June 26, 2006: Moscow has replaced Tokyo as the world's most expensive city, according to the latest Cost of Living Survey from Mercer Human Resource Consulting, the global leader for HR and related financial advice. Seoul is in second place, climbing three places since last year. Tokyo moves down two positions in the rankings to take third place, followed by Hong Kong. Asuncion in Paraguay remains the least expensive city in the survey.

With New York as the base city scoring 100 points, Moscow scores 123.9 and is nearly three times costlier than Asuncion, which has an index of 43.5.

Mercer's survey covers 144 cities across six continents and measures the comparative cost of over 200 items in each location, including housing, transport, food, clothing, household goods and entertainment. It is the world's most comprehensive cost of living survey and is used to help multinational companies and governments determine compensation allowances for their expatriate employees.

"We have seen significant shifts in the cost of living rankings over the past few years, reflecting a changing global market. For many companies it can now be more expensive to send employees to work in Russia or Korea than places like Japan or Switzerland which are often perceived to be more costly," commented Rebecca Powers, a Senior Consultant with Mercer's international business. She added: "More companies are now sending employees on expatriate assignments, so there is a greater need to keep pace with the cost of living changes. Employers need to be proactive in managing their expatriate programs to ensure they receive a proper return on their investment and employees are compensated fairly."

There have been some significant changes in the rankings this year which are primarily due to exchange rate fluctuations, in particular the strengthening of the US dollar.

Europe

Moscow is the most expensive city in Europe and in the rest of the world, with a score of 123.9. "Steep accommodation costs have contributed to the city's high ranking, as the recent property boom has driven up rental prices for expatriates," said Anna Krotova, Senior Researcher at Mercer.

London is the second most expensive city in Europe and ranks in 5th position (score 110.6). "While prices have actually increased slightly over the last year, the strengthening of the dollar against the pound means London has dropped two places since last year," said Ms. Krotova.

Other costly European cities include Geneva in 7th place (103), Copenhagen in 8th (101.1) and Zurich in 9th (100.8) – all have been pushed down one place this year. Oslo remains in 10th place with a score of 100 while St. Petersburg is in 12th position (99.7).

Ms Krotova commented: "The Euro has weakened against a number of currencies, for example the Canadian and US dollars, reducing the cost of living for expatriates in many European countries."

Kiev in Ukraine has moved up from 54th position to reach 21st place (score 89.8). This is mainly due to the appreciation of the local currency, the Hryvna, against the US dollar, together with general price increases. Many other Eastern European cities have dropped sharply in the ranking due to the devaluation of local currencies against the US dollar. For example, Prague has fallen 22 places to rank 50th with a score of 82.1.

Leipzig is Europe's cheapest city in 123rd position with a score of 68.1.

The Americas

New York remains the most expensive city in North America and climbs three places to 10th position (score 100). Currency appreciation is the main reason for this, although price increases in fuel and certain consumer goods have also contributed to New York's rise in the rankings. Other high-ranking cities include Los Angeles in position 29 (86.7), San Francisco in 34th place (85) and Chicago in 38th position (84.1). Washington DC takes 83rd place (77). Winston Salem is the cheapest US city surveyed, ranked 124th (66.7).

"The strengthening of the US dollar against the European and other major currencies is a large contributor to the rise of most US cities in the rankings," commented Ms Powers.

Though still relatively inexpensive and benefiting from stable inflation, Canadian cities continue to move up the rankings due to the strength of the Canadian dollar. Toronto is the most expensive city in Canada and moves up from 82nd to 47th place (82.6). Ottawa remains the least expensive Canadian city but has climbed 32 places from 122nd to 90th (75.6).

Sao Paulo and Rio de Janeiro are the most expensive cities in Latin America moving up from 119th and 124th positions to 34th and 40th place respectively. These movements are due to the strong appreciation of the Brazilian Real against the US dollar (more than 20 %), which has occurred as a result of solid economic growth and increased foreign investment over the last two years, together with reduced public debt and high interest rates. In particular, the cost of international-standard accommodation has risen significantly in these cities.

Asuncion in Paraguay remains the least expensive city globally, in 144th position with a score of 43.5. Other cheap cities include Buenos Aires, Montevideo and Caracas in 142nd place (score 54.8.), 138th (56.5) and 136th (57.2) respectively.

Puerto Rico has experienced high inflation during the last year which, together with the strength of the country's currency (US dollar), means San Juan is the costliest city in Central America and the Caribbean in 55th position (score 81.4). San Jose is the least expensive in 134th place (58.1). Santo Domingo in the Dominican Republic is in 126th position (65.3) and has dropped 27 places due to the depreciation of the Dominican Peso against the US dollar.

Asia

Three of the world's ten costliest cities are in Asia, with Seoul moving up from 5th to second place. While Tokyo has lost its title of the world most expensive city because of currency fluctuations between the Japanese Yen and the US dollar, it still ranks highly and takes third place. Hong Kong is in 4th position.

"Chinese cities have moved up slightly in the rankings as the value of the Yuan renminbi is now pegged to a number of currencies rather than just the US dollar," said Ms Krotova. Beijing is in position 14 (score 94.9) followed by Shanghai in 20th place (91.2).

Australasia

Auckland and Wellington have dropped in the rankings this year to positions 100 and 105 respectively (scores 72.9 and 71.1) due to the significant devaluation of the New Zealand dollar against the US dollar. Sydney is still the most expensive city in the region at 19th place with a score of 91.3. Melbourne occupies 74th place (78.8) while Brisbane is in 99th position (73.2).

Mercer Human Resource Consulting

Cost of Living Survey - Worldwide Rankings 2006

Rankings				COL Index	
March 2006	March 2005	City	Country	March 2006	March 2005
1	4	MOSCOW	Russia	**123.9**	119
2	5	SEOUL	South Korea	**121.7**	115.4
3	1	TOKYO	Japan	**119.1**	134.7
4	9	HONG KONG	Hong Kong	**116.3**	109.5
5	3	LONDON	United Kingdom	**110.6**	120.3
6	2	OSAKA	Japan	**108.3**	121.8
7	6	GENEVA	Switzerland	**103**	113.5
8	8	COPENHAGEN	Denmark	**101.1**	110
9	7	ZURICH	Switzerland	**100.8**	112.1
10	10	OSLO	Norway	**100**	105.3
10	13	NEW YORK CITY	United States	**100**	100
12	15	ST.PETERSBURG	Russia	**99.7**	99.5
13	11	MILAN	Italy	**96.9**	104.9
14	19	BEIJING	China	**94.9**	95.6
15	22	ISTANBUL	Turkey	**93.1**	93.8
15	12	PARIS	France	**93.1**	102.2
17	34	SINGAPORE	Singapore	**92**	88
18	13	DUBLIN	Ireland	**91.8**	100
19	20	SYDNEY	Australia	**91.3**	95.2
20	30	SHANGHAI	China	**91.2**	90.4
21	17	ROME	Italy	**89.8**	97.3
21	54	KIEV	Ukraine	**89.8**	84.5
21	16	VIENNA	Austria	**89.8**	97.8
24	39	TEL AVIV	Israel	**89.7**	87.6
25	20	HELSINKI	Finland	**87.8**	95.2
25	73	DUBAI	United Arab Emirates	**87.8**	77.8
27	22	DOUALA	Cameroon	**87.6**	93.8
28	29	TAIPEI	Taiwan	**86.8**	90.6
29	44	LOS ANGELES	United States	**86.7**	86.7

30	64	ABU DHABI	United Arab Emirates	**86**	81
31	96	LAGOS	Nigeria	**85.5**	72.8
32	52	BEIRUT	Lebanon	**85.4**	84.6
32	50	HANOI	Vietnam	**85.4**	84.9
34	119	SAO PAULO	Brazil	**85**	66.6
34	50	SAN FRANCISCO	United States	**85**	84.9
36	18	STOCKHOLM	Sweden	**84.8**	96.8
37	56	HO CHI MINH CITY	Vietnam	**84.2**	83.8
38	52	CHICAGO	United States	**84.1**	84.6
39	57	MIAMI	United States	**83.9**	83.3
40	124	RIO DE JANEIRO	Brazil	**83.5**	65.4
41	123	LUSAKA	Zambia	**83.4**	65.6
41	24	AMSTERDAM	Netherlands	**83.4**	93.3
43	45	WHITE PLAINS	United States	**83.2**	86.6
44	63	SHENZHEN	China	**82.9**	81.3
45	26	ABIDJAN	Cote d'Ivoire	**82.8**	93
45	36	DAKAR	Senegal	**82.8**	87.9
47	82	TORONTO	Canada	**82.6**	76.2
48	71	JAKARTA	Indonesia	**82.4**	78.9
48	31	BRATISLAVA	Slovak Republic	**82.4**	89.9
50	28	PRAGUE	Czech Republic	**82.1**	90.8
51	58	ALGIERS	Algeria	**82**	81.9
52	75	ALMATY	Kazakhstan	**81.9**	77.6
53	46	MADRID	Spain	**81.6**	86
54	65	GUANGZHOU	China	**81.5**	80.6
55	74	SAN JUAN	Puerto Rico	**81.4**	77.7
56	87	VANCOUVER	Canada	**81.2**	74.3
56	43	BARCELONA	Spain	**81.2**	86.9
56	33	LUXEMBOURG	Luxembourg	**81.2**	88.2
59	41	ATHENS	Greece	**81.1**	87.2
60	40	GLASGOW	United Kingdom	**80.7**	87.5
61	34	FRANKFURT	Germany	**80.5**	88
62	67	AMMAN	Jordan	**80.4**	80.1
62	32	DUSSELDORF	Germany	**80.4**	88.4
62	27	WARSAW	Poland	**80.4**	91.5

65	37	MUNICH	Germany	**80.2**	87.8
65	24	BUDAPEST	Hungary	**80.2**	93.3
67	61	HONOLULU	United States	**80**	81.4
68	105	MUMBAI	India	**79.9**	70.8
69	47	BIRMINGHAM	United Kingdom	**79.7**	85.8
70	41	BRUSSELS	Belgium	**79.5**	87.2
71	98	CALGARY	Canada	**79.3**	72.5
72	38	BERLIN	Germany	**79.2**	87.7
73	110	NEW DELHI	India	**79**	69.9
74	68	MELBOURNE	Australia	**78.8**	80
75	91	ACCRA	Ghana	**78.6**	73.6
76	70	HOUSTON	United States	**78.5**	79.1
77	49	HAMBURG	Germany	**78.2**	85
78	72	KUWAIT CITY	Kuwait	**78**	78.3
79	48	ZAGREB	Croatia	**77.7**	85.2
80	107	MONTREAL	Canada	**77.6**	70.7
81	54	RIGA	Latvia	**77.2**	84.5
81	95	MEXICO CITY	Mexico	**77.2**	73.1
83	78	WASHINGTON	United States	**77**	77.4
84	80	MORRISTOWN	United States	**76.8**	76.9
84	79	BOSTON	United States	**76.8**	77
86	83	ATLANTA	United States	**76.3**	76.1
87	86	MANAMA	Bahrain	**76.1**	74.5
88	59	CASABLANCA	Morocco	**75.9**	81.6
88	66	LISBON	Portugal	**75.9**	80.2
90	122	OTTAWA	Canada	**75.6**	66.4
91	128	SANTIAGO	Chile	**74.5**	64.8
91	61	LYON	France	**74.5**	81.4
93	108	GUATEMALA CITY	Guatemala	**74.3**	70.4
93	97	CAIRO	Egypt	**74.3**	72.5
93	93	PERTH	Australia	**74.3**	73.5
96	60	TALLINN	Estonia	**73.7**	81.5
97	94	DENVER	United States	**73.6**	73.2
98	88	RIYADH	Saudi Arabia	**73.5**	74.1
99	84	BRISBANE	Australia	**73.2**	74.9

100	89	JEDDAH	Saudi Arabia	**72.9**	73.9
100	69	AUCKLAND	New Zealand	**72.9**	79.6
102	103	SEATTLE	United States	**71.9**	71.4
103	115	MONTERREY	Mexico	**71.6**	67.7
103	102	ST. LOUIS	United States	**71.6**	71.6
105	76	WELLINGTON	New Zealand	**71.1**	77.5
106	76	LJUBLJANA	Slovenia	**71**	77.5
107	119	NAIROBI	Kenya	**70.9**	66.6
108	89	ADELAIDE	Australia	**70.6**	73.9
109	105	KINGSTON	Jamaica	**70**	70.8
110	109	CLEVELAND	United States	**69.8**	70.3
111	112	PORTLAND	United States	**69.7**	68.8
111	81	SOFIA	Bulgaria	**69.7**	76.3
113	111	PITTSBURGH	United States	**69.4**	69.2
114	117	KUALA LUMPUR	Malaysia	**69.3**	67.1
114	103	BUCHAREST	Romania	**69.3**	71.4
116	91	VILNIUS	Lithuania	**69.2**	73.6
117	116	JOHANNESBURG	South Africa	**69.1**	67.4
118	100	LIMASSOL	Cyprus	**68.7**	71.9
118	118	LIMA	Peru	**68.7**	66.9
118	113	BANDAR SERI BEGAWAN	Brunei	**68.7**	68.5
121	114	PANAMA CITY	Panama	**68.5**	68.3
122	101	DETROIT	United States	**68.3**	71.8
123	85	LEIPZIG	Germany	**68.1**	74.8
124	119	WINSTON SALEM	United States	**66.7**	66.6
125	129	TEHRAN	Iran	**66.4**	64.4
126	99	SANTO DOMINGO	Dominican Republic	**65.3**	72.3
127	125	BANGKOK	Thailand	**64.9**	65.3
128	131	TIANJIN	China	**63.6**	62.5
129	130	BLANTYRE	Malawi	**63.1**	62.7
130	133	BOGOTA	Colombia	**62.7**	62.7
131	127	DACCA (DHAKA)	Bangladesh	**62.5**	62.5
132	132	COLOMBO	Sri Lanka	**61.4**	60
133	126	TUNIS	Tunisia	**60.7**	65.2
134	135	SAN JOSE	Costa Rica	**58.1**	58

135	137	QUITO	Ecuador	**57.4**	54.6
136	138	CARACAS	Venezuela	**57.2**	54.4
137	138	CHENNAI (MADRAS)	India	**56.7**	54.4
138	140	MONTEVIDEO	Uruguay	**56.5**	53.5
139	141	BANGALORE	India	**56.4**	51.7
140	136	KARACHI	Pakistan	**56.1**	56.1
141	143	MANILA	Philippines	**56**	49.8
142	142	BUENOS AIRES	Argentina	**54.8**	50.3
143	134	HARARE	Zimbabwe	**50.9**	58.4
144	144	ASUNCION	Paraguay	**43.5**	40.3

Methodology:

The figures for Mercer's *cost of living* comparisons are based on a survey conducted in March 2006. The 2006 comparisons are based on a similar survey conducted in March 2005. The information is used by governments and major companies to protect the purchasing power of their employees when transferred abroad. The choice of cities surveyed is based on the demand for corresponding data from companies and governmental organizations.

Mercer Human Resource Consulting is a global leader for HR and related financial advice and services, with more than 15,000 employees serving clients in more than 190 cities and 40 countries and territories worldwide. The company is a wholly owned subsidiary of Marsh & McLennan Companies, Inc., which lists its stock (ticker symbol: MMC) on the New York, Chicago, Pacific and London stock exchanges.

Exchange rates used in the table of cost comparisons below:

1 GBP = 1.75 USD
1 GBP = 1.46 EUR

Cost of living comparisons in £s – 2006
Selected cities worldwide (1 GBP = 1.46 EUR)
(NB purchases at medium-priced establishments)

	London	Dublin	Paris	Rome	Amsterdam	Berlin	Athens	Brussels	Madrid	Prague
Rent of a luxury two bedroom unfurnished apartment (per month)	1700	824	1303	926	926	720	721	652	892	754
Bus or subway ride	2.00	1.03	0.96	0.69	1.10	1.44	0.55	1.03	0.75	0.41
Music CD	11.99	14.06	11.65	14.58	15.08	12.34	13.03	13.70	13.72	14.44
1 issue of international daily newspaper	1.10	1.37	1.37	1.37	1.78	1.44	1.23	1.37	1.71	1.20
1 cup of coffee, including service	1.90	2.06	1.51	1.51	1.71	1.71	2.88	1.51	1.58	2.17
Fast food hamburger meal	4.50	4.05	4.12	3.91	4.46	3.26	4.97	3.77	4.18	2.89

	Warsaw	Zagreb	Tokyo	Beijing	Sydney	New York	Buenos Aires	Johannesburg	Vancouver
Rent of a luxury two bedroom unfurnished apartment (per month)	754.	754	2352.	1528	1104	1998	571	553	804
Bus or subway ride	0.43	N.A.	1.32	N.A.	1.06	1.14	0.15	N.A.	1.13
Music CD	13.52	13.60	12.25	12.08	11.03	10.77	6.88	17.01	10.61
1 issue of international daily newspaper	1.80	N.A.	0.74	2.49	1.63	0.93	2.60	2.21	1.88
1 cup of coffee, including service	1.98	2.35	1.47	2.42	1.49	2.26	0.84	1.29	1.63
Fast food hamburger meal	2.79	2.58	2.99	1.46	2.74	3.43	1.58	1.84	2.79

Source: Mercer Human Resource Consulting

Within the Cost-of-Living Report:

1. City-to-City Index Comparison

Mercer's cost-of-living indices are designed for today's multinational companies who transfer employees to and from a multitude of countries. Our unique international basket of goods and services is the result of extensive research of actual expatriate spending habits, allowing our indices to reflect a reality-based international expenditure pattern.

Mercer provides three cost-of-living indices to accommodate differences in shopping habits:

- The reversible **Mean-to-Mean Index** is the best indicator of overall differences in prices between two locations as it compares the mean prices(average price of each item) in the base city to the mean prices in the host city.
- The **Efficient Index** applies to a relatively experienced shopper and compares the average of the low and mid prices in the base city to the mean prices in the host city.
- The **Convenience Index** applies to a less experienced shopper or a newcomer in the location and compares the average of the low and mid prices in the base city to the high prices in the host city, except for selected categories for which it compares mean base prices.

Our indices are composed of the following categories and are weighted according to our research results:

- Alcohol and tobacco
- Clothing and footwear
- Domestic services
- Food at home
- Food away from home
- Health and personal care
- Household supplies
- Sports and leisure
- Transportation
- Utilities

2. Spendable Income Tables

The Spendable Income Tables refer to the typical amount an employee spends on goods and services in his/her home country. Used in conjunction with our COL indices, they support you in determining appropriate cost-of-living allowances.

These reality-based Spendable Income Tables are based on national statistics for major countries. The tables are broken down by income level and family size, from single employees to those who are married with four children.

International Spendable Income Tables: compensating employees from low income countries

If the spendable income portion of a salary is too small, no index can adjust it to make it sufficiently competitive.

To address this problem, Mercer has developed International Spendable Income Tables, which allow companies to substitute non-competitive home country spendable income with benchmark spendable income levels.

The International Spendable Income Tables provide you with the ability to develop competitive spendable incomes for your employees wherever they come from, while allowing you to keep a consistent "home country" compensation approach.

3. Home Country Housing Norms

These tables provide the hypothetical amounts that employees normally spend on housing in their home country and are used to determine the employee's contribution towards housing costs in the host country. Tables are broken down by income level and family size, from single employees to those who are married with four children.

4. Expatriate Accommodation Cost Tables

Mercer's host city accommodation tables are designed to assist you in determining the housing allowance for your employees when transferred abroad. Housing rental cost is provided in three tables (described below) for each host location.

- **Tables by area** provide detailed prices for different sized apartments and houses; furnished and unfurnished; in good, very good and the best residential areas.
- **Tables by income level and number of bedrooms** provide expatriates' monthly rental costs for an apartment with 1 to 4 bedrooms or for a house with 3 to 4 bedrooms.
- **Tables by income level and family size** provide an average accommodation rental cost by family size, including both apartments and houses.

5. Education Cost Tables

Mercer's education cost tables provide accurate information on tuition and other fees for a number of different schools: International, German, French, Italian, English, American, Japanese and Scandinavian.

6. Business Travel Expense Tables

Mercer's travel expense tables provide a daily allowance rate, which represents typical daily costs for employees on business trips. The data refers to hotels, meals, taxis and other miscellaneous expenses.

7. Actual Price List

The full price list supporting the COL index ensures that our process is completely transparent. It allows you to rapidly assert, for example, why city A is 20% more expensive than city B.

Mercer Human Resource Consulting, one of the world's leading consulting organisations, helps employers create measurable business results through their people. With more than 13,000 employees serving clients from some 150 cities in 40 countries worldwide, the company is part of Mercer Inc., a wholly owned subsidiary of Marsh & McLennan Companies, Inc., which lists its stock (ticker symbol: MMC) on the New York, Chicago, Pacific, and London stock exchanges.

Switzerland's UBS Bank 'Price and Earnings' Report 2006

This 2006 update to the Prices and Earnings survey from UBS, compares purchasing power in 71 cities around the world, recalculated to reflect exchange rate, inflation and growth trends.

Extract:

Wages only become meaningful in relation to prices, i.e., what can be bought with the money earned. A globally available product like a Big Mac can make the relationship between wages and prices much clearer. On a global average, 35 minutes of work buys a Big Mac. But the disparities are huge: In Nairobi, one and a half hours' work is needed to buy the burger with the average net hourly wage there. In the US cities of Los Angeles, New York, Chicago and Miami, a maximum of 13 minutes' labor is needed. Although the comprehensive comparison of purchasing power and gross wages puts them at the top of the table, higher production costs mean that workers in Swiss and Scandinavian cities need 15 to 20 minutes for their Big Macs.

After buying the study's basic basket of goods and services, earners in Zurich, Geneva, Dublin, Los Angeles and Luxembourg retain the highest portion of their net wages for discretionary spending like vacations, luxury items or savings.

(Published Feb 1, 2006)

After 14 years at the top Tokyo has been overtaken by Oslo as the world's costliest city in the latest findings from the Economist Intelligence Unit's **Worldwide cost of living survey**. Elsewhere an improving economic outlook has pushed Brazilian cities up the ranking and Asian cities make up many of the cheapest destinations. Dublin in 16th place.

CITY PRICE COMPARISONS 2005

	DUBLIN	LONDON	PARIS	NEW YORK	TOKYO
Wine (750 ml table wine	€7.99	€7.43	€3.75	€6.38	€8.03
Bread (1kg)	€1.26	€1.26	€2.00	€1.76	€3.83
Potatoes (2kg)	€2.58	€2.76	€2.50	€1.42	€4.73
CDs (music	€19.95	€17.88	€19.00	€13.14	€14.15
Phone rental (1 month)	€18.15	€15.90	€13.00	€21.17	€19.66
Two bedroom apartment (1 month's rent)	€1,400	€2,088	€2,250	€2,023	€4,735
€-EURO					

Source: Economist Intelligence Unit