The Vincent C. Ross Institute of Accounting Research
Stern School of Business
New York University

Presents

2002 Journal of Accounting, Auditing & Finance
KPMG Foundation Conference

on

The Economics of Financial Statements:
Conservatism and Earnings Quality

Thursday, January 17 & Friday, January 18, 2002
Stern School of Business
New York University

Sponsored By
CALL FOR PAPERS

The Vincent C Ross Institute of Accounting Research at the Stern School of Business, New York University is pleased to announce the 2002 JAAF/KPMG Foundation Conference "The Economics of Financial Statements: Conservatism and Earnings Quality", will be held January 17-18, 2002 in New York City. Please note the change in date and location.

The conference chair is Stephen Ryan of NYU. Co-chairs are Steve Penman of Columbia University and Sudipta Basu of Emory University.

The topic includes, but is not limited to, the following research areas:

- **the effect of conservatism on theoretical and empirical valuation relationships e.g.:**
  - coefficient biases, asymmetric lags, earnings persistence, $R^2$
  - interactions with firm or industry attributes (e.g., growth, lifecycle)

- **conservatism’s role in enhancing and/or diminishing earnings quality,** e.g.:  
  - conservatism versus fair value accounting  
  - capitalizing versus expensing the cost of internally developed intangibles  
  - write-offs of acquired in-process R&D  
  - purchased goodwill: systematic amortization or impairment?  
  - restructuring charges: one-time items?  
  - analysts’ earnings forecast accuracy

- **the empirical identification of conservatism**
  - distinguishing conservatism, earnings management and economics  
  - explaining the increasing frequency of accounting losses

- **managers and auditors’ incentives to be conservative,** e.g., compensation and debt contracts, legal liability, and reputation

- **conservatism’s role in accounting theory**
JOURNAL OF ACCOUNTING, AUDITING & FINANCE

Editor-in-Chief

Bala K. R. Balachandran
Stern School of Business
New York University

Conference Chair

Stephen Ryan
Stern School of Business
New York University

Conference Co-Chairs

Stephen Penman
Graduate School of Business
Columbia University

Sudipta Basu
Goizueta Business School
Emory University

Conference Location

Stern School of Business
New York University
Tisch Hall
40 West 4th Street
New York, NY 10012
THURSDAY, JANUARY 17, 2002

10:00am – 10:30am  REGISTRATION & BREAKFAST
The Surdna Conference Center
Tisch Hall 3rd floor

10:30am – 10:45am  WELCOME & OPENING REMARKS
Prof. Bala K. R. Balachandran, JAAF Editor
Prof. Stephen Ryan, Conference Chair

10:45am – 12:15pm  “The Reliability of Fair Value vs. Historical Cost
Information: Evidence from Closed-End Mutual Funds”
by Thomas Carroll, University of Iowa, Thomas
Linsmeier and Kathy Petroni, Michigan State University

Presenter: Thomas Linsmeier
Discussant: Sudipta Basu, Emory University

12:15pm – 1:15pm  LUNCH
The Surdna Conference Center
Tisch Hall 3rd floor

1:15pm – 2:45pm  “Differential Pricing of Components of Bank Loan Fair
Values” by William Beaver and Mohan Venkatachalam, Stanford University

Presenter: Mohan Venkatachalam
Discussant: James Wahlen, Indiana University

2:45pm – 3:00pm  BREAK
The Surdna Conference Center
Tisch Hall 3rd floor

3:00pm – 4:30pm  “Managerial Discretion and Accounting for Research and
Development Costs” by Dennis Chambers, University of
Illinois, Ross Jennings, University of Texas at Austin,
Robert B. Thompson II, American University

Presenter: Ross Jennings
Discussant: Steve Monahan, University of Chicago

4:30pm- 4:45pm  BREAK
The Surdna Conference Center
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<th>Time</th>
<th>Event</th>
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<tbody>
<tr>
<td>4:45pm – 6:15pm</td>
<td>“Reactions to Dividend Changes Conditional on Earnings Quality” by Michael Mikhail, Duke University, Beverly Walther, Northwestern University and Richard Willis, Duke University</td>
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<tr>
<td>Presenter:</td>
<td>Richard Willis</td>
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<td>Discussant:</td>
<td>Doron Nissim, Columbia University</td>
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<td>6:15pm – 7:30pm</td>
<td>Reception</td>
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<td>Cantor Boardroom – Adjacent Building, 44 West 4th Street, 11th floor (11-75)</td>
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**FRIDAY, JANUARY 18, 2002**

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<tr>
<th>Time</th>
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<tr>
<td>8:30am – 9:00am</td>
<td>Breakfast</td>
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<td>The Surdna Conference Center</td>
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<td>Tisch Hall 3rd floor</td>
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<td>9:00am – 10:30am</td>
<td>“The Usefulness of Biotechnology Firms’ Drug Development Status in the Evaluation of Research and Development Costs” by Kirsten Ely, Georgia Institute of Technology, Paul Simko and L.G. Thomas, Emory University</td>
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<tr>
<td>Presenter:</td>
<td>Kirsten Ely</td>
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<td>Discussant:</td>
<td>Philip Joos, University of Rochester</td>
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<td>10:30am – 10:45am</td>
<td>Break</td>
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<td>The Surdna Conference Center</td>
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<td>Tisch Hall 3rd floor</td>
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<td>10:45am – 12:15pm</td>
<td>“Historical Accounting and the Endogenous Credibility of Current Disclosures” by Russell Lundholm, University of Michigan</td>
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<td>Presenter:</td>
<td>Russell Lundholm</td>
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<td>Discussant:</td>
<td>James Ohlson, New York University</td>
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<td>12:15pm - 1:30 pm</td>
<td>Lunch &amp; Best Paper Presentation</td>
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<td>The Surdna Conference Center</td>
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Requirements for participation in program:
Adequate business and/or academic experience

Recommended CPE Credits: 9