

July 4-6, 2002 – Coral Beach, Cyprus

A revolutionary new paradigm for capitalizing on uncertainty in the new millenium...

REAL OPTIONS VALUATION IN THE NEW ECONOMY

Oil/Energy, R&D/Pharma, Corporate Valuation & Strategic/Portfolio Mgt

Features

- **Practical presentations and case applications** by experts from leading corporations and universities
- **Roundtable (break-out) discussions by industry** where participants choose their area of interest and interact to address key issues & challenges (Natural Resources/Energy, R&D/Pharma, High Tech/Ventures/Corporate Valuation)
- **Panel of experts** where the previous info. is fed to groups of experts as food for thought
- **Keynote presentations** from thought leaders
- **Networking receptions** to interact with your peers in a relaxing atmosphere
- **Workshop** (optional) to illustrate use of binomial trees and spreadsheets and help acquire a deeper understanding of real options valuation through different case applications in various contexts

Speakers from Leading Organizations

ABB Offshore Systems – BHP – Boston Consulting Group – British Petroleum – COLEP – Columbia University – Cyprus SEC – Dell Computer Corp – Deloitte Consulting – Fortum – Lexecon Ltd. – Petrobras – Philips Electronics – Real Options Group – Stern Stewart & Co. – Woodside Energy

Benefits of Attending

- Learn how to make flexible step-by-step decisions and adapt to change to gain competitive advantage
- Take advantage of uncertainty to capitalize on upside opportunities while limiting downside risk
- Translate your corporate strategic plans into forward-looking real option value that enhances shareholders' wealth and market price
- Understand (and communicate) the advantages of options thinking compared to discounted cash flow analysis
- Quantify the value of strategic investment opportunities
- Value ventures and high-tech companies
- Learn about successful applications in High Tech, Telecommunications, Pharmaceuticals, Oil&Gas/Energy investments, and Corporate Valuation, M&As & Strategic/Portfolio Management
- Benefit from the experiences of leading corporations that are currently using real options
- Consider the benefits and challenges of adapting real options into your organization
- Meet and interact with international thought leaders and peers from leading corporations

Who Should Attend?

CEOs, CFOs, Heads of Strategy, Vice Presidents, Directors, Investment Bankers, and Analysts in:

- Corporate Finance
- Strategic Planning
- Portfolio Management
- Risk Management
- Market Valuation/Security Analysis
- Information Technology
- R&D
- Marketing

Organized by

Real Options Group (ROG)

The leader in real options-based research and consulting services

Providing comprehensive total enterprise package solutions, extending real options analysis into strategy, corporate valuation/M&As, risk management, compensation, training/change management

DAY 1 – Thursday July 4

OIL/ENERGY & R&D/PHARMA APPLICATIONS

7:15 Registration and Continental Breakfast

8:00 Chairperson's Welcome & Address
Real Options and Investment Under Uncertainty
Lenos Trigeorgis, President, Real Options Group

OIL/ENERGY APPLICATIONS

8:45 Flexible Offshore Oil Field Development
Francisco Dezen, ABB Offshore Systems Inc., USA, and UNICAMP, Brazil

**9:10 Valuation of Petroleum Reserves with Quantity and Price Uncertainties:
The Case of Woodside Energy**
Stuart Connell, Corporate Strategy Planning & Performance, Woodside Energy, Australia

9:35 Assessing Proven Undeveloped Petroleum Reserves
John McCormack, Stern Stewart, Dan Calistrate and Gordon Sick, University of Calgary

10:00 Morning Coffee Break

**10:30 Determining the Optimal Development Strategy of an Undeveloped Mineral
Resource**
Peter H.L. Monkhouse, VP Business Strategy, Carbon Steel Materials, BHP Billiton

11:00 Valuing Energy Options: An Application
Leonardo Nable, Nable y Asociados, S.C. and University of Monterrey

11:30 Gas Storage and Power Plant Real Options Modelling at British Petroleum
Fabio Cannizzzo, British Petroleum

12:00 Luncheon

1:15 Keynote Address
Real Options in Petroleum: An Overview
Marco A.G. Dias, Petrobras, Brazil

R&D/PHARMACEUTICALS

2:00 Valuing Pharmaceutical R&D and Patent Rights at Glaxo
Lenos Trigeorgis, President, Real Options Group

2:30 Valuing an Option on the Best of Two Product Standards at Philips

Enrico Pennings, Bocconi U., Italy, and Onno Lint, U. Leuven and U. Gent and Associate, Real Options Group

3:00 Afternoon Coffee Break

3:30 Full Strategic Real Options Valuation in Pharmaceuticals: An Application at Medegine

Mamen Aranda, University of Navarra, Spain, and Real Options Group

4:00 R&D Project Selection and Portfolio Management: An Application

Michael Raynor, Ximena Leroux and Ken Hutt, Deloitte Consulting, USA & Canada

4:30 Valuing R&D Project Portfolios

Huyn-Jung Lee, Seoul National U. and U. Wisconsin-Madison

5:00 PANEL DISCUSSION

High Tech/Corporate Valuation: Challenges and Prospects

Moderator: Gill Eapen (Principal, Decision Options, ex Group Director of R&D, Pfizer)

Panelists Include:

Rainer Brosch (Boston Consulting Group)

Fabio Cannizzo (British Petroleum)

George Constantinides (University of Chicago)

Onno Lint (U. Leuven and Associate, Real Options Group)

Michael Raynor (Deloitte Consulting)

David Robinson (Columbia U.)

Rob Smith (Dell Computer Corp)

6:00 Chairperson's Closing Remarks

6:00 – 7:00 Welcome/Networking Cocktail

8:30 – 10:00 Dinner

Sponsored by Real Options Group

DAY 2 – Friday July 5

CORPORATE VALUATION & ORGANIZATIONAL ADOPTION

7:15 Registration and Continental Breakfast

8:00 ISSUES FORUM

Participants form groups and share reasons for attending and issues that concern them; representatives summarize main issues (as 'appetizers' for speakers)

CORPORATE VALUATION, VENTURES & STRATEGIC/PORTFOLIO MANAGEMENT

8:45 Pricing Transactions Between Pharmaceutical and Biotech Companies

Gill Eapen, Principal, Decision Options

9:10 Guaranteed Production Placement in Corporate Valuation: The Case of COLEP

Marino Turiel, COLEP's Member of Board of Directors, and Eurico Pereira Lopes, ISEG/Technical University of Lisbon, Portugal

9:35 Valuing Follow-on Investment Alternatives in Future Technologies for Power Stations: A Fuzzy Real Options Application at Fortum

Juhapetri Laine, Fortum, and Francisco Alcaraz, LAMSR/Abo Academi U., Finland

10:00 Morning Coffee Break

10:30 Portfolio Aspects in Real Options Management

Rainer Brosch, Boston Consulting Group

11:00 Real Organizations for Real Options: Creating and Exercising Real Options Through Corporate Diversification

Michael Raynor, Deloitte Consulting

11:30 Flexibility Value & Supply Chain Management for Global Manufacturing

Rob Smith, Director Materials, Supply Chain Management, Dell Computer Corporation, and Arnd Huchzermeier, WHU Koblenz

12:00 Luncheon Keynote Address by Gordon Sick

Will Real Options Get the Respect They Deserve?

1:30 ROUNDTABLE DISCUSSIONS BY INDUSTRY

A. Natural Resources/Energy Roundtable (*M. Dias*)

B. R&D/Pharmaceuticals Roundtable (*G. Eapen*)

C. High Tech/Ventures/Corporate Valuation (*O. Lint*)

2:30 Strategic Management: Real Options and Game Theory

Helen Weeds, Lexecon Ltd.

3:00 Afternoon Coffee Break

ORGANIZATIONAL ADOPTION

3:30 Making the Use of Real Options Valuation Simple:

A Sampler of Applications

Lenos Trigeorgis, President, Real Options Group

4:00 Integrating Real Options and Organizational Aspects of R&D/ Technology Management at Philips Electronics

Jelto Smits, Deputy Director of Corporate Strategy, Philips Electronics, and Onno Lint, U. Leuven and U. Gent and Associate, Real Options Group

4:30 Incorporating Real Options into Value-Based Incentives

Andrew Chen, Southern Methodist U., James Conover, U. N. Texas, and John Kensinger, Hochschule fuer Bankwirtschaft, Frankfurt am Main and U. N. Texas

5:00 Chairperson's Remarks

8:00 Welcome/Overview Talk & Reception (by Paphos port & castle)
Overview of Cyprus Financial System & European Prospects

Dr. Marios Clerides, Chairman, Cyprus Securities & Exchange Commission

8:30 Reception (by Paphos port & castle)

Sponsored by Real Options Group

10:00 Reception & Conference Concludes

(free stroll by Paphos port & downtown)

DAY 3 – Saturday July 6

INTRO WORKSHOP (OPTIONAL, AT EXTRA COST)

7:15 Registration and Continental Breakfast

7:50 Using Binomial Trees & Spreadsheets (1D)

Powergen Example & Spreadsheet Valuation

Mamen Aranda, Real Options Group

**8:40 Spreadsheets with 2 Correlated Assets (2D): Compound option on the Max
Using Simulation with Multiple Risky Assets**

International Investment

Spiros Martzoukos, U. Cyprus and Associate, Real Options Group

9:20 Three-step ROV Process

Marconi Case: Staging Technology Infrastructure Investment

Eli Lilly Case: Valuing Parallel or Sequential Marketing Expansion Strategy

(You will have a chance to discuss your solution to the case given out in the reading packet two days earlier and led in a step by step analysis of this real case in pharmaceutical expansion strategy)

Lenos Trigeorgis, President, Real Options Group

10:10 Morning Coffee Break

10:30 Eli Lilly Case (continued)

11:00 Analyzing Commodity Projects Using Spreadsheets

Gordon Sick, U. Calgary

11:40 Competition & Strategy: Simple Game Examples and Auctions

Han Smit, Erasmus U. Rotterdam

12:15 Luncheon

Workshop/Conference Concludes

8:30 – 10:30 Traditional Dinner with Music (downtown)

About the Conference

Venue and Accommodation

The conference will take place at:

Coral Beach Hotel & Resort

Coral Bay, P.O. Box 62422

P.C. 8099 Paphos, CYPRUS

Telephone +357 26 621601

Fax +357 26 621156

Website www.coral.com.cy

E-mail reservations: elenaA@coral.com.cy (access code RO2002)

Paphos is probably the most picturesque and natural venue in Cyprus, rich with ancient Greek history, tombs and mosaics, palaces and forts, Christian churches and monasteries, natural beaches, and local culture and traditions. It is famed for being the birthplace of Aphrodite. The Mosaics of Paphos are the finest in the Eastern Mediterranean. Paphos is listed as a World Heritage Site by UNESCO.

The Coral Beach Hotel & Resort is a superb 5 star hotel resort located in an idyllic beachfront setting with 500 meters of natural sand, embraced by the clear turquoise waters of the Mediterranean. The hotel offers undisturbed views over the lush landscaped gardens and the Coral Bay beach, one of the very best beaches on the island. The hotel is ten minutes drive down the coast road with blue sky all around from the picturesque harbor of Paphos (8 km), a short distance from the Akamas natural park, and only a short stroll away from taverns, bars, and shopping center. Coral Beach Hotel offers special rates to conference participants. Please refer to the real options conference (code RO2002) for these special rates (in Cyprus pounds):

Run of House Room – Single 68; Double 48

Sea View Room – Single 73; Double 53

Studio – Single 79; Double 59

Above rates must be paid in Cyprus Pounds (as of April 2001, 1CY£ was about \$1.6), per person/ per day, and include buffet breakfast and taxes. Facilities include indoor and outdoor pools, health club and beauty spa, tennis courts, arts & crafts center (for spouses & children), nightclub with live music etc. For delegates wishing to extend their stay, the same rates will be applicable.

Rooms at the above rates cannot be guaranteed after May 1. Reservations after this cutoff date are subject to availability. For views of the rooms or other info. on the hotel see www.coral.com.cy. All reservations must be accompanied by a first night room deposit or guaranteed with a major credit card. For cancellation policy, online hotel reservation guidelines and other details see the conference website www.realoptions.org. Hotel bookings should be made online via www.coral.com.cy (using access code RO2002 for the special conference rates) or by faxing the hotel reservation form available from the conference website. All hotel inquiries/arrangements should be directed to the hotel, attention Andreas Mylonas at elenaA@coral.com.cy (access code RO2002). For any (unresolved) questions or problems email conference.registration@realoptions.org

Airports/ Transportation

You can fly to Larnaca (LCA) or to Paphos (PFO) international airports (LCA is the main airport). Larnaca airport is 150 km, while Paphos airport is 18 km. There will be a bus on evening of July 3 at Larnaca airport (look for Real Options Conference sign at the exit) for the hotel. (If you miss it you can take a taxi from outside the airport to your right). Car rentals can also be arranged at the airport. You can check for flights at www.itn.com

Bus Tours Two bus tours are provided as an optional service. The **main Sunday bus tour** (\$45/person) will visit the best natural, traditional and archaeological attractions in the Paphos and Limassol areas and is intended for all conference participants and accompanying persons at the end of the conference on Sunday July 7 (from 8:00 am to 4:00 pm). The tour may include part of the unspoiled Akamas nature resort; a visit of the main sites of Paphos, such as Tombs of the Kings, Mosaics of Paphos, Kouklia and Temple of Aphrodite; then visit the sites to Limassol (Aphrodite's Rock, ancient Curium theatre, medieval Kolossi castle etc.); After Limassol, a bus will visit part of Troodos mountain region, while another will head to Larnaca (also dropping some people off to the airport).

A half-day **Friday bus tour for spouses** and children (\$25) is offered on July 5 (8:00 am to 2:00 pm) concentrating on the mountains, monasteries and wine tasting. Both bus tours include meals (lunch). Advanced reservations for either bus tour can be made as part of your online registration through the conference website. For updated information on bus tours, airport transportation and other related info. please check with the conference website later on or inquire at conference.registration@realoptions.org

Important Administrative Information

Registration fees include the conference proceedings and other materials, lunches, dinners, coffee breaks, and receptions. Substitutions (from the same organization) can be made at any time. Cancellations made in *writing* by June 20 can be refunded, except for a 15% service charge. Those not attending or canceling after June 20 are responsible for the whole fee. The organizers reserve the right to make changes to the program without notice. Only registrations paid by June 15 are guaranteed to be confirmed and included on the official list of participants. For information on logistics, registration and other conference-related inquiries contact Helen (tel +357 22892482; fax +357 22892481; e-mail conference.registration@realoptions.org). Registration for this conference should be made online via the real options conference website www.realoptions.org or by faxing the attached registration form to Helen.

Complementary (Parallel) RO Conference. For information and online registration for the complementary (parallel) 6th *Annual International Conference on Real Options: Theory Meets Practice* (the annual industry event where academics meet practitioners) also on July 4-6, in the same hotel (and more detailed info. about the conference, location, bus tour etc.) see the conference website at www.realoptions.org

REAL OPTIONS VALUATION IN THE NEW ECONOMY

Registration

Convenient Ways to Register

ONLINE www.realoptions.org
EMAIL conference.registration@realoptions.org
FAX +357 22892481 (Cyprus)
CALL +357 22892482

Name _____ *Last* _____
Title _____ Dept _____
Company _____
Address _____
City _____ State/Country _____ Code _____
Email _____
Tel _____ Fax _____

- Two-day Conference (\$2,000 for companies, \$4,000 for consulting firms, \$1,000 for academics)*
- One-day Conference only (\$1,250 for companies, \$2,500 for consulting firms, \$625 for academics)*
 - ___ Thursday (Day 1)
 - ___ Friday (Day 2)
- (Optional) Saturday Workshop (\$600 for companies, \$1,250 for consulting firms)*

* Rates will be 20% higher if register after May 1. Academics (faculty & students) are entitled to a 50% discount.

- (Optional) Sunday Bus Tour (\$45/person) _____
- (Optional) Friday Spouses Bus Tour (\$25/person) _____

Total Payment \$ _____

Payment Method

Please make payment of above amount in US\$ via bank transfer (swift) to:

Name: Lenos Trigeorgis, for Real Options Conference
Account no: 1024242106022
Bank/Swift: Alpha Bank, Nicosia, Cyprus
Swift code: ABKLCY2N
Correspondent Bank (for US\$): J.P. Morgan Chase Bank
Swift code: CHASUS33; Account no. 0011190741

Please fax a copy of your bank transfer (swift) to Helen at +357 22892481 (attention Lenos Trigeorgis, for Real Options Conference). We regret that due to high transaction costs and long delays we cannot accept personal checks or credit card payment.

To register you may fill out the online registration form via www.realoptions.org (preferably) or fax this form to Helen at +357 22892481 (Re: Real Options Conference).