What is Research and Development (R&D)?

R&D is planned, creative work aimed at discovering new knowledge or developing new or significantly improved goods and services. This includes a) activities aimed at acquiring new knowledge or understanding without specific immediate commercial applications or uses (basic research); b) activities aimed at solving a specific problem or meeting a specific commercial objective (applied research); and c) systematic use of research and practical experience to produce new or significantly improved goods, services, or processes (development).

The term R&D does NOT include expenditures for:
- Costs for routine product testing, quality control, and technical services unless they are an integral part of an R&D project
- Market research
- Efficiency surveys or management studies
- Literary, artistic, or historical projects, such as films, music, or books and other publications
- Prospecting or exploration for natural resources

Does R&D include development of software and Internet applications?

Research and development activity in software and Internet applications refers only to activities with an element of uncertainty and that are intended to close knowledge gaps and meet scientific and technological needs. Report in this survey all software R&D as defined here regardless of the eventual user (internal or external).

R&D activity in software includes:
- Software development or improvement activities that expand scientific or technological knowledge
- Construction of new theories and algorithms in the field of computer science

R&D activity in software EXCLUDES:
- Software development that does not depend on a scientific or technological advance, such as
  - supporting or adapting existing systems
  - adding functionality to existing application programs, and
  - routine debugging of existing systems and software
- Creation of new software based on known methods and applications
- Conversion or translation of existing software and software languages
- Adaptation of a product to a specific client, unless knowledge that significantly improved the base program was added in that process

Reporting unit

The reporting unit is your company, including all subsidiaries and divisions regardless of location. Include only subsidiary companies where there is more than 50 percent ownership. If you are owned by a foreign parent, the reporting unit for the survey is your U.S.-located company, including all your majority-owned subsidiaries and divisions regardless of location. For reporting purposes, your foreign parent and any foreign affiliates your company does not own should be treated the same as any business partner, customer, or supplier you do not own.

Reporting period

Report data for the calendar year 2012, if possible, or for your company's fiscal year ending between April 2012 and March 2013.
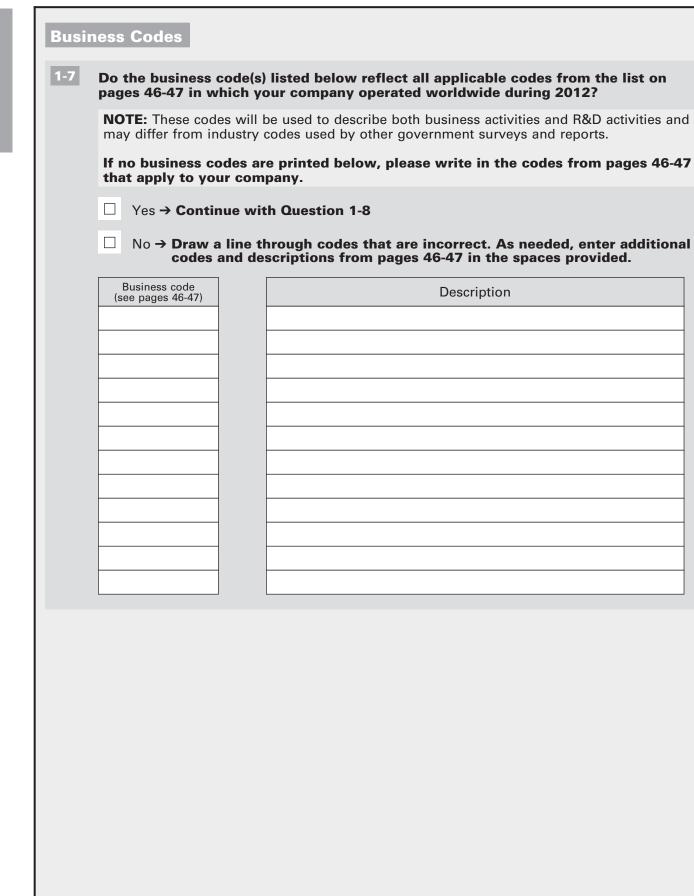
Estimates are acceptable

Please report all items to the best of your ability.

To speak with a survey specialist, call 1-800-772-7851, option '1' for English, then option '5'.

Survey specialists are available 8 a.m. to 5 p.m. EST, M-F to help with any questions you may have.

SECTION 1

Business Codes

1-7 **Do the business code(s) listed below reflect all applicable codes from the list on pages 46-47 in which your company operated worldwide during 2012?**

NOTE: These codes will be used to describe both business activities and R&D activities and may differ from industry codes used by other government surveys and reports.

If no business codes are printed below, please write in the codes from pages 46-47 that apply to your company.

☐ Yes → **Continue with Question 1-8**

☐ No → **Draw a line through codes that are incorrect. As needed, enter additional codes and descriptions from pages 46-47 in the spaces provided.**

Business code (see pages 46-47)	Description

1-8 **What was the amount of your company's <u>worldwide sales and revenues</u> during 2012?**

Include:
- Sales and operating revenues from discontinued operations

$Bil.	Mil.	Thou.
☐☐☐	☐☐☐	☐☐☐

1-9 **How much of the amount reported in Question 1-8 was attributable to or originated from domestic operations?**

Include:
- Sales and operating revenues to foreign customers, including foreign subsidiaries

Example: U.S. Manufacturing Corporation sells parts to customers around the world. However, because all its operations are located inside the United States it reports 100% of its sales in this question.

$Bil.	Mil.	Thou.
☐☐☐	☐☐☐	☐☐☐

1-10 **How much of the 2012 sales and operating revenue amounts was for each business code listed or amended in Question 1-7:**
(1) Worldwide sales and operating revenues reported in Question 1-8
(2) Domestic sales and operating revenues reported in Question 1-9

Business code (see page 6)	(1) Worldwide sales and operating revenues			(2) Domestic sales and operating revenues		
	$Bil.	Mil.	Thou.	$Bil.	Mil.	Thou.
a. ☐☐☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐
b. ☐☐☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐
c. ☐☐☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐
d. ☐☐☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐
e. ☐☐☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐
f. ☐☐☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐
g. ☐☐☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐
h. ☐☐☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐
i. Less eliminations – the sales and revenues that are eliminated in order to consolidate the business codes. . . .	(☐☐☐	☐☐☐	☐☐☐)	(☐☐☐	☐☐☐	☐☐☐)
j. **Total**.	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐	☐☐☐
	Total equals Question 1-8			*Total equals Question 1-9*		

Form BRDI-1