	14.7%	469.6	55.9	11.9%	366.3	12.9	3.5%	683.2	155.2	22.7%
Phillips-Van Heusen	784.3	135.0	17.2%	226.9	21.0	9.2%	188.8	27.0	14.3%	368.6	87.1	23.6%
Ball	1,403.3	272.6	19.4%	284.5	37.1	13.0%	299.6	56.7	18.9%	819.3	178.9	21.8%
Domtar	1,296.5	279.4	21.5%	114.5	66.5	58.1%	212.3	85.3	40.2%	969.7	127.6	13.2%
3M	12,589.9	2,813.1	22.3%	2,837.7	691.7	24.4%	2,468.8	387.2	15.7%	7,283.4	1,734.2	23.8%
Danaher	4,829.6	1,127.8	23.4%	1,302.2	290.5	22.3%	1,179.0	-6.3	-0.5%	2,348.3	843.6	35.9%
Thermo Fisher Scientific	3,669.7	886.6	24.2%	895.6	145.0	16.2%	793.9	135.9	17.1%	1,980.1	605.6	30.6%
VF	2,852.0	730.3	25.6%	646.9	192.2	29.7%	553.9	166.0	30.0%	1,651.2	372.0	22.5%



## Effective Federal Corporate Income Tax Rates on \$\*\* Major Corporations, 2008–2012 by Industry

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Industry & Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Polo Ralph Lauren	2,516.9	649.8	25.8%	637.2	155.0	24.3%	574.4	170.2	29.6%	1,305.3	324.6	24.9%
Harley-Davidson	3,278.6	916.7	28.0%	933.2	180.2	19.3%	777.5	130.0	16.7%	1,567.9	606.5	38.7%
Bemis	939.9	269.9	28.7%	224.3	59.8	26.7%	188.0	48.2	25.6%	527.6	161.9	30.7%
Nike	4,445.8	1,330.7	29.9%	1,183.5	374.5	31.6%	760.9	178.9	23.5%	2,501.4	777.3	31.1%
Illinois Tool Works	6,605.6	2,034.8	30.8%	2,402.8	552.8	23.0%	1,388.6	508.0	36.6%	2,814.3	974.0	34.6%
Emerson Electric	7,906.1	2,510.0	31.7%	1,924.4	750.0	39.0%	1,861.8	503.0	27.0%	4,120.0	1,257.0	30.5%
<b>Miscellaneous manufacturing</b>	<b>64,357.6</b>	<b>14,606.9</b>	<b>22.7%</b>	<b>16,437.3</b>	<b>3,836.6</b>	<b>23.3%</b>	<b>14,115.8</b>	<b>2,381.8</b>	<b>16.9%</b>	<b>33,804.4</b>	<b>8,388.5</b>	<b>24.8%</b>
<b>Miscellaneous services</b>												
Interpublic Group	1,304.9	−27.6	−2.1%	362.6	−2.8	−0.8%	406.9	−6.0	−1.5%	535.4	−18.7	−3.5%
FedEx	9,380.7	395.1	4.2%	2,428.0	493.0	20.3%	2,706.1	−134.9	−5.0%	4,246.6	37.0	0.9%
CBS	6,828.7	506.7	7.4%	2,177.8	221.8	10.2%	1,835.5	130.5	7.1%	2,815.4	154.4	5.5%
Yum Brands	1,819.1	252.1	13.9%	486.0	79.0	16.2%	266.0	21.0	7.9%	1,067.1	152.2	14.3%
Omnicom Group	2,856.4	445.7	15.6%	596.4	92.8	15.6%	517.1	133.5	25.8%	1,742.9	219.4	12.6%
Darden Restaurants	2,777.4	454.4	16.4%	500.2	84.3	16.9%	610.2	93.9	15.4%	1,666.9	276.1	16.6%
Twenty-First Century Fox	21,289.5	3,738.0	17.6%	7,894.6	1,024.0	13.0%	5,238.0	968.0	18.5%	8,156.9	1,746.0	21.4%
Time Warner	17,148.0	3,126.1	18.2%	4,326.6	1,126.4	26.0%	4,211.1	903.8	21.5%	8,610.3	1,095.9	12.7%
Waste Management	6,846.7	1,672.8	24.4%	1,104.9	258.9	23.4%	1,357.4	233.4	17.2%	4,384.5	1,180.5	26.9%
Viacom	10,421.7	2,591.7	24.9%	2,873.4	841.4	29.3%	2,698.2	442.2	16.4%	4,850.0	1,308.0	27.0%
Starbucks	5,191.2	1,331.7	25.7%	1,629.1	325.6	20.0%	1,480.2	258.8	17.5%	2,082.0	747.4	35.9%
Walt Disney	31,015.0	8,387.5	27.0%	7,530.1	1,874.1	24.9%	6,739.2	1,748.5	25.9%	16,745.6	4,765.0	28.5%
United Parcel Service	22,753.7	6,258.1	27.5%	5,120.8	1,898.5	37.1%	5,189.0	1,366.0	26.3%	12,443.9	2,993.6	24.1%
Automatic Data Processing	8,671.5	2,632.2	30.4%	1,741.5	539.2	31.0%	1,821.8	535.7	29.4%	5,108.2	1,557.3	30.5%
McDonald's	13,612.9	4,550.1	33.4%	2,714.5	1,012.2	37.3%	3,057.1	1,080.4	35.3%	7,841.4	2,457.6	31.3%
Apollo Group	4,765.6	1,636.1	34.3%	693.7	211.1	30.4%	1,220.5	347.3	28.5%	2,851.4	1,077.6	37.8%
<b>Miscellaneous services</b>	<b>166,683.1</b>	<b>37,950.5</b>	<b>22.8%</b>	<b>42,180.3</b>	<b>10,079.4</b>	<b>23.9%</b>	<b>39,354.3</b>	<b>8,122.0</b>	<b>20.6%</b>	<b>85,148.5</b>	<b>19,749.2</b>	<b>23.2%</b>
<b>Oil, gas &amp; pipelines</b>												
Apache	7,579.9	−183.7	−2.4%	1,605.0	−154.0	−9.6%	2,373.0	34.0	1.4%	3,601.9	−63.7	−1.8%
Oneok	2,695.0	35.7	1.3%	570.0	−16.1	−2.8%	582.7	−32.3	−5.5%	1,542.3	84.1	5.5%
Devon Energy	13,748.6	379.6	2.8%	1,601.9	55.9	3.5%	3,459.2	−153.8	−4.4%	8,687.5	477.5	5.5%
EOG Resources	9,527.2	372.7	3.9%	2,148.1	187.2	8.7%	2,558.1	94.2	3.7%	4,821.0	91.3	1.9%
Chesapeake Energy	13,610.4	661.4	4.9%	2,223.8	103.8	4.7%	2,750.6	−98.4	−3.6%	8,635.9	655.9	7.6%
Peabody Energy	2,843.6	168.6	5.9%	1,038.3	100.8	9.7%	804.9	89.1	11.1%	1,000.4	−21.3	−2.1%
MDU Resources	1,959.5	147.6	7.5%	343.8	−26.9	−7.8%	332.9	−8.2	−2.5%	1,282.8	182.7	14.2%
Occidental Petroleum	19,620.1	1,987.1	10.1%	3,841.4	−407.6	−10.6%	4,720.4	308.5	6.5%	11,058.3	2,086.3	18.9%
Williams	4,868.7	542.0	11.1%	874.2	91.0	10.4%	738.3	181.0	24.5%	3,256.2	270.0	8.3%
Spectra Energy	4,314.0	486.0	11.3%	800.0	102.0	12.8%	942.0	4.0	0.4%	2,572.0	380.0	14.8%
Exxon Mobil	41,371.9	5,806.9	14.0%	10,650.8	1,643.8	15.4%	11,065.9	1,379.9	12.5%	19,655.2	2,783.2	14.2%

## Effective Federal Corporate Income Tax Rates on \$\*\* Major Corporations, 2008–2012 by Industry

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Industry & Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Cliffs Natural Resources	3,487.8	508.5	14.6%	833.2	60.6	7.3%	1,367.9	243.1	17.8%	1,286.7	204.8	15.9%
Murphy Oil	1,579.0	236.0	14.9%	205.7	–183.2	–89.1%	411.2	95.4	23.2%	962.1	323.7	33.6%
Consol Energy	2,987.1	505.8	16.9%	399.8	68.4	17.1%	749.5	167.1	22.3%	1,837.7	270.3	14.7%
FMC Technologies	453.2	86.9	19.2%	125.5	17.3	13.8%	130.9	19.5	14.9%	196.8	50.1	25.5%
Cameron International	2,240.9	446.6	19.9%	738.4	114.2	15.5%	586.6	39.2	6.7%	915.9	293.2	32.0%
Newmont Mining	3,505.0	721.5	20.6%	1,036.0	210.0	20.3%	878.0	281.4	32.0%	1,591.0	230.2	14.5%
ConocoPhillips	33,917.0	7,112.0	21.0%	4,034.0	63.0	1.6%	10,804.0	1,917.0	17.7%	19,079.0	5,132.0	26.9%
Chevron	34,985.1	7,759.1	22.2%	7,821.0	1,622.0	20.7%	9,646.9	1,792.9	18.6%	17,517.3	4,344.3	24.8%
Halliburton	11,775.0	2,652.0	22.5%	2,779.0	695.0	25.0%	3,931.0	1,026.0	26.1%	5,065.0	931.0	18.4%
CVR Energy	1,520.2	432.2	28.4%	578.8	237.3	41.0%	547.7	139.4	25.5%	393.6	55.4	14.1%
HollyFrontier	4,487.7	1,307.2	29.1%	2,624.0	778.1	29.7%	1,514.4	498.0	32.9%	349.3	31.1	8.9%
<b>Oil, gas &amp; pipelines</b>	<b>223,076.8</b>	<b>32,171.9</b>	<b>14.4%</b>	<b>46,872.7</b>	<b>5,362.7</b>	<b>11.4%</b>	<b>60,896.2</b>	<b>8,017.2</b>	<b>13.2%</b>	<b>115,307.9</b>	<b>18,792.1</b>	<b>16.3%</b>
<b>Pharmaceuticals &amp; medical products</b>												
Baxter International	1,688.9	59.9	3.5%	333.0	102.1	30.7%	389.1	57.6	14.8%	966.7	–99.9	–10.3%
Eli Lilly	10,036.8	1,482.5	14.8%	2,483.5	596.8	24.0%	2,487.0	671.4	27.0%	5,066.3	214.3	4.2%
Merck	20,302.6	3,509.0	17.3%	4,728.0	1,252.0	26.5%	2,660.2	859.0	32.3%	12,914.4	1,398.0	10.8%
Becton Dickinson	4,042.7	949.3	23.5%	597.6	152.0	25.4%	891.2	159.2	17.9%	2,553.8	638.0	25.0%
Biogen Idec	5,598.1	1,844.4	32.9%	1,371.1	462.6	33.7%	1,369.4	189.9	13.9%	2,857.5	1,191.9	41.7%
Actavis	2,501.6	994.4	39.8%	715.0	317.2	44.4%	723.1	289.1	40.0%	1,063.5	388.1	36.5%
St. Jude Medical	2,444.1	1,006.8	41.2%	324.7	235.2	72.4%	524.3	173.1	33.0%	1,595.1	598.6	37.5%
<b>Pharmaceuticals &amp; medical products</b>	<b>46,614.6</b>	<b>9,846.3</b>	<b>21.1%</b>	<b>10,552.9</b>	<b>3,117.9</b>	<b>29.5%</b>	<b>9,044.4</b>	<b>2,399.3</b>	<b>26.5%</b>	<b>27,017.2</b>	<b>4,329.0</b>	<b>16.0%</b>
<b>Publishing, printing</b>												
R.R. Donnelley & Sons	1,313.7	143.3	10.9%	173.9	8.3	4.8%	130.6	–10.3	–7.9%	1,009.2	145.4	14.4%
McGraw-Hill	4,500.4	1,333.1	29.6%	808.3	159.3	19.7%	947.3	332.3	35.1%	2,744.8	841.6	30.7%
Washington Post	1,364.5	416.2	30.5%	182.9	98.8	54.0%	195.5	40.9	20.9%	986.0	276.5	28.0%
Susser Holdings	181.1	12.5	6.9%	78.1	12.7	16.2%	71.3	–0.4	–0.5%	31.8	0.2	0.7%
<b>Publishing, printing</b>	<b>7,359.7</b>	<b>1,905.2</b>	<b>25.9%</b>	<b>1,243.1</b>	<b>279.0</b>	<b>22.4%</b>	<b>1,344.7</b>	<b>362.5</b>	<b>27.0%</b>	<b>4,771.9</b>	<b>1,263.6</b>	<b>26.5%</b>
<b>Retail &amp; wholesale trade</b>												
Sonic Automotive	381.9	31.4	8.2%	140.1	23.0	16.4%	118.5	12.5	10.6%	123.2	–4.1	–3.3%
Amazon.com	3,367.4	314.4	9.3%	882.0	133.0	15.1%	647.2	30.2	4.7%	1,838.2	151.2	8.2%
Casey's General Stores	812.4	96.9	11.9%	171.0	21.9	12.8%	181.4	9.0	4.9%	460.0	66.0	14.3%
Group 1 Automotive	469.9	59.6	12.7%	149.9	35.7	23.8%	125.5	18.9	15.1%	194.5	5.0	2.5%
McKesson	6,040.0	901.0	14.9%	1,153.0	–85.0	–7.4%	1,387.0	271.0	19.5%	3,500.0	715.0	20.4%
Insight Enterprises	309.7	49.1	15.8%	97.9	23.7	24.2%	86.6	16.9	19.5%	125.2	8.4	6.7%
Airgas	2,095.4	339.8	16.2%	512.5	115.7	22.6%	473.0	80.2	16.9%	1,109.9	144.0	13.0%
Wesco International	1,153.5	197.8	17.1%	251.7	41.7	16.6%	256.1	55.9	21.8%	645.7	100.1	15.5%
Core-Mark Holding	224.6	43.3	19.3%	50.2	15.3	30.5%	42.2	12.3	29.2%	132.2	15.7	11.9%

## Effective Federal Corporate Income Tax Rates on \$\*\* Major Corporations, 2008–2012 by Industry

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Industry & Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Ingram Micro	467.9	92.6	19.8%	154.7	8.5	5.5%	126.0	26.6	21.1%	187.2	57.5	30.7%
Ruddick	764.1	153.8	20.1%	142.4	36.2	25.4%	168.4	37.3	22.1%	453.4	80.3	17.7%
Andersons	466.7	97.7	20.9%	115.9	23.7	20.4%	140.9	38.8	27.5%	209.9	35.2	16.8%
Kroger	8,300.0	1,887.3	22.7%	2,256.0	563.0	25.0%	801.8	146.0	18.2%	5,242.3	1,178.3	22.5%
Nash-Finch	295.5	68.0	23.0%	43.6	11.1	25.4%	56.9	11.9	21.0%	195.0	44.9	23.0%
Macy's	6,209.4	1,437.4	23.1%	2,038.2	667.2	32.7%	1,928.5	502.5	26.1%	2,242.7	267.7	11.9%
AutoNation	1,959.2	466.6	23.8%	493.5	138.1	28.0%	443.9	105.1	23.7%	1,021.7	223.3	21.9%
AmerisourceBergen	4,757.4	1,140.9	24.0%	1,165.1	335.6	28.8%	1,102.0	165.6	15.0%	2,490.4	639.7	25.7%
Arrow Electronics	1,682.8	404.0	24.0%	420.3	130.1	31.0%	387.5	107.4	27.7%	875.1	166.5	19.0%
Reliance Steel & Aluminum	2,124.2	545.2	25.7%	525.0	159.4	30.4%	429.8	153.3	35.7%	1,169.3	232.4	19.9%
O'Reilly Automotive	3,144.3	822.2	26.1%	912.2	279.7	30.7%	794.2	209.4	26.4%	1,437.9	333.1	23.2%
Advance Auto Parts	2,528.7	671.4	26.6%	592.6	166.5	28.1%	608.8	154.0	25.3%	1,327.3	350.9	26.4%
Genuine Parts	4,404.0	1,187.9	27.0%	980.6	279.0	28.5%	1,132.8	255.8	22.6%	2,290.6	653.1	28.5%
Target	20,381.0	5,537.0	27.2%	4,474.0	1,471.0	32.9%	4,382.0	1,069.0	24.4%	11,525.0	2,997.0	26.0%
Dick's Sporting Goods	1,547.6	421.6	27.2%	473.6	120.5	25.4%	412.5	102.7	24.9%	661.5	198.4	30.0%
Dollar General	4,268.1	1,182.5	27.7%	1,429.7	384.8	26.9%	1,168.9	357.9	30.6%	1,669.4	439.8	26.3%
Limited Brands	4,709.0	1,330.9	28.3%	1,233.1	336.1	27.3%	1,226.3	317.2	25.9%	2,249.6	677.6	30.1%
Cardinal Health	6,014.7	1,721.8	28.6%	1,418.0	387.0	27.3%	1,487.0	354.0	23.8%	3,109.7	980.8	31.5%
TJX	8,683.1	2,490.1	28.7%	2,366.3	790.5	33.4%	1,973.8	516.7	26.2%	4,343.1	1,183.0	27.2%
Big Lots	1,500.9	431.1	28.7%	282.4	84.6	30.0%	325.6	105.2	32.3%	892.9	241.3	27.0%
Staples	4,346.4	1,258.7	29.0%	983.9	240.1	24.4%	950.4	251.6	26.5%	2,412.1	767.0	31.8%
Wal-Mart Stores	87,187.0	25,376.0	29.1%	18,730.0	5,611.0	30.0%	17,942.0	4,596.0	25.6%	50,515.0	15,169.0	30.0%
Owens & Minor	874.0	256.1	29.3%	182.7	61.8	33.8%	180.9	49.0	27.1%	510.5	145.3	28.5%
AutoZone	5,834.8	1,712.5	29.4%	1,416.5	397.5	28.1%	1,290.8	362.2	28.1%	3,127.5	952.8	30.5%
Costco Wholesale	7,350.0	2,177.0	29.6%	1,720.1	538.1	31.3%	1,455.8	371.8	25.5%	4,174.2	1,267.2	30.4%
Publix Super Markets	9,644.9	2,875.4	29.8%	2,214.0	654.7	29.6%	2,180.1	592.3	27.2%	5,250.8	1,628.4	31.0%
Safeway	3,234.9	966.4	29.9%	450.7	178.9	39.7%	452.6	221.7	49.0%	2,331.6	565.8	24.3%
Anixter International	745.7	222.9	29.9%	152.9	54.4	35.6%	197.6	53.5	27.1%	395.1	115.0	29.1%
W.W. Grainger	3,928.6	1,194.8	30.4%	951.7	277.0	29.1%	877.7	232.4	26.5%	2,099.2	685.4	32.7%
Whole Foods Market	1,918.6	589.7	30.7%	688.9	192.0	27.9%	496.5	126.0	25.4%	733.3	271.7	37.0%
Henry Schein	1,636.4	506.3	30.9%	424.5	106.9	25.2%	351.7	117.9	33.5%	860.2	281.5	32.7%
Family Dollar Stores	2,543.0	791.7	31.1%	625.1	218.0	34.9%	591.8	152.0	25.7%	1,326.0	421.7	31.8%
Walgreen	17,056.0	5,328.0	31.2%	3,256.0	890.0	27.3%	4,147.0	1,301.0	31.4%	9,653.0	3,137.0	32.5%
United Natural Foods	516.8	161.5	31.3%	133.7	52.8	39.5%	111.7	23.7	21.2%	271.4	85.1	31.3%
United Stationers	822.9	258.7	31.4%	171.1	65.3	38.2%	164.9	34.6	21.0%	486.9	158.8	32.6%
Synnex	662.3	208.5	31.5%	177.6	54.0	30.4%	174.4	46.3	26.6%	310.3	108.2	34.9%
Graybar Electric	494.4	157.0	31.8%	126.5	38.6	30.6%	115.4	41.1	35.6%	252.5	77.3	30.6%

## Effective Federal Corporate Income Tax Rates on \$\*\* Major Corporations, 2008–2012 by Industry

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Industry & Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Dollar Tree	3,099.0	992.1	32.0%	938.2	306.9	32.7%	741.3	229.0	30.9%	1,419.5	456.2	32.1%
Tech Data	551.8	176.8	32.0%	107.0	20.8	19.5%	131.9	63.9	48.4%	312.9	92.1	29.4%
Kohl's	7,922.0	2,540.0	32.1%	1,501.7	586.7	39.1%	1,799.3	495.3	27.5%	4,621.0	1,458.0	31.6%
Express Scripts	8,419.0	2,749.0	32.7%	2,067.1	968.9	46.9%	1,979.9	541.8	27.4%	4,372.0	1,238.3	28.3%
CarMax	2,422.0	794.6	32.8%	675.0	212.7	31.5%	638.2	215.5	33.8%	1,108.9	366.3	33.0%
PetSmart	1,903.8	625.3	32.8%	562.3	182.7	32.5%	413.2	136.0	32.9%	928.4	306.6	33.0%
Home Depot	22,677.2	7,471.2	32.9%	6,389.4	1,991.4	31.2%	5,273.7	1,567.7	29.7%	11,014.2	3,912.2	35.5%
GameStop	2,614.8	874.6	33.4%	523.3	228.5	43.7%	531.2	192.3	36.2%	1,560.3	453.7	29.1%
CVS Caremark	27,318.8	9,249.8	33.9%	5,917.8	2,202.8	37.2%	5,411.6	1,789.6	33.1%	15,989.3	5,257.3	32.9%
Bed Bath & Beyond	5,839.7	1,986.0	34.0%	1,579.0	518.7	32.8%	1,495.9	471.0	31.5%	2,764.7	996.4	36.0%
Nordstrom	4,393.6	1,503.6	34.2%	1,123.2	342.2	30.5%	1,059.8	340.8	32.2%	2,210.7	820.7	37.1%
Ross Stores	4,318.7	1,491.8	34.5%	1,238.7	461.8	37.3%	1,025.6	328.5	32.0%	2,054.4	701.5	34.1%
Gap	7,073.8	2,467.7	34.9%	1,641.9	588.9	35.9%	1,218.3	408.2	33.5%	4,213.6	1,470.6	34.9%
Lowe's	14,846.3	5,338.4	36.0%	2,982.0	1,162.0	39.0%	2,782.0	891.0	32.0%	9,082.3	3,285.4	36.2%
Best Buy	6,782.9	2,529.1	37.3%	412.7	174.0	42.2%	1,504.5	447.0	29.7%	4,865.7	1,908.1	39.2%
Verizon Communications	30,203.0	-535.0	-1.8%	4,820.0	223.0	4.6%	6,640.0	193.0	2.9%	18,743.0	-951.0	-5.1%
<b>Retail &amp; wholesale trade</b>	<b>398,246.6</b>	<b>108,419.5</b>	<b>27.2%</b>	<b>89,810.6</b>	<b>26,500.8</b>	<b>29.5%</b>	<b>86,742.7</b>	<b>22,127.1</b>	<b>25.5%</b>	<b>221,693.3</b>	<b>59,791.6</b>	<b>27.0%</b>
<b>Telecommunications</b>												
MetroPCS Communications	1,955.6	-1.0	-0.1%	611.0	—	—	475.9	—	—	868.6	-1.0	-0.1%
Cablevision Systems	1,508.2	3.8	0.3%	43.4	-5.6	-12.9%	400.8	-1.6	-0.4%	1,064.0	11.0	1.0%
Time Warner Cable	11,890.6	463.6	3.9%	3,226.0	428.0	13.3%	2,380.3	29.3	1.2%	6,284.3	6.3	0.1%
AT&T	67,292.7	4,352.4	6.5%	8,708.2	451.0	5.2%	5,714.3	-421.7	-7.4%	52,870.2	4,323.1	8.2%
Frontier Communications	1,172.5	80.9	6.9%	213.3	-3.8	-1.8%	223.7	-13.3	-6.0%	735.5	98.0	13.3%
Windstream	2,234.2	237.9	10.6%	255.7	7.4	2.9%	250.1	-97.8	-39.1%	1,728.4	328.3	19.0%
CenturyLink	5,107.8	678.1	13.3%	1,220.0	57.0	4.7%	992.0	-49.0	-4.9%	2,895.8	670.1	23.1%
DISH Network	7,959.1	1,066.4	13.4%	973.5	-35.8	-3.7%	2,411.1	235.4	9.8%	4,574.6	866.9	19.0%
DirecTV	12,360.7	2,787.7	22.6%	3,334.2	955.2	28.6%	2,941.3	610.3	20.8%	6,085.2	1,222.1	20.1%
Comcast	30,754.3	7,374.3	24.0%	9,349.8	2,893.2	30.9%	6,649.2	1,442.0	21.7%	14,755.3	3,039.2	20.6%
Telephone & Data Systems	1,541.7	478.3	31.0%	149.8	12.3	8.2%	308.4	-94.1	-30.5%	1,083.5	560.0	51.7%
<b>Telecommunications</b>	<b>143,777.4</b>	<b>17,522.4</b>	<b>12.2%</b>	<b>28,084.9</b>	<b>4,758.9</b>	<b>16.9%</b>	<b>22,747.1</b>	<b>1,639.5</b>	<b>7.2%</b>	<b>92,945.4</b>	<b>11,124.0</b>	<b>12.0%</b>
<b>Transportation</b>												
Ryder System	1,073.1	-50.9	-4.7%	230.4	-5.3	-2.3%	215.7	0.2	0.1%	627.0	-45.8	-7.3%
Con-way	587.0	-20.5	-3.5%	164.6	2.3	1.4%	135.9	3.2	2.4%	286.4	-26.0	-9.1%
Southwest Airlines	2,142.0	156.0	7.3%	673.0	-45.0	-6.7%	310.0	4.0	1.3%	1,159.0	197.0	17.0%
CSX	12,171.0	1,528.0	12.6%	2,904.4	416.4	14.3%	2,790.1	324.1	11.6%	6,476.6	787.6	12.2%
Union Pacific	22,172.6	3,826.6	17.3%	6,182.3	1,252.3	20.3%	5,154.4	793.4	15.4%	10,835.9	1,780.9	16.4%
Norfolk Southern	12,169.5	2,214.5	18.2%	2,691.3	534.3	19.9%	2,882.8	394.8	13.7%	6,595.5	1,285.5	19.5%

## Effective Federal Corporate Income Tax Rates on \$\*\* Major Corporations, 2008–2012 by Industry

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Industry & Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
J.B. Hunt Transport Services	1,745.7	338.4	19.4%	487.0	135.5	27.8%	410.3	20.0	4.9%	848.4	182.9	21.6%
C.H. Robinson Worldwide	3,092.3	1,060.4	34.3%	867.8	316.5	36.5%	629.3	206.5	32.8%	1,595.2	537.3	33.7%
<b>Transportation</b>	<b>55,153.2</b>	<b>9,052.4</b>	<b>16.4%</b>	<b>14,200.8</b>	<b>2,607.0</b>	<b>18.4%</b>	<b>12,528.4</b>	<b>1,746.1</b>	<b>13.9%</b>	<b>28,424.0</b>	<b>4,699.3</b>	<b>16.5%</b>
<b>Utilities, gas and electric</b>												
Pepco Holdings	1,743.0	-575.0	-33.0%	480.0	-76.0	-15.8%	381.0	9.0	2.4%	882.0	-508.0	-57.6%
PG&E Corp.	7,035.0	-1,178.0	-16.7%	1,034.0	-74.0	-7.2%	1,146.0	-77.0	-6.7%	4,855.0	-1,027.0	-21.2%
NiSource	2,473.0	-336.3	-13.6%	620.4	-94.8	-15.3%	468.0	-14.2	-3.0%	1,384.6	-227.3	-16.4%
Wisconsin Energy	3,228.0	-435.8	-13.5%	786.0	-112.5	-14.3%	717.1	-238.2	-33.2%	1,724.9	-85.0	-4.9%
CenterPoint Energy	4,078.0	-347.0	-8.5%	997.0	—	—	1,150.0	-63.0	-5.5%	1,931.0	-284.0	-14.7%
Integrus Energy Group	1,623.0	-133.4	-8.2%	443.5	3.5	0.8%	361.1	-44.6	-12.4%	818.4	-92.3	-11.3%
Atmos Energy	1,486.4	-114.2	-7.7%	283.5	0.6	0.2%	306.0	-11.2	-3.7%	896.8	-103.7	-11.6%
American Electric Power	10,016.0	-577.0	-5.8%	1,787.0	-52.0	-2.9%	2,330.0	20.0	0.9%	5,899.0	-545.0	-9.2%
Duke Energy	9,026.5	-299.0	-3.3%	1,792.0	-46.0	-2.6%	1,759.0	-37.0	-2.1%	5,475.5	-216.0	-3.9%
FirstEnergy	7,236.0	-216.0	-3.0%	1,295.0	-122.0	-9.4%	1,440.0	-243.0	-16.9%	4,501.0	149.0	3.3%
NextEra Energy	11,433.0	-178.0	-1.6%	2,589.0	-4.0	-0.2%	2,441.0	-35.0	-1.4%	6,403.0	-139.0	-2.2%
Consolidated Edison	7,581.0	-87.0	-1.1%	1,712.0	-13.0	-0.8%	1,606.0	53.0	3.3%	4,263.0	-127.0	-3.0%
CMS Energy	2,471.0	-26.0	-1.1%	599.0	1.0	0.2%	580.0	2.0	0.3%	1,292.0	-29.0	-2.2%
Northeast Utilities	2,819.7	-19.3	-0.7%	791.9	-37.9	-4.8%	597.7	1.9	0.3%	1,430.1	16.7	1.2%
Xcel Energy	5,805.3	44.1	0.8%	1,323.9	7.9	0.6%	1,299.7	3.4	0.3%	3,181.7	32.8	1.0%
Progress Energy	4,918.5	84.0	1.7%	261.5	-44.0	-16.8%	881.0	-91.0	-10.3%	3,776.0	219.0	5.8%
Sempra Energy	4,040.7	95.0	2.4%	404.0	-36.0	-8.9%	978.0	75.0	7.7%	2,658.7	56.0	2.1%
Ameren	4,492.0	109.0	2.4%	921.0	31.0	3.4%	834.0	-27.0	-3.2%	2,737.0	105.0	3.8%
PPL	4,841.0	145.0	3.0%	996.0	—	—	1,735.0	54.0	3.1%	2,110.0	91.0	4.3%
DTE Energy	4,367.0	198.0	4.5%	911.0	190.0	20.9%	965.0	25.0	2.6%	2,491.0	-17.0	-0.7%
Entergy	8,351.9	568.4	6.8%	1,295.7	-47.9	-3.7%	1,500.4	452.7	30.2%	5,555.8	163.6	2.9%
Scana	2,726.0	227.0	8.3%	592.0	103.0	17.4%	545.0	52.0	9.5%	1,589.0	72.0	4.5%
Southern	15,441.0	1,675.0	10.8%	3,688.0	177.0	4.8%	3,479.0	57.0	1.6%	8,274.0	1,441.0	17.4%
Exelon	17,970.3	2,078.3	11.6%	1,823.3	35.3	1.9%	3,955.2	0.2	0.0%	12,191.8	2,042.7	16.8%
UGI	1,415.6	212.8	15.0%	229.2	-14.8	-6.5%	299.7	15.5	5.2%	886.7	212.1	23.9%
Public Service Enterprise Group	10,995.4	1,873.4	17.0%	2,013.0	-204.0	-10.1%	2,352.2	257.2	10.9%	6,630.2	1,820.2	27.5%
Dominion Resources	12,175.5	2,188.6	18.0%	391.7	-125.3	-32.0%	2,153.0	-13.0	-0.6%	9,630.8	2,326.9	24.2%
<b>Utilities, gas and electric</b>	<b>169,789.7</b>	<b>4,976.5</b>	<b>2.9%</b>	<b>30,060.7</b>	<b>-554.8</b>	<b>-1.8%</b>	<b>36,260.0</b>	<b>183.6</b>	<b>0.5%</b>	<b>103,469.0</b>	<b>5,347.7</b>	<b>5.2%</b>
<b>ALL INDUSTRIES</b>	<b>\$ 2,332,350</b>	<b>\$ 452,766</b>	<b>19.4%</b>	<b>\$ 532,416</b>	<b>\$ 116,234</b>	<b>21.8%</b>	<b>\$ 510,548</b>	<b>\$ 91,395</b>	<b>17.9%</b>	<b>\$ 1,289,387</b>	<b>\$ 245,136</b>	<b>19.0%</b>

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (by 5-year tax rate)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Pepco Holdings	\$ 1,743.0	\$ -575.0	-33.0%	\$ 480.0	\$ -76.0	-15.8%	\$ 381.0	\$ 9.0	2.4%	\$ 882.0	\$ -508.0	-57.6%
PG&E Corp.	7,035.0	-1,178.0	-16.7%	1,034.0	-74.0	-7.2%	1,146.0	-77.0	-6.7%	4,855.0	-1,027.0	-21.2%
NiSource	2,473.0	-336.3	-13.6%	620.4	-94.8	-15.3%	468.0	-14.2	-3.0%	1,384.6	-227.3	-16.4%
Wisconsin Energy	3,228.0	-435.8	-13.5%	786.0	-112.5	-14.3%	717.1	-238.2	-33.2%	1,724.9	-85.0	-4.9%
General Electric	27,518.3	-3,054.0	-11.1%	7,902.7	651.0	8.2%	9,155.9	1,032.0	11.3%	10,459.7	-4,737.0	-45.3%
CenterPoint Energy	4,078.0	-347.0	-8.5%	997.0	—	—	1,150.0	-63.0	-5.5%	1,931.0	-284.0	-14.7%
Integrus Energy Group	1,623.0	-133.4	-8.2%	443.5	3.5	0.8%	361.1	-44.6	-12.4%	818.4	-92.3	-11.3%
Atmos Energy	1,486.4	-114.2	-7.7%	283.5	0.6	0.2%	306.0	-11.2	-3.7%	896.8	-103.7	-11.6%
Tenet Healthcare	854.0	-51.0	-6.0%	310.0	-3.0	-1.0%	156.0	—	—	388.0	-48.0	-12.4%
American Electric Power	10,016.0	-577.0	-5.8%	1,787.0	-52.0	-2.9%	2,330.0	20.0	0.9%	5,899.0	-545.0	-9.2%
Ryder System	1,073.1	-50.9	-4.7%	230.4	-5.3	-2.3%	215.7	0.2	0.1%	627.0	-45.8	-7.3%
Con-way	587.0	-20.5	-3.5%	164.6	2.3	1.4%	135.9	3.2	2.4%	286.4	-26.0	-9.1%
Duke Energy	9,026.5	-299.0	-3.3%	1,792.0	-46.0	-2.6%	1,759.0	-37.0	-2.1%	5,475.5	-216.0	-3.9%
Priceline.com	557.0	-16.8	-3.0%	83.7	-0.6	-0.7%	138.9	-14.7	-10.6%	334.5	-1.5	-0.4%
FirstEnergy	7,236.0	-216.0	-3.0%	1,295.0	-122.0	-9.4%	1,440.0	-243.0	-16.9%	4,501.0	149.0	3.3%
Apache	7,579.9	-183.7	-2.4%	1,605.0	-154.0	-9.6%	2,373.0	34.0	1.4%	3,601.9	-63.7	-1.8%
Interpublic Group	1,304.9	-27.6	-2.1%	362.6	-2.8	-0.8%	406.9	-6.0	-1.5%	535.4	-18.7	-3.5%
Verizon Communications	30,203.0	-535.0	-1.8%	4,820.0	223.0	4.6%	6,640.0	193.0	2.9%	18,743.0	-951.0	-5.1%
NextEra Energy	11,433.0	-178.0	-1.6%	2,589.0	-4.0	-0.2%	2,441.0	-35.0	-1.4%	6,403.0	-139.0	-2.2%
Consolidated Edison	7,581.0	-87.0	-1.1%	1,712.0	-13.0	-0.8%	1,606.0	53.0	3.3%	4,263.0	-127.0	-3.0%
CMS Energy	2,471.0	-26.0	-1.1%	599.0	1.0	0.2%	580.0	2.0	0.3%	1,292.0	-29.0	-2.2%
Boeing	20,473.0	-202.1	-1.0%	5,635.8	619.8	11.0%	5,105.0	-641.0	-12.6%	9,732.2	-180.8	-1.9%
Northeast Utilities	2,819.7	-19.3	-0.7%	791.9	-37.9	-4.8%	597.7	1.9	0.3%	1,430.1	16.7	1.2%
Corning	3,438.0	-10.0	-0.3%	495.0	-4.0	-0.8%	966.0	-2.0	-0.2%	1,977.0	-4.0	-0.2%
Paccar	1,710.5	-1.5	-0.1%	755.9	122.6	16.2%	587.3	-3.5	-0.6%	367.4	-120.5	-32.8%
MetroPCS Communications	1,955.6	-1.0	-0.1%	611.0	—	—	475.9	—	—	868.6	-1.0	-0.1%
Cablevision Systems	1,508.2	3.8	0.3%	43.4	-5.6	-12.9%	400.8	-1.6	-0.4%	1,064.0	11.0	1.0%
Xcel Energy	5,805.3	44.1	0.8%	1,323.9	7.9	0.6%	1,299.7	3.4	0.3%	3,181.7	32.8	1.0%
Oneok	2,695.0	35.7	1.3%	570.0	-16.1	-2.8%	582.7	-32.3	-5.5%	1,542.3	84.1	5.5%
Mattel	1,957.2	26.8	1.4%	465.6	40.0	8.6%	471.9	-4.1	-0.9%	1,019.7	-9.2	-0.9%
Progress Energy	4,918.5	84.0	1.7%	261.5	-44.0	-16.8%	881.0	-91.0	-10.3%	3,776.0	219.0	5.8%
Reinsurance Group of America	2,038.9	45.9	2.3%	644.2	52.0	8.1%	453.3	-6.5	-1.4%	941.4	0.5	0.1%
Sempra Energy	4,040.7	95.0	2.4%	404.0	-36.0	-8.9%	978.0	75.0	7.7%	2,658.7	56.0	2.1%
Facebook	3,870.9	91.9	2.4%	1,062.0	-429.0	-40.4%	1,819.0	291.0	16.0%	989.9	229.9	23.2%
Ameren	4,492.0	109.0	2.4%	921.0	31.0	3.4%	834.0	-27.0	-3.2%	2,737.0	105.0	3.8%



## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (by 5-year tax rate)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
International Paper	2,830.0	74.0	2.6%	467.0	14.0	3.0%	893.0	−78.0	−8.7%	1,470.0	138.0	9.4%
Devon Energy	13,748.6	379.6	2.8%	1,601.9	55.9	3.5%	3,459.2	−153.8	−4.4%	8,687.5	477.5	5.5%
PPL	4,841.0	145.0	3.0%	996.0	—	—	1,735.0	54.0	3.1%	2,110.0	91.0	4.3%
Omnicare	1,137.5	39.3	3.5%	296.3	3.2	1.1%	259.2	29.8	11.5%	582.0	6.3	1.1%
Baxter International	1,688.9	59.9	3.5%	333.0	102.1	30.7%	389.1	57.6	14.8%	966.7	−99.9	−10.3%
Time Warner Cable	11,890.6	463.6	3.9%	3,226.0	428.0	13.3%	2,380.3	29.3	1.2%	6,284.3	6.3	0.1%
EOG Resources	9,527.2	372.7	3.9%	2,148.1	187.2	8.7%	2,558.1	94.2	3.7%	4,821.0	91.3	1.9%
PNC Financial Services Group	17,205.6	678.6	3.9%	3,648.0	343.0	9.4%	3,562.0	191.0	5.4%	9,995.6	144.6	1.4%
FedEx	9,380.7	395.1	4.2%	2,428.0	493.0	20.3%	2,706.1	−134.9	−5.0%	4,246.6	37.0	0.9%
DTE Energy	4,367.0	198.0	4.5%	911.0	190.0	20.9%	965.0	25.0	2.6%	2,491.0	−17.0	−0.7%
Chesapeake Energy	13,610.4	661.4	4.9%	2,223.8	103.8	4.7%	2,750.6	−98.4	−3.6%	8,635.9	655.9	7.6%
AECOM Technology	645.7	33.5	5.2%	89.9	28.3	31.4%	146.5	−50.2	−34.2%	409.3	55.4	13.5%
International Business Machines	45,294.0	2,630.0	5.8%	9,534.0	1,361.0	14.3%	9,287.0	268.0	2.9%	26,473.0	1,001.0	3.8%
Peabody Energy	2,843.6	168.6	5.9%	1,038.3	100.8	9.7%	804.9	89.1	11.1%	1,000.4	−21.3	−2.1%
AT&T	67,292.7	4,352.4	6.5%	8,708.2	451.0	5.2%	5,714.3	−421.7	−7.4%	52,870.2	4,323.1	8.2%
Entergy	8,351.9	568.4	6.8%	1,295.7	−47.9	−3.7%	1,500.4	452.7	30.2%	5,555.8	163.6	2.9%
State Street Corp.	6,702.0	457.0	6.8%	1,601.0	153.0	9.6%	1,252.0	49.0	3.9%	3,849.0	255.0	6.6%
Frontier Communications	1,172.5	80.9	6.9%	213.3	−3.8	−1.8%	223.7	−13.3	−6.0%	735.5	98.0	13.3%
Susser Holdings	181.1	12.5	6.9%	78.1	12.7	16.2%	71.3	−0.4	−0.5%	31.8	0.2	0.7%
Principal Financial	3,819.2	269.1	7.0%	895.9	−137.0	−15.3%	873.9	115.4	13.2%	2,049.4	290.7	14.2%
SPX	637.2	45.7	7.2%	11.6	−9.4	−81.1%	55.6	15.6	28.0%	570.0	39.5	6.9%
Southwest Airlines	2,142.0	156.0	7.3%	673.0	−45.0	−6.7%	310.0	4.0	1.3%	1,159.0	197.0	17.0%
CBS	6,828.7	506.7	7.4%	2,177.8	221.8	10.2%	1,835.5	130.5	7.1%	2,815.4	154.4	5.5%
MDU Resources	1,959.5	147.6	7.5%	343.8	−26.9	−7.8%	332.9	−8.2	−2.5%	1,282.8	182.7	14.2%
Honeywell International	6,976.0	526.0	7.5%	1,760.7	423.7	24.1%	312.3	136.3	43.6%	4,903.1	−33.9	−0.7%
Sonic Automotive	381.9	31.4	8.2%	140.1	23.0	16.4%	118.5	12.5	10.6%	123.2	−4.1	−3.3%
Scana	2,726.0	227.0	8.3%	592.0	103.0	17.4%	545.0	52.0	9.5%	1,589.0	72.0	4.5%
Loews	7,633.2	656.2	8.6%	1,387.0	183.0	13.2%	1,307.0	127.0	9.7%	4,939.2	346.2	7.0%
Amazon.com	3,367.4	314.4	9.3%	882.0	133.0	15.1%	647.2	30.2	4.7%	1,838.2	151.2	8.2%
Air Products & Chemicals	2,413.2	229.8	9.5%	514.4	17.5	3.4%	613.6	−24.7	−4.0%	1,285.2	237.0	18.4%
Allegheny Technologies	1,405.3	134.0	9.5%	179.3	85.3	47.6%	272.4	44.8	16.4%	953.6	3.9	0.4%
Rock-Tenn	1,186.6	116.8	9.8%	368.9	−12.8	−3.5%	163.2	−0.4	−0.2%	654.5	130.0	19.9%
Occidental Petroleum	19,620.1	1,987.1	10.1%	3,841.4	−407.6	−10.6%	4,720.4	308.5	6.5%	11,058.3	2,086.3	18.9%
Windstream	2,234.2	237.9	10.6%	255.7	7.4	2.9%	250.1	−97.8	−39.1%	1,728.4	328.3	19.0%
Southern	15,441.0	1,675.0	10.8%	3,688.0	177.0	4.8%	3,479.0	57.0	1.6%	8,274.0	1,441.0	17.4%

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (by 5-year tax rate)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
United Technologies	13,738.5	1,497.5	10.9%	2,595.0	345.0	13.3%	3,208.0	361.0	11.3%	7,935.4	791.4	10.0%
R.R. Donnelley & Sons	1,313.7	143.3	10.9%	173.9	8.3	4.8%	130.6	−10.3	−7.9%	1,009.2	145.4	14.4%
Williams	4,868.7	542.0	11.1%	874.2	91.0	10.4%	738.3	181.0	24.5%	3,256.2	270.0	8.3%
Health Management Associates	1,508.0	168.7	11.2%	345.1	80.1	23.2%	386.9	40.1	10.4%	776.0	48.4	6.2%
Spectra Energy	4,314.0	486.0	11.3%	800.0	102.0	12.8%	942.0	4.0	0.4%	2,572.0	380.0	14.8%
Celanese	1,326.3	152.3	11.5%	407.2	27.2	6.7%	294.6	8.6	2.9%	624.5	116.5	18.7%
Exelon	17,970.3	2,078.3	11.6%	1,823.3	35.3	1.9%	3,955.2	0.2	0.0%	12,191.8	2,042.7	16.8%
Casey's General Stores	812.4	96.9	11.9%	171.0	21.9	12.8%	181.4	9.0	4.9%	460.0	66.0	14.3%
Levi Strauss	630.6	75.9	12.0%	117.4	15.3	13.1%	114.3	20.0	17.5%	398.9	40.5	10.2%
Wells Fargo	94,669.1	11,559.9	12.2%	25,511.0	8,954.1	35.1%	19,788.1	3,286.7	16.6%	49,370.0	−680.8	−1.4%
DuPont	3,631.0	446.0	12.3%	636.0	121.0	19.0%	871.0	397.0	45.6%	2,124.0	−72.0	−3.4%
CSX	12,171.0	1,528.0	12.6%	2,904.4	416.4	14.3%	2,790.1	324.1	11.6%	6,476.6	787.6	12.2%
Group 1 Automotive	469.9	59.6	12.7%	149.9	35.7	23.8%	125.5	18.9	15.1%	194.5	5.0	2.5%
Coca-Cola	18,241.7	2,338.7	12.8%	3,476.9	482.9	13.9%	2,957.7	220.7	7.5%	11,807.1	1,635.1	13.8%
Community Health Systems	1,926.2	250.0	13.0%	414.3	90.8	21.9%	391.2	18.6	4.8%	1,120.7	140.6	12.5%
H.J. Heinz	2,253.2	297.1	13.2%	365.4	118.4	32.4%	301.5	104.1	34.5%	1,586.3	74.7	4.7%
CenturyLink	5,107.8	678.1	13.3%	1,220.0	57.0	4.7%	992.0	−49.0	−4.9%	2,895.8	670.1	23.1%
DISH Network	7,959.1	1,066.4	13.4%	973.5	−35.8	−3.7%	2,411.1	235.4	9.8%	4,574.6	866.9	19.0%
Flowserve	926.0	125.9	13.6%	219.2	64.2	29.3%	242.1	37.9	15.7%	464.7	23.8	5.1%
Qualcomm	10,605.8	1,453.8	13.7%	3,553.1	1.1	0.0%	2,958.7	27.7	0.9%	4,094.0	1,425.0	34.8%
Yum Brands	1,819.1	252.1	13.9%	486.0	79.0	16.2%	266.0	21.0	7.9%	1,067.1	152.2	14.3%
Kimberly-Clark	7,092.2	983.2	13.9%	1,393.7	140.7	10.1%	1,287.6	30.6	2.4%	4,411.0	812.0	18.4%
Exxon Mobil	41,371.9	5,806.9	14.0%	10,650.8	1,643.8	15.4%	11,065.9	1,379.9	12.5%	19,655.2	2,783.2	14.2%
Cliffs Natural Resources	3,487.8	508.5	14.6%	833.2	60.6	7.3%	1,367.9	243.1	17.8%	1,286.7	204.8	15.9%
Rockwell Automation	1,519.1	224.0	14.7%	469.6	55.9	11.9%	366.3	12.9	3.5%	683.2	155.2	22.7%
Mosaic	5,620.8	829.8	14.8%	1,115.6	138.8	12.4%	1,351.7	314.5	23.3%	3,153.5	376.5	11.9%
Eli Lilly	10,036.8	1,482.5	14.8%	2,483.5	596.8	24.0%	2,487.0	671.4	27.0%	5,066.3	214.3	4.2%
McKesson	6,040.0	901.0	14.9%	1,153.0	−85.0	−7.4%	1,387.0	271.0	19.5%	3,500.0	715.0	20.4%
Murphy Oil	1,579.0	236.0	14.9%	205.7	−183.2	−89.1%	411.2	95.4	23.2%	962.1	323.7	33.6%
UGI	1,415.6	212.8	15.0%	229.2	−14.8	−6.5%	299.7	15.5	5.2%	886.7	212.1	23.9%
Ecolab	2,298.7	349.4	15.2%	586.3	82.7	14.1%	421.5	72.7	17.2%	1,290.9	194.0	15.0%
Omnicom Group	2,856.4	445.7	15.6%	596.4	92.8	15.6%	517.1	133.5	25.8%	1,742.9	219.4	12.6%
Praxair	3,346.7	525.7	15.7%	870.4	−35.6	−4.1%	741.2	229.2	30.9%	1,735.1	332.1	19.1%
Travelers Cos.	16,405.1	2,589.6	15.8%	3,000.0	371.0	12.4%	1,230.0	−190.9	−15.5%	12,175.1	2,409.5	19.8%
Insight Enterprises	309.7	49.1	15.8%	97.9	23.7	24.2%	86.6	16.9	19.5%	125.2	8.4	6.7%

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (by 5-year tax rate)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Raytheon	13,099.0	2,109.7	16.1%	2,630.0	742.2	28.2%	2,604.0	359.4	13.8%	7,865.0	1,008.1	12.8%
Airgas	2,095.4	339.8	16.2%	512.5	115.7	22.6%	473.0	80.2	16.9%	1,109.9	144.0	13.0%
Darden Restaurants	2,777.4	454.4	16.4%	500.2	84.3	16.9%	610.2	93.9	15.4%	1,666.9	276.1	16.6%
BB&T Corp.	10,292.0	1,697.0	16.5%	2,480.0	252.0	10.2%	1,124.0	83.0	7.4%	6,688.0	1,362.0	20.4%
Fifth Third Bancorp	4,804.0	807.0	16.8%	1,771.0	327.0	18.5%	1,068.0	82.0	7.7%	1,965.0	398.0	20.3%
Consol Energy	2,987.1	505.8	16.9%	399.8	68.4	17.1%	749.5	167.1	22.3%	1,837.7	270.3	14.7%
Public Service Enterprise Group	10,995.4	1,873.4	17.0%	2,013.0	−204.0	−10.1%	2,352.2	257.2	10.9%	6,630.2	1,820.2	27.5%
Eastman Chemical	2,510.0	429.0	17.1%	637.0	123.0	19.3%	800.0	165.0	20.6%	1,073.0	141.0	13.1%
Wesco International	1,153.5	197.8	17.1%	251.7	41.7	16.6%	256.1	55.9	21.8%	645.7	100.1	15.5%
Joy Global	2,347.9	403.5	17.2%	711.4	141.7	19.9%	527.1	81.6	15.5%	1,109.4	180.1	16.2%
Phillips-Van Heusen	784.3	135.0	17.2%	226.9	21.0	9.2%	188.8	27.0	14.3%	368.6	87.1	23.6%
Union Pacific	22,172.6	3,826.6	17.3%	6,182.3	1,252.3	20.3%	5,154.4	793.4	15.4%	10,835.9	1,780.9	16.4%
Merck	20,302.6	3,509.0	17.3%	4,728.0	1,252.0	26.5%	2,660.2	859.0	32.3%	12,914.4	1,398.0	10.8%
American Express	21,340.0	3,733.2	17.5%	5,367.4	944.8	17.6%	5,652.8	908.4	16.1%	10,319.8	1,880.0	18.2%
Twenty-First Century Fox	21,289.5	3,738.0	17.6%	7,894.6	1,024.0	13.0%	5,238.0	968.0	18.5%	8,156.9	1,746.0	21.4%
NYSE Euronext	652.0	117.0	17.9%	136.0	−14.0	−10.3%	139.0	71.0	51.1%	377.0	60.0	15.9%
Dominion Resources	12,175.5	2,188.6	18.0%	391.7	−125.3	−32.0%	2,153.0	−13.0	−0.6%	9,630.8	2,326.9	24.2%
Norfolk Southern	12,169.5	2,214.5	18.2%	2,691.3	534.3	19.9%	2,882.8	394.8	13.7%	6,595.5	1,285.5	19.5%
Rockwell Collins	3,992.1	727.1	18.2%	791.6	110.6	14.0%	776.2	122.2	15.7%	2,424.3	494.4	20.4%
Time Warner	17,148.0	3,126.1	18.2%	4,326.6	1,126.4	26.0%	4,211.1	903.8	21.5%	8,610.3	1,095.9	12.7%
Lockheed Martin	20,922.0	3,839.6	18.4%	4,199.0	387.0	9.2%	3,628.0	912.0	25.1%	13,095.0	2,540.6	19.4%
ConAgra Foods	4,540.2	855.6	18.8%	1,045.3	166.7	15.9%	470.4	156.7	33.3%	3,024.5	532.2	17.6%
FMC Technologies	453.2	86.9	19.2%	125.5	17.3	13.8%	130.9	19.5	14.9%	196.8	50.1	25.5%
Core-Mark Holding	224.6	43.3	19.3%	50.2	15.3	30.5%	42.2	12.3	29.2%	132.2	15.7	11.9%
J.B. Hunt Transport Services	1,745.7	338.4	19.4%	487.0	135.5	27.8%	410.3	20.0	4.9%	848.4	182.9	21.6%
Ball	1,403.3	272.6	19.4%	284.5	37.1	13.0%	299.6	56.7	18.9%	819.3	178.9	21.8%
Monsanto	8,351.0	1,647.6	19.7%	1,907.1	259.7	13.6%	1,503.0	300.2	20.0%	4,940.9	1,087.7	22.0%
Sherwin-Williams	3,544.9	699.5	19.7%	879.7	121.1	13.8%	713.3	196.8	27.6%	1,951.9	381.6	19.6%
Ingram Micro	467.9	92.6	19.8%	154.7	8.5	5.5%	126.0	26.6	21.1%	187.2	57.5	30.7%
Fluor	2,252.0	448.0	19.9%	288.4	−136.9	−47.5%	321.1	107.3	33.4%	1,642.4	477.6	29.1%
Cameron International	2,240.9	446.6	19.9%	738.4	114.2	15.5%	586.6	39.2	6.7%	915.9	293.2	32.0%
Parker Hannifin	2,800.5	558.3	19.9%	645.5	112.7	17.5%	782.4	242.7	31.0%	1,372.5	202.9	14.8%
Ruddick	764.1	153.8	20.1%	142.4	36.2	25.4%	168.4	37.3	22.1%	453.4	80.3	17.7%
Campbell Soup	4,699.3	956.3	20.3%	894.4	206.4	23.1%	918.9	205.9	22.4%	2,886.0	544.0	18.9%
General Mills	9,508.3	1,943.1	20.4%	1,964.3	408.2	20.8%	1,823.4	346.9	19.0%	5,720.6	1,188.0	20.8%

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (by 5-year tax rate)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Newmont Mining	3,505.0	721.5	20.6%	1,036.0	210.0	20.3%	878.0	281.4	32.0%	1,591.0	230.2	14.5%
Andersons	466.7	97.7	20.9%	115.9	23.7	20.4%	140.9	38.8	27.5%	209.9	35.2	16.8%
ConocoPhillips	33,917.0	7,112.0	21.0%	4,034.0	63.0	1.6%	10,804.0	1,917.0	17.7%	19,079.0	5,132.0	26.9%
Kellogg	5,678.1	1,197.1	21.1%	975.0	378.0	38.8%	1,242.9	275.9	22.2%	3,460.2	543.2	15.7%
L-3 Communications	5,517.5	1,168.5	21.2%	906.5	194.5	21.5%	1,025.3	141.3	13.8%	3,585.6	832.6	23.2%
Cigna	7,675.8	1,627.2	21.2%	2,153.4	591.6	27.5%	1,687.5	311.7	18.5%	3,834.9	723.9	18.9%
W.R. Berkley	2,224.3	478.9	21.5%	625.2	157.5	25.2%	465.4	56.8	12.2%	1,133.7	264.6	23.3%
Universal American	740.2	159.5	21.5%	90.6	19.2	21.2%	11.7	-26.3	-224.4%	637.8	166.6	26.1%
Domtar	1,296.5	279.4	21.5%	114.5	66.5	58.1%	212.3	85.3	40.2%	969.7	127.6	13.2%
URS	1,634.1	357.2	21.9%	405.8	152.2	37.5%	274.9	77.6	28.2%	953.5	127.4	13.4%
Kindred Healthcare	428.3	93.7	21.9%	104.5	42.4	40.6%	43.9	-5.9	-13.4%	279.8	57.2	20.4%
Chevron	34,985.1	7,759.1	22.2%	7,821.0	1,622.0	20.7%	9,646.9	1,792.9	18.6%	17,517.3	4,344.3	24.8%
3M	12,589.9	2,813.1	22.3%	2,837.7	691.7	24.4%	2,468.8	387.2	15.7%	7,283.4	1,734.2	23.8%
Halliburton	11,775.0	2,652.0	22.5%	2,779.0	695.0	25.0%	3,931.0	1,026.0	26.1%	5,065.0	931.0	18.4%
DirecTV	12,360.7	2,787.7	22.6%	3,334.2	955.2	28.6%	2,941.3	610.3	20.8%	6,085.2	1,222.1	20.1%
Dover	2,522.4	570.3	22.6%	705.0	201.0	28.5%	596.0	152.7	25.6%	1,221.3	216.6	17.7%
MasterCard	7,097.8	1,610.0	22.7%	2,468.1	485.1	19.7%	1,854.1	609.1	32.9%	2,775.6	515.8	18.6%
PepsiCo	18,220.7	4,134.9	22.7%	2,985.3	808.5	27.1%	3,940.1	553.1	14.0%	11,295.3	2,773.3	24.6%
Kroger	8,300.0	1,887.3	22.7%	2,256.0	563.0	25.0%	801.8	146.0	18.2%	5,242.3	1,178.3	22.5%
Goldman Sachs Group	33,526.5	7,640.7	22.8%	6,244.7	2,905.5	46.5%	4,954.8	108.9	2.2%	22,327.0	4,626.3	20.7%
HCA Holdings	10,480.0	2,394.0	22.8%	2,988.7	604.0	20.2%	3,195.2	-119.0	-3.7%	4,296.0	1,909.0	44.4%
Procter & Gamble	41,046.3	9,380.0	22.9%	8,182.8	1,885.0	23.0%	7,893.5	1,913.0	24.2%	24,970.0	5,582.0	22.4%
Nash-Finch	295.5	68.0	23.0%	43.6	11.1	25.4%	56.9	11.9	21.0%	195.0	44.9	23.0%
Macy's	6,209.4	1,437.4	23.1%	2,038.2	667.2	32.7%	1,928.5	502.5	26.1%	2,242.7	267.7	11.9%
Pitney Bowes	2,281.0	530.7	23.3%	434.0	174.7	40.3%	386.4	-87.7	-22.7%	1,460.6	443.7	30.4%
Danaher	4,829.6	1,127.8	23.4%	1,302.2	290.5	22.3%	1,179.0	-6.3	-0.5%	2,348.3	843.6	35.9%
Becton Dickinson	4,042.7	949.3	23.5%	597.6	152.0	25.4%	891.2	159.2	17.9%	2,553.8	638.0	25.0%
AutoNation	1,959.2	466.6	23.8%	493.5	138.1	28.0%	443.9	105.1	23.7%	1,021.7	223.3	21.9%
Comcast	30,754.3	7,374.3	24.0%	9,349.8	2,893.2	30.9%	6,649.2	1,442.0	21.7%	14,755.3	3,039.2	20.6%
AmerisourceBergen	4,757.4	1,140.9	24.0%	1,165.1	335.6	28.8%	1,102.0	165.6	15.0%	2,490.4	639.7	25.7%
Northrop Grumman	13,029.0	3,125.0	24.0%	2,905.0	867.0	29.8%	2,998.0	575.0	19.2%	7,126.0	1,683.0	23.6%
Arrow Electronics	1,682.8	404.0	24.0%	420.3	130.1	31.0%	387.5	107.4	27.7%	875.1	166.5	19.0%
Thermo Fisher Scientific	3,669.7	886.6	24.2%	895.6	145.0	16.2%	793.9	135.9	17.1%	1,980.1	605.6	30.6%
U.S. Bancorp	26,712.0	6,462.0	24.2%	7,334.0	1,853.0	25.3%	6,027.0	907.0	15.0%	13,351.0	3,702.0	27.7%
Precision Castparts	7,142.0	1,728.3	24.2%	1,779.5	420.7	23.6%	1,539.1	408.1	26.5%	3,823.3	899.4	23.5%

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (by 5-year tax rate)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Capital One Financial	13,619.7	3,317.2	24.4%	5,373.9	1,401.0	26.1%	3,292.7	721.0	21.9%	4,953.2	1,195.2	24.1%
DaVita	3,528.5	860.4	24.4%	853.9	211.8	24.8%	780.5	200.7	25.7%	1,894.0	447.9	23.6%
Waste Management	6,846.7	1,672.8	24.4%	1,104.9	258.9	23.4%	1,357.4	233.4	17.2%	4,384.5	1,180.5	26.9%
Viacom	10,421.7	2,591.7	24.9%	2,873.4	841.4	29.3%	2,698.2	442.2	16.4%	4,850.0	1,308.0	27.0%
J.P. Morgan Chase & Co.	59,537.9	14,952.2	25.1%	18,587.6	3,014.1	16.2%	11,263.4	3,002.0	26.7%	29,686.9	8,936.0	30.1%
Quanta Services	1,218.3	310.8	25.5%	364.7	109.0	29.9%	181.2	43.3	23.9%	672.4	158.5	23.6%
VF	2,852.0	730.3	25.6%	646.9	192.2	29.7%	553.9	166.0	30.0%	1,651.2	372.0	22.5%
Starbucks	5,191.2	1,331.7	25.7%	1,629.1	325.6	20.0%	1,480.2	258.8	17.5%	2,082.0	747.4	35.9%
Reliance Steel & Aluminum	2,124.2	545.2	25.7%	525.0	159.4	30.4%	429.8	153.3	35.7%	1,169.3	232.4	19.9%
Polo Ralph Lauren	2,516.9	649.8	25.8%	637.2	155.0	24.3%	574.4	170.2	29.6%	1,305.3	324.6	24.9%
O'Reilly Automotive	3,144.3	822.2	26.1%	912.2	279.7	30.7%	794.2	209.4	26.4%	1,437.9	333.1	23.2%
Archer Daniels Midland	6,380.0	1,691.0	26.5%	602.0	92.0	15.3%	1,014.0	300.0	29.6%	4,764.0	1,299.0	27.3%
Advance Auto Parts	2,528.7	671.4	26.6%	592.6	166.5	28.1%	608.8	154.0	25.3%	1,327.3	350.9	26.4%
H&R Block	3,217.6	861.1	26.8%	610.8	219.1	35.9%	467.4	126.7	27.1%	2,139.4	515.3	24.1%
Genuine Parts	4,404.0	1,187.9	27.0%	980.6	279.0	28.5%	1,132.8	255.8	22.6%	2,290.6	653.1	28.5%
Walt Disney	31,015.0	8,387.5	27.0%	7,530.1	1,874.1	24.9%	6,739.2	1,748.5	25.9%	16,745.6	4,765.0	28.5%
Alliant Techsystems	2,042.5	552.4	27.0%	384.4	128.8	33.5%	396.0	128.6	32.5%	1,262.1	294.9	23.4%
Intel	47,848.2	12,944.2	27.1%	10,014.6	2,421.6	24.2%	14,561.4	3,181.4	21.8%	23,272.2	7,341.2	31.5%
Target	20,381.0	5,537.0	27.2%	4,474.0	1,471.0	32.9%	4,382.0	1,069.0	24.4%	11,525.0	2,997.0	26.0%
Health Net	779.5	211.8	27.2%	33.9	–8.4	–24.9%	164.5	82.7	50.3%	581.1	137.5	23.7%
Dick's Sporting Goods	1,547.6	421.6	27.2%	473.6	120.5	25.4%	412.5	102.7	24.9%	661.5	198.4	30.0%
Oracle	26,017.3	7,087.3	27.2%	6,401.7	1,520.7	23.8%	6,043.8	1,530.8	25.3%	13,571.8	4,035.8	29.7%
United Parcel Service	22,753.7	6,258.1	27.5%	5,120.8	1,898.5	37.1%	5,189.0	1,366.0	26.3%	12,443.9	2,993.6	24.1%
Dollar General	4,268.1	1,182.5	27.7%	1,429.7	384.8	26.9%	1,168.9	357.9	30.6%	1,669.4	439.8	26.3%
Harley-Davidson	3,278.6	916.7	28.0%	933.2	180.2	19.3%	777.5	130.0	16.7%	1,567.9	606.5	38.7%
Limited Brands	4,709.0	1,330.9	28.3%	1,233.1	336.1	27.3%	1,226.3	317.2	25.9%	2,249.6	677.6	30.1%
CVR Energy	1,520.2	432.2	28.4%	578.8	237.3	41.0%	547.7	139.4	25.5%	393.6	55.4	14.1%
Unum Group	4,243.8	1,210.6	28.5%	1,144.1	164.4	14.4%	371.9	218.4	58.7%	2,727.8	827.8	30.3%
Clorox	3,168.7	905.0	28.6%	709.9	237.9	33.5%	644.7	191.7	29.7%	1,814.1	475.3	26.2%
Cardinal Health	6,014.7	1,721.8	28.6%	1,418.0	387.0	27.3%	1,487.0	354.0	23.8%	3,109.7	980.8	31.5%
TJX	8,683.1	2,490.1	28.7%	2,366.3	790.5	33.4%	1,973.8	516.7	26.2%	4,343.1	1,183.0	27.2%
Bemis	939.9	269.9	28.7%	224.3	59.8	26.7%	188.0	48.2	25.6%	527.6	161.9	30.7%
Big Lots	1,500.9	431.1	28.7%	282.4	84.6	30.0%	325.6	105.2	32.3%	892.9	241.3	27.0%
Aetna	12,108.8	3,505.9	29.0%	2,505.7	689.9	27.5%	2,983.5	904.0	30.3%	6,619.7	1,912.1	28.9%
Staples	4,346.4	1,258.7	29.0%	983.9	240.1	24.4%	950.4	251.6	26.5%	2,412.1	767.0	31.8%

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (by 5-year tax rate)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
General Dynamics	14,707.7	4,271.5	29.0%	2,331.2	868.0	37.2%	3,229.2	931.2	28.8%	9,147.3	2,472.3	27.0%
Wal-Mart Stores	87,187.0	25,376.0	29.1%	18,730.0	5,611.0	30.0%	17,942.0	4,596.0	25.6%	50,515.0	15,169.0	30.0%
HollyFrontier	4,487.7	1,307.2	29.1%	2,624.0	778.1	29.7%	1,514.4	498.0	32.9%	349.3	31.1	8.9%
Reynolds American	10,123.3	2,950.0	29.1%	2,095.3	614.7	29.3%	2,064.9	571.2	27.7%	5,963.0	1,764.0	29.6%
PPG Industries	2,500.3	730.0	29.2%	633.8	332.0	52.4%	586.2	193.0	32.9%	1,280.3	205.0	16.0%
Owens & Minor	874.0	256.1	29.3%	182.7	61.8	33.8%	180.9	49.0	27.1%	510.5	145.3	28.5%
AutoZone	5,834.8	1,712.5	29.4%	1,416.5	397.5	28.1%	1,290.8	362.2	28.1%	3,127.5	952.8	30.5%
SAIC	3,035.0	896.8	29.5%	135.0	39.0	28.9%	683.0	222.0	32.5%	2,217.0	635.8	28.7%
Costco Wholesale	7,350.0	2,177.0	29.6%	1,720.1	538.1	31.3%	1,455.8	371.8	25.5%	4,174.2	1,267.2	30.4%
McGraw-Hill	4,500.4	1,333.1	29.6%	808.3	159.3	19.7%	947.3	332.3	35.1%	2,744.8	841.6	30.7%
Hormel Foods	2,916.9	867.6	29.7%	710.4	209.3	29.5%	679.2	189.5	27.9%	1,527.3	468.8	30.7%
Publix Super Markets	9,644.9	2,875.4	29.8%	2,214.0	654.7	29.6%	2,180.1	592.3	27.2%	5,250.8	1,628.4	31.0%
Deere	10,582.2	3,158.4	29.8%	3,486.3	1,252.1	35.9%	2,486.1	870.0	35.0%	4,609.7	1,036.3	22.5%
Safeway	3,234.9	966.4	29.9%	450.7	178.9	39.7%	452.6	221.7	49.0%	2,331.6	565.8	24.3%
Anixter International	745.7	222.9	29.9%	152.9	54.4	35.6%	197.6	53.5	27.1%	395.1	115.0	29.1%
Nike	4,445.8	1,330.7	29.9%	1,183.5	374.5	31.6%	760.9	178.9	23.5%	2,501.4	777.3	31.1%
Automatic Data Processing	8,671.5	2,632.2	30.4%	1,741.5	539.2	31.0%	1,821.8	535.7	29.4%	5,108.2	1,557.3	30.5%
Laboratory Corp. of America	4,001.3	1,214.6	30.4%	875.3	247.3	28.3%	781.5	261.1	33.4%	2,344.5	706.2	30.1%
W.W. Grainger	3,928.6	1,194.8	30.4%	951.7	277.0	29.1%	877.7	232.4	26.5%	2,099.2	685.4	32.7%
Washington Post	1,364.5	416.2	30.5%	182.9	98.8	54.0%	195.5	40.9	20.9%	986.0	276.5	28.0%
Whole Foods Market	1,918.6	589.7	30.7%	688.9	192.0	27.9%	496.5	126.0	25.4%	733.3	271.7	37.0%
Tutor Perini	716.5	220.3	30.7%	47.1	19.6	41.6%	127.2	30.8	24.3%	542.3	169.9	31.3%
Illinois Tool Works	6,605.6	2,034.8	30.8%	2,402.8	552.8	23.0%	1,388.6	508.0	36.6%	2,814.3	974.0	34.6%
Henry Schein	1,636.4	506.3	30.9%	424.5	106.9	25.2%	351.7	117.9	33.5%	860.2	281.5	32.7%
Telephone & Data Systems	1,541.7	478.3	31.0%	149.8	12.3	8.2%	308.4	−94.1	−30.5%	1,083.5	560.0	51.7%
Universal Health Services	2,515.9	781.5	31.1%	700.6	254.0	36.3%	626.3	165.4	26.4%	1,189.0	362.1	30.5%
Family Dollar Stores	2,543.0	791.7	31.1%	625.1	218.0	34.9%	591.8	152.0	25.7%	1,326.0	421.7	31.8%
Walgreen	17,056.0	5,328.0	31.2%	3,256.0	890.0	27.3%	4,147.0	1,301.0	31.4%	9,653.0	3,137.0	32.5%
United Natural Foods	516.8	161.5	31.3%	133.7	52.8	39.5%	111.7	23.7	21.2%	271.4	85.1	31.3%
Fiserv	3,499.3	1,095.3	31.3%	817.0	253.0	31.0%	679.0	201.0	29.6%	2,003.3	641.3	32.0%
Emcor Group	1,067.8	334.5	31.3%	219.8	64.2	29.2%	180.8	51.0	28.2%	667.1	219.3	32.9%
Charles Schwab	6,935.6	2,172.5	31.3%	1,422.0	489.0	34.4%	1,340.0	424.0	31.6%	4,173.6	1,259.5	30.2%
United Stationers	822.9	258.7	31.4%	171.1	65.3	38.2%	164.9	34.6	21.0%	486.9	158.8	32.6%
Synnex	662.3	208.5	31.5%	177.6	54.0	30.4%	174.4	46.3	26.6%	310.3	108.2	34.9%
Hershey	3,819.3	1,208.6	31.6%	949.8	271.1	28.5%	874.7	243.2	27.8%	1,994.8	694.4	34.8%



## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (by 5-year tax rate)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
CA	3,685.6	1,166.5	31.7%	886.0	274.0	30.9%	793.5	272.5	34.3%	2,006.0	620.0	30.9%
Emerson Electric	7,906.1	2,510.0	31.7%	1,924.4	750.0	39.0%	1,861.8	503.0	27.0%	4,120.0	1,257.0	30.5%
Graybar Electric	494.4	157.0	31.8%	126.5	38.6	30.6%	115.4	41.1	35.6%	252.5	77.3	30.6%
Harris	3,628.5	1,156.5	31.9%	636.7	189.4	29.7%	799.2	240.2	30.1%	2,192.6	726.9	33.2%
Dollar Tree	3,099.0	992.1	32.0%	938.2	306.9	32.7%	741.3	229.0	30.9%	1,419.5	456.2	32.1%
Tech Data	551.8	176.8	32.0%	107.0	20.8	19.5%	131.9	63.9	48.4%	312.9	92.1	29.4%
Kohl's	7,922.0	2,540.0	32.1%	1,501.7	586.7	39.1%	1,799.3	495.3	27.5%	4,621.0	1,458.0	31.6%
Texas Instruments	8,978.1	2,885.1	32.1%	321.0	−81.0	−25.2%	1,788.4	666.4	37.3%	6,868.7	2,299.7	33.5%
Cognizant Technology Solutions	1,155.2	375.5	32.5%	353.3	188.8	53.4%	319.6	56.7	17.8%	482.3	129.9	26.9%
American Financial Group	2,832.8	921.1	32.5%	450.0	146.0	32.4%	564.0	186.0	33.0%	1,818.8	589.1	32.4%
Quest Diagnostics	4,842.8	1,578.9	32.6%	954.1	328.8	34.5%	764.2	260.2	34.1%	3,124.6	989.9	31.7%
Express Scripts	8,419.0	2,749.0	32.7%	2,067.1	968.9	46.9%	1,979.9	541.8	27.4%	4,372.0	1,238.3	28.3%
CarMax	2,422.0	794.6	32.8%	675.0	212.7	31.5%	638.2	215.5	33.8%	1,108.9	366.3	33.0%
PetSmart	1,903.8	625.3	32.8%	562.3	182.7	32.5%	413.2	136.0	32.9%	928.4	306.6	33.0%
UnitedHealth Group	33,887.0	11,152.9	32.9%	8,472.0	2,638.0	31.1%	7,809.0	2,608.0	33.4%	17,606.0	5,906.9	33.6%
Home Depot	22,677.2	7,471.2	32.9%	6,389.4	1,991.4	31.2%	5,273.7	1,567.7	29.7%	11,014.2	3,912.2	35.5%
Biogen Idec	5,598.1	1,844.4	32.9%	1,371.1	462.6	33.7%	1,369.4	189.9	13.9%	2,857.5	1,191.9	41.7%
CF Industries Holdings	6,790.0	2,247.0	33.1%	2,439.7	885.5	36.3%	2,324.2	772.4	33.2%	2,026.2	589.1	29.1%
WellPoint	22,530.0	7,457.1	33.1%	3,850.3	1,033.6	26.8%	4,032.7	1,115.5	27.7%	14,647.0	5,308.0	36.2%
Centene	601.4	200.4	33.3%	24.1	6.8	28.0%	173.3	56.0	32.3%	403.9	137.7	34.1%
McDonald's	13,612.9	4,550.1	33.4%	2,714.5	1,012.2	37.3%	3,057.1	1,080.4	35.3%	7,841.4	2,457.6	31.3%
Molina Healthcare	359.8	120.3	33.4%	18.4	14.8	80.6%	121.8	27.0	22.1%	219.6	78.5	35.7%
GameStop	2,614.8	874.6	33.4%	523.3	228.5	43.7%	531.2	192.3	36.2%	1,560.3	453.7	29.1%
Discover Financial Services	11,709.1	3,940.6	33.7%	3,588.0	1,109.0	30.9%	3,381.2	931.0	27.5%	4,739.9	1,900.6	40.1%
CVS Caremark	27,318.8	9,249.8	33.9%	5,917.8	2,202.8	37.2%	5,411.6	1,789.6	33.1%	15,989.3	5,257.3	32.9%
J.M. Smucker	3,237.6	1,098.8	33.9%	771.9	259.7	33.6%	683.6	224.3	32.8%	1,782.1	614.8	34.5%
Bed Bath & Beyond	5,839.7	1,986.0	34.0%	1,579.0	518.7	32.8%	1,495.9	471.0	31.5%	2,764.7	996.4	36.0%
Nordstrom	4,393.6	1,503.6	34.2%	1,123.2	342.2	30.5%	1,059.8	340.8	32.2%	2,210.7	820.7	37.1%
C.H. Robinson Worldwide	3,092.3	1,060.4	34.3%	867.8	316.5	36.5%	629.3	206.5	32.8%	1,595.2	537.3	33.7%
Apollo Group	4,765.6	1,636.1	34.3%	693.7	211.1	30.4%	1,220.5	347.3	28.5%	2,851.4	1,077.6	37.8%
Ross Stores	4,318.7	1,491.8	34.5%	1,238.7	461.8	37.3%	1,025.6	328.5	32.0%	2,054.4	701.5	34.1%
Coventry Health Care	3,386.6	1,176.4	34.7%	768.4	190.7	24.8%	679.0	193.7	28.5%	1,939.2	792.0	40.8%
Jacobs Engineering Group	1,658.2	577.0	34.8%	264.4	107.8	40.8%	317.2	97.2	30.7%	1,076.6	372.0	34.5%
Gap	7,073.8	2,467.7	34.9%	1,641.9	588.9	35.9%	1,218.3	408.2	33.5%	4,213.6	1,470.6	34.9%
Visa	14,384.0	5,067.0	35.2%	4,838.3	1,317.3	27.2%	4,070.1	1,350.1	33.2%	5,475.6	2,399.6	43.8%

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (by 5-year tax rate)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Yahoo	6,903.3	2,459.8	35.6%	4,701.1	2,249.1	47.8%	544.3	70.9	13.0%	1,658.0	139.8	8.4%
Lowe's	14,846.3	5,338.4	36.0%	2,982.0	1,162.0	39.0%	2,782.0	891.0	32.0%	9,082.3	3,285.4	36.2%
Franklin Resources	5,897.1	2,153.8	36.5%	1,659.2	586.6	35.4%	1,494.8	564.2	37.7%	2,743.2	1,003.0	36.6%
Altria Group	26,052.0	9,651.0	37.0%	6,113.0	2,870.0	46.9%	5,293.0	2,353.0	44.5%	14,646.0	4,428.0	30.2%
Humana	8,226.3	3,050.6	37.1%	1,853.8	689.8	37.2%	2,175.6	719.6	33.1%	4,196.9	1,641.2	39.1%
Best Buy	6,782.9	2,529.1	37.3%	412.7	174.0	42.2%	1,504.5	447.0	29.7%	4,865.7	1,908.1	39.2%
Actavis	2,501.6	994.4	39.8%	715.0	317.2	44.4%	723.1	289.1	40.0%	1,063.5	388.1	36.5%
St. Jude Medical	2,444.1	1,006.8	41.2%	324.7	235.2	72.4%	524.3	173.1	33.0%	1,595.1	598.6	37.5%
<b>ALL 288 COMPANIES</b>	<b>2,332,350.0</b>	<b>452,765.6</b>	<b>19.4%</b>	<b>532,415.5</b>	<b>116,234.2</b>	<b>21.8%</b>	<b>510,547.7</b>	<b>91,395.5</b>	<b>17.9%</b>	<b>1,289,386.8</b>	<b>245,135.9</b>	<b>19.0%</b>

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (alphabetical)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
3M	12,589.9	2,813.1	22.3%	2,837.7	691.7	24.4%	2,468.8	387.2	15.7%	7,283.4	1,734.2	23.8%
Actavis	2,501.6	994.4	39.8%	715.0	317.2	44.4%	723.1	289.1	40.0%	1,063.5	388.1	36.5%
Advance Auto Parts	2,528.7	671.4	26.6%	592.6	166.5	28.1%	608.8	154.0	25.3%	1,327.3	350.9	26.4%
AECOM Technology	645.7	33.5	5.2%	89.9	28.3	31.4%	146.5	−50.2	−34.2%	409.3	55.4	13.5%
Aetna	12,108.8	3,505.9	29.0%	2,505.7	689.9	27.5%	2,983.5	904.0	30.3%	6,619.7	1,912.1	28.9%
Air Products & Chemicals	2,413.2	229.8	9.5%	514.4	17.5	3.4%	613.6	−24.7	−4.0%	1,285.2	237.0	18.4%
Airgas	2,095.4	339.8	16.2%	512.5	115.7	22.6%	473.0	80.2	16.9%	1,109.9	144.0	13.0%
Allegheny Technologies	1,405.3	134.0	9.5%	179.3	85.3	47.6%	272.4	44.8	16.4%	953.6	3.9	0.4%
Alliant Techsystems	2,042.5	552.4	27.0%	384.4	128.8	33.5%	396.0	128.6	32.5%	1,262.1	294.9	23.4%
Altria Group	26,052.0	9,651.0	37.0%	6,113.0	2,870.0	46.9%	5,293.0	2,353.0	44.5%	14,646.0	4,428.0	30.2%
Amazon.com	3,367.4	314.4	9.3%	882.0	133.0	15.1%	647.2	30.2	4.7%	1,838.2	151.2	8.2%
Ameren	4,492.0	109.0	2.4%	921.0	31.0	3.4%	834.0	−27.0	−3.2%	2,737.0	105.0	3.8%
American Electric Power	10,016.0	−577.0	−5.8%	1,787.0	−52.0	−2.9%	2,330.0	20.0	0.9%	5,899.0	−545.0	−9.2%
American Express	21,340.0	3,733.2	17.5%	5,367.4	944.8	17.6%	5,652.8	908.4	16.1%	10,319.8	1,880.0	18.2%
American Financial Group	2,832.8	921.1	32.5%	450.0	146.0	32.4%	564.0	186.0	33.0%	1,818.8	589.1	32.4%
AmerisourceBergen	4,757.4	1,140.9	24.0%	1,165.1	335.6	28.8%	1,102.0	165.6	15.0%	2,490.4	639.7	25.7%
Andersons	466.7	97.7	20.9%	115.9	23.7	20.4%	140.9	38.8	27.5%	209.9	35.2	16.8%
Anixter International	745.7	222.9	29.9%	152.9	54.4	35.6%	197.6	53.5	27.1%	395.1	115.0	29.1%
Apache	7,579.9	−183.7	−2.4%	1,605.0	−154.0	−9.6%	2,373.0	34.0	1.4%	3,601.9	−63.7	−1.8%
Apollo Group	4,765.6	1,636.1	34.3%	693.7	211.1	30.4%	1,220.5	347.3	28.5%	2,851.4	1,077.6	37.8%
Archer Daniels Midland	6,380.0	1,691.0	26.5%	602.0	92.0	15.3%	1,014.0	300.0	29.6%	4,764.0	1,299.0	27.3%
Arrow Electronics	1,682.8	404.0	24.0%	420.3	130.1	31.0%	387.5	107.4	27.7%	875.1	166.5	19.0%
AT&T	67,292.7	4,352.4	6.5%	8,708.2	451.0	5.2%	5,714.3	−421.7	−7.4%	52,870.2	4,323.1	8.2%
Atmos Energy	1,486.4	−114.2	−7.7%	283.5	0.6	0.2%	306.0	−11.2	−3.7%	896.8	−103.7	−11.6%
Automatic Data Processing	8,671.5	2,632.2	30.4%	1,741.5	539.2	31.0%	1,821.8	535.7	29.4%	5,108.2	1,557.3	30.5%
AutoNation	1,959.2	466.6	23.8%	493.5	138.1	28.0%	443.9	105.1	23.7%	1,021.7	223.3	21.9%
AutoZone	5,834.8	1,712.5	29.4%	1,416.5	397.5	28.1%	1,290.8	362.2	28.1%	3,127.5	952.8	30.5%
Ball	1,403.3	272.6	19.4%	284.5	37.1	13.0%	299.6	56.7	18.9%	819.3	178.9	21.8%
Baxter International	1,688.9	59.9	3.5%	333.0	102.1	30.7%	389.1	57.6	14.8%	966.7	−99.9	−10.3%
BB&T Corp.	10,292.0	1,697.0	16.5%	2,480.0	252.0	10.2%	1,124.0	83.0	7.4%	6,688.0	1,362.0	20.4%
Becton Dickinson	4,042.7	949.3	23.5%	597.6	152.0	25.4%	891.2	159.2	17.9%	2,553.8	638.0	25.0%
Bed Bath & Beyond	5,839.7	1,986.0	34.0%	1,579.0	518.7	32.8%	1,495.9	471.0	31.5%	2,764.7	996.4	36.0%
Bemis	939.9	269.9	28.7%	224.3	59.8	26.7%	188.0	48.2	25.6%	527.6	161.9	30.7%
Best Buy	6,782.9	2,529.1	37.3%	412.7	174.0	42.2%	1,504.5	447.0	29.7%	4,865.7	1,908.1	39.2%
Big Lots	1,500.9	431.1	28.7%	282.4	84.6	30.0%	325.6	105.2	32.3%	892.9	241.3	27.0%

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (alphabetical)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Biogen Idec	5,598.1	1,844.4	32.9%	1,371.1	462.6	33.7%	1,369.4	189.9	13.9%	2,857.5	1,191.9	41.7%
Boeing	20,473.0	-202.1	-1.0%	5,635.8	619.8	11.0%	5,105.0	-641.0	-12.6%	9,732.2	-180.8	-1.9%
C.H. Robinson Worldwide	3,092.3	1,060.4	34.3%	867.8	316.5	36.5%	629.3	206.5	32.8%	1,595.2	537.3	33.7%
CA	3,685.6	1,166.5	31.7%	886.0	274.0	30.9%	793.5	272.5	34.3%	2,006.0	620.0	30.9%
Cablevision Systems	1,508.2	3.8	0.3%	43.4	-5.6	-12.9%	400.8	-1.6	-0.4%	1,064.0	11.0	1.0%
Cameron International	2,240.9	446.6	19.9%	738.4	114.2	15.5%	586.6	39.2	6.7%	915.9	293.2	32.0%
Campbell Soup	4,699.3	956.3	20.3%	894.4	206.4	23.1%	918.9	205.9	22.4%	2,886.0	544.0	18.9%
Capital One Financial	13,619.7	3,317.2	24.4%	5,373.9	1,401.0	26.1%	3,292.7	721.0	21.9%	4,953.2	1,195.2	24.1%
Cardinal Health	6,014.7	1,721.8	28.6%	1,418.0	387.0	27.3%	1,487.0	354.0	23.8%	3,109.7	980.8	31.5%
CarMax	2,422.0	794.6	32.8%	675.0	212.7	31.5%	638.2	215.5	33.8%	1,108.9	366.3	33.0%
Casey's General Stores	812.4	96.9	11.9%	171.0	21.9	12.8%	181.4	9.0	4.9%	460.0	66.0	14.3%
CBS	6,828.7	506.7	7.4%	2,177.8	221.8	10.2%	1,835.5	130.5	7.1%	2,815.4	154.4	5.5%
Celanese	1,326.3	152.3	11.5%	407.2	27.2	6.7%	294.6	8.6	2.9%	624.5	116.5	18.7%
Centene	601.4	200.4	33.3%	24.1	6.8	28.0%	173.3	56.0	32.3%	403.9	137.7	34.1%
CenterPoint Energy	4,078.0	-347.0	-8.5%	997.0	—	—	1,150.0	-63.0	-5.5%	1,931.0	-284.0	-14.7%
CenturyLink	5,107.8	678.1	13.3%	1,220.0	57.0	4.7%	992.0	-49.0	-4.9%	2,895.8	670.1	23.1%
CF Industries Holdings	6,790.0	2,247.0	33.1%	2,439.7	885.5	36.3%	2,324.2	772.4	33.2%	2,026.2	589.1	29.1%
Charles Schwab	6,935.6	2,172.5	31.3%	1,422.0	489.0	34.4%	1,340.0	424.0	31.6%	4,173.6	1,259.5	30.2%
Chesapeake Energy	13,610.4	661.4	4.9%	2,223.8	103.8	4.7%	2,750.6	-98.4	-3.6%	8,635.9	655.9	7.6%
Chevron	34,985.1	7,759.1	22.2%	7,821.0	1,622.0	20.7%	9,646.9	1,792.9	18.6%	17,517.3	4,344.3	24.8%
Cigna	7,675.8	1,627.2	21.2%	2,153.4	591.6	27.5%	1,687.5	311.7	18.5%	3,834.9	723.9	18.9%
Cliffs Natural Resources	3,487.8	508.5	14.6%	833.2	60.6	7.3%	1,367.9	243.1	17.8%	1,286.7	204.8	15.9%
Clorox	3,168.7	905.0	28.6%	709.9	237.9	33.5%	644.7	191.7	29.7%	1,814.1	475.3	26.2%
CMS Energy	2,471.0	-26.0	-1.1%	599.0	1.0	0.2%	580.0	2.0	0.3%	1,292.0	-29.0	-2.2%
Coca-Cola	18,241.7	2,338.7	12.8%	3,476.9	482.9	13.9%	2,957.7	220.7	7.5%	11,807.1	1,635.1	13.8%
Cognizant Technology Solutions	1,155.2	375.5	32.5%	353.3	188.8	53.4%	319.6	56.7	17.8%	482.3	129.9	26.9%
Comcast	30,754.3	7,374.3	24.0%	9,349.8	2,893.2	30.9%	6,649.2	1,442.0	21.7%	14,755.3	3,039.2	20.6%
Community Health Systems	1,926.2	250.0	13.0%	414.3	90.8	21.9%	391.2	18.6	4.8%	1,120.7	140.6	12.5%
ConAgra Foods	4,540.2	855.6	18.8%	1,045.3	166.7	15.9%	470.4	156.7	33.3%	3,024.5	532.2	17.6%
ConocoPhillips	33,917.0	7,112.0	21.0%	4,034.0	63.0	1.6%	10,804.0	1,917.0	17.7%	19,079.0	5,132.0	26.9%
Consol Energy	2,987.1	505.8	16.9%	399.8	68.4	17.1%	749.5	167.1	22.3%	1,837.7	270.3	14.7%
Consolidated Edison	7,581.0	-87.0	-1.1%	1,712.0	-13.0	-0.8%	1,606.0	53.0	3.3%	4,263.0	-127.0	-3.0%
Con-way	587.0	-20.5	-3.5%	164.6	2.3	1.4%	135.9	3.2	2.4%	286.4	-26.0	-9.1%
Core-Mark Holding	224.6	43.3	19.3%	50.2	15.3	30.5%	42.2	12.3	29.2%	132.2	15.7	11.9%
Corning	3,438.0	-10.0	-0.3%	495.0	-4.0	-0.8%	966.0	-2.0	-0.2%	1,977.0	-4.0	-0.2%

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (alphabetical)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Costco Wholesale	7,350.0	2,177.0	29.6%	1,720.1	538.1	31.3%	1,455.8	371.8	25.5%	4,174.2	1,267.2	30.4%
Coventry Health Care	3,386.6	1,176.4	34.7%	768.4	190.7	24.8%	679.0	193.7	28.5%	1,939.2	792.0	40.8%
CSX	12,171.0	1,528.0	12.6%	2,904.4	416.4	14.3%	2,790.1	324.1	11.6%	6,476.6	787.6	12.2%
CVR Energy	1,520.2	432.2	28.4%	578.8	237.3	41.0%	547.7	139.4	25.5%	393.6	55.4	14.1%
CVS Caremark	27,318.8	9,249.8	33.9%	5,917.8	2,202.8	37.2%	5,411.6	1,789.6	33.1%	15,989.3	5,257.3	32.9%
Danaher	4,829.6	1,127.8	23.4%	1,302.2	290.5	22.3%	1,179.0	−6.3	−0.5%	2,348.3	843.6	35.9%
Darden Restaurants	2,777.4	454.4	16.4%	500.2	84.3	16.9%	610.2	93.9	15.4%	1,666.9	276.1	16.6%
DaVita	3,528.5	860.4	24.4%	853.9	211.8	24.8%	780.5	200.7	25.7%	1,894.0	447.9	23.6%
Deere	10,582.2	3,158.4	29.8%	3,486.3	1,252.1	35.9%	2,486.1	870.0	35.0%	4,609.7	1,036.3	22.5%
Devon Energy	13,748.6	379.6	2.8%	1,601.9	55.9	3.5%	3,459.2	−153.8	−4.4%	8,687.5	477.5	5.5%
Dick's Sporting Goods	1,547.6	421.6	27.2%	473.6	120.5	25.4%	412.5	102.7	24.9%	661.5	198.4	30.0%
DirecTV	12,360.7	2,787.7	22.6%	3,334.2	955.2	28.6%	2,941.3	610.3	20.8%	6,085.2	1,222.1	20.1%
Discover Financial Services	11,709.1	3,940.6	33.7%	3,588.0	1,109.0	30.9%	3,381.2	931.0	27.5%	4,739.9	1,900.6	40.1%
DISH Network	7,959.1	1,066.4	13.4%	973.5	−35.8	−3.7%	2,411.1	235.4	9.8%	4,574.6	866.9	19.0%
Dollar General	4,268.1	1,182.5	27.7%	1,429.7	384.8	26.9%	1,168.9	357.9	30.6%	1,669.4	439.8	26.3%
Dollar Tree	3,099.0	992.1	32.0%	938.2	306.9	32.7%	741.3	229.0	30.9%	1,419.5	456.2	32.1%
Dominion Resources	12,175.5	2,188.6	18.0%	391.7	−125.3	−32.0%	2,153.0	−13.0	−0.6%	9,630.8	2,326.9	24.2%
Domtar	1,296.5	279.4	21.5%	114.5	66.5	58.1%	212.3	85.3	40.2%	969.7	127.6	13.2%
Dover	2,522.4	570.3	22.6%	705.0	201.0	28.5%	596.0	152.7	25.6%	1,221.3	216.6	17.7%
DTE Energy	4,367.0	198.0	4.5%	911.0	190.0	20.9%	965.0	25.0	2.6%	2,491.0	−17.0	−0.7%
Duke Energy	9,026.5	−299.0	−3.3%	1,792.0	−46.0	−2.6%	1,759.0	−37.0	−2.1%	5,475.5	−216.0	−3.9%
DuPont	3,631.0	446.0	12.3%	636.0	121.0	19.0%	871.0	397.0	45.6%	2,124.0	−72.0	−3.4%
Eastman Chemical	2,510.0	429.0	17.1%	637.0	123.0	19.3%	800.0	165.0	20.6%	1,073.0	141.0	13.1%
Ecolab	2,298.7	349.4	15.2%	586.3	82.7	14.1%	421.5	72.7	17.2%	1,290.9	194.0	15.0%
Eli Lilly	10,036.8	1,482.5	14.8%	2,483.5	596.8	24.0%	2,487.0	671.4	27.0%	5,066.3	214.3	4.2%
Emcor Group	1,067.8	334.5	31.3%	219.8	64.2	29.2%	180.8	51.0	28.2%	667.1	219.3	32.9%
Emerson Electric	7,906.1	2,510.0	31.7%	1,924.4	750.0	39.0%	1,861.8	503.0	27.0%	4,120.0	1,257.0	30.5%
Entergy	8,351.9	568.4	6.8%	1,295.7	−47.9	−3.7%	1,500.4	452.7	30.2%	5,555.8	163.6	2.9%
EOG Resources	9,527.2	372.7	3.9%	2,148.1	187.2	8.7%	2,558.1	94.2	3.7%	4,821.0	91.3	1.9%
Exelon	17,970.3	2,078.3	11.6%	1,823.3	35.3	1.9%	3,955.2	0.2	0.0%	12,191.8	2,042.7	16.8%
Express Scripts	8,419.0	2,749.0	32.7%	2,067.1	968.9	46.9%	1,979.9	541.8	27.4%	4,372.0	1,238.3	28.3%
Exxon Mobil	41,371.9	5,806.9	14.0%	10,650.8	1,643.8	15.4%	11,065.9	1,379.9	12.5%	19,655.2	2,783.2	14.2%
Facebook	3,870.9	91.9	2.4%	1,062.0	−429.0	−40.4%	1,819.0	291.0	16.0%	989.9	229.9	23.2%
Family Dollar Stores	2,543.0	791.7	31.1%	625.1	218.0	34.9%	591.8	152.0	25.7%	1,326.0	421.7	31.8%
FedEx	9,380.7	395.1	4.2%	2,428.0	493.0	20.3%	2,706.1	−134.9	−5.0%	4,246.6	37.0	0.9%

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (alphabetical)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Fifth Third Bancorp	4,804.0	807.0	16.8%	1,771.0	327.0	18.5%	1,068.0	82.0	7.7%	1,965.0	398.0	20.3%
FirstEnergy	7,236.0	-216.0	-3.0%	1,295.0	-122.0	-9.4%	1,440.0	-243.0	-16.9%	4,501.0	149.0	3.3%
Fiserv	3,499.3	1,095.3	31.3%	817.0	253.0	31.0%	679.0	201.0	29.6%	2,003.3	641.3	32.0%
Flowserve	926.0	125.9	13.6%	219.2	64.2	29.3%	242.1	37.9	15.7%	464.7	23.8	5.1%
Fluor	2,252.0	448.0	19.9%	288.4	-136.9	-47.5%	321.1	107.3	33.4%	1,642.4	477.6	29.1%
FMC Technologies	453.2	86.9	19.2%	125.5	17.3	13.8%	130.9	19.5	14.9%	196.8	50.1	25.5%
Franklin Resources	5,897.1	2,153.8	36.5%	1,659.2	586.6	35.4%	1,494.8	564.2	37.7%	2,743.2	1,003.0	36.6%
Frontier Communications	1,172.5	80.9	6.9%	213.3	-3.8	-1.8%	223.7	-13.3	-6.0%	735.5	98.0	13.3%
GameStop	2,614.8	874.6	33.4%	523.3	228.5	43.7%	531.2	192.3	36.2%	1,560.3	453.7	29.1%
Gap	7,073.8	2,467.7	34.9%	1,641.9	588.9	35.9%	1,218.3	408.2	33.5%	4,213.6	1,470.6	34.9%
General Dynamics	14,707.7	4,271.5	29.0%	2,331.2	868.0	37.2%	3,229.2	931.2	28.8%	9,147.3	2,472.3	27.0%
General Electric	27,518.3	-3,054.0	-11.1%	7,902.7	651.0	8.2%	9,155.9	1,032.0	11.3%	10,459.7	-4,737.0	-45.3%
General Mills	9,508.3	1,943.1	20.4%	1,964.3	408.2	20.8%	1,823.4	346.9	19.0%	5,720.6	1,188.0	20.8%
Genuine Parts	4,404.0	1,187.9	27.0%	980.6	279.0	28.5%	1,132.8	255.8	22.6%	2,290.6	653.1	28.5%
Goldman Sachs Group	33,526.5	7,640.7	22.8%	6,244.7	2,905.5	46.5%	4,954.8	108.9	2.2%	22,327.0	4,626.3	20.7%
Graybar Electric	494.4	157.0	31.8%	126.5	38.6	30.6%	115.4	41.1	35.6%	252.5	77.3	30.6%
Group 1 Automotive	469.9	59.6	12.7%	149.9	35.7	23.8%	125.5	18.9	15.1%	194.5	5.0	2.5%
H&R Block	3,217.6	861.1	26.8%	610.8	219.1	35.9%	467.4	126.7	27.1%	2,139.4	515.3	24.1%
H.J. Heinz	2,253.2	297.1	13.2%	365.4	118.4	32.4%	301.5	104.1	34.5%	1,586.3	74.7	4.7%
Halliburton	11,775.0	2,652.0	22.5%	2,779.0	695.0	25.0%	3,931.0	1,026.0	26.1%	5,065.0	931.0	18.4%
Harley-Davidson	3,278.6	916.7	28.0%	933.2	180.2	19.3%	777.5	130.0	16.7%	1,567.9	606.5	38.7%
Harris	3,628.5	1,156.5	31.9%	636.7	189.4	29.7%	799.2	240.2	30.1%	2,192.6	726.9	33.2%
HCA Holdings	10,480.0	2,394.0	22.8%	2,988.7	604.0	20.2%	3,195.2	-119.0	-3.7%	4,296.0	1,909.0	44.4%
Health Management Associates	1,508.0	168.7	11.2%	345.1	80.1	23.2%	386.9	40.1	10.4%	776.0	48.4	6.2%
Health Net	779.5	211.8	27.2%	33.9	-8.4	-24.9%	164.5	82.7	50.3%	581.1	137.5	23.7%
Henry Schein	1,636.4	506.3	30.9%	424.5	106.9	25.2%	351.7	117.9	33.5%	860.2	281.5	32.7%
Hershey	3,819.3	1,208.6	31.6%	949.8	271.1	28.5%	874.7	243.2	27.8%	1,994.8	694.4	34.8%
HollyFrontier	4,487.7	1,307.2	29.1%	2,624.0	778.1	29.7%	1,514.4	498.0	32.9%	349.3	31.1	8.9%
Home Depot	22,677.2	7,471.2	32.9%	6,389.4	1,991.4	31.2%	5,273.7	1,567.7	29.7%	11,014.2	3,912.2	35.5%
Honeywell International	6,976.0	526.0	7.5%	1,760.7	423.7	24.1%	312.3	136.3	43.6%	4,903.1	-33.9	-0.7%
Hormel Foods	2,916.9	867.6	29.7%	710.4	209.3	29.5%	679.2	189.5	27.9%	1,527.3	468.8	30.7%
Humana	8,226.3	3,050.6	37.1%	1,853.8	689.8	37.2%	2,175.6	719.6	33.1%	4,196.9	1,641.2	39.1%
Illinois Tool Works	6,605.6	2,034.8	30.8%	2,402.8	552.8	23.0%	1,388.6	508.0	36.6%	2,814.3	974.0	34.6%
Ingram Micro	467.9	92.6	19.8%	154.7	8.5	5.5%	126.0	26.6	21.1%	187.2	57.5	30.7%
Insight Enterprises	309.7	49.1	15.8%	97.9	23.7	24.2%	86.6	16.9	19.5%	125.2	8.4	6.7%



## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (alphabetical)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Integrus Energy Group	1,623.0	−133.4	−8.2%	443.5	3.5	0.8%	361.1	−44.6	−12.4%	818.4	−92.3	−11.3%
Intel	47,848.2	12,944.2	27.1%	10,014.6	2,421.6	24.2%	14,561.4	3,181.4	21.8%	23,272.2	7,341.2	31.5%
International Business Machines	45,294.0	2,630.0	5.8%	9,534.0	1,361.0	14.3%	9,287.0	268.0	2.9%	26,473.0	1,001.0	3.8%
International Paper	2,830.0	74.0	2.6%	467.0	14.0	3.0%	893.0	−78.0	−8.7%	1,470.0	138.0	9.4%
Interpublic Group	1,304.9	−27.6	−2.1%	362.6	−2.8	−0.8%	406.9	−6.0	−1.5%	535.4	−18.7	−3.5%
J.B. Hunt Transport Services	1,745.7	338.4	19.4%	487.0	135.5	27.8%	410.3	20.0	4.9%	848.4	182.9	21.6%
J.M. Smucker	3,237.6	1,098.8	33.9%	771.9	259.7	33.6%	683.6	224.3	32.8%	1,782.1	614.8	34.5%
J.P. Morgan Chase & Co.	59,537.9	14,952.2	25.1%	18,587.6	3,014.1	16.2%	11,263.4	3,002.0	26.7%	29,686.9	8,936.0	30.1%
Jacobs Engineering Group	1,658.2	577.0	34.8%	264.4	107.8	40.8%	317.2	97.2	30.7%	1,076.6	372.0	34.5%
Joy Global	2,347.9	403.5	17.2%	711.4	141.7	19.9%	527.1	81.6	15.5%	1,109.4	180.1	16.2%
Kellogg	5,678.1	1,197.1	21.1%	975.0	378.0	38.8%	1,242.9	275.9	22.2%	3,460.2	543.2	15.7%
Kimberly-Clark	7,092.2	983.2	13.9%	1,393.7	140.7	10.1%	1,287.6	30.6	2.4%	4,411.0	812.0	18.4%
Kindred Healthcare	428.3	93.7	21.9%	104.5	42.4	40.6%	43.9	−5.9	−13.4%	279.8	57.2	20.4%
Kohl's	7,922.0	2,540.0	32.1%	1,501.7	586.7	39.1%	1,799.3	495.3	27.5%	4,621.0	1,458.0	31.6%
Kroger	8,300.0	1,887.3	22.7%	2,256.0	563.0	25.0%	801.8	146.0	18.2%	5,242.3	1,178.3	22.5%
L-3 Communications	5,517.5	1,168.5	21.2%	906.5	194.5	21.5%	1,025.3	141.3	13.8%	3,585.6	832.6	23.2%
Laboratory Corp. of America	4,001.3	1,214.6	30.4%	875.3	247.3	28.3%	781.5	261.1	33.4%	2,344.5	706.2	30.1%
Levi Strauss	630.6	75.9	12.0%	117.4	15.3	13.1%	114.3	20.0	17.5%	398.9	40.5	10.2%
Limited Brands	4,709.0	1,330.9	28.3%	1,233.1	336.1	27.3%	1,226.3	317.2	25.9%	2,249.6	677.6	30.1%
Lockheed Martin	20,922.0	3,839.6	18.4%	4,199.0	387.0	9.2%	3,628.0	912.0	25.1%	13,095.0	2,540.6	19.4%
Loews	7,633.2	656.2	8.6%	1,387.0	183.0	13.2%	1,307.0	127.0	9.7%	4,939.2	346.2	7.0%
Lowe's	14,846.3	5,338.4	36.0%	2,982.0	1,162.0	39.0%	2,782.0	891.0	32.0%	9,082.3	3,285.4	36.2%
Macy's	6,209.4	1,437.4	23.1%	2,038.2	667.2	32.7%	1,928.5	502.5	26.1%	2,242.7	267.7	11.9%
MasterCard	7,097.8	1,610.0	22.7%	2,468.1	485.1	19.7%	1,854.1	609.1	32.9%	2,775.6	515.8	18.6%
Mattel	1,957.2	26.8	1.4%	465.6	40.0	8.6%	471.9	−4.1	−0.9%	1,019.7	−9.2	−0.9%
McDonald's	13,612.9	4,550.1	33.4%	2,714.5	1,012.2	37.3%	3,057.1	1,080.4	35.3%	7,841.4	2,457.6	31.3%
McGraw-Hill	4,500.4	1,333.1	29.6%	808.3	159.3	19.7%	947.3	332.3	35.1%	2,744.8	841.6	30.7%
McKesson	6,040.0	901.0	14.9%	1,153.0	−85.0	−7.4%	1,387.0	271.0	19.5%	3,500.0	715.0	20.4%
MDU Resources	1,959.5	147.6	7.5%	343.8	−26.9	−7.8%	332.9	−8.2	−2.5%	1,282.8	182.7	14.2%
Merck	20,302.6	3,509.0	17.3%	4,728.0	1,252.0	26.5%	2,660.2	859.0	32.3%	12,914.4	1,398.0	10.8%
MetroPCS Communications	1,955.6	−1.0	−0.1%	611.0	—	—	475.9	—	—	868.6	−1.0	−0.1%
Molina Healthcare	359.8	120.3	33.4%	18.4	14.8	80.6%	121.8	27.0	22.1%	219.6	78.5	35.7%
Monsanto	8,351.0	1,647.6	19.7%	1,907.1	259.7	13.6%	1,503.0	300.2	20.0%	4,940.9	1,087.7	22.0%
Mosaic	5,620.8	829.8	14.8%	1,115.6	138.8	12.4%	1,351.7	314.5	23.3%	3,153.5	376.5	11.9%
Murphy Oil	1,579.0	236.0	14.9%	205.7	−183.2	−89.1%	411.2	95.4	23.2%	962.1	323.7	33.6%

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (alphabetical)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Nash-Finch	295.5	68.0	23.0%	43.6	11.1	25.4%	56.9	11.9	21.0%	195.0	44.9	23.0%
Newmont Mining	3,505.0	721.5	20.6%	1,036.0	210.0	20.3%	878.0	281.4	32.0%	1,591.0	230.2	14.5%
NextEra Energy	11,433.0	-178.0	-1.6%	2,589.0	-4.0	-0.2%	2,441.0	-35.0	-1.4%	6,403.0	-139.0	-2.2%
Nike	4,445.8	1,330.7	29.9%	1,183.5	374.5	31.6%	760.9	178.9	23.5%	2,501.4	777.3	31.1%
NiSource	2,473.0	-336.3	-13.6%	620.4	-94.8	-15.3%	468.0	-14.2	-3.0%	1,384.6	-227.3	-16.4%
Nordstrom	4,393.6	1,503.6	34.2%	1,123.2	342.2	30.5%	1,059.8	340.8	32.2%	2,210.7	820.7	37.1%
Norfolk Southern	12,169.5	2,214.5	18.2%	2,691.3	534.3	19.9%	2,882.8	394.8	13.7%	6,595.5	1,285.5	19.5%
Northeast Utilities	2,819.7	-19.3	-0.7%	791.9	-37.9	-4.8%	597.7	1.9	0.3%	1,430.1	16.7	1.2%
Northrop Grumman	13,029.0	3,125.0	24.0%	2,905.0	867.0	29.8%	2,998.0	575.0	19.2%	7,126.0	1,683.0	23.6%
NYSE Euronext	652.0	117.0	17.9%	136.0	-14.0	-10.3%	139.0	71.0	51.1%	377.0	60.0	15.9%
Occidental Petroleum	19,620.1	1,987.1	10.1%	3,841.4	-407.6	-10.6%	4,720.4	308.5	6.5%	11,058.3	2,086.3	18.9%
Omnicare	1,137.5	39.3	3.5%	296.3	3.2	1.1%	259.2	29.8	11.5%	582.0	6.3	1.1%
Omnicom Group	2,856.4	445.7	15.6%	596.4	92.8	15.6%	517.1	133.5	25.8%	1,742.9	219.4	12.6%
Oneok	2,695.0	35.7	1.3%	570.0	-16.1	-2.8%	582.7	-32.3	-5.5%	1,542.3	84.1	5.5%
Oracle	26,017.3	7,087.3	27.2%	6,401.7	1,520.7	23.8%	6,043.8	1,530.8	25.3%	13,571.8	4,035.8	29.7%
O'Reilly Automotive	3,144.3	822.2	26.1%	912.2	279.7	30.7%	794.2	209.4	26.4%	1,437.9	333.1	23.2%
Owens & Minor	874.0	256.1	29.3%	182.7	61.8	33.8%	180.9	49.0	27.1%	510.5	145.3	28.5%
Paccar	1,710.5	-1.5	-0.1%	755.9	122.6	16.2%	587.3	-3.5	-0.6%	367.4	-120.5	-32.8%
Parker Hannifin	2,800.5	558.3	19.9%	645.5	112.7	17.5%	782.4	242.7	31.0%	1,372.5	202.9	14.8%
Peabody Energy	2,843.6	168.6	5.9%	1,038.3	100.8	9.7%	804.9	89.1	11.1%	1,000.4	-21.3	-2.1%
Pepco Holdings	1,743.0	-575.0	-33.0%	480.0	-76.0	-15.8%	381.0	9.0	2.4%	882.0	-508.0	-57.6%
PepsiCo	18,220.7	4,134.9	22.7%	2,985.3	808.5	27.1%	3,940.1	553.1	14.0%	11,295.3	2,773.3	24.6%
PetSmart	1,903.8	625.3	32.8%	562.3	182.7	32.5%	413.2	136.0	32.9%	928.4	306.6	33.0%
PG&E Corp.	7,035.0	-1,178.0	-16.7%	1,034.0	-74.0	-7.2%	1,146.0	-77.0	-6.7%	4,855.0	-1,027.0	-21.2%
Phillips-Van Heusen	784.3	135.0	17.2%	226.9	21.0	9.2%	188.8	27.0	14.3%	368.6	87.1	23.6%
Pitney Bowes	2,281.0	530.7	23.3%	434.0	174.7	40.3%	386.4	-87.7	-22.7%	1,460.6	443.7	30.4%
PNC Financial Services Group	17,205.6	678.6	3.9%	3,648.0	343.0	9.4%	3,562.0	191.0	5.4%	9,995.6	144.6	1.4%
Polo Ralph Lauren	2,516.9	649.8	25.8%	637.2	155.0	24.3%	574.4	170.2	29.6%	1,305.3	324.6	24.9%
PPG Industries	2,500.3	730.0	29.2%	633.8	332.0	52.4%	586.2	193.0	32.9%	1,280.3	205.0	16.0%
PPL	4,841.0	145.0	3.0%	996.0	—	—	1,735.0	54.0	3.1%	2,110.0	91.0	4.3%
Praxair	3,346.7	525.7	15.7%	870.4	-35.6	-4.1%	741.2	229.2	30.9%	1,735.1	332.1	19.1%
Precision Castparts	7,142.0	1,728.3	24.2%	1,779.5	420.7	23.6%	1,539.1	408.1	26.5%	3,823.3	899.4	23.5%
Priceline.com	557.0	-16.8	-3.0%	83.7	-0.6	-0.7%	138.9	-14.7	-10.6%	334.5	-1.5	-0.4%
Principal Financial	3,819.2	269.1	7.0%	895.9	-137.0	-15.3%	873.9	115.4	13.2%	2,049.4	290.7	14.2%
Procter & Gamble	41,046.3	9,380.0	22.9%	8,182.8	1,885.0	23.0%	7,893.5	1,913.0	24.2%	24,970.0	5,582.0	22.4%

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (alphabetical)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Progress Energy	4,918.5	84.0	1.7%	261.5	−44.0	−16.8%	881.0	−91.0	−10.3%	3,776.0	219.0	5.8%
Public Service Enterprise Group	10,995.4	1,873.4	17.0%	2,013.0	−204.0	−10.1%	2,352.2	257.2	10.9%	6,630.2	1,820.2	27.5%
Publix Super Markets	9,644.9	2,875.4	29.8%	2,214.0	654.7	29.6%	2,180.1	592.3	27.2%	5,250.8	1,628.4	31.0%
Qualcomm	10,605.8	1,453.8	13.7%	3,553.1	1.1	0.0%	2,958.7	27.7	0.9%	4,094.0	1,425.0	34.8%
Quanta Services	1,218.3	310.8	25.5%	364.7	109.0	29.9%	181.2	43.3	23.9%	672.4	158.5	23.6%
Quest Diagnostics	4,842.8	1,578.9	32.6%	954.1	328.8	34.5%	764.2	260.2	34.1%	3,124.6	989.9	31.7%
R.R. Donnelley & Sons	1,313.7	143.3	10.9%	173.9	8.3	4.8%	130.6	−10.3	−7.9%	1,009.2	145.4	14.4%
Raytheon	13,099.0	2,109.7	16.1%	2,630.0	742.2	28.2%	2,604.0	359.4	13.8%	7,865.0	1,008.1	12.8%
Reinsurance Group of America	2,038.9	45.9	2.3%	644.2	52.0	8.1%	453.3	−6.5	−1.4%	941.4	0.5	0.1%
Reliance Steel & Aluminum	2,124.2	545.2	25.7%	525.0	159.4	30.4%	429.8	153.3	35.7%	1,169.3	232.4	19.9%
Reynolds American	10,123.3	2,950.0	29.1%	2,095.3	614.7	29.3%	2,064.9	571.2	27.7%	5,963.0	1,764.0	29.6%
Rock-Tenn	1,186.6	116.8	9.8%	368.9	−12.8	−3.5%	163.2	−0.4	−0.2%	654.5	130.0	19.9%
Rockwell Automation	1,519.1	224.0	14.7%	469.6	55.9	11.9%	366.3	12.9	3.5%	683.2	155.2	22.7%
Rockwell Collins	3,992.1	727.1	18.2%	791.6	110.6	14.0%	776.2	122.2	15.7%	2,424.3	494.4	20.4%
Ross Stores	4,318.7	1,491.8	34.5%	1,238.7	461.8	37.3%	1,025.6	328.5	32.0%	2,054.4	701.5	34.1%
Ruddick	764.1	153.8	20.1%	142.4	36.2	25.4%	168.4	37.3	22.1%	453.4	80.3	17.7%
Ryder System	1,073.1	−50.9	−4.7%	230.4	−5.3	−2.3%	215.7	0.2	0.1%	627.0	−45.8	−7.3%
Safeway	3,234.9	966.4	29.9%	450.7	178.9	39.7%	452.6	221.7	49.0%	2,331.6	565.8	24.3%
SAIC	3,035.0	896.8	29.5%	135.0	39.0	28.9%	683.0	222.0	32.5%	2,217.0	635.8	28.7%
Scana	2,726.0	227.0	8.3%	592.0	103.0	17.4%	545.0	52.0	9.5%	1,589.0	72.0	4.5%
Sempra Energy	4,040.7	95.0	2.4%	404.0	−36.0	−8.9%	978.0	75.0	7.7%	2,658.7	56.0	2.1%
Sherwin-Williams	3,544.9	699.5	19.7%	879.7	121.1	13.8%	713.3	196.8	27.6%	1,951.9	381.6	19.6%
Sonic Automotive	381.9	31.4	8.2%	140.1	23.0	16.4%	118.5	12.5	10.6%	123.2	−4.1	−3.3%
Southern	15,441.0	1,675.0	10.8%	3,688.0	177.0	4.8%	3,479.0	57.0	1.6%	8,274.0	1,441.0	17.4%
Southwest Airlines	2,142.0	156.0	7.3%	673.0	−45.0	−6.7%	310.0	4.0	1.3%	1,159.0	197.0	17.0%
Spectra Energy	4,314.0	486.0	11.3%	800.0	102.0	12.8%	942.0	4.0	0.4%	2,572.0	380.0	14.8%
SPX	637.2	45.7	7.2%	11.6	−9.4	−81.1%	55.6	15.6	28.0%	570.0	39.5	6.9%
St. Jude Medical	2,444.1	1,006.8	41.2%	324.7	235.2	72.4%	524.3	173.1	33.0%	1,595.1	598.6	37.5%
Staples	4,346.4	1,258.7	29.0%	983.9	240.1	24.4%	950.4	251.6	26.5%	2,412.1	767.0	31.8%
Starbucks	5,191.2	1,331.7	25.7%	1,629.1	325.6	20.0%	1,480.2	258.8	17.5%	2,082.0	747.4	35.9%
State Street Corp.	6,702.0	457.0	6.8%	1,601.0	153.0	9.6%	1,252.0	49.0	3.9%	3,849.0	255.0	6.6%
Susser Holdings	181.1	12.5	6.9%	78.1	12.7	16.2%	71.3	−0.4	−0.5%	31.8	0.2	0.7%
Synnex	662.3	208.5	31.5%	177.6	54.0	30.4%	174.4	46.3	26.6%	310.3	108.2	34.9%
Target	20,381.0	5,537.0	27.2%	4,474.0	1,471.0	32.9%	4,382.0	1,069.0	24.4%	11,525.0	2,997.0	26.0%
Tech Data	551.8	176.8	32.0%	107.0	20.8	19.5%	131.9	63.9	48.4%	312.9	92.1	29.4%

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (alphabetical)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Telephone & Data Systems	1,541.7	478.3	31.0%	149.8	12.3	8.2%	308.4	−94.1	−30.5%	1,083.5	560.0	51.7%
Tenet Healthcare	854.0	−51.0	−6.0%	310.0	−3.0	−1.0%	156.0	—	—	388.0	−48.0	−12.4%
Texas Instruments	8,978.1	2,885.1	32.1%	321.0	−81.0	−25.2%	1,788.4	666.4	37.3%	6,868.7	2,299.7	33.5%
Thermo Fisher Scientific	3,669.7	886.6	24.2%	895.6	145.0	16.2%	793.9	135.9	17.1%	1,980.1	605.6	30.6%
Time Warner	17,148.0	3,126.1	18.2%	4,326.6	1,126.4	26.0%	4,211.1	903.8	21.5%	8,610.3	1,095.9	12.7%
Time Warner Cable	11,890.6	463.6	3.9%	3,226.0	428.0	13.3%	2,380.3	29.3	1.2%	6,284.3	6.3	0.1%
TJX	8,683.1	2,490.1	28.7%	2,366.3	790.5	33.4%	1,973.8	516.7	26.2%	4,343.1	1,183.0	27.2%
Travelers Cos.	16,405.1	2,589.6	15.8%	3,000.0	371.0	12.4%	1,230.0	−190.9	−15.5%	12,175.1	2,409.5	19.8%
Tutor Perini	716.5	220.3	30.7%	47.1	19.6	41.6%	127.2	30.8	24.3%	542.3	169.9	31.3%
Twenty-First Century Fox	21,289.5	3,738.0	17.6%	7,894.6	1,024.0	13.0%	5,238.0	968.0	18.5%	8,156.9	1,746.0	21.4%
U.S. Bancorp	26,712.0	6,462.0	24.2%	7,334.0	1,853.0	25.3%	6,027.0	907.0	15.0%	13,351.0	3,702.0	27.7%
UGI	1,415.6	212.8	15.0%	229.2	−14.8	−6.5%	299.7	15.5	5.2%	886.7	212.1	23.9%
Union Pacific	22,172.6	3,826.6	17.3%	6,182.3	1,252.3	20.3%	5,154.4	793.4	15.4%	10,835.9	1,780.9	16.4%
United Natural Foods	516.8	161.5	31.3%	133.7	52.8	39.5%	111.7	23.7	21.2%	271.4	85.1	31.3%
United Parcel Service	22,753.7	6,258.1	27.5%	5,120.8	1,898.5	37.1%	5,189.0	1,366.0	26.3%	12,443.9	2,993.6	24.1%
United Stationers	822.9	258.7	31.4%	171.1	65.3	38.2%	164.9	34.6	21.0%	486.9	158.8	32.6%
United Technologies	13,738.5	1,497.5	10.9%	2,595.0	345.0	13.3%	3,208.0	361.0	11.3%	7,935.4	791.4	10.0%
UnitedHealth Group	33,887.0	11,152.9	32.9%	8,472.0	2,638.0	31.1%	7,809.0	2,608.0	33.4%	17,606.0	5,906.9	33.6%
Universal American	740.2	159.5	21.5%	90.6	19.2	21.2%	11.7	−26.3	−224.4%	637.8	166.6	26.1%
Universal Health Services	2,515.9	781.5	31.1%	700.6	254.0	36.3%	626.3	165.4	26.4%	1,189.0	362.1	30.5%
Unum Group	4,243.8	1,210.6	28.5%	1,144.1	164.4	14.4%	371.9	218.4	58.7%	2,727.8	827.8	30.3%
URS	1,634.1	357.2	21.9%	405.8	152.2	37.5%	274.9	77.6	28.2%	953.5	127.4	13.4%
Verizon Communications	30,203.0	−535.0	−1.8%	4,820.0	223.0	4.6%	6,640.0	193.0	2.9%	18,743.0	−951.0	−5.1%
VF	2,852.0	730.3	25.6%	646.9	192.2	29.7%	553.9	166.0	30.0%	1,651.2	372.0	22.5%
Viacom	10,421.7	2,591.7	24.9%	2,873.4	841.4	29.3%	2,698.2	442.2	16.4%	4,850.0	1,308.0	27.0%
Visa	14,384.0	5,067.0	35.2%	4,838.3	1,317.3	27.2%	4,070.1	1,350.1	33.2%	5,475.6	2,399.6	43.8%
W.R. Berkley	2,224.3	478.9	21.5%	625.2	157.5	25.2%	465.4	56.8	12.2%	1,133.7	264.6	23.3%
W.W. Grainger	3,928.6	1,194.8	30.4%	951.7	277.0	29.1%	877.7	232.4	26.5%	2,099.2	685.4	32.7%
Walgreen	17,056.0	5,328.0	31.2%	3,256.0	890.0	27.3%	4,147.0	1,301.0	31.4%	9,653.0	3,137.0	32.5%
Wal-Mart Stores	87,187.0	25,376.0	29.1%	18,730.0	5,611.0	30.0%	17,942.0	4,596.0	25.6%	50,515.0	15,169.0	30.0%
Walt Disney	31,015.0	8,387.5	27.0%	7,530.1	1,874.1	24.9%	6,739.2	1,748.5	25.9%	16,745.6	4,765.0	28.5%
Washington Post	1,364.5	416.2	30.5%	182.9	98.8	54.0%	195.5	40.9	20.9%	986.0	276.5	28.0%
Waste Management	6,846.7	1,672.8	24.4%	1,104.9	258.9	23.4%	1,357.4	233.4	17.2%	4,384.5	1,180.5	26.9%
WellPoint	22,530.0	7,457.1	33.1%	3,850.3	1,033.6	26.8%	4,032.7	1,115.5	27.7%	14,647.0	5,308.0	36.2%
Wells Fargo	94,669.1	11,559.9	12.2%	25,511.0	8,954.1	35.1%	19,788.1	3,286.7	16.6%	49,370.0	−680.8	−1.4%

## Effective Federal Corporate Income Tax Rates on 288 Major Corporations, 2008–2012 (alphabetical)

\$-millions	Five-Year Totals			2012			2011			2008-2010		
Company	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate
Wesco International	1,153.5	197.8	17.1%	251.7	41.7	16.6%	256.1	55.9	21.8%	645.7	100.1	15.5%
Whole Foods Market	1,918.6	589.7	30.7%	688.9	192.0	27.9%	496.5	126.0	25.4%	733.3	271.7	37.0%
Williams	4,868.7	542.0	11.1%	874.2	91.0	10.4%	738.3	181.0	24.5%	3,256.2	270.0	8.3%
Windstream	2,234.2	237.9	10.6%	255.7	7.4	2.9%	250.1	−97.8	−39.1%	1,728.4	328.3	19.0%
Wisconsin Energy	3,228.0	−435.8	−13.5%	786.0	−112.5	−14.3%	717.1	−238.2	−33.2%	1,724.9	−85.0	−4.9%
Xcel Energy	5,805.3	44.1	0.8%	1,323.9	7.9	0.6%	1,299.7	3.4	0.3%	3,181.7	32.8	1.0%
Yahoo	6,903.3	2,459.8	35.6%	4,701.1	2,249.1	47.8%	544.3	70.9	13.0%	1,658.0	139.8	8.4%
Yum Brands	1,819.1	252.1	13.9%	486.0	79.0	16.2%	266.0	21.0	7.9%	1,067.1	152.2	14.3%
<b>ALL 288 COMPANIES</b>	<b>\$ 2,332,350</b>	<b>\$ 452,766</b>	<b>19.4%</b>	<b>\$ 532,416</b>	<b>\$ 116,234</b>	<b>21.8%</b>	<b>\$ 510,548</b>	<b>\$ 91,395</b>	<b>17.9%</b>	<b>\$ 1,289,387</b>	<b>\$ 245,136</b>	<b>19.0%</b>

## U.S. Profits & U.S. Federal Income Taxes versus Foreign Profits & Foreign Income Taxes, 2008-12 for companies with foreign pretax profits at least 10% of total worldwide pretax profits, \$-million

Company	US profits & federal+state income taxes			Foreign profits & for. income taxes			US rate
	US profit	US tax	US rate	For. profit	For. tax	For. rate	– For rate
3M	\$ 12,781	\$ 3,004	23.5%	\$ 15,082	\$ 3,981	26.4%	–2.9%
Air Products & Chemicals	2,462	279	11.3%	3,528	810	22.9%	–11.6%
Allegheny Technologies	1,429	158	11.1%	212	39	18.1%	–7.1%
Amazon.com	3,391	338	10.0%	1,646	268	16.3%	–6.3%
American Express	21,779	4,172	19.2%	4,437	2,034	45.8%	–26.7%
Anixter International	773	250	32.4%	342	136	39.8%	–7.5%
Apache	7,578	–186	–2.4%	21,876	8,040	36.8%	–39.2%
Archer Daniels Midland	6,466	1,777	27.5%	4,396	757	17.2%	+10.3%
Arrow Electronics	1,742	463	26.6%	1,068	288	27.0%	–0.4%
Automatic Data Processing	8,902	2,863	32.2%	1,043	273	26.2%	+6.0%
Ball	1,464	334	22.8%	1,377	393	28.6%	–5.8%
Baxter International	1,774	145	8.2%	11,230	1,318	11.7%	–3.6%
Becton Dickinson	4,095	1,002	24.5%	3,823	911	23.8%	+0.6%
Bemis	969	299	30.8%	438	145	33.1%	–2.3%
Biogen Idec	5,670	1,916	33.8%	1,676	223	13.3%	+20.5%
CA	3,837	1,318	34.3%	2,245	470	20.9%	+13.4%
Cameron International	2,260	466	20.6%	1,556	578	37.2%	–16.5%
Campbell Soup	4,805	1,062	22.1%	729	284	39.0%	–16.9%
Capital One Financial	13,982	3,679	26.3%	2,301	253	11.0%	+15.3%
Cardinal Health	6,232	1,939	31.1%	1,072	75	7.0%	+24.1%
CBS	7,058	736	10.4%	962	275	28.6%	–18.2%
Celanese	1,374	200	14.6%	1,260	384	30.5%	–15.9%
Cigna	7,769	1,720	22.1%	1,056	280	26.5%	–4.4%
Cliffs Natural Resources	3,503	524	15.0%	1,398	534	38.2%	–23.2%
Clorox	3,273	1,009	30.8%	652	191	29.3%	+1.5%
Coca-Cola	18,570	2,667	14.4%	36,973	6,383	17.3%	–2.9%
Cognizant Technology Solutions	1,234	454	36.8%	3,354	581	17.3%	+19.5%
Corning	3,448	—	—	10,543	1,187	11.3%	–11.3%
Costco Wholesale	7,729	2,556	33.1%	3,030	1,014	33.5%	–0.4%
Deere	10,929	3,505	32.1%	5,866	1,913	32.6%	–0.5%
Devon Energy	13,813	444	3.2%	3,202	561	17.5%	–14.3%
DirecTV	12,722	3,149	24.8%	3,523	1,014	28.8%	–4.0%
Dover	2,539	587	23.1%	2,056	447	21.7%	+1.4%
Duke Energy	9,141	–184	–2.0%	2,578	586	22.7%	–24.7%
DuPont	3,624	439	12.1%	12,059	2,358	19.6%	–7.4%
Eastman Chemical	2,554	473	18.5%	403	109	27.0%	–8.5%
Ecolab	2,388	439	18.4%	1,323	437	33.0%	–14.7%
Eli Lilly	10,098	1,544	15.3%	11,235	3,210	28.6%	–13.3%
Emerson Electric	8,112	2,716	33.5%	8,219	2,157	26.2%	+7.2%
EOG Resources	9,542	388	4.1%	1,258	698	55.5%	–51.5%
FedEx	9,651	665	6.9%	1,681	970	57.7%	–50.8%
Flowserve	942	142	15.1%	1,965	551	28.0%	–12.9%
Fluor	2,333	529	22.7%	1,857	697	37.5%	–14.8%
FMC Technologies	457	90	19.8%	2,246	470	20.9%	–1.1%
Franklin Resources	6,220	2,476	39.8%	4,689	588	12.5%	+27.3%
Gap	7,351	2,745	37.3%	1,261	553	43.9%	–6.5%
General Dynamics	14,732	4,296	29.2%	2,449	720	29.4%	–0.2%
General Electric	27,993	–2,579	–9.2%	55,243	16,222	29.4%	–38.6%
General Mills	9,801	2,236	22.8%	1,530	360	23.5%	–0.7%
Goldman Sachs Group	35,297	9,411	26.7%	17,136	5,940	34.7%	–8.0%



## U.S. Profits & U.S. Federal Income Taxes versus Foreign Profits & Foreign Income Taxes, 2008-12 for companies with foreign pretax profits at least 10% of total worldwide pretax profits, \$-million

Company	US profits & federal+state income taxes			Foreign profits & for. income taxes			US rate
	US profit	US tax	US rate	For. profit	For. tax	For. rate	– For rate
H.J. Heinz	2,290	333	14.6%	4,222	921	21.8%	–7.2%
Halliburton	12,047	2,924	24.3%	4,410	1,545	35.0%	–10.8%
Henry Schein	1,734	604	34.8%	647	171	26.4%	+8.4%
Honeywell International	7,075	625	8.8%	8,724	2,092	24.0%	–15.1%
Illinois Tool Works	6,908	2,337	33.8%	5,171	1,348	26.1%	+7.8%
Ingram Micro	477	102	21.3%	1,377	370	26.8%	–5.5%
Insight Enterprises	314	53	16.9%	201	68	33.7%	–16.8%
Intel	47,973	13,069	27.2%	14,116	2,549	18.1%	+9.2%
International Business Machines	46,472	3,808	8.2%	51,009	13,646	26.8%	–18.6%
International Paper	2,808	52	1.9%	2,319	420	18.1%	–16.3%
Interpublic Group	1,358	26	1.9%	1,107	384	34.6%	–32.8%
J.P. Morgan Chase & Co.	65,007	20,421	31.4%	37,177	9,054	24.4%	+7.1%
Jacobs Engineering Group	1,766	685	38.8%	1,018	244	24.0%	+14.8%
Joy Global	2,400	456	19.0%	1,489	383	25.7%	–6.7%
Kellogg	5,783	1,302	22.5%	2,331	678	29.1%	–6.6%
Kimberly-Clark	7,245	1,136	15.7%	4,773	1,578	33.1%	–17.4%
L-3 Communications	5,731	1,382	24.1%	1,052	256	24.3%	–0.2%
Levi Strauss	607	52	8.5%	587	197	33.6%	–25.1%
MasterCard	7,160	1,672	23.4%	4,653	1,523	32.7%	–9.4%
McDonald's	14,315	5,253	36.7%	21,421	4,573	21.3%	+15.3%
McGraw-Hill	4,749	1,582	33.3%	1,545	509	33.0%	+0.4%
McKesson	6,060	921	15.2%	2,574	207	8.0%	+7.2%
Merck	20,160	3,367	16.7%	24,612	4,452	18.1%	–1.4%
Monsanto	8,449	1,746	20.7%	4,336	1,223	28.2%	–7.5%
Mosaic	5,839	1,048	17.9%	6,371	1,303	20.5%	–2.5%
Murphy Oil	1,670	327	19.6%	7,019	2,357	33.6%	–14.0%
Newmont Mining	3,505	722	20.6%	8,927	3,839	43.0%	–22.4%
Nike	4,661	1,546	33.2%	8,912	1,990	22.3%	+10.8%
NYSE Euronext	704	169	24.0%	2,327	447	19.2%	+4.8%
Occidental Petroleum	19,963	2,330	11.7%	25,200	10,676	42.4%	–30.7%
Omnicom Group	2,921	510	17.5%	4,012	1,193	29.7%	–12.3%
Oracle	27,303	8,373	30.7%	27,045	5,204	19.2%	+11.4%
Paccar	1,755	43	2.5%	3,680	907	24.7%	–22.2%
Parker Hannifin	2,891	649	22.4%	2,848	788	27.7%	–5.2%
Peabody Energy	2,867	192	6.7%	2,049	543	26.5%	–19.8%
PepsiCo	18,768	4,682	24.9%	21,877	3,755	17.2%	+7.8%
Phillips-Van Heusen	806	156	19.4%	603	90	14.9%	+4.5%
Pitney Bowes	2,390	640	26.8%	569	247	43.4%	–16.6%
Polo Ralph Lauren	2,668	801	30.0%	1,539	350	22.7%	+7.3%
PPG Industries	2,607	837	32.1%	2,741	819	29.9%	+2.2%
PPL	4,878	182	3.7%	2,455	325	13.2%	–9.5%
Praxair	3,394	573	16.9%	6,316	1,671	26.5%	–9.6%
Precision Castparts	7,319	1,905	26.0%	1,101	240	21.8%	+4.2%
Priceline.com	576	2	0.3%	4,038	898	22.2%	–21.9%
Procter & Gamble	42,361	10,695	25.2%	31,800	7,030	22.1%	+3.1%
R.R. Donnelley & Sons	1,341	170	12.7%	810	230	28.3%	–15.7%
Reinsurance Group of America	2,039	46	2.3%	1,451	239	16.5%	–14.2%
Rock-Tenn	1,208	138	11.4%	141	46	32.8%	–21.4%
Rockwell Automation	1,503	208	13.9%	1,957	318	16.2%	–2.4%
Ryder System	1,105	–19	–1.7%	216	45	20.8%	–22.5%

## U.S. Profits & U.S. Federal Income Taxes versus Foreign Profits & Foreign Income Taxes, 2008-12 for companies with foreign pretax profits at least 10% of total worldwide pretax profits, \$-million

Company	US profits & federal+state income taxes			Foreign profits & for. income taxes			US rate
	US profit	US tax	US rate	For. profit	For. tax	For. rate	– For rate
Safeway	3,421	1,153	33.7%	1,696	543	32.0%	+1.7%
Sempra Energy	4,097	151	3.7%	2,253	467	20.7%	–17.0%
Sherwin-Williams	3,664	819	22.3%	657	213	32.4%	–10.0%
Spectra Energy	4,370	542	12.4%	2,829	413	14.6%	–2.2%
SPX	661	69	10.5%	878	123	14.0%	–3.5%
St. Jude Medical	2,520	1,083	43.0%	2,475	311	12.6%	+30.4%
Staples	4,568	1,480	32.4%	1,714	466	27.2%	+5.2%
State Street Corp.	7,174	929	12.9%	5,581	1,179	21.1%	–8.2%
Synnex	703	250	35.5%	202	42	21.0%	+14.5%
Tech Data	558	183	32.7%	684	164	23.9%	+8.8%
Texas Instruments	9,003	2,910	32.3%	4,936	592	12.0%	+20.3%
Thermo Fisher Scientific	3,787	1,004	26.5%	1,829	451	24.7%	+1.8%
TJX	9,187	2,994	32.6%	1,868	570	30.5%	+2.1%
UGI	1,507	304	20.2%	352	118	33.4%	–13.2%
United Parcel Service	23,376	6,880	29.4%	2,607	796	30.5%	–1.1%
United Technologies	14,026	1,785	12.7%	19,724	5,764	29.2%	–16.5%
Unum Group	4,010	1,211	30.2%	1,033	246	23.8%	+6.4%
URS	1,741	465	26.7%	457	86	18.8%	+7.8%
VF	2,956	834	28.2%	2,181	322	14.8%	+13.5%
Viacom	10,784	2,954	27.4%	2,054	835	40.7%	–13.3%
Visa	15,409	6,092	39.5%	3,132	697	22.3%	+17.3%
Wal-Mart Stores	90,352	28,541	31.6%	26,306	7,110	27.0%	+4.6%
Williams	4,937	610	12.4%	623	103	16.5%	–4.2%
Yahoo	7,297	2,854	39.1%	963	272	28.3%	+10.8%
Yum Brands	1,840	273	14.8%	6,283	1,446	23.0%	–8.2%
<b>Totals for 125 companies</b>	<b>\$ 1,044,465</b>	<b>\$ 235,855</b>	<b>22.6%</b>	<b>\$ 751,281</b>	<b>\$ 189,933</b>	<b>25.3%</b>	<b>–2.7%</b>

<b>82 with lower US rate (66%)</b>	<b>\$ 562,680</b>	<b>\$ 89,029</b>	<b>15.8%</b>	<b>\$ 484,666</b>	<b>\$ 132,556</b>	<b>27.3%</b>	<b>–11.5%</b>
<b>43 with lower foreign rate (34%)</b>	<b>481,784</b>	<b>146,825</b>	<b>30.5%</b>	<b>266,615</b>	<b>57,377</b>	<b>21.5%</b>	<b>+9.0%</b>

% that average foreign effective tax rate exceeds average US tax rate (125 cos.):

+12%

### ADDENDUM:

Three Outliers not included in above list (oil companies with high foreign rates)

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
Chevron	37,281	10,055	27.0%	150,325	64,832	43.1%	–16.2%
ConocoPhillips	35,506	8,701	24.5%	60,306	36,671	60.8%	–36.3%
Exxon Mobil	43,172	7,607	17.6%	279,944	122,799	43.9%	–26.2%
<b>Totals for 3 removed outliers</b>	<b>\$ 115,959</b>	<b>\$ 26,363</b>	<b>22.7%</b>	<b>\$ 490,575</b>	<b>\$ 224,302</b>	<b>45.7%</b>	<b>–23.0%</b>

<b>Note: Totals with outliers ( cos.)</b>	<b>\$ 1,160,424</b>	<b>\$ 262,218</b>	<b>22.6%</b>	<b>\$ 1,241,856</b>	<b>\$ 414,235</b>	<b>33.4%</b>	<b>–10.8%</b>
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## COMPANY-BY-COMPANY NOTES

**3M:** The high tax rate in 2008 reflects a turnaround of deferred taxes. 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. The Domestic Production Activities Deduction reduced taxes by \$76.2, \$90.5, \$80.6, \$23.2 and \$40.9 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$30.2, \$11.5, \$13.9 and \$25.5 million in 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$62.0, \$53.0, \$53.0, \$14.0 and \$21.0 million in 2012, 2011, 2010, 2009 and 2008.

**Actavis:** The company's high tax rates in most years reflect a turnaround of deferred taxes. Excess tax benefits from stock options reduced federal and state taxes by \$13.7, \$14.6, \$6.7, \$2.3 and \$0.2 million in 2012, 2011, 2010, 2009 and 2008.

**Advance Auto Parts:** 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 \$23.1, \$9.7, \$7.3, \$3.2 and \$9.0 million in 2012, 2011, 2010, 2009 and 2008.

**AECOM Technology:** Reported pretax profits in 2012 were adjusted upward for a non-cash goodwill impairment. 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. 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. Excess tax benefits from stock options reduced federal and state taxes by \$1.3, \$61.2, \$17.3, \$15.0 and \$20.6 million in 2012, 2011, 2010, 2009 and 2008.

**Aetna:** Deferred taxes explain the company's low tax rate in 2010. Excess tax benefits from stock options reduced federal and state taxes by \$50.3, \$38.5, \$22.5, \$5.1 and \$27.8 million in 2012, 2011, 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 reduced taxes by \$10.4, \$9.0, \$8.9, \$8.0 and \$8.0 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$31.0, \$47.6, \$23.9, \$15.5 and \$52.1 million in 2012, 2011, 2010, 2009 and 2008. The Domestic Production Activities Deduction reduced taxes by \$4.9, \$2.0, \$2.8 and \$0.9 in 2012, 2011, 2010 and 2009. Excess tax benefits from

stock options reduced federal and state taxes by \$36.2, \$17.5, \$8.4, \$15.4 and \$11.8 million in 2012, 2011, 2010, 2009 and 2008.

**Airgas:** Deferral, primarily due to accelerated depreciation, explains most of the company's tax breaks in all five years.

**Allegheny Technologies:** Deferral, primarily due to accelerated depreciation, explains the company's low tax rates in 2008 through 2010. A turnaround of deferred tax explains the high rate in 2012.

**Alliant Techsystems:** Reported pretax profits in 2008 were adjusted upward for a non-cash goodwill impairment. The Domestic Production Activities Deduction reduced taxes by \$11.4, \$10.6, \$9.7, \$7.8 and \$3.9 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$2.7, \$2.0, \$3.9, \$2.6 and \$2.7 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$0.5, \$1.7 and \$3.3 million in 2010, 2009 and 2008.

**Altria:** The Domestic Production Activities Deduction reduced taxes by \$129.5, \$134.0, \$137.4, \$73.2 and \$76.6 million in 2012, 2011, 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 \$429.0, \$62.0, \$259.0, \$105.0 and \$159.0 million in 2012, 2011, 2010, 2009 and 2008.

**Ameren:** Reported pretax profits in 2012 and 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 all five years.

**American Express:** Income was adjusted to reflect the timing of restructuring charge payments in all five years. Excess tax benefits from stock options reduced federal and state taxes by \$45.0, \$60.0, \$35.0, \$2.0 and \$21.0 million in 2012, 2011, 2010, 2009 and 2008.

**American Financial Group:** A turnaround of deferred taxes explains the company's high rate in 2008. A small amount of 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 \$25.7, \$39.7, \$21.0, \$1.5 and \$12.0

million in 2012, 2011, 2010, 2009 and 2008.

**Andersons:** The Domestic Production Activities Deduction reduced taxes by \$1.0 million in 2012. Excess tax benefits from stock options reduced federal and state taxes by \$0.2, \$0.3, \$0.9, \$0.6 and \$2.6 million in 2012, 2011, 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 \$3.1, \$6.9, \$5.4, \$0.7 and \$10.2 million in 2012, 2011, 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 reduced taxes by \$7.3 million in 2008. Excess tax benefits from stock options reduced federal and state taxes by \$4.0, \$32.0, \$28.0, \$16.0 and \$47.0 million in 2012, 2011, 2010, 2009 and 2008.

**Apollo Group:** The company's fiscal years end in August of the years listed. Income was adjusted to reflect the timing of restructuring charge payments in 2011 and 2012. Excess tax benefits from stock options reduced federal and state taxes by \$1.2, \$4.0, \$6.6, \$18.5 and \$18.6 million in 2012, 2011, 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. Excess tax benefits from stock options reduced federal and state taxes by \$5.0, \$8.0, \$1.9, \$-1.7 and \$0.2 million in 2012, 2011, 2010, 2009 and 2008.

**AT&T:** The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. Excess tax benefits from stock options reduced federal and state taxes by \$2.1, \$2.0 and \$10.0 million in 2011, 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 company's fiscal years end in June following the years listed. Reported pretax profits in 2012 were adjusted upward for a non-cash goodwill impairment. The Domestic Production Activities Deduction reduced taxes by \$22.3, \$22.4, \$18.2, \$11.8 and \$6.9 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$5.7, \$1.0, \$0.2 and \$1.5 million in 2011, 2010, 2009

and 2008.

**Autonation:** Reported pretax profits in 2008 were adjusted upward for a non-cash impairment of goodwill and franchise rights. Excess tax benefits from stock options reduced federal and state taxes by \$10.6, \$22.8, \$7.7, \$4.2 and \$0.3 million in 2012, 2011, 2010, 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. Excess tax benefits from stock options reduced federal and state taxes by \$63.0, \$34.9, \$22.3, \$8.4 and \$10.1 million in 2012, 2011, 2010, 2009 and 2008.

**Ball:** The Domestic Production Activities Deduction reduced taxes by \$7.1, \$6.5, \$9.7, \$4.0 and \$3.3 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$1.2, \$0.9 and \$4.9 million in 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$21.3, \$5.6, \$12.7, \$5.5 and \$4.3 million in 2012, 2011, 2010, 2009 and 2008.

**Baxter International:** Income was adjusted to reflect the timing of restructuring charge payments in 2008, 2009, 2010 and 2011. Excess tax benefits from stock options reduced federal and state taxes by \$24.0, \$21.0, \$41.0, \$96.0 and \$112.0 million in 2012, 2011, 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 and decreasing it in 2011 and 2012.

**Becton Dickinson:** The research and experimentation tax credit reduced taxes by \$25.0, \$46.3, \$28.2, \$42.6 and \$13.4 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$14.9, \$37.2, \$23.2, \$14.7 and \$64.3 million in 2012, 2011, 2010, 2009 and 2008.

**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 \$5.0, \$5.2, \$2.9, \$6.3 and \$3.7 million in 2012, 2011, 2010, 2009 and 2008.

**Bemis:** The Domestic Production Activities Deduction reduced taxes by \$5.2, \$4.2, \$5.8, \$3.7 and \$2.3 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced fed-



eral and state taxes by \$0.6, \$1.4, \$3.9, \$0.5 and \$0.2 million in 2012, 2011, 2010, 2009 and 2008.

**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 \$11.0, \$7.0 and \$6.0 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 \$8.1, \$2.7, \$13.8, \$1.6 and \$4.6 million in 2012, 2011, 2010, 2009 and 2008.

**Biogen Idec:** The company reports noncontrolling interest income in 2008 through 2011. Excess tax benefits from stock options reduced federal and state taxes by \$54.7, \$50.6, \$13.1, \$3.4 and \$28.0 million in 2012, 2011, 2010, 2009 and 2008.

**Boeing:** The research and experimentation tax credit reduced taxes by \$-47.3, \$145.6, \$157.7, \$174.8 and \$171.8 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$45.0, \$36.0, \$19.0, \$5.0 and \$100.0 million in 2012, 2011, 2010, 2009 and 2008.

**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 \$12.3, \$15.3, \$13.1, \$10.0 and \$12.1 million in 2012, 2011, 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. The Domestic Production Activities Deduction reduced taxes by \$21.0, \$19.0 and \$19.0, million in 2012, 2011 and 2010. Excess tax benefits from stock options reduced federal and state taxes by \$6.0 and \$3.0 million in 2012 and 2011.

**Cablevision Systems:** Reported pretax profits in 2008 were adjusted upward for a non-cash goodwill impairment charge. The research and experimentation tax credit reduced taxes by \$1.8, \$1.8, \$1.2 and \$0.8 million in 2011, 2010, 2009 and 2008.

**Cameron International:** Excess tax benefits from stock options reduced federal and state taxes by \$11.1, \$9.0, \$16.4, \$6.4 and \$17.0 million in 2012, 2011, 2010, 2009 and 2008.

**Campbell Soup:** The company's fiscal years end in August of the years listed. The Domestic Production Activities Deduction reduced taxes by \$19.9, \$21.0, \$16.1, \$10.8 and \$14.1 million in 2012,

2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$8.0, \$11.0, \$11.0, \$18.0 and \$8.0 million in 2012, 2011, 2010, 2009 and 2008.

**Capital One:** Reported pretax profits were adjusted in all five years for the timing of payments for credit losses. 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. Reported pretax profits in 2012 were adjusted upward for non-cash goodwill impairments. U.S. taxes on foreign profits were subtracted from reported tax in 2009 through 2012.

**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 \$24.1, \$9.7, \$8.9, \$3.9 and \$0.4 million in 2012, 2011, 2010, 2009 and 2008.

**Casey's General Stores:** The company's fiscal year ends in April following the years listed. Deferral, driven mainly by accelerated depreciation, explains most of the tax breaks in all five years. Excess tax benefits from stock options reduced federal and state taxes by \$1.9, \$1.2, \$0.6, \$0.4 and \$0.5 million in 2012, 2011, 2010, 2009 and 2008.

**CBS:** Excess tax benefits from stock options reduced federal and state taxes by \$103.0, \$72.0, \$15.8, \$0.4 and \$6.5 million in 2012, 2011, 2010, 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:** Reported pretax profits in 2012 were adjusted upward for a non-cash goodwill impairment. 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 \$11.0, \$4.4, \$1.0, \$0.1 and \$3.1 million in 2012, 2011, 2010, 2009 and 2008.

**CenterPoint Energy:** Reported pretax profits in 2012 were adjusted upward for a non-cash goodwill impairment. Accelerated depreciation saved the company substantial amounts in all five years.

**CenturyLink:** The company maintains an allowance for doubtful accounts. The study adjusted U.S. and foreign pretax income by replacing the company's provision for doubtful accounts with actual

charges net of recoveries. This had the effect of decreasing pretax profits in 2008 and increasing them in all other years. Deferred taxes, primarily accelerated depreciation, explain the company's low tax rate in 2010. Accelerated depreciation saved the company substantial amounts in 2010 through 2012. Excess tax benefits from stock options reduced federal and state taxes by \$11.9, \$4.2 and \$1.1 million in 2010, 2009 and 2008.

**CF Industries Holdings:** The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. The Domestic Production Activities Deduction reduced taxes by \$47.0, \$39.0, \$10.7, \$9.2 and \$17.7 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$36.1, \$47.2, \$5.8, \$4.6 and \$24.3 million in 2012, 2011, 2010, 2009 and 2008.

**Charles Schwab:** Excess tax benefits from stock options reduced federal and state taxes by \$3.0, \$8.0 and \$50.0 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 2012, 2009 and 2008. Deferred taxes explain the company's low tax rate in 2010. Excess tax benefits from stock options reduced federal and state taxes by \$2.0, \$-3.0, \$2.0 and \$43.0 million in 2012, 2011, 2010 and 2008.

**Chevron:** Accelerated depreciation saved the company substantial amounts over the five years. Excess tax benefits from stock options reduced federal and state taxes by \$98.0, \$121.0, \$67.0, \$25.0 and \$106.0 million in 2012, 2011, 2010, 2009 and 2008.

**Cigna:** Pretax income was adjusted to reflect the timing of charges for GMD contracts in all five years. Income was also adjusted to reflect the timing of restructuring charge payments in 2008, 2009 and 2010. Excess tax benefits from stock options reduced federal and state taxes by \$15.0, \$10.0, \$5.0 and \$6.0 million in 2012, 2011, 2010 and 2008.

**Cliffs Natural Resources:** Percentage depletion tax breaks saved the company \$109, \$153, \$103, \$66 and \$101 million in 2012 through 2008. The Domestic Production Activities Deduction reduced taxes by \$4.7, \$11.9, \$0.1 and \$6.9 million in 2012, 2011, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$12.7, \$4.5, \$3.3, \$3.5 and \$3.5 million in 2012, 2011, 2010, 2009 and 2008.

**Clorox:** Reported pretax profits in 2010 were adjusted upward for a non-cash goodwill impairment charge. The company's fiscal years end in June of the years listed. The Domestic Production Activities

Deduction reduced taxes by \$19.6, \$17.4, \$19.7, \$14.5 and \$12.8 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$11.0, \$10.0, \$9.0, \$10.0 and \$6.0 million in 2012, 2011, 2010, 2009 and 2008.

**CMS Energy:** Accelerated depreciation saved the company substantial amounts in all five years. The research and experimentation tax credit reduced taxes by \$3.0 and \$9.0 million in 2010 and 2009.

**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. Excess tax benefits from stock options reduced federal and state taxes by \$144.0, \$79.0, \$48.0, \$-6.0 and \$-1.0 million in 2012, 2011, 2010, 2009 and 2008.

**Cognizant Technology Solutions:** Reported total current income taxes were adjusted in order to separate federal and state taxes. The high tax rate in 2012 reflects a turnaround of deferred tax. Excess tax benefits from stock options reduced federal and state taxes by \$48.4, \$39.1, \$71.9, \$31.6 and \$17.0 million in 2012, 2011, 2010, 2009 and 2008.

**Comcast:** The company reports noncontrolling interest income in 2011 and 2012. Pretax income was adjusted to exclude this income. Accelerated depreciation saved the company substantial amounts in most years. Excess tax benefits from stock options reduced federal and state taxes by \$134.0, \$46.0, \$4.0 and \$15.1 million in 2012, 2011, 2010 and 2008.

**Community Health Systems:** The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. Excess tax benefits from stock options reduced federal and state taxes by \$4.0, \$5.3, \$10.2, \$-3.5 and \$1.3 million in 2012, 2011, 2010, 2009 and 2008.

**ConAgra Foods:** Excess tax benefits from stock options reduced federal and state taxes by \$21.3, \$8.7, \$-1.5 and \$-0.7 million in 2012, 2011, 2009 and 2008.

**ConocoPhillips:** The study reversed impairments for the carrying value of oil and gas properties in 2008, 2009, 2010 and 2012. The Domestic Production Activities Deduction reduced taxes by \$52.0, \$73.0, \$75.0, \$19.0 and \$182.0 million in 2012, 2011, 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 reduced taxes by \$10.3, \$22.2, \$5.6, \$12.7 and \$7.7 million in 2012, 2011, 2010, 2009 and 2008. Excess



tax benefits from stock options reduced federal and state taxes by \$8.7, \$8.3, \$15.4, \$3.3 and \$22.0 million in 2012, 2011, 2010, 2009 and 2008.

**Consolidated Edison:** Accelerated depreciation saved the company substantial amounts in all five 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 \$1.6, \$0.7, \$0.4, \$0.2 and \$0.8 million in 2012, 2011, 2010, 2009 and 2008.

**Core-Mark Holding:** Excess tax benefits from stock options reduced federal and state taxes by \$1.1, \$1.7, \$2.0, \$0.4 and \$0.6 million in 2012, 2011, 2010, 2009 and 2008.

**Corning:** Deferral explains the company's low tax rates in 2011 and 2012.

**Costco Wholesale:** The company's fiscal year ends in August of the years listed. The company claimed accelerated depreciation tax breaks in all five years. Excess tax benefits from stock options reduced federal and state taxes by \$64.0, \$45.0, \$10.0, \$2.0 and \$41.0 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$1.1, \$1.7, \$2.0, \$0.4 and \$0.6 million in 2012, 2011, 2010, 2009 and 2008.

**Coventry Health Care:** Pretax income was adjusted to reflect the timing of charges for litigation settlements in 2010 and 2011. Income was adjusted in all five years to reflect the timing of charges for audit reserves. Excess tax benefits from stock options reduced federal and state taxes by \$12.2, \$7.6, \$2.9, \$0.6 and \$0.4 million in 2012, 2011, 2010, 2009 and 2008.

**CSX:** Accelerated depreciation saved the company substantial amounts in all five years. Excess tax benefits from stock options reduced federal and state taxes by \$37.0, \$35.0, \$38.0, \$12.0 and \$69.0 million in 2012, 2011, 2010, 2009 and 2008.

**CVR Energy:** The Domestic Production Activities Deduction reduced taxes by \$16.5, \$10.6, \$2.0, \$3.8 and \$0.9 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$2.3 and \$0.1 million in 2011 and 2010.

**CVS Caremark:** Excess tax benefits from stock options reduced federal and state taxes by \$28.0, \$21.0, \$28.0, \$19.0 and \$53.0 million in 2012, 2011, 2010, 2009 and 2008.

**Danaher:** Restructuring charges were taken in each of the five

years. Pretax profits were adjusted for the actual utilization of the company's restructuring reserves, which increased pretax profits in 2008, 2009 and 2011 and decreased them in 2010 and 2012.

**Darden Restaurants:** The company's fiscal years end in May following the years listed. Unspecified "federal income tax credits" reduced taxes by \$67, \$71, \$54, \$45, and \$46 million in 2012 through 2008. Deferred taxes, predominantly accelerated depreciation, explain the remainder of the company's low tax rate in 2009. Excess tax benefits from stock options reduced federal and state taxes by \$13.6, \$17.9, \$17.7, \$20.1 and \$22.2 million in 2012, 2011, 2010, 2009 and 2008.

**DaVita:** The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. Reported pretax profits in 2011 were adjusted upward for a non-cash goodwill impairment. Deferred taxes, predominantly accelerated depreciation, account for most of the company's tax breaks in most years. Excess tax benefits from stock options reduced federal and state taxes by \$62.0, \$20.8, \$6.3, \$7.0 and \$8.0 million in 2012, 2011, 2010, 2009 and 2008.

**Deere:** The company's fiscal years end in October of the years listed. Reported pretax profits in 2009, 2010 and 2012 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 reduced taxes by \$10.0, \$38.0, \$5.0, \$25.0 and \$18.0 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$30.1, \$70.1, \$43.5, \$4.6 and \$72.5 million in 2012, 2011, 2010, 2009 and 2008.

**Devon Energy:** The study reversed impairments for the carrying value of oil and gas properties in 2008, 2009 and 2012. Deferred taxes explain virtually all of the company's tax breaks in 2010 and 2011. Excess tax benefits from stock options reduced federal and state taxes by \$5.0, \$13.0, \$16.0, \$8.0 and \$60.0 million in 2012, 2011, 2010, 2009 and 2008.

**Dick's Sporting Goods:** Reported pretax profits in 2008 were adjusted upward for a non-cash goodwill impairment. The company's fiscal years end in January following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$64.8, \$20.8, \$22.2, \$16.0 and \$1.8 million in 2012, 2011, 2010, 2009 and 2008.

**DirecTV:** Accelerated depreciation saved the company significant amounts in each year from 2008 to 2011. Excess tax benefits from stock options reduced federal and state taxes by \$30.0, \$25.0, \$11.0, \$5.0 and \$8.0 million in 2012, 2011, 2010, 2009 and 2008.

**Discover Financial Services:** The company's high rate in 2008

reflects a turnaround of deferred federal income taxes.

**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, 2010, 2011 and 2012.

**Dollar General:** 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 January following the years listed. Excess tax benefits from stock options reduced federal and state taxes by \$87.8, \$33.1, \$13.9, \$5.4 and \$1.0 million in 2012, 2011, 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. Excess tax benefits from stock options reduced federal and state taxes by \$21.3, \$13.8, \$7.8, \$3.9 and \$2.3 million in 2012, 2011, 2010, 2009 and 2008.

**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. Accelerated depreciation saved the company substantial amounts in all five years. The Domestic Production Activities Deduction reduced taxes by \$11.9, \$13.0, \$20.1, \$54.3 and \$13.1 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$10.0, \$2.0, \$10.0, \$5.0 and \$6.9 million in 2012, 2011, 2010, 2009 and 2008.

**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 reduced taxes by \$10.0, \$12.0, \$2.0, \$2.0 and \$2.0 million in 2012, 2011, 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 \$20.5, \$16.4, \$7.4, \$4.4 and \$6.6 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$3.3, \$3.7, \$2.0 and \$4.7 million in 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$22.8, \$8.8, \$6.5, \$0.4 and \$8.4 million in 2012, 2011, 2010, 2009 and 2008.

**DTE Energy:** Accelerated depreciation saved the company substantial amounts in all five years. The Domestic Production Activities Deduction reduced taxes by \$14.0, \$7.0, \$7.0, \$5.0 and \$2.0

million in 2012, 2011, 2010, 2009 and 2008.

**Duke Energy:** The company's results for 2012 were adjusted to include half of the income and tax of Progress Energy, which it acquired midway through the year. Reported pretax profits in 2009 and 2010 were adjusted upward for a non-cash goodwill impairment. Accelerated depreciation saved the company substantial amounts in most years. The Domestic Production Activities Deduction reduced taxes by \$18.0 million in 2008.

**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, 2010 and 2012.

**Eastman Chemical:** The company's low tax rates 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 reduced taxes by \$12.0, \$17.0, \$14.0, \$5.0 and \$7.0 million in 2012, 2011, 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 \$26.3, \$19.7, \$15.0, \$6.8 and \$9.8 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$50.1, \$13.7, \$16.9, \$7.7 and \$8.2 million in 2012, 2011, 2010, 2009 and 2008.

**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.

**Emcor Group:** Reported pretax profits in 2010 and 2009 were adjusted upward for a non-cash goodwill impairment. The Domestic Production Activities Deduction reduced taxes by \$5.6, \$4.0 and \$4.4 million in 2012, 2011 and 2010. Excess tax benefits from stock options reduced federal and state taxes by \$7.1, \$3.6, \$1.5, \$2.2 and \$1.2 million in 2012, 2011, 2010, 2009 and 2008.

**Emerson Electric:** Reported profits in 2012 and 2011 were adjusted upward for a non-cash goodwill impairment charge. 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 \$43.6, \$39.9, \$17.3, \$19.6 and \$25.5 million in 2012, 2011, 2010, 2009 and 2008.

**Entergy:** Reported pretax profits in 2012 were adjusted upward for a non-cash asset impairment. 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 most years, driven mainly by accelerated depreciation.

**EOG Resources:** The study reversed non-cash impairments for the carrying value of oil and gas properties in all five years. The Domestic Production Activities Deduction reduced taxes by \$1.1 and \$0.2 million in 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$67.0, \$-0.8, \$76.1 and \$6.4 million in 2012, 2010, 2009 and 2008.

**Exelon:** Deferred taxes explain most of the company's low rates. Accelerated depreciation saved the company substantial amounts over the five years. The Domestic Production Activities Deduction reduced taxes by \$11.9, \$50.7, \$39.8 and \$52.4 million in 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$2.0, \$1.0, \$3.0, \$5.0 and \$60.0 million in 2012, 2011, 2010, 2009 and 2008.

**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 \$45.3, \$28.3, \$58.9, \$13.4 and \$42.1 million in 2012, 2011, 2010, 2009 and 2008. The company maintains an allowance for doubtful accounts. The study adjusted U.S. and foreign pretax income by replacing the company's provision for doubtful accounts with actual charges net of recoveries. This had the effect of decreasing pretax profits in 2010 and 2011 and increasing them in all other years.

**Exxon Mobil:** Accelerated depreciation saved the company substantial amounts over the five years. Excess tax benefits from stock options reduced federal and state taxes by \$178.0, \$202.0, \$280.0, \$140.0 and \$315.0 million in 2012, 2011, 2010, 2009 and 2008.

**Facebook:** The research and experimentation tax credit reduced taxes by \$17.0 and \$8.1 million in 2011 and 2010. Excess tax benefits from stock options reduced federal and state taxes by \$1,033.0, \$433.0 and \$115.0 million in 2012, 2011 and 2010.

**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 \$12.3, \$4.7, \$1.7 and \$0.7 million in 2012, 2011, 2010 and 2009.

**FedEx:** The company's fiscal year ends in May following the years listed. Accelerated depreciation saved the company substantial amounts over the five years. Excess tax benefits from stock options reduced federal and state taxes by \$23.0, \$18.0, \$23.0, \$25.0 and \$4.0 million in 2012, 2011, 2010, 2009 and 2008.

**Fifth Third Bancorp:** 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 decreasing it in 2010 through 2012.

**First Energy:** Accelerated depreciation saved the company substantial amounts over the five years. The Domestic Production Activities Deduction reduced taxes by \$-16.0, \$13.0 and \$29.0 million in 2011, 2009 and 2008.

**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 \$2.0 million in 2008.

**Flowserve:** Excess tax benefits from stock options reduced federal and state taxes by \$11.2, \$5.7, \$10.0, \$1.2 and \$12.5 million in 2012, 2011, 2010, 2009 and 2008.

**Fluor:** Foreign income was adjusted to remove the effects of the company's noncontrolling interest income in each of the five years. Excess tax benefits from stock options reduced federal and state taxes by \$4.4, \$12.7, \$0.9, \$1.3 and \$17.1 million in 2012, 2011, 2010, 2009 and 2008.

**FMC Technologies:** Deferred taxes explain the low tax rates in most years. Excess tax benefits from stock options reduced federal and state taxes by \$27.1, \$8.7, \$5.5, \$2.0 and \$24.0 million in 2012, 2011, 2010, 2009 and 2008.

**Franklin Resources:** The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. Excess tax benefits from stock options reduced federal and state taxes by \$19.7, \$14.7, \$11.7, \$4.9 and \$27.9 million in 2012, 2011, 2010, 2009 and 2008.

**Frontier Communications:** The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. Accelerated depreciation saved the company substantial amounts in each year from 2009 to 2012.

**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. Excess tax benefits from stock options reduced federal and state taxes by \$1.3, \$1.4, \$18.6, \$-0.4 and \$34.2 million in 2012, 2011, 2010, 2009 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 \$34.0, \$13.0, \$11.0, \$4.0 and \$6.0 million in 2012, 2011, 2010, 2009 and 2008.

**General Dynamics:** Reported profits in 2012 were adjusted upward for a non-cash goodwill impairment charge. Deferred taxes explain most of the tax breaks the company received in 2010, 2009 and 2008. The Domestic Production Activities Deduction reduced taxes by \$60.6, \$66.9, \$60.6, \$28.1 and \$36.0 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$29.0, \$24.0, \$18.0, \$5.0 and \$31.0 million in 2012, 2011, 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 through 2012.

**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 \$53.2, \$39.8, \$38.9, \$39.7 and \$21.4 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$103.0, \$63.1, \$106.2, \$114.0 and \$89.1 million in 2012, 2011, 2010, 2009 and 2008.

**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 2012 were adjusted for expenses booked but not yet recognized for taxes. This adjustment increased pretax profits in four of the five years. Excess tax benefits from stock options reduced federal and state taxes by \$11.0, \$5.4, \$3.3, \$-0.7 and \$-0.6 million in 2012, 2011, 2010, 2009 and 2008.

**Goldman Sachs Group:** Excess tax benefits from stock options reduced federal and state taxes by \$130.0, \$358.0, \$352.0, \$135.0 and \$614.0 million in 2012, 2011, 2010, 2009 and 2008.

**Graybar Electric:** Deferral, primarily due to accelerated depreciation, explains the company's relatively low tax rate in 2010.

**Group 1 Automotive:** Excess tax benefits from stock options reduced federal and state taxes by \$2.9, \$2.5, \$0.6, \$0.2 and \$-1.1 million in 2012, 2011, 2010, 2009 and 2008.

**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 \$0.4, \$0.1, \$0.5, \$1.6 and \$8.6 million in 2012, 2011, 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 \$10.3, \$7.6, \$8.6, \$2.4 and \$4.8 million in 2012, 2011, 2010, 2009 and 2008.

**Halliburton:** Deferred taxes, primarily accelerated depreciation, explains most of the company's tax savings in most years. The Domestic Production Activities Deduction reduced taxes by \$84.1, \$93.4, \$47.8 and \$42.3 million in 2012, 2011, 2010 and 2008.

**Harley-Davidson:** Restructuring charges were taken in each year between 2008 and 2012. Pretax profits for each year were adjusted for the actual utilization of the company's restructuring reserves, which increased pretax profits in 2008, 2009 and 2011 and decreased them in 2010 and 2012. Reported pretax profits in 2009 were also adjusted upward for a non-cash goodwill impairment. The Domestic Production Activities Deduction reduced taxes by \$15.4, \$14.3, \$12.5 and \$10.7 million in 2012, 2011, 2010 and 2008. The research and experimentation tax credit reduced taxes by \$4.8, \$3.9, \$3.0 and \$5.3 million in 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$13.1, \$6.3, \$3.8, \$0.2 and \$0.3 million in 2012, 2011, 2010, 2009 and 2008.

**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 \$20.6, \$25.3, \$22.9, \$13.4 and \$11.6 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$8.6, \$4.2, \$10.6, \$5.9 and \$9.7 million in 2012, 2011, 2010, 2009 and 2008.

**HCA Holdings:** 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 reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. The company maintains an allowance for doubtful accounts. The study adjusted U.S. and foreign pretax income by replacing the company's provision for doubtful accounts with actual charges net of recoveries. This had the effect of decreasing pretax profits in 2010 and increasing them in all other years.

**Health Management Associates:** Deferred taxes explain most of the company's low tax rates over the five-year period. Excess tax benefits from stock options reduced federal and state taxes by \$1.5,



\$3.0, \$1.3 and \$0.2 million in 2012, 2011, 2010 and 2009.

**Health Net:** Reported pretax profits in 2009 and 2010 were adjusted upward for a non-cash goodwill impairment. Deferral explains most of the company's low tax rate in 2010. Excess tax benefits from stock options reduced federal and state taxes by \$6.1, \$1.3, \$0.6 and \$0.8 million in 2012, 2011, 2010 and 2008.

**Henry Schein:** Excess tax benefits from stock options reduced federal and state taxes by \$17.8, \$8.8, \$11.3, \$4.7 and \$11.0 million in 2012, 2011, 2010, 2009 and 2008.

**Hershey:** The company's relatively high tax rates in 2008 through 2010 are driven by a turnaround of deferred taxes. The Domestic Production Activities Deduction reduced taxes by \$25.4, \$21.2, \$19.4, \$11.4 and \$8.4 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$33.9, \$14.0, \$1.4, \$4.5 and \$1.4 million in 2012, 2011, 2010, 2009 and 2008.

**HollyFrontier:** The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. The company was formerly known as 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 reduced taxes by \$54.7, \$32.2, \$0.9 and \$2.4 million in 2012, 2011, 2010 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$16.7, \$13.0, \$12.5, \$12.4 and \$13.6 million in 2012, 2011, 2010, 2009 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. Excess tax benefits from stock options reduced federal and state taxes by \$83.0, \$-2.0, \$2.0, \$-2.0 and \$7.0 million in 2012, 2011, 2010, 2009 and 2008.

**Honeywell International:** Deferred taxes, primarily due to accelerated depreciation, explain most of the company's low tax rates in most years. A turnaround of deferred tax explains the high rate in 2011. Excess tax benefits from stock options reduced federal and state taxes by \$56.0, \$42.0, \$13.0, \$1.0 and \$21.0 million in 2012, 2011, 2010, 2009 and 2008.

**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 reduced taxes by \$19.7, \$18.7, \$10.6, \$8.5 and \$7.8 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$8.8, \$15.2, \$10.3, \$1.3 and \$10.2 million in 2012, 2011, 2010, 2009 and

2008.

**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 \$22.0, \$15.0, \$2.0, \$5.3 and \$9.9 million in 2012, 2011, 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 reduced taxes by \$39.6, \$33.7, \$28.8, \$8.5 and \$23.5 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$16.0, \$8.2, \$8.8, \$4.1 and \$4.0 million in 2012, 2011, 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 \$6.3, \$3.1, \$3.7, \$4.1 and \$1.0 million in 2012, 2011, 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 \$2.0, \$1.8, \$1.1 and \$0.1 million in 2012, 2011, 2010 and 2008.

**Integrus:** Reported pretax profits in 2009 and 2008 were adjusted upward for a non-cash goodwill impairment charge. Restructuring charges were taken in 2009, 2010 and 2011. Pretax profits for each year were adjusted for the actual utilization of the company's restructuring reserves, which increased pretax profits in 2011 and 2009 and decreased them in 2010. Deferred taxes explain much of the company's tax rates, driven primarily by accelerated depreciation.

**Intel:** 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. The Domestic Production Activities Deduction reduced taxes by \$312.3, \$337.8, \$336.9, \$85.6 and \$130.7 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$177.8, \$144.4, \$114.1 and \$107.6 million in 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$142.0, \$37.0, \$65.0, \$9.0 and \$30.0 million in 2012, 2011, 2010, 2009 and 2008.

**International Business Machines (IBM):** Deferred taxes saved the company substantial amounts in each of the five 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. The Domestic Production Activities Deduction reduced taxes by \$15.0, \$8.0, \$-3.0 and \$2.0 million in 2012, 2011, 2010 and 2009.

**Interpublic:** Deferred taxes explain most of the company's tax breaks in all five years. Excess tax benefits from stock options reduced federal and state taxes by \$14.8, \$8.4 and \$4.5 million in 2012, 2011 and 2010.

**J.B. Hunt Transport Services:** Excess tax benefits from stock options reduced federal and state taxes by \$20.1, \$15.6, \$12.2, \$10.2 and \$14.9 million in 2012, 2011, 2010, 2009 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 \$25.3, \$21.7, \$27.3, \$13.9 and \$5.9 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$2.9, \$4.8, \$7.0, \$2.9 and \$2.4 million in 2012, 2011, 2010, 2009 and 2008.

**J.P. Morgan Chase & Co.:** The study adjusted U.S. and foreign 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 decreasing it in 2010 through 2012. Excess tax benefits from stock options reduced federal and state taxes by \$255.0, \$867.0, \$26.0, \$17.0 and \$148.0 million in 2012, 2011, 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 \$4.0, \$6.8, \$2.9, \$3.5 and \$46.3 million in 2012, 2011, 2010, 2009 and 2008.

**Joy Global:** The Domestic Production Activities Deduction reduced taxes by \$18.8, \$12.5, \$5.4 and \$4.1 million in 2012, 2011, 2010 and 2009. Excess tax benefits from stock options reduced federal and state taxes by \$21.3, \$15.0, \$8.1, \$8.3 and \$12.0 million in 2012, 2011, 2010, 2009 and 2008.

**Kellogg:** The Domestic Production Activities Deduction reduced taxes by \$27.8, \$22.5, \$19.2 and \$26.9 million in 2012, 2011, 2010 and 2009. Excess tax benefits from stock options reduced federal and state taxes by \$6.0, \$11.0, \$8.0, \$4.0 and \$12.0 million in 2012, 2011,

2010, 2009 and 2008.

**Kimberly-Clark:** Excess tax benefits from stock options reduced federal and state taxes by \$50.0, \$15.0, \$6.0, \$9.0 and \$8.0 million in 2012, 2011, 2010, 2009 and 2008.

**Kindred Healthcare:** Deferred taxes, primarily accelerated depreciation, explain most of the company's tax breaks in most years. A turnaround of deferred taxes explains the high rate in 2012. Excess tax benefits from stock options reduced federal and state taxes by \$0.4, \$-0.3, \$-1.0 and \$1.1 million in 2011, 2010, 2009 and 2008.

**Kohl's:** The company's fiscal years end in January following the years listed. The company enjoyed small deferred tax breaks in four of the five years, driven mainly by accelerated depreciation. A turnaround of deferred tax explains the high 2012 rate. Excess tax benefits from stock options reduced federal and state taxes by \$4.0, \$2.0, \$-3.0 and \$-3.0 million in 2012, 2011, 2010 and 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 \$4.0 and \$15.0 million in 2009 and 2008.

**L-3 Communications:** The Domestic Production Activities Deduction reduced taxes by \$19.8, \$21.2, \$20.8, \$11.1 and \$12.8 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$5.8, \$13.3, \$14.8, \$18.0 and \$14.2 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$3.0, \$2.0, \$7.0, \$4.0 and \$10.0 million in 2012, 2011, 2010, 2009 and 2008.

**Laboratory Corp. of America:** Excess tax benefits from stock options reduced federal and state taxes by \$8.2, \$10.4, \$5.1, \$0.5 and \$16.2 million in 2012, 2011, 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 \$116.0, \$48.1, \$19.0 and \$2.0 million in 2012, 2011, 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 percent of the company's worldwide sales were to the U.S.



government. Accelerated depreciation saved the company substantial amounts in 2008 through 2011. The Domestic Production Activities Deduction reduced taxes by \$29.0, \$106.0, \$110.0, \$39.0 and \$67.0 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$35.0, \$43.0, \$43.0 and \$36.0 million in 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$21.0 and \$92.0 million in 2009 and 2008.

**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 reduced taxes by \$11.7 million in 2008. Excess tax benefits from stock options reduced federal and state taxes by \$2.0, \$2.0 and \$3.0 million in 2010, 2009 and 2008.

**Lowe's:** The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. Reported pretax profits in 2012, 2009 and 2008 were adjusted for an impairment of natural gas and oil properties. Excess tax benefits from stock options reduced federal and state taxes by \$1.0 and \$1.0 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. Excess tax benefits from stock options reduced federal and state taxes by \$36.0, \$20.0 and \$4.0 million in 2012, 2011 and 2010.

**Mastercard:** Reported pretax profits in each of the five years 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 \$47.0, \$12.0, \$85.0, \$39.0 and \$48.0 million in 2012, 2011, 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 \$35.8, \$24.2, \$7.5, \$36.7 and \$-2.3 million in 2012, 2011, 2010, 2009 and 2008.

**McDonalds:** Excess tax benefits from stock options reduced federal and state taxes by \$142.3, \$112.5, \$128.7, \$73.6 and \$124.1 million in 2012, 2011, 2010, 2009 and 2008.

**McGraw-Hill:** Excess tax benefits from stock options reduced federal and state taxes by \$42.0, \$19.0, \$1.5, \$0.3 and \$4.0 million in 2012, 2011, 2010, 2009 and 2008.

**McKesson:** The company's fiscal years end in March following the years listed. Pretax income was adjusted to reflect the timing of charges for litigation settlements in each of the five years.

**MDU Resources:** Reported pretax profits in 2012, 2009, and 2008 were adjusted for an impairment of natural gas and oil properties. The Domestic Production Activities Deduction reduced taxes by \$0.9 and \$3.0 million in 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$1.2 and \$1.2 million in 2011 and 2010.

**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 2008 through 2011 and reduced them in 2012. Deferred taxes explain most of the company's tax breaks in 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$94.0 million in 2012.

**MetroPCS Communications:** Deferral, primarily due to accelerated depreciation, explains most of the company's tax breaks in each of the five years.

**Molina Healthcare:** Excess tax benefits from stock options reduced federal and state taxes by \$3.7, \$1.7 and \$0.3 million in 2012, 2011 and 2010.

**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 \$67.0, \$37.0, \$22.0, \$45.0 and \$13.0 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$15.0, \$34.0, \$10.0, \$33.0 and \$5.0 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$50.0, \$36.0, \$43.0, \$35.0 and \$198.0 million in 2012, 2011, 2010, 2009 and 2008.

**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 \$13.4, \$3.3 and \$6.5 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 \$2.6, \$4.8, \$11.7, \$4.1 and \$20.3 million in 2012, 2011, 2010, 2009 and 2008.

**Nash-Finch:** Reported pretax profits in 2009 and 2012 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 \$0.1, \$-0.0, \$-0.0, \$-0.2 and \$0.6 million in 2012, 2011, 2010, 2009 and 2008.

**Newmont Mining:** The company does not disclose the split between federal and state income taxes; the study assumes all U.S. income taxes are federal. The company reports substantial tax benefits from percentage depletion in each year.

**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 \$72.0, \$115.0, \$64.0, \$58.0 and \$25.1 million in 2012, 2011, 2010, 2009 and 2008.

**NiSource:** The Domestic Production Activities Deduction reduced taxes by \$1.2 and \$1.8 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 \$24.0, \$22.0, \$16.0, \$7.0 and \$4.0 million in 2012, 2011, 2010, 2009 and 2008.

**Norfolk Southern:** Accelerated depreciation provided the company with substantial tax savings in each year. Excess tax benefits from stock options reduced federal and state taxes by \$42.0, \$45.0, \$33.0, \$15.0 and \$76.0 million in 2012, 2011, 2010, 2009 and 2008.

**Northeast Utilities:** Excess tax benefits from stock options reduced federal and state taxes by \$8.5, \$1.3, \$0.9, \$0.9 and \$1.6 million in 2012, 2011, 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 \$42.0, \$32.0, \$34.0, \$24.0 and \$19.0 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$17.0, \$15.0, \$17.0 and \$13.0 million in 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$45.0, \$17.0, \$22.0, \$2.0 and \$48.0 million in 2012, 2011, 2010, 2009 and 2008.

**NYSE Euronext:** Deferral explains the company's low tax rates in

2009 and 2010.

**Occidental Petroleum:** Accelerated depreciation saved the company substantial amounts in all five years. Excess tax benefits from stock options reduced federal and state taxes by \$8.0, \$14.0, \$22.0, \$24.0 and \$77.0 million in 2012, 2011, 2010, 2009 and 2008.

**Omnicare:** Reported pretax profits in 2010 were adjusted for a goodwill impairment. Excess tax benefits from stock options reduced federal and state taxes by \$2.5, \$5.0, \$0.7, \$2.4 and \$1.0 million in 2012, 2011, 2010, 2009 and 2008.

**Omnicom Group:** Excess tax benefits from stock options reduced federal and state taxes by \$85.3, \$30.4, \$44.6 and \$12.9 million in 2012, 2011, 2010 and 2008.

**Oneok:** The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. Deferred taxes, primarily due to accelerated depreciation, explains most of the company's tax breaks in all five years.

**Oracle:** The company's fiscal years end in May following the years listed. The Domestic Production Activities Deduction reduced taxes by \$155.0, \$178.0, \$206.0, \$95.0 and \$82.0 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$241.0, \$97.0, \$215.0, \$110.0 and \$194.0 million in 2012, 2011, 2010, 2009 and 2008.

**O'Reilly Automotive:** Accelerated depreciation saved the company substantial amounts in all five years. Excess tax benefits from stock options reduced federal and state taxes by \$38.6, \$23.0, \$18.6, \$10.2 and \$2.2 million in 2012, 2011, 2010, 2009 and 2008.

**Owens & Minor:** Excess tax benefits from stock options reduced federal and state taxes by \$1.3, \$2.2, \$2.1, \$2.6 and \$3.4 million in 2012, 2011, 2010, 2009 and 2008.

**Paccar:** The research and experimentation tax credit reduced taxes by \$4.5, \$3.3, \$3.7 and \$5.9 million in 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$4.4, \$4.7, \$10.8, \$7.1 and \$3.8 million in 2012, 2011, 2010, 2009 and 2008.

**Parker Hannifin:** The company's fiscal years end in June of the years listed. The Domestic Production Activities Deduction reduced taxes by \$13.1, \$25.2 and \$12.7, million in 2012, 2011 and 2010. The research and experimentation tax credit reduced taxes by \$14.4, \$6.3, \$15.6, \$5.3 and \$17.1 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$66.0, \$16.1, \$42.8, \$13.7 and \$3.7 million in 2012, 2011, 2010, 2009 and 2008.

**Peabody Energy:** Excess tax benefits from stock options reduced federal and state taxes by \$8.3, \$8.1 and \$51.0 million in 2012, 2011 and 2010.

**Pepco Holdings:** Accelerated depreciation provided the company with substantial tax savings in most years. 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 \$124.0, \$70.0, \$107.0, \$42.0 and \$107.0 million in 2012, 2011, 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 \$43.2, \$14.2, \$8.5, \$2.9 and \$3.2 million in 2012, 2011, 2010, 2009 and 2008.

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

**Phillips-Van Heusen:** Excess tax benefits from stock options reduced federal and state taxes by \$14.9, \$11.6, \$9.3, \$1.3 and \$1.2 million in 2012, 2011, 2010, 2009 and 2008.

**Pitney Bowes:** The company recorded restructuring charges in all five years. The study adjusted U.S. pretax profits for the current effect of those charges, which increased reported U.S. profits in 2011, 2010 and 2008 and decreased them in 2009 and 2012.

**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 \$1.0, \$1.0 and \$13.0 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 \$40.9, \$39.9, \$42.6, \$25.2 and \$12.1 million in 2012, 2011, 2010, 2009 and 2008.

**PPG Industries:** Deferred taxes explain the company's low tax rates in most years. The company reports noncontrolling interest income in 2009 through 2012. Pretax income was adjusted to exclude this income.

**PPL:** Accelerated depreciation saved the company substantial amounts in 2010 and 2009. The Domestic Production Activities Deduction reduced taxes by \$11.0, \$3.0 and \$17.0 million in 2010,

2009 and 2008.

**Praxair:** Excess tax benefits from stock options reduced federal and state taxes by \$60.0, \$53.0, \$51.0, \$23.0 and \$54.0 million in 2012, 2011, 2010, 2009 and 2008.

**Precision Castparts:** The company's fiscal years end in March following the years listed. The Domestic Production Activities Deduction reduced taxes by \$44.7, \$43.5, \$35.9, \$18.3 and \$23.6 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$35.3, \$29.6, \$30.3, \$23.1 and \$11.5 million in 2012, 2011, 2010, 2009 and 2008.

**Priceline.com:** Excess tax benefits from stock options reduced federal and state taxes by \$5.2, \$21.0, \$3.1, \$2.1 and \$7.0 million in 2012, 2011, 2010, 2009 and 2008.

**Principal Financial:** Excess tax benefits from stock options reduced federal and state taxes by \$10.8, \$2.0, \$1.0, \$0.2 and \$3.1 million in 2012, 2011, 2010, 2009 and 2008.

**Procter & Gamble:** The company's fiscal years end in June following the years listed. Reported pretax profits in 2012 and 2011 were adjusted upward for a non-cash goodwill impairment.

**Progress Energy:** The 2012 results reported here include only a half-year's results, as the company was acquired by Duke Energy midway through the year. Accelerated depreciation saved the company substantial amounts in all three years.

**Public Service Enterprise Group:** The Domestic Production Activities Deduction reduced taxes by \$15.0, \$24.0, \$7.0 and \$22.0 million in 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$1.0, \$1.0, \$3.0 and \$3.0 million in 2011, 2010, 2009 and 2008.

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

**Qualcomm:** Excess tax benefits from stock options reduced federal and state taxes by \$168.0, \$183.0, \$45.0, \$79.0 and \$408.0 million in 2012, 2011, 2010, 2009 and 2008.

**Quanta Services:** The company reports noncontrolling interest income in 2009 through 2012. Pretax income was adjusted to exclude this income. The Domestic Production Activities Deduction reduced taxes by \$7.1, \$2.5, \$3.0, \$5.0 and \$3.0 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$0.3, \$1.4, \$2.2, \$-1.5 and \$2.3 mil-

lion in 2012, 2011, 2010, 2009 and 2008.

**Quest Diagnostics:** Deferred taxes reduced the company's tax rate slightly in most years. Excess tax benefits from stock options reduced federal and state taxes by \$4.0, \$4.5, \$0.9, \$5.5 and \$2.4 million in 2012, 2011, 2010, 2009 and 2008.

**R.R. Donnelley & Sons:** The study adjusted reported pretax income upward for non-cash goodwill impairment charges in each year from 2008 through 2012. A turnaround of deferred taxes explains the high rate in 2009. The Domestic Production Activities Deduction reduced taxes by \$3.2, \$5.2, \$8.4 and \$6.6 million in 2012, 2011, 2010 and 2009. Excess tax benefits from stock options reduced federal and state taxes by \$0.4, \$0.3, \$0.8 and \$0.1 million in 2012, 2011, 2010 and 2008.

**Raytheon:** The Domestic Production Activities Deduction reduced taxes by \$52.8, \$48.4, \$41.3, \$26.4 and \$12.6 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$26.9, \$26.8, \$26.4 and \$25.2 million in 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$13.0, \$14.0, \$21.0, \$13.0 and \$53.0 million in 2012, 2011, 2010, 2009 and 2008.

**Reinsurance Group of America:** Excess tax benefits from stock options reduced federal and state taxes by \$0.4, \$4.9, \$-2.3, \$2.6 and \$3.8 million in 2012, 2011, 2010, 2009 and 2008.

**Reliance Steel & Aluminum:** Because the company does not disclose U.S. and foreign pretax income for 2008, the study estimated foreign pretax income in that year based on reported current foreign income taxes. The Domestic Production Activities Deduction reduced taxes by \$7.3, \$7.7, \$3.6 and \$6.1 million in 2012, 2011, 2010 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$-0.4, \$-0.3, \$4.0, \$1.5 and \$9.7 million in 2012, 2011, 2010, 2009 and 2008.

**Reynolds American:** Reported pretax profits in 2012, 2011, 2010, 2009 and 2008 were adjusted upward for a non-cash goodwill impairment. The company recorded restructuring charges in 2008, 2009 and 2012. The study made adjustments for the current effect of the charges, which increased U.S. pretax profits in 2008, 2009 and 2012 and decreased them in 2010 and 2011. The Domestic Production Activities Deduction reduced taxes by \$60.0, \$60.0, \$54.0, \$41.0 and \$41.0 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$39.0, \$1.0, \$2.0, \$2.0 and \$2.0 million in 2012, 2011, 2010, 2009 and 2008.

**Rock-Tenn:** Accelerated depreciation explains most of the com-

pany's low tax rates. Excess tax benefits from stock options reduced federal and state taxes by \$10.0, \$4.3, \$5.5 and \$1.8 million in 2012, 2010, 2009 and 2008.

**Rockwell Automation:** The Domestic Production Activities Deduction reduced taxes by \$10.6, \$6.9, \$1.1, \$3.0 and \$4.9 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$18.5, \$38.1, \$16.1, \$2.4 and \$4.6 million in 2012, 2011, 2010, 2009 and 2008.

**Rockwell Collins:** The Domestic Production Activities Deduction reduced taxes by \$18.0, \$16.2, \$8.8, \$11.3 and \$14.3 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$14.6, \$40.2, \$9.6, \$19.1 and \$24.8 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$9.0, \$7.0, \$17.0, \$2.0 and \$8.0 million in 2012, 2011, 2010, 2009 and 2008.

**Ross Stores:** Excess tax benefits from stock options reduced federal and state taxes by \$29.1, \$18.2, \$14.7, \$7.3 and \$6.0 million in 2012, 2011, 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 most years. Excess tax benefits from stock options reduced federal and state taxes by \$1.8, \$1.2, \$1.4, \$0.5 and \$1.9 million in 2012, 2011, 2010, 2009 and 2008.

**Ryder System:** Accelerated depreciation explains most of the company's tax breaks in most years. Excess tax benefits from stock options reduced federal and state taxes by \$1.3, \$1.7, \$0.8, \$0.8 and \$6.5 million in 2012, 2011, 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. A favorable tax settlement reduced federal taxes in 2009. Excess tax benefits from stock options reduced federal and state taxes by \$1.3, \$1.8, \$1.6, \$0.1 and \$1.5 million in 2012, 2011, 2010, 2009 and 2008.

**SAIC:** The company's fiscal years end in January following the years listed. The Domestic Production Activities Deduction reduced taxes by \$2.0, \$5.0, \$5.0, \$2.0 and \$2.0 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$10.0, \$7.0, \$8.0, \$6.0 and \$5.0 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$11.0, \$36.0 and \$56.0 million in 2010, 2009 and 2008.



**Scana:** The company's low rates between 2008 and 2012 primarily reflect deferred taxes. Accelerated depreciation was the most common source of deferred taxes in each year. The Domestic Production Activities Deduction reduced taxes by \$9.0, \$6.0, \$4.0 and \$1.0 million in 2012, 2011, 2009 and 2008.

**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 company's low tax rates in 2008 and 2010 reflect deferred taxes. The Domestic Production Activities Deduction reduced taxes by \$16.3, \$17.8, \$16.9, \$10.6 and \$7.9 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$104.9, \$12.9, \$19.7, \$7.6 and \$11.9 million in 2012, 2011, 2010, 2009 and 2008.

**Sonic Automotive:** Reported pretax profits in 2008 were adjusted for a goodwill impairment.

**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 reduced taxes by \$18.2 and \$10.9 million in 2009 and 2008.

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

**Spectra Energy:** The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. The company's low rates between 2008 and 2012 primarily reflect deferred taxes. Accelerated depreciation was the most important source of deferred tax savings in each year. The Domestic Production Activities Deduction reduced taxes by \$1.0, \$1.0, \$6.0, \$4.0 and \$13.0 million in 2012, 2011, 2010, 2009 and 2008.

**SPX:** Reported pretax profits in each of the five years 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 \$3.8, \$6.6, \$4.2, \$1.7 and \$35.3 million in 2012, 2011, 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 \$22.1, \$20.4, \$13.3, \$9.5 and \$9.9 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$11.1, \$27.5, \$29.0, \$30.7 and \$34.8 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from

stock options reduced federal and state taxes by \$1.0, \$8.7, \$16.6, \$26.4 and \$49.0 million in 2012, 2011, 2010, 2009 and 2008.

**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 \$0.2, \$1.8, \$8.8 and \$5.8 million in 2012, 2011, 2009 and 2008.

**Starbucks:** The Domestic Production Activities Deduction reduced taxes by \$14.4, \$14.5, \$12.9, \$12.9 and \$11.8 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$169.8, \$103.9, \$36.9, \$15.9 and \$14.7 million in 2012, 2011, 2010, 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.

**Susser Holdings:** The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. Excess tax benefits from stock options reduced federal and state taxes by \$2.4 and \$0.6 million in 2012 and 2011.

**Synnex:** The company's fiscal year ends in November following the years listed. A 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 \$3.1, \$4.4, \$9.8, \$6.1 and \$1.8 million in 2012, 2011, 2010, 2009 and 2008.

**Target:** The company's fiscal years end in February following the years listed. Deferred taxes, primarily accelerated depreciation, explains virtually all of Target's tax breaks over the five 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 \$5.3, \$2.0, \$1.2 and \$1.0 million in 2012, 2011, 2010 and 2009.

**Telephone & Data Systems:** The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. Accelerated depreciation explains the company's low taxes in 2011. The study adjusted 2008 and 2009 income upward for a non-cash intangible asset impairment charge. Excess tax benefits from stock options reduced federal and state taxes by \$-3.2, \$-0.7, \$0.1 and \$2.0 million in 2012, 2011, 2010 and 2008.

**Tenet Healthcare:** Deferral explains the company's low tax rates in 2011 and 2012.

**Texas Instruments:** A turnaround of deferred taxes offset most of the company's tax breaks in 2011, 2010 and 2008. The Domestic Production Activities Deduction reduced taxes by \$158.0, \$31.0, \$63.0, \$21.0 and \$18.0 million in 2012, 2011, 2010, 2009 and 2008. The research and experimentation tax credit reduced taxes by \$58.0, \$54.0, \$28.0 and \$75.0 million in 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$38.0, \$31.0, \$13.0, \$1.0 and \$19.0 million in 2012, 2011, 2010, 2009 and 2008.

**Thermo Fisher Scientific:** A turnaround of deferred taxes offset some of the company's tax breaks in all five years. The Domestic Production Activities Deduction reduced taxes by \$27.3, \$27.0, \$31.5, \$15.8 and \$17.5 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$18.7, \$14.6, \$10.9, \$-1.6 and \$25.1 million in 2012, 2011, 2010, 2009 and 2008.

**Time Warner:** The company recorded restructuring charges in each year between 2008 and 2012. The study made adjustments for the current effect of the charges, which reduced reported U.S. pretax profits in 2009 through 2012 and increased them in 2008. The study also adjusted 2008 income upward for a non-cash goodwill impairment. The Domestic Production Activities Deduction reduced taxes by \$160.0, \$123.0, \$96.0, \$69.0 and \$52.0 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$83.0, \$22.0, \$7.0, \$1.0 and \$3.0 million in 2012, 2011, 2010, 2009 and 2008.

**Time Warner Cable:** The study adjusted 2008 income upward for a non-cash goodwill impairment. Excess tax benefits from stock options reduced federal and state taxes by \$81.0, \$48.0 and \$19.0 million in 2012, 2011 and 2010.

**TJX:** The company's fiscal years end in January following the years listed. 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. Excess tax benefits from stock options reduced federal and state taxes by \$62.5, \$46.1, \$28.1, \$17.5 and \$18.9 million in 2012, 2011, 2010, 2009 and 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 \$38.0, \$17.9, \$8.0, \$6.6 and \$10.0 million in 2012, 2011, 2010, 2009 and 2008.

**Tutor Perini:** The study adjusted 2012 and 2008 income upward

for a non-cash goodwill impairment charge. Excess tax benefits from stock options reduced federal and state taxes by \$0.2 and \$0.5 million in 2010 and 2008.

**Twenty-First Century Fox:** The company recently changed its name from News Corporation. Reported profits in 2008 and 2011 were adjusted upward for a non-cash goodwill impairment charge. The Domestic Production Activities Deduction reduced taxes by \$87.4 million in 2012.

**U.S. Bancorp:** Pretax income was adjusted in each year by replacing the company's non-cash "provision for credit losses" with actual "charge-offs, net of recoveries." This adjustment increased pretax income in 2008 through 2010, and reduced income in 2011 and 2012. The company reports noncontrolling interest income in 2008 and 2009, and a noncontrolling loss in 2010 through 2012. Pretax income was adjusted to exclude this income. 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 \$883, \$756, \$713, \$685 and \$556 million in 2012 through 2008.

**UGI:** Most of the company's tax breaks come 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 \$1.8, \$3.8, \$4.2, \$2.9 and \$3.4 million in 2012, 2011, 2010, 2009 and 2008.

**Union Pacific:** Reported total current income taxes were adjusted to separate federal and state taxes. Accelerated depreciation saved the company substantial amounts in all five years. Excess tax benefits from stock options reduced federal and state taxes by \$100.0, \$83.0, \$51.0, \$10.0 and \$54.0 million in 2012, 2011, 2010, 2009 and 2008.

**United Natural Foods:** Excess tax benefits from stock options reduced federal and state taxes by \$2.8, \$1.5, \$1.8, \$0.2 and \$0.2 million in 2012, 2011, 2010, 2009 and 2008.

**United Parcel Service:** Pretax income in 2012 was adjusted upwards for a mark-to-market charge. Accelerated depreciation saved the company substantial amounts in all five years. Excess tax benefits from stock options reduced federal and state taxes by \$3.0, \$6.0, \$4.0, \$1.0 and \$4.0 million in 2012, 2011, 2010, 2009 and 2008.

**United Stationers:** Pretax profits for 2010 and 2011 were adjusted for the actual utilization of the company's restructuring reserves, which increased pretax profits in 2010 and decreased them



in 2011. Excess tax benefits from stock options reduced federal and state taxes by \$0.6, \$6.9, \$5.5, \$0.7 and \$0.1 million in 2012, 2011, 2010, 2009 and 2008.

**United Technologies:** Excess tax benefits from stock options reduced federal and state taxes by \$67.0, \$81.0, \$94.0, \$50.0 and \$32.0 million in 2012, 2011, 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 \$27.0, \$38.0 and \$62.1 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 \$4.0, \$7.7, \$0.8, \$2.6 and \$2.8 million in 2012, 2011, 2010, 2009 and 2008.

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

**Unum:** Pretax income was adjusted for claim reserves in each of the five years. This increased pretax income in 2009 through 2012 and reduced it in 2008.

**URS:** Reported pretax profits in 2011 were adjusted upward for a non-cash goodwill impairment. Pretax income for 2010 was adjusted to reflect unpaid restructuring charges. The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. 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 \$0.1, \$0.8, \$1.2, \$1.5 and \$4.5 million in 2012, 2011, 2010, 2009 and 2008.

**Verizon Communications:** The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. From 2010 to 2012, we disregarded non-cash charges that Verizon booked to reflect reduced assumptions about the future return on its pension and other retirement plans. Verizon itself disregards these non-cash charges in its Consolidated Adjusted EBITDA presentation, because they distort its real financial results. 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 was 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 \$47.2, \$33.2, \$8.6, \$6.5 and \$22.5 million in 2012, 2011, 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. A favorable tax settlement saved the company \$29 million, \$104 million and \$45 million in the same three years. The Domestic Production Activities Deduction reduced taxes by \$104.1, \$81.1, \$68.9, \$43.5 and \$36.0 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$37.0 and \$13.0 million in 2012 and 2011.

**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 \$71.0, \$18.0, \$14.0 and \$7.0 million in 2012, 2011, 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 \$57.9, \$52.1, \$25.7, \$19.0 and \$13.5 million in 2012, 2011, 2010, 2009 and 2008.

**Walgreens:** 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 2008 through 2011.

**Walt Disney:** The company's fiscal years end in October of the years listed. The Domestic Production Activities Deduction reduced taxes by \$229.0, \$183.0, \$111.0, \$100.0 and \$97.0 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$122.0, \$124.0, \$76.0, \$4.0 and \$47.0 million in 2012, 2011, 2010, 2009 and 2008.

**Washington Post:** Reported pretax profits in 2012, 2010, 2009 and 2008 were adjusted upward for non-cash goodwill impairment charges. The Domestic Production Activities Deduction reduced taxes by \$3.3, \$-1.4 and \$7.7 million in 2012, 2011 and 2010. Excess tax benefits from stock options reduced federal and state taxes by \$0.7, \$-0.7, \$-0.3, \$-1.7 and \$0.8 million in 2012, 2011, 2010, 2009 and 2008.

**Waste Management:** The company's biggest tax subsidy is related to the accelerated depreciation of property, plant, and equipment. Excess tax benefits from stock options reduced federal and state taxes by \$11.0, \$8.0, \$9.0, \$4.0 and \$7.0 million in 2012, 2011, 2010, 2009 and 2008.

**WellPoint:** Excess tax benefits from stock options reduced federal and state taxes by \$28.8, \$42.2, \$28.1, \$9.6 and \$16.0 million in 2012, 2011, 2010, 2009 and 2008.

**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 through 2012 and increased them in 2009 and 2008. Accelerated depreciation saved the company significant amounts over the five years. Excess tax benefits from stock options reduced federal and state taxes by \$226.0, \$79.0, \$97.0, \$18.0 and \$123.0 million in 2012, 2011, 2010, 2009 and 2008.

**Wesco International:** The Domestic Production Activities Deduction reduced taxes by \$1.4, \$1.4, \$0.8, \$0.5 and \$0.9 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$11.4, \$5.4, \$3.2, \$1.3 and \$10.2 million in 2012, 2011, 2010, 2009 and 2008.

**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 \$50.3, \$22.7, \$3.0 and \$5.7 million in 2012, 2011, 2010 and 2008.

**Williams:** The company reports noncontrolling interest income in all five years. Pretax income was adjusted to exclude this income. 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.

**Windstream:** The company's low tax rate is almost entirely driven by the accelerated depreciation write-offs they enjoy on their property, plant, and equipment.

**Wisconsin Energy:** The Domestic Production Activities Deduction reduced taxes by \$12.6, \$12.6, \$12.6, \$8.3 and \$7.9 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$11.9, \$21.9, \$6.3 and \$3.3 million in 2011, 2010, 2009 and 2008.

**Xcel Energy:** The company's low tax rate is almost entirely driven by the 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:** The company's high rate in 2012 reflects a large turnaround of deferred taxes. The research and experimentation tax credit reduced taxes by \$10.5, \$10.3, \$11.0 and \$14.0 million in 2012, 2011, 2010, 2009 and 2008. Excess tax benefits from stock options reduced federal and state taxes by \$35.8, \$71.0, \$131.1, \$108.5 and \$125.1 million in 2012, 2011, 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 \$98.0, \$66.0, \$69.0, \$59.0 and \$44.0 million in 2012, 2011, 2010, 2009 and 2008.

## METHODOLOGY

**T**his study is an in-depth look at corporate taxes over the past five 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 2011. The new report covers 288 large Fortune 500 corporations, and analyzes their U.S. profits and corporate income taxes from 2008 to 2012. Over the five-year period, these companies reported \$2.3 trillion in pretax U.S. profits, and, on average, paid tax on just over 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 five 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 288 companies in our report.

Some companies did not report data for all of the five years between 2008 and 2012, either because their initial public offering occurred after 2008 or because they were spun off of parent companies after 2008. We included these companies in the sample only if they reported data for at least 3 of the 5 years.

The total net federal income taxes reported by our 288 companies over the five years amounted to 43 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>

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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.

## A. Issues in measuring profits.

The pretax U.S. profits reported in the study are generally as the companies disclosed them. 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.

Many companies report “noncontrolling interest” income, which is usually included in total reported pretax income. This is income of a subsidiary that is not taxable income of the parent company. When substantial noncontrolling income was disclosed, we subtracted it from US and/or foreign pretax income.

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. 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 the 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>2</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.

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<sup>2</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.”



## **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 25 for a fuller discussion of "uncertain tax benefits."

### **4. High effective tax rates:**

Ten of the companies in our study report effective five-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.