

**June 16-17, 2004 – Montreal, Canada**

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

# **REAL OPTIONS VALUATION IN THE NEW ECONOMY**

**Resources/Energy, Contracts, Technology, Corporate Strategy & Adoption**

## **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, Technology, Corporate Strategy/Incentives)
- ***Panel of experts*** where the previous info. is fed to groups of experts as food for thought
- ***Tutorials & keynote presentations*** from thought leaders
- ***Networking reception*** to interact with your peers in a relaxing atmosphere

## **Speakers from Leading Organizations, including**

The Boeing Company – Boston Consulting Group– CIRANO – Commissariat à l'Energie Atomique, France – Eletrobras – Ford Motor Co. – Harvard – MIT – Monitor Group – Morgan Stanley – Real Options Group – Shell

## **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
- Learn how to structure your contracts to leave you valuable flexibility
- 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
- 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**

**CIRANO and CIREQ, Montreal.**

CIREQ is a major academic research center promoting advanced quantitative analysis in economics. CIRANO is a research center devoted to the advancement of knowledge in economics, finance and management and to the development of liaison and transfer activities with the private and public sectors.

# **DAY 1 – Wednesday June 16, 2004**

## **NATURAL RESOURCES/ENERGY; TECHNOLOGY & CASE/POLICY APPLICATIONS**

**7:15 Registration and Continental Breakfast**

**8:00 Welcome & President's Address**

**Welcoming remarks**

*Marcel Boyer, Bell Canada Chair/Université de Montréal, former CEO of CIRANO*

**Real Options Valuation: An Overview**

*Lenos Trigeorgis, President, Real Options Group*

**8:40 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/ENERGY APPLICATIONS**

**9:00 WORKSHOP/PLENARY SESSION I:**

**Real Options with Commodity and Energy Applications**

*Gordon Sick, U. Calgary*

Discussants: *Marco Dias (Petrobras); David Laughton (U. Alberta)*

**10:20 Morning Coffee Break**

**10:40 Volatility Estimation in Real Options with Application to the Oil and Gas Industry**

*Alexander Van de Putte, Rouen School of Mgt & Shell International Ltd, and John McCormack, Morgan Stanley*

**11:05 Valuation of a Steam-Assisted Gravity Drainage Project and Adding an Upgrading Facility**

*Michael Samis, Kniseb Minerals Consulting, Gardner Joe, Husky Energy, and Ed Koska, Purvin & Gertz Inc., Canada*

**11:30 Choosing Electric Power Investments under Uncertainty: The Value of Modularity**

*C. Gollier, U. Toulouse, D. Prout, F. Thais and G. Walgenwitz, Commissariat à l'Energie Atomique, France*

**11:55 Valuing the Opportunity to Construct a New Power Plant and Bidding for Subsidy**

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

**12:20 Valuing an Energy Power Plant with Multiple Options**

*Harris Antoniadou, Real Options Group*

**12:45 Luncheon**

**TECHNOLOGY & CASE/POLICY APPLICATIONS**

**2:00 Valuing R&D and Patent Rights at Glaxo**

*Lenos Trigeorgis, President, Real Options Group*

**2:25 Real Options and Network Access Pricing**

*Marcel Boyer, Eric Gravel and Pierre Lasserre, CIRANO*

**2:50 Valuing Infrastructure Investment: The Case of European Airport Expansion**

*Han Smit, Erasmus University Rotterdam, Netherlands*

**3:15 Afternoon Coffee Break**

**3:45 Valuing Real Options at Boeing**

*Scott Mathews and Kyle Nakamoto, The Boeing Company*

**4:10 Valuing the Abandonment Option of a Business Unit: The Franki Piling Company Case**

*Joel Guimarães Jr., Eletrobras and Ibmeç, and Antonio de Araujo Freitas, Jr., Ibmeç, Brazil*

**4:35 Architectural Flexibility and Office Space Conversion: A Case Study**

*Lara Greden and Leon Glicksman, MIT*

**5:00 Health Options: Optimal Control of the Foot-and-Mouth Disease Epidemic**

*Emanuel Masse and Stephane Gallon, French Ministry of Ecology, France*

**5:30 Closing Remarks**

**DAY 2 – Thursday June 17, 2004  
CONTRACTUAL OPTIONS; CORPORATE  
STRATEGY & ADOPTION**

**8:00 Registration and Continental Breakfast**

**CONTRACTUAL OPTIONS & AGENCY ISSUES**

**8:40 WORKSHOP/PLENARY SESSION II:**

**Real Options and Structured Contracts in Supply Chain Management**

*Blake Johnson, Stanford U. and Vivecon, Inc.*

Discussants: *Mark Everson (Ford Motor Co.); Roger Vardan (ROG, ex General Motors)*

**10:00 Morning Coffee Break**

**10:30 Valuation of Investment Flexibility to Address Agency Problems in Corporate Capital Allocation**

*Vladimir Antikarov, Monitor Group, USA*

**10:55 A Contract-based Expansion Strategy for a Commodity Business**

*Leonardo Nable, Nable & Associates, Mexico*

**11:20 Construction Contract Options**

*Said Boukendour, U. Quebec Outaouais, Canada*

**11:45 Concession Agreements in the Shipping Industry**

*C. Juan, F. Olmos, T. Casassus, J.-C. Perez, U. Valencia, Spain*

**12:10 Licensing and Designing Clinical Programs**

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

**12:35 Valuation and Licensing Deals Design for Biotechnology Companies**

*Pierre Etienne, President and CEO, Phagetech, Inc., Canada*

**1:00 Luncheon Keynote Address by Carliss Baldwin (Harvard Business School)**

*Designed to Evolve: Winning Strategies for Options-Heavy Design Architectures*

**2:30 ROUNDTABLE DISCUSSIONS BY INDUSTRY**

**A. Natural Resources/Energy Roundtable** (*G. Sick & M. Samis*)

**B. Technology Roundtable** (*G. Eapen & P. Lasserre*)

**C. Corporate Strategy/Incentives Roundtable** (*V. Antikarov, M. Boyer & R. Vardan*)

**3:15 Afternoon Coffee Break**

**CORPORATE STRATEGY & ORGANIZATIONAL ADOPTION**

**3:40 Real Options and Value Chain Strategy**

*Roger Vardan, Managing Director (U.S.) Real Options Group, ex Manager of Strategy Group at General Motors*

**4:05 Real Options, Strategy and Incentives**

*Rainer Brosch and Peter Damisch, Boston Consulting Group, Germany*

**4:30 Providing Management with Incentives to Maximize Real Option Value**

*Carlton-James Osakwe, University of Calgary and Director, ROG-Hocibatt*

**5:00 – 6:00 Panel Discussion**

**Valuation, Technology and Corporate Strategy:**

## **Current Status, Challenges and Prospects**

*Moderator: Blake Johnson (Stanford U. and Vivecon Inc.)*

### **Panelists Include:**

*Vladimir Antikarov (Monitor Group)*

*Rainer Brosch (Boston Consulting Group)*

*Gill Eapen (Principal, Decision Options LLC)*

*Scott Mathews (Boeing Company)*

*Alexander Van de Putte (Rouen School of Mgt, ex Shell)*

*Roger Vardan (ROG, ex General Motors)*

### **6:30 – 8:00 Networking Reception**

**Sponsored by ROG, CIRANO and CIREQ**

# About the Conference

## Venue

The conference is in the heart of downtown Montreal. It will take place at:

Hotel Delta Centre-ville  
777 Rue University  
Downtown Montréal, Quebec H3C 3Z7  
Tel: 514-879-1370; Fax: 514-879-8589

The downtown Montreal venue, where 19<sup>th</sup> century Montréal meets the international business district, provides an ideal location for a conference in terms of facilities, environment, and range of attractions for the international visitor. The venue is within a short walk from Vieux Montréal, the Old Port, various museums, the underground city with its maze of shops, the Quartier Latin, and innumerable restaurants and night-time distractions. The hotel is connected to the Metro, Montreal's underground that takes the visitor uptown, to the Olympic Stadium, to the city's island parks and beyond. For visitors planning a longer stay, obvious attractions include the Formula I Grand Prix of Canada race the week before, Mont-Tremblant, and Québec City down the river. Our main local hosts are CIRANO [Center for Interuniversity Research and Analysis on Organizations] and CIREQ [Centre Interuniversitaire de Recherche en Economie Quantitative]. Each has considerable experience in staging international conferences and has found that the Delta Hotel is well suited for such conferences. For more information about Montreal, travel, restaurants suggestions, sights and outings, see [www.cirano.qc.ca/RealOptions2004](http://www.cirano.qc.ca/RealOptions2004)

## Hotel

Accommodation is provided at the conference hotel, the Delta Centre-ville on University Street, at the above address. This modern 28-story hotel, in the heart of downtown Montreal, neighbors the Montreal Convention Center and is adjacent to the Stock Exchange and the World Trade Center, the Metro (subway), and an entry to the Underground City. Hotel amenities include an indoor heated pool with sauna, a seasonal outdoor deck, and a fitness room. Molson Center, Place Bonaventure, and world-class restaurants are within walking distance. Special rates have been negotiated for conference participants from June 15 to June 20, 2004. To make a reservation, participants should call hotel reservations directly at 1-800-268-1133 or fax them at 1-888-315-1515. It is important for participants to mention the Real Options 2004 conference in order to benefit from the following special rates:

Room Delta	Can\$ 179, single or double occupancy
Room Première	Can\$ 199, single or double occupancy
Room Club Signature	Can\$ 219, single or double occupancy

There will be a \$Can 20 supplement per room per night for 3rd and 4th occupants sharing a room. No supplement will be charged for children under 18 sharing a room with their parents. For further information, the hotel can be contacted at Tel: 514-879-1370.

## **Airport/Transportation**

International flights to Montreal arrive at [Pierre E. Trudeau International Airport](#), about 10 miles from the city center. A twenty-minute taxi ride to the [Delta Centre-Ville](#) Hotel costs about \$20 US (with tip). Alternatively, for \$8 US a direct bus service can be taken to the downtown terminus, a short walk or cab ride to the Delta.

## **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 6 can be refunded, except for a 15% service charge. Those not attending or canceling after June 6 are responsible for the whole fee. The organizers reserve the right to make changes to the program without notice. Only registrations paid by June 6 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 Bryan Campbell at CIRANO (tel +1-514-985-4008, e-mail [bryan.campbell@cirano.qc.ca](mailto:bryan.campbell@cirano.qc.ca)). 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) 8<sup>th</sup> *Annual International Conference on Real Options: Theory Meets Practice* (the annual industry event where academics meet practitioners) on June 17-19 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)

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# Registration

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### Convenient Ways to Register

**ONLINE** [www.realoptions.org](http://www.realoptions.org)  
**EMAIL** conference.registration@realoptions.org  
**FAX/CALL** +357 22892481 / +357 22892482 (Cyprus) for international participants  
+1-514-985-4039 / +1-514-985-4008 (Canada) for Canadian participants

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 (\$1,000 for companies, \$2,000 for consulting firms, \$500 for academics)\*
  - \_\_\_ Wednesday (Day 1)
  - \_\_\_ Thursday (Day 2)

Please note that the conference fees are subject to Canadian (7%) and Québec (7.5%) taxes (a total of 15.025% in taxes).

\* Rates will be 20% higher if register after May 15. Academics (faculty & students) are entitled to a 50% discount.

Total Payment \$ \_\_\_\_\_

### Payment Method

1) **For international participants.** Please make payment of above amount in US\$ (or equivalent in Euro) via bank transfer (swift) to:

Name: Lenos Trigeorgis, for Real Options Conference  
Account no (for US\$): 1024242106022  
(for Euro): 1024242106035  
Bank/Swift: Alpha Bank, Nicosia, Cyprus  
Swift code: ABKLCY2N  
Correspondent Bank (for US\$): J.P. Morgan Chase Bank, New York  
Swift code: CHASUS33; Account no. 0011190741  
Correspondent Bank (for Euro): J.P. Morgan Chase Bank, Frankfurt  
Swift code: CHASDEFX; Account no. 6231601243

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.

2) **For Canadian participants.** Please make payment of equivalent amount in Can\$ via the website online registration [www.realoptions.org](http://www.realoptions.org) that uses the Mirapay secure credit card system.

All participants should register by completing the online registration form via [www.realoptions.org](http://www.realoptions.org). International (non-Canadian) participants may also register by faxing this form to Helen at +357 22892481 (Re: Real Options Conference).