

The Perfect Hedge[®]

*An online Hedge Effectiveness (FAS 133, IAS 39, AcG 13),
Independent Valuation and Risk Management application made
available to end-users via a subscription ASP service.*

- Derivatives and Securities Valuation
- Hedge Effectiveness Testing
- Scenario Testing
- Value at Risk
- Market Data

Developed with input from accounting and regulatory industry experts, and based on FinancialCAD's industry standard analytics, The Perfect Hedge represents an easy way for companies to source the historical market data and calculations required by new risk management and accounting regulations.

The Perfect Hedge

Features & Benefits

Use a proven online service to value and measure risk on hedges and derivative portfolios. Access market data, hedge effectiveness measurement, and scheduled calculations.

Derivatives and Securities Valuation

Get started now. Access The Perfect Hedge immediately for trial or use

1. Use the world's leading library of independent valuation models.
2. Mark-to-market OTC and exchange traded derivatives.
3. Create aggregate views while being able to drill down by currency, asset class or individual trade.

Hedge Effectiveness Testing

Subscribe to a proven service with a 3-year track record of auditable calculations

1. Solve a challenging documentation and reporting requirement.
2. Perform prospective and retrospective hedge effectiveness tests.
3. Manage and store large volumes of historic data including curve data.

Scenario Testing

Know your costs. Get unlimited calculation access for a single monthly fee

1. Stress test your portfolio valuations with interest rate, FX, or price shocks.
2. Apply historical scenarios to your current portfolio.
3. ASP solution enabling controlled access to secure data store.

Value at Risk

Eliminate the risks of working with large, custom spreadsheets

1. Generate Parametric or historical VaR reports.
2. Track and store historical portfolio values.
3. Rely on documented industry standard analytics, practices and techniques.

Market Data

Save time by accessing organized market and value-added data

1. Data includes FX rates, commodities prices, interest rates, volatilities and holiday lists as well as generated interest rate curves.
2. Current and historic end-of-day market data, dating back to 12/31/99.
3. The Perfect Hedge data and services can be accessed through Microsoft® Excel by using FinancialCAD's Fincad® XL (a Microsoft Excel add-in) to connect to The Perfect Hedge.

Asset Coverage

FIXED INCOME SECURITIES AND DERIVATIVES

- Bonds and Amortizing Bonds
- Floating Rate Notes
- Amortizing FRNs
- Callable Bonds
- Convertible Bonds
- Custom Bonds
- Freestyle Bonds

INTEREST RATE SECURITIES AND DERIVATIVES

- Treasury Bills
- Commercial Paper
- Bankers Acceptances
- Certificates of Deposit
- Euro Deposits & Loans (eg. LIBOR)
- Interest Rate Swaps
- Forward Rate Agreements
- Caps and Floors
- European Swaptions

FOREIGN EXCHANGE DERIVATIVES

- FX Forwards
- Puts and Calls
- Options (exotic)

COMMODITY DERIVATIVES

- Commodity Forwards
- Commodity Futures
- Puts and Calls
- Options (exotic)

Custom Solutions

Using The Perfect Hedge technology, FinancialCAD performs custom project work including:

1. In response to specific client requirements FinancialCAD works to add functionality to The Perfect Hedge subscription service.
2. For over 4 years FinancialCAD has successfully developed and operated dedicated custom web services for clients including Ernst & Young, LLP, Allied Irish Bank and Cain Brothers & Company, LLC.

IR Cashflow Hedge

Published 2/3/2004, 3:58:00 PM PST for

PRINT | CLOSE

Delete Save Refresh Report Partial Calc

Hedge Specifications

Name: FRN w/ swap

Reporting Specification: USD quarterly

Fraction of Underlying to Hedge: 100%

Hedge Start Date (optional): 01-Jan-2000

Hedge Effective Date (optional): 26-Jan-2000

Hedge Maturity Date (optional): 28-Jan-2007

Hedge End Date (optional): 28-Jan-2007

Prospective Effect Test: Regression

Prospect. Effect. Criterion: R-Squared Criterion

Effectiveness Method Doc.: (none)

Nature of Risk Doc.: (none)

Other Doc.: (none)

Calculated 03-Feb-2004 15:47

Hedge Specifications

Hedge methodology: Hypothetical derivative

Hedge Objective: Benchmark Risk

Accrual Reset Factor: 100%

Accruing Curve (Swap): USD Swap (LIBOR)

Discounting Curve (Swap): USD Swap (LIBOR)

Reset Table (Derivative): USD Libor (3-month)

Reset Table (Hypothetical Derivative): USD Libor (1-month)

Hypothetical Fixed Coupon: 7.0525028%

Day Count of Hypo Fixed Coupon: actual/365 (fixed)

Spread Source: Calculated

Underlying Instrument (Variable Rate Bond)

Refresh New

Edit	Trade	Fraction to be Hedged
1	FRN \$75M (short)	100%

Hedging Instrument (Fixed/Floating Swap)

Refresh New

Edit	Trade
1	Swap \$75M 6.19% pay fixed

Prospective Testing

Refresh New

Edit	Hedge Testing Date	Prospect. Effect. Criterion	Correlation	R-Squared	Effective	Slope
1	31-Dec-2002	R-Squared Criterion	99.4468%	98.8967%	Is effective	1.04832
2	31-Dec-2003	R-Squared Criterion	46.988%	22.0787%	Is not effective	0.708634

Retrospective Dollar Offset (Interest Cost)

The cashflows in each row are for the period ending on the given Date

Refresh Recalc All

Edit	Date	Cashflow Hypothetical Derivative	Cashflow Derivative	Cum. Cashflow Hypothetical Derivative	Cum. Cashflow Derivative	Period CF Effectiveness	Cum. CF Effectiveness	Period CF Effective?	Cum. CF Effective?	Average Rate Hypothetical Derivative	Average Rate Derivative
1	01-Jan-2000	0.00	0.00	0.00	0.00						
2	31-Mar-2000	775,935.95	817,916.67	775,935.95	817,916.67	105.41%	105.41%	Is effective	Is effective	5.89530%	6.04000%
3	30-Jun-2000	1,212,305.42	1,189,052.08	1,988,241.37	2,006,968.75	98.08%	100.94%	Is effective	Is effective	6.36258%	6.27192%
4	30-Sep-2000	1,279,614.41	1,266,875.00	3,267,855.78	3,273,843.75	99.00%	100.18%	Is effective	Is effective	6.63957%	6.60978%
5	31-Dec-2000	1,275,542.48	1,292,536.46	4,543,398.26	4,566,380.21	101.33%	100.51%	Is effective	Is effective	6.61649%	6.74367%
6	31-Mar-2001	1,091,017.90	1,119,690.10	5,634,416.16	5,686,070.31	102.63%	100.92%	Is effective	Is effective	5.78665%	5.97168%
7	30-Jun-2001	858,830.82	901,385.42	6,493,246.98	6,587,455.73	104.95%	101.45%	Is effective	Is effective	4.51003%	4.75456%
8	30-Sep-2001	711,457.13	749,812.50	7,204,704.11	7,337,268.23	105.39%	101.84%	Is effective	Is effective	3.69924%	3.91207%
9	31-Dec-2001	448,282.59	527,031.25	7,652,986.71	7,864,299.48	117.57%	102.76%	Is effective	Is effective	2.33224%	2.74973%
10	31-Mar-2002	348,925.80	368,541.67	8,001,912.51	8,232,841.15	105.62%	102.89%	Is effective	Is effective	1.85768%	1.96556%
11	30-Jun-2002	351,788.79	358,484.38	8,353,701.30	8,591,325.52	101.90%	102.84%	Is effective	Is effective	1.85272%	1.89091%
12	30-Sep-2002	349,870.93	356,388.02	8,703,572.23	8,947,713.54	101.86%	103.02%	Is effective	Is effective	1.82265%	1.85942%
13	31-Dec-2002	321,943.26	350,604.17	9,025,515.49	9,298,317.71	108.90%	103.02%	Is effective	Is effective	1.67713%	1.82924%
14	31-Mar-2003	253,571.04	281,044.92	9,279,086.52	9,579,362.63	110.83%	103.24%	Is effective	Is effective	1.35058%	1.49891%
15	30-Jun-2003	249,475.22	251,963.83	9,528,561.75	9,831,326.46	101.00%	103.18%	Is effective	Is effective	1.31451%	1.32904%
16	30-Sep-2003	213,267.34	207,658.38	9,741,829.08	10,038,984.84	97.37%	103.05%	Is effective	Is effective	1.11152%	1.08344%
17	31-Dec-2003	218,162.02	185,424.45	9,959,991.10	10,224,409.28	84.99%	102.65%	Is effective	Is effective	1.13715%	0.96743%

Accounting Entries (Measurement of Ineffectiveness)

The valuations in each row are as of the given Date

Edit	Date	Spread Used	Value Hypothetical Derivative	Fair Value Derivative	Cumulative Change Hypothetical Derivative	Cumulative Change Derivative	Cumulative Adjustment to Other Net Assets (Dr)Cr	Cumulative Adjustment to Net Income (Dr)Cr	Period Adjustment to Other Net Asset (Dr)Cr	Period Adjustment to Net Income (Dr)Cr
1	01-Jan-2000	0%	0.00	3,195,167.29	0.00	0.00	0.00	0.00	0.00	0.00
2	31-Mar-2000	-0.14470%	-34,331.63	3,672,600.07	-34,331.63	477,432.78	34,331.63	443,101.15	34,331.63	443,101.15
3	30-Jun-2000	0.09068%	821,231.03	3,477,643.30	821,231.03	282,476.01	282,476.01	0.00	248,144.38	-443,101.15
4	30-Sep-2000	0.02978%	-1,073,922.58	1,798,034.42	-1,073,922.58	-1,397,132.86	-1,073,922.58	-323,210.28	-1,356,398.59	-323,210.28
5	31-Dec-2000	-0.1271%	-4,542,881.49	-1,092,336.85	-4,542,881.49	-4,287,504.14	-4,287,504.14	0.00	-3,213,581.56	323,210.28
6	31-Mar-2001	-0.18503%	-6,543,743.78	-2,901,984.46	-6,543,743.78	-6,097,151.75	-6,097,151.75	0.00	-1,809,647.61	0.00
7	30-Jun-2001	-0.24453%	-5,292,635.81	-1,585,926.60	-5,292,635.81	-4,781,093.88	-4,781,093.88	0.00	1,316,057.86	0.00
8	30-Sep-2001	-0.21283%	-9,797,860.25	-6,180,345.87	-9,797,860.25	-9,375,513.16	-9,375,513.16	0.00	-4,594,419.27	0.00
9	31-Dec-2001	-0.41749%	-7,661,171.43	-3,580,505.50	-7,661,171.43	-6,775,672.79	-6,775,672.79	0.00	2,599,840.37	0.00
10	31-Mar-2002	-0.10786%	-5,980,241.69	-3,128,469.51	-5,980,241.69	-6,323,636.79	-5,980,241.69	-343,395.10	795,431.09	-343,395.10
11	30-Jun-2002	-0.03819%	-8,254,304.82	-5,890,573.27	-8,254,304.82	-8,885,740.55	-8,254,304.82	-631,435.74	-2,274,063.12	-288,040.64
12	30-Sep-2002	-0.03677%	-12,418,934.77	-9,922,475.05	-12,418,934.77	-13,117,642.34	-12,418,934.77	-698,707.56	-4,164,629.96	-67,271.83
13	31-Dec-2002	-0.15211%	-12,740,869.28	-10,009,505.61	-12,740,869.28	-13,204,672.89	-12,740,869.28	-463,803.62	-321,934.50	234,903.95
14	31-Mar-2003	-0.14832%	-12,518,054.62	-9,967,304.95	-12,518,054.62	-13,162,472.23	-12,518,054.62	-644,417.62	222,814.66	-180,614.00
15	30-Jun-2003	-0.01453%	-12,699,215.01	-10,629,761.46	-12,699,215.01	-13,824,528.75	-12,699,215.01	-1,125,713.74	-181,160.39	-481,286.12
16	30-Sep-2003	0.02809%	-10,890,570.96	-9,091,630.52	-10,890,570.96	-12,286,797.81	-10,890,570.96	-1,396,226.84	1,806,644.04	-270,513.51
17	31-Dec-2003	0.18971%	-9,175,027.11	-7,830,305.18	-9,175,027.11	-11,025,472.47	-9,175,027.11	-1,850,445.35	1,715,543.85	-454,216.81

'FinancialCAD has consistently exceeded our expectations for expertise and customer service over several years of providing web services technology and market data to our bank.'

Patrick Boylan

Allied Irish Bank,

International Financial Services,

Dublin Ireland

'The Perfect Hedge provides a transparent, cost effective and accurate solution for our business need to measure and report hedge effectiveness for our swap portfolio.'

Mike Clifford,

Vice President, Business Solutions

Israel Discount Bank of New York

The Perfect Hedge - Online Solutions for Your Business

Corporate Treasury

As one of the world's largest distributors of forest and agricultural products North Pacific Group was faced with a common, not easily solved problem for corporate treasurers - independent valuation and hedge effectiveness measurement for a swaps portfolio. The Perfect Hedge permitted treasury staff at North Pacific Group to test the solution before subscribing and continues to provide scheduled calculations to meet compliance reporting demands.

Market Data

International Fund Services needed a reliable provider of daily market data for the calculations IFS provides to their hedge fund clients. Fincad Market Data Service has provided the solution.

Custom Web Service to International Client Base

Allied Irish Bank anticipated a growing need amongst their treasury outsourcing clients. Meeting the IAS 39 and FAS 133 requirements for fair-value and hedge effectiveness measurement was an onerous new reality for AIB clients. A custom web service powered by The Perfect Hedge is meeting these client needs and aiding new client adoption for AIB's treasury outsourcing business.

A free trial subscription of The Perfect Hedge is available at www.fincad.com or call a FinancialCAD representative to learn more.

USA/Canada 1-800-304-0702 **London** 020-7495-3334 **Europe** 00-800-304-07020

FinancialCAD®

FinancialCAD Corporation provides software and online services for pricing and managing the risk of financial securities and derivatives. FinancialCAD's industry-standard financial analytics are used by over 25,000 business users in over 60 countries.

FinancialCAD Corporation
7455 - 132 St., Suite 100
Surrey, BC, Canada V3W 1J8

USA/Canada 1-800-304-0702
London 020-7495-3334
Europe 00-800-304-07020
Elsewhere 1-604-572-3682
Fax 1-604-501-2792
email: info@fincad.com

www.fincad.com