BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 27, 2007

Paul E. Glotzer, Esq.
Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006-1470

Dear Mr. Glotzer:

This letter concerns the notice filed September 12 , 2006, under section 4 of the Bank Holding Company Act ("BHC Act") by Credit Suisse Group and Credit Suisse (collectively, "Credit Suisse"), Zurich, Switzerland, to engage on a limited basis in physical commodity trading activities ("Commodity Trading Activities").

Credit Suisse states in the notice that it currently engages principally through its subsidiary, Credit Suisse Energy LLC, New York, New York, in commodity derivative activities that are permissible for bank holding companies under the BHC Act ("Commodity Derivatives Activities"). These activities include trading in cash-settled swaps, forwards, options, and other derivatives based on commodities.[1] Credit Suisse has requested approval to expand its current trading activities in the United States to include engaging in physically settled commodity derivatives, taking or making delivery of commodities in settlement of those derivatives, taking inventory positions in physical commodities, and trading activities in the spot market in physical commodities.

The Board has previously determined that taking and making delivery of a physical commodity complements the financial activity of engaging regularly as principal in Commodity Derivatives Activities based on that commodity pursuant to Regulation Y.[2] The Board has delegated to the Director of the Division

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[1] 12 CFR 225.28(b)(8)(ii).

[2] See 12 CFR 225.28(b)(8)(ii); Board letters dated September 29, 2006, regarding Fortis and April 13, 2006, regarding Wachovia; Société Générale, 92 Federal

of Banking Supervision and Regulation, with the concurrence of the General Counsel, the authority to approve requests by financial holding companies to engage in Commodity Trading Activities as an activity that is complementary to Commodity Derivatives Activities, if the proposal meets the conditions imposed by the Board when approving previous requests to engage in Commodity Trading Activities and does not raise significant legal, policy, or supervisory issues.[3]

In evaluating the risks posed by the proposal, the Director and the General Counsel have considered that Credit Suisse already incurs the price risk of commodities through its Commodity Derivatives Activities. Permitting Credit Suisse to engage in the limited amount and types of physical commodity trading activities described above, within the limits described in the appendix to this letter, would not appear to increase significantly its potential exposure to commodity price risk. To minimize potential increased risks associated with the Commodity Trading Activities (including, but not limited to, storage, transportation, legal, and environmental risks), Credit Suisse has committed to the Board that it will not (i) own, operate, or invest in facilities for the extraction, transportation, storage, or distribution of commodities; or (ii) process, refine, store, or otherwise alter a physical commodity itself. Credit Suisse has further committed to the Board that it will limit the aggregate market value of physical commodities that it and any of its subsidiaries hold at any one time to 5 percent of

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Reserve Bulletin C113 (2006); Deutsche Bank AG, 92 Federal Reserve Bulletin C54 (2006); JPMorgan Chase & Co., 92 Federal Reserve Bulletin C57 (2006); Barclays Bank PLC, 90 Federal Reserve Bulletin 511 (2004); UBS AG, 90 Federal Reserve Bulletin 215 (2004); and Citigroup Inc., 89 Federal Reserve Bulletin 508 (2003).

[3] Credit Suisse has indicated that the transactions in which it intends to engage after approval of this notice include, among other things, volumetric production payment transactions ("VPPs") on oil or natural gas. VPPs are considered permissible credit transactions under 12 CFR 225.28(b)(1) if a bank holding company immediately sells any commodities it receives under the VPP to third parties. See Letter from Scott G. Alvarez, Esq. to Elizabeth T. Davy, Esq., dated May 15, 2006. Credit Suisse would rely on approval of this notice to permit it to retain ownership of commodities delivered to it under a VPP. The market value of any such commodities retained by Credit Suisse would be included in the 5 percent of tier 1 capital limit on the value of its physical commodity inventory to which Credit Suisse has committed in connection with this notice, as detailed in the appendix to this letter.

Credit Suisse Group's tier 1 capital. Credit Suisse also has established and maintained policies and systems for monitoring and controlling the risks associated with the Commodity Trading Activities. Going forward, Credit Suisse is expected to continue to maintain effective risk-management policies and systems pertaining to its Commodity Trading Activities. Approval of the proposal would likely benefit Credit Suisse's customers by enhancing its ability to provide efficiently a full range of commodity-related services and improving its understanding of the commodity markets.

Based on the record, including all the commitments made to the Board in connection with the notice and the conditions imposed by the Board in previous cases, the Director, with the concurrence of the General Counsel, has determined that the proposed Commodity Trading Activities are complementary to the Commodities Derivatives Activities conducted by Credit Suisse; that the proposal would not appear to pose a substantial risk to Credit Suisse, depository institutions operated by Credit Suisse, or the financial system generally; and that the proposal can reasonably be expected to produce benefits to the public that outweigh any potential adverse effects.

In making these determinations, the Director and the General Counsel relied on all the information, representations, and commitments provided by Credit Suisse to the Board in connection with the notice and, in particular, the commitments set forth in the appendix to this letter and those conditions contained in the Board's previous decisions noted above regarding these activities. These commitments and conditions are critical to the determination that the Commodity Trading Activities would not pose a substantial risk to the safety and soundness of Credit Suisse, other financial institutions, or the financial system generally. These commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with the notice and this approval and, as such, may be enforced in proceedings under applicable law.

This approval is specifically conditioned on Credit Suisse's compliance with all the commitments made to the Board in connection with the proposal, including those set forth in the appendix. This determination is also subject to all the conditions set forth in Regulation Y, including those in section 225.7,[4] to the conditions contained in the Board's previous decisions noted above regarding these activities, and to the Board's authority to require modification or termination of the activities of a bank holding company or any of

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[4] 12 CFR 225.7.

its subsidiaries as the Board finds necessary to ensure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

Sincerely yours,

Robert deV. Frierson

Robert deV. Frierson
Deputy Secretary of the Board

Appendix

cc: Federal Reserve Bank of New York

Appendix

Commitments

1. Credit Suisse Group and each of its subsidiaries engaged in physical commodity trading activities (collectively, "Credit Suisse") commits to the Board of Governors of the Federal Reserve System ("Board") that it will limit the aggregate market value of physical commodities that it and any of its subsidiaries hold at any one time to 5 percent of Credit Suisse Group's tier 1 capital. Credit Suisse will include in this 5 percent limit the market value of any physical commodities it holds as a result of a failure of reasonable efforts to avoid taking delivery in commodities transactions conducted pursuant to section 225.28(b)(8)(ii)(B) of Regulation Y. In addition, Credit Suisse agrees to notify the Federal Reserve Bank of New York if the aggregate market value of commodities held by it under the approval exceeds 4 percent of Credit Suisse Group's tier 1 capital.

2. Credit Suisse commits to the Board that it will ensure proper risk management and controls over its physical commodity trading activities and that it will apply to its physical commodity trading activities the control infrastructure that it has developed and tested with respect to its existing commodity derivative activities.

3. Credit Suisse commits to the Board that it will take and make physical delivery of, or store, only physical commodities for which derivative contracts have been authorized for trading on U.S. futures exchanges by the Commodity Futures Trading Commission (unless specifically excluded by the Board) or other commodities that have been specifically authorized by the Board.

4. Credit Suisse commits to the Board that, in the United States, (1) it will not own, invest in, or operate facilities for the extraction, transportation, storage, or distribution of commodities (except in satisfaction of debts previously contracted or in connection with a nonperforming loan, or where such investment is otherwise permissible for a financial holding company); (2) it will act solely as a financial intermediary in the physical commodities markets; (3) it will not process, refine, store, or otherwise alter a physical commodity; and (4) in conducting its physical commodity trading activities, it will contract with a third party for any services that are needed in connection with the handling of any commodity and use appropriate storage and transportation facilities owned and operated by third parties.

5. Credit Suisse commits to the Board that, in the United States, it will only use storage and transportation facilities owned and operated by third parties and will

enter into service agreements only with accredited, reputable, independent third-party facilities.

6. Credit Suisse commits to the Board that it will conduct its physical-commodity trading activities in the United States exclusively pursuant to the authority of section 4 of the Bank Holding Company Act of 1956, as amended ("BHC Act"), and in accordance with the limitations that the Board has placed on the conduct of such activities, and will not conduct such activities in the United States in reliance on section 2(h)(2) of the BHC Act or section 211.23(f)(5) of the Board's Regulation K.

7. Credit Suisse commits to the Board that it will not, without prior Board approval, enter into any physically settled tolling arrangement in the United States.