

Footnotes to the Tables

Tables II.A1 and II.A2:

1. The number of affiliates and parents shown in this table exclude affiliates that were exempt from reporting in the benchmark survey, and parents that had only exempt affiliates, even though estimates for such affiliates and parents are included in the data for other items.

Table II.M1:

1. Includes capitalized expenditures for land, timber, mineral and like rights owned, structures, machinery, equipment, special tools, and other depreciable property; construction in progress; and capitalized and expensed tangible and intangible exploration and development costs (but not the costs of other types of intangible assets) and land held for resale.

2. Measures expenditures for research and development conducted by the parents, whether for themselves or for others under contract. Excludes expenditures for research and development conducted by others for parents under contract.

Table II.P1:

1. Consists of gains (losses), net of income tax effects, resulting from (1) the sale, disposition, or revaluation of assets; (2) the remeasurement of the U.S. parents' assets and liabilities denominated in foreign currencies due to changes in foreign exchange rates during the period; (3) transaction gains (losses) taken to income in accordance with Financial Accounting Standards Board Statement No. 52; and (4) all other realized and unrealized gains (losses), that under generally accepted U.S. accounting principles are to be included in income.

Table II.Q1:

1. Sales of goods are defined as sales generated by activities characteristic of the following group of industries: Agriculture and forestry, except support activities; mining, except support activities; construction; manufacturing; and wholesale and retail trade.

2. Sales of services are defined as sales generated by activities characteristic of the following group of industries: Information; finance and insurance; real estate and rental and leasing; professional, technical, and

scientific services; support activities for agriculture and forestry; support activities for mining; utilities; transportation and warehousing; management of companies and enterprises; administrative and support services; waste management and remediation services; health care and social assistance; accommodation and food services; and miscellaneous services.

3. Consists of investment income that is included in sales (or gross operating revenues) in the income statement. In finance and insurance, companies generally include investment income in sales because it is generated by a primary activity of the company. In other industries, most companies consider investment income to be an incidental revenue source; this income is included in the income statement in a separate "other income" category, but it is not included in sales or in this column.

Table II.Q2:

1. For industry classification, each U.S. parent was required to disaggregate its sales by four-digit International Surveys Industry code; the U.S. parent was then classified in the industry in which its sales were largest. When sales are disaggregated by industry of U.S. parent, total sales of a given U.S. parent are shown in the single industry in which the parent was classified; when disaggregated by industry of sales, they are distributed among all the industries in which the U.S. parent reported sales—i.e., sales associated with each industry of sales are shown in that industry regardless of the U.S. parent's industry of classification.

Table II.R1:

1. Profit-type return is an economic accounting measure of profits from current production. Unlike net income, it is gross of U.S. income taxes, excluding capital gains and losses and income from equity investments, and reflects certain other adjustments needed to convert profits from a financial accounting basis to an economic accounting basis.

2. Equals monetary interest payments plus imputed interest paid minus monetary interest receipts minus imputed interest received. Imputed interest paid and received, which are measures of the value of services provided by life insurance carriers and financial

intermediaries without explicit charge, are estimated.

3. Equals taxes other than income and payroll taxes plus production royalty payments to governments.

4. Consists of gains (losses), net of income tax effects, resulting from (1) the sale, disposition, or revaluation of assets; (2) the remeasurement of U.S. parents' foreign-currency-denominated assets and liabilities due to changes in foreign exchange rates during the period; (3) transaction gains (losses) taken to income in accordance with Financial Accounting Standards Board Statement No. 52; and (4) all other realized and unrealized gains (losses), that under generally accepted U.S. accounting principles are to be included in income.

Table II.S1:

1. These broad occupational classes are based on the Occupational Employment Statistics series of the U.S. Bureau of Labor Statistics at www.bls.gov/oes/home.htm.

Tables II.T1 and II.T2:

1. Covers only U.S. parents in which there is direct investment by a foreign person—that is, U.S. parents that are owned 10 percent or more by a single foreign person. The foreign parent is the foreign person that holds a direct investment interest in the U.S. parent. The foreign parent group consists of (1) the foreign parent of a U.S. parent, (2) any foreign person, proceeding up the foreign parent's ownership chain, that owns more than 50 percent of the person below it, and (3) any foreign person, proceeding down the ownership chain(s) of each of these members, that is owned more than 50 percent by the person above it.

2. Does not equal the total in column 4, which is derived from data reported on affiliates' forms, because of differences in timing and valuation and the inclusion of data for affiliates covered on U.S. parents' forms but exempt from being reported on majority-owned foreign affiliates' forms.

Tables III.A1 and III.A2:

1. The number of affiliates and parents shown in this table exclude affiliates that were exempt from reporting in the benchmark survey, and parents that had only exempt affiliates, even though estimates for such affiliates and parents are included in the data for other items.

Tables III.B1–2, III.B3–4, and III.B11–12:

1. Comparable to the sum of columns 3, 4, and 8 of table III.B1 in the 1999 benchmark survey publication.

2. Comparable to column 16 of table III.B1 in the 1999 benchmark survey publication.

Table III.D1:

1. Includes the net book value of transfers in of property, plant, and equipment. For a given affiliate, transfers in are from its U.S. parent or from other foreign affiliates of its U.S. parent.

2. Consists of the following: (1) Restatements resulting from a change in entity, and revaluations of property, plant, and equipment to a fair market or appraised value; and (2) the property, plant, and equipment balance on the date of acquisition of affiliates that were acquired during the year, less the closing FY 2003 balance of affiliates that left the universe in 2004 because they were sold or liquidated or because the U.S. parent's interest was reduced below 50.1 percent.

Tables III.D2 and III.D3:

1. The estimate in this column is based on data from the 2003 Annual Survey of U.S. Direct Investment Abroad. Because the data for affiliate operations in 2003 were collected by industries based on the 1997 North American Industry Classification System only, the industry-level estimates for 2003 shown in this column are on that basis whereas the 2004 data in the other columns are classified by industries based on the 2002 revision to the North American Industry Classification System.

2. Equals the total change in net property, plant, and equipment, which is the difference between the amounts in columns (8) and (1).

3. Includes the net book value of transfers in of property, plant, and equipment. For a given affiliate, transfers in are from its U.S. parent or from other foreign affiliates of its U.S. parent.

4. Consists of the following: (1) Restatements resulting from a change in entity, and revaluations of property, plant, and equipment to a fair market or appraised value; and (2) the property, plant, and equipment balance on the date of acquisition of affiliates that were acquired during the year, less the closing FY 2003 balance of affiliates that left the universe in 2004 because they were sold or liquidated or because the U.S. parent's interest was reduced below 50.1 percent.

Tables III.D6, III.D7, and III.D8:

1. Includes the net book value of "transfers in" of property, plant, and equipment. For a given affiliate,

“transfers in” are from its U.S. parent or from other foreign affiliates of its U.S. parent.

Tables III.E1, III.E2, and III.E8:

1. Consists of gains (losses), net of income tax effects, resulting from (1) the sale, disposition, or revaluation of assets; (2) the remeasurement of the foreign affiliates' assets and liabilities denominated in foreign currencies other than the affiliate's functional currency, to reflect changes in exchange rates during the period; (3) transaction gains (losses) taken to income in accordance with Financial Accounting Standards Board Statement No. 52; and (4) all other realized and unrealized gains (losses), that under generally accepted U.S. accounting principles are to be included in income.

Table III.F1:

1. Includes sales to the U.S. parent and its foreign affiliates; equals the sum of columns 5 and 8.

2. Sales charged by an affiliate to persons in the country where the affiliate is located.

3. Sales charged by an affiliate to persons in foreign countries other than the country where the affiliate is located.

4. See footnote 1 to table II.Q1.

5. See footnote 2 to table II.Q1.

6. See footnote 3 to table II.Q1.

Tables III.F2 and III.F3:

1. See footnote 1 to table III.F1.

2. See footnote 2 to table III.F1.

3. See footnote 3 to table III.F1.

Table III.F7:

1. See footnote 2 to table III.F1.

Table III.F8:

1. See footnote 3 to table III.F1.

Table III.F9:

1. See footnote 1 to table III.F1.

2. See footnote 2 to table III.F1.

3. See footnote 3 to table III.F1.

Tables III.F13 and III.F14:

1. See footnote 1 to table II.Q1.

2. See footnote 1 to table III.F1.

3. See footnote 2 to table III.F1.

4. See footnote 3 to table III.F1.

Tables III.F15 and III.F16:

1. See footnote 2 to table II.Q1.

2. See footnote 1 to table III.F1.

3. See footnote 2 to table III.F1.

4. See footnote 3 to table III.F1.

Tables III.F18 and III.F20:

1. See footnote 2 to table II.Q1.

Table III.F22:

1. For industry classification, each foreign affiliate was required to disaggregate its sales by four-digit International Surveys Industry code; the affiliate was then classified in the industry in which its sales were largest. When sales are disaggregated by industry of affiliate, total sales of a given affiliate are shown in the single industry in which the affiliate was classified; when disaggregated by industry of sales, they are distributed among all the industries in which the affiliate reported sales—i.e., sales associated with each industry of sales are shown in that industry regardless of the affiliate's industry of classification.

Tables III.G1, III.G2, and III.G5:

1. Profit-type return is an economic accounting measure of profits from current production. Unlike net income, it is gross of foreign income taxes, excluding capital gains and losses and income from equity investments, and reflects certain other adjustments needed to convert profits from a financial accounting basis to an economic accounting basis.

2. Equals monetary interest payments plus imputed interest paid minus monetary interest receipts minus imputed interest received. Imputed interest paid and received, which are measures of the value of services provided by life insurance carriers and financial intermediaries without explicit charge, are estimated.

3. Equals taxes other than income and payroll taxes plus production royalty payments to governments less subsidies received.

Tables III.G7, III.G8, and III.G9:

1. See footnote 1 to table III.G1.

Tables III.H1 and III.H2:

1. These broad occupational classes are based on the Occupational Employment Statistics series of the U.S. Bureau of Labor Statistics at www.bls.gov/oes/home.htm.

Tables III.I6 and III.I7:

1. Consists of imports of capital equipment and other goods that are intended for use by the affiliate itself and that are charged to the affiliate's property, plant, and equipment account (rather than expensed or added to inventories).

Tables III.J1, III.J2, and III.J5:

1. Measures expenditures for research and development conducted by affiliates, whether for themselves or for others under contract. Excludes expenditures for research and development conducted by others for affiliates under contract.