

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

- DR trading value increases 63% to an all time high of US\$1.7 trillion; ADR trading volume rises 32% to record 33.7 billion shares.
- IPO capital raised in DR form is \$3.6 billion – down 79% from 2007's record first half total of \$17.1 billion, due to the global economic slowdown.

Projected first half 2008 US\$ value of trading of DRs (based on actual May YTD data) is an all-time record \$1.71 trillion, up 63% over 2007's total of \$1.05 trillion. U.S.-listed ADRs represent \$1.42 trillion of the projected 2008 total, up 65% from 2007. London-traded GDRs represent \$294 billion of the total, up 55% over 2007.¹

The projected 65% year-over-year growth in U.S.-listed ADR trading value exceeds the 21% year-over-year growth in the value of equities traded on U.S. exchanges (excluding ADRs) that is projected to be \$23.5 trillion for the first half of 2008 vs. \$19.4 trillion in 2007. The projected 55% year-over-year growth in GDR trading value exceeds the -30% year-over-year decline in equities traded on the London Stock Exchange (excluding GDRs) that is projected to be \$3.8 trillion for 2008 vs. \$5.4 trillion in 2007.²

Projected first half 2008 ADR trading volume on U.S. exchanges (based on May YTD actual) is a record 33.7 billion ADRs traded, up 32% over 2007's total of 25.4 billion.

IPO Capital Raised in DR Form in the First Half of 2008 is US\$3.6 Billion, Down 79% from 2007's Record of \$17.1 Billion. Decline is Consistent with Previous Market Downturns

Total year-to-date 2008 capital raised in DR form, consisting of 22 primary and secondary offerings, was \$8.3 billion, a 69% decrease from 2007's record first half total of \$27.0 billion. The grand total was comprised of \$3.6 billion (43%) in 10 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 \$4.7 billion in 12 secondary offerings (companies with existing programs offering additional tranches of DRs in the market).³ The \$3.6 billion IPO total was down 79% from 2007's first half record of \$17.1 billion in 34 offerings.

The five largest IPOs in the first half of 2008 accounted for \$3.1 billion (87%) of the \$3.6 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 the first half of 2008 is consistent with market behavior following previous global economic downturns. Since 1994, IPO volume levels have rebounded after each market downturn.

¹ Source: NYSE, NASDAQ, AMEX, LSE.

² Source: World Federation of Exchanges.

³ Source: Citi and other depositories.

June YTD DR IPO Values (US\$ Millions)

Year	June YTD DR IPO Value	Event Description
1994	6,525.7	Mexican peso devaluation
1995	2,863.8	
1996	4,077.9	
1997	6,129.4	Asian currency crisis
1998	3,046.6	Russian default
1999	4,242.3	
2000	6,912.0	Global market downturn
2001	2,448.5	September 11 th attacks, War in Afghanistan
2002	2,950.6	U.S. recession
2003	342.9	War in Iraq
2004	1,703.0	
2005	4,759.2	
2006	10,410.0	
2007	17,142.7	U.S. market downturn - October 9, 2007
2008	3,589.5	

Source: Citi Analysis

U.S. Investment in Non-U.S. Equities Declines by 9% to \$4.4 Trillion

According to the U.S. Federal Reserve, total U.S. investment in non-U.S. equities in the first quarter of 2008 (both DRs and non-U.S. shares) declined by \$413 billion (-9%) from fourth quarter 2007, to \$4.4 trillion.⁴ Falling asset values accounted for \$447 billion 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 \$50 billion, down 1% from first quarter 2007. Declining asset values accounted for \$171 billion of the total decrease, while positive net capital inflows counted for \$121 billion.

Positive net capital inflows show that U.S. investor sentiment towards non-U.S. equities remains strong despite declining asset values.

International Equity Mutual Fund Growth Rates Exceed Those of U.S. Mutual Funds

The total net asset value of international equity mutual funds reached \$1.14 trillion in April 2008, an increase of \$100 billion (10%) over April 2007.⁵ Rising asset values accounted for \$45 billion of the total increase, while net inflows counted for \$55 billion. By contrast, the total net asset value of U.S. mutual funds reached \$5.04 trillion in April 2008, a decline of \$276 billion (-5%)

⁴ Source: Board of Governors of the Federal Reserve System, "Flow of Funds Accounts of the U.S., Flows and Outstandings, First Quarter 2008," June 5, 2008.

⁵ Source: Investment Company Institute. International equity mutual funds include Emerging Market, International and Regional funds. Global funds contain U.S. stocks and have been excluded.

from April 2007. Falling asset values accounted for \$200 billion of the decrease, while net outflows counted for \$76 billion.

The higher growth rate in investment in international mutual funds reflects increasing individual investor appetite for non-U.S. equities.

Citi Liquid DR Indices Have Outperformed the U.S. Market

The price appreciation returns of all Citi Liquid DR Indices have outperformed those of the U.S. market, providing further evidence of sustained positive international investor sentiment towards non-U.S. stocks.

Citi Liquid DR Indices vs. the S&P 500 Index as of June 23, 2008

		Price Appreciation Returns		
Index Name	Index Value	1 Year	2 Year	5 Year
S&P 500 (U.S.)	1318.00	-12.28%	5.90%	34.26%
Citi World ex-U.S.	139.67	-2.11%	25.73%	101.65%
Citi EuroPac	115.94	-9.14%	14.57%	74.46%
Citi AsiaPac ex-Japan	254.09	-2.51%	36.38%	151.32%
Citi AsiaPac Growth Economies	285.31	-7.82%	28.43%	143.10%
Citi LatAm	528.05	35.28%	127.32%	551.88%
Citi CEEMEA	446.99	27.11%	51.92%	245.81%

Source: Bloomberg Financial Markets

YTD 2008 DR Capital Raised and Trading Volumes

The following tables provide details on the top DR issuers for YTD 2008.

Globally, YTD DR capital raisings as of June 2008 YTD were:

Capital Raising Events – June 2008 YTD

	Issuer	Country	Exchange	Event Date	Value (US\$ millions)	IPO or Secondary Offering?
1	Barclays Bank plc	U.K.	NYSE	4/11/2008	2,650	Sec
2	Global Investment House	Kuwait	LSE	5/21/2008	1,150	IPO
3	Commercial Bank of Qatar	Qatar	LSE	6/26/2008	691	IPO
4	National Bank of Greece	Greece	NYSE	6/6/2008	625	Sec
5	GlobalTrans Investment PLC	Russia	LSE	5/8/2008	494	IPO
6	Depa	Dubai	LSE	4/23/2008	420	IPO
7	Gerdau, S.A.	Brazil	NYSE	4/24/2008	410	Sec
8	MHP S.A	Ukraine	LSE	5/14/2008	371	IPO
9	JA Solar Holdings Co., Ltd.	China	NASDAQ	5/13/2008	302	Sec
10	X5 Retail Group N.V.	Russia	LSE	5/9/2008	191	Sec
11	Solarfun Power Holdings Co., Ltd.	China	NASDAQ	1/29/2008	135	Sec
12	ReneSola Ltd.	China	NYSE	2/1/2008	130	IPO
13	E-House (China) Holdings Ltd.	China	NYSE	2/6/2008	117	Sec
14	Palm Hills Development S.A.E	Egypt	LSE	5/7/2008	110	IPO
15	JSC Bank of Georgia	Georgia	LSE	2/19/2008	100	Sec
16	Zhaikmunai LP	Kazakhstan	LSE	4/2/2008	100	IPO
17	Wistron Corp.	Taiwan	LSE	6/6/2008	82	Sec
18	Taewoong Co., Ltd.	Korea	LSE	2/25/2008	75	IPO
19	Asia Cement Corp	Taiwan	LSE	3/28/2008	61	Sec
20	ATA Inc.	China	NASDAQ	2/1/2008	48	IPO
21	Amarin Corp. plc	U.K.	NASDAQ	5/14/2008	30	Sec
22	Redecard S.A.	Brazil	N/A	3/18/2008	5	Sec
	Total Capital Raised				8,298	

Source: Citigroup and other depositaries

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

Top 25 ADR Issuers by Value – as of May 2008 YTD

	Issuer	Country	Exchange	Ticker	Value (US\$ millions)
1	Baidu.com, Inc,	China	NASDAQ	BIDU	212,951
2	Petroleo Brasileiro S.A. – Petrobras (Com & Pref)	Brazil	NYSE	PBR/PBRA	86,394
3	Companhia Vale do Rio Doce (CVRD, Com & Pref)	Brazil	NYSE	RIO/RIOPR	60,644
4	Nokia Corporation	Finland	NYSE	NOK	32,944
5	Teva Pharmaceutical Industries Ltd.	Israel	NASDAQ	TEVA	28,384
6	America Movil S.A.B. de C.V.	Mexico	NYSE	AMX	24,194
7	BHP Billiton Limited (Com & Pref)	Australia	NYSE	BHP/BBL	22,597
8	Arcelor Mittal	Netherlands	NYSE	MT	18,779
9	BP plc	U.K.	NYSE	BP	17,802
10	JA Solar Holdings Co., Ltd.	China	NASDAQ	JASO	17,125
11	Focus Media Holding Limited	China	NASDAQ	FMCN	16,752
12	Suntech Power Holdings Co., Ltd.	China	NYSE	STP	14,551
13	Infosys Technologies Ltd.	India	NASDAQ	INFY	14,159
14	Unibanco - Uniao de Bancos Brasileiros S.A.	Brazil	NYSE	UBB	13,315
15	Banco Bradesco S.A.	Brazil	NYSE	BBD	13,116
16	Shire Limited	U.K.	NASDAQ	SHPGY	13,103
17	China Mobile Limited	China	NYSE	CHL	12,931
18	UBS AG	Switzerland	NYSE	UBS	12,804
19	Solarfun Power Holdings Co., Ltd.	China	NASDAQ	SOLF	11,277
20	Ericsson (Telefonaktiebolaget LM Ericsson)	Sweden	NASDAQ	ERIC	11,131
21	Total S.A.	France	NYSE	TOT	10,892
22	Rio Tinto plc	U.K.	NYSE	RTP	9,845
23	Banco Itau S.A.	Brazil	NYSE	ITU	9,709
24	Petrochina Co. Ltd.	China	NYSE	PTR	9,487
25	Mechel Steel Group OAO	Russia	NYSE	MTL	9,451

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

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

Top 25 GDR Issuers by Value – as of May 2008 YTD

	Issuer	Country	Exchange	Ticker	Value (US\$ millions)
1	OAO Gazprom	Russia	LSE	OGZD LI	81,315
2	Lukoil	Russia	LSE	LKOD LI	39,631
3	MMC Norilsk Nickel	Russia	LSE	MNOD LI	24,318
4	Rosneft (OJSC)	Russia	LSE	ROSN LI	17,138
5	Evrast Group S.A.	Russia	LSE	EVR LI	7,085
6	Unified Energy System of Russia	Russia	LSE	UESD LI	5,784
7	Surgutneftegaz	Russia	LSE	SGGD LI	5,547
8	JSC Uralkali	Russia	LSE	URKA LI	5,443
9	VTB Bank (JSC)	Russia	LSE	VTBR LI	5,384
10	Orascom Telecom	Egypt	LSE	OTLD LI	4,807
11	Novatek JSC	Russia	LSE	NVTK LI	4,588
12	Severstal	Russia	LSE	SVST LI	3,145
13	KazMunaiGas EP	Kazakhstan	LSE	KMG LI	2,972
14	Novolipetsk Iron & Steel Corp.	Russia	LSE	NLMK LI	2,928
15	Samsung Electronics Co., Ltd. (Com & Pref)	Korea	LSE	SMSN LI	2,459
16	Orascom Construction Industries	Egypt	LSE	ORSD LI	2,448
17	Reliance Industries Ltd	India	LSE	RIGD LI	2,374
18	Sistema JSFC	Russia	LSE	SSA LI	2,275
19	Polyus Gold	Russia	LSE	PLZL LI	2,083
20	TMK	Russia	LSE	TMKS LI	2,056
21	Tatneft	Russia	LSE	ATAD LI	1,954
22	X5 Retail Group (Pyaterochka)	Russia	LSE	FIVE LI	1,609
23	Kazkommertsbank	Kazakhstan	LSE	JSCD LI	1,449
24	State Bank of India	India	LSE	SBID LI	1,299
25	Magnitogorsk Iron & Steel Works	Russia	LSE	MMK LI	1,209

Source: London Stock Exchange - International Order Book

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

Top 25 ADR Issuers by Volume – as of May 2008 YTD

	Issuer	Country	Exchange	Ticker	Volume (millions)
1	Companhia Vale do Rio Doce (CVRD, Com & Pref)	Brazil	NYSE	RIO/RIOPR	1,859
2	Nokia Corp.	Finland	NYSE	NOK	1,016
3	Petroleo Brasileiro S.A. – Petrobras (Com & Pref)	Brazil	NYSE	PBR/PBRA	897
4	Taiwan Semiconductor Mfg. Company Ltd.	Taiwan	NYSE	TSM	882
5	Baidu.com, Inc,	China	NASDAQ	BIDU	740
6	JA Solar Holdings Co., Ltd.	China	NASDAQ	JASO	659
7	Teva Pharmaceutical Industries Ltd.	Israel	NASDAQ	TEVA	607
8	Solarfun Power Holdings Co., Ltd.	China	NASDAQ	SOLF	601
9	Alcatel - Lucent	France	NYSE	ALU	559
10	Ericsson (Telefonaktiebolaget LM Ericsson)	Sweden	NASDAQ	ERIC	507
11	Banco Bradesco S.A.	Brazil	NYSE	BBD	493
12	Focus Media Holding Limited	China	NASDAQ	FMCN	412
13	America Movil S.A.B. de C.V.	Mexico	NYSE	AMX	409
14	Banco Itau S.A.	Brazil	NYSE	ITU	393
15	UBS AG	Switzerland	NYSE	UBS	386
16	Gold Fields Ltd.	South Africa	NYSE	GFI	370
17	Infosys Technologies Ltd.	India	NASDAQ	INFY	354
18	ASML Holdings N.V.	Netherlands	NASDAQ	ASML	339
19	United Microelectronics Corp. (UMC)	Taiwan	NYSE	UMC	324
20	ABB Limited	Switzerland	NYSE	ABB	318
21	Suntech Power Holdings Co., Ltd.	China	NYSE	STP	315
22	BHP Billiton Limited (Com & Pref)	Australia	NYSE	BHP/BBL	310
23	CEMEX, S.A.B. de C.V.	Mexico	NYSE	CX	299
24	Amarin Corp. plc	U.K.	NASDAQ	AMRN	292
25	Vivo Participacoes S.A.	Brazil	NYSE	VIV	267

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

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