

Submitted by Walter Galvin
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Question for the Record

Question: “Several of you referenced in your testimony or during questioning a ‘US effective tax rate’ for your firm that differed from the effective income tax rate you are required to report in your financial statements. If you did so, please describe the derivation of the rate referenced at the hearing, and explain how it compares to the worldwide book effective tax rate you are required to report to your shareholders.”

Answer: As I mentioned in my testimony before the Ways and Means Committee on June 2, 2011, “Last year we [Emerson] paid U.S. income taxes of approximately \$500 million, with an effective tax rate on U.S. profits of 36 percent.” The U.S. income tax expense and reported effective tax rate numbers are reflected in the table below. That table also shows that Emerson reported an effective income tax rate of 23.8 percent on non-U.S. income—income tax of \$375 million on pretax income of \$1.576 billion. Combining U.S. and non-U.S. income into a blended total, Emerson reported income tax expense of \$848 million on pretax income of \$2,879 million for an effective rate of 29.4 percent.

	United States	Non-U.S.	TOTAL
Pretax Earnings from Continuing Operations	\$1,303 million	\$1,576 million	\$2,879 million
Current Income Tax Expense*	\$529	\$413	\$942
Deferred Income Tax Expense*	(\$56)	(\$38)	(\$94)
Total Income Tax Expense*	\$473	\$375	\$848
Effective Tax Rate	36.3%	23.8%	29.4%

* Federal, state, and local

Source: *2010 Emerson Annual Report*, footnote #13