

ExxonMobil Corporation (XOM)

Rating	NEUTRAL*
Price (06 Mar 13, US\$)	89.56
Target price (US\$)	90.00 [†]
52-week price range	93.48 - 77.60
Market cap. (US\$ m)	401,269.07
Enterprise value (US\$ m)	410,869.62

*Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.

[†]Target price is for 12 months.

Research Analysts

Edward Westlake
212 325 6751
edward.westlake@credit-suisse.com

Rakesh Advani, CFA
212 538 5084
rakesh.advani@credit-suisse.com

Scott Willis
212 325 2664
scott.willis@credit-suisse.com

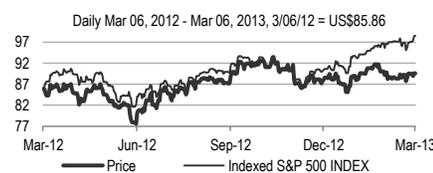
FORECAST REDUCTION

Doing the Right Things, But...

Bottom Line: XOM laid out a sensible strategy update – (1) execute on long lived liquid focused projects to drive 2-3% production growth (from a lowered 2013 base through 2017) with higher margins, (2) focus on closing the net income/bbl gap with industry leader CVX (perhaps through more assertive disposals which incidentally would help support the XOM buyback), (3) pursue some incremental projects in the 2017-2020 timeframe (Gulf of Mexico, Romanian offshore gas, Hebron, PNG LNG train, (4) progress the R&D required to drive harder in shale (5) work hard on the basin opening exploration which could drive growth options beyond 2020 (e.g. the Arctic, NAM LNG), (6) while all the time, making sure the gating for new projects is robust to maintain returns. Sensible stuff (including a world class downstream business). The challenge is that, for a period, well positioned shale companies could be better investment alternatives while among the lower beta Majors, XOM's production per share and dividend could lag. As a result of XOM's production outlook, we are lowering near term EPS (see Exhibit 14).

- **And If Organic Exploration Does Not Work Out:** XOM has the balance sheet to consolidate more North American shale, adding value via its upstream technology, infrastructure, and refining/chemicals integration.
- **Incremental Datapoints:** Within the slides, XOM has built a huge 180mm acre position in the Russian Arctic (first well in 2014), is positive on western Black Sea gas potential and the US GoM, XOM raised the Woodford Ardmore resources from 600MBOE to >1.5Bn BOE.
- **Valuation:** We believe a decent part of XOM's multiple premium is justified in absolute terms but leaves XOM shares with less relative upside vs peers.

Share price performance



On 03/06/13 the S&P 500 INDEX closed at 1541.46

Quarterly EPS	Q1	Q2	Q3	Q4
2012A	1.93	1.81	2.05	1.95
2013E	2.09	2.17	1.96	2.07
2014E	2.30	2.24	2.11	2.07

Financial and valuation metrics

Year	12/12A	12/13E	12/14E	12/15E
Revenue (US\$ m)	929.5	957.8	987.0	—
EBIDAX (US\$ m)	46,162.6	57,232.0	59,042.8	—
EPS (CS adj.) (US\$)	7.74	8.30	8.72	—
Prev. EPS (US\$)	—	8.59	9.12	—
ROGIC (%)	18.2	20.1	18.7	—
P/E (x)	11.6	10.8	10.3	—
P/E rel. (%)	78.4	78.6	83.4	—
OCFPS (US\$)	10.17	11.90	13.14	—
P/OCF (x)	8.5	7.5	6.8	—
Qtrly ent. val./tot. EBIDAX	5.2	4.6	4.4	—
Net debt (US\$ m)	1,700	9,601	11,394	—
Dividend (current, US\$)	2.4	—	—	0.65
Net debt current qtr (US\$ m)	5,058.5	—	—	2.9
BV/share (Next Qtr., US\$)	84.5	—	—	193,994.6
EV qtr/GIC (x)	2.3	—	—	—
Free float (%)	—	—	—	4,480.45

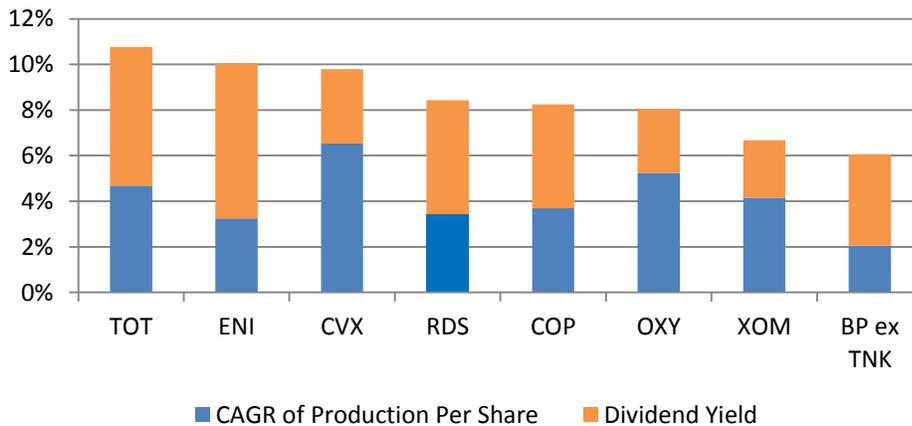
Source: Company data, Credit Suisse estimates.

DISCLOSURE APPENDIX CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, INFORMATION ON TRADE ALERTS, ANALYST MODEL PORTFOLIOS AND THE STATUS OF NON-U.S ANALYSTS. FOR OTHER IMPORTANT DISCLOSURES, visit www.credit-suisse.com/researchdisclosures or call +1 (877) 291-2683 US Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Doing the Right Things

XOM's capital spend, which despite being \$38bn absolute is lower than peers on a per unit basis, should drive some growth from 2013-2017 with higher cash margins than current production. XOM will likely continue to buy back stock to boost production per share metrics and may be more assertive on disposals to boost upstream net income per BOE (albeit this will affect absolute production outcomes). In the meantime, XOM is working hard in shale and global exploration to create an acceptable risk/return on the next wave of growth beyond 2020 (we are comfortable that recent project announcements e.g. Hebron, Romania offshore gas, shale can yield 2-3% growth to 2020, before disposals). The challenge is that for a period, well positioned shale companies could be better investment alternatives while among the lower beta Majors, XOM's production per share and dividend could lag.

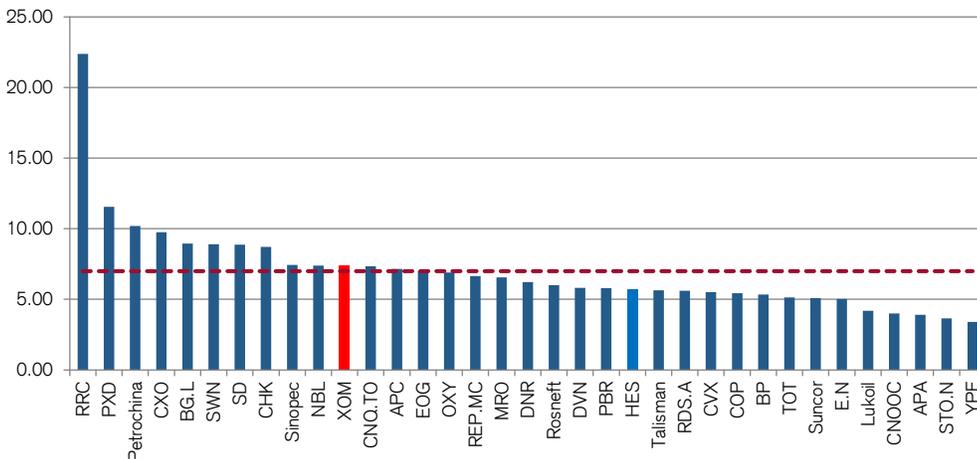
Exhibit 1: CAGR of Production Per Share 2012-2017 Plus Dividend Yield



Source: Company data, Credit Suisse estimates, Factset

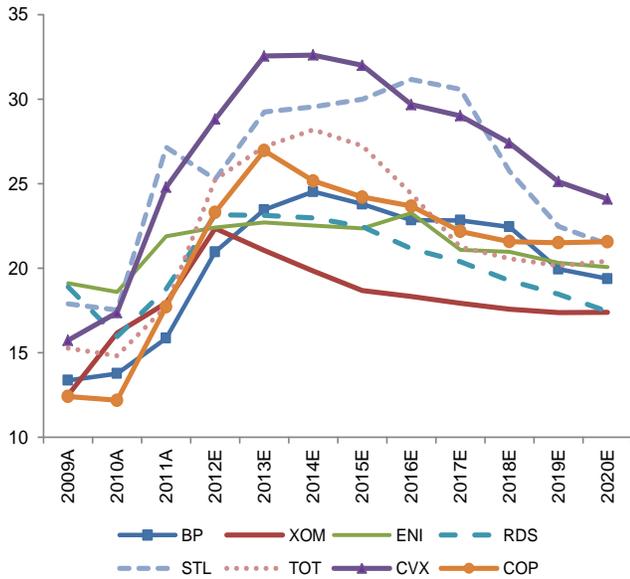
We believe XOM's multiple is partially justified by downstream/chemical free cash generation (at least 0.5x EV/CF), partially by superior upstream project execution (as witnessed by capex per barrel) and by XOM's pristine balance sheet. That said XOM shares are trading 2 multiple points above the other IOCs who should grow slightly faster with a superior dividend yield and a slight premium to select E&P's which should grow a lot faster.

Exhibit 2: 2012 EV/CF (HES Shown Proforma For Disposal Proceeds and Associated Cashflow)



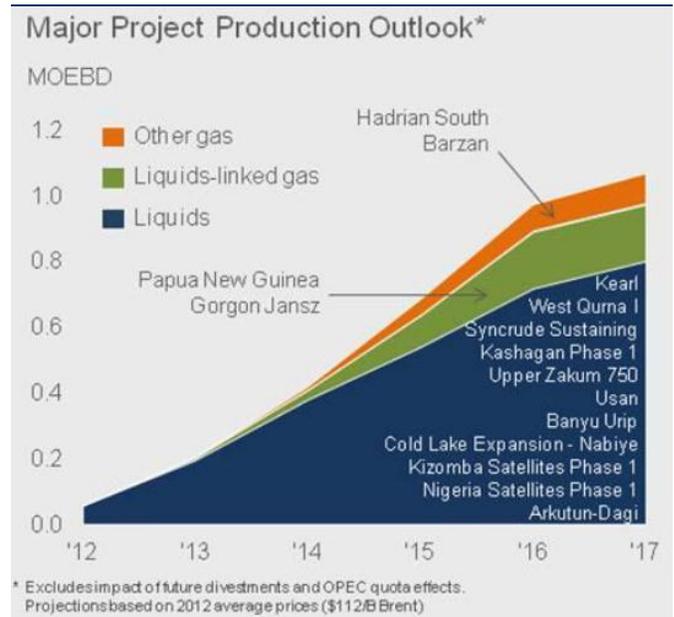
Source: Company data, Credit Suisse estimates, Bloomberg

Exhibit 3: Capex Per Barrel (XOM spending less per bbl, CVX/STL the most)



Source: Company data, Credit Suisse estimates

Exhibit 4: XOM's Large Projects Accelerate in 2013+

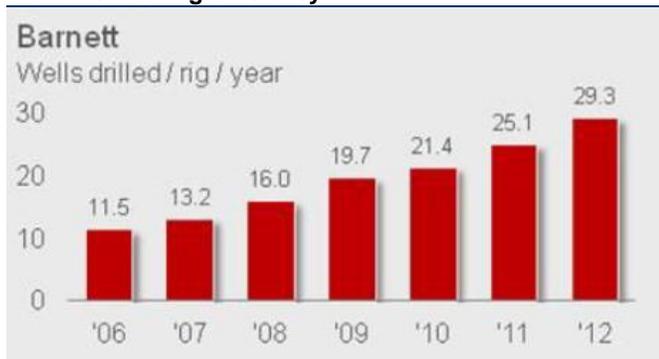


Source: XOM 2013 Analyst Day

Incremental Operational Datapoints

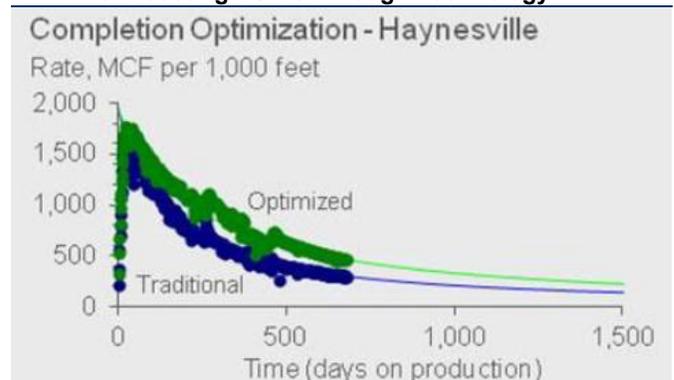
- XOM is allowing US gas production to decline faster than we expected, accounting for much of the shortfall in 2013 volumes.
- Within shale, XOM was positive on the Woodford Ardmore (NGL/gas), on the Bakken (crude), on the Duvernay (Eagle Ford style play with a transition window).
- Rig efficiency and shale type curves are still rising, even in the more mature shale plays such as the Bakken and Haynesville.

Exhibit 5: Drilling Efficiency



Source: XOM 2013 Analyst Day

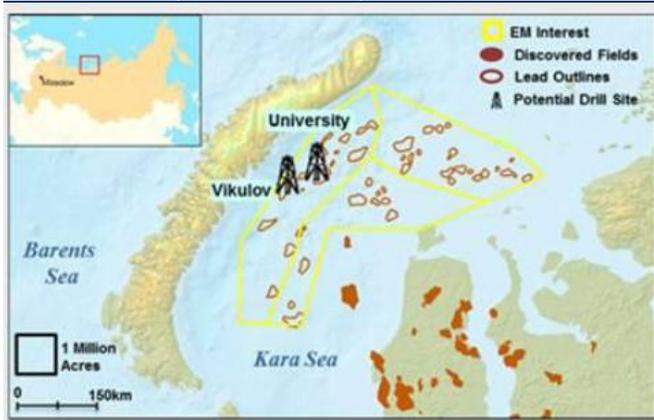
Exhibit 6: Boosting EUR's Through Technology



Source: XOM 2013 Analyst Day

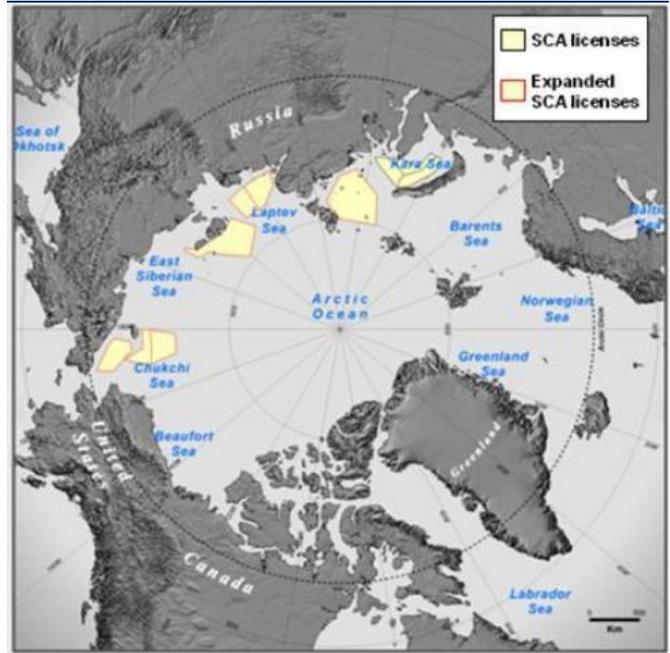
- XOM highlighted the large acreage position built up in the Russian Arctic (180 million acres or 6x the entire Gulf of Mexico). XOM will drill the first well in 2014.

Exhibit 7: University Well in Russia's Kara Sea to be Drilled in 2014 (31 million acres)



Source: XOM 2013 Analyst Day

Exhibit 8: Additional 150 million acres of Russian Arctic to study



Source: XOM 2013 Analyst Day

- XOM are encouraged by their success in the Domino well in the Romanian Black Sea (high value gas) and will drill further wells in 2013 plus test the Tuapse shelf (2014)

Exhibit 9: Romania and Russia Offshore



Source: XOM 2013 Analyst Day

- Although there was not much commentary overall in the presentation, on the international shale side, XOM will test Russia (Bazhenov shale) over time and is excited by Colombia/Argentina assuming above ground terms can be agreed.

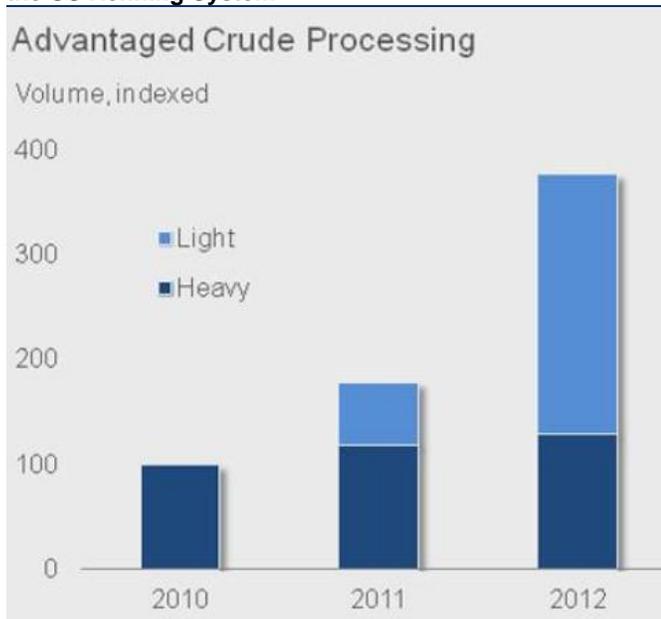
Exhibit 10: Longer Term Growth Options Create a Robust Portfolio For XOM's Project Gating Choices



Source: XOM 2013 Analyst Day

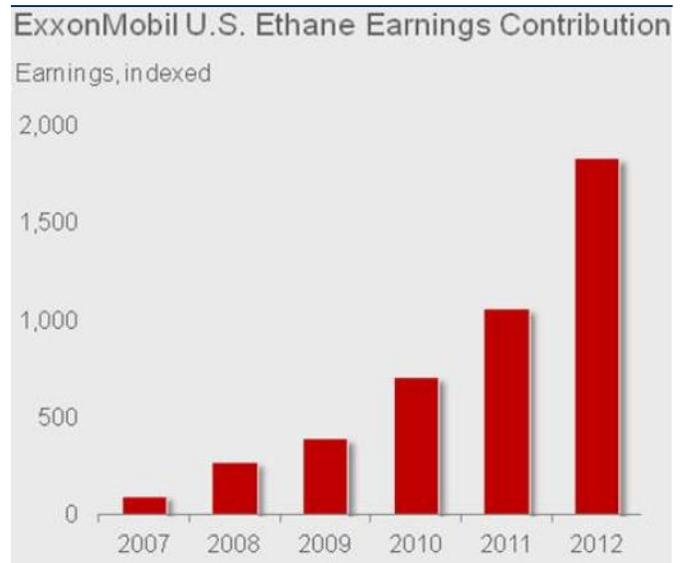
- In the downstream, XOM is capturing advantaged crudes in its domestic refining system (with good earnings as a result) and is well placed to grow chemicals. Beyond these market advantages, the synthetic lube market continues to grow, premium chemical product earnings have tripled over the decade (XOM technology) and XOM should bring on a new chemical cracker to make premium products for the Americas market in 2016/17.

Exhibit 11: Increasing Volumes of Advantaged Crudes In the US Refining System



Source: XOM 2013 Analyst Day

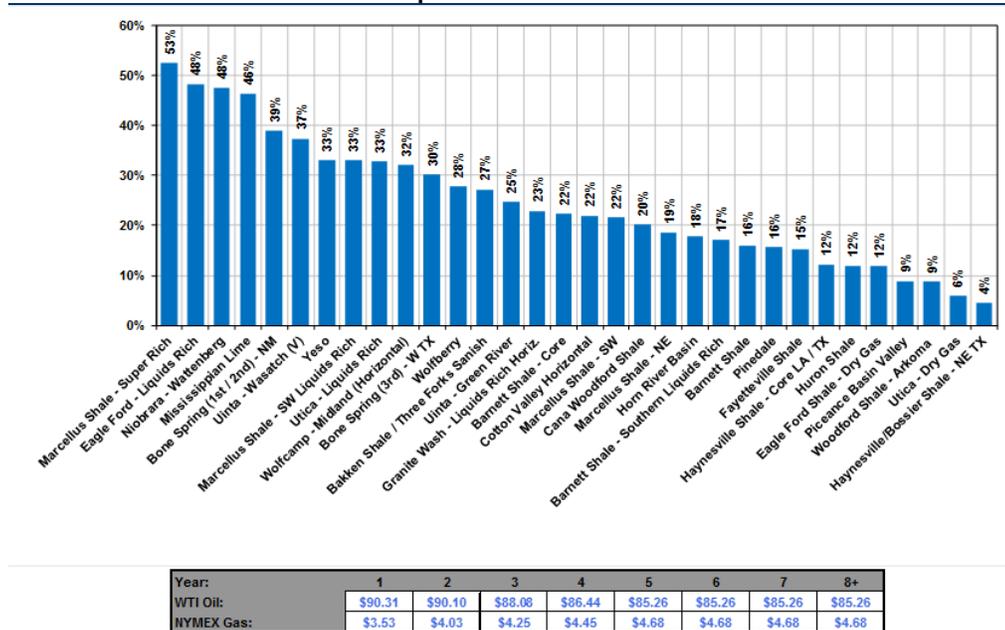
Exhibit 12: Capturing Ethane Value in US Chemicals



Source: XOM 2013 Analyst Day

- Overall, XOM's broad portfolio should generate a decent return (and is not overly concentrated). Aside from the slight valuation premium, the main challenge is that well positioned shale players (e.g. Eagle Ford, Wattenberg, Permian) can deliver an even higher return and are devoting a greater share of capex into advantaged shales.

Exhibit 13: US Shale IRRs at the Strip



Source: Company data, Credit Suisse estimates, Bloomberg

Changes to EPS

As a result of XOM's production outlook, we are lowering near term EPS. There are limited changes to our 2017 production forecasts and 2018-2020 rise a little.

Exhibit 14: Modest Changes to EPS on Production Guidance

EPS	2011	2012A	2013E	2014E
Old	8.03	7.74	8.59	9.12
New	8.03	7.74	8.30	8.72
Change	0.0%	0.0%	-3.4%	-4.4%
Consensus		7.74	7.90	8.31
CS versus Consensus		0.0%	5.1%	4.9%

Source: Company data, Credit Suisse estimates, Bloomberg

Companies Mentioned (Price as of 06-Mar-2013)

China Petroleum & Chemical Corporation - H (0386.HK, HK\$9.0)
PetroChina (0857.HK, HK\$10.66)
CNOOC Ltd (0883.HK, HK\$14.66)
Apache Corp. (APA.N, \$73.55)
Anadarko Petroleum Corp. (APC.N, \$81.74)
BG Group plc (BG.L, 1162.5p)
BP (BP.N, \$40.71)
Chesapeake Energy Corp. (CHK.N, \$19.74)
Canadian Natural Resources Limited (CNQ.TO, C\$31.16)
ConocoPhillips (COP.N, \$58.0)
Chevron Corp. (CVX.N, \$118.47)
CONCHO RESOURCES, INC. (CXO.N, \$87.93)
Denbury Resources (DNR.N, \$17.84)
Devon Energy Corp (DVN.N, \$54.32)
ENI (E.N, \$46.66)
EOG Resources (EOG.N, \$125.6)
LUKOIL (LKOH.MM, Rbl1992.1)
Marathon Oil Corp (MRO.N, \$32.75)
Noble Energy (NBL.N, \$109.92)
Occidental Petroleum (OXY.N, \$81.89)
Petrobras (PBR.N, \$16.68)
Pioneer Natural Resources (PXD.N, \$125.11)
Royal Dutch Shell plc (RDSA.L, 2205.0p)
Repsol (REP.MC, €16.9)
Rosneft (ROSN.MM, Rbl247.8)
Range Resources (RRC.N, \$77.63)
SandRidge Energy, Inc. (SD.N, \$5.74)
Statoil (STO.N, \$24.9)
Suncor Energy (SU.TO, C\$31.28)
Southwestern Energy Co. (SWN.N, \$36.23)
Talisman Energy Inc. (TLM.N, \$12.25)
Total (TOT.N, \$51.08)
ExxonMobil Corporation (XOM.N, \$89.56, NEUTRAL, TP \$90.0)
YPF Sociedad Anonima (YPF.N, \$14.68)

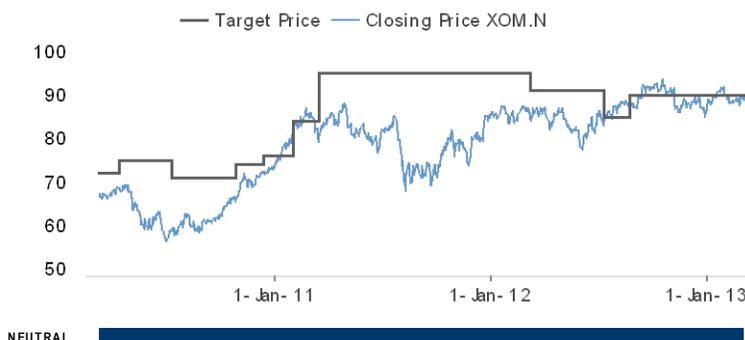
Disclosure Appendix

Important Global Disclosures

I, Edward Westlake, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Price and Rating History for ExxonMobil Corporation (XOM.N)

XOM.N	Closing Price	Target Price	Rating
Date	(US\$)	(US\$)	
11-Mar-10	67.22	72.00	N
14-Apr-10	68.61	75.00	*
12-Jul-10	58.94	71.00	
28-Oct-10	66.22	74.00	
14-Dec-10	72.18	76.00	
01-Feb-11	83.91	84.00	
17-Mar-11	81.16	95.00	
09-Mar-12	84.30	91.00	
11-Jul-12	84.38	85.00	
23-Aug-12	87.31	90.00	



* Asterisk signifies initiation or assumption of coverage.

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's investment banking activities

As of December 10, 2012 Analysts' stock rating are defined as follows:

- Outperform (O)** : The stock's total return is expected to outperform the relevant benchmark* over the next 12 months.
- Neutral (N)** : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.
- Underperform (U)** : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

**Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin American and non-Japan Asia stocks, ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark; Australia, New Zealand are, and prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, 12-month rolling yield is incorporated in the absolute total return calculation and a 15% and a 7.5% threshold replace the 10-15% level in the Outperform and Underperform stock rating definitions, respectively. The 15% and 7.5% thresholds replace the +10-15% and -10-15% levels in the Neutral stock rating definition, respectively. Prior to 10th December 2012, Japanese ratings were based on a stock's total return relative to the average total return of the relevant country or regional benchmark.*

Restricted (R) : In certain circumstances, Credit Suisse policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Credit Suisse's engagement in an investment banking transaction and in certain other circumstances.

Volatility Indicator [V] : A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

Analysts' sector weightings are distinct from analysts' stock ratings and are based on the analyst's expectations for the fundamentals and/or valuation of the sector* relative to the group's historic fundamentals and/or valuation:

Overweight : The analyst's expectation for the sector's fundamentals and/or valuation is favorable over the next 12 months.

Market Weight : The analyst's expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.

Underweight : The analyst's expectation for the sector's fundamentals and/or valuation is cautious over the next 12 months.

**An analyst's coverage sector consists of all companies covered by the analyst within the relevant sector. An analyst may cover multiple sectors.*

Credit Suisse's distribution of stock ratings (and banking clients) is:

Global Ratings Distribution

Rating	Versus universe (%)	Of which banking clients (%)
Outperform/Buy*	43%	(54% banking clients)
Neutral/Hold*	38%	(47% banking clients)
Underperform/Sell*	16%	(39% banking clients)
Restricted	3%	

**For purposes of the NYSE and NASD ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.*

Credit Suisse's policy is to update 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's policy is only to publish investment research that is impartial, independent, clear, fair and not misleading. For more detail please refer to Credit Suisse's Policies for Managing Conflicts of Interest in connection with Investment Research: http://www.csfb.com/research_and_analytics/disclaimer/managing_conflicts_disclaimer.html

Credit Suisse does not provide any tax advice. Any statement herein regarding any US federal tax is not intended or written to be used, and cannot be used, by any taxpayer for the purposes of avoiding any penalties.

Price Target: (12 months) for ExxonMobil Corporation (XOM.N)

Method: Our \$90 target price for XOM is based on the EVA (Economic Value Added) discounted cash flows method using expected long-term returns on gross invested capital. Our primary long-term assumptions are: \$90/bbl oil price, \$6.50/mcf gas price, and a \$7.50/bbl Gulf Coast refining margins. Our \$90 price target implies a 2012E EV/EBIDAX (enterprise value/earnings before interest, depreciation, amortization and exploration) of 8.1x, which is above the peer group.

Risk: Risks to XOM's \$90 target price include: short-term: commodities volatility; emerging market political tensions; long-term: returns; oil & natural gas prices; and refining margins. As XOM is the largest private oil company in the world with diversified operations both geographically and across various segments of energy, limited growth is a risk, based on its size.

Please refer to the firm's disclosure website at www.credit-suisse.com/researchdisclosures for the definitions of abbreviations typically used in the target price method and risk sections.

See the Companies Mentioned section for full company names

The subject company (XOM.N, CXO.N, NBL.N, SU.TO, 0386.HK, 0883.HK, RRC.N, BP.N, EOG.N, DNR.N, OXY.N, REP.MC, APC.N, BG.L, DVN.N, ROSN.MM, 0857.HK, E.N, PXD.N, CNQ.TO, CVX.N, PBR.N, STO.N, CHK.N, COP.N, MRO.N, RDSa.L, SD.N, TLM.N, TOT.N) 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 (XOM.N, CXO.N, NBL.N, 0386.HK, 0883.HK, RRC.N, BP.N, EOG.N, DNR.N, APC.N, DVN.N, ROSN.MM, E.N, PXD.N, CVX.N, PBR.N, STO.N, CHK.N, COP.N, SD.N, TLM.N, TOT.N) within the past 12 months.

Credit Suisse provided non-investment banking services to the subject company (XOM.N, CXO.N, NBL.N, SU.TO, RRC.N, BP.N, EOG.N, DNR.N, REP.MC, APC.N, DVN.N, PXD.N, CNQ.TO, CHK.N, COP.N, MRO.N, RDSa.L, SD.N, TLM.N) within the past 12 months

Credit Suisse has managed or co-managed a public offering of securities for the subject company (0883.HK, RRC.N, BP.N, EOG.N, DNR.N, DVN.N, ROSN.MM, E.N, PXD.N, STO.N, COP.N, SD.N, TLM.N) within the past 12 months.

Credit Suisse has received investment banking related compensation from the subject company (XOM.N, CXO.N, NBL.N, 0386.HK, 0883.HK, RRC.N, BP.N, EOG.N, DNR.N, APC.N, DVN.N, ROSN.MM, E.N, PXD.N, CVX.N, PBR.N, STO.N, CHK.N, COP.N, SD.N, TLM.N, TOT.N) within the past 12 months

Credit Suisse expects to receive or intends to seek investment banking related compensation from the subject company (XOM.N, CXO.N, NBL.N, 0386.HK, 0883.HK, RRC.N, BP.N, EOG.N, DNR.N, OXY.N, APC.N, BG.L, DVN.N, ROSN.MM, 0857.HK, E.N, PXD.N, CVX.N, PBR.N, STO.N, APA.N, CHK.N, COP.N, MRO.N, SD.N, TLM.N, TOT.N) within the next 3 months.

Credit Suisse has received compensation for products and services other than investment banking services from the subject company (XOM.N, CXO.N, NBL.N, SU.TO, RRC.N, BP.N, EOG.N, DNR.N, REP.MC, APC.N, DVN.N, PXD.N, CNQ.TO, CHK.N, COP.N, MRO.N, RDSa.L, SD.N, TLM.N) within the past 12 months

As of the date of this report, Credit Suisse makes a market in the following subject companies (XOM.N, CXO.N, NBL.N, RRC.N, BP.N, EOG.N, DNR.N, OXY.N, SWN.N, APC.N, DVN.N, YPF.N, E.N, PXD.N, CVX.N, PBR.N, STO.N, APA.N, CHK.N, COP.N, MRO.N, SD.N, TLM.N, TOT.N).

As of the end of the preceding month, Credit Suisse beneficially own 1% or more of a class of common equity securities of (0386.HK, BG.L, 0857.HK, CHK.N).

Credit Suisse has a material conflict of interest with the subject company (SU.TO). A Credit Suisse analyst involved in the preparation of this report has a long position in the common stock of SU.TO.

Credit Suisse has a material conflict of interest with the subject company (0386.HK). Credit Suisse is acting as financial advisor to both CNOOC Ltd. and SINOPEC on the acquisition of Marathon Oil Corporation's 20% interest in Block 32, offshore Angola.

Credit Suisse has a material conflict of interest with the subject company (0883.HK). Credit Suisse is acting as financial advisor to both CNOOC Ltd. and SINOPEC on the acquisition of Marathon Oil Corporation's 20% interest in Block 32, offshore Angola.

Credit Suisse has a material conflict of interest with the subject company (0857.HK). Any Nielsen Media Research material contained in this report represents Nielsen Media Research's estimates and does not represent facts. NMR has neither reviewed nor approved this report and/or any of the statements made herein.

Credit Suisse has a material conflict of interest with the subject company (CNQ.TO). A Credit Suisse analyst involved in the preparation of this report has a long position in the common stock of CNQ.TO.

Credit Suisse has a material conflict of interest with the subject company (TLM.N). A Credit Suisse analyst involved in the preparation of this report has a long position in the common stock of TLM.

Important Regional Disclosures

Singapore recipients should contact Credit Suisse AG, Singapore Branch for any matters arising from this research report.

The analyst(s) involved in the preparation of this report have not visited the material operations of the subject company (XOM.N, CXO.N, NBL.N, 0386.HK, 0883.HK, RRC.N, BP.N, EOG.N, DNR.N, OXY.N, SWN.N, REP.MC, APC.N, BG.L, DVN.N, ROSN.MM, 0857.HK, YPF.N, E.N, LKOH.MM, PXD.N, CVX.N, PBR.N, STO.N, APA.N, CHK.N, COP.N, MRO.N, RDSa.L, SD.N, TOT.N) within the past 12 months

An analyst involved in the preparation of this report has visited certain material operations of the subject company (SU.TO, CNQ.TO, TLM.N) within the past 12 months

The travel expenses of the analyst in connection with such visits were not paid or reimbursed by the subject company, other than de minimus local travel expenses.

Restrictions on certain Canadian securities are indicated by the following abbreviations: NVS--Non-Voting shares; RVS--Restricted Voting Shares; SVS--Subordinate Voting Shares.

Individuals receiving this report from a Canadian investment dealer that is not affiliated with Credit Suisse should be advised that this report may not contain regulatory disclosures the non-affiliated Canadian investment dealer would be required to make if this were its own report.

For Credit Suisse Securities (Canada), Inc.'s policies and procedures regarding the dissemination of equity research, please visit http://www.csfb.com/legal_terms/canada_research_policy.shtml.

The following disclosed European company/ies have estimates that comply with IFRS: (XOM.N, REP.MC, BG.L, ROSN.MM, LKOH.MM, RDSa.L).

As of the date of this report, Credit Suisse acts as a market maker or liquidity provider in the equities securities that are the subject of this report.

Principal is not guaranteed in the case of equities because equity prices are variable.

Commission is the commission rate or the amount agreed with a customer when setting up an account or at any time after that.

For Credit Suisse disclosure information on other companies mentioned in this report, please visit the website at www.credit-suisse.com/researchdisclosures or call +1 (877) 291-2683.

References in this report to Credit Suisse include all of the subsidiaries and affiliates of Credit Suisse operating under its investment banking division. For more information on our structure, please use the following link: https://www.credit-suisse.com/who_we_are/en/. This report may contain material that 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 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 may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. CS will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and 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. CS does not advise on the tax consequences of investments and you are advised to contact an independent tax adviser. Please note in particular that the bases and levels of taxation may change. Information and opinions presented in this report have been obtained or derived from sources believed by CS to be reliable, but CS makes no representation as to their accuracy or completeness. 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 such 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, other communications that are inconsistent with, and reach different conclusions from, the information presented in this report. Those communications 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 communications are brought to the attention of any recipient of this report. CS may, to the extent permitted by law, participate or invest in financing transactions with the issuer(s) of the securities referred to in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. CS may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment. Additional information is, subject to duties of confidentiality, available on request. Some investments referred to in this report will be offered solely by a single entity and in the case of some investments solely by CS, or an associate of CS or CS may be the only market maker in such investments. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. 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. 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 subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADRs, the values of which are influenced by currency volatility, effectively assume this risk. 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 may have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realised. Those losses may equal your original investment. Indeed, in the case of some investments the potential losses may exceed the amount of initial investment and, 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 realisable and it may be difficult to sell or realise 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. 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 any such 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 any such website 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. This report is issued and distributed in Europe (except Switzerland) by Credit Suisse Securities (Europe) Limited, One Cabot Square, London E14 4QJ, England, which is regulated in the United Kingdom by The Financial Services Authority ("FSA"). This report is being distributed in Germany by Credit Suisse Securities (Europe) This report is being distributed in the United States and Canada by Credit Suisse Securities (USA) LLC; in Switzerland by Credit Suisse AG; in Brazil by Banco de Investimentos Credit Suisse (Brasil) S.A or its affiliates; in Mexico by Banco Credit Suisse (México), S.A. (transactions related to the securities mentioned in this report will only be effected in compliance with applicable regulation); in Japan by Credit Suisse Securities (Japan) Limited, Financial Instruments Firm, Director-General of Kanto Local Finance Bureau (*Kinsho*) No. 66, a member of Japan Securities Dealers Association, The Financial Futures Association of Japan, Japan Investment Advisers Association, Type II Financial Instruments Firms Association; elsewhere in Asia/ Pacific by whichever of the following is the appropriately authorised entity in the relevant jurisdiction: Credit Suisse (Hong Kong) Limited, Credit Suisse Equities (Australia) Limited, Credit Suisse Securities (Thailand) Limited, Credit Suisse Securities (Malaysia) Sdn Bhd, Credit Suisse AG, Singapore Branch, Credit Suisse Securities (India) Private Limited regulated by the Securities and Exchange Board of India (registration Nos. INB230970637; INF230970637; INB010970631; INF010970631), having registered address at 9th Floor, Ceejay House, Dr.A.B. Road, Worli, Mumbai - 18, India, T- +91-22 6777 3777, Credit Suisse Securities (Europe) Limited, Seoul Branch, Credit Suisse AG, Taipei Securities Branch, PT Credit Suisse Securities Indonesia, Credit Suisse Securities (Philippines) Inc., and elsewhere in the world by the relevant authorised affiliate of the above. Research on Taiwanese securities produced by Credit Suisse AG, Taipei Securities Branch has been prepared by a registered Senior Business Person. Research provided to residents of Malaysia is authorised by the Head of Research for Credit Suisse Securities (Malaysia) Sdn Bhd, to whom they should direct any queries on +603 2723 2020. This research may not conform to Canadian disclosure requirements. In jurisdictions where CS is not already registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation, which will vary from jurisdiction to jurisdiction and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements. Non-U.S. customers wishing to effect a transaction should contact a CS entity in their local jurisdiction unless governing law permits otherwise. U.S. customers wishing to effect a transaction should do so only by contacting a representative at Credit Suisse Securities (USA) LLC in the U.S. Please note that this research was originally prepared and issued by CS for distribution to their market professional and institutional investor customers. Recipients who are not market professional or institutional investor customers of CS should seek the advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents. This research may relate to investments or services of a person outside of the UK or to other matters which are not regulated by the FSA or in respect of which the protections of the FSA for private customers and/or the UK compensation scheme may not be available, and further details as to where this may be the case are available upon request in respect of this report. CS may provide various services to US municipal entities or obligated persons ("municipalities"), including suggesting individual transactions or trades and entering into such transactions. Any services CS provides to municipalities are not viewed as "advice" within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. CS is providing any such services and related information solely on an arm's length basis and not as an advisor or fiduciary to the municipality. In connection with the provision of the any such services, there is no agreement, direct or indirect, between any municipality (including the officials, management, employees or agents thereof) and CS for CS to provide advice to the municipality. Municipalities should consult with their financial, accounting and legal advisors regarding any such services provided by CS. In addition, CS is not acting for direct or indirect compensation to solicit the municipality on behalf of an unaffiliated broker, dealer, municipal securities dealer, municipal advisor, or investment adviser for the purpose of obtaining or retaining an engagement by the municipality for or in connection with Municipal Financial Products, the issuance of municipal securities, or of an investment adviser to provide investment advisory services to or on behalf of the municipality. If this report is being distributed by a financial institution other than Credit Suisse AG, or its affiliates, that financial institution is solely responsible for distribution. Clients of that institution should contact that institution to effect a transaction in the securities mentioned in this report or require further information. This report does not constitute investment advice by Credit Suisse to the clients of the distributing financial institution, and neither Credit Suisse AG, its affiliates, and their respective officers, directors and employees accept any liability whatsoever for any direct or consequential loss arising from their use of this report or its content. Principal is not guaranteed. Commission is the commission rate or the amount agreed with a customer when setting up an account or at any time after that.

Copyright © 2013 CREDIT SUISSE AG and/or its affiliates. All rights reserved.

Investment principal on bonds can be eroded depending on sale price or market price. In addition, there are bonds on which investment principal can be eroded due to changes in redemption amounts. Care is required when investing in such instruments.

When you purchase non-listed Japanese fixed income securities (Japanese government bonds, Japanese municipal bonds, Japanese government guaranteed bonds, Japanese corporate bonds) from CS as a seller, you will be requested to pay the purchase price only.