

STANDARD
& POOR'S

S&P EMERGING MARKETS INFRASTRUCTURE INDEX

INDEX METHODOLOGY

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Introduction

The S&P Emerging Markets Infrastructure Index is comprised of 30 of the largest publicly listed emerging markets infrastructure companies that meet specific investability requirements. The index is designed to provide liquid exposure to the leading publicly listed emerging market companies in the infrastructure industry.

Highlights

The S&P Emerging Markets Infrastructure Index includes 30 large, liquid emerging markets infrastructure stocks.

Index constituents must meet minimum size and liquidity requirements to ensure investability and tradability.

To ensure diversified exposure across different infrastructure clusters, the 30 constituents are distributed at each annual rebalancing as follows:

Cluster	Weight
Energy	20%
Transportation	40%
Utilities	40%

Constituent weights are driven by size, with no single stock having a weight of more than 10% in the index at the annual rebalancing.

Index Family

The S&P Emerging Markets Infrastructure Index belongs to the S&P Global Thematic Indices. This series offers liquid exposure to emerging investment themes. Other indices in this series are the S&P Global Alternative Energy Index, the S&P Global Clean Energy Index, S&P Global Eco Index, the S&P Global Infrastructure Index, the S&P Global Nuclear Energy Index, the S&P Global Timber & Forestry Index and the S&P Global Water Index.

S&P Global Alternative Energy Index. Designed to measure investable opportunities in the complete alternative energy space, the S&P Global Alternative Energy Index is the combination of the S&P Global Clean Energy Index and the S&P Global Nuclear Index, both defined below.

S&P Global Clean Energy Index. The S&P Global Clean Energy Index is comprised of 30 of the largest publicly traded companies in clean energy related businesses that meet specific investability requirements. The index is designed to provide liquid exposure to the leading publicly listed companies in the global clean energy business, from both developed markets and emerging markets.

S&P Global Eco Index. The S&P Global Eco Index is comprised of 30 of the largest publicly listed companies in ecology-related industries.

S&P Global Infrastructure Index. The S&P Global Infrastructure Index is comprised of 75 of the largest publicly listed infrastructure companies that meet specific investability requirements. The index is designed to provide liquid exposure to the leading publicly listed companies in the global infrastructure industry, from both developed markets and emerging markets.

S&P Global Nuclear Energy Index. The S&P Global Nuclear Energy Index is comprised of 24 of the largest publicly traded companies in nuclear energy related businesses that meet investability requirements. The index is designed to provide liquid exposure to the leading publicly listed companies in the global nuclear energy business from both developed markets and emerging markets.

S&P Global Timber & Forestry Index. The S&P Global Timber & Forestry Index is comprised of 25 of the largest publicly traded companies engaged in the ownership, management or the upstream supply chain of forests and timberlands.

S&P Global Water Index. The S&P Global Water Index is comprised of 50 of the largest publicly traded companies in water-related businesses that meet specific investability requirements. The index is designed to provide liquid exposure to the leading publicly listed companies in the global water industry, from both developed markets and emerging markets.

For more information on any of these indices, please refer to their methodology documents.

Eligibility Criteria

Index Eligibility

The principal universe from which the S&P Emerging Markets Infrastructure Index is drawn is the S&P/Citigroup Global Broad Market Index (BMI). The BMI comprises all investable, index eligible countries in the world that meet minimum size and liquidity requirements, currently there are approximately 12,000 index members representing 26 Developed and 26 Emerging Market countries.

The infrastructure clusters are chosen based on the Global Industry Classification Standard (GICS[®]), as follows:

GICS	Description	Infrastructure Cluster
10101010	Oil & Gas Drilling	Energy
10101020	Oil & Gas Equipment & Services	
10102040	Oil & Gas Storage & Transportation	
20305010	Airport Services	Transportation
20305020	Highways & Railtracks	
20305030	Marine Ports & Services	
55101010	Electric Utilities	Utilities
55102010	Gas Utilities	
55103010	Multi Utilities	
55104010	Water Utilities	
55105010	Independent Power Producers & Energy Traders (*)	

(*) Only companies considered as Independent Power Producers are eligible. It excludes Gas & Power Marketing & Trading Specialists and/or Integrated Energy Merchants.

Companies belonging to the above GICS Sub-Industries become the universe for the S&P Emerging Markets Infrastructure Index.

Eligibility Factors

The universe is, then, narrowed down to an investable set of stocks based on the following criteria:

Market Capitalization. Stocks must have a total market capitalization above a Market Capitalization Threshold as of the reference date of each rebalancing. The Market Capitalization Threshold is currently US\$ 300 million.

Liquidity. Stocks must have three-month average daily trading value above a Liquidity Threshold as of the reference date of each rebalancing. The Liquidity Threshold is currently US\$1 million.

Exchange Listing. All developed market listings are eligible including ADRs, GDRs, or H Shares. Companies trading in the following local emerging markets are eligible for inclusion: Brazil, Chile, the Czech Republic, Egypt, Hungary, Indonesia, Israel, Malaysia, Mexico, Philippines, Poland, South Africa, South Korea, Taiwan, Thailand and Turkey.

Country. Companies incorporated in an emerging market country are eligible for inclusion. Companies incorporated in a developed market country are eligible for inclusion if the majority of the company's revenues are derived from emerging market operations.

Stocks passing these criteria form the Investable Universe.

The reference date for the eligibility screens above is the third Friday of October of each year. The Market Capitalization Threshold and Liquidity Threshold are subject to change on an annual basis according to market conditions.

Index Construction

Approaches

The methodology employs a modified market capitalization-weighting scheme, using the divisor methodology used in most Standard & Poor's equity indices.

There are two steps in the creation of the index. The first is the selection of the 30 companies; the second is the weighting of the index constituents.

Constituent Selection

The selection of index constituents is done as follows:

1. All stocks in the Investable Universe that meet the eligibility criteria are classified in one of the three clusters: Energy, Transportation or Utilities
2. In each cluster, stocks are divided into those with developed market listings and those with emerging market listings. Stocks are, then, sorted by float-adjusted market capitalization.
3. For each cluster, the largest stocks with developed market listings are chosen up to the target number of stocks for that cluster, with the target set at six for energy, 12 for transportation and 12 for utilities. If there are not enough stocks with developed market listings to reach the target number, then the largest stocks with emerging market listings are chosen until the target number is reached.
4. If, in one or more clusters, there are still fewer than the target amount eligible than the next largest eligible companies from the remaining clusters will be chosen. A primary goal of the index is to have 30 stocks at each annual rebalancing, so in the event of fewer than 30 qualifying stocks that meet the distribution criteria above, the largest companies from the Investable Universe, not already in the index, are added until the count reaches 30.

Constituent Weightings

At each rebalancing, the weight for each index constituent is set in the following manner:

1. Every stock is given an initial Adjustment Factor (AF) of 1. The Maximum Weight (MW) for any stock in the index is set to 10%. The weight of a stock in the index is defined as follows:

$$W_i = \text{Cluster Weight} * \text{Weight in Cluster}$$

where,

Cluster	Count	Cluster Weight
Energy	6	20%
Transportation	12	40%
Utilities	12	40%

$$\text{Weight in Cluster} = \frac{AF_i * \text{Market Cap}_i}{\sum_{i=1}^N (\text{Market Cap})_i * (AF)_i}$$

$N =$ Count of stocks in the respective cluster

2. The weight for each stock in the index is calculated as follows:

$$W_i = \frac{AF_i * \text{Market Cap}_i}{\sum_{i=1}^N (\text{Market Cap})_i * (AF)_i} * \text{Cluster Weight}$$

3. The adjustment factor for each stock is modified as follows:

If $W_i \geq MW$

then $AF_i = AF_{i, \text{previous}} - (10\% * AF_{i, \text{previous}})$

else $AF_i = AF_{i, \text{previous}}$

4. If, for every stock $W_i < MW$, then the process is complete and the weights derived in Step 2 are used. If not, Steps 2 and 3 are repeated until all stocks meet the minimum weight requirement. (Note: No further adjustments are made for stocks where the AF has been reduced to 0.1)

The MW parameter is the maximum weight of each stock at the rebalancing. This parameter can be changed depending upon market circumstances at the rebalancing. Steps 1 through 4 modify the market cap-weighting scheme in a looped manner until the MW constraints are satisfied for all index constituents.

Index Calculations

The index is calculated by means of the divisor methodology used in all Standard & Poor's equity indices. The index value is simply the index market value divided by the index divisor:

$$\text{Index Value} = \frac{\text{Index Market Value}}{\text{Index Divisor}} \quad (1)$$

$$\text{Index Market Value} = \sum_{i=1}^N (\text{Index Shares})_i * (\text{Price})_i \quad (2)$$

Index Shares are set at the time of rebalancing in the following manner, such that for the i^{th} constituent:

$$\text{Index Shares}_i = (1,000,000 * W_i) / \text{Price}_{\text{rebalancing day close, } i} \quad (3)$$

where W_i is the weight for the i^{th} constituent at the rebalancing as derived from the previous section, and $\text{Price}_{\text{rebalancing day close, } i}$ is its price at the close of the rebalancing date.

In order to maintain basket series continuity, it is also necessary to adjust the divisor at the rebalancing.

$$(\text{Index Value})_{\text{before rebalancing}} = (\text{Index Value})_{\text{after rebalancing}} \quad (4)$$

Therefore,

$$\frac{(\text{Divisor})_{\text{after rebalancing}}}{(\text{Index Market Value})_{\text{after rebalancing}}} = \frac{(\text{Index Market Value})_{\text{after rebalancing}}}{(\text{Index Value})_{\text{before rebalancing}}} \quad (5)$$

Index Maintenance

Rebalancing

Frequency. Index rebalancings occur after the closing of the last trading dates of January and July of each year. The rebalancing reference dates will be the last trading dates of the previous December and June, respectively. No companies are added to the Index between rebalancings.

Corporate Actions

Corporate Action	Adjustment made to index	Divisor adjustment?
Spin-off	No weight change. The price is adjusted to the Price of the Parent Company minus (Price of the Spun-off company/Share Exchange Ratio). Index Shares change so that the company's weight remains the same as its weight before the spin-off.	No
Rights Offering	The price is adjusted to the Price of Parent Company minus (Price of the Rights Offering/Rights Ratio). Index Shares change so that the company's weight remains the same as its weight before the rights offering.	No
Stock Split	Index Shares are multiplied by and the price is divided by the split factor.	No
Share Issuance or Share Repurchase	None. Actual shares outstanding of the company play no role in the daily index calculation.	No
Special Dividends	Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.	Yes
Delisting, acquisition or any other corporate action resulting in the deletion of the stock from the S&P Citigroup Global Broad Market Index	Stock is dropped from the Index. No intra-year replacements are made.	Yes

Index Actions

S&P/Citigroup Global BMI Action	Adjustment made to the index	Divisor adjustment?
Constituent change	If the constituent is a member of the index, it is dropped.	Yes
Share changes between quarterly share adjustments	None.	No
Periodic share or float factor changes	None.	No

Base Date

The index base date is November 19th, 2004. The base value, for both the price return and total return series, is 1000. Daily returns are available from November 19th, 2004.

Index Data

Total Return and Net Return Indices

Both a price return and a total return index series are calculated. Cash dividends are applied on the ex-date of the dividend.

Standard & Poor's calculates daily total return series for the S&P Emerging Markets Infrastructure Index using both gross and net cash dividends reinvested. Net reinvested return is reflective of the return to an investor where dividends are reinvested after the deduction of a withholding tax. The tax rate applied is the rate to non-resident institutions that do not benefit from double taxation treaties. The net reinvested return series approximates the returns available to an investor based in Luxembourg, reflecting the minimum possible dividend reinvestment since the highest rates are theoretically applied to Luxembourg-based investors. The rates applied are the current effective rates and are sourced from Ernst & Young's Worldwide Corporate Tax Guide and the Economic Intelligence Unit. These rates are maintained and updated to reflect any ongoing changes.

The basket has a total return counterpart, which assumes dividends are reinvested in the basket after the close on the ex-date. On any given date t ,

$$\text{Total Return Multiplier}_t = \frac{[\text{Index Value}_t + \text{Index Dividend Points}_t]}{\text{Index Value}_{t-1}} \quad (6)$$

$$\text{Total Return Index Value}_t = (\text{Total Return Index Value}_{t-1}) * (\text{Total Return Multiplier}_t) \quad (7)$$

$$\text{Index Dividend Points}_t = \sum_{i=1}^N (1 - \text{Tax Rate}_{i,t}) * \text{Index Shares}_{i,t} * (\text{Ex} - \text{dividends})_{i,t} / \text{Index Divisor}_t \quad (8)$$

Index Dividend Points will be zero on those dates in which no basket constituents are going ex-dividends, while on other dates it will be a positive number. Therefore, returns calculated from the Total Return Index Value will always be greater than or equal to returns from the Index Value.

Index Governance

Index Committee

An Index Committee maintains the S&P Emerging Markets Infrastructure Index. The Index Committee meets regularly. At each meeting, the Index Committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, companies that are being considered as candidates for addition to an index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

Standard & Poor's considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

Index Policy

Announcements

Announcements of additions and deletions are made at 05:15 PM U.S. Eastern Time via the Web site at www.indices.standardandpoors.com. Rebalancing announcements are made four to seven business days prior to the rebalancing date.

Holiday Schedule

The index is calculated daily, throughout the calendar year. The only days the index is not calculated are on days when all exchanges where the S&P Emerging Markets Infrastructure Index constituents are listed are officially closed or if WM Reuters' exchange rates services are not published.

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

Unscheduled Market Closures

In situations where an exchange is forced to close early due to unforeseen events, such as computer or electric power failures, weather conditions or other events, Standard & Poor's will calculate the closing price of the indices based on (1) the closing prices published by the exchange, or (2) if no closing price is available, the last regular trade reported for each stock before the exchange closed. In all cases, the prices will be from the primary exchange for each stock in the index. If an exchange fails to open due to unforeseen circumstances, the index will use the prior day's closing prices. If all exchanges fail to open, Standard & Poor's may determine not to publish the index for that day.

Index Dissemination

Complete data for index replication (including share counts, tickers and data on index levels and returns) are available through Standard & Poor's index data group for subscription via FTP.

Tickers

	Bloomberg	Reuters
S&P Emerging Markets Infrastructure Index – Price Return (USD)	SPGEIFD	.SPGEIFD
S&P Emerging Markets Infrastructure Index – Total Return (USD)	SPGEIFDT	.SPGEIFDT
S&P Emerging Markets Infrastructure Index – Net Total Return (USD)	SPGEIFDN	.SPGEIFDN
S&P Emerging Markets Infrastructure Index – Price Return (Euro)	SPGEIFE	.SPGEIFE
S&P Emerging Markets Infrastructure Index – Total Return (Euro)	SPGEIFET	.SPGEIFET
S&P Emerging Markets Infrastructure Index – Net Total Return (Euro)	SPGEIFEN	.SPGEIFEN

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