

Exhibit 13S-4A
 MOBIL CORP. CONSOLIDATION
 Year Ended December 31, 1995 (\$ in millions)

<i>Balance Sheet</i>	Mobil	Affiliates	Eliminations	Consolidation
Current Assets	\$12,056	\$8,345	0	\$20,401
Investments	\$4,184	0	(\$2,417)	\$1,767
Other Assets	25898	12220		\$38,118
Total Assets	<u>\$42,138</u>	<u>\$20,565</u>	<u>(\$2,417)</u>	<u>\$60,286</u>
Current Liabilities	\$13,054	\$8,027		\$21,081
Long-Term Debt	\$4,629	\$2,520		\$7,149
Other Liabilities	\$6,504	\$2,122		\$8,626
Total Liabilities	<u>\$24,187</u>	<u>\$12,669</u>	<u>\$0</u>	<u>\$36,856</u>
Minority Interest Equity	<u>\$17,951</u>	<u>\$7,896</u>	<u>\$5,479</u> <u>(\$7,896)</u>	<u>\$5,479</u> <u>\$17,951</u>
Liabilities and Equity	<u>\$42,138</u>	<u>\$20,565</u>	<u>(\$2,417)</u>	<u>\$60,286</u>
<i>Income Statement</i>				
Sales	\$73,413	\$31,324		\$104,737
Other income	\$1,957		(\$397)	\$1,560
Total Revenues	<u>\$75,370</u>	<u>\$31,324</u>		<u>\$106,694</u>
Operating costs*	(\$51,960)	(\$29,964)		(\$81,924)
Operating taxes	<u>(\$19,019)</u>			<u>(\$19,019)</u>
Minority interest			691	<u>\$691</u>
Pretax income	\$4,391	\$1,360		\$5,751
Income Tax	<u>(\$2,015)</u>	<u>(\$272)</u>		<u>(\$2,287)</u>
Net Income	<u>\$6,406</u>	<u>\$1,088</u>	<u>(\$1,088)</u>	<u>\$6,406</u>
<i>Ratios</i>				
Current ratio	0.9240	1.0400		0.9680
LT debt to equity	0.2580	0.3190		0.3980
Pretax margin	0.0600	0.0430		0.0550
Effective tax rate	0.4590	0.2000		0.3980
Pretax ROA	0.1040	0.0660		0.0950

* Difference between revenues & pretax income of affiliates assumed to be operating expense.

MOBIL CORP. CONSOLIDATION
Year Ended December 31, 1995 (\$ in millions)

<i>Balance Sheet</i>	Mobil	Affiliates	Eliminations	Consolidation
Current Assets	\$12,056	\$2,678	0	\$14,734
Investments	\$4,184	0	(\$2,417)	\$1,767
Other Assets	25898	3735		\$29,633
Total Assets	<u>\$42,138</u>	<u>\$6,413</u>	<u>(\$2,417)</u>	<u>\$46,134</u>
Current Liabilities	\$13,054	\$2,643		\$15,697
Long-Term Debt	\$4,629	\$758		\$5,387
Other Liabilities	\$6,504	\$595		\$7,099
Total Liabilities	<u>\$24,187</u>	<u>\$3,996</u>	<u>\$0</u>	<u>\$28,183</u>
Equity	<u>\$17,951</u>	<u>\$2,417</u>	<u>(\$2,417)</u>	<u>\$17,951</u>
Liabilities and Equity	<u>\$42,138</u>	<u>\$6,413</u>	<u>(\$2,417)</u>	<u>\$46,134</u>
 <i>Income Statement</i>				
Sales	\$73,413	\$9,835		\$83,248
Other income	\$1,957		(\$397)	\$1,560
Total Revenues	<u>\$75,370</u>	<u>\$9,835</u>		<u>\$85,205</u>
Operating costs*	(\$51,960)	(\$9,369)		(\$61,329)
Operating taxes	(\$19,019)			(\$19,019)
Pretax income	\$4,391	\$466		\$4,857
Income Tax	(\$2,015)	(\$69)		(\$2,084)
Net Income	<u>\$6,406</u>	<u>\$397</u>	<u>(\$397)</u>	<u>\$6,406</u>
 <i>Ratios</i>				
Current ratio	0.9240	1.0130		0.9390
LT debt to equity	0.2580	0.3140		0.3000
Pretax margin	0.0600	0.0470		0.0580
Effective tax rate	0.4590	0.1480		0.4290
Pretax ROA	0.1040	0.0730		0.1050

* Difference between revenues & pretax income of affiliates assumed to be operating expense.

- C Mobil's equity method affiliates have financial characteristics that are different from those of Mobil itself. Consolidation of these affiliates has the following effects:
- (i) Increase in long term debt to equity ratio
 - (ii) Decrease in pretax profit margin
 - (iii) Lower effective tax rate
 - (iv) Decrease in pretax return on assets

Full Consolidation has the greatest impact on these ratios. Proportionate consolidation

results in ratios that are between the equity method ratios & those resulting from full consolidation.

14 (S) A

(All data in \$ thousands)

Nucor's minority interest rose by \$18607 (\$124,048-\$105,441) in 1991. This increase must reflect the minority interest in income & capital contributions or distributions during the year. Given distributions of \$7,507, the minority interest in 1991 income must be:

$$\begin{array}{rcl} \text{Change in Minority Interest} & = & \text{1991 income} - \text{distributions} \\ \$18607 & = & ? - \$7,507 \end{array}$$

$$\text{Therefore: } ? = \$18,607 + \$7,507 = \$26,114$$

This amount represents the 49% of the 1991 net income of the joint venture that accrues to the minority shareholder rather than to Nucor.

B Dividing the data provided by 0.49 results in 100% of the 1991 net income and 1990-91 equity of the joint venture:

$$\text{1991 net income} = \$26,114 / 0.49 = \$53,294$$

$$12\text{-}31\text{-}90 \text{ equity} = \$105,441 / 0.49 = \$215,186$$

$$12\text{-}31\text{-}91 \text{ equity} = \$124,048 / 0.49 = \$253,159$$

1991 return on (average) equity equals:

$$\text{\$53,294} / \text{\$234,172} = \text{22.8\%}$$

ROE can also be computed directly from the minority interest data:

$$\text{\$26,114} / \text{\$114,744} = \text{22.8\%}$$

where \$114,744 is the average minority interest.

C The answer mainly depends on how the joint venturers are responsible for the liabilities of the venture. If each party is responsible only for its share of joint venture debt, there is a strong argument for reflecting only that portion of the debt on Nucor's Balance Sheet (and only its share of assets as well)

D (i) From the point of view of Nucor management, proportionate consolidation has two advantages. First, it can hide the profitability of the joint venture, as the analysis in part B would no longer be possible. This may be a competitive advantage. The second advantage is that reported debt & debt-based ratios decline under proportionate consolidation. The only possible disadvantage is that reported sales & assets also decline under proportionate consolidation.

(ii) From the point of view of a financial analyst, full consolidation is better in that the analysis in part A can determine the profitability of the joint venture & thus help the analyst understand the source of Nucor earnings.

15 (M) A

Lumex

Industry Segments
Ratio Computations, 1992 to 1994

<i>Lumex Segment</i>	Years Ended December 31 (\$000)		
	1992	1993	1994
Sales	\$50,038	\$54,187	\$60,764
Operating Profit	\$3,445	\$3,881	\$4,012
Identifiable Assets	\$24,297	\$24,756	\$28,659
Capital Expenditures	\$603	\$1,481	\$1,532
Depreciation & Amortization	\$1,142	\$1,283	\$1,568
Operating profit margin	6.90%	7.20%	6.60%
Return on ending assets	14.20%	15.70%	14.00%
Asset Turnover	2.06	2.19	2.12
Capex-to-depreciation	0.53	1.15	0.98
<i>Cybox Segment</i>			
Sales	\$53,850	\$54,781	\$70,420
Operating Profit	\$3,690	(\$692)	\$2,218
Identifiable Assets	\$31,452	\$32,117	\$37,087
Capital Expenditures	\$1,550	\$1,736	\$2,047
Depreciation & Amortization	\$1,382	\$1,523	\$1,671
Operating profit margin	6.90%	-1.30%	3.10%
Return on ending assets	11.70%	-2.20%	6.00%
Asset Turnover	1.71	1.71	1.9
Capex-to-depreciation	1.12	1.14	1.23

B *Lumex Segment:*

Modest but relatively stable operating profit margin. No trend in ROA or asset turnover
Capex rose from half of depreciation in 1992 to approximately equal to 1993/1994.

Cybox Segment:

Erratic operating profit margin, declining in 1993-94.
Erratic ROA; negative in 1993
Rising Asset turnover but below Lumex segment
Capex relative to depreciation over 1 & rising

C Segment results are affected by allocation of parent overhead. Trends are affected by acquisitions & divestitures, price changes, & exchange rate changes. Comparisons with other companies are affected by the same factors. In addition, seemingly similar segments of different firms may have different customer bases, product mixes, or production processes that limit their comparability.

D Improved segment analysis requires better understanding of the economic factors that affect segment sales & profitability, as well as the impact of acquisitions & divestitures, & price & exchange rate changes.

E Sale of the Lumex segment, with its stable profitability, left the company exposed to the

volatile Cybex segment. The segment data permitted analysts to see that sale of the Lumex segment would force the firm to confront the operating difficulties of Cybex. In early 1997, the company merged with a better managed company in the exercise equipment field, expecting that the combined firms would prove more profitable.

16 (L) A

Coca-Cola Company
Geographic Segments
Ratio Computations, 1993 to 1995
Years Ended December 31 (\$ millions)

	1993	1994	1995
<i>United States</i>			
Net Operating revenues	\$4,586	\$5,092	\$5,261
Operating Income	782	869	840
Identifiable Operating Assets	2682	2991	3384
Capital Expenditures	165	252	285
Depreciation & Amortization	127	128	146
Operating profit margin	17.10%	17.10%	16%
Return on ending assets	29.20%	29.10%	24.80%
Asset Turnover	1.71	1.7	1.55
Capex-to-depreciation	1.3	1.97	1.95
<i>Greater Europe</i>			
Net Operating revenues	\$4,456	\$5,047	\$6,025
Operating Income	1,029	1,173	1,300
Identifiable Operating Assets	3,287	3,958	4,301
Capital Expenditures	366	330	383
Depreciation & Amortization	120	160	180
Operating profit margin	23.10%	23.20%	21.60%
Return on ending assets	31.30%	29.60%	30.20%
Asset Turnover	1.36	1.28	1.4
Capex-to-depreciation	3.05	2.06	2.13
<i>Middle & Far East & Canada</i>			
Net Operating revenues	\$2,957	\$3,551	\$4,162
Operating Income	1005	1208	1437
Identifiable Operating Assets	1184	1437	1539
Capital Expenditures	45	51	85
Depreciation & Amortization	18	21	23
Operating profit margin	34.00%	34.00%	34.50%
Return on ending assets	84.90%	84.10%	93.40%
Asset Turnover	2.5	2.47	2.7
Capex-to-depreciation	2.5	2.43	3.7

1993 1994 1995

Net Operating revenues	\$1,683	\$1,928	\$1,920
Operating Income	582	713	797
Identifiable Operating Assets	1220	1164	1294
Capital Expenditures	141	129	88
Depreciation & Amortization	33	36	31

Operating profit margin	34.60%	37.00%	41.50%
Return on ending assets	47.70%	61.30%	61.60%
Asset Turnover	1.38	1.66	1.48
Capex-to-depreciation	4.27	3.58	2.84

Africa

Net Operating revenues	\$255	\$522	\$595
Operating Income	152	182	206
Identifiable Operating Assets	153	357	348
Capital Expenditures	6	27	19
Depreciation & Amortization	3	6	8

Operating profit margin	59.60%	34.90%	34.60%
Return on ending assets	99.30%	51.00%	59.20%
Asset Turnover	1.67	1.46	1.71
Capex-to-depreciation	2.00	4.50	2.38

Consolidated

Net Operating revenues	\$13,963	\$16,181	\$18,018
Operating Income	3108	3716	4092
Identifiable Operating Assets	9806	11363	12327
Capital Expenditures	800	878	937
Depreciation & Amortization	360	411	454

Operating profit margin	22.30%	23.00%	22.70%
Return on ending assets	31.70%	32.70%	33.20%
Asset Turnover	1.42	1.42	1.46
Capex-to-depreciation	2.22	2.14	2.06

- B Operating profit margin was high & stable overall. However, different segments had quite different levels & trends. The Latin America & african segments, while small in size, had the highest margins, with margins rising sharply in Latin America. ROA rose slightly from already high levels overall despite a decline in the U.S. ROA was highest in the less developed areas of Latin America, Africa, & Middle & Far East and Canada. A large increase in assets reduced the Africa ROA. Stable asset turnover also disguises significant regional variations. Turnover is highest in the Middle & Far East segment, lowest in Greater Europe. Capex is more than twice depreciation overall. The ratio is highest in the undeveloped market segments.
- C. Geographic segment results with companies are affected by allocation of parent overhead. Trends are affected by acquisitions & divestitures, price changes, & especially exchange rate changes. Comparisons with other companies are affected by the same factors. In addition,

geographic segments may be defined differently. Note, for example, that Coca Cola combines the Middle East, Far East, & Canada in one segment. It is unlikely that others firms would choose exactly the same combination of countries.

- D Improved segment analysis requires better understanding of the economic factors that affect the sales and profitability of operations in different geographic areas. The impact of acquisitions & diverstitures, & price and exchange rate changes must also be considered.