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Annual Conference

OCTOBER 27-30, 2013 | LAS VEGAS

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International Cash Management Strategies

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The Investment Challenge of “Trapped Cash”

Growing amounts of “trapped cash” has arisen from the increased globalization of US Multi National Corporations

- ❖ Assets are held in offshore entities and in various currencies
- ❖ Assets are not required for regular operational liquidity

Today’s Goal: To review different scenarios for operational impact, capital preservation and competitive returns.

- ❖ What are the considerations for onshore vs. offshore cash management?
- ❖ What are the different options for a longer time horizon?
- ❖ What is the impact to operations?
- ❖ Other considerations

The Challenging Environment for Cash Investors

The price of liquidity is expensive and treasurer staff are engaged in the optimization of their cash investment strategy

Low Yields

Regulation

MMF reform coupled with global-banking regulatory standards are transforming the landscape for cash investors

Credit quality of eligible securities weakens and shrinking investment universe for cash investors

Credit Risk

Transparency

Investors are seeking look-through to fund holdings, strategy updates and access to the Investment Manager

ebay inc

With more than 100 million active users globally (as of Q4 2011), eBay is the world's largest online marketplace, where practically anyone can buy and sell practically anything. Founded in 1995, eBay connects a diverse and passionate community of individual buyers and sellers, as well as small businesses. Their collective impact on ecommerce is staggering: In 2011, the total value of goods sold on eBay was \$68.6 billion -- more than \$2,100 every second.

EMC Corporation

EMC Corporation is a global leader in enabling businesses and service providers to transform their operations and deliver IT as a service.

Fundamental to this transformation is cloud computing.

Through innovative products and services, EMC accelerates the journey to cloud computing, helping IT departments to store, manage, protect, and analyze their most valuable asset—information—in a more agile, trusted, and cost-efficient way.

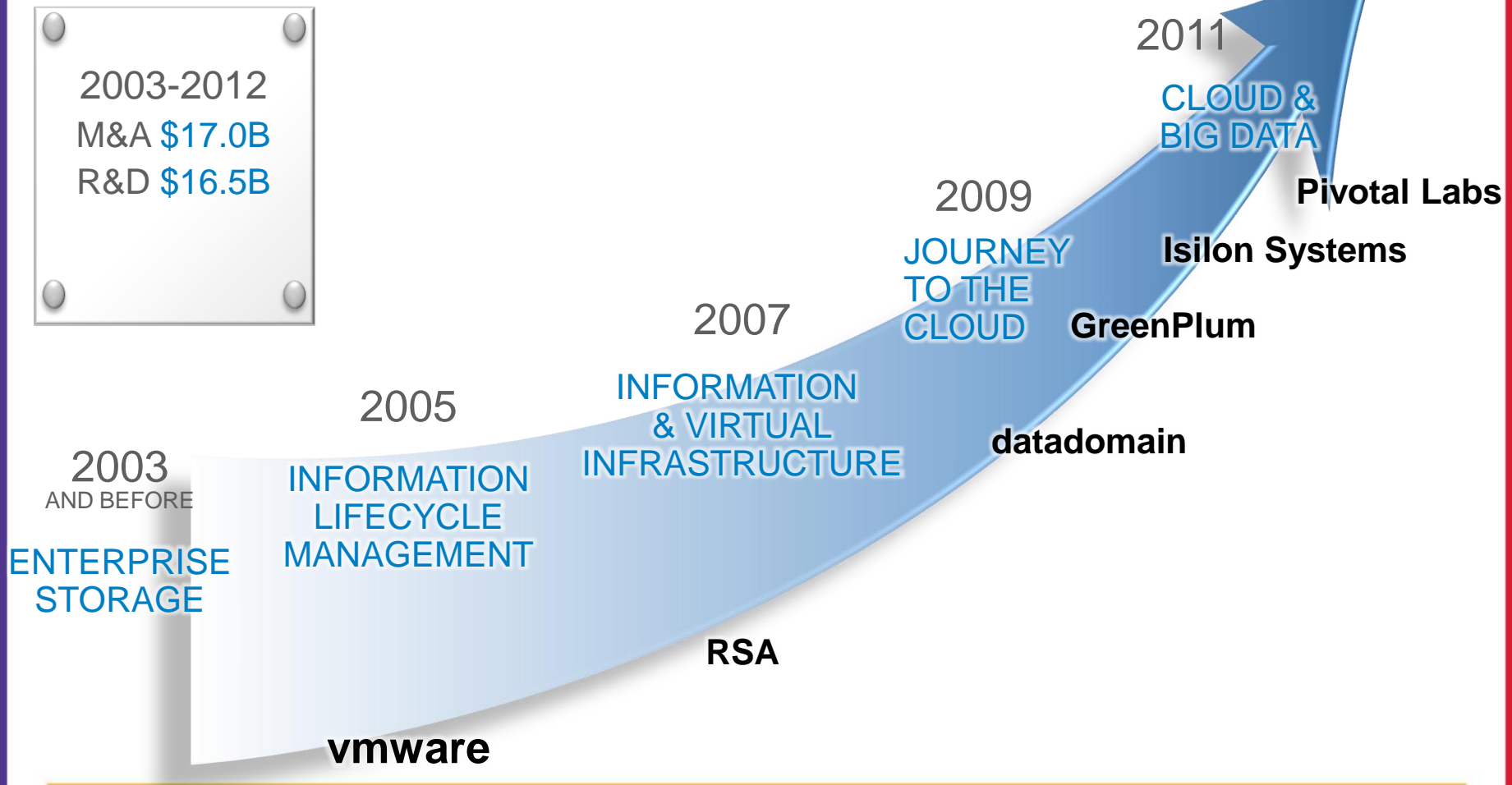
EMC At A Glance

Brands	EMC, VMware, Pivotal, RSA
Revenues*	\$23.5B
Net Income*	\$4.1B
Cash and Investments	\$17.5B
Debt	\$7.2B
Market Value <small>(as of 8/29/13)</small>	\$54B
Employees in 86 countries	~60,000

*2013 analyst estimates

Serial Adapter, Market Consolidator

10 Year \$33B+ Investment In Leading Technology



Broad View of EMC's Plan: 3-Tier approach

Minimize bank balances (i.e. counter-party risk) via the following three tier approach:

- 1. Primary Liquidity:** Excess bank balances shall be invested in Treasury/Agency Money Market Mutual funds (Cash Management Group)
- 2. Secondary Liquidity:** Those balances that are in excess of Primary Liquidity shall be transferred to the Internally Managed Portfolios (Investment Group)
- 3. Excess Liquidity:** Balances that are in excess of Secondary Liquidity shall be invested with a separate outside Investment Manager via a separate account mandate that will invest out the yield curve

Specifics on each Tier

- 1. Primary Liquidity:** Types of Money Market funds will be Treasury/Agency funds with Prime funds used only when necessary
- 2. Secondary Liquidity:** (“Internally Managed portfolios”) Managed by EMC Treasury personnel as defined by pre-existing investment policy
 - ❖ Four approved broker-dealers
 - ❖ Maturity profile averages 90 days with consideration given for ‘asset-liability matching’ for known cash-outflows.
 - ❖ Corporate Commercial paper and T-Bills with concentration limits
 - ❖ Portfolios established for domestic versus international cash.
- 3. Excess Liquidity:** Managed by external asset managers with a total return mandate against an appropriate benchmark
 - ❖ Eight investment grade managers
 - ❖ Two high yield managers

Secondary and Excess Liquidity portfolios are all housed at a custody bank to enable standardized reporting