See Disclosure Appendix A1 for the Analyst Certification and Other Disclosures.

Emerging Markets Daily

Europe, Middle East & Africa

02 September 2008

CONTRIBUTING ECONOMISTS

David Lubin
+44(0)20 7986 3302
david.p.lubin@citi.com

Budapest
Eszter Gargyan

Istanbul
Ilker Domac
Engin Dalgic

Johannesburg
Jean-François Mercier

London
David Cowan
Mushtaq Khan
Ali Al-Eyd

Moscow
Elina Ribakova

Prague
Jaromir Sindel

Warsaw
Piotr Kalisz

With thanks to
Wilbur Maxino
Adrian Thomas

Highlights

- **Focus on Poland: How low can growth go?**
  Although we expect 2009 GDP growth to remain close to 4%, we think the risks are skewed towards weaker growth.
- **Czech Republic: Further drop in manufacturing PMI suggests cooling**
  This decline represents a downside risk to our baseline scenario, in which we expect a stable interest rate in 2H08, followed by two 25bp cuts in 2009.
- **Hungary: Liberal party unexpectedly rejects Socialists' tax-cut plans**
  We believe the risks of excessive fiscal loosening are still limited, and the most likely outcome is that the current government remains in place.
- **Romania: Robust 2Q08 GDP growth confirms that economy is overheating**
  We think the 2Q08 GDP outturn raises the probability of additional monetary policy tightening for the remainder of this year.

Today's Market Drivers

- **UK/US/Euro Area**
  Today sees the release of eurozone producer price data for July. We are expecting a rise to 1.2%MoM from 0.9% a month prior. Also released today is the US ISM manufacturing index for August. The market is expecting it to ease below 50 into contractionary territory.

Event Calendar

		Indicator	Period	Actual	Citi Forecast	Market Forecast	Previous (revision)
Yesterday's events							
08:00	Romania	GDP (% YoY)	2Q	9.3	8.6	8.6	8.2
08:30	Czech Rep.	Manufacturing PMI (index)	Aug	47.3	-	-	49.9
09:04	Hungary	PMI	Aug	52.1	51.0	-	51.7
10:00	South Africa	Investec PMI	Aug	47.0	45.0	-	42.8
13:00	Czech Rep.	Budget Balance (CZK bn)	Aug	5.3	-	-	9.3
Today's events							
-	Kazakhstan	Consumer Prices (% YoY)	Aug		19.7	19.8	20.0
-	Slovakia	Budget Balance, ytd (SKK bn)	Aug		-	-	-0.6
08:00	Romania	Producer Prices (% YoY)	Jul		-	-	19.4
10:00	South Africa	Naamsa Vehicle Sales (% YoY)	Aug		-18.0	-	-19.7

Source: National Statistics Offices, National Central Banks, Bloomberg, Citi forecasts.

Focus on Poland

How low can growth go?

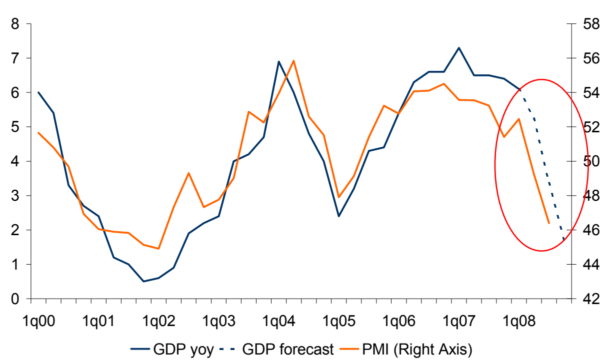
Piotr Kalisz
+48 (22) 692 9633

A series of weak business confidence data releases in recent months suggests that, despite strong GDP growth in 2Q08, the economy is entering a phase of deep economic slowdown. This encouraged us to have a closer look at what these indicators are telling us about future short-term economic trends. According to our estimates, the manufacturing PMI fares better than other sentiment indicators in terms of predicting future GDP growth rates. In particular, models based on the headline PMI indicator are able to explain 80% of the variability in Poland's economic growth.

A decline in the manufacturing PMI to 45.8 in August, a level that was last recorded in 2003, when the Polish economy was struggling with a deep slowdown, does not give much cause for optimism. Figure 1 shows both GDP and PMI and also includes a simple projection based on one of the estimated regressions. The projection shows that, in 4Q08, economic growth might decelerate even below 2%, the sharpest cyclical downturn for the last five years. Obviously the model is quite simplistic, but business confidence indicators are devised to predict short-term trends, and we think they provide useful information regarding economic growth in 2H2008 and in early 2009.

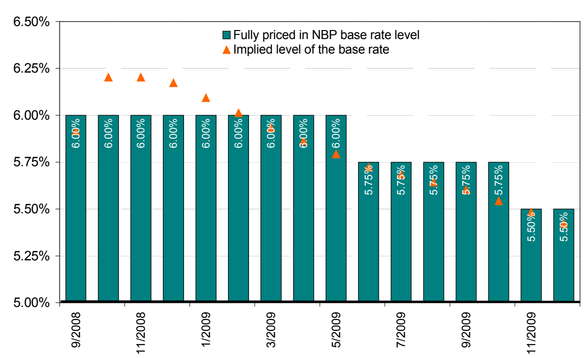
Taking this into account, we expect a substantial economic slowdown in the coming quarters, though we are not as pessimistic as the PMI index would suggest. Our scenario assumes economic deceleration to below 4% in early 2009. The reason why we are more optimistic than the PMI is that we expect next year's growth to be supported by PIT reductions, which should help keep consumption high. Nevertheless, the scale of a possible economic slowdown makes us more confident that the MPC is likely to start a monetary easing process in 2009. We expect that, after hiking rates once again in October, the central bank will ease policy by 75-100bp in 2009 (while the FRA market assumes stable rates in 2008 and rate cuts of 50-75bp in 2009).

Figure 1. GDP Forecast Implied by Manufacturing PMI



Source: Central Statistical Office & Citi estimates.

Figure 2. GDP Forecast Implied by Manufacturing PMI



Source: Reuters, Citi estimates.

This item is based on "*Special Report: How low can GDP growth go?*" published on 1 September 2008.

Country Analysis

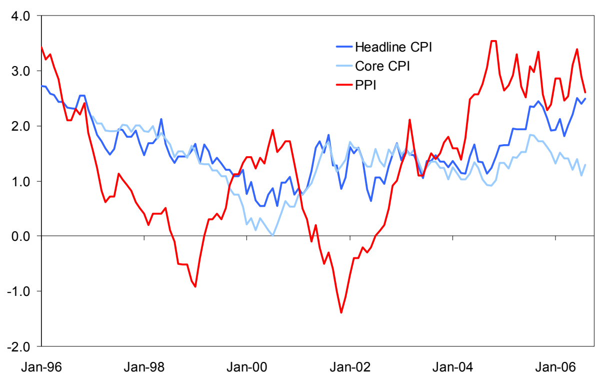
Czech Republic

Further drop in manufacturing PMI suggests cooling

Jaromir Sindel
+ 42 0 233 061 485

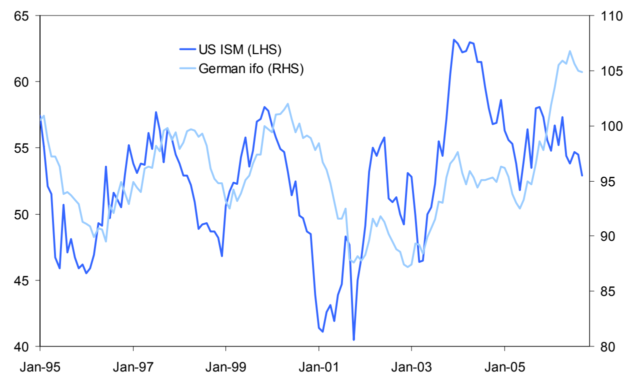
Manufacturing industry is likely to feel the adverse effects of last year's strong appreciation of the koruna and the lacklustre outlook for growth in the eurozone. August's Purchasing Manager's Index for the manufacturing sector dropped further to 47.3, the second consecutive month below the critical 50 level, suggesting a continued weakening of economic activity.

Figure 3. Two Manufacturing Sector's PMI (LHS) and Production and Sales in Manufacturing (RHS), Jan01-Aug08 (Index and 3mma Percent Change YoY)



Source: Reuters EcoWin, ABN AMRO, Markit and Citi calculations. Note: production and sales in the manufacturing industry to Jun 2008.

Figure 4. Employment expectation (LHS) and Number of Employees in Industry (RHS, Jan00-Aug08 (3mma Balance and Percent Change YoY)



Source: European Commission, Czech Statistical Office and Citi calculation. Note: Number of employees to Jun 08.

In our view, the breakdown of the PMI, together with the European Commission's business indicators, suggests to us that the underlying inflationary pressure is weakening. The PMI survey for manufacturing industry points to a decrease in both input and output prices. Also, expectations regarding employment are weakening, suggesting to us that the labour market is not likely to present an inflationary risk.

We feel the downside risks to economic growth are cumulating, and are likely to outweigh the inflationary risks. The negative manufacturing PMI indicator supports expectations of a further cut in the Czech National Bank's (CNB) policy rate in 2H08, in our view, and this is priced into the FRA market. This represents a downside risk to our baseline scenario, in which we expect a stable interest rate in 2H08, followed by two 25bp cuts in 2009. We argue that the previous tightening of monetary conditions reflected the strong appreciation in the koruna, while the real interest rate has remained negative. Therefore, we believe that any loosening of monetary conditions is likely come about through a weaker koruna. All in all, we feel that a combination of a weaker real economy and an easing in inflation (August's inflation data are to be released on 8 September) could support a market expectation of a further cut in the CNB's policy interest rate in 2H08.

Central government has released the bond-calendar for 4Q08

The central government has released the calendar for bond issuance in 4Q08, comprising CZK45 billion in medium- and long-term local currency government bonds. The Ministry of Finance has already issued CZK110.5 billion of T-Bonds in domestic currency (of which 37%, CZK40.9 billion, was into own books) in 1-3Q08, not counting the issuance of eurobonds to the value of EUR2 billion (CZK49 billion). The calendar for 3Q08 includes three further auctions, reaching CZK20 billion in September 2008. By then, the total issuance of medium- and long-term government bonds in domestic currency is likely to reach CZK175.5 billion in 2008. If we add the issuance of eurobonds, but exclude the T-bonds in Ministry's own book, the total issuance is likely to reach almost CZK184 billion, that is, more than the total central government's gross borrowing requirements for 2008 (CZK180 billion).

Figure 5. Issuance Calendar of Czech Central Government T-Bonds for 4Q 2008

Name of Issue	ISIN Number	Issue Number	Auction Date	Settlement Date	Maturity Date	Original Maturity (Years)	Estimated Volume (CZK Billion)
T-Bond 2007-2017, 4.00 %	CZ0001001903	51/10	8 Oct 2008	13 Oct 2008	11 Apr 2017	10	6
T-Bond 2008-2011, 4.10 %	CZ0001002158	54/6	15 Oct 2008	20 Oct 2008	11 Apr 2011	3	6
T-Bond 2007-2022, 4.70 %	CZ0001001945	52/8	22 Oct 2008	27 Oct 2008	12 Sep 2022	15	6
T-Bond 2008-2011, 4.10 %	CZ0001002158	54/7	5 Nov 2008	10 Nov 2008	11 Apr 2011	3	6
T-Bond 2007-2012, 3.55 %	CZ0001001887	50/11	19 Nov 2008	24 Nov 2008	18 Oct 2012	5	6
T-Bond 2007-2017, 4.00 %	CZ0001001903	51/11	26 Nov 2008	1 Dec 2008	11 Apr 2017	10	6
T-Bond 2006-2036, 4.20 %	CZ0001001796	49/3	3 Dec 2008	8 Dec 2008	4 Dec 2036	30	3
T-Bond 2007-2012, 3.55 %	CZ0001001887	50/12	10 Dec 2008	15 Dec 2008	18 Oct 2012	5	6

Source: Ministry of Finance of the Czech Republic.

Hungary

Liberal party unexpectedly rejects Socialists' tax-cut plans

Eszter Gargyan
+36 1 374 5573

The ex-coalition Liberal party (SZDSZ) has rejected the tax-cut plans at its executive board meeting on Saturday 30 August. The tax-cut plans proposed by the Socialists last week included a reduction in corporate and personal income tax and a cut in social security contributions, which would be partly offset by raising other minor taxes. The net effect to tax revenues would be only around 0.5% of GDP in 2009.

The Liberal party claims the package fails to include more radical expenditure cuts, and the three-year horizon outlined by the tax plan extends beyond the current government's mandate (general elections are due by spring 2010 at the latest). In an interview with the Liberal party leader, Gabor Fodor (30/08, *www.index.hu*), he claimed that the tax plans serve the interests of the PM and not the interests of the country. He also added that the current government lacks credibility due to the PM's personal lack of credibility and that, in making its decision, the Liberal party took into account that PM Ferenc Gyurcsany reiterated his intention to resign if the 2009 budget including the tax plan fails to pass the parliamentary vote. This is a straight refusal of the Socialist's party vice president Peter Kiss's proposal to reform the coalition (interview on 29/08, *www.index.hu*).

We believe the risks of excessive fiscal loosening are still limited, and the most likely outcome is that the current government remains in place, with or without the PM. The increased political risks are likely to weigh on Hungarian asset prices in the coming weeks, and may contribute to a maintained tight monetary policy stance.

This item is based on *"Liberal party unexpectedly rejects Socialists' tax-cut plans"* published 1 September 2008.

Romania

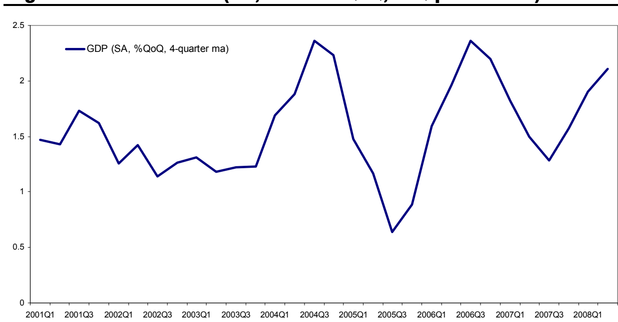
Robust 2Q08 GDP growth confirms that economy is overheating

Ilker Domac
+90 212 319 4623
Engin Dalgic
+90 212 319 4915

At 9.3%YoY, Romania's GDP growth in 2Q08 came in higher than the consensus (*Bloomberg*) and our expectation (both at 8.6%YoY). The 2Q08 outturn, which translates into an increase of around 1.9% QoQ (using seasonally adjusted data), corroborates our view that excess demand pressures continue to complicate the job of policy makers (Figure 1). Specifically, since persistent excess demand pressures are likely to affect external performance adversely, both fiscal and monetary policy will need to take account of continuing demand pressures. Although we will provide a more comprehensive analysis once the statistics office issues the detailed GDP breakdown on 11 September, output gap estimates using various measures (quadratic trend, HP filter, and Band-pass filter) suggest that the economy has been operating above its potential since Q306 (Figure 2).

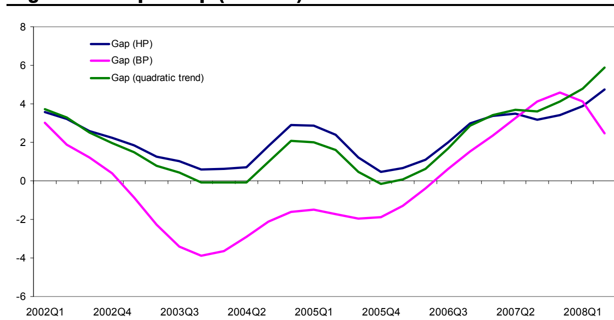
We believe that the probability of additional tightening is now higher than before, in view of the Q208 GDP outturn, elevated inflationary pressures, and the bleak prospects for meaningful help from fiscal policy ahead of general elections in November,. In our opinion, the National Bank of Romania (NBR) is likely to pursue additional tightening for the remainder of this year, which would take the policy rate to 10.50% or even higher by year-end. This, holding everything else constant, should be supportive of the leu, at least in the near term.

Figure 6. GDP Growth (SA, Percent QoQ, 4-Qquarter MA)



Source: Ecowin and Citi calculations.

Figure 7. Output Gap (Percent)



Source: Ecowin and Citi calculations.

Selected Market Indicators

Currency Performance	Spot (Prev Close)	Change (%) 1 Day	Change (%) 1 M
Europe (vs euro)			
Bulgaria *Lev*	1.96	-0.01%	-0.01%
Croatia *Kuna*	7.14	-0.24%	-1.12%
Czech *Koruna*	24.86	0.24%	2.76%
Hungary *Forint*	238.43	0.67%	2.82%
Poland *Zloty*	3.35	0.45%	4.30%
Romania *Lei*	3.52	-0.33%	0.34%
Russia *Ruble*	36.04	-0.35%	-1.41%
Serbia *Dinar*	76.36	0.18%	-0.23%
Slovak *Koruna*	30.32	-0.02%	-0.20%
Turkey *Lira*****	1.19	0.11%	-0.17%
Ukraine *Hryvnia*****	4.68	0.13%	1.03%
Middle East (vs US$)			
Bahrain *Dinar*	0.38	-0.01%	0.00%
Egypt *Pound*	5.38	0.23%	1.50%
Israel *Shekel*	3.62	1.00%	1.28%
Jordan *Dinar*	0.71	0.20%	0.11%
Kuwait *Dinar*	0.27	0.03%	0.11%
Lebanon *Pound*	1507.5	0.00%	0.00%
Qatar *Rial*	3.64	0.08%	0.00%
S Arabia *Riyal*	3.75	0.00%	0.00%
UAE *Dirham*	3.67	0.00%	0.00%
Sub-Saharan Africa (vs US$)			
Botswana *Pula*	0.15	-0.40%	-3.09%
Ghana *Cedi*	11590.0	0.17%	-0.52%
Kenya *Shilling*	68.65	-0.15%	1.70%
Malawi *Kwacha*	140.58	0.00%	0.03%
Nigeria *Naira*	117.68	0.04%	-0.05%
S. Africa *Rand*	7.75	0.53%	7.27%
Tanzania *Shilling*	1152.5	-0.65%	-0.43%
Zambia *Kwacha*	3530.0	0.43%	4.59%
Commodities			
Gold *$/troy oz.*	817.99	-1.58%	-10.20%
Platinum *$/troy oz.*	1445.5	-2.76%	-12.74%
Silver *$/troy oz.*	13.43	-1.32%	-23.17%
Copper *US$/ton*	7552	0.00%	-6.45%
Tin *US$/lb*	860	-1.57%	-6.45%
Natural Gas *US$*	8.24	0.00%	-8.75%
Oil US$ Brent Crude	107.6	-3.91%	-11.77%
CRB *All Commod*	391.71	0.00%	-6.99%

Local Rates*	Last Close	Change 1 Day	Change 1 M
Europe			
Bulgaria	5.36	-0.02	0.00
Croatia	3.82	-0.51	0.75
Czech	3.57	-0.02	0.01
Hungary	8.39	0.70	-0.61
Poland	6.16	-0.06	-0.13
Romania	12.43	-0.98	1.30
Russia	6.88	-1.10	-1.01
Serbia	NA	NA	NA
Slovak	4.10	0.00	0.75
Turkey	17.25	0.01	0.01
Ukraine***	21.40	0.00	11.60
Middle East			
Bahrain	NA	NA	NA
Egypt	NA	NA	NA
Israel (1M)	4.45	0.00	0.19
Jordan	5.15	0.10	0.34
Kuwait (1M)	4.06	-0.37	1.81
Lebanon	NA	NA	NA
Qatar	NA	NA	NA
S Arabia	NA	NA	NA
UAE (1M)	3.01	0.00	0.50
Sub-Saharan Africa**			
Botswana	12.66	0.00	-0.03
Ghana	9.61	0.00	0.02
Kenya	6.65	0.14	0.30
Malawi	15.73	0.75	-0.79
Nigeria (1M)	8.50	0.00	0.00
S. Africa (1M)	11.95	0.00	-0.03
Tanzania	15.79	0.11	1.22
Zambia	12.02	-0.26	0.61
FX Volatility			
EUR - CZK	8.15	0.00%	-7.47%
EUR - HUF	10.28	0.00%	-0.15%
EUR - PLN	7.01	-2.06%	2.82%
EUR - SKK	1.88	0.00%	-28.68%
EUR - RON	NA	NA	NA
USD - RUB	8.50	0.00%	64.17%
USD - ZAR	16.60	0.00%	10.98%
USD - TRY	10.28	0.00%	-24.05%

Equities	Last Index Level	Change (%) 1 Day	Change (%) 1 M
Europe			
Bulgaria *SOFIX*	1010	-1.79%	-0.29%
Croatia *CROBEX*	3494	-0.02%	-3.88%
Czech *PX50*	1468	-0.72%	1.44%
Hungary *BUX*	20665	-1.63%	-5.10%
Poland *WIG020*	2584	-0.49%	0.28%
Romania *BSE*	5479	1.08%	-9.12%
Russia *RTS* (US$)	1667	1.24%	-14.17%
Serbia *BELEX15*	1363	-0.36%	-7.99%
Slovak *SAX*	445	0.00%	-2.60%
Turkey *ISE*	39457	-0.97%	4.89%
Ukraine *PFTS*	534	0.00%	-17.82%
Middle East			
Bahrain *BHSE All-Sh*	2683.9	-0.23%	-3.86%
Egypt *HERMES*	738.42	-0.07%	-6.82%
Israel *TA-100*	909.3	-0.98%	-3.13%
Jordan *ASE*	NA	NA	NA
Kuwait *KWSE*	14212.9	-1.62%	-4.89%
Lebanon *BLOM* (US$)	1794.17	0.00%	-11.09%
Qatar *DSM 20*	10550.27	1.03%	-8.72%
S Arabia *TASI*	8751.87	-0.06%	1.44%
UAE *ADSMI*	4358.13	-1.25%	-12.04%
Sub-Saharan Africa			
Botswana *DCIBT*	7736.75	0.00%	4.38%
Ghana *GSE*	10790.95	0.00%	2.96%
Kenya *NSEK*	4648.78	0.00%	-4.15%
Malawi	NA	NA	NA
Nigeria *NGSE*	49204.61	2.96%	-6.53%
S. Africa *JALSH*	26926.38	-2.80%	1.59%
Tanzania	NA	NA	NA
Zambia	NA	NA	NA
Major Indices			
US *NYSE*	1282.83	0.00%	-0.49%
US *NASDAQ*	2367.52	0.00%	2.45%
UK *FTSE 100*	5610.4	-0.46%	2.27%
France *CAC 40*	4489.23	0.15%	4.05%
Germany *DAX*	6446.27	0.37%	0.78%
Japan *Nikkei 225*	12834.18	-1.83%	-3.17%
FTSE *Global*	384.18	-0.83%	-2.96%

Source: Bloomberg. Note: Equities are local currency unless otherwise stated; FX Volatility is the mid price At-the Money (ATM) 1M term; * Overnight unless otherwise stated; Poland is the 5Y benchmark bond yield. **Weekly data on 3 month rates except S Africa. *** Subject to a one-week lag. **** Turkey Lira & Ukraine Hyrvnia are against the US dollar.

Economic & Market Analysis

David Lubin

Head of CEEMEA
+44 (020) 7896-3302
david.p.lubin@citi.com

Don Hanna

Head of Emerging Markets
+1 (212) 816-7919
don.hanna@citi.com

Piotr Kalisz
Poland
+48 (22) 692-9633
piotr.kalisz@citi.com

Jean-François Mercier
South Africa
+27 (11) 944 0813
jean.mercier@citi.com

Ilker Domac
Turkey, Romania, Serbia
+90 (212) 319 4623
ilker.domac@citi.com

Engin Dalgic
Turkey, Romania, Serbia
+90 (212) 319 4915
engin.dalgic@citi.com

Ali Al-Eyd
CEEMEA, Azerbaijan, Israel
Kazakhstan, Ukraine
+44 (020) 7986-4356
Ali.aleyd@citi.com

Eszter Gargyan
Hungary
+36 1 374 5573
eszter.gargyan@citi.com

David Cowan
Other Africa
+44 (020) 7986-3285
david.cowan@citi.com

Mushtaq Khan
Gulf, Jordan, Lebanon, Pakistan
+44 (020) 7986-3291
mushtaq.khan@citi.com

Adrian Thomas

London

Jaromir Sindel
Czech Republic, Slovakia
+420 233 061 485
jaromir.sindel@citi.com

Elina Ribakova
Russia
+7 (495) 643-1497
elina.ribakova@citi.com

Wilbur Maxino

London

Disclosure Appendix A1

ANALYST CERTIFICATION

Each economist responsible for the preparation and content of all or any identified portion of this research report hereby certifies that, with respect to each issuer or security or any identified portion of the report, all of the views expressed by the economist accurately reflect his (her) personal views about those issuer(s) or securities. Each economist also certifies that no part of his (her) compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by the economist in this research report.

Other Disclosures

ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

ISSUER-SPECIFIC DISCLOSURES

Citigroup, its officers, directors and/or employees, may from time to time have long or short positions in, act as principal in connection with, and buy or sell securities or derivatives (including options and warrants) discussed in this report. For purposes of your review of this report, you should assume that this is the case with respect to the securities covered herein.

Citigroup does and/or seeks to do business with many issuers, including through the provision of investment banking or other services. For purposes of your review of this report, you should assume that Citigroup has acted as a manager or co-manager of an offering of securities discussed in this report within the prior 12 months or has provided other services to the issuer within the prior 12 months for which it has received or expects to receive compensation.

Citigroup is an active market maker or liquidity provider for many fixed-income securities and from time to time takes principal positions in such securities or related derivatives. For purposes of your review of this report, you should assume that this is the case with respect to the securities covered herein.

LIQUIDITY PROVIDER DISCLOSURE

Citi is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. Citi regularly trades in the securities of the subject company(ies) discussed in this report. Citi may engage in securities transactions in a manner inconsistent with this report and, with respect to securities covered by this report, will buy or sell from customers on a principal basis. For securities recommended in this report, in which Citi is not a market maker, Citi is a liquidity provider in the issuer's financial instruments and may act as principal in connection with such transactions.

VALUATION METHODOLOGY AND OTHER DISCLOSURES

"Relative Value"-based recommendations is the principal approach used by Citi's Fixed Income Strategy and Analysis ("FISA") and Economic & Market Analysis ("EMA") divisions' strategists/analysts when they make "Buy" and "Sell" recommendations to clients. These recommendations use a valuation methodology that is principally driven by opportunistic spread differences between the appropriate benchmark security and the security being discussed: (1) that have different maturities within a unique capital structure, (2) that have different collateral classes within a unique capital structure, or (3) that reflect a unique opportunity associated with a debt security. In addition, it is also not uncommon for a strategist/analyst to make an "Asset Swap" recommendation, such as a "Buy" and "Sell" recommendation between two securities from the same issuer/tranche/sector.

OTHER GENERAL DISCLOSURES

This research report was prepared by Citigroup Global Markets Inc. ("CGMI") and/or one or more of its affiliates (collectively, "Citi"), as further detailed in the report, and is provided for information and discussion purposes only. It does not constitute an offer or solicitation to purchase or sell any securities or other financial products.

This report does not take into account the investment objectives, financial situation, or particular needs of any particular person. Investing in securities and other financial products entails certain risks, including the possible loss of the entire principal amount invested. Certain investments in particular, including those involving structured products, futures, options, and other derivatives, are complex, may entail substantial risk, and are not suitable for all investors. The price and value of, and income produced by, securities and other financial products may fluctuate and may be adversely impacted by exchange rates, interest rates, or other factors. Prior to effecting any transaction in options or options-related products, investors should read and understand the current Options Clearing Corporation Disclosure Document, a copy of which may be obtained on request from your Citi representative. Certain securities may not be registered with, or subject to the reporting requirements of, the US Securities and Exchange Commission or any comparable regulatory authority. Information available on such securities may be limited. Investors should obtain advice from their own tax, financial, legal, and other advisors and only make investment decisions on the basis of the investor's own objectives, experience, and resources.

The information contained in this report is based on generally available information and, although obtained from sources believed to be reliable, its accuracy and completeness is not guaranteed. The analysis contained in this report is based on a number of assumptions. Changes in such assumptions could produce materially different results. This communication is not intended to forecast or predict future events. Past performance is not a guarantee or indication of future results.

Citi research analysts may communicate with sales and trading personnel and other Citi personnel for the purposes of gathering and analyzing market information and may discuss with such personnel information regarding, among other things, market trends, economic trends, the market for bonds of a specific issuer, and other market information (such as current prices, spreads, and liquidity), as long as such communications do not impair the analyst's independent ability to express accurately his or her personal views about any and all of the subject securities or issuers. Other Citi personnel who do not function as research analysts, including sales and trading personnel, may provide oral or written market commentary or trade ideas to Citi's customers or proprietary trading desks that differ from the views expressed in this report. Citi's proprietary trading and asset management businesses may make investment decisions that are different from the recommendations contained in this report.

Citi has no duty to update this report, and the opinions, estimates, and other views expressed in this report may change without notice. No liability whatsoever is accepted for any loss (whether direct, indirect, or consequential) that may arise from any use of the information contained in or derived from this report.

Securities recommended, offered, or sold by Citi (unless expressly stated otherwise): (1) are not insured by the Federal Deposit Insurance Corporation or any other body; and (2) are not deposits or other obligations of Citibank, N.A. or any other insured depository institution.

Citi does not provide tax advice and nothing contained herein is intended to be, or should be construed as, tax advice. Any discussion of US tax matters contained in this report was written to support the promotion or marketing of the transactions or other matters addressed herein and is not intended to be used, and must not be used by any recipient, for the purpose of avoiding US federal tax penalties. Recipients of this report should seek tax advice based on the recipient's own particular circumstances from an independent tax adviser.

This report is intended for distribution solely to customers of Citi in those jurisdictions where such distribution is permitted. No part of this report may be copied or redistributed by any recipient for any purpose without Citi's prior written consent.

Local law requirements may prohibit certain investors from effecting a transaction in the security or securities covered in this report. US persons wishing further information or to effect a transaction should contact a registered representative of CGMI in the United States. Non-US persons wishing further information or to effect a transaction should contact a Citi entity located in their own jurisdiction unless applicable governing law permits otherwise.

AUSTRALIA: The Product is made available in Australia to wholesale clients through Citigroup Global Markets Australia Pty Ltd. (ABN 64 003 114 832 and AFSL No. 240992) and to retail clients through Citi Smith Barney Pty Ltd. (ABN 19 009 145 555 and AFSL No. 240813), participants of the ASX Group, and regulated by the Australian Securities & Investments Commission. Citigroup Centre, 2 Park Street, Sydney, NSW 2000. BRAZIL: The Product is made available in Brazil by Citigroup Global Markets Brasil - CCTVM SA, which is regulated by CVM - Comissão de Valores Mobiliários, BACEN - Brazilian Central Bank, APIMEC - Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais and ANBID - Associação Nacional dos Bancos de Investimento. Av. Paulista, 1111 - 11º andar - CEP. 01311920 - São Paulo - SP. CANADA: If this report is being made available in certain provinces of Canada by Citigroup Global Markets (Canada) Inc. ("CGM Canada"), CGM Canada has approved the Product. Citigroup Place, 123 Front Street West, Suite 1100, Toronto, Ontario M5J 2M3. CHINA: This report is made available in China through Citibank (China) Co., Ltd. Beijing Branch, 16F Tower 1 Bright China Chang-an Bldg., 7 Jianguomen Nei Avenue, Beijing, 100005 P.R. China. Citibank (China) Co., Ltd.Beijing Branch is regulated by the China Banking Regulatory Commission. CZECH REPUBLIC: This report is being distributed within the territory of the Czech Republic by Citibank Europe plc, company established and existing under the Irish law, registered seat at Dublin, North Wall Quay 1, Ireland, registered in the Register of Companies in the Republic of Ireland, under the number 132781, conducting its business in the Czech Republic through Citibank Europe plc, organizacní složka, registered seat at Prague 6, Vokovice, Evropská 423/178, Postal Code 166 40, Reg. No. 28198131, registered in the Commercial Register with the Municipal Court in Prague, Section A, Insert 59288. The Bank is regulated by the Financial Regulator (in respect of certain activities by the branch in the Czech Republic, also regulated by the Czech National Bank). Unless expressly stated otherwise, Citibank Europe plc is only distributing this report and, upon its distribution, it has not changed or amended the actual content of this report in any way (as such was prepared by respective entities and/or individuals as further detailed in the report). HONG KONG: If this report is made available in Hong Kong by, or on behalf of, Citigroup Global Markets Asia Ltd., it is attributable to Citigroup Global Markets Asia Ltd., Citibank Tower, Citibank Plaza, 3 Garden Road, Hong Kong. Citigroup Global Markets Asia Ltd. is regulated by the Hong Kong Securities and Futures Commission. If this report is made available in Hong Kong by Citibank, N.A., it is attributable to Citibank, N.A., Citibank Tower, Citibank Plaza, 3 Garden Road, Hong Kong. Citibank, N.A. is regulated by the Hong Kong Monetary Authority. INDIA: The Product is made available in India by Citigroup Global Markets India Private Limited, which is regulated by Securities and Exchange Board of India. Bakhtawar, Nariman Point, Mumbai 400 021. INDONESIA: The Product is made available in Indonesia through PT Citigroup Securities Indonesia. 5/F, Citibank Tower, Bapindo Plaza, Jl. Jend. Sudirman Kav. 54-55, Jakarta 12190. Neither this Product nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable capital market laws and regulations. This Product is not an offer of securities in Indonesia. The securities referred to in this Product have not been registered with the Capital Market and Financial Institutions Supervisory Agency (BAPEPAM-LK) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market laws and regulations. JAPAN: This report is being distributed in Japan by Nikko Citigroup Limited. If this report was prepared by a Citi affiliate of Nikko Citigroup Limited ("NCL"), it is being so distributed under license. If this report was prepared by NCL, it may be based in part on a report produced by one of its affiliates under license. If this report was prepared by NCL and is being distributed in other jurisdictions by other Citi affiliates, or by Nikko Cordial Securities Inc., it is being distributed by them under license. NCL is regulated by Financial Services Agency, Securities and Exchange Surveillance Commission, Japan Securities Dealers Association, Tokyo Stock Exchange and Osaka Securities Exchange. Shin-Marunouchi Building, 1-5-1 Marunouchi, Chiyoda-ku, Tokyo 100-6520 Japan. KOREA: The Product is made available in Korea by Citibank Korea Inc., which is regulated by the Financial Supervisory Commission and the Financial Supervisory Service. Address is Dadong 39, Jung Gu, Seoul, Korea, 100-180. MEXICO: This report is made available in Mexico by Acciones y Valores Banamex, S.A. De C. V., Casa de Bolsa, and Banco Nacional de México S.A. Acciones y Valores Banamex is regulated by Comision Nacional Bancaria y de Valores. Its address is Reforma 398, Col. Juarez, 06600 Mexico, D.F. Banco Nacional de México S.A. is regulated by the Comisión Nacional Bancaria y de Valores. Its address is Actuario Roberto Medellín 800, Col. Santa Fé, (01210) Mexico City, Mexico. NEW ZEALAND: In New Zealand the Product is made available through Citigroup Global Markets New Zealand Ltd. (Company Number 604457), a Participant of the New Zealand Exchange Limited and regulated by the New Zealand Securities Commission. Level 19, Mobile on the Park, 157 Lambton Quay, Wellington. PHILIPPINES: This report is made available in the Philippines through Citibank, N.A. Philippine Branch, 8741 Paseo de Roxas, Makati City, Philippines. Citibank, N.A. Philippine Branch is regulated by the Bangko Sentral ng Pilpinas. POLAND: The Product is made available in Poland by Dom Maklerski Banku Handlowego SA, an indirect subsidiary of Citigroup Inc., which is regulated by Komisja Papierów Wartosciowych i Gield. Bank Handlowy w Warszawie S.A. ul. Senatorska 16, 00 923 Warszawa. RUSSIA: The Product is made available in the Russian Federation through ZAO Citibank, which is licensed to carry out banking activities in the Russian Federation in accordance with the general banking license issued by the Central Bank of the Russian Federation and brokerage activities in accordance with the license issued by the Federal Service for Financial Markets. Neither the Product nor any information contained in the Product shall be considered as advertising the securities mentioned in this report within the territory of the Russian Federation or outside the Russian Federation. The Product does not constitute an appraisal within the meaning of the Federal Law of the Russian Federation of 29 July 1998 No. 135 FZ (as amended) On Appraisal Activities in the Russian Federation. 8 10 Gasheka Street, 125047 Moscow. SINGAPORE: The Product is made available in Singapore through Citigroup Global Markets Singapore Pte. Ltd. and Citicorp

Investment Bank Singapore Ltd. Citigroup Global Markets Singapore Pte. Ltd. is a Capital Markets Services License holder and regulated by the Monetary Authority of Singapore. 1 Temasek Avenue, #39-02 Millenia Tower, Singapore 039192. Citicorp Investment Bank Singapore Ltd. is a Merchant Banking License holder and regulated by the Monetary Authority of Singapore. 3 Temasek Avenue, #17-00 Centennial Tower, Singapore 039190. SOUTH AFRICA: Citigroup Global Markets (Pty) Ltd. is incorporated in the Republic of South Africa (company registration number 2000/025866/07) and its registered office is at 145 West Street, Sandton, 2196, Saxonwold. Citigroup Global Markets (Pty) Ltd. is regulated by the JSE Securities Exchange South Africa, the South African Reserve Bank and the Financial Services Board. The investments and services contained herein are not available to private customers in South Africa. TAIWAN: The Product is made available in Taiwan through Citibank, N.A., Taipei Branch, which is regulated by the Financial Supervisory Commission. No portion of the report may be reproduced or quoted in Taiwan by the press or any other person. F.8 No. 169, Section 4, Jen Ai Road, Taipei, Taiwan. UNITED KINGDOM: This report is being distributed in the United Kingdom by Citibank, N.A., London Branch, or Citigroup Global Markets Limited, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, UK. This material is directed exclusively at market professional and institutional investor customers in the United Kingdom and is not for distribution to private customers in the United Kingdom as defined by the Financial Services Authority. Any investment or service to which this material may relate will not be made available to such private customers. This material may relate to investments or services of a person outside the United Kingdom or to other matters that are not regulated by the Financial Services Authority and further details as to where this may be the case are available on request in respect of this material. UNITED STATES: This report is being distributed in the United States by CGMI. If this report was prepared in whole or in part by a non-US affiliate of CGMI, CGMI accepts responsibility for its contents (subject to the notices above). If this report covers non-US securities, US investors should be aware that non-US companies may not be subject to uniform audit and reporting standards, practices and requirements comparable to those in the United States. Securities of some non-US companies may be less liquid and their prices may be more volatile than securities of comparable US companies. Exchange rate movements may have an adverse effect on the value of an investment in non-US securities and its corresponding dividend payment for US investors. CGMI is a member of the Securities Investor Protection Corporation. EUROPEAN UNION: Unless specified to the contrary, within EU Member States, the Product is made available by Citigroup Global Markets Limited, which is regulated by the Financial Services Authority. Many European regulators require that the firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publishing or distribution of investment research. The policy applicable to research analysts within Citi's FISA and EMAA divisions, as well as the investment research they produce, can be obtained by contacting Citigroup Global Markets Inc., 388 Greenwich Street 11th floor, NY, NY 10013, Attention: Fixed Income Publishing.