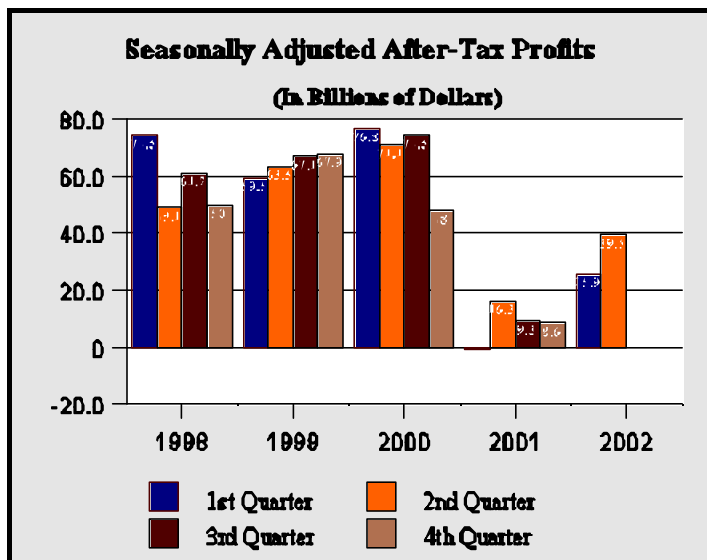


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**SECOND QUARTER 2002 ADVANCE DATA FROM THE QUARTERLY FINANCIAL REPORT
 U.S. MANUFACTURING, MINING, AND WHOLESALE TRADE CORPORATIONS**

NOTE: Effective fourth quarter 2000, data in this release are presented on the North American Industry Classification System (NAICS) basis. Data prior to fourth quarter 2000 are presented on the Standard Industrial Classification (SIC) system basis. Comparison of NAICS data to SIC data in this release (Table 3) are useful only for trend analysis. For additional information on QFR publication visit our website at <http://www.census.gov/csd/qfr/>.



**Seasonally Adjusted After-Tax Profits and Sales
 All Manufacturing Corporations**

Second quarter 2002 manufacturing corporations' seasonally adjusted after-tax profits rose to \$39.5 billion, up \$13.6 (±1.3) billion from the \$25.9 billion recorded in first quarter 2002, the Commerce Department's Census Bureau reported. Year over year profits were up \$23.2 (±1.8) billion from the \$16.3 billion recorded in second quarter 2001. Durable goods manufacturers posted their first quarterly after-tax profits after five consecutive quarterly losses.

Second quarter 2002 seasonally adjusted manufacturing sales at \$1,043.9 billion, were up \$11.4 (±6.8) billion from first quarter 2002, but down \$49.6 (±7.2) billion from the year before.

Profits per dollar of sales for second quarter 2002 were 3.8 cents, up from 2.5 cents in the first quarter 2002, and more than double the 1.5 cents a year ago.

Nondurable Goods Manufacturers

Nondurable goods manufacturers' second quarter 2002 after-tax profits were \$30.2 billion, up from the \$26.7 billion in the previous quarter, but down \$4.1 (±0.6) billion from the second quarter 2001. Sales were \$475.9 billion, with profits averaging 6.3 cents per dollar of sales, up 0.6 (±0.1) cents from the previous quarter, but down 0.5 (±0.1) cents from the second quarter 2001.

Durable Goods Manufacturers

Durable goods manufacturers recorded second quarter 2002 profits of \$9.3 billion, their first gain since the \$18.9 billion posted in the fourth quarter 2000. Sales for the quarter were \$568.0 billion, with profits averaging 1.6 cents per dollar of sales, compared to losses of 0.1 cents in the first quarter 2002 and 3.1 cents a year ago.

Unadjusted After-Tax Profits and Sales

All Manufacturing Corporations

Manufacturing corporations' unadjusted after-tax profits for second quarter 2002 were up \$23.3 (±1.8) billion to \$47.4 billion from the second quarter a year ago, largely due to improved operating cost controls, lower nonrecurring charges, and restated financial data. Sales at \$1,067.1 billion were down \$49.5 (±7.2) billion from the same quarter a year ago. Profits averaged 4.4 cents per dollar of sales compared to 2.2 cents a year earlier.

Nondurable Goods Manufacturers

Nondurable goods manufacturers' after-tax profits were down \$4.1 (±0.6) billion from the \$36.3 billion recorded in the second quarter 2001. A decline of \$7.1(±0.1) billion in petroleum and coal products resulting from lower operating profits and equity income was partially offset by increases of \$1.3 (±0.3) billion in food products and \$1.3 (±0.1) billion in beverage and tobacco products due to lower nonrecurring charges and higher operating income respectively.

Second quarter 2002 sales of \$484.9 billion, were down \$31.1 (± 4.9) billion from the year before. Profits averaged 6.6 cents per dollar of sales compared to 7.0 cents a year ago.

When compared to first quarter 2002 after-tax profit of \$26.1 billion, nondurable goods manufacturers' after-tax profits were up \$6.1 (± 0.6) billion with beverage and tobacco up \$1.8 (± 0.1) billion, and petroleum up \$1.4 (± 0.1) billion.

Durable Goods Manufacturers

Durable goods manufacturers posted an after-tax profit of \$15.2 billion in the second quarter 2002, compared to a loss of \$12.2 billion a year earlier. The turnaround was due to both lower operating costs and lower nonrecurring charges.

Most durable goods manufacturing categories posted after-tax profits this quarter. Transportation equipment was up \$7.1 billion; electrical equipment, appliances, and components, \$5.1 billion; fabricated metal products, \$2.8 billion; and miscellaneous manufacturing, \$2.0 billion. Computer and electronic products lost \$4.2 billion, a smaller loss than the \$7.3 billion in the previous quarter.

Second quarter 2002 sales of durable manufacturers, at \$582.2 billion, were down \$18.4 (± 5.8) billion or 3.1 ($\pm 1.0\%$) percent from a year earlier. Profits for the current quarter averaged 2.6 cents per dollar of sales.

When compared to first quarter 2002 after-tax profits of \$0.4 billion, durable manufacturers' after-tax profits rose \$14.9 (± 1.1) billion in the second quarter 2002, of which \$5.7 (± 0.2) billion came from transportation equipment, and \$3.2 (± 0.7) billion from computer and electronic products. This improvement was due to better operating cost containment.

Mining Corporations

Second quarter 2002 unadjusted after-tax profits of mining corporations with assets of \$50 million and over were reported at \$1.6 billion, compared to a profit of \$5.5 billion same quarter a year earlier. Sales for these corporations in second quarter 2002 were \$21.8 billion, down \$8.8 (± 0.6) billion from the same quarter a year ago. After-tax profit per dollar of sales averaged 7.2 cents compared to 18.1 cents in second quarter 2001.

Wholesale Trade Corporations

Second quarter 2002 unadjusted after-tax profits of wholesale corporations with assets of \$50 million and over were \$5.6 billion, up \$2.5 (± 0.2) billion from the second quarter 2001. Sales for these wholesalers were \$308.1 billion, down \$4.6 (± 4.1) billion from the same quarter a year ago. After-tax profits per dollar of sales averaged 1.8 cents compared to 1.0 cents in the second quarter 2001.

These advance data, based on quarterly financial reports from about 8,200 corporations, were released today from the Quarterly Financial Report for Manufacturing, Mining, and Trade Corporations--Second quarter 2002 (QFR-02-2). The publication includes statements of income and retained earnings, balance sheets, and related financial and operating ratios. The aggregated data are classified by industry and asset size. The publication becomes available for sale approximately two weeks from the date of this release from the Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15250-7954 (202-512-1800). The cost for an annual subscription is \$39 domestic and \$48.75 foreign. Remittances from foreign countries must be by international money order or by draft on a U.S. bank. Files are also available on 3.5 inch flexible diskettes from U.S. Department of Commerce, Census Bureau (MS1921), P.O. Box 277943, Atlanta, GA 30384-7943 (301-763-4100).

The annual subscription cost is \$80. Third quarter 2002 advance data are scheduled for release on December 13, 2002.

EXPLANATORY NOTES: The data presented in this report are estimated from a sample survey and therefore are subject to sampling variability as well as nonsampling variability such as response error, nonreporting, and coverage errors. Estimates of sampling variability are presented in the publication. A statement such as "up 2.5 (± 0.15) cents," appearing in the text, indicates the range (+2.35 to +2.65 cents) in which the actual change is likely to have occurred. The range given for the change is a 90 percent confidence interval that accounts only for sampling variability. If the range had contained zero (0), it would have been uncertain whether there was an increase or decrease; that is, the change would not have been statistically significant. For any comparison cited without a confidence interval, the change is statistically significant. The quarterly publication includes more detailed explanations of confidence intervals and sampling variability, along with additional measures of sampling variability.

This press release is available on the day of issue on the Department of Commerce's Internet at <http://www.census.gov/csd/qfr/>

TABLE 1

ALL MANUFACTURING CORPORATIONS

Item	Seasonally Adjusted			Unadjusted		
	2Q 2002	1Q 2002 ¹	2Q 2001 ¹	2Q 2002	1Q 2002 ¹	2Q 2001 ¹
Rate of return (after taxes):						
Cents per dollar of sales	3.8	2.5	1.5	4.4	2.6	2.2
Percent on equity (annual rate)	NA	NA	NA	10.5	5.9	5.2
	(million dollars)					
Sales	1,043,904	1,032,465	1,093,468	1,067,079	1,001,357	1,116,597
Income after income taxes	39,532	25,886	16,338	47,377	26,467	24,030
Dividends paid (cash)	NA	NA	NA	24,435	22,138	25,924

TABLE 2

MANUFACTURING, MINING, AND TRADE CORPORATIONS
UNADJUSTED SALES AND PROFITS

Industry Group	Sales			Operating Profits*			After-Tax Profits		
	2Q 2002	1Q 2002 ¹	2Q 2001 ¹	2Q 2002	1Q 2002 ¹	2Q 2001 ¹	2Q 2002	1Q 2002 ¹	2Q 2001 ¹
	(million dollars)								
All manufacturing ²	1,067,079	1,001,357	1,116,597	70,797	46,955	59,620	47,377	26,467	24,030
All nondurable manufacturing	484,851	450,974	515,964	42,505	33,298	46,052	32,168	26,108	36,264
Food	76,513	76,281	82,954	5,774	5,255	5,661	3,770	3,152	2,489
Beverage and tobacco products	36,993	32,860	37,997	7,881	5,819	6,262	5,752	3,952	4,492
Textile mills and textile product mills	12,719	11,515	12,525	893	488	565	458	25	93
Apparel and leather products	21,390	21,436	22,454	1,338	1,454	1,013	979	1,056	1,431
Paper	38,254	37,598	42,526	2,297	1,945	2,808	1,052	641	854
Printing and related support activities	16,498	16,322	17,386	1,225	772	918	761	421	422
Petroleum and coal products	114,672	98,057	128,750	5,023	2,531	13,341	5,919	4,500	13,066
Chemicals	135,527	127,269	137,849	15,420	13,193	13,823	11,897	11,677	12,790
Basic chemicals, resins, and synthetics ³	39,034	35,687	43,178	2,083	1,479	997	1,271	140	(97)
Pharmaceuticals and medicines ³	57,273	55,920	55,222	9,411	8,319	8,992	7,553	9,646	11,542
All other chemicals ³	39,221	35,662	39,449	3,927	3,394	3,833	3,072	1,891	1,346
Plastics and rubber products	32,285	29,635	33,523	2,655	1,842	1,661	1,579	685	627
All durable manufacturing	582,229	550,384	600,633	28,292	13,656	13,568	15,209	359	(12,234)
Wood products	16,533	14,867	15,442	906	471	932	628	235	553
Nonmetallic mineral products	22,459	18,850	23,513	2,089	527	2,238	1,187	(219)	(3,382)
Primary metals	34,950	32,954	37,427	1,141	359	990	424	(140)	(778)
Iron, steel, and ferroalloys ³	14,896	13,371	15,258	118	(284)	(131)	(199)	(508)	(1,723)
Nonferrous metals ³	14,334	14,167	16,723	618	455	793	329	296	817
Foundries ³	5,720	5,417	5,446	405	188	328	294	72	128
Fabricated metal products	50,887	47,054	50,712	4,341	3,210	3,561	2,788	1,580	2,214
Machinery	67,655	60,325	71,092	4,271	2,299	4,282	(369)	(2,280)	2,805
Computer and electronic products	110,088	111,537	129,629	(1,270)	(4,551)	(9,247)	(4,173)	(7,377)	(21,671)
Computer and peripheral equipment ³	35,727	36,425	39,082	(205)	(628)	(343)	858	906	516
Communications equipment ³	21,751	22,099	31,758	(1,390)	(4,507)	(6,991)	(4,436)	(7,349)	(15,534)
All other electronic products ³	52,610	53,012	58,790	326	584	(1,913)	(595)	(934)	(6,654)
Electrical equipment, appliances, and components	46,255	44,219	46,818	5,393	4,926	4,624	5,054	4,644	4,173
Transportation equipment	194,195	181,681	188,200	7,788	3,115	3,282	7,145	1,431	2,210
Motor vehicles and parts ³	144,453	133,507	135,101	3,355	(549)	(1,586)	3,899	(935)	(509)
Aerospace products and parts ³	40,942	39,875	43,263	3,539	3,190	3,921	2,683	2,142	2,151
Furniture and related products	14,403	14,155	14,757	963	909	920	570	470	466
Miscellaneous manufacturing	24,804	24,742	23,044	2,669	2,391	1,987	1,956	2,016	1,177
All mining ²	21,779	18,257	30,551	2,385	1,205	6,479	1,565	940	5,539
All wholesale trade ²	308,141	290,588	312,695	7,981	7,043	6,773	5,637	3,456	3,091
All retail trade ²	N/A	338,363	331,936	N/A	15,781	13,276	N/A	7,093	5,308

*Operating profits are profits before nonoperating income and expense items and income taxes.

¹Revised.²Mining and trade data are the quarterly results of companies in those divisions with assets over \$50 million; whereas, data for manufacturing corporations represent the quarterly results of companies with assets over \$250,000.³Included in major industry above.

TABLE 3

MANUFACTURING CORPORATIONS
SEASONALLY ADJUSTED SALES AND NET INCOME AFTER-TAX

Industry Group and Year	Sales ¹				After-Tax Profits ¹			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	(million dollars)				(million dollars)			
All manufacturing:								
1994	784,467	803,054	825,309	841,732	36,424	41,077	45,481	52,097
1995	871,260	872,776	883,563	899,785	52,757	51,870	49,451	44,244
1996	914,209	932,612	948,299	961,423	51,142	53,862	61,350	58,777
1997	965,717	972,312	986,670	995,443	60,609	61,746	62,031	60,412
1998	989,577	981,739	986,058	993,795	74,455	49,088	61,237	49,940
1999	1,002,392	1,026,791	1,048,662	1,071,278	59,526	63,452	67,143	67,921
2000	1,119,517	1,128,077	1,146,872	1,119,559	76,850	71,112	74,461	47,977
2001	1,114,975	1,093,468	1,063,737	1,027,559	(656)	16,338	9,342	8,622
2002	1,032,465	1,043,904			25,886	39,532		
All nondurable manufacturing:								
1994	387,240	394,758	405,709	409,997	18,997	19,819	22,432	26,569
1995	425,597	427,666	430,819	436,009	25,878	28,194	27,575	22,257
1996	442,145	452,357	457,668	463,201	28,038	28,311	32,097	30,462
1997	463,147	456,423	461,161	463,900	33,413	30,686	30,471	28,714
1998	452,260	445,926	443,342	440,366	29,787	28,608	30,674	17,629
1999	445,508	452,796	460,645	476,027	26,575	28,992	31,179	30,733
2000	507,027	514,837	526,990	504,603	37,696	38,743	36,845	29,043
2001	508,233	506,407	489,377	472,550	31,960	34,283	26,721	19,163
2002	467,551	475,908			26,698	30,189		
All durable manufacturing:								
1994	397,227	408,296	419,600	431,735	17,427	21,258	23,049	25,528
1995	445,663	445,110	452,744	463,776	26,879	23,676	21,876	21,987
1996	472,064	480,255	490,631	498,222	23,104	25,551	29,253	28,315
1997	502,570	515,889	525,509	531,543	27,196	31,060	31,560	31,698
1998	537,317	535,813	542,716	553,429	44,668	20,480	30,563	32,311
1999	556,884	573,995	588,017	595,251	32,951	34,460	35,964	37,188
2000	612,490	613,240	619,882	614,956	39,154	32,369	37,616	18,934
2001	606,742	587,061	574,360	555,009	(32,616)	(17,945)	(17,379)	(10,541)
2002	564,914	567,996			(812)	9,343		

¹Revised.

Conversion to the North American Industry Classification System

Effective fourth quarter 2000, data in this release are presented on the North American Industry Classification System (NAICS). Data prior to fourth quarter 2000 are presented on the Standard Industrial Classification (SIC) system. There are major changes in how industries are defined, requiring the movement of many corporations to different industry categories. Nearly all published industry groupings have been affected by the conversion to NAICS. Major changes include the following:

- Publishing, part of SIC Manufacturing Major Group 27, has been deleted from the Manufacturing sector, and Eating and Drinking Places, SIC Retail Trade Major Group 58, (included in All Other Retail Trade in the SIC Publication) has been deleted from the Retail Trade sector. These industries have been moved to NAICS sectors outside of Manufacturing, Mining and Trade. Printing and Related Support Activities, the remainder of SIC 27, now comprises NAICS subsector 323.
- A new group has been created, NAICS subsector 334, Computer and Electronic Product Manufacturing. This group is primarily comprised of parts of SIC Major Groups 35 Machinery, Except Electrical; 36, Electrical and Electronic Equipment; and 38, Instruments and Related Products. The new group presents for the first time separate financial data for manufacturers of Computer and Peripheral Equipment, as well as for Communications Equipment.
- Most of the remainder of SIC Major Group 35, Machinery, Except Electrical, is now included in NAICS subsector 333, Machinery Manufacturing; and the remainder of SIC Major Group 36, Electrical and Electronic Equipment, is in NAICS subsector 335, Electrical Equipment, Appliance and Component Manufacturing.
- SIC Major Group 38, Instruments and Related Products, was reorganized with the major sections moving to NAICS subsector 334, Computer and Electronic Product Manufacturing; NAICS subsector 333, Machinery Manufacturing, and NAICS subsector 339, Miscellaneous Manufacturing.
- Food Manufacturing, NAICS subsector 311, and Beverage and Tobacco products Manufacturing, NAICS subsector 312, previously combined on an SIC basis, are now published separately.
- NAICS subsector 331, Primary Metal Manufacturing, formerly SIC Major Group 33, has a new industry group, Foundries. Foundries was previously included in the SIC Ferrous and Non-Ferrous categories.
- A number of other NAICS groups, while largely consistent with their SIC counterparts, have small but noticeable changes due to the transfer of certain product lines from one group to another. One example is NAICS subsector 336, Transportation Equipment Manufacturing, which includes products such as vehicle seating, lighting, and air-conditioning that were not part of SIC 37, Transportation Equipment.
- NAICS expands the definition of Manufacturing to include companies that perform the entrepreneurial functions of manufacturing, but contract out the actual making of the product. This includes companies contracting overseas for manufacturing their products. The operations of those foreign plants are not fully consolidated in the financial reports, but are reported on the equity or cost basis of accounting. This change resulted in the reclassification of a number of companies from Wholesale Trade in the SIC publication to Manufacturing in the NAICS publication.

For a comprehensive treatment of the SIC to NAICS Conversion, see the 1997 NAICS manual, or visit the NAICS Web site at <http://www.census.gov/naics>. See the full quarterly publication, available at <http://www.census.gov/csd/qfr>, for a detailed description of the methodology used in Quarterly Financial program.