

Canton of Basel-Stadt – High AA, Positive

Daniel Rupli

Rating rationale

The rating of the Canton of Basel-Stadt is supported by sound financial statements over past years that were dominated by increasing capitalization, a lower debt burden, excess revenues and self-financing ratios that came in clearly above 100%, with the exception of last year due to a disproportionately high net investment as a result of the disincorporation of the hospitals, which reduced the canton's assets substantially. Excluding this effect, the canton would have been able to fully self-finance its net investments. We highlight the canton's high debt per capita reading at end-December 2012, reflecting its status as a "city canton." From a quality perspective, Basel-Stadt benefits from a strong CS locational quality index reading, which is supported by strong transportational accessibility and good availability of highly qualified labor, partially offset by the below-average tax regime. We also highlight the strong resource index reading. These factors position the canton to benefit from an above-average population and the ability to increase taxable income in the future.

Financial ratios (CHF m)	2009	2010	2011	2012	2013B
Operating account					
Total expenditure operating account	4,365.3	4,903.0	4,688.4	3,839.4	3,920.1
Of which: Interest expense	79.1	75.5	70.4	58.6	77.5
Of which: Depreciation of administrative assets	173.2	212.1	172.3	120.4	130.2
Total revenue operating account	4,591.5	5,180.5	4,905.7	4,022.4	3,920.1
Excess expenditure / revenue	226.2	277.5	217.3	183.0	7.7
Primary operating balance	305.2	353.0	287.7	241.6	85.2
Investment account					
Total expenditure investment account	312.7	316.3	347.9	623.8	401.2
Total revenue investment account	71.2	22.9	21.4	51.0	28.3
Net investment	241.5	293.5	326.4	572.8	373.0
Total revenue	4,414.4	4,953.2	4,637.1	3,814.6	3,948.4
Total expenditure	4,122.5	4,565.5	4,448.7	3,955.8	4,191.1
Financing					
Degree of self-financing	399.4	489.6	389.6	303.4	142.8
Financing deficit / surplus	157.9	196.1	63.2	-269.4	-230.2
Self-financing ratio	165.4%	166.8%	119.4%	53.0%	38.3%
Balance sheet					
Total assets	5,366.8	6,120.9	6,381.8	6,690.6	n.a.
Gross debt	3,826.1	4,449.7	4,328.9	4,511.7	4,741.9 ¹
Equity (+) / balance sheet deficit (-)	414.6	1,161.5	1,416.5	1,656.9	1,664.6 ¹
Key ratios					
Primary operating balance/Total revenue	6.9%	7.1%	6.2%	6.3%	2.2%
Financing balance/Total revenue	3.6%	4.0%	1.4%	-7.1%	-5.8%
Gross debt/Total revenue	86.7%	89.8%	93.4%	118.3%	120.1%
Interest expense/Total revenue	1.8%	1.5%	1.5%	1.5%	2.0%
Interest expense/Total expenditure	1.9%	1.7%	1.6%	1.5%	1.8%
Per capita gross debt (in CHF)	20,362.4	24,058.8	23,245.8	24,075.2	25,291.6 ¹

¹ Estimates Credit Suisse
B = Budget

Financial ratios based on FKF and Swiss Canton data
n.a. = not available

SWOT analysis

Strengths / Opportunities

An economic center that benefits from the strong presence of the pharmaceutical sector as well as its proximity to neighboring countries.

Another year of solid budgetary outperformance reflected in excess revenues and a solid self-financing ratio of clearly above 100% (excluding hospitals).

The resource index further improved, which underpins the canton's good position to generate future tax income.

The locational quality index reading benefits from the canton's availability of highly skilled labor and its very good transportational accessibility.

High investments from the private sector indicate a good growth engine.

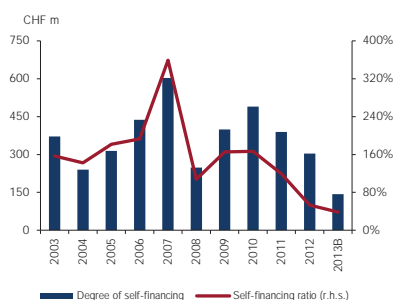
Weaknesses / Threats

Given its quasi city-canton character, the canton shares one of the highest debt per capita ratios in Switzerland.

The canton faces increasing uncertainty with regard to contingent liabilities given its guarantee for the cantonal bank.

Relatively high share of short-dated debt will result in increased refinancing needs over the coming years.

Degree of self-financing / self-financing ratio



Total debt and interest expense



Debt maturity profile (as of end-2012)



Source: FKF, Swiss Federal Statistical Office, Swiss Canton data, Credit Suisse

Glossary of financial terms

Adjusted capital expenditures (capex)

Gross capital expenditures (excluding acquisitions) plus the depreciation part from operating leases.

Adjusted cash and cash equivalents

Cash and cash equivalents, including investments that can be liquidated in the immediate future, adjusted for cash required for operating activities.

Adjusted CFO

Cash flow from operations, after changes in net working capital and adjusted for the depreciation part from leasing and rental obligations and pension-related charges and contributions.

Adjusted EBIT

Earnings before interest and taxes adjusted for the interest part from leasing and rental obligations and pension-related charges.

Adjusted EBITDA

Earnings before interest, taxes, depreciation and amortization adjusted for leasing and rental charges and pension-related charges.

Adjusted equity

Shareholder equity (including minorities) less pension deficit.

Adjusted FCF

Cash flow from operations less gross capital expenditures, excluding acquisition-related investments and dividends, adjusted for leasing and rental depreciation charges and pension-related expenses.

Adjusted FFO

Funds from operations adjusted for the depreciation part from leasing and rental and pension-related expenses and contributions.

Adjusted gross debt

Short and long-term interest-bearing liabilities adjusted for off-balance-sheet debt from debt related to pensions (deficit), leasing and rental obligations, contingencies and guarantees.

Adjusted gross leverage and adjusted net leverage

Adjusted debt on a gross/net basis in relation to total adjusted equity plus adjusted debt on a gross/net basis.

Adjusted interest expense

Interest expenses adjusted for the interest part from leasing and rental obligations and the net interest expense from pensions.

Adjusted net debt

Adjusted debt less adjusted cash and cash equivalents (whereby a negative figure indicates net adjusted cash).

Adjusted net gearing

Adjusted debt on a net basis in relation to total adjusted equity.

Adjusted total asset base

Reported total assets plus operating leasing debt (operating lease expense x multiple).

Combined ratio

Expenses and losses divided by revenue from premiums. The result is expressed as a percentage, and a value less than 100% means the company is taking in more than it is paying out.

Commercial paper (CD)

Short-term debt instruments (up to nine months) that are issued by established corporations in large sums and traded at a discount. They are a key funding tool and an alternative to bank credits.

Comprehensive income

Net profit attributable to shareholders plus other income, i.e. unrealized gains/losses bypassing the P&L, e.g. foreign currency translation gains/losses or unrealized gains/losses on securities held for sale.

Core working capital

Core working capital = receivables plus inventories minus payables.

Covenants

Debt covenants form part of credit agreements stipulating ratios and conditions applicable to financial obligations.

Credit metrics

Financial ratios (typically debt and debt-service-related) which are used to assess financial strength including debt service capacity.

Degree of self-financing

Excess revenue plus depreciation on administrative property. This figure provides an indication of the cash flow of cantons and is comparable to cash from operating activities for corporates.

Foundation for accounting and reporting regulations (FER)

Independent Swiss institution tasked with the further development of accounting standards in Switzerland to improve the quality and comparability of company accounts and to align them with the requirements of international accounting standards.

Goodwill

An asset created when the price to acquire a company exceeds the value of its net assets and identifiable, measurable intangible assets.

IFRS accounting standards

International Financial Reporting Standards (IFRS) are a key instrument in the global harmonization of corporate accounting. They are issued by the International Accounting Standards Committee (IASC), an international association established in London in 1973.

Impairment

The permanent loss in value on investments, assets or goodwill that is subsequently written off via the P&L statement.

Intangible assets

Non-physical assets other than goodwill such as patents, licenses, brands, trade names, business secrets (procedures), formulas, supply contracts and customer relationships.

Interest coverage

This ratio shows adjusted EBITDA or EBIT to either gross or net adjusted interest charges.

Net debt/GWh

This ratio is used to measure the efficiency of an electrical utility by comparing the level of debt involved to the amount of electricity produced p.a., which is measured in GWh and serves as a proxy for generation capacity.

Net profit

Net income attributable to shareholders, i.e. profit generated by the company less minority interests.

Primary operating balance

This ratio is calculated as excess revenue plus interest expense. It indicates the success of the operating performance in a single year.

Rating

A rating is an independent opinion with regard to the ability and willingness of an issuer to repay debt and interest in full without delay.

Self-financing ratio

Degree of self-financing divided by net investments. A self-financing ratio of 100% indicates that a canton was able to fully self-finance its net investments in one particular year. A ratio of < 100% indicates that a canton needs other internal or external financing sources.

Solvency

Solvency refers to the ability of an insurer to service debt. Among other factors, this depends on an adequate level of underwriting reserves, internal funds and the extent of reinsurance activities.

Solvency margin

Depending on the volume of business, the minimum amount of unused shareholder equity required by federal regulations. This serves to cover general business risks that the underwriting reserves cover only partially or not at all.

Total revenue (public sector)

Total revenues plus total cash inflows from divestments minus internal settlement minus cash inflows from special financing. This figure provides an indication for a sustainable operating revenue figure.

Total expenditure (public sector)

Total costs plus total cash outflows from investments minus depreciation, minus internal settlements, minus cash outflows from special financing. This figure provides an indication for a sustainable operating costs figure.

US GAAP

United States Generally Accepted Accounting Principles. These comprise Statements of Financial Accounting Standards (SFAS) issued by the Financial Accounting Standards Board (FASB).

Risk disclosure

Investors should consider this report as only a single factor in making their investment decision. For a discussion of the risks of investing in the securities mentioned in this report, please refer to the following Internet link:

<https://research.credit-suisse.com/riskdisclosure>

CS may not have taken any steps to ensure that the securities or financial instruments referred to in this report are suitable for any particular investor. CS will not treat recipients as its customers by virtue of their receiving the report. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is affected by changes in spot or forward interest and exchange rates, economic indicators, the financial standing of any issuer or reference issuer, etc., that may have a positive or adverse effect on the income from or price of such securities or financial instruments. By purchasing securities or financial instruments, you may incur a loss or a loss in excess of the principal as a result of fluctuations in market prices or other financial indices, etc. Investors in securities such as ADRs, the values of which are influenced by currency volatility, effectively assume this risk.

Commission rates for brokerage transactions will be as per the rates agreed between CS and the investor. For transactions conducted on a principal-to-principal basis between CS and the investor, the purchase or sale price will be the total consideration. Transactions conducted on a principal-to-principal basis, including over-the-counter derivative transactions, will be quoted as a purchase/bid price or sell/offer price, in which case a difference or spread may exist. Charges in relation to transactions will be agreed upon prior to transactions, in line with relevant laws and regulations. Please read the pre-contract documentation, etc., carefully for an explanation of risks and commissions, etc., of the relevant securities or financial instruments prior to purchase

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility, and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct their own investigation and analysis of the product and consult with their own professional advisers as to the risks involved in making such a purchase.

Some investments discussed in this report have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realized. Those losses may equal your original investment. Indeed, in the case of some investments the potential losses may exceed the amount of initial investment, in such circumstances you may be required to pay more money to support those losses. Income yields from investments may fluctuate and, in consequence, initial capital paid to make the investment may be used as part of that income yield. Some investments may not be readily realizable and it may be difficult to sell or realize those investments, similarly it may prove difficult for you to obtain reliable information about the value, or risks, to which such an investment is exposed. Please contact your Relationship Manager if you have any questions.

Disclosure appendix

Analyst certification

The analysts identified in this report hereby certify that views about the companies and their securities discussed in this report accurately reflect their personal views about all of the subject companies and securities. The analysts also certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Knowledge Process Outsourcing (KPO) Analysts mentioned in this report are employed by Credit Suisse Business Analytics (India) Private Limited.

Important disclosures

Credit Suisse policy is to publish research reports, as it deems appropriate, based on developments with the subject company, the sector or the market that may have a material impact on the research views or opinions stated herein. Credit Suisse policy is only to publish investment research that is impartial, independent, clear, fair and not misleading.

The Credit Suisse Code of Conduct to which all employees are obliged to adhere, is accessible via the website at:

https://www.credit-suisse.com/governance/doc/code_of_conduct_en.pdf

For more detail, please refer to the information on independence of financial research, which can be found at:

https://www.credit-suisse.com/legal/pb_research/independence_en.pdf

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse Investment Banking business.

Fundamental and/or long-term research reports are not regularly produced for (HOLCIM). The Global Research department reserves the right to terminate coverage at short notice. Please contact your Relationship Manager for the specific risks of investing in securities of these companies.

The analyst(s) and/or a member of the analyst's household hold a position in the securities of (NOBEL BIOCARE).

As at the end of the preceding month, Credit Suisse beneficially owned 1% or more of a class of common equity securities of (ABB, ADECCO, ARYZTA, BALOISE, BUCHER INDUSTRIES, CLARIANT, FLUGHAFEN ZUERICH, GALENICA, GEORG FISCHER, GIVAUDAN, HELVETIA, HOLCIM, LONZA, MEYER BURGER, NESTLE, PSP SWISS PROPERTY, RIETER, SGS, SIKA AG, SULZER, SWISS LIFE, SWISS PRIME SITE, SWISS RE, SWISSCOM, UBS, VALORA, ZURICH INSURANCE GROUP LTD).

For the following disclosures, references to Credit Suisse include all of the subsidiaries and affiliates of Credit Suisse AG, the Swiss bank, operating under its Investment Banking division.

The subject issuer (ABB, ADECCO, ALPIQ HOLDING AKTIENGESELLSCHAFT, ARYZTA, BALOISE, BUCHER INDUSTRIES, CLARIANT, FLUGHAFEN ZUERICH, GEORG FISCHER, GIVAUDAN, GLENCCORE XSTRATA PLC, HOLCIM, LINDT & SPRUENGLI PC, LONZA, MEYER BURGER, NESTLE, NOVARTIS, PSP SWISS PROPERTY, RIETER, ROCHE (GENUSSSCHEINE), SCHINDLER PC, SGS, SIKA AG, SULZER, SWISS LIFE, SWISS PRIME SITE, SWISS RE, SWISSCOM, SYNGENTA, UBS, ZURICH INSURANCE GROUP LTD) currently is, or was during the 12-month period preceding the date of distribution of this report, a client of Credit Suisse.

Credit Suisse provided investment banking services to the subject company (ABB, ADECCO, ALPIQ HOLDING AKTIENGESELLSCHAFT, ARYZTA, BALOISE, CLARIANT, FLUGHAFEN ZUERICH, GEORG FISCHER, GLENCCORE XSTRATA PLC, HOLCIM, LINDT & SPRUENGLI PC, LONZA, MEYER BURGER, NESTLE, NOVARTIS, PSP SWISS PROPERTY, RIETER, ROCHE (GENUSSSCHEINE), SCHINDLER PC, SGS, SIKA AG, SULZER, SWISS LIFE, SWISS PRIME SITE, SWISSCOM, SYNGENTA, ZURICH INSURANCE GROUP LTD) within the past 12 months.

Credit Suisse provided non-investment banking services, which may include Sales and Trading services, to the subject issuer (ABB, ADECCO, BALOISE, BUCHER INDUSTRIES, CLARIANT, GIVAUDAN, GLENCCORE XSTRATA PLC, HOLCIM, LONZA, NESTLE, RIETER, ROCHE (GENUSSSCHEINE), SCHINDLER PC, SULZER, SWISS LIFE, SWISS RE, SYNGENTA, UBS, ZURICH INSURANCE GROUP LTD) within the past 12 months.

Credit Suisse has managed or co-managed a public offering of securities for the subject issuer (ABB, ADECCO, ALPIQ HOLDING AKTIENGESELLSCHAFT, ARYZTA, BALOISE, CLARIANT, FLUGHAFEN ZUERICH, GIVAUDAN, GLENCCORE XSTRATA PLC, HELVETIA, HOLCIM, LONZA, MEYER BURGER, NESTLE, NOVARTIS, PSP SWISS PROPERTY, SCHINDLER PC, SGS, SULZER, SWISS LIFE, SWISS PRIME SITE, SWISS RE, SWISSCOM, SYNGENTA, ZURICH INSURANCE GROUP LTD) within the past three years.

Credit Suisse has managed or co-managed a public offering of securities for the subject issuer (ADECCO, ALPIQ HOLDING AKTIENGESELLSCHAFT, ARYZTA, BALOISE, FLUGHAFEN ZUERICH, LONZA, MEYER BURGER, NESTLE, NOVARTIS, PSP SWISS PROPERTY, SCHINDLER PC, SWISS LIFE, SWISS

PRIME SITE, SYNGENTA) within the past 12 months.

Credit Suisse has received investment banking related compensation from the subject issuer (ABB, ADECCO, ALPIQ HOLDING AKTIENGESELLSCHAFT, ARYZTA, BALOISE, FLUGHAFEN ZUERICH, GLENCCORE XSTRATA PLC, LINDT & SPRUENGLI PC, LONZA, MEYER BURGER, NESTLE, NOVARTIS, PSP SWISS PROPERTY, SCHINDLER PC, SWISS LIFE, SWISS PRIME SITE, SYNGENTA) within the past 12 months.

Credit Suisse has received compensation for products and services other than investment banking services from the subject issuer (ABB, ADECCO, BALOISE, BUCHER INDUSTRIES, CLARIANT, GIVAUDAN, GLENCCORE XSTRATA PLC, HOLCIM, LONZA, NESTLE, RIETER, ROCHE (GENUSSSCHEINE), SCHINDLER PC, SULZER, SWISS LIFE, SWISS RE, SYNGENTA, UBS, ZURICH INSURANCE GROUP LTD) within the past 12 months.

Credit Suisse expects to receive or intends to seek investment banking related compensation from the subject issuer (ABB, ADECCO, ALPIQ HOLDING AKTIENGESELLSCHAFT, ARYZTA, BALOISE, CLARIANT, FLUGHAFEN ZUERICH, GEORG FISCHER, GLENCCORE XSTRATA PLC, HELVETIA, HOLCIM, LINDT & SPRUENGLI PC, LONZA, MEYER BURGER, NESTLE, NOVARTIS, PSP SWISS PROPERTY, RIETER, ROCHE (GENUSSSCHEINE), SCHINDLER PC, SGS, SIKA AG, SULZER, SWISS LIFE, SWISS PRIME SITE, SWISSCOM, SYNGENTA, ZURICH INSURANCE GROUP LTD) within the next three months.

Credit Suisse holds a trading position in the subject issuer (ABB, ADECCO, AFG ARBONIA-FORSTER, ALPIQ HOLDING AKTIENGESELLSCHAFT, ARYZTA, BALOISE, BKW, BUCHER INDUSTRIES, CLARIANT, FLUGHAFEN ZUERICH, GALENICA, GEORG FISCHER, GIVAUDAN, GLENCCORE XSTRATA PLC, HELVETIA, HOLCIM, LINDT & SPRUENGLI PC, LONZA, MEYER BURGER, NESTLE, NOBEL BIOCARE, NOVARTIS, PSP SWISS PROPERTY, RIETER, ROCHE (GENUSSSCHEINE), SCHINDLER PC, SGS, SIKA AG, SULZER, SWISS LIFE, SWISS PRIME SITE, SWISS RE, SWISSCOM, SYNGENTA, UBS, VALORA, ZURICH INSURANCE GROUP LTD).

Mario Seris, an employee of Credit Suisse AG, is a Member of the Board of Directors of SWISS PRIME SITE. Markus Graf, an employee of Credit Suisse AG, is Chief Executive Officer of SWISS PRIME SITE. Peter Wullschlegler, an employee of Credit Suisse AG, is Chief Financial Officer of SWISS PRIME SITE and Secretary of the Board of Directors. Peter Lehmann, an employee of Credit Suisse AG, is Chief Investment Officer of SWISS PRIME SITE.

Additional disclosures for the following jurisdictions

United Kingdom: For fixed income disclosure information for clients of Credit Suisse (UK) Limited and Credit Suisse Securities (Europe) Limited, please call +41 44 333 33 99.

For further information, including disclosures with respect to any other issuers, please refer to the Credit Suisse Global Research Disclosure site at:

<https://www.credit-suisse.com/disclosure>

Guide to analysis

Corporate bond recommendations

The recommendations are based fundamentally on forecasts for total returns versus the respective benchmark on a 3–6 month horizon and are defined as follows:

BUY:	Expectation that the bond issue will be a top performer relative to its sector and rating class
HOLD:	Expectation that the bond issue will be an average performer relative to its sector and rating class
SELL:	Expectation that the bond issue will be a poor performer relative to its sector and rating class
RESTRICTED:	In certain circumstances, internal and external regulations exclude certain types of communications, including e.g. an investment recommendation during the course of Credit Suisse engagement in an investment banking transaction.

Credit ratings definition

The Swiss Institutional Credit Research of Private Banking division at Credit Suisse assigns ratings to investment-grade and sub-investment-grade issuers. Ratings are based on our assessment of a company's creditworthiness and are not recommendations to buy or sell a bond. The ratings scale (AAA, AA, A, BBB, BB and below) is dependent on our assessment of an issuer's ability and willingness to meet its financial commitments on a timely manner and in full.

AAA:	Best credit quality and lowest expectation of credit risks, including an exceptionally high capacity level with respect to debt servicing. This capacity is unlikely to be adversely affected by foreseeable events.
AA:	Obligor's capacity to meet its financial commitments is very strong
A:	Obligor's capacity to meet its financial commitments is strong
BBB:	Obligor's capacity to meet its financial commitments is adequate, but adverse economic / operating / financial circumstances are more likely to impact the capacity to meet its obligations
BB and below:	Interest and debt obligations have speculative characteristics and are subject to substantial credit risk due to adverse economic / operating /

financial circumstances resulting in inadequate capacity to service its obligations

For the AA, A, BBB, BB and below categories, creditworthiness is further detailed with a scale of High, Mid, or Low, with High being the strongest sub-category rating. An Outlook indicates the direction a rating is likely to move over a twelve to eighteen month period. Outlooks may be "positive", "stable" or "negative". A positive or negative Rating Outlook does not imply a rating change is inevitable. Similarly, ratings for which outlooks are stable could be upgraded or downgraded before an outlook moves to positive or negative if circumstances warrant such an action. A rating may also be "under review", indicating a potential rating action.

Global disclaimer / important information

For a discussion of the risks of investing in the securities mentioned in this report, please refer to the following Internet link:

<https://research.credit-suisse.com/riskdisclosure>

References in this report to Credit Suisse include subsidiaries and affiliates. For more information on our structure, please use the following link:

http://www.credit-suisse.com/who_we_are/en/

The information and opinions expressed in this report were produced by the Global Research department of the Private Banking division at Credit Suisse as of the date of writing and are subject to change without notice. Views expressed in respect of a particular security in this report may be different from, or inconsistent with, the observations and views of the Credit Suisse Research department of Investment Banking division due to the differences in evaluation criteria. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Credit Suisse AG, the Swiss bank, or its subsidiaries or its affiliates ("CS") to any registration or licensing requirement within such jurisdiction. All material presented in this report, unless specifically indicated otherwise, is under copyright to CS. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of CS. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of CS or its affiliates.

The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. CS does not offer advice on the tax consequences of investment and you are advised to contact an independent tax adviser. Please note in particular that the bases and levels of taxation may change.

CS believes the information and opinions in the Disclosure Appendix of this report are accurate and complete. Information and opinions presented in the other sections of the report were obtained or derived from sources CS believes are reliable, but CS makes no representations as to their accuracy or completeness. Additional information is available upon request. CS accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to CS. This report is not to be relied upon in substitution for the exercise of independent judgment. CS may have issued, and may in the future issue, a trading idea regarding this security. Trading ideas are short term trading opportunities based on market events and catalysts, while company recommendations reflect investment recommendations based on expected total return over a 6 to 12-month period as defined in the disclosure section. Because trading ideas and company recommendations reflect different assumptions and analytical methods, trading ideas may differ from the company recommendations. In addition, CS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and CS is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report. CS is involved in many businesses that relate to companies mentioned in this report. These businesses include specialized trading, risk arbitrage, market making, and other proprietary trading.

Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by CS and are subject to change without notice. This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of CS, CS has not reviewed the linked site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to CS's own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through this report or CS's website shall be at your own risk.

Distribution of research reports

Except as otherwise specified herein, this report is distributed by Credit Suisse AG, a Swiss bank, authorized and regulated by the Swiss Financial Market Supervisory Authority. **Australia:** This report is distributed in Australia by Credit Suisse AG, Sydney Branch (CSSB) (ABN 17 061 700 712 AFSL 226896) only to "Wholesale" clients as defined by s761G of the Corporations Act 2001. CSSB does not guarantee the performance of, nor make any assurances with respect to the performance of any financial product referred herein. **Bahamas:** This report was prepared by Credit Suisse AG, the Swiss bank, and is distributed on behalf of Credit Suisse AG, Nassau Branch, a branch of the Swiss bank, registered as a broker-dealer by the Securities Commission of the Bahamas. **Bahrain:** This report is distributed by Credit Suisse AG, Bahrain Branch, authorized and regulated by the Central Bank of Bahrain (CBB) as an Investment Firm Category 2. **Brazil:** Any information contained herein does not constitute a public offer of securities in Brazil and securities mentioned herein may not be registered with the Securities Commission of Brazil (CVM). **Dubai:** This information is distributed by Credit Suisse AG, Dubai Branch, duly licensed and regulated by the Dubai Financial Services Authority (DFSA). Related financial products or services are only available to wholesale customers with liquid assets of over USD 1 million who have sufficient financial experience and understanding to participate in financial markets in a wholesale jurisdiction and satisfy the regulatory criteria to be a client. **France:** This report is distributed by Credit Suisse (France), authorized by the Autorité de Contrôle Prudentiel (ACP) as an investment service provider. Credit Suisse (France) is supervised and regulated by the Autorité de Contrôle Prudentiel and the Autorité des Marchés Financiers. **Germany:** Credit Suisse (Deutschland) AG, authorized and regulated by the Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin), disseminates research to its clients that has been prepared by one of its affiliates. **Gibraltar:** This report is distributed by Credit Suisse (Gibraltar) Limited. Credit Suisse (Gibraltar) Limited is an independent legal entity wholly owned by Credit Suisse and is regulated by the Gibraltar Financial Services Commission. **Guernsey:** This report is distributed by Credit Suisse (Channel Islands) Limited, an independent legal entity registered in Guernsey under 15197, with its registered address at Helvetia Court, Les Echelons, South Esplanade, St Peter Port, Guernsey. Credit Suisse (Channel Islands) Limited is wholly owned by Credit Suisse AG and is regulated by the Guernsey Financial Services Commission. Copies of the latest audited accounts are available on request. **India:** This report is distributed by Credit Suisse Securities (India) Private Limited ("Credit Suisse India"), regulated by the Securities and Exchange Board of India (SEBI) under SEBI registration Nos. INB230970637; INF230970637; INB010970631; INF010970631, with its registered address at 9th Floor, Ceejay House, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400 018, India, Tel. +91-22 6777 3777. **Italy:** This report is distributed in Italy by Credit Suisse (Italy) S.p.A., a bank incorporated and registered under Italian law subject to the supervision and control of Banca d'Italia and CONSOB, and also distributed by Credit Suisse AG, a Swiss bank authorized to provide banking and financial services in Italy. **Japan:** This report is solely distributed in Japan by Credit Suisse Securities (Japan) Limited, Financial Instruments Dealer, Director-General of Kanto Local Finance Bureau (Kinsho) No. 66, a member of the Japan Securities Dealers Association, Financial Futures Association of Japan, Japan Investment Advisers Association, and Type II Financial Instruments Firms Association. Credit Suisse Securities (Japan) Limited will not distribute or forward this report outside Japan. **Jersey:** This report is distributed by Credit Suisse (Channel Islands) Limited, Jersey Branch, which is regulated by the Jersey Financial Services Commission. The business address of Credit Suisse (Channel Islands) Limited, Jersey Branch, in Jersey is: TradeWind House, 22 Esplanade, St Helier, Jersey JE2 3QA. **Luxembourg:** This report is distributed by Credit Suisse (Luxembourg) S.A., a Luxembourg bank, authorized and regulated by the Commission de Surveillance du Secteur Financier (CSSF). **Mexico:** The information contained herein does not constitute a public offer of securities as defined in the Mexican Securities Law. This report will not be advertised in any mass media in Mexico. This report does not contain any advertisement regarding intermediation or providing of banking or investment advisory services in Mexico or to Mexican citizens. **Qatar:** This information has been distributed by Credit Suisse Financial Services (Qatar) L.L.C., which has been authorized and is regulated by the Qatar Financial Centre Regulatory Authority (QFCRA) under QFC No. 00005. All related financial products or services will only be available to Business Customers or Market Counterparties (as defined by the Qatar Financial Centre Regulatory Authority (QFCRA)), including individuals, who have opted to be classified as a Business Customer, with liquid assets in excess of USD 1 million, and who have sufficient financial knowledge, experience and understanding to participate in such products and/or services. **Russia:** The research contained in this report does not constitute any sort of advertisement or promotion for specific securities, or related financial instruments. This research report does not represent a valuation in the meaning of the Federal Law On Valuation Activities in the Russian Federation and is produced using Credit Suisse valuation models and methodology. **Singapore:** This report has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (each as defined under the Financial Advisers Regulations) only, and is also distributed by Credit Suisse AG, Singapore Branch to overseas investors (as defined under the Financial Advisers Regulations). By virtue of your status as an institutional investor, accredited investor, expert investor or overseas investor, Credit Suisse AG, Singapore Branch is exempted from complying with certain compliance requirements under the Financial Advisers Act, Chapter 110 of Singapore (the "FAA"), the Financial Advisers Regulations and the relevant Notices and Guidelines issued

thereunder, in respect of any financial advisory service which Credit Suisse AG, Singapore branch may provide to you. **Spain:** This report is distributed in Spain by Credit Suisse AG, Sucursal en España, authorized under number 1460 in the Register by the Banco de España. **Thailand:** This report is distributed by Credit Suisse Securities (Thailand) Limited, regulated by the Office of the Securities and Exchange Commission, Thailand, with its registered address at 990 Abdulrahim Place Building, 27/F, Rama IV Road, Silom, Bangrak, Bangkok Tel. 0-2614-6000. **United Kingdom:** This report is issued by Credit Suisse (UK) Limited and Credit Suisse Securities (Europe) Limited. Credit Suisse Securities (Europe) Limited and Credit Suisse (UK) Limited, both authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, are associated but independent legal entities within Credit Suisse. The protections made available by the Financial Conduct Authority and/or the Prudential Regulation Authority for retail clients do not apply to investments or services provided by a person outside the UK, nor will the Financial Services Compensation Scheme be available if the issuer of the investment fails to meet its obligations.

UNITED STATES: NEITHER THIS REPORT NOR ANY COPY THEREOF MAY BE SENT, TAKEN INTO OR DISTRIBUTED IN THE UNITED STATES OR TO ANY US PERSON.

Local law or regulation may restrict the distribution of research reports into certain jurisdictions.

This report may not be reproduced either in whole or in part, without the written permission of Credit Suisse. Copyright © 2013 Credit Suisse Group AG and/or its affiliates. All rights reserved.

13C023A-SICR

