

**EXHIBIT 2**  
Obligation to Issue a  
Variable Number of Shares

**C**ompany B, a public entity, has a contract to settle a liability totaling \$1 million with common stock. The aggregate fair value of the shares required to settle this liability must equal \$1 million, as determined at the maturity date. At the date the contract was signed, Company B expected to issue 40,000 shares to settle the liability, based on the current quoted market price of \$25 per share. At the maturity date, however, the quoted market price was \$20 per share, so Company B ultimately issued 50,000 shares to settle the liability.