

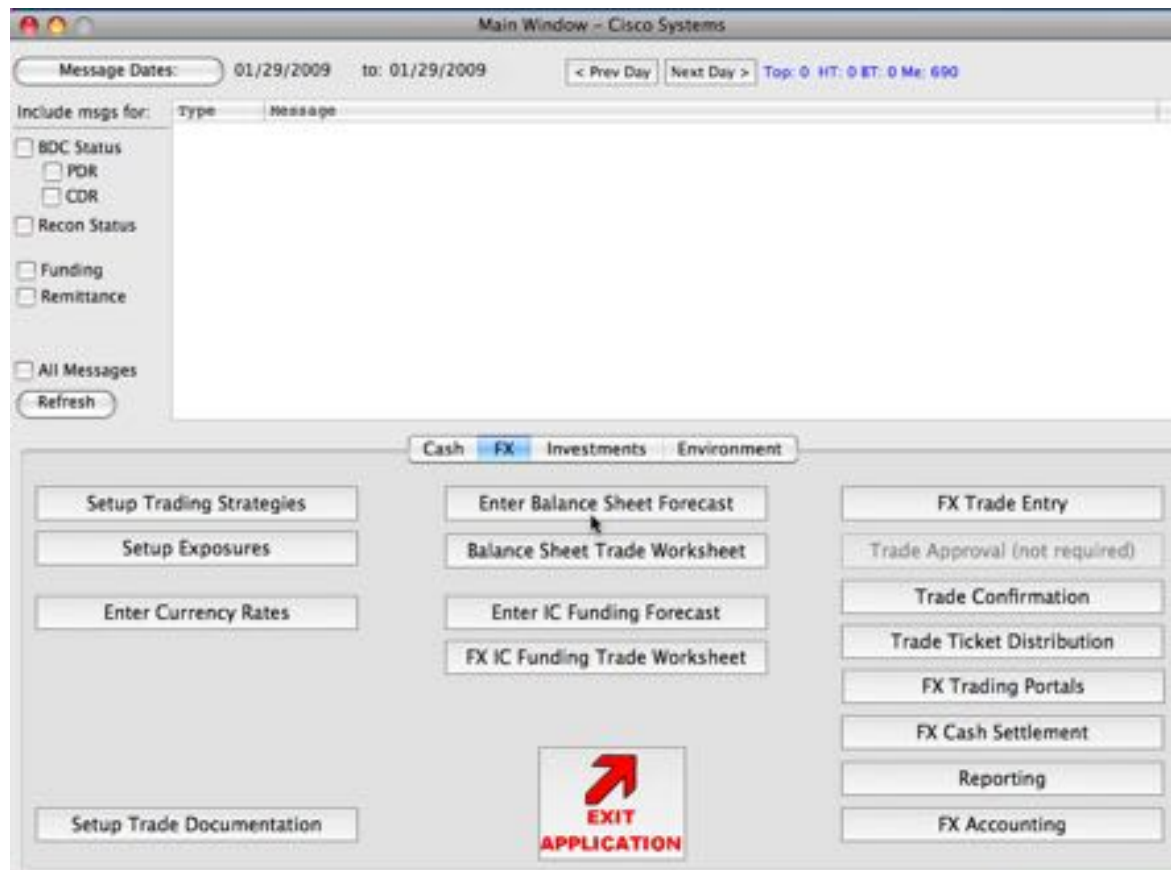
Orbit

Setting up For IC Balance Hedging

Inter-co Balance Hedging

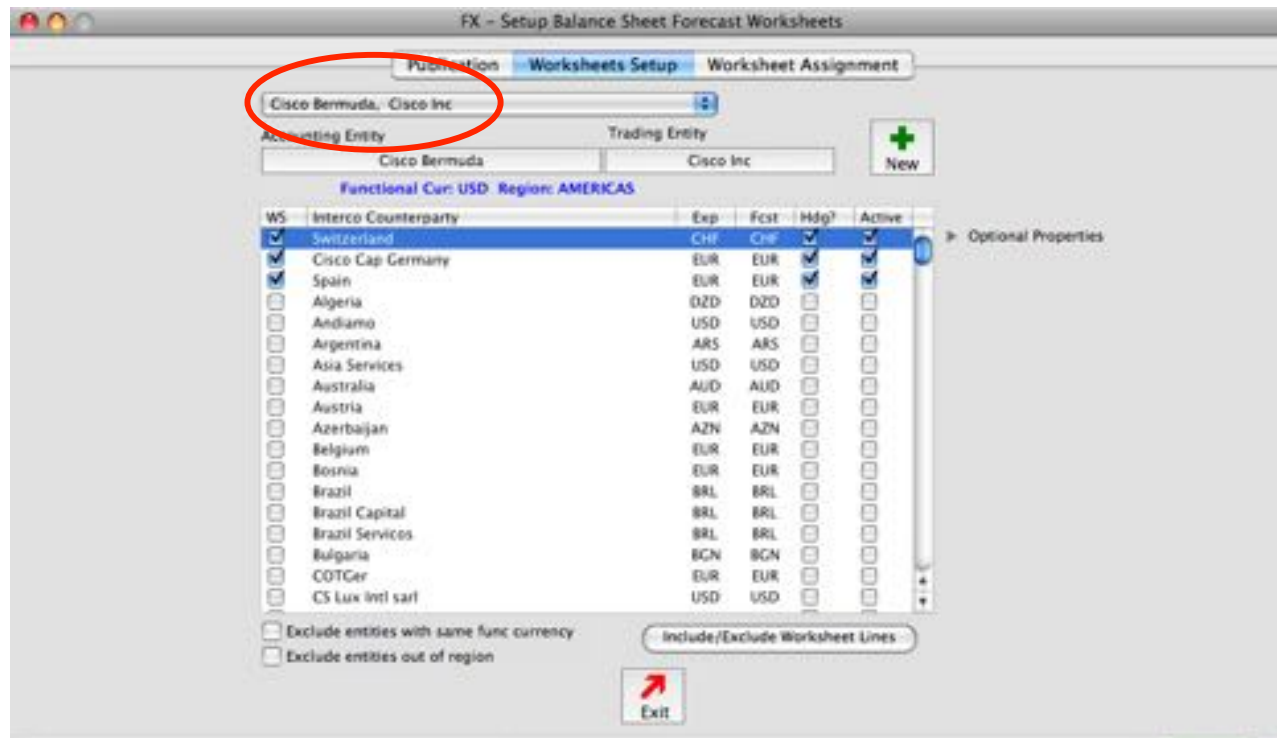
- Orbit includes specific features to help with hedging inter-co balances between 2 entities with different functional currencies
- These same features may be used to hedge an entity's exposure to currencies as a result of external relationships
- The hedge process occurs in 3 steps
 - Collect IC Balance Forecast
 - Consolidate by currency
 - Add hedging trades to neutralize currency exchange impacts on those balances
- Before you can use these features, you must perform some setup in Orbit. During setup you will specify the format of exposure forecast data entry forms and define IC Balance relationships

Inter-co Balance Hedging - Setup



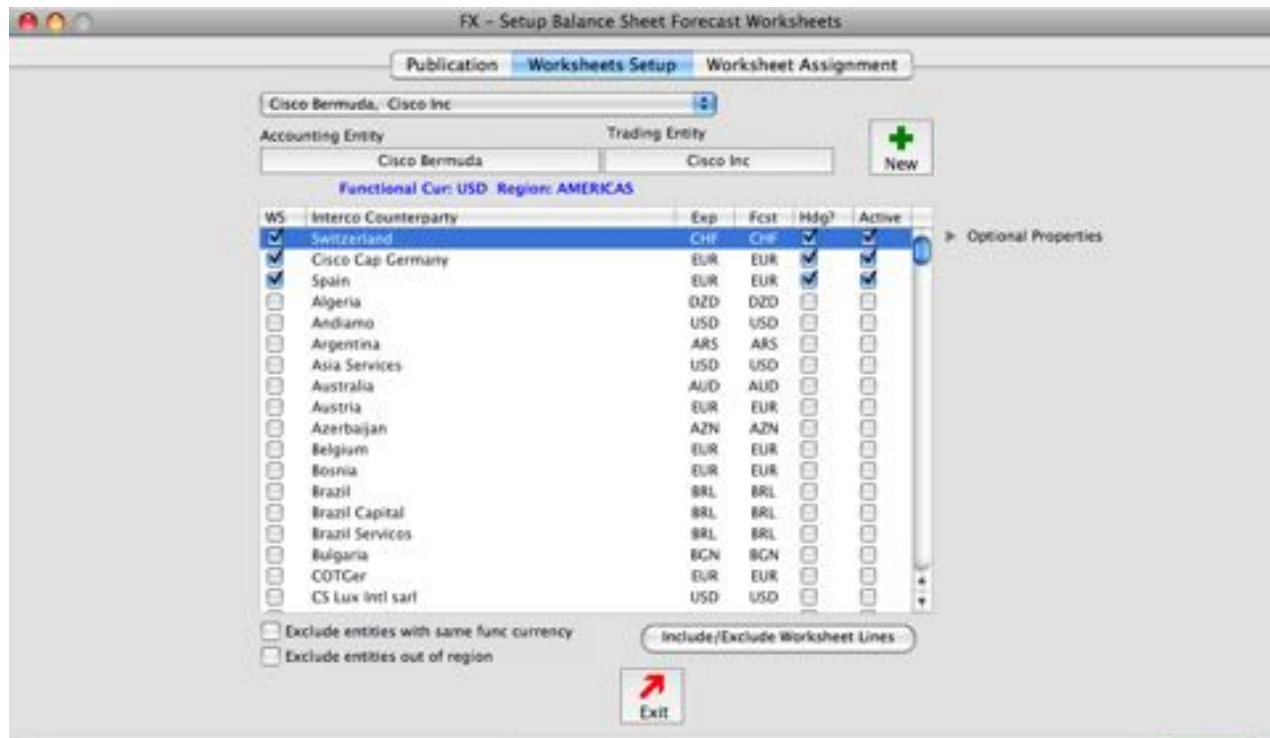
- Select the “FX” tab on the main menu window
- Click the “Enter Balance Sheet Forecast” button
- You may also select “Setup FX Balance Sheet Forecast” from the “FX” menu on the menu bar

Inter-co Balance Hedging - Setup



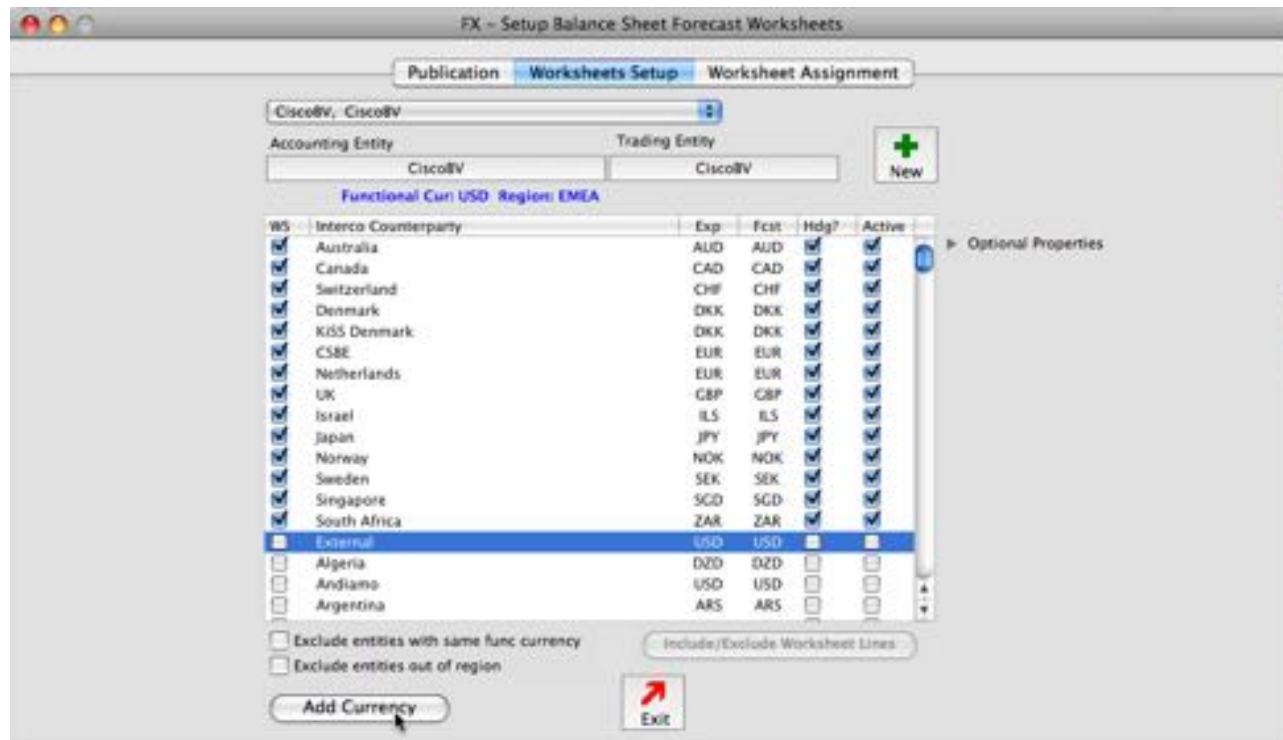
- Select the “Worksheet Setup” tab
- The drop down menu at the top allows you to select existing Accounting/Trading entities
- In the example we have selected “Cisco Bermuda, Cisco Inc
- Cisco Bermuda is the “Accounting Entity” – we are looking at IC exposures from this entity’s perspective
- Cisco Inc. is the “Trading Entity” – this is the entity that will be executing trades
- Orbit lists all of the possible IC Counter Parties for Cisco Bermuda
- Entities that have been identified as IC Counter Parties for Cisco Bermuda are marked with a check in the WS (worksheet) column
- For each IC Counter Party you may change the FCST Currency by clicking into the field and typing your change

Inter-co Balance Hedging - Setup



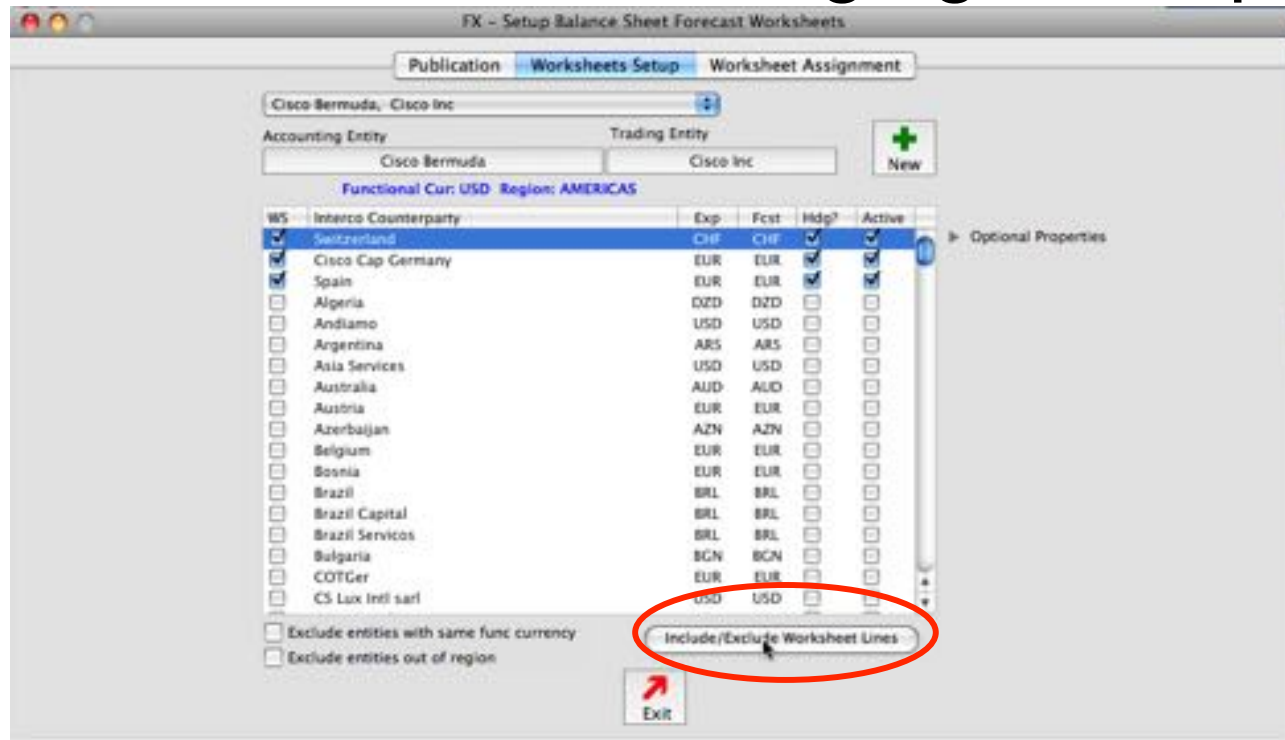
- The “Optional Properties” disclosure control is used when you want to hedge a relationship separately without it being included in the currency consolidation step

Inter-co Balance Hedging - Setup



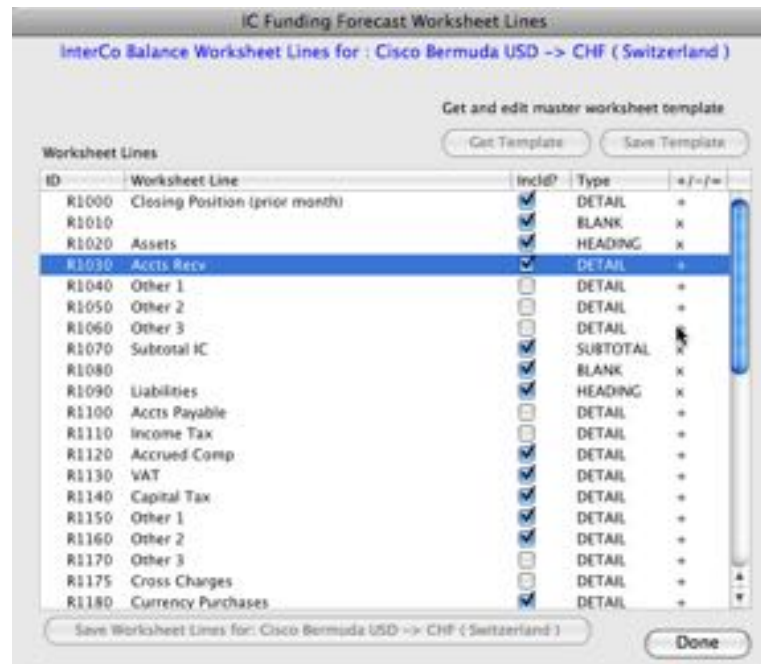
- The entity “External” represents outside, non-interco currency exposures on the accounting entities books.
- By default, External appears with USD as it’s currency
- To add other currencies, click the “Add Currency” button
- You will be prompted to type in the desired currency
- A new line will appear in the list with “External” as the entity and the new currency as the exposure currency

Inter-co Balance Hedging - Setup



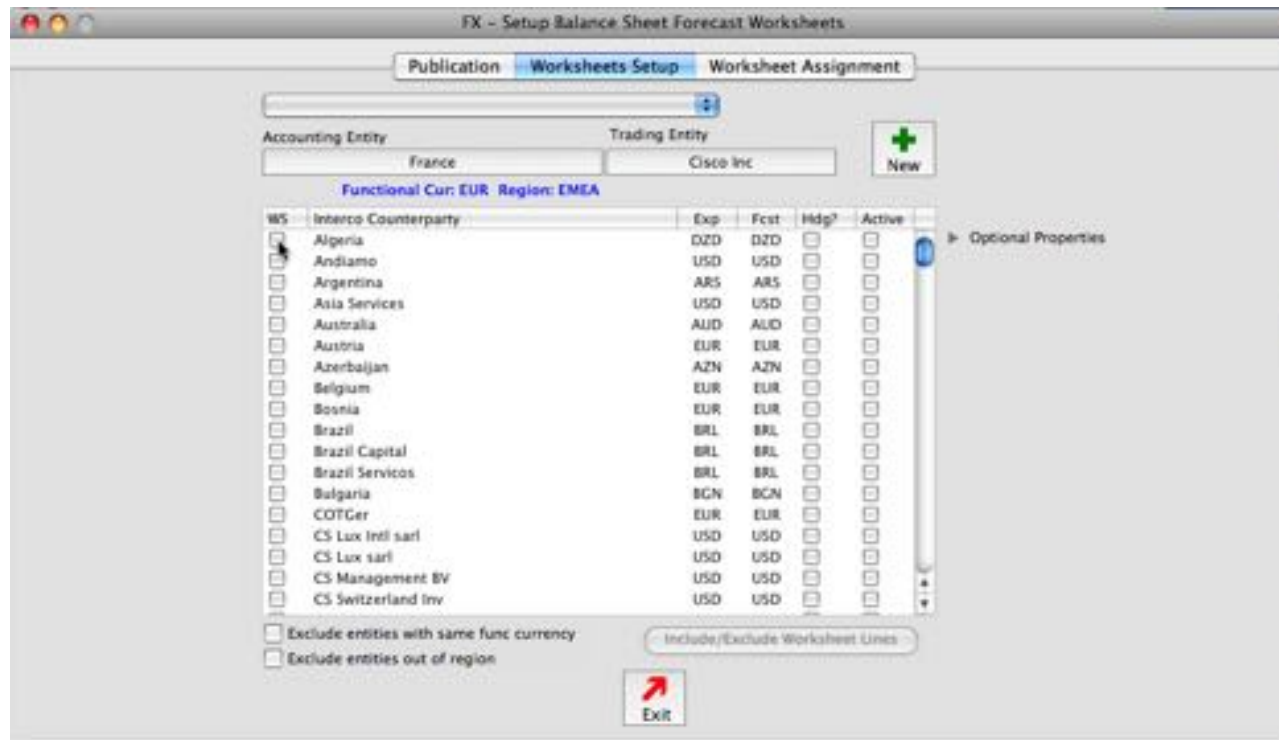
- When IC relationships are defined, Orbit prepares a worksheet for entry of monthly IC Balance forecasts
- By default all IC relationships get the same worksheet
- The worksheet format is predefined during Orbit setup
- The worksheet for a particular relationship can be customized
- Select a relationship and press the “Include/Exclude” button

Inter-co Balance Hedging - Setup



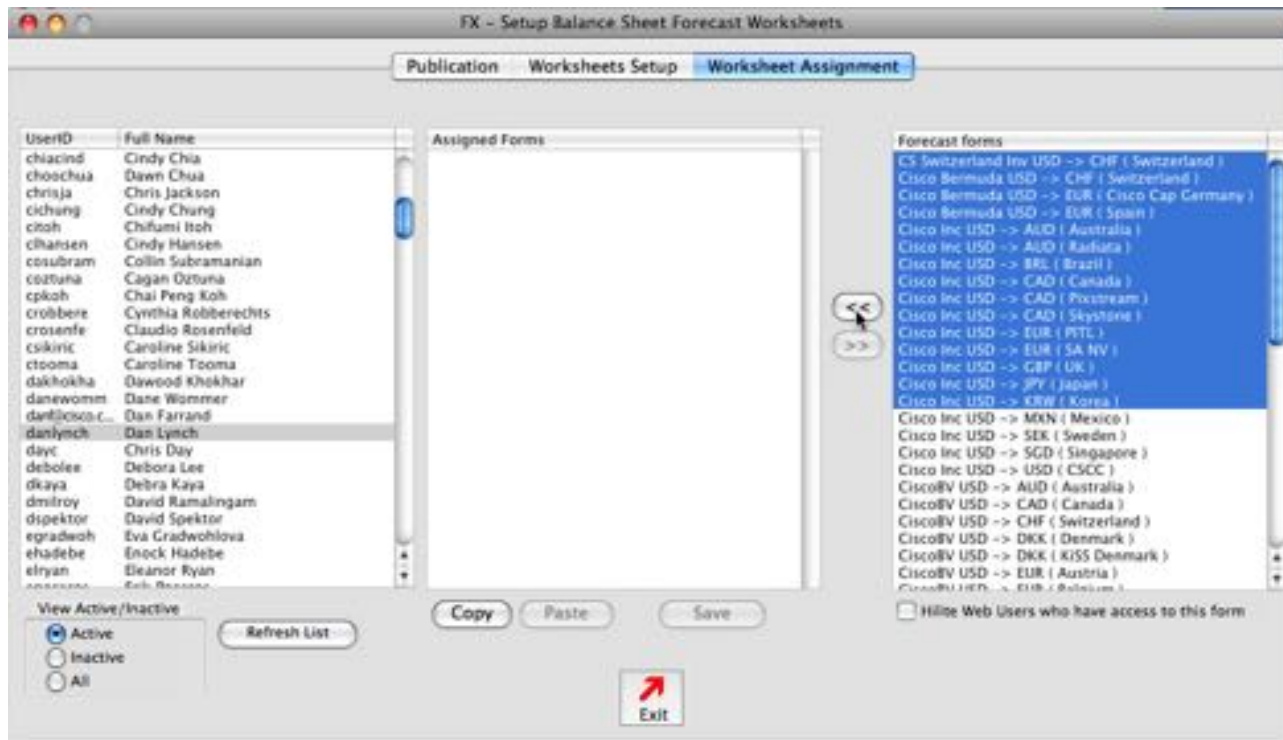
- A window appears that allows you to include or exclude lines from the master worksheet template
- These selections apply to the current worksheet only

Inter-co Balance Hedging - Setup



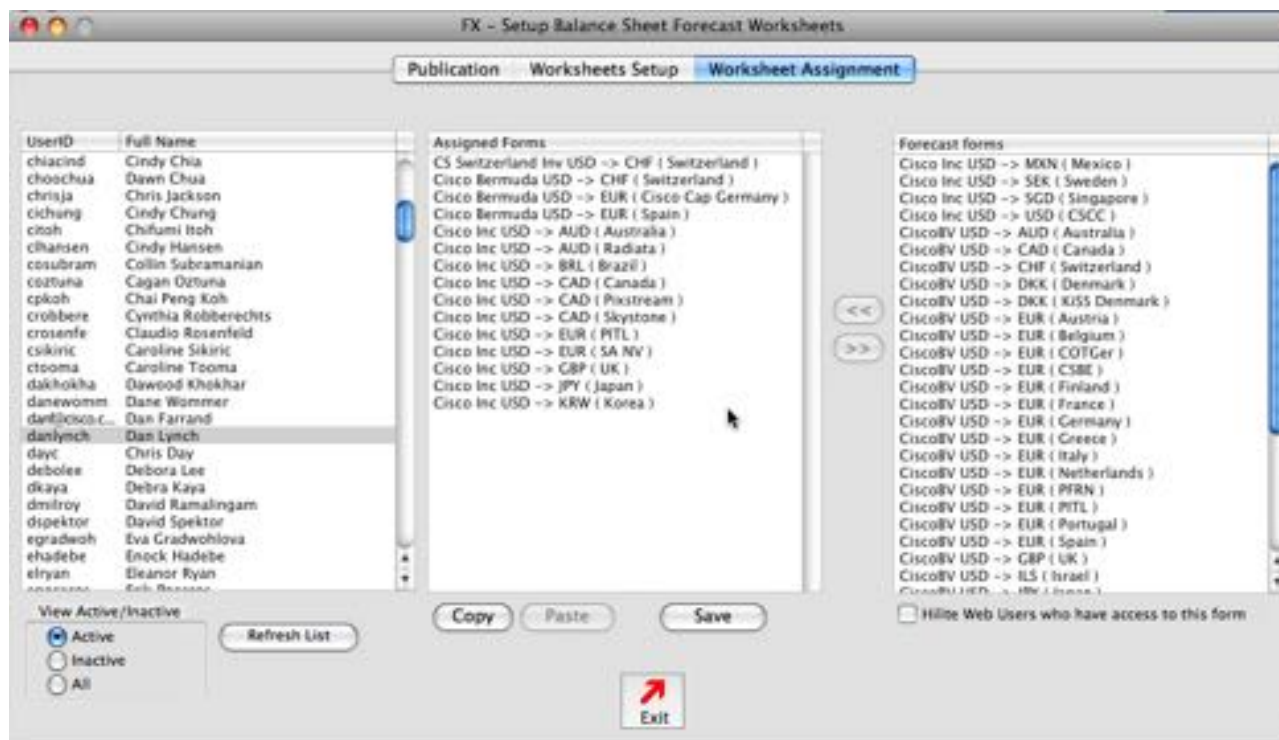
- To create a new relationship, Click the “Accounting Entity” button and select a new entity
- In this example we have selected “France” as our new Accounting Entity
- The “Accounting Entity” is the “parent” entity
- Mark the WS checkbox next to each “Interco Counter Party” that you want included as a IC relationship

Inter-co Balance Hedging - Setup



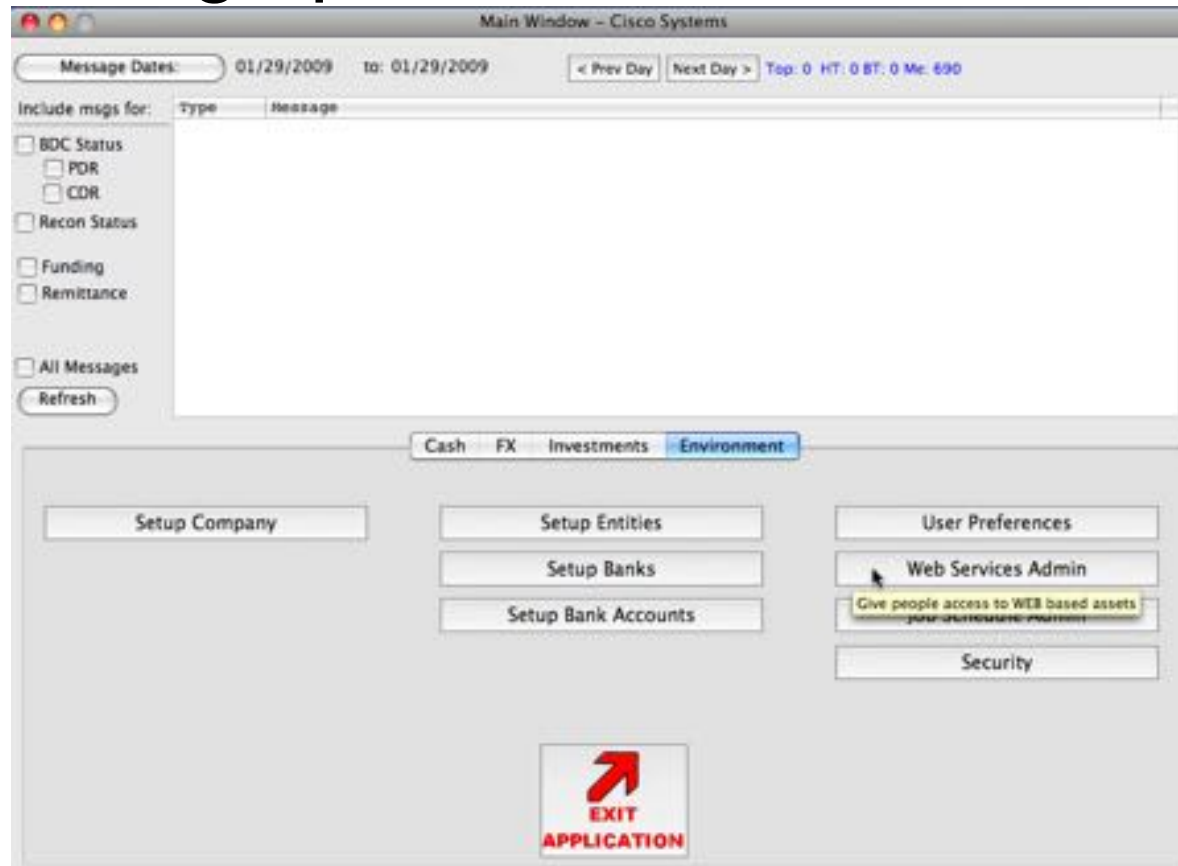
- The final setup step is to assign IC Balance Sheet Forecast data entry forms to one or more persons who will be responsible for entering the forecast
- Click the “Worksheet Assignment” tab
- Available users are listed on the left
- Available data entry forms are listed on the right
- Select a user (Dan Lynch in this case)
- Select the forms you want to give to Dan
- Press the << button to assign those forms to Dan
- Press “Save”

Inter-co Balance Hedging - Setup



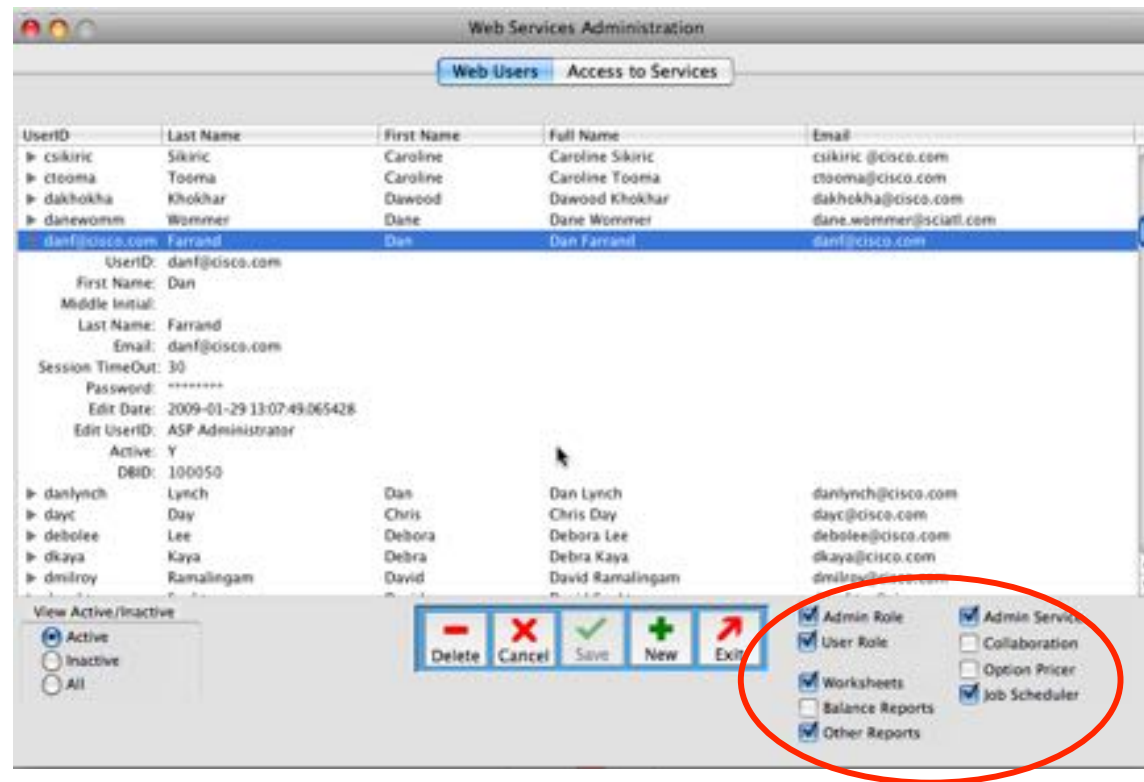
- When forms are assigned, they appear in the middle
- To remove a form, double-click it
- Press the “Copy” button to copy the forms assigned to a user
- You can then select a different user and press the “Paste” button to add the copied forms to the new user

Setting up new Web Portal Users



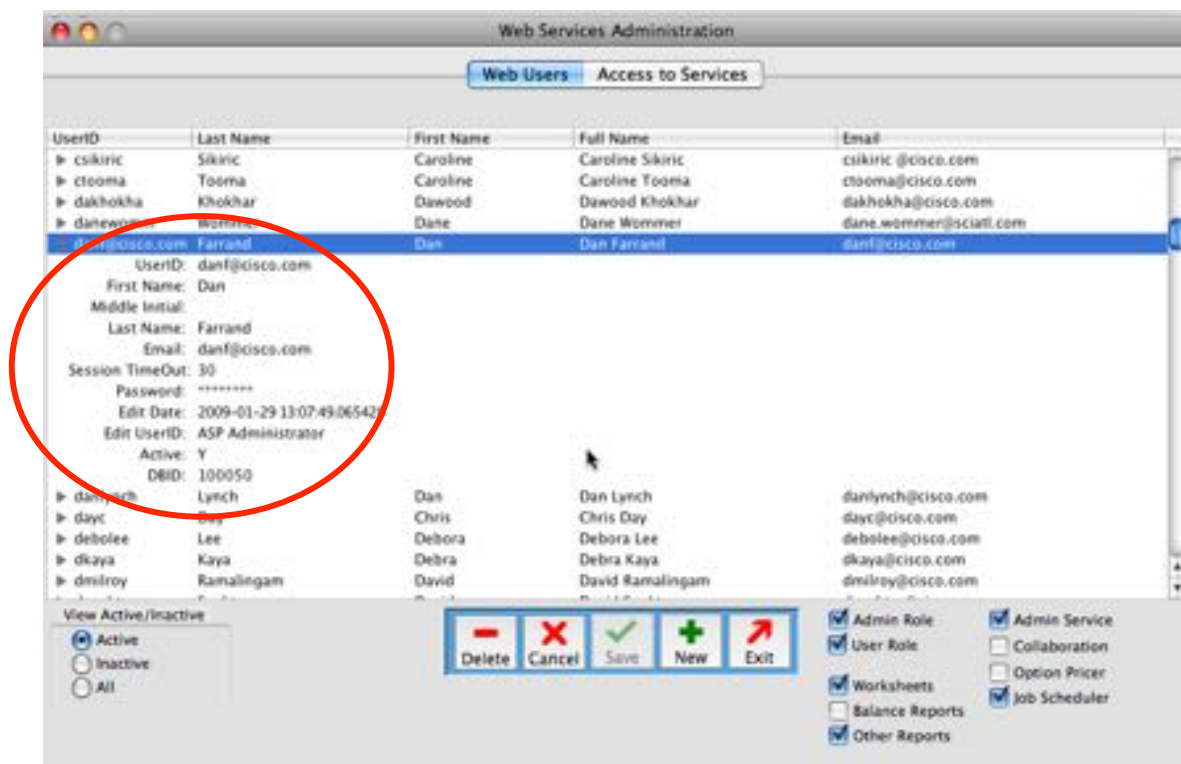
- IC Balance Forecast data entry is one of Orbit's web services. Data Entry forms are available on the web using a web browser
- You must setup users to have access to Orbit's web services
- Select the "Environment" tab of the main menu window
- Press the "Web Services Admin" button

Setting up new Web Portal Users



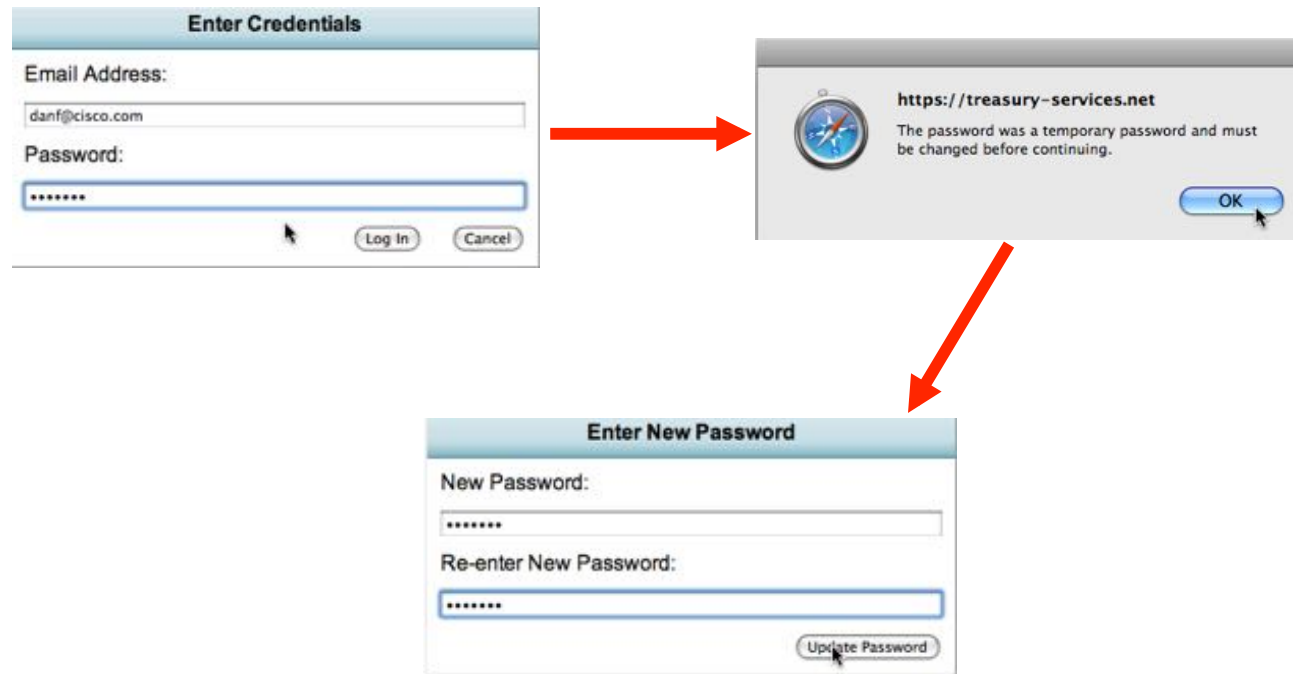
- Orbit web users are listed
- When you select a web user, check boxes are set showing the privileges the user has in the Orbit web environment
- A typical user should have at least
 - “User Role” - so they can login
 - “Worksheets” - to access forecast data entry worksheets
 - “Balance Reports” - to access bank account balance/detail reports

Setting up new Web Portal Users



- User details are displayed by clicking the disclosure control
- For userID it's best to reuse the corporate network id
- When they log into the Orbit web environment, Orbit will ask for your email address
- Make sure you provide the corporate email address in the "Email" field for all new web users
- Passwords are not visible. The only thing you can do is reset a password. Click into the field and type the new password
- The first time a user logs into the web environment, after a password reset, s/he will be forced to change the password
- Once the password is changed it is encrypted and is unreadable by humans

Orbit Web Portal Access - Passwords



- The user logs into the Orbit web environment for the first time after a password reset
- Orbit logs them in and tells them to change their password
- The user changes their password
- The easiest thing for the user to do is set their password to the same password they use for corporate network access
- New passwords set from the web are encrypted when they are stored in the database and are not readable by anyone

Orbit Web Access - Passwords

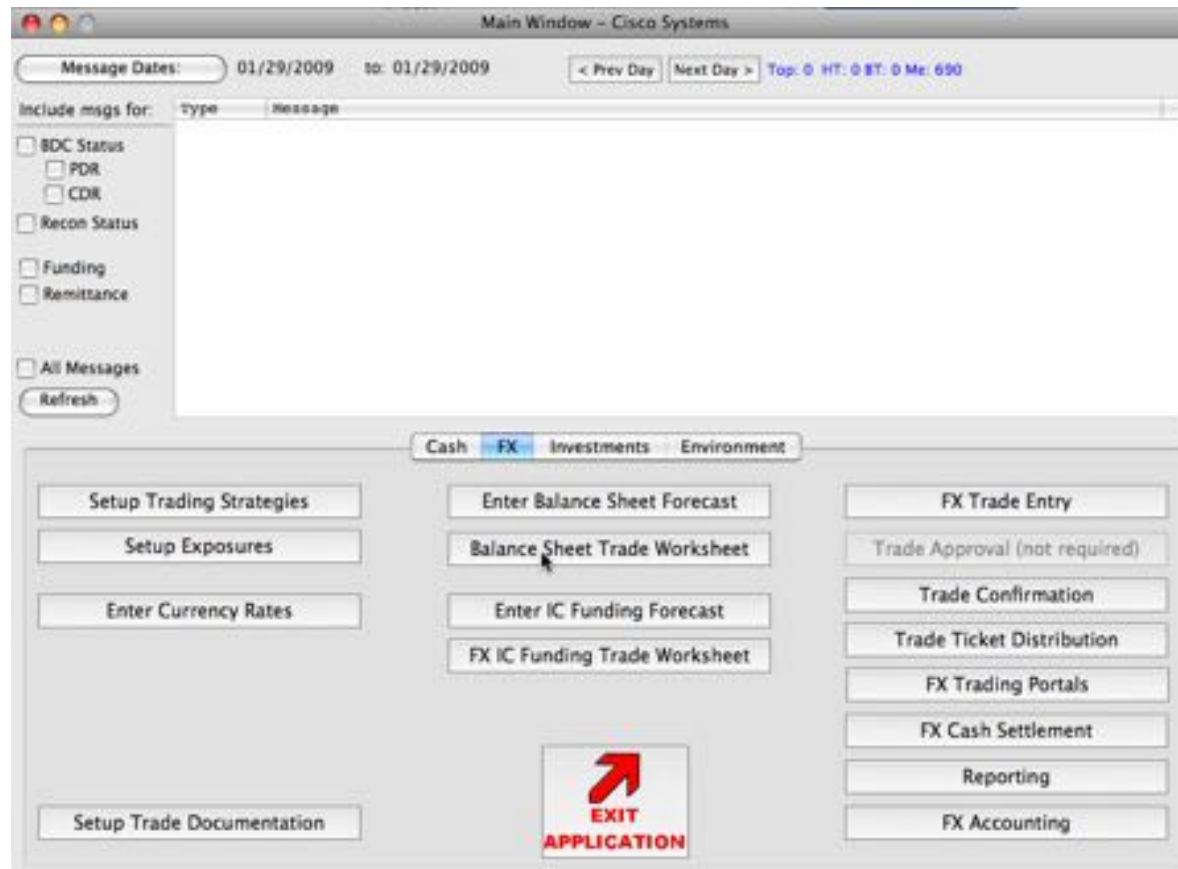
```
hedgehog=# select * from TWeb_Users where clientID = 76803611 and rid = 100050;
rid | clientid | userid | email | firstname | middleinitial | lastname | sessiontimeout | password | editdate | edituserid | active
-----+-----+-----+-----+-----+-----+-----+-----+-----+-----+-----+-----
100050 | 76803611 | danf@cisco.com | danf@cisco.com | Dan | | Farrand | 30 | orbit | 2009-01-29 13:07:49.065428 | ASP Administrator | Y
```

- Here is the database table where Orbit web user info is stored. When the password is set from the Orbit client application, the password is in the clear
- Note - there is no direct access to the database from outside Calypso's private VPN connection to the server
- The only contact the outside world has to the server is through JBoss
- JBoss will not accept any database queries from the outside
- All requests from the Orbit client application are in the form of messages that invoke predefined queries

```
hedgehog=# select * from TWeb_Users where clientID = 76803611 and rid = 100050;
rid | clientid | userid | email | firstname | middleinitial | lastname | sessiontimeout | password | editdate | edituserid | active
-----+-----+-----+-----+-----+-----+-----+-----+-----+-----+-----+-----
100050 | 76803611 | danf@cisco.com | danf@cisco.com | Dan | | Farrand | 30 | 20uqy40gvs8eyMibFN4a+G1g5xk= | 2009-01-29 13:41:47.05 | Dan Farrand
```

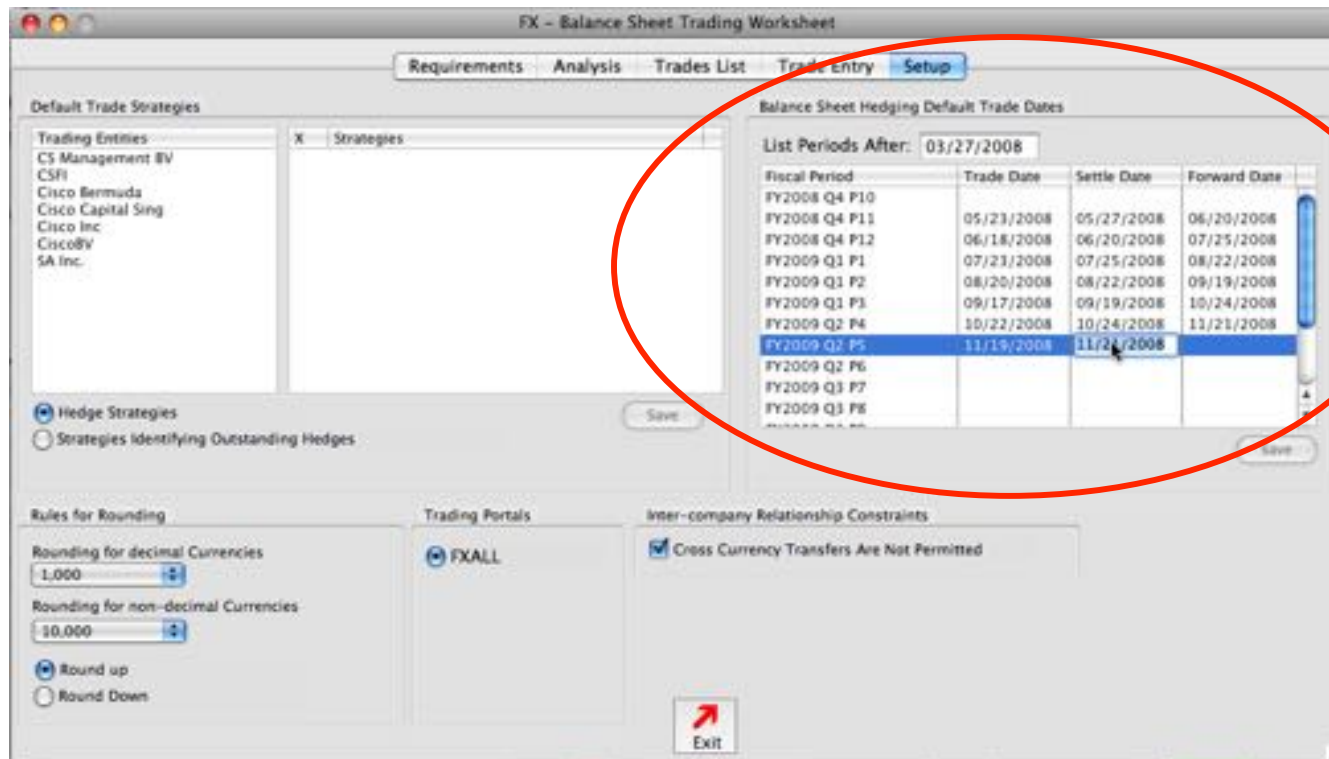
- When the user changes his/her password, the new password is encrypted in the database
- This means that not even Calypso can learn what your password is

Inter-co Balance Hedging - Setup



- Previously we set IC Balance exposure relationships
- The final bit of setup has to do with the “Balance Sheet Trade Worksheet”
- On the main menu window, “FX” tab, click the “Balance Sheet Trade Worksheet” button

Inter-co Balance Hedging - Setup



- Go to the “Setup” tab
- There are a number of setup issues here. We will start with “Default Trade Dates”
- This table is used by Orbit to set the trading dates for IC Balance hedges
- On the “Requirements” tab, you will select the “Hedge Period”. Orbit uses that to look up dates (match on Fiscal Period column)
- The dates supplied are “Trade Date”, “Settle Date” (typically the spot date after trade) and the forward date
- We can see from our example that the last entry in the table is FY 2009 Q2 P5
- To add more dates to the table, click in the “Settle Date” column of the last period row that has data
- Press return and Orbit will move to the “Forward Date” column

Inter-co Balance Hedging - Setup

FX - Balance Sheet Trading Worksheet

Requirements Analysis Trades List Trade Entry **Setup**

Default Trade Strategies

Trading Entities	X	Strategies
CS Management BV		
CSFI		
Cisco Bermuda		
Cisco Capital Sing		
Cisco Inc		
CiscoBV		
SA Inc.		

Hedge Strategies
 Hedge Strategies
 Strategies Identifying Outstanding Hedges

Save

Balance Sheet Hedging Default Trade Dates

List Periods After: 03/27/2008

Fiscal Period	Trade Date	Settle Date	Forward Date
FY2008 Q4 P10			
FY2008 Q4 P11	05/23/2008	05/27/2008	06/20/2008
FY2008 Q4 P12	06/18/2008	06/20/2008	07/25/2008
FY2009 Q1 P1	07/23/2008	07/25/2008	08/22/2008
FY2009 Q1 P2	08/20/2008	08/22/2008	09/19/2008
FY2009 Q1 P3	09/17/2008	09/19/2008	10/24/2008
FY2009 Q2 P4	10/22/2008	10/24/2008	11/21/2008
FY2009 Q2 P5	11/19/2008	11/21/2008	12/19/2008
FY2009 Q2 P6	12/17/2008	12/19/2008	
FY2009 Q3 P7			
FY2009 Q3 P8			

Save

Rules for Rounding

Rounding for decimal Currencies
 1,000

Rounding for non-decimal Currencies
 10,000

Round up
 Round Down

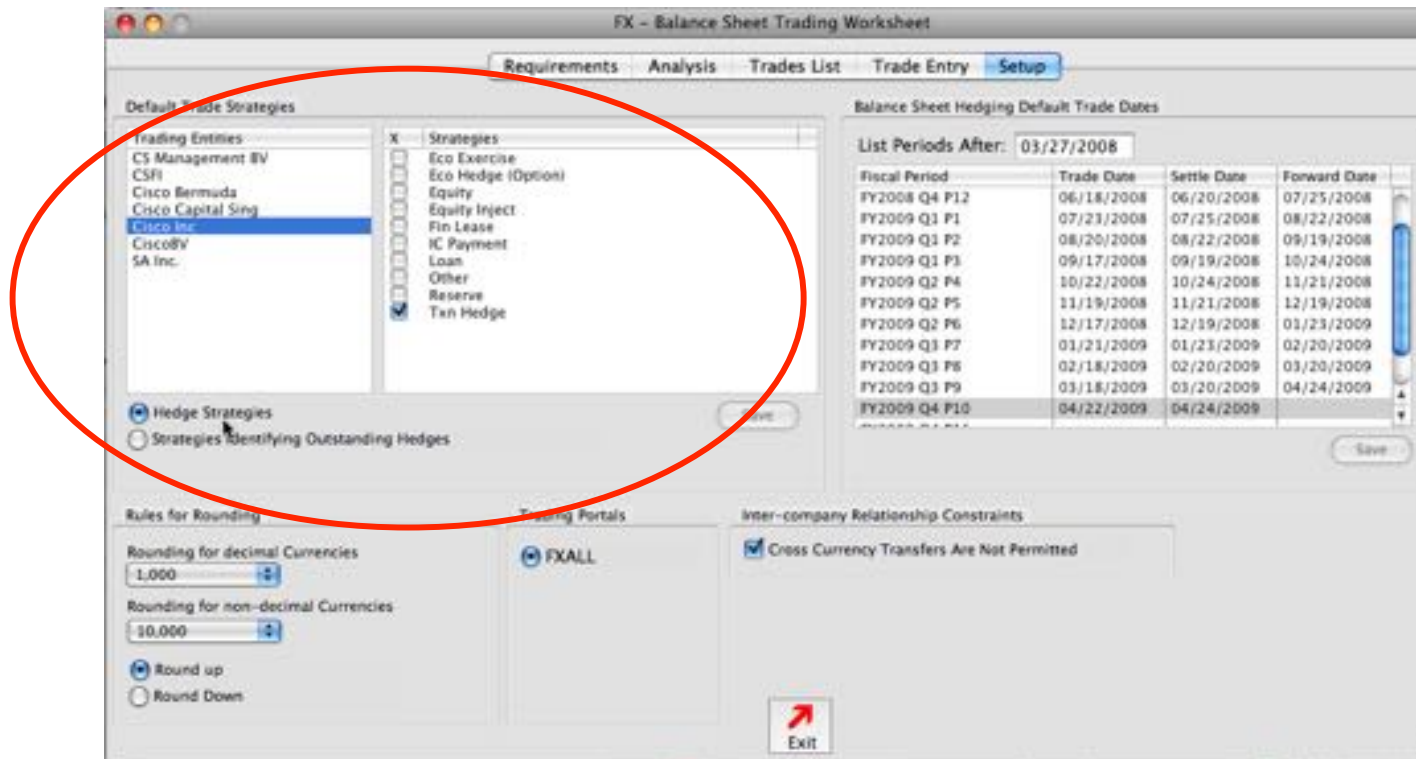
Trading Portals
 FXALL

Inter-company Relationship Constraints
 Cross Currency Transfers Are Not Permitted

Exit

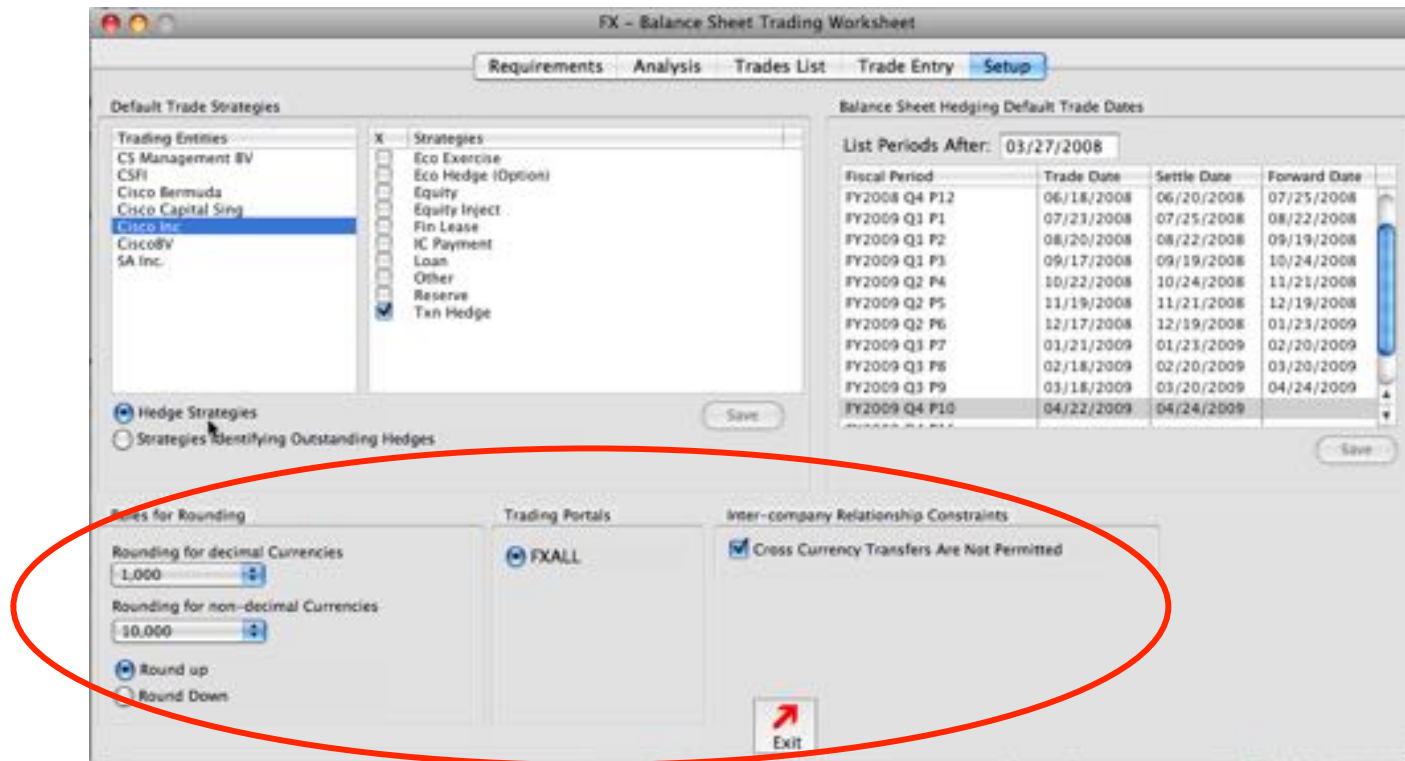
- We typed "12/19/2008" into the P5 "Forward Date" field and then pressed RETURN
- The date was saved and focus moved to the next row: P6, "Trade Date"
- Orbit automatically sets the "Trade Date" for the next period to 2 days prior to the previous periods "Forward Date". Orbit also sets the "Settle Date" equal to the previous period "Forward Date"
- Orbit expects that you are rolling the previous (P5) month hedges so you want settlement to occur on the maturity date of the previous month hedges (12/19) - therefore you need to trade in P6, 2 days before
- If the dates Orbit sets automatically are correct, press RETURN
- Focus moves to "Settle Date", press RETURN again. Focus moves to "Forward Date"
- Type the next forward date and press RETURN
- Proceed as far into the future as you wish to go
- When you are done, press SAVE

Inter-co Balance Hedging - Setup



- The next setup task is to tell Orbit which strategies to use for each entity when setting up trades
- Generally Orbit will create 2 trades for each entity/currency
 - Compensating spot trade to close the maturing hedge
 - New forward trade to hedge the new IC Balance Forecast
- Each trade Orbit creates must have a strategy
- For IC Balance hedging we have Orbit use the same strategy for both the compensating trade and the hedge
- In the example above, we have selected “Cisco Inc.” as the trading entity
- In the strategies column we see all of Cisco Inc’s strategies
- The strategy we are using for IC Balance hedging is check-marked (“Txn Hedge”)
- It’s best to Just have 1 strategy for IC Balance hedge trades
- Notice there are 2 radio buttons: “Hedge Strategies” and “Strategies identifying Outstanding Hedges”
- Generally both selections should identify the same strategy

Inter-co Balance Hedging - Setup



- The final setup is rounding rules, Trading Portals and “Inter-company Relationship Constraints”
- These settings are mostly self-explanatory
- “Cross Currency Transfers Are Not Permitted”
- Someday we expect to support more than just FXALL.