



CFO
chief financial officer summit

a **marcusevans** event

May 6-8, 2010 | Doral Golf Resort & Spa | Miami, FL

Managing Risks in a Volatile Landscape



Michael Bontrager from Chatham Financial, a solution provider at the **marcus evans CFO Summit XX Spring 2010**, highlights the essential risk management strategies for CFOs.

Interview with: Michael Bontrager, Founder & Chief Executive Officer (CEO), Chatham Financial

FOR IMMEDIATE RELEASE

In a volatile economic landscape, managing risks is a priority for **Chief Financial Officers** (CFOs). Interest rate, foreign exchange and commodity price fluctuations can disrupt company profits and cost structures, Michael Bontrager, Founder and CEO at Chatham Financial highlights. A solution provider at the **marcus evans CFO Summit XX Spring 2010** taking place in Florida, May 6-8, 2010, Bontrager comments on the risk management strategies that could make or break an organization.

What risk management strategies would you recommend to CFOs?

Michael Bontrager: CFOs need to be proactive with regard to their hedge strategy rather than reactive to market changes. Increased market volatility, decreased credit availability and the impact of pending regulatory changes and financial reforms could have a major impact on their organizations.

In terms of interest rates, the questions are when rates will increase, how much floating debt their balance sheets could tolerate and what strategy companies should use to manage their interest expense risk? Foreign exchange risk is also a concern. We see recognition of the need for outside expertise by many companies that may not be large enough to have the resources to handle this risk and manage the process of transactions and reporting internally.

On the commodity side, many companies are struggling in identifying their true commodity risks as many contracts embed derivatives. With higher volatility in the past few years, more firms need to think proactively about hedging these risks to avoid radical fluctuations in cost structure and profits.

How will Over the Counter (OTC) derivative regulation changes affect CFOs?

Michael Bontrager: This is a major concern for corporate end users, as some of the proposed legislation does not have end user exemptions and requires all OTC derivatives to go to an exchange, thus requiring cash collateralization. If passed, companies would need to divert working capital to cash collateralize their hedges which would severely hamper a corporation's ability to effectively hedge against risks. The House passed an end user friendly bill, however, as of today, the Senate bill does not include end user exemptions. Call your Senator!

What long-term strategies would you recommend to CFOs?

Michael Bontrager: Each company needs to have a good handle on their risk profile, tolerance for risk and what their financial objectives are, and build a hedging program around it. Too often companies hedge in a reaction to market changes rather than being proactive in their hedging strategy, analyzing and assessing their risks on a periodic basis. Accounting standards on derivatives are very complicated and there can be a significant restatement risk if companies have not fully considered the impact of transactions on their balance sheets and income statements in light of the accounting standards.

In summary, be proactive in creating a hedge strategy and policy, and follow it religiously. Consistently review your activities in terms of your policy and analyze what is and is not working and adjust accordingly. Decisions on whether or not to hedge, the process to determine which hedge product to use and how to monitor its effectiveness should be part of an overall policy.



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About the CFO Summit XX Spring 2010

This unique forum will take place at the Doral Golf Resort & Spa, Miami, Florida, May 6-8, 2010. Offering much more than any conference, exhibition or trade show, this exclusive meeting will bring together esteemed industry thought leaders and solution providers to a highly focused and interactive networking event. The summit includes presentations on liquidity planning, acquiring capital and preparing for changes in regulatory legislation.

For more information please send an email to info@marcusevanscy.com or visit the event website at www.cfosummits.com

Please note that the Summit is a closed business event and the number of participants strictly limited.

About **marcus evans** Summits

marcus evans Summits are high level business forums for the world's leading decision-makers to meet, learn and discuss strategies and solutions. Held at exclusive locations around the world, these events provide attendees with a unique opportunity to individually tailor their schedules of keynote presentations, think tanks, seminars and one-on-one business meetings. For more information, please visit www.marcusevans.com

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