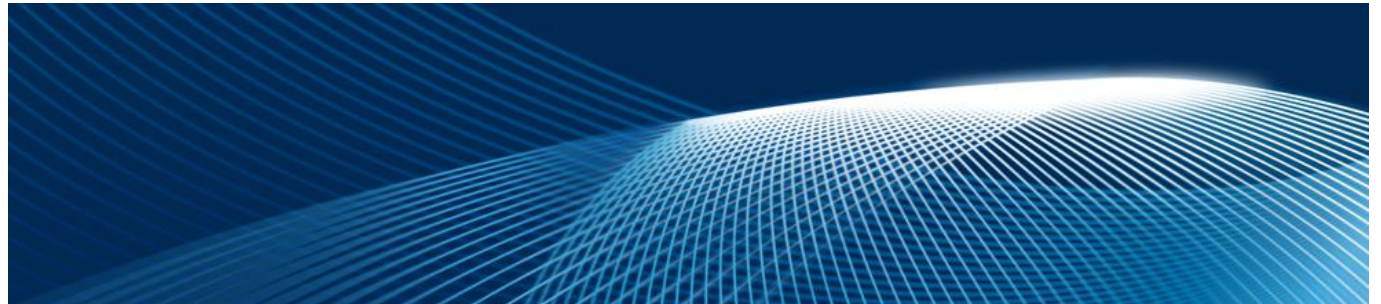


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American Depositary Receipts (ADR): What's new for German companies?

17 May 2010 – DIRK workshop

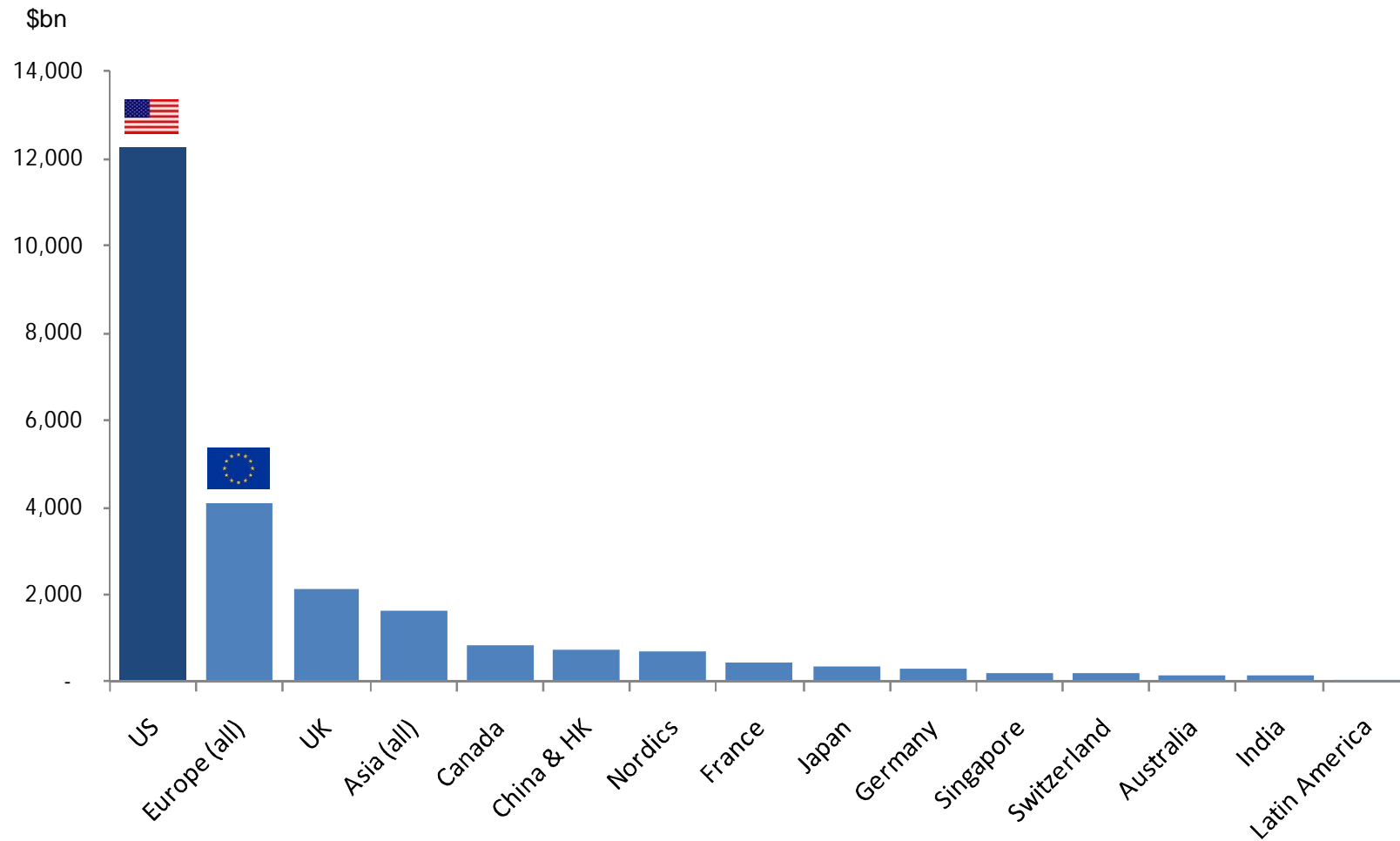


A Passion to Perform.

Deutsche Bank



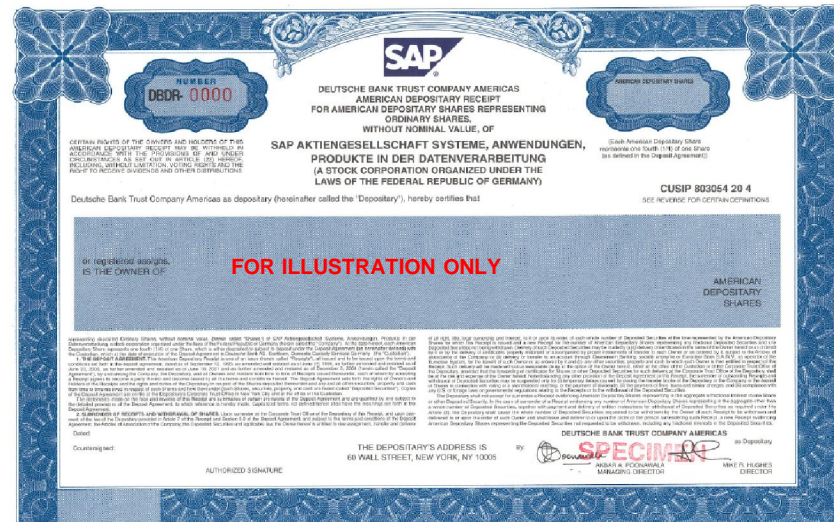
Global pools of capital



What are ADRs?

- US dollar-denominated instruments issued by a depositary bank and traded in the US market
- Represents ownership of underlying shares deposited in local custody
- ADRs and local shares are fungible

Example of a physical ADR certificate



Why are ADRs still relevant?

For investors

- **Restrictions:** certain funds can only hold dollar instruments
- **Convenience:** ease of holding as ADRs are like holding a US stock
- **Economics:** ADRs tend to be cheaper to hold if long term horizon
- **Larger trading window** (from European opening to US close)

ADRs represent circa a 1/4 of US investment in foreign equities, or circa \$1 trillion

For companies

- Increase and diversify US investor ownership
- Raise visibility in the US marketplace (with customers, suppliers, etc.)
- Facilitate US employee stock ownership
- Raise capital in the US or use as acquisition currency (for L2/3 ADRs)

3000+ ADRs globally (2/3 sponsored). In Germany, circa 70 ADRs (half sponsored & half unsponsored)

Four types of ADR programs, with different requirements

<p>Un-sponsored ADR</p>	<ul style="list-style-type: none"> ▪ Trades over-the-counter (OTC) ▪ No involvement from the company* ▪ Not exclusive to one depositary bank (there can be several) ▪ No US reporting requirements (i.e. no exposure to Sarbanes Oxley, no 20-F, etc.) ▪ Relies on 12g3-2(b) exemption (now automatic)
<p>Sponsored Level 1 ADR</p>	<ul style="list-style-type: none"> ▪ Trades OTC ▪ No US reporting requirements (i.e. no exposure to Sarbanes Oxley, no 20-F, etc.) ▪ Relies on 12g3-2(b) exemption (now automatic)
<p>Sponsored Level 2 ADR</p>	<ul style="list-style-type: none"> ▪ Fully listed in the US (NYSE or NASDAQ) ▪ SEC registered (hence need to comply with Sarbanes Oxley, prepare 20F, etc.) ▪ No capital raised at the time of US listing (although ability to)
<p>Sponsored Level 3 ADR</p>	<ul style="list-style-type: none"> ▪ Fully listed in the US (NYSE or NASDAQ) ▪ SEC registered (hence need to comply with Sarbanes Oxley, prepare 20F, etc.) ▪ Capital raised at the time of the US listing

* Note: No legal requirement to involve the company, however Deutsche Bank always seeks companies' permission in advance

Recent US/SEC regulatory developments have positively impacted foreign issuers



In the last three years, we have seen fairly significant shifts in the SEC's regulations, which positively affect foreign private issuers (FPIs), including the following:

For Level 1 ADRs

- In October 2008, the SEC liberalized the eligibility requirements for the exemption from Exchange Act reporting available under **Rule 12g3-2(b)**. The SEC now grants the exemption **automatically** to any company which meets the following criteria:
 - The issuer publishes its shareholder communication (press-releases, annual reports, etc.) in English on its website
 - The issuer is not already SEC registered under the Exchange Act
 - The issuer has a primary trading market outside the US (i.e. maintains a listing on one or more exchanges outside the US, where more than 55% of the worldwide trading occurs)

For Level 2/3 ADRs (i.e. NYSE/NASDAQ listed)

- In March 2007, the SEC made it considerably **easier for FPIs to exit the US reporting regime** by enacting Rule 12h-6 under the Exchange Act of 1934
- In November 2007, the SEC allowed FPIs who report under the Exchange Act to prepare their financial statements using **IFRS** (no longer requiring those issuers to prepare a US GAAP reconciliation)

Trend towards sponsored Level 1 ADRs



Overview of DAX30

Company	Type of ADR
Adidas AG	Level 1 ADR
Allianz SE	Level 1 ADR (New 2009- moved from NYSE)
BASF SE	Level 1 ADR
Bayer AG	Level 1 ADR
Beiersdorf AG	Un-sponsored ADR
BMW AG	Un-sponsored ADR
Commerzbank AG	Level 1 ADR
Daimler AG	Global Share (NYSE)
Deutsche Bank AG	Global Share (NYSE)
Deutsche Boerse AG	Un-sponsored ADR
Deutsche Lufthansa AG	Level 1 ADR
Deutsche Post AG	Level 1 ADR (New 2009)
Deutsche Telekom AG	Level 1 ADR (pending 2010)
E.ON AG	Level 1 ADR
FMC AG & Co. KGaA	Level 2/3 ADR (NYSE)
Fresenius SE	NA
Henkel AG & Co. KGaA	Level 1 ADR
Infineon Technologies AG	Level 1 ADR (New 2009- moved from NYSE)
K+S AG	Level 1 ADR (New 2009)
Linde AG	Level 1 ADR (New 2010)
Man SE	Un-sponsored ADR
Merck KGaA	Un-sponsored ADR
METRO AG St	NA
Münchener Rück AG	Un-sponsored ADR
RWE AG St	Level 1 ADR
Salzgitter AG	Un-sponsored ADR
SAP AG	Level 2/3 ADR (NYSE)
Siemens AG	Level 2/3 ADR (NYSE)
ThyssenKrupp AG	NA
Volkswagen AG	Level 1 ADR

Type of ADR	Number of companies in DAX 30
Level 1 ADR	15
NYSE listed ADR / Global share	5
Other (no ADR or un-sponsored)	10

- 6 new Level 1 ADRs for DAX 30 companies since the beginning of 2009:
 - 3 companies established new sponsored Level 1 ADRs (or upgraded from un-sponsored ADR):
 - **Linde AG**
 - **Deutsche Post AG**
 - **K+S AG**
 - 3 companies delisted from the NYSE (Level 2 / 3 ADR), but kept a Level 1 ADR:
 - **Allianz SE**
 - **Infineon Technologies AG**
 - **Deutsche Telekom AG** (pending)

German unsponsored ADR landscape



- Over 35 companies with unsponsored ADRs, with circa 50% having some activity in the secondary market
- Established by one or more depositary bank(s) (up to 4)
- Most unsponsored established in Q4 2008 & FY2009, following changes to Rule 12g3-2(b)

Over 30 German companies with unsponsored ADRs

Aurubis AG	Münchener Rück AG
BMW AG	Porsche Automobil Holding SE
Beiersdorf AG	ProSiebenSat.1 Media AG
Bilfinger Berger AG	Q-Cells SE
Carl Zeiss Meditec AG	Rheinmetall AG
Celesio AG	Rhoen Klinikum AG
Deutsche Börse AG	Rosenthal AG
Douglas Holding AG	Salzgitter AG
Fraport AG	Singulus Technologies AG
Hamburger Hafen und Logistik AG	Sky Deutschland AG
Heidelberger Druckmaschinen AG	SolarWorld AG
Hochtief AG	Stada Arzneimittel AG
IVG Immobilien AG	Südzucker AG
Krones AG	Symrise AG
MAN SE	TUI AG
Merck KGaA	Wacker Chemie AG
MLP AG	Wincor Nixdorf AG
MTU Aero Engines Holding AG	ZhongDe Waste Technology AG

Source: Depositary banks websites & F-6 filings

Major North American centers of investment in ADRs

Toronto



Mackenzie Financial Corp.
McLean Budden Ltd.
Sprucegrove Investment Management

Montreal

Letko, Brosseau & Associates, Inc.
Jarislowsky Fraser Ltd.
Standard Life Investments, Inc. (Canada)

Chicago – \$8bn

Northern Trust Investments
UBS Global Asset Management
William Blair Capital Management LLC
Harris Associates LP
Institutional Capital LLC

New York

AllianceBernstein LP
JPMorgan Asset Management, Inc.
Lazard Asset Management LLC
Renaissance Technologies LLC
Morgan Stanley IM Inc.
Citigroup Global Markets (United States)
BlackRock Advisors, Inc.
OppenheimerFunds, Inc.
Neuberger Berman LLC
Merrill Lynch, Pierce, Fenner & Smith, Inc.

Boston

Fidelity Management & Research
Wellington Management Co. LLP
State Street Global Advisors
Columbia Management Advisors, Inc.
MFS Investment Management
Bank of New York Mellon AM
Eaton Vance Management, Inc.
Grantham, Mayo, Van Otterloo LLC
Baring Asset Management, Inc.
Fortis Investments Management USA, Inc.

Philadelphia

Delaware Investment Advisers
Philadelphia International Advisors LP
Aberdeen Asset Management, Inc.

Baltimore

T. Rowe Price Associates, Inc.

Los Angeles

Capital World Investors
Capital Research Global Investors
Tradewinds Global Investors LLC
Capital International, Inc.
Capital Guardian Trust Co.

San Francisco

Dodge & Cox, Inc.
Barclays Global Investors NA (California)
Wentworth, Hauser & Violich, Inc.
Wells Capital Management, Inc.
Wells Fargo Bank N.A.

San Diego

Brandes Investment Partners LP

Woodside

Fisher Asset Management LLC



Houston

Van Kampen Asset Management
Invesco AIM Management Group, Inc.
Fayez Sarofim & Co.

Kansas City

American Century IM
Scout Investment Advisors
Financial Counselors

Denver

Janus Capital Mgt LLC
Marisco Capital Mgt LLC
Cambiar Investors LLC

Top reported ADR investors in German ADRs



Investor	Location	Style
Fisher AM LLC	San Francisco/CA	Growth
Capital World Investors	Los Angeles/CA	GARP
Fidelity Mgt. & Research	Boston/MA	Growth
Scout Inv.t Advisors, Inc.	Kansas City/MO	Growth
Thornburg IM, Inc.	Albuquerque/NM	GARP
Van Kampen AM	Houston/TX	GARP
Templeton Inv.t Counsel	Miami/FL	Value
Manning & Napier Adv.	Buffalo/NY	GARP
Brandes Inv.t Partners	San Diego/CA	Value
Wellington Mgt. Co.	Boston/MA	Growth
Tradewinds Global Inv.	Los Angeles/CA	Value

Source: Lionshares, May 2010

New listing venues/trends

- Depository receipts can be used in other jurisdictions than the US (e.g. Global Depository Receipts – **GDRs**- for London or Luxembourg)
- **Frankfurt DRs** - facilitate listings in Frankfurt for foreign companies, particularly in sectors of expertise such as automotive, greentech, etc. Developed by Deutsche Boerse, Clearstream and Deutsche Bank
- **China** – some interest from several international companies but rumoured to be initially for “redchips”; framework still being developed
- **Hong-Kong** - framework in place for DRs, however no test case yet; several “ordinary”/primary shares IPOs in 2010 – e.g. Rusal, Occitane, etc.
- **India** - framework somewhat in place; Standard Chartered rumoured to launch IDRs in 2010
- **Singapore** - framework in place and several DRs have been trading for several years

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www.adr.db.com

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A Passion to Perform. Deutsche Bank

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Deutsche Bank DR Program Announcements

April 29, 2010
Deutsche Bank appointed as Successor Depository Bank for the Sponsored Level I ADR Program of Svenska Cellulosa Aktiebolaget (publ) (SCA)

March 29, 2010
Deutsche Bank appointed as Depository Bank for the Sponsored ADR Program of Japan Retail Fund Investment Corporation

March 19, 2010
Deutsche Bank appointed as Depository Bank for the Sponsored RegS and Rule 144A GDR Program of GP Investments Ltd

March 12, 2010
Deutsche Bank appointed as Depository Bank for the sponsored Level I ADR Program of Greene King plc

March 10, 2010
Deutsche Bank appointed as Depository Bank for the Sponsored Level I ADR program of Murray & Roberts Holdings Limited

February 26, 2010
Deutsche Bank appointed as Depository Bank for the Sponsored Regulation S GDR program of Nectar Lifesciences Limited

February 11, 2010
Annual DR Issuers Seminar in Moscow

Issuer Announcements

May 12, 2010
NEW
Asian Bamboo announces strong Q1 numbers and raises guidance

May 12, 2010
NEW
China Digital TV Announces Unaudited First Quarter 2010 Results

May 12, 2010
NEW
Yamaha Corporation - Presentation of performance results - Q&A

May 12, 2010
NEW
Deutsche Telekom off to a good start in 2010

May 12, 2010
NEW
China Digital TV Holdings: Report of foreign issuer rules 13a-16 and 15d-16 of the Securities Exchange Act

White Papers

April 08, 2010
Deutsche Bank Depository Receipt Bulletin: Extending Rights Offers to Depository Receipt Holders - A Guide to the Process

February 16, 2010

Latest Corporate Actions

Name	Date	Date Type	Action Type
VINCI	13 May 10	DR Record Date	Cash Dividend
BQART	13 May 10	Effective From	Book Open/Close
AAC ACOUSTIC	13 May 10	DR Record Date	Cash Dividend
CHINA SOUTH	13 May 10	DR Record Date	Cash Dividend

Investors

DR Events

April 06, 2010
Deutsche Bank Depository Receipts Business: Speaker Series Webcast: Managing M&A Communication

February 23, 2010
Deutsche Bank Depository Receipts Business: Speaker Series Webcast: Global Economic Outlook

February 11, 2010
Annual DR Issuers Seminar in Moscow

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DB Global Direct
Investor Services Program

Featured Company

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NOVATEK is Russia's largest independent gas producer and the second-largest natural gas producer in Russia.