

Report Prepared On: 08/02/13

## Structured Product Details

<b>Name</b>	Buffered Enhanced Participation Equity Securities linked to MSCI EAFE Index
<b>Issue Size</b>	\$462,000
<b>Issue Price</b>	\$1,000
<b>Term</b>	22 Months
<b>Annualized Coupon</b>	0.00%
<b>Pricing Date</b>	October 9, 2012
<b>Issue Date</b>	October 16, 2012
<b>Valuation Date</b>	August 11, 2014
<b>Maturity Date</b>	August 14, 2014
<b>Issuer</b>	Credit Suisse
<b>CDS Rate</b>	55.48 bps
<b>Swap Rate</b>	0.47%
<b>Reference Asset</b>	the MSCI EAFE Index
<b>Initial Level</b>	1,514.99
<b>Dividend Rate</b>	3.69%
<b>Implied Volatility</b>	24.38%
<b>Delta<sup>1</sup></b>	0.58
<b>Fair Price at Issue</b>	\$974.71
<b>CUSIP</b>	22546TC58
<b>SEC Link</b>	<a href="http://www.sec.gov/Archives/edgar/data/1053092/000095010312005426/dp33535_424b2-k204.htm">www.sec.gov/Archives/edgar/data/1053092/000095010312005426/dp33535_424b2-k204.htm</a>

## Related Research

### Research Papers:

[www.slcg.com/research.php](http://www.slcg.com/research.php)

- "Are Structured Products Suitable for Retail Investors?" December 2006.
- "Structured Products in the Aftermath of Lehman Brothers," November 2009.
- "What TiVo and JP Morgan Teach Us about Reverse Convertibles," June 2010.

**Tim Husson, Ph.D.,**  
Senior Financial Economist, SLCG  
(+1) 703.890.0743  
[TimHusson@slcg.com](mailto:TimHusson@slcg.com)

# Buffered Enhanced Participation Equity Securities linked to MSCI EAFE Index

## Description

Credit Suisse issued \$462,000 of Buffered Enhanced Participation Equity Securities linked to MSCI EAFE Index on October 16, 2012 at \$1,000 per note.

These notes are Credit Suisse-branded Buffered PLUS securities that do not pay periodic coupons, but instead pay a single amount at maturity depending on the final level of the MSCI EAFE Index.

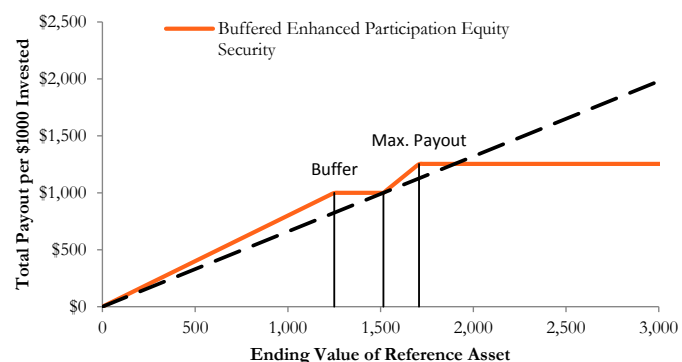
If on August 11, 2014 the MSCI EAFE Index level is higher than 1,514.99, but lower than 1,707.39, the notes pay a return equal to the percentage increase in the MSCI EAFE Index multiplied by 2.0, up to a cap of 25.40%. If on August 11, 2014 the refe is below 1,514.99 but not below 1249.87, investors receive \$1,000 face value per note. If the MSCI EAFE Index level on August 11, 2014 is lower than 1249.87, investors receive face value per note reduced by 1.21 times the amount the reference asset is below 1249.87 as a percent of the initial level, 1,514.99.

## Valuation

This product can be valued as a combination of a note from Credit Suisse, 1.21 short out-of-the-money put options, two long at-the-money call options, and two short out-of-the-money call options. For reasonable valuation inputs this note was worth \$974.71 when it was issued on October 16, 2012 because the value of the options investors gave Credit Suisse plus the interest investors would have received on Credit Suisse's straight debt was worth \$25.29 more than the options investors received from Credit Suisse.

There is no active secondary market for most structured products. Structured products, including this note, therefore are much less liquid than simple stocks, bonds, notes and mutual funds. Investors are likely to receive less than the structured product's estimated market value if they try to sell the structured product prior to maturity. Our valuations do not incorporate this relative lack of liquidity and therefore should be considered an upper bound on the value of the structured product.

## Payoff Curve at Maturity

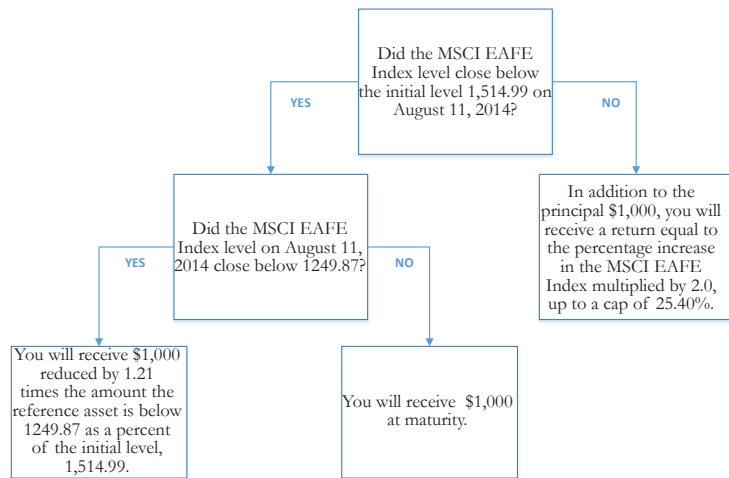


The payoff diagram shows the final payoff of this note given the MSCI EAFE Index level (horizontal axis). For comparison, the dashed line shows the payoff if you invested in the MSCI EAFE Index directly.

**Principal Payback Table**

The MSCI EAFE Index	Note Payoff
0.00	\$0.00
151.50	\$121.21
303.00	\$242.42
454.50	\$363.64
606.00	\$484.85
757.50	\$606.06
908.99	\$727.27
1,060.49	\$848.48
1,211.99	\$969.70
1,363.49	\$1,000.00
<b>1,514.99</b>	<b>\$1,000.00</b>
1,666.49	\$1,200.00
1,817.99	\$1,254.00
1,969.49	\$1,254.00
2,120.99	\$1,254.00
2,272.49	\$1,254.00

**Maturity Payoff Diagram**

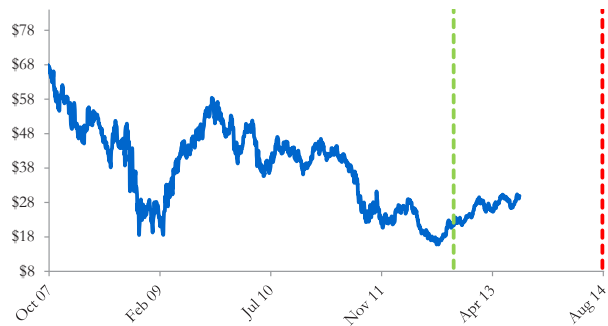


*The contingent payoffs of this Buffered Enhanced Participation Equity Security.*

**Analysis**

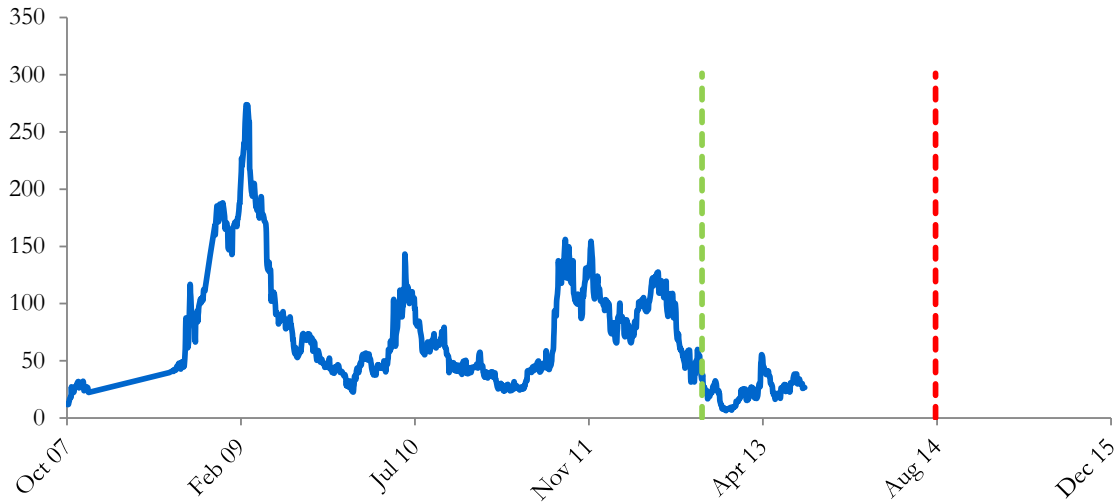
This Buffered Enhanced Participation Equity Security pays investors the increase in the MSCI EAFE Index multiplied by 2.0 capped at 25.40%, but if the MSCI EAFE Index declines over the term of the note, investors will suffer losses equal to the percentage decline in the MSCI EAFE Index. In addition, investors bear the credit risk of Credit Suisse. Investors purchasing this Buffered Enhanced Participation Equity Security effectively sell at-the-money put and out-of-the-money call options to Credit Suisse, buy at-the-money call options, and a zero-coupon note from Credit Suisse. This Buffered Enhanced Participation Equity Security is fairly priced if and only if the market value of the options investors received from Credit Suisse equals the market value of the options investors gave Credit Suisse plus the interest investors would have received on Credit Suisse's straight debt.

**Credit Suisse's Stock Price**



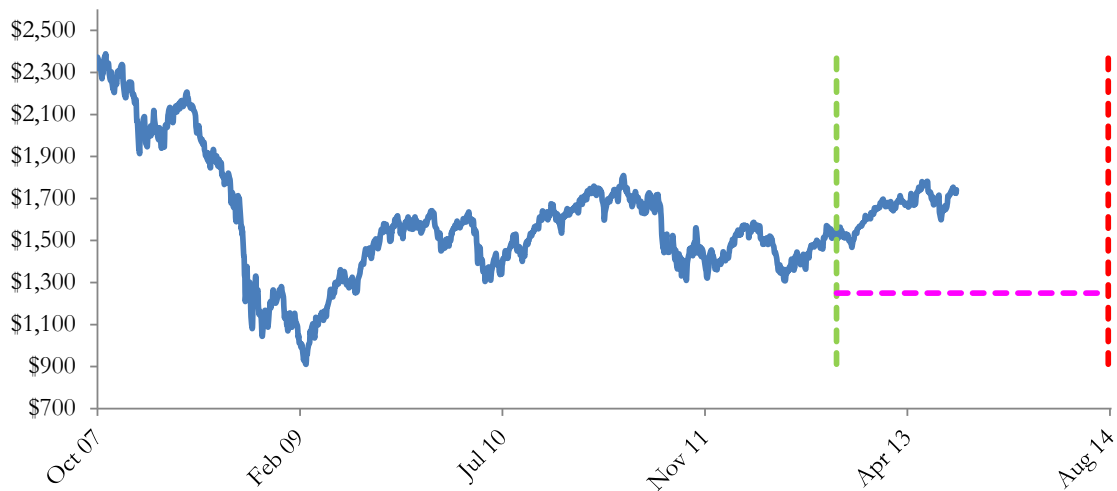
*The graph above shows the adjusted closing price of the issuer Credit Suisse for the past several years. The stock price of the issuer is an indication of the financial strength of Credit Suisse. The adjusted price shown above incorporates any stock split, reverse stock split, etc.*

**Credit Suisse's CDS Rate**



Credit default swap (CDS) rates are the market price that investors require to bear credit risk of an issuer such as Credit Suisse. CDS rates are usually given in basis points (bps). One basis point equals 0.01%. Higher CDS rates reflect higher perceived credit risk, higher required yields, and therefore lower market value of Credit Suisse's debt, including outstanding Buffered Enhanced Participation Equity Security. Fluctuations in Credit Suisse's CDS rate impact the market value of the notes in the secondary market.

**The MSCI EAFE Index Level**

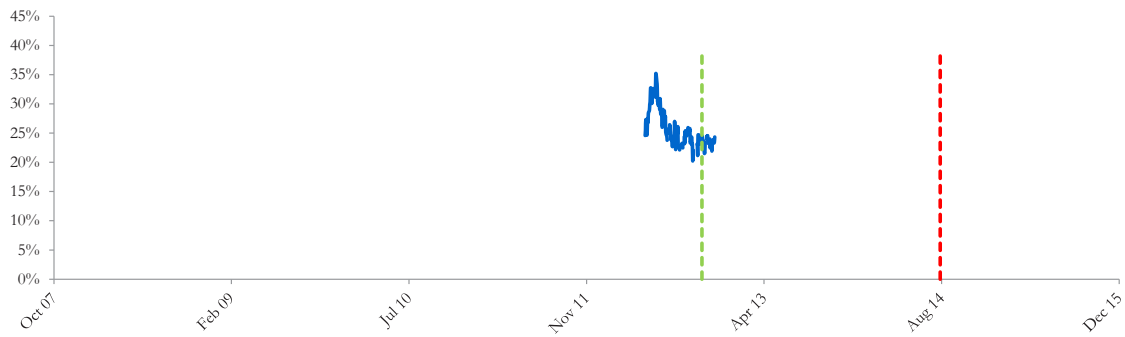


The graph above shows the historical levels of the MSCI EAFE Index for the past several years. The final payoff of this note is determined by the MSCI EAFE Index level at maturity. Higher fluctuations in the MSCI EAFE Index level correspond to a greater uncertainty in the final payout of this Buffered Enhanced Participation Equity Security.

**Realized Payoff**

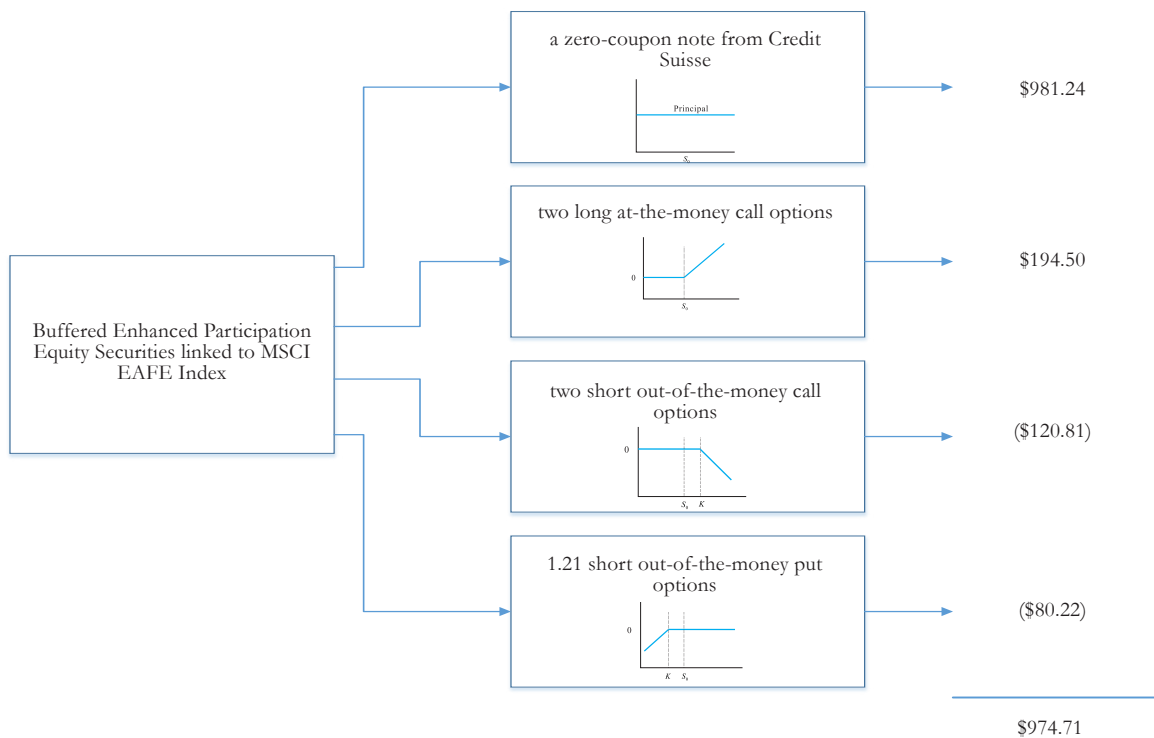
This product will mature on August 14, 2014.

**Reference Asset The MSCI EAFE Index's Implied Volatility**



The annualized implied volatility of the MSCI EAFE Index on October 9, 2012 was 24.38%, meaning that options contracts on the MSCI EAFE Index were trading at prices that reflect an expected annual volatility of 24.38%. The higher the implied volatility, the larger the expected fluctuations of the MSCI EAFE Index level and of the Note's market value during the life of the Notes.

**Decomposition of this Buffered Enhanced Participation Equity Security**



This note can be decomposed into different components, and each component can be valued separately. The chart above shows the value of each component of this Buffered Enhanced Participation Equity Security.

1. Delta measures the sensitivity of the price of the note to the the MSCI EAFE Index level on October 9, 2012.
2. CDS rates can be considered a measure of the probability that an issuer will default over a certain period of time and the likely loss given a default. The lower the CDS rate, the lower the default probability. CDS rate is given in basis points (1 basis point equals 0.01%), and is considered as a market premium, on top of the risk-free rate, that investors require to insure against a potential default.
3. Fair price evaluation is based on the Black-Scholes model of the the MSCI EAFE Index on October 9, 2012.
4. Calculated payout at maturity is only an approximation, and may differ from actual payouts at maturity.
5. Our evaluation does not include any transaction fees, broker commissions, or liquidity discounts on the notes.