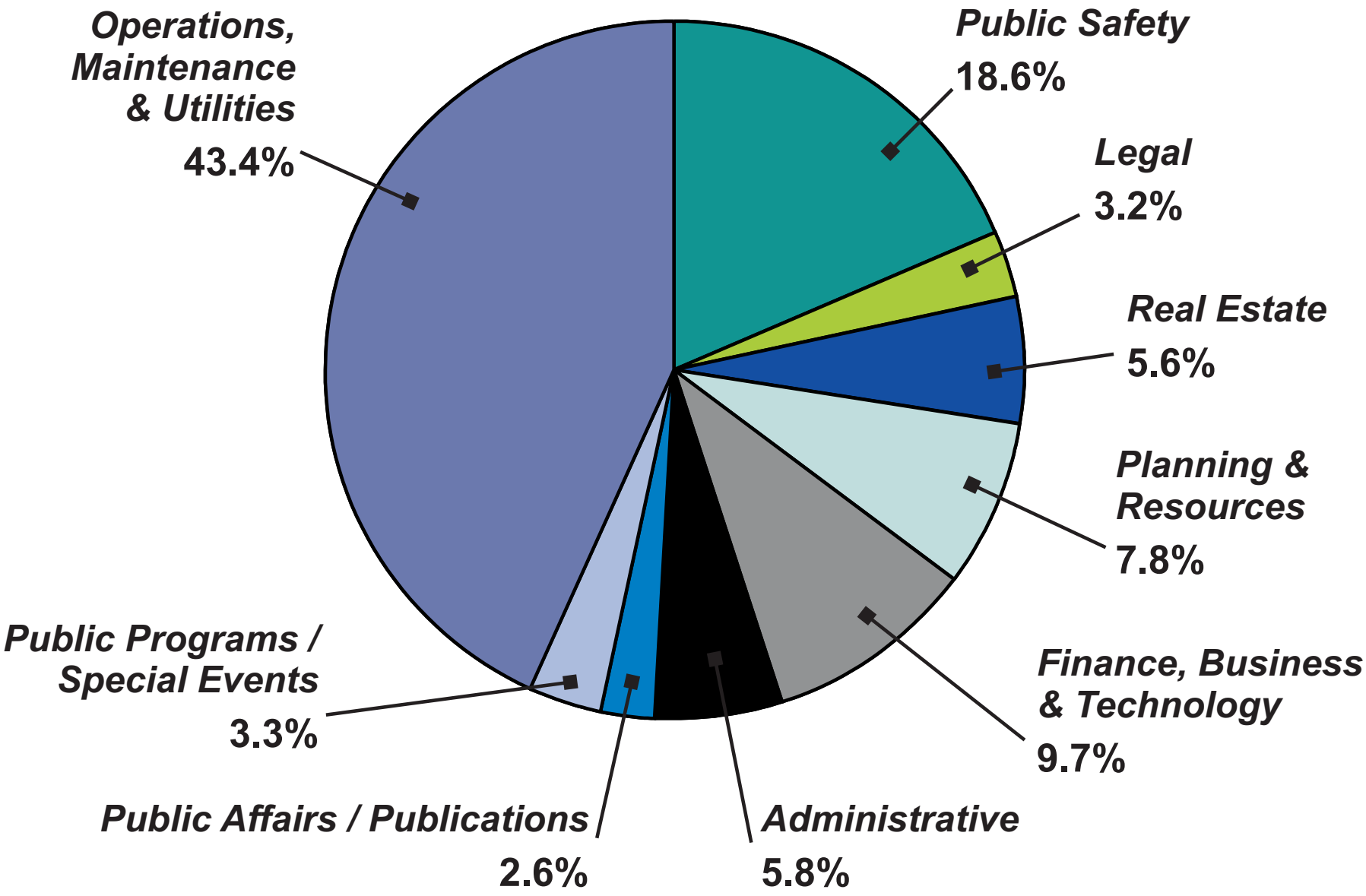OPERATING EXPENDITURES