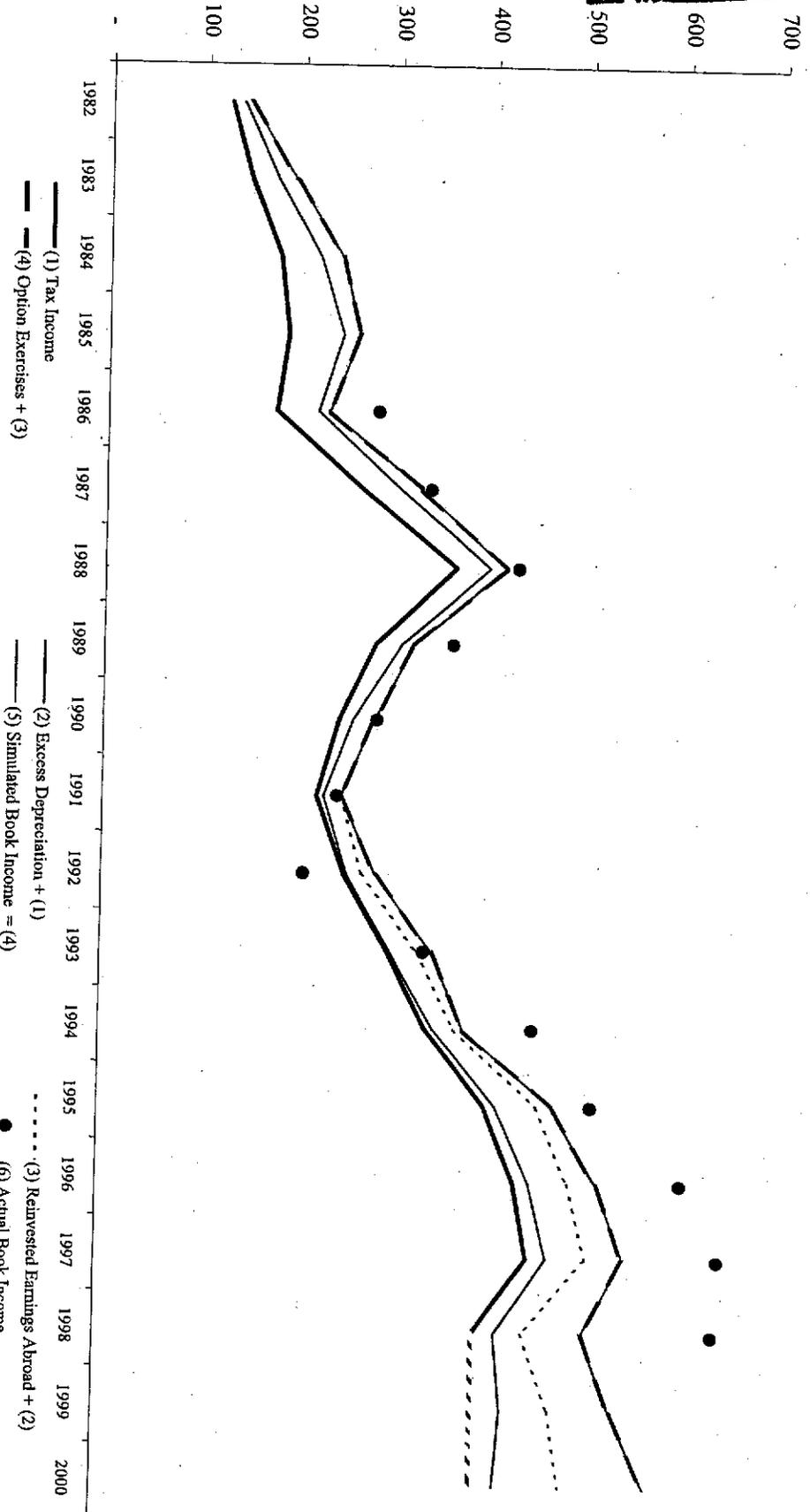


Figure 2
Tax, Simulated Book and Actual Book Income for Firms with greater than \$250 Million in Assets, 1982-2000



Note: Tax income corresponds to total receipts less total deductions for filers with more than \$250 million in assets excluding RICs, REITs, and S-Corporations. Excess depreciation corresponds to the difference in tax and economic depreciation as outlined in CCA adjustments. Reinvested earnings abroad is the difference between earnings abroad and repatriated earnings as reported by the BEA. Option exercises are estimated from Execucomp data and are only available from 1992 onward. Simulated book income is the sum of those items. Black dots correspond to actual book income for those same companies and represent after-tax book income from Schedule M-1 plus federal taxes less tax-exempt interest. Figures are in 1992 dollars. For 1989, IRS data is available only for all filers. The greater than \$250 million category is interpolated by assuming the ratio for this category relative to all filers is the average of those ratios in 1988 and 1990. The bottom four rows compare actual book income to actual tax income and actual book income to simulated book income.