

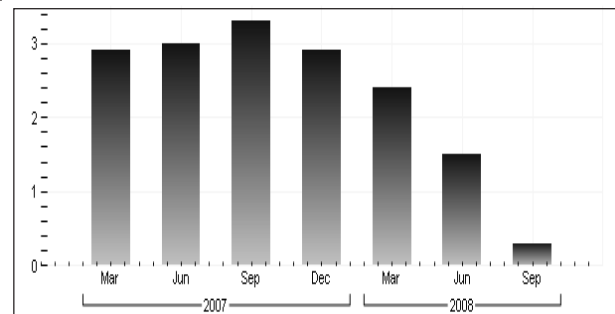
Failures of EU financial architecture made Europe vulnerable

- EU members forced to deregulate their capital accounts
- Households and firms joined the Euro zone
- Countries which did not join the Euro zone faced forex exposure
- Regulation and supervision through home-host country coordination failed
- Lack of centralized financial regulation and supervision at the EU level



United Kingdom : Effects

- Rising Oil Price
- Credit Market Crisis
- House Price Dropped 8.1 %
- Manufacturing Activity Declined
- Unemployment Over 1.8 Million
- Bank Rescue Package of £500 Billion

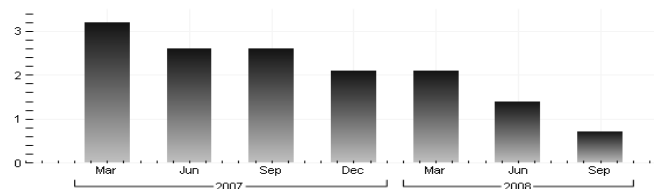


Real GDP Growth				
2008	Mar	Jun	Sep	Dec
	2.4	1.5	0.3	—
2007	2.9	3.0	3.3	2.9

Interest Rate	Inflation Rate	GDP Growth	Trade Balance	Unemployment Rate
3.00%	5.20%	0.30%	2587.00	3.00%

Germany : Effects

- ☞ Entered Recession in 3rd Quarter
 - GDP Growth: - 0.4 % in 2nd Quarter
 - - 0.5 % in 3rd Quarter
- ☞ Industrial Output Down 2.4%
- ☞ Current Account Impact
 - Export accounted 30% of Euro Economy
- ☞ Unemployment Rate Raised



Real GDP Growth in Euro				
2008	Mar	Jun	Sept	Dec
	2.1	1.4	0.7	—
2007	3.2	2.6	2.6	2.1

Interest Rate	Inflation Rate	GDP Growth	Trade Balance	Unemployment Rate
3.25%	3.20%	0.70%	9333.80	7.50%