

**STANDARD
& POOR'S**

S&P AUSTRALIAN INDICES

INDEX METHODOLOGY



ASX
AUSTRALIAN SECURITIES EXCHANGE

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Introduction

The S&P/ASX Australian indices are closely aligned with Standard & Poor's global suite of indices, and are recognized internationally as Australia's principal investable equity indices. Standard & Poor's global indices are liquid, tradable, and easily replicable, allowing extensive use by institutional investment managers, mutual fund managers, and professional advisors. With over A\$ 200 billion managed and benchmarked to the S&P/ASX 200, the index is regarded as Australia's equity benchmark.

The S&P/ASX indices are real-time, market capitalization-weighted indices that include the largest and most liquid stocks in the Australian market. The S&P/ASX 200 covers approximately 80% of the Australian equity market by capitalization, with a constituency that is highly liquid and tradable. Such characteristics ensure that the S&P/ASX 200 is representative of the Australian market while maintaining a limited number of eligible securities.

Partnership

The S&P/ASX 200, together with the entire S&P/ASX index series, was launched in the Australian market in April 2000. The launch of these indices coincided with Standard & Poor's taking over the index business, formerly owned and managed by the Australian Securities Exchange (ASX).

Before April 2000, the All Ordinaries index was considered Australia's institutional benchmark. The All Ordinaries index was launched in January 1980, to act as an indicator of the Australian equity market. As institutional investors grew increasingly sophisticated, there became a need to introduce a benchmark index that was complimentary to the narrowly defined requirements for equity portfolios.

With the introduction of the S&P/ASX index series in 2000, Australia's indices have been placed at the forefront of the global market. The indices showcase the performance of the Australian equity market and sit alongside other leading international indices, including the S&P 500 of the U.S., as some of the world's most transparent and investable equity benchmarks.

Index Family

The S&P/ASX index series includes the S&P/ASX 200, the S&P/ASX 300, the S&P/ASX 20, the S&P/ASX 50, and the S&P/ASX 100. This index family also contains component indices that represent the Australian market capitalization hierarchy. These component indices include the S&P/ASX Small Ordinaries and the S&P/ASX MidCap 50.

The S&P/ASX All Australian 50 and the S&P/ASX All Australian 200 are comprised of securities that have been assessed as “Australian” (domestic) for index purposes. The S&P/ASX All Australian 50 and the S&P/ASX All Australian 200 generally overlap with the domestic constituents of the S&P/ASX 50 and the S&P/ASX 200, with the resulting differential being that the S&P/ASX 50 and the S&P/ASX 200 also extend index eligibility to all foreign-domiciled securities listed on the ASX. With the exception of the All Ordinaries, all indices are float-adjusted. The All Ordinaries index includes 500 stocks with no screening for liquidity.

The S&P/ASX relationship has brought many initiatives to the Australian market including the introduction of real-time S&P/ASX Global Industry Classification Standard (GICS[®]) sector indices.

S&P/ASX 200. Upon its introduction in April 2000, the S&P/ASX 200 replaced the All Ordinaries index as the primary gauge for the Australian equity market. The S&P/ASX 200 measures the performance of the 200 largest index-eligible stocks listed on the ASX by float-adjusted market capitalization. Representative, liquid and tradable, it is widely considered Australia’s preeminent benchmark index. The index is float-adjusted, covering approximately 80% of Australian equity market capitalization. Listed companies place immense significance on their membership in the S&P/ASX 200 index. Inclusion in the index generates significant institutional interest for constituents, and proliferates widespread media and buy/sell side analytical coverage.

S&P/ASX 100. The S&P/ASX 100 is comprised of the 100 largest index-eligible stocks listed on the ASX by float-adjusted market capitalization. The index is float-adjusted, with securities that are highly liquid and, therefore, institutionally investable. The S&P/ASX 100 represents both the large cap and mid cap component of the S&P/ASX suite of indices and covers approximately 74% of Australian equity market capitalization.

S&P/ASX 50. The S&P/ASX 50 is Australia’s most prominent large cap equity index, representing 50 of the largest and most liquid index-eligible stocks listed on the ASX by float-adjusted market capitalization. The S&P/ASX 50 represents approximately 63% of Australian equity market capitalization.

S&P/ASX 20. The index includes actively traded and highly liquid securities that are among the 20 largest securities listed on the ASX. It is the narrowest capitalization-based index in the S&P/ASX index family, covering 46% of Australian equity market capitalization.

S&P/ASX 300. Covering a wide opportunity-set of index constituents, the S&P/ASX 300 is extensively used as a performance benchmark index. The index is highly liquid, float-adjusted and includes up to 300 of Australia's largest securities by float-adjusted market capitalization. The S&P/ASX 300 index includes the large cap, mid cap and small cap components of the S&P/ASX index family. The index covers approximately 81% of Australian equity market capitalization.

S&P/ASX MidCap 50. The index is comprised of those companies within the S&P/ASX 100, but not in the S&P/ASX 50. The index is float-adjusted and covers approximately 11% of Australian equity market capitalization.

S&P/ASX Small Ordinaries. The S&P/ASX Small Ordinaries index is used as an institutional benchmark for small cap Australian equity portfolios. The index is comprised of companies included in the S&P/ASX 300, but not in the S&P/ASX 100. The index covers approximately 7% of Australian equity market capitalization.

All Ordinaries. The All Ordinaries index is considered the total market indicator for the Australian equity market. The index is comprised of the 500 largest securities listed on the ASX and the constituents are not screened for liquidity. It is the only index that is not float-adjusted; however, three foreign securities within the index – SGT, TEL and AXN – are float-adjusted.

S&P/ASX All Australian 50. Launched in June 2007, the S&P/ASX All Australian 50 is made up of ASX listed securities that have been defined as 'domestic' or 'Australian' for index purposes. The S&P/ASX All Australian 50 is the Australian component of the S&P Global 1200. It is comprised of highly liquid constituents that are considered to be 50 of the largest index-eligible Australian securities listed on the ASX by float-adjusted market capitalization. S&P/ASX All Australian 50 follows the same index construction rules relating to market capitalization and liquidity that are applied to the S&P/ASX 50. The only exception relates to the index eligibility of securities, with eligibility extending to Australian securities only.

S&P/ASX All Australian 200. Launched in June 2007, the S&P/ASX All Australian 200 is made up of ASX listed securities that have been defined as 'domestic' or 'Australian' for index purposes. The S&P/ASX All Australian 200 is comprised of highly liquid constituents that are considered to be 200 of the largest index-eligible Australian securities listed on the ASX by float-adjusted market capitalization. The S&P/ASX All Australian 200 follows the same index construction rules relating to market capitalization and liquidity that are applied to the S&P/ASX 200. The only exception relates to the index eligibility of securities, with eligibility extending to Australian securities only.

For a complete definition of "Domestic/Australian" securities, please refer to the section on Eligibility Criteria.

GICS® Indices

In June 2001, Standard & Poor's introduced a new series of real-time sector indices. Derived from the Global Industry Classification Standard (GICS®), these indices were launched for the S&P/ASX 200, while end-of-day GICS sector indices were launched for the S&P/ASX 300. Originally, these indices ran parallel to the traditional 24 ASX sector indices. The constituent securities for the GICS indices are derived from the eligible pool of securities within the S&P/ASX 200 and the S&P/ASX 300, which are then, further refined through the GICS classification criteria. Incorporating 10 Sectors with 24 Industry Groups, 67 Industries, and 147 Sub-Industries, the GICS system allows Australian investors to compare the performance of its major industries with other international markets.

The traditional 24 ASX sector indices were discontinued in July 2002, with investors adopting GICS as the primary classification system for the Australian market. In addition to the 10 GICS Sectors, 2 Sector indices were introduced to the Australian market to reflect the importance of property trusts as a distinct sector for institutional investors in Australia. This was achieved by fragmenting the Financials sector into Property Trusts and Financials excluding Property Trusts, resulting in a total of 12 sector-level indices in the Australian market.

Industrials and Resources Indices

Resource companies play a significant role within the Australian economy, with the Resources sector comprising approximately 20% of total Australian equity market capitalization. As a result, the prominence of resources stocks within the domestic market has drawn attention from a number of institutional investors, whose performance may be driven by the economic fortunes of resource stocks. The decision to split the Australian equity market between Resources and Industrials allow benchmark comparisons to be made against portfolios that are tailored to the respective broad sectors.

The industrials and resource indices were launched for the S&P/ASX 100, S&P/ASX 200, S&P/ASX 300, S&P/ASX MidCap 50 and S&P/ASX Small Ordinaries. The indices are defined and constructed around criteria relating to GICS. Resources are defined as companies classified in the Energy sector (GICS Tier 1) and the Metals & Mining industry (GICS Tier 3). The industrials indices are composed of everything else and are distinctly different from the GICS Industrials sector.

Gold and Metals & Mining Indices

Launched in August 2006, these indices recognize the mining sector's importance in the Australian equity market, and enhance the profile of the Gold and Metals & Mining industries within both the Australian and international markets. The S&P/ASX 300 Metals & Mining index is based on the S&P/ASX 300, and is comprised of companies that are classified in the Metals & Mining industry (GICS Tier 3). The S&P/ASX All Ordinaries Gold index includes companies that are included in the Gold sub-industry (GICS Tier 4) of the All Ordinaries index.

Eligibility Criteria

S&P/ASX Index Series. This index series offers investors exposure to the largest and most liquid stocks listed on the Australian Stock Exchange (ASX). Standard & Poor's global indices are constructed with a fixed number of constituents. The aim is not to replicate a fixed percentage of the market capitalization, but to design a highly liquid and tradable index whose total market capitalization is large enough to approximate the market segment it is capturing while keeping the number of stocks at a minimum. This creates a highly cost-effective, easily replicable trading instrument that provides an appropriate barometer of the market's performance. The fixed number of stocks also ensures minimum turnover as changes are made due to corporate activity or a reduction in a stock's size or liquidity that makes it ineligible for inclusion.

All Ordinaries index. This index is used as a broad-based indicator of the Australian market. The All Ordinaries index is drawn from the S&P/ASX index series and extends representation to 500 stocks listed on the ASX.

Index Eligibility

The index constituents are drawn from the universe of ordinary and preferred equity stocks listed on the ASX.

Eligibility Factors

Listing. Only stocks listed on the Australian Stock Exchange will be considered for inclusion in any of the S&P/ASX indices.

Domicile. The index draws from the entire universe of ASX listed stocks, which includes both primary and secondary listings on the ASX. A secondary listing occurs when the ASX is not the primary exchange and the stock is listed in multiple markets. This includes foreign-domiciled entities that are incorporated or registered overseas and have their primary listing on an exchange other than the ASX.

Securities classified as 'foreign-domiciled' are eligible for inclusion in the majority of S&P/ASX indices, with the exception being the S&P/ASX All Australian 50 and the S&P/ASX All Australian 200. Foreign-domiciled securities may be subject to specialized treatment due to the data reporting conventions of certain foreign securities listed on the ASX. Such action is necessary in order to ensure the indices are representative of the Australian market while limiting constituent turnover and reducing index volatility. The rules relating to foreign-domiciled securities specifically relates to capitalization and index maintenance, as detailed further in the document.

Securities classified as ‘domestic’ are eligible for inclusion into all S&P/ASX indices and adhere to the commonly standardized index rules that determine index-eligibility and index-weight. Domestic securities are drawn upon to form the universe for the S&P/ASX All Australian 50 and the S&P/ASX All Australian 200.

The index definition of domestic and foreign-domicile is detailed as:

Domestic. A company is considered to be domestic if:

- The company is incorporated in Australia and traded on the ASX; or
- The company is incorporated overseas but has an exclusive listing on the ASX; or
- The company is incorporated overseas and is traded on other overseas markets, but most of the trading activity occurs on the ASX.

Note that ASX listed New Zealand (NZ) and Papua New Guinean (PNG) domiciled companies are treated as domestic for index purposes.

Foreign-Domicile. Generally, a foreign-domicile company is a company that is:

- Incorporated overseas; and/or
- Listed on one or more overseas markets; and
- Has the majority of its trading activity occurring on an overseas exchange.

Foreign Exempt listings – those securities that are not required to comply with local listing rules – however, are ineligible for index inclusion.

Eligible Securities. All common and equity preferred stocks (which are not of a fixed income nature) are eligible for inclusion in the indices. Hybrid stocks such as convertible stock, bonds, warrants, and preferred stock that provide a guaranteed fixed return are not eligible. Listed Investment Companies (LICs) that invest in a portfolio of securities are not eligible for index inclusion.

Companies that are currently under consideration for merger or acquisition are not eligible for inclusion or promotion within the S&P/ASX index hierarchy.

Market Capitalization. The S&P/ASX indices only include securities that are considered to be institutionally investable, and market capitalization is a key criterion for stock selection. Stocks are included if they are large enough to meet the minimum ranking requirements for the representative indices within the Australian market.

The market capitalization criterion for stock inclusion is based upon the daily average market capitalization of a security over the last 6 months. The stock price history (last 6 months), latest available shares on issue and the *Investable Weight Factor (IWF)* are the relevant variables for the calculation. The IWF is a variable that is primarily used to determine the available float of a security for ASX listed securities.

Quoted Shares Issued. When considering the index eligibility of securities for inclusion or promotion into S&P/ASX indices, the number of index securities under consideration is based upon the latest available ASX quoted securities. For domestic securities this figure is purely based upon the latest available data from the ASX.

Foreign-domiciled securities may quote the total number of securities on the ASX that is representative of their global equity capital; whereas other foreign-domiciled securities may quote securities on the ASX on a partial basis that represents their Australian equity capital. In order to overcome this inconsistency, the S&P/ASX will quote the number of index securities that are represented by CHESSE Depository Interests (CDIs) for a foreign entity. The number of CDIs of a foreign entity is representative of the Australian equity capital, thereby allowing the S&P/ASX indices to be increasingly reflective of the Australian market.

The number of CDIs quoted on the ASX can experience more volatility than is typically the case for ordinary shares on issue. Therefore, an average number will provide a more robust figure to gauge index market capitalization. The average number of CDIs on issue will be applied over a 6-month period.

Where CDI information is not supplied to the ASX by the company or the company's share register, estimates for Australian equity capital will be drawn from CHESSE data and, ultimately, registry-sourced data.

Monthly historical data for the number of CDI's and CHESSE holdings is available on the ASX Web site at <http://www.asx.com.au/research/indices/index.htm>

Investable Weight Factor (IWF). A stock's weight in an index is determined by the float-adjusted market capitalization of the stock. This is a function of current index shares, the latest available stock price and the IWF. The IWF represents the float-adjusted portion of a stock's equity capital. Therefore any strategic holdings that are classified as either corporate, private or government holdings reduce the IWF which, in turn, results in a reduction in the float-adjusted market capital.

Shares owned by founders, directors of the company, trusts, venture capitalists and other companies are also excluded. These are also deemed strategic holders, and are considered long-term holders of a stock's equity. Any strategic shareholdings that are greater than 5% of total issued shares are excluded from the relevant float.

Refer to the Investable Weight Factor section, under Index Maintenance, for details on float/index weight-adjustment.

Liquidity. Only stocks that are regularly traded are eligible for inclusion in any S&P/ASX index. A stock's liquidity is measured relative to its peers. Relative Liquidity is calculated as follows:

$$\text{Relative Liquidity} = \frac{\text{stock median liquidity}}{\text{market liquidity}}$$

where:

Stock Median Liquidity is the median daily value traded for each stock divided by the average float/index weight-adjusted market capitalization for the previous six months and;

Market Liquidity is determined using the market capitalisation weighted average of the stock median liquidities of the 500 constituents in the All Ordinaries index.

Sector Classification. Stocks are classified by the Global Industry Classification Standard (GICS[®]). These sectors, consistent throughout all the Standard & Poor's indices, are Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecommunication Services and Utilities. GICS classifies a stock according to a number of measures, including revenues, earnings and the market's perception of a company.

In addition to the 10 GICS Sectors, S&P also recognizes other industry segments relevant to the Australian market and promotes the following indices:

- Property Trusts = Real Estate Investment Trusts 404020 (GICS Tier 3)
- Resources = Energy 10 (GICS Tier 1) plus Metals & Mining 151040 (GICS Tier 3), and Industrials = All other stocks
- Metals & Mining 151040 (GICS Tier 3)
- Gold 15104030 (GICS Tier 4)

Timing of Intra-Quarter Constituent Changes

Announcements to Market. Changes to index composition will generally be made two-to-five business days in advance of index implementation of anticipated corporate events whenever practical, bearing in mind that the timing of such events is occasionally uncertain. Announcements will be made outside of trading hours by way of a Press Release, on recognized Australian and international wire services and on the Standard & Poor's Index Services Web site. Where necessary, a more detailed announcement is made via the *Standard & Poor's Australia Index Alert* FTP site soon after the press release.

For Press Releases, please visit Standard & Poor's Web site at www.indices.standardandpoors.com.

Intra-Quarter Additions. Between rebalancing dates, an index addition is generally made only if a vacancy is created by an index deletion. This rule applies to the S&P/ASX 200 and all related indices that sit higher within the index hierarchy. Therefore, it is not applicable to the S&P/ASX 300 and the All Ordinaries index. Index additions are made according to market size and liquidity. An initial public offering (IPO) is added to the index only when an appropriate vacancy occurs and is subject to proven liquidity for at least two months. An exception may be made for extraordinary large offerings where sizeable trading volumes justify index inclusion.

For all indices, with the exception of the S&P/ASX 300 and the All Ordinaries, an addition is made as soon as a place has been vacated due to an index deletion.

Intra-Quarter Deletions. Deletions can occur between index rebalancing dates due to acquisitions, mergers and spin-offs or due to suspension or bankruptcies. The decision to remove a stock from the index will be made once there is sufficient evidence that the transaction will be completed. Stocks that are removed due to mergers & acquisitions activity are removed from the index at the cash offer price for cash-only offers. Otherwise the best available price in the market is used.

Index Construction

Approaches

The S&P/ASX index series is calculated using a base-weighted aggregate methodology. That means the level of an index reflects the total market value of all the component stocks relative to a particular base period. The total market value of a company is determined by multiplying the price of its stock by the number of shares available after float (IWF) adjustment. An indexed number is used to represent the result of this calculation in order to make the value easier to work with and track over time. It is much easier to graph a chart based on indexed values than one based on actual market values.

Index Calculations

On any given day, the index value is the quotient of the total available market capitalization of the index's constituents and its divisor. Continuity in index values is maintained by adjusting the divisor for all changes in the constituents' share capital after the base date. This includes additions and deletions to the index, rights issues, share buybacks and issuances, spin-offs, and adjustments in availability. The divisor's time series is, in effect, a chronological summary of all changes affecting the base capital of the index. The divisor is adjusted such that the index value at an instant just prior to a change in base capital equals the index value at an instant immediately following that change.

Please refer to the Index Mathematics document for details on index level calculations.

Index Maintenance

Changes in the index level reflect changes in the total market capitalization of the index that are caused by price movements in the market. They do not reflect changes in the market capitalization of the index, or of the individual stocks, that are caused by corporate actions such as dividend payments, stock splits, distributions to shareholders, mergers, or acquisitions. When a corporate action affects the price of a security – such as when the price drops on a special distribution ex-date – the price of the security is adjusted to reflect the ex-date and the index divisor is adjusted to offset any change in the total market value of the index.

When a stock is replaced by another stock, the index divisor is adjusted so that the change in index market value that results from the addition or deletion does not change the index level.

Rebalancing

Rebalancing of the S&P Australian index series occurs on a regular basis. Both market capitalization and liquidity are assessed using the previous six months' worth of data to determine index eligibility. Shares and Investable Weight Factors (IWFs) updates are also applied regularly.

Frequency

- The S&P/ASX 200 index constituents are rebalanced quarterly to ensure adequate market capitalization and liquidity. Quarterly rebalancing changes take effect on the third Friday of March, June, September and December.
- The S&P/ASX 300 is rebalanced every six months, with changes taking effect on the third Friday of March and September.
- The All Ordinaries index is rebalanced annually, on the third Friday of March. Therefore, the entire S&P/ASX index series is rebalanced on the third Friday of March.

Announcements are made on the first Friday of each rebalancing month; therefore, two weeks notice is provided before the rebalancing takes effect.

Eligible stocks are considered for index inclusion based on their rank relative to the stated quota of securities for each index within the S&P/ASX hierarchy. For example, a stock that is currently in the S&P/ASX 300 and is ranked at 175, based on float-adjusted market capitalization, within the universe of eligible securities may be considered for inclusion into the S&P/ASX 200, provided that liquidity hurdles are met.

In order to limit the level of index turnover, eligible securities will only be considered for index inclusion once another stock is excluded due to a sufficiently low rank and/or liquidity, based on the float-adjusted market capitalization. Potential index inclusions and exclusions need to satisfy buffer requirements in terms of the rank of the stock relative to a given index. The buffers are established to limit the level of index turnover that may take place at each quarterly rebalancing, maximizing the efficiency and limiting the cost associated with holding the index portfolio.

Share Updates. The share count for all index constituents are updated quarterly and are rounded to the nearest thousand ('000) for all Australian indices. The update to the number of issued shares will be considered if the outstanding shares differ from total index shares by at least 5% or a market capitalization of A\$ 100 million.

Share updates for foreign-domiciled securities will take place annually at the March rebalancing. The update to the number of index shares will only take place when the 6-month average of CDIs, as of the March rebalancing, differs from the current index shares by either 5% or a market-cap dollar amount greater than A\$ 100 million.

Where CDI information is not supplied to the ASX by the company or the company's share register, estimates for Australian equity capital will be drawn from CHESSE data and, ultimately, registry-sourced data. Monthly historical data for the number CDI's and CHESSE holdings is available on the ASX Web site as

<http://www.asx.com.au/research/indices/index.htm>

Intra quarter share changes are implemented at the effective date or as soon as reliable information is available; however, they will only take place in the following circumstances:

- When market-wide placements are at least 5% of the issued capital of the stock and greater than A\$ 50 million;
- Shares issued as a result of Dividend Reinvestment Plans;
- Right's issues, bonus issues and other major corporate actions and;
- Share issues resulting from index companies merging and major off-market buy-backs.

Notification of intra quarter changes to the number of issued shares will generally take place three business days prior to the index implementation date. Notification is provided to subscribers of the *Standard & Poor's Index Alert* service, via the relevant FTP site.

Corporate Actions

Maintaining the S&P/ASX indices includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to restructurings or spin-offs. Some corporate actions, such as stock splits and stock dividends, require simple changes in the common shares outstanding and the stock prices of the companies in the index. Other corporate actions, such as share issuances, change the market value of an index and require an index divisor adjustment to prevent the value of the index from changing.

Adjusting the index divisor for a change in market value leaves the value of the index unaffected by the corporate action. This helps keep the value of the index accurate as a barometer of stock market performance, and ensures that the movement of the index does not reflect the corporate actions of the companies in it. Divisor adjustments are made after the close of trading and after the calculation of the closing value of the index. Any change in the index divisor also affects the corresponding sub-indices and divisors. Each sub-index is maintained in the same manner as the headline index.

Corporate actions such as splits, stock dividends, spin-offs, rights offerings, and share changes are applied on the ex-date.

The following table summarizes the types of index maintenance adjustments and indicates whether a divisor adjustment is required.

Corporate Actions and the Effect on the Divisor

Events	Index Treatment	Divisor Adjustment Required
Cash Dividend	Applied only to total return indices	No
Special Cash Dividend	Dividend from non-operating income; price adjustment needed	Yes (Effective, January 1 st , 2007)
Stock dividend and/or split	Shares are multiplied by and price is divided by the split factor	No
Stock dividend from class A shares into existing class B shares, both of which are included in the index	Adjustment for price of A; adjustment for shares in B	Yes
Stock dividend of different class, same company and is not included in the index	Price adjustment	Yes
Reverse Split	Adjustment for price and shares	No
Rights offering	Adjustment for price and shares	Yes
Rights offering for a new line	Adjustment for price	Yes
Spin off	Adjustment for price	Yes
New share issuance	Adjustment for shares	Yes
Reduction of capital	Share adjustment	Yes
New addition to index	Share adjustment	Yes
Deletion from index	Share adjustment	Yes
Merger (acquisition by index company for stock)	Share increase	Yes
Warrant conversion into shares	Share increase	Yes

Investable Weight Factor (IWF)

Investable Weight Factor = 1 – Sum of the % held by strategic shareholders who possess 5% or more of issued shares.

All issues in the S&P/ASX indices – with exception of the All Ordinaries – are assigned a float factor, called an Investable Weight Factor. The IWF ranges between 0 and 1 and is an adjustment factor that accounts for the publicly available shares of a company. The company's adjusted market capitalization determines an equity issue's relative weight in the index.

Standard & Poor's identifies the following shareholders whose holdings are considered to be control blocks and are subject to float adjustment:

1. Government and government agencies;
2. Controlling and strategic shareholders/partners;
3. Any other entities or individuals which hold more than 5%; excluding insurance companies, securities companies and investment funds;
4. Other restricted portions such as treasury stocks.

IWFs are reviewed annually as part of the March quarterly review. However, any event that alters the float of a security in excess of 5% will be implemented as soon as practicable by an adjustment to the IWF.

The function of the IWF is also to manage the index weight of foreign-domiciled securities that quote shares on the basis of CDIs. Due to the volatility that is displayed by CDIs, unusually large changes in the number of CDIs on issue could result. Where this is the case, the IWF may be used to limit the effect of unusually large changes in the average number of CDIs (and, thereby, limit the potential to manipulate this figure). Where the Australian Index Committee sees fit to apply the IWF in this manner, the rationale for the decision will be announced to the market. This will be reviewed annually at the March-quarter index rebalancing date.

Index Data

Total Return Indices

Both a price return and a total return (accumulation) index series are calculated for all S&P/ASX indices. Cash dividends are applied on the ex-date of the dividend (dividend franking credits are not included in the total return calculations).

Index Governance

Index Committee

Each of Standard & Poor's global indices is the responsibility of an Index Committee that monitors overall policy guidelines and methodologies, as well as additions to and deletions from these indices. Standard & Poor's chairs the S&P/ASX Index Committee, which is comprised of 5 members representing both Standard & Poor's and the Australian Stock Exchange.

Decisions made by the Index Committee includes all matters relating to index construction and maintenance. The Index Committee meets regularly to review market developments and convenes as needed to address major corporate actions.

It is the sole responsibility of the Index Committee to decide on all matters relating to methodology, maintenance, constituent selection and index procedures. The Index Committee makes decisions based on all publicly available information and discussions are kept confidential to avoid any unnecessary impact on market trading.

Advisory Panel

In addition to the Index Committee, there is an S&P/ASX Index Advisory Panel drawn from industry stakeholders that are conscientious of the way in which the index is maintained and governed. Standard & Poor's will generally seek advice from the panel on major issues that relate to the structure of existing indices, as well as to advise on potential new index offerings to the market. The role of the panel is consultative in nature and any recommendations by the panel are not binding on the Index Committee.

Index Policy

Announcements

Changes to the indices are generally announced two-to-five business days in advance of index implementation whenever practical, bearing in mind that the timing of such events is occasionally uncertain. Announcements will be made outside of trading hours by way of a Press Release, on recognized Australian and international wire services and on the Standard & Poor's Index Services Web site at www.standardandpoors.com.au. Where necessary, a more detailed announcement is made via the *Standard & Poor's Australia Index Alert* FTP site soon after the press release.

Notification of intra quarter changes to the number of issued shares will generally take place three business days prior to the index implementation date, where possible. Notification is provided to subscribers of the *Standard & Poor's Index Alert* service, via the relevant FTP site.

Holiday Schedule

The S&P/ASX indices are calculated on all business days, this is inclusive of state public holidays. The exchange is closed for trading on national public holidays; indices are not calculated on those days.

A complete holiday schedule for the year is available on the Standard & Poor's Index Services Web site at www.indices.standardandpoors.com

Recalculation Policy

Standard & Poor's attempts to avoid incorrect data that affects the indices on a best-efforts basis. Incorrect share calculations and corporate actions are corrected immediately. However, index values are typically not corrected retroactively.

Real-Time Calculation

Real-Time, intra-day, index calculations are executed for 22 S&P/ASX price indices, with index values updated every 30 seconds as constituent prices change throughout the course of the day.

A complete table of real-time indices is available on the Standard & Poor's Index Services Web site at www.indices.standardandpoors.com.au.

Index Precision

The level of precision for index calculation is as follows:

- Index values are published rounded to two decimal places.
- Share prices are rounded to six decimal places.
- Shares outstanding are expressed in units.
- Investable Weight Factors are rounded to four decimal places.
- Market capitalization is stated to four decimal places.
- Index values are calculated to 14 decimal places.

Index Dissemination

Market-sensitive announcements, including the additions or deletions of stocks in indices, are normally made when markets are closed.

Tickers

Daily index values, corporate actions, index weights and portfolios can be received via Standard & Poor's FTP site by subscription. Daily index values can also be viewed on Bloomberg, Reuters and IRESS. The tickers for the primary indices are as below.

Index (Price Index)	Bloomberg	Reuters	IRESS
S&P/ASX 200	AS51	.AXJO	XJO
S&P/ASX 100	AS25	.ATOI	XTO
S&P/ASX 50	AS31	.AFLI	XFL
S&P/ASX 20	AS26	.ATLI	XTL
S&P/ASX 300	AS52	.AXKO	XKO
S&P/ASX MidCap 50	AS34	.AXMD	XMD
S&P/ASX Small Ordinaries	AS38	.AXSO	XSO
All Ordinaries	AS30	.AORD	XAO
S&P/ASX All Australian 50	AS903	.AXAF	XAF
S&P/ASX All Australian 200	AS904	.AXAT	XAT
S&P/ASX 200 Property Trusts	AS51PROP	.AXPJ	XPJ
S&P/ASX 200 Financials-x-Property Trusts	AS51FNXP	.AXX	XXJ
S&P/ASX 300 Property Trusts	AS52PROP	.AXPK	XPK
S&P/ASX 300 Financials-x-Property Trusts	AS52FNXP	.AXXK	XXK
S&P/ASX 300 Metals & Mining	AS52XMM	.AXMM	XMM
S&P/ASX All Ordinaries Gold	AS30XGD	.AXGD	XGD

For further information, please refer to Standard & Poor's Web site at www.indices.standardandpoors.com.

Appendix

A Chronology of Standard & Poor's Australian Indices

- 1979 The All Ordinaries index was created, with a base date of December 31st, 1979, replacing the regional indices, which were independently run out of the Sydney and Melbourne exchanges.
- 1987 Global equity markets crash, with the All Ordinaries index recording its largest one-day loss, falling by 516 points (25%) on October 20th, 1987.
- 1988 ASX introduces the Stock Exchange Automated Trading system (SEATS) electronic trading platform.
- 1992 The Sydney Futures Exchange (SFE) issues the first equity futures contract in Australia.
- 1997 Spurred on by the technology boom, the All Ordinaries index records its highest one-day points gain, rising 144 points (6%) on October 29th, 1997.
- 1998 The ASX implements the first of a series of index rule changes, including the liquidity rule, whereby a stock's liquidity must be 50% of the overall market liquidity to be eligible for index inclusion.
- 2000 Standard & Poor's takes over the index business from the ASX, introducing:
- The S&P/ASX index series;
 - End-of-day calculation of the 24 ASX sectors, for the S&P/ASX 200 and the S&P/ASX 300;
 - The S&P/ASX 200 replaces the All Ordinaries index as the key institutional benchmark index for the Australian market;
 - The All Ordinaries index subsequently changes to include 500 companies with no liquidity requirements for constituents, effectively becoming Australia's broad-based market "indicator" index.
- 2001 Introduction of Global Industry Classification Standard (GICS[®]) for the Australian market:
- Real-time GICS indices are launched for the S&P/ASX 200.
 - End-of-day GICS indices are launched for the S&P/ASX 300.
- 2001 Standard & Poor's take over index calculation from the ASX, using proprietary index-calculation engines, streamlining the day-to-day index methodology, and allowing for earlier distribution of official closing index values.

- 2002 SSgA launches streetTRACKS 200 and 50 exchange-traded funds (ETFs) for the S&P/ASX 200, the S&P/ASX 50 and the S&P/ASX 200 Property Trust Indices.
- Standard & Poor's discontinues the Old 24 ASX sectors.
- The S&P/ASX methodology changes to incorporate float-adjustment.
- The ASX launches the ASX Mini Futures contracts for the S&P/ASX 200.
- 2004 SFE launches the SPIDO (SFE SPI 200™) Intra-Day Options.
- The ASX launches the S&P/ASX Buy-Write Index.
- The S&P/ASX 200 Price Index rises above 4000 points in December.
- 2006 The S&P/ASX 200 Price Index closes above 5000 points in March.
- The S&P/ASX launches the S&P/ASX 300 Metals & Mining and All Ordinaries Gold Indices.
- 2007 The S&P/ASX 200 Price Index closes above 6000 points in March.
- The S&P/ASX methodology changes to extend index eligibility to foreign domiciled companies listed on the ASX.
- The S&P/ASX launches the S&P/ASX All Australian 50 and the S&P/ASX All Australian 200.

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