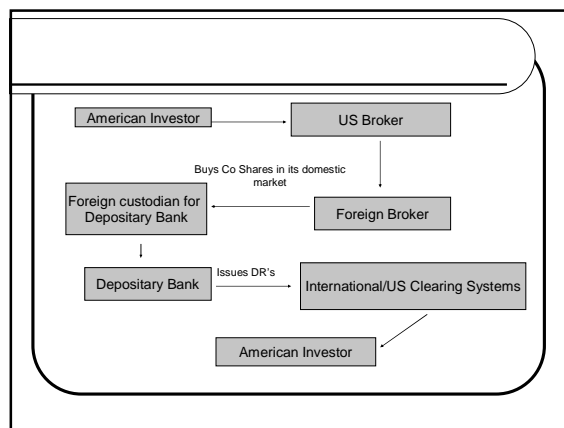


Worldly Choices - ADR's

Overseas Investment Opportunities
By Marge Daniels

What is an ADR?

- American
 - Sold in US dollars
 - Issued in the US
- Depository
 - Issued by a depository bank
- Receipts
 - Certificates representing shares of a non-US corp.
 - Ownership of securities issued in a foreign market



Why do companies issue ADR's?

- US Investors
 - Improve their profile with US investors
 - Non US companies want their shares accessible to US investors
- Raise fresh capital outside their country
 - To acquire US currency



Why Buy ADR's?

- To invest in foreign companies
 - Simple
 - Quoted in dollars
 - Trade and Settle just like US companies
 - Purchase through your own broker
 - Convenient
 - Lower trading costs than buying in another country
 - Dividends are paid in US dollars

Two Kinds of ADR's

- Listed ADR's
 - Financial information readily available in the usual places
 - Annual Reports in English – 20F (not 10K)
 - Comply with GAAP
- Unlisted ADR's
 - No requirement for reports in English or to conform with GAAP

Bank of New York

- Largest administrator of ADR programs.
- Over 2,000 companies issuing
- From 79 countries
 - By regions, country, industry
 - News and educational articles
- www.adrbny.com
- www.adr.com
- Wwss.citissb.com/adr/www

Information on ADR's

- www.adr.db.com
- Deutsche Bank provides:
 - ADR News bulletin
 - Pricing
 - Analyst estimates
 - Dividends
 - Corporate Actions

Barron's Most Respected Co's

- | | |
|------------------------------|-----------------------------|
| ● Toyota Motors TM | ● SAP |
| ● Novartis NVS | ● Telefonica TEF |
| ● Unilever UN | ● Royal Dutch Shell
RDSA |
| ● GlaxoSmithKline
GSK | ● BP |
| ● BHP Billiton BBL | ● Siemens SI |
| ● AstraZeneca AZN | ● Total TOT |
| ● Petroleo Brasileiro
PBR | ● StatoilHydro STO |

Reasons to buy ADR's

- Reduces risk from business cycles
 - Less now than in the past
- Greater market liquidity
- Opportunities for diversification
 - Tend to be Large Co's
 - Have Reputations for high quality

Risks of ADR's

- Political instability
- Reports are less frequent
- Reports are less timely
- Difficult to track progress
- Reports may be in local currency and language
- Must pay local taxes
- Fluctuating currency rates
 - Volatility

Taxes

- Dividends taxed by US
- Some countries withhold taxes too
- Tax breaks make ADR's attractive
 - Apply for a credit on your 1040 for taxes withheld.

Now Let's Look at some SSG's

- We will look at PZE, PBR
- LOGI
- TM
- BBL