

Press Release



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Investor Demand for World's Energy and Mining Companies Drives Depository Receipt Trading and Capital Raisings in 2011, Says BNY Mellon

*Nearly \$1.5 trillion of DRs for oil, gas and mining firms traded in 2011, up 23% from 2010;
\$4.3 billion in capital raised by energy/mining companies outpace all industries*

NEW YORK, January 30, 2012 – Global investor demand for shares of companies like Gazprom, Vale, Petrobras and BP helped push trading of American and global depository receipts (DRs) to record levels in 2011, according to BNY Mellon's year-end market update.

The Oil & Gas component of the BNY Mellon ADR IndexSM posted a 17.59% return for the fourth quarter of 2011, the largest industry gain by far, followed by Industrials at 8.63%. Investor trading in DRs for companies in the Oil & Gas and Metals & Mining sectors surged 23% in 2011 to nearly \$1.5 trillion. Firms in all energy and mining industries raised more than \$4 billion through initial or secondary DR offerings.

In addition, 24 new DR programs were created for companies in the Oil & Gas and Metals & Mining sectors during 2011, more than for any industry. BNY Mellon serves as depository for 74 % of all oil and gas producers' DR programs globally.

In the worldwide depository receipt market, 175 billion DRs valued at \$3.8 trillion were traded in 2011, while \$14.8 billion was raised through 51 depository receipt IPOs and secondary transactions. Last year, 137 new sponsored DR programs were established, and in total more than 3,500 sponsored and unsponsored DR programs are now available to the world's investors.

"In a year of uncertainty, investors found opportunities to diversify their portfolio and access global growth via DRs, with activity in the energy and mining sectors particularly brisk," said Michael Cole-Fontayn, CEO of BNY Mellon's Depository Receipts business. "2011 also was a pivotal year for DRs as an investment tool that's become increasingly integral to world markets and economies.

"In the Middle East, DRs played a crucial role allowing Egyptian issuers to continue trading in London when the local stock exchange in Cairo shut down. Thirty U.S. companies are now listed on the Bovespa using Brazilian DRs, and we are seeing strong interest in Hong Kong DR listings. Meanwhile, the first Zambian DR is letting investors take an equity stake in that country's development," Cole-Fontayn said.

Highlights of 2011 include^[1]:

- 175 billion DRs valued at \$3.8 trillion traded; increases of 19% and 9%, respectively over 2010
- \$14.8 billion in capital was raised through 51 DR transactions; decreases of 40% and 51%, respectively over 2010
- 137 new sponsored DR programs were created, 24% fewer than in 2010
- The most actively-traded U.S.-listed DRs by value included China's **Baidu**, Brazil's **Vale** and **Petrobras**, the UK's **BP**, and Australia's **BHP Billiton**
- Russian issuers continue to dominate the most actively-traded DRs on the International Order Book (IOB), with **Gazprom**, **Lukoil**, **Norilsk Nickel**, **Rosneft**, and **Novatek**, the top five
- The most active OTC-traded DR issues included Switzerland's **Nestle** and **Roche**, Germany's **Daimler** and **BASF**, and Russia's Gazprom

- The **BNY Mellon ADR IndexSM** was down 12.1% for the year ending Dec. 31, 2011. The top performing DR country indices were Norway (+9.6%), New Zealand (+8.4%) and Philippines (+7.3%).

Regional Highlights:

Asia-Pacific

Although the Asian IPO market slowed in the second half of the year, Asia-Pacific DR issuers were active in 2011, trading nearly \$972 billion in 2011, up more than 10% over 2010. Issuers in the region also raised one-third of the global capital raised through DRs, a total of \$5.6 billion in 35 transactions, down about 18% and 58% year-over-year, respectively. The year also saw several firsts with the first DR for a Vietnamese issuer, **HAGL**, and BNY Mellon's launch of the first OTC-traded program from Pakistan for **Fatima Fertilizer**.

Eastern Europe

2011 was an unpredictable year for DRs in Eastern Europe. The first half of the year saw the bulk of activity as all but one company established DR programs in the first six months and the majority raised capital in that time frame. During the second half of 2011, global instability affected the region. Despite the swings, the region, through Russia, was still responsible for the largest global DR capital raising of the year, **VTB's** secondary offering, as well as one of the most successful OTC-traded DR programs of all time in the newly-established **Sberbank** program.

Latin America

In 2011, Latin American DR issuers saw about 39 billion DRs valued at nearly \$843 billion change hands, down 7% year-over-year, with the top five most actively traded DR programs from the region trading more than \$456 billion. Thirteen new programs were established by Latin American DR issuers, slightly down from last year's total of 16. Capital raisings were also down nearly 84% from 2010, a year that included Petrobras's record capital raising. Four issuers switched depositaries to BNY Mellon during 2011, while Petrobras officially moved to BNY Mellon on the first trading day in 2012.

Middle East and Africa

In 2011, financial instability prevailed in the region due to political and market volatility. Despite the global turmoil, six issuers from South Africa and Israel created new DR programs although there were no DR capital raisings from the region. The emerging nations of the Middle East, including Turkey, felt the full impact of risk-averse investors, as evidenced by the shift from equities to bonds. Still, 2011 saw growth in DRs of Turkish companies held by U.S. investors. Despite the recent crisis in Egypt, issuers continue to unlock shareholder equity by announcing spin-off and de-merger transactions.

Western Europe

Increased volatility characterized Western European issuer activity this year due to continued uncertainty in the Euro-zone. Despite this, issuers in the region traded nearly 56 billion DRs valued at \$1.34 trillion, compared with last year's 50 billion DRs valued at \$1.17 trillion, an increase of 12% and 15%, respectively. The Oil and Gas industry dominated those figures as 32 Oil and Gas DR programs in Western Europe accounted for 19% of the value traded in the region. Thirty-one new DR programs were created. **Sequans Communications** from France chose to have their IPO on the NYSE, the first French issuer in nearly a decade, and **Elster** of Germany raised additional capital following their 2010 IPO.

BNY Mellon ADR Index

As the only real-time index to track all ADRs, 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. On Dec. 31, 2011, the ADR Index closed at 168.33, down 12.10% year-to-date. At year-end, the ADR Index had 371 constituents and a free-float market capitalization, as defined by Dow Jones Indexes, in excess of \$4.5 trillion.

BNY Mellon's Depositary Receipt Leadership

In 2011, BNY Mellon acted as depositary for 61% of all new sponsored DR programs, 55% of DR capital raising transactions, and 49% of all DR capital-raising value. BNY Mellon now serves as depositary for

62% of the DR market worldwide. In addition, the company's DR index licenses grew by 38% during the year.

In July 2011, BNY Mellon was appointed to create the first Zambian DR (ZDR) for Canada's **First Quantum Minerals**, a mining company with operations in Zambia. BNY Mellon worked closely with regulators and advisors in Zambia to understand the intricacies of the local market and find solutions for handling dividend payments, proxy voting, and other requirements. Today, First Quantum's ZDRs are freely-tradable on the Lusaka Stock Exchange in the Zambia's currency, kwacha, and allow investors in Zambia to benefit from their country's mineral resources.

BNY Mellon continues to play a key structural advisory role in the Singapore Stock Exchange's GlobalQuote platform that allows 27 Chinese, Japanese and Korean issuers' ADRs to trade during the Asian trading day in Singapore, and which celebrated its first anniversary in October. SGX plans to quote additional ADRs from European, UK and Asia Pacific issuers early in 2012.

To read BNY Mellon's 2011 DR Market Update, visit www.bnymellon.com/dr.

BNY Mellon acts as depository for more than 2,500 American and global depository receipt programs, acting in partnership with leading companies from 65 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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[1] Statistics are as of Dec 31, 2011, unless otherwise noted.

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