



2010 CONGRESS ON FAIR VALUE — MEASUREMENTS AND RECOGNITION: SHARED SPACE

SEPTEMBER 27 – 28, 2010 SEATTLE, WA USA

SESSION TITLE: Using Monte Carlo Techniques for Fair Valuation: The Valuation of Embedded Features in Warrants, Options and Convertibles

SESSION DATE: Tuesday, September 28, 2010

SESSION TIME: 2:30 – 3:30pm

Session Summary: Companies may issue options, warrants, convertible debt and convertible preferred securities with exotic derivatives features such as a resetting of the strike price, or a change in the number of equivalent shares based on market conditions. This session will discuss some of the most common embedded features encountered in valuation for financial reporting. It will provide illustrative excerpts from SEC filings describing such features. The presenters will show how to value securities with embedded features using Monte Carlo simulation, a flexible methodology well suited to valuing such contractual features.

CPE Hours / Fields of Study: 1 hr Finance (FN)

Presenter Bio:



Vincent Covrig, PhD, CFA is an Associate Professor of Finance at California State University, Northridge, where his area of expertise is financial derivatives, quantitative finance and business valuation; Dr. Covrig is also consulting with Crowe's Valuation Services practice where he specializes in the valuation of complex securities. He has published more than a dozen papers in top academic journals such as Journal of Finance and Journal of Accounting Research, he also published in practitioner oriented publications such as Business Valuation Review. His paper won the 1st Academic Research Award at NAVCA's 2009 Annual Consultants' Conference.



Daniel McConaughy, PhD, ASA, is a Professor of Finance at California State University, Northridge, where his area of expertise is business valuation and corporate finance; Dr. McConaughy is also a director with Crowe's Valuation Services practice. He has published more than a twenty papers in academic and industry journals and has more than twelve years of business valuation experience. His paper won the 1st Academic Research Award at NAVCA's 2009 Annual Consultants' Conference.

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