

Depository Receipts (DR) Capital Raising Approaches Record High, Reaching \$27.5 Billion in 2005

**Second highest DR capital raising level in history represents 194% increase
over last year**

**ADR trading volume hits new record of 38.4 billion shares; DR trading value
rises to \$1.2 trillion**

December 22, 2005 – Capital raised in the form of Depository Receipts (DRs) by non-U.S. companies through December 15th, 2005 totaled \$27.5 billion, a 194% increase over full-year 2004. This was the second highest ever, following the record \$30.0 billion in 2000. The \$27.5 billion was comprised of \$10.8 billion in primary offerings (companies coming to the U.S. or London market for the first time) and \$16.7 billion in secondary offerings (companies with existing programs offering additional blocks of shares in the market).

All regions contributed to the increase in overall DR capital raising. Asian companies raised \$15.9 billion, a 148% increase over 2004, accounting for 58% of the total. Western European companies raised \$4.1 billion, a 257% increase over 2004, a 15% share. Companies from the Central and Eastern Europe, Middle East and Africa (CEEMEA) region raised \$4.4 billion, a 684% year-on-year increase, for 16% of the total. Latin American companies raised \$3.1 billion, a 159% year-on-year gain, accounting for 11% of the total. Last year's total was \$9.3 billion, with Asian companies accounting for 69%.¹

The broader regional participation in 2005 is reflected in equity market indices. Year-to-date through December 16th, non-U.S. markets outperformed the U.S. market. The MSCI All-Country World ex-U.S. Index has risen 13.5%, compared with 4.6% for the S&P 500 Index. On a regional basis, the Citigroup LatAm (Latin America) Liquid DR Index rose 49.7%, the MSCI EM Europe, Middle East & Africa Index rose 32.2%, the Citigroup AsiaPac (Asia Pacific) ex-Japan Liquid DR Index increased 24.3%, and the Citigroup EuroPac (Western Europe and Developed Asia) Liquid DR Index increased 7.1%.²

¹ Source: Citigroup and other depositories

² Source: Bloomberg Financial Markets

DR Trading Value Increases by 27% Over 2004, While ADR Trading Volume Reaches Record High

Projected full-year 2005 DR US\$ value of trading (based on November YTD actual data) is \$1.2 trillion, up 27% over 2004's total of \$949 billion. ADRs represent \$980 billion of the 2005 total, up 13% from 2004. London-traded Global Depositary Receipts (GDRs) represent \$226 billion of the total, up 166% over 2004.³ GDRs are DRs issued simultaneously in two or more markets through a global offering.

"The higher GDR trading value in 2005 was a major driver of the surge in DR capital raising overall," said Nancy Lissemore, Head of Depositary Receipt Services for Citigroup. "Eighty eight percent of the \$10.8 billion raised through primary offerings in 2005 was in GDR form."

The combined 27% growth in DR trading value outpaced growth in U.S.- and London-traded home market securities. For the U.S. market (excluding ADRs), projected 2005 US\$ value of trading is \$23.8 trillion, up 18% from last year, and projected US\$ value of trading for the London Stock Exchange (excluding GDRs), is \$5.5 trillion, up 7.6% over 2004.⁴

Projected full-year 2005 ADR trading volume on U.S. exchanges (based on November YTD actual) is a record 38.4 billion ADRs traded, up 6% over 2004's total of 36.3 billion.

U.S. Investment in Non-U.S. Equities Reach \$2.8 Trillion - A New Record

According to the U.S. Federal Reserve, total U.S. investment in non-U.S. equities as of third quarter 2005 (both DRs and non-U.S. shares) increased by \$301 billion (12%) over fourth quarter 2004, reaching \$2.8 trillion, an all-time record.⁵ Rising asset values counted for \$205 billion of the total increase, while net capital inflows counted for \$96 billion. This was the 12th consecutive quarter of positive capital inflows, reflecting the sustained international investor interest in non-U.S. equities.

"In view of the consistent, long-term strength of U.S. investment in non-U.S. equities, we look forward to continued growth in DR trading activity in the future," said Lissemore.

Net Inflows to International Equity Funds Exceeded Those To U.S. Equity Funds

Continued positive investor sentiment towards non-U.S. markets is evidenced by data from the Investment Company Institute, which tracks inflows to – or net purchases of - international funds (consisting of DRs and ordinary shares) as well as to U.S. equity funds. Nearly \$62 billion flowed into international mutual funds through October 2005, equivalent to 253% of total U.S. equity mutual fund inflows. This compares to \$39 billion and 41% during the same period in 2004.

³ Sources: NYSE, NASDAQ, AMEX, LSE

⁴ Source: World Federation of Exchanges

⁵ Board of Governors of the Federal Reserve System, "Flow of Funds Accounts of the U.S., Flows and Outstandings, Third Quarter 2005," December 8, 2005.

Net Inflows to Equity Mutual Funds DRs and ordinary shares (US\$ billions)

Fund Type	October 2004 YTD	October 2005 YTD
All Equity Funds	146.2	104.9
Emerging Markets	3.1	10.3
International Developed ⁽¹⁾	32.7	42.7
Regional Equity ⁽²⁾	3.1	8.5
Total International Funds	38.9	61.5
Global Equity	11.5	19.1
Total U.S. Equity Funds⁽³⁾	95.8	24.3

Source: Investment Company Institute

(1)Excludes global funds that include both U.S. and non-U.S. Equities (2)Includes both developed and emerging market regions. (3)Excludes global and international equity funds.

New Studies Highlight The Performance Advantages Of Cross-Listing, DR Liquidity, And Good Corporate Governance

A recent study⁶ found that firms that cross-list in the U.S. enjoy, on average, a sustained valuation premium of 13.9% over firms that do not cross-list, and for those that choose to list on a major U.S. exchange, such as the NYSE or NASDAQ, the premium averages 31.2%. The study found that global investors are more confident when non-U.S. companies “bond” themselves to U.S. capital markets by submitting to U.S. laws and regulations. As a result, they tend to value these firms more highly.

In addition, a recent Citigroup study of the performance advantages of liquid DRs analyzed 376 non-U.S. companies that have cross-listed their shares in the U.S. or London markets using Depositary Receipts (DRs). The companies were ranked by liquidity (measured by US\$ value of trading), and divided into quartiles. The Citigroup study found that those companies in the most liquid quartile had, on average, 46% higher valuation (measured by price to book value), and a 21 percentage point higher proportion of their global trading value in DR form than companies in the least liquid quartile.

“These findings suggest that in addition to the valuation premium from cross-listing and bonding to U.S. capital markets, cross-listed companies that take steps to increase their DR liquidity through improved investor relations and strong corporate governance can achieve even higher valuations,” said Lissemore.

⁶ Craig Doidge, Andrew Karolyi, and Rene Stulz, “The Valuation Premium for Non-U.S. Stocks Listed in U.S. Markets,” September 16, 2005.

The Citigroup Liquid DR Indices Can Potentially Provide Investors With A Convenient Way To Realize The Performance Advantages Of Cross-Listing

The Citigroup Liquid DR Indices include only companies with cross-listed liquid DRs, and based on Citigroup research, are more highly correlated to the higher performing market than the lower performing one. Thus, the Indices can benefit from the higher performing market regardless of whether the U.S. or the non-U.S. market was the better performer, and can potentially provide investors with a convenient way to diversify their portfolios and realize these performance advantages while trading familiar, US\$ denominated liquid DRs in the New York time zone.

To learn more about the background, constituents, inclusion rules, performance and methodology of the Citigroup Liquid DR Indices, please visit our website at www.citigroup.com/adr.

Globally, the 25 largest DR capital raisings in 2005 were:

Top 25 DR Capital Raising Events – December 15, 2005 YTD

	Issuer	Country	Exchange	Event Date	Value (US\$ millions)
1	Chunghwa Telecom Co., Ltd.	Taiwan	NYSE	08/09/05	2,564
2	Sistema JSFC	Russia	PORTAL	02/11/05	1,557
3	HSBC Holdings plc	U.K.	NYSE	09/22/05	1,450
4	Taiwan Semiconductor Mfg. Co.	Taiwan	NYSE	08/10/05	1,402
5	L.G. Philips LCD Co., Ltd.	Korea	NYSE	07/26/05	1,386
6	Hynix Semiconductor Inc.	Korea	PORTAL	10/31/05	1,208
7	Cemex S.A.	Mexico	NYSE	10/03/05	1,116
8	RHJ International SA	Belgium	PORTAL	03/25/05	1,052
9	SK Telecom Co., Ltd.	Korea	NYSE	08/05/05	1,026
10	Royal Bank of Scotland	U.K.	NYSE	05/19/05	1,000
11	Infosys Technologies Ltd.	India	NASDAQ	05/09/05	884
12	Chi Mei Optoelectronics Corp.	Taiwan	PORTAL	06/15/05	826
13	Investcom LLC	Lebanon	N/A	10/06/05	778
14	Posco	Korea	Tokyo	11/15/05	691
15	Pyaterochka Holding N.V.	Russia	PORTAL	05/16/05	687
16	Unibanco S.A.	Brazil	NYSE	09/13/05	562
17	Royal Bank of Scotland	U.K.	NYSE	11/09/05	550
18	AU Optronics Corp.	Taiwan	NYSE	07/22/05	507
19	EVRAZ GROUP	Russia	PORTAL	06/02/05	485
20	ICICI Bank Ltd.	India	NYSE	03/17/05	466
21	FEMSA	Mexico	NYSE	05/25/05	343
22	Satyam Computer Services Limited	India	NYSE	05/16/05	323
23	Chunghwa Picture Tubes, Ltd	Taiwan	PORTAL	06/24/05	309
24	Inversiones Aguas Metropolitanas	Chile	PORTAL	11/18/05	306
25	HDFC Bank Limited	India	NYSE	01/25/05	300
	Total Capital Raised by Top 25				21,778

Source: Citigroup and other depositaries

Globally, the 25 most actively traded cross-listed ADRs in the period by value were:

Top 25 ADR Issuers by Value - November 2005 YTD

	Issuer	Country	Exchange	Ticker	Value (US\$ millions)
1	BP plc	U.K.	NYSE	BP	50,390
2	Nokia Corporation	Finland	NYSE	NOK	38,771
3	Teva Pharmaceutical Industries Ltd.	Israel	NASDAQ	TEVA	35,051
4	Total S.A.	France	NYSE	TOT	24,254
5	Elan Corp plc	Ireland	NYSE	ELN	22,781
6	Petrobras (common)	Brazil	NYSE	PBR	21,928
7	Companhia Vale do Rio Doce (CVRD)	Brazil	NYSE	RIO	21,357
8	LM Ericsson Telephone Co.	Sweden	NASDAQ	ERICY	19,717
9	America Movil, S.A. de C.V.	Mexico	NYSE	AMX	19,248
10	Taiwan Semiconductor Mfg. Co.	Taiwan	NYSE	TSM	15,592
11	GlaxoSmithKline plc	U.K.	NYSE	GSK	15,117
12	Vodafone Group plc	U.K.	NYSE	VOD	15,065
13	SAP AG	Germany	NYSE	SAP	13,749
14	Novartis AG	Switzerland	NYSE	NVS	13,204
15	Petrobras (preferred)	Brazil	NYSE	PBRA	12,973
16	Cemex S.A.	Mexico	NYSE	CX	12,726
17	Mobile TeleSystems OJSC	Russia	NYSE	MBT	11,793
18	Infosys Technologies Ltd.	India	NYSE	INFY	11,133
19	Sanofi-Aventis S.A	France	NYSE	SNY	10,339
20	ASML Holding, NV	Netherlands	NASDAQ	ASML	9,783
21	AstraZeneca Group plc	U.K.	NYSE	AZN	9,518
22	BHP Billiton Limited	Australia	NYSE	BHP	9,503
23	Tenaris S.A.	Luxembourg	NYSE	TS	9,134
24	Petrochina Co. Ltd.	China	NYSE	PTR	8,976
25	Posco	Korea	NYSE	PKX	8,428

Source: NYSE, NASDAQ, and AMEX, Bloomberg Financial Markets

Globally, the 25 most actively traded cross-listed GDRs in the period by value were:

Top 25 GDR Issuers by Value - October 2005 YTD

	Issuer	Country	Exchange	Value (US\$ millions)
1	Lukoil	Russia	LSE	52,747
2	Norilsk Nickel	Russia	LSE	16,551
3	Samsung Electronics Co., Ltd.	Korea	LSE	15,818
4	Gazprom	Russia	LSE	14,345
5	Surgutneftegaz	Russia	LSE	10,877
6	Orascom Telecom	Egypt	LSE	9,167
7	Unified Energy System of Russia	Russia	LSE	8,137
8	OTP Bank	Hungary	LSE	7,390
9	Reliance Industries, Ltd.	India	LSE	4,513
10	Sistema JSFC	Russia	LSE	4,089
11	Mol Magyar Olaj-es Gazipari Rt	Hungary	LSE	3,528
12	Sibneft	Russia	LSE	3,224
13	Telekomunikacja Polska S.A. (TPSA)	Poland	LSE	3,014
14	Polski Koncern Naftowy Orlen S.A.	Poland	LSE	2,524
15	Hon Hai Precision Industry Co., Ltd.	Taiwan	LSE	2,197
16	Richter Gedeon Vegyeszeti Gyar Rt	Hungary	LSE	2,164
17	Pliva d.d.	Croatia	LSE	1,825
18	Hyundai Motor Co.	Korea	LSE	1,645
19	Bank Pekao S.A.	Poland	LSE	1,395
20	State Bank of India	India	LSE	1,217
21	Komerčni Banka A.S.	Czech Rep.	LSE	1,199
22	Cathay Financial Holding Co., Ltd.	Taiwan	LSE	985
23	Orascom Construction Industries	Egypt	LSE	948
24	Chunghwa Picture Tubes, Ltd.	Taiwan	LSE	911
25	KGHM Polska Miedz S.A.	Poland	LSE	867

Source: London Stock Exchange – International Order Book

Globally, the 25 most actively traded cross-listed ADRs in the period by volume were:

Top 25 ADR Issuers by Volume – November 2005 YTD

	Issuer	Country	Exchange	Ticker	Volume (millions)
1	Elan Corp plc	Ireland	NYSE	ELN	2,847
2	Nokia Corporation	Finland	NYSE	NOK	2,389
3	Taiwan Semiconductor Mfg. Co.	Taiwan	NYSE	TSM	1,813
4	Teva Pharmaceutical Industries Ltd.	Israel	NASDAQ	TEVA	1,081
5	United Microelectronics Corp.	Taiwan	NYSE	UMC	888
6	BP plc	U.K.	NYSE	BP	782
7	DRDGold Ltd.	South Africa	NASDAQ	DROOY	672
8	Companhia Vale do Rio Doce (CVRD)	Brazil	NYSE	RIO	636
9	LM Ericsson Telephone Co.	Sweden	NASDAQ	ERICY	628
10	Vodafone Group plc	U.K.	NYSE	VOD	596
11	ASML Holding, NV	Netherlands	NASDAQ	ASML	585
12	America Movil, S.A. de C.V.	Mexico	NYSE	AMX	516
13	AU Optronics Corp.	Taiwan	NYSE	AUO	474
14	Petrobras (common)	Brazil	NYSE	PBR	412
15	Harmony Gold Mining Co. Ltd	South Africa	NYSE	HMY	374
16	Tele Norte Leste Participacoes S.A	Brazil	NYSE	TNE	364
17	Gold Fields Ltd.	South Africa	NYSE	GFI	341
18	SAP AG	Germany	NYSE	SAP	333
19	BHP Billiton Limited	Australia	NYSE	BHP	332
20	Mobile TeleSystems OJSC	Russia	NYSE	MBT	330
21	GlaxoSmithKline plc	U.K.	NYSE	GSK	311
22	Telefonos de Mexico S.A. de C.V.	Mexico	NYSE	TMX	306
23	Telesp Cellular Participacoes S.A.	Brazil	NYSE	TCP	304
24	Cemex S.A.	Mexico	NYSE	CX	285
25	Petrobras (preferred)	Brazil	NYSE	PBRA	282

Source: NYSE, NASDAQ, and AMEX, Bloomberg Financial Markets

For further information on Depository Receipt Services, visit www.citigroup.com/adr.

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