

AMERICAN SOCIETY OF APPRAISERS – PHILADELPHIA CHAPTER

2010 BUSINESS VALUATION SEMINAR

Dates: Friday, April 30, 2010

Venue: Doubletree Guest Suites Plymouth Meeting, Plymouth Meeting, PA

Program:

This year's program features practical "how to" sessions conducted by leading thought leaders on such topics as IRC 409A and SFAS 123r; intellectual property and other intangibles valuation; reasonable compensation, and the emerging new techniques for developing and defending discounts for lack of marketability.

8:30 – 10:00 AM

Mark L. Zyla, CPA/ABV, CFA, ASA, will present a *case study providing practical tips in developing valuations for 409A and 123R purposes* including:

- When and how to use, as well as the limitations of using, current value methods, option pricing models, and probability weighted return models to determine IRS Reg. 409A values.
- When, how and/or should discounts for lack of control and lack of marketability be used in these types of valuations.
- How IRS Reg. 409A expectations differ from auditors' SFAS 123R expectations.

Mr. Zyla is a Managing Director of Acuitas, Inc. an Atlanta, Georgia-based valuation and litigation consultancy firm. Mr. Zyla has provided valuation consulting for various types of entities for a wide variety of purposes. Mr. Zyla is a member of the American Society of Appraisers ("ASA"), the American Institute of Certified Public Accountants ("AICPA"), and the CFA Institute. He was named as Vice Chairman of The Appraisal Foundation's Business Valuation Best Practices Working Group on Contributory Asset Charges and to the AICPA's Fair Value Resource Panel. He is currently working on the AICPA's Impairment Practice Aid. He is also the Chairman of the AICPA's Fair Value Measurement Conference Committee. Mr. Zyla is a former member of the

Business Valuations Committee of the AICPA, and a former Chairman of the ABV Examination Committee of the AICPA. He is also a former member of the Business Valuation Standards Subcommittee of the ASA. Mr. Zyla is a frequent presenter and author on valuation issues. Mr. Zyla is the co-author of the courses, "Fair Value Accounting: A Critical New Skill for All CPAs" and "Accounting for Goodwill and Intangible Assets" published by the AICPA. He is the author of Fair Value Measurements: Practical Guidance and Implementation, which has just been published by John Wiley & Sons.

10:00 – 10:15 AM Break

10:15 – 11:30 AM

PJ Patel, CFA, ASA and Edward P. Hamilton will present a discussion of, and case studies on, valuing intellectual property ("IP") and other intangible assets for financial reporting purposes in a business combination. Key highlights will include:

- Valuing brands, customer relationships and technology
- Using the distributor method, with and with-out, and other methods to value customer relationships
- Use of the relief from royalty and excess earnings methods to value IP
- Discussion of the 25%/33% rule of thumb in valuing IP
- Case studies will look at valuations of intangibles in the following sectors:
 - consumer products companies
 - software/technology companies
 - defense companies

Mr. Patel specializes in the valuation of businesses, assets and liabilities for financial reporting purposes. In particular, he has focused on the valuation of intellectual property/intangible assets such as trademarks, technology, software, customer relationships and IPR&D. Mr. Patel is an active member of the AITF and is currently a member of the Appraisal Foundation Working Group preparing a Practice Aid for the valuation of customer relationships. Mr. Patel is a frequent presenter on valuation issues for financial reporting purposes and has recently presented on valuation issues relating to ASC 805, ASC 350, ASC 360

and ASC 820 and other emerging issues. Mr. Patel spoke at the 2008 AICPA SEC conference in Washington D.C.

Mr. Hamilton specializes in the valuation of businesses, assets and liabilities for financial reporting purposes. In particular, he has focused on the valuation of intellectual property/intangible assets such as trademarks, technology, software, customer relationships and IPR&D. Mr. Hamilton is an active member of the AITF and is currently involved with the Appraisal Foundation Working Group preparing a Practice Aid for the valuation of customer relationships. Mr. Hamilton is a frequent presenter on valuation issues for financial reporting purposes and has recently presented on valuation issues relating to ASC 805, ASC 350, ASC 360 and ASC 820 and other emerging issues.

11:30 – 12:15 PM

Jim Bowers, Vice President, Hay Group, and Jeff Bacher, Sr. Consultant, Hay Group, will present a program on *Reasonable Compensation*.

“People are our most important asset”, say many CEOs. The most visible evidence of the value of people is in the cost of compensation. In fact, compensation is typically the single largest operating cost. However, people never show up as an asset on the balance sheet. Rather, they sometimes show up as a liability – in the form of unfunded retirement and health care benefits. The obvious answer as to why people are not a company asset is that the employer does not own them. However, the value of people does indirectly show up under “goodwill.” The perceived value of the company brand is influenced by the quality of leadership and the workforce, and is a factor in the market value of a company.

In a perfect world, market forces would dictate the amount and nature of compensation received by all employees and reasonableness would be a moot point.

In this presentation, the focus will be on the “nuts and bolts” of “reasonable compensation” in an imperfect world and the germane factors in assessing compensation reasonableness, tools to determine reasonableness, and the red flags to look for that would undermine the contention that compensation is reasonable. The presentation will draw on the presenters’ collective and extensive experience in executive compensation and general rewards.

Mr. Bowers is a leader in Hay Group's reward practice (both executive and general workforce), and has broad industry experience, concentrating in the manufacturing, energy, and chemical sector which he leads. He also leads the North American job evaluation practice. His consulting focus is to help clients achieve the highest possible return on its human resources investment through culture change, performance management, and reward programs that align executive and employee interests with organizational and ownership interests. Mr. Bowers works with clients to ensure they have human resources programs that facilitate engaged performance and create ownership value. His primary emphasis is helping organizations manage performance through clear organization and job design, executive and general workforce remuneration programs and performance management processes designed to build human capital, create clarity and sustained high performance. Examples of the work Mr. Bowers does include the development and implementation of work valuing programs aligned with the organization's operating model; executive remuneration programs; and performance-based reward programs with clear objectives linked to organization strategy and culture. Mr. Bowers is highly experienced in working with Compensation Committees, Boards and Management in both public and private company settings. He works with a broad range of industries, with varying organizational sizes, governance and organization structures. He is also highly experienced in working with companies headquartered outside of the US.

Mr. Bacher is a Senior Executive Compensation Consultant in the Philadelphia Office of the Hay Group. He has practice development and project leadership responsibilities for clients throughout the Mid-Atlantic and Northeastern United States. Representative clients have included: Unisys Corporation, Exide Technologies, TTX Corporation, Nobel Learning Communities, LaSalle University, XM Satellite Radio and Maxell Corporation of America. Mr. Bacher has over twenty years of experience both in consulting and as a corporate executive. In addition to consulting experiences with Hay, Towers Perrin and Ernst & Whinney (now Ernst & Young), Mr. Bacher was Vice President of Global Rewards for Unisys Corporation where he managed all compensation and benefit programs for 37,000 employees in over 100 countries. Mr. Bacher's consulting background includes a wide variety of projects designed to assist clients with the integrated and effective management of executive compensation and other reward programs.

12:15 – 1:15 PM

Lunch (included with seminar fee)

1:15 – 4:40 PM

(Including a 15 minute break)

John J. Barton, ASA, CPA, will present *“Techniques for Estimating the Discount for Lack of Marketability.”*

The presentation will focus on a *practical* application of the major tools that are available to estimate a discount for lack of marketability (“DLOM”) in a case study format. Over the last ten years both the courts and the SEC have rejected a general reliance on empirical studies to estimate a DLOM. Empirical studies are only accepted if the analyst relates the subject company to specific data points within the studies’ contents. Furthermore, it is expected that other available tools will be applied to support the studies. This case study will develop a DLOM for a real company using the following analytical processes:

- The FMV Opinions Restricted Stock Study
- The Valuation Advisors IPO Study
- The Quantitative Marketability Discount Model
- Option Models

Each approach will be outlined and applied in turn using live online data, resulting in separate calculations of the DLOM, followed by a correlation and conclusion.

Mr. Barton is the President of Brandywine Valuation Consultants, LLC. He is responsible for the analysis and valuation of closely held entities and intangible assets. He also provides expert witness testimony in litigation matters. Before starting Brandywine Valuation Consultants, Mr. Barton was Vice President at Murray, Devine & Company, a valuation firm providing financial and security services to corporate and individual clients. Mr. Barton holds an MBA from LaSalle University as well as an M.A. from Fordham University. He is also a Certified Public Accountant and a senior member of the American Society of Appraisers. Mr. Barton currently serves as the Chairman of the ASA’s Business Valuation Committee. He is a past member of the ASA’s Education Committee where he was in charge of course content and development for the ASA’s business valuation educational program. Mr. Barton is an instructor of Finance in Villanova University’s MBA Program and also teaches business valuation courses for the ASA. He also serves as the Chairman of the Pennsylvania Institute of Certified Public Accountants Business Valuation Committee-Philadelphia Chapter. Since 1987, Mr. Barton has been involved in the valuation of over 500 business entities, ranging in size from small sole proprietorships to

multinational corporations. He has provided valuation and litigation support services across a wide spectrum of manufacturing, retail, and service industries, including companies in the health care insurance, construction, apparel, and automotive markets. Mr. Barton has been qualified as an expert valuation witness in courts in Pennsylvania, New Jersey, and Florida as well as in U.S. Federal District Court. In addition to litigation support, he has been involved in valuations for the purposes of sale, restructuring, goodwill impairment, and estate planning.

Continuing Education Credits: Eight (8) credit hours will be available for ASA purposes. ASA National is a NASBA sponsor and has advised the Philadelphia Chapter that the PA Board of Accountancy and other state boards will honor CEs from our program for CPAs. In addition to NASBA, the ASA is a sponsor to other organizations, and any question regarding CEs can be directed to Bob Haas at rhaasjr@rmha.com or (215) 887-6500.

Scheduling: The timetable for the day's program is as follows:

Registration (and breakfast buffet):	8:00 AM - 8:30 AM
Morning Session (including refreshment break):	8:30 AM – 12:15 PM
Lunch Break (lunch is provided):	12:15 PM – 1:15 PM
Afternoon Session (including refreshment break):	1:15 PM – 4:40 PM

Seminar Fee (including meals and refreshments):

Early Bird Special:

For registrants submitting registration forms and payment by March 31:

ASA Members:	\$225
Non-ASA Members:	\$245

After March 31:

ASA Members:	\$250
Non-ASA Members:	\$270

A registration form is provided at the end of this material.

Lodging:

Contact Donna Phipps, Executive Meeting Manager, 610-879-4178

Other Important Facts:

The Doubletree Guest Suites Plymouth Meeting (www.doubletreeplymouth.com) is located near Philadelphia (approximately a thirty minute drive) in the suburb of Plymouth Meeting, and across the street from the Plymouth Meeting Mall that features numerous dining and shopping options, as well as a ten minute drive from the famed King of Prussia shopping mall complex.

Information: Bob Haas, ASA at rhaasjr@rmha.com, or 215-887-6500
Joanne Paciello at asaphiladelphia@verizon.net

To Register: Please complete and return the following section with payment by check made payable to "ASA-Philadelphia Chapter" to 8 Terrace Road, Plymouth Meeting, PA 19462. Please note that seating capacity is limited.

Name: _____

Company: _____

Address: _____

Telephone: _____

Email: _____

Designation for which CE sought: _____

Cancellation and refund policy: A refund is permissible depending upon the timing of a request, subject to a minimum \$35.00 service fee. A full refund will be given, less the service fee, provided a request is made by email to asaphiladelphia@verizon.net no later than March 26, 2010. A refund equal to 50% of the registration fee will be made for such requests made after March 26, 2010 and before April 16, 2010. Refund requests after April 16, 2010, are subject to the discretion of the Philadelphia Chapter.