Corporate Treasurers’ Executive Briefing
Retooling for Recovery
Taking Proactive Control

August 24, 2010

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Corporate Treasurers’ Executive Briefing Series

The Corporate Treasurers’ Executive Briefing Series will help you

- Get grounding in the issues
- Make sense of the issues and establish clear direction
- Capitalize on opportunities created by uncertainty

The Series includes three webinars, each thirty minutes long

July 20  Regulatory and Economic Impact on Corporate Treasury
August 10 Treasury 3.0 & the Financial Nerve Center
August 24  Retooling for Recovery – Taking Proactive Control of the Situation
Questions:

Recording & PowerPoint:
A copy of the presentation and link to the recording will be sent to all registered participants in a few business days.
Recap: Regulatory Impact

• Massive
  – Covers all aspects of financial markets
  – Alters the flow of capital

• Intrusive
  – Into the details. Compensation, culpability, org structure
  – Heavy on compliance, reporting and prescriptive risk mitigation

• Global
  – Most countries developing their own schemes
  – International bodies weighing in
  – Like an arms race
### Recap: Regulatory Themes

#### Key Global Themes
- Re-intermediation
- Liquidity buffers
- Capital requirements
- Collateral requirements
- Reporting requirements

#### Specific Topics
- Money market fund 2a-7 regulations
- Interest on business checking
- Deposit insurance / TAG program
- OTC derivatives / collateral
- Volcker’s Influence
- IFRS accounting standards
- Basel II and II
- European bank stress tests
- Individual Liquidity Adequacy Standards
- Interest on reserves
- Term Deposit Facility
- Fees on daylight overdrafts
- Regulations on consumer revolving credit
- Interchange fees on card
- Same day settlement ACH
- SEPA
Recap: Treasury 3.0

Treasury 1.0: Treasury Operations is an immature, fragmented or informal function, characterized by manual processes.

Treasury 2.0: Treasury centralizes key roles, improving transparency and controls. Greater access to data and computing power and consolidation of competency.

Treasury 3.0: Treasury is a strategic advisor, more closely integrated with business units, supporting globalization, efficiency, trading partner/supply chain integration and greater sophistication in risk/return optimization.

Time:
- Pre 1970
- 1970 - 2009
- Now - Future

Data, Information, Intelligence
Recap: Financial Nerve Center Vision

Treasury = Nerve Center

- Board of Directors & C-Suite
- Business Segments
- Capital Markets
- Fund Managers
- Macro Factors
  - Economic
  - Environmental
  - Political
- Banks
- Rating Agencies
Taking Proactive Control

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Taking Proactive Control

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Retooling Themes

What You Can Control

- Operations
- Infrastructure
- Risk Management
- Oversight & Policies

Specific Topics

- Automate Treasury operations
- Improve cash forecast
- Lock down global cash visibility
- Align & streamline bank network
- Rationalize your organization
- Identify counterparty risk
- Identify FX risk
- Minimize payments risk
- Review and update financial controls
- Tweak liquidity structures
- Revisit financial dashboards / metrics
- Update all Treasury policies
Operations

Automation
- Eliminate manual processes
- Leverage current technology
- 3.0 roadmap

Cash Forecasting
- Do variance analysis
- Improve compliance
- Scope: liquidity, balance sheet targets, covenant coverage

Cash Visibility
- Get to 100%
- Automate
- Find the hidden cash
Infrastructure

Bank Network

• Align with geographic and org structure needs
• Streamline
• Relationship risk

Organization

• Align with geographic and corporate structure needs
• Rebalance in favor of analytics
• Ensure access to IT resources
Risk Management

Counterparty Risk
• 360 degree view
• Look through

FX Risk
• Revisit hedging objectives
• Pooling
• Intercompany netting

Payments Risk
• Availability of funds
• Finality of settlements
• Intraday exposures

Financial Controls
• Segregation of duties
• Fraud minimization services
• Payment file security
• Timely reconciliation

Liquidity Structures
• Button up access to credit
• Stress test portfolio
• Balance S-L-Y
Oversight and Policies

Dashboards / Metrics
- Align with senior management requests
- Reflect new market realities
- Revisit timeliness

Policies
- Align with senior management & Board dictates
- Align with new market and regulatory realities
- Specific compliance reviews
Summary

- Regulatory & Economic Impact
- Treasury 3.0 - Treasury as the Financial Nerve Center
- Retooling for Recovery


Treasury Influence & Value Add

LOW | HIGH

We are here
Exit Poll

Where does your Treasury require the most focus from now until year end? Check all that apply.

- Regulatory Assessment
- Developing 3.0 Roadmap Vision
- Operations
- Infrastructure
- Risk Management
- Oversight & Policy

Would you recommend these briefings to a colleague?

- Yes
- No