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Optimizing your global liquidity in today's economic environment

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Agenda

- General trends in liquidity management
- Helping clients adapt to a changing liquidity environment
- Cameron's operations – Overview
- Cameron's global automated liquidity management solution – Phase 1
- Cameron's global automated liquidity management solution – Phase 2
 - Efficiencies achieved
- The future of multi-currency notional pooling

General Trends in Liquidity Management

IMPACT

- Globalization



- Treasury Operating Model is changing from Regional to Global

- Global Banking Technology



- Automation, outsourcing and centralisation of cash and liquidity management

- Single Euro Payments Area (SEPA)



- Centralisation of transaction processes into Shared Service Centres (SSCs)

- Tightened credit environment



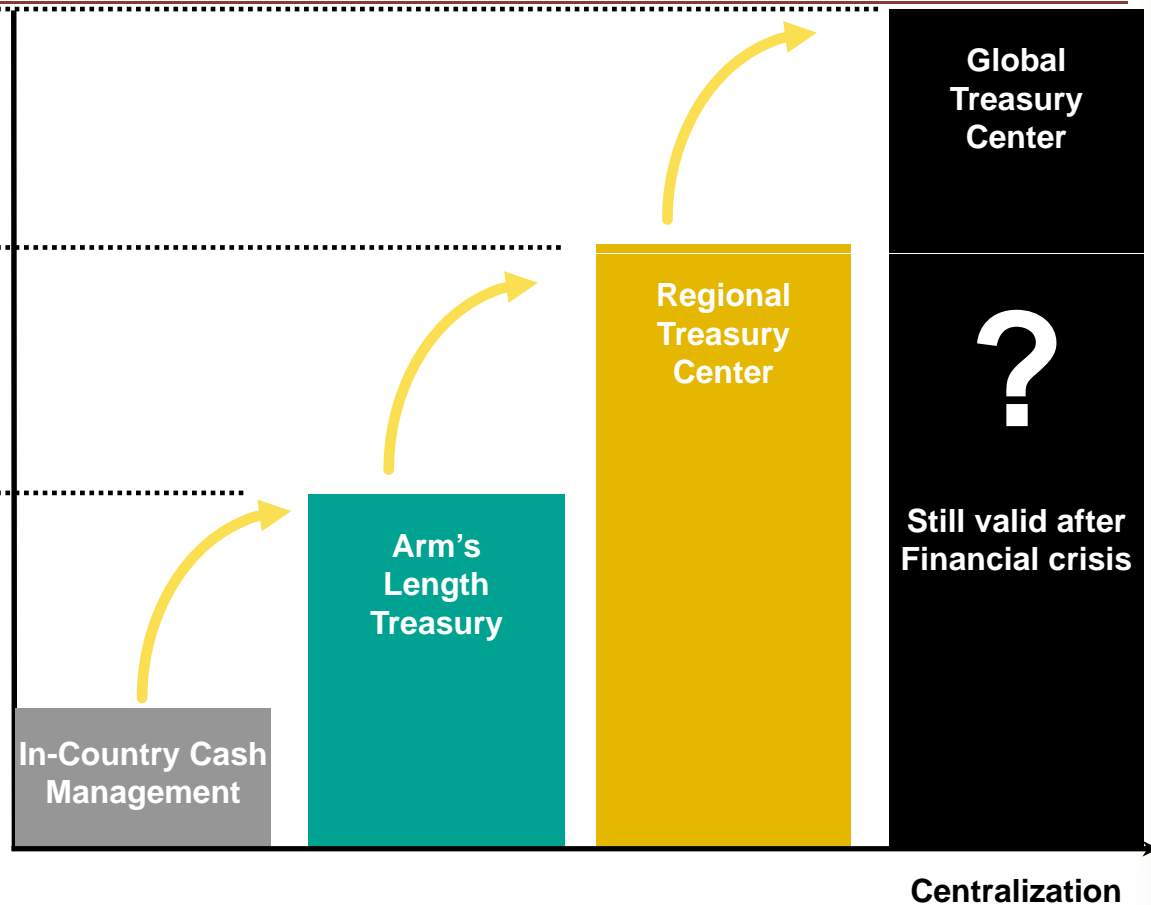
- Increased need to control and mobilize internal liquidity, decrease dependency on external funding

Corporate Treasury operations are rapidly evolving –
using centralisation and automation to control and mobilize global cash positions

Liquidity - trend towards centralization

Centralized Finance Functions

- Multi-currency cash balances
- Money Market and FX operations in all convertible currencies
- Regional currency cash balances
- Money market operations in FCY
- Regional cash sweeps
- Inter-company Loans
- FX and interest rate risk management
- Long-term funding
- Corporate finance



Helping Clients Adapt to a Changing Liquidity Environment

Challenges

- Major economic slowdown
- Compressed interest rate environment
- Reduced appetite for utilization of credit facilities
- Tighter credit restrictions affect intra-day funding and overdraft limits

Solutions

- Innovative liquidity structures** use internal cash to cover reduced intra-day lines and overdrafts, enabling subsidiaries to maintain access to liquidity
- Automated end-of-day **sweeps adjusted to allow early** morning automated funding
- Short-term debt minimized** by sweeping balances to home country rather than leaving in-country
- Helping to enhance client's internal processes** and cash flow control
- Innovative and diverse** investment solutions

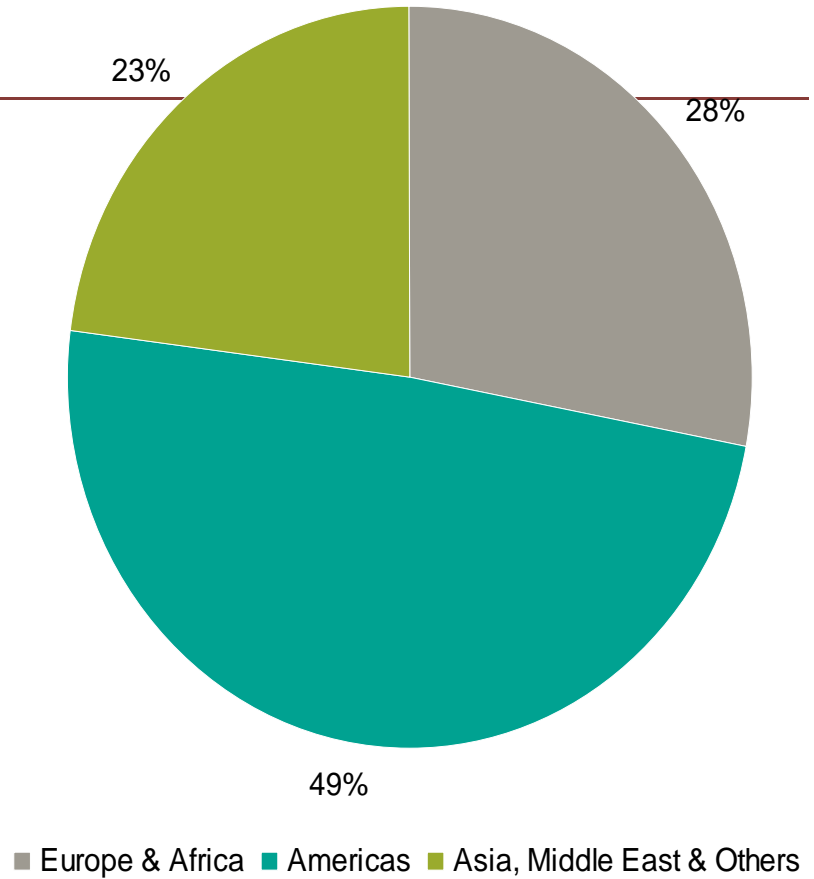
Corporates and banks, like RBS, are working together to identify 'pain points' in the cash pools and adapting liquidity solutions as needed

Cameron – Company Overview

- Cameron is a leading provider of flow equipment products, systems and services to worldwide oil, gas and process industries
 - Leveraging its global manufacturing, engineering and sales and service network, Cameron works with drilling contractors, oil & gas producers, pipeline operators, refiners and other process owners to control, direct, adjust, process, measure and compress pressures and flows
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- 177 years of continuous business history
 - \$5+ billion in annual revenues
 - 2/3 of business non-USA
 - 60+ strong product brands
 - 18,000+ employees globally
 - 300+ locations around the world
 - Three operating groups and 11 divisions
 - Headquartered in Houston
 - NYSE: CAM

Cameron Operations – Overview

	2009
Revenues	USD5.2bn
30 countries; 76 active entities	



Cameron – Treasury Overview and Operations

Treasury Overview

- Cameron’s treasury function is both centralized and regional
 - The corporate team has overall responsibility for managing the liquidity of the company
 - Knowledge of the overall cash position of the company is critical at the corporate level
 - One of the goals of Cameron’s treasury group is to, where possible, centralize global cash management
 - Create a reporting structure that allows for all of the worldwide cash to be summarized in one system
 - Implement the capability to pool legally eligible worldwide cash balances
 - Optimize investment returns for all worldwide cash
 - Give the global cash management team control of all excess cash worldwide
 - Eliminate the administrative burden of most short term funding of global entities
 - Reduce or eliminate the need to hedge short-term inter-company loans
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Cameron – Treasury Overview and Operations

Treasury Operations

- The company had no automated process in place to harness the worldwide cash position of all of its entities
- Restricted view of global cash balances, and complexity and limitations in maximizing the investment return of worldwide cash

Credit Facilities

- The company has a syndicated revolving credit agreement with a group of select financial institutions
 - Foreign exchange operations
 - Primary currencies with which the company does business are USD, EUR, GBP, AUD, CAD, SGD, NOK
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Liquidity Management

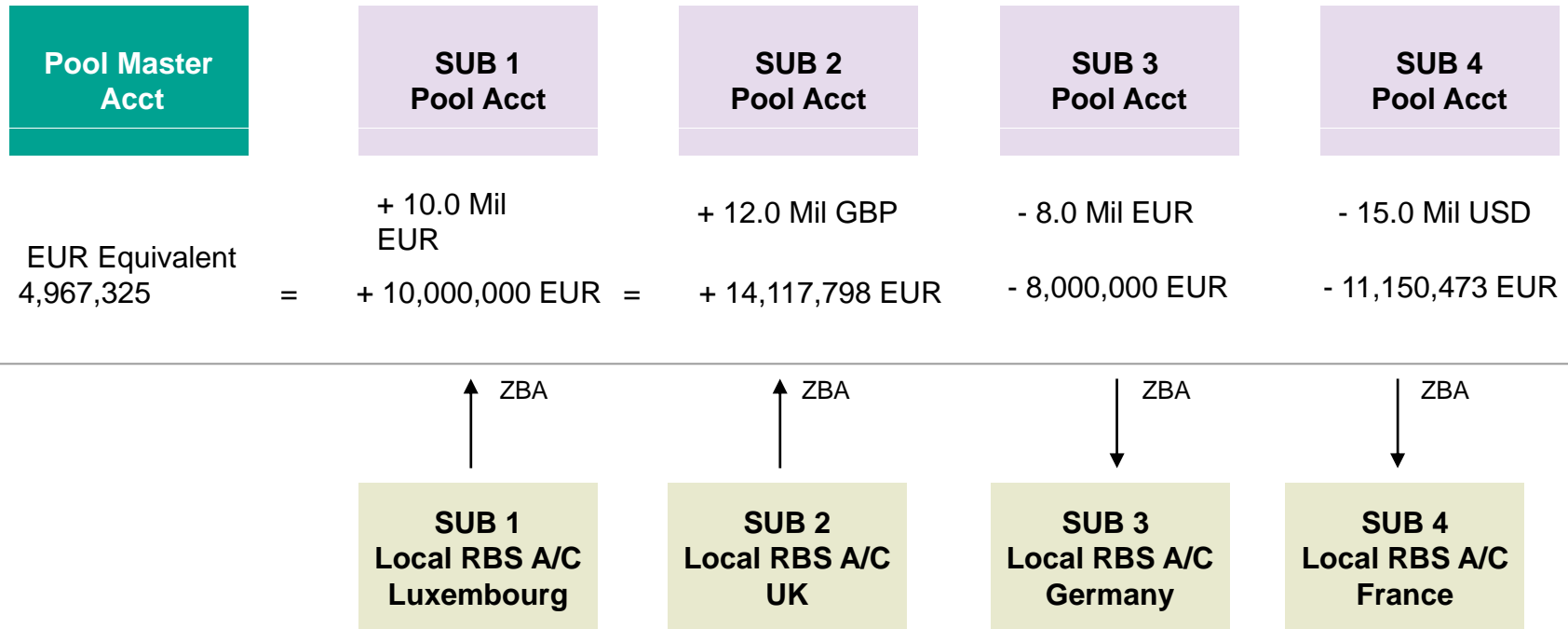
Project Objectives

- Streamline the number of banking relationships
- Achieve visibility of overall cash position
- Manage excess cash as a corporate asset
- Create a single access-point for managing cash flows
- Leverage cash surpluses for internal funding
- Achieve pricing efficiencies by utilizing a single provider
- Notional solution

Cameron's Liquidity Management Solution – Phase 1

Example

Multi-Currency Notional Cash Pool - London



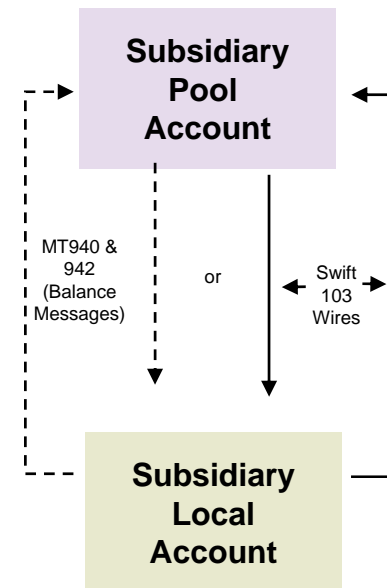
Cameron's Liquidity Management Solution – Phase 1

Key Features

- Cross-Currency Notional Pool established in London
- Local accounts opened with RBS where possible
- Local accounts connected to London cash pool via ZBA
- Two-way sweeping to centralize surpluses/fund local deficits
- True end-of-day positions captured

Cameron's Liquidity Management Solution – Phase 2

- Automating the transfer of funds to/from non-RBS accounts
- Inclusion of other currencies
- Deletion of obsolete accounts



Efficiencies Achieved

Results so far

Operational

- **Increased visibility and control** of the company's European cash
- **Reduction of inter-company loan structure** and administration, documentation requirements
- **Automation of multi-currency transfers** to/from pool
- **Reduction of daily FX activity** and administration

Structural

- **Recent legal-entity restructure** was made considerably more straightforward due to the transparency of the pool structure and the elimination of the need for inter-co loans

Financial

- Too soon to say
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The Future of Multi-Currency Notional Pooling

The Realities

- Requires a global bank with broad network and extensive liquidity expertise
- Requires an appropriate level of daylight/overnight overdraft availability

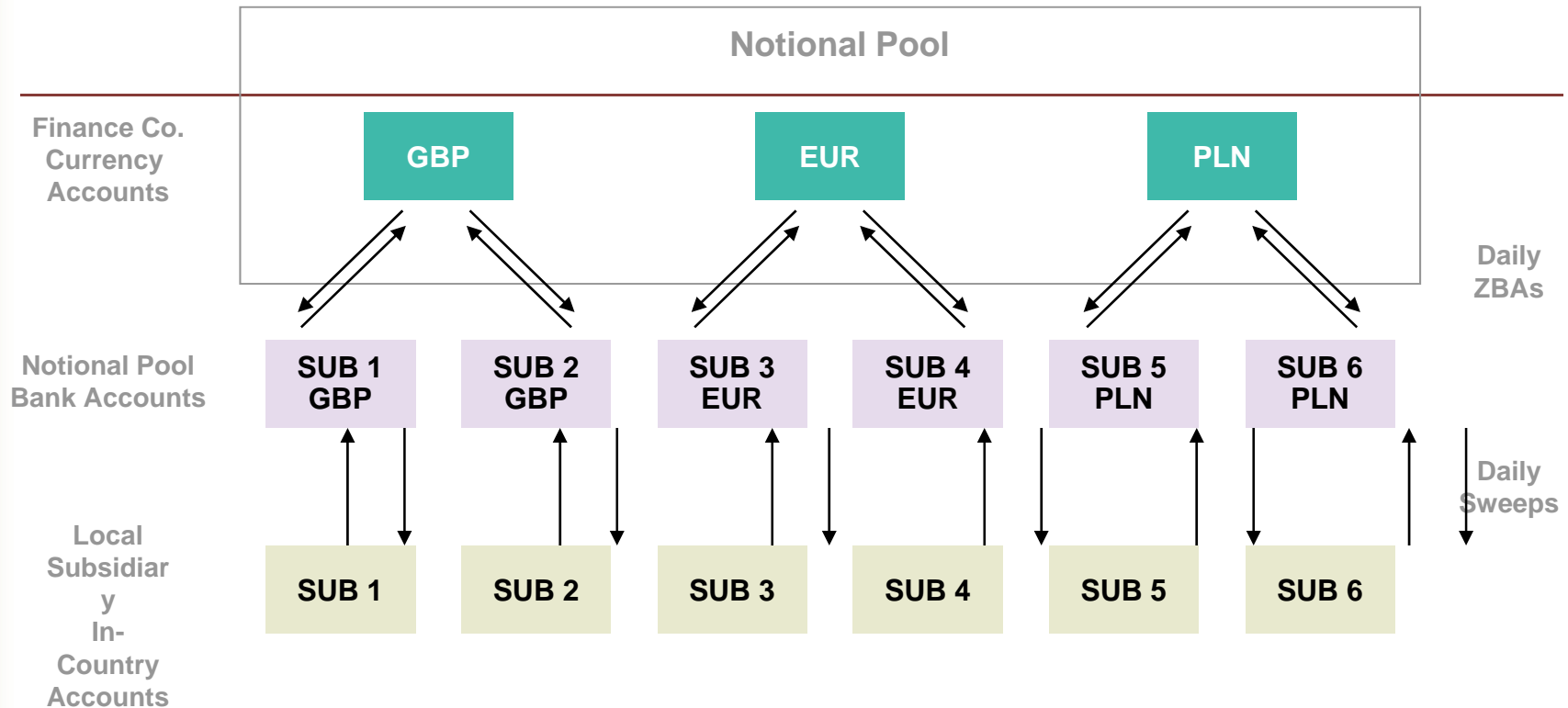
2009 Proved the Tremendous Value of Notional Pooling

- Lowest-cost source of financing via internal funding
- Global solution
- Reduction of FX transactions associated with liquidity management
- Visibility and mobilization of worldwide cash

Automated Solutions Further Optimize Liquidity Management

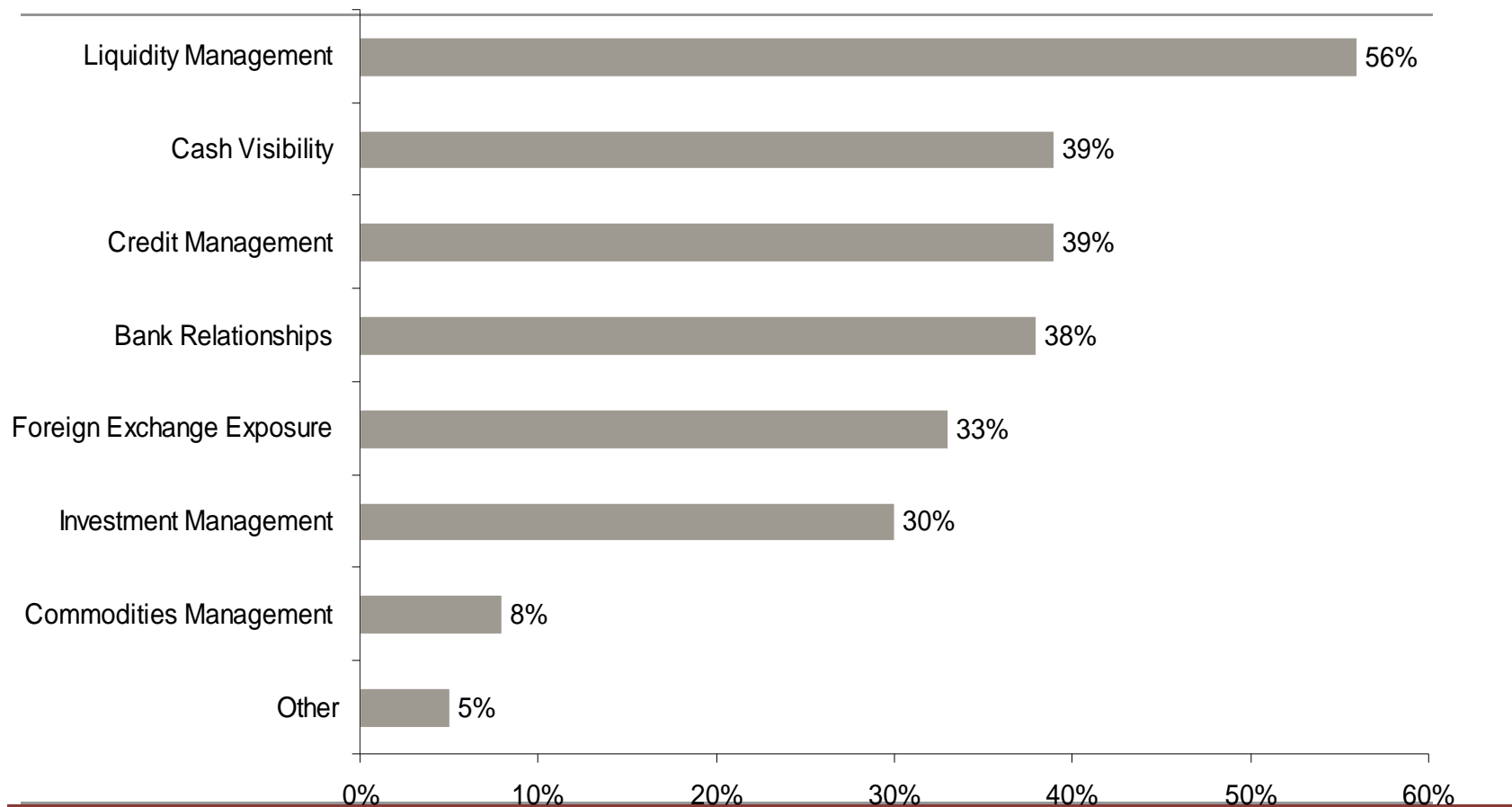
- Integrated cash and trade platform with automatic investment of released cash
- Online account management reduces commercial risk and increases the speed of opening bank accounts

The Future of Multi-Currency Notional Pooling



The Future of Multi-Currency Notional Pooling

Key Treasury Responsibilities



Source: EuroFinance Business Confidence Survey, September 2009

Final thought...

During the recent credit crisis, companies that were able to mobilize cash across their network were able to reduce their dependence on external (even intra-day) funding.

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