

Income Statement for Fiscal Year 2007

Sales	2,000
Cost of goods sold	<u>1,500</u>
Gross margin	500
Selling and general expenses	<u>300</u>
Operating income	<u>200</u>
Interest income	<u>5</u>
	205
Interest expense	21
Restructuring charge	<u>14</u>
Income before tax	170
Income taxes	<u>60</u>
Net income	110

Balance Sheet, Year 2007

	<u>Assets</u>			<u>Liabilities and Equity</u>	
	<u>2007</u>	<u>2006</u>		<u>2007</u>	<u>2006</u>
Operating assets	1036	910	Operating liabilities	113	60
Debt securities	110	90	Financing debt	360	340
			Preferred stock	100	100
			Common equity	573	500
	1,146	1,000		1146	1,000

Statement of Common Shareholders Equity, Year 2007

Balance, end of 2006		500
Net income		110
Common dividends		(30)
Preferred dividends		-6
Unrealized loss on debt securities held		(5)

Foreign currency translation gain			4	
Balance, end of 2007			573	

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