



Risk Management  
Commodities Trading  
Physical Logistics  
Regulatory Compliance

## Hedge 8.1

### Robust Tools for Global Hedge Analysis, Reporting and Compliance

Today's increasing regulatory requirements, coupled with a changed economic climate are forcing organizations to do more with fewer resources. The recent global financial crisis and volatility in capital markets have made it extremely challenging to mitigate exposure and manage market values in commodity markets.

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#### Product Overview

Allegro's Hedge 8.1 is a fully integrated and automated hedge accounting solution. It enables greater efficiencies by reducing manual intervention, freeing your team to take a more proactive approach to hedge management and accounting. Hedge 8.1 provides a controlled environment at every level throughout the organization, from hedge capture to disclosure reporting, which reduces the risk of error, accounting restatement, and employee effort on time-consuming tasks.

Allegro's Hedge 8.1 component supports compliance with the most recent global regulatory accounting standards, and provides advanced tools for analysis and reporting to alleviate the complexity and risk associated with hedge accounting and fair value disclosure requirements. With the ability to perform prospective and retrospective analysis of hedges, Allegro gives customers the control, accuracy, timeliness, and security to certify financial reports with confidence.

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#### Key Functionality

The following key functionality allows Allegro Hedge 8.1 to handle related accounting and reporting for even the most complex scenarios, ensuring proper valuation, settlement, and compliance.

- Financial Instrument Management
- Currency Management
- Interest Rate Management
- Fair Value Management
- Fair Value Option Management
- Disclosure Management

Features	Benefits
Global Financial Instrument Management for FAS 133, IAS 39, CICA 39, AASB 139, and FRS 39	Properly identify and apply appropriate measurement standards, and generate the required compliance documentation for financial and derivative instruments, ensuring the ability to qualify for hedge accounting treatment
Currency Management for FAS 133, IAS 39, IAS 21	Enables transparency and appropriate accounting treatment for currency financial and derivative instruments to assist companies in hedging foreign currency exposure
Interest Rate Management for FAS 133, IAS 39, IAS 21	Provides transparency and appropriate accounting treatment for interest rate financial and derivative instruments to assist companies in hedging interest rate exposure
Fair Value Management for FAS 157	Analyze Derivative Instruments to assess the Fair Value risk levels, apply the appropriate Fair Value Measurement Standards and then generate the required compliance documentation
Fair Value Option Management for FAS 159	Analyze the effect of a company's decision to apply the fair value option to their assets, liabilities and earnings and then generate the required compliance documentation
Global Disclosure Management for FAS 161, IAS 7, AAASB 7, FRS 107	Analyze the impact that financial instruments have on an entity's financial position, and then generate the required compliance disclosure on the results of operations and cash flows, along with the nature and extent of risks associated with those financial instruments

**Business Case**

Companies who don't use hedge accounting practices face the issue of derivative gains or losses hitting earnings in different time periods. The resulting income volatility would mostly defeat the purpose of using a hedging strategy. But by using hedge accounting, this volatility can be mitigated to a large extent.

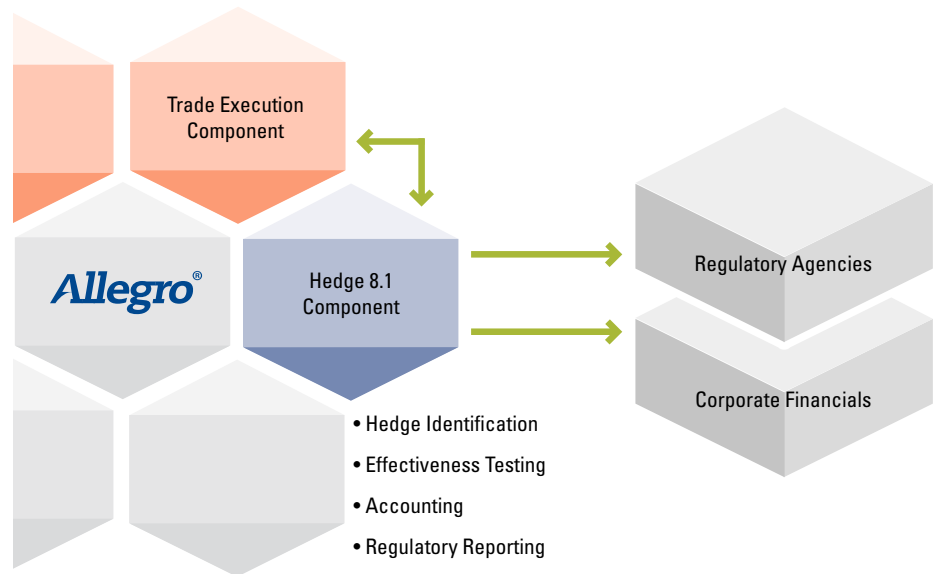
Due to the substantial cost and complexity of documentation and ongoing monitoring of designated hedges, as well as the potential for increased risk of restatement that accompanies hedge accounting, company views vary when evaluating the potential benefits of hedging activities. Companies must balance their desire to mitigate earnings volatility with the onerous compliance requirements that accompany hedging.

To alleviate the complexity and risk associated with hedge accounting, companies look to solve two basic needs: obtain the appropriate tools to analyze their hedges to determine if they meet the requirements for hedge accounting, and achieve compliance with the numerous U.S. and international regulatory accounting and reporting requirements.

Reporting overhead can be extremely onerous, time consuming, and prone to inaccuracy without the use of an appropriate reporting and compliance system. Therefore, key to a company's hedge trade strategy is the use of the right analytical tool to help ensure that hedges are effective.

Allegro's Hedge 8.1 robust analytical tools can help measure the effectiveness of past and future hedging strategies, allowing companies to optimize their hedging activity and manage all the costly, complex and tedious tasks that must be performed for hedge accounting documentation and reporting.

### Hedge Trade Strategy Support



For more information go to  
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**Allegro**<sup>®</sup>

Allegro is a global leader in commodity trading and risk management solutions for power and gas utilities, refiners, producers, commodity traders, and commodity consumers. With more than 26 years of deep industry expertise, our enterprise platform drives profitability and efficiency across front, middle, and back offices, while managing the complex logistics associated with physical commodities. Allegro provides customers with agile solutions to manage risk across gas, power, coal, crude, petroleum, agricultural, emissions, and other commodity markets, allowing decision makers to hedge and execute with confidence. Allegro has recently been recognized as the Energy Risk Software House of the Year and received The Energy Business Awards Gold Award for Excellence. Headquartered in Dallas, Texas, Allegro has offices in Calgary, Houston, London, Singapore and Zurich, along with a global network of partners.