

A corporation has \$30 million available for the coming year to allocate to its three subsidiaries. Because of commitments to stability of personnel employment and for other reasons, the corporation has established a minimal level of funding for each subsidiary. These funding levels are \$3 million, \$5 million, \$8 million, respectively. Owing to the nature of its operation, subsidiary 2 can not utilize more than \$17 million without major new capital expansion. The corporation is unwilling undertake such expansion at this time. Each subsidiary has the opportunity to conduct various projects with the funds it receives. A rate of return (as a percent of investment) has been established for each project. In addition, some of the projects permit only limited investment. The data of each project are given.

subsidiary	Project	Rate of Return	Upper Limit of Investment
1	1	8%	\$6 million
	2	6%	\$5 million
	3	7%	\$9 million
2	4	5%	\$7 million
	5	8%	\$10 million
	6	9%	\$4 million
3	7	10%	\$6 million
	8	6%	\$3 million