

Real Options

A Practitioner's Guide

TOM COPELAND

VLADIMIR ANTIKAROV



TEXERE

New York London

CONTENTS

Part I

1	Getting Started	3
2	The Change Process	28
3	Net Present Value	56
4	Comparing Net Present Value, Decision Trees, and Real Options	84

Part II

5	Numerical Methods for Simple Options	121
6	Compound and Switching Options	163
7	Going from One Step per Time Period to Many	193
8	A Four-Step Process for Valuing Real Options	219
9	Estimating Volatility: Consolidated Approach	244
10	Keeping Uncertainties Separate	270

Part

11	Case Examples	301
12	Final Thoughts and Unfinished Business	340
	APPENDIX A	353
	NOTES	355
	ABOUT THE AUTHORS	359
	INDEX	361