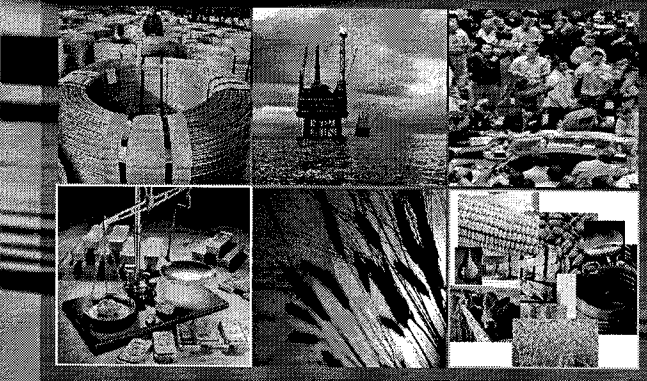


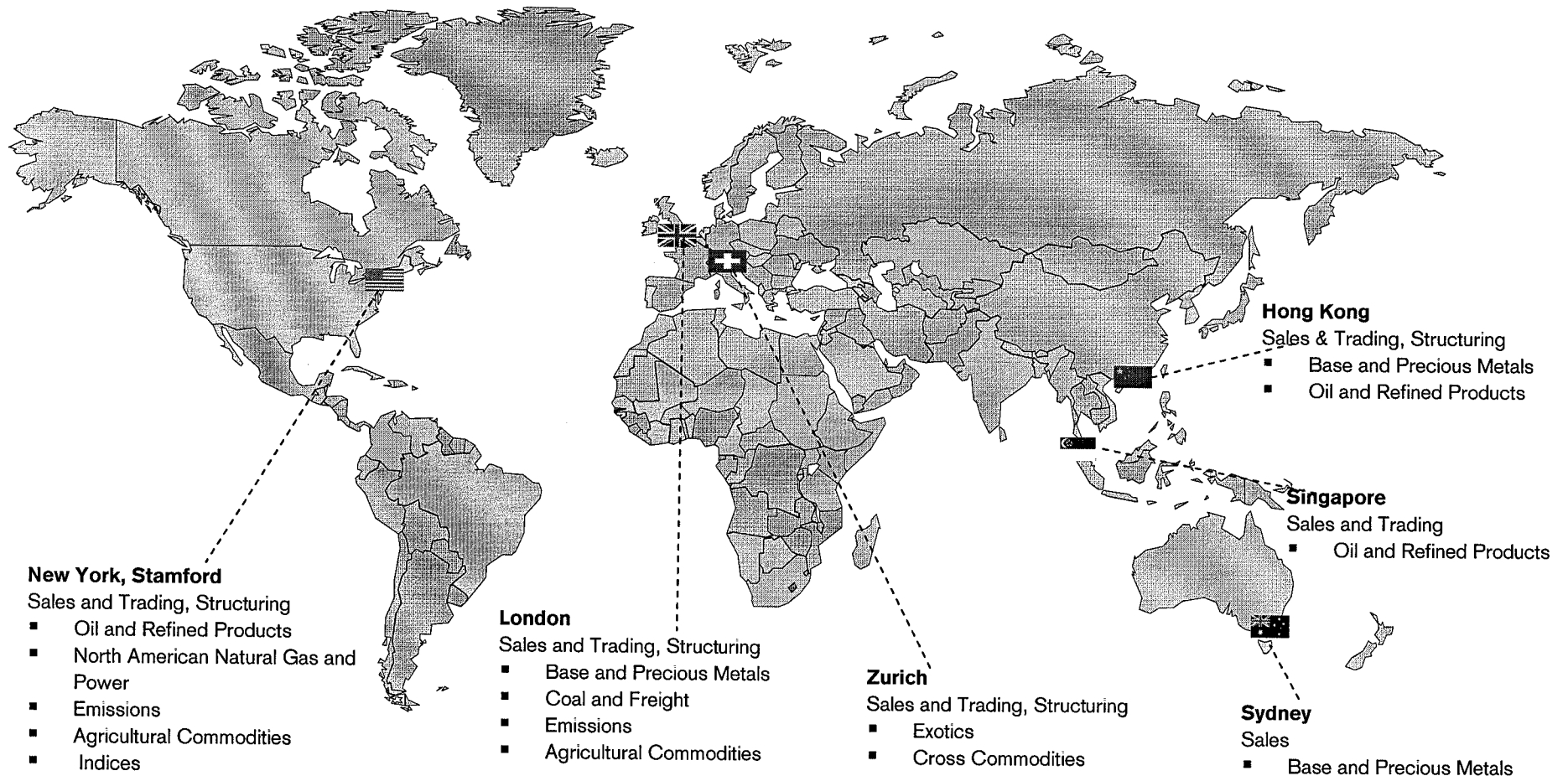
CS Commodities:
Group Update &
Key Commodity Themes for 2008

Alex Toone, Head of Sales



Global Commodities Presence

- **Credit Suisse** has built a **fully-integrated Commodities business** over the last 3 years across energy (power, gas, coal and oil), metals, minerals, carbon emissions, freight, and soft/agricultural commodities



Organisation

| | |
|---------------------------|-------------------------|
| Global Commodities | |
| Adam Knight London | Beau Taylor New York |

| |
|-----------------------------|
| CS Glencore Alliance |
|-----------------------------|

| | | |
|----------------------------------|----------------------------------|------------------------------------|
| Metals, Coal, Freight | Oil, Refined Products | Exotics, Softs Precious |
| London New York | New York Singapore London | Zurich London |

| | | |
|-----------------------------------|--|--|
| Power, Gas & Emissions | | |
|-----------------------------------|--|--|

| | | |
|--------------|------------|--------------------|
| Power | Gas | Emissions |
| New York | New York | New York London |

| | | | |
|-----------------------------------|-----------|----------|--------|
| Specialist Commodity Sales | | | |
| London | Hong Kong | New York | Sydney |

| | | | |
|------------------------------|--------|-----------|----------|
| Commodity Structuring | | | |
| London | Zurich | Hong Kong | New York |

Range of Underlyings

| Oil and Refined Products | North American Gas and Power | Metals | Emissions | Coal and Freight | Softs and Agricultural | Indices |
|--|--|---|---|--|---|---|
| <ul style="list-style-type: none"> ▶ WTI Crude oil ▶ Brent Crude oil ▶ Heating oil ▶ Fuel oil ▶ Unleaded gasoline ▶ IPE gasoil ▶ Jet fuel ▶ Naphtha ▶ Crack spreads ▶ Other crude grades ▶ Other ▶ Light/med distillates | <p>US Gas</p> <ul style="list-style-type: none"> ▶ NYMEX Henry Hub ▶ East / West Gas ▶ Canada Gas ▶ Seasonal spreads ▶ Calendar spreads ▶ Physical <p>US Power</p> <ul style="list-style-type: none"> ▶ East / West / South Power ▶ ERCOT Power ▶ Off peak / zonal products ▶ Spark spreads ▶ Tolls ▶ Physical | <p>Base Metals</p> <ul style="list-style-type: none"> ▶ Aluminium ▶ Aluminium Alloy ▶ Copper ▶ Zinc ▶ Nickel ▶ Lead ▶ Tin ▶ NASAAC <p>Precious Metals</p> <ul style="list-style-type: none"> ▶ Gold ▶ Silver ▶ Platinum ▶ Palladium ▶ Physical <p>Minor Metals</p> <ul style="list-style-type: none"> ▶ Cobalt ▶ Molybdenum ▶ Vanadium ▶ Rhodium ▶ Ferrochrome <p>Bulks</p> <ul style="list-style-type: none"> ▶ Iron ore ▶ Alumina | <ul style="list-style-type: none"> ▶ EU Allowances (EUAs) ▶ Certified Emission Reductions (CERs) ▶ Securitisations ▶ Carbon Project Financings ▶ SO2 | <p>Coal</p> <ul style="list-style-type: none"> ▶ API #2 ▶ API #4 ▶ NEWC FOB <p>Freight</p> <ul style="list-style-type: none"> ▶ Dry ▶ Tankers | <ul style="list-style-type: none"> ▶ Corn ▶ Sugar ▶ Wheat ▶ Soyabean ▶ Coffee ▶ Cocoa | <ul style="list-style-type: none"> ▶ S&P – GSCI ▶ DJAIG |

Range of Products

Hedging Solutions

- ▶ Forwards
- ▶ Fixed rate swaps
- ▶ Price caps, floors
- ▶ Zero-cost collars
- ▶ Extendable swaps / options
- ▶ Convertible options
- ▶ Swaptions
- ▶ 3-way / 4-way
- ▶ Exotic hedges
- ▶ Structured hedges
- ▶ Hedges in foreign currencies

Investment Products

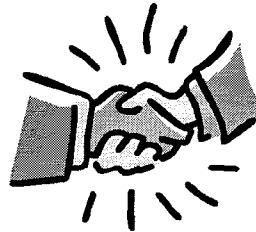
- ▶ OTC vanilla and exotic options
- ▶ Physical precious metal
- ▶ Structured notes
- ▶ Basket / correlation products
- ▶ Certificates
- ▶ Warrants
- ▶ Funds
- ▶ Index-linked products
- ▶ Hybrids (Rates / FX / Equity/ Credit)
- ▶ Credit-like structures (CCO)

Trading alliance: Credit Suisse – Glencore

CREDIT SUISSE



- Major player in global financial markets
- Strong derivatives and risk management expertise
- Leader in energy M&A and commodity-linked project finance
- Well-established structured products franchise
- Improved credit rating (Aa3 / AA-)



**Synergies from two
global powerhouses**



GLENCORE INTERNATIONAL AG

- One of the world's largest physical traders of materials
- Leading market shares in all key physical commodity markets
- Maintains significant worldwide interests in mining, smelting and refining businesses
- Unique knowledge of physical commodity markets

- The Alliance covers energy, metals and agricultural products creating a fully integrated commodities platform spanning a wide range of underlyings
- Provides both risk management (hedging) and investment solutions
- Marries Glencore's leading position in physical commodity trading with Credit Suisse's extensive experience in derivatives
- Combines two unique customer bases to create a diverse portfolio of clients (corporates and financial institutions)
- Leverages Credit Suisse's financing and advisory relationships
- Strengthens Credit Suisse's product offering of structured solutions to investors

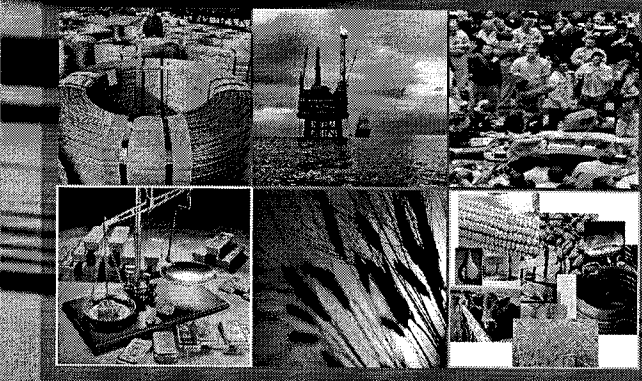


Trading alliance: Credit Suisse – Glencore

- Top Tier Metals and Coal Business
- Information from the world's largest physical commodity trader covering:
 - Base Metals
 - Coal
 - Freight
 - Grains / Sugar
 - Oil and products
- Non-exchange traded commodity exposure:
 - Iron Ore / Alumina / Minor Metals – cobalt, molybdenum, ferrochrome, vanadium
 - *OTC cash swaps use benchmarks published on Bloomberg*
- Services
 - Daily sales/trading comment
 - Daily IB
 - Trade ideas
 - Client meetings or conference calls

Key themes, key ideas

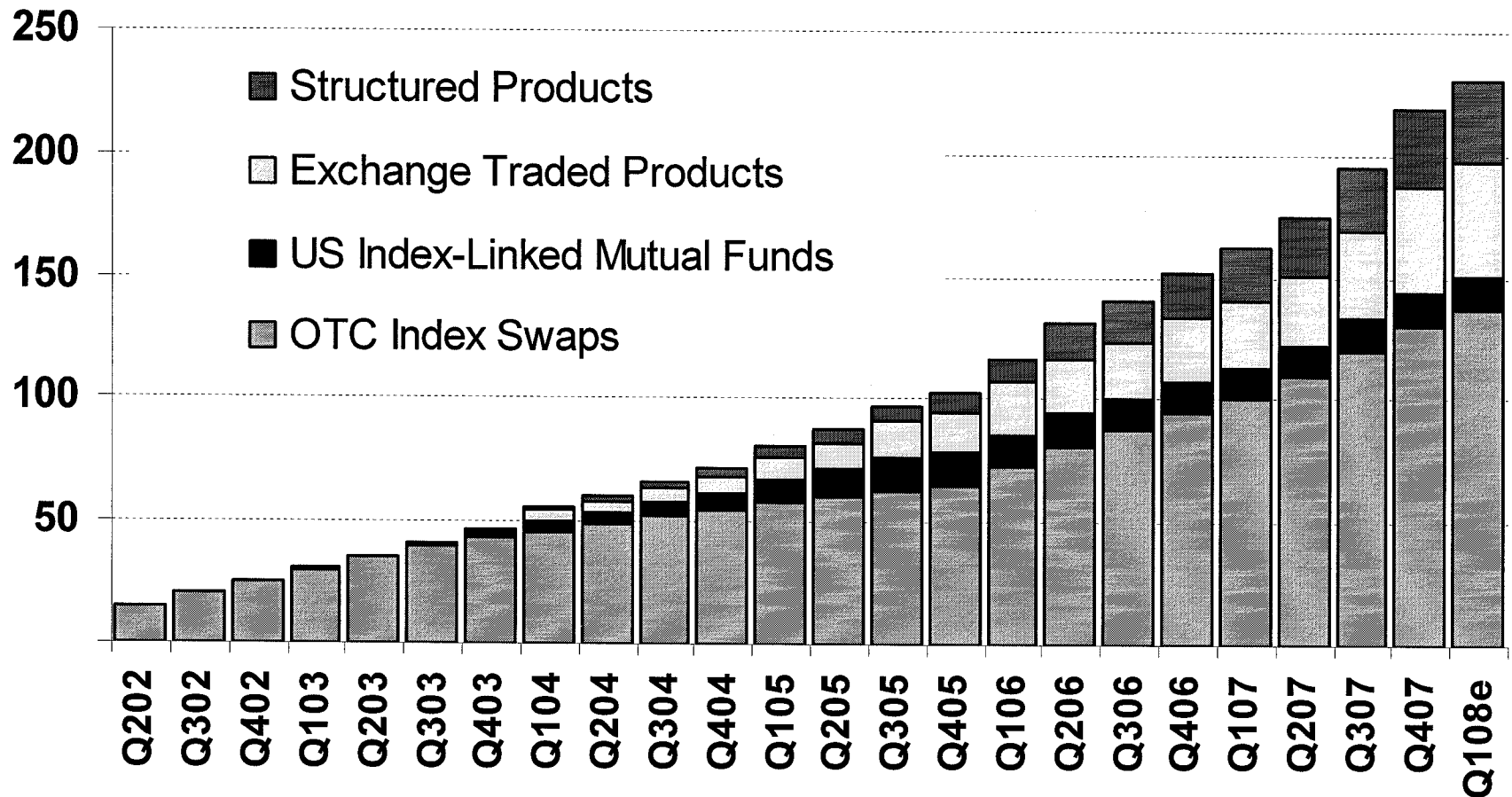
- What's going on in commodities



Fund flow into commodities has accelerated since 2002...

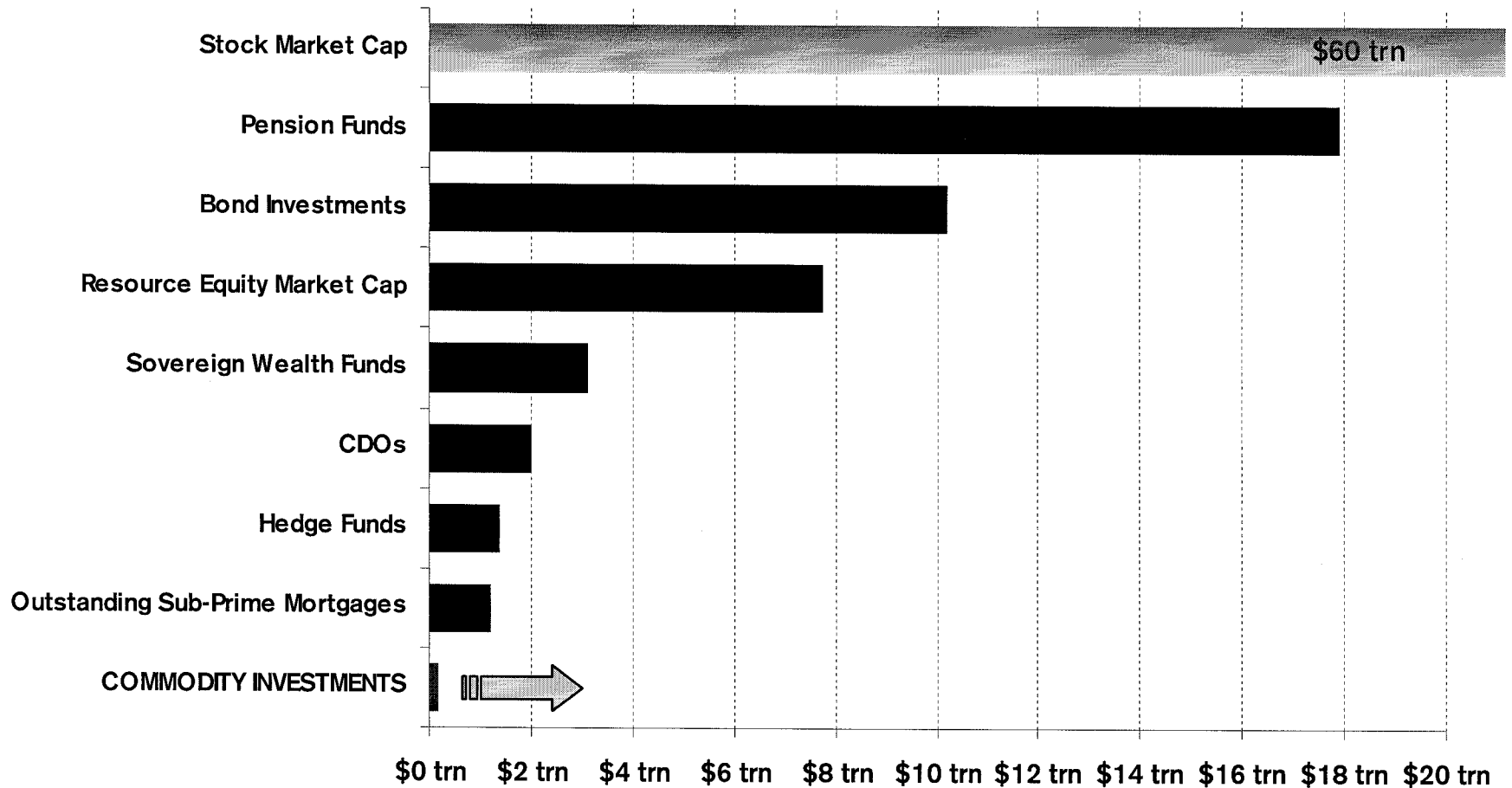
Commodity Investor Products

(cumulative AUM US\$bn)



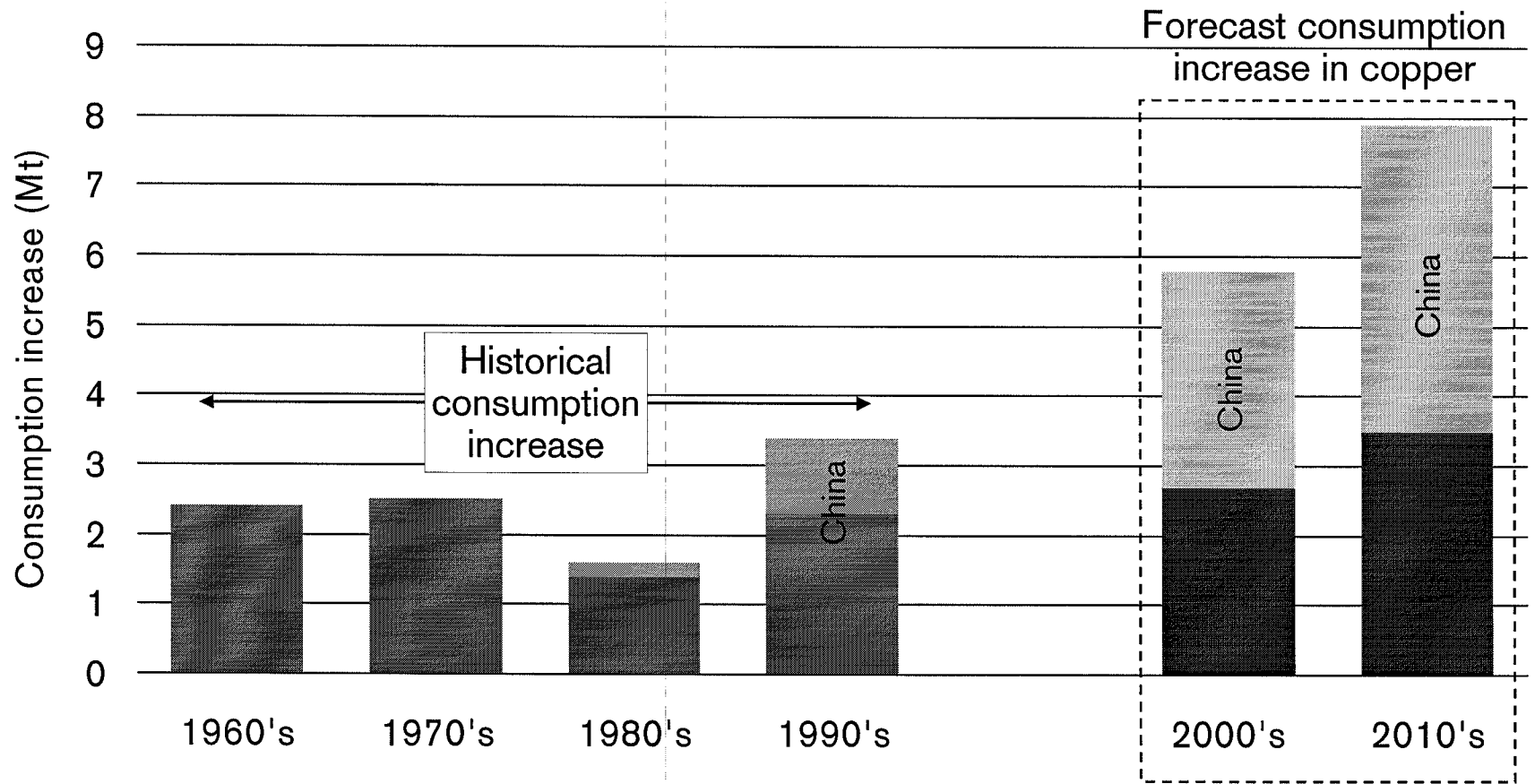
Sources: Bloomberg, mtn-I, Credit Suisse

...and the scope for further investment growth is clear



Sources: Bloomberg, Credit Suisse

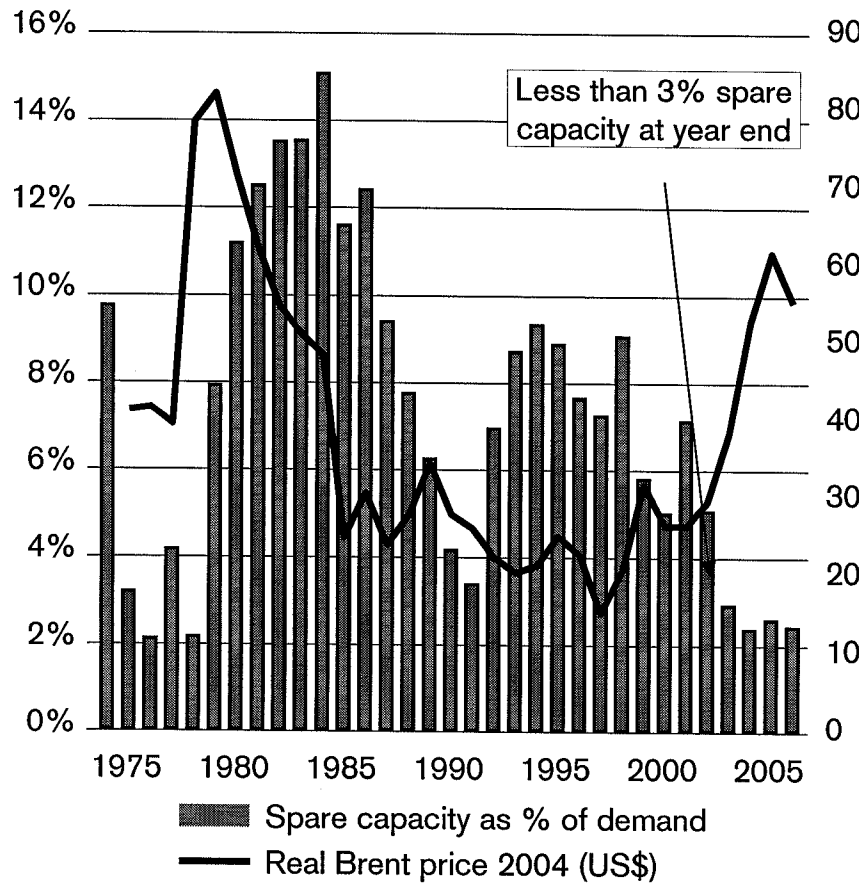
Fundamentals are still very strong! Demand from EM markets have driven a shift higher in resource needs



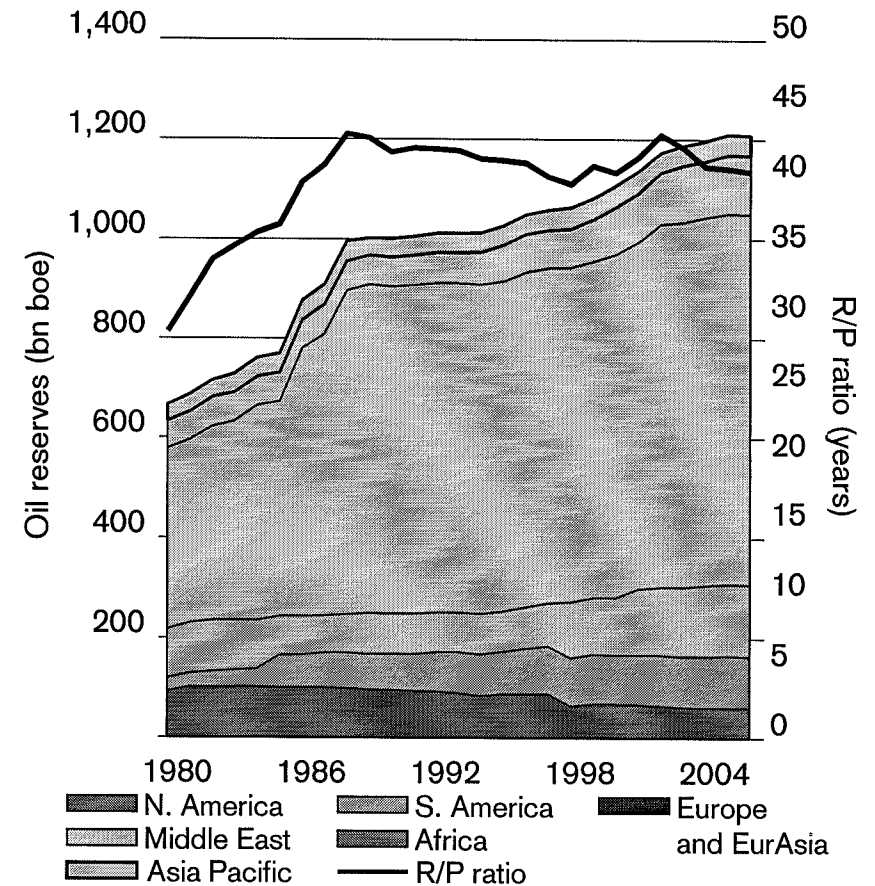
Source: Rio Tinto, ICSG

More importantly, supplies of existing assets are stretched

Global spare oil capacity



Global oil reserves and R/P



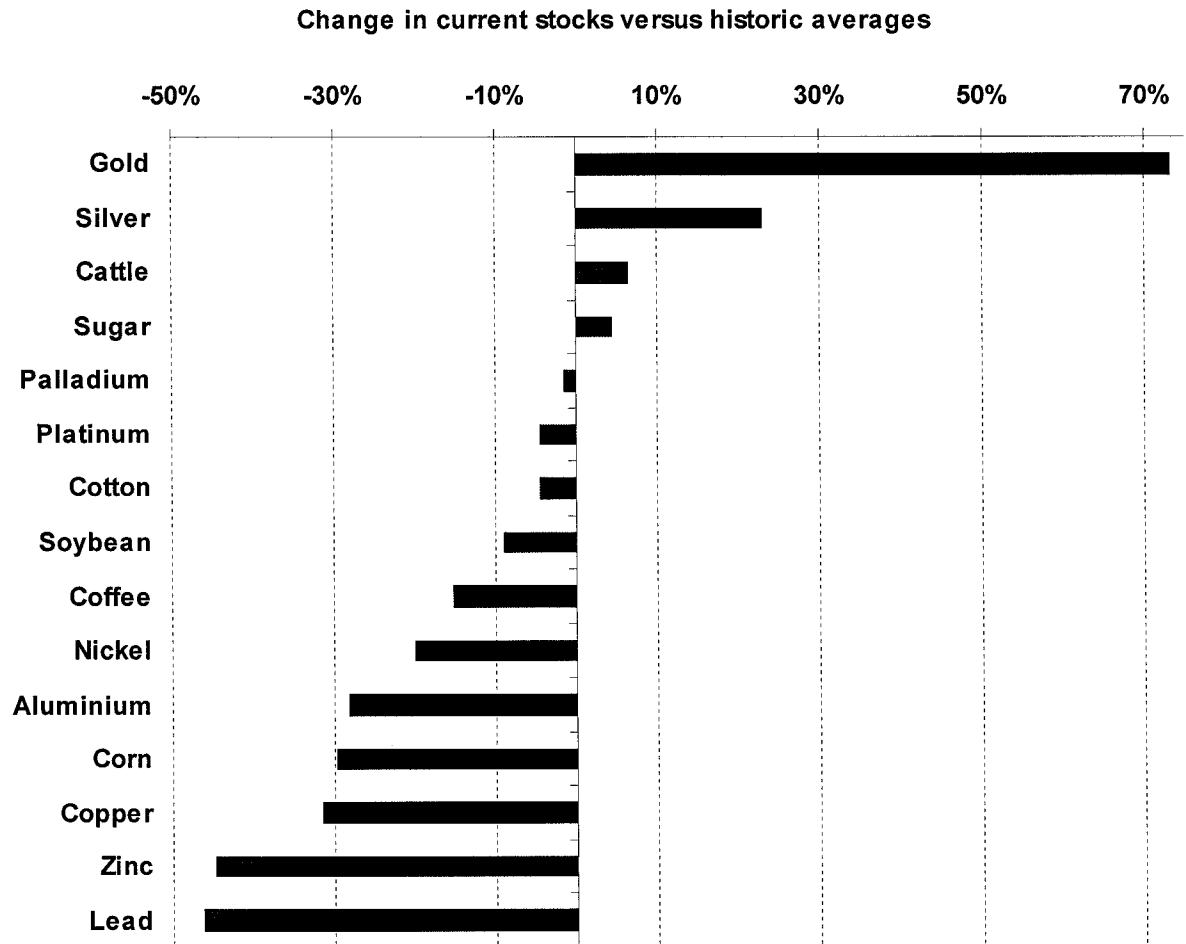
Source: Credit Suisse research

And global inventory levels are low in many commodities

Stocks-to-consumption are significantly lower than their historic averages...

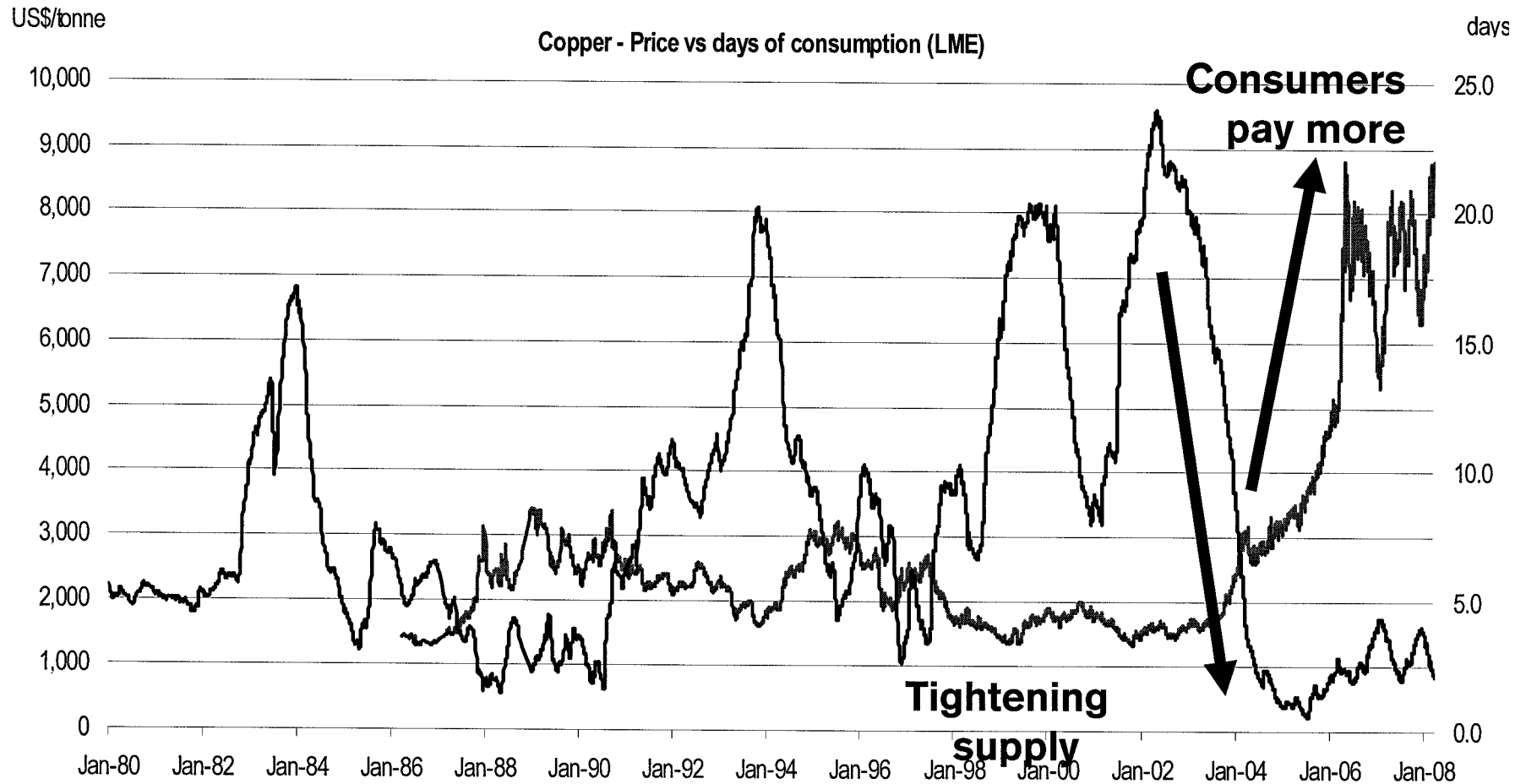
i.e. higher prices are justified by the tightening in supply

The shift is most prominent for base metals and agriculture, driven by the huge increase in consumption in emerging markets which has outpaced production



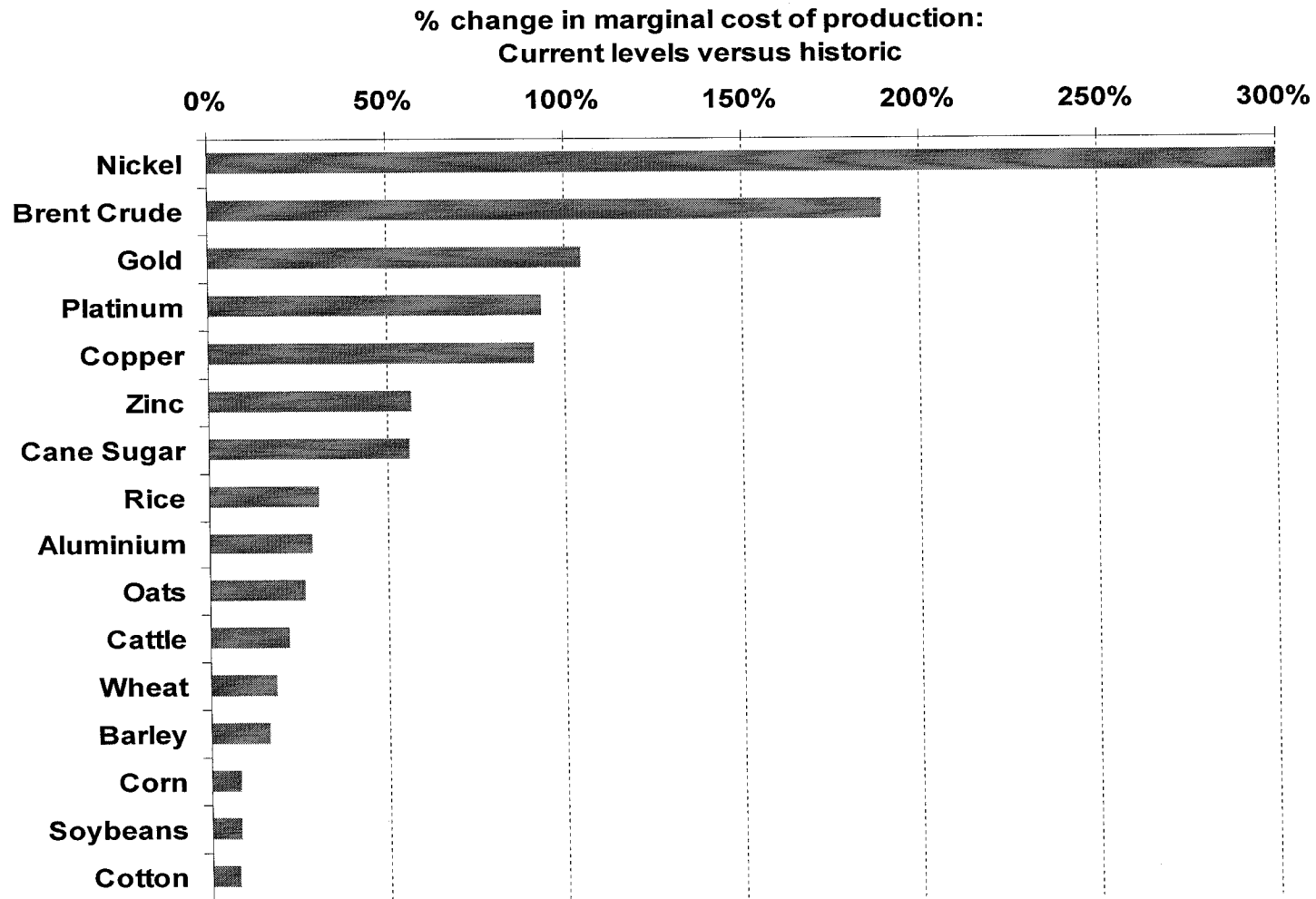
Sources: Bloomberg, Credit Suisse

For example – Copper...



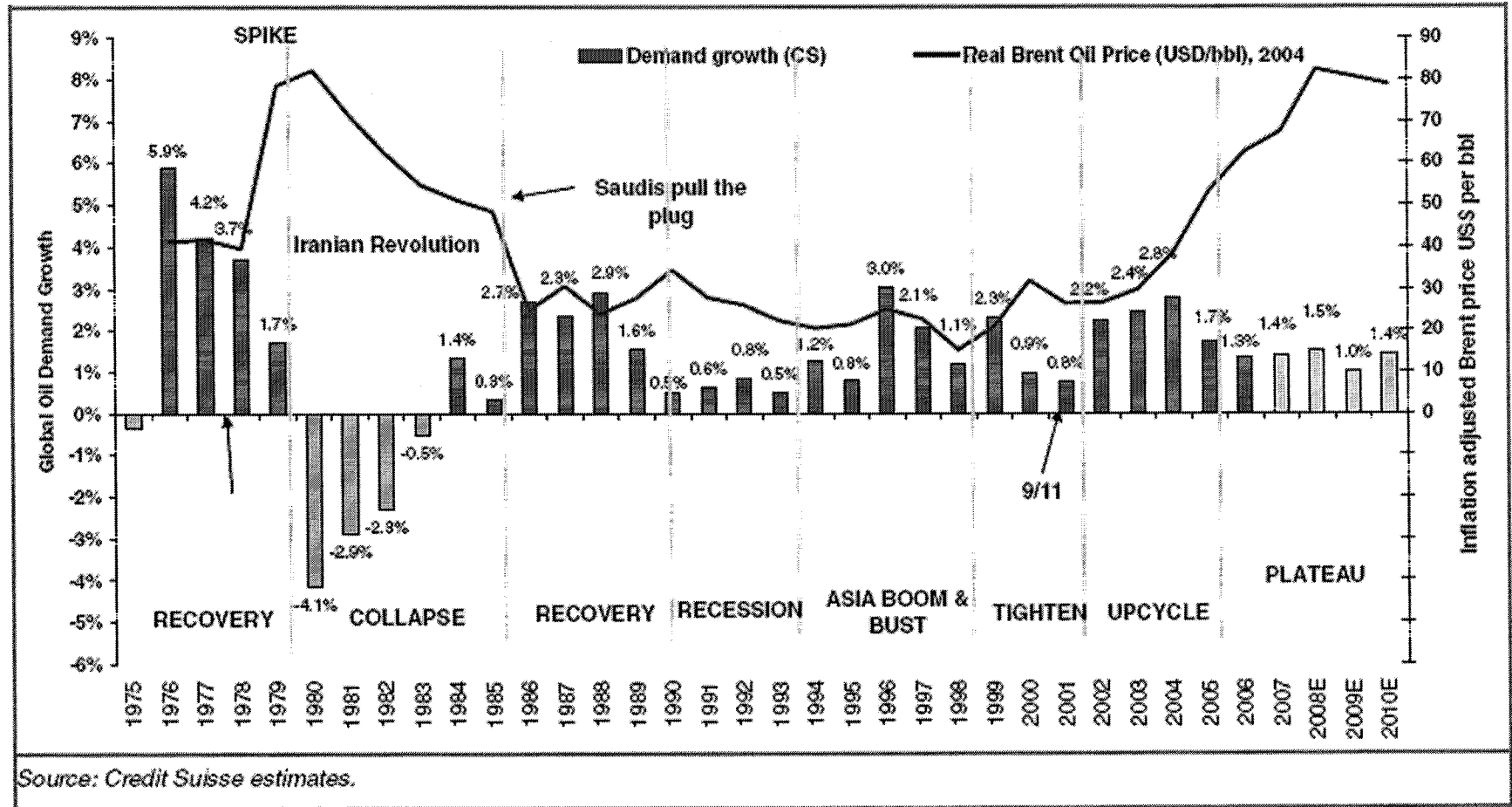
Sources: Bloomberg, Credit Suisse

Prices have also been driven by higher marginal costs



Sources: Bloomberg, Credit Suisse

Crude oil – trends since the 1970s

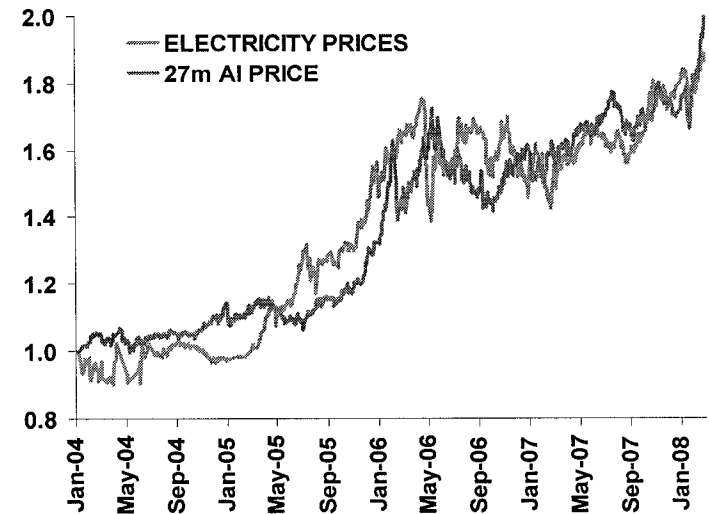


Aluminium – power play

- Powergen capacity is under stress in a number of key producing regions caused by strong demand, lack of investment and high input costs
- Top quartile producers in Europe & China benefit from subsidised power: Europe through long-term fixed price contracts that roll off & China through a fixed tariff
- The situation in China is different this time from 2004. We do not believe there will be the required powergen supply response as margins have collapsed (driven by high coal & oil prices)
- Demand remains underpinned by power/telecom, automotive and construction sectors in EM
- China is needed as a net exporter of primary aluminium to balance the global market. Prices have to shift materially higher in order to ensure further investment in capacity
- Long term prices remain cheap. Dec11 at \$3030/t is a PV of \$2612. We expect top quartile costs to inflate to \$3000/t on a PV basis

Aluminium market supply/demand

| (mn MT) | 2006 | 2007 | 2008 | 2009 |
|----------------|------|------|------|------|
| Supply | 34.0 | 38.1 | 41.5 | 43.6 |
| Demand | 34.4 | 38.2 | 41.3 | 43.4 |
| Balance | -0.4 | -0.1 | 0.2 | 0.2 |

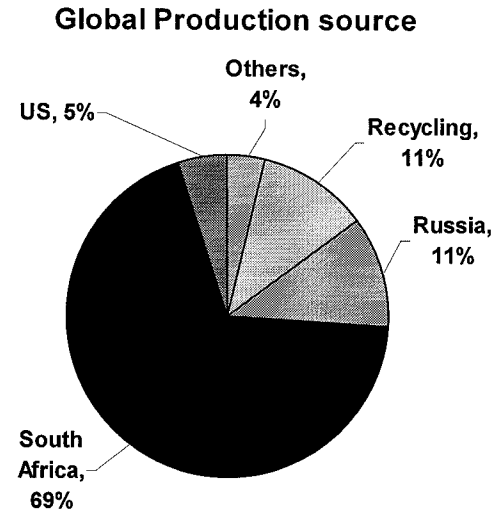


27m Al Prices vs 1st year German Baseload

Sources: Bloomberg, Credit Suisse, UBS

Platinum – fundamentals still strong

- A severe tightening in supply and surge in demand currently provide excellent fundamentals for Platinum
- South Africa accounts for ~70% production, and recent supply disruptions in the country have ranged from industrial action, labour shortages, furnace outages and more recently severe power shortages induced by the main powergen provider Eskom. In some cases production has been halted completely
- Recent long liquidation has been heavy; but technically the picture remains bullish, as prices remain robust above the major support level at \$1850
- Significant upside risk will now come from further disruptions are very likely as Eskom have no guarantee of sustaining power production. At present, they have only been able to grant miners 90% of their power requirements, but overall production for future years is a major uncertainty



Platinum market supply/demand

| (mn oz) | 2006 | 2007 | 2008 | 2009 |
|--------------------------|-------|-------|------|------|
| Supply | 7613 | 7529 | 7381 | 7969 |
| Demand | 7585 | 7810 | 7712 | 7958 |
| Balance | 28 | -281 | -331 | 12 |
| NYMEX Inventories | 2.063 | 2.096 | | |

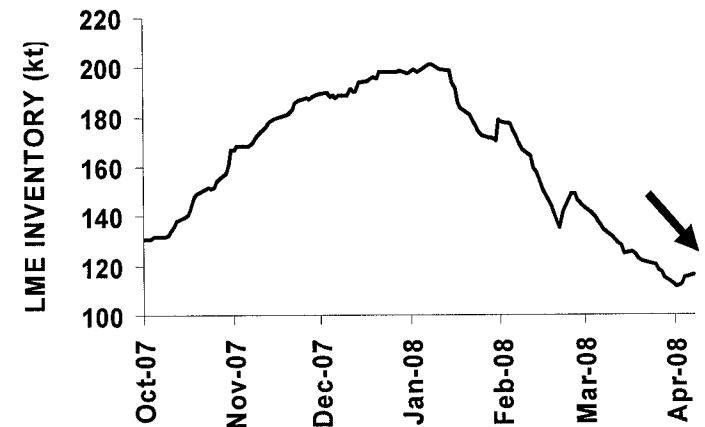
Sources: Bloomberg, Credit Suisse, UBS

Copper – preparing for a storm...

- The main upside risk to the copper market is supply: the market is edging closer toward a deficit, and persistent inventory draws are causing spot supply to tighten by the day. Spot premia continue to rise, with stocks are now down -80kt year-to-date
- The market seems set for a storm, and prices could spike above \$12,000 by year-end
- Further supply risks will now come from Chile, where the most immediate threat is power shortage in the North (23% global supply), and could shift the global market into a deficit as soon as this year. The recent explosion in sulfuric acid prices has also added pressure for the smelters, who are edging closer to operating at a loss
- Prices have recently seen severe corrections, but we see support in the near future as risk appetite returns
- Fears over demand are a real issue, but demand growth in emerging markets is sufficient to support the rest of the world. Even if the RoW copper demand grows at 2% and BRIC demand at 9%, the global market would shift into a deficit of -710kt by Dec 2008

Copper market supply/demand

| (mn MT) | 2006 | 2007 | 2008 | 2009 |
|----------------|------|------|------|------|
| Supply | 17.2 | 18.0 | 19.1 | 19.9 |
| Demand | 17.5 | 18.1 | 18.8 | 19.9 |
| Balance | -0.3 | -0.1 | 0.3 | 0.0 |



Sources: Bloomberg, Credit Suisse, UBS

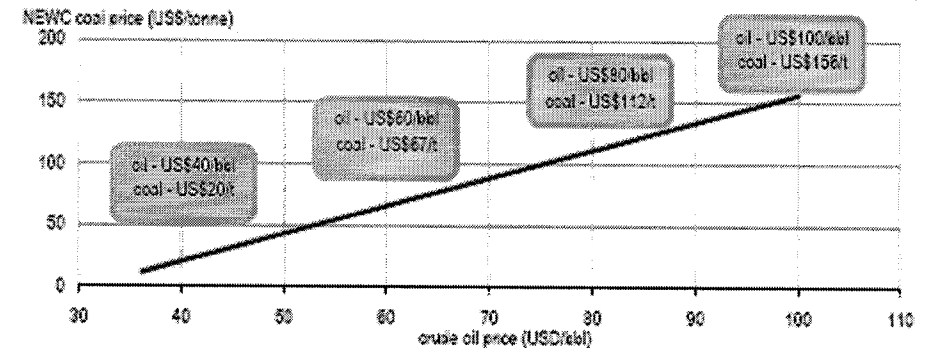
Coal – bullish on global power needs

- Coal is the cheapest source of energy ->>
- Powergen demand for coal continues to grow, particularly in emerging markets – in particular India and China (which is expected to be net coal importer in 08)
- Seaborne supply is becoming constrained by infrastructure issues (Australia, China, S. Africa, Indonesia) and growing domestic consumption (S. Africa, China, Russia)
- Stock levels are at historical lows in certain key countries (i.e. Germany, Japan, India)
- Pricing power has moved from EU to Asia

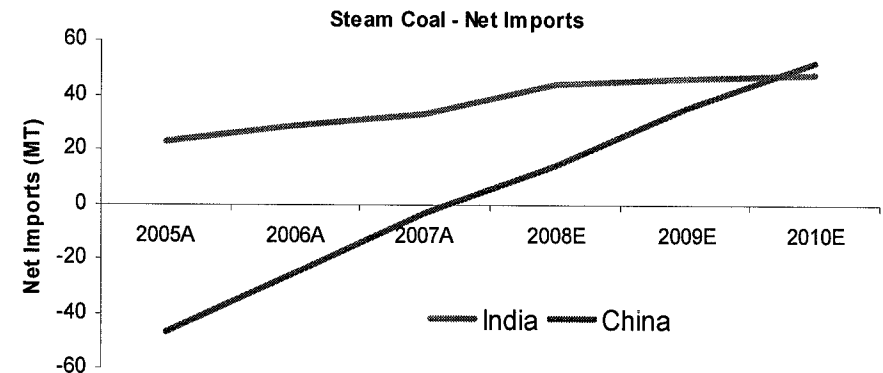
Seaborne Thermal Coal market supply/demand

| (mn MT) | 2006 | 2007 | 2008 | 2009 |
|----------------|------|------|------|------|
| Supply | 631 | 658 | 691 | 734 |
| Demand | 642 | 670 | 713 | 750 |
| Balance | -11 | -12 | -22 | -16 |

Figure 1: Coal and oil price parity



Source: Company data, Credit Suisse estimates



We are particularly positive on steam coal over the next 12–18 months

Sources: Bloomberg, Credit Suisse

Corn

Acreage Outlook:

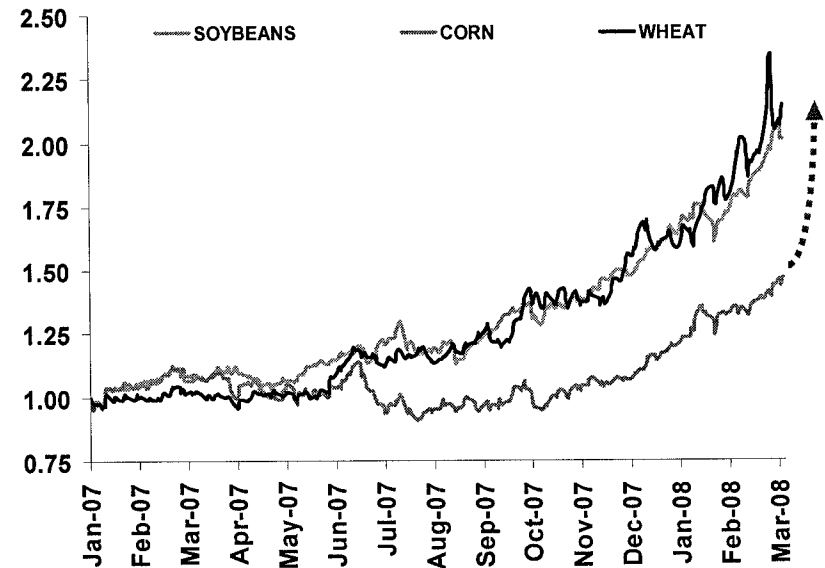
- Corn planted acreage down 8% from 2007 to 86.0m acres. 2007-08 US Corn Carryout expected at 1250-1275m bu vs current estimate of 1438m bu (March USDA Report). Farmers expected to plant less corn due to high input costs for corn crop rotation considerations
- Prices expected to remain strong due to continued expansion in ethanol production support prices

Weather risk:

- Acreage switch from soybeans to corn will only occur if producers are able to plant corn in a timely manner. Current wet weather will severely delay planting in the Cornbelt and northern Delta.
- Wet weather will also lead to loss in yield

Conclusion:

- Prices should rally higher to levels to reduce corn usage or to buy additional acreage from soybeans



USDA Corn Supply/Demand Balance

| (mln bushels) | 05/06 | 06/07 | 07/08 | 08/09 |
|---------------------|-------|-------|-------|-------|
| Sep 1 stocks | 2114 | 1967 | 1304 | 1438 |
| Total Supply | 13237 | 12514 | 14393 | 13644 |
| Total Usage | 11270 | 11210 | 12955 | 13020 |
| Ending | 1967 | 1304 | 1438 | 624 |

Stocks

Sources: Bloomberg, Credit Suisse, USDA

Basket Idea

All ideas are EURO denominated, in EMTN format, and are based on an equally-weighted basket of platinum, coal, copper, corn, and aluminium

Non-principal Protected

1. 18-months Outperformance Note

- a) 130% participation in the upside of the basket. If, however, any of the underlyings are below 65% of their initial level at maturity, Client is also short the downside of the basket

2. 3-year Outperformance Note

- a) 180% participation in the upside of the basket. If, however, any of the underlyings are below 65% of their initial level at maturity, Client is also short the downside of the basket

Principal Protected

1. 18-months Staircase Note

Investor receives one of the following payouts

- a) If all underlyings are at or above their initial level at maturity, Coupon [flat] = 12%
- b) If all underlyings are at or above 110% of their initial level at maturity, Coupon [flat] = 24%
- c) If all underlyings are at or above 120% of their initial level at maturity, Coupon [flat] = 36%
- d) If all underlyings are at or above 130% of their initial level at maturity, Coupon [flat] = 48%
- e) Otherwise, Coupon [flat] = 0%

2. 3-year Bull Note

- a) 75% participation in the upside of the basket

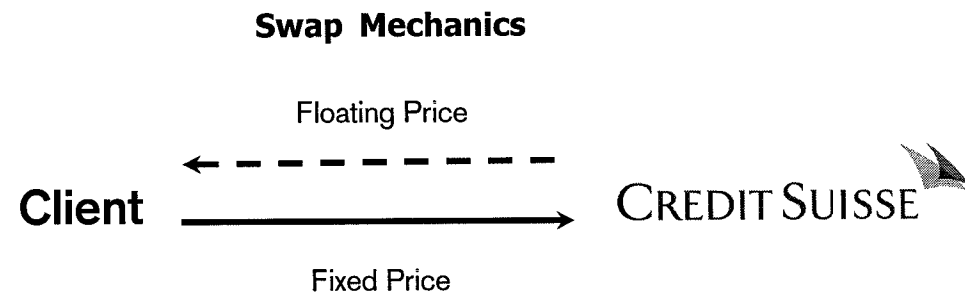
3. 3-year Dynamic Bull Note

- a) 105% participation in the upside of the basket. If, however, any of the underlyings are below their initial level at maturity, basket participation in the upside is 50%

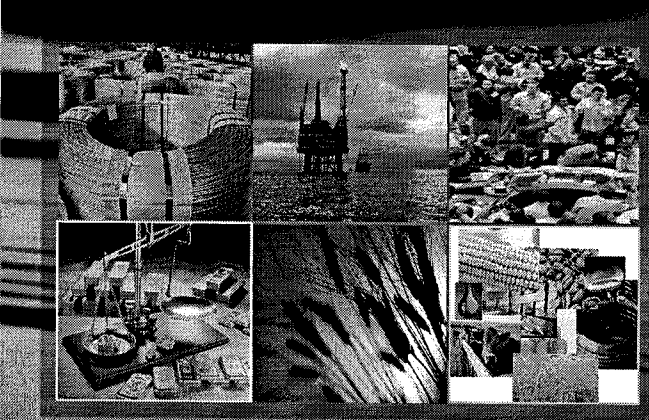
Cash Settled Swap on Non-Exchange Traded Commodities

- **Benefit from a rise in the price of underlying commodity by entering into a financial swap contract to buy at a fixed level for a certain period in the future**
- **CS can offer the following underlying commodities:
Vanadium, Cobalt, Alumina, Ferrochrome, Molybdenum**
- **Client enters into an OTC fixed rate swap based on volume, agreed reference, tenor**
 - Client pays Credit Suisse pre-agreed fixed price based on a volume of cobalt over a certain period
 - Credit Suisse pays Client floating price based on a volume of the underlying commodity over the same period
 - Floating (reference) price: monthly average of the price of the underlying in USD
 - Settlement occurs monthly and the swaps are financially settled - there is no physical delivery of the underlying

| Underlying | Bloomberg Ticker |
|-------------|------------------|
| Vanadium | MBVAEU80 <INDEX> |
| Cobalt | MBC0FM.3 <INDEX> |
| Alumina | MBALUMIN <INDEX> |
| Ferrochrome | MBCMUS55 <INDEX> |
| Molybdenum | PFATMOOX <INDEX> |



Equities – Commodities: The Link...

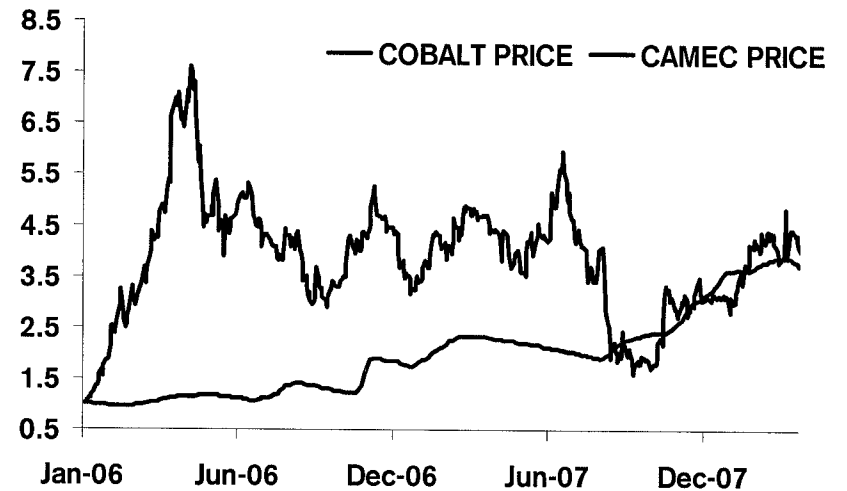


Key Idea 1):

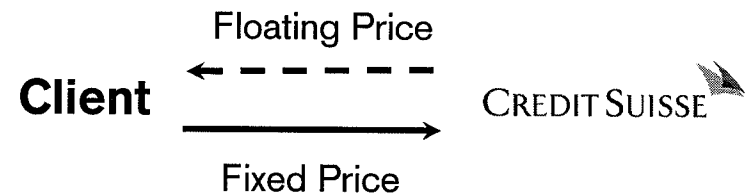
The Cobalt Basket: providing equity clients with commodity exposure

- **AIM:** to combine a basket of pure-play equities with direct exposure to the underlying commodity

- **Example: The Cobalt Basket:**
 - 50% CAMEC (African pure-play cobalt miner)
 - 50% Cobalt underlying
 - **Key Advantage** is that basket offers broader diversification than outright equity or outright commodity trade, and potential for higher upside as risk is spread across commodity and equity
 - Provides client with direct exposure to underlying commodity through a **purely** equity-based security



Swap Mechanics

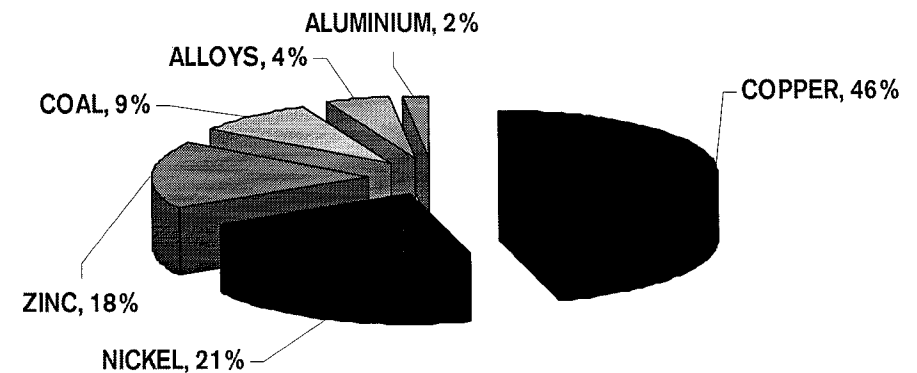


Key Idea 2):

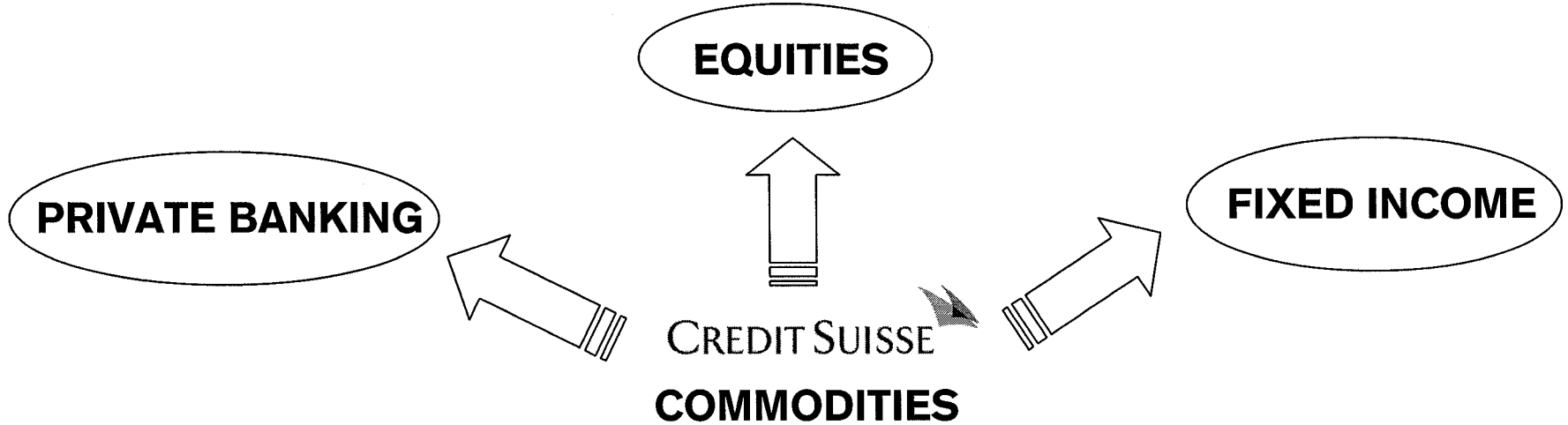
Ever thought of replicating an equity using commodities...?

- **AIM:** to create a commodity-based synthetic equity using earnings splits of the company
- **Example: XSTRATA** (diversified miner)
- The **advantage** is that the synthetic equity carries no operational risk
- Can create products for **hedging & speculating**
- **HEDGING:** Client LONG EQUITY (bullish management, bullish prices, bullish production)
- But BEARISH ZINC =>> Short Zinc 3m contracts against long equity
- **SPECULATING:** Client BULLISH on commodity make-up but BEARISH management
- =>> LONG the synthetic basket versus SHORT the equity

XSTRATA 2007 EBITA split



Reaching out to more to a broader client base...



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Commodities
 Energy prices increase further amid speculative activity

Outlook
 Energy prices are expected to rise further in the coming months as a result of a combination of factors, including a decline in supply and an increase in demand. The market is expected to remain volatile in the near term.

Key points

- Energy prices are expected to rise further in the coming months as a result of a combination of factors, including a decline in supply and an increase in demand.
- The market is expected to remain volatile in the near term.
- Energy prices are expected to rise further in the coming months as a result of a combination of factors, including a decline in supply and an increase in demand.

Table 1: Energy prices (per barrel)

| Commodity | Price | Change |
|-----------------|--------|--------|
| WTI Crude Oil | 105.50 | +1.20 |
| Brent Crude Oil | 110.00 | +1.50 |
| WTI Heating Oil | 2.80 | +0.05 |
| WTI Natural Gas | 3.50 | +0.10 |

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Commodities
 Solid economic data sparks higher US yields

Outlook
 The US economy is expected to remain strong in the coming months, leading to higher yields on US Treasury securities. This is expected to lead to a rise in the value of US equities.

Key points

- The US economy is expected to remain strong in the coming months, leading to higher yields on US Treasury securities.
- This is expected to lead to a rise in the value of US equities.
- The US economy is expected to remain strong in the coming months, leading to higher yields on US Treasury securities.

Table 2: US Treasury yields (per annum)

| Maturity | Yield | Change |
|----------|-------|--------|
| 3-Month | 4.50% | +0.10% |
| 6-Month | 4.75% | +0.10% |
| 1-Year | 5.00% | +0.10% |
| 2-Year | 5.25% | +0.10% |
| 3-Year | 5.50% | +0.10% |
| 5-Year | 5.75% | +0.10% |
| 10-Year | 6.00% | +0.10% |
| 30-Year | 6.25% | +0.10% |

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Investment Ideas
 Equities and Fixed Income

Outlook
 The market is expected to remain strong in the coming months, leading to higher yields on US Treasury securities. This is expected to lead to a rise in the value of US equities.

Key points

- The market is expected to remain strong in the coming months, leading to higher yields on US Treasury securities.
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Table 3: US Treasury yields (per annum)

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| 2-Year | 5.25% | +0.10% |
| 3-Year | 5.50% | +0.10% |
| 5-Year | 5.75% | +0.10% |
| 10-Year | 6.00% | +0.10% |
| 30-Year | 6.25% | +0.10% |

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Michael Corbi
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Jennifer Frame Tunney (Energy)
Ranie Hotis (Energy)

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Lorcan Cleary

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