

Deal-Contingent Hedging

Tailor-Made Hedge to your Underlying Strategic Transaction

How It Works

FX risk arises often in a cross-border M&A situation where clients are exposed to currency fluctuations between signing and closing. M&A projects are often subject to closing conditions and, even if the closing probability is high, the FX risk should be hedged with the appropriate structure.

Vanilla products do not fully mimic the closing risk and expose clients to unwind risk or costs if the deal fails to close. Credit Suisse can offer a deal-contingent hedge which fully mirrors the closing mechanics and involves no unwind risk if the M&A transaction fails to close.

Your Needs

FX risk can arise from any of the following strategic transactions:

- M&A situation
- Debt financing
- Refinancing/repayment of debt
- Equity raising
- IPO

What You Should Know about the Deal-Contingent Hedge

Credit Suisse can offer to mitigate various types of risks such as:

- Signing to closing
- Commitment to closing
- Syndication to closing
- Facilitation of closing flow of funds

For Whom Is the Deal-Contingent Hedge Suitable?

Anyone active in a cross-border strategic transaction with an FX exposure exceeding approximately USD 100 mn

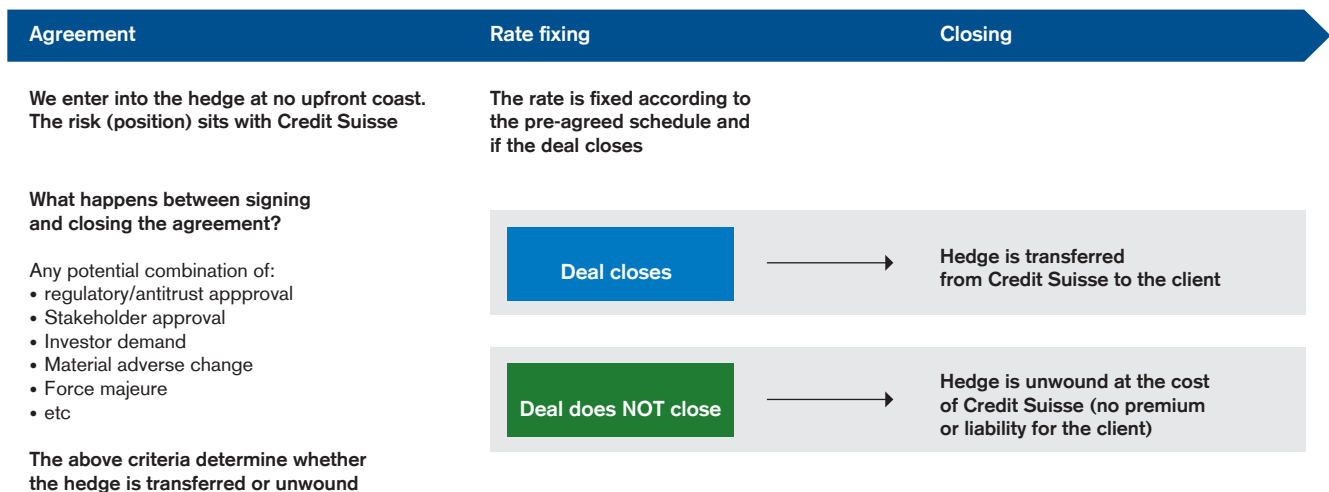
Your Benefits at a Glance

- FX hedge tailor-made to the underlying transaction
- No upfront cost
- Settles when/if the deal settles (flexibility in timing)
- No unwind cost if deal does not materialize
- Immediate access to the hedge once deal materializes

Possible Risks

One possible risk associated with a strategic transaction is that the deal does not materialize. However, in this scenario the hedge is unwound at no cost for the client. Once the client has notified us of the closing, the contingent hedge is transformed

into a spot transaction and settled as such. Therefore, the only risk is settlement risk when the deal closes and the hedge is transferred from Credit Suisse to the client.



The deal-contingent hedge allows clients to pre-agree an FX rate without obligation until the deal closes.*

* Pricing and capacity will depend on our internal due diligence process and approvals.

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