

July 9-10, 2003 – Washington DC, USA

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

# REAL OPTIONS VALUATION IN THE CONNECTED ECONOMY

Oil/Energy, Contracts, R&D/Technology, Corporate Strategy & 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/Technology, 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

## Speakers from Leading Organizations

The Brattle Group – Boston Consulting Group – British Gas – British Petroleum – University of Cambridge – Deloitte Consulting – Interamerican Development Bank – University of Manchester – Mirant Corp. – Monitor Group – Philips Electronics – Real Options Group – Schlumberger – Shell – Stern Stewart & Co. – University of Virginia

## 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 technology companies
- Learn about successful applications in R&D/Technology, Oil & Gas/Energy investments, Contractual Options, and Corporate Strategy & 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

## Co-sponsored by

Capital Markets Research Center/ Georgetown University

## DAY 1 – Wednesday July 9, 2003

### NATURAL RESOURCE/ENERGY & CONTRACTUAL OPTIONS

7:15 Registration and Continental Breakfast

8:00 Chairperson's Welcome & Address

**Real Options Valuation: An Overview**

*Lenos Trigeorgis, President, Real Options Group*

8:50 ISSUES FORUM

*Moderator: Gill Eapen (Principal, Decision Options LLC)*

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

## NATURAL RESOURCE APPLICATIONS

### 9:30 Management of Proven Undeveloped Petroleum Reserves

*John McCormack, Stern Stewart & Co., USA*

### 10:00 Bayesian Updating to Help Formulate Real Options for Oilfield Production Enhancement

*Margaret Armstrong, CERNA, Ecole des Mines de Paris, France, William Bailey and Benoit Couet, Schlumberger-Doll Research, USA*

### 10:30 Morning Coffee Break

### 11:00 A Real Options Analysis of a Greenhouse Gas Sequestration Project in Offshore Gas Field Development

*David Laughton, University of Alberta, Canada*

### 11:25 Expanding LPG Plant Capacity in Asia: A Case Application at BP Oil

*Ghene Faulcon, BP Oil, UK*

### 11:50 Building Liquefied Natural Gas Growth Options in an Emerging Market: A Case Application at Shell

*Belinda Berriman, Shell Gas and Power, and Alexander Van de Putte, Shell International Ltd, UK*

### 12:15 Risk Discounting in Mining Project Valuation: ROV vs DCF

*Michael Samis, Kuiseb Minerals Consulting, Canada*

### 12:40 Luncheon

## ENERGY APPLICATIONS

### 2:00 Pricing the Flexibility Components of Gas Storage and Power Capacity Contracts

*Dan Calistrate, Direct Energy/ British Gas, Canada*

### 2:30 Robust Evaluation of Real-Options: The Case of Energy Industry

*Krzysztof Wolyniec, Mirant Corporation, USA*

### 3:00 Valuing an Energy Power Plant with Multiple Options

*Harris Antoniadis, Real Options Group*

### 3:30 Afternoon Coffee Break

## CONTRACTUAL OPTIONS

### 4:00 Licensing and Contract Structuring Among Technology Companies

*Gill Eapen, Principal, Decision Options LLC, USA*

### 4:30 Real Options for Litigation in Infrastructure Concession Contracts

*Alfredo Garcia, U. Virginia, Juan Benavides, Interamerican Development Bank, and James D. Reitzes, The Brattle Group, USA*

### 5:00 Options on Competitive Events

*Sanjay Muralidhar, CEO, Mcube Investment Technologies LLC, and Arun Muralidhar, Managing Director, FX Concepts, Inc.*

### 5:30 Chairperson's Closing Remarks

## DAY 2 – Thursday July 10, 2003

## R&D/TECHNOLOGY, CORPORATE STRATEGY & PORTFOLIO MGT, ORGANIZATIONAL ADOPTION

### 7:15 Registration and Continental Breakfast

## R&D/TECHNOLOGY

### 8:00 Valuing R&D and Patent Rights at Glaxo

*Lenos Trigeorgis, President, Real Options Group*

### 8:25 Profitability Analysis for Technology Improvement in Existing Machinery

*Mikael Collan, Abo Akademi University, Finland*

### 8:50 Valuing an Option on the Best of Two Product Standards at Philips

*Enrico Pennings, Bocconi U., Italy, and Onno Lint, U. Leuven, Belgium*

**9:15 Investment in Electronic Commerce**  
*Goran Bergendahl, University of Gothenburg, Sweden*

**9:40 R&D Project Selection and Portfolio Management**  
*Dwight Allen, Deloitte Consulting, USA*

**10:05 Morning Coffee Break**

## **CORPORATE STRATEGY & PORTFOLIO MANAGEMENT**

**10:30 Competitive Real Options: Bridging Strategy and Finance**  
*Helen Weeds, University of Cambridge, UK*

**11:00 Applying Real Options to Develop a Flexible Country-Entry Strategy: Case with Terra Lycos**  
*Vladimir Antikarov and William Anderson, Monitor Group, USA*

**11:30 Valuing Infrastructure Investment: The Case of European Airport Expansion**  
*Han Smit, Erasmus University, Netherlands*

**12:00 Coordination of Investment with Complementary Assets at Intel**  
*Ted O'Leary, U. Manchester and U. Michigan*

**12:30 Luncheon Keynote Address**  
**Implementing Real Options – Threats and Opportunities**  
*Tom Copeland, Monitor Group*

**2:00 ROUNDTABLE DISCUSSIONS BY INDUSTRY**  
A. **Natural Resources/Energy Roundtable** (*M. Samis & D. Laughton*)  
B. **R&D/Technology Roundtable** (*G. Eapen & O. Lint*)  
C. **Corporate Strategy, Valuation & Portfolio Mgt** (*H. Weeds & V. Antikarov*)

**3:00 Afternoon Coffee Break**

## **ORGANIZATIONAL ADOPTION**

**3:30 Accountability under Uncertainty**  
*Soussan Faiz, independent consultant, ex Manager of Global Valuation Services, Texaco Inc.*

**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*

**4:30 Real Options to Support Value-based Management and Decision Making**  
*Rainer Brosch and Peter Damisch, Boston Consulting Group, Germany*

**5:00 – 6:00 Panel Discussion**  
**Valuation, Technology and Corporate Strategy:**  
**Current Status, Challenges and Prospects**  
*Moderator: Tom Copeland, Monitor Group*

**Panelists Include:**  
*Dwight Allen (Deloitte Consulting)*  
*Peter Damisch (Boston Consulting Group)*  
*Gill Eapen (Principal, Decision Options LLC)*  
*Soussan Faiz (ex Texaco Inc.)*  
*Ghene Faulcon (BP Oil)*  
*Onno Lint (U. Leuven, Belgium)*  
*John McCormack (Stern Stewart & Co.)*  
*Alexander Van de Putte (Sbell International Ltd)*  
*Krzysztof Wolyniec (Mirant Corporation)*

**6:30 – 8:00 Networking Reception**  
**Sponsored by Real Options Group**

## **About the Conference**

### **Venue**

The conference is in Washington DC, hosted by Georgetown University/ McDonough School of Business. It will take place at:

Georgetown University  
Intercultural Center (ICC)

(From main entrance on 37 th. and O streets, go diagonally to right one block)

Washington, D.C. 20057

The Georgetown and broader Washington DC venue provide an ideal location for a conference in terms of facilities, environment, and range of attractions for the international visitor. The venue is near many Washington DC attractions and landmarks, including Arlington National Cemetery (1 mi), Crystal City (1.5 mi), National Air and Space Museum (2.5 mi), Old Towne Alexandria (7 mi), Pentagon (2 mi), the Smithsonian museums (2.5 mi), US Capitol (3 mi), Vietnam Veterans Memorial (2 mi), and The White House (1.5 mi).

For a guide and tourist information about Washington DC, neighborhood tours, transportation information, the Smithsonian museums, entertainment guide, restaurants and dining, see <http://www.georgetown.edu/home/washington.html>

For information about McDonough School of Business and Georgetown University see [www.msb.edu](http://www.msb.edu) or [www.georgetown.edu](http://www.georgetown.edu) For directions to Georgetown University campus from Washington DC, Maryland or Northern Virginia, see <http://otm.georgetown.edu/directions.cfm>

## Hotels

The recommended conference hotel is the Key Bridge Marriott, 1401 Lee Highway, Arlington, Virginia, tel. 1 800 228 9290 or 1 703 524 6400, fax 1 708 524 8964. The hotel is conveniently located, overlooking the Nation's Capital and Georgetown from the Virginia side of the Key Bridge. It is only 0.2 mi from Georgetown, minutes from Washington DC and the Reagan Washington National Airport, and two blocks from the Rosslyn Metro Station.

The Key Bridge Marriott offers the conference the following special group rates:

*Standard Single/Double room (1 or 2 guests): US\$ 135 + taxes*

*Triple/Quad (3 or 4 guests): US\$ 145+ taxes*

Rates are in US\$ per person/ per day. Applicable state and local taxes (currently 14.5%) are in addition. Facilities include indoor and outdoor pools, health club, sauna, golfing, and parking at extra fee. For delegates wishing to extend their stay for a few days, the same rates may be applied. For more information on the hotel see [www.marriott.com](http://www.marriott.com) (specify Key Bridge Marriott).

Rooms at the above rates cannot be guaranteed after June 1. Reservations (and rates) after this cutoff date are subject to availability. Speakers will be given first priority at this hotel, provided they confirm their reservation (with arrival-departure dates) by May 9 by emailing to [conference.registration@realoptions.org](mailto:conference.registration@realoptions.org) (re: hotel). Other guests can make their own reservations by calling 1-800-228-9290. 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 (use access code rocroca in Group Code box for special group rates) and other details see the conference website [www.realoptions.org](http://www.realoptions.org). A hard copy of the hotel reservation form can be downloaded from the conference website or faxed upon request by e-mailing [conference.registration@realoptions.org](mailto:conference.registration@realoptions.org) All hotel inquiries should be directed to the hotel, attention Bic Chronopoulos (access code rocroca), tel (703) 284-1469, e-mail [bic.chronopoulos@marriott.com](mailto:bic.chronopoulos@marriott.com). For any (unresolved) questions or problems email [conference.registration@realoptions.org](mailto:conference.registration@realoptions.org)

Alternative accommodation at a range of other nearby hotels (within a 2-mile radius) in the DC area is also available. Most of them will take a credit card for reservation. Prices range from \$99 to \$200+. For information (names, address, webaddress, tel, rates) please see [www.realoptions.org/LocalArrangements/OtherHotels](http://www.realoptions.org/LocalArrangements/OtherHotels) or contact [conference.registration@realoptions.org](mailto:conference.registration@realoptions.org) (re: alternative accommodation). Cabs are rather inexpensive and can bring you to the campus at a cost of at most \$10. Holiday Inn and Marriott Key Bridge have a shuttle service to the Campus.

For direct international flights the main airport is Washington Dulles International Airport, Virginia. The nearest airport is Ronald Reagan Washington National airport. Another alternative is the Baltimore/Washington Airport, Maryland.

## Important Administrative Information

Registration fees include the conference proceedings and other materials, gifts, lunches, 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 registration and other conference-related inquiries contact Helen (tel +357 22892482; fax +357 22892481; e-mail [conference.registration@realoptions.org](mailto:conference.registration@realoptions.org)). For information on local logistics contact Bardia Kamrad (tel +202 6878008, e-mail [Kamradb@msb.edu](mailto:Kamradb@msb.edu)). Registration for this conference should be made online via the real options conference website [www.realoptions.org](http://www.realoptions.org) or by faxing the attached registration form to Helen.

## Complementary (Parallel) Real Options Conference

For information and online registration for the complementary (parallel) 7<sup>th</sup> *Annual International Conference on Real Options: Theory Meets Practice* (the annual industry event where academics meet practitioners) on July 10-12 in the same location (and more detailed info. about the conference, location, past papers etc.) see the conference website at [www.realoptions.org](http://www.realoptions.org)

### REAL OPTIONS VALUATION IN THE CONNECTED ECONOMY

## Registration

### Convenient Ways to Register

**ONLINE** [www.realoptions.org](http://www.realoptions.org)  
**EMAIL** [conference.registration@realoptions.org](mailto: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)\*  
    \_\_\_ Wednesday (Day 1)  
    \_\_\_ Thursday (Day 2)

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

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](http://www.realoptions.org) (preferably) or fax this form to Helen at +357 22892481 (Re: Real Options Conference).