

## EXHIBIT 2 Key Findings

- 1,295 financial restatements in 2005: about one for every 12 U.S.-listed companies; nearly double the number in 2004, and a new record.
- 1,195 restatements by U.S. companies and 100 restatements by foreign private issuers with U.S.-listed stocks—both new records.
- “Stealth” restatements on the rise: 14% of restatements filed without amended filings, 8-K filings, or other public announcements.
- Companies audited by the smallest audit firms were six times more likely to restate than companies audited by the Big Four.
- The smallest companies, measured by market capitalization, were nearly twice as likely to restate as the largest companies.
- Half of companies filing restatements still claimed to have effective internal controls over financial reporting.
- Highest auditor restatement rate: Grant Thornton, 12%.
- Highest Big Four auditor restatement rate: KPMG, 7.1%.
- Lease-accounting errors were responsible for 249 restatements.
- Hedge-accounting restatements: The next big wave?

*Source: Glass Lewis & Co.*