

**STANDARD
& POOR'S**

S&P EUROPEAN INDICES

INDEX METHODOLOGY

October 2008

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Introduction

Standard & Poor's indices are liquid, tradable, easily replicable and global in scope. The S&P Europe 350 is one of seven headline indices that make up the S&P Global 1200. Standard & Poor's global indices are real-time, market capitalization-weighted indices that include the largest and the most liquid stocks from around the world. These indices cover seven distinct regions and 29 countries, capturing approximately 70% of the world market capitalization.

The S&P Europe 350 is an equity index drawn from 17 major European markets. It is a unique index, designed for the investor seeking broad market exposure through an index that is efficient to replicate. The constituents are all leading, blue chip companies from these markets.

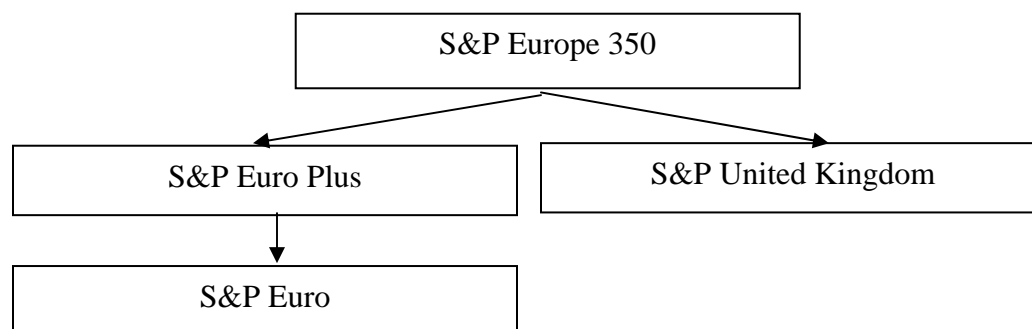
Highlights

The S&P Europe 350 is comprised of the S&P Euro, the S&P Euro Plus and the S&P United Kingdom sub-indices. Index constituents are leading companies from each of the 10 Sectors of the Global Industry Classification Standard (GICS[®]) and from the 17 major European markets. Each stock is analyzed for size and liquidity, and each component region has appropriate sector and country representation. The size of each market corresponds to its relative size in the index universe based on float-adjusted market value.

Index Family

The S&P Euro Plus, S&P Euro and S&P United Kingdom sub-indices are all calculated and maintained in exactly the same way as the S&P Europe 350. The only difference lies in country and currency representation. The S&P Euro contains constituents from within the Euro Zone only; the S&P Euro Plus includes all Euro constituents, plus those from the other countries in mainland Europe; and the S&P United Kingdom contains constituents from the United Kingdom only.

All constituents in the sub-indices are included in the S&P Europe 350 and subsequently fall into the relevant sub-index when added to the main index.



S&P Europe 350	S&P Euro Plus	S&P Euro	S&P United Kingdom
Austria Belgium Denmark Finland France Germany Greece Ireland Italy Luxembourg Netherlands Norway Portugal Spain Sweden Switzerland United Kingdom	Austria Belgium Denmark Finland France Germany Greece Ireland Italy Luxembourg Netherlands Norway Portugal Spain Sweden Switzerland	Austria Belgium Finland France Germany Greece Ireland Italy Luxembourg Netherlands Portugal Spain	United Kingdom

Representation

The S&P Europe 350 has been constructed to offer investors exposure to the largest and most liquid stocks from 17 major European markets. These are listed above and represent the most liquid and investable markets in Europe.

The 350 stocks have been elected on the basis of their size, liquidity, sector and country representation. Care has been taken to ensure the weight of each country within the index reflects the weight of the country in the universe of stocks from the 17 countries. Similarly, the weight of each sector reflects the weight of the particular sector in the universe of stocks from the 17 countries.

Eligibility Criteria

The S&P Europe 350 offers investors exposure to the largest and most liquid stocks from the European markets. The index is designed to provide investors with a tradable and easily replicable snapshot of investable Europe. The 350 stocks have been selected on the basis of their size, liquidity, sector representation and country representation.

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 only made due to corporate activity or a reduction in a stock's size or liquidity that makes it ineligible for inclusion.

Index Eligibility

The index constituents are drawn from a universe of stocks representing over 95% of the market capitalization of the stock exchanges of the 17 European countries.

Eligibility Factors

Market Capitalization. The S&P Europe 350 is designed to include blue chip stocks from the 17 markets. Market capitalization is a key criterion for stock selection. Stocks are included if they are among the largest stocks from these markets in terms of market capitalization.

A stock's weight in an index is determined by the float-adjusted market capital of the stock. All strategic holdings are classified as either corporate, private or government holdings and are removed from the float-adjusted market capital.

Please refer to the Investable Weight Factor section for details.

Shares owned by founders, directors of the company, trusts, venture capitalists and other companies are excluded as well. These are called strategic holders, who are considered long-term holders of a stock's equity. Thresholds are defined for specific indices for all strategic or long-term holders, taking into account the market practices and reporting patterns of a particular market or region.

In countries with regulated environments, where binding foreign investment limits exist at the sector or company level, the constituent's weight reflects either the foreign investment limit or the percentage float, whichever is more restrictive.

Stocks are included in the index based on their float adjusted market capitalization.

Liquidity. Index constituents are ranked according to liquidity, measured by dollar value traded. Annual value traded, float turnover and days traded are also analyzed on a monthly basis to ensure ample liquidity. The higher the 12-month value traded or float turnover of a stock, the more likely its inclusion (given two comparably sized companies). Generally, a minimum float turnover of 0.30 is necessary for inclusion.

Domicile. A stock's domicile is determined based on a number of criteria that include headquarters of the company, registration, listing of stock, place of operations, and residence of the senior officers. In today's world of multinationals, it is hard to fix one set rule of domicile, and the Index Committee takes into account all considerations before deciding on the domicile of a company.

Eligible Securities. All common and preferred shares (which are of an equity and not of a fixed income nature) are eligible for inclusion in the Standard & Poor's indices. Convertible stock, bonds, warrants, rights, and preferred stock that provide a guaranteed fixed return are not eligible.

Sector Classification. Stocks are classified by the Global Industry Classification Standard (GICS[®]). Standard & Poor's global indices provide geographic and economic balance across the 10 GICS Sectors. These Sectors, consistent across all Standard & Poor's indices, are Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecommunication Services and Utilities.

Timing of Changes

Additions. An index addition generally is made only if a vacancy is created by an index deletion. Index additions are made according to market size and liquidity, with a view to preserving regional, country, and sector representation in the index. 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 six months. An exception may be made for extraordinary large global offerings where expected trading volume justifies inclusion.

Deletions. Deletions can occur due to acquisitions, mergers and spin-offs or due to bankruptcies or suspension. The latter is removed from the index at the best available price in the market. In some cases, stocks are removed at \$0.01 in recognition of constraints faced by investors in trading bankrupt or suspended stocks. Imposition of restrictive foreign investments in the sector or country within any of the countries is handled expeditiously to allow investors to exit the sector or country in the least unfavorable manner.

Index Construction

Approaches

The S&P Europe 350 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 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. The index is calculated in real time.

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.

Please refer to the Index Mathematics document for mathematical formulae and tables defining specific corporate actions.

5% Rule

All share changes of 5% and over are done at the effective date, or as soon as reliable information is available. Changes of less than 5% are applied on the third Friday of March, June, September and December. Similarly, changes reflecting float adjustment are applied if they cause a capitalization change of 5% or over. Changes of less than this are applied at the annual review in September.

Corporate Actions

Maintaining the S&P Europe 350 index 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 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.

Currency of Calculation

The S&P Europe 350 is calculated in Euros only. Underlying prices are collected in the local currencies via Reuters. Using Reuters' real-time spot exchange rate, these local prices are converted to Euros. The last exchange to close in the index is London at 05:00 PM Greenwich Mean Time. The index's closing value is then calculated using the real-time exchange rates at that point in time. In situations where either a stock does not trade or a primary exchange is not open for trading, but the index is being calculated as other constituent primary exchanges are open and trading, the stocks from the closed primary exchange use the last available closing price and convert into Euros using the real time spot foreign exchange rate of the day.

The index's final closing values convert all stock prices used in the index calculation at the spot foreign exchange rate provided by Reuters at the closing time of the index (i.e. London 05:00 PM Greenwich Mean Time).

The index can be calculated on request using WM Reuters as well using forward exchange rates in a hedged calculation.

Exchange Rate

Real-time spot Forex rates, as supplied by Reuters, are used for ongoing index calculation. The end-of-day value of the index is calculated using the real-time spot exchange rate provided by Reuters at the time the index is closed. For regional or multi-country indices, where different markets close at different times, after a stock stops trading, it still makes an impact on the index via the spot Forex rate fluctuations of its currency. Calculations using end-of-day WM Reuters rates are also available on request.

Base Date

The index has a base date of December 31st, 1997, which is when the calculation began. Its history has been calculated since that date.

Investable Weight Factor (IWF)

Investable Weight Factor (IWF) = 1 – Sum of the % held by major shareholders.

All issues in the S&P Global 1200 index family are assigned a float factor, called an Investable Weight Factor (IWF). 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 three types of shareholders whose holdings are considered to be control blocks and subject to float adjustment:

1. Holdings by other publicly traded corporations, venture capital firms, private equity firms, strategic partners or leveraged buyout groups.
2. Holdings by government entities, including all levels of government (restricted only to governments of domestic listing markets only).
3. Holdings by current or former officers and directors of the company, founders of the company, or family trusts of officers, directors or founders. Also, holdings of trusts, foundations, pension funds, employee stock ownership plans or other investment vehicles associated with and controlled by the company.

The holdings within each group form a cumulative total. In cases where holdings in a group exceed 10% of the outstanding shares of a company, the holdings of that cumulative group are excluded from the float-adjusted count of shares used in index calculations. To arrive at the 10% and over calculations, individual holdings below 5% are ignored. Holdings under 5% are taken into account only if they belong to clearly related shareholders such as family members or board members. This rule has been adopted to provide a level playing field for all countries, as reporting requirements differ widely between markets.

Additionally, statutory limits on foreign ownership are recognized and applied where necessary. Corporate charter or government decree may limit the total amount of shares that non-domiciled investors may own. Case-by-case research is needed to assess the impact of large foreign holdings within a foreign ownership restriction. The final IWF is one minus the larger of the sum of all strategic holdings or the statutory foreign ownership limit.

Some Exceptions to the Rule:

Italian Constituents. Further to the existing float-adjustment rules outlined above, there is a further element that is incorporated into the IWF calculation for Italian companies, *patti di Sindacato*. A *patti di Sindacato* is an agreement between shareholders to act in unison on all voting matters and to give first right of refusal for their holdings to other members of the *patti*. For the purposes of IWF calculations, these are considered strategic blocs and, if the aggregate holding is over 5%, it is removed from the float, even if a member of the *patti* is a mutual fund.

Please refer to the Float methodology document for more information on float adjustment and IWFs.

Index Data

Total Return and Net Return Indices

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

Standard & Poor's calculates daily return series using both gross and net cash dividends reinvested. Net return reinvested is reflective of the return to an investor where dividends are reinvested after the deduction of withholding tax. The tax rate applied is the rate to non-resident institutions that do not benefit from double taxation treaties. The net return reinvested 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 and Young's Worldwide Corporate Tax Guide and the Economic Intelligence Unit. These rates are maintained and updated to reflect any ongoing changes.

Please refer to the Index Mathematics Methodology document for details on 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 and deletions to these indices. The Index Committee is composed of Standard & Poor's staff specialized in the various regional equity markets. In some cases, regional Index Committees include non-Standard & Poor's staff as minority members.

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 Index Committee discussions are kept confidential to avoid any unnecessary impact on market trading. As the number of stocks in Standard & Poor's global indices is fixed, changes in the index are generally driven by corporate activity or the inability of a stock to reflect the market due to a large change in size or liquidity. This minimizes turnover, as changes are not based on small changes in size that cross some arbitrarily defined thresholds.

Index Policy

Announcements

Each day, a corporate action spreadsheet is sent to clients via email and is made available on Standard & Poor's Web site, announcing the next day's corporate actions. A weekly spreadsheet, referred to as the corporate action calendar, provides details of upcoming corporate actions.

All additions, deletions, share and IWF changes are normally announced two-to-five days ahead of the effective date. These announcements are posted on the Web site and sent to clients by email. Quarterly changes are also announced two-to-five days before the ex-date.

All corporate actions are announced via the Standard & Poor's Web site at www.indices.standardandpoors.com.

Holiday Schedule

The S&P Europe 350 is calculated on all business days of the year except the 25th and 26th of December, the 1st of January, Good Friday and Easter Monday. The index is calculated according to the Index Committee's decision on whether enough constituents are trading in the relevant markets.

A complete holiday schedule for the year is available on the Standard & Poor's 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, corporate actions, and exchange rates are corrected immediately. However, index values are not corrected retroactively.

Intraday Recalculation

In the event that an international stock changes its Sedol Number and, consequently, its Reuters Code (RIC) at the opening, the new RIC is input for calculation purposes even if the information has not been publicly disseminated on time. In such events when a new RIC is not available, the index calculation is based on the last traded price during the official trading hours on the stock exchange.

Real-Time Calculation

A real-time index is calculated for an index as soon as the first market within the index opens. The opening price is the first trade of any stock in the designated exchange. In the event that a stock does not open, the previous closing price is used. The indices are calculated until 10 minutes past the last exchange in the index goes down, to allow for last-minute revisions by regional stock exchanges.

At the country level, the opening price is the first trade of any stock. In the event that a stock does not open, the previous closing price or adjusted price in the region is used. The closing index value is calculated using the closing price of each stock that traded during the day, and adjusted closing prices of the previous trading day for those stocks that did not trade during the day.

At the regional level, the opening price is the first trade of a stock at the exchange that opens first, and the closing index value is calculated using the closing price of the stock that trades last at the exchange that closes last.

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
- Exchange rates are stated to 14 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. In general, announcements for markets in the U.S. are made at 05:15 PM Eastern Time; announcements for other indices are made at 04:15 PM Eastern Time. Refer to bulletins on specific indices for times.

Tickers

Daily index values, corporate actions, index weights and portfolios can be received via Standard & Poor's FTP site. Additionally, daily index values can be viewed on Bloomberg and Reuters. The tickers are as below:

Index	Bloomberg	Reuters
S&P Europe 350 (U.S. dollars)		.SPEUPD
S&P Europe 350 (Euros)	SPEURO	.SPEUP
S&P Euro	SPEU	
S&P Euro Plus	SPEP	
S&P United Kingdom	SPUK	
S&P Europe 350 – Consumer Discretionary	SPEURO25	.SPEUPCD
S&P Europe 350 – Consumer Staples	SPEURO30	.SPEUPCS
S&P Europe 350 - Energy	SPEURO10	.SPEUEN
S&P Europe 350 – Financials	SPEURO40	.SPEUPFN
S&P Europe 350 – Health Care	SPEURO35	.SPEUPHC
S&P Europe 350 – Industrials	SPEURO20	.SPEUPIN
S&P Europe 350 – Information Technology	SPEURO45	.SPEUPIT
S&P Europe 350 – Materials	SPEURO15	.SPEUPMA
S&P Europe 350 – Telecommunication Services	SPEURO50	.SPEUPTS
S&P Europe 350 – Utilities	SPEURO55	.SPEUPUT

FTP

Daily stock level and index data is available via FTP on subscription.

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

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