

Corporate Income Taxes In the 1990s

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Corporate Income Taxes in the 1990s

This study examines the federal income taxes paid or not paid by 250 of America's largest corporations in 1996, 1997 and 1998. This was a period of strong profit gains for American corporations. According to the U.S. Commerce Department, pretax corporate profits rose by a total of 23.5 percent over the three years.¹ But federal corporate income tax revenues did not come close to keeping pace with growing profits—rising by only 7.7 percent from fiscal 1996 to fiscal 1999. This report takes a detailed look at why that happened.

Like similar studies by Citizens for Tax Justice and the Institute on Taxation and Economic Policy in the 1980s, this study analyzes the taxpaying habits of the nation's most profitable companies, including some that paid substantial income taxes and others that paid little or nothing. The study compares federal corporate income taxes paid to reported pretax U.S. profits, and computes effective tax rates for the 250 companies. We report our results both for individual companies and by industry. We look at historical trends in corporate taxes, and provide specific information, where available, on how companies were able to lower their tax bills below the statutory 35 percent corporate tax rate.

The companies in the study are all from Fortune's list of the nation's largest corporations in 1998. All of the companies were profitable in each of the three years analyzed. The methodological appendix at the end of the study explains in more detail how the companies were chosen and how effective tax rates were calculated, and the 21 pages of notes on specific companies add more details.

Previous CTJ and ITEP Corporate Tax Studies

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

¹*Economic Report of the President*, Feb. 2000, Table B-26, page 337.

Who's Paying Taxes—and Who's Not

Although some of the 250 corporations in our study paid federal income taxes at or near the statutory 35 percent corporate tax rate, the vast majority paid considerably less. Effective tax rates over the 1996-98 period ranged from a low of -9.9% for Goodyear to a high of 35.7 percent for Winn-Dixie and Paccar. Overall, for the 250 companies we analyzed, federal corporate income taxes over the three years averaged only 21.7 percent of U.S. pretax profits. The average effective tax rate on the 250 companies declined over the three years, from 22.9 percent of profits in 1996 to only 20.1 percent in 1998—far below the 35 percent statutory corporate tax rate.

Here are some startling statistics:

- **Forty-one of the 250 companies paid less than zero in federal income taxes in at least one year from 1996 to 1998.** In the years they paid no income tax, these 41 companies reported a total of \$25.8 billion in pretax U.S. profits. But rather than paying \$9 billion in federal income taxes, as the statutory 35 percent corporate tax rate seems to require, these companies generated so many excess tax breaks that they received outright rebate checks from the U.S. Treasury, totaling \$3.2 billion.² These companies' "negative tax rates" meant that they made more money after taxes than before taxes in those years.
- **Eleven companies enjoyed negative federal income tax rates over the entire three-year period.** These companies, whose pretax U.S. profits over the three years totaled \$12.2 billion, included: Goodyear (-9.9%), Texaco (-8.8%), Ryder (-6.2%), El Paso Energy (-4.4%), MedPartners (-2.1%), Tenneco (-1.9%), Colgate-Palmolive (-1.7%), MCI Worldcom (-1.7%), Corporate Express (-1.6%), WestPoint Stevens (-0.7%) and Kmart (-0.2%).

41 COMPANIES PAYING LESS THAN ZERO IN TAXES IN ONE OR MORE YEARS, 1996-98 (\$-mill.)

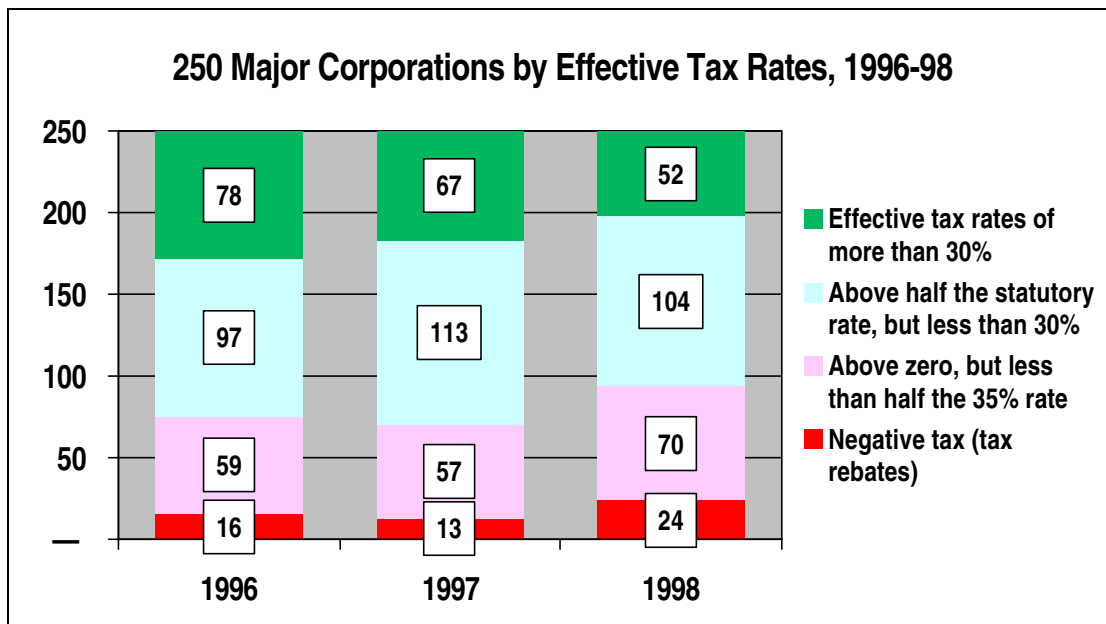
	In the years paying less than zero		
	Profits	Rebates	Rate
1998 (24 cos.)	\$ 11,953	\$ -1,273	-10.6%
1997 (13 cos.)	8,467	-1,370	-16.2%
1996 (16 cos.)	5,401	-570	-10.6%
TOTALS	\$ 25,821	\$ -3,213	-12.4%

Twenty-four companies paying less than zero in federal income taxes in 1998 (\$-millions)

Company	98Profit	98Tax	98Rate
Lyondell Chemical	\$ 80.0	\$ -44.0	-55.0%
Texaco	182.0	-67.7	-37.2%
Chevron	708.0	-186.8	-26.4%
CSX	386.6	-102.1	-26.4%
Tosco	227.4	-46.7	-20.6%
PepsiCo	1,583.0	-302.0	-19.1%
Owens & Minor	46.1	-7.9	-17.1%
Pfizer	1,197.6	-197.2	-16.5%
J.P. Morgan	481.1	-62.3	-12.9%
Saks	83.0	-7.9	-9.5%
Goodyear	400.7	-33.2	-8.3%
Ryder	227.5	-16.4	-7.2%
Enron	189.0	-12.5	-6.6%
Colgate-Palmolive	348.5	-19.6	-5.6%
MCI Worldcom	2,724.2	-112.6	-4.1%
Eaton	478.8	-18.0	-3.8%
Weyerhaeuser	405.0	-9.5	-2.3%
General Motors	952.0	-19.0	-2.0%
El Paso Energy	383.7	-3.0	-0.8%
WestPoint Stevens	142.6	-1.2	-0.8%
MedPartners	49.6	-0.4	-0.7%
Phillips Petroleum	145.0	-1.1	-0.7%
McKesson	234.0	-1.0	-0.4%
Northrop Grumman	297.7	-1.0	-0.3%
TOTALS, THESE 24 COS.	\$ 11,953.0	\$ -1,272.9	-10.6%

²These companies "carried back" their excess deductions and credits to earlier years to generate their rebates.

- **Twenty-four companies paid less than zero in taxes in 1998.** These 24 companies—almost one out of ten of the companies in the study—reported U.S. profits before taxes in 1998 of \$12.0 billion, yet received tax rebates totaling \$1.3 billion. At 24, the number of companies on the no-tax list was up sharply in 1998, from 13 in 1997 and 16 in 1996.
- **More than half the companies, 133 of the 250, paid effective tax rates of less than half the 35 percent statutory corporate tax rate in at least one of the three years.** Of these, 71 enjoyed multiple years of tax rates at less than half the statutory rate. In the years that these 133 corporations paid less than half the statutory tax rate, their average tax rate was only 8.5 percent, on a total of \$209 billion in pretax U.S. profits.
- **The number of companies paying less than half the statutory rate jumped to 94 in 1998,** up from 70 in 1997 and 75 in 1996. The effective tax rate on these 94 very-low-tax corporations in 1998 was only 8.9 percent, on \$96.1 billion in pretax profits.



The Size of the Tax Breaks

Had all 250 companies paid the full 35 percent statutory corporate tax rate on their \$735 billion in pretax U.S. profits from 1996 to 1998, their federal income taxes over the three years would have totaled \$257 billion. But instead, they paid far less. In fact, tax breaks cut taxes for the 250 companies by \$26.9 billion in 1996, \$31.8 billion in 1997 and \$39.3 billion in 1998, for a total of \$98 billion in tax reductions over the three years.

- Almost half of the tax-break dollars went to just 25 companies, each with more than a billion dollars in tax breaks.
- General Electric topped the list of corporate tax break recipients, with \$6.9 billion in tax breaks over three years.

Top 25 Corporate Tax Break Recipients, 1996-98 (\$-millions)

Rank	Company	Profits	Tax Breaks	Breaks cut taxes by
1	General Electric	\$ 25,816	\$ 6,935	-77%
2	Ford Motor Co.	22,183	3,622	-47%
3	First Union	11,770	2,847	-69%
4	AT&T	25,825	2,550	-28%
5	Bell Atlantic	18,426	2,508	-39%
6	Merck	15,350	2,222	-41%
7	IBM	9,233	2,182	-68%
8	Microsoft	13,481	2,052	-43%
9	Bristol-Myers Squibb	7,857	1,603	-58%
10	Exxon	10,625	1,521	-41%
11	GTE	10,453	1,515	-41%
12	DuPont	9,579	1,515	-45%
13	Texaco	3,447	1,510	-125%
14	Philip Morris	18,914	1,475	-22%
15	PepsiCo	4,813	1,453	-86%
16	American Home Products	5,706	1,401	-70%
17	Burlington Northern Santa Fe	4,648	1,394	-86%
18	Chase Manhattan	10,456	1,336	-36%
19	Johnson & Johnson	9,089	1,324	-42%
20	MCI Worldcom	3,578	1,313	-105%
21	Intel	22,142	1,288	-17%
22	SBC Communications	13,962	1,242	-25%
23	Disney, Walt	8,099	1,177	-42%
24	General Motors	5,673	1,163	-59%
25	Pfizer	3,367	1,074	-91%
Total, these 25 companies		\$ 294,493	\$ 48,222	-47%
Other 225 companies		440,990	49,738	-32%
All 250 companies		\$ 735,483	\$ 97,960	-38%

Tax Rates by Industry

Effective tax rates by industry varied widely. Over the combined 1996-98 period, industry effective tax rates ranged from a low of 12.3 percent to a high of 31.6 percent. In any given year, the range of industry rates was even greater.

- Oil companies enjoyed the lowest effective tax rate over the 1996-98 period, paying only 12.3 percent of their profits in federal income taxes. Oil company taxes declined sharply over the three years, falling to only 5.7 percent of profits in 1998.
- Other very low-tax industries—which paid less than half the statutory tax rate over the entire 1996-98 period—included electronic and electrical equipment manufacturers (13.1 percent), paper companies (13.9 percent), transportation companies (14.1 percent) and auto companies (17.1 percent).
- Only one industry, publishing, paid an effective rate of more than 30 percent over the three-year period (31.6 percent).

Within industries, effective tax rates also varied widely. For example, over the three-year period, average tax rates on oil companies ranged from a low of -8.8 percent for Texaco to a high of 22.0 percent for Ashland. Effective tax rates on health care companies over the three years ranged from -2.1 percent for MedPartners up to 30.9 percent for Cigna. In fact, as the detailed industry table starting on page 17 of this report illustrates, effective tax rates were widely divergent in every industry.

U.S. Profits & Taxes, 1996-98 by Industry for 250 Major Corporations (\$-million)

Industry (sorted by 3-year effective tax rate)	Three-Year Totals					Tax Rates by Year		
	Profits	Tax	Rate	Tax Breaks	Breaks cut taxes by	1998	1997	1996
Petroleum & pipelines	\$ 32,875	\$ 4,050	12.3%	\$ 7,456	-65%	5.7%	11.5%	17.2%
Electronics, electrical equipment	39,997	5,259	13.1%	8,739	-62%	11.8%	13.7%	14.2%
Forest and paper products	3,596	500	13.9%	759	-60%	13.6%	11.1%	16.2%
Transportation	19,421	2,717	14.0%	4,080	-60%	10.8%	14.2%	17.5%
Motor vehicles and parts	32,566	5,581	17.1%	5,817	-51%	14.5%	26.8%	5.4%
Pharmaceuticals	60,876	11,312	18.6%	9,994	-47%	16.2%	21.5%	18.5%
Miscellaneous services	15,581	3,189	20.5%	2,264	-42%	14.0%	26.7%	20.8%
Chemicals	28,453	5,921	20.8%	4,038	-41%	18.8%	22.5%	20.9%
Financial	125,800	27,206	21.6%	16,824	-38%	19.8%	21.5%	24.0%
Aerospace	13,057	2,892	22.1%	1,678	-37%	20.8%	16.4%	30.3%
Computers, office equip, software, data	65,582	14,880	22.7%	8,074	-35%	21.5%	21.2%	26.2%
Food & beverages & tobacco	50,817	12,070	23.8%	5,716	-32%	23.0%	25.2%	23.0%
Telecommunications	99,059	23,858	24.1%	10,813	-31%	22.5%	22.9%	27.2%
Metals & metal products	7,766	1,922	24.7%	796	-29%	26.7%	24.8%	21.7%
Miscellaneous manufacturing	35,209	8,884	25.2%	3,439	-28%	22.3%	26.6%	27.0%
Health care	7,029	1,788	25.4%	673	-27%	32.0%	19.6%	23.6%
Industrial and farm equipment	11,043	2,924	26.5%	941	-24%	24.5%	28.4%	26.6%
Retail & wholesale trade	43,419	11,976	27.6%	3,220	-21%	27.3%	26.5%	29.3%
Utilities, gas and electric	32,914	9,237	28.1%	2,283	-20%	27.7%	30.7%	26.0%
Publishing, printing	10,421	3,292	31.6%	355	-10%	29.2%	33.2%	33.1%
TOTALS	\$ 735,483	\$ 159,459	21.7%	\$ 97,960	-38%	20.1%	22.3%	22.9%

Defense Contractors

Back in the early eighties, defense contractors were among the nation's leading tax avoiders. Over the 1981-84 period, for example, only four of the top 12 defense contractors paid more than one percent of their profits in federal income taxes. Of the other eight, five paid zero or less in taxes and the other three paid effective tax rates ranging from 0.4 percent to 0.6 percent of profits. The combined effective tax rate on all 12 companies was only 6.3 percent over that 1981-84 period.

So where do defense contractors stand in terms of taxes today? The study includes ten of the top 23 defense contractors in 1998.³ Their overall effective tax rate in 1998 was higher than the top defense contractors paid in the early eighties—but was still only 11.8 percent of their 1998 profits. These ten companies, which had \$29.7 billion in sales to the U.S. military in 1998, enjoyed \$5.0 billion in tax breaks that year.

³Government Executive Magazine, www.govexec.com/top200/98charts/98dod.htm.

Federal Income Taxes on Ten of the Top Defense Contractors in 1998
(\$-millions)

Defense Rank	Company	Defense Sales in 98	1998 Profits, Taxes & Tax Breaks			
			Profits	Tax	Rate	Tax Breaks
1	Lockheed Martin	\$ 12,395	\$ 1,599	\$ 406	25.4%	\$ 153
3	Raytheon	6,479	1,465	25	1.7%	488
4	Northrop Grumman	4,092	298	-1	-0.3%	105
7	Litton Industries	1,751	283	44	15.7%	55
8	General Electric	1,630	9,657	772	8.0%	2,607
11	GTE	912	3,228	568	17.6%	562
13	Textron	750	575	187	32.4%	15
18	Humana	621	179	33	18.6%	29
22	Exxon	542	2,506	257	10.2%	621
23	AlliedSignal	534	1,605	241	15.0%	321
Total, these ten companies		\$ 29,706	\$ 21,393	\$ 2,531	11.8%	\$ 4,957

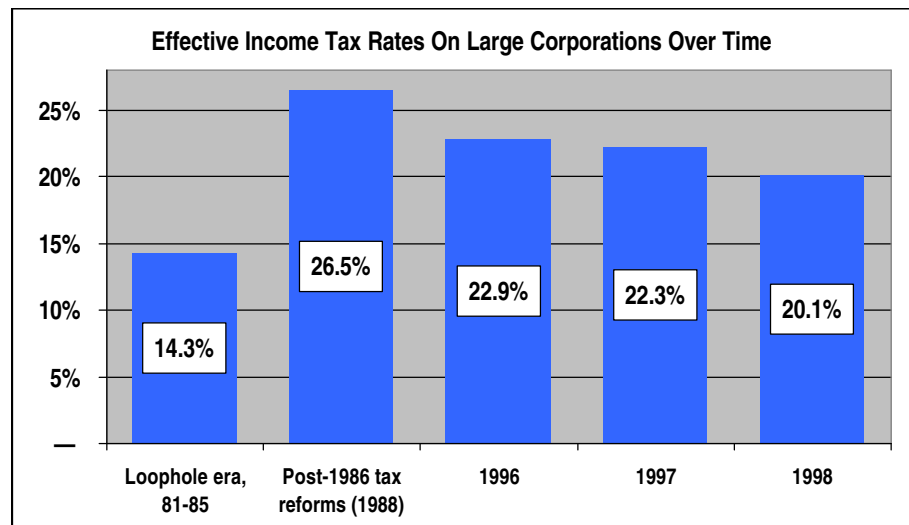
Note: Figures exclude companies among the top 23 defense contractors who were not included in the study due to reported losses (e.g., Boeing [2] and ITT [10]), unclear reporting, insufficient information or other reasons. The ten companies here had 57% of the defense sales of the top 23.

Historical Comparisons of Tax Rates & Tax Breaks

How do our results for 1996-98 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 or find new ways to cut their taxes.

In 1981, President Reagan’s tax cut bill introduced a plethora of new corporate loopholes and set off a wave of corporate tax sheltering. A study of corporate tax payments over the 1981-83 period, for example, found that more than half of the 250 companies analyzed paid nothing or less in federal income taxes in at least one of the three years. Public outcry forced our elected officials in Washington, including President Reagan, to reverse course. The Tax Reform Act of 1986 closed corporate loopholes and put almost all of the tax freeloaders back on the tax rolls. By 1988, a similar survey of large corporations found that the effective tax rate was back up to 26.5 percent—almost double what it had been in the first half of the eighties. That occurred even though the statutory corporate tax rate had been cut from 46 percent to 34 percent as part of the 1986 reforms.

In the 1990s, however, many corporations have found ways around



the 1986 reforms. As a result, by 1998, the overall effective corporate tax rate on the 250 companies in this study was down to only 20.1 percent. Membership in the “zero-or-less tax club,” which had fallen to only seven in 1988, was back up to 24 by 1998. The size of the tax breaks received by the 250 companies rose from \$26.9 billion in 1996 to \$31.8 billion in 1997 to \$39.3 billion in 1998.

Historical & current data on profits & taxes for large corporations from CTJ/ITEP studies (\$-millions)	Effective Tax Rate	Annual Pretax US Profits	Annual Tax Breaks	Pct. Point Cut in Tax Rate	% below statutory tax rate
The Reagan corporate loophole era, 1981-85:	14.3%	\$ 100,914	\$ 31,990	-31.7%	-69%
After the 1986 tax reforms, in 1988:	26.5%	130,170	9,763	-7.5%	-22%
In recent years—					
1996:	22.9%	222,192	26,909	-12.1%	-35%
1997:	22.3%	249,864	31,774	-12.7%	-36%
1998:	20.1%	263,428	39,277	-14.9%	-43%

Why Companies Pay Low Tax Bills

Why do we find such low rates on so many companies and industries? The 21 pages of company-by-company notes starting on page 39 detail, where available, reasons why corporations paid low tax rates. Here is a summary of several of the major tax-lowering items that are revealed in the companies’ annual reports—plus some that aren’t disclosed.

Accelerated depreciation. The tax laws generally allow companies to write off their capital investments considerably faster than the assets actually wear out. This “accelerated depreciation” is technically a tax deferral, but so long as a company continues to invest, the tax deferral is indefinite. Accelerated depreciation has grown much more significant in the low-inflation nineties, and is the largest corporate tax break on the government’s official list of “tax expenditures,” with an estimated cost of \$26 billion in fiscal 2000. Corporate annual reports do not always disclose tax savings from accelerated depreciation, and when they do, it is typically on a worldwide basis (including federal, state and foreign tax benefits). With these caveats, however, companies in our study that reported large depreciation tax breaks in 1998 included: AT&T (\$1,039 million), Sprint (\$611 million), Timken (\$611 million), UAL (\$471 million), Lowe’s (\$452 million), USX (\$347 million), Burlington Northern Santa Fe (\$191 million), Tosco (\$176 million), Coastal Corporation (\$168 million) and CSX (\$161 million). General Electric’s leasing activities, which rely heavily on depreciation tax breaks, allowed GE to “defer” about \$2.4 billion in taxes over the three years.

Tax credits. The tax code provides credits for companies that engage in certain activities, for example, research, certain kinds of oil drilling, and operating in Puerto Rico. Annual reports often do not disclose these tax breaks, but examples of companies getting them include:

- *Puerto Rico tax breaks.* In 1998, federal tax credits for doing business in Puerto Rico were reported mostly by the drug companies in our study, but other corporations benefitted as well. Some of the biggest reported beneficiaries were: Pepsico (\$494 million, due to a settlement of earlier years’ issues with the IRS), American Home Products (\$219 million), Merck (\$133 million), Pfizer (\$57 million), Eaton (\$40 million), Amgen (\$39 million), Warner-Lambert (\$32 million) and Bristol-Myers Squibb (\$26

million). Abbott Laboratories reported \$159 million in tax savings from “tax exemptions in Puerto Rico, the Dominican Republic, Ireland, the Netherlands, and Italy,” but did not provide details. Likewise, Johnson & Johnson reported \$235 million in 1998 tax savings from its Puerto Rico and Ireland activities, but did not disaggregate the figures. Eli Lilly has extensive operations in Puerto Rico, but fails to disclose the tax benefits these generated.

- *Research credits.* Disclosure of research credits is very sparse in the annual reports, with many companies who almost certainly qualify for these credits not mentioning them in their reports. Among those that did disclose research credits in 1998 were: American Home Products (\$43 million), Coastal Corporation (\$34 million), Union Carbide (\$27 million), Warner-Lambert (\$23 million), Lexmark (\$21 million), Crane (\$13 million), Johnson & Johnson (\$13 million), Eaton (\$13 million), Schering-Plough (\$11 million) and Applied Materials (\$10 million). Among those not disclosing research credits, but which seem likely to have utilized them, are big high-tech companies such as Intel and Microsoft and pharmaceutical companies beyond those listed here.
- *Other tax credits.* Examples of other tax credits reported by the companies in our study in 1998 include the “tax credits for producing fuel from non-conventional sources” reported by DTE Energy (\$79 million), Phillips Petroleum (\$29 million) and CMS Energy (\$13 million), and the “tight sand gas credits” reported by Coastal Corporation (\$23 million) and Enron (\$12 million).

Items about which the annual reports offer little or no details. In testimony last year before the House Ways and Means Committee, Treasury’s assistant secretary for tax policy charged that “corporate tax shelters continue to be a substantial and ongoing problem” and that “many abusive transactions remain undiscovered and numerous new transactions are created all the time.” Anyone who is on the mailing lists of corporate tax-shelter promoters can attest to the truth of these statements. Not surprisingly, corporations do not explicitly disclose their abusive tax shelters in their annual reports. Likewise, the many schemes that multinational corporations use to shift otherwise taxable U.S. profits offshore are not specified in annual reports. There is also a dearth of information in corporate reports about the details of many other tax breaks. Of course, these various tax-avoidance devices often have major effects in lowering corporate tax bills, and presumably those effects are reflected in the bottom-line results of our study.

Stock options. These days, almost every big corporation gives its employees options to buy the company’s stock at a favorable price in the future. When those options are exercised, corporations can take a tax deduction for the difference between what the employees pay for the stock and what it’s worth.⁴ But in reporting profits to shareholders, companies do not treat the effects of stock-option transactions as business expenses—based on the arguable theory that issuing stock at a discount doesn’t really reduce profits because the market value of a company’s stock often has only a very attenuated relation to earnings. Recently, the corporate tax benefits from stock option write-offs have become quite large.

Of our 250 companies, 233 received stock-option tax benefits over the 1996-98 period, which lowered their taxes by a total of \$25.8 billion. The benefits ranged from a high of \$2.7

⁴Employees 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.

billion for Microsoft over the three years to as little as half a million dollars for a few companies. Overall, tax benefits from stock options cut the average effective corporate tax rate for the 250 companies in our study by 3.5 percentage points over the 1996-98 period. The effects rose rapidly over the period, from a 2.3 percentage point reduction in the overall effective tax rate in 1996, to 3.4 points in 1997 and to 4.7 points in 1998. In fact, most of the decline in the overall corporate tax rate from 1996 to 1998 stems from the growth in stock option tax benefits.

Not surprisingly, since stock option tax benefits are dependent on how much a company's stock has gone up in value, the tax savings were particularly large in high-tech industries whose market valuations zoomed over the period analyzed.

Tax Benefits from Stock Options, 1996-98

	Amount (\$-mill.)	Pctg. pt. cut in effective tax rate
1 Microsoft	\$ 2,701	-20.0%
2 Cisco Systems	1,532	-21.9%
3 General Electric	1,222	-4.7%
4 IBM	957	-10.4%
5 Pfizer	900	-26.7%
6 Intel	835	-3.8%
7 Bristol-Myers Squibb	669	-8.5%
8 Eli Lilly	559	-13.6%
9 Morgan Stanley Dean Witter	526	-5.7%
10 Johnson & Johnson	473	-5.2%
Subtotal, these 10 cos.	\$ 10,375	-9.3%
All other companies	15,435	-2.5%
Total, all companies	\$ 25,810	-3.5%

Reductions in Effective Tax Rates from Stock Options, 1996-98 by Industry (for 250 major corporations)

Industry	Reduction in Effective Tax Rates (Pctg. Pts.)			
	3 years	1998	1997	1996
Computers, office equip, software, data	-10.2%	-14.7%	-8.8%	-6.3%
Pharmaceuticals	-6.5%	-9.3%	-5.6%	-3.7%
Miscellaneous services	-6.0%	-9.4%	-3.8%	-4.3%
Miscellaneous manufacturing	-4.4%	-5.2%	-5.0%	-2.7%
Electronics, electrical equipment	-3.5%	-3.8%	-3.6%	-3.1%
Food & beverages & tobacco	-3.4%	-2.9%	-4.3%	-2.9%
Retail & wholesale trade	-3.1%	-3.8%	-3.0%	-2.4%
Financial	-3.0%	-3.8%	-2.9%	-2.1%
Publishing, printing	-2.6%	-3.1%	-3.1%	-1.2%
Petroleum & pipelines	-2.5%	-4.7%	-2.1%	-1.6%
Aerospace	-2.1%	-2.4%	-2.4%	-1.5%
Chemicals	-1.9%	-1.9%	-2.1%	-1.7%
Metals & metal products	-1.7%	-1.3%	-2.2%	-1.6%
Forest and paper products	-1.6%	-0.6%	-3.0%	-1.5%
Health care	-1.4%	-0.9%	-2.0%	-1.5%
Motor vehicles and parts	-1.4%	-2.3%	-0.9%	-0.9%
Transportation	-1.4%	-1.3%	-1.6%	-1.3%
Industrial and farm equipment	-1.3%	-1.7%	-1.3%	-0.9%
Telecommunications	-1.3%	-2.0%	-1.0%	-0.6%
Utilities, gas and electric	-0.4%	-0.5%	-0.5%	-0.3%
TOTALS	-3.5%	-4.7%	-3.4%	-2.3%

What Happened to the Alternative Minimum Tax?

The corporate Alternative Minimum Tax was established in 1986 to assure that profitable corporations pay some substantial amount in income taxes no matter how many tax breaks they otherwise take advantage of. But because of laws enacted in 1993 and 1997 that sharply weakened the corporate Alternative Minimum Tax, only a few companies now pay the AMT. In fact, almost as many are getting rebates for past AMT payments as now pay the AMT.

In 1998, 23 companies reported AMT payments, while 19 reported rebates for AMT paid in the past. Almost half of the reported AMT payments in 1998 came from one company, General Electric (which still paid a very low 8% tax rate in 1998). Excluding the \$549 million in AMT paid by GE, the net AMT for the 41 companies (payments less rebates) was only \$186 million in 1998.

Summary of the Effects of the AMT in 1998				
AMT Payments & Credits 1998	# of corps	AMT	AMT effect on tax rate	Average AMT
42 Cos. with AMT payment or rebate	42	\$ 735.3	+2.5%	\$ 17.5
Companies reporting AMT payments—				
General Electric	1	549.0	+5.7%	549.0
All others paying AMT	22	598.5	+5.5%	27.2
Companies reporting AMT rebates	19	-412.2	-4.8%	-21.7
Net AMT payments or rebates w/o GE	41	186.3	+1.0%	4.5

Who Loses from These Low and Widely Varying Corporate Tax Rates?

Low- and no-tax companies may be happy about their ability to avoid huge amounts in taxes every year, but our current low and widely varying way of taxing corporations is not a good approach for most of us. The losers from this system include:

The general public. In fiscal years 1997-99, personal income tax payments grew by 28 percent and Social Security and Medicare payroll taxes on wages grew by 22 percent. But corporate income tax payments went up by a total of only 8 percent over the three years, and actually fell from fiscal 1998 to fiscal 1999. So one obvious group of losers from growing corporate tax avoidance is the general public, which has to pay more for—or get less in—public services.

Disadvantaged companies. Almost as obvious is how the wide variation in tax rates among industries and among companies within particular industries gives relatively high tax companies and industries a legitimate beef that federal tax policy is helping their competitors at their expense.⁵ As the industry tables starting on page 17 detail, examples of these kinds of discrepancies abound:

⁵One obvious reason for why some companies pay relatively high tax bills is that the company is in an industry that doesn't generally qualify for many tax breaks. In addition, when a company shows an unusually high tax rate—greater than the 35 percent statutory rate—it usually reflects (a) a booked charge against income reported to shareholders with little or no cash effect in the year booked that we were unable to reallocate to the years actually incurred; or (b) a turnaround of taxes previously deferred. For example, utilities paid relatively high tax rates over the period studied, apparently because so many of them cut back on investment in the age of utility deregulation. As a result, they generated relatively little in new tax breaks, while some taxes deferred in the past finally came due.

- Maytag and General Electric both make kitchen appliances. But Maytag paid 35 percent of its profits in taxes from 1996 to 1998, while GE paid only 8.1 percent.
- Abbot Laboratories and Pfizer are both in the drug business, but the former paid almost 29 percent of its profits in taxes from 1996 to 1998, while the latter paid only 3.1 percent.
- Among industries, both publishers and oil companies provide much sought-after products. But publishers paid a 1996-98 effective tax rate of 31.6 percent, while the oil companies paid only 12.3 percent.

The U.S. economy. The fact that the government is offering much larger tax subsidies to some companies and industries compared to others is also poor economic policy. Such a system artificially boosts the rate of return on investment dollars 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. In fact, the good news is that tax breaks often don’t have much effect on business behavior. After all, companies don’t lobby to have the government tell them what to do. They lobby to get rewarded for doing what they would have done anyway. But there’s no doubt that making some kinds of investments more profitable than others through tax breaks will sometimes shift capital away from what’s most 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.⁶ Thus, when the federal government allows corporations to write off their machinery faster than it wears out or shift U.S. profits overseas or shelter earnings from oil drilling, most states automatically do so, too. State corporate income taxes paid by the 237 companies that disclosed them averaged only 3.8 percent of pretax profits over the three years, less than half the weighted average state statutory corporate tax rate. Following the trend in federal corporate tax rates, the state effective corporate tax rate paid by the companies in the study fell between 1996 and 1998, from 4.0 percent to 3.7 percent.⁷ 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 is endangered by the specter of widespread corporate tax avoidance.

⁶To be sure, most states also provide their own set of additional business tax breaks or abatements, although these often involve taxes other than corporate income taxes.

⁷Due to lack of data, these figures exclude the effects of stock options on state corporate income taxes.

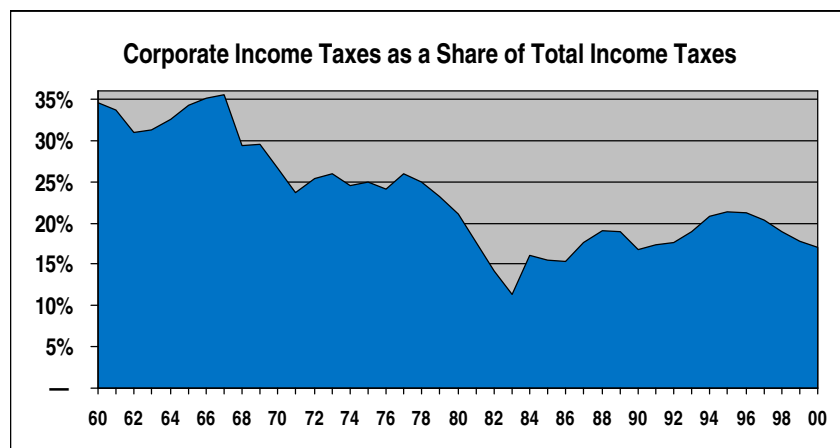
Our 250 Companies Versus All Corporations

The income tax payments by our sample of 250 large companies represent about 30 percent of the total amount of federal corporate tax receipts in each year, and our companies' tax-payment pattern tracks the trend in overall federal corporate tax receipts. Thus, total dollar tax payments by our 250 companies rose slightly from 1996 to 1997 and then fell in 1998. Likewise, federal corporate tax receipts rose slightly from fiscal 1997 to fiscal 1998, and then fell in fiscal 1999.⁸

The corporate share of the total income tax burden has fluctuated over time, but has been falling in recent years. Corporate taxes, which were a third of total income taxes in the 1960s and 25 percent of the total in the 1970s, fell to only 15 percent in the loophole-ridden first half of the 1980s. After the 1986 tax reforms, the corporate share rose, hitting 19 percent of total income taxes in 1988, and as corporate profits surged after 1993, rising to 21 percent of total income taxes in fiscal 1994-96. But then they began to decline again. By fiscal 1999, corporate taxes were down to only 18 percent of total income taxes, and they fell to only 17 percent in the just-completed fiscal 2000.

Corporate Income Taxes (\$-billions)	All corps (fisc. yr.)	250 cos (cal. yr.)
1996 (fy 97)	\$ 182.3	\$ 50.9
1997 (fy 98)	188.6	55.7
1998 (fy 99)	184.7	52.9
Three years	\$ 555.6	\$ 159.5

Tax breaks reduced taxes for the 250 companies in the study by 43 percent in 1998. Not counting tax breaks from stock options, the remaining tax breaks reduced 1998 taxes on the 250 companies by 29 percent. This latter figure is very close to the percentage reduction in corporate taxes for all corporations attributable to the \$81.2 billion in corporate "tax expenditures," as estimated by the Joint Committee on Taxation and the U.S. Treasury Department for fiscal 2000 (the JCT and Treasury figures do not include tax breaks from stock options).



A Plea for Better Disclosure

Despite our best efforts over the past two years, our report is unlikely to be completely free of mistakes.⁹ In a few cases, we may have misinterpreted the often cryptic information that companies provide in their annual reports, and we probably missed

⁸Calendar year corporate tax liabilities roughly correspond to payments in the subsequent federal fiscal year.

⁹In releasing our report in mid-October, we encouraged any company that felt we had made significant errors to contact us, so that we could make any necessary corrections before final printing. As of early November, no company has suggested any corrections, and press reports indicate that corporations called by reporters did not take issue with our findings. (Texaco initially argued to the *New York Times* that it did pay significant income taxes, but eventually conceded that the only income taxes it paid were to foreign governments on the company's foreign profits.)

some tax breaks that companies actually enjoyed. 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 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. Specifically, it would be a major help, not only to analysts but also to policy makers, if something like the following were required in every large, publicly-traded corporation’s annual report.

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 Options

More than a decade after the major corporate tax reforms of 1986, we now find the re-emergence of many of the problems that those reforms were designed to address. This report is not intended to provide an exhaustive list of all the possible corporate tax reform measures that could be enacted to address these problems, but rather to illustrate the current consequences of inaction. But if our nation’s leaders want to reform the corporate income tax to curb tax subsidies and make the taxation of different industries and companies more equal, they could certainly do so.

Our lawmakers could start by focusing on the long list of corporate tax breaks, or as they are officially called, “corporate tax expenditures” produced each year by the Joint Committee on Taxation and the U.S. Treasury. They could reinstate a stronger corporate Alternative Minimum Tax that really does the job it was originally designed to do. They could rethink the way the corporate income tax currently treats stock options. They could adopt the kinds of restrictions on abusive corporate tax sheltering outlined in recent years by the Treasury. They could reform the way we measure the U.S. profits of multinational corporations, so that taxable profits are not artificially shifted offshore.

In short, the corporate income tax code is overdue for a deep examination of how we tax, or fail to tax, our major corporations. We hope that this report will encourage our representatives in Washington to undertake that effort.

Ninety-four companies paying less than half the statutory corporate tax rate in 1998

(\$-millions)

Company	98Profit	98Tax	98Rate	Company	98Profit	98Tax	98Rate
Lyondell Chemical	\$ 80.0	\$ -44.0	-55.0%	KeyCorp	\$ 1,536.6	\$ 145.1	9.4%
Texaco	182.0	-67.7	-37.2%	Wachovia	1,203.0	114.8	9.5%
Chevron	708.0	-186.8	-26.4%	Union Carbide	640.0	61.7	9.6%
CSX	386.6	-102.1	-26.4%	USX	1,031.0	100.2	9.7%
Tosco	227.4	-46.7	-20.6%	KN Energy	93.9	9.2	9.8%
PepsiCo	1,583.0	-302.0	-19.1%	Exxon	2,506.0	256.6	10.2%
Owens & Minor	46.1	-7.9	-17.1%	Amerisource Health	82.0	8.5	10.4%
Pfizer	1,197.6	-197.2	-16.5%	IMC Global	254.0	26.6	10.5%
J.P. Morgan	481.1	-62.3	-12.9%	AFLAC	216.2	24.0	11.1%
Saks	83.0	-7.9	-9.5%	Edison International	1,062.1	119.0	11.2%
Goodyear	400.7	-33.2	-8.3%	Johns Manville	210.9	24.2	11.5%
Ryder	227.5	-16.4	-7.2%	Ryerson Tull	74.4	8.6	11.6%
Enron	189.0	-12.5	-6.6%	Disney, Walt	3,133.9	371.0	11.8%
Colgate-Palmolive	348.5	-19.6	-5.6%	Pitney Bowes	750.3	88.7	11.8%
MCI Worldcom	2,724.2	-112.6	-4.1%	Norfolk Southern	639.0	80.4	12.6%
Eaton	478.8	-18.0	-3.8%	Bristol-Myers Squibb	2,745.6	348.8	12.7%
Weyerhaeuser	405.0	-9.5	-2.3%	Tenneco	212.0	27.0	12.7%
General Motors	952.0	-19.0	-2.0%	McDonald's	884.2	113.8	12.9%
El Paso Energy	383.7	-3.0	-0.8%	Becton Dickinson	262.7	36.0	13.7%
WestPoint Stevens	142.6	-1.2	-0.8%	Chubb	782.6	107.6	13.8%
MedPartners	49.6	-0.4	-0.7%	Kmart	504.0	70.0	13.9%
Phillips Petroleum	145.0	-1.1	-0.7%	American Home Products	2,210.7	315.0	14.2%
McKesson	234.0	-1.0	-0.4%	DuPont	3,123.1	444.0	14.2%
Northrop Grumman	297.7	-1.0	-0.3%	Smithfield Foods	78.9	11.2	14.2%
Coastal Corporation	498.3	2.3	0.5%	Bank of New York	1,667.0	241.2	14.5%
Navistar	400.0	4.0	1.0%	Conseco	1,023.2	150.1	14.7%
Raytheon	1,465.0	25.5	1.7%	Ashland	275.0	40.7	14.8%
Household International	874.0	16.8	1.9%	Avery Dennison	218.8	32.3	14.8%
Suiza Foods	153.9	3.9	2.5%	Manpower	61.6	9.1	14.8%
State Street	562.0	15.0	2.7%	Corporate Express	64.6	9.7	14.9%
Avon	78.9	2.3	2.9%	AlliedSignal	1,604.8	240.7	15.0%
Eli Lilly	1,394.2	47.4	3.4%	Microsoft	6,448.3	965.0	15.0%
Westvaco	160.3	8.3	5.2%	America West	210.6	32.0	15.2%
Centex	222.5	12.9	5.8%	Tenet Healthcare	616.0	93.8	15.2%
Comdisco	181.0	11.0	6.1%	Litton Industries	282.9	44.5	15.7%
Transamerica	990.0	64.8	6.5%	Computer Associates	731.0	115.9	15.9%
First Union	4,323.0	283.6	6.6%	Chase Manhattan	3,915.3	627.2	16.0%
Eastman Chemical	459.0	33.3	7.3%	Ingram Micro	335.5	54.4	16.2%
Telephone and Data Systems	134.8	9.8	7.3%	Fluor	222.9	36.3	16.3%
Cardinal Health	396.2	31.4	7.9%	Medtronic	669.0	109.2	16.3%
General Electric	9,656.5	771.5	8.0%	Xerox	1,014.2	167.0	16.5%
3M	1,366.2	112.5	8.2%	Hillenbrand	351.0	58.6	16.7%
Ralston Purina	1,602.6	135.9	8.5%	US Airways	886.0	149.0	16.8%
UAL	1,247.0	107.8	8.6%	Ford Motor Co.	8,323.0	1,405.3	16.9%
Ball	86.8	7.6	8.8%	Sprint	977.4	166.4	17.0%
Black & Decker	419.5	37.0	8.8%	Corning	379.5	66.2	17.4%
Burlington Northern Santa Fe	1,835.0	166.1	9.1%	Loews	1,080.7	189.7	17.5%
				TOTALS, 94 COMPANIES	\$ 96,055.2	\$ 8,554.2	8.9%

Seventy companies paying less than half the statutory corporate tax rate in 1997

(\$-millions)

Company	97Profit	97Tax	97Rate	Company	97Profit	97Tax	97Rate
Tenneco	\$ 274.1	\$ -133.0	-48.5%	American Financial Group	\$ 320.2	\$ 34.0	10.6%
Kmart	318.0	-126.0	-39.6%	Coastal Corporation	449.8	48.7	10.8%
Texaco	1,466.0	-572.0	-39.0%	Pfizer	1,206.0	130.8	10.8%
Ryder	175.3	-30.0	-17.1%	Air Products	423.0	46.9	11.1%
El Paso Energy	371.9	-56.0	-15.1%	Ball	80.2	9.3	11.6%
Suiza Foods	92.1	-13.1	-14.2%	State Street	453.0	54.0	11.9%
Transamerica	593.7	-75.1	-12.6%	Black & Decker	240.1	29.7	12.4%
IBM	3,110.0	-266.0	-8.6%	Westvaco	173.8	22.0	12.7%
Colgate-Palmolive	261.6	-19.3	-7.4%	Harris	233.0	30.2	13.0%
Coca-Cola Company	1,470.0	-72.0	-4.9%	BankBoston	850.0	111.0	13.1%
Avon	148.8	-4.5	-3.0%	Warner-Lambert	521.4	68.1	13.1%
Corporate Express	78.3	-2.1	-2.7%	Utilicorp United	203.7	27.1	13.3%
WestPoint Stevens	106.9	-0.8	-0.7%	Union Carbide	896.0	120.3	13.4%
Praxair	262.0	1.4	0.5%	Gillette	999.1	135.5	13.6%
Rite Aid	251.8	2.3	0.9%	Raytheon	1,338.0	183.5	13.7%
America West	160.7	2.5	1.5%	KN Energy	110.6	15.3	13.8%
Northrop Grumman	642.4	15.8	2.5%	Lehman Brothers	758.0	104.8	13.8%
Burlington Northern Santa Fe	1,390.0	37.4	2.7%	US Airways	665.0	92.0	13.8%
Goodyear	141.7	3.9	2.7%	Weyerhaeuser	426.0	58.6	13.8%
MCI Worldcom	670.7	21.2	3.2%	American Home Products	1,578.4	219.1	13.9%
Navistar	236.0	8.0	3.4%	J.P. Morgan	973.0	138.2	14.2%
Tenet Healthcare	696.6	24.3	3.5%	Lexmark	215.8	31.4	14.5%
Georgia-Pacific	305.7	11.0	3.6%	McKesson	71.6	10.5	14.6%
Aon	412.4	15.3	3.7%	AlliedSignal	1,493.4	221.3	14.8%
Central and South West	359.0	14.8	4.1%	Textron	414.0	61.5	14.9%
Centex	160.6	6.8	4.2%	CSX	882.1	133.4	15.1%
Conseco	1,444.6	75.4	5.2%	Pitney Bowes	649.5	99.0	15.2%
IMC Global	175.0	9.9	5.7%	Telephone and Data Systems	27.3	4.2	15.2%
MedPartners	62.0	4.8	7.8%	Phillips Petroleum	893.0	136.8	15.3%
General Electric	8,168.5	643.8	7.9%	Bristol-Myers Squibb	2,816.6	433.1	15.4%
Comdisco	156.0	15.0	9.6%	First Data	677.0	104.5	15.4%
Johns Manville	133.4	12.8	9.6%	Manpower	78.0	12.1	15.5%
Mobil	1,752.3	172.5	9.8%	Bank of New York	1,610.0	255.5	15.9%
Staples	205.8	20.4	9.9%	CNF	199.7	32.6	16.3%
First Union	3,953.0	413.9	10.5%	Eaton	528.0	90.0	17.0%
				TOTALS, 70 COMPANIES	\$ 53,661.3	\$ 3,467.9	6.5%

Seventy-five companies paying less than half the statutory corporate tax rate in 1996

(\$-millions)

Company	96Profit	96Tax	96Rate	Company	96Profit	96Tax	96Rate
Ball	\$ 17.9	\$ -7.2	-40.2%	Dana	\$ 533.4	\$ 60.2	11.3%
Goodyear	115.0	-35.8	-31.1%	Ford Motor Co.	5,482.0	632.5	11.5%
General Motors	1,506.0	-395.4	-26.3%	Loews	2,367.7	276.4	11.7%
Corporate Express	71.5	-11.1	-15.5%	Comdisco	149.0	18.0	12.1%
Golden West Financial	334.4	-39.7	-11.9%	Engelhard	163.5	20.4	12.5%
MedPartners	72.2	-8.4	-11.6%	Telephone and Data Systems	246.7	31.2	12.7%
Lehman Brothers	266.0	-20.7	-7.8%	Northrop Grumman	426.3	55.6	13.0%
Amerisource Health	58.6	-4.0	-6.8%	Mobil	1,395.5	184.1	13.2%
Alcoa	399.1	-17.6	-4.4%	Rohm and Haas	369.0	50.0	13.6%
Praxair	179.3	-7.1	-4.0%	Fleet	1,814.0	248.6	13.7%
Bestfoods	280.0	-4.7	-1.7%	AlliedSignal	1,081.1	149.7	13.8%
Black & Decker	191.5	-2.2	-1.2%	Conseco	789.4	110.4	14.0%
Phillips Petroleum	1,181.0	-12.1	-1.0%	USX	1,007.0	141.5	14.0%
Enron	540.0	-3.4	-0.6%	Honeywell	322.2	46.1	14.3%
WestPoint Stevens	89.0	-0.5	-0.5%	BFGoodrich	164.2	23.6	14.4%
Johns Manville	99.9	-0.4	-0.4%	Barnes & Noble	64.9	9.4	14.5%
McKesson	167.6	0.6	0.3%	IMC Global	254.7	36.9	14.5%
Navistar	106.0	1.0	0.9%	Raytheon	1,061.0	153.5	14.5%
America West	58.9	0.9	1.6%	York International	194.9	28.7	14.7%
Burlington Northern Santa Fe	1,423.0	29.1	2.0%	Coastal Corporation	578.2	85.3	14.8%
US Airways	272.0	6.0	2.2%	Corning	370.7	55.7	15.0%
Transamerica	615.6	14.8	2.4%	Colgate-Palmolive	166.9	25.4	15.2%
Warner-Lambert	499.7	13.0	2.6%	Avon	162.5	25.2	15.5%
First Data	1,020.3	31.8	3.1%	Bristol-Myers Squibb	2,295.0	365.1	15.9%
American Home Products	1,917.2	62.3	3.3%	Consolidated Natural Gas	548.1	87.3	15.9%
Weyerhaeuser	612.0	36.5	6.0%	Peco Energy	788.5	126.1	16.0%
Times Mirror	194.3	12.1	6.2%	KN Energy	97.9	15.9	16.2%
American Financial Group	325.5	20.9	6.4%	AFLAC	200.9	33.0	16.4%
Saks	147.7	9.9	6.7%	First Union	3,494.0	574.7	16.4%
PepsiCo	1,558.0	109.0	7.0%	Southwest Airlines	333.7	54.7	16.4%
Rite Aid	251.3	21.0	8.4%	MCI Worldcom	183.4	30.9	16.9%
General Electric	7,991.0	685.3	8.6%	Air Products	408.5	69.6	17.0%
Columbia Energy	330.9	29.8	9.0%	Temple-Inland	157.1	26.6	17.0%
Pitney Bowes	616.2	57.3	9.3%	Eli Lilly	1,196.8	204.3	17.1%
State Street	385.0	37.0	9.6%	IBM	3,302.0	564.0	17.1%
Lyondell Chemical	195.0	19.0	9.7%	Texas Utilities Company	1,160.0	198.0	17.1%
Central and South West	590.2	59.1	10.0%	J.P. Morgan	834.0	143.6	17.2%
Union Carbide	765.0	81.2	10.6%	TOTALS, 75 COMPANIES	\$ 59,608.6	\$ 5,729.5	9.6%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations by Industry, 1996-1998

\$-millions Industry/company	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Aerospace												
Northrop Grumman	1,366.4	70.5	5.2%	297.7	-1.0	-0.3%	642.4	15.8	2.5%	426.3	55.6	13.0%
AlliedSignal	4,179.2	611.7	14.6%	1,604.8	240.7	15.0%	1,493.4	221.3	14.8%	1,081.1	149.7	13.8%
BFGoodrich	728.8	151.0	20.7%	347.4	85.7	24.7%	217.2	41.7	19.2%	164.2	23.6	14.4%
Textron	1,357.0	354.5	26.1%	575.0	186.6	32.4%	414.0	61.5	14.9%	368.0	106.5	28.9%
Lockheed Martin	5,426.0	1,704.5	31.4%	1,598.5	406.2	25.4%	1,852.0	417.5	22.5%	1,975.5	880.8	44.6%
Aerospace	13,057.4	2,892.1	22.1%	4,423.4	918.2	20.8%	4,619.0	757.8	16.4%	4,015.0	1,216.1	30.3%
Chemicals												
Praxair	704.9	41.6	5.9%	263.7	47.4	18.0%	262.0	1.4	0.5%	179.3	-7.1	-4.0%
IMC Global	683.7	73.5	10.7%	254.0	26.6	10.5%	175.0	9.9	5.7%	254.7	36.9	14.5%
Union Carbide	2,301.0	263.1	11.4%	640.0	61.7	9.6%	896.0	120.3	13.4%	765.0	81.2	10.6%
Lyondell Chemical	718.0	89.0	12.4%	80.0	-44.0	-55.0%	443.0	114.0	25.7%	195.0	19.0	9.7%
Engelhard	476.5	86.7	18.2%	175.4	39.0	22.2%	137.6	27.2	19.8%	163.5	20.4	12.5%
DuPont	9,579.1	1,838.0	19.2%	3,123.1	444.0	14.2%	3,253.0	745.0	22.9%	3,203.0	649.0	20.3%
Avery Dennison	590.0	114.8	19.5%	218.8	32.3	14.8%	207.1	40.8	19.7%	164.1	41.7	25.4%
Eastman Chemical	1,641.0	355.5	21.7%	459.0	33.3	7.3%	528.0	133.1	25.2%	654.0	189.1	28.9%
Rohm and Haas	1,368.0	313.4	22.9%	552.0	135.6	24.6%	447.0	127.8	28.6%	369.0	50.0	13.6%
Air Products	1,449.1	345.2	23.8%	617.6	228.8	37.0%	423.0	46.9	11.1%	408.5	69.6	17.0%
Dow Chemical	5,145.9	1,294.4	25.2%	1,429.1	324.6	22.7%	1,707.1	475.6	27.9%	2,009.6	494.2	24.6%
Sherwin-Williams	1,041.7	303.1	29.1%	359.3	100.2	27.9%	366.0	81.7	22.3%	316.4	121.3	38.3%
PPG	2,754.0	802.3	29.1%	961.0	290.5	30.2%	885.0	269.7	30.5%	908.0	242.1	26.7%
Chemicals	28,452.9	5,920.6	20.8%	9,133.0	1,720.1	18.8%	9,729.9	2,193.4	22.5%	9,590.0	2,007.2	20.9%
Computers, office equip, software, data												
Comdisco	486.0	44.0	9.1%	181.0	11.0	6.1%	156.0	15.0	9.6%	149.0	18.0	12.1%
IBM	9,233.0	1,050.0	11.4%	2,821.0	752.0	26.7%	3,110.0	-266.0	-8.6%	3,302.0	564.0	17.1%
Pitney Bowes	2,016.0	245.1	12.2%	750.3	88.7	11.8%	649.5	99.0	15.2%	616.2	57.3	9.3%
Xerox	2,746.2	534.0	19.4%	1,014.2	167.0	16.5%	1,013.0	194.0	19.2%	719.0	173.0	24.1%
Microsoft	13,481.1	2,666.0	19.8%	6,448.3	965.0	15.0%	4,343.2	914.0	21.0%	2,689.6	787.0	29.3%
Automatic Data Processing	1,989.7	408.4	20.5%	779.6	160.7	20.6%	631.7	142.9	22.6%	578.5	104.7	18.1%
Computer Associates	3,377.1	722.0	21.4%	731.0	115.9	15.9%	1,567.0	377.4	24.1%	1,079.1	228.6	21.2%
Lexmark	649.3	155.6	24.0%	271.4	81.6	30.1%	215.8	31.4	14.5%	162.1	42.6	26.3%
Oracle	2,450.5	659.2	26.9%	886.6	214.1	24.2%	926.5	256.4	27.7%	637.4	188.7	29.6%
Cisco Systems	7,011.0	1,933.7	27.6%	2,453.0	590.0	24.1%	2,318.8	591.9	25.5%	2,239.2	751.8	33.6%
Intel	22,142.1	6,462.0	29.2%	7,205.0	1,906.0	26.5%	8,900.0	2,706.0	30.4%	6,037.1	1,850.0	30.6%
Computers, software, etc.	65,582.1	14,879.9	22.7%	23,541.3	5,052.1	21.5%	23,831.5	5,062.1	21.2%	18,209.3	4,765.7	26.2%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations by Industry, 1996-1998

\$-millions	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Electronics, electrical equipment												
General Electric	25,816.0	2,100.6	8.1%	9,656.5	771.5	8.0%	8,168.5	643.8	7.9%	7,991.0	685.3	8.6%
Raytheon	3,864.0	362.4	9.4%	1,465.0	25.5	1.7%	1,338.0	183.5	13.7%	1,061.0	153.5	14.5%
Eaton	1,370.8	149.0	10.9%	478.8	-18.0	-3.8%	528.0	90.0	17.0%	364.0	77.0	21.2%
Litton Industries	829.3	186.6	22.5%	282.9	44.5	15.7%	284.8	83.5	29.3%	261.6	58.6	22.4%
Harris	649.5	151.4	23.3%	230.1	41.0	17.8%	233.0	30.2	13.0%	186.5	80.2	43.0%
Honeywell	1,161.6	279.4	24.1%	441.2	124.6	28.2%	398.3	108.7	27.3%	322.2	46.1	14.3%
Whirlpool	966.5	273.8	28.3%	386.6	127.4	33.0%	274.8	76.2	27.7%	305.1	70.1	23.0%
Solectron	522.5	162.9	31.2%	201.7	64.8	32.1%	187.1	51.8	27.7%	133.7	46.3	34.6%
Emerson Electric Co.	3,894.4	1,270.2	32.6%	1,435.6	440.1	30.7%	1,332.8	441.5	33.1%	1,126.0	388.6	34.5%
Maytag	921.8	323.1	35.0%	444.8	148.0	33.3%	259.8	77.0	29.6%	217.2	98.2	45.2%
Electronics, electrical	39,996.6	5,259.3	13.1%	15,023.2	1,769.3	11.8%	13,004.9	1,786.2	13.7%	11,968.5	1,703.9	14.2%
Financial												
Transamerica	2,199.3	4.5	0.2%	990.0	64.8	6.5%	593.7	-75.1	-12.6%	615.6	14.8	2.4%
State Street	1,400.0	106.0	7.6%	562.0	15.0	2.7%	453.0	54.0	11.9%	385.0	37.0	9.6%
J.P. Morgan	2,288.1	219.6	9.6%	481.1	-62.3	-12.9%	973.0	138.2	14.2%	834.0	143.6	17.2%
Conseco	3,257.2	335.9	10.3%	1,023.2	150.1	14.7%	1,444.6	75.4	5.2%	789.4	110.4	14.0%
First Union	11,770.0	1,272.2	10.8%	4,323.0	283.6	6.6%	3,953.0	413.9	10.5%	3,494.0	574.7	16.4%
First Data	2,402.5	297.1	12.4%	705.2	160.7	22.8%	677.0	104.5	15.4%	1,020.3	31.8	3.1%
American Financial Group	841.0	116.9	13.9%	195.4	62.0	31.7%	320.2	34.0	10.6%	325.5	20.9	6.4%
KeyCorp	4,093.6	645.3	15.8%	1,536.6	145.1	9.4%	1,377.3	262.7	19.1%	1,179.7	237.5	20.1%
Lehman Brothers	1,743.0	293.0	16.8%	719.0	208.9	29.1%	758.0	104.8	13.8%	266.0	-20.7	-7.8%
Loews	4,977.8	838.3	16.8%	1,080.7	189.7	17.5%	1,529.4	372.2	24.3%	2,367.7	276.4	11.7%
AFLAC	855.0	145.0	17.0%	216.2	24.0	11.1%	437.9	88.0	20.1%	200.9	33.0	16.4%
BankBoston	2,441.0	440.0	18.0%	827.0	150.0	18.1%	850.0	111.0	13.1%	764.0	179.0	23.4%
Wachovia	3,291.3	609.2	18.5%	1,203.0	114.8	9.5%	999.6	215.5	21.6%	1,088.7	278.9	25.6%
Bank of New York	4,742.0	919.6	19.4%	1,667.0	241.2	14.5%	1,610.0	255.5	15.9%	1,465.0	422.9	28.9%
Chubb	2,104.4	437.7	20.8%	782.6	107.6	13.8%	849.8	182.6	21.5%	472.0	147.4	31.2%
Fleet	6,309.0	1,337.3	21.2%	2,378.0	644.4	27.1%	2,117.0	444.3	21.0%	1,814.0	248.6	13.7%
Golden West Financial	1,558.5	338.7	21.7%	683.5	206.3	30.2%	540.5	172.1	31.8%	334.4	-39.7	-11.9%
Chase Manhattan	10,456.3	2,323.9	22.2%	3,915.3	627.2	16.0%	3,631.7	717.9	19.8%	2,909.3	978.7	33.6%
Household International	3,158.8	738.3	23.4%	874.0	16.8	1.9%	1,209.7	257.6	21.3%	1,075.1	463.8	43.1%
Allmerica	976.8	230.7	23.6%	279.6	60.6	21.7%	365.5	79.2	21.7%	331.7	90.9	27.4%
Aon	1,246.3	299.8	24.1%	490.2	174.1	35.5%	412.4	15.3	3.7%	343.7	110.4	32.1%
U.S. Bancorp	5,740.6	1,385.2	24.1%	2,138.4	515.3	24.1%	1,672.1	344.4	20.6%	1,930.1	525.5	27.2%
Wells Fargo	11,370.9	3,097.0	27.2%	3,748.9	1,111.0	29.6%	4,003.7	1,149.0	28.7%	3,618.3	837.0	23.1%
Paine Webber Group	1,768.9	482.6	27.3%	663.1	192.3	29.0%	590.8	176.6	29.9%	515.0	113.7	22.1%

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\$-millions	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Suntrust	4,281.5	1,197.7	28.0%	1,603.3	432.7	27.0%	1,452.5	434.6	29.9%	1,225.7	330.4	27.0%
American General	3,891.1	1,098.8	28.2%	1,687.0	386.1	22.9%	1,132.1	332.4	29.4%	1,072.0	380.3	35.5%
Merrill Lynch	6,169.1	1,771.0	28.7%	2,218.1	544.9	24.6%	2,321.0	761.0	32.8%	1,630.0	465.0	28.5%
Regions Financial	1,674.5	485.2	29.0%	625.9	164.8	26.3%	581.3	175.1	30.1%	467.3	145.3	31.1%
SouthTrust	1,369.8	399.8	29.2%	540.6	117.8	21.8%	456.4	163.7	35.9%	372.7	118.3	31.7%
Marsh & McLennan Companies	1,761.8	514.3	29.2%	752.0	243.7	32.4%	611.8	187.6	30.7%	398.0	83.0	20.9%
Charles Schwab	1,336.6	406.6	30.4%	548.7	137.5	25.1%	420.3	145.1	34.5%	367.6	124.0	33.7%
Comerica	2,194.1	671.1	30.6%	849.4	224.2	26.4%	702.9	229.0	32.6%	641.9	217.9	33.9%
Morgan Stanley Dean Witter	9,263.0	2,847.9	30.7%	3,638.0	928.4	25.5%	3,287.0	888.8	27.0%	2,338.0	1,030.8	44.1%
MBNA	2,865.9	899.7	31.4%	1,173.0	356.5	30.4%	976.0	291.6	29.9%	716.9	251.5	35.1%
Financial	125,799.7	27,205.9	21.6%	45,119.0	8,940.1	19.8%	43,311.0	9,302.8	21.5%	37,369.6	8,963.0	24.0%
Food, beverages & tobacco												
Suiza Foods	295.2	2.2	0.8%	153.9	3.9	2.5%	92.1	-13.1	-14.2%	49.2	11.5	23.3%
PepsiCo	4,813.0	232.0	4.8%	1,583.0	-302.0	-19.1%	1,672.0	425.0	25.4%	1,558.0	109.0	7.0%
Coca-Cola Company	4,447.0	707.0	15.9%	1,888.0	586.0	31.0%	1,470.0	-72.0	-4.9%	1,089.0	193.0	17.7%
Ralston Purina	2,510.9	418.9	16.7%	1,602.6	135.9	8.5%	464.7	133.9	28.8%	443.5	149.2	33.6%
Smithfield Foods	172.5	31.7	18.4%	78.9	11.2	14.2%	64.9	12.1	18.6%	28.7	8.5	29.5%
Bestfoods	780.1	160.7	20.6%	227.8	70.9	31.1%	272.3	94.5	34.7%	280.0	-4.7	-1.7%
Kellogg	1,673.4	372.7	22.3%	575.1	123.3	21.4%	574.6	124.7	21.7%	523.8	124.7	23.8%
Wm. Wrigley Jr.	487.8	110.0	22.6%	179.6	34.1	19.0%	159.4	28.1	17.6%	148.8	47.9	32.2%
Philip Morris	18,914.0	5,145.3	27.2%	4,784.0	1,541.6	32.2%	7,161.0	1,919.5	26.8%	6,969.0	1,684.2	24.2%
Campbell Soup	2,758.1	770.4	27.9%	968.2	269.3	27.8%	919.9	291.7	31.7%	870.0	209.4	24.1%
Anheuser-Busch	5,184.4	1,455.3	28.1%	1,736.3	514.1	29.6%	1,712.3	481.9	28.1%	1,735.8	459.4	26.5%
Hershey	1,522.4	435.8	28.6%	540.9	110.4	20.4%	528.9	171.9	32.5%	452.5	153.4	33.9%
Archer Daniels Midland	1,848.7	531.6	28.8%	437.3	109.6	25.1%	533.6	216.3	40.5%	877.8	205.7	23.4%
General Mills	1,887.1	568.5	30.1%	672.9	206.8	30.7%	654.6	180.2	27.5%	559.6	181.5	32.4%
ConAgra	2,220.2	688.5	31.0%	828.6	261.4	31.5%	684.7	253.3	37.0%	706.9	173.8	24.6%
Hormel	484.8	152.8	31.5%	206.6	62.3	30.1%	158.5	51.9	32.8%	119.6	38.6	32.3%
IBP	817.5	286.4	35.0%	318.8	118.3	37.1%	198.1	67.5	34.0%	300.6	100.7	33.5%
Food, beverages & tobacco	50,817.1	12,069.9	23.8%	16,782.6	3,857.0	23.0%	17,321.6	4,367.2	25.2%	16,712.9	3,845.7	23.0%
Forest and paper products												
Weyerhaeuser	1,443.0	85.6	5.9%	405.0	-9.5	-2.3%	426.0	58.6	13.8%	612.0	36.5	6.0%
Westvaco	579.1	76.1	13.1%	160.3	8.3	5.2%	173.8	22.0	12.7%	245.0	45.8	18.7%
Temple-Inland	401.1	76.9	19.2%	142.1	29.9	21.1%	101.9	20.3	19.9%	157.1	26.6	17.0%
Georgia-Pacific	1,173.0	261.0	22.3%	522.6	139.0	26.6%	305.7	11.0	3.6%	344.7	111.0	32.2%
Forest and paper products	3,596.2	499.6	13.9%	1,230.0	167.8	13.6%	1,007.4	111.9	11.1%	1,358.8	219.9	16.2%

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\$-millions	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Health Care												
MedPartners	183.8	-3.9	-2.1%	49.6	-0.4	-0.7%	62.0	4.8	7.8%	72.2	-8.4	-11.6%
Tenet Healthcare	1,634.7	223.8	13.7%	616.0	93.8	15.2%	696.6	24.3	3.5%	322.1	105.6	32.8%
Humana	482.0	107.6	22.3%	179.0	33.3	18.6%	192.0	46.1	24.0%	111.0	28.2	25.4%
Cigna	4,728.5	1,460.1	30.9%	1,850.0	734.6	39.7%	1,477.5	400.5	27.1%	1,401.0	325.0	23.2%
Health Care	7,029.1	1,787.6	25.4%	2,694.6	861.3	32.0%	2,428.1	475.8	19.6%	1,906.4	450.4	23.6%
Industrial and farm equipment												
Black & Decker	851.1	64.5	7.6%	419.5	37.0	8.8%	240.1	29.7	12.4%	191.5	-2.2	-1.2%
Caterpillar	5,381.0	1,389.8	25.8%	1,835.0	456.9	24.9%	2,017.0	547.5	27.1%	1,529.0	385.3	25.2%
Crane	491.7	136.6	27.8%	203.5	55.4	27.2%	160.1	44.5	27.8%	128.2	36.8	28.7%
Timken	571.5	168.0	29.4%	166.2	47.3	28.4%	219.4	74.6	34.0%	186.0	46.1	24.8%
Dover	1,186.6	349.4	29.4%	381.8	98.0	25.7%	394.1	127.0	32.2%	410.7	124.4	30.3%
Parker Hannifin	1,086.7	327.3	30.1%	423.0	123.6	29.2%	355.0	110.9	31.2%	308.6	92.8	30.1%
Ingersoll-Rand	1,474.6	488.6	33.1%	569.5	160.0	28.1%	450.9	157.4	34.9%	454.2	171.2	37.7%
Industrial and farm equipment	11,043.2	2,924.2	26.5%	3,998.5	978.2	24.5%	3,836.6	1,091.5	28.4%	3,208.1	854.5	26.6%
Metals & metal products												
Ball	184.9	9.7	5.2%	86.8	7.6	8.8%	80.2	9.3	11.6%	17.9	-7.2	-40.2%
Alcoa	1,675.7	266.0	15.9%	568.7	150.1	26.4%	707.9	133.4	18.8%	399.1	-17.6	-4.4%
Ryerson Tull	306.3	70.9	23.1%	74.4	8.6	11.6%	110.6	36.8	33.3%	121.3	25.5	21.0%
Masco	1,530.8	407.4	26.6%	616.3	153.9	25.0%	512.2	136.5	26.6%	402.3	117.0	29.1%
Newell	1,384.7	387.0	27.9%	622.0	193.6	31.1%	396.5	95.1	24.0%	366.2	98.3	26.8%
Illinois Tool Works	1,939.3	542.4	28.0%	745.6	201.0	27.0%	696.2	182.1	26.2%	497.5	159.3	32.0%
Danaher	744.2	238.4	32.0%	261.7	79.9	30.5%	265.3	94.2	35.5%	217.2	64.3	29.6%
Metals & metal products	7,766.0	1,921.7	24.7%	2,975.6	794.7	26.7%	2,768.9	687.4	24.8%	2,021.5	439.5	21.7%
Miscellaneous manufacturing												
Colgate-Palmolive	777.1	-13.6	-1.7%	348.5	-19.6	-5.6%	261.6	-19.3	-7.4%	166.9	25.4	15.2%
WestPoint Stevens	338.5	-2.5	-0.7%	142.6	-1.2	-0.8%	106.9	-0.8	-0.7%	89.0	-0.5	-0.5%
Avon	390.2	23.0	5.9%	78.9	2.3	2.9%	148.8	-4.5	-3.0%	162.5	25.2	15.5%
Johns Manville	444.2	36.6	8.2%	210.9	24.2	11.5%	133.4	12.8	9.6%	99.9	-0.4	-0.4%
Corning	1,275.2	242.2	19.0%	379.5	66.2	17.4%	525.0	120.4	22.9%	370.7	55.7	15.0%
3M	5,317.2	1,152.2	21.7%	1,366.2	112.5	8.2%	2,480.0	741.8	29.9%	1,471.0	297.8	20.2%
Thermo Electron	958.7	209.8	21.9%	268.3	67.2	25.1%	395.8	88.6	22.4%	294.6	54.0	18.3%
Gillette	2,972.3	663.8	22.3%	1,050.2	263.6	25.1%	999.1	135.5	13.6%	923.0	264.7	28.7%
Becton Dickinson	705.4	158.8	22.5%	262.7	36.0	13.7%	245.2	63.7	26.0%	197.5	59.1	29.9%
Medtronic	1,883.3	429.8	22.8%	669.0	109.2	16.3%	717.6	172.2	24.0%	496.6	148.4	29.9%
Clorox	1,139.1	316.9	27.8%	432.4	92.9	21.5%	370.7	120.5	32.5%	336.1	103.5	30.8%
Vulcan Materials	898.2	250.3	27.9%	349.2	95.9	27.5%	283.9	73.8	26.0%	265.1	80.7	30.4%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations by Industry, 1996-1998

\$-millions	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Hillenbrand	864.0	242.6	28.1%	351.0	58.6	16.7%	259.0	99.0	38.2%	254.0	85.0	33.5%
Brunswick	786.0	222.9	28.4%	275.3	85.2	30.9%	229.2	64.8	28.3%	281.5	72.9	25.9%
Fortune Brands	971.5	277.8	28.6%	438.0	99.3	22.7%	249.7	82.2	32.9%	283.9	96.3	33.9%
Procter & Gamble	9,578.0	2,739.0	28.6%	3,517.0	996.0	28.3%	3,144.0	967.0	30.8%	2,917.0	776.0	26.6%
Applied Materials	1,749.6	541.1	30.9%	384.7	107.7	28.0%	702.1	178.6	25.4%	662.7	254.8	38.4%
USG	1,238.6	391.2	31.6%	489.4	161.5	33.0%	459.1	141.9	30.9%	290.0	87.8	30.3%
Trinity	619.6	198.2	32.0%	285.7	93.9	32.9%	160.6	43.0	26.8%	173.3	61.3	35.4%
Leggett & Platt	824.8	284.4	34.5%	336.6	104.0	30.9%	282.3	95.4	33.8%	205.9	85.0	41.3%
VF Corporation	1,477.6	519.0	35.1%	565.0	162.6	28.8%	494.5	189.4	38.3%	418.1	167.1	40.0%
Miscellaneous manufacturing	35,209.0	8,883.7	25.2%	12,201.1	2,718.0	22.3%	12,648.6	3,365.8	26.6%	10,359.3	2,799.9	27.0%
Miscellaneous services												
Centex	471.8	59.7	12.7%	222.5	12.9	5.8%	160.6	6.8	4.2%	88.6	40.0	45.1%
Manpower	217.5	38.0	17.5%	61.6	9.1	14.8%	78.0	12.1	15.5%	77.9	16.8	21.6%
Browning-Ferris	1,294.6	248.2	19.2%	503.7	98.4	19.5%	565.7	99.4	17.6%	225.2	50.3	22.4%
McDonald's	2,773.7	544.5	19.6%	884.2	113.8	12.9%	975.3	257.1	26.4%	914.2	173.6	19.0%
Disney, Walt	8,099.0	1,658.0	20.5%	3,133.9	371.0	11.8%	3,139.0	942.0	30.0%	1,826.1	345.0	18.9%
Fluor	809.8	174.5	21.6%	222.9	36.3	16.3%	235.0	47.4	20.2%	351.9	90.9	25.8%
Omnicom	575.6	136.1	23.6%	250.4	50.7	20.2%	170.9	40.2	23.6%	154.3	45.2	29.3%
Marriott International	1,339.4	330.0	24.6%	545.6	125.0	22.9%	417.0	130.0	31.2%	376.9	75.0	19.9%
Miscellaneous services	15,581.4	3,189.0	20.5%	5,824.8	817.3	14.0%	5,741.5	1,535.0	26.7%	4,015.1	836.8	20.8%
Motor vehicles and parts												
Goodyear	657.4	-65.1	-9.9%	400.7	-33.2	-8.3%	141.7	3.9	2.7%	115.0	-35.8	-31.1%
Tenneco	731.1	-14.0	-1.9%	212.0	27.0	12.7%	274.1	-133.0	-48.5%	245.0	92.0	37.6%
Navistar	742.0	13.0	1.8%	400.0	4.0	1.0%	236.0	8.0	3.4%	106.0	1.0	0.9%
General Motors	5,673.0	822.5	14.5%	952.0	-19.0	-2.0%	3,215.0	1,236.9	38.5%	1,506.0	-395.4	-26.3%
Ford Motor Co.	22,183.0	4,142.1	18.7%	8,323.0	1,405.3	16.9%	8,378.0	2,104.3	25.1%	5,482.0	632.5	11.5%
Dana	1,623.7	342.1	21.1%	601.0	123.4	20.5%	489.3	158.5	32.4%	533.4	60.2	11.3%
Paccar	955.7	340.9	35.7%	367.9	126.7	34.4%	329.6	123.4	37.4%	258.2	90.8	35.2%
Motor vehicles and parts	32,566.0	5,581.5	17.1%	11,256.6	1,634.3	14.5%	13,063.8	3,501.9	26.8%	8,245.6	445.3	5.4%
Petroleum & pipelines												
Texaco	3,447.0	-304.0	-8.8%	182.0	-67.7	-37.2%	1,466.0	-572.0	-39.0%	1,799.0	335.8	18.7%
El Paso Energy	817.5	-36.0	-4.4%	383.7	-3.0	-0.8%	371.9	-56.0	-15.1%	62.0	23.0	37.1%
Enron	816.0	1.5	0.2%	189.0	-12.5	-6.6%	87.0	17.4	20.0%	540.0	-3.4	-0.6%
Phillips Petroleum	2,219.0	123.6	5.6%	145.0	-1.1	-0.7%	893.0	136.8	15.3%	1,181.0	-12.1	-1.0%
Coastal Corporation	1,526.3	136.2	8.9%	498.3	2.3	0.5%	449.8	48.7	10.8%	578.2	85.3	14.8%
Tosco	813.9	84.7	10.4%	227.4	-46.7	-20.6%	356.3	83.6	23.4%	230.2	47.9	20.8%
Chevron	4,253.0	525.1	12.3%	708.0	-186.8	-26.4%	1,973.0	358.5	18.2%	1,572.0	353.4	22.5%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations by Industry, 1996-1998

\$-millions	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
KN Energy	302.4	40.3	13.3%	93.9	9.2	9.8%	110.6	15.3	13.8%	97.9	15.9	16.2%
USX	3,139.0	445.4	14.2%	1,031.0	100.2	9.7%	1,101.0	203.7	18.5%	1,007.0	141.5	14.0%
Mobil	4,195.2	677.1	16.1%	1,047.4	320.5	30.6%	1,752.3	172.5	9.8%	1,395.5	184.1	13.2%
Exxon	10,625.0	2,197.6	20.7%	2,506.0	256.6	10.2%	4,413.0	1,052.4	23.8%	3,706.0	888.6	24.0%
Ashland	721.0	158.5	22.0%	275.0	40.7	14.8%	293.0	63.0	21.5%	153.0	54.8	35.8%
Petroleum & pipelines	32,875.3	4,050.2	12.3%	7,286.6	411.8	5.7%	13,266.9	1,523.8	11.5%	12,321.8	2,114.6	17.2%
Pharmaceuticals												
Pfizer	3,366.6	104.0	3.1%	1,197.6	-197.2	-16.5%	1,206.0	130.8	10.8%	963.0	170.4	17.7%
American Home Products	5,706.3	596.4	10.5%	2,210.7	315.0	14.2%	1,578.4	219.1	13.9%	1,917.2	62.3	3.3%
Warner-Lambert	1,898.3	258.3	13.6%	877.2	177.2	20.2%	521.4	68.1	13.1%	499.7	13.0	2.6%
Bristol-Myers Squibb	7,857.2	1,146.9	14.6%	2,745.6	348.8	12.7%	2,816.6	433.1	15.4%	2,295.0	365.1	15.9%
Amgen	2,983.1	595.7	20.0%	1,197.2	231.4	19.3%	840.2	172.5	20.5%	945.7	191.8	20.3%
Eli Lilly	4,108.9	838.5	20.4%	1,394.2	47.4	3.4%	1,517.9	586.8	38.7%	1,196.8	204.3	17.1%
Johnson & Johnson	9,088.8	1,856.8	20.4%	3,340.9	660.1	19.8%	3,205.6	706.1	22.0%	2,542.3	490.6	19.3%
Merck	15,350.4	3,150.6	20.5%	6,793.3	1,262.1	18.6%	4,497.7	989.4	22.0%	4,059.4	899.1	22.1%
Schering-Plough	4,010.0	891.4	22.2%	1,595.0	359.7	22.6%	1,339.0	272.3	20.3%	1,076.0	259.4	24.1%
Abbott Laboratories	6,506.8	1,873.8	28.8%	2,469.9	658.9	26.7%	2,164.9	663.3	30.6%	1,872.0	551.6	29.5%
Pharmaceuticals	60,876.4	11,312.4	18.6%	23,821.5	3,863.3	16.2%	19,687.8	4,241.4	21.5%	17,367.1	3,207.7	18.5%
Publishing, printing												
Times Mirror	757.8	126.8	16.7%	248.4	48.2	19.4%	315.2	66.4	21.1%	194.3	12.1	6.2%
New York Times	1,109.1	343.0	30.9%	492.4	148.6	30.2%	410.6	107.6	26.2%	206.1	86.9	42.1%
Tribune Company	1,677.3	527.6	31.5%	648.4	169.0	26.1%	601.9	204.8	34.0%	426.9	153.9	36.0%
Washington Post	1,410.9	463.0	32.8%	643.1	194.7	30.3%	432.9	148.1	34.2%	334.9	120.2	35.9%
Gannett	3,851.0	1,280.9	33.3%	1,624.3	527.4	32.5%	1,172.0	428.9	36.6%	1,054.8	324.6	30.8%
McGraw-Hill	1,615.2	550.9	34.1%	487.6	123.9	25.4%	392.8	148.4	37.8%	734.8	278.5	37.9%
Publishing, printing	10,421.4	3,292.2	31.6%	4,144.2	1,211.9	29.2%	3,325.4	1,104.2	33.2%	2,951.9	976.2	33.1%
Retail & wholesale trade												
Corporate Express	214.4	-3.5	-1.6%	64.6	9.7	14.9%	78.3	-2.1	-2.7%	71.5	-11.1	-15.5%
Kmart	978.0	-2.0	-0.2%	504.0	70.0	13.9%	318.0	-126.0	-39.6%	156.0	54.0	34.6%
McKesson	473.2	10.0	2.1%	234.0	-1.0	-0.4%	71.6	10.5	14.6%	167.6	0.6	0.3%
Saks	468.2	46.3	9.9%	83.0	-7.9	-9.5%	237.6	44.2	18.6%	147.7	9.9	6.7%
Owens & Minor	109.7	12.5	11.4%	46.1	-7.9	-17.1%	40.4	14.5	35.9%	23.3	5.9	25.2%
Amerisource Health	212.8	32.5	15.2%	82.0	8.5	10.4%	72.1	27.9	38.7%	58.6	-4.0	-6.8%
Rite Aid	1,008.9	165.7	16.4%	505.8	142.3	28.1%	251.8	2.3	0.9%	251.3	21.0	8.4%
Staples	701.0	115.9	16.5%	319.9	61.8	19.3%	205.8	20.4	9.9%	175.3	33.8	19.3%
Cardinal Health	928.5	171.0	18.4%	396.2	31.4	7.9%	305.2	83.4	27.3%	227.1	56.2	24.8%
Ruddick	187.4	38.1	20.3%	65.1	15.1	23.2%	63.8	12.5	19.6%	58.5	10.4	17.8%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations by Industry, 1996-1998

\$-millions Industry/company	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Dollar General	687.8	148.4	21.6%	278.8	54.9	19.7%	229.6	48.3	21.0%	179.4	45.2	25.2%
Barnes & Noble	288.8	64.5	22.3%	133.5	37.0	27.7%	90.4	18.1	20.0%	64.9	9.4	14.5%
Ingram Micro	754.2	175.9	23.3%	335.5	54.4	16.2%	263.1	65.4	24.8%	155.6	56.1	36.1%
Circuit City	601.6	140.7	23.4%	222.7	49.6	22.3%	165.8	38.5	23.2%	213.1	52.6	24.7%
Safeway	2,833.0	685.8	24.2%	1,242.6	313.6	25.2%	959.8	261.2	27.2%	630.6	111.0	17.6%
CVS	1,540.3	384.2	24.9%	555.9	134.8	24.2%	395.9	73.1	18.5%	588.5	176.4	30.0%
Kroger	1,913.9	479.7	25.1%	742.8	207.6	27.9%	647.0	147.4	22.8%	524.1	124.7	23.8%
Autozone	1,031.0	280.5	27.2%	377.7	85.7	22.7%	352.0	87.6	24.9%	301.3	107.2	35.6%
Costco	1,916.8	523.5	27.3%	803.2	210.7	26.2%	699.9	177.6	25.4%	413.7	135.2	32.7%
Supervalu	891.7	250.7	28.1%	309.8	82.5	26.6%	341.3	104.5	30.6%	240.7	63.6	26.4%
Sears	5,572.0	1,570.9	28.2%	1,663.0	443.3	26.7%	1,943.0	451.7	23.2%	1,966.0	675.9	34.4%
Shopko	231.5	67.0	28.9%	87.1	17.0	19.6%	75.3	24.2	32.1%	69.2	25.8	37.3%
Arrow Electronics	632.0	188.5	29.8%	145.6	38.9	26.8%	228.7	74.2	32.4%	257.7	75.4	29.3%
Hannaford	355.4	111.2	31.3%	146.2	37.6	25.7%	92.6	35.9	38.8%	116.6	37.6	32.3%
Lowe's	1,717.6	542.7	31.6%	732.6	232.0	31.7%	540.8	175.6	32.5%	444.3	135.1	30.4%
Richfood Holdings	253.1	80.3	31.7%	89.8	30.0	33.3%	97.6	24.9	25.5%	65.7	25.5	38.8%
BJ's Wholesale Club	312.2	100.6	32.2%	125.4	39.7	31.7%	104.5	34.3	32.8%	82.3	26.6	32.3%
Genuine Parts	1,587.1	512.3	32.3%	550.6	183.1	33.3%	527.9	166.9	31.6%	508.6	162.3	31.9%
Kohl's	678.6	222.4	32.8%	297.5	94.5	31.8%	220.7	76.1	34.5%	160.5	51.9	32.3%
Walgreens	2,069.0	683.1	33.0%	826.0	269.7	32.6%	672.0	218.8	32.6%	571.0	194.6	34.1%
Albertson's	2,393.8	794.1	33.2%	848.0	298.5	35.2%	789.2	269.9	34.2%	756.5	225.7	29.8%
Home Depot	5,638.4	1,880.0	33.3%	2,446.9	771.9	31.5%	1,757.1	632.2	36.0%	1,434.4	475.9	33.2%
Nordstrom	831.9	292.7	35.2%	318.1	110.5	34.8%	288.5	95.8	33.2%	225.4	86.3	38.3%
Federated Department Stores	2,441.1	866.0	35.5%	1,092.7	392.0	35.9%	917.7	304.0	33.1%	430.7	170.0	39.5%
Winn-Dixie	963.6	344.3	35.7%	296.7	114.8	38.7%	301.8	113.1	37.5%	365.1	116.5	31.9%
Retail & wholesale trade	43,418.7	11,976.4	27.6%	16,969.1	4,626.4	27.3%	14,346.9	3,806.9	26.5%	12,102.7	3,543.0	29.3%
Telecommunications												
MCI Worldcom	3,578.2	-60.5	-1.7%	2,724.2	-112.6	-4.1%	670.7	21.2	3.2%	183.4	30.9	16.9%
Telephone and Data Systems	408.9	45.2	11.1%	134.8	9.8	7.3%	27.3	4.2	15.2%	246.7	31.2	12.7%
GTE	10,453.0	2,143.6	20.5%	3,228.0	567.6	17.6%	3,533.0	725.0	20.5%	3,692.0	851.0	23.0%
Bell Atlantic	18,426.1	3,940.9	21.4%	6,691.7	1,371.6	20.5%	6,406.0	1,145.9	17.9%	5,328.4	1,423.3	26.7%
AT&T	25,825.0	6,488.8	25.1%	10,429.0	2,777.5	26.6%	6,896.0	1,504.8	21.8%	8,500.0	2,206.5	26.0%
SBC Communications	13,962.0	3,644.3	26.1%	6,112.0	1,462.8	23.9%	2,617.0	744.4	28.4%	5,233.0	1,437.1	27.5%
Sprint	4,317.5	1,181.6	27.4%	977.4	166.4	17.0%	1,504.1	359.8	23.9%	1,836.0	655.4	35.7%
Ameritech	12,162.0	3,424.1	28.2%	5,490.0	1,516.5	27.6%	3,493.0	965.6	27.6%	3,179.0	942.0	29.6%
ADC Telecommunications	506.6	152.1	30.0%	214.1	70.3	32.9%	168.9	45.1	26.7%	123.6	36.6	29.6%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations by Industry, 1996-1998

\$-millions	Three-Year Totals			1998			1997			1996		
	Industry/company	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax
Alltel	2,513.8	757.1	30.1%	1,024.7	362.6	35.4%	945.6	238.9	25.3%	543.5	155.5	28.6%
US West	6,906.0	2,140.8	31.0%	2,311.0	660.9	28.6%	2,310.0	787.3	34.1%	2,285.0	692.6	30.3%
Telecommunications	99,059.2	23,857.8	24.1%	39,336.9	8,853.4	22.5%	28,571.6	6,542.2	22.9%	31,150.7	8,462.2	27.2%
Transportation												
Ryder	488.9	-30.3	-6.2%	227.5	-16.4	-7.2%	175.3	-30.0	-17.1%	86.2	16.1	18.6%
Burlington Northern Santa Fe	4,648.0	232.6	5.0%	1,835.0	166.1	9.1%	1,390.0	37.4	2.7%	1,423.0	29.1	2.0%
America West	430.2	35.5	8.2%	210.6	32.0	15.2%	160.7	2.5	1.5%	58.9	0.9	1.6%
CSX	2,403.1	279.0	11.6%	386.6	-102.1	-26.4%	882.1	133.4	15.1%	1,134.4	247.7	21.8%
US Airways	1,823.0	247.0	13.5%	886.0	149.0	16.8%	665.0	92.0	13.8%	272.0	6.0	2.2%
Southwest Airlines	1,521.9	270.2	17.8%	685.8	122.4	17.8%	502.4	93.1	18.5%	333.7	54.7	16.4%
UAL	3,666.0	689.7	18.8%	1,247.0	107.8	8.6%	1,469.0	303.5	20.7%	950.0	278.4	29.3%
Norfolk Southern	2,618.0	546.6	20.9%	639.0	80.4	12.6%	854.0	190.9	22.4%	1,125.0	275.3	24.5%
Alaska Air Group	381.7	82.1	21.5%	196.6	41.3	21.0%	121.7	24.2	19.9%	63.4	16.5	26.1%
York International	417.9	104.3	25.0%	148.1	46.5	31.4%	74.9	29.2	39.0%	194.9	28.7	14.7%
CNF	575.4	145.3	25.2%	238.3	56.9	23.9%	199.7	32.6	16.3%	137.4	55.8	40.6%
Airborne Freight	447.1	115.5	25.8%	217.6	62.7	28.8%	187.4	40.7	21.7%	42.1	12.1	28.7%
Transportation	19,421.2	2,717.5	14.0%	6,918.0	746.7	10.8%	6,682.2	949.5	14.2%	5,820.9	1,021.2	17.5%
Utilities, gas and electric												
Columbia Energy	1,117.4	197.8	17.7%	400.8	86.8	21.7%	385.7	81.2	21.0%	330.9	29.8	9.0%
Texas Utilities Company	3,083.1	554.0	18.0%	934.0	174.0	18.6%	989.1	182.0	18.4%	1,160.0	198.0	17.1%
Utilicorp United	487.3	94.5	19.4%	141.8	32.5	22.9%	203.7	27.1	13.3%	141.8	35.0	24.7%
Central and South West	1,507.7	297.0	19.7%	558.5	223.2	40.0%	359.0	14.8	4.1%	590.2	59.1	10.0%
Consolidated Natural Gas	1,576.1	315.2	20.0%	479.5	94.5	19.7%	548.5	133.4	24.3%	548.1	87.3	15.9%
Edison International	3,010.4	687.8	22.8%	1,062.1	119.0	11.2%	887.7	243.8	27.5%	1,060.6	325.0	30.6%
Dominion Resources	1,756.5	529.2	30.1%	372.4	153.6	41.2%	703.6	221.9	31.5%	680.5	153.7	22.6%
Southern	5,183.0	1,565.3	30.2%	1,694.0	449.6	26.5%	1,730.0	546.9	31.6%	1,759.0	568.8	32.3%
Allegheny Teledyne	1,198.2	370.8	30.9%	348.8	116.6	33.4%	471.3	133.2	28.3%	378.1	120.9	32.0%
Consolidated Edison	3,318.0	1,031.7	31.1%	1,135.2	319.0	28.1%	1,092.5	357.1	32.7%	1,090.3	355.6	32.6%
CMS Energy	687.0	218.8	31.9%	242.0	59.2	24.5%	219.0	74.4	34.0%	226.0	85.2	37.7%
Baltimore Gas and Electric	1,392.9	444.6	31.9%	490.8	154.4	31.5%	431.3	148.6	34.4%	470.8	141.6	30.1%
DTE Energy Company	1,922.9	629.0	32.7%	583.5	143.0	24.5%	660.5	267.0	40.4%	679.0	219.0	32.3%
Peco Energy	2,177.2	732.7	33.7%	836.1	355.2	42.5%	552.6	251.5	45.5%	788.5	126.1	16.0%
Carolina Power & Light	1,792.0	622.5	34.7%	604.9	254.4	42.1%	565.3	258.3	45.7%	621.8	109.7	17.6%
American Electric Power	2,704.5	946.6	35.0%	863.3	246.4	28.5%	870.1	330.3	38.0%	971.1	369.9	38.1%
Utilities, gas and electric	32,914.3	9,237.4	28.1%	10,747.7	2,981.3	27.7%	10,669.9	3,271.4	30.7%	11,496.7	2,984.8	26.0%
ALL INDUSTRIES	\$ 735,483	\$ 159,459	21.7%	\$ 263,428	\$ 52,923	20.1%	\$ 249,864	\$ 55,678	22.3%	\$ 222,192	\$ 50,858	22.9%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations, 1996-1998 (by 1996-98 tax rate)

Company	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Goodyear	657.4	-65.1	-9.9%	400.7	-33.2	-8.3%	141.7	3.9	2.7%	115.0	-35.8	-31.1%
Texaco	3,447.0	-304.0	-8.8%	182.0	-67.7	-37.2%	1,466.0	-572.0	-39.0%	1,799.0	335.8	18.7%
Ryder	488.9	-30.3	-6.2%	227.5	-16.4	-7.2%	175.3	-30.0	-17.1%	86.2	16.1	18.6%
El Paso Energy	817.5	-36.0	-4.4%	383.7	-3.0	-0.8%	371.9	-56.0	-15.1%	62.0	23.0	37.1%
MedPartners	183.8	-3.9	-2.1%	49.6	-0.4	-0.7%	62.0	4.8	7.8%	72.2	-8.4	-11.6%
Tenneco	731.1	-14.0	-1.9%	212.0	27.0	12.7%	274.1	-133.0	-48.5%	245.0	92.0	37.6%
Colgate-Palmolive	777.1	-13.6	-1.7%	348.5	-19.6	-5.6%	261.6	-19.3	-7.4%	166.9	25.4	15.2%
MCI Worldcom	3,578.2	-60.5	-1.7%	2,724.2	-112.6	-4.1%	670.7	21.2	3.2%	183.4	30.9	16.9%
Corporate Express	214.4	-3.5	-1.6%	64.6	9.7	14.9%	78.3	-2.1	-2.7%	71.5	-11.1	-15.5%
WestPoint Stevens	338.5	-2.5	-0.7%	142.6	-1.2	-0.8%	106.9	-0.8	-0.7%	89.0	-0.5	-0.5%
Kmart	978.0	-2.0	-0.2%	504.0	70.0	13.9%	318.0	-126.0	-39.6%	156.0	54.0	34.6%
Enron	816.0	1.5	0.2%	189.0	-12.5	-6.6%	87.0	17.4	20.0%	540.0	-3.4	-0.6%
Transamerica	2,199.3	4.5	0.2%	990.0	64.8	6.5%	593.7	-75.1	-12.6%	615.6	14.8	2.4%
Suiza Foods	295.2	2.2	0.8%	153.9	3.9	2.5%	92.1	-13.1	-14.2%	49.2	11.5	23.3%
Navistar	742.0	13.0	1.8%	400.0	4.0	1.0%	236.0	8.0	3.4%	106.0	1.0	0.9%
McKesson	473.2	10.0	2.1%	234.0	-1.0	-0.4%	71.6	10.5	14.6%	167.6	0.6	0.3%
Pfizer	3,366.6	104.0	3.1%	1,197.6	-197.2	-16.5%	1,206.0	130.8	10.8%	963.0	170.4	17.7%
PepsiCo	4,813.0	232.0	4.8%	1,583.0	-302.0	-19.1%	1,672.0	425.0	25.4%	1,558.0	109.0	7.0%
Burlington Northern Santa Fe	4,648.0	232.6	5.0%	1,835.0	166.1	9.1%	1,390.0	37.4	2.7%	1,423.0	29.1	2.0%
Ball	184.9	9.7	5.2%	86.8	7.6	8.8%	80.2	9.3	11.6%	17.9	-7.2	-40.2%
Northrop Grumman	1,366.4	70.5	5.2%	297.7	-1.0	-0.3%	642.4	15.8	2.5%	426.3	55.6	13.0%
Phillips Petroleum	2,219.0	123.6	5.6%	145.0	-1.1	-0.7%	893.0	136.8	15.3%	1,181.0	-12.1	-1.0%
Avon	390.2	23.0	5.9%	78.9	2.3	2.9%	148.8	-4.5	-3.0%	162.5	25.2	15.5%
Praxair	704.9	41.6	5.9%	263.7	47.4	18.0%	262.0	1.4	0.5%	179.3	-7.1	-4.0%
Weyerhaeuser	1,443.0	85.6	5.9%	405.0	-9.5	-2.3%	426.0	58.6	13.8%	612.0	36.5	6.0%
Black & Decker	851.1	64.5	7.6%	419.5	37.0	8.8%	240.1	29.7	12.4%	191.5	-2.2	-1.2%
State Street	1,400.0	106.0	7.6%	562.0	15.0	2.7%	453.0	54.0	11.9%	385.0	37.0	9.6%
General Electric	25,816.0	2,100.6	8.1%	9,656.5	771.5	8.0%	8,168.5	643.8	7.9%	7,991.0	685.3	8.6%
America West	430.2	35.5	8.2%	210.6	32.0	15.2%	160.7	2.5	1.5%	58.9	0.9	1.6%
Johns Manville	444.2	36.6	8.2%	210.9	24.2	11.5%	133.4	12.8	9.6%	99.9	-0.4	-0.4%
Coastal Corporation	1,526.3	136.2	8.9%	498.3	2.3	0.5%	449.8	48.7	10.8%	578.2	85.3	14.8%
Comdisco	486.0	44.0	9.1%	181.0	11.0	6.1%	156.0	15.0	9.6%	149.0	18.0	12.1%
Raytheon	3,864.0	362.4	9.4%	1,465.0	25.5	1.7%	1,338.0	183.5	13.7%	1,061.0	153.5	14.5%
J.P. Morgan	2,288.1	219.6	9.6%	481.1	-62.3	-12.9%	973.0	138.2	14.2%	834.0	143.6	17.2%
Saks	468.2	46.3	9.9%	83.0	-7.9	-9.5%	237.6	44.2	18.6%	147.7	9.9	6.7%
Conseco	3,257.2	335.9	10.3%	1,023.2	150.1	14.7%	1,444.6	75.4	5.2%	789.4	110.4	14.0%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations, 1996-1998 (by 1996-98 tax rate)

Company	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Tosco	813.9	84.7	10.4%	227.4	-46.7	-20.6%	356.3	83.6	23.4%	230.2	47.9	20.8%
American Home Products	5,706.3	596.4	10.5%	2,210.7	315.0	14.2%	1,578.4	219.1	13.9%	1,917.2	62.3	3.3%
IMC Global	683.7	73.5	10.7%	254.0	26.6	10.5%	175.0	9.9	5.7%	254.7	36.9	14.5%
First Union	11,770.0	1,272.2	10.8%	4,323.0	283.6	6.6%	3,953.0	413.9	10.5%	3,494.0	574.7	16.4%
Eaton	1,370.8	149.0	10.9%	478.8	-18.0	-3.8%	528.0	90.0	17.0%	364.0	77.0	21.2%
Telephone and Data Systems	408.9	45.2	11.1%	134.8	9.8	7.3%	27.3	4.2	15.2%	246.7	31.2	12.7%
IBM	9,233.0	1,050.0	11.4%	2,821.0	752.0	26.7%	3,110.0	-266.0	-8.6%	3,302.0	564.0	17.1%
Owens & Minor	109.7	12.5	11.4%	46.1	-7.9	-17.1%	40.4	14.5	35.9%	23.3	5.9	25.2%
Union Carbide	2,301.0	263.1	11.4%	640.0	61.7	9.6%	896.0	120.3	13.4%	765.0	81.2	10.6%
CSX	2,403.1	279.0	11.6%	386.6	-102.1	-26.4%	882.1	133.4	15.1%	1,134.4	247.7	21.8%
Pitney Bowes	2,016.0	245.1	12.2%	750.3	88.7	11.8%	649.5	99.0	15.2%	616.2	57.3	9.3%
Chevron	4,253.0	525.1	12.3%	708.0	-186.8	-26.4%	1,973.0	358.5	18.2%	1,572.0	353.4	22.5%
First Data	2,402.5	297.1	12.4%	705.2	160.7	22.8%	677.0	104.5	15.4%	1,020.3	31.8	3.1%
Lyondell Chemical	718.0	89.0	12.4%	80.0	-44.0	-55.0%	443.0	114.0	25.7%	195.0	19.0	9.7%
Centex	471.8	59.7	12.7%	222.5	12.9	5.8%	160.6	6.8	4.2%	88.6	40.0	45.1%
Westvaco	579.1	76.1	13.1%	160.3	8.3	5.2%	173.8	22.0	12.7%	245.0	45.8	18.7%
KN Energy	302.4	40.3	13.3%	93.9	9.2	9.8%	110.6	15.3	13.8%	97.9	15.9	16.2%
US Airways	1,823.0	247.0	13.5%	886.0	149.0	16.8%	665.0	92.0	13.8%	272.0	6.0	2.2%
Warner-Lambert	1,898.3	258.3	13.6%	877.2	177.2	20.2%	521.4	68.1	13.1%	499.7	13.0	2.6%
Tenet Healthcare	1,634.7	223.8	13.7%	616.0	93.8	15.2%	696.6	24.3	3.5%	322.1	105.6	32.8%
American Financial Group	841.0	116.9	13.9%	195.4	62.0	31.7%	320.2	34.0	10.6%	325.5	20.9	6.4%
USX	3,139.0	445.4	14.2%	1,031.0	100.2	9.7%	1,101.0	203.7	18.5%	1,007.0	141.5	14.0%
General Motors	5,673.0	822.5	14.5%	952.0	-19.0	-2.0%	3,215.0	1,236.9	38.5%	1,506.0	-395.4	-26.3%
AlliedSignal	4,179.2	611.7	14.6%	1,604.8	240.7	15.0%	1,493.4	221.3	14.8%	1,081.1	149.7	13.8%
Bristol-Myers Squibb	7,857.2	1,146.9	14.6%	2,745.6	348.8	12.7%	2,816.6	433.1	15.4%	2,295.0	365.1	15.9%
Amerisource Health	212.8	32.5	15.2%	82.0	8.5	10.4%	72.1	27.9	38.7%	58.6	-4.0	-6.8%
KeyCorp	4,093.6	645.3	15.8%	1,536.6	145.1	9.4%	1,377.3	262.7	19.1%	1,179.7	237.5	20.1%
Alcoa	1,675.7	266.0	15.9%	568.7	150.1	26.4%	707.9	133.4	18.8%	399.1	-17.6	-4.4%
Coca-Cola Company	4,447.0	707.0	15.9%	1,888.0	586.0	31.0%	1,470.0	-72.0	-4.9%	1,089.0	193.0	17.7%
Mobil	4,195.2	677.1	16.1%	1,047.4	320.5	30.6%	1,752.3	172.5	9.8%	1,395.5	184.1	13.2%
Rite Aid	1,008.9	165.7	16.4%	505.8	142.3	28.1%	251.8	2.3	0.9%	251.3	21.0	8.4%
Staples	701.0	115.9	16.5%	319.9	61.8	19.3%	205.8	20.4	9.9%	175.3	33.8	19.3%
Ralston Purina	2,510.9	418.9	16.7%	1,602.6	135.9	8.5%	464.7	133.9	28.8%	443.5	149.2	33.6%
Times Mirror	757.8	126.8	16.7%	248.4	48.2	19.4%	315.2	66.4	21.1%	194.3	12.1	6.2%
Lehman Brothers	1,743.0	293.0	16.8%	719.0	208.9	29.1%	758.0	104.8	13.8%	266.0	-20.7	-7.8%
Loews	4,977.8	838.3	16.8%	1,080.7	189.7	17.5%	1,529.4	372.2	24.3%	2,367.7	276.4	11.7%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations, 1996-1998 (by 1996-98 tax rate)

Company	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
AFLAC	855.0	145.0	17.0%	216.2	24.0	11.1%	437.9	88.0	20.1%	200.9	33.0	16.4%
Manpower	217.5	38.0	17.5%	61.6	9.1	14.8%	78.0	12.1	15.5%	77.9	16.8	21.6%
Columbia Energy	1,117.4	197.8	17.7%	400.8	86.8	21.7%	385.7	81.2	21.0%	330.9	29.8	9.0%
Southwest Airlines	1,521.9	270.2	17.8%	685.8	122.4	17.8%	502.4	93.1	18.5%	333.7	54.7	16.4%
BankBoston	2,441.0	440.0	18.0%	827.0	150.0	18.1%	850.0	111.0	13.1%	764.0	179.0	23.4%
Texas Utilities Company	3,083.1	554.0	18.0%	934.0	174.0	18.6%	989.1	182.0	18.4%	1,160.0	198.0	17.1%
Engelhard	476.5	86.7	18.2%	175.4	39.0	22.2%	137.6	27.2	19.8%	163.5	20.4	12.5%
Cardinal Health	928.5	171.0	18.4%	396.2	31.4	7.9%	305.2	83.4	27.3%	227.1	56.2	24.8%
Smithfield Foods	172.5	31.7	18.4%	78.9	11.2	14.2%	64.9	12.1	18.6%	28.7	8.5	29.5%
Wachovia	3,291.3	609.2	18.5%	1,203.0	114.8	9.5%	999.6	215.5	21.6%	1,088.7	278.9	25.6%
Ford Motor Co.	22,183.0	4,142.1	18.7%	8,323.0	1,405.3	16.9%	8,378.0	2,104.3	25.1%	5,482.0	632.5	11.5%
UAL	3,666.0	689.7	18.8%	1,247.0	107.8	8.6%	1,469.0	303.5	20.7%	950.0	278.4	29.3%
Corning	1,275.2	242.2	19.0%	379.5	66.2	17.4%	525.0	120.4	22.9%	370.7	55.7	15.0%
Browning-Ferris	1,294.6	248.2	19.2%	503.7	98.4	19.5%	565.7	99.4	17.6%	225.2	50.3	22.4%
DuPont	9,579.1	1,838.0	19.2%	3,123.1	444.0	14.2%	3,253.0	745.0	22.9%	3,203.0	649.0	20.3%
Temple-Inland	401.1	76.9	19.2%	142.1	29.9	21.1%	101.9	20.3	19.9%	157.1	26.6	17.0%
Bank of New York	4,742.0	919.6	19.4%	1,667.0	241.2	14.5%	1,610.0	255.5	15.9%	1,465.0	422.9	28.9%
Utilicorp United	487.3	94.5	19.4%	141.8	32.5	22.9%	203.7	27.1	13.3%	141.8	35.0	24.7%
Xerox	2,746.2	534.0	19.4%	1,014.2	167.0	16.5%	1,013.0	194.0	19.2%	719.0	173.0	24.1%
Avery Dennison	590.0	114.8	19.5%	218.8	32.3	14.8%	207.1	40.8	19.7%	164.1	41.7	25.4%
McDonald's	2,773.7	544.5	19.6%	884.2	113.8	12.9%	975.3	257.1	26.4%	914.2	173.6	19.0%
Central and South West	1,507.7	297.0	19.7%	558.5	223.2	40.0%	359.0	14.8	4.1%	590.2	59.1	10.0%
Microsoft	13,481.1	2,666.0	19.8%	6,448.3	965.0	15.0%	4,343.2	914.0	21.0%	2,689.6	787.0	29.3%
Amgen	2,983.1	595.7	20.0%	1,197.2	231.4	19.3%	840.2	172.5	20.5%	945.7	191.8	20.3%
Consolidated Natural Gas	1,576.1	315.2	20.0%	479.5	94.5	19.7%	548.5	133.4	24.3%	548.1	87.3	15.9%
Ruddick	187.4	38.1	20.3%	65.1	15.1	23.2%	63.8	12.5	19.6%	58.5	10.4	17.8%
Eli Lilly	4,108.9	838.5	20.4%	1,394.2	47.4	3.4%	1,517.9	586.8	38.7%	1,196.8	204.3	17.1%
Johnson & Johnson	9,088.8	1,856.8	20.4%	3,340.9	660.1	19.8%	3,205.6	706.1	22.0%	2,542.3	490.6	19.3%
Automatic Data Processing	1,989.7	408.4	20.5%	779.6	160.7	20.6%	631.7	142.9	22.6%	578.5	104.7	18.1%
Disney, Walt	8,099.0	1,658.0	20.5%	3,133.9	371.0	11.8%	3,139.0	942.0	30.0%	1,826.1	345.0	18.9%
GTE	10,453.0	2,143.6	20.5%	3,228.0	567.6	17.6%	3,533.0	725.0	20.5%	3,692.0	851.0	23.0%
Merck	15,350.4	3,150.6	20.5%	6,793.3	1,262.1	18.6%	4,497.7	989.4	22.0%	4,059.4	899.1	22.1%
Bestfoods	780.1	160.7	20.6%	227.8	70.9	31.1%	272.3	94.5	34.7%	280.0	-4.7	-1.7%
BFGoodrich	728.8	151.0	20.7%	347.4	85.7	24.7%	217.2	41.7	19.2%	164.2	23.6	14.4%
Exxon	10,625.0	2,197.6	20.7%	2,506.0	256.6	10.2%	4,413.0	1,052.4	23.8%	3,706.0	888.6	24.0%
Chubb	2,104.4	437.7	20.8%	782.6	107.6	13.8%	849.8	182.6	21.5%	472.0	147.4	31.2%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations, 1996-1998 (by 1996-98 tax rate)

\$-millions	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Norfolk Southern	2,618.0	546.6	20.9%	639.0	80.4	12.6%	854.0	190.9	22.4%	1,125.0	275.3	24.5%
Dana	1,623.7	342.1	21.1%	601.0	123.4	20.5%	489.3	158.5	32.4%	533.4	60.2	11.3%
Fleet	6,309.0	1,337.3	21.2%	2,378.0	644.4	27.1%	2,117.0	444.3	21.0%	1,814.0	248.6	13.7%
Bell Atlantic	18,426.1	3,940.9	21.4%	6,691.7	1,371.6	20.5%	6,406.0	1,145.9	17.9%	5,328.4	1,423.3	26.7%
Computer Associates	3,377.1	722.0	21.4%	731.0	115.9	15.9%	1,567.0	377.4	24.1%	1,079.1	228.6	21.2%
Alaska Air Group	381.7	82.1	21.5%	196.6	41.3	21.0%	121.7	24.2	19.9%	63.4	16.5	26.1%
Dollar General	687.8	148.4	21.6%	278.8	54.9	19.7%	229.6	48.3	21.0%	179.4	45.2	25.2%
Fluor	809.8	174.5	21.6%	222.9	36.3	16.3%	235.0	47.4	20.2%	351.9	90.9	25.8%
3M	5,317.2	1,152.2	21.7%	1,366.2	112.5	8.2%	2,480.0	741.8	29.9%	1,471.0	297.8	20.2%
Eastman Chemical	1,641.0	355.5	21.7%	459.0	33.3	7.3%	528.0	133.1	25.2%	654.0	189.1	28.9%
Golden West Financial	1,558.5	338.7	21.7%	683.5	206.3	30.2%	540.5	172.1	31.8%	334.4	-39.7	-11.9%
Thermo Electron	958.7	209.8	21.9%	268.3	67.2	25.1%	395.8	88.6	22.4%	294.6	54.0	18.3%
Ashland	721.0	158.5	22.0%	275.0	40.7	14.8%	293.0	63.0	21.5%	153.0	54.8	35.8%
Chase Manhattan	10,456.3	2,323.9	22.2%	3,915.3	627.2	16.0%	3,631.7	717.9	19.8%	2,909.3	978.7	33.6%
Schering-Plough	4,010.0	891.4	22.2%	1,595.0	359.7	22.6%	1,339.0	272.3	20.3%	1,076.0	259.4	24.1%
Barnes & Noble	288.8	64.5	22.3%	133.5	37.0	27.7%	90.4	18.1	20.0%	64.9	9.4	14.5%
Georgia-Pacific	1,173.0	261.0	22.3%	522.6	139.0	26.6%	305.7	11.0	3.6%	344.7	111.0	32.2%
Gillette	2,972.3	663.8	22.3%	1,050.2	263.6	25.1%	999.1	135.5	13.6%	923.0	264.7	28.7%
Humana	482.0	107.6	22.3%	179.0	33.3	18.6%	192.0	46.1	24.0%	111.0	28.2	25.4%
Kellogg	1,673.4	372.7	22.3%	575.1	123.3	21.4%	574.6	124.7	21.7%	523.8	124.7	23.8%
Becton Dickinson	705.4	158.8	22.5%	262.7	36.0	13.7%	245.2	63.7	26.0%	197.5	59.1	29.9%
Litton Industries	829.3	186.6	22.5%	282.9	44.5	15.7%	284.8	83.5	29.3%	261.6	58.6	22.4%
Wm. Wrigley Jr.	487.8	110.0	22.6%	179.6	34.1	19.0%	159.4	28.1	17.6%	148.8	47.9	32.2%
Edison International	3,010.4	687.8	22.8%	1,062.1	119.0	11.2%	887.7	243.8	27.5%	1,060.6	325.0	30.6%
Medtronic	1,883.3	429.8	22.8%	669.0	109.2	16.3%	717.6	172.2	24.0%	496.6	148.4	29.9%
Rohm and Haas	1,368.0	313.4	22.9%	552.0	135.6	24.6%	447.0	127.8	28.6%	369.0	50.0	13.6%
Ryerson Tull	306.3	70.9	23.1%	74.4	8.6	11.6%	110.6	36.8	33.3%	121.3	25.5	21.0%
Harris	649.5	151.4	23.3%	230.1	41.0	17.8%	233.0	30.2	13.0%	186.5	80.2	43.0%
Ingram Micro	754.2	175.9	23.3%	335.5	54.4	16.2%	263.1	65.4	24.8%	155.6	56.1	36.1%
Circuit City	601.6	140.7	23.4%	222.7	49.6	22.3%	165.8	38.5	23.2%	213.1	52.6	24.7%
Household International	3,158.8	738.3	23.4%	874.0	16.8	1.9%	1,209.7	257.6	21.3%	1,075.1	463.8	43.1%
Allmerica	976.8	230.7	23.6%	279.6	60.6	21.7%	365.5	79.2	21.7%	331.7	90.9	27.4%
Omnicom	575.6	136.1	23.6%	250.4	50.7	20.2%	170.9	40.2	23.6%	154.3	45.2	29.3%
Air Products	1,449.1	345.2	23.8%	617.6	228.8	37.0%	423.0	46.9	11.1%	408.5	69.6	17.0%
Lexmark	649.3	155.6	24.0%	271.4	81.6	30.1%	215.8	31.4	14.5%	162.1	42.6	26.3%
Aon	1,246.3	299.8	24.1%	490.2	174.1	35.5%	412.4	15.3	3.7%	343.7	110.4	32.1%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations, 1996-1998 (by 1996-98 tax rate)

Company	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Honeywell	1,161.6	279.4	24.1%	441.2	124.6	28.2%	398.3	108.7	27.3%	322.2	46.1	14.3%
U.S. Bancorp	5,740.6	1,385.2	24.1%	2,138.4	515.3	24.1%	1,672.1	344.4	20.6%	1,930.1	525.5	27.2%
Safeway	2,833.0	685.8	24.2%	1,242.6	313.6	25.2%	959.8	261.2	27.2%	630.6	111.0	17.6%
Marriott International	1,339.4	330.0	24.6%	545.6	125.0	22.9%	417.0	130.0	31.2%	376.9	75.0	19.9%
CVS	1,540.3	384.2	24.9%	555.9	134.8	24.2%	395.9	73.1	18.5%	588.5	176.4	30.0%
York International	417.9	104.3	25.0%	148.1	46.5	31.4%	74.9	29.2	39.0%	194.9	28.7	14.7%
AT&T	25,825.0	6,488.8	25.1%	10,429.0	2,777.5	26.6%	6,896.0	1,504.8	21.8%	8,500.0	2,206.5	26.0%
Kroger	1,913.9	479.7	25.1%	742.8	207.6	27.9%	647.0	147.4	22.8%	524.1	124.7	23.8%
CNF	575.4	145.3	25.2%	238.3	56.9	23.9%	199.7	32.6	16.3%	137.4	55.8	40.6%
Dow Chemical	5,145.9	1,294.4	25.2%	1,429.1	324.6	22.7%	1,707.1	475.6	27.9%	2,009.6	494.2	24.6%
Airborne Freight	447.1	115.5	25.8%	217.6	62.7	28.8%	187.4	40.7	21.7%	42.1	12.1	28.7%
Caterpillar	5,381.0	1,389.8	25.8%	1,835.0	456.9	24.9%	2,017.0	547.5	27.1%	1,529.0	385.3	25.2%
SBC Communications	13,962.0	3,644.3	26.1%	6,112.0	1,462.8	23.9%	2,617.0	744.4	28.4%	5,233.0	1,437.1	27.5%
Textron	1,357.0	354.5	26.1%	575.0	186.6	32.4%	414.0	61.5	14.9%	368.0	106.5	28.9%
Masco	1,530.8	407.4	26.6%	616.3	153.9	25.0%	512.2	136.5	26.6%	402.3	117.0	29.1%
Oracle	2,450.5	659.2	26.9%	886.6	214.1	24.2%	926.5	256.4	27.7%	637.4	188.7	29.6%
Autozone	1,031.0	280.5	27.2%	377.7	85.7	22.7%	352.0	87.6	24.9%	301.3	107.2	35.6%
Philip Morris	18,914.0	5,145.3	27.2%	4,784.0	1,541.6	32.2%	7,161.0	1,919.5	26.8%	6,969.0	1,684.2	24.2%
Wells Fargo	11,370.9	3,097.0	27.2%	3,748.9	1,111.0	29.6%	4,003.7	1,149.0	28.7%	3,618.3	837.0	23.1%
Costco	1,916.8	523.5	27.3%	803.2	210.7	26.2%	699.9	177.6	25.4%	413.7	135.2	32.7%
Paine Webber Group	1,768.9	482.6	27.3%	663.1	192.3	29.0%	590.8	176.6	29.9%	515.0	113.7	22.1%
Sprint	4,317.5	1,181.6	27.4%	977.4	166.4	17.0%	1,504.1	359.8	23.9%	1,836.0	655.4	35.7%
Cisco Systems	7,011.0	1,933.7	27.6%	2,453.0	590.0	24.1%	2,318.8	591.9	25.5%	2,239.2	751.8	33.6%
Clorox	1,139.1	316.9	27.8%	432.4	92.9	21.5%	370.7	120.5	32.5%	336.1	103.5	30.8%
Crane	491.7	136.6	27.8%	203.5	55.4	27.2%	160.1	44.5	27.8%	128.2	36.8	28.7%
Campbell Soup	2,758.1	770.4	27.9%	968.2	269.3	27.8%	919.9	291.7	31.7%	870.0	209.4	24.1%
Newell	1,384.7	387.0	27.9%	622.0	193.6	31.1%	396.5	95.1	24.0%	366.2	98.3	26.8%
Vulcan Materials	898.2	250.3	27.9%	349.2	95.9	27.5%	283.9	73.8	26.0%	265.1	80.7	30.4%
Illinois Tool Works	1,939.3	542.4	28.0%	745.6	201.0	27.0%	696.2	182.1	26.2%	497.5	159.3	32.0%
Suntrust	4,281.5	1,197.7	28.0%	1,603.3	432.7	27.0%	1,452.5	434.6	29.9%	1,225.7	330.4	27.0%
Anheuser-Busch	5,184.4	1,455.3	28.1%	1,736.3	514.1	29.6%	1,712.3	481.9	28.1%	1,735.8	459.4	26.5%
Hillenbrand	864.0	242.6	28.1%	351.0	58.6	16.7%	259.0	99.0	38.2%	254.0	85.0	33.5%
Supervalu	891.7	250.7	28.1%	309.8	82.5	26.6%	341.3	104.5	30.6%	240.7	63.6	26.4%
American General	3,891.1	1,098.8	28.2%	1,687.0	386.1	22.9%	1,132.1	332.4	29.4%	1,072.0	380.3	35.5%
Ameritech	12,162.0	3,424.1	28.2%	5,490.0	1,516.5	27.6%	3,493.0	965.6	27.6%	3,179.0	942.0	29.6%
Sears	5,572.0	1,570.9	28.2%	1,663.0	443.3	26.7%	1,943.0	451.7	23.2%	1,966.0	675.9	34.4%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations, 1996-1998 (by 1996-98 tax rate)

Company	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Whirlpool	966.5	273.8	28.3%	386.6	127.4	33.0%	274.8	76.2	27.7%	305.1	70.1	23.0%
Brunswick	786.0	222.9	28.4%	275.3	85.2	30.9%	229.2	64.8	28.3%	281.5	72.9	25.9%
Fortune Brands	971.5	277.8	28.6%	438.0	99.3	22.7%	249.7	82.2	32.9%	283.9	96.3	33.9%
Hershey	1,522.4	435.8	28.6%	540.9	110.4	20.4%	528.9	171.9	32.5%	452.5	153.4	33.9%
Procter & Gamble	9,578.0	2,739.0	28.6%	3,517.0	996.0	28.3%	3,144.0	967.0	30.8%	2,917.0	776.0	26.6%
Merrill Lynch	6,169.1	1,771.0	28.7%	2,218.1	544.9	24.6%	2,321.0	761.0	32.8%	1,630.0	465.0	28.5%
Abbott Laboratories	6,506.8	1,873.8	28.8%	2,469.9	658.9	26.7%	2,164.9	663.3	30.6%	1,872.0	551.6	29.5%
Archer Daniels Midland	1,848.7	531.6	28.8%	437.3	109.6	25.1%	533.6	216.3	40.5%	877.8	205.7	23.4%
Shopko	231.5	67.0	28.9%	87.1	17.0	19.6%	75.3	24.2	32.1%	69.2	25.8	37.3%
Regions Financial	1,674.5	485.2	29.0%	625.9	164.8	26.3%	581.3	175.1	30.1%	467.3	145.3	31.1%
PPG	2,754.0	802.3	29.1%	961.0	290.5	30.2%	885.0	269.7	30.5%	908.0	242.1	26.7%
Sherwin-Williams	1,041.7	303.1	29.1%	359.3	100.2	27.9%	366.0	81.7	22.3%	316.4	121.3	38.3%
Intel	22,142.1	6,462.0	29.2%	7,205.0	1,906.0	26.5%	8,900.0	2,706.0	30.4%	6,037.1	1,850.0	30.6%
Marsh & McLennan Companies	1,761.8	514.3	29.2%	752.0	243.7	32.4%	611.8	187.6	30.7%	398.0	83.0	20.9%
SouthTrust	1,369.8	399.8	29.2%	540.6	117.8	21.8%	456.4	163.7	35.9%	372.7	118.3	31.7%
Dover	1,186.6	349.4	29.4%	381.8	98.0	25.7%	394.1	127.0	32.2%	410.7	124.4	30.3%
Timken	571.5	168.0	29.4%	166.2	47.3	28.4%	219.4	74.6	34.0%	186.0	46.1	24.8%
Arrow Electronics	632.0	188.5	29.8%	145.6	38.9	26.8%	228.7	74.2	32.4%	257.7	75.4	29.3%
ADC Telecommunications	506.6	152.1	30.0%	214.1	70.3	32.9%	168.9	45.1	26.7%	123.6	36.6	29.6%
Alltel	2,513.8	757.1	30.1%	1,024.7	362.6	35.4%	945.6	238.9	25.3%	543.5	155.5	28.6%
Dominion Resources	1,756.5	529.2	30.1%	372.4	153.6	41.2%	703.6	221.9	31.5%	680.5	153.7	22.6%
General Mills	1,887.1	568.5	30.1%	672.9	206.8	30.7%	654.6	180.2	27.5%	559.6	181.5	32.4%
Parker Hannifin	1,086.7	327.3	30.1%	423.0	123.6	29.2%	355.0	110.9	31.2%	308.6	92.8	30.1%
Southern	5,183.0	1,565.3	30.2%	1,694.0	449.6	26.5%	1,730.0	546.9	31.6%	1,759.0	568.8	32.3%
Charles Schwab	1,336.6	406.6	30.4%	548.7	137.5	25.1%	420.3	145.1	34.5%	367.6	124.0	33.7%
Comerica	2,194.1	671.1	30.6%	849.4	224.2	26.4%	702.9	229.0	32.6%	641.9	217.9	33.9%
Morgan Stanley Dean Witter	9,263.0	2,847.9	30.7%	3,638.0	928.4	25.5%	3,287.0	888.8	27.0%	2,338.0	1,030.8	44.1%
Allegheny Teledyne	1,198.2	370.8	30.9%	348.8	116.6	33.4%	471.3	133.2	28.3%	378.1	120.9	32.0%
Applied Materials	1,749.6	541.1	30.9%	384.7	107.7	28.0%	702.1	178.6	25.4%	662.7	254.8	38.4%
Cigna	4,728.5	1,460.1	30.9%	1,850.0	734.6	39.7%	1,477.5	400.5	27.1%	1,401.0	325.0	23.2%
New York Times	1,109.1	343.0	30.9%	492.4	148.6	30.2%	410.6	107.6	26.2%	206.1	86.9	42.1%
ConAgra	2,220.2	688.5	31.0%	828.6	261.4	31.5%	684.7	253.3	37.0%	706.9	173.8	24.6%
US West	6,906.0	2,140.8	31.0%	2,311.0	660.9	28.6%	2,310.0	787.3	34.1%	2,285.0	692.6	30.3%
Consolidated Edison	3,318.0	1,031.7	31.1%	1,135.2	319.0	28.1%	1,092.5	357.1	32.7%	1,090.3	355.6	32.6%
Solectron	522.5	162.9	31.2%	201.7	64.8	32.1%	187.1	51.8	27.7%	133.7	46.3	34.6%
Hannaford	355.4	111.2	31.3%	146.2	37.6	25.7%	92.6	35.9	38.8%	116.6	37.6	32.3%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations, 1996-1998 (by 1996-98 tax rate)

Company	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Lockheed Martin	5,426.0	1,704.5	31.4%	1,598.5	406.2	25.4%	1,852.0	417.5	22.5%	1,975.5	880.8	44.6%
MBNA	2,865.9	899.7	31.4%	1,173.0	356.5	30.4%	976.0	291.6	29.9%	716.9	251.5	35.1%
Hormel	484.8	152.8	31.5%	206.6	62.3	30.1%	158.5	51.9	32.8%	119.6	38.6	32.3%
Tribune Company	1,677.3	527.6	31.5%	648.4	169.0	26.1%	601.9	204.8	34.0%	426.9	153.9	36.0%
Lowe's	1,717.6	542.7	31.6%	732.6	232.0	31.7%	540.8	175.6	32.5%	444.3	135.1	30.4%
USG	1,238.6	391.2	31.6%	489.4	161.5	33.0%	459.1	141.9	30.9%	290.0	87.8	30.3%
Richfood Holdings	253.1	80.3	31.7%	89.8	30.0	33.3%	97.6	24.9	25.5%	65.7	25.5	38.8%
Baltimore Gas and Electric	1,392.9	444.6	31.9%	490.8	154.4	31.5%	431.3	148.6	34.4%	470.8	141.6	30.1%
CMS Energy	687.0	218.8	31.9%	242.0	59.2	24.5%	219.0	74.4	34.0%	226.0	85.2	37.7%
Danaher	744.2	238.4	32.0%	261.7	79.9	30.5%	265.3	94.2	35.5%	217.2	64.3	29.6%
Trinity	619.6	198.2	32.0%	285.7	93.9	32.9%	160.6	43.0	26.8%	173.3	61.3	35.4%
BJ's Wholesale Club	312.2	100.6	32.2%	125.4	39.7	31.7%	104.5	34.3	32.8%	82.3	26.6	32.3%
Genuine Parts	1,587.1	512.3	32.3%	550.6	183.1	33.3%	527.9	166.9	31.6%	508.6	162.3	31.9%
Emerson Electric Co.	3,894.4	1,270.2	32.6%	1,435.6	440.1	30.7%	1,332.8	441.5	33.1%	1,126.0	388.6	34.5%
DTE Energy Company	1,922.9	629.0	32.7%	583.5	143.0	24.5%	660.5	267.0	40.4%	679.0	219.0	32.3%
Kohl's	678.6	222.4	32.8%	297.5	94.5	31.8%	220.7	76.1	34.5%	160.5	51.9	32.3%
Washington Post	1,410.9	463.0	32.8%	643.1	194.7	30.3%	432.9	148.1	34.2%	334.9	120.2	35.9%
Walgreens	2,069.0	683.1	33.0%	826.0	269.7	32.6%	672.0	218.8	32.6%	571.0	194.6	34.1%
Ingersoll-Rand	1,474.6	488.6	33.1%	569.5	160.0	28.1%	450.9	157.4	34.9%	454.2	171.2	37.7%
Albertson's	2,393.8	794.1	33.2%	848.0	298.5	35.2%	789.2	269.9	34.2%	756.5	225.7	29.8%
Gannett	3,851.0	1,280.9	33.3%	1,624.3	527.4	32.5%	1,172.0	428.9	36.6%	1,054.8	324.6	30.8%
Home Depot	5,638.4	1,880.0	33.3%	2,446.9	771.9	31.5%	1,757.1	632.2	36.0%	1,434.4	475.9	33.2%
Peco Energy	2,177.2	732.7	33.7%	836.1	355.2	42.5%	552.6	251.5	45.5%	788.5	126.1	16.0%
McGraw-Hill	1,615.2	550.9	34.1%	487.6	123.9	25.4%	392.8	148.4	37.8%	734.8	278.5	37.9%
Leggett & Platt	824.8	284.4	34.5%	336.6	104.0	30.9%	282.3	95.4	33.8%	205.9	85.0	41.3%
Carolina Power & Light	1,792.0	622.5	34.7%	604.9	254.4	42.1%	565.3	258.3	45.7%	621.8	109.7	17.6%
American Electric Power	2,704.5	946.6	35.0%	863.3	246.4	28.5%	870.1	330.3	38.0%	971.1	369.9	38.1%
IBP	817.5	286.4	35.0%	318.8	118.3	37.1%	198.1	67.5	34.0%	300.6	100.7	33.5%
Maytag	921.8	323.1	35.0%	444.8	148.0	33.3%	259.8	77.0	29.6%	217.2	98.2	45.2%
VF Corporation	1,477.6	519.0	35.1%	565.0	162.6	28.8%	494.5	189.4	38.3%	418.1	167.1	40.0%
Nordstrom	831.9	292.7	35.2%	318.1	110.5	34.8%	288.5	95.8	33.2%	225.4	86.3	38.3%
Federated Department Stores	2,441.1	866.0	35.5%	1,092.7	392.0	35.9%	917.7	304.0	33.1%	430.7	170.0	39.5%
Paccar	955.7	340.9	35.7%	367.9	126.7	34.4%	329.6	123.4	37.4%	258.2	90.8	35.2%
Winn-Dixie	963.6	344.3	35.7%	296.7	114.8	38.7%	301.8	113.1	37.5%	365.1	116.5	31.9%
ALL 250 COMPANIES	\$ 735,483	\$ 159,459	21.7%	\$ 263,428	\$ 52,923	20.1%	\$ 249,864	\$ 55,678	22.3%	\$ 222,192	\$ 50,858	22.9%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations, 1996-1998 (alphabetical)

Company	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Abbott Laboratories	6,506.8	1,873.8	28.8%	2,469.9	658.9	26.7%	2,164.9	663.3	30.6%	1,872.0	551.6	29.5%
ADC Telecommunications	506.6	152.1	30.0%	214.1	70.3	32.9%	168.9	45.1	26.7%	123.6	36.6	29.6%
AFLAC	855.0	145.0	17.0%	216.2	24.0	11.1%	437.9	88.0	20.1%	200.9	33.0	16.4%
Air Products	1,449.1	345.2	23.8%	617.6	228.8	37.0%	423.0	46.9	11.1%	408.5	69.6	17.0%
Airborne Freight	447.1	115.5	25.8%	217.6	62.7	28.8%	187.4	40.7	21.7%	42.1	12.1	28.7%
Alaska Air Group	381.7	82.1	21.5%	196.6	41.3	21.0%	121.7	24.2	19.9%	63.4	16.5	26.1%
Albertson's	2,393.8	794.1	33.2%	848.0	298.5	35.2%	789.2	269.9	34.2%	756.5	225.7	29.8%
Alcoa	1,675.7	266.0	15.9%	568.7	150.1	26.4%	707.9	133.4	18.8%	399.1	-17.6	-4.4%
Allegheny Teledyne	1,198.2	370.8	30.9%	348.8	116.6	33.4%	471.3	133.2	28.3%	378.1	120.9	32.0%
AlliedSignal	4,179.2	611.7	14.6%	1,604.8	240.7	15.0%	1,493.4	221.3	14.8%	1,081.1	149.7	13.8%
Allmerica	976.8	230.7	23.6%	279.6	60.6	21.7%	365.5	79.2	21.7%	331.7	90.9	27.4%
Alltel	2,513.8	757.1	30.1%	1,024.7	362.6	35.4%	945.6	238.9	25.3%	543.5	155.5	28.6%
America West	430.2	35.5	8.2%	210.6	32.0	15.2%	160.7	2.5	1.5%	58.9	0.9	1.6%
American Electric Power	2,704.5	946.6	35.0%	863.3	246.4	28.5%	870.1	330.3	38.0%	971.1	369.9	38.1%
American Financial Group	841.0	116.9	13.9%	195.4	62.0	31.7%	320.2	34.0	10.6%	325.5	20.9	6.4%
American General	3,891.1	1,098.8	28.2%	1,687.0	386.1	22.9%	1,132.1	332.4	29.4%	1,072.0	380.3	35.5%
American Home Products	5,706.3	596.4	10.5%	2,210.7	315.0	14.2%	1,578.4	219.1	13.9%	1,917.2	62.3	3.3%
Amerisource Health	212.8	32.5	15.2%	82.0	8.5	10.4%	72.1	27.9	38.7%	58.6	-4.0	-6.8%
Ameritech	12,162.0	3,424.1	28.2%	5,490.0	1,516.5	27.6%	3,493.0	965.6	27.6%	3,179.0	942.0	29.6%
Amgen	2,983.1	595.7	20.0%	1,197.2	231.4	19.3%	840.2	172.5	20.5%	945.7	191.8	20.3%
Anheuser-Busch	5,184.4	1,455.3	28.1%	1,736.3	514.1	29.6%	1,712.3	481.9	28.1%	1,735.8	459.4	26.5%
Aon	1,246.3	299.8	24.1%	490.2	174.1	35.5%	412.4	15.3	3.7%	343.7	110.4	32.1%
Applied Materials	1,749.6	541.1	30.9%	384.7	107.7	28.0%	702.1	178.6	25.4%	662.7	254.8	38.4%
Archer Daniels Midland	1,848.7	531.6	28.8%	437.3	109.6	25.1%	533.6	216.3	40.5%	877.8	205.7	23.4%
Arrow Electronics	632.0	188.5	29.8%	145.6	38.9	26.8%	228.7	74.2	32.4%	257.7	75.4	29.3%
Ashland	721.0	158.5	22.0%	275.0	40.7	14.8%	293.0	63.0	21.5%	153.0	54.8	35.8%
AT&T	25,825.0	6,488.8	25.1%	10,429.0	2,777.5	26.6%	6,896.0	1,504.8	21.8%	8,500.0	2,206.5	26.0%
Automatic Data Processing	1,989.7	408.4	20.5%	779.6	160.7	20.6%	631.7	142.9	22.6%	578.5	104.7	18.1%
Autozone	1,031.0	280.5	27.2%	377.7	85.7	22.7%	352.0	87.6	24.9%	301.3	107.2	35.6%
Avery Dennison	590.0	114.8	19.5%	218.8	32.3	14.8%	207.1	40.8	19.7%	164.1	41.7	25.4%
Avon	390.2	23.0	5.9%	78.9	2.3	2.9%	148.8	-4.5	-3.0%	162.5	25.2	15.5%
Ball	184.9	9.7	5.2%	86.8	7.6	8.8%	80.2	9.3	11.6%	17.9	-7.2	-40.2%
Baltimore Gas and Electric	1,392.9	444.6	31.9%	490.8	154.4	31.5%	431.3	148.6	34.4%	470.8	141.6	30.1%
Bank of New York	4,742.0	919.6	19.4%	1,667.0	241.2	14.5%	1,610.0	255.5	15.9%	1,465.0	422.9	28.9%
BankBoston	2,441.0	440.0	18.0%	827.0	150.0	18.1%	850.0	111.0	13.1%	764.0	179.0	23.4%
Barnes & Noble	288.8	64.5	22.3%	133.5	37.0	27.7%	90.4	18.1	20.0%	64.9	9.4	14.5%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations, 1996-1998 (alphabetical)

\$-millions Company	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Becton Dickinson	705.4	158.8	22.5%	262.7	36.0	13.7%	245.2	63.7	26.0%	197.5	59.1	29.9%
Bell Atlantic	18,426.1	3,940.9	21.4%	6,691.7	1,371.6	20.5%	6,406.0	1,145.9	17.9%	5,328.4	1,423.3	26.7%
Bestfoods	780.1	160.7	20.6%	227.8	70.9	31.1%	272.3	94.5	34.7%	280.0	-4.7	-1.7%
BFGoodrich	728.8	151.0	20.7%	347.4	85.7	24.7%	217.2	41.7	19.2%	164.2	23.6	14.4%
BJ's Wholesale Club	312.2	100.6	32.2%	125.4	39.7	31.7%	104.5	34.3	32.8%	82.3	26.6	32.3%
Black & Decker	851.1	64.5	7.6%	419.5	37.0	8.8%	240.1	29.7	12.4%	191.5	-2.2	-1.2%
Bristol-Myers Squibb	7,857.2	1,146.9	14.6%	2,745.6	348.8	12.7%	2,816.6	433.1	15.4%	2,295.0	365.1	15.9%
Browning-Ferris	1,294.6	248.2	19.2%	503.7	98.4	19.5%	565.7	99.4	17.6%	225.2	50.3	22.4%
Brunswick	786.0	222.9	28.4%	275.3	85.2	30.9%	229.2	64.8	28.3%	281.5	72.9	25.9%
Burlington Northern Santa Fe	4,648.0	232.6	5.0%	1,835.0	166.1	9.1%	1,390.0	37.4	2.7%	1,423.0	29.1	2.0%
Campbell Soup	2,758.1	770.4	27.9%	968.2	269.3	27.8%	919.9	291.7	31.7%	870.0	209.4	24.1%
Cardinal Health	928.5	171.0	18.4%	396.2	31.4	7.9%	305.2	83.4	27.3%	227.1	56.2	24.8%
Carolina Power & Light	1,792.0	622.5	34.7%	604.9	254.4	42.1%	565.3	258.3	45.7%	621.8	109.7	17.6%
Caterpillar	5,381.0	1,389.8	25.8%	1,835.0	456.9	24.9%	2,017.0	547.5	27.1%	1,529.0	385.3	25.2%
Centex	471.8	59.7	12.7%	222.5	12.9	5.8%	160.6	6.8	4.2%	88.6	40.0	45.1%
Central and South West	1,507.7	297.0	19.7%	558.5	223.2	40.0%	359.0	14.8	4.1%	590.2	59.1	10.0%
Charles Schwab	1,336.6	406.6	30.4%	548.7	137.5	25.1%	420.3	145.1	34.5%	367.6	124.0	33.7%
Chase Manhattan	10,456.3	2,323.9	22.2%	3,915.3	627.2	16.0%	3,631.7	717.9	19.8%	2,909.3	978.7	33.6%
Chevron	4,253.0	525.1	12.3%	708.0	-186.8	-26.4%	1,973.0	358.5	18.2%	1,572.0	353.4	22.5%
Chubb	2,104.4	437.7	20.8%	782.6	107.6	13.8%	849.8	182.6	21.5%	472.0	147.4	31.2%
Cigna	4,728.5	1,460.1	30.9%	1,850.0	734.6	39.7%	1,477.5	400.5	27.1%	1,401.0	325.0	23.2%
Circuit City	601.6	140.7	23.4%	222.7	49.6	22.3%	165.8	38.5	23.2%	213.1	52.6	24.7%
Cisco Systems	7,011.0	1,933.7	27.6%	2,453.0	590.0	24.1%	2,318.8	591.9	25.5%	2,239.2	751.8	33.6%
Clorox	1,139.1	316.9	27.8%	432.4	92.9	21.5%	370.7	120.5	32.5%	336.1	103.5	30.8%
CMS Energy	687.0	218.8	31.9%	242.0	59.2	24.5%	219.0	74.4	34.0%	226.0	85.2	37.7%
CNF	575.4	145.3	25.2%	238.3	56.9	23.9%	199.7	32.6	16.3%	137.4	55.8	40.6%
Coastal Corporation	1,526.3	136.2	8.9%	498.3	2.3	0.5%	449.8	48.7	10.8%	578.2	85.3	14.8%
Coca-Cola Company	4,447.0	707.0	15.9%	1,888.0	586.0	31.0%	1,470.0	-72.0	-4.9%	1,089.0	193.0	17.7%
Colgate-Palmolive	777.1	-13.6	-1.7%	348.5	-19.6	-5.6%	261.6	-19.3	-7.4%	166.9	25.4	15.2%
Columbia Energy	1,117.4	197.8	17.7%	400.8	86.8	21.7%	385.7	81.2	21.0%	330.9	29.8	9.0%
Comdisco	486.0	44.0	9.1%	181.0	11.0	6.1%	156.0	15.0	9.6%	149.0	18.0	12.1%
Comerica	2,194.1	671.1	30.6%	849.4	224.2	26.4%	702.9	229.0	32.6%	641.9	217.9	33.9%
Computer Associates	3,377.1	722.0	21.4%	731.0	115.9	15.9%	1,567.0	377.4	24.1%	1,079.1	228.6	21.2%
ConAgra	2,220.2	688.5	31.0%	828.6	261.4	31.5%	684.7	253.3	37.0%	706.9	173.8	24.6%
Conseco	3,257.2	335.9	10.3%	1,023.2	150.1	14.7%	1,444.6	75.4	5.2%	789.4	110.4	14.0%
Consolidated Edison	3,318.0	1,031.7	31.1%	1,135.2	319.0	28.1%	1,092.5	357.1	32.7%	1,090.3	355.6	32.6%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations, 1996-1998 (alphabetical)

\$-millions	Three-Year Totals			1998			1997			1996		
	Company	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax
Consolidated Natural Gas	1,576.1	315.2	20.0%	479.5	94.5	19.7%	548.5	133.4	24.3%	548.1	87.3	15.9%
Corning	1,275.2	242.2	19.0%	379.5	66.2	17.4%	525.0	120.4	22.9%	370.7	55.7	15.0%
Corporate Express	214.4	-3.5	-1.6%	64.6	9.7	14.9%	78.3	-2.1	-2.7%	71.5	-11.1	-15.5%
Costco	1,916.8	523.5	27.3%	803.2	210.7	26.2%	699.9	177.6	25.4%	413.7	135.2	32.7%
Crane	491.7	136.6	27.8%	203.5	55.4	27.2%	160.1	44.5	27.8%	128.2	36.8	28.7%
CSX	2,403.1	279.0	11.6%	386.6	-102.1	-26.4%	882.1	133.4	15.1%	1,134.4	247.7	21.8%
CVS	1,540.3	384.2	24.9%	555.9	134.8	24.2%	395.9	73.1	18.5%	588.5	176.4	30.0%
Dana	1,623.7	342.1	21.1%	601.0	123.4	20.5%	489.3	158.5	32.4%	533.4	60.2	11.3%
Danaher	744.2	238.4	32.0%	261.7	79.9	30.5%	265.3	94.2	35.5%	217.2	64.3	29.6%
Disney, Walt	8,099.0	1,658.0	20.5%	3,133.9	371.0	11.8%	3,139.0	942.0	30.0%	1,826.1	345.0	18.9%
Dollar General	687.8	148.4	21.6%	278.8	54.9	19.7%	229.6	48.3	21.0%	179.4	45.2	25.2%
Dominion Resources	1,756.5	529.2	30.1%	372.4	153.6	41.2%	703.6	221.9	31.5%	680.5	153.7	22.6%
Dover	1,186.6	349.4	29.4%	381.8	98.0	25.7%	394.1	127.0	32.2%	410.7	124.4	30.3%
Dow Chemical	5,145.9	1,294.4	25.2%	1,429.1	324.6	22.7%	1,707.1	475.6	27.9%	2,009.6	494.2	24.6%
DTE Energy Company	1,922.9	629.0	32.7%	583.5	143.0	24.5%	660.5	267.0	40.4%	679.0	219.0	32.3%
DuPont	9,579.1	1,838.0	19.2%	3,123.1	444.0	14.2%	3,253.0	745.0	22.9%	3,203.0	649.0	20.3%
Eastman Chemical	1,641.0	355.5	21.7%	459.0	33.3	7.3%	528.0	133.1	25.2%	654.0	189.1	28.9%
Eaton	1,370.8	149.0	10.9%	478.8	-18.0	-3.8%	528.0	90.0	17.0%	364.0	77.0	21.2%
Edison International	3,010.4	687.8	22.8%	1,062.1	119.0	11.2%	887.7	243.8	27.5%	1,060.6	325.0	30.6%
El Paso Energy	817.5	-36.0	-4.4%	383.7	-3.0	-0.8%	371.9	-56.0	-15.1%	62.0	23.0	37.1%
Eli Lilly	4,108.9	838.5	20.4%	1,394.2	47.4	3.4%	1,517.9	586.8	38.7%	1,196.8	204.3	17.1%
Emerson Electric Co.	3,894.4	1,270.2	32.6%	1,435.6	440.1	30.7%	1,332.8	441.5	33.1%	1,126.0	388.6	34.5%
Engelhard	476.5	86.7	18.2%	175.4	39.0	22.2%	137.6	27.2	19.8%	163.5	20.4	12.5%
Enron	816.0	1.5	0.2%	189.0	-12.5	-6.6%	87.0	17.4	20.0%	540.0	-3.4	-0.6%
Exxon	10,625.0	2,197.6	20.7%	2,506.0	256.6	10.2%	4,413.0	1,052.4	23.8%	3,706.0	888.6	24.0%
Federated Department Stores	2,441.1	866.0	35.5%	1,092.7	392.0	35.9%	917.7	304.0	33.1%	430.7	170.0	39.5%
First Data	2,402.5	297.1	12.4%	705.2	160.7	22.8%	677.0	104.5	15.4%	1,020.3	31.8	3.1%
First Union	11,770.0	1,272.2	10.8%	4,323.0	283.6	6.6%	3,953.0	413.9	10.5%	3,494.0	574.7	16.4%
Fleet	6,309.0	1,337.3	21.2%	2,378.0	644.4	27.1%	2,117.0	444.3	21.0%	1,814.0	248.6	13.7%
Fluor	809.8	174.5	21.6%	222.9	36.3	16.3%	235.0	47.4	20.2%	351.9	90.9	25.8%
Ford Motor Co.	22,183.0	4,142.1	18.7%	8,323.0	1,405.3	16.9%	8,378.0	2,104.3	25.1%	5,482.0	632.5	11.5%
Fortune Brands	971.5	277.8	28.6%	438.0	99.3	22.7%	249.7	82.2	32.9%	283.9	96.3	33.9%
Gannett	3,851.0	1,280.9	33.3%	1,624.3	527.4	32.5%	1,172.0	428.9	36.6%	1,054.8	324.6	30.8%
General Electric	25,816.0	2,100.6	8.1%	9,656.5	771.5	8.0%	8,168.5	643.8	7.9%	7,991.0	685.3	8.6%
General Mills	1,887.1	568.5	30.1%	672.9	206.8	30.7%	654.6	180.2	27.5%	559.6	181.5	32.4%
General Motors	5,673.0	822.5	14.5%	952.0	-19.0	-2.0%	3,215.0	1,236.9	38.5%	1,506.0	-395.4	-26.3%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations, 1996-1998 (alphabetical)

\$-millions Company	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Genuine Parts	1,587.1	512.3	32.3%	550.6	183.1	33.3%	527.9	166.9	31.6%	508.6	162.3	31.9%
Georgia-Pacific	1,173.0	261.0	22.3%	522.6	139.0	26.6%	305.7	11.0	3.6%	344.7	111.0	32.2%
Gillette	2,972.3	663.8	22.3%	1,050.2	263.6	25.1%	999.1	135.5	13.6%	923.0	264.7	28.7%
Golden West Financial	1,558.5	338.7	21.7%	683.5	206.3	30.2%	540.5	172.1	31.8%	334.4	-39.7	-11.9%
Goodyear	657.4	-65.1	-9.9%	400.7	-33.2	-8.3%	141.7	3.9	2.7%	115.0	-35.8	-31.1%
GTE	10,453.0	2,143.6	20.5%	3,228.0	567.6	17.6%	3,533.0	725.0	20.5%	3,692.0	851.0	23.0%
Hannaford	355.4	111.2	31.3%	146.2	37.6	25.7%	92.6	35.9	38.8%	116.6	37.6	32.3%
Harris	649.5	151.4	23.3%	230.1	41.0	17.8%	233.0	30.2	13.0%	186.5	80.2	43.0%
Hershey	1,522.4	435.8	28.6%	540.9	110.4	20.4%	528.9	171.9	32.5%	452.5	153.4	33.9%
Hillenbrand	864.0	242.6	28.1%	351.0	58.6	16.7%	259.0	99.0	38.2%	254.0	85.0	33.5%
Home Depot	5,638.4	1,880.0	33.3%	2,446.9	771.9	31.5%	1,757.1	632.2	36.0%	1,434.4	475.9	33.2%
Honeywell	1,161.6	279.4	24.1%	441.2	124.6	28.2%	398.3	108.7	27.3%	322.2	46.1	14.3%
Hormel	484.8	152.8	31.5%	206.6	62.3	30.1%	158.5	51.9	32.8%	119.6	38.6	32.3%
Household International	3,158.8	738.3	23.4%	874.0	16.8	1.9%	1,209.7	257.6	21.3%	1,075.1	463.8	43.1%
Humana	482.0	107.6	22.3%	179.0	33.3	18.6%	192.0	46.1	24.0%	111.0	28.2	25.4%
IBM	9,233.0	1,050.0	11.4%	2,821.0	752.0	26.7%	3,110.0	-266.0	-8.6%	3,302.0	564.0	17.1%
IBP	817.5	286.4	35.0%	318.8	118.3	37.1%	198.1	67.5	34.0%	300.6	100.7	33.5%
Illinois Tool Works	1,939.3	542.4	28.0%	745.6	201.0	27.0%	696.2	182.1	26.2%	497.5	159.3	32.0%
IMC Global	683.7	73.5	10.7%	254.0	26.6	10.5%	175.0	9.9	5.7%	254.7	36.9	14.5%
Ingersoll-Rand	1,474.6	488.6	33.1%	569.5	160.0	28.1%	450.9	157.4	34.9%	454.2	171.2	37.7%
Ingram Micro	754.2	175.9	23.3%	335.5	54.4	16.2%	263.1	65.4	24.8%	155.6	56.1	36.1%
Intel	22,142.1	6,462.0	29.2%	7,205.0	1,906.0	26.5%	8,900.0	2,706.0	30.4%	6,037.1	1,850.0	30.6%
J.P. Morgan	2,288.1	219.6	9.6%	481.1	-62.3	-12.9%	973.0	138.2	14.2%	834.0	143.6	17.2%
Johns Manville	444.2	36.6	8.2%	210.9	24.2	11.5%	133.4	12.8	9.6%	99.9	-0.4	-0.4%
Johnson & Johnson	9,088.8	1,856.8	20.4%	3,340.9	660.1	19.8%	3,205.6	706.1	22.0%	2,542.3	490.6	19.3%
Kellogg	1,673.4	372.7	22.3%	575.1	123.3	21.4%	574.6	124.7	21.7%	523.8	124.7	23.8%
KeyCorp	4,093.6	645.3	15.8%	1,536.6	145.1	9.4%	1,377.3	262.7	19.1%	1,179.7	237.5	20.1%
Kmart	978.0	-2.0	-0.2%	504.0	70.0	13.9%	318.0	-126.0	-39.6%	156.0	54.0	34.6%
KN Energy	302.4	40.3	13.3%	93.9	9.2	9.8%	110.6	15.3	13.8%	97.9	15.9	16.2%
Kohl's	678.6	222.4	32.8%	297.5	94.5	31.8%	220.7	76.1	34.5%	160.5	51.9	32.3%
Kroger	1,913.9	479.7	25.1%	742.8	207.6	27.9%	647.0	147.4	22.8%	524.1	124.7	23.8%
Leggett & Platt	824.8	284.4	34.5%	336.6	104.0	30.9%	282.3	95.4	33.8%	205.9	85.0	41.3%
Lehman Brothers	1,743.0	293.0	16.8%	719.0	208.9	29.1%	758.0	104.8	13.8%	266.0	-20.7	-7.8%
Lexmark	649.3	155.6	24.0%	271.4	81.6	30.1%	215.8	31.4	14.5%	162.1	42.6	26.3%
Litton Industries	829.3	186.6	22.5%	282.9	44.5	15.7%	284.8	83.5	29.3%	261.6	58.6	22.4%
Lockheed Martin	5,426.0	1,704.5	31.4%	1,598.5	406.2	25.4%	1,852.0	417.5	22.5%	1,975.5	880.8	44.6%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations, 1996-1998 (alphabetical)

\$-millions	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Loews	4,977.8	838.3	16.8%	1,080.7	189.7	17.5%	1,529.4	372.2	24.3%	2,367.7	276.4	11.7%
Lowe's	1,717.6	542.7	31.6%	732.6	232.0	31.7%	540.8	175.6	32.5%	444.3	135.1	30.4%
Lyondell Chemical	718.0	89.0	12.4%	80.0	-44.0	-55.0%	443.0	114.0	25.7%	195.0	19.0	9.7%
Manpower	217.5	38.0	17.5%	61.6	9.1	14.8%	78.0	12.1	15.5%	77.9	16.8	21.6%
Marriott International	1,339.4	330.0	24.6%	545.6	125.0	22.9%	417.0	130.0	31.2%	376.9	75.0	19.9%
Marsh & McLennan Companies	1,761.8	514.3	29.2%	752.0	243.7	32.4%	611.8	187.6	30.7%	398.0	83.0	20.9%
Masco	1,530.8	407.4	26.6%	616.3	153.9	25.0%	512.2	136.5	26.6%	402.3	117.0	29.1%
Maytag	921.8	323.1	35.0%	444.8	148.0	33.3%	259.8	77.0	29.6%	217.2	98.2	45.2%
MBNA	2,865.9	899.7	31.4%	1,173.0	356.5	30.4%	976.0	291.6	29.9%	716.9	251.5	35.1%
McDonald's	2,773.7	544.5	19.6%	884.2	113.8	12.9%	975.3	257.1	26.4%	914.2	173.6	19.0%
McGraw-Hill	1,615.2	550.9	34.1%	487.6	123.9	25.4%	392.8	148.4	37.8%	734.8	278.5	37.9%
MCI Worldcom	3,578.2	-60.5	-1.7%	2,724.2	-112.6	-4.1%	670.7	21.2	3.2%	183.4	30.9	16.9%
McKesson	473.2	10.0	2.1%	234.0	-1.0	-0.4%	71.6	10.5	14.6%	167.6	0.6	0.3%
MedPartners	183.8	-3.9	-2.1%	49.6	-0.4	-0.7%	62.0	4.8	7.8%	72.2	-8.4	-11.6%
Medtronic	1,883.3	429.8	22.8%	669.0	109.2	16.3%	717.6	172.2	24.0%	496.6	148.4	29.9%
Merck	15,350.4	3,150.6	20.5%	6,793.3	1,262.1	18.6%	4,497.7	989.4	22.0%	4,059.4	899.1	22.1%
Merrill Lynch	6,169.1	1,771.0	28.7%	2,218.1	544.9	24.6%	2,321.0	761.0	32.8%	1,630.0	465.0	28.5%
Microsoft	13,481.1	2,666.0	19.8%	6,448.3	965.0	15.0%	4,343.2	914.0	21.0%	2,689.6	787.0	29.3%
Mobil	4,195.2	677.1	16.1%	1,047.4	320.5	30.6%	1,752.3	172.5	9.8%	1,395.5	184.1	13.2%
Morgan Stanley Dean Witter	9,263.0	2,847.9	30.7%	3,638.0	928.4	25.5%	3,287.0	888.8	27.0%	2,338.0	1,030.8	44.1%
Navistar	742.0	13.0	1.8%	400.0	4.0	1.0%	236.0	8.0	3.4%	106.0	1.0	0.9%
New York Times	1,109.1	343.0	30.9%	492.4	148.6	30.2%	410.6	107.6	26.2%	206.1	86.9	42.1%
Newell	1,384.7	387.0	27.9%	622.0	193.6	31.1%	396.5	95.1	24.0%	366.2	98.3	26.8%
Nordstrom	831.9	292.7	35.2%	318.1	110.5	34.8%	288.5	95.8	33.2%	225.4	86.3	38.3%
Norfolk Southern	2,618.0	546.6	20.9%	639.0	80.4	12.6%	854.0	190.9	22.4%	1,125.0	275.3	24.5%
Northrop Grumman	1,366.4	70.5	5.2%	297.7	-1.0	-0.3%	642.4	15.8	2.5%	426.3	55.6	13.0%
Omnicom	575.6	136.1	23.6%	250.4	50.7	20.2%	170.9	40.2	23.6%	154.3	45.2	29.3%
Oracle	2,450.5	659.2	26.9%	886.6	214.1	24.2%	926.5	256.4	27.7%	637.4	188.7	29.6%
Owens & Minor	109.7	12.5	11.4%	46.1	-7.9	-17.1%	40.4	14.5	35.9%	23.3	5.9	25.2%
Paccar	955.7	340.9	35.7%	367.9	126.7	34.4%	329.6	123.4	37.4%	258.2	90.8	35.2%
Paine Webber Group	1,768.9	482.6	27.3%	663.1	192.3	29.0%	590.8	176.6	29.9%	515.0	113.7	22.1%
Parker Hannifin	1,086.7	327.3	30.1%	423.0	123.6	29.2%	355.0	110.9	31.2%	308.6	92.8	30.1%
Peco Energy	2,177.2	732.7	33.7%	836.1	355.2	42.5%	552.6	251.5	45.5%	788.5	126.1	16.0%
PepsiCo	4,813.0	232.0	4.8%	1,583.0	-302.0	-19.1%	1,672.0	425.0	25.4%	1,558.0	109.0	7.0%
Pfizer	3,366.6	104.0	3.1%	1,197.6	-197.2	-16.5%	1,206.0	130.8	10.8%	963.0	170.4	17.7%
Philip Morris	18,914.0	5,145.3	27.2%	4,784.0	1,541.6	32.2%	7,161.0	1,919.5	26.8%	6,969.0	1,684.2	24.2%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations, 1996-1998 (alphabetical)

Company	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Phillips Petroleum	2,219.0	123.6	5.6%	145.0	-1.1	-0.7%	893.0	136.8	15.3%	1,181.0	-12.1	-1.0%
Pitney Bowes	2,016.0	245.1	12.2%	750.3	88.7	11.8%	649.5	99.0	15.2%	616.2	57.3	9.3%
PPG	2,754.0	802.3	29.1%	961.0	290.5	30.2%	885.0	269.7	30.5%	908.0	242.1	26.7%
Praxair	704.9	41.6	5.9%	263.7	47.4	18.0%	262.0	1.4	0.5%	179.3	-7.1	-4.0%
Procter & Gamble	9,578.0	2,739.0	28.6%	3,517.0	996.0	28.3%	3,144.0	967.0	30.8%	2,917.0	776.0	26.6%
Ralston Purina	2,510.9	418.9	16.7%	1,602.6	135.9	8.5%	464.7	133.9	28.8%	443.5	149.2	33.6%
Raytheon	3,864.0	362.4	9.4%	1,465.0	25.5	1.7%	1,338.0	183.5	13.7%	1,061.0	153.5	14.5%
Regions Financial	1,674.5	485.2	29.0%	625.9	164.8	26.3%	581.3	175.1	30.1%	467.3	145.3	31.1%
Richfood Holdings	253.1	80.3	31.7%	89.8	30.0	33.3%	97.6	24.9	25.5%	65.7	25.5	38.8%
Rite Aid	1,008.9	165.7	16.4%	505.8	142.3	28.1%	251.8	2.3	0.9%	251.3	21.0	8.4%
Rohm and Haas	1,368.0	313.4	22.9%	552.0	135.6	24.6%	447.0	127.8	28.6%	369.0	50.0	13.6%
Ruddick	187.4	38.1	20.3%	65.1	15.1	23.2%	63.8	12.5	19.6%	58.5	10.4	17.8%
Ryder	488.9	-30.3	-6.2%	227.5	-16.4	-7.2%	175.3	-30.0	-17.1%	86.2	16.1	18.6%
Ryerson Tull	306.3	70.9	23.1%	74.4	8.6	11.6%	110.6	36.8	33.3%	121.3	25.5	21.0%
Safeway	2,833.0	685.8	24.2%	1,242.6	313.6	25.2%	959.8	261.2	27.2%	630.6	111.0	17.6%
Saks	468.2	46.3	9.9%	83.0	-7.9	-9.5%	237.6	44.2	18.6%	147.7	9.9	6.7%
SBC Communications	13,962.0	3,644.3	26.1%	6,112.0	1,462.8	23.9%	2,617.0	744.4	28.4%	5,233.0	1,437.1	27.5%
Schering-Plough	4,010.0	891.4	22.2%	1,595.0	359.7	22.6%	1,339.0	272.3	20.3%	1,076.0	259.4	24.1%
Sears	5,572.0	1,570.9	28.2%	1,663.0	443.3	26.7%	1,943.0	451.7	23.2%	1,966.0	675.9	34.4%
Sherwin-Williams	1,041.7	303.1	29.1%	359.3	100.2	27.9%	366.0	81.7	22.3%	316.4	121.3	38.3%
Shopko	231.5	67.0	28.9%	87.1	17.0	19.6%	75.3	24.2	32.1%	69.2	25.8	37.3%
Smithfield Foods	172.5	31.7	18.4%	78.9	11.2	14.2%	64.9	12.1	18.6%	28.7	8.5	29.5%
Solectron	522.5	162.9	31.2%	201.7	64.8	32.1%	187.1	51.8	27.7%	133.7	46.3	34.6%
Southern	5,183.0	1,565.3	30.2%	1,694.0	449.6	26.5%	1,730.0	546.9	31.6%	1,759.0	568.8	32.3%
SouthTrust	1,369.8	399.8	29.2%	540.6	117.8	21.8%	456.4	163.7	35.9%	372.7	118.3	31.7%
Southwest Airlines	1,521.9	270.2	17.8%	685.8	122.4	17.8%	502.4	93.1	18.5%	333.7	54.7	16.4%
Sprint	4,317.5	1,181.6	27.4%	977.4	166.4	17.0%	1,504.1	359.8	23.9%	1,836.0	655.4	35.7%
Staples	701.0	115.9	16.5%	319.9	61.8	19.3%	205.8	20.4	9.9%	175.3	33.8	19.3%
State Street	1,400.0	106.0	7.6%	562.0	15.0	2.7%	453.0	54.0	11.9%	385.0	37.0	9.6%
Suiza Foods	295.2	2.2	0.8%	153.9	3.9	2.5%	92.1	-13.1	-14.2%	49.2	11.5	23.3%
Suntrust	4,281.5	1,197.7	28.0%	1,603.3	432.7	27.0%	1,452.5	434.6	29.9%	1,225.7	330.4	27.0%
Supervalu	891.7	250.7	28.1%	309.8	82.5	26.6%	341.3	104.5	30.6%	240.7	63.6	26.4%
Telephone and Data Systems	408.9	45.2	11.1%	134.8	9.8	7.3%	27.3	4.2	15.2%	246.7	31.2	12.7%
Temple-Inland	401.1	76.9	19.2%	142.1	29.9	21.1%	101.9	20.3	19.9%	157.1	26.6	17.0%
Tenet Healthcare	1,634.7	223.8	13.7%	616.0	93.8	15.2%	696.6	24.3	3.5%	322.1	105.6	32.8%
Tenneco	731.1	-14.0	-1.9%	212.0	27.0	12.7%	274.1	-133.0	-48.5%	245.0	92.0	37.6%

Effective Federal Corporate Income Tax Rates on 250 Major Corporations, 1996-1998 (alphabetical)

Company	Three-Year Totals			1998			1997			1996		
	Profits	Tax	Rate	98Profit	98Tax	98Rate	97Profit	97Tax	97Rate	96Profit	96Tax	96Rate
Texaco	3,447.0	-304.0	-8.8%	182.0	-67.7	-37.2%	1,466.0	-572.0	-39.0%	1,799.0	335.8	18.7%
Texas Utilities Company	3,083.1	554.0	18.0%	934.0	174.0	18.6%	989.1	182.0	18.4%	1,160.0	198.0	17.1%
Textron	1,357.0	354.5	26.1%	575.0	186.6	32.4%	414.0	61.5	14.9%	368.0	106.5	28.9%
Thermo Electron	958.7	209.8	21.9%	268.3	67.2	25.1%	395.8	88.6	22.4%	294.6	54.0	18.3%
3M	5,317.2	1,152.2	21.7%	1,366.2	112.5	8.2%	2,480.0	741.8	29.9%	1,471.0	297.8	20.2%
Times Mirror	757.8	126.8	16.7%	248.4	48.2	19.4%	315.2	66.4	21.1%	194.3	12.1	6.2%
Timken	571.5	168.0	29.4%	166.2	47.3	28.4%	219.4	74.6	34.0%	186.0	46.1	24.8%
Tosco	813.9	84.7	10.4%	227.4	-46.7	-20.6%	356.3	83.6	23.4%	230.2	47.9	20.8%
Transamerica	2,199.3	4.5	0.2%	990.0	64.8	6.5%	593.7	-75.1	-12.6%	615.6	14.8	2.4%
Tribune Company	1,677.3	527.6	31.5%	648.4	169.0	26.1%	601.9	204.8	34.0%	426.9	153.9	36.0%
Trinity	619.6	198.2	32.0%	285.7	93.9	32.9%	160.6	43.0	26.8%	173.3	61.3	35.4%
U.S. Bancorp	5,740.6	1,385.2	24.1%	2,138.4	515.3	24.1%	1,672.1	344.4	20.6%	1,930.1	525.5	27.2%
UAL	3,666.0	689.7	18.8%	1,247.0	107.8	8.6%	1,469.0	303.5	20.7%	950.0	278.4	29.3%
Union Carbide	2,301.0	263.1	11.4%	640.0	61.7	9.6%	896.0	120.3	13.4%	765.0	81.2	10.6%
US Airways	1,823.0	247.0	13.5%	886.0	149.0	16.8%	665.0	92.0	13.8%	272.0	6.0	2.2%
US West	6,906.0	2,140.8	31.0%	2,311.0	660.9	28.6%	2,310.0	787.3	34.1%	2,285.0	692.6	30.3%
USG	1,238.6	391.2	31.6%	489.4	161.5	33.0%	459.1	141.9	30.9%	290.0	87.8	30.3%
USX	3,139.0	445.4	14.2%	1,031.0	100.2	9.7%	1,101.0	203.7	18.5%	1,007.0	141.5	14.0%
Utilicorp United	487.3	94.5	19.4%	141.8	32.5	22.9%	203.7	27.1	13.3%	141.8	35.0	24.7%
VF Corporation	1,477.6	519.0	35.1%	565.0	162.6	28.8%	494.5	189.4	38.3%	418.1	167.1	40.0%
Vulcan Materials	898.2	250.3	27.9%	349.2	95.9	27.5%	283.9	73.8	26.0%	265.1	80.7	30.4%
Wachovia	3,291.3	609.2	18.5%	1,203.0	114.8	9.5%	999.6	215.5	21.6%	1,088.7	278.9	25.6%
Walgreens	2,069.0	683.1	33.0%	826.0	269.7	32.6%	672.0	218.8	32.6%	571.0	194.6	34.1%
Warner-Lambert	1,898.3	258.3	13.6%	877.2	177.2	20.2%	521.4	68.1	13.1%	499.7	13.0	2.6%
Washington Post	1,410.9	463.0	32.8%	643.1	194.7	30.3%	432.9	148.1	34.2%	334.9	120.2	35.9%
Wells Fargo	11,370.9	3,097.0	27.2%	3,748.9	1,111.0	29.6%	4,003.7	1,149.0	28.7%	3,618.3	837.0	23.1%
WestPoint Stevens	338.5	-2.5	-0.7%	142.6	-1.2	-0.8%	106.9	-0.8	-0.7%	89.0	-0.5	-0.5%
Westvaco	579.1	76.1	13.1%	160.3	8.3	5.2%	173.8	22.0	12.7%	245.0	45.8	18.7%
Weyerhaeuser	1,443.0	85.6	5.9%	405.0	-9.5	-2.3%	426.0	58.6	13.8%	612.0	36.5	6.0%
Whirlpool	966.5	273.8	28.3%	386.6	127.4	33.0%	274.8	76.2	27.7%	305.1	70.1	23.0%
Winn-Dixie	963.6	344.3	35.7%	296.7	114.8	38.7%	301.8	113.1	37.5%	365.1	116.5	31.9%
Wm. Wrigley Jr.	487.8	110.0	22.6%	179.6	34.1	19.0%	159.4	28.1	17.6%	148.8	47.9	32.2%
Xerox	2,746.2	534.0	19.4%	1,014.2	167.0	16.5%	1,013.0	194.0	19.2%	719.0	173.0	24.1%
York International	417.9	104.3	25.0%	148.1	46.5	31.4%	74.9	29.2	39.0%	194.9	28.7	14.7%
ALL 250 COMPANIES	\$ 735,483	\$ 159,459	21.7%	\$ 263,428	\$ 52,923	20.1%	\$ 249,864	\$ 55,678	22.3%	\$ 222,192	\$ 50,858	22.9%

Company-by-Company Notes

Abbott Laboratories

The company reported negative deferred taxes in all three years, apparently reflecting booked expenses whose tax benefits will be realized in later years. Over the 1996-98 period, the company enjoyed "tax exemptions in Puerto Rico, the Dominican Republic, Ireland, the Netherlands, and Italy" worth a total of \$512 million, some of which reduced U.S. income taxes otherwise due. Abbot's investments in research and development in 1998, 1997 and 1996 were \$1.2, \$1.3 and \$1.2 billion; the company does not disclose what R&E tax credits, if any, these investments generated. Tax benefits from stock options (as reported) saved the company \$85, \$54 and \$22 million in 1998, 1997 and 1996.

ADC Telecommunications

The company's fiscal years end in Oct. of the years listed. In 1997, the company wrote off \$23 million from its book income in the name of a "nonrecurring charge." This charge, which followed the company's acquisition of PCSI's wireless infrastructure group, primarily consisted of nondeductible purchased research and development, which was not deducted in computing pretax profits in the study. Nondeductible goodwill amortization in 1998, 1997 and 1996 was \$2, \$2 and \$1 million. In 1998, the company saved \$2 million in taxes due to accelerated depreciation write-offs. The company further reduced its 1998 tax bill with \$4 million in research tax credits. Research credits reduced the company's 1997 and 1996 tax bills by \$3 and \$1 million. Tax benefits from stock options (as calculated) saved the company \$9 and \$8 million in 1997 and 1996.

AFLAC

The company does most of its business in Japan. Its U.S. operating segments are its "AFLAC-US" and "Television operations-US." In 1996, the company divested its "Television operations-US" segment. The study accounted for the gain on the sale of the company's television operations in the company's income figure. To determine the company's domestic income, the study geographically allocated realized investment gains (and losses), interest expense and corporate expenses in 1998, 1997 and 1996. In all three years, most of the company's federal income taxes reflects the Alternative Minimum Tax.

Air Products

The company's fiscal years end in Sept. of the years listed. In 1998, the company had a \$33 million turnaround in taxes previously deferred as a result of "investment in partnerships." Alternative Minimum Tax credits cut the company's tax bill in 1998 by \$47 million. Tax benefits from stock options (as calculated) saved the company \$10, \$14 and \$6 million in 1998, 1997 and 1996.

Airborne Freight

The company booked nondeductible write-offs of \$5, \$4 and \$3 million in 1998, 1997 and 1996, which were not deducted in computing profits in this study. Credits for Alternative Minimum

Tax payments in earlier years reduced the company's taxes in 1998 and 1997 by \$12 and \$21 million. Tax benefits from stock options (as calculated) saved the company \$3.7, \$0.7 and \$0.3 million in 1998, 1997 and 1996.

Alaska Air Group

Accelerated depreciation saved the company \$15 and \$6 million in 1997 and 1996. The company utilized loss carryforwards to reduce its income taxes by \$17 and \$24 million in 1997 and 1996. The company paid Alternative Minimum Tax of \$27, \$6 and \$15 million in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$2, \$2 and \$1 million in 1998, 1997 and 1996.

Albertson's

The company's fiscal years end in Jan. following the years listed. Tax benefits from stock options (as reported) saved the company \$4.6, \$4 and \$3.3 million in 1998, 1997 and 1996.

Alcoa

The company's negative tax rate in 1996 stemmed primarily from the use of tax benefits generated in earlier years. Tax benefits from stock options (as calculated) saved the company \$9, \$39 and \$21 million in 1998, 1997 and 1996.

Allegheny Teledyne

Tax benefits from stock options (as calculated) saved the company \$3, \$16 and \$3 million in 1998, 1997 and 1996.

AlliedSignal

Nondeductible amortization of \$21, \$21 and \$23 million in 1998, 1997 and 1996 was not deducted in computing profits for purposes of this study. Tax benefits from stock options (as calculated) saved the company \$57, \$71 and \$40 million in 1998, 1997 and 1996.

Allmerica

The company had tax-exempt interest of \$111, \$108 and \$101 million in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$5 million in 1998.

Alltel

In 1998, the company merged with 360 Degrees. Restructuring and integration reserves ensued. Only the expenses actually incurred in 1998 are deducted here in computing the company's 1998 profit. In 1998, the company utilized \$18 million in federal and state tax-loss carryforwards to reduce its taxes. Tax benefits from stock options (as calculated) saved the company \$11, \$4 and \$3 million in 1998, 1997 and 1996. At the end of 1998, the company had \$21 million in federal and state tax-loss carryforwards available to reduce future taxable income.

America West

The company paid \$3 million in Alternative Minimum Tax in 1997, and received a rebate of that payment in 1998. Tax benefits from stock options (as reported) saved the company \$2 million in 1998.

American Electric Power

The company reported negative deferred taxes in 1996 and 1997, probably reflecting turnarounds of taxes previously deferred, which were not offset by new deferrals due to cutbacks in utility investments due to deregulation.

American Financial Group

The company's very low tax rates in 1996 and 1997 reflect the utilization of excess tax deductions from previous years. Tax benefits from stock options (as calculated) saved the company \$1.4, \$1.5 and \$1.6 million in 1998, 1997 and 1996.

American General

In the fourth quarter 1998, the company recorded a \$378 million charge to settle class action lawsuits. These lawsuits, relating to the pricing and practicing of life insurance, have been common in the entire industry. On its books, the company realized this charge but for tax purposes this charge has yet to be paid until the courts finally approve the settlements and any appeals are resolved. In the study, the charge has not been deducted in computing pretax profits for 1998 since it has not yet been paid. Tax benefits from stock options (as calculated) saved the company \$18, \$16 and \$2 million in 1998, 1997 and 1996.

American Home Products

In computing pretax U.S. profits, foreign income was estimated in 1998 (in 1997 and 1996, foreign income was disclosed). In 1996, the company acquired Genetics Institute, Inc. Following the acquisition, the company took a book write-off of \$470 million in acquired in-process research and development. This nondeductible amount was not subtracted from profits in the study. Research and development tax credits reduced the company's tax bill by \$43, \$51 and \$17 million in 1998, 1997 and 1996. Favorable tax treatment of the company's Ireland and Puerto Rico operations lowered the company's taxes by \$219, \$158 and \$176 million in 1998, 1997 and 1996; an undisclosed portion of these benefits reduced the company's U.S. taxes. Tax benefits from stock options (as calculated) saved the company \$203, \$133 and \$89 million in 1998, 1997 and 1996.

Amerisource Health

The company's fiscal years end on Sept. 30 of the year's listed. Tax benefits from stock options (as reported) saved the company \$4, \$2 and \$14 million in 1998, 1997 and 1996. More than all of the company's low 1998 tax bill reflected the Alternative Minimum Tax. At the end of 1998, the company had \$31 million in AMT credit carryforwards and tax-loss carryforwards worth \$12 million available to reduce future federal income taxes.

Ameritech

In 1998, the company booked \$104 million in restructuring charges, \$76 million of which remained unspent at the end of the year. The study allocated only the portion of those charges to 1998 that had a current effect in that year. Tax benefits from stock options (as calculated) saved the company \$52, \$28 and \$17 million in 1998, 1997 and 1996.

Amgen

The company's tax savings from its Puerto Rico operations were \$39, \$63 and \$65 million in 1998, 1997 and 1996. Tax benefits

from stock options (as reported) saved the company \$108, \$55 and \$49 million in 1998, 1997 and 1996.

Anheuser-Busch

The company's operations are divided into five segments: Domestic Beer, Packaging, Entertaining, International Beer, and Other. The first three segments are exclusively domestic. The company's "Other" operating segment is active both domestically (93%) and abroad (7%). The study has taken this in consideration when calculating the company's domestic income before income taxes. Tax benefits from stock options (as calculated) saved the company \$50, \$29 and \$32 million in 1998, 1997 and 1996.

Aon

In 1997, the company acquired Alexander & Alexander Services, Inc. In 1996, the company sold its Union Fidelity and Life Insurance Company and The Life Insurance Company. Special charges ensued from these activities. The charges were not fully incurred in their years of announcement and have been allocated to years 1998, 1997 and 1996, based on their current effects in those years. (The 1998 annual report failed to report the use of these charges in 1998, so the study assumed that the restructuring reserve remaining at the end of 1997 was fully utilized in 1998, which may overstate the company's 1998 effective tax rate.) Tax-exempt income in 1998, 1997 and 1996 was \$27, \$37 and \$38 million. Tax benefits from stock options (as calculated) saved the company \$10, \$6 and \$5 million in 1998, 1997 and 1996.

Applied Materials

The company's fiscal years end in Oct. of the years listed. The company announced restructuring plans in 1998 and 1996. The study allocated these restructuring costs to 1998, 1997, and 1996, based on their current effects in those years. In 1998, the company acquired in-process research and development amounting to \$32 million, and in 1997, the company acquired in-process R&D from Opal, Inc. and Orbot Instruments, Ltd. totaling \$60 million. These amounts are nondeductible and were not deducted in computing profits here. Research and development credits lowered the company's tax bills by \$10, \$19 and \$23 million in 1998, 1997 and 1996. The company's high 1996 tax rate appears to reflect book write-offs whose tax benefits will be realized in later years. Tax benefits from stock options (as reported) saved the company \$26, \$83 and \$12 million in 1998, 1997 and 1996.

Archer Daniels Midland

The company's fiscal years end in June of the years listed. In 1995, the Department of Justice announced that the company and others selling lysine, citric acid and high fructose were under investigation for possible violations. In 1997, the company paid a \$100 million fine to resolve these investigations. Fines of such nature are not tax deductible, but were allowed in the study, which is the primary cause of the company's high effective tax rate in 1997. Following the announcement of the DOJ's investigations in 1995, the company's directors and executives were named as defendants in numerous class action suits regarding the sale of the above mentioned items. In addition, the directors

and executives were named defendants in numerous class action suits alleging violations of federal securities on behalf of purchasers of the company's stock between the years of 1992 and 1995. In response to the DOJ investigations and pending lawsuits, the company made provisions of \$48, \$200, and \$31 million in 1998, 1997, and 1996, respectively, to cover any future fines and/or settlements. The study did not adjust income figures to reflect these provisions because of their unclear tax implications. Tax benefits from stock options (as calculated) saved the company \$1.4, \$0.4 and \$1.5 million in 1998, 1997 and 1996.

Arrow Electronics

In 1997, the company booked a \$38 million realignment charge. The study has allocated this charge in 1998 and 1997, based on its current effect in those years. Tax benefits from stock options (as reported) saved the company \$8, \$7 and \$3 million in 1998, 1997 and 1996.

Ashland

The company was able to cut its income taxes in 1998 by \$60 million, mostly fueled by employee benefit obligations booked in 1997 but not incurred for tax purposes until 1998. Tax benefits from stock options (as calculated) saved the company \$1, \$9 and \$2 million in 1998, 1997 and 1996.

AT&T

Profits in 1998 were adjusted by adding back a \$2.4 billion non-cash restructuring charge. Accelerated depreciation write-offs for tax purposes saved the company \$1 billion in 1998. In 1997, accelerated depreciation saved the company \$902 in tax payments. The 1996 tax rate reflects the realization of restructuring costs that were booked in 1995 but it did not have any tax effect until 1996 when the costs were being paid. The 1996 tax rate also reflects tax savings from accelerated depreciation of \$260 million. Tax benefits from stock options (as calculated) saved the company \$131, \$56 and \$83 million in 1998, 1997 and 1996.

Automatic Data Processing

The company's fiscal years end in June of the years listed. Tax benefits from stock options (as calculated) saved the company \$37, \$28 and \$20 million in 1998, 1997 and 1996.

Autozone

The company's fiscal years end in August following the years listed. Tax benefits from stock options (as reported) saved the company \$4, \$16 and \$7 million in 1998, 1997 and 1996.

Avery Dennison

Tax benefits from stock options (as calculated) saved the company \$24, \$18 and \$14 million in 1998, 1997 and 1996.

Avon

A special charge was booked in 1998 to streamline operations and improve profitability. Not all of the \$154 million charge was fully incurred in 1998. So the charge has been allocated in 1998, based on its current effect in that year. Tax benefits from stock options (as calculated) saved the company \$14, \$10 and \$6 million in 1998, 1997 and 1996.

Ball

In 1998, the company reported \$90 million in U.S. profits before income taxes. At the statutory corporate tax rate, the company should have owed \$31 million in income taxes. But the company reported paying only about a third of that amount, i.e., \$8 million. The company's largest tax-cutting item was accelerated depreciation write-offs worth \$15 million, which reduced the company's tax bill by almost half. Similar to 1998, the company's largest tax-cutting item in 1997 was accelerated depreciation write-offs worth \$9 million, which cut the company's tax bill by a third. Research and development tax credits reduced federal income taxes in 1998, 1997 and 1996 by \$0.8, \$0.1 and \$0.7 million.

Bank of New York

The company was able to "defer" federal income taxes totaling \$185, \$217 and \$51 million in 1998, 1997 and 1996. These deferred tax payments appear to stem from the company's lease-financing activities. Tax-exempt interest income in 1998, 1997 and 1996 was \$61, \$35 and \$37 million. Tax benefits from stock options (as calculated) saved the company \$39, \$28 and \$11 million in 1998, 1997 and 1996.

BankBoston

A restructuring charge of \$28 million was booked in 1995 to cover exiting, reorganizing and downsizing costs. Another restructuring of \$180 million was booked in 1996 related to the acquisition of BayBanks and Boston Bancorp. These charges have been allocated in 1996, 1997 and 1998, based on their current effects in those years. The 1998 annual report does not provide information regarding the 1996 and 1997 charges, so the study assumed the balances of the restructuring reserves at year end 1997 were fully utilized in 1998. Tax-exempt income was \$6, \$11 and \$17 million in 1998, 1997 and 1996. Tax benefits from stock options, foreign currency translations and other (as reported) saved the company \$74, \$53 and \$40 million in 1998, 1997 and 1996.

Barnes & Noble

The company's fiscal years end in Jan. following the years listed. Prior to 1996, the company announced restructuring charges. In the study, portions of these charges have been deducted from reported profits in 1998, 1997 and 1996, based on their current effects in those years. Tax benefits from stock options (as reported) saved the company \$2, \$8 and \$9 million in 1998, 1997 and 1996.

Becton Dickinson

The company's fiscal years end in Sept. of the years listed. In 1998 and 1997, the company acquired the Medical Devices Division of the BOC Group, Difco, and PharmMingen. Nondeductible purchased in-process research and development of \$30 and \$15 million was booked in connection with these acquisitions in 1998 and 1997, but was not deducted in computing pretax profits in the study. In 1998, the company booked special charges of \$91 million, primarily to restructure manufacturing operations included the closure of its U.S. surgical blade plant. These special charges have been allocated to 1998, based on their current effects in those years. Research and development

credits reduced income taxes by \$5, \$1, and \$6 million in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$32, \$18 and \$12 million in 1998, 1997 and 1996.

Bell Atlantic

The company is divided into four segments: Domestic Telecom, Global Wireless, Directory, Other Business. Each segment has its own unique geography. The Domestic Telecom operates in the U.S. The Global Wireless and Directory segments are composed of both domestic and foreign operations. The study calculated the domestic portion of these two segment's income in order to calculate domestic income before income taxes. The company merged with Nynex in 1997. Restructuring plans ensued related to the merger and for other initiatives. The charges have been allocated to 1997 and 1998, based on their current effects in those years. Tax benefits from stock options (as calculated) saved the company \$142, \$62 and \$27 million in 1998, 1997 and 1996.

Bestfoods

In 1997, the company booked a restructuring charge. Only the 1997 annual report disclosed the activity of the restructuring. So the study assumed the year end balance of the 1997 restructuring reserve was fully utilized in 1998. The actual and assumed restructuring amounts utilized in 1998 and 1997 have been divided geographically and allocated to the respective years, based on their current effects in that those years. In 1995, two restructuring charges were booked, totaling \$115 million. The annual report presents restructuring in the income statement as \$95 million, net of the sale of the company's Brazilian insecticide operations. The study, however, used the total restructuring charges before the sale of the company's Brazilian insecticide in determining the company's U.S. pretax income. After estimating the US share of the 1995 restructuring charges, the study assumed the restructuring charges were half utilized in 1995 and half utilized in 1996. Tax benefits from stock options (as calculated) saved the company \$7, \$4 and \$6 million in 1998, 1997 and 1996.

BFGoodrich

Nondeductible goodwill amortization of \$5, \$2 and \$2 million in 1998, 1997 and 1996, and nondeductible merger-related costs of \$18 million in 1997 were was not deducted in computing profits in the study. Tax benefits from stock options (as calculated) saved the company \$4, \$11 and \$2 million in 1998, 1997 and 1996.

BJ's Wholesale Club

The company's fiscal years end in Jan. following of the years listed. In 1998 and 1997, the company saved \$3 and \$4 million in taxes from accelerated tax deprecation write-offs. Tax benefits from stock options (as calculated) saved the company \$2.0, \$0.9 and \$0.6 million in 1998, 1997 and 1996.

Black&Decker

In 1998, the company reported \$1 billion in non-cash charges for nondeductible goodwill writeoffs. (Most of this was a \$900 million book write-off in connection with a change in the

company's accounting policy regarding "goodwill impairment.") The study ignores these non-cash, nondeductible charges in computing pretax profits. In 1998, the company booked \$164 million in restructuring costs. The charge has been geographically divided and allocated to 1998, based on its effect in that year. In 1996, the company booked restructuring charge of \$91 million. At the end of 1996, the restructuring reserve was not fully utilized. The study assumed the remainder of \$3 million was fully utilized in 1997. Tax benefits from stock options (as calculated) saved the company \$18, \$3 and \$6 million in 1998, 1997 and 1996.

Bristol-Myers Squibb

The company booked a 1998 restructuring charge for asset write-downs and employee-related costs resulting from the consolidation and closure of plants and facilities. This charge has been allocated to 1998, based on its current effect in that year. Tax benefits from the company's Puerto Rico operations cut the company's taxes by \$26, \$46, and \$48 million in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$451, \$159 and \$60 million in 1998, 1997 and 1996.

Browning-Ferris

The company's fiscal years end in Sept. of the years listed. Tax benefits from stock options (as calculated) saved the company \$7, \$2 and \$2 million in 1998, 1997 and 1996.

Brunswick

Tax benefits from stock options (as calculated) saved the company \$5 million in 1997.

Burlington Northern Santa Fe

In 1995, the company booked a \$287 million special charge to provide separation benefits to employees in positions the company decided to terminate. Although declared in 1995, these costs did not start being incurred until 1996. So on the books the company accrued these expenses, but these costs were not yet tax deductible until they were actually paid. The company was able to reduce its taxes by \$31, \$1 and \$145 million in 1998, 1997 and 1996 as a result of the realization of these separation costs. However, the tax deduction in 1997 was masked by another special charge of \$90 million which was an addition to the company's original 1995 cost estimate for employee separations. The book and tax treatment of the 1997 \$90 million charge was similar to that of the 1995 charge. Due to lack of detail, no adjustments have been made in the study for the timing of these special charges. The company lowered its tax bills by using Alternative Minimum Tax credit carryforwards of \$36, \$8 and \$80 million in 1998, 1997 and 1996. The company's largest tax-cutting item in 1998 and 1997 was accelerated depreciation write-offs, which reduced the company's tax bill by \$191 million in 1998 and \$567 million in 1997. Tax benefits from stock options (as calculated) saved the company \$25, \$35 and \$52 million in 1998, 1997 and 1996.

Campbell Soup

The company's fiscal years end in July of the years listed. The company booked restructuring charges in 1998 and 1997. These charges have been allocated to 1998 and 1997, based on their

current effects in those years. The relatively high tax rate in 1997 reflects \$28 million in benefits and compensation that were accrued for book purposes, but were yet deductible for tax purposes. Tax benefits from stock options (as calculated) saved the company \$42, \$38 and \$35 million in 1998, 1997 and 1996.

Cardinal Health

The company's fiscal years end in June of the years listed. In 1998, the company was able to defer tax payments of \$95 million, fueled in part by accelerated depreciation write-offs and the timing of recognition of revenues from lease contracts. The company deferred tax payments of \$11 and \$24 million in 1997 and 1996. Nondeductible booked expenses of \$7 and \$9 million in 1997 and 1996 were not deducted in computing pretax profits in the study. Tax benefits from stock options (as reported) saved the company \$19, \$18 and \$11 million in 1998, 1997 and 1996. At the end of 1998, the company had \$95 million in tax-loss carryforwards available to reduce future taxable income.

Carolina Power & Light

The company's high 1998 and 1997 tax rates reflect a \$35 and \$61 million turnaround in taxes previously deferred primarily due to accelerated depreciation write-offs. This turnaround was most likely triggered by the North Carolina Utilities Commission's and the South Carolina Public Service Commission's authorization to accelerate the amortization of certain regulatory assets down to a three-year useful life starting January 1, 1997.

Caterpillar

Tax benefits from stock options (as calculated) saved the company \$14, \$23 and \$14 million in 1998, 1997 and 1996.

Centex

The company's fiscal years end in March of the years listed. The company offset otherwise taxable income in 1998 and 1997 with tax-loss carryforwards of \$125 and \$134 million, which cut the company's tax bill by \$43 and \$47 million. At the end of 1998, the company had \$124 million in tax-loss carryforwards available to reduce future taxable income. The company's high 1996 tax rate is a result of negative deferred taxes, reflecting booked expenses not yet deductible. Tax benefits from stock options (as calculated) saved the company \$6, \$4 and \$2 million in 1998, 1997 and 1996.

Central and South West

Nondeductible goodwill amortization for 1998, 1997 and 1996 of \$34, \$34 and \$37 million was not deducted in computing pretax profits in the study. The company does not disclose its state income taxes. The study roughly calculated the amounts. The high 1998 tax rate reflects a \$118 million turnaround in taxes previously deferred in connection with "income tax related regulatory assets." Alternative Minimum Tax credit carryforwards from earlier years reduced 1998 and 1997 income taxes by \$16 and \$56 million.

Charles Schwab

Tax benefits from stock options and vesting of restricted stock awards (as reported) saved the company \$69, \$34 and \$15 million in 1998, 1997 and 1996.

Chase Manhattan

The company's 1996 restructuring charge associated with its merger with Chemical Banking Corporation was divided geographically and allocated to 1996, 1997 and 1998, based on its effects in those years. The company's 1998 restructuring reserves were divided geographically and allocated to 1998, based on its current effect in that year. Tax benefits from stock options (as calculated) saved the company \$96, \$95 and \$43 million in 1998, 1997 and 1996.

Chevron

Tax benefits from stock options (as calculated) saved the company \$11, \$11 and \$7 million in 1998, 1997 and 1996.

Chubb

The company's relatively high tax rate in 1996 appears to stem from a reversal of previously deferred taxes on real estate assets. During that year, the company also took a \$255 million book write-down on the value of those assets in preparation for their sale. This confluence of events artificially raised the company's effective tax rate in 1996. (The real estate assets were sold in 1997.) The company's low tax rate in 1998 reflects the fact that half of its reported profits were "tax exempt interest income." In 1997, 42 percent of the company's reported profits were tax-exempt interest. Tax benefits from stock options (as calculated) saved the company \$17, \$12 and \$5 million in 1998, 1997 and 1996.

Cigna

Tax-exempt interest income was \$94, \$86 and \$89 million in 1998, 1997 and 1996. The high 1998 tax rate reflect \$36 million in negative deferred taxes stemming from booked expenses not yet deductible and a turnaround in taxes previously deferred through accelerated depreciation. Tax benefits from stock options (as calculated) saved the company \$18, \$24 and \$14 million in 1998, 1997 and 1996.

Circuit City

The company's fiscal years end in Feb. following the years listed. Tax benefits from stock options (as reported) saved the company \$10, \$8 and \$3 million in 1998, 1997 and 1996.

Cisco Systems

The company's fiscal years end in July following the years listed. Nondeductible acquired research and development in 1998, 1997 and 1996 was \$360, \$424 and \$383 million, respectively, which not deducted in computing pretax profits in the study. The company's tax-exempt interest earnings were \$180, \$105 and \$54 million in 1998, 1997 and 1996. Tax credits were \$40, \$32 and \$25 million in 1998, 1997 and 1996. Tax benefits from stock options (as reported) saved the company \$837, \$421 and \$274 million in 1998, 1997 and 1996.

Clorox

The company's fiscal years end in June of the years listed. In computing U.S. pretax profits, the study geographically divided and allocated the company's "corporate loss before income taxes" for years 1996 to 1998. In 1998, accelerated depreciation and amortization write-offs cut the company's tax bill by \$14

million. Tax benefits from stock options (as calculated) saved the company \$19, \$9 and \$6 million in 1998, 1997 and 1996.

CMS Energy

In 1998, the company was able to reduce its tax bill by utilizing \$13 million in Alternative Minimum Tax credits and another \$13 million in "Section 29 Fuel Tax Credits." Fuel tax credits cut the company's taxes by \$13 and \$8 million in 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$2, \$2 and \$1 million in 1998, 1997 and 1996. At the end of 1998, the company had \$134 million in AMT credit carryforwards to reduce future income taxes.

CNF

Nondeductible write-offs for goodwill and other booked expenses of \$6 million a year over the 1996-98 period was not deducted in computing pretax profits in the study. The company paid \$9.2 million in Alternative Minimum Tax in 1996, but received AMT rebates of \$17.9 million in 1997 and (apparently) \$0.2 million in 1998. Tax benefits from stock options (as reported) saved the company \$3, \$17 and \$2 million in 1998, 1997 and 1996.

Coastal Corporation

In 1998, accelerated depreciation write-offs saved the company \$168 million in income taxes. Tight sand gas credits reduced the company's taxes by \$23, \$19, and \$21 million in 1998, 1997 and 1996. In 1996, research and development credits reduced the company's taxes by \$34 million. Tax benefits from stock options (as calculated) saved the company \$3, \$2 and \$2 million in 1998, 1997 and 1996.

Coca-Cola Company

In 1998, the company reported negative deferred taxes of \$78 million, reflecting booked expenses not yet deductible and a turnaround in taxes previously deferred. In 1996, the company reached a settlement with the IRS regarding its Puerto Rico operations, which cut the company's taxes for that year by \$320 million. Tax benefits from stock options (as reported) saved the company \$97, \$312 and \$63 million in 1998, 1997 and 1996.

Colgate-Palmolive

The company does not provide a completely clear statement of its current federal income taxes. Those amounts were calculated by subtracting from the company's total U.S. current and deferred tax provision: (a) state income taxes (as disclosed); (b) taxes deferred from accelerated depreciation (as disclosed); and (c) tax benefits from stock options (as calculated). Accelerated depreciation cut the company's taxes by \$40, \$13 and \$16 million in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$89, \$87 and \$21 million in 1998, 1997 and 1996.

Columbia Energy

Tax benefits from stock options (as calculated) saved the company \$12, \$1 and \$1 million in 1998, 1997 and 1996.

Comdisco

The company's fiscal years end in Sept. of the years listed. The company's tax savings from its leasing activities were \$91 and

\$63 million in 1998 and 1997. Tax benefits from stock options (as reported) saved the company \$17, \$9 and \$2 million in 1998, 1997 and 1996. All of the company's federal income tax payments from 1996 to 1998 reflected the Alternative Minimum Tax. At the end of 1998, the company had \$61 million in tax-loss carryforwards and \$123 million in AMT credit carryforwards available to reduce taxes in future years.

Comerica

In computing pretax U.S. profits, the study estimated the company's foreign income based on the foreign taxes disclosed in the annual report. In 1996, the company announced restructuring plans. In 1997, the company made adjustments to the original restructuring plans. The study readjusted 1996 restructuring reserves to reflect those adjustments. The restructuring charge was divided geographically and then allocated to 1996 and 1997, based on its current effects in those years. Tax-exempt income was \$12, \$16 and \$25 million in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$21, \$11 and \$8 million in 1998, 1997 and 1996.

Computer Associates

The company's fiscal year ends in March following the years listed. The company acquired Cheyenne Software in 1996, booking \$598 million in nondeductible purchased research and development costs. The study did not subtract this amount from income. Tax benefits from stock options (as calculated) saved the company \$55, \$69 and \$27 million in 1998, 1997 and 1996.

ConAgra

The company's fiscal years end in May of the years listed. Restructuring plans were announced in 1998. The annual report stated that a "substantial" amount of the reserve was used in 1998. Lacking further information, the study has interpreted "substantial" to mean 100 percent utilized and no adjustment was made to 1998 profits for unspent amounts, which may mean that the company's 1998 effective tax rate is overstated here. Restructuring plans were also announced in 1996. These restructuring costs have been allocated to years 1997 and 1998, based on their current effect in those years. The company had nondeductible amortization of goodwill of \$20, \$22 and \$22 million in 1998, 1997 and 1996, which was not deducted in computing pretax profits in the study. Export and job credits of \$71, \$61 and \$36 million reduced income tax liability in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$21, \$15 and \$13 million in 1998, 1997 and 1996.

Conseco

In 1998, the company used \$114 million in tax-loss carryforwards to reduce taxable income. Tax benefits from stock options (as reported) saved the company \$63, \$91 and \$29 million in 1998, 1997 and 1996. At the end of 1998, the company had \$1 billion left in tax-loss carryforwards available to reduce future taxable income.

Corning

The company's 1998 restructuring write-off has been geographically divided and allocated in 1998, based on its current effect in that year. Tax benefits from stock options (as

calculated) saved the company \$4, \$19 and \$8 million in 1998, 1997 and 1996.

Corporate Express

The company's fiscal years end in Jan. following the years listed. In 1998, the company booked a restructuring charge. This charge has been allocated to 1998, based on its current effect in that year. Merger and nonrecurring charges were booked between 1995 and 1997. Because of the on-going nature of these charges and the limited disclosure, the study has assumed that these charges were fully utilized in their respective years of announcement. Nondeductible amortization of goodwill and other items in 1998, 1997 and 1996 was \$12, \$10, and \$10 million, which was not deducted in computing pretax profits in the study. Tax benefits from stock options (as reported) saved the company \$1, \$5 and \$11 million in 1998, 1997 and 1996.

Costco

The company's fiscal years end in August following the years listed. The relatively high 1996 income tax rate apparently reflects a \$13 million turnaround in taxes previously deferred. Interest income and expenses have been divided geographically in years 1998, 1997, and 1996 in computing domestic profits. Tax benefits from stock options (as calculated) saved the company \$48, \$37 and \$16 million in 1998, 1997 and 1996.

Crane

In 1998, 1997 and 1996, the company had nondeductible goodwill book write-offs of \$10, \$8, and \$6 million, which was not deducted in computing pretax profits in the study. In 1998, research and development credits reduced the company's taxes by \$13 million. Tax benefits from stock options (as reported) saved the company \$7, \$4 and \$3 million in 1998, 1997 and 1996. At the end of 1998, the company had \$43 million in unused research and development credits available to reduce future income tax payments and tax-loss carryforwards of \$11 available to offset future taxable income.

CSX

In 1995, the company booked restructuring charges to recognize cost-cutting initiatives at its CSXT and Sea-Land Service, Inc. units. The study geographically divided these restructuring charges and allocated these charges in 1998, 1997 and 1996, based on its current effect in those years. The study made the assumption that the restructuring reserve at the end of 1997 was fully utilized in 1998. The company's \$93 million tax rebate in 1998 was largely due to \$161 million in tax breaks from accelerated depreciation. Tax benefits from stock options (as calculated) saved the company \$9, \$10 and \$2 million in 1998, 1997 and 1996.

CVS

Merger, restructuring and nonrecurring charges in connection with the company's 1998 merger with Arbor and its 1997 merger with Revco have been allocated to 1998 and 1997 based on their current effects in those years. The company received tax benefits of \$7, \$69 and \$15 million in 1998, 1997 and 1996 connected with its merger with Revco and Revco's emergence from bankruptcy. Tax benefits from stock options (as calculated)

saved the company \$55, \$40 and \$4 million in 1998, 1997 and 1996.

Dana

The study estimated U.S. pretax profits based on the U.S. share of operating profits before restructuring charges. The company booked restructuring charges in 1998 and 1997. The 1998 restructuring can be ignored because it does not pertain to U.S. operations. However, two of the six components of the 1997 restructuring charge were U.S. related and required adjustments to income. The first component dealt exclusively with the company's operations in Reading, Pennsylvania and the second was a general worldwide restructuring charge. The latter was divided geographically. Both components have been allocated to 1998 and 1997, based on their current effects in those years. Tax benefits from stock options (as calculated) saved the company \$17, \$9 and \$2 million in 1998, 1997 and 1996.

Danaher

The study estimated the company's foreign income for years 1996 to 1998 in order to calculate domestic profits. Tax benefits from stock options (as calculated) saved the company \$4, \$1 and \$5 million in 1998, 1997 and 1996.

Disney, Walt

The company's fiscal years end in Sept. of the years listed. Nondeductible amortization of intangibles in 1998, 1997 and 1996 was \$139, \$149 and \$105 million, which was not deducted in computing pretax profits in the study. Tax benefits from stock options (as reported) saved the company \$327, \$81 and \$44 million in 1998, 1997 and 1996.

Dollar General

The company's fiscal years end in Jan. following the years listed. Tax benefits from stock options (as reported) saved the company \$31, \$20 and \$9 million in 1998, 1997 and 1996.

Dover

Nondeductible items were \$7, \$9 and \$3 million in 1998, 1997 and 1996, which were not deducted in computing pretax profits in the study. Research and development credits for the same three years reduced income taxes by \$5, \$4, and \$5 million. Foreign Sales Corporation tax breaks were \$14, \$13 and \$13 million in 1998, 1997 and 1996. Tax benefits from stock options (as roughly calculated) saved the company \$9, \$4 and \$2 million in 1998, 1997 and 1996.

Dow Chemical

The company recorded a \$349 million charge for nondeductible purchased in-process research and development in 1998 following its acquisitions of Sentrachem, additional common stock of Mycogen, several seed companies, and the remaining 40 percent of DowElanco. Nondeductible amortization of intangibles amounted to \$37, \$37 and \$49 million in 1998, 1997 and 1996. These items were not deducted in computing pretax profits in the study

DTE Energy

In 1996, the company recorded a special charge of \$149 million regarding its decision to close a portion of its steam heating

operations. The charge will actually be incurred over the 1997-2008 period, and was therefore reallocated pro-rata to 1997 and 1998 (at \$13.5 million per year). The alternate fuels credit reduced income tax liability in 1998, 1997 and 1996 by \$79, \$24 and \$2 million.

DuPont

The company announced restructuring plans of \$577 million in 1998. The restructuring costs were allocated to 1998, based on their current effect in that year. In 1997, the company purchased a minority or majority share of Pioneer Hi-Bred International Inc., ICI and Protein Technologies. In 1998, the company purchased Merck & Company's interest in the Dupont Merck Pharmaceutical Company. Due to these investment activities, the company took book write-offs for acquired purchased in-process research and development of \$1,443 and \$1,478 million in 1998 and 1997, which were not deducted in computing pretax profits in the study. Tax benefits from stock options (as reported) saved the company \$82, \$96 and \$69 million in 1998, 1997 and 1996.

Eastman Chemical

Tax benefits from stock options (as calculated) saved the company \$2, \$1 and \$1 million in 1998, 1997 and 1996.

Eaton

The company booked a restructuring charge in 1998. The charge was not fully utilized at the end of 1998 and was allocated to 1998 based on its current effect in that year. In 1997, the company acquired Fusion Systems and took a book write-off for \$85 million of nondeductible acquired in-process research and development, which was not deducted in computing pretax profits in the study. The company's \$31 million federal income tax rebate in 1998 had several causes: The company saved \$40 million in income taxes from its Puerto Rican operations, and another \$13 million from research and development credits. It also deferred \$90 million in tax payments. Tax benefits from stock options (as calculated) saved the company \$7, \$9 and \$4 million in 1998, 1997 and 1996.

Edison International

The study estimated foreign income based on the foreign income taxes disclosed in the annual report in order to compute domestic profits. The company reports \$64, \$20 and \$35 million in investment and energy credits in 1998, 1997 and 1996, some of which reduced the company's tax bills in those years.

El Paso Energy

Two of the company's five segments operate internationally: El Paso Energy Marketing and El Paso Energy International. The first of these also partially operates domestically. Therefore, the study divided El Paso Marketing's income geographically in calculating total domestic income. Corporate expenses and interest expenses were allocated in years 1998, 1997 and 1996. The company's federal income tax rebate of \$3 million in 1998 was largely the result of \$116 million in tax deferrals, largely in connection with "regulatory assets." The company's tax rebate of \$56 million in 1997 appears to have been largely due to accelerated depreciation write-offs. In addition, as the company notes, "[t]he tax benefit associated with the exercise of non-

qualified stock options and restricted stock as well as restricted stock dividends, reduced taxes payable by \$9 million in 1998 and \$11 million in 1997." At the end of 1998, the company had \$85 million in tax credit carryforwards available to reduce future income tax liability.

Eli Lilly

For 1997, the company booked an asset impairment of \$98 million, mostly related to nondeductible goodwill, which was not deducted in computing pretax profits in the study. In 1998, the company announced a collaboration with ICOS Corporation. Following the announcement, the company took a book write-off for \$128 million in nondeductible acquired in-process technology, which was not deducted in computing pretax profits in the study. Tax benefits from stock options (as calculated) saved the company \$275, \$179 and \$105 million in 1998, 1997 and 1996. "At December 31, 1998, the company had operating and capital loss carryforwards for income tax purposes of \$270.3 million. The company also has tax credit carryforwards of \$548.6 million available to reduce future income taxes."

Emerson Electric Co.

The company's fiscal years end in Sept. of the years listed. In computing pretax U.S. profits, interest expenses and "corporate and other items" were divided geographically in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$13, \$6 and \$4 million in 1998, 1997 and 1996.

Engelhard

Tax benefits from stock options (as calculated) saved the company \$0.5, \$0.7 and \$1.3 million in 1998, 1997 and 1996. In 1996, the company paid \$2.6 million in Alternative Minimum Tax. In 1997, it reduced its taxes with an AMT credit of 7.9 million. In 1998, the company paid \$6 million in AMT. At the end of 1998, the company had \$17.6 million of AMT credit carryforwards to offset future income taxes. The company also had \$3.8 million of domestic capital loss carryforwards to reduce future taxable income.

Enron

In 1998, Alternative Minimum Tax credits of \$9 million and Tight Gas Sands Tax Credits of \$12 million reduced the company's tax bill. Tax benefits from stock options (as calculated) saved the company \$43, \$12 and \$19 million in 1998, 1997 and 1996. At the end of 1998, the company had \$238 million in AMT credit carryforwards available to reduce future taxes and \$1 billion in domestic tax-loss carryforwards available to reduce future taxable income.

Exxon

Tax benefits from stock options (as calculated) saved the company \$194, \$147 and \$49 million in 1998, 1997 and 1996.

Federated Department Stores

The company's fiscal years end in Jan. following the years listed. Nondeductible amortization of intangible assets (goodwill) was \$26 million a year between 1996 and 1998, which was not deducted in computing pretax profits in the study. In 1996, the company booked a business integration and consolidation expense of \$243 million, which raised the company's effective

tax rate in that year. In 1998, Alternative Minimum Tax credit carryforwards reduced income tax liability by \$37 million. Tax benefits from stock options (as reported) saved the company \$13, \$15 and \$6 million in 1998, 1997 and 1996. At the end of 1998, the company had \$16 million in AMT credit carryforwards available to reduce future income taxes.

First Data

The company's presentation of its current and deferred taxes required some (fairly minor) estimating to determine the federal and state components of its reported current taxes. "[T]ax benefits recorded directly to equity and reductions of goodwill," including tax benefits from stock options, reduced the company's income taxes by \$113, \$46 and \$182 million in 1998, 1997 and 1996.

First Union

In computing pretax U.S. profits, foreign income was estimated based on foreign income taxes. Restructuring charges were booked in 1998, 1997, and 1996. The study allocated these restructuring charges in 1998, 1997, and 1986 based on their current effects in those years. Nontaxable income from interest and dividends on investment securities were \$62, \$70 and \$87 million in 1998, 1997 1996. Tax benefits from stock options (as calculated) saved the company \$111, \$66 and \$47 million in 1998, 1997 and 1996. At the end of 1998, the company had \$571 million in tax-loss carryforwards to reduce future taxable income.

Fleet

In 1995, the company merged with Shawmut. Restructuring charges of \$490 million have been allocated to 1997 and 1996 based on their current effects in those years. The company's low 1996 tax rate reflects \$370 million in deferred federal income taxes primarily generated from lease financing and mortgage banking. The company deferred income taxes of \$139 and \$244 million in 1998 and 1997. Tax-exempt income in 1998, 1997, 1996 was \$79, \$66 and \$59 million. Tax benefits from stock options (as calculated) saved the company \$25, \$25 and \$18 million in 1998, 1997 and 1996.

Fluor

The company's fiscal years end in Oct. of the years listed. Cost reduction plans were initiated in 1997. The related \$25 million charge was allocated to 1997 and 1998 based on its current effect in those years. In 1998, the company cut its tax bill by \$62 million through accelerated depreciation write-offs. Alternative Minimum Tax credits and NOL carryforwards from earlier years saved the company an additional \$10 million. Tax benefits from stock options (as reported) saved the company \$2, \$4 and \$4 million in 1998, 1997 and 1996. At the end of 1998, the company had \$32 million in AMT credit carryforwards available to reduce future income taxes.

Ford Motor Co.

Tax benefits from stock options (as calculated) saved the company \$183, \$26 and \$23 million in 1998, 1997 and 1996.

Fortune Brands

A 1997 restructuring was comprised of four components:

rationalization of operations, inventories, loss on the disposal of fixed assets, international distribution. The first three components are domestic and have been allocated in 1998 and 1997, based on their current effects in those years. Nondeductible goodwill amortization was \$95, \$94 and \$93 million in 1998, 1997 and 1996, which was not deducted in computing pretax profits in the study. In 1998, the company the company had a \$22 million tax turnaround as result of book depreciation catching up to tax depreciation. The relatively high tax rate in 1997 reflected reserves that accrued on the books (and thus lowered profits), but were yet to be tax deductible (until they have been paid out). Tax benefits from stock options (as calculated) saved the company \$7, \$18 and \$8 million in 1998, 1997 and 1996.

Gannett

Nondeductible goodwill amortization was \$38, \$30 and \$29 million in 1998, 1997 and 1996, which was not deducted in computing pretax profits in the study. Tax benefits from stock options and ESOP (as reported) saved the company \$18, \$14 and \$9 million in 1998, 1997 and 1996.

General Electric

Nondeductible amortization of goodwill was \$149, \$123 and \$119 million in 1998, 1997, 1996, which was not deducted in computing pretax profits in the study. Tax-exempt income (world-wide) was \$694, \$608, and \$617 million in 1998, 1997 and 1996. In 1997, the company made a deal with Lockheed Martin Corporation in which GE exchanged its investment in Lockheed Martin "Series A" preferred stock for two of Lockheed's businesses, an equity interest and cash. This exchange yielded a tax-free \$1.5 billion gain for GE. Over the 1996-98 period, the company "deferred" \$2.4 billion in federal income taxes. Most or all of that appears to be related to tax benefits generated by the leasing activities of General Electric Capital Services (GECS). In 1998, GECS paid \$549 million in Alternative Minimum Tax, which was 43 percent of GE's (very low) total federal income tax bill. In 1996, GECS paid \$561 million in AMT (67 percent of GE's very low federal income tax bill). In 1997, however, GECS received an AMT credit of \$207 million (which cut GE's again very low total federal income tax bill by about 17 percent). Tax benefits from stock options (as calculated) saved the company \$496, \$378 and \$158 million in 1998, 1997 and 1996.

General Mills

The company's fiscal years end in Aug. of the years listed. The company booked a restructuring charge in 1998. The charge has been allocated to 1998, based on its current effect in that year. In 1995, the company also booked restructuring charges. These charges have been allocated to 1996 through 1998, based on their current effects in those years. Tax benefits from stock options and other items (as reported) saved the company \$36, \$28 and \$25 million in 1998, 1997 and 1996.

General Motors

Leasing transactions, which allowed the company to defer \$549 million in taxes in 1998 and R&E tax credits totaling \$237 million in 1998, more than explain the company's low 1998 tax rate. The

company's high tax rate in 1997 may be connected with its spin-off of its Hughes Defense subsidiary, which may have required payment of previously deferred income taxes. In 1996, the company reported negative federal income taxes, probably due to leasing activities and R&E tax credits. Federal income taxes in 1995, a year not covered in this study, were also negative (minus \$1 billion). Tax benefits from stock options (as calculated) saved the company \$55, \$70 and \$38 million in 1998, 1997 and 1996. In 1998 and 1997, the company paid \$17 and \$48 million in Alternative Minimum Tax, but received an AMT credit of \$105 million in 1996. At the end of 1998, the company had \$690 million in AMT credit carryforwards and \$879 million in other tax credit carryforwards available to reduce income taxes in the future.

Genuine Parts

Tax benefits from stock options (as calculated) saved the company \$1, \$5 and \$2 million in 1998, 1997 and 1996.

Georgia-Pacific

Nondeductible goodwill amortization associated with past acquisitions amounted to \$69, \$66 and \$66 million in 1998, 1997 and 1996, which was not deducted in computing pretax profits in the study. The company booked restructuring charges in 1995 and 1997. These charges have been allocated over the 1996-98 period, based on their current effects in those years. In 1997, the company deferred \$80 million in federal income taxes, or 76 percent of its statutory tax bill. These tax deferrals related to costs of harvesting timber and compensation accruals.

Gillette

The company booked merger costs in 1996 and reorganization costs in 1998. (The 1996 merger costs of \$413 million resulted from the company's merger with Duracell International.) Both the merger and reorganization charges have been allocated to 1998, 1997 and 1996, based on their current effects in those years. Tax benefits from stock options (as calculated) saved the company \$76, \$111 and \$55 million in 1998, 1997 and 1996.

Golden West Financial

The company's negative tax rate in 1996 mainly reflects the use of tax-loss carryforwards from its acquisition of Beach Federal Savings and Loan Association. Tax benefits from stock options (as reported) saved the company \$19, \$9 and \$4 million in 1998, 1997 and 1996.

Goodyear

In 1998, the company received an income tax refund of \$28 million. The two largest tax-cutting items in 1998 were book write-offs taken prior to 1998 that became tax-deductible in 1998 and Alternative Minimum Tax credits. Combined these two items reduced the company's 1998 taxes by \$94 million. (AMT credits were \$40 million a year in 1998 and 1996, while the company paid \$8 million in AMT in 1997.) Tax benefits from stock options (as calculated) saved the company \$6, \$19 and \$14 million in 1998, 1997 and 1996. At the end of 1998, the company had \$24 million in AMT credit carryforwards available to reduce future income tax liability.

GTE

In 1998, the company announced plans to merge with Bell Atlantic. Special charges followed the merger announcement which have been allocated to 1998, based on their current effects in that year. In 1998, 1997 and 1996, the company deferred paying federal taxes of \$451, \$451 and \$399 million, in part through accelerated depreciation write-offs. Tax benefits from stock options (as calculated) saved the company \$44, \$16 and \$11 million in 1998, 1997 and 1996.

Hannaford

The high 1997 tax rate reflects a turnaround in taxes previously deferred, primarily due to accelerated depreciation and amortization. Tax benefits from stock options (as calculated) saved the company \$2, \$1 and \$1 million in 1998, 1997 and 1996.

Harris

A 1998 restructuring reserve has been divided geographically and allocated to 1998, based on its current effect in that year. Nondeductible amortization was \$3, \$4 and \$4 million in 1998, 1997 and 1996, which was not deducted in computing pretax profits in the study. In 1998, accelerated depreciation write-offs saved the company \$40 million in tax payments (or 48 percent of its statutory tax bill). The high 1996 tax rate appears to reflect either booked expenses that were not yet tax deductible or a turnaround in taxes previously deferred. Tax benefits from stock options (as calculated) saved the company \$3, \$4 and \$2 million in 1998, 1997 and 1996.

Hershey

Nondeductible acquisition costs were \$5, \$5 and \$3 million in years 1998, 1997 and 1996, which were not deducted in computing pretax profits in the study. Tax benefits from stock options (as calculated) saved the company \$9, \$5 and \$5 million in 1998, 1997 and 1996.

Hillenbrand

Tax benefits from stock options (as calculated) saved the company \$31 million in 1998.

Home Depot

The company's fiscal years end in Jan. following the years listed. The high 1997 tax rate appears to reflect book write-offs that were not yet tax deductible. Foreign income (a small amount) was estimated based on reported foreign income taxes. Tax benefits from stock options (as calculated) saved the company \$51, \$21 and \$10 million in 1998, 1997 and 1996.

Honeywell

The company booked special charges in 1998 and 1997, which have been allocated to 1998 and 1997 based on their current effects in those years. Tax benefits from stock options (as calculated) saved the company \$1, \$16 and \$15 million in 1998, 1997 and 1996.

Hormel

The company's fiscal years end in Oct. of the years listed. A restructuring charge was booked in 1996 after the company sold its catfish business. There was no utilization in 1996. In 1997, a revision was made to the 1996 restructuring charge. The study

has adjusted the original restructuring charge in 1996 to reflect the revision made in 1997. The 1996 restructuring charge has been allocated to 1998, 1997 and 1996, based on its current effects in those years. The study assumed that the remaining reserve balance was fully utilized in 1998.

Household International

An integration charge of \$1 billion was booked in 1998 after the company's merger with Beneficial Corporation. This charge has been geographically divided and allocated to 1998 based on its current effect in that year. Nondeductible acquisition costs of \$116 million in 1998 were not deducted from profits for purposes of this study. The high 1996 tax rate appears to reflect charges against book income that were not yet tax deductible. Tax benefits from stock options (as calculated) saved the company \$59, \$19 and \$19 million in 1998, 1997 and 1996.

Humana

The company booked asset write-downs and special charges in years 1998 and 1996. These charges have been allocated to 1998, 1997 and 1996 based on their current effects in those years. In 1998, the company used \$19 million in tax-loss carryforwards to reduce its tax bill. Tax-exempt investment income was \$51, \$37 and \$34 million in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$6, \$5 and \$2 million in 1998, 1997 and 1996.

IBM

In 1996, the company purchased \$435 million of in-process research and development from its acquisitions of Tivoli and Object Technology International, Inc., which was not deducted in computing the company's 1996 profits in the study. In 1998, the company reported \$475 million in negative deferred taxes. This appears to largely reflect accrued expenses that were not yet deductible, in particular \$424 million in deferred tax benefits relating to "Employee benefits" and "Bad debt, inventory and warranty reserves." In 1997, the company was able to cut its taxes by deferring tax payments of \$349 million. The largest tax-cutting item was "Capitalized research and development" expenses; the fact that these expenses are immediately deductible for tax purposes cut the company's 1997 tax bill by \$282 million. The company paid Alternative Minimum Tax of \$77 and \$157 million in 1998 and 1996. An AMT payment in 1997 reduced the company's tax rebate that year by \$76 million. Tax benefits from stock transactions (as reported) saved the company \$365, \$429 and \$163 million in 1998, 1997 and 1996.

IBP

In computing pretax U.S. profits, the study estimated foreign income based on reported foreign income taxes (or benefit.) Tax benefits from stock options (as calculated) saved the company \$5 million in 1997.

Illinois Tool Works

Nondeductible goodwill amortization was \$8, \$8 and \$7 million in 1998, 1997 and 1996, which was not deducted in computing pretax profits in the study. Tax benefits from stock options (as reported) saved the company \$8, \$8 and \$3 million in 1998, 1997 and 1996.

IMC Global

In 1998, the company booked restructuring charges that were not fully utilized by year's end. The restructuring charges consisted of "idled lease transportation equipment," "demolition and closure costs," "other nonemployee exit costs" and "severance." The first component of the restructuring charge exclusively dealt with domestic operations, but the last three components affected both domestic and foreign operations. Consequently, the study had divided the three components geographically. After doing this, the study then allocated all four restructuring components to 1998 based on their current effects in that year. In 1997, the company merged with Viagra; \$20 million of the Viagra merger expenses were nondeductible, and were not deducted in computing pretax profits in the study. Tax benefits from stock options (as calculated) saved the company \$1, \$2 and \$5 million in 1998, 1997 and 1996. The company paid \$10 million in Alternative Minimum Tax in 1998 (39 percent of its total tax bill) and \$48 million in AMT in 1997 (more than all of its tax bill), and received an AMT credit of \$13 million in 1996. At the end of 1998, the company had \$137 million in AMT credit carryforwards available to reduce taxes in future years.

Ingersoll-Rand

Puerto Rico tax credits reduced the company's income taxes by \$16 and \$4 million in 1998 and 1997. The relatively high tax rates in 1996 and 1997 appear to largely reflect turnarounds in taxes previously deferred. Tax benefits from stock options (as calculated) saved the company \$10, \$10 and \$2 million in 1998, 1997 and 1996.

Ingram Micro

Tax benefits from stock options (as reported) saved the company \$57, \$22 and \$8 million in 1998, 1997 and 1996.

Intel

In all three years, the company paid U.S. income taxes on profits that the company characterizes as foreign but which were not subject to income tax by foreign governments. These tax-haven profits (as calculated) were treated as domestic for purposes of the study. In 1998, the company acquired Chips and Technologies, Inc., and took a book write-off for \$165 million in nondeductible purchased in-process research and development, an amount that the study did not deduct in computing 1998 U.S. profits. According to the company, "[t]he tax benefit associated with dispositions from employee stock plans reduced taxes currently payable for 1998 by \$415 million (\$224 million and \$196 million for 1997 and 1996, respectively)." The company provides no information on any federal research tax credits that it may have received.

J.P. Morgan

The company announced restructuring charges in 1998. These charges were geographically divided and allocated, based on their current effects in 1998. The company's tax-exempt income was \$312, \$202 and \$180 million in 1998, 1997, and 1996. Tax benefits from stock options (as calculated) saved the company \$82, \$83 and \$35 million in 1998, 1997 and 1996.

Johns Manville

Seventy-nine percent of the company is owned by the Manville Personal Injury Settlement Trust (the "Trust"). When the company (Johns Manville) pay a dividend, the dividends paid to the Trust are tax deductible by the company. In 1996 the company had tax deductions of \$293 million arising from such deductions, enough to wipe out more than all of its federal income tax bill. In 1998, tax deductions associated with the Trust reduced the company's taxable income by \$22 million. In 1997 and 1998, major factors lowering the company's tax bill included accelerated depreciation and utilization of tax credit carryforwards and other tax benefits from earlier years. The company paid \$0.5 and \$4.0 million in Alternative Minimum Tax in 1998 and 1996, and reduced its taxes by \$1.7 million with AMT credits in 1997.

Johnson & Johnson

Following the 1998 acquisition of DePuy, Inc., the company took a book write-off for \$164 million of nondeductible in-process research and development, which was not deducted in computing pretax profits in the study. Also in 1998, the company booked \$613 million to reconfigure its global network of manufacturing and operating facilities. This charge was geographically divided and allocated in 1998, based on its current effect in that year. In 1998, 1997 and 1996, research and development credits reduced the company's income taxes by \$13, \$14 and \$12 million. The company's operations in Puerto Rico and Ireland are taxed very lightly, which saved the company \$235, \$261 and \$254 million in taxes in 1998, 1997 and 1996 (some of which reflected reductions in U.S. taxes). Tax benefits from stock options (as calculated) saved the company \$238, \$163 and \$72 million in 1998, 1997 and 1996.

Kellogg

Charges were booked in years 1998, 1997 and 1996 to streamline the company's operations. The study has geographically divided the unspent reserve amounts at the end of each year and added these amounts back into income. Tax benefits from stock options (as calculated) saved the company \$5, \$5 and \$6 million in 1998, 1997 and 1996.

KeyCorp

Nondeductible amortization of intangibles was \$69, \$54 and \$46 million in 1998, 1997 and 1996, which was not deducted in computing pretax profits in the study. The company was able to defer \$344 million in taxes in 1998 and \$191 million in taxes in 1997 due to its leasing activities. Tax credits cut the company's taxes by \$22, \$26 and \$17 million in 1998, 1997 and 1996. Tax-exempt interest income for the same three years was \$66, \$77 and \$86 million.

Kmart

The company's fiscal years end in Jan. following the years listed. In 1993, restructuring charges were booked to close, relocate or remodel U.S. and Canadian stores. Because the company's annual report does not separate its U.S. operations from its Canadian operations, the study assumed that these charges were primarily in the United States. The 1997 and 1996 annual reports disclose information regarding the utilization of these charges, but the 1998 report does not. Because of the lack of information in the

1998 annual report, the study assumed the balance of the 1993 restructuring remaining after 1997 was fully utilized in 1998. The company's 1997 tax rebate of \$126 million appears to reflect previously booked expenses in connection with discontinued operations that became tax deductible in 1997. The company paid \$20 million in Alternative Minimum Tax in 1996 and paid \$63 million in AMT in 1997 (reducing, but not eliminating its tax rebate that year). It received an AMT credit of \$108 million in 1998, wiping out most of its income taxes otherwise due. At the end of 1998, the company had \$29 million in Alternative Minimum Tax credit carryforwards available to reduce future income taxes.

KN Energy

Tax benefits from stock options (as calculated) saved the company \$3.5, \$0.7 and \$1.8 million in 1998, 1997 and 1996. The company paid \$9.8 million in Alternative Minimum Tax in 1998, and received an AMT credit of \$3.4 million in 1997. At the end of 1998, the company had \$17 million in AMT credit carryforwards available to reduce future income taxes.

Kohl's

The company's fiscal years end in Jan. following the years listed. Tax benefits from stock options (as reported) saved the company \$10, \$6 and \$1 million in 1998, 1997 and 1996.

Kroger

The company booked a restructuring charge in 1998. This charge has been allocated to 1998 based on its current effect in that year. Tax benefits from stock options (as reported) saved the company \$55, \$26 and \$22 million in 1998, 1997 and 1996.

Leggett & Platt

The company's high tax rate in 1996 apparently reflects booked expenses that were not yet tax deductible. Tax benefits from stock options (as reported) saved the company \$4, \$7 and \$1 million in 1998, 1997 and 1996.

Lehman Brothers

The company's fiscal years end in Nov. of the years listed. The jump in the company's tax rate in 1998 appears to reflect expenses that accrued for book purposes, but were not yet deductible for tax purposes (because they had not yet been paid). The negative 1996 tax rate reflects in part unrealized trading and investment gains, on which taxes are deferred (totaling \$84 million in deferred taxes in 1996). Tax-exempt income in years 1998, 1997 and 1996 was \$203, \$171, and \$69 million. Tax benefits from stock options (as calculated) saved the company \$29, \$5 and \$1 million in 1998, 1997 and 1996.

Lexmark

In 1997 and 1996, the company paid U.S. income taxes on profits that the company characterizes as foreign but which were not subject to income tax by foreign governments. These tax-haven profits (as calculated) were treated as domestic for purposes of the study. Research and development credits reduced tax liability by \$21, \$15 and \$12 million in 1998, 1997 and 1996. Tax benefits from stock options (as reported) saved the company \$11, \$6 and \$7 million in 1998, 1997 and 1996.

Litton Industries

The company's fiscal years end in July of the years listed. Nondeductible amortization book write-offs were \$21, \$18 and \$11 million in 1998, 1997 and 1996, which were not deducted in computing pretax profits in the study. Tax benefits from stock options (as calculated) saved the company \$9, \$3 and \$5 million in 1998, 1997 and 1996.

Lockheed Martin

The company's high tax rate in 1996 apparently reflects expenses written off for book purposes that were not yet tax deductible. Tax benefits from stock options (as calculated) saved the company \$26, \$30 and \$33 million in 1998, 1997 and 1996.

Loews

The company booked a restructuring charge in 1998. This charge has been allocated to reflect only its current effect in 1998. Nontaxable investment income in 1998, 1997 and 1996 was \$342, \$289 and \$273 million. Tax benefits from stock options (as calculated) saved the company \$5 million in 1998.

Lowe's

The company's fiscal years end in Jan. following the years listed. Tax benefits from stock options (as reported) saved the company \$4 million in 1998.

Lyondell Chemical

In 1998, the company acquired Arco Chemical. Because of the acquisition, the company elected to step-up the tax basis of the net assets acquired from Arco, generating \$452 million in tax benefits for future use. In 1998, accelerated tax depreciation more than wiped out the company's federal income taxes, making the company's tax rate negative for that year.

Manpower

In computing domestic profits, the study geographically divided and allocated corporate expenses, amortization of intangible assets and interest in 1998, 1997 and 1996. A December 1998 book write-off for capitalized software not actually incurred until 1999 was not subtracted in computing 1998 profits. Tax benefits from stock options (as calculated) saved the company \$0.7, \$2.4 and \$2.5 million in 1998, 1997 and 1996.

Marriott International

In computing pretax U.S. profits, the study estimated foreign income based on reported foreign income taxes. Tax credits reduced income taxes by \$27, \$18 and \$10 million in 1998, 1997 and 1996. The relatively high 1997 tax rate reflects \$19 million in deferred tax benefits relating to expenses booked but not yet incurred in connection with the company's "frequent stay programs." Tax benefits from stock options (as reported) saved the company \$39, \$38 and \$27 million in 1998, 1997 and 1996.

Marsh & McLennan Companies

In 1997, the company acquired Johnson and Higgins. Accompanying the acquisition were special charges of \$143 million for integration costs and \$168 million for merger related costs. These charges were not fully incurred in the year of announcement. The study geographically divided these charges and allocated the charges in 1998 and 1997, based on their

effects in those years. Tax benefits from stock options (as calculated) saved the company \$40, \$30 and \$11 million in 1998, 1997 and 1996.

Masco

Tax benefits from stock options (as calculated) saved the company \$13, \$10 and \$2 million in 1998, 1997 and 1996.

Maytag

The company booked restructuring charges in 1996. The restructuring charges have been allocated to 1996, 1997 and 1998 based on their current effects in those years. The high 1996 tax rate reflects \$29 million in negative deferred taxes, from accrued expenses that were not yet deductible and a turnaround of taxes previously deferred due to accelerated depreciation. Tax benefits from stock options and the company's ESOP (as reported) saved the company \$10, \$7 and \$1 million in 1998, 1997 and 1996.

MBNA

The company reported negative deferred taxes in 1996, reflecting either booked expenses not yet deductible or a turnaround in taxes previously deferred. Tax benefits from stock options (as calculated) saved the company \$50, \$33 and \$16 million in 1998, 1997 and 1996.

McDonald's

The company booked a special charge of \$160 million in 1998 related to the company's home office production initiative. The charge has been allocated to 1998, based on its current effect in that year. Tax benefits from stock options (as reported) saved the company \$154, \$79 and \$86 million in 1998, 1997 and 1996.

McGraw-Hill

The company had negative deferred \$21 and \$19 million in 1997 and 1996, reflecting either booked expenses not yet deductible or a turnaround in taxes previously deferred. Tax benefits from stock options (as calculated) saved the company \$12, \$6 and \$3 million in 1998, 1997 and 1996.

MCI Worldcom

Profits shown in the study are before nondeductible, non-cash writeoffs for acquired in-process R&D (and other merger-related items) of \$4 billion in 1998 and \$2.1 billion in 1996, as well as nondeductible amortization of excess cost over net tangible assets acquired in 1997 and 1996 of \$87 and \$20 million. The company's annual report does not separate foreign income taxes, if any, from federal income taxes, so the tax figures reported here include foreign income taxes, if any. The share of worldwide profits earned in the U.S. was estimated based on the geographic location of revenues. Tax benefits from stock options (as reported) saved the company \$208, \$24 and \$33 million in 1998, 1997 and 1996.

McKesson

The company's fiscal years end in May of the years listed. Nondeductible amortization in 1998, 1997 and 1996 was \$5, \$1 and \$2 million, which was not deducted in computing pretax profits in the study. Nondeductible in-process purchased technology in 1997 was \$48 million, which was not deducted in

computing pretax profits in the study. "Nontaxable income" was \$11, \$5 and \$4 million in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$14, \$16 and \$23 million in 1998, 1997 and 1996.

MedPartners

In 1996, the company had \$13 million in nondeductible merger expenses, which was not deducted in computing pretax profits in the study. Tax benefits from stock options (as calculated) saved the company \$19 and \$12 million in 1997 and 1996. The company's non-payment of taxes in 1998 appears to stem from tax write-offs items that were booked, but not deducted, in earlier years. In 1996, the company paid \$20 million in Alternataive Minimum Tax. At the end of 1998, that amount of AMT credit carryforward remained available to reduce future taxable income.

Medtronic

The company's fiscal years end in April of the years listed. In 1998, the company booked charges for restructuring and commitments to its foundation. These amounts were not fully spent in 1998, so the study has geographically divided and allocated these charges for 1998, based on their current effects in that year. Tax benefits for the company's Puerto Rico operations saved the company \$18, \$19 and \$19 million in taxes in 1998, 1997 and 1996. Tax benefits from stock options (as reported) saved the company \$46, \$14 and \$7 million in 1998, 1997 and 1996.

Merck

In computing pretax U.S. profits, the study geographically divided and allocated consolidating eliminations and non-operating income in 1998, 1997 and 1996. In 1994, the company formed a joint venture with Astra AB to market Prilosec in the United States. The joint venture stipulated that each company held a 50 percent share of AMI, the company that marketed the drug in the U.S. In 1998, the company acquired Astra AB's 50 percent share of AMI. Accompanying the acquisition, the company booked a charge of \$1.04 billion for acquired research, which was not deducted in computing pretax profits in the study. Tax benefits from the company's Puerto Rico operations saved the company \$133, 123 and 108 million in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$488, \$333 and \$207 million in 1998, 1997 and 1996.

Merrill Lynch

The company announced restructuring charges in 1998. These charges have been geographically divided and allocated to 1998 based on their current effects in that year. The relatively high 1997 tax rate reflects expenses booked but not yet deductible for tax purposes (because they have not yet been paid). Nontaxable interest for years 1998, 1997 and 1996 was \$146, \$74 and \$60 million. Tax benefits from stock options (as calculated) saved the company \$128, \$95 and \$50 million in 1998, 1997 and 1996.

Microsoft

The company's fiscal years end in June of the years listed. Net revenues received but deferred for book (but not tax) purposes

were added back in computing U.S. pretax profits in each year (the calculated domestic amounts were \$1,470, \$858 and \$506 million in 1998, 1997 and 1996). In 1996, a book write-off for \$386 million in nondeductible purchased research relating to the acquisition of Web TV was not deducted in computing pretax profits in the study. U.S. taxes include both federal and state income taxes (the company does not disaggregate them). Tax benefits from employee stock options (as reported) reduced the company's current income taxes by \$1,553, \$796 and \$352 million in 1998, 1997 and 1996.

Mobil

In computing pretax U.S. profits, the study geographically allocated worldwide corporate expenses in all three years. In 1998, Mobil booked approximately \$261 million in charges against U.S. book profits for asset write-downs and inventory adjustments. These charge had no immediate cash effect, and were added back in computing Mobil's 1998 domestic profit. Tax benefits from stock options (as calculated) saved the company \$49, \$45 and \$33 million in 1998, 1997 and 1996.

Morgan Stanley Dean Witter

The company's fiscal years end in Nov. of the years listed. The high 1996 tax rate reflects \$326 million in either deferred tax benefits or a turnaround in taxes previously deferred. Tax benefits from stock options (as calculated) saved the company \$271, \$190 and \$65 million in 1998, 1997 and 1996.

Navistar

The company's fiscal years end in Oct. of the years listed. In 1998, the company reported US profits before income taxes of \$403 million, but paid federal income taxes of only \$4 million, all of which reflected the Alternative Minimum Tax. According to the company, the low tax payment "was primarily generated by the utilization of net operating loss (NOL) carryforwards and the increase of temporary differences, [which] will not require future cash payments." In both 1997 and 1996, the company also paid only the Alternative Minimum Tax (in very small amounts); its taxes otherwise due in those years were mainly offset by tax loss carryforwards.

New York Times

Tax benefits from stock options (as reported) saved the company \$32, \$39 and \$4 million in 1998, 1997 and 1996.

Newell

The company had nondeductible trade names and goodwill amortization of \$9, \$7 and \$6 million in 1998, 1997 and 1996, which was not deducted in computing pretax profits in the study. Tax benefits from stock options (as calculated) saved the company \$4 and \$4 million in 1998 and 1997.

Nordstrom

The company's high 1996 tax rate reflects a \$6 million tax turnaround of taxes previously deferred due to accelerated depreciation write-offs and \$3 million in accrued expenses that were not yet tax deductible. Tax benefits from stock options (as calculated) saved the company \$3, \$3 and \$2 million in 1998, 1997 and 1996.

Norfolk Southern

In 1998, the company reported profits before income taxes of \$639 million, but paid only \$89 million in federal income taxes. The company says that it deferred payment of \$100 million in taxes, but does not specify how. Tax benefits from stock options (as calculated) saved the company \$9, \$6 and \$5 million in 1998, 1997 and 1996.

Northrop Grumman

In computing pretax U.S. profits, the study estimated foreign income based on foreign income taxes paid. The company's extremely low tax rate in 1998—\$6 million versus \$104 million that would be owed at the statutory 35 percent tax rate—primarily reflects \$36 million in Alternative Minimum Tax credits from earlier years and about \$62 million in tax savings from the special treatment of income from contracts for tax purposes. Tax benefits from stock options (as calculated) saved the company \$7, \$10 and \$4 million in 1998, 1997 and 1996.

Omnicom

Nondeductible goodwill amortization was \$9, \$6 and \$6 million in 1998, 1997 and 1996, which was not deducted in computing pretax profits in the study. Tax benefits from stock options (as calculated) saved the company \$14, \$7 and \$4 million in 1998, 1997 and 1996.

Oracle

The company's fiscal years end in May of the years listed. Over the 1996-97 period, the company acquired TSC and merged NC, Navio and Datalogix into its operations. As a result of these acquisitions, the company booked nondeductible expenses for acquired-in-process research and development of \$141 and \$30 million in 1998 and 1997, which was not deducted in computing pretax profits in the study. Tax benefits from stock options (as calculated) saved the company \$62, \$63 and \$65 million in 1998, 1997 and 1996.

Owens & Minor

Nondeductible goodwill amortization in 1998, 1997 and 1996 was \$1.6, \$1.6 and \$1.7 million, which was not deducted in computing pretax profits in the study. A 1998 restructuring charge was allocated to 1998 based on its current effect in that year. Nontaxable income was \$4.0, \$3.1 and \$3.0 million in 1998, 1997 and 1996. The company's annual report indicates that a change in its method of accounting for inventories was the main factor causing its tax refund in 1998.

Paccar

Tax-exempt income in years 1998, 1997 and 1996 was \$80, \$69 and \$46 million. The company's high tax rate in 1997 reflects expenses accrued but not yet deductible (because the amounts were not yet spent). Tax benefits from stock options (as calculated) saved the company \$3 million in 1998.

Paine Webber Group

The company's tax rates in 1998 and 1997 were increased by \$60 and \$53 million in employee benefit expenses that accrued on the books, but were not yet tax deductible. In 1998, the company saw a \$10 million turnaround in taxes previously deferred from accelerated depreciation. Nontaxable dividends and inter-

est amounted to \$15, \$18 and \$19 million in 1998, 1997 and 1996. Tax benefits from stock options and other employee benefit programs (as reported) saved the company \$70, \$59 and \$21 million in 1998, 1997 and 1996.

Parker Hannifan

The company's fiscal years end in June of the years listed. In computing U.S. pretax profits, corporate and administrative expenses, interest income and expenses, other income and gain or loss on asset disposal were geographically divided and allocated in 1998, 1997 and 1996 based on their current effects in those years. Tax benefits from stock options (as calculated) saved the company \$6, \$3 and \$2 million in 1998, 1997 and 1996.

Peco Energy

Book write-offs in connection with the company's 1998 early retirement plan have been allocated to 1998 based on their current effect in that year. Tax benefits from stock options (as calculated) saved the company \$3 million in 1998.

PepsiCo

In 1998, the company reported a \$494 million tax benefit from a settlement with the IRS regarding the company's Puerto Rican operations. Tax benefits from stock options (as calculated) saved the company \$109, \$173 and \$145 million in 1998, 1997 and 1996.

Pfizer

The company announced a restructuring charge in 1998, which has been geographically divided and allocated to 1998 based on its current effect in that year. Tax breaks for the company's Puerto Rico operations were \$57, \$52 and \$99 million in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$541, \$213 and \$146 million in 1998, 1997 and 1996.

Philip Morris

Tax benefits from stock options (as calculated) saved the company \$72, \$107 and \$152 million in 1998, 1997 and 1996.

Phillips Petroleum

Page 64 of the company's 1998 annual report reads, "On February 26, 1996, the US Tax Court's decisions relating to the company's sales of LNG from its Kenai, Alaska, facility to Japan became final. The Tax Court's decisions supported the company's position that more than 50 percent of the income from LNG sales was from a foreign source. The favorable resolution of this issue for years 1975 through 1982 increased net income in 1996 by \$565 million. In June 1997, final resolution of this and all other outstanding issues was achieved with the IRS for years 1983 through 1986, resulting in an increase to 1997 net income of \$83 million. In December 1998, agreement was achieved with the IRS on the Kenai LNG and certain other tax issues for years 1987 through 1992; the last of the years in which the Kenai LNG income issue was in dispute with the government. As a result, net income was increased in 1998 by \$115 million. The related cash refunds of \$99 million due to the company are expected to be received in the near term." Tax credits for producing fuel from non-conventional sources reduced the company's tax bill in

1998, 1997, and 1996 by \$29, \$29, and \$27 million, respectively. Tax benefits from stock options (as calculated) saved the company \$5, \$8 and \$6 million in 1998, 1997 and 1996. The company's negative tax rates in 1998 and 1996 occurred despite apparent Alternative Minimum Tax payments in both years. At the end of 1998, the company had \$440 million in AMT and other tax credit carryforwards to reduce future income taxes.

Pitney Bowes

In 1998, the company deferred \$130 million in federal income taxes (the company does not specify how), cutting its taxes by more than half. In 1997, the company deferred 55 percent of its tax bill, or \$109 million. In 1996, the company deferred 62 percent of its tax bill, or \$83 million. Credits for Alternative Minimum Tax paid in the past reduced the company's tax bill by \$53 million in 1997, and apparently by another \$27 million in 1998 (the 1998 report is not completely clear). In 1996, the company paid \$24 million in AMT. Tax benefits from stock options (as reported) saved the company \$12, \$2 and \$4 million in 1998, 1997 and 1996. At the end of 1998, the company had \$131 million in tax-loss carryforwards available to reduce future taxable income.

PPG

Tax benefits from stock options (as calculated) saved the company \$18, \$14 and \$13 million in 1998, 1997 and 1996. At the end of 1998, the company had \$129 million in tax-loss carryforwards available to reduce future taxable income.

Praxair

The company paid \$26 million in Alternative Minimum Tax in 1998, reflecting most of its federal income tax bill. A \$14 million AMT payment in 1996 was not enough to make the company's tax bill positive for that year. Tax benefits from stock options (as calculated) saved the company \$7, \$22 and \$22 million in 1998, 1997 and 1996. At the end of 1998, the company had \$42 million in AMT credit carryforwards available to reduce future income taxes.

Procter & Gamble

The company's fiscal years end in June of the years listed. Tax benefits from stock options (as calculated) saved the company \$192, \$125 and \$56 million in 1998, 1997 and 1996.

Ralston Purina

Tax and profit figures shown in the study are based on the company's consolidated operations. Restructuring charges were booked between 1995 and 1998. These charges have been allocated to 1998, 1997 and 1996, based on their current effects in those years. The company reported nontaxable investment income of \$131, \$154 and \$97 million in 1998, 1997 and 1996. The company deferred \$345 million in federal income taxes in 1998, which is the cause of its very low tax rate in that year. In 1997 and 1996, the company reported negative deferred taxes, reflecting either deferred tax benefits to be used later or turn-arounds in taxes previously deferred. Tax benefits from stock options (as calculated) saved the company \$5, \$17 and \$4 million in 1998, 1997 and 1996.

Raytheon

The company in 1997 booked a reserve for restructuring

charges. None of the charge was utilized in the year of announcement, so it was added back to reported income. In 1998, the company made additions to the 1997 restructuring charge. Insofar as these charges were actually incurred in 1998, they were deducted from 1998 income. The company's extremely low tax rate in 1998 appears to primarily reflect utilization of previously deferred tax benefits. Tax benefits from stock options (as calculated) saved the company \$21, \$8 and \$17 million in 1998, 1997 and 1996.

Regions Financial

Tax-exempt income in years 1998, 1997 and 1996 was \$40, \$43 and \$35 million. Tax benefits from stock options (as calculated) saved the company \$12, \$12 and \$4 million in 1998, 1997 and 1996.

Richfood Holdings

The company's fiscal year ends in May of the year's listed. The company booked restructuring charges in 1998. These charges have yet to be incurred, and the study adjusted income to reflect this. Tax deferrals, which were insignificant in 1996 and 1997, were \$25 million in 1998. Tax benefits from stock options (as calculated) saved the company \$2, \$3 and \$1 million in 1998, 1997 and 1996.

Rite Aid

The company's fiscal years end in Feb. of the years listed. The company's very low tax rates in 1996 and particularly in 1997 stem largely from accelerated depreciation, which saved the company \$93 million over the 1996-98 period, and inventory valuation issues, which saved the company \$106 million over the same period. Tax benefits from stock options (as calculated) saved the company \$7 and \$3 million in 1998 and 1997.

Rohm and Haas

Tax benefits from stock options (as calculated) and ESOP (as reported) saved the company \$6, \$6 and \$6 million in 1998, 1997 and 1996.

Ruddick

The company's fiscal years end in Sept. of the years listed. The company's annual report does not distinguish state income taxes from foreign income taxes. The study has estimated current state income taxes for 1996 to 1998.

Ryder

In calculating pretax U.S. profits for 1998, the study estimated foreign income based on the reported foreign income taxes. (In earlier years, foreign profits were disclosed by the company.) In 1996, the company booked a restructuring charge of \$105 million. The company's income tax note in its annual report reveals that not all of the restructuring charge was utilized in 1996. The study has allocated the restructuring charge, based on its current effects in 1996 through 1998. The company's negative tax rate in 1998 reflects the fact that it deferred more than all of its current tax bill, primarily because of accelerated depreciation write-offs, which saved the company \$57 million that year. The company's negative tax rate in 1997 primarily reflects the utilization of tax benefits relating to expenses booked in earlier years. The company reports Alternative Minimum Tax payments

in 1998 and 1997 of \$18 and \$3 million, and an AMT credit in 1996 of \$36 million (the main cause of the company's low 1996 tax rate). Tax benefits from stock options (as calculated) saved the company \$3, \$9 and \$4 million in 1998, 1997 and 1996. At the end of 1998, the company had \$31 million in AMT credit carryforwards available to reduce future income taxes.

Ryerson Tull

In calculating pretax U.S. profits, the study estimated foreign income (which was small) based on foreign taxes paid. The company apparently used tax credit and "loss" carryforwards in 1998 to reduce its tax bill. At the end of 1998, the company had \$41 million in Alternative Minimum Tax credit carryforwards to reduce future income tax liability.

Safeway

Non-deductible amortization, etc. (probably for goodwill) was \$50, \$39 and \$9 million in 1998, 1997 and 1996, which was not deducted in computing pretax profits in the study. Tax benefits from stock options (as reported) saved the company \$85, \$45 and \$52 million in 1998, 1997 and 1996. At the end of 1998, the company had \$12.1 million in U.S. loss carryforwards available to reduce future taxable income.

Saks

The company's fiscal years end in Jan. following the years listed. The company has been very active in mergers and acquisitions since 1994. As a result, charges often have ensued after a merger or acquisition. The study has adjusted profits in the years 1996-98 to reflect actual expenditures occurring from these charges. Tax benefits from stock options (as reported) saved the company \$16, \$7 and \$5 million in 1998, 1997 and 1996.

SBC Communications

In 1998 the company announced merger plans with Ameritech, to be completed in 1999. The study includes SBC and Ameritech as the two different individual companies they were in 1996-98. Tax benefits from stock options (as calculated) saved the company \$120, \$42 and \$6 million in 1998, 1997 and 1996.

Schering-Plough

Research tax credits reduced income taxes by \$11, \$7 and \$4 million in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$82, \$34 and \$37 million in 1998, 1997 and 1996.

Sears

In 1996, the company reported negative deferred taxes, reflecting either deferred tax benefits to be used later or turnarounds in taxes previously deferred. Tax benefits from stock options (as calculated) saved the company \$29, \$34 and \$44 million in 1998, 1997 and 1996.

Sherwin-Williams

The high 1996 tax rate reflects \$12 million in negative deferred taxes, reflecting tax benefits to be used later, largely in connection with "dispositions, environmental and similar items." Tax benefits from stock options (as calculated) saved the company \$6, \$6 and \$4 million in 1998, 1997 and 1996.

Shopko

The company's fiscal years end in Jan. following the years listed. The company was able to reduce its 1998 taxes by \$8 million as result of accelerated depreciation write-offs. The relatively high tax rates in 1997 and 1996 stem from negative deferred taxes, reflecting a combination of deferred tax benefits to be used later and turnarounds in taxes previously deferred. Tax benefits from stock options (as reported) saved the company \$2 and \$4 million in 1998 and 1997.

Smithfield Foods

The company's fiscal years end in May of the years listed. The company's low tax rate in 1998, 60 percent below the statutory tax rate, stems from tax breaks from accelerated depreciation and utilization of tax breaks generated in earlier years, including a \$6 million credit for Alternative Minimum Tax paid in 1997. In 1997, the company's tax bill was only half the statutory tax rate—and would have been much less without the AMT—due to tax breaks from accelerated depreciation and utilization of tax breaks generated in earlier years. Tax benefits from stock options (as calculated) saved the company \$0.1, \$0.7 and \$0.4 million in 1998, 1997 and 1996. At the end of 1998, the company had \$6 million in AMT credit carryforwards available to reduce future income taxes.

Solectron

The company's fiscal years end in Aug. of the years listed. In all three years, the company reported deferred tax benefits that will reduce taxes in future years. Tax benefits from stock options (as reported) saved the company \$9, \$11 and \$2 million in 1998, 1997 and 1996.

Southern

Deferred taxes were insignificant in all three years, probably reflecting cutbacks in capital spending due to utility deregulation.

SouthTrust

Tax-exempt interest income was \$22, \$19 and \$22 million in 1998, 1997 and 1996. The company's relatively high 1997 tax rate reflects allowances for losses on loans that offset book income, but did not yet have a tax benefit. Tax benefits from stock options (as calculated) saved the company \$5, \$2 and \$1 million in 1998, 1997 and 1996.

Southwest Airlines

In 1998, 1997 and 1996, the company cut its tax liability by \$98, \$76 and \$67 million through accelerated depreciation write-offs. The company received rebates of Alternative Minimum Tax paid in the past of \$6 and \$5 million in 1997 and 1996. Tax benefits from stock options (as reported) saved the company \$22, \$10 and \$4 million in 1998, 1997 and 1996.

Sprint

In 1998, the company took a book write-off for \$179 million in acquired in-process research and development that was not deductible for tax purposes and was not deducted in computing pretax profits in this study. The company's low 1998 tax rate reflects, among other things, \$611 million in tax savings from accelerated depreciation write-offs. Tax benefits from stock

options (as reported) saved the company \$49 and \$26 million in 1998 and 1997. The company reports paying \$27 million in Alternative Minimum Tax in 1998, and has a corresponding AMT credit carryforward available to reduce future federal income taxes.

Staples

The company's fiscal year ends on Jan. 31 of the year following the calendar years listed in the study. In 1998, the company booked restructuring charges following its acquisition of Quill. These charges have been allocated to 1998, based on their current effect in that year. Also in 1998, the company recorded a charge of \$50 million to close and relocate stores it deemed incapable of upgrading to its "Concept 97" model. The study adjusted income to reflect the \$20 million of the store-closure charge not used in 1998. The company had tax-exempt interest income of about \$4, 3 and \$2 million in 1998, 1997 and 1996. Tax benefits from stock options (as reported) saved the company \$74, \$33 and \$17 million in 1998, 1997 and 1996.

State Street

Tax-exempt interest was \$68, \$63 and \$57 million in 1998, 1997 and 1996. For those same three years, tax credits reduced income taxes by \$15, \$9 and \$6 million. Most of the company's (very low) federal income tax bill in 1998 (\$9 out of \$15 million) reflected the Alternative Minimum Tax. Tax benefits from stock options (as reported) saved the company \$24, \$10 and \$7 million in 1998, 1997 and 1996.

Suiza Foods

Between 1996 and 1998, the company acquired 23 dairy businesses and nine packaging businesses. Nondeductible merger-related costs associated with these acquisitions amounted to \$34 and \$1 million in 1997 and 1996, which was not deducted in computing pretax profits in the study. Accelerated depreciation write-offs cut the company's taxes by \$41 and \$13 million in 1998 and 1997. Tax-exempt earnings in 1998, 1997 and 1996 were \$14, \$13 and \$8 million. Tax benefits from stock options (as calculated) saved the company \$28 and \$5 million in 1998 and 1997. The company's negative income taxes in 1997 are net of the \$22 million the company received from the sale (to other companies) of tax breaks relating to its Puerto Rico operations.

Suntrust

In 1998, the company merged with Crestar and merger charges ensued. The merger charges have been allocated to 1998, based on their current effect in that year. Nondeductible acquisition expenses were \$40 million in 1998, which were not deducted in computing pretax profits in the study. Tax-exempt income for 1998, 1997 and 1996 was \$87, \$92 and \$99 million. Tax benefits from stock options (as calculated) saved the company \$20, \$21 and \$23 million in 1998, 1997 and 1996.

Supervalu

The company's fiscal year ends on the last day of Feb. of the year following the calendar year's listed in the study. Restructuring charges from 1995 have been allocated to 1996-98, based on their current effects in those years. Nondeductible goodwill write-offs were \$18 million a year in 1996-98, which were not

deducted in computing pretax profits in the study. Tax benefits from stock options (as calculated) saved the company \$7.6, \$5.1 and \$0.4 million in 1998, 1997 and 1996.

Telephone and Data Systems

Nondeductible amortization was \$11, \$15 and \$12 million in 1998, 1997 and 1996, which was not deducted in computing pretax profits in the study. Almost all the company's (low) tax bills in 1998 and 1997 was the Alternative Minimum Tax. At the end of 1998, the company had \$275 million in tax-loss carryforwards available to reduce future federal taxable income.

Temple-Inland

At the end of 1998, the company had \$43 million in tax-loss carryforwards available to reduce future taxable income.

Tenet Healthcare

The company's fiscal years end in May of the year following the years listed. The company booked restructuring charges in 1998, 1997 and 1996. These charges were allocated to 1996, 1997 and 1998 based on their current effects in those years. Nondeductible asset impairment charges resulting from the company's restructuring activities were \$109, \$34 and \$83 million in 1998, 1997 and 1996, which were not deducted in computing pretax profits in the study. On January 30, 1997 (fiscal year 1996), the company acquired OrNda Healthcorp in a transaction accounted for as a pooling-of-interests, generating \$40 million in nondeductible merger costs, which were not deducted in computing pretax profits in the study. Nondeductible goodwill amortization was \$71, \$74 and \$74 million in 1998, 1997 and 1996, which was not deducted in computing pretax profits in the study. The company's very low tax rate in 1997 stemmed largely from accelerated depreciation write-offs, which cut the company's tax bill by \$169 million. Tax benefits from stock options (as calculated) saved the company \$3, \$42 and \$25 million in 1998, 1997 and 1996.

Tenneco

The company booked a 1998 restructuring charge, which has been allocated to 1998 based on its current effect in 1998. In 1998, 1997 and 1996, the company had nondeductible goodwill amortization of \$23, \$17 and \$20 million, which was not deducted in computing pretax profits in the study. The company's 1997 tax rebate of \$133 million was largely driven by accelerated depreciation write-offs that lowered the company's tax bill by \$156 million. At the end of 1998, the company had \$586 million in U.S. tax-loss carryforwards available to reduce future taxable income.

Texaco

The company's 1998 tax rebate of \$45 million reflects, among other things, energy tax credits of \$82 million that year. Energy tax credits in 1997 and 1996 were \$47 and \$57 million. In 1997, the company and the IRS reached a settlement providing the company with a \$488 million tax benefit. Tax benefits from stock options (as calculated) saved the company \$23, \$34 and \$23 million in 1998, 1997 and 1996. The company's tax rebate in 1998 occurred despite a reported Alternative Minimum Tax payment of \$131 million. At the end of 1998, the company had

\$368 million in AMT credit carryforwards available to offset future income taxes.

Texas Utilities

The company paid \$4 and \$3 million in Alternative Minimum Tax in 1998 and 1997, but reduced its taxes with an AMT credit of \$25 million in 1996. At the end of 1998, the company had tax-loss carryforwards of \$420 million available to reduce future taxable income and \$594 million in AMT credits available to reduce future income taxes.

Textron

The company booked restructuring charges in 1998. The charges have been geographically divided and allocated to 1998 based on their effect in that year. The relatively high 1998 tax rate appears to reflect booked expenses that were not yet tax deductible (generating negative deferred taxes for the years). Tax benefits from stock options (as calculated) saved the company \$38, \$20 and \$15 million in 1998, 1997 and 1996.

Thermo Electron

Tax benefits from stock options and in connection with acquired companies (as reported) saved the company \$21, \$17 and \$31 million in 1998, 1997 and 1996.

3M

In 1998, the company booked a restructuring charge. The restructuring charge was geographically divided and allocated to 1998 based on its current effect in 1998. In 1998 the company refinanced debt related to its Employee Stock Ownership Plan, resulting in a \$21 million tax benefit. Tax benefits from stock options (as calculated) saved the company \$52, \$81 and \$33 million in 1998, 1997 and 1996.

Times Mirror

The company announced restructuring plans in 1998, 1996 and 1995. These charges have been allocated to 1998, 1997 and 1996 based on their current effects in those years. Nondeductible goodwill amortization was \$20, \$16 and \$18 million in 1998, 1997 and 1996, which was not deducted in computing pretax profits in the study. Tax benefits from stock options (as calculated) saved the company \$24, \$14 and \$10 million in 1998, 1997 and 1996.

Timken

In 1998, accelerated depreciation write-offs saved the company \$52 million in taxes. Tax benefits from stock options (as calculated) saved the company \$3, \$2 and \$1 million in 1998, 1997 and 1996.

Tosco

In computing U.S. pretax profits, the study estimated foreign income by dividing foreign income taxes by the statutory rates. In 1998, the company booked restructuring charges related to its domestic operations. The charges have been allocated to 1998 based on their current effect in 1998. In 1998, the company reported a federal income tax rebate despite \$10 million in Alternative Minimum Tax payments; the rebate was driven largely by accelerated depreciation tax benefits. The company's low 1997 tax rate reflects the company's deferral of income tax

payments of \$37 million, again largely due to accelerated depreciation. Tax benefits from stock options (as calculated) saved the company \$1, \$4 and \$3 million in 1998, 1997 and 1996. At the end of 1998, the company had \$23 million in AMT credit carryforwards and \$6 million in research and experimentation tax credit carryforwards available to reduce future income taxes.

Transamerica

The company's low tax rates (negative in 1997) mainly reflects the fact that it "deferred" most or all of its taxes otherwise due through a variety of means. Total net tax deferrals were \$228, \$154 and \$111 million in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$38, \$23 and \$10 million in 1998, 1997 and 1996.

Tribune Company

The company had negative deferred taxes previously of \$21 and \$18 million in 1997 and 1996, reflecting tax benefits to be realized in the future. Tax benefits from stock options (as calculated) saved the company \$35, \$29 and \$11 million in 1998, 1997 and 1996.

Trinity

The company's fiscal years end in Mar. following the years listed. Tax benefits from stock options (as calculated) saved the company \$2, \$5 and \$2 million in 1998, 1997 and 1996.

U.S. Bancorp

The company announced restructuring plans in 1998, 1997 and 1996. The related charges have been allocated to years 1998, 1997 and 1996 based on their current effects in those years. Nondeductible charges against income were \$112 million in 1997, which were not deducted in computing pretax profits in the study. Income from tax-exempt securities and tax-exempt loans was \$97, \$106 and \$109 million in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$98, \$91 and \$61 million in 1998, 1997 and 1996.

UAL (United Air Lines)

The company's annual report requires substantial, albeit straightforward calculations to compute U.S. pretax profits. The low 1998 tax rate reflects deferred federal taxes of \$270 million, driven by accelerated depreciation write-offs. The company paid \$61 million in Alternative Minimum Tax in 1998, accounting for most of its tax bill. It reduced its taxes with AMT credits by \$94 and \$34 million in 1997 and 1996. At the end of 1998, the company had \$198 million in AMT credit carryforwards available to reduce future income taxes.

Union Carbide

Research and experimentation credits were \$27, \$14 and \$8 million in 1998, 1997 and 1996. Tax benefits from stock options (as calculated) saved the company \$11, \$20 and \$18 million in 1998, 1997 and 1996.

US Airways

In 1998, the company utilized tax-loss carryforwards of \$531 million to reduce its taxable income, which cut the company's taxes by \$186 million. Tax benefits from stock options (as reported) saved the company \$6 and \$9 million in 1998 and

1997. All of the company's taxes in 1997 and 1996 reflected the Alternative Minimum Tax. At the end of 1998, the company had \$157 million in AMT credit carryforwards, which it expected to use to reduce its taxes in 1999.

US West

Tax benefits from stock options (as calculated) saved the company \$24, \$11 and \$4 million in 1998, 1997 and 1996.

USG

The company's "noncash, non-tax impact amortization of excess reorganization value" in 1997 and 1996 was added back in computing pretax profits in those years. Book write-offs for reserves that were "not deductible until paid" were not deducted in computing profits in the study in all three years.

USX

Tax deferrals were \$168, \$164 and \$142 million in 1998, 1997 and 1996, wiping out most of the company's taxes otherwise due. According to the company's 1998 annual report, accelerated depreciation provided the biggest tax deferrals in that year.

Utilicorp United

In 1997, the company's (low) tax bill included \$3 million in Alternative Minimum Tax, slightly offsetting the \$32 million the company saved from accelerated depreciation write-offs. In 1998, the company received a credit for its 1997 AMT payment, plus \$2 million in additional AMT credits. At the end of 1998, the company had \$93 million in remaining AMT credits available to reduce future taxes.

VF Corporation

The company's high tax rates in 1996 and 1997 reflect negative deferred taxes stemming from a combination of turnarounds on taxes previously deferred and tax benefits to be realized in later years. Tax benefits from stock options (as calculated) saved the company \$9, \$13 and \$12 million in 1998, 1997 and 1996.

Wachovia

"Merger related costs" booked in 1997 were reallocated to 1997 and 1998 based on when they were actually incurred. The sharp drop in the company's tax rate in 1998 appear to reflect a large increase in tax savings from "lease financing," a well-known tax shelter. Tax benefits from stock options (as estimated) saved the company \$30, \$18 and \$4 million in 1998, 1997 and 1996.

Walgreens

The company's fiscal years end in August of the years listed. Tax benefits from stock options (as calculated) saved the company \$20, \$9 and \$1 million in 1998, 1997 and 1996.

Warner-Lambert

Page 41 of the company's 1998 annual report states "The earnings of Warner-Lambert's operations in Puerto Rico are subject to tax pursuant to a grant [that] provides for certain tax relief if certain conditions are met. The company continued to be in compliance with these conditions." In fact, the company's tax bill was reduced by tax credits in connection with its Puerto Rico operations of \$32, \$41 and \$73 million in 1998, 1997 and 1996. Research and development tax credits reduced the

company's tax bill in 1998, 1997 and 1996 by \$23, \$15 and \$7 million. The company's 1998 tax rate was higher than earlier years because the tax benefits of some booked expenses were deferred. Tax benefits from stock options (as reported for 1998 and 1997 and calculated for 1996) saved the company \$165, \$65 and \$26 million in 1998, 1997 and 1996. At the end of 1998, the company had \$36 million in research tax credit carryforwards available to reduce future income taxes.

Washington Post

In computing the company's U.S. pretax profits, the study estimated the company's foreign income for years 1996 to 1998. Tax benefits from stock options (as calculated) saved the company \$6.2, \$0.9 and \$0.4 million in 1998, 1997 and 1996.

Wells Fargo

The company merged with Norwest in the fourth quarter of 1998 and announced restructuring charges of \$600 million. These charges were not actually incurred until after 1998, so 1998 income has been adjusted accordingly. Nondeductible goodwill amortization was \$156, \$166, and \$155 million in 1998, 1997 and 1996, which was not deducted in computing pretax profits in the study. Tax-exempt income was \$163, \$106 and \$107 million in 1998, 1997 and 1996. Tax benefits from stock options (as reported) saved the company \$90, \$93 and \$37 million in 1998, 1997 and 1996.

WestPoint Stevens

In computing the company's U.S. pretax profits, the study estimated the company's (small) foreign income for years 1996 to 1998. In all three years, the company avoided all of its federal income taxes, but the annual report does not adequately explain how it did so. Tax benefits from stock options (as calculated) saved the company \$2.2, \$3.7 and \$1.4 million in 1998, 1997 and 1996.

Westvaco

The company's fiscal year ends in Oct of the years listed. In 1998, the company eliminated most of its income taxes with \$43 million in tax savings from accelerated depreciation. In 1997 and 1996, tax "deferrals" from accelerated depreciation were \$35 and \$17 million. In 1996, the company paid \$16 million in Alternative Minimum Tax. It received this amount back and more in the next two years: \$8 million in AMT credits in 1997 and \$11 million in AMT credits in 1998. Tax benefits from stock options (as calculated) saved the company \$1, \$2 and \$1 million in 1998, 1997 and 1996. At the end of 1998, the company had AMT credit carryforwards of \$144 million available to reduce future income taxes.

Weyerhaeuser

The company received a federal income tax rebate of \$9 million in 1998 despite paying \$6 million in Alternative Minimum Tax. The company's annual report says that the company "deferred" payment of \$138 million in federal income taxes in 1998, but fails to specify how. In 1997, the company said it deferred \$86 million in federal income taxes, cutting its tax bill by 57 percent. In 1996, it deferred \$166 million, cutting its taxes by 80 percent. Tax benefits from stock options (as calculated) saved the

company \$2, \$6 and \$4 million in 1998, 1997 and 1996. At the end of 1998, the company had \$69 million in AMT credit carryforwards available to reduce future income taxes.

Whirlpool

The company booked restructuring charges in 1997 and 1996, which have been allocated to 1996, 1997 and 1998 based on their current effect in those years. Tax benefits from stock options (as calculated) saved the company \$5, \$2 and \$2 million in 1998, 1997 and 1996.

Winn-Dixie

The company's fiscal years end in June following the years listed. The high 1998 and 1997 tax rates primarily reflect reserves deducted from book income that were not yet tax deductible. Tax benefits from stock options (as calculated) saved the company \$0.4, \$2.3 and \$0.6 million in 1998, 1997 and 1996.

Xerox

In 1998, the company booked a restructuring charge. The company did not utilize all of this amount in 1998, so 1998 income was adjusted here to reflect the unspent portion. The company had tax-exempt income of \$41, \$25 and \$11 million in 1998, 1997 and 1996. Tax benefits from stock options and ESOP (as reported) saved the company \$98, \$59 and \$37 million in 1998, 1997 and 1996.

York International

The company's high tax rate in 1997 and relatively high rate in 1998 reflect deferred tax benefits on items deducted for book purposes that were not yet deductible for tax purposes. Tax benefits from stock options (as reported) saved the company \$1, \$2 and \$3 million in 1998, 1997 and 1996.

Methodology

This study represents the first in-depth look at corporate taxes since a series of widely-publicized studies by Citizens for Tax Justice and the Institute on Taxation and Economic Policy in the 1980s. Covering 250 corporations from 1996 to 1998, it analyzes what has happened to corporate taxes a decade after the loophole-closing Tax Reform Act of 1986.

1. Choosing the Companies:

In preparing for our report, we wrote to the companies on Fortune's list of the top American corporations requesting copies of their annual reports to shareholders and the similar 10-K forms filed with the Securities and Exchange Commission. If we were unable to obtain hard copies of the reports, we relied on electronic versions from the companies' web sites or from the SEC web site.

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

From the list of about 300 profitable companies for which we eventually had sufficient information, we gleaned the list down to 250, based mainly on size, but also to maintain a representative sample of companies in each industry. Of the final list of 250 companies, all are in the Fortune 1000, and all but 18 are in the Fortune 500. The 232 Fortune 500 companies in our study had more

than half the 1998 sales revenue for that group. More than half the companies (130) in the report are from the Fortune 250 for 1998.

2. Method of Calculation:

Conceptually, our method for computing effective corporate tax rates was very straightforward. First, a company's domestic profit was determined and then current state and local taxes were subtracted to give us net domestic pretax profits before federal income taxes. (We excluded foreign profits since U.S. income taxes rarely apply to them after credits for taxes paid to foreign governments.) We then determined a company's federal income taxes currently payable. (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 taxes currently payable by pretax profits to determine effective tax rates.

A. Issues in measuring profits. The pretax U.S. profits reported in the study are generally as the companies reported them, or if a company did not report U.S. pretax profits, based on a geographic breakdown of operating profits minus a prorated share of overhead and interest expenses. In some cases, companies booked charges against reported profits that were not fully allocable to the year they were booked or they deferred book recognition of income received. Where information was available, we reallocated these charges or profits to the years they were actually incurred or received. In addition,

some companies took book charges for “acquired in-process research,” which should properly be capitalized—and which are not deductible for tax purposes. We reversed such subtractions.¹ We also did not deduct booked “goodwill” write-offs beyond the already generous treatment allowed by the tax code, and disallowed certain other non-cash, nondeductible book write-offs. And finally, in a few cases (too few, most likely) we included in domestic profits certain earnings that companies characterized as “foreign,” but which were not subject to foreign income taxes because they were actually U.S. profits shifted offshore on paper. All significant adjustments to profits made in the study are reported in the company-by-company notes.

B. Issues in measuring federal income taxes. The primary source for federal income taxes currently payable was the companies’ income tax notes to their financial statements. We also subtracted tax breaks that the companies received but which were not reported in their tax notes. Almost all of these tax subtractions reflected tax benefits from stock options, which generate tax deductions, but do not reduce reported book profits. Specifically, when employees exercise stock options, companies can deduct the difference between the market value of the stock and

the exercise price (times the number of shares exercised). The tax savings from these deductions are generally not reflected in the companies’ tax statements in their annual reports, but are instead treated as additions to stockholders’ equity. In many cases, companies disclose the tax benefits from stock options directly. In other cases, we had to calculate the benefits by multiplying the difference between the market value of the stock and the exercise price times the number of options exercised times the 35 percent federal tax rate. 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, usually obtained by carrying back excess tax deductions and/or credits to an earlier year and receiving a tax refund check from the U.S. Treasury Department.

4. Industry classifications.

Because many companies do business in multiple areas, our industry classifications are far from perfect. We generally based them on Fortune’s industry classifications. ●

¹Immediate write-offs for acquired, in-process research have been widely criticized, and are usually ignored by stock market analysts. One effect of these write-offs is to artificially boost profits in future years, with a potentially favorable effect on a company’s stock market valuation.