

Risk Free Interest Rate Update Procedure

□ The Stock Informatics program utilizes the **Black Scholes Model** to calculate the **Fair Value** of Equity Grants which are tracked within the program.

- The **Risk Free Interest Rate** in one of six Black Scholes Model inputs:
 - 1. Prevailing Stock Market Price at date of Grant,
 - 2. Exercise Price,
 - 3. Expected Cash Dividend Yield,
 - 4. Expected Stock Price Volatility,
 - 5. Expected Life, and
 - 6. Risk Free Rate.
- Risk Free Rates are synonymous with U.S. Treasury Constant Maturity Rates and Stock Informatics provides monthly data files obtained directly from the Federal Reserve. These rates are imported into the program by the client.
- ☐ To download the Risk Free Rate file, navigate to the Stock Informatics "Client Resources" web page through the menu selection on the Stock Informatics website.



On the Client Resources web page, <u>click</u> on the button "Download Risk Free Rates" and select "Save Target As" to begin the download process.



www.StockInformatics.com Ph: (208) 726-4636

🖻 Import Data File Setup	×
Important: Always back up your current back-end data file before importing new records in batch. Click Cancel and exit the database before making a backup copy. Also, check that the import file does not contain records already in the database.	
Today's Date: 06-Mar-06	
Specify Type of Import Records	
 Import Stock Prices Import Shares Outstanding Import Net Income Import Risk Free Interest Rates Import New Employee Records Import Updated Employee Records 	
Specify Name of Import Data File with Full Path:	
c:\Informatics\Import\RiskFree.xls	
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□ Then, navigate to your C:\Informatics directory and save the file into the "Import" subdirectory. Click "OK" to overwrite the existing RiskFree.xls file and save the file.

Save As						ľ	? 🗙
Save in:	Informatics		~	3 🛛	🦻 🖪	-	
Recent Desktop My Documents	COMPANY NAM Conversion Doc Data Backups Export Local Master Reports Settings SysAdminManua Temp	E uments					
My Computer							
	File name:	RiskFree.xls			~	Sav	e
My Network	Save as type:	Microsoft Excel Worksheet			*	Cano	el

- After saving the new RiskFree.xls file, close all programs and return to your desktop, then:
 - o Open the Stock Informatics program.
 - On the Main Switchboard of Stock Informatics, click on the "Data Import" button. On the Import Data File Setup form, select "Import Risk Free Interest Rates".
 - When the "Examine the Risk Free Rate Import Records" screen appears, click on the "Continue" button on the bottom left corner.

	The Risk correct file	Free Rate based on I	import record the data. If t import	ls are display he data appe now. Click Co	ed below. C ears invalid c ontinue to pr	onfirm that or improperly oceed.	you are imp formatted,	orting the cancel the		
port File: c:\lr	nformatics_	Demo\Impo	ort\RiskFree.	ds						
Date - 1	Month 🚽	3 Month 🖌	6 Month 🕳	1 Year 🖕	2 Year 🕳	3Year -	5Year 🚽	7Year -	10 Year 🖌	
7/31/2001	3.67%	3.54%	3.47%	3.53%	3.79%	4.06%	4.57%	4.86%	5.07%	
8/1/2001	3.65%	3.53%	3.47%	3.56%	3.83%	4.09%	4.62%	4.90%	5.11%	
8/2/2001	3.65%	3.53%	3.46%	3.57%	3.89%	4.17%	4.69%	4.97%	5.17%	
8/3/2001	3.63%	3.52%	3.47%	3.57%	3.91%	4.22%	4.72%	4.99%	5.20%	
8/6/2001	3.62%	3.52%	3.47%	3.56%	3.88%	4.17%	4.71%	4.99%	5.19%	
8/7/2001	3.63%	3.52%	3.47%	3.56%	3.90%	4.19%	4.72%	5.00%	5.20%	
8/8/2001	3.61%	3.49%	3.41%	3.46%	3.77%	4.05%	4.61%	4.87%	4.99%	
8/9/2001	3.61%	3.45%	3.40%	3.48%	3.77%	4.07%	4.66%	4.93%	5.04%	
8/10/2001	3.58%	3.43%	3.37%	3.45%	3.73%	4.03%	4.61%	4.88%	4.99%	
8/13/2001	3.57%	3.45%	3.37%	3.43%	3.70%	4.00%	4.57%	4.86%	4.97%	
8/14/2001	3.54%	3.43%	3.38%	3.46%	3.74%	4.03%	4.59%	4.87%	4.97%	
8/15/2001	3.52%	3.43%	3.41%	3.47%	3.80%	4.11%	4.62%	4.90%	5.00%	
8/16/2001	3.48%	3.39%	3.36%	3.43%	3.75%	4.04%	4.58%	4.84%	4.95%	
8/17/2001	3.46%	3.36%	3.33%	3.39%	3.67%	3.95%	4.49%	4.75%	4.84%	
8/20/2001	3.48%	3.42%	3.40%	3.44%	3.74%	4.02%	4.55%	4.81%	4.91%	
8/21/2001	3.46%	3.39%	3.35%	3.41%	3.69%	3.96%	4.50%	4.79%	4.87%	
8/22/2001	3.46%	3.38%	87%	3.44%	3.76%	4.03%	4.53%	4.81%	4.91%	
cord: 14 1 of	2207	0.408/	lo Ei	0.40%	0.708/	0.008/	4.50%	4.708/	4.00%	_

- Finally, an "Import Complete" message will appear indicating the number of records successfully imported. Since the RiskFree.xls file most likely contains older records, you will be notified that certain records were not imported because their associated record dates matched existing records already in your data file – this is to be expected.
- $\circ\,$ Click OK to close the message window and the update process is now complete.

Import Complete
There were 21 records successfully imported. There were 61 duplicate records which were not imported because their dates matched existing records. The duplicates were dated between 11/1/2005 and 1/31/2006. Open the Risk Free Rates form and examine the records.
OK