

Moderator: Craig Jeffery, Managing Director, Strategic Treasurer LLC

Panelists:

- Randall Durling, Director of Int'l Finance, The Boeing Company
- Tracy Stover, Managing Director, Citi
- Jeanne Ewing, Manager, Accts Payable, Continental Airlines
- Frank Fiorille, Director of Enterprise Risk Mgmt, Paychex, Inc
- Jiro Okochi, CEO, Reval

# Tool of the Year

*Treasury & Risk's 12th annual*

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BEST PRACTICES SUMMIT

# REVAL

*New York, New York*  
alexander hamilton  
BEST PRACTICES SUMMIT

November 7, 2007

Jiro Okochi  
CEO & Co-Founder



**REVAL**  
ACCOUNTING FOR RISK

# Hedging Soup to Nuts



CONFIDENTIAL

**REVAL**  
ACCOUNTING FOR RISK

# Reval Company Background

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- Founded in 1999 by derivative and technology veterans
- Vision: to leverage Internet technology to host a robust front-to-back derivative solution specializing in FAS 133
- 75+ employees with offices in NYC, London, Sydney and India
- 2007 Deloitte Fast 50 Technology Award
- 170+ Clients with approx 1,000 users

# Derivative Services

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- HedgeRx®: Flagship multi-asset class derivative software delivered on-line
- HedgeRx *Plus*™: Outsourced version of HedgeRx
- Reval Center™: Independent valuation of plain vanilla and complex instruments

# More Than A Tool

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- 5 years + After FAS 133 Over 240+ Companies Have Restated
- Large Insurance Co \$500MM Restatement
  - SEC, Board Level Pressure
  - Reputational Risk
  - Multi Entity, Multi Currency Issues
- Large Bulge Bracket Bank
  - Moved away from Short-Cut
  - Security & Controls Key
  - IP Certification

# Right Sized To Your Needs

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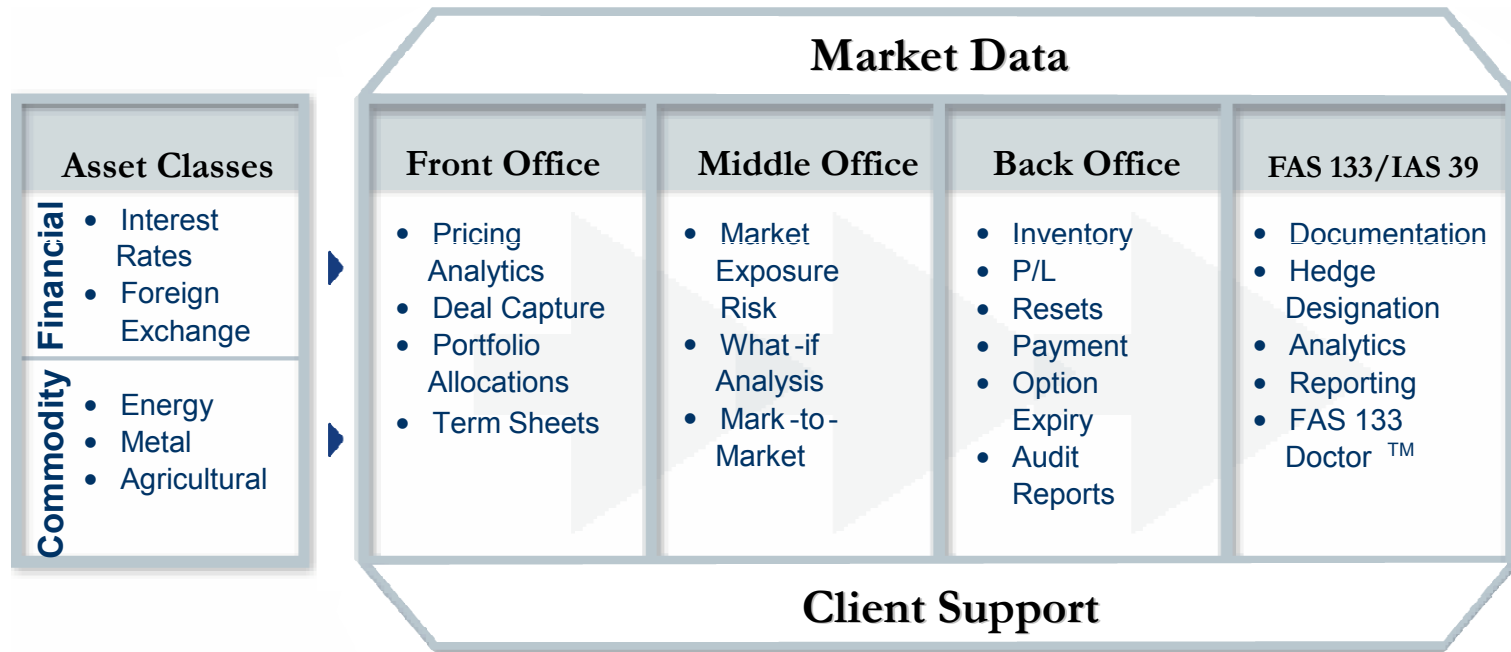
- Middle Market Corporate
  - \$1.1bn Composite Material Maker
  - Fx and Interest Hedging On Spreadsheets
  - Live in 7 Days
- From Corporate Treasury To Insurance To Banks, Large or Small

# Contact Info

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- Please feel free to contact me:
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- NY, NY 10005
- [jiro.okochi@reval.com](mailto:jiro.okochi@reval.com)
- 212-901-9750

# HedgeRx: Software-as-a-Service



# Automated FAS 133 Reporting

E-Mail

FAS 133 Doctor™ Diagnostic Detail Report

Link Id: 4 - Floating Rate Debt Swapped to Fixed, Mismatch Libor, Variable Cash Flow Effectiveness

#	Question Text	Answer	Result
Topic: Hedge Definition			
1	What is the hedge instrument?	Interest Rate Swap	Interest Rate Swap
2	Do you desire hedge accounting? (para 18a.)	Yes	
Topic: Hedge Designation			
3 What type of Hedge Designation Link Id: 4 Version No: 4			
Sub Topic: Cash Flow			
4 Is the transaction Documentation			
5 Is the designated purchase or sale Hedge Instrument			
6 Is the designated rate risk? (para 18a.)			
7 Which benchmark Proportion 100 % Trade Desc: 7 YR SWAP: PAY 6.50000% USD RCV 6M LIBOR +50 bp USD 50.0 M MAT: 12/15/07 Trade Type: IR Swap Entity: USD ENTITY			
8 Are you hedging Incl Initial Val <input checked="" type="checkbox"/>			
9 Is the designated rate? (para 20) Partial From Partial To			
10 Is the designated CF Method Variable Cashflow			
Topic: Short Cut Qualifier			
11 Is both 1) the hedged 2) the hedge instrument Trade 8 Trade Desc: 7 YR FLOATING RATE DEBT: PAY 3M LIBOR +50 bp USD 50.0 M MAT: 12/15/07			
12 Is the designated Proportion 100 %			
13 Does the notice Partial From Partial To Hedged Value Interest Only			
14 Was the fair value Class: Financial Entity: USD ENTITY			
15 Is the computation rate based on Risk Designation			
16 Is the hedged All CashFlows <input type="checkbox"/>			
17 The requirement call option price Interest Rate <input checked="" type="checkbox"/> Benchmark Libor DiscSpread 50.00 bp			
Similarly, the requirement that Foreign Exchange <input type="checkbox"/> Fwd Method Forward IndexSpread 0.00 bp			
Price <input type="checkbox"/>			
Effectiveness			
Retrospective Method Dollar Offset			
Test Description			
Measurement Cumulative Frequency Monthly			
RatioTest 0.800 To 1.250			
Release Schedule			

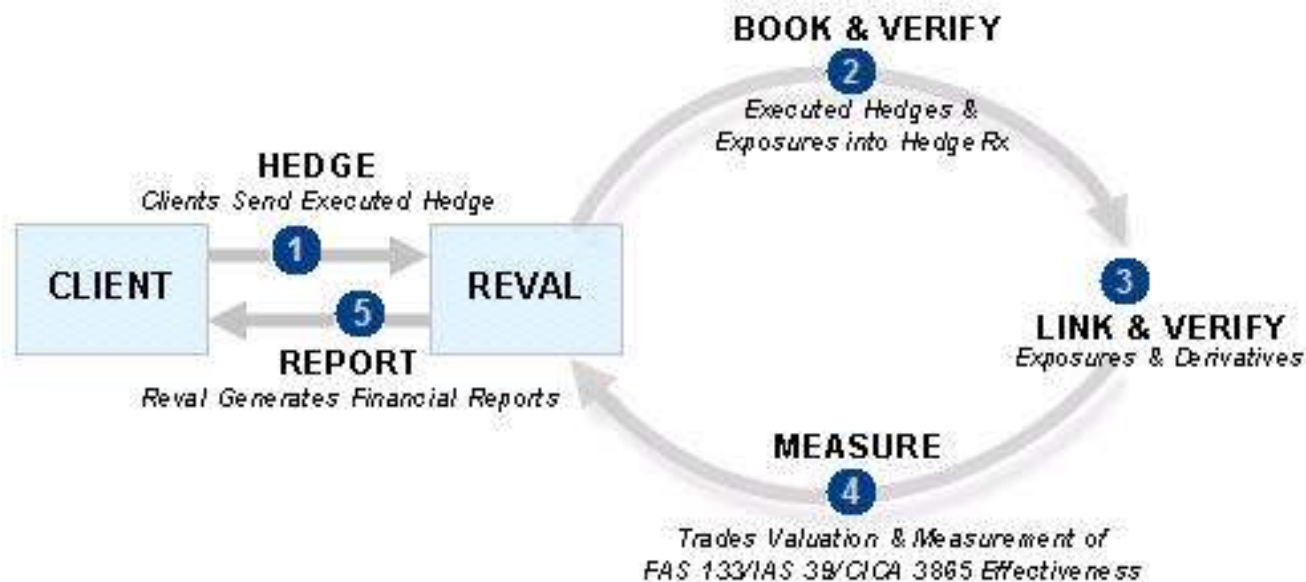
- Fully Integrated Accounting
- Best-In-Class Hedge Accounting
- Comprehensive & Consistent Documentation
- At Inception Documentation
  - FAS 133/IAS 39 Doctor™
  - Strategy level
- Easy To Use
  1. Set Up Hedge Strategy
  2. Input Trades
  3. Link Trades
  4. Run Effectiveness Report
  5. See Debits/Credits

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REVAL  
ACCOUNTING FOR RISK

## Do What You Do Best, Outsource The Rest



- Send Reval your confirms
  - we deliver independent valuation
- Plain vanilla derivatives
- Complex derivatives
  - Structured Notes (Callable Inverse Floaters, Ratchet Notes, Yield Differentials)
  - Credit Linked Notes
  - Heat Rate Options

