

EXHIBIT 2
Comparative Ratio Analysis

P Company and S Company report income from their own operations of \$250,000 and \$100,000, respectively. Consolidated net income reflects amortization of 80%, or 100% of the \$400,000 excess of fair value over book value of depreciable assets (five-year life).

	Current GAAP	SFAS 141(R) and SFAS 160
Amortization of S Company's identifiable net assets adjusted to fair value:		
80%: (\$320,000/5 years)	\$ 64,000	
100%: (\$400,000/5 years)		\$ 80,000
Consolidated Net Income		
[\$250,000 + (0.8 x \$100,000) – \$64,000]	\$ 266,000	
(\$250,000 + \$100,000 – \$80,000)		\$ 270,000
Total Assets (from Exhibit 1)	\$3,420,000	\$3,650,000
Return on Assets (ROA)		
(\$266,000/\$3,420,000)	7.78%	
(\$270,000/\$3,650,000)		7.40%
Return on Equity (ROE)		
(\$266,000/\$2,220,000)	11.98%	
(\$270,000/\$2,450,000)		11.02%