

## 2. Description of the BRICs Nifty 50 Emerging Markets Index

### 2.1 Overview

The BRICs Nifty 50 Emerging Markets Index (the “**Index**”) is designed to provide investors with a synthetic exposure to shares of companies domiciled in Brazil, Russia, India or China (together, “**BRICs**”) based on, subject to certain exceptions, the composition of the Emerging Markets BRICs Nifty 50 (the “**Underlier**”), a table of companies and weightings providing exposure to BRICs countries independently produced by Goldman Sachs Global Investment Research (“**GSGIR**”), a division of Goldman Sachs International (“**GSI**”).

GSI is the Index Sponsor and has the sole commercial rights in the Index. GSI has entered into an index calculation and administration agreement with Standard & Poor’s (“**S&P**”) to administer the Index (the “**Index Calculation Agent**”) in accordance with the criteria set out below and its standard procedures with respect to international indices. Should the index calculation and administration agreement with S&P be terminated, GSI will appoint a replacement Index Calculation Agent of comparable reputation, and if a transition period between index calculation agents cannot be avoided, GSI will perform the index calculation and administration functions itself during such transition period.

### 2.2 Composition of the Underlier

The Emerging Markets BRICs Nifty 50 Underlier is a table of 50 listed companies and weightings produced independently by GSGIR in conjunction with certain research reports GSGIR produces for its clients. The Underlier is comprised of companies with market capitalization greater than US\$1 billion which GSGIR believes are positioned to benefit from the demand growth expected in the BRICs economies. The Underlier currently includes companies from all four BRIC countries, the number of companies from each country being roughly proportional to the country’s economic size, and encompasses a broad spread of sectors, with a bias toward infrastructure and consumer-oriented sectors. The companies are ranked according to a number of screening measures, including returns on capital, industry positioning, management quality, estimated earnings per share, compound annual growth rate, price/earnings, and enterprise multiple. These rankings are considered by GSGIR along with input from GS regional strategists in order to select 50 companies to include in the Underlier. The weighting of each company is adjusted to reflect its free float market capitalization and daily liquidity, but only within a narrow range to ensure that each company in the Underlier remains close to an equal weighting of 2%. The table of 50 companies constituting the Underlier and their weightings is posted by GSGIR to Bloomberg page GSSTEM50, and is also available to investors upon request by contacting the FICC Division of GSI by telephoning +44 20 777 41 000.

The initial November 2009 research report introducing GSGIR’s rationale and methodology behind the Underlier, entitled “The BRICs Nifty 50: The EM and DM Winners” is available from <http://www.gs.com/ideas/brics>. Non-GSGIR clients may alternatively, at the option of the Index Sponsor, be provided with a summary form of the initial research report at the BRICs Nifty 50 Emerging Markets Index web page on the Goldman Sachs Indices section of <http://www.standardandpoors.com/indices/custom-indices-client-data/en/us>. GSGIR, entirely in its discretion and acting independently from the securities trading division of GSI, may update the companies and weightings constituting the Underlier at any time, either in conjunction with a new research report or separately. Any changes to the Underlier will be posted to Bloomberg page GSSTEM50; however, any future GSGIR research reports may be available only to GSGIR clients. Non-GSGIR clients may alternatively, at the option of the Index Sponsor, be provided with a summary form of any relevant research at <http://www.standardandpoors.com/indices/custom-indices-client-data/en/us>. It is currently expected that the Underlier may be updated every 6 to 12 months, as well as

in response to major corporate or economic events, but any update to the Underlier is entirely at the discretion of GSGIR.

GSGIR operates independently from the securities trading division of GSI with respect to the Underlier, which GSGIR maintains in conjunction with the research reports it produces for its clients. In maintaining the Underlier, GSGIR exercises considerable discretion, and may change its selection or weighting criteria or discontinue maintenance of the Underlier at any time. However, GSGIR does not act as an investment advisor to any party and does not guarantee any result in relation to the performance of any or all companies constituting the Underlier, nor in relation to the achievement of any investment objective. Further, GSGIR does not consider the needs of GSI, the Index or any investor with exposure to the Index in maintaining the Underlier, and GSGIR owes obligations only to its clients and to no other person, including investors with exposure to the Index.

### **2.3 Initial Composition of the Index**

The composition of the BRICs Nifty 50 Emerging Markets Index is based on, but may differ from, the composition of the Underlier. No additional companies beyond those identified in the Underlier will be included in the Index; however, certain Underlier companies will be re-weighted or excluded from the Index entirely, resulting in the Index containing less than 50 securities (compared against 50 companies in the Underlier), and all four BRICs countries may not always be represented in the Index. Further, the Index Calculation Agent will only review the company names and weightings from the Underlier, and where an eligible company has issued more than one listed security, the Index Calculation Agent will apply the criteria described below to select one security for each eligible company to be included in the Index. The filters and adjustments by which the Underlier is modified to form the Index consist of the following, and unless otherwise indicated will be applied by the Index Calculation Agent, acting in its sole discretion:

1. **Ineligible Securities:** The following securities are not eligible for inclusion in the Index: (a) bonds, convertible bonds, warrants, rights and preferred shares providing a fixed minimum return; (b) securities without at least 6 months of price history; (c) securities with an Average Daily Turnover Value over the prior 6 months ("**6 Month ADTV**") of less than US\$5 million (or, in the case of companies with a primary listing on a stock exchange in India, including the American Depository Receipts and Global Depository Receipts of such companies, US\$1 million); (d) securities subject to any of the Exclusion Criteria described in section 2.4.4 below. The 6 Month ADTV requirements described in clause (c) above may be updated as described in Section 2.4.3 below. Note that a company with one ineligible security may have other securities which are eligible for inclusion in the Index.
2. **Multiple Securities:** If a company has more than one eligible security, then the security with the highest 6 Month ADTV will be selected for inclusion in the Index. However, in cases where the Index already includes a security for such company, then to avoid unnecessary turnover the Index Sponsor in its reasonable discretion may determine that the existing security is sufficiently liquid that no change pursuant to this Section 2.3(2) is required.
3. **Weighting of Index Securities:** the weightings for each security in the Index will be based on the weightings assigned by the Underlier, but adjusted as follows:

First, to ensure the total weighting of all securities in the Index adds up to 1.00, where Underlier companies have been excluded from the Index, the weightings for all remaining Index securities will be increased *pro rata* to maintain the proportionate weightings specified by the Underlier.

Second, no security in the Index may have a weighting above the lesser of: (a) 16% , (b) the 6 Month ADTV divided by the Investment Support Level (as defined below) and (c) 2% of the aggregate value of the company's outstanding ordinary voting shares divided by the Investment Support Level. If

a security's weighting is greater than 16%, it will be reduced to 12%. Similarly, if a security's weighting is greater than the 6 Month ADTV divided by the Investment Support Level, it will be reduced to 80% of the 6 Month ADTV divided by the Investment Support Level. Finally, if a security's weighting is greater than 2% of the aggregate value of the company's outstanding ordinary voting shares divided by the Investment Support Level, it will be reduced to 1.5% of the aggregate value of the company's outstanding ordinary voting shares divided by the Investment Support Level. In each case where a security's weighting is reduced as described in this paragraph, the weightings for all remaining Index securities will be increased *pro rata* to maintain the proportionate weightings prior to the decrease. Any of these adjustments referred to in this paragraph shall be termed a **"Weighting Adjustment."**

Throughout this document, a security's weighting refers to its dollar value as a fraction of the entire Index value. All such calculations are made in US dollar terms converted using Reuter's spot exchange rates as of the time of such calculation and using adjusted market values for the Index securities as described in Section 2.5 below.

The **Investment Support Level** reflects the amount of investment linked to the Index, and will be initially set at US\$100 million, updated as described in Section 2.4.3 below.

The table below displays certain details of the Index and Underlier at inception on November 4, 2009:

Country	Company	Underlier Weight	Exchange (MIC)*	Security (Symbol)	Closing Price (local currency)	Index Weight
Brazil	Companhia Siderurgica Nacional ADR	0.030	XNYS	SID	34.64	0.0291
Brazil	CPFL Energia S.A.	0.014	XBSP	CPFE3	31.19	0.0229
Brazil	Itau Unibanco Holding ADR	0.027	XNYS	ITUB	20.94	0.0159
Brazil	Localiza Rent A Car S/A	0.012	XBSP	RENT3	18.12	0.0119
Brazil	PDG Realty	0.016	XBSP	PDGR3	15.25	0.0128
Brazil	Petrobras ADR	0.035	XNYS	PBR	47.61	0.0173
Brazil	Vale ADR	0.027	XNYS	VALE	26.85	0.0287
Brazil	Vivo	0.016	XBSP	VIVO4	46.20	0.0143
Brazil	Votorantim Celulose & Papel ADR	0.014	XNYS	VCP	14.27	0.0070
China	Angang Steel (H)	0.019	XHKG	347	14.04	0.0094
China	Baidu.com ADR	0.032	XNAS	BIDU	386.37	0.0156
China	Belle Intl	0.011	XHKG	1880	8.06	0.0109
China	China Constr Bank (H)	0.029	XHKG	939	6.77	0.0967
China	China Dongxiang	0.011	XHKG	3818	4.65	0.0100
China	China High Speed Transmission Equip	0.011	XHKG	658	15.68	0.0077
China	China Life Insurance (H)	0.024	XHKG	2628	37.20	0.0123
China	China Mengniu Dairy	0.010	XHKG	2319	23.15	0.0059
China	China Mobile	0.027	XHKG	941	73.90	0.0519
China	China National Building Mat	0.017	XHKG	3323	16.40	0.0176
China	China Overseas Land & Inv	0.018	XHKG	688	16.78	0.0192
China	China Resources Power	0.011	XHKG	836	16.34	0.0157
China	China Shenhua Energy (H)	0.023	XHKG	1088	36.20	0.0135
China	China Shipping Dev (H)	0.018	XHKG	1138	11.04	0.0090
China	CNOOC	0.031	XHKG	883	11.88	0.0440
China	ICBC (H)	0.028	XHKG	1398	6.35	0.0252
China	Jiangxi Copper (H)	0.020	XHKG	358	18.18	0.0102
China	Lenovo	0.020	XHKG	992	4.38	0.0245
China	Mindray Medical Intl ADR	0.013	XNYS	MR	31.55	0.0094
China	Tencent	0.020	XHKG	700	139.90	0.0236
China	Want Want China	0.007	XHKG	151	4.97	0.0070
India	Cairn India	0.018	XNSE	CAIR IB	264.95	0.0409
India	Hero Honda Motors	0.012	XNSE	HH IN	1,521.20	0.0133
India	Housing Dev Finance	0.015	XNSE	HDFC IN	2,650.35	0.0074
India	ITC (IN)	0.014	XNSE	ITC IN	254.60	0.0095
India	Jaiprakash Associates	0.021	XNSE	JPA IN	212.55	0.0210
India	JSW Steel	0.025	XNSE	JSTL In	721.15	0.0240

Country	Company	Underlier Weight	Exchange (MIC)*	Security (Symbol)	Closing Price (local currency)	Index Weight
India	Larsen & Toubro	0.018	XLON	LTOD	33.11	0.0105
India	Reliance Industries Ind GDR	0.028	XLON	RIGD	81.60	0.0289
India	State Bank of India	0.022	XLON	SBID	91.00	0.0277
India	Sterlite and India ADR	0.021	XNYS	SLT	16.63	0.0263
India	Unitech	0.023	XNSE	UT IN	82.35	0.0255
Russia	Gazprom ADR	0.032	XLON	OGZD	24.86	0.0168
Russia	Mobile Telesystems ADS	0.028	XNYS	MBT	49.14	0.0139
Russia	Novatek	0.021	XLON	NVTK	54.70	0.0109
Russia	Novolipetsk Steel GDR	0.013	XLON	NLMK	26.30	0.0065
Russia	Sberbank	0.033	RTSX	SBER	2.20	0.0419
Russia	Vimpel Communications ADS	0.029	XNYS	VIP	19.18	0.0563
Russia	X 5 Retail GDR	0.011	XLON	FIVE	25.74	0.0196
Brazil	Visanet	0.021	BVMF	CIEL3 BS	17.15	0†
Russia	Magnit	0.004	XLON	MGNT LI	13.60	0†

\* BVMF = Bolsa de Valores Mercadorias e Futuros, Brazil (BVMF); RTSX = Russian Trading System Stock Exchange; XBSP = Bolsa de Valores de Sao Paulo (BOVESPA); XHKG = Hong Kong Stock Exchange; XLON = London Stock Exchange; XNAS = NASDAQ; XNSE = National Stock Exchange of India; XNYS = New York Stock Exchange Inc.

† Company included in the Underlier but not eligible for inclusion in the Index.

## 2.4 Maintenance of the Index

The Index Calculation Agent will monitor and maintain the Index on an ongoing basis in accordance with the largely non-discretionary criteria described below. Any adjustments required as a result of the criteria described below will be calculated as of 5:15pm New York Time, and the changes implemented at or near the close of regular trading for each security on the following Index Trading Day, subject to the Daily Trade Limit (each as defined in Section 2.4.1 below). The Index Calculation Agent will post changes to the Index to the BRICs Nifty 50 Emerging Markets Index web page on the Goldman Sachs Indices section of <http://www.standardandpoors.com/indices/custom-indices-client-data/en/us> before they become effective.

### 2.4.1 Changes to the Underlier

On the first Index Business Day (as defined below) of each week, the Index Calculation Agent will check Bloomberg page GSSTEM50 for any changes to the Underlier companies or weightings. If there have been any changes, the Index Calculation Agent will calculate the corresponding new Index according to the filters and adjustments described in Section 2.3 above (including the Exclusion Criteria described in Section 2.4.4 below), *provided that* after application of such filters and adjustments, 10 or more securities are eligible for inclusion in the Index. If fewer than 10 securities are to be included in the Index, then no change will be made to the Index composition or weightings pursuant to this Section 2.4.1. For the avoidance of doubt, upon any change to the Underlier, a new Index will be calculated in accordance with Section 2.3, but without regard to any previous exclusions or adjustments to the existing Index: securities which had been previously excluded may be added to the Index should the reasons for their exclusion no longer apply, and the entire Index will be re-weighted to match, subject to any adjustments described in Section 2.3, the weightings assigned by the new Underlier.

On the next Index Trading Day (as defined below) after a change to the Underlier has been detected, the Index Calculation Agent will transition the constituents and weightings of the existing Index to the new Index. However, if the increase or decrease in weighting of any Index security times the Investment Support Level is greater than 25% of the 6 Month ADTV (the “**Daily Trade Limit**”), then the sale or purchase for all securities in the Index will be divided approximately equally over as many Index Trading Days as necessary to ensure that no single trade in a security exceeds the Daily Trade Limit for that security.

An **Index Business Day** is any day on which every securities exchange on which both (i) commercial banks and foreign currency markets settle payments and are open for general business in London and New York; and (ii) any security in or about to be added to the Index is listed is normally open for trading. An **Index Trading Day** is an Index Business Day, except as delayed or modified as a result of a market disruption event, as described in Section 2.8 below.

#### **2.4.2 Daily Monitoring of the Index**

If on any Index Business Day the weighting of any Index security becomes above the lesser of (a) 16%, (b) the 6 Month ADTV divided by the Investment Support Level and (c) 2% of the aggregate value of the company's outstanding ordinary voting shares divided by the Investment Support Level, on the next Index Trading Day the Index Calculation Agent will conduct a Weighting Adjustment (as described in Section 2.3(3) above), subject to the Daily Trade Limit (as described in Section 2.4.1 above).

#### **2.4.3 Quarterly Monitoring of the Index**

On the first Index Business Day of each quarter, the Index Calculation Agent will identify any securities in the Index for which the 6 Month ADTV is less than US\$5 million (or, in the case of companies with a primary listing on a stock exchange in India, including the American Depositary Receipts and Global Depositary Receipts of such companies, US\$1 million). On the next Index Trading Day, the Index Calculation Agent will remove that security, and increase the weightings for all remaining Index securities *pro rata* to maintain the proportionate weightings prior to the increase, subject to the Daily Trade Limit (as described in Section 2.4.1 above).

On the first Index Business Day of each quarter, GSI, acting in its sole discretion, will review the Investment Support Level, and decide whether it is necessary to adjust the level in proportion to the amount of passive investment known to GSI to be linked to the Index. On the first Index Business Day of each quarter, GSI, acting in its sole discretion, will also review the 6 Month ADTV requirements of section 2.3(1)(d), and decide whether it is necessary to adjust the requirements to reflect changes in the amount of passive investment known to GSI to be linked to the Index or the number of Underlier companies excluded from the Index. Any change to the Investment Support Level or 6 Month ADTV requirements will notified to the Index Calculation Agent and available to investors upon request by contacting the FICC Division of GSI by telephoning +44 20 777 41 000.

#### **2.4.4 Exclusion Criteria**

Limitations on Exchanges: In order to ensure acceptable standards of liquidity, trading costs and information access, only securities listed on certain exchanges as specified from time to time by GSI are eligible for inclusion in the Index. As of the date hereof, no exchanges which trade Chinese A-shares are eligible. However, this exclusion does not extend to Chinese companies with American Depositary Receipts or Global Depositary Receipts which trade on an eligible exchange. The current list of eligible exchanges is available to investors upon request by contacting the FICC Division of GSI by telephoning +44 20 777 41 000.

On any Index Business Day, should any Index security be trading on an exchange not included on the eligible exchange list, where possible the Index Calculation Agent will substitute the security for an alternate security of the same company which is otherwise eligible according to the criteria described in Section 2.3 above. However, if there is no such alternate security, then the Index Calculation Agent shall remove the security from the Index on the following Index Trading Day. The weightings for all remaining Index securities will be increased *pro rata* to maintain the proportionate weightings prior to the increase, subject to the Daily Trade Limit (as described in Section 2.4.1 above).

Limitations on Securities: No security shall be included in the Index where such inclusion would be impractical or not economically viable due to liquidity, cost, information access or regulatory restrictions, or which GSI is restricted from trading due to regulatory reasons, or the trading of which would cause GSI or its affiliates to incur significant negative legal, regulatory, taxation or economic detriment. Exclusion determinations shall be made by GSI in its sole discretion on an ongoing basis based on the information known to it, and communicated the same day to the Index Calculation Agent.

Such exclusion determinations will prevent a security from being added to the Index in accordance with Section 2.3(1)(d) above. In addition, should any exclusion criteria described in this Section 2.4.4 apply to an Index security, the Index Calculation Agent shall remove it from the Index on the Index Trading Day after receiving notice from GSI, and the weightings for all remaining Index securities will be increased *pro rata* to maintain the proportionate weightings prior to the increase, subject to the Daily Trade Limit (as described in Section 2.4.1 above).

## **2.5 Calculation of the Index Level**

The BRICs Nifty 50 Emerging Markets Index has a base date of November 4, 2009, the date on which GSGIR's initial Nifty 50 research report. On this date the Index Level was set at 1,000.

The Index Level will be adjusted in real time in accordance with changes to the adjusted market value of the Index. The adjusted market value of the Index is equal to the market value of the Index securities at their most recent respective closing prices, adjusted to reflect, net of any applicable withholding tax, any split, reverse split, rights offering, stock distribution, special dividend, return of capital, spin-off or share repurchase.

The Index Level will also be adjusted to reflect Transaction Costs as described in Section 2.6 below.

The Calculation Agent will calculate both a Price Return and a Total Return Index series. The Price Return Index series will be calculated as described above, excluding any ordinary dividends. The Total Return Index series will be calculated as described above, assuming reinvestment, *pro rata* across all securities in the Index, of the aggregate of ordinary dividends (net of withholding tax) in respect of any Index securities for which the applicable ex-dividend date has occurred, or as soon thereafter as the dividend amount becomes known.

All calculations in relation to the Index will be made in accordance with S&P's standard procedures with respect to international indices, calculated in US dollars using the most recently available share prices and the Reuters spot exchange rate as of the time such calculation is made.

## **2.6 Transaction Costs**

Upon each adjustment by the Calculation Agent to the securities or weightings constituting the Index, the Index Level will be reduced by transaction costs in the amount of 10 basis points (0.1%) times the aggregate of all changes in weightings (up to a theoretical maximum of 2 in the event that every security the Index is removed and replaced by different securities).

## **2.7 Publication of the Index Level**

The Index Calculation Agent will make the Index Level available through Bloomberg and Reuters as follows:

### Total Return Series

Bloomberg: N50EMTR Index

Reuters: .N50EMTR

### Price Return Series

Bloomberg: N50EMPR Index

Reuters: .N50EMPR

## **2.8 Market Disruption Events and Index Adjustments**

The Index Calculation Agent will delay or modify Index calculations and adjustments in accordance with S&P's standard procedures with respect to international indices, *provided that* if a market disruption continues for more than five Index Business Days, then on the sixth Index Business Day the value of the affected security shall be marked down to zero for all calculation purposes until that security is no longer affected by a market disruption event or a market value for the security can be obtained.

### ***Cessation of GSGIR Coverage***

Until and unless GSGIR posts a new or modified Underlier to Bloomberg page GSSTEM50, the Index will continue to be maintained in accordance with Section 2.4 above, even in the event that GSGIR advises GSI that GSGIR will cease to maintain the Underlier at all, or in substantially similar form to that described in Section 2.2 above. However, in the event that GSI receives such advice from GSGIR, GSI will advise the Index Calculation Agent which will post this information to the BRICs Nifty 50 Emerging Markets Index web page on the Goldman Sachs Indices section of <http://www.standardandpoors.com/indices/custom-indices-client-data/en/us> within one Index Business Day.

### ***Error Correction Policy***

The Index Calculation Agent will immediately correct any calculation errors relating to security prices, adjustments for corporate events, exchange rates, Index value, weightings and constituents. However, published Index levels will not be corrected retroactively.

### ***Changes in Methodology***

GSI reserves the right to make any changes to methodology used by the Index Calculation Agent to compose or calculate the Index as GSI may, in its sole discretion, determine to be necessary as a result of market, regulatory, tax, judicial, financial, fiscal or other circumstances.

In the event that ambiguities arise in the composition or calculation of the Index, the Index Calculation Agent will resolve such ambiguities and, if necessary for resolution, make changes to the methodology used to compose or calculate the Index.

Details of any of the above actions will be posted by the Index Calculation Agent to the BRICs Nifty 50 Emerging Markets Index web page on the Goldman Sachs Indices section of <http://www.standardandpoors.com/indices/custom-indices-client-data/en/us> within one Index Business Day.