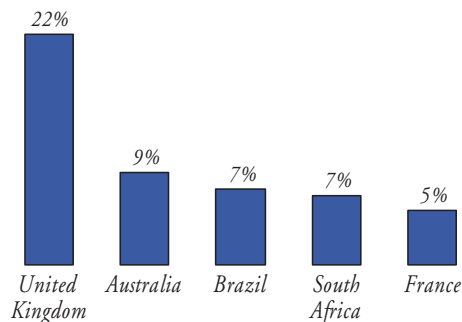


ADR Issuers Complying with Sarbanes-Oxley Governance Standards

June 2004

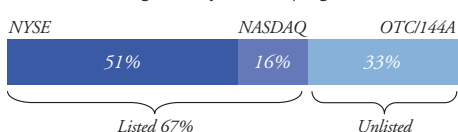
Demographics

Broadgate Capital Advisors LLC (BCA) and The Value Alliance (TVA) working together with The Bank of New York (BNY) conducted a survey of ADR issuers' views on certain corporate governance matters. The 143 respondents represented companies headquartered in 43 different countries (48% in Europe) with market capitalizations predominately in excess of \$500 million. The top five countries in terms of respondents were:



Sixty-seven percent of the respondents' programs were listed either on the NYSE (51%) or NASDAQ (16%) with the remainder of the programs split among ADRs that traded in the Over The Counter market or in the Regulation S and/or 144A markets (33%).

On what exchange does your ADR program trade?



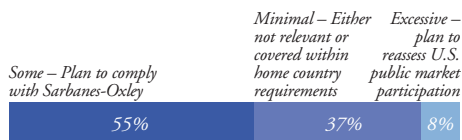
Thirty-two percent of issuers surveyed had greater than 5% of their daily share volume traded as ADRs.

The major findings are presented below.

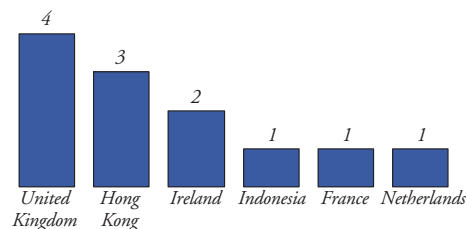
Impact of Sarbanes-Oxley

While many respondents believed Sarbanes-Oxley has had some impact on them, only 8% of respondents believed the Act's requirements would lead them to reconsider U.S. market participation.

How have the requirements of Sarbanes-Oxley impacted corporate governance practices of your company in the U.S. and at the parent?



The respondents who indicated that they might reconsider U.S. market participation all had listed ADR programs either on the NYSE or NASDAQ. These respondents were from the following countries:



Half of those surveyed believed that the U.S. has more rigorous governance practices than their company's home country while the remainder believed that governance standards in their home country are at least as rigorous as those in the U.S.

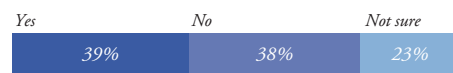
In general, comparing governance practices, which do you think are more rigorous?



Are U.S. Regulators Sensitive to ADR Issuers' Concerns?

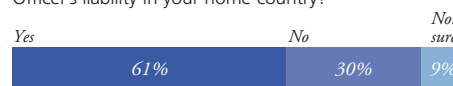
Nearly thirty-nine percent of the survey respondents said that U.S. regulators are sensitive to non-U.S. issuers, while 38% did not believe they were and 23% were not sure. When asked what they were doing to express their views on governance to U.S. regulators, 53% said they are taking no action; 15% are actively corresponding directly with U.S. regulators; 11% are joining lobbying groups and 8% are using PR/IR firms to advance their views.

Do you believe U.S. regulators are sensitive to non-U.S. issuers?



However, the respondents were less sanguine regarding director and officers liability. A full 61% of respondents said that director and officers liability in the U.S. is a greater concern to them than in their home country.

Is director and officers liability in the U.S. a greater concern to you than the Director and Officer's liability in your home country?



ADR Issuers Are Complying

ADR issuers are complying with U.S. corporate governance standards, according to the survey. Fifty-four percent of the respondents said they voluntarily follow Regulation FD and uniformly share all communications with shareholders. Ninety-four percent said they either have or plan to install the necessary internal controls that meet Sarbanes-Oxley standards even though some of the respondents may not be required to comply.

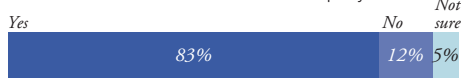
Many of the respondents are complying with some of the more controversial parts of the Act. For example, 58% of the companies believe that they have robust internal controls that would meet the standards of Sarbanes-Oxley and 36% believe that they do not but plan to install the necessary controls to comply. The remaining 6% have no plans to comply and are reassessing their participation in the U.S. market.

Do you currently have robust internal controls that would meet the standards of Sarbanes-Oxley?



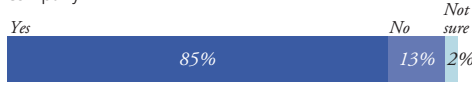
As required under the Act, 83% of the companies certify the adequacy of their internal controls while 12% do not and the remainder are “not sure.”

Today, do any levels of management certify the adequacy of financial internal controls of the company?



Two thirds of all respondents believed certification is useful or necessary. Furthermore, 85% of the companies have a Board level committee of independent directors that oversee the financial reporting and control practices of the company.

Do you have a formal Board level committee of independent directors that oversee the financial reporting practices and controls of the parent company?



Furthermore, 58% of the companies have designated a “Financial Expert” similar to the provisions of Sarbanes-Oxley.

Has that committee designated one or more individuals as a “Financial Expert” similar to the provisions of Sarbanes-Oxley?



Convergence of U.S. and Global Governance Standards

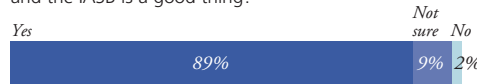
Some ADR issuers believed there would be convergence of U.S. and global governance standards. According to the survey, 48% said that U.S. corporate and global governance standards will be the same, or almost the same, in 5 years while only 4% believed the standards will be very different.

How different do you believe U.S. corporate governance standards will be from global governance standards (and vice versa) in five years?



In addition, nearly 90% would welcome a move by the Financial Accounting Standards Board to conform U.S. accounting standards to those of the International Accounting Standards Board.

Do you think the move of the U.S. FASB to converge its accounting with that of international standards and the IASB is a good thing?



Furthermore, 28% of the respondents with unlisted ADR programs who answered “yes” to this question said that such convergence would change their view on a U.S. listing.

Would convergence change your view on a U.S. listing?

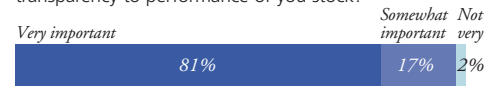


Shareholder Relations

Some ADR issuers manage activist shareholders in ways that many in the U.S. would consider advanced. Forty-four percent of the respondents hold ad hoc meetings with shareholders, as needed; 28% hold regular meetings with selected shareholders to discuss governance issues; 11% encourage proxy initiatives from shareholders on compensation, issues of social responsibility and disclosure; and 10% allow proxy access for director nominations from shareholders. Unlike a common practice in the U.S., only 2% of survey respondents said they lobby to circumscribe shareholder rights and prevent additional legal powers.

Finally, a full 81% believed that financial transparency is very important to the performance of their stock and only 2% believed that it was not.

In your view, how important is financial transparency to performance of your stock?



About The Value Alliance

The Value Alliance and Corporate Governance Alliance provide solutions for Boards, Management and Investors that drive superior corporate governance and value creation.

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About The Bank of New York

The Bank of New York is the world's largest depository for American and global depository receipts, allowing non-U.S. companies to offer dollar-denominated securities to investors worldwide. The Bank currently issues depository receipts for more than 1,165 sponsored programs representing over 60 countries and accounts for 63% of all sponsored depository receipt programs.

About Broadgate Capital Advisors

Broadgate Capital Advisors, LLC, a unit of Broadgate Consultants Inc., is a corporate finance consulting practice that provides capital strategy, advisory and execution services to mid-size companies.

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The *Financial Times*, *The Wall Street Journal* and *Compliance Week* have published results of this survey.

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