

## DEPOSITARY RECEIPTS (DR) TRADING VALUE AND VOLUME REACH ALL TIME HIGHS IN 2008 – IPO VALUE DECLINES

- DR trading value increases 27% to an all time high of US\$4.2 trillion; ADR trading volume rises to a record 120 billion shares.
- IPO capital raised in DR form is \$3.8 billion – down 88% from 2007's record of \$31.9 billion, due to the global economic slowdown.

2008 US\$ value of trading of DRs is an all-time record \$4.2 trillion, up 27% over 2007's total of \$3.3 trillion. U.S.-listed ADRs represent \$3.7 trillion of the 2008 total, up 28% from 2007. London-traded GDRs represent \$522 billion of the total, up 22% over 2007.<sup>1</sup>

2008 ADR trading volume on U.S. exchanges was a record 120 billion ADRs traded, up 59% over 2007's total of 75 billion.

### **IPO Capital Raised in DR Form in 2008 is US\$3.8 Billion, Down 88% from 2007's Record of \$31.9 Billion. Decline is Consistent with Previous Market Downturns**

Total 2008 capital raised in DR form, consisting of 37 primary and secondary offerings, was \$13.6 billion, a 72% decrease from 2007's record total of \$49.5 billion. The grand total was comprised of \$3.8 billion (28%) in 14 primary offerings (primary offerings are Initial Public Offerings (IPOs) of companies coming to the U.S., London or Luxembourg markets for the first time) and \$9.8 billion in 23 secondary offerings (companies with existing programs offering additional tranches of DRs in the market).<sup>2</sup> The \$3.8 billion IPO total was down 88% from 2007's record of \$31.9 billion in 76 offerings.

Middle East and Africa was the most active region in IPO's raising \$2.4 billion (62%) of the \$3.8 billion IPO value. The five largest IPOs in the first half of 2008 accounted for \$3.1 billion (81%) of the \$3.8 billion IPO value: Global Investment House (Kuwait, LSE, \$1.15 billion); Commercial Bank of Qatar (Qatar, LSE, \$691 million); GlobalTrans Investment plc (Russia, LSE, \$494 million); Depa Ltd. (Dubai, LSE, \$420 billion); and MHP S.A. (Ukraine, LSE, \$371 billion).

From an historical perspective, the decline in IPO volume during 2008 is consistent with market behavior following previous global economic downturns. Since 1994, IPO volume levels have rebounded after each market downturn.

<sup>1</sup> Source: NYSE, NASDAQ, LSE. NYSE data based on consolidated trading (a.k.a Tape A). Data only for exchange listed programs.

<sup>2</sup> Source: Citi and other depositaries.

## DR IPO Values (US\$ Millions)

Year	DR IPO Value	Event Description
1994	17,127	Mexican peso devaluation
1995	8,358	
1996	15,029	
1997	14,134	Asian currency crisis
1998	5,504	Russian default
1999	11,426	
2000	16,940	Global market downturn
2001	4,273	September 11 <sup>th</sup> attacks, War in Afghanistan
2002	3,353	U.S. recession
2003	6,295	War in Iraq
2004	4,758	
2005	11,963	
2006	28,061	
2007	31,870	U.S. market downturn - October 9, 2007
2008	3,846	

Source: Citi Analysis

## U.S. Investment in Non-U.S. Equities Declines by 30% to \$3.6 Trillion

According to the U.S. Federal Reserve, total U.S. investment in non-U.S. equities in the third quarter of 2008 (both DRs and non-U.S. shares) declined by \$1.6 trillion (-30%) from fourth quarter 2007, to \$3.6 trillion.<sup>3</sup> Falling asset values accounted for \$1.6 trillion of the total decrease, while positive net capital inflows counted for \$34 billion.

On a year-over-year basis, total U.S. investment in non-U.S. equities declined by \$1.7 trillion, down 31% from third quarter of 2007. Declining asset values accounted for \$1.7 trillion of the total decrease, while positive net capital inflows counted for \$25 billion.

## Drop in International Equity Mutual Fund exceeds drop in U.S. Mutual Funds

The total net asset value of international equity mutual funds reached \$572 billion in Nov 2008, a decrease of \$630 billion (-52%) from Nov 2007.<sup>4</sup> Falling asset values accounted for \$583 billion of the total decrease, while net outflows counted for \$47 billion. The total net asset value of U.S. mutual funds reached \$3.03 trillion in Nov 2008, a decline of \$2.4 trillion (-44%) from Nov 2007. Falling asset values accounted for \$2.2 trillion of the decrease, while net outflows counted for \$167 billion.

<sup>3</sup> Source: Board of Governors of the Federal Reserve System, "Flow of Funds Accounts of the U.S., Flows and Outstandings, Third Quarter 2008."

<sup>4</sup> Source: Investment Company Institute. International equity mutual funds include Emerging Market, International and Regional funds.

## Change in Regulatory Environment for Unsponsored ADR Programs

Unlike traditional, or “Sponsored” ADR programs, “Unsponsored” ADR programs are established by the depositary bank with no direct involvement of the respective non-U.S. company if the company either has its securities registered with SEC or qualifies for an exemption from such registration. An October, 2008 SEC rule change simplified the manner in which this exemption is obtained, making it automatically available to certain non-U.S. companies, provided they meet certain requirements. As a result, depositary banks have been able to establish a wide array of new ADR programs, augmenting the universe of global securities available to U.S. investors. Intermediaries will benefit by enhancing product offering to USD-focused investors and by being able to leverage “issuance and cancellation”.

## Citi Liquid DR Indices Have underperformed the U.S. Market

The price appreciation returns of all Citi Liquid DR Indices have underperformed those of the U.S. market.

### Citi Liquid DR Indices vs. the S&P 500 Index as of December 31, 2008

Index Description	Price Appreciation Returns			
	Current	Month	Year to Date	Last 12 Months
Citi World ex-U.S. Liquid DR	78.95	5.10%	-48.78%	-48.78%
Citi AsiaPac ex-Japan Liquid DR	151.98	10.27%	-49.92%	-49.92%
Citi AsiaPac Growth Economies Liquid DR	175.51	10.96%	-51.01%	-51.01%
Citi EuroPac Liquid DR	73.22	5.73%	-43.90%	-43.90%
Citi LatAm Liquid DR	233.72	5.03%	-52.71%	-52.71%
Citi CEEMEA Liquid DR	143.47	-6.02%	-67.93%	-67.93%
S&P 500	903.25	0.78%	-38.49%	-38.49%

Source: Bloomberg Financial Markets

## 2008 DR Capital Raised and Trading Volumes

The following tables provide details on DR issuers for 2008.

Company name	Country	Exchange	Category	Value (US\$ millions)
Companhia Vale do Rio Doce (CVRD)	Brazil	NYSE	Secondary	3,844
Barclays Bank plc	U.K.	NYSE	Secondary	2,650
Global Investment House	Kuwait	LSE	IPO	1,150
Commercial Bank of Qatar	Qatar	LSE	IPO	691
National Bank of Greece S.A.	Greece	NYSE	Secondary	625
GlobalTrans Investment PLC	Russia	LSE	IPO	494
Depa	Dubai	LSE	IPO	420
Gerdau, S.A.	Brazil	NYSE	Secondary	410
MHP S.A	Ukraine	LSE	IPO	371
JA Solar Holdings Co., Ltd.	China	NASDAQ	Secondary	302
China Medical Technologies, Inc.	China	NASDAQ	Secondary	226
Mitsubishi UFJ Financial	Japan	NYSE	Secondary	216
ReneSola	China	NYSE	Secondary	212
LDK Solar Co., Ltd.	China	NYSE	Secondary	200
X5 Retail Group N.V.	Russia	LSE	Secondary	191
Solarfun Power Holdings Co., Ltd.	China	NASDAQ	Secondary	135
ReneSola Ltd.	China	NYSE	IPO	130
Trina Solar	China	NYSE	Secondary	125
E-House (China) Holdings Ltd.	China	NYSE	Secondary	117
Palm Hills Development S.A.E	Egypt	LSE	IPO	110
VisionChina Media	China	NASDAQ	Secondary	101
JSC Bank of Georgia	Georgia	LSE	Secondary	100
Zhaikmunai LP	Kazakhstan	LSE	IPO	100
Mriya Agro - Reg. S	Ukraine	Frankfurt	IPO	90
Wistron Corporation	Taiwan	PORTAL	Secondary	82
Taewoong Co., Ltd.	Korea	LSE	IPO	75
Asia Cement Corp	Taiwan	PORTAL	Secondary	61
China Distance Education	China	NYSE	IPO	61
MCB Agricole - Reg. S	Ukraine	--	IPO	56
China Sunergy	China	NASDAQ	Secondary	53
Indusind Bank - Reg. S	India	LUX	Secondary	52
China Mass Media International Advertising Corp	China	NYSE	IPO	49
ATA Inc.	China	NASDAQ	IPO	48
Amarin Corp. plc	U.K.	NASDAQ	Secondary	30
Hinduja Foundries - Reg. S	India	LUX	Secondary	15
Brushman (India) - Reg. S	India	LUX	Secondary	12
Redecard S.A.	Brazil	N/A	Secondary	5
<b>Total Capital Raised</b>				<b>13,610</b>

Globally, the 25 most actively traded U.S.-listed ADRs during this period by value were:

### Top 25 ADR Issuers by Value – 2008

Company	Country	Exchange	Symbol	Value (US\$ millions)
Baidu Inc	China	NASDAQ	BIDU	331,875
Petroleo Brasileiro S.A.-Petrobras	Brazil	NYSE	PBR	244,266
Companhia Vale Do Rio Doce	Brazil	NYSE	RIO	204,615
Nokia Corporation	Finland	NYSE	NOK	121,843
America Movil, S.A.B. de C.V.	Mexico	NYSE	AMX	96,820
Petroleo Brasileiro S.A.-Petrobras	Brazil	NYSE	PBRA	95,545
BP p.l.c.	U.K.	NYSE	BP	90,892
BHP Billiton Limited	Australia	NYSE	BHP	82,284
Teva Pharmaceutical Inds ADR	Israel	NASDAQ	TEVA	80,087
ArcelorMittal	Netherlands	NYSE	MT	73,803
Suntech Power Holdings Co., Ltd.	China	NYSE	STP	56,767
Companhia Vale Do Rio Doce	Brazil	NYSE	RIOPR	53,675
China Mobile Limited	China	NYSE	CHL	50,313
Unibanco - UniÃ£o de Bancos Brasileiros S.A.	Brazil	NYSE	UBB	50,001
Total S.A.	France	NYSE	TOT	49,036
Banco Bradesco S.A.	Brazil	NYSE	BBD	47,837
Taiwan Semiconductor Manufacturing Company Ltd.	Taiwan	NYSE	TSM	41,450
HSBC Holdings plc	U.K.	NYSE	HBC	41,094
UBS AG	Switzerland	NYSE	UBS	39,742
Banco ItaÃº Holding Financeira S.A.	Brazil	NYSE	ITU	37,991
Rio Tinto plc	U.K.	NYSE	RTP	37,170
SAP Aktiengesellschaft	Germany	NYSE	SAP	36,080
ABB Ltd.	Switzerland	NYSE	ABB	34,321
Companhia Siderurgica Nacional	Brazil	NYSE	SID	34,279
Petrochina Company Limited	China	NYSE	PTR	33,735

Source: NYSE, NASDAQ, Bloomberg Financial Markets

Globally, the 25 most actively traded London-traded GDRs during this period by value were:

### Top 25 GDR Issuers by Value – 2008

Company	Country	Exchange	Symbol	Value (US\$ millions)
Gazprom OAO	Russia	LSE	OGZD LI	177,207
LUKOIL	Russia	LSE	LKOD LI	89,403
MMC Norilsk Nickel	Russia	LSE	MNOD LI	49,280
Rosneft Oil Co	Russia	LSE	ROSN LI	38,119
Evrax Group SA	Russia	LSE	EVR LI	14,986
Uralkali	Russia	LSE	URKA LI	13,369
Surgutneftegaz	Russia	LSE	SGGD LI	12,183
VTB Bank OJSC	Russia	LSE	VTBR LI	10,722
NovaTek OAO	Russia	LSE	NVTK LI	10,181
Orascom Telecom Holding SAE	Egypt	LSE	OTLD LI	9,784
Novolipetsk Steel OJSC	Russia	LSE	NLMK LI	6,303
Severstal	Russia	LSE	SVST LI	6,087
Unified Energy System OAO	Russia	LSE	UESD LI	6,072
Orascom Construction Industri	Egypt	LSE	ORSD LI	5,576
Samsung Electronics Co Ltd	Korea	LSE	SMSN LI	5,342
Reliance Industries Ltd	India	LSE	RIGD LI	4,941
KazMunaiGas Exploration Produ	Kazakhstan	LSE	KMG LI	4,732
Tatneft	Russia	LSE	ATAD LI	4,158
Sistema JSFC	Russia	LSE	SSA LI	4,074
TMK OAO	Russia	LSE	TMKS LI	3,590
X 5 Retail Group NV	Russia	LSE	FIVE LI	2,998
Polyus Gold Co	Russia	LSE	PLZL LI	2,984
SK Telecom Co Ltd	Russia	LSE	SKMD LI	2,672
State Bank of India Ltd	India	LSE	SBID LI	2,505
Magnitogorsk Iron & Steel Wor	Russia	LSE	MMK LI	2,030

Source: London Stock Exchange - International Order Book

Globally, the 25 most actively traded U.S.-listed ADRs during this period by volume were:

### Top 25 ADR Issuers by Volume – 2008

Company	Country	Exchange	Symbol	Volume (millions)
Companhia Vale Do Rio Doce	Brazil	NYSE	RIO	8,293
Nokia Corporation	Finland	NYSE	NOK	4,898
Petroleo Brasileiro S.A.-Petrobras	Brazil	NYSE	PBR	4,671
Taiwan Semiconductor Manufacturing Company	Taiwan	NYSE	TSM	4,401
Banco Bradesco S.A.	Brazil	NYSE	BBD	2,530
Alcatel-Lucent	France	NYSE	ALU	2,502
Companhia Vale Do Rio Doce	Brazil	NYSE	RIOPR	2,456
Petroleo Brasileiro S.A.-Petrobras	Brazil	NYSE	PBRA	2,253
Banco ItaÃº Holding Financeira S.A.	Brazil	NYSE	ITU	2,071
America Movil, S.A.B. de C.V.	Mexico	NYSE	AMX	2,009
Gold Fields Limited	S. Africa	NYSE	GFI	1,905
CEMEX, S.A.B. de C.V.	Mexico	NYSE	CX	1,802
Teva Pharmaceutical Inds ADR	Israel	NASDAQ	TEVA	1,789
UBS AG	Switzerland	NYSE	UBS	1,624
BP p.l.c.	U.K.	NYSE	BP	1,596
LM Ericsson Telephone Co ADR	Sweden	NASDAQ	ERIC	1,594
ABB Ltd.	Switzerland	NYSE	ABB	1,570
Elan Corporation, plc	Ireland	NYSE	ELN	1,555
Suntech Power Holdings Co., Ltd.	China	NYSE	STP	1,542
United Microelectronics Corporation	Taiwan	NYSE	UMC	1,463
JA Solar Holdings Co Ltd	China	NASDAQ	JASO	1,430
Gerdau S.A.	Brazil	NYSE	GGB	1,385
BHP Billiton Limited	Australia	NYSE	BHP	1,346
Baidu Inc	China	NASDAQ	BIDU	1,247
OJSC Vimpel-Communications	Russia	NYSE	VIP	1,235

Source: NYSE, NASDAQ, Bloomberg Financial Markets

For further information on Depositary Receipt Services, visit [www.citi.com/dr](http://www.citi.com/dr).

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