

Trade Idea

Fixed Rate Swap Linked to Iron Ore

23 May 2008

Description

Investors participate in a rise in the price of iron ore by entering into a financial swap contract to buy at a fixed level for a certain period in the future

- Client pays/buys Iron Ore at a fixed price based on a notional volume of iron ore for a given period
- Credit Suisse pays/Client receives the floating Iron Ore reference price over the same period

- The Floating (reference) price: Iron Ore Fines, cfr main China - unweighted arithmetic average of the monthly iron ore prices stated in USD per metric tonne published by:

- (i) Metal Bulletin (MBFOFO01 Index) under the heading "World Steel: China: China Import: cfr main China Port, \$/tonne: Iron ore fines"; and
- (ii) Steel Business Briefing (SBBSCII0 Index) under the heading "Steel Prices: Steel Raw Materials Prices: China import: Indian Iron Ore 63% Fe dry - CFR N.China port \$/t"

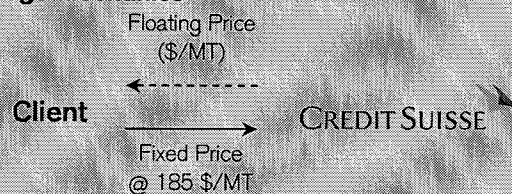
(Bloomberg ticker "MBFOFO01 <INDEX> and SBBSCII0 <INDEX>")

- Settlement occurs monthly and the swaps are financially settled - there is **no** physical delivery of iron ore, just a net payment of cash (i.e. the difference between the fixed and floating price)
- Minimum size 5,000MT per transaction, at current price \$185/MT = \$925k notional

Indicative Pricing

Period	Fixed Price
Oct-Dec08	\$180.00/t
Jan-Mar09	\$175.00/t
Apr-Jun09	\$172.50/t
Jul-Sep09	\$172.50/t
Oct-Dec09	\$172.50/t

Hedge Mechanics



*Hedge level at 185 \$/MT for illustration purposes only

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