



Overview

- Tennessee's economy includes 725 U.S. companies that operate internationally, competing in global markets on a daily basis for inputs, capital, and customers.
- These globally engaged U.S. companies serve as a critical engine of economic growth and source of employment in Tennessee — accounting for 48% of Tennessee's private-sector economic output and 45% of its private-sector jobs in 2011.
- These companies operate in a highly competitive global marketplace in which differences in national tax systems can be a decisive factor in where companies choose to invest.
- A more competitive U.S. corporate tax system can help sustain and expand the critical contributions that these companies make to Tennessee's state economy, local communities, and working families.

How Do Globally Engaged U.S. Companies Contribute to Economic Growth in Tennessee?

Tennessee's economy includes 725 companies that operate internationally, competing in global markets on a daily basis for inputs, capital, and customers. These globally engaged U.S. companies serve as a critical engine of economic growth for the state. For instance, they directly contributed \$49.2 billion to Tennessee's economy in 2011. In addition, these companies indirectly contribute to the state economy by purchasing raw materials, intermediate products, professional services, and other inputs from other local businesses. They also serve as a source of income for workers in local communities, paying on average \$60,385 per job in wages, salaries, and fringe benefits in 2011. These payments boost consumer spending and drive additional economic activity throughout the state. Ultimately, all globally engaged U.S. companies directly and indirectly contributed \$112.1 billion to Tennessee's economy in 2011 — accounting for 48% of the state's private-sector gross domestic product.

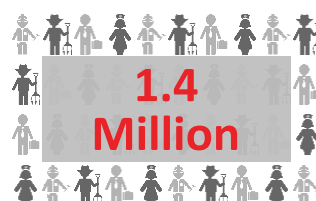
725

Globally Engaged U.S. Companies in Tennessee

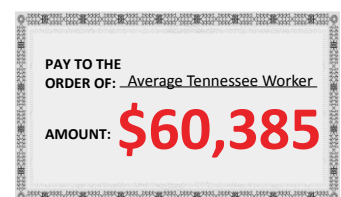


**\$112.1
Billion**

Contribution to Tennessee's GDP
by All Globally Engaged
U.S. Companies



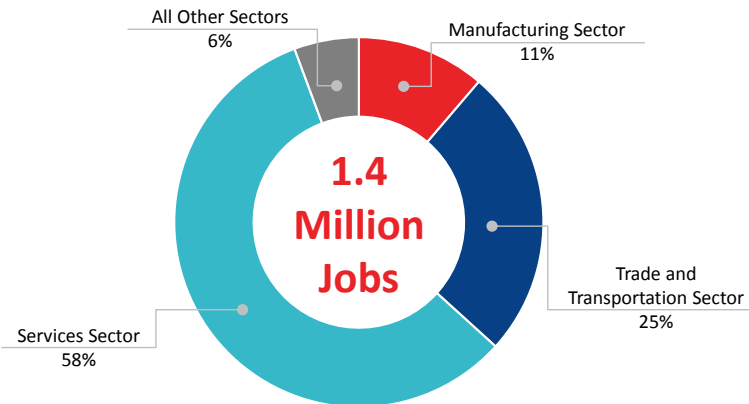
Jobs in Tennessee Supported by
All Globally Engaged
U.S. Companies



Average Wages & Benefits Paid by
Tennessee's Globally Engaged
U.S. Companies

How Do Globally Engaged U.S. Companies Contribute to Job Creation in Tennessee?

*Jobs Supported by Globally Engaged U.S. Companies
Percent of Total, By Sector*



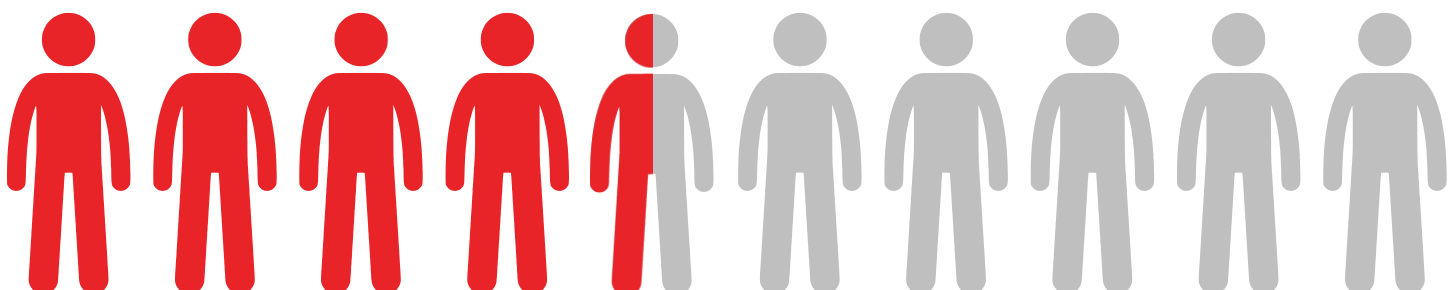
Globally engaged U.S. companies directly provided 491,800 jobs in Tennessee in 2011, including 180,000 jobs in the trade and transportation sector, 170,800 jobs in the services sector, and 133,700 jobs in the manufacturing sector. These companies also indirectly support employment throughout local communities by purchasing goods and services from other local businesses in Tennessee. In fact, such purchases supported an additional 362,800 jobs throughout the state in 2011, including 60,800 jobs in administrative services and 53,600 jobs in professional and scientific services. Finally, these globally engaged U.S. companies, as well

as their suppliers, provide their workers with a source of income, which increased consumption spending and supported an additional 504,400 jobs in 2011, including 117,200 jobs in health care and social assistance and 86,300 jobs in retail trade.

In addition to providing their workers with a source of income in the form of wages and salaries, globally engaged U.S. companies provided \$3.4 billion in dividend payments to Tennessee residents in 2011. These payments serve as another source of income to local residents, thereby providing an additional boost to the state’s economy through the induced economic activity associated with increased consumer spending. In fact, these dividend payments supported an additional 13,300 jobs throughout Tennessee in 2011.

In all, globally engaged U.S. companies directly and indirectly supported 1.4 million jobs throughout Tennessee in 2011 — accounting for 45% of Tennessee’s private-sector employment.

*Globally Engaged U.S. Companies Account for **45%** of Tennessee’s Total Private-Sector Employment*

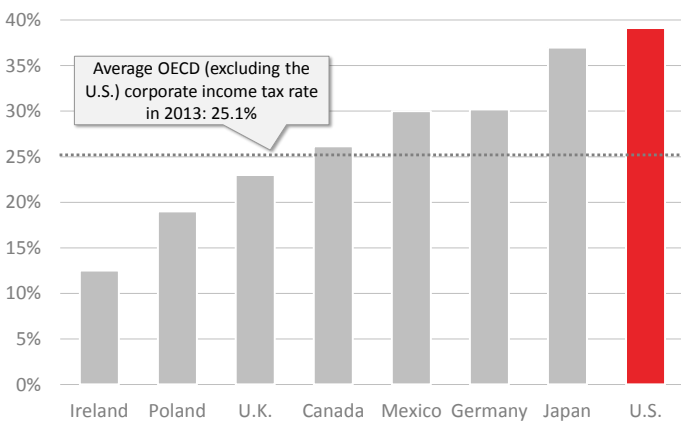


How Can We Sustain and Expand the Contributions of Globally Engaged U.S. Companies?

U.S. companies operate in a highly competitive global marketplace. As cross-border trade and investment have increased, the field of competition has widened in many industries. In this environment, differences in national tax systems can be a significant factor in where companies choose to invest.

Unfortunately, the current U.S. corporate tax system has become an outlier relative to the tax systems of our trading partners. The United States maintains the highest statutory corporate tax rate among OECD countries. In addition, the United States still uses an antiquated system of worldwide taxation, which imposes a second round of taxes on foreign earnings for U.S. companies.

OECD Statutory Corporate Income Tax Rates 2013



Source: OECD

Reforming the U.S. corporate tax system by reducing corporate tax rates and revising international tax rules would make the United States a more attractive location for companies to invest and base their global headquarters, while also encouraging them to return their foreign earnings for investment throughout the United States, including Tennessee. Ultimately, a more competitive U.S. corporate tax system is critical to sustaining and expanding the contributions that globally engaged U.S. companies make to Tennessee’s economy, local communities, and working families.

Globally Engaged U.S. Companies in Tennessee: Summary of Economic Contributions, 2011

Indicator	Direct Contribution*	Indirect Contribution**	Total Contribution	Contribution as a % of State Private Sector
Jobs	491,800	880,500	1,372,300	45%
Payroll	\$29.7 B	\$40.7 B	\$70.4 B	49%
Value-Added	\$49.2 B	\$62.9 B	\$112.1 B	48%

*The direct contribution consists of employment, payroll, and production of globally engaged U.S. companies in the state.

**The indirect contribution consists of employment, payroll, and production supported by globally engaged U.S. companies through their supply chains, the consumption spending of the people they employ directly or indirectly, and the consumption spending associated with the dividends they pay.

For purposes of this analysis, a globally engaged company is defined as a U.S. company that conducts operations abroad through a 10-percent or more owned foreign affiliate.

Source: PwC, *The Economic Impact of Globally Engaged U.S. Companies*, July 2013. Unless otherwise specified, all data referenced in this document are taken from this report.