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Press Release

S&P and ASX To Review Index Treatment of Foreign-Domiciled Companies; Two New Resource Indices Announced

Sydney, May 18, 2006 - Standard & Poor's (S&P) and Australian Stock Exchange (ASX) have today released a consultation paper detailing proposed changes to the index treatment of foreign-domiciled companies traded on ASX. S&P and ASX will seek market feedback on the proposal, including potential transitional arrangements, until June 14, 2006, after which a final announcement will be made to the market.

The proposed changes are:

- The S&P/ASX index treatment of foreign-domiciled companies will be altered so that foreign companies listed on ASX may be considered for inclusion in the S&P/ASX indices based upon their Australian capitalisation and liquidity, and under a more transparent and consistent index methodology.
- The S&P/ASX 50 index will no longer be included in the S&P Global 1200. It will continue as part of the Australian index suite.
- Specifically for the S&P Global 1200, S&P will develop a new index that will list Australian and New Zealand-domiciled companies and exclude foreign-domiciled companies. This index will be called the SPANZ 50.

The key implications of these changes, subject to the results of the market consultation, are:

- Significant ASX-listed foreign-domiciled companies may, subject to meeting Australian capitalisation and liquidity tests, qualify for entry into the S&P/ASX indices with an index weighting based on their Australian market capitalisation. The timetable for the potential future inclusion and transitional arrangements of foreign-domiciled companies is also a matter for consultation.
- ASX foreign-domiciled companies will be treated consistently for index purposes and will no longer be affected by the listing/quotation status of the company.

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The changes are proposed for three primary reasons:

- The current index rules can result in large Australian companies being removed from the indices if they choose to re-domicile to another market. The proposed changes will mean such companies can remain in the index if their Australian market capitalisation reaches the index-inclusion thresholds and they have sufficient liquidity in the Australian market.

While index qualification and weighting will be based upon companies' Australian capitalisation and liquidity, their index ranking (i.e., whether they are listed in the S&P/ASX 20, 50, 100, 200, or 300) will be based on the total size of the company, not just their Australian listing. This ensures comparable-sized companies are grouped together, as well as ensuring significant foreign companies are not inadvertently added to the mid- or small-cap indices.

- Inconsistencies currently exist in the index treatment of foreign-domiciled companies, due to the different listing/quotation structures. The proposed changes are designed to remove these inconsistencies.
- The new index arrangements will increase the attractiveness of an ASX listing to foreign companies that acquire significant ASX-listed companies, creating further investment opportunities for Australian investors.

Standard & Poor's Australian managing director Chris Dalton said, "Standard & Poor's is committed to working with ASX and local market participants to ensure that the S&P/ASX indices continue to evolve to meet the needs of the Australian equities market. We look forward to receiving comments from the market on the proposed changes to our index methodology."

ASX managing director and CEO Tony D'Aloisio said, "These proposed changes to the treatment of ASX-traded foreign-domiciled companies - though still subject to market consultation - represent a significant step forward in ensuring that Australia's most successful companies maintain a meaningful presence in the Australian capital market, even if they move their domicile. The changes also signal a shift in emphasis to ensure the Australian indices accurately reflect the needs and unique characteristics of the Australian market."

At the same time, S&P and ASX are proposing the launch of two new, real-time indices:

- The S&P/ASX Metals & Mining Index
- The S&P/ASX Gold Index

The development of these new indices is a response to market requests for the Australian indices to better reflect these sectors' importance and significance to the equity market and the Australian economy in general.

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Papers detailing the proposed new treatment of foreign-domiciled companies and the design of the new real-time indices will be circulated to key index stakeholders, and will be available to other interested parties. Copies of the consultation papers are available on www.standardandpoors.com.au (under the Indices tab) and www.asx.com.au.

Market feedback will be sought until June 14, 2006, with final arrangements announced to the market in late June. Any change would not take effect before the September index rebalance.

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