

Press Release



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BRICs Dominate Key Depository Receipt Metrics in First Half of 2010 as Global Investors Seek Growth Outside the U.S.

A record 78.1 billion American and global depository receipts, valued at \$1.84 trillion, traded through June; BNY Mellon supports major new corporate events, including the first Indian DR program

NEW YORK, July 12, 2010 — American and global depository receipt (DR) trading volume increased 8.3% to 78.1 billion DRs during the first six months of 2010, according to BNY Mellon, the world's leading depository bank. During the first six months of 2010, \$1.84 trillion of DRs traded on U.S. and non-U.S. markets and exchanges. Both figures are all-time highs.

The number of available DR programs rose to 3,214 from 3,096 a year ago, largely due to recent changes in U.S. regulations that make it easier to establish over-the-counter-traded ADR programs. At the mid-year mark, companies from 19 countries had established 64 new sponsored DR programs in total. Industry-wide, DR programs for issuers from 76 countries were available to investors.

The number of DR capital-raising transactions was significantly higher than the 13 at the mid-year mark last year. In the first half of 2010, issuers from nine countries completed 44 new primary and follow-on DR offerings, raising more than \$4.1 billion. India and China together accounted for 34 of the offerings and more than half the total value raised.

The BNY Mellon ADR Index®, a widely accepted international investing benchmark, was down 15.76% year-to-date and down 9.92% compared to a year ago. In total, 30 of the 35 DR country indices were lower year-to-date.

“Depository receipts continue to prove their popularity as a cross-border investment vehicle during an uncertain global financial recovery,” said Michael Cole-Fontayn, chief executive officer of BNY Mellon's Depository Receipts business. “The market has seen a significant increase in trading value and volume, as well as continued growth in new programs. Much of this was spurred by high growth markets and their attractive growth prospects. BNY Mellon proved its leadership by acting as depository for a number of complex transactions and as structural advisor for the first Indian depository receipt program.”

U.S.-Listed Market Remains the Largest DR Trading Market

U.S.-listed programs accounted for nearly 90% of all DR trading value worldwide. The major U.S. stock exchanges — the New York Stock Exchange (NYSE) and NASDAQ — remained the largest markets for DR trading. 66.4 billion U.S.-listed DRs, valued at \$1.65 trillion, traded on U.S. markets during the first half of 2010. Compared with 60.7 billion DRs, valued at \$1.17 trillion at mid-year 2009, this represents an increase of 9.4% in DR trading volume and an increase of 41.0% in DR trading value, year-on-year. The most actively traded U.S.-listed DRs included Brazil's **Vale** and **Petrobras**, the UK's **BP**, Finland's **Nokia** and France's **Alcatel-Lucent**.

According to the London Stock Exchange (LSE), 9.5 billion DRs valued at \$152.4 billion traded on that market at the half-year mark, 13.1% higher and 56.2% higher, respectively, year-on-year. Of the top 10

most actively traded programs, nine were from Russia, including **Gazprom, Lukoil, Evraz, Uralkali, VTB** and **Norilsk Nickel**.

Over-the-counter (OTC) and other DR trading value totaled nearly \$40 billion. The most active OTC-traded DR issues included Swiss issuers **Nestle** and **Roche**, as well as Japan's **Nintendo**.

Total Non-U.S. Investment Value Up 75% Year-Over-Year

As of March 31, 2010, according to statistics released in June by the U.S. Federal Reserve, the total amount of U.S. investment in equities increased 51.4% year-on-year to approximately \$21.2 trillion, while the value of U.S. investment in non-U.S. equities (both DRs and non-U.S. shares) increased 75.0% to about \$4.2 trillion. In addition, non-U.S. equities accounted for 19.8% of all equity investment in the U.S., an increase from 17.1% at the same time last year.

China and India Lead New DR Program Establishment and DR Capital Raisings

During the first half of 2010, 64 new sponsored programs for issuers from 19 countries were established, an increase of 25 programs from the same period last year. Of 2010's new DR programs, 30 were listed on stock exchanges — 11 in the United States and 19 in Europe. The remaining DR programs trade on various OTC markets.

India led with 18 new programs, followed by nine from China and five from Russia. Of the U.S. OTC programs established in the first half of 2010, one issuer, the UK's **Britvic**, chose to list its OTC-traded ADR program on the OTCQX platform.

During the first six months of the year, 44 initial and follow-on DR offerings by non-U.S. companies and governments raised more than \$4.1 billion. Issuers from India and China completed the most offerings, with 21 and 13, respectively. Issuers from these two countries raised nearly \$2.4 billion, more than 50% of the global total. Of the 44 initial and follow-on DR offerings, 16 issuers chose to raise capital in U.S. capital markets, while 20 issuers chose European markets, namely the London and Luxembourg Stock Exchanges. Brazil's **Gafisa**, Kazakhstan's **Alliance Bank** and India's **Essar Oil** undertook the top three DR capital-raising transactions during the first half.

The BNY Mellon ADR Index Performance

During the first half of 2010, overall DR performance as evidenced by The BNY Mellon ADR Index was broadly lower. On June 30, 2010, the Composite ADR Index closed at 152.86, down 15.76% year-to-date, while still managing a 4.71% gain year-on-year. At the mid-year mark, the Composite ADR Index had 345 constituents and a free-float market capitalization, as defined by CME Group Index Service, in excess of \$4.1 trillion.

As the only real-time index to track all DRs, New York Shares and global registered shares traded on the NYSE, NYSE Amex and NASDAQ, The BNY Mellon ADR Index has become a widely followed international benchmark. Thirty of the 35 country indices were down year-to-date, while the India Select DR Index and New Frontier DR Index lead gainers with returns of 3.60% and 1.81% year-to-date. China's **Baidu** was again one of the half-year's best-performing ADR Index constituents, returning 65.56%. Other top-performing index constituents included Japan's **Internet Initiative of Japan**, up 60.84%, and the UK's **Trintech Group**, up 52.47%.

Demand for more exchange-traded funds (ETFs) based on DRs was evidenced by the creation of The BMO China Equity Hedged to CAD Index ETF, which tracks The BNY Mellon China Select ADR Index CAD Hedged, and The BMO India Equity Hedged to CAD Index ETF, which tracks The BNY Mellon India Select DR Index CAD Hedged.

Un-sponsored Market Update

In first half of 2010, 50 new un-sponsored DR programs were established for issuers from 15 countries, bringing the total number of un-sponsored DR programs to 1,080 at the mid-year mark. In 2010, notable issuers that converted their un-sponsored DR programs to sponsored programs included Denmark's **Carlsberg** and Japan's **Takeda Pharmaceutical**.

BNY Mellon's Depository Receipt Leadership

During the first six months of 2010, BNY Mellon grew its depository leadership position across many metrics, acting for 59% of all new sponsored DR programs and 83% of all DR capital-raising transactions. BNY Mellon acts as depository for 63% of all sponsored DR programs globally.

BNY Mellon worked with DR issuers in several major international corporate events, including Russia's **VimpelCom**, in which BNY Mellon managed a large NYSE-listed DR tender offer and established a number of new processes in the local Russian market. BNY Mellon also assisted in structuring a complex IPO for **Rusal**, establishing several new procedures for securities settlement in Europe. Rusal became the first Russia-based company to list its local shares on the Hong Kong Stock Exchange and its GDRs on the NYSE Euronext Paris. BNY Mellon also supported Mexico's **Telmex Internacional** transaction, launched in January, when **America Movil** announced a tender offer for shares and DRs of Telmex Internacional. In May, BNY Mellon was appointed as tender and exchange agent by America Movil. In June, after the \$5.5 billion transaction closed, BNY Mellon was appointed successor depository for the Telmex Internacional "L" and "A" share programs.

In June 2010, BNY Mellon demonstrated its strategic focus on innovation in the financial markets by acting as structural advisor to the UK bank **Standard Chartered** when it became the first company to establish an Indian depository receipt program and the first foreign company to list on India's domestic securities markets.

BNY Mellon acts as depository for more than 2,100 American and global depository receipt programs, acting in partnership with leading companies from 67 countries. With an unrivaled commitment to helping securities issuers succeed in the world's rapidly evolving financial markets, the company delivers the industry's most comprehensive suite of integrated depository receipt, corporate trust and stock transfer services. Learn more at www.bnymellon.com/dr.

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