

Guide. The Notes are senior non-convertible debt securities of CSFB. The Notes will have a term of five (5) years. CSFB will issue the Notes in denominations of whole units ("Unit"), with each Unit representing a single Note. The original public offering price will be \$1,000 per Unit. The Notes will entitle the owner at maturity to receive at least 100% of the principal investment amount, as long as the Index never experiences a Contingent Event. In this case, the holder of the Notes would receive the full principal investment amount of the Notes plus the percentage change of the Index during the term. Accordingly, even if the Index declines substantially but never reaches the Contingent Level, the holder will

receive the principal investment amount of the Notes at maturity. If however, the Index experiences a Contingent Event during the term, the holder loses the "principal protection" and will be entitled to receive a payment on the Notes based on the percentage change of the Index, positive or negative. The Notes will not have a minimum principal investment amount that will be repaid, and accordingly, payment on the Notes prior to or at maturity may be less than the original issue price of the Notes. Accordingly, the Notes are not "principal protected" and are fully exposed to any decline in the level of the Index.¹¹ The Notes are also not callable by the Issuer.

The payment that a holder or investor of a Note would be entitled to receive (the "Redemption Amount") will depend on the relation of the level of the Index at the close of the market on a single business day ("Valuation Date") shortly before maturity of the Notes ("Final Level") and the closing level of the Index on the date the Notes are priced for initial sale to the public Initial Level. In addition, whether the Notes retain "principal protection" or are fully exposed to the performance of the Index is determined by whether the Index ever experiences a Contingent Event during the term of the Notes.

If the Index never experiences a Contingent Event, the Redemption Amount per Unit will equal:

$$\$1,000 + \$1,000 \left[\left(\frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}} \right) \right]$$

subject to a minimum payment amount of \$1,000.

If the Index experiences a Contingent Event at any time during the term of the

Notes, the Redemption Amount per Unit will equal:

$$\$1,000 + \left[\$1,000 \times \left(\frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}} \right) \right]$$

The Notes are cash-settled in U.S. dollars and do not give the holder any right to receive a portfolio security, dividend payments or any other ownership right or interest in the portfolio or index of securities comprising the Index. The Notes are designed for investors who want to participate or gain exposure to the Index, subject to a cap, and while partially limiting their investment risk and who are willing to forego market interest payments on the Notes during such term. The Commission has previously approved the listing of options on, and securities the performance of which have been linked to or based on, the Index.¹²

As of August 5, 2003, the market capitalization of the securities included in the Index ranged from a high of \$279.526 billion to a low of \$356

million. The average daily trading volume for these same securities for the last six (6) months ranged from a high of 39.915 million shares to a low of 0.040 million shares respectively.

Because the Notes are issued in \$1,000 denominations, the Amex's existing floor trading rules will apply to the trading of the Notes. First, pursuant to Amex Rule 411, the Exchange will impose a duty of due diligence on its members and member firms to learn the essential facts relating to every customer prior to trading the Notes.¹³ Second, even though the Exchange's debt trading rules apply, the Notes will be subject to the equity margin rules of the Exchange.¹⁴ Third, the Exchange will, prior to trading the Notes, distribute a circular to the membership providing guidance with regard to member firm compliance responsibilities (including

suitability recommendations) when handling transactions in the Notes and highlighting the special risks and characteristics of the Notes. With respect to suitability recommendations and risks, the Exchange will require members, member organizations and employees thereof recommending a transaction in the Notes: (1) To determine that such transaction is suitable for the customer, and (2) to have a reasonable basis for believing that the customer can evaluate the special characteristics of, and is able to bear the financial risks of such transaction. In addition, CSFB will deliver a prospectus in connection with the initial sales of the Notes.

The Exchange represents that its surveillance procedures are adequate to properly monitor the trading of the Notes. Specifically, the Amex will rely

10 to the Exchange's Company Guide. Specifically, Section 1002(b) of the Company Guide states that the Exchange will consider removing from listing any security where, in the opinion of the Exchange, it appears that the extent of public distribution or aggregate market value has become so reduced to make further dealings on the Exchange inadvisable. With respect to continued listing guidelines for distribution of the Notes, the Exchange will rely, in part, on the guidelines for bonds in Section 1003(b)(iv). Section 1003(b)(iv)(A) provides that the Exchange will normally consider suspending dealings in, or removing from the list, a security if

the aggregate market value or the principal amount of bonds publicly held is less than \$400,000.

¹¹ A negative return of the Index will reduce the redemption amount at maturity with the potential that the holder of the Note could lose his entire investment amount.

¹² See Securities Exchange Act Release Nos. 46883 (November 21, 2002), 67 FR 71216 (November 29, 2002) (approving the listing and trading of non-principal protected notes linked to the DJIA); 46882 (November 21, 2002), 67 FR 71219 (November 29, 2002) (approving the listing and trading of non-principal protected notes linked to the Select Fifty Index); 45160 (December 17, 2001),

66 FR 66485 (December 26, 2001) (approving the listing and trading of non-principal protected exchangeable notes linked to the Balanced Strategy Index); and 44342 (May 23, 2001), 66 FR 29613 (May 31, 2001) (approving the listing and trading of non-principal protected exchangeable notes linked to the Select Ten Index).

¹³ Amex Rule 411 requires that every member, member firm or member corporation use due diligence to learn the essential facts, relative to every customer and to every order or account accepted.

¹⁴ See Amex Rule 462 and Section 107B of the Company Guide.