

INSTRUCTIONS AND DEFINITIONS

INTRODUCTION – These instructions and definitions will assist you in completing your Quarterly Financial Report (QFR) form. Section 1 provides general information about the QFR survey. Section 2 provides instructions and definitions relating to the addressed side of the form. Section 3 provides item specific instructions and definitions relating to the financial side of the form. QFR information is also available at our Website <http://www.census.gov/csd/qfr>.

SECTION 1 — GENERAL INFORMATION

A. Purpose of the Survey – The purpose of this survey is to provide comprehensive and timely information on business financial conditions. Each corporation's response is an important component in the overall assessment of the health of our Nation's economy. The information you provide will be used to prepare national measures of corporate profits and to formulate fiscal and monetary policy.

B. Survey Scope – This survey collects income statement and balance sheet data for domestic corporations that have a plurality of sales activity in manufacturing industries and domestic assets over \$250,000; and corporations with a plurality of sales activity in the mining, retail, or wholesale trade industries and domestic assets over \$50 million.

C. Survey Period and Due Date – Report data for the most recent 3-month period as indicated on the address side of the form. Companies on a 13-period year should submit a 16-week report for the third quarter of their fiscal year and 12-week reports for the other quarters. The questionnaire is due to be returned to the U.S. Census Bureau within 25 days after the end of the period requested.

D. Estimates Are Acceptable – The data requested on this form may not be available by the due date of the form or may not correspond to your company's accounting records. In these instances, your carefully prepared estimates are an acceptable substitute for actual data. If you need assistance in completing the form or have questions regarding specific items, please call our accounting staff toll-free at 1-800-272-4250.

E. Filing Instructions – Option to file electronically is at www.census.gov/econhelp/qfr. If you choose not to file electronically, fax the completed form toll-free to 1-800-447-4613, or mail to: U.S. Census Bureau, 1201 East 10th Street, Jeffersonville, IN 47132-0001.

Important Note – If you submit electronically or fax the form, please do not mail us duplicate forms. In all correspondence or additional attachments include your 10-digit Username located on the front of the form.

File Copies – Copies retained in respondents' files are immune from legal process. It is recommended that a copy of the completed form be retained for your company records.

F. Filing Extensions — If you cannot complete the questionnaire by the due date, request an extension by phone toll-free at 1-800-272-4250.

G. Legal Authority and Confidentiality of Data — Response to this request is required by law (Title 13, United States Code, Section 91). By Section 9 of the same law, your report to the Census Bureau is confidential. It will be seen only by sworn Census Bureau employees and used only for statistical purposes. The law also provides that copies retained in your files are immune from legal process.

H. Burden Hour Estimate – Public reporting burden for this collection of information is estimated to average 1.2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Paperwork Project 0607-0432, U.S. Census Bureau, 4600 Silver Hill Road, 3K138-AMSD, Washington, DC 20233. You may e-Mail comments to Paperwork@census.gov; use "Paperwork Project 0607-0432" as the subject. Respondents are not required to respond to any information collection unless it displays a valid approval number from the Office of Management and Budget. This 8-digit number appears in the top right corner on the front of the report form.

SECTION 2 – INSTRUCTIONS FOR SELECT LINE ITEMS ON ADDRESSED SIDE OF FORM

Ⓐ a. and b. – Annual closing date and the Federal Employer Identification Number (FEIN) – Provide the current Annual closing date and the FEIN of the addressed, reporting corporation.

If there are changes from the prior quarter for the Annual closing date or the FEIN, attach a separate sheet noting the circumstances of the change and the current status of the former FEIN.

Ⓑ – Corporation Status. Reporting companies operating under bankruptcy protection are still required to file. The reports need to be filed on a properly consolidated basis including any subsidiary operating under bankruptcy protection. (See *Consolidation Rules* in Ⓒ below.) Please note if any operations have been discontinued. If the company is unable to comply with the reporting requirements because the books of the ongoing operations are under the control of a court appointed trustee, etc., please explain on a separate sheet. (Include your 10-digit Username on all attached information.)

Ⓒ – Parent Corporation. Give the corporate name, FEIN, and address of any parent domestic company (owns more than 50 percent of voting securities). If there are multiple tiers of ownership, give the highest U.S. corporation as the parent. Note changes from previously reported parent companies giving all tiers in the ownership chain. This will help us determine the reporting level and eliminate duplication of coverage.

INSTRUCTIONS AND DEFINITIONS – Continued

SECTION 2 – INSTRUCTIONS FOR SELECT LINE ITEMS ON ADDRESSED SIDE OF FORM – Cont.

⑤ – Consolidates Rules – Fully consolidate the operations of every domestic corporation (including 1120S corporations) that are taxable under the U.S. Internal Revenue Code and are owned more than 50 percent by your company and its majority-owned consolidated subsidiaries. For purposes of this report, domestic operations refer to operations that are within the 50 United States and the District of Columbia. Commonwealths such as Puerto Rico and territories such as the Virgin Islands are not considered domestic.

Nonconsolidated Domestic and Foreign Operations are domestic corporations primarily engaged in foreign operations (plants or workforces are located in foreign countries); foreign entities (corporate or noncorporate); foreign branch operations; foreign sales corporations; and, subsidiaries created in foreign countries to manufacture and/or sell primarily in foreign markets. These operations are to be reported using the equity method or cost method of accounting.

Do not consolidate domestic corporations primarily engaged in banking, finance, or insurance (as defined in the North American Industry Classification System (NAICS) Sector 52, United States, 2007).

Equity method of accounting – Report equity earnings (losses) of all nonconsolidated domestic and foreign operations on ④ line F of the Income Statement. Report equity investment on ⑨ line G of the Balance Sheet.

Cost method of accounting – Report dividends from all nonconsolidated domestic and foreign operations on ⑧ line F on the Income Statement. Report the investment on ⑨ line G on the Balance Sheet.

⑤ through ⑦ – Subsidiaries. Any changes indicated in ⑥ or ⑦ should only reflect changes from the prior quarter. However, in order to maintain continuity in the QFR estimates, please also include any acquisitions or disposal of noncorporate assets; i.e., branches, divisions, business segments, etc., that have total assets greater than \$50 million.

If you have questions regarding the consolidation rules, please call the QFR staff toll-free at 1-800-866-4707.

SECTION 3 – INSTRUCTIONS BY LINE ITEM

⑧ SCHEDULE A – STATEMENT OF INCOME AND RETAINED EARNINGS

LINE A – Sales, receipts, and operating revenues. Report sales net of returns and allowances and excise and sales taxes. Include all sales for the quarter derived from normal operations. Unlike General Accepted Accounting Principles (GAAP), include sales from discontinued operations through the date of disposal. Commission sales should be reported on a gross basis including the commissions received.

LINE B – Depreciation, depletion, and amortization of property, plant, and equipment. Include the expense for the current quarter on tangible fixed assets only. Do not include amortization of intangibles or items such as bargain on acquisition or goodwill. These items should be included in ③ line C.

LINE C – All other operating costs and expenses. Include all costs of goods sold (net of purchase discounts), selling, general and administrative expenses, and amortization of intangible assets. Include such expenses as keyman life insurance, provision for bad debts (net of bad debt recovery), goodwill, mining costs related to dry holes, abandonment of producing properties, and provision for impairment of producing properties.

LINE E – Interest expense. Include all interest expense. Do not net interest income with interest expense. Report interest income in ③ line F.

LINE F – Nonoperating income and expenses. Include interest income, income (loss) of foreign branches and equity in earnings (loss) of domestic and foreign nonconsolidated subsidiaries, other equity income, dividends from investments and nonconsolidated subsidiaries carried on the "cost" basis of accounting, royalties, minority interest, and other nonoperating income (expense) items not elsewhere specified.

LINE H – Provision for current and deferred domestic income taxes. Report the provision for U.S. Federal, state, and local income tax. Accrue current payable in ⑩ line C and the deferred payable in ⑩ line G.

LINE K – Cash dividends charged this quarter. Include only cash dividends charged during the quarter. Include 1120S cash distributions.

⑨ SCHEDULE B1 – BALANCE SHEET ASSETS

LINE A-1 – Cash and demand deposits in the U.S. Include cash on hand (petty cash), negotiable money orders, and demand deposits (checking accounts) located in banks within the United States. Report checking account overdrafts in ⑩ line A-1.

LINE A-2 – Time deposits in the U.S. Include all negotiable certificates of deposit, savings accounts, and other interest bearing cash deposits

LINE B – Other short-term financial investments. Include short-term marketable and government securities, commercial paper, and deposits outside the U.S.

LINE C – Trade accounts and trade notes receivable. Include trade receivables from commercial customers and governments, less allowances for doubtful accounts. Also include inter-company trade receivables from majority-owned subsidiaries that are not consolidated in this report in accordance with the consolidation instructions. Unlike conventional accounting, do not deduct progress payments and billings. These should be included in ⑩ line E.

LINE D – Inventories. Report book value of all inventories. Include all raw materials, supplies, finished goods, and work-in-process inventories on the premises, in transit, in storage, or consigned to others at the end of the accounting period. Inventories may be reported on whatever valuation method is used by the company as long as it is reported on a consistent basis each quarter. Exclude land, buildings, and other real estate and securities held for resale; these items should be reported in ④ line E. Unlike GAAP, do not deduct progress payments and billings. These should be included in ⑩ line E.

INSTRUCTIONS AND DEFINITIONS – Continued

LINE E – All other current assets. Include prepaid expenses, income tax refunds receivable, short-term deposits, and assets held for resale, which are no longer being used in the operations.

LINE F-1 – Property, plant, and equipment. Report the gross value (acquisition or original cost or other basis) of all depreciable and amortizable fixed assets. Include all improvements and new construction in progress, but not yet completed; fixed assets owned by the company and its consolidated subsidiaries that are leased or rented to others; and capital leases and capitalized exploration and development costs of mineral properties.

LINE F-2 – Land and mineral rights. Report the gross value (acquisition or original cost or other basis) of all land, except land held for resale. Include timber and mineral rights, except capitalized exploration and development costs of mineral properties.

LINE F-3 – Accumulated depreciation, depletion, and amortization. Report the total accumulated depreciation, depletion, and amortization for the fixed assets included in ⑨ line F-1. Do not include amortization of intangible assets. Report intangible assets net of amortization in ⑨ line G.

LINE G – All Other noncurrent assets. Include investments in nonconsolidated entities, other long-term investments including noncurrent marketable securities, patents, copyrights, goodwill, deferred charges, cash surrender value of life insurance, and long-term receivables.

LINE H – Total Assets. Report the sum of ⑨ lines A-1 through E, F-4 and G. ⑨ line H must be equal to ⑩ line I, Total Liabilities and Stockholders' Equity.

⑩ SCHEDULE B2 – LIABILITIES AND STOCKHOLDERS' EQUITY

LINE A-1 – Short-term loans from banks. Report all short-term borrowing (including overdrafts) from commercial banks. Do not include the current portion of long-term bank debt. This should be included in ⑩ line D-1.

LINE A-2 – Other short-term loans. Report all other short-term debt, including commercial paper. Do not include the current portion of other long-term debt. This should be included in ⑩ line D-2.

LINE B – Trade accounts and trade notes payable. Report balances outstanding of all invoices and notes payable for the purchase of goods and services. Do not include payables for taxes or other accrued expenses. Report income tax payables in ⑩ line C and other taxes, liabilities, and accrued expenses in ⑩ line E.

LINE C – Domestic income taxes accrued, prior and current years. Include the current balance of U.S. Federal, state, and local corporate income tax or franchise tax owed, net of payments of estimated taxes.

If payments exceed accruals, report it as a negative (debit) balance, unless the corporation has applied for a refund. Report income tax refunds due in ⑨ line E. Report deferred income taxes in ⑩ line G.

LINE D-1 – Current portion of long-term debt from banks. Include the current portion of long-term debt due to commercial banks only. Report the long-term portion of bank debt in ⑩ line F-1.

LINE D-1 – Current portion of other long-term debt. Include the current portion of all other long-term debt, such as loans payable to shareholders, inter-company loans payable to nonconsolidated entities, bonds and debentures, and loans from finance or insurance companies. Do not include any long-term portion or the current portion of capital leases. Report the long-term portion of other long-term debt in ⑩ line F-2 and the current portion of capital leases in ⑩ line E.

LINE E – All other current liabilities. Report excise and sales taxes, withholding taxes, other accrued expenses, and the current portion of capital leases. This line item should include all current liabilities other than debt, corporate income taxes, and trade accounts and trade notes payable.

LINE F-1 – Long-term bank debt due in more than one year. Include the long-term portion of debt from commercial banks only. Report the current portion in ⑩ line D-1.

LINE F-2 – Other long-term debt due in more than one year. Include the long-term portion of all other long-term debt, such as loans payable to shareholders, inter-company loans payable to nonconsolidated entities, bonds and debentures, and loans from finance or insurance companies. Do not include any current portion, or the long-term portion of capital leases. Report the current portion of long-term debt in ⑩ line D-2 and the long-term portion of capital leases in ⑩ line G.

LINE G – All other noncurrent liabilities. Include deferred taxes, other deferred credits, minority stockholders' interest, and the long-term portion of capital leases. Also include in ⑩ line G, all outstanding issues of redeemable preferred stock.

LINE H-1 – Capital stock and other capital. Include all classes of capital stock and paid-in-capital, except redeemable preferred stock, less the total cost of the company's stock that has been repurchased and held in the treasury. Report redeemable preferred stock in ⑩ line G.

LINE H-2 – Retained earnings at end of quarter. Report the corporation's accumulated net income after tax including cumulative foreign currency translation adjustments, less distributions to stockholders and transfers to the paid-in-capital accounts reported in ⑩ line H-1.

LINE I – Total Liabilities and Stockholders' Equity. Report the sum of ⑩ lines A-1 through G and H-3. Line I must be equal to ⑨ line H, Total Assets.