

CorporateManager

Improve shareholder value by managing market risk to reduce earnings volatility

Designed specifically to address the needs of corporate treasury professionals, **CorporateManager** is a market risk measurement and reporting service, delivering RiskMetrics's proven analytics via a web interface. It models movements in market factors, such as exchange rates, interest rates, and commodity prices over a corporation's planning horizon. This platform also tracks the effect of market movements on the company's business exposures, debt financing, derivatives contracts, and any other market exposures.

CorporateManager's customizable accounting logic captures the impact on the company's bottom line — earnings and cash flows. A flexible report generator delivers real-time reports, a variety of graphs, what-if scenarios, diagnostics, and interactive drill-down analysis in multiple dimensions.

Used by corporate treasury professionals worldwide, CorporateManager enables you to model and aggregate a corporation's market exposures, and use this data to measure risk to earnings and cash flows accurately, interactively, and in real time. It also provides easy-to-use tools to generate reports and graphs to view and communicate risk in multiple ways.

Key Features

REPORTING

- **Statistics include:**
 - Earnings-at-Risk
 - Cash Flows-at-Risk
 - Portfolio Sensitivity
 - Counterparty Exposure
 - Present Value
 - Value-at-Risk
- **Flexible drill-down and filter capabilities**
- **Graphs such as heat maps, bar charts, and scatter plots**
- **Results exportable in PDF or Excel**

ANALYTICS

- Models market movements using corporate forecasts, historical data, or the market's own view
- Admits corporate budgeting forecasts as a baseline for risk measurement
- Allows modeling of relationships between corporate exposure size and market variables
- Portfolio treatment allows aggregation of risk across all divisions and risk types
- Provides large amount of market data, such as yield curves and implied volatilities

ACCOUNTING

- Customizable treatment by position includes an option to defer recognition of earnings to capture hedging
- Consistent with FAS 133 and IAS 39 accounting standards
- Estimates earnings and cash flows over multiple periods

Key Benefits

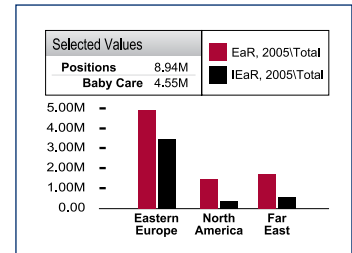
- » Understand how future market movements can affect the company bottom line
- » Make informed hedging decisions to avoid unexpected drops in earnings and cash flows
- » Evaluate the impact of business decisions on corporate risk
- » Aggregate exposures and capture diversification effects across divisions, business units, countries, or subsidiaries
- » Transparent company-wide risk analyses for treasury officers, seniormanagement, shareholders, rating agencies, and regulators
- » Measure earnings risk in accordance with US and international accounting standards
- » Ensure that company risk exposures are within internal limits
- » Produce risk reports suitable for regulatory agencies

CorporateManager in Use

Risk Visualization and Mitigation

The following example illustrates how CorporateManager exposes risk sources, allowing managers to target potential risk problems and solve them quickly.

» Risk can be viewed graphically, allowing you to quickly identify problem regions, divisions, or businesses.



» Drilldowns allow you to display as much or as little data as you need. Here, drilling down into Eastern Europe displays risk by position and identifies candidates for hedging.

» The Ruble (RUB) exposures are hedged using options, but the Earnings-at-Risk report shows that the market has moved away from the hedge, leaving the exposure mostly unhedged. High Incremental Earnings-at-Risk means that the exposure is a prime candidate for hedging.

NAME	Notional (USD) TOTAL	EaR, 2005 TOTAL	IEaR, 2005 TOTAL	Proj. Earnings, 2005 TOTAL
Positions	-9,783,195	8,936,838	8,936,838	1,520,677,250
Baby Care	-2,385,416	5,693,839	4,554,027	568,904,516
Far East	-355,772	1,625,765	343,156	45,219,916
North America	-342,096	1,536,910	276,098	201,085,358
Eastern Europe	-687,908	4,978,689	3,697,002	211,286,244
RUB Exposures 5/2005	190,511,343	4,979,833	3,218,808	190,433,593
RUB Put Option 5/2005 0.035 Strike	-190,853,439	25,171	-24,089	25,171
Family Care	-2,029,644	3,499,320	909,229	488,968,343
Health Care	-2,321,458	2,906,629	1,165,430	153,162,891

» By hedging the RUB exposures with a RUB Forward, the overall Earnings-at-Risk for Eastern Europe drops by over 80%.

NAME	Notional (USD) TOTAL	EaR, 2005 TOTAL	IEaR, 2005 TOTAL	Proj. Earnings, 2005 TOTAL
Positions	-200,636,634	7,683,451	7,683,451	1,520,701,701
Baby Care	-193,238,855	3,257,400	2,049,570	568,928,967
Far East	-355,772	1,625,765	275,365	45,219,916
North America	-342,096	1,536,910	-85,069	201,085,358
Eastern Europe	-191,512,489	950,638	236,992	211,310,893
RUB Exposures 5/2005	190,511,343	4,979,833	-24,357	190,433,593
RUB Forward 5/2005	-190,853,439	5,148,935	24,542	24,451
RUB Put Option 5/2005 0.035 Strike	-190,853,439	25,171	25,171	25,171
Family Care	-2,029,644	3,499,320	2,181,783	488,968,343
Health Care	-2,321,458	2,906,629	1,751,023	153,162,891

» The quality of the hedge can be further tested by running it through a stress scenario in which the value of RUB drops sharply. In this scenario, which corresponds to the 1998 Russian crisis, losses on the RUB exposure are almost exactly offset by gains on the forward.

NAME	Notional (USD) 2005	Cash Flow Shortfall, Q1 2005	Cash Flow Shortfall, Q2 2005	Cash Flow Shortfall, Q3 2005	Cash Flow Shortfall, Q4 2005	Cash Flow Shortfall 2005
Positions	-200,636,634	10,609,288	8,055,218	6,511,338	5,779,428	30,955,272
Baby Care	-193,238,855	3,097,972	2,034,096	1,655,590	1,624,653	8,412,312
Far East	-355,772	957,007	777,532	574,669	668,318	2,977,527
North America	-342,096	216,821	1,688,849	97,115	113,265	596,072
Eastern Europe	659,050	1,310,902	589,480	615,562	414,798	2,930,744
RUB Exposures 5/2005	190,511,343	0	134,015,844	0	0	134,015,844
RUB Forward 5/2005	-190,853,439	0	-134,256,493	0	0	-134,256,493
Family Care	-2,029,644	2,564,398	2,183,234	1,728,734	1,292,234	7,768,601
Health Care	-2,321,458	2,524,355	2,013,578	1,413,248	1,264,281	7,215,462

To learn more about CorporateManager or to arrange a demo, go to http://www.msci.com/products/risk_management_analytics/corporatemanager/.

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¹ As of March 31, 2013, as reported on July 31, 2013 by eVestment, Lipper and Bloomberg.