



Level I Advanced Financial Modeler (AFM): Exam Structure

The Advanced Financial Modeler ("AFM") exam will consist of two separate modules:

1. Multiple Choice Questions

Candidates will have 30 minutes to answer a series of multiple choice questions based on the Body of Knowledge.

2. Building a Financial Model in Excel

The second module tests financial modeling skills. Over a period of 3.5 hours, candidates will be asked to build a fully integrated financial model of a company using Excel. Upon arriving at an exam center, the candidate can expect:

- A printed case study describing a situation being faced by a company, along with exam instructions
- Access to a computer with an Excel worksheet file containing the historical financial statements of a company
- You will be required to use the Excel worksheet file to build an integrated financial model based on the details from the printed case study



Candidates will be evaluated on their ability to:

- Correctly answer the multiple choice questions
- Build a model that forecasts a company's financial statements and that includes:
 - ✓ an executive summary page
 - ✓ an assumptions page to enter the inputs
 - ✓ a few scenarios to sensitize the company's forecasted results
 - ✓ schedules for the key items that will appear on the financial statements
 - ✓ an integrated set of financial statements

Once your registration has been confirmed, we will provide a sample model in Excel that illustrates the exam format and provides candidates with a sample solution. The sample materials will include:

- **A Case Study:** this is a sample of the instructions and case study that you can expect to receive at the exam
- **Historical Financial Statements:** this is a sample of the Excel file that you can expect to receive at the beginning of the exam
- **Sample Model:** the Excel version of the type of financial model that will need to be created during the exam

The pdf version of the sample model can be found on the following pages of this document.

July 20, 2017

Henderson Manufacturing

Financial Model



Henderson Manufacturing

Summary Outputs and Credit Statistics

SUMMARY VALUES - BASE CASE

		2014A	2015A	2016A	<i>Projected</i>				
					2017	2018	2019	2020	2021
Income Statement Items									
Net Revenue	(MM)	\$214	\$237	\$205	\$252	\$234	\$281	\$281	\$268
Growth	(%)		10.8%	(13.4%)	23.3%	(7.5%)	20.4%	(0.0%)	(4.6%)
EBITDA	(MM)	\$50	\$68	\$33	\$74	\$47	\$86	\$77	\$54
Margin	(%)	23.5%	28.9%	16.2%	29.3%	20.2%	30.7%	27.3%	20.3%
Growth	(%)		36.3%	(51.6%)	123.2%	(36.2%)	83.5%	(11.3%)	(29.2%)
Net Income	(MM)	\$14	\$24	\$2	\$30	\$13	\$39	\$34	\$20
Margin	(%)	6.6%	10.0%	1.1%	12.0%	5.7%	14.0%	12.0%	7.4%
Growth	(%)		68.1%	(90.7%)	1272.4%	(55.9%)	196.4%	(14.3%)	(41.2%)

SUMMARY VALUES - WORST CASE

		2014A	2015A	2016A	<i>Projected</i>				
					2017	2018	2019	2020	2021
Income Statement Items									
Net Revenue	(MM)	\$214	\$237	\$205	\$238	\$220	\$263	\$260	\$245
Growth	(%)		10.8%	(13.4%)	16.4%	(7.7%)	19.3%	(1.0%)	(5.9%)
EBITDA	(MM)	\$50	\$68	\$33	\$61	\$34	\$68	\$57	\$34
Margin	(%)	23.5%	28.9%	16.2%	25.5%	15.4%	26.0%	21.9%	14.0%
Growth	(%)		36.3%	(51.6%)	83.8%	(44.3%)	101.5%	(16.4%)	(40.1%)
Net Income	(MM)	\$14	\$24	\$2	\$22	\$4	\$27	\$20	\$5
Margin	(%)	6.6%	10.0%	1.1%	9.1%	2.0%	10.3%	7.7%	2.2%
Growth	(%)		68.1%	(90.7%)	883.8%	(79.7%)	513.8%	(25.5%)	(73.3%)

Henderson Manufacturing

Inputs and Assumptions

GENERAL

- First year of forecast in financial model: 2017
- Three scenarios have been used for Inflation, Product Pricing and sales volume growth

PRODUCT PRICING

- The product pricing cases used in the model are as follows:

Pricing Case 2017 - 2021

Base Case Research Forecast

Best Case +4%

Worst Case (4%)

COSTS

<u>Cost Item</u>	<u>2017</u>	<u>Increases</u>
Raw Materials	\$226.0 per Unit	Inflation on a unit basis
Utilities	\$66.2 per Unit	Inflation on a unit basis
Rent	\$23.5 MM	Inflation on a total \$ basis
Operating Labour	\$43.5 MM	Inflation on a total \$ basis
Other	\$2.0 MM	Inflation on a total \$ basis
SG&A	\$3.9 MM	Inflation on a total \$ basis

DEPRECIATION

- Depreciation Methodology Used: Straight Line
- Years remaining for depreciation of existing assets: 25 years
- Years used for depreciation of new assets: 30 years

EQUITY

Stock Price - 07/19/17	\$11.50
Fully Diluted Shares O/S (MM) - Dec. 31, 2016	14.80
Common Dividend Payout Rate	20.0%

OPERATIONS

- Annual Factory Capacity (000's units): 420

TAXES

- Tax rate assumed in the model: 35.0%
- Additional tax assumptions in "Other Assumptions" box

INTEREST RATES AND DEBT COVENANTS

Interest Rates

Interest rate earned on cash balances:	1.0%
Interest rate on the Bank Revolver:	6.0%
Interest rate on the Senior Secured Term Debt:	6.0%

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Inputs and Assumptions

OTHER ASSUMPTIONS		2017	2018	2019	2020	2021
Income Statement						
Cost Adjustments - Gain/(Loss)	MM	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Cash Flow Statement						
Investing Activities - Other	MM	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Capital Expenditures	MM	\$16.0	\$17.0	\$17.3	\$17.5	\$18.0
Income Tax						
Reduction in EBT for timing differences	MM	\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
Working Capital Days						
Accounts Receivable	days	45.0	40.0	40.0	40.0	40.0
Inventories	days	70.0	65.0	60.0	60.0	55.0
Prepaid Expenses	days	30.0	30.0	30.0	30.0	30.0
Other Assets	days	3.0	3.0	3.0	3.0	3.0
Accounts Payable	days	40.0	40.0	40.0	40.0	40.0
Other Liabilities	days	10.0	10.0	10.0	10.0	10.0
Change in Debt & Equity						
Sr. Term Debt Issuance / (Repayment)	MM	(\$25.0)	(\$25.0)	(\$25.0)	(\$25.0)	(\$25.0)
Common Stock Issuance / (Buy-back)	MM	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Henderson Manufacturing

Economic and Pricing Scenarios

SCENARIO SWITCH: ▼

2017 2018 2019 2020 2021

ECONOMIC SCENARIOS

Cost Inflation	2.0%	2.0%	2.0%	2.5%	2.5%
Base Case	2.0%	2.0%	2.0%	2.5%	2.5%
Best Case	1.8%	1.8%	1.8%	2.0%	2.0%
Worst Case	2.5%	2.5%	2.5%	2.5%	2.5%

SALES SCENARIOS

Sales Price - \$/Unit	800.0	725.0	825.0	800.0	750.0
Base Case	800.0	725.0	825.0	800.0	750.0
Best Case: +4.0%	832.0	754.0	858.0	832.0	780.0
Worst Case: -4.0%	768.0	696.0	792.0	768.0	720.0

Sales Volume Growth	5.0%	4.0%	4.0%	4.0%	4.0%
Base Case	5.0%	4.0%	4.0%	4.0%	4.0%
Best Case	5.0%	4.0%	5.0%	5.0%	4.0%
Worst Case	4.0%	4.0%	3.0%	3.0%	2.0%

Henderson Manufacturing Revenue Schedule

		<u>2014A</u>	<u>2015A</u>	<u>2016A</u>	<i>Projected</i>				
					<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Pricing									
Gross Sales Price	(\$/unit)			694.4	800.0	725.0	825.0	800.0	750.0
Cost Inflation	(%)				2.0%	2.0%	2.0%	2.5%	2.5%
Freight & Warehousing	(\$/unit)			100.0	102.0	104.0	106.1	108.8	111.5
Net Sales Price	(\$/unit)			594.4	698.0	621.0	718.9	691.2	638.5
Sales Volume									
Annual Factory Capacity	(000's units)				420.0	420.0	420.0	420.0	420.0
Sales Volume Growth	(%)				5.0%	4.0%	4.0%	4.0%	4.0%
Annual Sales Volume	(000's units)			344.5	361.7	376.1	391.2	406.8	420.0
Implied Operating Rate					86.1%	89.6%	93.1%	96.9%	100.0%
Revenue									
Gross Revenue	(\$ MM)			239.2	289.3	272.7	322.7	325.5	315.0
Freight & Warehousing	(\$ MM)			34.4	36.9	39.1	41.5	44.3	46.8
Net Revenue	(\$ MM)			\$204.8	\$252.4	\$233.6	\$281.2	\$281.2	\$268.2

Henderson Manufacturing

Costs of Production

		<u>2014A</u>	<u>2015A</u>	<u>2016A</u>	<i>Projected</i>				
					<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual Sales Volume	(000's units)			344.5	361.7	376.1	391.2	406.8	420.0
Cost Inflation	(%)					2.0%	2.0%	2.5%	2.5%
<i>COSTS PER UNIT</i>									
Variable Costs									
Raw Materials	(\$/unit)				226.0	230.5	235.1	241.0	247.0
Utilities	(\$/unit)				66.2	67.5	68.9	70.6	72.4
Total Variable Costs	(\$/unit)				292.2	298.0	304.0	311.6	319.4
Fixed Costs									
Rent	(\$/unit)				65.0	63.7	62.5	61.6	61.2
Operating Labour	(\$/unit)				120.3	118.0	115.7	114.0	113.2
Other	(\$/unit)				5.5	5.4	5.3	5.2	5.2
Total Fixed Costs	(\$/unit)				190.8	187.1	183.5	180.9	179.6
Total Costs	(\$/unit)				\$483.0	\$485.2	\$487.5	\$492.5	\$499.0
<i>COSTS IN MILLIONS OF CDN\$</i>									
Variable Costs									
Raw Materials	(\$ MM)				81.7	86.7	92.0	98.1	103.8
Utilities	(\$ MM)				23.9	25.4	26.9	28.7	30.4
Total Variable Costs	(\$ MM)				105.7	112.1	118.9	126.8	134.1
Fixed Costs									
Rent	(\$ MM)				23.5	24.0	24.4	25.1	25.7
Operating Labour	(\$ MM)				43.5	44.4	45.3	46.4	47.5
Other	(\$ MM)				2.0	2.0	2.1	2.1	2.2
Total Fixed Costs	(\$ MM)				69.0	70.4	71.8	73.6	75.4
Total Costs	(\$ MM)				\$174.7	\$182.5	\$190.7	\$200.4	\$209.6

Henderson Manufacturing

Income Statement

(\$ Millions)

				<i>Projected</i>					
		<u>2014A</u>	<u>2015A</u>	<u>2016A</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Sales Volume	(000's units)			344.5	361.7	376.1	391.2	406.8	420.0
Revenue									
Gross Revenue		244.8	269.3	239.2	289.3	272.7	322.7	325.5	315.0
Freight & Warehousing		31.3	32.7	34.4	36.9	39.1	41.5	44.3	46.8
Net Revenue		213.5	236.6	204.8	252.4	233.6	281.2	281.2	268.2
Costs									
Cost of Sales		159.9	164.6	167.9	174.7	182.5	190.7	200.4	209.6
S,G & A		3.4	3.6	3.8	3.9	4.0	4.1	4.2	4.3
Total Costs		163.3	168.2	171.7	178.6	186.5	194.8	204.5	213.8
Cost Adjustments - Gain/(Loss)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA		50.2	68.4	33.1	73.9	47.1	86.4	76.7	54.3
Depreciation		15.4	15.5	15.8	16.2	16.7	17.3	17.9	18.5
EBIT		34.8	52.9	17.3	57.7	30.4	69.2	58.8	35.9
Interest Expense		15.0	15.0	14.0	11.2	9.9	8.4	6.7	5.2
EBT		19.8	37.9	3.3	46.5	20.5	60.8	52.1	30.6
Current Income Taxes		3.0	8.0	0.0	14.5	5.4	19.5	16.5	9.0
Deferred Income Taxes		2.7	6.2	1.1	1.8	1.8	1.8	1.8	1.8
Total Income Taxes		5.7	14.2	1.1	16.3	7.2	21.3	18.2	10.7
Net Income		\$14.1	\$23.7	\$2.2	\$30.2	\$13.3	\$39.5	\$33.9	\$19.9

Margins									
EBITDA Margin		23.5%	28.9%	16.2%	29.3%	20.2%	30.7%	27.3%	20.3%
EBIT Margin		16.3%	22.4%	8.4%	22.9%	13.0%	24.6%	20.9%	13.4%
Return on Equity				0.9%	10.7%	4.5%	12.2%	9.6%	5.4%

Henderson Manufacturing

Cash Flow Statement

(\$ Millions)

	<u>2014A</u>	<u>2015A</u>	<u>2016A</u>	<i>Projected</i>				
				<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Operating Activities								
Net Income	14.1	23.7	2.2	30.2	13.3	39.5	33.9	19.9
Depreciation & Amortization	15.4	15.5	15.8	16.2	16.7	17.3	17.9	18.5
Deferred Income Taxes	2.7	6.2	1.1	1.8	1.8	1.8	1.8	1.8
Changes in working capital	0.0	0.0	0.0	0.0	6.9	(3.7)	(1.0)	3.1
Operating Cash Flow	32.2	45.4	19.1	48.1	38.7	54.9	52.5	43.2
Investing Activities								
CAPEX	(14.1)	(15.0)	(15.5)	(16.0)	(17.0)	(17.3)	(17.5)	(18.0)
Other	(5.0)	4.0	3.0	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	(19.1)	(11.0)	(12.5)	(16.0)	(17.0)	(17.3)	(17.5)	(18.0)
Financing Activities								
Revolver Issuance / (Repayment)	0.0	0.0	0.0	0.0	4.6	(4.6)	0.0	0.5
Term Debt Issuance / (Repayment)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Common Shares Issuance/ (Buy-Back)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common Dividends	(2.8)	(4.7)	(2.4)	(6.0)	(2.7)	(7.9)	(6.8)	(4.0)
Financing Cash Flow	(27.8)	(29.7)	(27.4)	(31.0)	(23.1)	(37.5)	(31.8)	(28.5)
Change in the Cash Position	(14.7)	4.7	(20.8)	1.1	(1.4)	0.1	3.2	(3.3)
Beginning Cash	<u>31.1</u>	<u>16.4</u>	<u>21.1</u>	<u>0.3</u>	<u>1.4</u>	<u>0.0</u>	<u>0.1</u>	<u>3.3</u>
Ending Cash	16.4	21.1	0.3	1.4	0.0	0.1	3.3	0.0

Henderson Manufacturing

Balance Sheet

(\$ Millions)

	<u>2014A</u>	<u>2015A</u>	<u>2016A</u>	<i>Projected</i>				
				<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
ASSETS								
Cash	16.4	21.1	0.3	1.4	0.0	0.1	3.3	0.0
Accounts Receivable	27.0	27.8	28.3	31.1	25.6	30.8	30.7	29.4
Inventory	36.5	36.1	35.1	33.5	32.5	31.3	32.8	31.6
Prepaid Expenses	14.6	14.4	14.9	14.4	15.0	15.7	16.4	17.2
Other	1.4	1.8	1.2	1.4	1.5	1.6	1.6	1.7
Total Current Assets	95.9	101.2	79.8	81.8	74.6	79.5	84.9	79.9
Net PP&E	398.5	398.0	397.7	397.5	397.8	397.8	397.4	397.0
Other	19.0	15.0	12.0	12.0	12.0	12.0	12.0	12.0
Total Long Term Assets	417.5	413.0	409.7	409.5	409.8	409.8	409.4	409.0
Total Assets	\$513.4	\$514.2	\$489.5	\$491.3	\$484.4	\$489.3	\$494.4	\$488.9
LIABILITIES AND EQUITY								
Bank Debt - Revolver	0.0	0.0	0.0	0.0	4.6	0.0	0.0	0.5
Accounts Payable	18.3	18.7	18.2	19.1	20.0	20.9	21.9	23.0
Other	4.7	4.9	4.8	4.8	5.0	5.2	5.5	5.7
Total Current Liabilities	23.0	23.6	23.0	23.9	29.6	26.1	27.4	29.2
Deferred Income Taxes	0.7	6.9	8.0	9.8	11.5	13.3	15.0	16.8
Senior Secured Term Debt	250.0	225.0	200.0	175.0	150.0	125.0	100.0	75.0
Total Long Term Liabilities	250.7	231.9	208.0	184.8	161.5	138.3	115.0	91.8
Total Liabilities	273.7	255.5	231.0	208.7	191.1	164.4	142.4	121.0
Common Shares	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Retained Earnings	119.7	138.7	138.5	162.7	173.3	204.9	232.0	247.9
Shareholder's Equity	239.7	258.7	258.5	282.7	293.3	324.9	352.0	367.9
Total Liabilities and Equity	\$513.4	\$514.2	\$489.5	\$491.3	\$484.4	\$489.3	\$494.4	\$488.9
<i>Check</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>

Henderson Manufacturing Depreciation Schedule

(\$ Millions)

	<u>2014A</u>	<u>2015A</u>	<u>2016A</u>	<i>Projected</i>				
				<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Years Remaining on Existing Assets:								
Depreciation Years on New Assets:								
Depreciation to Existing Assets				\$15.9	\$15.9	\$15.9	\$15.9	\$15.9
CAPEX								
2017	\$16.0			0.3	0.5	0.5	0.5	0.5
2018	\$17.0				0.3	0.6	0.6	0.6
2019	\$17.3					0.3	0.6	0.6
2020	\$17.5						0.3	0.6
2021	\$18.0							0.3
Total Depreciation				\$16.2	\$16.7	\$17.3	\$17.9	\$18.5

Henderson Manufacturing Income Tax Schedule

(\$ Millions)

		<i>Projected</i>				
Tax Rate		2017	2018	2019	2020	2021
	35.0%					
Accounting EBT (as is on I/S)	A	\$46.5	\$20.5	\$60.8	\$52.1	\$30.6
Less: Reduction in EBT for timing differences ⁽¹⁾		5.0	5.0	5.0	5.0	5.0
Government EBT	B	\$41.5	\$15.5	\$55.8	\$47.1	\$25.6
Accounting Taxes (35% of A)		16.3	7.2	21.3	18.2	10.7
Taxes as Appearing on Income Statement						
Current Tax (35% of B)		14.5	5.4	19.5	16.5	9.0
Increase (Decrease) in Deferred Income Taxes		1.8	1.8	1.8	1.8	1.8
Total Income Taxes (Same as Accounting Taxes Above)		16.3	7.2	21.3	18.2	10.7

(1) Assumes aggregate reduction in government pre-tax earnings due to timing differences between accounting and government rules.

Henderson Manufacturing

Working Capital Schedule

(\$ Millions)

					<i>Projected</i>				
		<u>2014A</u>	<u>2015A</u>	<u>2016A</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Days per Year	(days)		365	366	365	365	365	366	365
Income Statement Items									
Net Revenue	(\$ MM)		236.6	204.8	252.4	233.6	281.2	281.2	268.2
Cost of Sales	(\$ MM)		164.6	167.9	174.7	182.5	190.7	200.4	209.6
Days In									
Accounts Receivable	(days)		42.9	50.6	45.0	40.0	40.0	40.0	40.0
Inventories	(days)		80.1	76.5	70.0	65.0	60.0	60.0	55.0
Prepaid Expenses	(days)		31.9	32.5	30.0	30.0	30.0	30.0	30.0
Other Assets	(days)		4.0	2.6	3.0	3.0	3.0	3.0	3.0
Accounts Payable	(days)		41.5	39.7	40.0	40.0	40.0	40.0	40.0
Other Liabilities	(days)		10.9	10.5	10.0	10.0	10.0	10.0	10.0
Account Balances									
Accounts Receivable	(\$ MM)		27.8	28.3	31.1	25.6	30.8	30.7	29.4
Inventories	(\$ MM)		36.1	35.1	33.5	32.5	31.3	32.8	31.6
Prepaid Expenses	(\$ MM)		14.4	14.9	14.4	15.0	15.7	16.4	17.2
Other Assets	(\$ MM)		1.8	1.2	1.4	1.5	1.6	1.6	1.7
Accounts Payable	(\$ MM)		18.7	18.2	19.1	20.0	20.9	21.9	23.0
Other Liabilities	(\$ MM)		4.9	4.8	4.8	5.0	5.2	5.5	5.7
Net Working Capital	(\$ MM)		56.5	56.5	56.5	49.6	53.3	54.3	51.2
Change in Working Capital	(\$ MM)				\$0.0	\$0.0	(\$3.7)	(\$1.0)	\$3.1

Henderson Manufacturing

Debt and Interest Schedule

(\$ Millions)

	<i>Projected</i>					
	<u>2016A</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
FINANCING COMPONENT						
Cash						
Amount Outstanding - Beginning		0.3	1.4	(0.0)	0.1	3.3
Change in Cash		1.1	(1.4)	0.1	3.2	(3.3)
Amount Outstanding - Ending	\$0.3	\$1.4	(\$0.0)	\$0.1	\$3.3	(\$0.0)
Interest Rate		1.0%	1.0%	1.0%	1.0%	1.0%
Annual Interest Income		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revolver						
Operating Cash Flow		48.1	38.7	54.9	52.5	43.2
Investing Cash Flow		(16.0)	(17.0)	(17.3)	(17.5)	(18.0)
Mandatory Debt Repayments		(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Common Stock Issuance / (Buy-back)		0.0	0.0	0.0	0.0	0.0
Dividends		(6.0)	(2.7)	(7.9)	(6.8)	(4.0)
FCF After Mandatory Debt Repayment and Dividend		\$1.1	(\$6.0)	\$4.7	\$3.2	(\$3.8)
Revolver Outstanding - Beginning		0.0	0.0	4.6	0.0	0.0
Additions / (Repayments)		0.0	4.6	(4.6)	0.0	0.5
Revolver Outstanding - Ending	\$0.0	\$0.0	\$4.6	\$0.0	\$0.0	\$0.5
Interest Rate		6.0%	6.0%	6.0%	6.0%	6.0%
Annual Interest Expense		\$0.0	\$0.1	\$0.1	\$0.0	\$0.0
Senior Secured Term Debt						
Amount Outstanding - Beginning		200.0	175.0	150.0	125.0	100.0
Additions / (Repayments)		(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Amount Outstanding - Ending	\$200.0	\$175.0	\$150.0	\$125.0	\$100.0	\$75.0
Interest Rate		6.0%	6.0%	6.0%	6.0%	6.0%
Annual Interest Expense		\$11.3	\$9.8	\$8.3	\$6.8	\$5.3
Net Interest Expense		\$11.2	\$9.9	\$8.4	\$6.7	\$5.2

Henderson Manufacturing Shareholders' Equity Schedule

(\$ Millions)

	<i>Projected</i>					
	<u>2016A</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Common Shares						
Amount Outstanding - Beginning		120.0	120.0	120.0	120.0	120.0
New Issuance / (Buy-Back)		0.0	0.0	0.0	0.0	0.0
Amount Outstanding - Ending	\$120.0	\$120.0	\$120.0	\$120.0	\$120.0	\$120.0
Dividend Payout Rate		20.0%	20.0%	20.0%	20.0%	20.0%
Net Income		30.2	13.3	39.5	33.9	19.9
Common Dividend		\$6.0	\$2.7	\$7.9	\$6.8	\$4.0
Retained Earnings						
Amount Outstanding - Beginning		138.5	162.7	173.3	204.9	232.0
Net Income		30.2	13.3	39.5	33.9	19.9
Common Dividend		(6.0)	(2.7)	(7.9)	(6.8)	(4.0)
Amount Outstanding - Ending	\$138.5	\$162.7	\$173.3	\$204.9	\$232.0	\$247.9