TRIPs Advantages Over Credit Derivatives

	Credit Derivatives	TRIPs
Hedge Against Receivables	▪ Coverage on bonds and loans not vendor's accounts receivable; Hedge is not precise	▪ Yes. Coverage on vendor's receivables not bonds, loans etc.
Coverage Flexibility		
Companies	▪ Typically only available on certain publicly traded companies	▪ Any public company, most private entities, in any industry
Amounts	▪ In $2MM increments. Nonconforming coverage is normally not available	▪ No minimum or limit to covered amount
Duration	▪ Coverage typically available only at 5 years	▪ A range of tenors- typically from 3 months to 5 years
ISDA Agreement	▪ Yes. Negotiated and executed ISDA agreement is necessary	▪ Not necessary
Product Availability	▪ Only available before bankruptcy	▪ Available before bankruptcy and during bankruptcy
Pricing / Cost	▪ Often, especially in distressed situations, requires large cash outlay ("points up-front") ▪ Only available for par protection on bonds, loans not vendor's accounts receivables	▪ No large cash outlay ▪ Can be structured to cover sale price or to cover cost only

CREDIT SUISSE