

The Global Equity Investment Guide

The Case for Investing in Depositary Receipts

THE GLOBAL EQUITY INVESTMENT GUIDE

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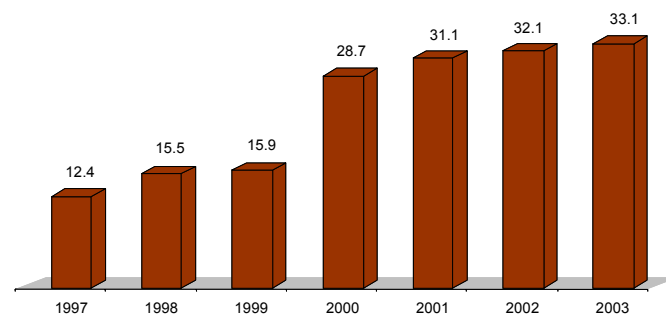
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Demand for Depositary Receipts

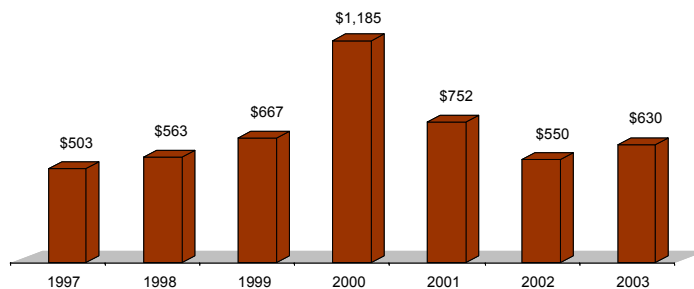
INTRODUCTION

Investor demand for Depositary Receipts is growing between 30 and 40 percent annually. This demand is driven by the increasing desire of individual and institutional investors to diversify their portfolios globally, reduce risk, and invest globally in the most efficient manner. Many of these investors typically do not, or cannot for various reasons, invest outside of the U.S. or in non-U.S. dollar denominated securities. As a result, Depositary Receipts are utilized as a means of global diversification within an investor's portfolio. Even investors who do have the capacity to invest outside the U.S. prefer Depositary Receipts because of their cost effectiveness, simplicity, convenience, liquidity, and lower operational risk as compared to the risk of purchasing and safekeeping ordinary shares outside the U.S.. Additionally, a large, sophisticated, global investor investing in Depositary Receipts can save substantially compared to trading and holding the ordinary shares in a custodian outside the U.S. In addition, Depositary Receipt investors realize substantial savings by avoiding the *higher* costs incurred with foreign share investing.

Annual Share Volume of Exchange-Listed Depositary Receipts
(Trading Volume in Billions of Shares)



Annual Dollar Volume of Exchange-Listed Depositary Receipts
(Trading Volume in Billions of U.S. Dollars)



DEPOSITARY RECEIPTS OFFER THE BROADEST INVESTOR APPEAL

Many U.S. based investors are restricted from purchasing non-U.S. shares and holding securities outside the U.S. In fact, in some cases, physical possession of the certificates is required. Depositary Receipts, registered under the 1933 Securities Act, are legal U.S. securities. As a result, few, if any, U.S. investors are restricted from owning Depositary Receipts. Simply, the same investors that purchase and trade U.S. securities can invest in Depositary Receipts.

Depositary Receipts can also be used in commission recapture programs and in "soft dollar" arrangements. Most agency brokers who specialize in these types of arrangements do not have the capabilities to trade outside the U.S. As a result, to the investor's detriment, they do not offer these types of services on non-U.S. shares.



Depository Receipts Defined

Depository Receipts (ADRs or GDRs) are negotiable certificates that represent a non-U.S. company's publicly traded equity or debt. Depository Receipts are legal, U.S. securities that trade freely on a major exchange or in the over-the-counter (OTC) market in U.S. dollars, pay dividends or interest in dollars, and settle, clear, and transfer according to standard U.S. practices. The Depository Receipt evidences the home market security which trades in a foreign country and is custodized with a local bank, called the custodian. Depository Receipts may also trade in non-U.S. markets, such as the United Kingdom, Luxembourg, or the Euromarket, where they are either listed on a stock exchange or trade over-the-counter (OTC) among dealers and institutions.

Depository Receipts are commonly used in global equity offerings to U.S. and non-U.S. investors. Depository Receipts facilitate cross-border trading and settlement, minimize transaction costs, and may broaden a non-U.S. company's potential investor base, particularly among institutional investors.

DEPOSITARY RECEIPTS AND GLOBAL DEPOSITARY RECEIPTS

Depository Receipts and Global Depository Receipts are identical from a legal, operational, technical, and administrative standpoint. The word "Global," rather than "American," is used simply when it is advantageous for marketing reasons.

NEW YORK SHARES

New York shares, instead of Depository Receipts, may be used by non-U.S. companies from certain markets to list on a U.S. exchange. New York Shares offer many of the same benefits that Depository Receipts offer and operate similarly to Depository Receipts but are not as efficient due to the extra steps involved in cross-border settlement and registration processes. Also, New York Shares offer the company involved less flexibility to "Americanize" their shares as compared to Depository Receipts. Additionally, New York shares are not registered under the 1933 Securities Act and as a result may not be considered U.S. securities by some investors, limiting their appeal. Nonetheless, for certain non-U.S. companies, New York shares are a viable alternative to Depository Receipts and offer significant benefits as compared to directly purchasing ordinary shares in markets outside the U.S.

SAMPLE DEPOSITARY RECEIPT CERTIFICATES

Types of Depositary Receipt Facilities



There are five types of Depositary Receipt facilities:

UNSPONSORED

Un-sponsored Depositary Receipts are issued by one or more depositaries in response to market demand, but without a formal agreement with the company. Today, un-sponsored Depositary Receipts are considered obsolete and, under most circumstances, are no longer established due to the lack of control of the facility and their hidden costs.

SPONSORED

Sponsored Depositary Receipts are issued by one depositary appointed by the company under what is known as a Deposit Agreement or service contract. Sponsored Depositary Receipts give control of the facility to the company, and provide the flexibility to list on a national exchange in the U.S. and the ability to raise capital.

SPONSORED LEVEL-I

A sponsored Level-I Depositary Receipt program is the simplest method for companies to access the U.S. and non-U.S. capital markets. Level-I Depositary Receipts are traded in the U.S. over-the-counter ("OTC") market and on some exchanges outside the United States. The company does not have to comply with U.S. Generally Accepted Accounting Principles ("GAAP") or full Securities and Exchange Commission ("SEC") disclosure. A Sponsored Level-I Depositary Receipt program allows a company to create a program to facilitate investment without changing its current reporting process.

The Sponsored Level-I Depositary Receipt market is the fastest growing segment of the Depositary Receipt market. Of the more than 1,800 Depositary Receipt programs currently trading, the vast majority of the sponsored programs are Level-I facilities. In addition, because of the benefits investors receive by investing in Depositary Receipts, it is not unusual for a company with a Level-I program to obtain 5 percent to 15 percent of its shareholder base in Depositary Receipt form.

SPONSORED LEVEL-II AND LEVEL-III DEPOSITARY RECEIPTS

Companies that wish to list their Depositary Receipts on a stock exchange (NASDAQ, American or New York) in the U.S., raise capital or make an acquisition using shares, use sponsored Level-II or III Depositary Receipts. Level-II and III Depositary Receipt programs require SEC registration and adherence to U.S. GAAP. These types of Depositary Receipts can also be



listed on some exchanges outside the United States. Level-II Depository Receipts are exchange-listed securities but do not involve raising of new capital. Level-III programs typically generate the most U.S. investor interest because capital is being raised. Generally, companies that choose either a Level-II or Level-III program will attract a significant number of U.S. investors.

PRIVATE PLACEMENT (144A) DEPOSITARY RECEIPTS

In addition to the three levels of sponsored Depository Receipt programs that trade publicly, a company can also access the U.S. and other markets outside the U.S. through a private placement of sponsored Depository Receipts. Rule 144A Depository Receipts are capital-raising issues in which securities are privately placed to qualified institutional buyers (QIBs). As a result, these Depository Receipt programs do not require compliance with U.S. GAAP or SEC registration. A company can also offer a Depository Receipt program to non-U.S. investors using the Regulation S structured facility. Depending on the circumstances, a Level-I Depository Receipt program may be established alongside a 144A program.

How Depositary Receipts Trade

ISSUANCE

Depositary Receipts are issued or created when investors contact their broker to initiate a purchase of these securities. The broker involved, either through its own international offices or through a local broker affiliate in the company's home market, purchases the actual ordinary shares that represent the Depositary Receipt and requests that they be delivered to the depositary bank's custodian in that country. The investor typically is not involved in the cross-border trade and receives a firm price for the Depositary Receipts regardless of how the broker settles the trade. The broker who initiates the transaction receives U.S. dollars from the investor on the U.S. settlement date (T+3) and pays for the ordinary shares in local currency. The executing broker assumes responsibility for the foreign currency risk associated with purchasing the ordinary shares. On the same day that the shares are delivered to the custodian bank, the custodian notifies the depositary bank. Upon receipt of such notification, the depositary bank issues Depositary Receipts and delivers them to the initiating broker, who then delivers them to the investor, in accordance with U.S. settlement practices. In some cases, rather than purchasing the ordinary shares in the local market, a broker already maintains an existing position of the ordinary shares and deposits those shares for conversion to Depositary Receipts. The decision to purchase the ordinary shares outside the U.S. and convert them into Depositary Receipts rather than purchasing existing Depositary Receipts in the U.S. is usually made by the trading area of the brokerage firm executing the order.

TRANSFER (INTRA-MARKET TRADING)

Once issued, Depositary Receipts are free to trade in the U.S. the same way U.S. common equities trade. When a Depositary Receipt is sold to another U.S. investor, the existing Depositary Receipt is simply transferred from one Depositary Receipt holder (seller) to another Depositary Receipt holder (buyer) according to U.S. clearance and settlement rules. Depositary Receipt-to-Depositary Receipt trading is known as "intra-market trading".

An intra-market transaction is settled in the same manner as any other U.S. security transaction, in U.S. dollars, on the third business day after the trade date and typically through The Depository Trust Company (DTC). For those investors who require a physical certificate, Depositary Receipts can be issued in physical form just like any other U.S. common share. Intra-market trading accounts for approximately 95 percent of all Depositary Receipt trading in the market today. U.S. investors who own Depositary Receipts typically receive the same type and range of services that investors would receive if they owned a U.S. common share. Essentially, the Depositary Receipt has "Americanized" a non-U.S. share to accommodate the U.S. market. Accordingly, the most important role of a depositary bank is that of Stock Transfer Agent and Registrar.

CANCELLATION

When investors want to sell their Depositary Receipts, they again notify their broker. The broker can either sell the Depositary Receipts in the U.S. market through an intra-market transaction (Depositary Receipt to Depositary Receipt) as previously described, or sell the shares representing the Depositary Receipts outside of the U.S., typically into the home market, through a cross-border transaction. Usually, the investor is not involved in the cross-border

trade and receives a firm price for the Depositary Receipt regardless of how the broker settles the trade. The decision to sell the ordinary shares outside the U.S., rather than sell the Depositary Receipt in the U.S. market, is made by the trading area of the brokerage firm executing the order. In cross-border transactions, brokers, either through their own international offices or through a local broker affiliate in the company's home market, sell the shares back into the home market. In order to settle the trade, the U.S. broker surrenders or “cancels” the Depositary Receipt to the depositary bank with instructions to deliver the underlying shares to the buyer in the home market. The depositary bank cancels the Depositary Receipt and instructs the custodian to release the underlying ordinary shares and deliver them to the local broker who purchased the shares.

TRADING OF DEPOSITARY RECEIPTS

Once Depositary Receipts are issued and an adequate number of Depositary Receipts are outstanding in the market, (usually 4 percent to 8 percent of the company's shares in Depositary Receipt form), a true intra-market trading environment emerges. Until this market develops, the majority of Depositary Receipt purchases result in cross-border transactions where Depositary Receipts are issued versus the deposit of the underlying ordinary shares.

When executing a Depositary Receipt trade, brokers seek to obtain the best possible price by comparing the Depositary Receipt price to the dollar equivalent price of the ordinary shares in the home market. Brokers will buy or sell in the market that offers them the most cost-effective execution. They can do so in three ways: by *issuing* a new Depositary Receipt, *transferring* an existing Depositary Receipt or *canceling* a Depositary Receipt.

For example, if the dollar price of the ordinary shares in the home market is equivalent to \$12.28 per share (1 Depositary Receipt = 1 ordinary share), and the Depositary Receipt is selling on a U.S. exchange for \$12.30, the broker, either for its own account or based on an investor's order, will buy the ordinary shares and sell the Depositary Receipts (by issuing them through the depositary bank) until the price of the ordinary shares increases to \$12.30 or the price of the Depositary Receipts decreases to \$12.28. Usually the price meets in the middle, at which time the broker will simply buy or sell existing Depositary Receipts outstanding in the market. When there is no price differential, the markets are said to be in equilibrium or “parity”. If the broker is acting on behalf of an investor that placed a Depositary Receipt order, the broker will execute the trade at the best market price available in the U.S. If the order is of sufficient size, the broker could “work the order” and take advantage of the best price available in either the U.S. or local market. He will then settle the trade by delivering the Depositary Receipt to the investor in the standard T + 3 settlement period. The broker will only arbitrage between the Depositary Receipt and ordinary shares if the price difference is greater than the transaction costs involved or if there is insufficient liquidity in the Depositary Receipt market. The arbitrage (cross-border) trading that takes place is usually invisible to the Depositary Receipt investor. In most cases, the investor receives a firm price when placing the order.

The broker may also hold an inventory of ordinary shares or Depositary Receipts. In this case, the local trading price serves as a pricing benchmark. True arbitrage will not take place since the broker may decide to sell from an existing position (purchased previously) to satisfy the order.

In many regions of the world, the Depositary Receipt market is open while the home market for the ordinary share is closed. In this case, the opening price of the Depositary Receipt is based on the previous day's closing price in the home market. Likewise, the closing price of the Depositary Receipt will also impact the opening price of the ordinary share when the home market opens. When the home market is closed, the Depositary Receipt price will fluctuate based on the normal forces of supply and demand and the flow of available information.

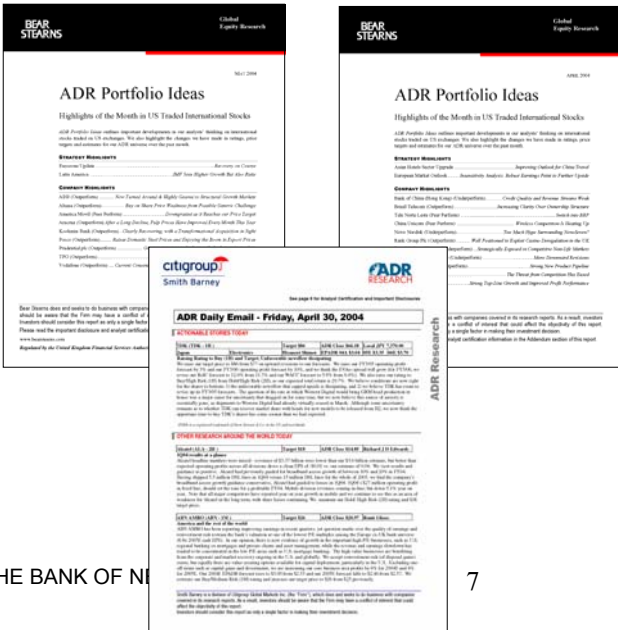
The continuous buying and selling of Depositary Receipts, in either market, ensures that no significant deviations are likely to persist between the prices of Depositary Receipts and the ordinary shares they represent. As a result, about 95 percent of Depositary Receipt trading occurs in the intra-market and does not involve the issuance or cancellation of a Depositary Receipt.

LIQUIDITY

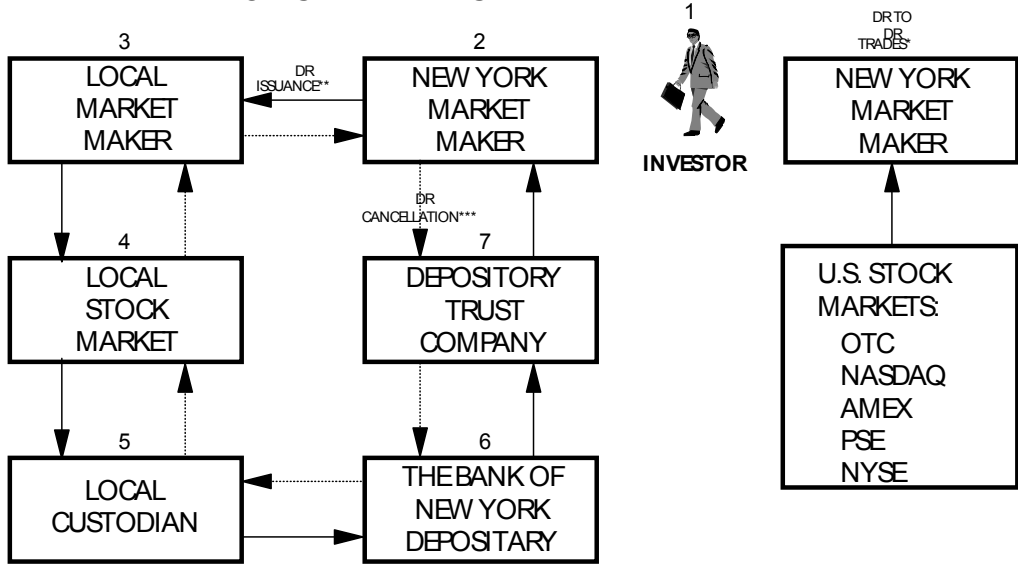
Liquidity of Depositary Receipts is equal to or greater than the liquidity of the ordinary shares in the home market. This is due to the fact that the Depositary Receipts are fungible with the ordinary shares and can be issued or canceled upon investor demand. Depositary Receipts also trade during U.S. trading hours and are subject to standard U.S. settlement practices and regulations. When the home market is closed, brokers are still willing to make a market in the Depositary Receipt in order to satisfy an investor's order or take advantage of market changes. The broker will either buy or sell existing Depositary Receipts, trade against its own position, or wait until the home market opens to cover any open positions it creates. In any case, once a price has been agreed upon between the broker and investor, the order is considered firm.

For certain securities, the U.S. market becomes the predominant trading market. In this case, the U.S. market and U.S. trading price becomes the primary market. Many major securities firms either maintain dedicated trading desks specializing in making markets in Depositary Receipts, or utilize their domestic trading desks for order execution. In addition, most major brokerage firms produce U.S.-style research for companies that offer Depositary Receipt programs.

SAMPLE DEPOSITARY RECEIPT RESEARCH PUBLICATIONS



ILLUSTRATED EXAMPLE OF SAME-DAY SETTLEMENT



3 Business Days (New York)

*DR to DR Trades (Transfers)

Buy - Investor contacts NY broker to purchase DRs; broker purchases DRs on U.S. stock market
 Sell - Investor contacts NY broker to sell DRs; broker sells DRs on U.S. stock market
 - DR to DR trading represents over 90% of all DR transactions -

**Depository Receipt Issuance

- (1) Investor contacts NY broker to purchase DRs (like any other stock).
- (2) NY broker contacts local broker to purchase equivalent number of shares.
- (3) Local broker purchases the shares in the local exchange.
- (4) Shares are then deposited with depository bank's custodian in that country.
- (5) Custodian credits the depository's account and notifies it of the deposit.
- (6) Depository issues DRs and delivers them to NY broker through DTC.
- (7) DTC credits DRs to the broker's account to make U.S. settlement.

***Depository Receipt Cancellation

- (1) Investor contacts NY broker to sell DRs (like any other stock).
- (2) NY broker contacts local broker to sell equivalent number of shares; local broker sells the shares in the local exchange.
- (3) Local market-maker remits sales proceeds to NY market maker.
- (4) Custodian releases shares and delivers to local broker for local settlement.
- (5) Depository bank cancels the DR and instructs custodian to release and deliver equivalent number of shares.
- (6) DTC credits the DRs to the depository bank's account.
- (7) NY broker delivers the DRs to the depository bank through DTC.

EQUITY OFFERINGS

When a non-U.S. company completes an offering of new shares, part of which will be sold as Depository Receipts in the U.S. or international market, the company delivers shares to the depository bank's local custodian at the time of the closing. The depository bank then issues the corresponding Depository Receipts and delivers them to the members of the underwriting syndicate. With this pool of Depository Receipts, a regular trading market commences, and Depository Receipts can then be issued, transferred or canceled.

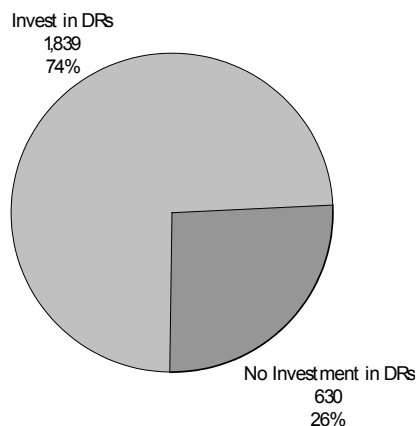
How are Depositary Receipts Priced?

DEPOSITARY RECEIPT PRICE = THE ORDINARY SHARE CONVERTED TO DOLLARS AT THE PREVAILING EXCHANGE RATE, ADJUSTED FOR THE APPROPRIATE RATIO PLUS ANY TRANSACTION COSTS

The market price of a Depositary Receipt is equivalent to the ordinary share price times the Depositary Receipt ratio multiplied by the applicable foreign exchange rate plus any transaction costs.

This formula represents the theoretical pricing relationship between a Depositary Receipt trading in the U.S. and the underlying share trading in the local market. In some instances, the Depositary Receipt's price relative to the underlying security's price will not adhere to the formula above because investor demand may be greater in one market than the other. This will cause the Depositary Receipt to trade at a modest discount or premium. In these cases, an arbitrage or cross-border trade opportunity exists. Arbitrage opportunities, if they occur at all, are a result of very modest spreads between two securities and last for minutes or even seconds at a time before they return to their normal price parity relationship. When arbitrage opportunities exist, international brokers and investors will buy the less expensive of the two securities and sell the more expensive, netting the profit on what is called a riskless, cross-border arbitrage. This arbitrage opportunity causes the security trading at a discount to increase in value because of increased buying demand, while the security trading at a premium decreases in value due to an increase in selling pressure. Eventually, because of this continuous arbitrage process and the fact that 95 percent of all Depositary Receipt trading is done intra-market (Depositary Receipt-to-Depositary Receipt with no cross-border trading), the Depositary Receipt price will reach "parity" with the ordinary share price in the marketplace and the spread between the two securities will close.

U.S. Institutional Investors Foreign Holdings Depositary Receipts vs. Ordinary Shares By Number of Institutions



The above data was derived from an analysis of a proprietary institutional database developed by Vickers Stock Research Corp. This analysis reflects the United States Securities and Exchange Commission reported holdings of 2,469 institutions with approximately \$9.525 trillion in assets under management.



Costs Associated With Depositary Receipt Investing

The following is a list of the applicable fees and related expenses typically involved with buying and holding listed (NYSE, AMEX, NASDAQ) Depositary Receipts:

- Depositary Receipt Conversion (Issue/Cancel) Fee: This fee is charged by the depositary bank for the issuance and/or cancellation of Depositary Receipts. Conversion fees associated with the issuance and cancellation of Depositary Receipts are usually not borne by the investor, but by the executing broker, who absorbs the fees from the arbitrage profits of the cross-border trade. It should be emphasized that issuance and cancellation fees apply only to approximately three to five percent of the total trading volume of a mature Depositary Receipt program. The remaining trades (Depositary Receipt to Depositary Receipt with no cross-border execution) are performed free of charge. As a result, issuance and cancellation fees do not affect the price of the Depositary Receipt. Even when issuance/cancellation fees do apply, the broker is responsible for payment. Listed below for your information are The Bank of New York's estimated issuance and cancellation fee guidelines for American Depositary Shares:

SPONSORED ISSUANCE GUIDELINE

ADS Share Price	ADS Issuance Fee
\$0.01 to \$0.99	\$0.01 per ADS
\$1.00 to \$2.99	\$0.02 per ADS
\$3.00 to \$4.99	\$0.03 per ADS
\$5.00 to \$9.99	\$0.04 per ADS
\$10.00 & Over	\$0.05 per ADS

SPONSORED/UNSPONSORED CANCELLATION GUIDELINE

ADS Share Price	ADS Cancellation Fee
\$0.01 to \$4.99	\$0.03 per ADS
\$5.00 to \$9.99	\$0.04 per ADS
\$10.00 & Over	\$0.05 per ADS

The abovementioned fee schedule is intended as a guideline only. The Bank of New York reserves the right to deviate from this schedule at its discretion, at any time, and from time to time. In most cases, fees will not exceed 5 cents per ADS, plus the following additional charges:

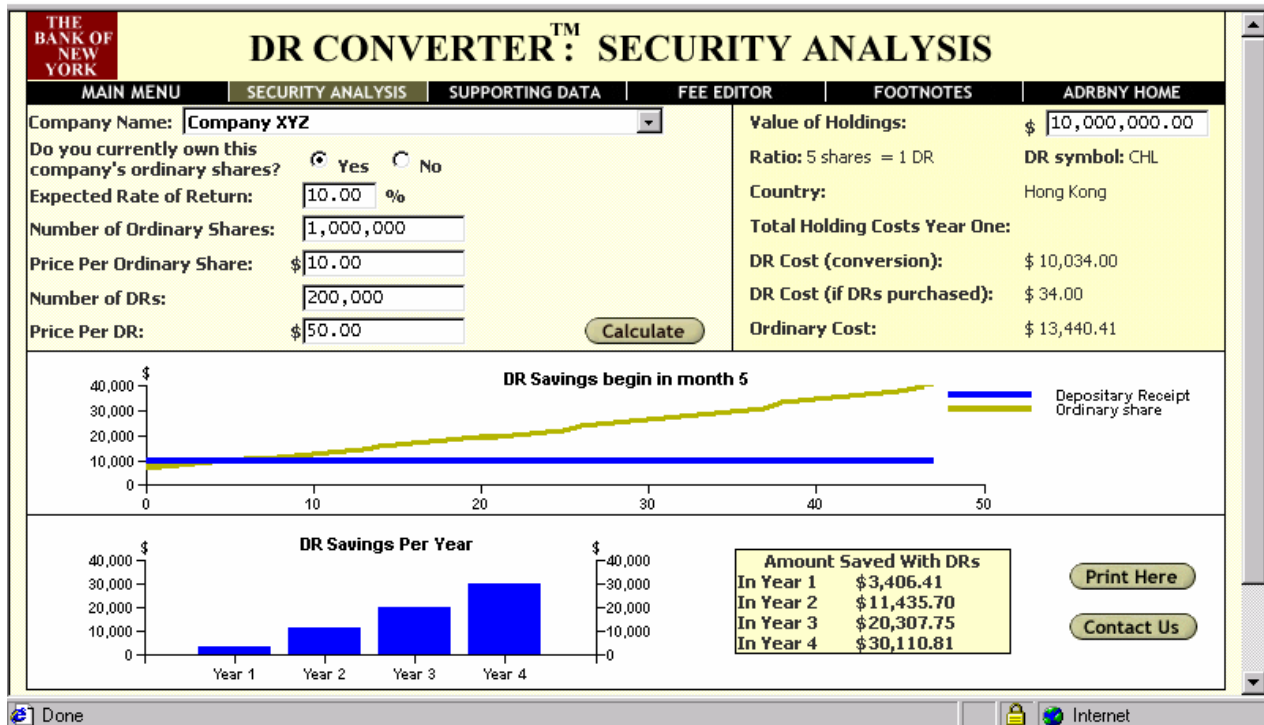
- All fees are calculated by rounding UP to the nearest hundred ADSs.
- A \$7.50 cable fee will be charged for all cancellation transactions.
- Any additional fees or expenses permitted by the applicable deposit agreement.

These guidelines are confidential and proprietary, and shall not be further disclosed or distributed without the written consent of The Bank of New York.

- ❑ **Depository Receipt Custodian Safekeeping Fee:** For institutional investors who use a custodian to safekeep their Depository Receipts, the custodian bank charges a monthly fee. Typically, this is a flat fee charged by issue, referred to as a line charge. Sometimes, however, a basis point fee is charged to the investor. The basis point fee is calculated by multiplying the market value of the security by the basis point charge. These basis point charges differ from custodian to custodian. Retail investors who hold their Depository Receipts with their broker or in certificate form typically do not pay any holding or custody fees. Custodians charge the same fees regardless of whether an investor owns U.S. common shares or Depository Receipts.
- ❑ **DTC Holding Fee:** The Depository Trust Company (DTC) charges an annual fee per issue for the registry of shares held in a DTC account. In most cases, this expense is included in the fees charged by the custodian. DTC charges for Depository Receipts are the same as those for U.S. common shares.
- ❑ **Brokerage Commissions:** The same brokerage commissions apply for Depository Receipts as for U.S. common shares.

DR CONVERTER – ILLUSTRATED EXAMPLE

For a description of DR Converter please refer to Tab VIII.



ADRs are the most cost effective way to invest internationally

Costs Associated With Ordinary Share Investing

The following is a list of the applicable fees and related expenses typically involved with buying and holding ordinary shares:

- ❑ **Custodian Safekeeping Fee:** A global custodian typically charges a monthly basis point fee to the investor for the safekeeping or custodizing of the ordinary shares held in their registry. This fee is calculated by multiplying the market value of the security by the basis point charge. Basis point fees differ from country to country and from custodian to custodian.
- ❑ **Custodian Settlement Fee:** This fee is charged by overseas custodians for executing the transaction. The fee is charged on both sides of the delivery transaction (purchase and sale).
- ❑ **Stamp Duty Tax:** Most foreign markets impose a stamp duty tax levied on the transfer of ownership which is paid by the investor.
- ❑ **FX Conversion Fee:** The FX trader who executes the currency transaction associated with buying or selling the ordinary shares charges a fee or mark-up for the services rendered.
- ❑ **Miscellaneous Service Charges:** There are various non-standard fees associated with holding shares overseas. These fees include, but are not limited to, SWIFT messages, tax reclamation, etc.
- ❑ **Indirect Expenses:** In addition to the many direct expenses associated with international investing, there are also indirect expenses. Indirect expenses can be material and, in some cases, may exceed the direct expenses. These include failed trade costs and investment opportunity costs, such as the lost interest income from idle funds not returned on a timely basis; delays in receiving payments for securities sold, and the additional interest expense associated with overdrafts.
- ❑ **Broker Commission:** Broker commissions tend to be higher for local market executions.

Cost Benefits of Depositary Receipts Compared to Ordinary Shares

While most investors, both institutional and retail, recognize the benefits of international diversification, they also understand the obstacles of investing in ordinary shares directly. These obstacles can include inconsistent settlements, costly currency conversions, unreliable custody services, poor information flow, unfamiliar market practices, confusing tax conventions, as well as an internal investment policy, which may discourage institutions and private investors from venturing outside the U.S. market.

Depositary Receipts overcome most, if not all, of the operational and custodial hurdles that are inherent with international investing. In addition, substantial cost benefits can be obtained when investing internationally using Depositary Receipts rather than ordinary shares in a non-U.S. market.

ILLUSTRATED EXAMPLE - COMPANY XYZ

Dollar Value of Position Held:	\$50,000,000
Price Per Depositary Receipt (\$U.S.):	\$58.50
Price Per Ordinary Share (\$U.S.):	\$58.50
Ratio:	1 Depositary Receipt = 1 Ordinary Share
Number of Depositary Receipts Held: (or)	854,701
Equivalent Number of Ordinary Shares Held:	854,701
Expected Rate of Return on Security:	20%
Local Market	France

Assumptions:

The following case study assumes that the Depositary Receipt purchase cannot be made in the U.S. Therefore, the ordinary shares would have to be purchased in the local market and the Depositary Receipt created.

However, as previously mentioned, most Depositary Receipts have the liquidity and trading volume necessary to execute either a buy or sell order in the U.S. on a major exchange (NYSE, NASDAQ, AMEX). In this case, it is always more economical to buy and hold the Depositary Receipt relative to its underlying ordinary share.

DEPOSITARY RECEIPT HOLDING COSTS - COMPANY XYZ

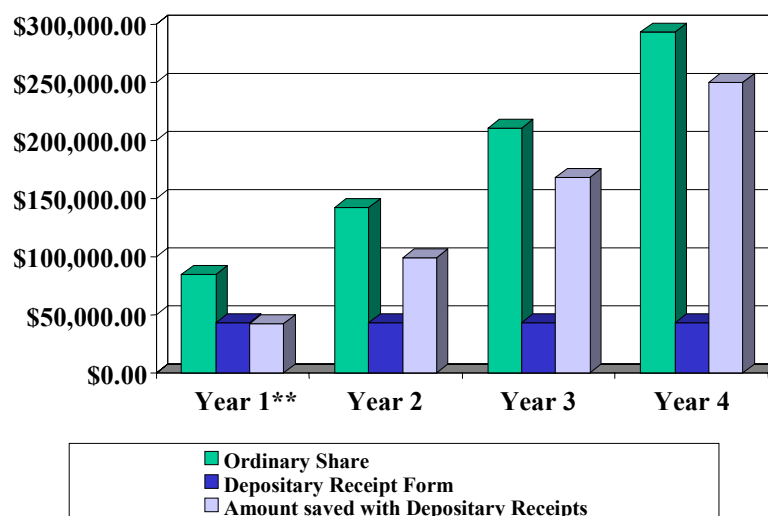
Depository Receipt Conversion (Issuance) Fee	\$0.05 per Depository Receipt	\$42,735.05
DTC Holding Fee (per year per issue)		\$10.00
Depository Receipt Custodian Safekeeping Fee (line charge)	\$2.00 per month	\$24.00
FX Conversion Fee (on principal)	n/a	n/a
Total Depository Receipt Holding Costs Year One:		\$42,769.05

ORDINARY SHARE HOLDING COSTS - COMPANY XYZ

Custodian Safekeeping Fee:	7 bp	\$35,000.00
Custodian Settlement Fee:	75.00	\$150.00
FX Conversion Fee:	6 bp	\$30,000.00
Cash Investment Opportunity:*	1.05 bp	\$5,250.00
Miscellaneous Service Charges:		\$15.00
Total Ordinary Holding Share Costs Year One:		\$84,708.33

DEPOSITARY RECEIPT-TO-ORDINARY SHARE COST COMPARISON

Total Cumulative Costs:



*Cash investment opportunity represents the lost interest income from idle funds not returned on a timely basis due to foreign settlement inefficiencies.

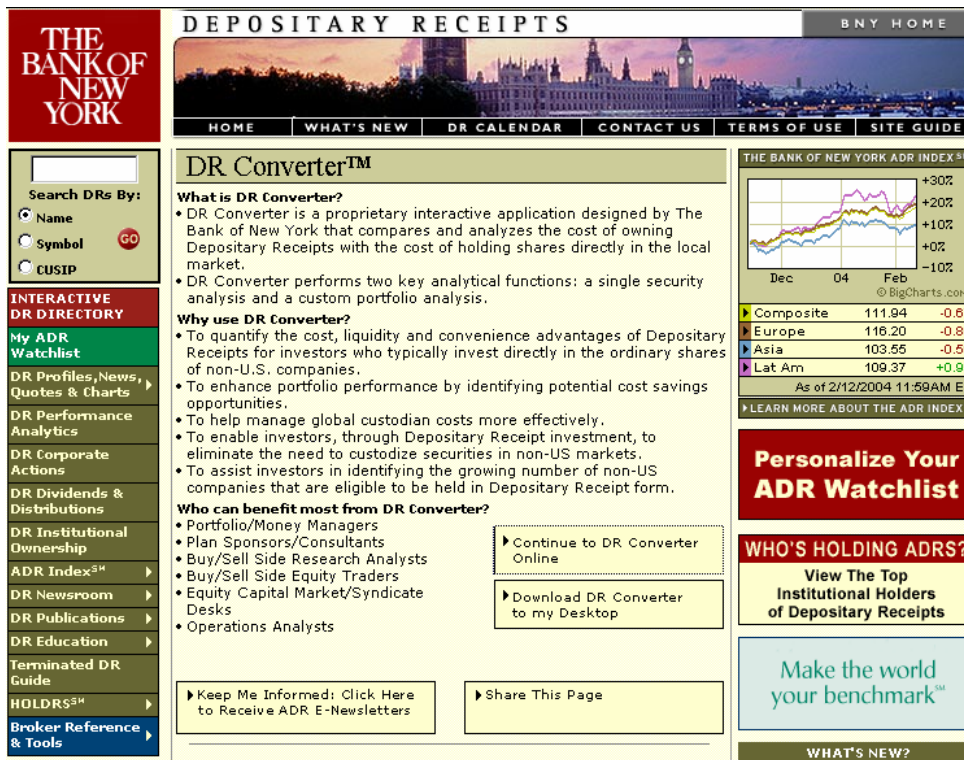
**Depository Receipt savings begin in the fourth month. Savings of \$41,939.28 are realized by the end of the first year and will continue to increase and accumulate the longer the position is held.

DR Convertersm

To demonstrate quantitatively to those global investors who have the ability to invest directly in non-U.S. securities that buying and holding Depositary Receipts is the most beneficial global investment option, The Bank of New York has developed a proprietary cost analysis model called *DR Converter*.

DR Converter is a comprehensive, Windows based software program that analyzes the costs associated with investing in international equities - in either Depositary Receipt form or direct investing in ordinary shares. Through user inputs, the model calculates the costs of holding Depositary Receipts and holding ordinary shares. Based on the holding period, *DR Converter* compares both costs and determines the most effective custody alternative. Furthermore, this model can be used to compare the cost of owning a single non-U.S. equity investment to the cost of holding a Depositary Receipt and will allow a user to analyze the costs associated with an entire portfolio of international securities.

The Bank of New York's *DR Converter* is simple in design, thorough in its assumptions and flexible enough to allow the investor to input their unique portfolio custody costs and related expenses. We invite you to test *DR Converter* at your earliest convenience and see for yourself the benefits of investing in international equities through Depositary Receipts.



The screenshot shows the 'DEPOSITARY RECEIPTS' section of The Bank of New York website. The main content area is titled 'DR Converter™' and includes a search bar, a 'What is DR Converter?' section, a 'Why use DR Converter?' section, and a 'Who can benefit most from DR Converter?' section. A table on the right shows the 'THE BANK OF NEW YORK ADR INDEX™' with data for Composite, Europe, Asia, and Lat Am. Below the table is a 'Personalize Your ADR Watchlist' section and a 'WHO'S HOLDING ADRS?' section. The footer includes 'WHAT'S NEW?' and a copyright notice for 2003.

DEPOSITARY RECEIPTS BNY HOME

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DR Converter™

What is DR Converter?

- DR Converter is a proprietary interactive application designed by The Bank of New York that compares and analyzes the cost of owning Depositary Receipts with the cost of holding shares directly in the local market.
- DR Converter performs two key analytical functions: a single security analysis and a custom portfolio analysis.

Why use DR Converter?

- To quantify the cost, liquidity and convenience advantages of Depositary Receipts for investors who typically invest directly in the ordinary shares of non-U.S. companies.
- To enhance portfolio performance by identifying potential cost savings opportunities.
- To help manage global custodian costs more effectively.
- To enable investors, through Depositary Receipt investment, to eliminate the need to custodize securities in non-US markets.
- To assist investors in identifying the growing number of non-US companies that are eligible to be held in Depositary Receipt form.

Who can benefit most from DR Converter?

- Portfolio/Money Managers
- Plan Sponsors/Consultants
- Buy/Sell Side Research Analysts
- Buy/Sell Side Equity Traders
- Equity Capital Market/Syndicate Desks
- Operations Analysts

THE BANK OF NEW YORK ADR INDEX™

Composite	111.94	-0.67
Europe	116.20	-0.80
Asia	103.55	-0.58
Lat Am	109.37	+0.99

As of 2/12/2004 11:59AM ET

Personalize Your ADR Watchlist

WHO'S HOLDING ADRS?

View The Top Institutional Holders of Depositary Receipts

Make the world your benchmark™

WHAT'S NEW?

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Conclusion

The inherent benefit of Depositary Receipts is that they “Americanize” non-U.S. shares to accommodate the U.S. market. Investors who own Depositary Receipts generally receive the same type and range of services and can utilize their Depositary Receipts in the same manner as they do U.S. common shares. Benefits include:

- ❑ Depositary Receipts are legally a U.S. security
- ❑ Depositary Receipts are liquid, trade during U.S. market hours and according to U.S. settlement standards
- ❑ All settlements and dividend payments are made in dollars
- ❑ FX execution costs eliminated. No currency transactions or associated expenses incurred for purchases and sales.
- ❑ Depositary Receipts are continually priced and quoted in U.S. dollars
- ❑ Better trade execution
- ❑ Lower trade execution costs (i.e. lower commissions)
- ❑ Lower global custodian safekeeping charges
- ❑ Lower custody transaction fees
- ❑ Depositary Receipts are DTC eligible
- ❑ Brokerage commissions are generally lower in the U.S. than in non-U.S. markets
- ❑ The commission rates for Depositary Receipts are identical to U.S. common shares
- ❑ Lower claims as a result of fewer settlement “Fails” and “DKs”
- ❑ Depositary Receipts can be issued in physical certificate form
- ❑ Typically, better disclosure in the U.S. markets compared to non-U.S. markets
- ❑ Voting and information distribution process is improved
- ❑ BuyDIRECT and dividend reinvestment programs are available
- ❑ Simplified tax reclaim process

The substantial cost benefits and conveniences associated with Depositary Receipt investing provide a mechanism for international investors to achieve the benefits of international diversification, without the added expense and complexities of ordinary share investing.

The Bank of New York World Leader in Depositary Receipts

The Bank of New York is the leading depositary bank, managing more sponsored Depositary Receipt programs than all other depositary banks combined. We act as depositary for some of the largest and most highly respected companies in the world, including those issuing the majority of the most actively traded Depositary Receipts. We currently issue Depositary Receipts for more than 1300 programs representing 65 countries, and act for 63% of all sponsored Depositary Receipt programs.

For further information regarding The Bank of New York's Depositary Receipt services, please contact Vincent J. Fitzpatrick at (212) 815-2122 or Christopher Sturdy at (212) 815-2095 in New York, or contact your local Bank of New York Depositary Receipt specialist.

Visit our website at www.adrbny.com