

bulletin

A high-angle, top-down photograph of a man sitting on a dark wooden spiral staircase. He is wearing a light blue button-down shirt and is looking down at an open book he is holding. The staircase is surrounded by a bright green wall. In the background, there are bookshelves filled with books, and the floor is a vibrant pink. The overall scene is brightly lit, with a modern, colorful aesthetic.

The Credit Suisse Magazine since 1895 Number 1 March 2007

Careers

Family and Career Women Who Combine Both
Jane Leu Helping Hand for Top-Qualified Dishwashers

Oswald J. Grübel What It Takes to Be Successful
Real Estate No End in Sight to Construction Boom?

Vietnam The Land of the Dragon Takes Off

John Wood Books for Over a Million Children

Bulletin plus Careers at Credit Suisse

The Online Magazine of Credit Suisse

In Focus

www.credit-suisse.com/infocus

The Credit Suisse magazine In Focus reports on current topics in the areas of business, finance, culture and sport – with in-depth analyses, interviews and feature articles. Subscribe to our free newsletter and stay up to date. The newsletter is published weekly in English, French and German.



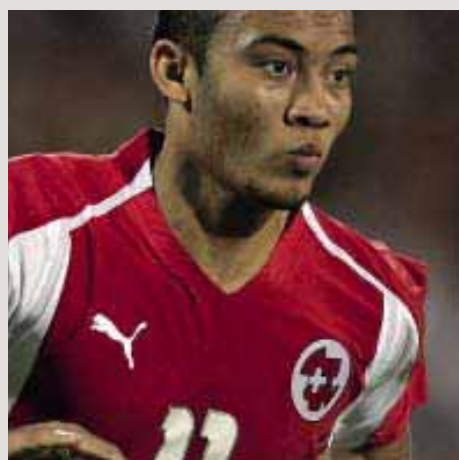
Economy Our editorial team regularly portrays innovative companies, conducts interviews with recognized economic experts and presents recent Credit Suisse Research studies.



Investments Credit Suisse analysts give their views on the most important companies, sectors and markets, give tips for optimal wealth management, and provide information on new products.



Culture The culture section of In Focus is just as varied as the commitment of Credit Suisse, with articles on topics ranging from art, cinema and classical music to jazz and pop music.



Football Credit Suisse has been the main sponsor of Switzerland's national football team for almost 13 years – and In Focus has been the official information platform for the “beautiful game” for more than three years.



Formula One In Focus takes a peek behind the scenes of the Formula One racing world: race analyses, audio interviews, photo galleries and reports on the BMW Sauber F1 Team keep motor-sports fans up to date.



Competitions Win a notebook? Concert tickets? Tickets to a football match? Or a visit to the Formula One paddock? In Focus regularly gives away attractive prizes. It's worth taking a look.



We recently had a visit from Eduardo. Eduardo is 15 years old and comes from Colombia. He attends the Swiss School in Bogotá. The school curriculum requires high school students to spend six months in Switzerland. Eduardo spent this time with a winemaking family in Sion, and to get to know another side of Switzerland he paid a flying visit to us in St. Gallen for just one weekend. Eduardo's visit was fun for the whole family and a very instructive experience for us adults. Eduardo took us completely by surprise. For example, over supper he explained to us in fluent French the strengths and weaknesses of the current Colombian government, including its economic program, and why the opposition stood no chance at the election.

Following a by no means representative survey of a group of similarly aged Swiss teenagers, the pooled knowledge was just sufficient to produce the names of the seven current Federal Councilors in Switzerland. The question as to their respective political and party affiliations gave rise to a lively series of guesses. And the teens were at a loss when asked to explain the concepts of majority rule and proportional representation. Eduardo from Colombia, on the other hand, could answer every question correctly – he had learned it all at the Swiss School.

Eduardo is of course not a typical Colombian teenager. In economic terms, his parents are members of the small upper class. We spent a long time talking with Eduardo about what it means to belong to the privileged few who can afford to attend a private school in a poor country like Colombia. He saw it not so much as an enormous stroke of luck, but as a huge opportunity. For him, not to make the very best of this opportunity would be to mock all those in his country living in poverty without the chance to rise out of it.

In Switzerland, almost everyone has the chance to attend a "Swiss School," to obtain knowledge at a high level and aspire to a career in some area or other. And by that I mean not only as a manager or politician – and certainly not a flash-in-the-pan career of the MusicStar variety. At the end of the day, everyone has to find out for themselves which career leads to happiness and contentment. However, the fact that in this country a lot of young people squander their opportunities from pure boredom and complacency born of prosperity is certainly something that Eduardo would have difficulty in understanding.

Daniel Huber, Bulletin editor-in-chief



Clariden  Leu



Clariden Leu (Gue) Energy Equity Fund. Empowering Progress.

Energy consumption worldwide and in particular in emerging markets continues to grow rapidly. Energy firms remain fundamentally profitable against this backdrop of strong demand and limited supply, providing solid long term investment potential as well as scope for diversification.

www.claridenleu.com

Prospectuses, fund regulations for Swiss funds or Memoranda and Articles of association for Guernsey funds as well as annual and semi-annual reports may be obtained free of charge at the offices of Clariden Leu Ltd, Bahnhofstrasse 32, CH-8070 Zurich as well as for Swiss funds from Swiss Investment Company, P.O. Box, CH-8070 Zurich or on the Internet under www.claridenleu.com.



Bulletin 1/07 Millions of students dream of climbing the career ladder. And yet the path to success is seldom so elegantly proportioned and colorful as the spiral staircase in the library of the University of Cottbus in Germany.

Bulletin plus The 20-page booklet in a booklet (page 18) points out the career opportunities that can be offered in a global financial services company such as Credit Suisse.

Careers	06	The Origin of the Word From Four-Wheeled Truck to Status Symbol
	08	Planning Anyone Seeking Success in Professional Life Must Start Early
	12	Family and Career Six Women Show How It's Done
	18	Come a Long Way From Lugano via Zurich and Singapore to New York
	20	Blue Jeans From Gold Panner Trousers to Designer Wear
	22	Cultural Bridge Jane Leu Helps US Immigrants Search for a Job
The Booklet in a Booklet	18	20-Page Bulletin plus – All about Careers at Credit Suisse
Credit Suisse Business	28	Sihlcity A Credit Suisse Real Estate Fund as Building Owner
	31	Useful to Know From the ABC of the Financial World
	32	Oswald J. Grübel Interview With the Outgoing CEO
	34	In Short Business News From Home and Abroad
Credit Suisse Commitment	36	Formula One Peter Sauber on His Career and the New Season
	38	Musical Talent Credit Suisse Calls the Tune as Sponsor
	39	University Sports A 20-Year Partnership Is Extended
	40	125 Years of the Gotthard Railway How Switzerland Became the Hub of Europe
	43	Culture in Brief Music Festivals, Boshoi Theater and Calendar of Upcoming Events
Economy	44	Real Estate Study No End in Sight to Construction Boom?
	48	Foreign-Exchange Markets Underestimated Financial Market Giants With Potential
	50	Vietnam The Land of the Dragon Takes Off
	53	Literature Book Tips for Business People
Leader	54	John Wood Room to Read Aims to Take People out of Poverty
At a Click	58	@propos My Second Existence on the Internet
	58	In Focus Online Forum on the Foreign-Exchange Market
Publishing Details	53	Where to Find Us

The Career of the Word Career

Text: Rudolf Wachter

When we talk we are hardly aware of the fact that every word we use has its own individual history. In this case, our lack of awareness is actually a good thing; otherwise our talking would never get us anywhere. For anyone who has the time, however, it's worth sitting back occasionally to reflect on – or even research – words and their origins. This is called “etymology.” Language is arguably the most reliable mirror of culture. Profound knowledge of it is therefore the most useful luxury that we can acquire. After all, you see more in the mirror's reflection. And just as it's impossible to understand culture without its thousand-year history, language cannot be understood in isolation from its historical underpinnings.

The variety that we find in the history of words and ideas is enormous. German words such as *du*, *sechs*, *Maus*, *Stern* and *forschen*, for example, have stayed almost the same for at least 6,000 years, i.e. since the Stone Age. Other words like *Laser*, *Banker* and *Schlumpf*, by contrast, have only been in use in German or any other language for a matter of years or decades. Some words have rather a quiet life before suddenly embarking on a meteoric rise (*Bahn*), others are dying out – and that goes for both the young (*Petschaft*, *perdü*) and the old (*Aar*, *kiesen*, *michel*). With every single word, we can ask ourselves how, when, where and why was it formed. And once formed, meanings often change. For example, what would the Germans have done with their *Bahn* (track) before the discovery of the *Eisenbahn* (railroad)?

Here we take a look at the English word *career*. Its core or “root,” which carries its basic meaning and according to today's knowledge is not open to further analysis, is the Latin *carrus* or “four-wheeled truck,” a Celtic word that was borrowed by Latin over 2,000 years ago. It lives on in the Romance languages, like *le char* in French. In French, the Latin c- has regularly been turned into ch- when preceding -a-, as can be easily confirmed in the French equivalents of the Italian words *canto*, *campo*, *caccia*, *caldo*, *capo*, *cane*, etc.

At some point during the Roman empire, an adjective was derived from *carrus*, which was then combined with *via* (way) to form *carraria via* (cart way, road way). However, *via* was soon left out (just as nowadays hardly anyone says *pommes de terre frites*). This *carraria* should actually have

become *charrière* in French (just as *caldaria* became *chaudière* “boiler”). That form indeed existed too, but the dialect form *carrière* is what ultimately prevailed. Some time in the Middle Ages the meaning “road way” is likely to have been transformed into “life way” and “professional path,” and finally a few hundred years ago the English word *career* was borrowed from the French, as were the Italian *carriera* and the German *Karriere*. In Italian, the Latin *carraria* should actually have become *carraia* (just as *caldaria* became *caldaia* and *operarius* became *operaio*). The word *carraia* exists too, but only in its original meaning “road way.” Career as we understand it today is obviously a typically French export. The old *carraria* thus has a dual existence in today's Italian: as the old-established or “inherited” *carraia* and as the subsidiary, imported *carriera*. The history of such “clone words” is always particularly interesting (e.g. *fiin* and *fein* in Swiss German, or *shirt* and *skirt* in English). Incidentally, in Italian the word *carriera* also means “racetrack” and “gallop” – also a residue from the French: *donner carrière au cheval* or “give the horse free rein.”

So we have just discovered a form of track that predates the railroad: the racetrack! Our etymological excursion shows us how complex the derivation of words can be: A track was also not always simply a path that could be found just anywhere, but one that was predefined and marked out, exactly like the Roman *carraria* (as can be seen in the 110-cm-wide stone road at the upper Hauenstein pass in the Jura mountains, on the main route connecting Lake Geneva and the Rhine in Roman times). Careers too sometimes tend to be marked out rather than free and flexible.

It's also worth noting that in the course of its history the pace of a career has become ever quicker – from the comfortable trot of the ox wagon to a speedy gallop. And career tracks as we know them today are also preferably fast-paced and, as was the case for the Roman roads, as straight and therefore also often as steep as possible (downhill too). Could this be yet another example of the acceleration of our cultural history? <



Rudolf Wachter is professor of Comparative and Historical Linguistics at the Universities of Basel and Lausanne.

Some think
bank with tradition.

**We think
150 years of
innovation.**



Investment Banking ■ Private Banking ■ Asset Management

Since 1856, we have focused on bringing new perspectives to our clients. Understanding the past, but shaped by the future. Always looking at opportunities and challenges from a visionary point of view. Considering from the outset our clients' goals. Because our sole ambition is to help maximize their potential.
www.credit-suisse.com

Thinking New Perspectives.

CREDIT SUISSE 

Planning Career Success With Education



Is it ever too early to start planning for success? Not according to the experts we interviewed. Many of the building blocks for our future achievements are learned before kindergarten. Early education can instill in us the confidence and motivation we need to move on to higher learning and to meet our potential career goals.

Text: Michèle Bodmer and Dorothée Enskog

There is a saying that you can never be too rich or too thin. To expand on that insight, you can also never be too educated. In fact, knowledge is the most valuable asset to one's personal and career development – and education should start early and continue throughout our adult lives. "Education is becoming increasingly important because of the shift to a more knowledge-based economy, and the returns on education – while varied from country to country – are increasing," explains Steve Barnett, professor of education economics and public policy, and director of the independent research organization National Institute for Early Education Research (NIEER) at Rutgers University in New Jersey. In fact, he cites a study showing that US gross domestic product could be boosted by 1 percentage point to 4 percentage points annually, with an increased investment in early education. "A more educated workforce is a more productive workforce because it has stronger cognitive, social and emotional skills," he explains. "Educated people are better at managing and being managed. They are more optimistic, get along better with others, have better ideas and are therefore more apt to build to a career."

Early education also has a significant influence on attitudes toward risk taking, independence levels and the ability to express oneself. All of this creates confidence, which is a long-lasting motivator. So, when should education start? "At birth," says Barnett, whose research focuses on the economics of early care and education including its costs and benefits, and the long-term effects of preschool programs on children's learning and development. "Parents are by far the most powerful educational influence on their children," he explains. "Parents should be actively engaged in their child's learning development from the moment of their birth. Talk to them, read to them and play with them. And, find a good balance between leading a child and letting that child express his or her own interests in order to become independent."

This talking and playing on the part of parents also helps to build a child's cognitive abilities, curiosity and creativity, explains Barnett.

"Parents are also a primary contributor to their child's social and emotional development, which influences their ability to work with others," he says.

Early Education Improves Long-Term Success

While our parents can provide us with many of the basic skills we need to advance, what they teach us is only one aspect of our future development. Barnett highly recommends augmenting this at-home learning through the support of institutions that provide early care and education. This is especially important for children who grow up in families which are highly disadvantaged. "In the US, there is concern that children from low-income neighborhoods aren't exposed to the knowledge base that would enable them to prepare for high-income careers," Barnett explains. "Children from high-income families generally have parents or relatives in managerial jobs, who know what kind of schooling is necessary to target a certain job – such as a career in the medical sector." However, his research finds that even children in middle-income families are inadequately educated prior to school entry at age five. Because of this, Barnett and his colleagues at NIEER are advocates in investing in universal early education programs. His 2005 study on the effects of state pre-kindergarten programs on young children's school readiness has shown the value of investing in high-quality, well-funded preschool programs for three- to four-year-olds. "We found these state-funded preschool programs to have statistically significant and meaningful impacts on children's early language, literacy and mathematical development," he explains. "Children who attended a state-funded preschool program before entering kindergarten know more letters, more letter-sound associations and are more familiar with words and book concepts. Overall, early education starting at least at age four will improve children's short- and long-term success in school and in life."

Another of Barnett's important findings is that early education affects the completion of secondary school. And completion of >



secondary school is a gateway to higher education, which in turn leads to better career prospects. As Barnett points out, children born into a higher financial stratum have greater opportunities, although that does not guarantee success beyond early education. Michael Matthews, head of the private Inter-Community School Zurich, echoes this sentiment. "Most of our students have at least one parent who holds a university degree. As a result they tend to have high expectations for their children to go to university, obtain a diploma and move on to a professional career," he says. However, these same parents tend to place the responsibility for achieving this on the school and the teachers rather than their children. "They look for a guarantee of success on behalf of their children – in that sense; they don't motivate their children enough. These parents are actually doing their children a disfavor by trying to remove the obstacles in their children's paths," Matthews explains. Instead, they should let their children take responsibility for their own studies. He supports a student's right to fail. "I'm a great believer in letting students take responsibility for their successes or failures. That is not a very liked approach among our parents." However, it can increase the student's personal commitment to learn, which is a crucial characteristic for future achievements.

Although 90 percent of students at the school receive their International Baccalaureate diploma, it's the students who are motivated and enjoy learning who have the best chances of going on to university, explains Amy Garrou, university guidance counselor at the Inter-Community School. "The students who love to learn and actively pursue their interests are most likely to go to university, which will improve their chances of a future career," she says. "Even those who don't want to go on to university should get other credentials to be competitive in the job market. Education is meant to make you more curious about the world, and that interest will help anyone move ahead."

A good degree won't guarantee a career, but will certainly help, says Graham Hastie, director of career services at the London Business School. "One can plan a career by taking the right educational opportunities and the right career steps, to help progress to set a goal. That's one of the tasks for which my office is responsible. We think forward through the next two or three career steps and guide the person, be it for a position in general management or higher," Hastie explains.

The first degree obtained is relatively unimportant, according to Hastie. "People should study what inspires or drives them. What business people need to acquire thereafter are both functional and educational skills. One of the ways these can be acquired is to study for an advanced business degree at a top institution," he says. Most skills can be learned through exposure. What is really difficult is to find places where these skills are taught. "It is difficult to know how to operate in a multinational, multicultural environment unless you've been exposed to that. All of us probably have the innate capabilities to learn, but not had the right exposure," he stresses. Some students are natural leaders, who will go far; that doesn't mean the others should be overlooked. "A lot of people won't stand out; even though it will turn out that they can lead organizations."

Careers Begin With Knowledge

When it comes to building a successful career, it takes more than education. A study carried out by Nigel Andrews from the London Business School details the capabilities and attributes that 100

senior executives in major organizations across the globe looked for in future executives. Knowledge is cited as the starting block of any executive career. The knowledge base must be broad and cover areas as diverse as macroeconomics, finance, accounting, marketing, supply chain management, strategy, corporate governance, technology management etc. This base is built up early on in a career, and at the center of MBA programs. The demand for MBA has soared from 3,200 such degrees awarded in 1956 to 117,000 in 2001 in the US alone.

But there is still room for self-starters, Hastie adds. "There are some fantastic examples of people who have succeeded with little formal education. Richard Branson stands out as a person who has built an empire from very humble beginnings." Many of these self-starters not only have the drive to succeed, they also have strong people skills, or "soft" skills. Remember the phrase from your elementary school report card – "works and plays well with others"? That particular personality trait is just one critical soft skill; others include social graces, genuine friendliness and facility with language. Soft skills are an important complement to hard skills, which are the technical requirements of a job. Managers must also acquire soft skills during their middle career period, according to the study carried out by Andrews. He suggests that such skills can be acquired in general management roles and range from learning to manage diverse cultures, dealing with uncertainty, being able to make decisions and manage projects. Communication skills such as holding presentations, be able to listen and observe, build up teams and assess talent also need to be learned at this stage. "These soft skills are difficult to teach, but it is possible to learn them through exposure," says Graham Hastie.

To become a good manager, a person must also acquire leadership attributes – which can be learned on the job or through training. True managers must thrive on change; have perseverance, passion, curiosity, self-confidence, capacity and desire to learn, have boundless energy which motivates and energizes colleagues, and the list can be made much longer. "These attributes are essential for the assumption of leadership roles and responsibilities," Andrews writes. "Complexity is a fact of global business life and accepted as such."

Old Dogs Should Learn New Tricks

It is never too late to invest in education. In fact, a professional's most valuable asset is earning power – which increases through experience and education. Money magazine commented on the value of education in its May 2006 edition: "Anything you do to increase your salary early in your career can keep paying dividends as long as you work. Take a class, pick up a certification, and improve your computer skills. Even if you have 'only' 10 years or so left in your working career, it's still worth the investment of time and money to improve yourself in your chosen field. Doing so can have a big impact on your earnings over a decade." This issue also suggests that earning a master's degree can potentially bump your pay by 19 percent. And, it can also increase your chances of moving into a management position, according to a University of St. Gallen study released in February. The study analyzed education levels of top managers from 563 large Swiss companies. Over 1,110 answers were evaluated to determine that 83 percent of Switzerland's top managers have higher education, and 68 percent of which hold a university degree. <

The Art of Compromise

Today a business deal in London – tomorrow a parents' evening in Zurich. Combining a career with raising a family: a story of women who want the best of both worlds. How have they managed to gain access to the senior management ranks? And why is their way of life still so far from reality for most Swiss women?

Text: Regula Gerber

In Brigitte Baumann's home there is only one clock that does not keep precise time: the grandfather clock she inherited from her great-grandparents in Normandy. In the old days, when she lived in London, Tokyo and New York, she felt a need to surround herself with such objects to remind her of her roots and where she belonged. "Now I have my own family, it's the things we do together, the time we spend with one another that are important to me." Baumann is 49 and lives with her husband and two children in Zurich. Before setting up her own company, she was a senior vice president at American Express. The experience she gained there in the financial services industry now stands her in good stead as CEO of her own company – Go Beyond Limited. The firm establishes contact between young entrepreneurs and private investors, helping companies with new ideas to obtain capital. As a mother and businesswoman, Brigitte Baumann knows all too well how important time is. Her diary is full: On a normal day she works until at least 11 p.m., with a couple of hours' break between 7 p.m. and 9 p.m. That is the time she spends with her family. However, her job means she is often away from home, attending meetings in London, Malta or Paris. Even so, she still finds time for sport and for her partner. Her own assessment of herself as a workaholic may well be true, but it does not explain where she draws the strength and motivation for her way of life. Although each of the six women portrayed here has her

own individual career and personal success strategy, they all share a number of common characteristics: family relationships and personal infrastructure that help them balance their careers with their family lives. And yet the main driving force behind all of them is their basic philosophy. Brigitte Baumann probably speaks for them all when she says, "I was always convinced that I could have the best of both worlds."

Setting Priorities – in Both Roles

One common denominator is that all six women developed a clear vision of what they wanted out of life very early on: They all consciously chose a lifestyle that enabled them to combine their passion for their work with their private life. Either/or was never an option. Gudela Grote, professor of work and organizational psychology at the ETH (Federal Institute of Technology) in Zurich, says, "Professionally, I always wanted to be where I am today. I knew that whatever happened would have to fit in with my plans." Even so, achieving such ambitious goals requires enormous commitment and a great deal of hard work. That includes a clear desire to keep on learning. Eva Jaisli, CEO of PB Swiss Tools agrees, "It was always clear to me that you have to keep on learning, both through training and from others, endeavor to do your best and remember your responsibility to the world around you." A mother of four, she was >



Brigitte Baumann, CEO of Go Beyond Ltd, has a 10-year-old daughter and a 6-year-old son.

determined to continue her career and play a full role in the business world. One striking feature of all six women is that they focus on achieving one specific goal, rather than on personal success in itself: To quote the words of one of them, the aim is to “make the world a better place.” Perhaps that is why they do not come across as hard-bitten or self-opinionated. Rather, they give the impression that their professional standing is merely the logical result of years of dedication to their jobs. Nevertheless, certain qualities are essential, as Barbara Perriard, General Secretary of the women’s section of Switzerland’s liberal FDP party, explains: “The keys to success are determination, stamina and the capacity to motivate yourself in the face of setbacks. And, of course, a great deal of flexibility.” All the women agree on the last point: They know from experience that it is only possible to combine a career with raising a family if you are prepared to set priorities. At times it may even be necessary to review and redefine your goals, according to Gudela Grote. In her view, balancing a career and a family essentially boils down to the art of making the right compromises.

Between BlackBerry and Playmobil

Brigitte Baumann’s timer beeps: time to pick the kids up from school. But first she finds time to send a quick e-mail to a customer and to ask an aunt in Paris to mail a parcel to her daughter while she is

away at ski camp in a couple of weeks’ time. Whenever time prevents her doing things for her children herself, she endeavors to find a relative to help out. Do her children object? “No, they accept me as I am. They’ve never known anything else and they behave as if the situation is totally normal.”

All the women stress that their children sense – more or less consciously depending on their age – that their mother can only be happy as a mother if she has the freedom to live her own life. Since their mothers are not constantly around, the time spent together is quality time. Those moments are important for the mothers because they see their families as a source of strength and motivation. The time they set aside for their families is therefore extremely important to them. For example, every year Brigitte Baumann goes on vacation for a week with each of her children in turn – to a destination chosen by the child. For Dorothee Locher, head of Legal Investment & Corporate Banking, Credit Suisse, the time she spends making music with her husband and daughter is extremely precious. Even so, their children may feel neglected from time to time. Then they make their presence felt: “My daughter sets me limits and shows me when she needs my attention. For example, she may threaten to switch off my BlackBerry because she notices my mind is elsewhere.” Those are tricky moments because they trigger a bad conscience. A family that feels neglected would not be prepared

“My daughter sets me limits and shows me when she needs my attention. For example, she may threaten to switch off my BlackBerry because she notices my mind is elsewhere.”

Dorothee Locher



Dorothee Locher, head of Legal Investment & Corporate Banking, Credit Suisse, has one child.



Barbara Perriard, General Secretary FDP Swiss Women, has two children.

to support their way of life. Then the women face the daunting task of finding ways of combining the flexibility expected of them in the business world with the standards they set themselves as mothers. Such situations call for an immediate response. Dorothee Locher: "The first thing I do is cut back on my commitments and plan in more time at home." In such situations, it is not quantity that counts, it is showing the family you are listening. That situation is familiar to Barbara Hayoz, City Councilor in Berne, who has two sons aged 16 and 18. "At times when I was exceptionally busy, it was important to us all that I would find time to call in at home, even for half an hour at lunchtime." The rigorous timetables by which most of these women live require permanent planning down to the last detail. They all agree that that is absolutely essential. And they acknowledge that money and help in the home are of great assistance. Most importantly, they could not manage such a lifestyle without the support of one key person: their partner. They rely on them for moral support and to help them manage their time. And because their partners understand, respect and support their goals, they are also a major source of inspiration and motivation. "Two weeks into my maternity leave, my husband suddenly said to me: 'It's time you went back to work,'" says Dorothee Locher. "He noticed immediately that I was missing something." She sees her husband's comment as a validation of her chosen lifestyle. One fundamental aspect is therefore finding a man who actively accepts his partner as an equal and is prepared to accept the consequences by putting his own career in second place or even adapting his life to his partner's working hours and geographical location. If the children

see that both parents support a specific role model, they tend not to have emotional problems with it. None of the women is plagued by a sense of guilt and all of them are content with their role as a mother. Nevertheless, they are not superwomen and are prone to doubts from time to time about whether they are good mothers. Eva Jaisli takes a realistic view: "Of course I have a bad conscience from time to time, but then I'm hardly the only one. It's probably something most mothers experience." Besides, such doubts tend to be linked to a specific situation and can be cathartic, as Brigitte Baumann explains: "You will only know whether you did the right thing when your children are older."

Role Models

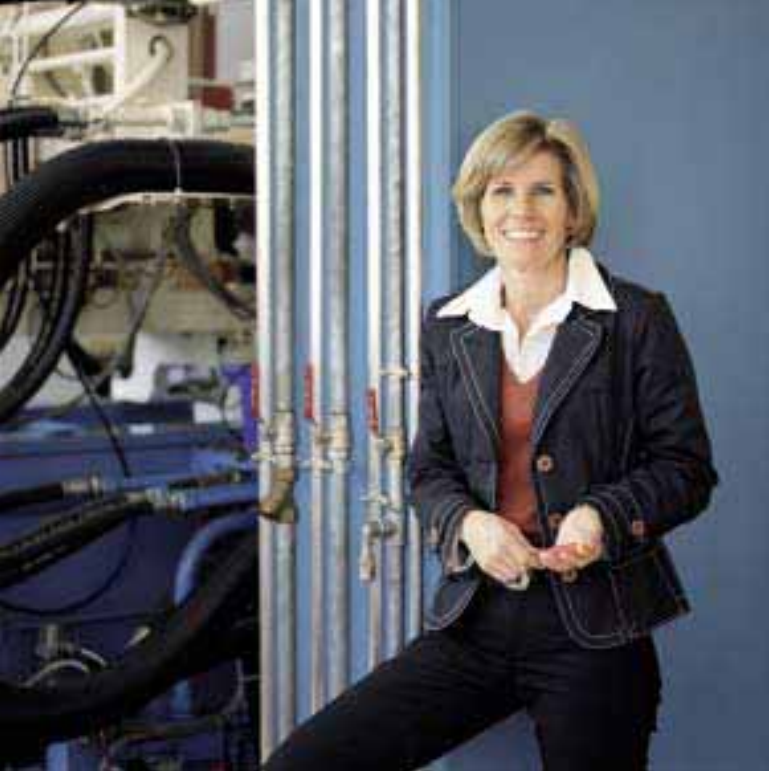
Brigitte Baumann is convinced that she can achieve anything she sets out to do. That is rooted in her upbringing: Her parents instilled the motto "everything is possible" into their children. All the women say their parents influenced their attitudes to professional development and the roles of men and women. For most of them, their father was a key figure: He encouraged them to go for a career that could offer them the rewards of professional autonomy and financial independence. Mentors, sponsors and professional role models – especially women – are also cited as fundamental elements in their professional and personal development. None of them has a problem with the fact that her children are cared for by others for extensive periods, nor has it given her a bad conscience. On the contrary, Dorothee Locher and Barbara Hayoz agree that it gives everyone more space for personal development. >

"The keys to success are stamina, determination and a capacity to motivate yourself in the face of setbacks. And, of course, a great deal of flexibility."

Barbara Perriard



Gudela Grote, professor of work and organizational psychology at the ETH (Federal Institute of Technology) in Zurich, has two children.



Eva Jaisli, CEO of PB Swiss Tools, has four children.



Barbara Hayoz, city councilor in Berne, has two children.

“It was always clear to me that you have to keep on learning, both through training and from others, endeavor to do your best and remember your responsibility to the world around you.” Eva Jaisli

Each family has found its own way of dealing with the childcare issue – through relatives, by employing a home help or nanny, or using nurseries and after-school childcare facilities. However, the more flexible their childcare arrangements and the closer the relationship between the children and those caring for them, the easier it is for the women to manage their daily lives. After all, it is important for them to be able to concentrate fully on their work.

“In my experience, nonparental childcare is very beneficial for children and their social development,” says Barbara Perriard. The others share her opinion. In their view, gaining an insight into other worlds – and that includes different sets of rules – has helped to make their children open and independent and has given them a stronger sense of responsibility. That is the feedback they get from parents’ meetings at school and kindergarten as well. Nevertheless, they still encounter a good deal of skepticism about their chosen way of life. Barbara Perriard explains: “After an interview, I have often received letters denigrating women who have opted for both a career and a family.” All the interviewed women respect the freedom of the individual to decide how to run her life, but they would like to see more respect accorded to the model they have chosen.

They also believe that certain aspects of motherhood can be beneficial at work. As Barbara Hayoz puts it: “Being a mother gives you skills that are also very important in working life: multitasking, organizational talent, pragmatism. It also develops your soft skills and to a certain extent it teaches you to how to be patient and keep a cool head.” <

To make it easier to combine a career with raising a family, and make a stand against growing poverty among families, Credit Suisse Economic Research has proposed a three-tier reform model: First, the personal taxation system should be reviewed to eliminate factors that penalize dual-income married couples, and create an incentive for both partners to work. Second, preschool childcare should be improved by adopting a system of demand-driven funding. Third, the welfare system should be revised to provide more targeted assistance for low-income households. These proposals have been taken up and discussed by the Swiss parliament.

Link to this article: www.credit-suisse.com/ch/en > Research publications > Economic Briefing 2003–2005 > (under Emerging Trends in Family Policy, available in German and French only)

In this field, the State Secretariat for Economic Affairs (SECO) in Switzerland concentrates on information and awareness-raising projects and the dissemination of good practice.

SECO, SME handbook “Beruf und Familie” (“Work and Family”)
Ways of reconciling work and family life in small and medium-sized enterprises, February 2007

Prognos A cost-benefit analysis of family-friendly corporate policies, October 2005

OECD, Babies and Bosses Reconciling Work and Family Life, OECD comparison of New Zealand, Portugal and Switzerland, October 2004.

These publications can be obtained in German, French and English from www.seco.admin.ch > Themen > Arbeit > Vereinbarkeit von Beruf und Familie

Updating Family Policy

Female managers with children are rare in Switzerland. And so are the statistics: There are no really reliable data on how many women with families hold management positions. But how does Switzerland rank in a broader international context? Yvonne Denis Köchli, author and publisher, has written a book about the situation: "Frauen, wollt ihr noch 962 Jahre warten?" ("Women – can we wait another 962 years?"). She says: "Although Switzerland has made up ground, especially with the long overdue introduction of maternity leave in mid-2005, it still cannot compete with the extremely good conditions enjoyed by women in the Scandinavian countries." Her view is confirmed by the Gender Gap Report presented at the World Economic Forum 2007: Switzerland ranks 27th, behind Jamaica, which takes 26th place.

Anne Küng Gugler, who is in charge of the "Reconciling family and career" portfolio at the State Secretariat for Economic Affairs (SECO) outlines the situation: "Compared with the Nordic countries and France, Switzerland is still very much in its infancy when it comes to combining a career with having a family. Only maternity leave has been introduced nationally. Many other issues fall within the remit of the municipalities, cantons or individual companies." That reduces transparency. She admits that there are virtually no statistics. "On the one hand, that reflects the fact that there is no comprehensive, harmonized family policy in Switzerland. On the other, it shows that the whole subject of career women with families has not yet really gained a place on the political agenda."

Choice Soon a Thing of the Past?

The debate about why there are so few women with children in senior managerial posts is very wide-ranging. It covers a gamut of issues from social values to political policy before landing fair and square back with women themselves. Back with the women who want a managerial career. Eva Ingold, who is in charge of Diversity Management Switzerland at Credit Suisse explains: "Although women make up nearly 40 percent of the bank's workforce, the proportion of women in senior management positions is less than 15 percent." Does that suggest women are simply less interested in a career? Doris Aebi, co-owner of the executive search

agency aebi+kuehni ag in Zurich, disagrees: "That's too simplistic. I see four other reasons: the differing social attitudes of men and women based on deeply ingrained values means that raising a family is normally considered to be the task of women; the lack of female role models; corporate cultures that make it far harder to combine middle and senior management functions with a family; and the underfunded and often expensive external childcare infrastructure." This is exacerbated by another trend that makes it harder to broaden the availability of potential female managers at the base of the pyramid: Women are having their first child when they are far older; the average age is now over 30. Doris Aebi: "That is exactly the phase when people are starting to gain a foothold in their company and their real abilities and mobility are moving to the forefront." Even though traditional gender models are no longer regarded as the only acceptable way of life in our society, the old attitudes are still having an effect. One example is the belief in the close relationship between mother and child. And that is the basis of our policies and society – the way the state, our institutions and our companies are organized. Leaving aside the high cost of childcare, there is a lack of pre-school and after-school facilities and full-day schools in Switzerland, and few people have the flexibility of organizing their working day around core hours. Besides, the present tax system does not provide any incentive for dual-income families. That creates a negative incentive for women to take paid employment or work more. Doris Aebi is convinced that a change of values is needed to encourage more women into middle and senior management.

Too little is done in Switzerland to encourage women to work, even though the number of traditional single-income households has declined significantly since 1970. However, that situation may well have to change before too long. Brigitte Dostert, economist at Credit Suisse Zurich, explains why: "Many industrialized countries face declining birth rates and will start to see an absolute reduction in their working population within the next decade. Alongside rising educational standards among the female population, demographic trends therefore suggest there is a need to integrate more women into the workforce. Even though

freedom of choice in the division of bread-winning and childcare tasks may be desirable, the demographic situation indicates that this could become a luxury in the future, especially as recruiting labor from abroad will also come up against limitations because many other European countries are facing exactly the same problem.

Brigitte Dostert feels that economic reasons are not the only arguments in favor of making it easier to combine working and family life. "According to a survey by SAKE (Swiss employee survey), a quarter of women with children under 15 would like to spend less time looking after their families and go back to work." For 44 percent of these women, the problem is the lack of suitable childcare. The difficulty of combining commitment to professional goals with the demands of raising a family could also be one reason for the high proportion of better-educated women who do not have children. Only 8 percent of women who did not go on to higher education decided not to have children, compared with 48 percent of those with higher academic qualifications. Despite all the hurdles that career women still have to overcome, there is still plenty of scope for them to shape their own lives. Brigitte Baumann is fond of quoting the German writer Goethe: "Whatever you can do, or dream you can, begin it. Boldness has genius, power and magic in it. Begin it now." rg

Gender Gap Index

The Gender Gap Report measures the socio-economic differences between men and women on the basis of four key criteria: economic participation and opportunity, educational attainment, political empowerment, and health and welfare protection.

Ranking	Country	Score*
1.	Sweden	0.8133
2.	Norway	0.7994
3.	Finland	0.7958
4.	Iceland	0.7813
5.	Germany	0.7524
6.	Philippines	0.7516
7.	New Zealand	0.7509
8.	Denmark	0.7462
9.	UK	0.7365
10.	Ireland	0.7335
27.	Switzerland	0.6997

* 0 to 1 scale: 0=inequality, 1=equality

Globe-Trotter Career Possible Within Credit Suisse



The example of **Alain Bernasconi** perfectly illustrates how a Credit Suisse employee can make a global career within the bank. At the age of 31, Alain has just transferred to New York after working in various positions in Lugano, Zurich and Singapore.

After graduating from the University of Fribourg with a degree in economics and spending six months in Australia to improve his English, Alain applied for a position at the Red Cross during the summer of 2000. "But they only offered an interview six months later, so I meanwhile applied for a traineeship at Credit Suisse's private banking branch in Lugano," Alain explains. He started off in October 2000 as the assistant of a team head responsible for Italian offshore clients. Four months later Alain was offered a permanent contract, which he gladly accepted. He has since worked as business project manager at Credit Suisse's Corporate Center in Zurich and as relationship manager in Singapore.

Career Planning

Credit Suisse offers great career opportunities throughout the globe, but employees cannot expect to have job offers handed to them on a plate, Alain underlines.

"You need to define your own career plan, seek opportunities and seize them as they come up. You also need to convince, prove your worth, use your contacts and be ready to take risks when changing jobs. Ultimately, hard work pays off," he adds.

Additional training helps to advance within the bank, Alain points out. He has successfully passed the three levels of the Chartered Financial Analyst (CFA) exam. Alain also enrolled in the executive MBA program of Columbia University in January and will follow courses there on a part-time basis over the next two years. Credit Suisse sponsors such degrees on condition that the employee's daily work benefits from the training, that the employee passes the exams and stays on for a certain amount of time after having completed the training.

Alain, who joined Credit Suisse's advisory process team in New York in February, has no plans to leave the bank. "I like the bank's strategy and enjoy working for the bank. Credit Suisse also recognizes my professional efforts," Alain emphasizes. He plans to follow the footsteps of his father, who made his entire professional career at Credit Suisse. "I would be delighted if the same happened to me," Alain concludes. *de*



Careers at Credit Suisse

As a global bank and one of the world's leaders in the areas of investment banking, asset management and private banking, Credit Suisse offers a variety of career opportunities. Thank you for your interest in our edition of Bulletin plus "Careers at Credit Suisse," which was attached here.

You can download a pdf version at
www.credit-suisse.com.

An Incredible Career

The Wild One

Text: Mandana Razavi

A Hugo Boss suit certainly looks distinguished. And a dress by Dolce & Gabbana can make many a woman look good. But let's be honest: Nothing makes people look as sexy as a perfectly fitting pair of jeans. A homage to an item of clothing.

They're ubiquitous, completely different and yet absolutely unique – the trousers made of indigo-colored denim that wrote (fashion) history. The millennium edition of Time magazine voted jeans – ahead of the miniskirt and the little black dress – the garment of the 20th century. And quite rightly so, because these robust trousers are undoubtedly a phenomenon. Absolutely everyone wears them, across all generations, classes and countries, be it the groovy skater or the ageing hippy, young girls in the school playground or society ladies at the golf club. Remarkable, in view of the fast-moving fashion industry, where the shelf life of a trend is about the same as that of a carton of milk. Jeans have been surrounded by myths since they were invented at the end of the 19th century, and have thus become a legend in their own right.

One thing is certain: The history of jeans is inseparable from that of Levi Strauss & Co. The young Bavarian emigrant Löb Strauss, who later changed his first name to Levi, is considered to be the actual inventor of jeans. His biography typifies the American dream. The young Levi was the archetypal adventurer. At 24, he set off for San Francisco to follow the call of gold in 1853. He had neither shovel nor spade in his luggage, but tarpaulins and some needles. Together with his brother-in-law, he opened a dry goods store – its stock should include anything that the mineworkers of the Wild West might need. Levi displayed a pronounced flair for meeting the needs of the gold diggers and soon realized that, apart from a bit of luck, the mineworkers needed one thing above all else: hard-wearing clothing. Without further ado, he took his tarpaulins to the nearest tailor and had him make trousers out of them. If the legend is to be believed, his first customer was so thrilled that he told the whole town about Levi Strauss's fantastic trousers.

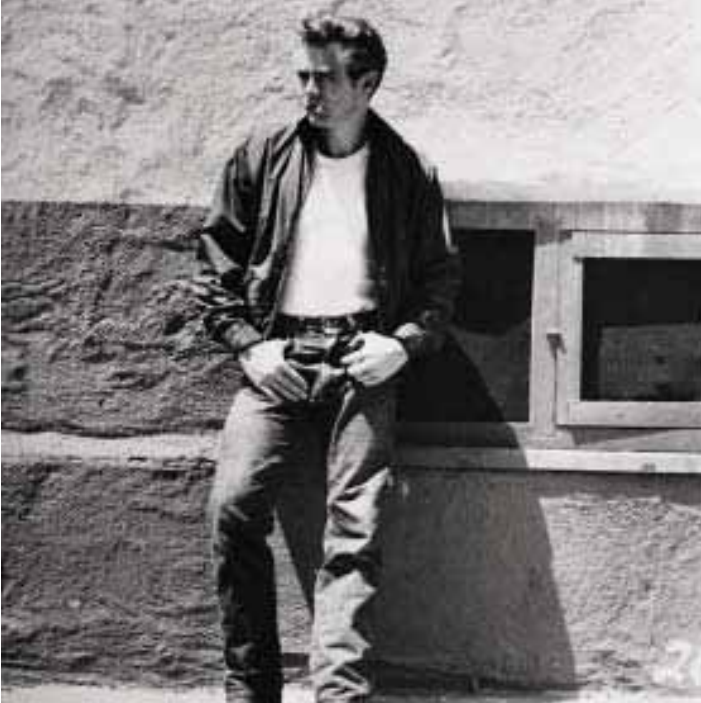
Jeans were born. In those days, they were neither called jeans (but rather "waist overalls") nor were they blue, but they were already a success. Strauss didn't rest on his laurels, however, but sought to improve his product. For example, the seams, which were subjected to wear and tear, were strengthened with rivets for the first time in 1873, and a robust cotton fabric from Nîmes in France (the fabric was later called denim, the name being inspired by "de Nîmes") replaced the former tarpaulin. In order to protect the trousers from

counterfeit copies, the typically distinctive marks were gradually added: the red tab with the company logo, the "arcuates" (curved, stitched designs on the back pockets) and the two-horse patch (the leather label with the two horses as a symbol of indestructibility). In 1890, Levi Strauss & Company was founded in San Francisco and the "waist overalls" were given the production number 501®, which was later to make them famous all over the world.

However, the myths surrounding jeans only emerged after people stopped wearing them merely to work. After the world economic crisis of 1929, the Americans had no money for expensive trips to Europe, so they stayed at home and discovered the romance of the Wild West. Ranch vacations became popular. This is how the jeans of the gold diggers and cowboys finally found their way as souvenirs into the wardrobes of city slickers. From then on, people associated them with the adventurous Californian way of life. Brands such as Lee and Wrangler put their bets on this horse in the true sense of the word, and made a name for themselves at that time with rodeo and western fashions. It is almost self-evident that this fashion trend rapidly gained a foothold in the Hollywood dream factory. From now on, Gary Cooper and other cinematic heroes of the Wild West were seen in nothing but jeans.

Forbidden in the GDR as a Symbol of Freedom

Jeans then came to Europe with the GIs. While they were declared as an important wartime product in the United States, exclusively reserved for soldiers, people in Germany, particularly towards the end of the war, were interested in the item of clothing that seemed to embody the American way of life better than anything ever before. Immediately forbidden in the German Democratic Republic, the rest of Europe associated jeans with freedom and the right to self-determination. In the 1950s, actors like James Dean ("Rebel Without a Cause"), Marlon Brando ("The Wild One") or Dennis Hopper ("Easy Rider") ensured that jeans became a worldwide symbol of anti-establishmentarianism. Anyone who wore jeans was a rebel and openly rejected the conventions of the petite bourgeoisie. Dean and Brando as well as Marilyn Monroe embodied the image of the rebel like nobody else. They represented a generation with a



Good advertising material: Screen rebels James Dean in “Rebel Without a Cause” (top left), Marlon Brando in “The Wild One” (top right) or Dennis Hopper in “Easy Rider” (bottom) ensured that jeans became a worldwide symbol of antiestablishmentarianism.

completely new self-image. They were strong, passionate and head-strong, but at the same time sensitive and full of yearning.

With the flower power movement, jeans also changed in appearance. They were worn tighter and were bleached or painted. At the end of the 1970s, designers like Calvin Klein or Gianni Versace devoted themselves to the denim miracle for the first time: Jeans conquered the international catwalks. In the 1980s, there was a sudden, significant slump in sales, which Levi Strauss & Co. countered with an advertising campaign that made history. Not only did it pull Levi's out of the crisis, but all its ailing competitors as well. In their leather jackets and white T-shirts, the protagonists of the advertising spots were reminiscent of their famous predecessors from the 1950s, while appropriate music by Ben E. King and Percy Sledge provided a suitable backdrop. The jeans myth was revived, and reemerged stronger than ever. And it has survived to this day.

In recent years, the appearance of jeans has continued to evolve: Today's rebels wear them low, tight, or sometimes both. Besides the classic models, there are now numerous trendy labels and some outrageously expensive high-end brands: 7 for all Mankind, Blue Cult, Paper Denim, Gucci, Dior, Giorgio Armani, etc. Alexander Matt, Public Relations Manager at Levi Strauss Germany, is not afraid of the competition: “We are one of the leading innovators in the industry and offer several fashionable products. We also note that society is again in need of genuine values, originality and authenticity.” Whether the original 501® or a premium brand, the trousers in indigo blue won't be disappearing any time soon. Clifford Lilley, a style and image consultant based in Zurich, is also convinced: “Jeans are hotter than ever. They may be combined in different ways, but they'll always be around.” Legends live forever. And after all, there's probably a little bit of rebel in every single one of us. <

Making Dreams Come True

Text: Peter Hossli

Highly educated and experienced professionals from developing countries often have difficulty finding a suitable job in the US. They hire themselves out as taxi drivers or dishwashers. An enormous loss for America, says Jane Leu. She places immigrants in jobs that match their skills.

Christian Rey gazes expectantly northward beyond the railing. Leaden clouds hang over the passenger ferry that brings him from Staten Island over to Manhattan. The skyline of his dreams inches closer with each swell of the waves. Rey is striving for a job in one of those glass skyscrapers. In his earlier days in Costa Rica, he managed asset investments for other people, arranged IPOs and structured debt. Now the investment banker is seeking a "better life in New York."

His dark hair is freshly trimmed, his checkered shirt is starched and his shoes are polished. He wants to make a good impression on the personnel departments at US investment banks in order to "finally put my expertise to work," says the 34-year-old Rey. He has been looking in vain for employment for 10 months. He thought his solid education and multifaceted professional experience would quickly land him a job. Moreover, he holds a work visa through his American wife. "I thought it would be easy," Rey explains.

He was mistaken. He had underestimated the enormous cultural differences that jobseekers face. Whereas in Costa Rica an employer looks solely at qualifications, achievements are all that count in the US. Rey wondered for a long time why nobody responded to his resume. "It was composed completely wrong," he now knows. A curriculum vitae must resemble an enticing sales

brochure, not a chronological outline. "Boasting is considered rude in my country," he explains in nearly accentless English. "In the US you constantly have to promote yourself."

Rey is currently learning how to do just that from Jane Leu, the founder of the nonprofit organization Upwardly Global. It's early Saturday morning on New York City's Park Avenue. Leu is conducting a seminar for jobseekers. The petite, enthusiastic woman speaks quickly and succinctly. When she pauses, her glance settles on the silvery shimmer of the Chrysler Building outside the window. "It's tragic when engineers have to drive taxis to make a living." Leu places highly qualified immigrants from developing countries in appropriate jobs in the US. She's convinced that her efforts benefit the newcomers as well as the US economy. American businesses profit from the settlers' knowledge and international experience. In turn, Leu says, she enables immigrants to build a "dignified life in their new homeland."

Learning American Customs

And she is indeed successful at that. Leu, whose ancestors came to the US from Schaffhausen, Switzerland, started Upwardly Global in 2001 in her kitchen. Today she employs a staff of 13 in offices in New York City and San Francisco. Her budget has >

Christian Rey, an investment banker from Costa Rica, on his way to a job interview in Manhattan.



swollen from 267,000 dollars in 2005 to 1.6 million this year. To date, Upwardly Global has served 500 jobseekers from around the world and that number is expected to rise to 900 this year. That's the most important success indicator for Leu. "It makes me happy when others are happy," she says.

Most of the immigrants who come to Leu first need a confidence boost. "Many have to overcome an emotional hurdle to accept help," she underlines. Frequently, she adds, she receives immigrants who have been searching for a job for years, all the while carrying a crumpled article about Upwardly Global in their pocket. Using real-life success stories, Leu shows them that it really is possible to obtain a job. She then Americanizes their resumes, for instance by reinserting the PhD degree that someone deleted for a job application to McDonald's. She also teaches the foreign aspirants American customs and techniques for the crucial job interview. Finally, a mentor orients the job applicants toward their desired profession. "Sixty-five percent of jobs are landed via personal connections – connections that these immigrants lack," Leu explains. "We connect them with America."

Ethnic Diversity Enhances Profits

In the mid-'90s, Leu dealt with asylum seekers and encountered fully outdated structures. The US was geared to absorbing refugees from Southeast Asia, uneducated rice growers who arrived in the aftermath of the Vietnam War and quickly found work on American farms. But Leu was confronted with attorneys from Serbia, bankers from Bosnia and engineers from Somalia. "Those skilled professionals lacked cultural understanding as much as they lacked knowledge of America on the whole."

Her organization aimed to build the missing bridges. Whereas it proved easy to integrate Western Europeans after World War II, today there is an absence of understanding for highly qualified workers from developing countries. "That's an enormous loss for America," laments Leu, who emphasizes that she is not running a charity. "It pays to hire foreign experts," she drills into the companies she helps to staff. The US economy faces a shortage of 10 million professionals in 2010. "Immigrants can close that gap." A company finds its way faster in the global market if its workforce is ethnically and geographically diverse. The firm becomes more dynamic. "Ethnic diversity enhances profits," Leu stresses.

Network of 300 Volunteers

José Sanchez sits tensely at a round wooden table. The Colombian has spiffed himself up for a practice interview. His clipped mustache accentuates his friendly visage. He wears a black tie against a black shirt. In 2002, the engineer married an American woman and moved to New York. He has struggled to survive ever since, jobbing as a dishwasher, waiter, porter and janitor. Sanchez, 37, currently apprehends shoplifters at a Home Depot superstore. He says his 10-year career in Colombia's financial world had "no significance in the US."

Sanchez peers intently into the eyes of his interviewers. Public relations specialist Jeizel Pickett, 27, and investment banker Michael Fox, 28, lead the conversation. Both belong to the network of roughly 300 volunteers built up by Upwardly Global. Fox begins by inquiring, "What do you expect from the new job?" Pickett quickly discovers that Sanchez oversaw a staff of 16 in Colombia. At Home Depot, the foreigner supervises a dozen other watchmen,

all Americans. "What are your strengths?" asks Fox, an Englishman who works in New York for Goldman Sachs. "I can motivate people," Sanchez replies, adding that his present job requires a high degree of cultural awareness. "We have Jewish and Islamic customers, and I make sure not to touch or stare at anyone."

Sanchez sells himself far too badly, the mock interviewers note in their subsequent evaluation, commenting that his resume made no mention of his leadership skills and that he barely advertised them during the interview.

When Gestures and Eye Contact Suddenly Matter

A form of behavior Jane Leu encounters all too often, she explains, is that immigrants are not accustomed to dominating a conversation. They are quickly written off as insufficiently focused. The frequently posed question, "What was your biggest failure?" bewilders them, Leu notes. "In many places, failures are taboo." Often their body language also misfires. Christian Rey, the banker from Costa Rica, was dumbfounded for instance by the way hands or eye contact are scrutinized during an interview. "I wasn't used to being judged by my gestures."

Sandra Plaza sits serenely in a windowless 34th-floor conference room on 58th Street. She's wearing a stylish checkered pantsuit, her black hair falls onto her shoulders, she speaks engagingly and confidently. "I have made it." Law books surround her. The 36-year-old Colombian has been working on immigration cases for New York law firm Akst & Akst since November.

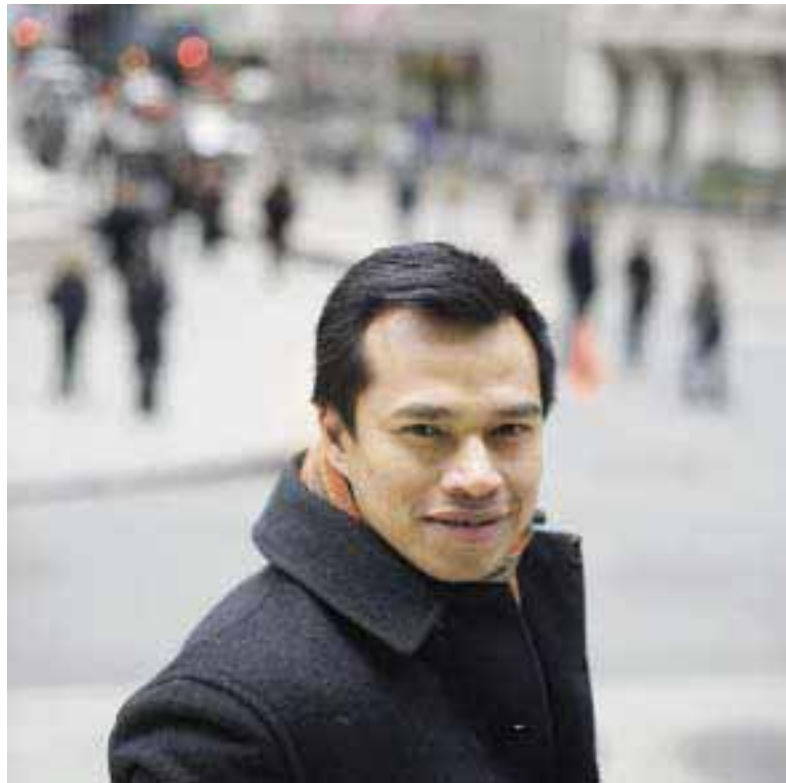
The attorney emigrated to the US six years ago for political reasons. "My life was in danger," she says, without disclosing why. She briefly tells her story. "A success story," she underlines. She came over with her daughter and husband, an engineer. None of them spoke English. The family received asylum and started again from square one. She babysat and her husband drove heavy trucks "to survive," recounts Plaza, who dropped "several rungs down the social ladder" in her new country. In Colombia she had a chauffeur, a gardener and a maid. Here she first had to pass the driver's test and buy a vacuum cleaner.

Changing diapers for other people's children was "deeply dissatisfying" to the lawyer. But she never lost her focus on "building our life," she notes. Her English improved and she ultimately discovered Upwardly Global. The organization revamped her resume and instructed her on American customs.

Learning to Look the Boss Straight in the Eye

She is learning to elicit respect with firm handshakes, Plaza says, adding that nobody in Colombia would ever use that gesture as a greeting. Whereas it is considered improper to look a Colombian boss in the eye, Plaza now constantly seeks eye contact. "In the US it signals that you are open and direct." She was previously accustomed to always sharing her professional achievements and talking about them in the third person. "Here it's 'I' not 'we' that counts," Plaza underscores. "It's all about yourself. You have to be the greatest."

A mentor eventually connected her with George Akst, a New York attorney who has spent a 30-year career of procuring visas for immigrants. Akst says that he hired Sandra Plaza "because as an immigrant herself, she brings the sensitivities that are important to my clients." Plaza hopes to obtain a New York state attorney's license soon, and if all goes well, to open her own law office. >



Under way with better chances in the quest for new happiness, thanks to the support of Upwardly Global (from top, left to right): banker **Christian Rey** from Costa Rica, lawyer **Sandra Plaza** from Colombia, economist **Olena Lysenko** from the Ukraine and auditor **Waspada Peranginangin** from Indonesia.

She owns an apartment in Stamford, Connecticut, an hour's train ride from Manhattan. Spanish is a second language for her daughter. Only her husband has difficulty with English. He is still working as a truck driver. Nonetheless, Plaza says, for her America has become "the land of limitless opportunities. You just need to seize them."

The Classic Dishwasher Career

From his office, Waspada Peranginangin looks out over the construction site at Ground Zero, where the World Trade Center once stood. He works as an internal auditor on the 21st floor of the headquarters of finance house JP Morgan Chase. The 33-year-old banker immigrated five years ago from Indonesia. The US granted him asylum on grounds of religious persecution. That marked the start of an odyssey of several years across the country that was supposed to give him "a better life." The journey took him from Los Angeles to Seattle and on to extended stops in Chicago, Milwaukee, Houston, Salt Lake City, and finally New York. The university graduate scrubbed floors, washed dishes, served hamburgers and cola. He brewed coffee for Starbucks and assembled sandwiches for Subway. "Life was getting me down," recalls Peranginangin, who had done challenging work in Jakarta as a consultant and auditor for international corporations. "In the US," he says, "I was a prisoner. I wanted to share my skills with this country, but without a US college degree or local experience, I didn't have a chance." To get those credentials, he took courses at New York University. He grew bored, as he knew more than the teacher. A friend sent him an article about Upwardly Global. He contacted the organization "without any expectations," Peranginangin recounts.

Jane Leu promptly helped him to "shore up my battered self-confidence," he says. "She taught me to promote myself." After just a month, he received offers from JP Morgan in two cities. He decided on New York, the financial metropolis. "I was speechless," he says, especially since he received a bonus on top of a high salary and free health insurance cover. "I have reached my goal, I'm working in America for a US firm."

Strict Separation Between Private and Professional Life

Immigrants who turn to Upwardly Global double their incomes on average. To date, the organization has arranged job placements that pay annual salaries ranging from 25,000 dollars to 85,000 dollars. "I would earn more if I had stayed in Europe," counters Olena Lysenko. The 26-year-old Ukrainian sits in a café in the Metrotech office complex in Brooklyn. Her wavy blond hair is tied back in a ponytail. She studied economics at the diplomatic university in Kiev and earned an MBA in the Bavarian city of Coburg. Besides Russian and Ukrainian, she also speaks German and English fluently. She once worked on the finance committee of the Ukrainian parliament and as an expert consultant for her home country's largest bank, Prominvestbank.

Moreover, she is "young, bright, ambitious and globally minded." Altogether, she thought, that would be enough to quickly land her a job in the world capital of high finance, especially since she is married to an American and holds a green card. Olena Lysenko was wrong though. She lacked what immigrants often lack – an understanding of American ways. She calls the differences "tremendous." "I often feel like I'm from another planet." She was unaccustomed, for instance, to the strict separation between

personal and professional matters. Jane Leu couldn't help but grin when she saw the photo that Lysenko stapled to her resume – an absolute taboo in the US business world. What's more, she brought along all of her academic awards and diplomas to her initial job interview in an effort to impress the prospective employer. All for naught. "No one wanted to see them."

Lysenko has been processing treasury transactions and managing pension fund accounts at JP Morgan Chase since September. "An entry-level job," she says. "As a foreigner, I have to begin at the bottom even though I'm better educated than higher-placed Americans." That's the price that immigrants pay, she adds. Anyway, she does not intend to stay in New York forever. She plans to start a family in the Ukraine. "I want to learn something here that I can then pass on to my homeland."

Jane Leu Wants to Go Global

That makes Lysenko an atypical candidate for Upwardly Global. Jane Leu purposely handles only visa-holding immigrants from developing countries who want to stay in America. Half of them are refugees who were forced to flee their homelands. Leu says that she doesn't concern herself with Western Europeans who move to the US "They come to change their lifestyle, and they don't need my help for that."

Leu intends to open a third and fourth branch office soon, and to export her concept to Australia and the UK. "Globalization not only moves goods, it also displaces people, many of whom are highly skilled," she says. She wants to remedy the huge insecurity this causes on labor markets worldwide, she explains. "I'm obsessed with solving problems," Leu says in describing her zeal. Her drive likely stems from her upbringing in a business household. Her parents ran a butcher shop in Cleveland, Ohio.

Christian Rey squints into the icy wind that sweeps over the Hudson River. His voice betrays frustration. He is still unemployed. "If someone gives me a chance, I can show what I can do," he says. Rey is certain that once his foot is in the door, he too would have a shot at one of the famously fat bonuses that beckon on Wall Street. He is not giving up and is not thinking of moving to Miami, even though the Costa Rican would presumably have better chances there. US banks conduct business with Latin America from Florida. He wants to make it in New York. Because "Sinatra was right. If you can make it in New York, you'll make it anywhere," Rey stresses. <



"It's tragic when engineers have to drive taxis to make a living," says **Jane Leu** (top photo), the founder of Upwardly Global. **José Sanchez**, an engineer from Colombia who currently works as a store detective, sells himself much too badly in a practice interview; that's the unanimous opinion of the mock interviewers, who belong to Upwardly Global's network of 300 volunteers.

An Increasing Number of Private Individuals Are Investing in Real Estate Funds

Text: Andreas Schiendorfer



Whenever an out-of-the-ordinary construction project is realized in Switzerland, the driving force behind it is often the Real Estate Asset Management department of Credit Suisse. This was true of the Basel Exhibition Tower, the highest building in Switzerland, and it is no less true of the recently opened Sihlcity quarter in Zurich.

After an eventful history that began in 1835, the paper factory on the banks of the river Sihl in Zurich-Wiedikon finally closed its doors 20 years ago. What would happen next? The sole contractor Karl Steiner AG drew up spectacular redevelopment plans, but no one was prepared to take on the investment risk – until Steiner approached Markus Graf, head of Real Estate Asset Management Switzerland, at the beginning of 2003. “Even by our standards, 620 million Swiss francs was an unusually large sum of money. But we were convinced by the concept and within two months the project was up and running,” remembers Graf. “And we never regretted it. On March 22, 2007, after a construction period of three and a half years, we were able to hold an inauguration ceremony for the largest private construction project in Switzerland. A new city center has now emerged with a rental area of 100,000 square meters that houses no less than 2,300 new workplaces and attracts 20,000 visitors every day.”

Annual Rental Income of 41 Million Francs

The annual rental income of around 41 million francs provides investors with their targeted return of 6.5 percent. Five different real estate investment vehicles of

Credit Suisse are involved: the real estate fund CS 1a Immo PK, CS REF Interswiss, CS REF Siat, CS REF Property Plus and the Credit Suisse Real Estate Investment Foundation Switzerland, in addition to the listed real estate investment company Swiss Prime Site AG, on whose behalf Credit Suisse is mandated to act.

Country's Largest Private Building Owner

Real Estate Asset Management has long been the largest – indirect – building owner in Switzerland, commissioning construction work every year to a value of between 700 and 800 million francs. Or about the same as the total value of the portfolio when Marcus Graf assumed his current position. “Obtaining money was not a simple matter back then. The real estate crisis had not been forgotten and the equity markets seemed to promise much greater returns,” explains Graf. “Today it's the other way round. It is almost easier to find investment capital than it is to find properties or projects that offer a reasonable return. Many properties on the market come with grossly inflated price tags. We steer well clear of this kind of speculative activity.”

The streamlined real estate team of 80 staff in Switzerland, which managed invest-

Markus Graf can look back on a record of impressive growth for his indirect real estate investments. In 1996 things got under way with approximately 800 million Swiss francs. Total assets now exceed 16 billion francs – earning handsome returns.

ment assets of around 16.5 billion francs at the end of 2006, has therefore remained anything but idle. Attention has now turned to in-house building projects. Though these involve a higher level of risk, they also promise proportionately greater returns. An example is the Prime Tower on Zurich's Maag site. With a height of 126 meters, the Swiss Prime Site project provides premises for approximately 2,000 new workplaces.

A Successful Start Abroad

In addition, at the end of 2004 a fund was set up for institutional investors that invests solely in foreign real estate. CS REF International aims to divide its investments three ways equally between North America, Europe and Asia. “It's just not possible to implement this kind of strategy seriously from Switzerland. That's why we have opened offices – modestly sized for now – in both New York and Singapore, through which we have purchased 15 properties with a current investment volume of more than a billion Swiss francs, particularly in Canada.” At the beginning of 2007, “78 Shenton Way” was purchased via a joint venture for the sum of 284 million francs, thereby providing a foothold in Singapore.



Sihlcity – such is the name of the new urban quarter in the south of Zurich. The name is emblematic of a new shopping, leisure and entertainment culture that will enrich the city.

Sihlcity – The Ultimate “Change of Use” Case Study

On the site of a former paper factory right next to the river Sihl, a new urban quarter of Zurich has emerged. Around 100,000 square meters of rental space provides premises for 13 gastronomic outlets, approximately 80 shops, a multiplex cinema, a nightclub, an arts venue, and an Asian-style fitness and wellness center. In addition, Sihlcity also boasts a hotel with 132 rooms, service areas and 16 urban apartment dwellings. The result is therefore a diverse mix, offering the expected 20,000 daily visitors a wide range of opportunities at almost any time of the day or night. Major advantages of the new urban quarter include its proximity to the center of Zurich and the large number of city tram and bus routes with which it can be accessed. In addition to the S4 Sihltal railway, the No. 13 tramline, and the No. 33 and No. 89 buses, the No. 5 tramline has also been extended ahead of schedule. Just for good measure, the No. 12 night bus also stops at Sihlcity.

The decision to branch out beyond the borders of Switzerland has opened up a whole range of new perspectives. Hardly surprising, therefore, that a further capital increase for CS REF International is now on the cards.

An Increase of Foreign Investors

With this as a basis, yet more real estate funds abroad will be created by Real Estate Asset Management Global, under the leadership of Mario Seris. Even now, Credit Suisse Asset Management looks after real estate funds with a total value of around 10 billion francs in Germany (through CS Euroreal) and in the UK.

Novartis PF Turns to Credit Suisse

In 2002 the pension fund of Novartis transferred its own real estate portfolio (valued at around 1.1 billion francs) to Real Estate Asset Management at Credit Suisse, for purposes of securitization in various real estate vehicles. And things are proceeding very nicely: Whereas earlier this pension fund generated a relatively low return with 25 staff, it now achieves a 3 percent higher return without having to do any work itself.

Swiss Peripheral Regions Strengthened

Subsequently the investment group CSA RES Dynamic was created, which invests primarily in properties located in peripheral regions and/or in properties with a longer commercial pedigree, as well as in smaller properties. The target group here is primarily pension funds that wish to put their real estate assets on a new, professional footing by means of securitization.

“The problem with many pension funds is that they tend to have properties in just one region,” explains Markus Graf. “We are able to offer the necessary geographical diversification, and, thanks to our expertise, also a better return. And the fact that we can simultaneously make a contribution to the development of peripheral regions is something that obviously gives us even greater satisfaction.”

>



1 Toronto, 121 Bloor Street, from the portfolio of CS REF International. 2 Basel Exhibition Tower, from the portfolio of Swiss Prime Site. 3 Lucerne, Lakefront Center, from the portfolio of CS REF Property Plus.

The Indirect Real Estate Investments

Real Estate Products for Private and Institutional Investors

- Credit Suisse Real Estate Fund Interswiss – the commercial real estate fund
Date of launch: 1954 | Total assets: CHF 1379.79 m
- Credit Suisse Real Estate Fund Siat – the residential real estate fund
Date of launch: 1956 | Total assets: CHF 1882.85 m

Real Estate Products for Institutional Investors

- Credit Suisse Real Estate Fund International – the international real estate investment fund
Date of launch: 2005 | Total assets: CHF 1310.94 m
- Credit Suisse Real Estate Fund Property Plus – the real estate construction project investment fund | Date of launch: 2004 | Total assets: CHF 604.56 m

Real Estate Products for Swiss Pension Funds

- Credit Suisse 1a Immo PK – the real estate fund for registered, tax-exempt pension funds with professional treasury operations | Date of launch: 1999 | Total assets: CHF 3100.46 m
- Credit Suisse Real Estate Investment Foundation Switzerland – the real estate group of CSA Pension Funds | Date of launch: 2002 | Total assets: CHF 3341.05 m
- Credit Suisse Real Estate Investment Fund Switzerland Dynamic – the new real estate group with investments in “B-list properties” offering attractive return and development potential | Date of launch: 2006 | Total assets: CHF 75.16 m

Credit Suisse Real Estate Mandate

- Swiss Prime Site – the first specialized real estate investment company in Switzerland with first-class commercial properties | Date of launch (IPO): 2000 | Total assets: CHF 3484.81 m

Total assets all as at 31.12.2006

Private Investors on the Rise

Anyone who thinks that real estate funds are solely the preserve of institutional investors, particularly pension funds, could hardly be more wrong. True, these parties continue to provide the lion's share of the capital, but there are now no less than 35,000 private clients and institutional clients overall. “Of course, the return has to be right for all these private clients,” observes Graf. “But for many of them, participation in real estate has an emotional element above and beyond the purely financial. People like to know how their money is invested, and they identify with real estate funds and real estate companies accordingly.” Without doubt, the number of such investors will rise in the future. Which is why Markus Graf is convinced of the success of his latest idea.

Living Plus – The Latest Fund Idea

The objective of the “Living plus” fund is to tap into the senior real estate market, further develop existing utilization and service concepts (i.e., serviced accommodation, care homes and residences for the elderly) and to invest in living trends of the future. Plans are also being considered to take over private old people's homes and care homes, facilitate substantial investments in these properties, and thus tailor them to the demands of future users. <

Useful to Know Financial Market Jargon



Commodity

**A Physical Substance
Which Is Bought or Sold**

We all deal in commodities, whether we realize it or not. We drink orange juice, wear clothes made from cotton and drive cars made with steel that are fuelled with gasoline or travel on buses propelled with natural gas. Commodities are an essential part of our daily lives. They are the raw materials that producers use to create the goods that we buy and the food that we eat. Investors buy or sell them, for example, through a commodities futures markets (see definition below).

To keep it simple, there are two kinds of commodities: hard and soft. Walk through the aisles of any major store and you will see a wealth of “soft” commodities. Coffee, cereal, apple juice, meat, bread made with wheat or oats and chocolate with cocoa and sugar are just a few. We are also surrounded by “hard” commodities, which are in our homes, automobiles, the decorative accessories we wear, and in every piece of electronic equipment we use. The “hard” stuff includes industrial or precious metals, livestock, and the drivers of the energy market, crude oil, coal, heating oil, natural gas and gasoline. **mb**

Contango

A Futures Market Term

The word contango might conjure images of a fiery Latin dance, but in reality it's a complex futures market term. A contango is a market situation in which the futures contracts for a given product are priced higher than that same good for near-term delivery. For example, the price of crude oil to be delivered five months from now might be about 5 dollars more than that of oil to be delivered next month. The oil market has been in a contango since 2005. In a contango, it can pay for players to buy and hold a product and sell it down the road. Contangos are normal for a nonperishable commodity, such as crude or heating oil or precious metals. **mb**

Futures Markets

**Auction Markets to Buy and Sell
Commodities in the Future**

How do the products we use make their way onto supermarket shelves, or to jewelry shops, or into the clothing we wear, or the cars we drive? How are they priced? One way are the commodities futures markets around the world. Essentially, futures markets are major financial hubs, which provide an outlet for competition among buyers and sellers while managing price risks. A future is a financial contract to buy or sell a specified amount of a product or financial instrument at an agreed upon price on or before a given date in the future.

For example, farmers can sell their grain months before harvest in order to lock in a price for their crop. The farmer is then assured of a steady price – despite the risk of bad weather or disease. The buyer then assumes the price risk. Compensation for assuming that risk is given by setting the price in the futures contract below that of the expected spot price. The closer the time of delivery, the more the price of the futures contract converges to the spot price. Since the futures price is initially set below the expected spot price, it gradually increases as the delivery date approaches, producing a return for the buyer. Trading in futures originated in Japan during the 18th century and was used for the trading of rice and silk. In 1948, the United States followed with its first futures market, the Chicago Board of Trade. It was founded by 82 merchants to help agricultural producers and consumers manage the price risks of harvesting, marketing and processing crops each year. Many of the largest futures exchanges around the world have their roots in agriculture, and have developed into global marketplaces not only for agricultural goods, but also for currencies and financial instruments, such as bonds. **mb**

Credit Suisse Group An Interview with CEO Oswald J. Grübel

“I Have Experienced Staggering Changes in My Professional Lifetime”

Text: Michèle Bodmer

In today's business world, it is no longer enough for career-minded individuals to keep up with the times – they need to stay ahead of them. Forward thinking is just one of the traits that the financial services firms will look for when recruiting, says Oswald J. Grübel, CEO of Credit Suisse Group. He explains the changes the industry is undergoing and what it takes to build a career.

Bulletin: You began your career as an apprentice. Then followed a nearly 40-year career within Credit Suisse, with the gradual ascension to the CEO position. What principles guided your career?

Oswald J. Grübel: There are three credos that have benefited me throughout my career: never underestimate the power of common sense, be adaptable and take advantage of technology. I can't emphasize the importance of these principles enough. The changes I have seen in my professional lifetime have been staggering and to stay ahead of the game, I learned not only to embrace them, but to welcome each new situation as a challenge.

The financial industry is changing.

What are the most important trends?

Both commercial and retail banking in Europe are being altered by the forces of integration, globalization and consolidation. The environment of the past, in which commercial and retail banking relationships were regional and often long lasting, is gradually disappearing.

How does this affect small and mid-sized banks?

Across Europe, small and mid-sized banks that once made a fine living lending and providing domestic banking services to

local companies are being forced to choose from three alternatives: acquisition and expansion, integration into a larger organization, or an acceptance of a new and diminishing role. While there will still be room for smaller European banks – just as there is in the US for smaller regional banks – global organizations and banks that are growing into pan-European entities are eating up a greater share of the market.

Are the world's largest financial organizations also changing?

Their fundamental revenue drivers are changing. An increasingly large chunk of the investment banking business is now driven by alternative investment specialists such as private equity firms and hedge funds, which are both clients of investment banks and rivals in certain areas. The situation is delicate and it's evolving.

Are clients also playing a role in fueling the changes in the industry?

In many ways it is customers who are redefining the rules of banking. For example, in retail banking and to an extent in private banking, the needs of the clients are changing. That is partly because life patterns are shifting and becoming more complex. People are getting married later in life, getting divorced more often, starting sec-

ond families more often and embarking on second or even third careers.

Given that all these changes will only intensify as technology improves, what type of individual is best suited to the new world of financial services?

I believe the financial services leaders of tomorrow, the ones who will be most successful, will be individuals who are able to look beyond the chaos of change and the confusion of the moment and from it extract what is lasting, using human experience and common sense. They must have the ability to look beyond the moment.

What general abilities will prove the most valuable to the financial institutions of tomorrow?

The ability to go beyond a specific professional competency, to give weight to all these pressures as well as the social, political and cultural context, and pull from them the key elements that will shape a department's or an institution's thinking, even its future. That will be the currency of greatest value in our future hires.

And what specific traits should future professionals have?

They must embrace the spirit of change rather than shrink from it. While the tried-and-true career path at banks – from associate to vice president and on up to director and, for some, managing director – will still be the choice for many, others will create their own career path within banks. Banks recognize the value of entrepreneurial thinking. Structurally, we are moving



CEO Oswald J. Grübel looks back at a career at Credit Suisse Group that spans almost four decades.

Biography

Oswald J. Grübel was born in Germany in 1943. He joined White Weld Securities, a subsidiary of the then Schweizerische Kreditanstalt, in 1970. He was nominated to Credit Suisse's Board of Directors in 1991, and by 1998 made CEO of the Private Banking business. By the end of 2001, he went into retirement as the Private Banking and Financial Services divisions were merged. Just six months later he was called back as CEO of Credit Suisse Financial Services. In September of 2002 he became co-CEO of Credit Suisse Group and in July 2004 became sole CEO. After a more than four decades in the financial services industry, Oswald J. Grübel will retire as CEO of Credit Suisse Group on May 4, 2007. He is handing the reigns over to Brady Dougan.

toward a less hierarchical and more fluid working environment. The banking business is intangible and knowledge-based, and we give our staff a high degree of autonomy in making decisions.

Earlier you mentioned adaptability as one of your personal credos. Why is this ability so important?

Adaptability implies a willingness and ability to learn. This is important because banking is driven by knowledge, information and communication. The areas of business, the value chains and networks, the working processes and methods of analysis are all subject to rapid change. Advances in technology and expertise expose knowledge and ability gaps, and you will need to recognize and react to those gaps.

Entrepreneurship and adaptability have a lot to do with mental attitudes or personal mindsets. What other qualities should the professional of the future possess?

They should be flexible and willing to work hard to achieve their goals. They should also aim for the best balance between the requirements of clients, the bank, other stakeholders and their own personal needs. The ability to work under pressure, to set clear priorities and maintain an overview even under difficult circumstances are virtues that have always been valued, and this will not change. And you must be trustworthy. I cannot stress enough the need in this industry for high ethical standards and the good sense to know what is merely pushing the envelope and what is dangerously gray or potentially unlawful.

What skills will Credit Suisse in particular be looking for?

Credit Suisse attaches importance not only to specialized knowledge when hiring university graduates, but also to motivation, personality, methodology, learning and social skills. Certificates and diplomas are often necessary, but they alone are not enough to ensure success. Work-and-study internships and experience abroad are also important. And we prefer candidates who are multilingual. <

Asia



Investments and Rugby Meet in Hong Kong

About 1,200 delegates were expected to attend Credit Suisse's 10th Annual Asian Investment Conference from March 27–30. Companies and governments alike view the AIC as an ideal forum to reach decision makers who invest in Asia, including equity and debt investors, high net worth individuals, and private equity investors.

This year more than 200 companies from Asia Pacific will be present, as well as most major fund management groups. The AIC delegate list represents an estimated three trillion dollars in assets under management. The keynote speaker is the 2006 Nobel Prize winner in Economics, Professor Edmund S. Phelps of Columbia University. Other speakers are Prime Minister of Pakistan, Shaukat Aziz; Deputy Prime Minister and Finance Minister of Thailand, Pridyathorn Devakula; and China National Social Security Fund Chairman and former Finance Minister, Xiang Huaicheng.

The biggest sporting weekend in Hong Kong begins as the AIC ends: the Cathay Pacific/Credit Suisse Hong Kong Sevens, widely regarded as the world's best seven-a-side rugby tournament. **ba**

More information about the AIC and the Hong Kong Sevens under:
www.credit-suisse.com/conferences

Global



Supporting Sri Lankan School Children

Credit Suisse and the World Food Programme have launched a Food for Education initiative in Sri Lanka, focusing on the connection between hunger and learning. Kitchen and food storage facilities for 61 schools will be constructed in the tsunami-stricken regions of Sri Lanka. The donation will provide 19,000 school children in Jaffna, Batticaloa and Ampara with school lunches during 2007 and 2008.

The school meals aim to address short-term hunger, increase attendance rates and significantly improve student performance and achievements. The initiative also targets to raise the percentage of girls attending school. Studies have shown that the number of years a woman attends school, can cut the likelihood her children will be malnourished by as much as 40 percent.

Credit Suisse is the largest corporate donor to WFP's development programs in Asia and it also has educational programs in countries as diverse as China, India, Indonesia and Vietnam. The theme of Credit Suisse's philanthropy is to look for practical ways to help children at the local level. **de**

Latin America



Credit Suisse to Acquire Hedging-Griffo

Credit Suisse has signed an agreement to acquire a majority interest in Hedging-Griffo, a leading independent asset management and private banking firm in Brazil. Credit Suisse built the leading investment banking business in Brazil following its acquisition of Banco Garantia in 1998. With the acquisition of Hedging-Griffo, Credit Suisse can offer clients in Brazil the benefits of the integrated bank through the addition of this asset management and private banking platform.

The transaction is subject to approval by the Central Bank of Brazil and is expected to close by the middle of 2007. Upon closing, Hedging-Griffo will operate as Credit Suisse Hedging-Griffo.

Hedging-Griffo is a leading independent asset management and private banking company serving the high-growth Brazilian market. Hedging-Griffo manages 9.2 billion Swiss francs for high net worth individuals in Brazil and focuses on hedge funds, equity funds, and fund of funds domestically and internationally. Credit Suisse has also built its onshore wealth management franchise in key growth markets around the world, most recently in Moscow and Sydney. **mb**

Corporate Clients Piotr Wozniak

Mortgage Bank win-a-house.ch



A Bank You Can Build On

Last year Credit Suisse succeeded in significantly consolidating its strong position as a mortgage bank. This was partly due to the win-a-house.ch competition, which once again met with great interest and attracted over 170,000 participants. Rosemarie Müller from Grüningen (pictured above with Hanspeter Kurzmeyer) can now look forward to having her dream home built. Pleasingly, the information provided at the www.winahouse.ch site on every aspect of house building and furnishing also attracted a lot of attention. Hardly surprising, therefore, to learn that Urs Dickenmann, head of Private Banking Switzerland, and Hanspeter Kurzmeyer, head of Private Clients Switzerland, have decided to stage win-a-house.ch a third time.

The win-a-house.ch competition, with various new features, was relaunched on March 2, but new participants can enter the competition at any time. This year over a million francs in prize money awaits those looking to make their dream home a reality. In the competition, they will be able to choose from three different living options: a loft apartment, a single-family house or the renovation of an existing home. These living options are presented to participants on the basis of selected model properties designed by renowned architects. **sch**

Poland Is an Important Trading Partner

"A large number of international companies have set up branches in Poland in the last two years," explained Polish Minister of Economy Piotr Wozniak at a Credit Suisse corporate clients' breakfast at the Hotel Savoy in Zurich. "We have suddenly become a center for electronics," he added. If this trend continues, Poland will be the biggest manufacturer of flat-screen televisions by 2009. Exports rose in total by about a quarter in 2006 and economic growth will exceed the 5-percent mark in 2007. For the first time in many years, the country's unemployment rate fell below the watershed of 15 percent and the rate of inflation is now below 2 percent. However, Polish workers are still insufficiently mobile and there is little in the way of modern infrastructure. But according to Wozniak that should change in the future. Urs P. Gauch, head of Corporate Clients – Large Corporates at Credit Suisse, underlined that Swiss exports to Poland last year amounted to 1.7 billion Swiss francs (up 27 percent). Furthermore, over 23,000 people work for Swiss companies in Poland. Wozniak was joined by Walenty Niesyto, the Polish ambassador to Switzerland, and Commercial Counselor Jan Szustkiewicz in answering questions from interested guests. **sch | de**

F1 Peter Sauber

“We’re Building a Winning Team in Hinwil and Munich.”

Interview: Andreas Thomann

For 36 years, Peter Sauber drove his racing team toward success. That was before handing over control to BMW at the end of 2005. But the motor-sports pioneer hasn’t quit the scene entirely. Formula One is simply too close to his heart. The man from Zurich explains in an interview why the BMW Sauber F1 Team will continue on its path to the top.

Bulletin: Has your quality of life improved since retiring as team boss?

Peter Sauber: Well, my life’s different now – though it’s certainly not deteriorated in any way.

What do you mean by different?

Every day is still jam-packed, but my working day is shorter and I’m not as efficient as before – I suppose because the pressure’s off to some degree.

Are there any hobbies that you’ve rediscovered?

Not really. I’ve been out and about a bit more often on the motorbike. And in the winter I’ve had a little more time to go skiing in the mountains.

You’ve still got at least one foot in the Formula One camp. What exactly do you do now?

First and foremost I act as a point of contact for the BMW Sauber F1 Team, with which I’ve got a consulting agreement. I’m also responsible for its two partners: Credit Suisse and Petronas.

Does that mean we’ll be seeing you regularly in the paddock this coming season too?

Yes, I’ll be attending roughly 10 races.

That sounds a bit like the leopard that can’t change its spots.

No, that’s not true. If BMW hadn’t offered me this consulting agreement, I could well have been able to call it a day. I can easily imagine a life without Formula One. I’d hardly have been sitting around at home doing nothing, though. Instead I’d very likely have been hunting around for a couple of new challenges.

Is there still much call for your advice at BMW Sauber?

To some extent it depends on the issue really. On strategy matters my advice can still be valuable – simply because of my many years of experience in the business. But I stay well out of the BMW Sauber F1 Team’s day-to-day stuff.

Right now Hinwil resembles a giant building site. Has the Hinwil operation, and therefore the economic region as a whole, benefited from BMW’s acquisition of the Sauber team, or is it still too early to say?

No, it certainly has benefited – in all sorts of ways. Back in the days of Sauber Petronas we employed up to 300 people, but capacity will now be increased to 430 people by the end of the season. However, the suppliers too have gotten considerably more work to carry out. Take the Paucoplast firm in Altendorf, which has been making bodywork

parts for us since 1973. They’ve grown their workforce from 25 to 50, and at the same time they’re adapting their infrastructure. We’re experiencing similar developments with other suppliers from the region, above all in terms of mechanical assembly.

Has your old firm changed its identity in any way?

It’s difficult to say. The management here at Hinwil is still the same and to a large extent there’s still the same spirit. A top executive from Munich arrived and he is at pains to integrate the two sites at a gradual pace, and only in areas where integration makes sense in the first place. There’s also a feeling of continuity among the racing team, where the same people who worked under me remain a tight-knit bunch. Yet massive expansion obviously brings about numerous changes. But it wouldn’t have been any different in my day if I’d expanded the workforce to 430 people.

The fact that the Sauber name lives on is also emblematic of continuity. Does that give you a certain pride?

It was a decision taken by BMW. One thing shouldn’t be forgotten, and that’s the fact that Sauber has a good name in Germany, stemming from the sports car era with Mercedes but also from Formula One. For many years, readers of the weekly Motorsport aktuell voted us their favorite team. So the Sauber name had a good reputation, and BMW presumably wanted to carry that over to the new team. Obviously I’m happy about that – very happy, in fact. I think it’s



Peter Sauber can afford to smile. The transfer of his racing team to BMW has brought about very positive developments in Hinwil.

Milestones in a Racing Career

Circuit racing has been banned in Switzerland since 1955. And yet the fact that the country is by no means a blank spot on the Formula One world map is due above all to the efforts of an electrician from Zurich. Peter Sauber's career reads like a Swiss version of the American Dream. He started in 1970 at the wheel of the "C1," with which he won the Swiss Sports Car Championship at his first attempt. The "C" in the names of his racing cars remained, but the successes got bigger. With the "C9," Sauber achieved a double victory at the side of Mercedes in the legendary 24-hour race of Le Mans in 1989. The time was ripe for a move to Formula One and he entered the field in 1993. Although Sauber never achieved a victory in the top tier of motor racing, with his relatively small private team he was regularly a formidable challenger to the big guns of the sport – in 2001, for example, when his team finished fourth in the Constructors' Championship. At the end of 2005, Sauber handed over his 300-strong racing team to BMW.

a nice gesture as far as the team's long-standing employees are concerned, but also for the media and the fans in Switzerland. And it's obviously a matter of personal pride to see the name Sauber live on in racing.

The fact that we're now in 2007 and the Sauber name lives on in racing would scarcely have been thought possible when you started out in Formula One 14 years ago. Why is it that Sauber has survived, while many of its competitors have disappeared from the Formula One scene?

I always tried hard to keep both feet on the ground, keep an eye on the financial and personal boundaries, and work hard. The last of those things applied not only to me, however, but to the entire team. I think the team's employees were the most important factor of all. Perhaps my strong point lay in the fact that I always found good staff who were also prepared to dedicate themselves to the firm.

You've achieved a lot in sporting terms, including six podium places, fourth overall ranking in 2001 – but never a win. Doesn't that bother you?

No, and I'm going to be totally honest with you. If we'd won a race in the same way as other teams with a similar structure to ours, it wouldn't have been a win by our own means. We would have been immensely happy, but we'd have known it was due to luck. What's more I'm convinced that the new team will find its way and win as a result of its own efforts. With the financial means at our disposal, that just wasn't possible for us. So there's nothing to have any regrets about. <



New: To mark the start of the F1 season, Credit Suisse presents a publication on the business.

Cultural Sponsorship Sustainability Thanks to Career Advancement

Avoiding Inter-changeability and Arbitrariness

Text: Andreas Schiendorfer

Credit Suisse not only promotes its own talented young people, as we have shown in our “Bulletin plus ‘Careers,’” but also supports talented young classical musicians as a sponsoring partner. And it can happen that, years later, one of these talented young artists launches an international career.

To shoulder its social responsibility, Credit Suisse has always patronized the fine arts, and awards prizes in support of social, research, cultural and sports projects. In the last 30 years, a professionally operated sponsorship unit has supplemented these diverse activities.

Promoting Young Talents Pays Off

“We’re not interested in one-minute wonders, but aim for long-term, reliable partnerships,” explains Adrian Schüpbach, head of Sponsorship at Credit Suisse. “Consistent high standards are achieved by focusing on promoting young talent. If the Swiss national football team is able to compete for the Euro 2008 title, it is not least due to the professionalized promotion of talented young players initiated by Credit Suisse in 1993. Half of our contribution is invested in young talent.”

“In the arts, we enter into long-term contracts so that our partners have the security to plan for several years ahead and reasonable prospects for the future,” adds Toni Krein, head of Cultural Sponsorship. “That way, we create an important basis for the projects of cultural institutions; without private subsidies, it wouldn’t be possible to realize such projects – for promoting talented young artists or commissioning

compositions – which are essential for the society of tomorrow and the development of the arts.”

One convincing example of this is the Davos Festival, which has been inviting elite young musicians from all over the world to give solo and chamber music concerts since 1986. Each year, Credit Suisse commissions a work from a “Composer in Residence.” And if Erik Oña (2006) or Nadir Vassena (2005) are as yet unknown to wider audiences, the entire list of composers – including Rudolf Kelterborn, Georg Gruntz, Arvo Pärt or György Kurtág – now indeed reads like a Who’s Who of modern music.

Partner of the Orchestra Academy

At the Zurich Opera House Orchestra Academy, young musicians have the opportunity to gain experience in a professional orchestra for a maximum of two years. “Professional ethics dictate that we should give young people a chance. Otherwise we would be sending them directly to the unemployment office,” is how Alexander Pereira, director of the Zurich Opera House, explains the establishment of the Orchestra Academy back in 1986. The graduates of this academy have very good professional prospects.



For many music lovers, the Lucerne Festival is the highlight of the year. For talented young artists – such as Aniela Frey this year – performing at the Lucerne Festival is an enormously important step up the career ladder.

Credit Suisse supports not only the Salzburg Festival and the Bolshoi Theater in Moscow, but also the Lucerne Festival. In Lucerne, Credit Suisse has made the guest performances of the Vienna Philharmonic possible since 1993. “We have presented the Credit Suisse Young Artist Award every two years since 2000,” says Joseph Jung, managing director of the Credit Suisse Jubilee Foundation. Besides substantial prize money, winners also have the opportunity to perform in Lucerne together with the Vienna Philharmonic – a great chance from which talented artists such as the pianist Martin Helmchen (2006), the cellist Sol Gabetta (2004) and the violinists Patricia Kopatchinskaja (2002) and Quirine Viersen (2000) were able to benefit. This award alternates with the national Prix Credit Suisse Jeunes Solistes, which was awarded this year to the flautist Aniela Frey, who will be performing both in Lucerne and in Davos. These two prizes close a gap in the career of a soloist, which should in turn safeguard musical life from succumbing to the monotony of interchangeability and arbitrariness. <

For further information, including extracts from Aniela Frey’s diary, please visit www.credit-suisse.com/infocus > Culture.

Swiss Confederation of University Sports Still Fit After 75 Years

Sport in Higher Education: The “University of Life”

Text: Andreas Schiendorfer

The Swiss Confederation of University Sports (SHSV) is marking its 75th anniversary by holding the first-ever Swiss University Championships in Macolin on June 1–3, 2007. Credit Suisse, which has been the SHSV's main sponsor for 20 years, has just renewed its partnership agreement for another three years.

“For me, fitness and fairness are the keys to success in a career – and I learned this from sport,” says Johann Schneider-Ammann, businessman and National Councillor, in a campaign designed to raise awareness of the SHSV. He is not alone in this view. For example, Olaf Kübler – president of the Swiss Federal Institute of Technology (ETH) – believes that “doing a little sport on a regular basis helps me to keep a clear head and an even temperament.”

No one would deny this, but isn't the broad-based program of popular sports which has been organized by the Swiss university sports organizations (HSO) for several decades and made regular use of by over 50,000 students already sufficient? Martin Hodler, chairman of the SHSV since 1999, puts forward a somewhat different view. A former member of the national golf team, he believes that “sport is so important to modern society that we must promote not only world-class sporting achievement but also grassroots involvement.”

Corinne Schmidhauser's Second Job

For some years now, support for performance sport at Switzerland's universities has been working very well. Anyone who reads beyond the headline stories on the

sports pages will know that – thanks to people like Olympic champion Marcel Fischer – Switzerland achieved excellent medals tallies at the Universiades of 2003 and 2005. “We suffered a bit of a setback, however, in Turin in 2007, partly because our top skiers had already started racing on the World Cup circuit instead,” says Hodler. Conversely, top-performing athletes do sometimes later find their way back to university sport. A case in point is gymnast Sepp Zellweger, who is now chairman of the International University Sports Federation (FISU), or skier Corinne Schmidhauser, a lawyer who is also on the SHSV's management board.

Shining Examples

Zellweger (who works for Credit Suisse's charitable foundations; Accentus, Symphaxis and Empiris) and Schmidhauser are just two of many top university athletes who, after a career in sport, can also boast impressive achievements in their professional lives, thus providing a shining example to young people. “Sport is an important tool for enhancing not only your personal performance but that of the population as a whole,” says Martin Hodler. “It's a way of tapping into people's hidden potential.”



Participating at a Universiade (pictured here the Swiss curling team in action in Turin) is an unforgettable event for any student athlete.

In the “Challenge Zone”

But suddenly Hodler adopts a more critical tone: “In Switzerland there is the danger of getting stuck in the comfort zone. In contrast, education – which is increasingly important in our globalized world – belongs in the ‘challenge zone,’ where the best possible climate for learning, a healthy level of stress and maximum satisfaction prevail. Top-level sport is played out in this challenge zone and is thus an excellent ‘university of life.’”

In 2006, the SHSV organized the triathlon and unihockey tournaments at the World Student Games, and it will organize the chess competition at the 2010 Games. In this, the jubilee year, the inaugural Swiss University Championships will be held at Macolin between June 1 and 3. These national championships will feature seven disciplines with a total of around 750 participants and 100 officials from across the country. <

For an insight into the world of university sport, please visit www.credit-suisse.com/youngpeople, where you can follow the fortunes of track and field athlete Simone Oberer and fencer Benjamin Steffen on the road to the Bangkok Universiade in the form of a diary.

125 Years of the Gotthard Railway Alfred Escher Gets a Train

The Gotthard Railway Puts Switzerland at the Heart of Europe

Text: Andreas Schiendorfer

Ten years after construction work began, the Gotthard Railway opened on May 22, 1882. One of the technical wonders of the world, the line was vital to Switzerland's economic coming of age. Credit Suisse played a central role in the building of the railway and is now the main sponsor of the 125th anniversary celebrations.

"The new stretch of railway goes through 62 tunnels and across 34 bridges, 10 viaducts and 24 crossings. ... The total length of tunnels comes to 4,423 meters. ... One million kilograms of dynamite and 1,700,000 kilograms of oil were used in construction. ... On May 20, the general meeting of the Gotthardbahn company fixed the price of the journey from Lucerne to Milan at 26 Swiss francs; previously the journey by boat, carriage and railway had cost 54 francs," reported the Innsbrucker Nachrichten on May 24, 1882, full of admiration for the incredible technical achievement, which was generally thought to be on a par with the construction of the Suez Canal; but also full of fear at the daunting competition. The Alpine transit routes of Austria (1854 Semmering, 1867 Brenner) and France (1871 Mont Cenis) suddenly became much less important.

Thanks to the Gotthard Tunnel, the journey to Italy was suddenly half as expensive, but also much quicker. The 360 guests who left Milan at 8:30 in the morning on May 22, 1882, to take part in the opening celebrations at the Hotel Schweizerhof in Lucerne did arrive 35 minutes late, but still made it by 7:30 that evening. The journey

time of 11 hours represented a quantum leap in speed.

Italy – a Driving Force

The great number of Italian guests at the festivities – including Minister Baccarini, Senate President Tecchio and the Milanese high official Bellinzaghi – reflects how important the opening of the Gotthard Railway was for Italy. And Italy also played a central role in turning the extraordinary plan into reality. The modern Italian state had been created in 1861. In Milan and the rest of Lombardy it possessed a potent economic center, but it craved a link to northern Europe.

Italy contributed more to the railway's total construction costs of 227 million Swiss francs than its two partners: 55 million of state subsidy and 34 million of private investment, compared with "only" 74 million from Switzerland and 64 million from Germany. The Gotthard Railway was not only a technical wonder, but also a model of international private financing, though public subsidies did come to around 50 percent.

Switzerland's federal finances were not in particularly great shape at the time and the federal government only contributed 4.5

million of the public-sector share of 28 million. But most of the burden was borne by the cantons and cities. The city of Lucerne alone contributed one million Swiss francs. The Nordostbahn and Centralbahn railway companies also had to provide funds. They invested 9 million each and together also paid more than 8.5 million of the public share!

The projected 187 million budget was not sufficient to complete the construction work, which had begun in 1872. Three years later, discussions began about a supplementary loan, which, when it was finally granted in 1879, amounted to 40 million. As a result of this loan, Alfred Escher had to give up his position as managing director of the Gotthard Railway Company.

Escher Misses the Festivities

"A scapegoat was required," explains Joseph Jung, Credit Suisse's chief historian. "Federal Councilor Emil Welti succeeded in sacrificing Escher and so saving his own skin." Escher missed all the celebrations: He was not invited to help mark the tunnel breakthrough in 1880, and in 1882 when the line was opened, he was seriously ill. He died in December without ever having traveled through the Gotthard. This fact reflects the personal tragedy of this mighty businessman. Joseph Jung: "His life's work was not completed until he lay on his deathbed. In the preceding years, his political influence had waned to such an extent that he was no longer in a position to cope >



Walter B. Kielholz, Chairman of the Board of Directors of Credit Suisse, in front of the "Gotthardpost" by Rudolf Koller. Read what he has to say about the Gotthard in the special "125 Years of the Gotthard Railway" edition of Via/Bulletin.

Explosive Celebrations in and Around the Hotel Schweizerhof

The opening of the Gotthard Railway was celebrated in some style on May 22, 1882. Although bitter recriminations were going on behind the scenes about the cost of the great project, there was no scrimping on the festivities.

The celebrations in Lucerne are said to have cost 300,000 Swiss francs. There were 360 invited guests from Italy, 300 from Switzerland and 100 from Germany. After the party, most of these traveled through the Gotthard to Milan, where another celebration was held. "A magnificent illumination" was put on for the general public, though the noise made by these splendid fireworks meant that most of speakers at the Hotel Schweizerhof did not enjoy the attention they might have hoped for. ... The official opening address was not given by Federal Councilor Emil Welti, but by the President of the Swiss Confederation Simeon Bavier, who, being from Graubünden, had campaigned for a tunnel through the Lukmanier massif and had been a fervent opponent of the Gotthard project.

with the relatively modest 11 percent cost overrun without serious damage. His opponents and the people who envied him had grown too powerful. And yet his work outlived them all."

The tunnel's builder Louis Favre did not fare any better. Back in 1872, Favre was absolutely determined to be the man to carry out this epochal project. He underbid his Italian competitors by 15.5 million Swiss francs and committed to a year less construction time. When the costs overran and the opening was delayed by 15 months, the Gotthard Railway Company took legal action against Favre's company which was only settled in 1885. His daughter, who lived in Paris, lost practically her whole fortune. Was Favre just a gambler, then? Was his plan based on pure speculation? "Bearing in mind the unforeseeable geological difficulties, Favre's ability to stick to the schedule was nothing but admirable. Although the timetable was drawn up six years in advance, the tunnelers actually broke through to the other side – using rudimentary tools and machines in terms of today's technology – one month earlier than planned," says Jung, revealing a fact that is often ignored. "If Louis Favre had not suffered a heart attack during a tunnel inspection in 1879, Alfred Escher would not have had to resign as managing director, and if everyone had pressed on with greater focus, the opening would have been possible by the winter of 1881 at the latest."

Works From the Alfred Escher Foundation

Joseph Jung's reinterpretation has provided much for historians to debate, and his views are certainly based on extensive and thorough research. A four-volume edition covering the life and works of Alfred Escher was published by NZZ Libro during Credit Suisse's anniversary year, and this will be joined this year by three more major works from the same publisher: a biography of Alfred Escher, an edition of all the letters from and to Escher concerning the "Alpine transit route," and a biography of Lydia Welti-Escher. <



The building of the Gotthard Railway is crucial to Switzerland's development – just as much in the 21st century as it was in the 19th. And Alfred Escher knew this from the start.

125 Years of the Gotthard Railway – Major Celebrations in May and September

Cantons Uri and Ticino have joined up with the SBB (Swiss Federal Railways) to create the Gottardo company to organize the anniversary celebrations. The company's main partner is Credit Suisse. Details of the many activities being planned can be found at www.sbb.ch/gottardo. From July 6 to August 25, for example, the town of Göschenen will be hosting performances of the open-air dialect play "D Gotthardbahn." The actual anniversary celebrations for the general public are being held on September 8 and 9 in Biasca, Erstfeld and Pollegio. The locomotive "Alfred Escher" is being christened on May 22, 2007, at Zurich main station. This will be followed in the evening by a reprise of the 1882 opening celebrations at the Hotel Schweizerhof in Lucerne. At the start of April, rail magazine Via and Bulletin are collaborating on a special edition to mark "125 Years of the Gotthard Railway."

Credit Suisse Calendar 1/07

Notable Music Festivals

Partnership with Bolshoi Theater

Art

Until May 13, Zurich

Rodin Retrospective

Kunsthaus

Music

April 25, Moscow

Opera: Boris Godunov Premiere

Bolshoi Theater

May 11, Zurich

tonhalleLATE

Tonhalle

April 30 – August 9

Bolshoi Theater

Tour to Ingolstadt, Munich, Milan,
London, Savonlinna (Finland)

Other Events

April 13, Zurich

“Hamlet” Theater Evening

Directed by: Jan Bosse

Schauspielhaus Zurich

Formula One

April 8, Kuala Lumpur

Malaysian Grand Prix

April 15, Manama

Bahrain Grand Prix

May 13, Barcelona

Spanish Grand Prix

Football

May 28, Berne

Swiss Football Night

BEA Hall

Sport

March 30, Lenzburg

Sporthilfe Juniors Prize

June 1–3, Macolin

Swiss University Championships

Swiss Confederation of University Sports

The full calendar of events can be found
at www.credit-suisse.com/sponsoring.



World Music in Stans and Schaffhausen

The quality of Swiss jazz music is respectable, but without enjoying broad appeal. The Schaffhausen Jazz Festival has been addressing this shortcoming for 18 years now. And not without success. Its program includes both the avant-garde and experimental, but established jazz greats such as Pierre Favre will also be finding their way to this city of music between May 9 and 12, 2007. The performance of the Swiss Jazz Orchestra on the final evening also promises to be of interest. Artists such as Kuno Lauener and Büne Huber will be playing under the motto “CH Pop meets Big Band.”

The Stanser Musiktage, established in 1994, also had its origins in jazz. In the meantime, however, this festival in central Switzerland offers encounters with music from all around the world: Kaushiki Chakrabarty from India and Kroke from Poland will play on the opening day, followed by the Roberto Fonseca Group from Cuba as well as musicians from Vietnam, Tunisia, Uzbekistan, Norway, and Argentina. Taking place from April 16 to 21, 2007, the event promises a musical journey around the world, with interesting stops along the way and plenty of new discoveries to be made. schi

Credit Suisse is the main sponsor of both festivals. More information is available at www.jazzfestival.ch and www.stansermusiktage.ch.



Creativity at the Highest Level

In 2006, Credit Suisse succeeded in extending its global cultural commitment by entering into sponsorship agreements with the Salzburg Festival, the Shanghai Museum and the Taipei Fine Arts Museum. Shortly before the year-end, Michael R. Vlahovic, head of Russia, Eastern Europe, Central Asia at Credit Suisse, was able to seal a partnership with the Bolshoi Theater for an initial period of five years. According to Oswald J. Grübel, CEO of Credit Suisse, the unifying themes behind conclusion of the agreement were global reach and the constant drive for innovation. Anatoly Iksanov, general director of the Bolshoi Theater, stressed: “To maintain the high creative standard of our productions, we need partners who share our appreciation of quality.” The eagerly awaited premiere of the opera, Boris Godunov, takes place on April 17 in Moscow. The “Big Theater,” established in 1776, also regularly goes on world tours: in April/May the ballet company will be giving guest performances in Munich, Ingolstadt and Milan, and starting in the summer the orchestra will be touring in Finland, the United Kingdom, Slovenia and Kazakhstan, performing Boris Godunov, among other productions. schi

Find out more at www.credit-suisse.com/infocus > Culture.



1



2



4

- 1 **Glattpark, Zurich Airport** The gigantic construction project will someday provide space for 6,600 residents and 7,300 jobs.
- 2 **Stade de Suisse, Berne** After Basel and Geneva, Berne too has received a new stadium. Others are being built in Neuchâtel, Zurich and St. Gallen.
- 3 **Zurich North** A sea of construction cranes tirelessly erects new buildings, especially on the north side of Zurich. The booming business metropolis is thirsting for ever more residential and office space.
- 4 **Berne Brünnen** New housing for 2,600 people is currently under construction on the west side of Switzerland's capital.

Endless Housing Construction Boom?

Seldom has Switzerland witnessed as much housing construction activity as it is currently experiencing. What is driving this construction rush, and which regions are especially affected by it? Does overproduction and a subsequent ultimate crash loom? Or do the underlying market conditions look different this time? The new Credit Suisse real estate study addresses these questions.

Text: Fredy Hasenmaile, Economic Research

Switzerland is in the midst of a housing construction boom, with cranes in every direction you look. Entire city districts are springing out of the ground. In the Brünnen district of Berne, on the western edge of the capital city, residential space for approximately 2,600 people is under construction. The dimensions of the planned Glattpark development near Zurich Airport are even bigger. If all of the plans are executed, space for 6,600 residents and 7,300 jobs will arise there. Steering a path to the north side of Zurich, one rubs one's eyes in amazement at how much the cityscape has changed in just a few short years. The days of believing that cities are already fully built up, and not just in Zurich, seem long gone. The new football stadiums recently erected across Switzerland are a trenchant sign of this fundamentally altered attitude toward building. Matches are already being played in new stadiums in Basel, Geneva and Berne, while others are under construction in Zurich,

St. Gallen and Neuchâtel. Several additional stadiums are in the planning stage, but have not yet received voter approval, or have been delayed by public objections.

Veritable construction exuberance has been sweeping across Switzerland since 2003, resulting in a homebuilding spree. In certain municipalities, the volume of newly built housing is three or even four times greater than what could annually be absorbed in the past. A total of 44,000 new housing units are expected to come onto the market in 2007, marking the sixth consecutive year-on-year increase. Moreover, the number of housing construction permits issued points to a well-filled pipeline that will sustain building activity through late 2008.

Not All Regions Benefit

However, construction isn't booming everywhere in the country. Certain regions of Switzerland sense none or little of the vibrant new construction activity. Those are primar-

ily peripheral regions that are struggling in some cases with depopulation, which curtails demand for residential space. The Glarus hinterland, the Toggenburg region, Appenzell Ausser rhoden, the surroundings of the Gott-hard massif, the Entlebuch and Emmental valleys, and the Jura mountain area figure prominently among such regions. Construction activity is also subdued in a couple of urban centers, though this is largely attributable to a lack of building-land reserves. Broken down by type of municipality, the greatest construction activity is taking place in the so-called exurban communities, towns lying on the extreme outer ring of an urban agglomeration. Only marginally smaller is the number of new housing units in suburban localities, which line the inner ring of an urban agglomeration but do not form part of its center. Viewed regionally, construction activity is thus concentrated in the Zurich metropolitan business area and across extensive swaths of central Switzerland, as >

well as in the Upper Basel area, the Frick valley region of Canton Aargau, Canton Fribourg, the Lake Geneva region and the Upper Engadine.

Reasons for the Construction Rush

One has to look back to the mid '90s to find a similarly high number of new buildings. However, the construction boom back then was largely sparked by federal assistance. Roughly a quarter of the housing erected during that era was federally subsidized. But the bold economic policy sailed astray of demand and depressed the housing market for a while. The current boom in the housing market originated from the phase of low interest rates between 2002 and 2005 and the ensuing run on condominiums. The paltry yields on the capital markets prompted investors to turn their sights to the housing market. Its unspectacular but stable returns proved to be attractive, especially since the historically low interest rates made it uncommonly inexpensive to refinance.

Investors had long neglected the residential property market. Given the rich returns on stocks and bonds in the late '90s, real estate assets were not in particularly high standing with investors. The little investment capital that did flow into real estate went to the commercial property market. The commercial market entered the new millennium on a high, but that proved unsustainable during the subsequent economic slump, leaving a slew of vacant properties. The renaissance in housing construction is thus founded on an ongoing favorable interest-rate environment, an investor defection from the commercial property market and on a certain amount of pent-up demand and corresponding investment opportunities that have accumulated in the residential building segment. Moreover, the resurgent real estate prices since 2000 after a long dry spell created a good psychological catalyst to spur investment.

The renewed growth spurt in condominiums is another reason behind the prolonged housing construction boom. The trend toward condominium ownership continues unabated. As a relatively new form of housing, condominiums make home ownership affordable for lower-income classes as well. In central locations in particular, property can be acquired today only at very high prices. Condominiums, on average, are from one-third to around fifty percent less expensive to buy than single-family homes. This is naturally partly due to condominiums' smaller

average living space. Above all, condominiums allow expensive land prices to be spread over several parties, which makes a big difference when land prices often account for 30 percent or more of the total price of a property. The much higher proportion of foreigners and lower-income people among condominium owners as compared to single-family-home owners underscores the affordability aspect as the main driver of the condominium boom. Due to low interest rates, ongoing costs today are generally not the problem hindering aspiring homeowners; instead it is the lack of down-payment capital needed to realize their dreams. Since today a lending limit of 80 percent is adhered to for most mortgages, a buyer must put down at least 150,000 Swiss francs to acquire an average single-family home. Only around a third of all households have that much money to hand. For the average condominium, one need only come up with three-quarters of that sum, or around 110,000 Swiss francs, which quite a few more households are capable of mustering when potential pledging of pension assets is factored in.

It is therefore not surprising that condominiums dominate current housing production with around a 40-percent share. Increased new construction of vacation homes in several regions of Switzerland contributes

significantly to that figure. Ever since demand from non-Swiss residents rocketed, the vacation-home market has been booming as well.

Are Vacancies Looming Again?

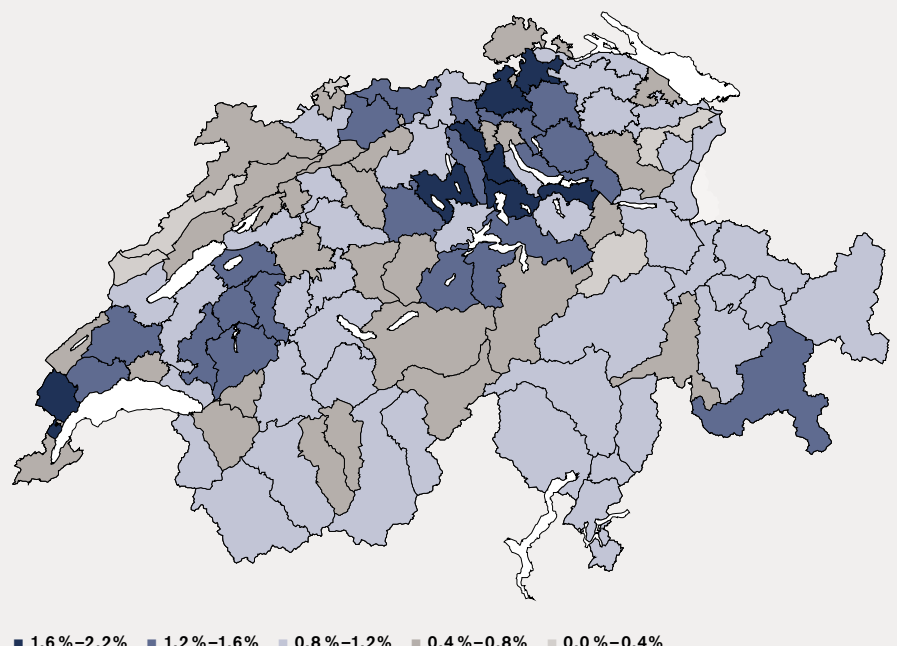
The sustained construction boom raises the issue of potential overproduction, to which real estate markets are susceptible. Since two, three or more years can easily elapse between the planning and occupancy of a newly built home, the housing market is characterized by long production times. As a result, the market is rarely in equilibrium. Either surplus demand prevails, which can be called a housing shortage after a certain point, or a supply overhang arises, resulting in rising vacancies and depressing investors' profit margins. Imbalances thus characterize the real estate markets and show up first in rising or falling housing vacancy rates, which are considered the true barometer of the housing markets. Usually after a short time lag, prices then also begin to react and to signal the altered scarcities to the market.

Do vacancies thus threaten again like they did in the mid '90s, when the number of empty housing units eclipsed the 60,000 threshold and the housing vacancy rate soared to 1.8 percent, pushing the real estate market into a renewed crisis? That

Vibrant Construction Activity: Net Additions Rate 2001–2005

The Zurich business region, broad swaths of central Switzerland, the Upper Basel area, the Frick valley region of Canton Aargau, Canton Fribourg, the Lake Geneva region and the Upper Engadine are the areas most affected by the construction activity.

Source: Credit Suisse



The net additions rate measures the amount of new housing coming onto the market as a percentage of total housing stock. The net additions figure is the sum of newly erected homes and new housing stemming from building redevelopments, minus housing pulled from the market through demolition. The net additions rates were averaged over a five-year period to smooth out their sharp annual fluctuations.

crisis sent prices, which had already been retreating since the start of the decade, on a renewed downslide. Since 2003, housing vacancies have been rising again, sending initial signs that demand cannot keep pace with supply. Nevertheless, the number of building permit applications has steadily climbed higher since then, hitting a new record in the middle of last year. Over the past 12 months, municipal building departments have received construction permit applications for 56,000 housing units. More than 57,000 housing units were under construction as of end-2006. These will come onto the market this year or in 2008 at the latest, and will put its absorption ability to the test. It is already apparent that the number of vacant homes will increase further for 2007.

Soft Landing Expected Nonetheless

Although the supply expansion has reached menacing proportions, there is no looming danger of massive vacancies. We rule out a return to the vacancy rates of the '90s because the underlying conditions in the Swiss real estate market are fundamentally different today. The situation in the '90s was shaped by a crawling economy and was additionally distorted by the aforementioned federal assistance. Back then, under the framework of the Law on Promotion of Housing Construction and Home Ownership (LPHHO), the Swiss federal government subsidized the construction of around 10,000 housing units annually, regardless of the weak demand.

Today, the situation looks different. Supply is currently counterbalanced by robust demand. Intact personal income prospects, growing immigration and demographics-driven added demand will keep absorption

high. Consumers are regaining confidence because the economic upturn finally carried over to the job market as well last year. Expectations of rising wages and better employment prospects are thus justified. Moreover, the increasing number of immigrants must be added to this equation. Immigration typically exhibits a somewhat delayed reaction to the economic situation. The coming years, therefore, are likely to see a growing number of foreigners emerge as additional demanders in the housing market.

Decline in Building Permit Applications

But the recent slowing on the supply side is the main reason why the real estate markets are unlikely to crash. The year-end decline in building permit applications in 2006 was a lot steeper than in previous years. Hence, the odds are good that excess housing production will stay within limits.

However, the welcome cooldown probably won't translate into a contracting number of new housing units until late in 2008. Until then, though, the above-average economic growth in Switzerland should generate enough demand to prevent a '90s-style imbalance from recurring. <

You can download the study online at www.credit-suisse.com/research (under Swiss Economy).

design made in germany

Wilkhahn



Modus Executive 284/81

No compromising.

Your back can't bear compromises – nor can our quality standards.

www.wilkhahn.com

It Pays to Invest in Currencies

In terms of trading volume, the currency markets are the giants of the financial world. Yet up until now their potential has been greatly underexploited by investors. A mistake, because currencies offer a welcome opportunity for diversification.

Text: Anders Vik and Valérie Schneitter, FX Structuring & Advisory

The foreign-exchange market is the largest market in the world. An estimated two trillion US dollars are traded via this market every day. This is the equivalent of five times the gross domestic product of Switzerland, or 50 times the daily trading volume of the New York Stock Exchange. Whether we are aware of it or not, each of us participates in this market, for example by traveling abroad, by purchasing a German car brand that may have been manufactured in Eastern Europe, by investing in foreign securities, or simply by virtue of the fact that our pension fund actively manages foreign currencies. Although handsome returns can be made on currency investments, and despite the fact that such investments offer outstanding diversification opportunities, currencies have long been overlooked by private investors as an investment form in their own right. Up until now it has been almost exclusively large investors who have enjoyed the benefits of this market. But this trend is now changing and currencies are increasingly entering into the investment calculations of private investors.

At first glance it is not easy to understand why one currency should appreciate or depreciate against another. Many investors find it strange that there are no bear or bull markets in the world of foreign currencies. If one currency increases in value, by definition the value of another must fall. As with any investment, the key is to back the right horse. In particular, short-term movements caused by surprising macroeconomic or

geopolitical news, together with short-term and medium-term irrational behavior, cause confusion and give rise to the impression that foreign currencies are speculative and volatile. But investors who acquire a clear picture of the foreign currency markets can open up new opportunities for generating returns and to a large extent can optimize their portfolios. Before this goal can be achieved, the investor needs a clear understanding of the factors influencing the development of a foreign currency and whether indeed systematic evaluation of the foreign-currency market is possible at all.

Mirror of Economic Fitness

As a general rule, a currency can be viewed as the mirror of a country's macroeconomic and political development. Economic growth, price levels, the productivity of a country and its interest-rate level are all decisive factors that influence the value of a currency. Other factors that also need to be taken into account include the interest-rate difference vis-à-vis other countries, the purchasing power of a currency, a country's balance of payments, and international investment flows. As with equities, valuation models can be used to ascertain whether a currency is being traded at its "fair" exchange rate or not.

Most participants in the currency markets play a passive role and are looking to achieve objectives other than pure maximization of return. For example, multinational companies tend to be involved in the foreign-

exchange markets above all for liquidity or hedging purposes. As a consequence, currencies may temporarily deviate from the fair value as dictated by economic parameters. In the long term, however, such situations cannot last and currencies then return toward their fair-value levels. Investors can exploit these foreign-exchange fluctuations by purchasing currencies that are undervalued – read cheap – and then selling them after they have appreciated.

It is with this in mind that Credit Suisse has developed its own valuation model – the CS Fair Value Model – which can be used to make forecasts as well as recommendations with respect to the development of exchange rates. For example, the results of this model currently show that the Asian currencies remain strongly undervalued against the US dollar, while European currencies are by contrast overvalued.

Skillful Exploitation of Rate Differential

In the medium term, exchange rates are influenced above all by the interest-rate differences that exist between different countries. While a 12-month money-market investment in Switzerland will earn interest of around 2.5 percent, investors in Brazil can expect interest of up to 12.4 percent over the same period. As a rule, currencies in countries with high interest rates will appreciate, as they are more highly sought after than currencies with low interest rates. This is particularly the case if the interest-rate difference is significant. Investors can exploit

these discrepancies by borrowing capital in low-interest currencies, converting it and then investing it in a country with higher interest rates. Strategies of this nature are called carry trades. At first glance they are a simple way for investors to increase the return on their assets. However, it is important to bear in mind that currency fluctuations can be driven by many different factors, and that such movements can be significant. This has led Credit Suisse to develop extremely transparent and innovative investment solutions. Using sophisticated models, optimized risk and return weightings are calculated for the currency in which investments are made or in which capital is borrowed. This makes it possible to optimize the relationship between the risk and the overall return of an investment.

When undertaking any investment, the potential returns should always be set against the risks involved. Currencies suffer from the unjustified prejudice that they are highly volatile and thus accordingly laden with greater risk. In actual fact, when we compare them to equity markets, the foreign-exchange markets entail less risk than might initially appear to be the case. A comparison of volatility – the yardstick for the intensity

of price movements – between the foreign-exchange and equity markets shows that currencies are the less volatile instrument. While the S&P 500 Index showed a volatility of about 10 percent last year, that of the EUR/USD exchange rate worked out at roughly 7.8 percent.

Moreover, currencies perform in a way that is largely independent of the events in equity markets and therefore offer an interesting form of diversification potential. When foreign-exchange investments are combined with traditional investments, this characteristic of foreign currencies is exploited: A better spread of individual portfolio positions is achieved and the overall risk is thus reduced, in keeping with the proverb "Don't put all your eggs in one basket."

Risk Can Be Controlled

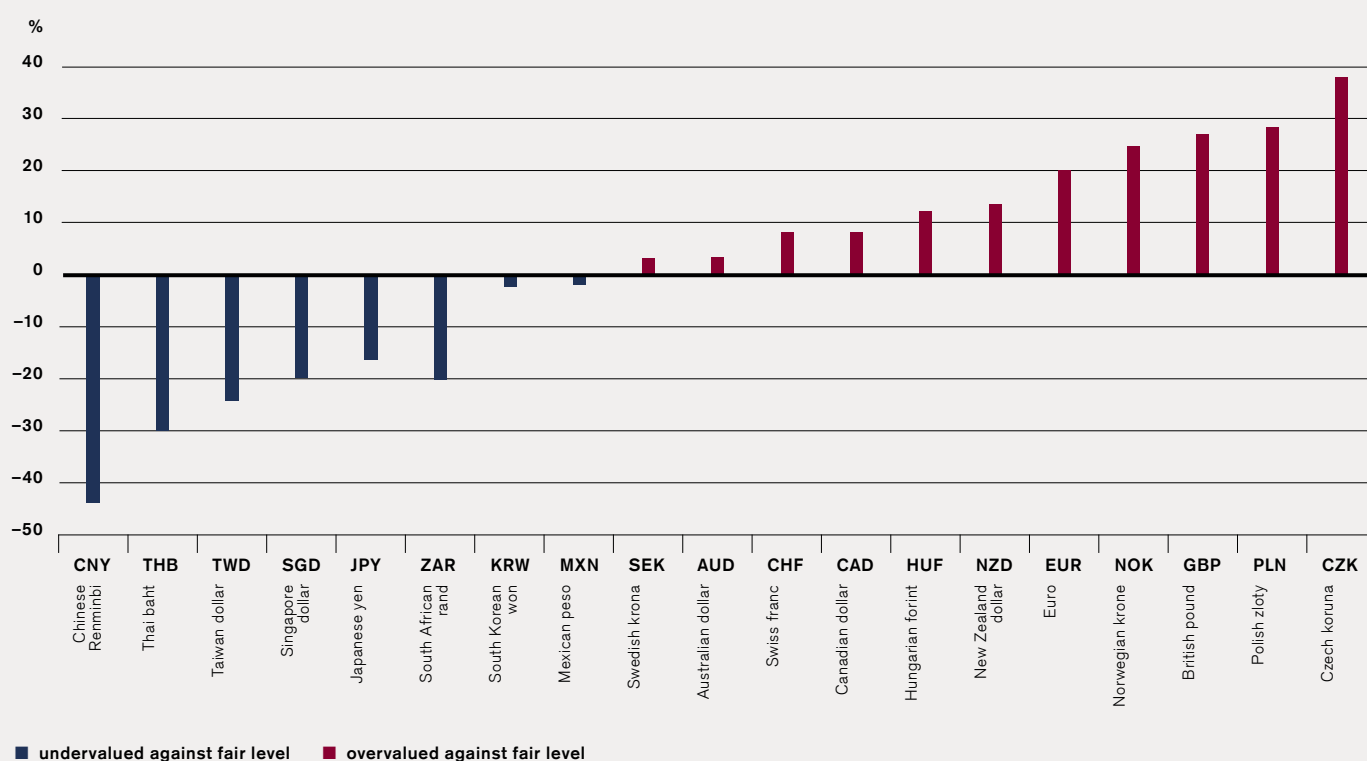
Foreign-currency investments are no longer the preserve of large investors. As the minimum investment amounts for currency investments fall, so too can private investors enjoy the benefits of foreign-exchange products. Structured derivatives in particular offer attractive investment opportunities for all investors – from beginners to hardened professionals – as investors can benefit from

the development of one or more currencies according to their risk profile. In addition to purely return-oriented investment opportunities, investors can also opt for products with capital protection, whereby even if unfavorable market conditions prevail their original capital is protected. Depending on the type of investment, returns can be generated against a backdrop of rising, falling, or sideways-tending exchange rates. There is an almost unlimited universe of potential underlying instruments. Ways of exploiting current market opportunities are therefore not difficult to find. And in addition to the possibilities offered by traditional currencies, new investment opportunities are also emerging in growth markets such as Asia and Latin America. Moreover, structured derivatives offer investors access to currencies that are not freely convertible, like the Chinese renminbi, for example. Currency baskets, offering simultaneous exposure to a large number of different currencies with the purchase of a structured derivative, are particularly popular. Thanks to the ever greater liquidity, flexibility and innovative forces at work in the foreign-exchange markets, there are almost no bounds to the creativity of financial engineers. <

Credit Suisse Fair Value Model

Deviations (as at February 2, 2007) from the fair value of a selection of currencies against the US dollar

Source: Credit Suisse Research





Ten million motorbikes are a sign of Vietnam's fast-growing prosperity. They are also a sign of an evolving society – 47 percent of the bikes are owned and driven by women.

The Rise of the Dragon Apparent

Vietnam's dynamism has been breathtaking – even prior to its admission to the World Trade Organization (WTO). However, investing on the Mekong does have its risks.

Text: Marcus Balogh

It has been a long and winding road. Since 1986, Vietnam has been committed to an official renewal of thinking – a form of Vietnamese perestroika called Doi Moi. In 1994 came the first application for admission to the World Trade Organization (WTO). However, there followed several years of negotiations and reforms before admission finally came about. It was not until January 11, 2007, that Vietnam officially became the 150th member of the WTO. As might be expected, the celebrations were accompanied by statements of enthusiastic nature. According to the news magazine "Spiegel online," Deputy Trade Minister Luong Van Tu is expecting an economic boom. And Paul

Calello, Chief Executive Officer of Credit Suisse Asia Pacific, sees Vietnam on course for rapid growth.

Ingredients for Success and Tempo

Dynamism and potential of the land of the ascending dragon – once the symbol of Vietnamese royalty – are in fact beyond question. Around seven years ago, the Soviet-trained leadership took the decision to dismantle trade barriers. A free-trade agreement with the US and reforms restricting state influence on Vietnam's economy have transformed the country into a growth leader among Asian countries – Ho Chi Minh's grandchildren have breathed life into the

moribund economy and endowed the country with annual growth figures for gross domestic product of 7.4 percent and above. Only China has achieved more.

The predicted boom is therefore not about to break out any time soon – it has already arrived! And it will stay for a while yet. "Vietnam has all the ingredients it needs both to stay on course for success and to retain its tempo," says Joseph Lau, responsible for Vietnam coverage at Credit Suisse in Hong Kong. Examples of these ingredients worth mentioning would be: strong domestic consumption, consistently high increases in investment, exorbitant export growth, and a well-established culture of >

private enterprise. Vietnam is also rich in natural resources, the most important export being crude oil. In addition, the country is the world's second-biggest producer of rice and coffee. Another factor is revealed by a look at the demographic statistics. Sixty percent of the Vietnamese are under 25 years old and 90 percent of them have a school education.

A Call-out to Fight Evil

To put it crudely: Vietnam is hot. However, that's not to say that incautious investors can't get their fingers burnt. Vietnam is still one of the poor relations among the rich Asian countries and the economic and social contrasts within the country carry an intrinsic explosive force. And although Doi Moi is having an effect, the political leadership of the Communist Party of Vietnam remains unbroken, bringing with it rather specific problems. As in many centrally run one-party systems, the bureaucracy suffers from sclerotic structures – despite freedom of decision-making there is a lack of decisiveness. The justice system is not truly transparent to outsiders and occasionally gives way to political influence. And finally there is the subject of corruption. This rampant evil was the subject of a long and lively debate at the last conference of the Communist Party of Vietnam in April 2006. It was completely unacceptable that party managers were personally enriching themselves. They were endangering the continued existence of the party as well as the establishment of institutions and reliable administrative structures. And at a New Year's meeting at the start of January 2007, Prime Minister Nguyen Tan Dung made the following public declaration: "People's main concern is to see that the state is taking steps to strengthen the fight against corruption. Together with the [reform of] administration, the fight against corruption is the key factor in the promotion of socioeconomic development that will take all the people throughout Vietnam forward."

The Devil is in the Details

Joseph Lau takes an open-minded approach to these problems. "Granted, Vietnam still has a long way to go. And yes, Vietnam is a country undergoing change, and like every process of change this is not always completely pain-free. However, Vietnam is much further advanced in its development process

than China was at the beginning of the 1990s. The foundations have been laid, the justice system is progressing and I have no doubt that the Vietnamese Communist Party is serious in its commitment to the market economy." Large foreign investors see things the same way. Companies like Intel, Microsoft, Nike, Ikea, Canon and Disney have discovered the Vietnamese consumer and labor market, and foreign direct investment amounted to more than 10 billion US dollars last year. This year, the government also wants to prepare around 600 state companies for listing on the stock exchange, and will actually be able to bring about 100 of them to the market. These companies should include commercial banks such as Vietcombank and BIDV Bank, the insurer Bao Viet Insurance and the telecommunications concern MobiFone. Capitaliza-

tion of the equity markets is expected to double from its current level of 8 billion US dollars by 2010.

"I think that Vietnam offers very solid long-term investment opportunities. In the medium-to-long term, exports will grow by an average of 10 to 20 percent annually, and private consumption will continue to increase. During the next 10 years, we can probably expect gross national product to grow annually by 8 or 9 percent," according to Lau.

The key to success is ultimately the conduct of the government, which must manage to find a balance between preservation of power, protectionism, a more open society and progress. As ever, the devil is in the detail. "However," continues Lau, "Vietnam has already surprised us a few times in recent years. And I expect the future to be no different." <

Vietnamese State Firms in \$1.7 Billion Deals at WEF

Credit Suisse signed documents to explore arranging financing deals with two Vietnamese firms worth a total of \$ 1.7 billion at the sidelines of the World Economic Forum. The bank seeks to help Vinalines and Vinashin raise funds to expand, in order to meet increasing levels of demand as global trade with Vietnam grows, boosted by its WTO entry.

Credit Suisse signed a memorandum to develop a financing program of up to 1 billion dollars and provide other financial services to Vietnam National Shipping Lines (Vinalines). The bank will also arrange financing for as much as 700 million dollars for Vietnam Shipbuilding Industry Group (Vinashin). "We believe that they (Vinalines and Vinashin) are at the forefront of the rapid economic development taking place in Vietnam," said Chief Executive Officer of Credit Suisse Asia Pacific Paul Calello, who signed the deals on behalf of the bank at the sidelines of the WEF, held in Davos, Switzerland.

Credit Suisse seeks to help the two companies expand, so that they can meet increasing levels of demand following Vietnam's entry into the World Trade Organization (WTO) earlier this year. "Vietnam is now a full member of the WTO, and will be an active and responsible member," the country's Prime Minister Nguyen Tan Dung told Credit Suisse CEO Oswald J. Gruebel during a bilateral meeting held after the signing of the deals.

Business Guide: Arab World

Successfully Communicating with Arabic Partners



By **Gabi Kratochwil**
224 pages
Hardback edition
ISBN 3280051924

Anyone who has ever bought anything in an Arabic market (souk) will know that business is done rather differently there than in its northern European counterpart. Here, an inquiry about price usually results in a dialogue rarely extending beyond three sentences. Things are different in an Arabic market. There, a sales discussion bears more resemblance to a theatrical performance in several acts: suffering, praise, the swearing of friendship, and desperation are all among the ingredients. Western visitors are often left with a carpet that they had no intention of buying and a large dose of confusion.

Anyone who wants to do business in the Arab world should familiarize themselves in detail with its history, culture and manners. But what exactly is the Arab world anyway? What role does Islam play? And why does my Arabic business partner always come so close to me? In her new book Gabi Kratochwil, a certified psychologist and doctor in Islamic Studies, provides answers to all the relevant questions on the topic. Her writing style ranges from the entertainingly anecdotal to the scientifically definitional.

The contents are every bit as varied as a souk itself: history, economic facts and important organizations all have their place, alongside other items such as a scientific test on the topic of cultural standards. The focus, however, is on the positive shaping of business relationships between representatives of the two cultures. Kratochwil indicates where the greatest stumbling blocks in such intercultural communications lie and clarifies their historical and cultural background. **mk**

Economics

Why the Rich Are Rich and the Poor Are Poor and Why You Can Never Get a Decently Priced Used Car.



By **Tim Harford**
383 pages
Hardback edition
ISBN 357050073X

Tim Harford provides refreshingly unconventional proof that economic relationships can also be explained without complex theories and figures. In covering the laws of economics, he succeeds in turning what is otherwise a rather dry subject into an exciting experience. As is now the custom for a normal office worker, he treats himself to a coffee at Starbucks before starting work. By the time he has finished drinking it we know precisely why this coffee costs so much and have learned a lot about economics in the meantime.

Have you ever asked yourself why organic products are never displayed alongside their equivalent, conventional products or what the strategy is behind clearance sales? And why are poor countries poor and rich countries rich? What are the causes of the economic boom in China? Harford sheds light on these and other questions. The author and economic journalist has carried out research in Europe, Africa and Asia in order to discover the means by which coffee-shop chains, supermarkets, and used-car dealerships attempt to extract money from the consumer purse.

A wide spectrum of economic concepts such as market power, scarce resources, efficiency, price rigging, market failure and game theory are illustrated in this book, and their influence on our daily life is clearly revealed. Nothing is more worthy of our comprehension than the economy because nothing has a stronger bearing on how we live our lives. In an entertaining, informative and intelligent way, Harford succeeds in opening the reader's eyes to many aspects of everyday life. **vz**

The books reviewed above can be ordered from www.buch.ch.

Publishing details: **Publisher** Credit Suisse, P.O. Box 2, CH-8070 Zurich, telephone 044 333 11 11, fax 044 332 55 55 **Editors** Daniel Huber (dhu) (editor-in-chief), Marcus Balogh (ba), Michèle Bodmer (mb), Dorothee Enskog (de), Regula Gerber (rg), Matt Knaus (mk) (internship), Mandana Razavi (mr) (internship), Andreas Schiendorfer (schi), Andreas Thomann (ath) **E-mail** redaktion.bulletin@credit-suisse.com **Contributors to this issue** Peter Hossli (ph) **Internet** www.credit-suisse.com/infocus **Marketing** Veronica Zimnic (vz) **Proofreading** text control, Zurich **Layout** www.arnolddesign.ch: Daniel Peterhans, Monika Häfliger, Urs Arnold, Petra Feusi (project manager) **Advertising** Yvonne Philipp, Strasshus, CH-8820 Wädenswil, telephone 044 683 15 90, fax 044 683 15 91, e-mail philipp@philipp-kommunikation.ch **Certified WEMF issue 2006** 125,039 **Printing** NZZ Fretz AG/Zollikofer AG **Editorial committee** René Buholzer (head of Public Policy Credit Suisse), Othmar Cueni (head of Business School Private Banking Institute), Monika Dunant (head of Communications Private Banking), Tanya Fritsche (Online Banking Services), Maria Lamas (Financial Products & Investment Advisory), Andrés Luther (Group Communications), Charles Naylor (Chief Communications Officer Credit Suisse Group), Fritz Stahel (Credit Suisse Economic Research), Christian Vonesch (head of Private & Business Banking Aarau) **113th year of publication** (five issues per year in German, French, Italian and English). Reprinting of texts permitted with acknowledgement of source ("Credit Suisse Bulletin"). Please send notification of **changes of address** in writing, accompanied by the original envelope, to your Credit Suisse branch or to: Credit Suisse, ULAZ 12, P.O. Box 100, CH-8070 Zurich.

This publication is for information purposes only. It does not constitute an offer and is not a recommendation by Credit Suisse to buy or sell securities. Indications of past performance are no guarantee of a positive performance in the future. The analysis and conclusions contained in this publication were established by Credit Suisse and may already have been used for transactions by Credit Suisse Group companies prior to being made known to clients of Credit Suisse. The opinions expressed in this document are those of Credit Suisse at the time of going to press. (We reserve the right to make amendments.) Credit Suisse is a Swiss bank.



Think Big and Change History

Interview: Marcus Balogh

John Wood is the founder and CEO of Room to Read, a nonprofit organization founded on the belief that “world change starts with educated children.” In approximately seven years the award-winning foundation has created a network of over 3,500 schools and libraries. Not enough, says Wood. He wants to have the largest scholarship program the world has ever seen.

Bulletin: Why should I give my money to you and not to another charity?

John Wood: Tricky question – I think there are a lot of charities doing great work. In fact, we are working in partnership with dozens of other NGOs. Having said that: What you get when you make a donation to Room to Read is a very direct, very tangible result, as we tell donors exactly how much it costs to build a school or to establish a library. Also, education in the developing world has been proven to be the best ticket out of poverty, so an investment in this area yields amazing long-term benefits.

What exactly do you mean by “tangible”?

250 US dollars buys a scholarship for a girl for one year. 15,000 US dollars buys a whole school – a school you can even dedicate to someone. In much of the charity world there’s a lot of talk and not enough action. We try to talk less and act more.

How is this reflected in your work?

Let’s talk numbers! Historically, our overhead costs have run between 7 to 12 percent of total donations. In other words: We deploy 87 to 92 cents per dollar directly to our program.

That is a very healthy ratio. We have built more than 3,600 bilingual libraries so far, and will have nearly 5,000 by end-2007. We have put 2 million books in the hands of kids, we will get to 3 million this year. We have built 270 schools and thus have helped another 1.1 million children, and we have big plans for the future. We were operating in seven countries by end-2006, we’ll add two countries this year and we’ll operate in twelve by 2008.

Bold goals – how confident are you of being able to reach them?

One of Steve Ballmer’s (CEO of Microsoft) favorite mottos was: Go big or go home. There are 800 million people who lack basic literacy. They cannot read or write, cannot join the global conversation or lift themselves out of poverty. I would like to help all 800 million – but that would be hubristic. Our goal is to help at least 10 million children. Yes, it is a bold goal. But I believe that if you want to change the world, there is no more powerful lever than education. So, please, let’s think big!

Room to Read only builds schools or libraries in villages where the inhabitants are willing to participate in the process.

Why keep these people from their daily chores for something professional builders could do better anyway?

We don’t believe in giving the villages everything they need right away. We don’t believe in hiring external labor when there are literally hundreds of parents and village residents willing to volunteer their time.

And are they that willing?

Very much so. In my book I write about a village that is a two-hour walk up a mountain path, a donkey path. One morning we were walking up to this village and kept bumping into a trail of women. They were going at a very fast pace with these huge bags on their back. I asked the national country director, “Where are they going in such a hurry?” And he explained that these were the mothers of the children for whom we were building the school. The mothers awoke before sunrise; walked an hour downhill; picked up these 110-pound bags of cement, put them on their backs and walked two hours uphill to deliver cement to this construction site. That’s how badly these mothers wanted education for their children. And believe me, they will take good care of the school once it is built. >



Before dedicating his time and energy to educating children John Wood had a fast-paced and distinguished career with Microsoft from 1991 to 1999. He was in charge of marketing and business development teams throughout Asia, including director of Business Development for the Greater China region and director of Marketing for the Asia-Pacific region. His vision for a scalable solution to developing world educational problems, the focus on results, long-term strategy and capital acquisition are main factors explaining Room To Read's success. John, who was selected as the second recipient of the Draper Richards Fellowship, has twice been chosen for the Skoll Foundation award for social entrepreneurship and has led Room to Read to three consecutive selections for the prestigious "Social Capitalist" by Fast Company magazine and the Monitor Group. In 2004, he was named as one of Time magazine's "Asian Heroes" – the only non-Asian ever selected to receive this award.

Too much of the history of global development has been condescending to the local people; the development agencies assume you have to give the village everything they need, whereas in reality the local people are ready, able and willing to work.

What if they would not have three hours every day to help?

We don't care about the size of their participation. It's not about money, it's not about man-hours. It's about passion, it's about the powerful feeling of "ownership" that the community feels when they help to make the project a reality.

What if you do not find this passion – do you walk away?

It happens very rarely – but it does. Now and then, our representatives visit a village we have agreed to help build a school or a library and they find that nothing has been prepared. When they ask why and the answer is: Sorry, but the people did not muster the energy to shovel out the foundation – we walk away. I strongly believe that you can't help people unless they want to help themselves.

You have scholarships for girls, only – do girls help themselves better than boys?

No offence to my gender – but it is amply documented that when you educate women you have spill-over effects to the next generation that are substantially larger. When you educate a woman, you educate the next generation and all subsequent generations.

In what sense?

There is an increase in health and nutrition for the whole family, higher income levels, better education. That is why most of the microfinance projects concentrate on women, too. When these women get some money from their small businesses, one of the first things they will do is use the funds to enrol their children in school.

How many scholarship students do you currently have?

We have 2,344 eager young female scholars in our Room to Grow scholarship program. By the end of 2007 we should have 3,200. We are proud of this, but it is not nearly enough. There are 500 million illiterate women in the world. If each has three children, we face 1.5 billion children growing up with illiterate mothers. It's a staggering statistic. I'm a "glass half full" kind of guy, so I can report that the good news is that it doesn't take much to change this situation. 250 US dollars per year per girl is enough to give a girl the lifelong gift of education. Hence, my

goal for this is very simple. I want to have the largest scholarship program the world has ever seen. It doesn't take much money – so, again, let's think big, let's think really big and change history.

How is the success of these girls monitored?

It's all done by our local staff. The scholarship program is called Room to Grow and we have Room to Grow mentors who look after these girls. If the girls have trouble, if they have a healthcare problem or they do not have enough money to have lunch, the mentors look after them. Oftentimes it is the small things that matter. We have strong local women running the programs and they are figuring out how best to get things done. And I am constantly amazed at the creativity our local teams show and how those ideas propagate.

Can you give an example?

Last year we gave each of our 100 scholarship girls in the Kathmandu Valley a fleece jacket. They might have cost 5 US dollars apiece – but it meant the world to these girls. In Cambodia every girl has a bicycle, because quite often schools are a long, long walk away from home – and the farm families won't let their kids go to school because, if they have to walk for two hours one way, they lose the workforce of the kids for four hours every day. The bicycles make it much more likely that parents let their daughters go to school.

How high is the attrition rate of your scholarship girls?

Last year it was less than 2 percent – which, for developing worlds, is amazing. These girls are so eager to learn. In fact, last year 40 percent of our scholarship girls finished in the top quarter of their class. This is not only great for the girls – it also affects the view that boys have of girls and will lead to a world with less gender discrimination.

You propagate change but at the same time you are focusing on books instead of computers. Isn't that a bit anachronistic?

We have established more than 80 computer labs. Of course, this is not much compared to the 3,300 libraries we have built in the same time. And, yes, in the future, we will invest more in technology. But – and it is a big but – how do you expect children to handle a computer if they cannot read or write? Putting kids in front of a computer before they have gained basic literacy is a classic case of putting the cart before the

horse. That said, every one of those 3,300 libraries could eventually become computerized, and I think as these countries develop and as the electric grid gets built out and as the phone lines and perhaps broadband or wireless get built up, I think there will be a lot more opportunity for us. But we have to start with the basics and that means getting kids reading in Khmer, etc.

You are very compassionate about what you do. Do you ever despair, lose faith in what you are doing?

Sure, as everybody else I have my moments of doubt – not about Room to Read per se. Mostly about my ability to really help all of kids out there I want to help. I did not walk away from Microsoft with a war chest that could compete with the one that the Bill Gates Foundation has. I have to go out every day and whatever I bring in from fundraising is what I can work with. Sometimes this can be a sobering experience. But it is never a reason for defeat. It's simply a reason to keep working hard, and to not be shy about asking people for investment capital.

You never regret that you have left Microsoft?

Not a single moment. I am happier than I have ever been. I work harder than I ever worked and spend more time on airplanes than I thought possible. But I do all of this with a smile on my face because I know the global Room to Read team is changing the world through the power of education.

What if I were to ask you if I should leave Credit Suisse to join you?

(Laughs) No, I think you should keep making a lot of money in banking and keep funding Room to Read projects! Seriously, I get that question quite a lot. But who am I to tell you what to do? Generally I say: Life is not a dress rehearsal! I think that where your passions lie is the direction in which you should try to move. But I also think that there are more ways than one to incorporate your passion. I have many friends who are working in day jobs but are raising money for Room to Read – or other NGOs – in their spare time. In fact, about half of our money is volunteer fundraising by people who keep working at companies like Credit Suisse but take on Room to Read fundraising as their hobby. I think it is up to all of us to remain optimistic, to be action-oriented. I think if there is a lot of darkness, the only antidote to darkness is to shine a light on it. And I am grateful that all of these people make it possible for Room to Read to help as many kids as we can. <

Profit Rules Applied to Nonprofit

How a holiday trip led to the foundation of one of the world's fastest-growing and extremely efficient charitable organizations.

John Wood's dearest wish, back in summer 1998, was to get as far away as possible from his employer, Microsoft – anywhere out of reach of e-mail, conference calls and management meetings. Nepal seemed to be one of the few places where the software giant had no access. So Wood packed his rucksack and set out.

On his trekking tour, he met a Nepalese "education resource officer," a civil servant whose job was to inspect the schools of Nepal on foot. Wood went with him – and found knowledge-hungry pupils in deskless schools with bookless libraries. Back home, bibliophile Wood's most powerful memory was the question "Perhaps you'll bring us a few books next time you visit us?"

A few months after his return, Wood decided to dedicate "the second chapter of my adult life" to building schools and libraries. The rising Microsoft management star quit his corporation and founded the nonprofit organization Room to Read. John Wood's vision is both global and ambitious. He wants to educate at least 10 million children, so that they can permanently influence the social and economic living conditions of their families, communities and countries.

From the outset, Wood has tried to develop his nonprofit organization according to the criteria of a profit-oriented business. He insists on recording measurable and comparable "business results", on keeping to key figures, on comparative studies and on the leanest possible cost structure, to maximize investment in the "core business."

Room to Read started its work in 2000 in Nepal, but very soon extended its focus to other countries. In 2001, it launched its first project in Vietnam. Cambodia followed in 2002 and India in 2003. In the wake of the devastation of the tsunami in December 2004, Room to Read tackled further projects in Sri Lanka and Laos. The first project in South Africa was launched in 2006, Zambia is to follow this year and Ethiopia in 2008.

Just as the portfolio of countries has grown, so also new forms of projects have been added to the original types. Room to Read's main emphasis remains on building schools and libraries. But, in many countries, Room to Read is one of the main publishers of children's literature in the local language.



Early learning makes a significant impact on the educational development of young children.

The charity supports the construction of computer and language colleges, and has dedicated itself to the highly successful Room to Grow Girls' Scholarship Program. This provides long-term bursaries to girls who would otherwise have no access to schooling.

In the next few years, Room to Read is planning to increase its African presence to at least four countries. Next year John Wood wants to roll out his first project in Latin America, while continuing strong expansion in Asia.

The expansion is being funded by a mixture of donations which the tireless Wood collects on his fundraising tours, by the activities of a network of committed volunteers and with the help of corporate investors – Credit Suisse being one of these. **ba**

For more information on Room to Read, visit www.roomtoread.org.

@propos



I Love This Life – And the Other One Too

sebastian.schiendorfer@credit-suisse.com

Blog, blog, blog. It sounds like water dripping from the drainpipe into a rain barrel. A short time ago I would have classed “blog” as a fantasy word, but now it’s just part of my everyday routine. Squeezed in between the online banner and the virtual travel agent, Mr Smith from Smithsville wants to inform me that today he has worn a certain pair of socks for whatever reason. Am I interested? It doesn’t matter. Blogging has become a new popular sport. Its protagonists hammer away at the keyboard revealing their trivial intimacies to the vast online community.

The virtual world doesn’t seem to be any better than the normal world, where in stormy weather the raindrops are just splashed in my face. Yet hope is in sight. There is now a second life online. Free of

charge and without expiration date or minimum term. Everything is just a click of a button away.

“Second Life” is how this metaverse has been dubbed. I register on www.seconddlfe.com, download the software, take on a virtual personality and, hey presto, the second me has come into being. Using my keyboard I can walk or fly – and here it really is possible – around the world. Why not dip into this realm of unlimited possibilities yourself? Here you can meet friends, go to a concert together or simply chat. Boredom is out of the question, but if it should ever arise then there’s always the possibility of extended shopping trips to the branches of a wide range of companies. Buy shoes, computers or clothes without any of the hassle of dragging shopping

bags around with you. What a blessing! For bookworms, Amazon has created a virtual bookstore. Or you can read “The AvaStar,” the online newspaper of the Axel Springer publishing company. Alternatively, you can purchase or rent land. The payment currency is Linden dollars. These can be bought with real US dollars, and the equivalent of about half a million dollars is already in circulation every day.

There are still plenty of changes in store, but ultimately everyone will control their own destiny and be able to reshape their lives from scratch – to live their dreams. And yet, somehow, this dream world seems conspicuously similar to the real world. It’s not really that bad after all, this blue-green planet of ours called Earth, the playground of real life – our true home.

credit-suisse.com/infocus

Online Forum on “Investing in Currencies”

Whether we are aware of it or not, each one of us participates in the foreign-exchange market by, for example, traveling to Bali on holiday, buying a German car, or investing in American equities. Although handsome returns can be achieved by investing in the foreign-exchange market, this investment form was long overlooked by private investors. And mistakenly so, because anyone who studies the foreign-exchange market closely can tap into new sources of returns and significantly optimize their portfolio, especially as foreign exchange develops largely independently of events in the equity markets. Since the minimum investment amounts for currency investments have fallen, private investors can now enjoy the benefits of foreign-exchange products as well. Structured derivatives, in particular, offer attractive investment opportunities for all investors – from the beginner to the seasoned professional – as investors can, according to their risk profile, benefit from the performance of one or more currencies. In addition to purely return-oriented investment opportunities, investors can

Foreign currencies not only bring additional returns, but also reduce risk.



also opt for products with capital protection, whereby even if unfavorable market conditions prevail their original capital is protected. Depending on the type of investment, returns can be generated against a backdrop of rising, falling or sideways-trending exchange rates. There is an almost unlimited universe of potential underlying instruments.

For all investors who would like to learn more about the topic, Credit Suisse is organizing an online forum. Two experienced analysts will be glad to answer users’ inquiries. **ath**

Date: The forum will run from March 26 to April 13, 2007.

Procedure: There will be a time delay before questions are answered. You will be notified by e-mail as soon as the reply to your question has been received. At the same time, the question and answer will be published on the Internet (without the e-mail address).

For more information, see www.credit-suisse.com/infocus.



Mario Merz, Vento preistorico dalle montagne gelate, Hallen für neue Kunst, Schaffhausen, Photo: Raussmüller Collection

«If you are really interested in
seeing work of the highest calibre,
very well presented, then it
is necessary to visit Schaffhausen»
(The New York Times)

How can I grow my assets?

Find out more
and win
CHF 250,000.*

www.credit-suisse.com/perspectives

Thinking New Perspectives.

CREDIT SUISSE 

*Main prize: investment portfolio worth CHF 250,000. The full competition rules can be found at www.credit-suisse.com/perspectives