Rules for the CS Latin America Index (CSLATAM)
(Powered by HOLT)
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Version 17

Rules for the CS Latin America Index (the "Index") (the "Rules")

1 Introduction

What is HOLT?
HOLT, a service of Credit Suisse, offers unique insights into corporate performance and valuation. The HOLT methodology has been continuously developed for over 30 years, and aims to convert accounting data into cash, as measured by Cash Flow Return on Investment (CFROI®). This is done to more closely reflect a company's true economic performance and enables comparisons across sectors, regions and over time. HOLT is used extensively by corporate and investment managers worldwide. For more details with regard to HOLT please refer to www.credit-suisse.com/holtmethodology.

Why use HOLT to create an index?
The Index gives easy access to HOLT's best ideas for Latin American stocks. The robust platform that supports HOLT's proprietary framework is suited to systematic screening for ideas and insightful perspectives on a stock's relative attractiveness: companies in Latin America are comparable across sectors and countries regardless of accounting regime or treatment.

The best of HOLT is captured through the selection of tried and tested factors, which are built into a proprietary scoring model. These factors are divided into three categories: the Operational category identifies companies with appealing corporate performance characteristics; the Valuation category finds stocks that are attractively valued according to HOLT's DCF model and the Momentum category puts the spotlight on stocks that are gaining from positive market sentiment. The factors and categories are scored from 1 to 5, with 5 being the best, and then weighted to give an overall score per company.

The factors and categories used in the screening have proven in back tests to consistently identify stocks that – in composite – perform better than the market.

How HOLT is used to create an index
On each Annual Reconstitution Date, a universe of stocks is created consisting of all Latin American companies domiciled in Latin America or with significant economic interests in Latin America (as defined below). On each Quarterly Rebalance Date, the HOLT scoring model is then used to rank the Latin American stocks and the top stocks with sufficient liquidity (as defined below) constitute the Index for that period.

2 Composition of the Index

2.1 The Index is a fundamental and liquidity weighted index calculated on an end-of-day basis, based on the closing prices of its constituents converted into US Dollars using the WM closing spot rates as reported by Reuters. The Index is calculated in price-return (the "price index"), total-return (the "total return index") and synthetic price-return (the "synthetic price index") forms. The synthetic price index is calculated by applying a synthetic dividend yield to the total return index. The Index has a Base Date of 30 June 2006 with a starting value of 100. WM closing spot rates are rates calculated by The WM Company based on: (i) actual traded rates on the Reuters Dealing 2000-2 network; and (ii) rates contributed to Reuters by other leading market participants; at 16.00 UK time each trading day. WM applies its unique mathematics to those rates to produce independent rates for 156 currencies. The WM closing spot rates are published at around 16.15 UK time each trading day. (The WM Company is a wholly-owned subsidiary of State Street, located in the UK. The WM Company collects and analyzes large amounts of financial data to help clients make informed investment decisions.)

2.2 The Index is structured in such a way to give investors in the index the weighted average of the 50 stocks (see section 2.7(b)) with the best prospects in Latin America according to the HOLT scoring model.

2.3 The Index includes stocks from companies which are listed on a regulated stock exchange in a country in the European Union or in a country of an IOSCO Technical member, subject to section 2.6(e).

2.4 **Eligible Universe:** From the stocks in the HOLT database, those companies domiciled in Latin America or non-Latin America domiciled companies with Significant Economic Interest in Latin America constitute the universe of eligible companies (subject to section 2.3).

(a) Latin America is defined as Central and South America excluding the Caribbean. The HOLT database currently includes Argentina, Brazil, Chile, Columbia, Mexico, Peru and Venezuela. As new Latin American countries are added to the HOLT database, in accordance with established criteria, member companies will be included in the Eligible Universe.
(b) Significant Economic Interest is defined as companies with 70% or more of either their total revenues derived from or total assets located in Latin America.
(c) **Annual Reconstitution Date**: The Eligible Universe is reconstituted on every anniversary of the first Index Quarterly Rebalance Date (see section 5.2).

2.5 **Index Notional Size**: The liquidity weighting scheme assumes an initial $200,000,000 notional value (USD) as of October 27, 2010. This initial Index Notional Size will accrete on a one-for-one basis with the price return Index. For purposes of calculating the Index Weighting (see section 2.7), the Index Notional Size as of the day prior to the Quarterly Rebalance Date (see section 5.2) shall be used. In the unlikely event that an adequate solution is not found in Section 2.7(f), the Index notional value may be changed in decrements of $50 million, subject to the provisions of Section 7.

2.6 **Selection:** In order to qualify for inclusion in the Index, the stock must meet some or

all of the following overall criteria according to the HOLT scoring model: it must a) be undervalued, b) have good stock market momentum and c) display strong corporate performance. The HOLT scoring model is computed on a universe relative basis in order to select the best scoring names. The 50 stocks (see section 2.7(b)) that most closely match these criteria using the HOLT scoring model with sufficient liquidity are chosen for the Index as outlined in section 2.6(a) through section 2.6(f). The Index constituents will be selected according to the following procedure.

(a) The companies in the universe of eligible companies will be ranked according to their HOLT score. In the case of stocks with dual listings, the fundamental data of the Latin American domiciled company will be used for scoring purposes.
(b) Those stocks which have an average trading volume (in USD) of less than 2.5% of the Index Notional Size over the last six-month period or which have an average trading volume (in USD) of less than 5.0% of the Index Notional Size over the one-month period will be excluded. For purposes of this liquidity test, the most liquid listing (subject to section 2.3) shall be used. Liquidity will be measured at the composite level (for a single share class) across multiple trading venues. For example, liquidity for the US ADR of Petrobras' common shares (Bloomberg ticker: PBR US) shall include all volume traded on the NYSE, NYSE Arca, NASDAQ iM, BATS, etc. In addition, those companies whose stocks are not freely tradable (because the equity and/or foreign exchange market is not free and well developed) will be excluded.
(c) The 50 stocks of those companies with the highest HOLT score (subject to 2.7 (b)) will go into the Index composition.
(d) If two stocks are equally ranked, the stock with the higher market capitalisation will be deemed to have the higher rank.
(e) When a stock has several listings or different share classes outstanding, the listing to be included in the index will be selected based on (among other) factors, the liquidity of the stocks. Only listings on a regulated stock exchange in a country in the European Union or a country that forms part of the International Organization of Securities Commissions ("IOSCO") Technical Committee may be included in the Index. Normally, the primary listing will be considered. In exceptional cases an ADR or GDR can be included (subject to the following sentences), especially if the ADR or GDR is more liquid than the related stocks. Only ADRs or GDRs which are Level II or Level III under SEC rules can be included. ADRs or GDRs must be issued through a public offering of securities; therefore, no private placement of securities is permitted. Likewise the ADRs or GDRs can not establish any type of restrictions regarding the purchase or sale of the corresponding ADR or GDR. For the purpose of this description, the term "stocks" shall be interpreted to include such securities.
(f) Selection List: The procedure described above is carried out on the Quarterly Rebalance Date to create a Selection List. The Selection List indicates possible changes in the composition of the Index at the next periodic review in the event that a constituent replacement is required (see Section 6). The Selection List is also used to determine a replacement company if and when needed.

2.7 **Index Weighting:** The index weighting methodology seeks to maximize the weighted average HOLT score for the index while satisfying numerous diversification and individual security concentration constraints. Specifically, the 50 index components

(subject to section 2.7(b)) will be fundamental and liquidity weighted using the individual components weights that (i) result in the highest possible weighted average index HOLT score while (ii) allowing a minimum component weight of 0.5% and a maximum weight of 10%. Additionally, no single component weight can exceed 10% multiplied by the component's one-month average daily volume (in USD) divided by the Index Notional Size (expressed in US dollars). On each Quarterly Rebalancing Date (as defined in section 5.2), the sequential steps are as follows:

(a) Select all stocks that meet the liquidity filter (section 2.6(b)). The most liquid listing for a single company which abides by the trading exchange requirements (subject to 2.3) is used for the purposes of the Index Weighting procedure.
(b) Select the 50 highest ranked stocks that meet the liquidity filter (section 2.6(b)) and place them in descending order based on the HOLT Scoring model. To the extent, less than 50 names qualify for the index based on the liquidity constraints in section 2.6(b), the index shall only include only those companies that meet the liquidity constraints. This constraint will be temporarily relaxed to allow more than 50 stocks in the index between each Transitional Quarterly Rebalancing Effective Date and the corresponding Final Quarterly Rebalancing Effective Date (see sections 2.7(h) & section 5.3).
(c) Limit the minimum component weight to 0.50%. This constraint will be temporarily relaxed between the each Transitional Quarterly Rebalancing Effective Date and the corresponding Final Quarterly Rebalancing Effective Date (see sections 2.7(h) & section 5.3).
(d) Limit the maximum portfolio weight to the lesser of (i) 10% multiplied by the one-month average daily volume (in USD) divided by the Index Notional Size (in USD) or (ii) 10% of the total index weight. Average daily volume will be measured at the composite level (for a single share class) across multiple trading venues. For example, the average daily volume for the US ADR of Petrobras' common shares (Bloomberg ticker: PBR US) shall include all volume traded on the NYSE, NYSE Arca, NASDAQ iM, BATS, etc. The 10% maximum position limit affects stocks with multiple listings that meet the minimum daily liquidity requirements. This position limit does not apply to companies that are economically related through cross-ownership holdings. This constraint will be temporarily relaxed between each Transitional Quarterly Rebalancing Effective Date and the corresponding Final Quarterly Rebalancing Effective Date (see sections 2.7(h) & section 5.3).
(e) The Index Weight effective as of each Final Quarterly Rebalancing Effective Date is calculated according to the following equation:

For each stock i (i is between 1 and N (as determined by section 2.7(b)), 1 is the best ranked, N the worst), we define $Weight^{i}_{FED}$ by:

For i=1:

$$W1 = \min\left(1 - \left(\sum_{j=2}^{N}(minwj)\right), (maxw1)\right)$$

For i=N:

$$WN = \min\left(1 - \sum_{j=1}^{N-1} W_j, (maxwN)\right)$$

If 1 < i < N

$$Wi = \min\left(1 - \left(\sum_{j=i+1}^{N} (minwj)\right) - \sum_{j=1}^{i-1} W_j, (maxwi)\right)$$

Where: min wj is 0.5% for all stocks as defined in section 2.7(c)
max wj is defined in section 2.7(d)

(f) To the extent the above equation can not find a solution whereby the index component weights sum to 100%, the 10% average daily volume constraint in section 2.7(d) will be relaxed to 15% of average daily volume beginning with the highest scoring HOLT name. This constraint will be relaxed for each subsequent name (ranked in descending based on the HOLT score) until a solution is found whereby the index component weights sum to 100%. If 15% of average daily volume is insufficient, then 20% shall be used.

(g) The weighting of each stock will be expressed in the number of shares included in the Index. The number of shares required according to the weighting shall generally be rounded off to 13 decimals. The number of shares in the Index for each stock will be calculated on the Base Date and recalculated on each Quarterly Rebalancing Effective Date according to the formula as stated in Appendix 1.

(h) Each index rebalance will be implemented over two Quarterly Rebalancing Effective Dates (see section 5.3) using the additional procedures noted below.

(i) The index weight effective on each Transitional Quarterly Rebalancing Effective Date is calculated as follows:

$$Weight^{i}_{TED} = \frac{Weight^{i}_{RD} + Weight^{i}_{FED}}{2}$$

Where:

$Weight^{i}_{RD}$ = Constituent (i) index weight as of the Quarterly Rebalancing Date

$Weight^{i}_{FED}$ = Constituent (i) index weight derived in section 2.7(e) effective as of the Final Quarterly Rebalancing Effective Date

3 Calculation of the Index

3.1 **How the Index and shares in the Index portfolio are determined:** The value of the Index is calculated using the official closing prices from the primary exchanges (subject to section 2.6(e)) of all the stocks included in the Index. To convert stock prices into US Dollars, the WM closing spot rates as reported by Reuters are used. The exact calculation method for the Index is described in Appendix 1.

3.2 **Dividend treatment:** The price index does not take normal dividend payments into account. For purposes of calculating the total return index, net dividends are accounted for by reinvesting them on a daily basis as described in Appendix 2. The ex-dividend date is used to determine the total daily dividends for each day. Special dividends require an index divisor adjustment (as described in section 6) to prevent such distributions from distorting the price index. The synthetic price index is the total return index adjusted by a synthetic dividend yield as described in Appendix 3.

3.3 **Closing Index Value:** The Index is calculated on an end-of-day basis by the Calculation Agent (as defined in section 3.6) based on each constituent's last available closing price on its primary exchange (subject to section 2.6(e)). The WM closing spot rates as reported by Reuters are used for conversion into US Dollars. For calculation purposes the Index closes at 5:00 p.m. New York time. The closing Index value is disseminated by 6:30 p.m. New York time.

3.4 As long as at least one constituent stock is being traded on a weekday (Monday to Friday), an Index value will be calculated for that day.

3.5 **Computational precision:** Index values are rounded to 12 decimals, but will be rounded out to 6 when published. The divisor will go out to 10 decimals, but will be rounded out to 6 when published.

3.6 The Index is calculated and maintained by Standard & Poor's (the "Calculation Agent") based on a methodology developed by Credit Suisse Securities (Europe) Limited ("CSSEL" or the "Index Creator").

4 Publication of the Index

4.1 The closing Index value is published by the Calculation Agent by 6:30 p.m. New York time.

4.2 The Calculation Agent retains the right to delay the publication of the Index values, or to suspend or discontinue the publication of the Index values, if it believes that there exist circumstances preventing the correct calculation of the Index.

5 Rules for the Periodic Review of the Index

5.1 The objective of the Index Creator with regard to the periodic review is to ensure that the underlying constituents continue to meet the basic principles of the Index (see sections 1 and 2), and that the Index continues to reflect as closely as possible the value of the underlying share portfolio.

5.2 The periodic review of the Index constituents occurs in accordance with the following timetable:

Quarterly Rebalancing Dates:

The Tuesday one week prior to the first Wednesday of February, May, August and November (each, a "Quarterly Rebalancing Date").

5.3 Adjustments in stock weightings and constituents resulting from each periodic review become effective on two Quarterly Rebalancing Effective Dates. The Transitional Quarterly Rebalancing Effective Date is the date upon which initial adjustments (section 2.7(i)) in the stocks weights become effective. This date is the second Wednesday after the Quarterly Rebalancing Date, based on the closing values of the constituents on that weekday. The Final Quarterly Rebalancing Effective Date is the date on which final adjustments in the stocks weights (section 2.7(e)) become effective. This date is the second Friday following the corresponding Quarterly Rebalancing Date, based on the closing values of the constituents on that weekday. Table 1 below illustrates the Quarterly Rebalancing schedule:

Table 1: Schedule for the Quarterly Rebalancing

	Mon	Tues	Wed	Thurs	Frid
Week 1		RD			
Week 2			TED		FED

First Wednesday of February, May, August, and November

Legend:

RD:	Quarterly Rebalance Date
TED:	Transitional Quarterly Rebalancing Effective Date
FED:	Final Quarterly Rebalancing Effective Date

Therefore the next two dates for periodic review changes are:

Quarterly Rebalancing Date:

The next Quarterly Rebalancing Date will be the Tuesday one week prior to the first Wednesday of May 2012 (24 April 2012) and the next subsequent Quarterly Rebalancing Date will be the Tuesday one week prior to the first Wednesday of August 2012 (24 July 2012).

Transitional Quarterly Rebalancing Effective Dates:

The next Transitional Quarterly Rebalancing Effective Date will be the first Wednesday of May 2012 (2 May 2012) and the next subsequent Transitional Quarterly Rebalancing Effective Date will be the first Wednesday of August 2012 (1 August 2012).

Final Quarterly Rebalancing Effective Dates:

The next Final Quarterly Rebalancing Effective Date will be the Friday following the first Wednesday of May 2012 (4 May 2012) and the next subsequent Final Quarterly Rebalancing Effective Date will be the Friday following the first Wednesday of August 2012 (3 August 2012).

5.4 If the day prior to the scheduled Transitional Quarterly Rebalancing Effective Date is not a trading day for any Index constituent, then such Transitional Quarterly Rebalancing Effective Date shall occur on the next business day which results in it being a trading day for all Index constituents on the day prior to the new Transitional Quarterly Rebalancing Effective Date. If the day prior to the scheduled Final Quarterly Rebalancing Effective Date is not a trading day for any Index constituent, then such Final Quarterly Rebalancing Effective Date shall occur on the next business day that is not a Monday nor Tuesday which results in it being a trading day for all Index constituents on the day prior to the new Final Quarterly Rebalancing Effective Date. If any Transitional Quarterly Rebalancing Effective Date is postponed one business day or more, then the corresponding Final Quarterly Rebalancing Effective Date shall be postponed such that (i) at least one business day occurs between such Transitional Rebalancing Effective Date and the corresponding Final Rebalancing Effective Date and (ii) the corresponding Final Quarterly Rebalancing Effective Date shall occur on the next business day that is not a Monday nor Tuesday which results in it being a trading day for all Index constituents on the day prior to the new Final Quarterly Rebalancing Effective Date.

For example, if one or more markets are closed on the day prior to the scheduled Transitional Quarterly Rebalancing Effective Date, such Transitional Quarterly Rebalancing Effective Date would be the next business day (if all markets to be traded are open the day prior) and the corresponding Final Quarterly Rebalancing Effective Date would be the following Wednesday (if all markets to be traded are open the day prior) as illustrated in Table 2 below:

Table 2: Schedule for the Quarterly Rebalancing

	Mon	Tues	Wed	Thurs	Frid
Week 1		RD			
Week 2				TED	
Week 3			FED		

Legend:

RD:	Quarterly Rebalance Date
TED:	Quarterly Transitional Effective Date
FED:	Quarterly Final Effective Date

As an alternative example, if the markets are open on the day prior to the scheduled Transitional Quarterly Rebalancing Effective Date but one or more markets are closed on the day prior to the scheduled Final Quarterly Rebalancing Effective Date, then the Transitional Quarterly Rebalancing Effective Date remains as scheduled, however the corresponding Final Quarterly Rebalancing Effective Date would occur on the following Wednesday (if all markets to be traded are open the day prior) as illustrated in Table 3 below:

Table 3: Schedule for the Quarterly Rebalancing

	Mon	Tues	Wed	Thurs	Frid
Week 1		RD			
Week 2			TED		
Week 3			FED		

Legend:

RD:	Quarterly Rebalance Date
TED:	Quarterly Transitional Effective Date
FED:	Quarterly Final Effective Date

A "trading day" is with respect to any Index constituent, a day on which trading is generally conducted on the relevant exchange or relevant exchanges, as applicable, or related exchanges for such component (each as defined herein), other than a day on which one or more of such relevant exchanges and related exchanges is scheduled to close prior to its regular weekday closing time.

5.5 In the event that a corporate action takes place in respect of an Index constituent during the period between the Quarterly Rebalancing Date and the corresponding Transitional Quarterly Rebalancing Effective Date and Final Quarterly Rebalancing Effective Date which results in Index constituents becoming ineligible, the ineligible constituents will be replaced as per section 6.5, so as that on the corresponding Final Quarterly Rebalancing Effective Date, the Index will contain 50 stocks (subject to 2.7(b)).

5.6 Constituent changes will be made after the Quarterly Rebalancing Date without prejudice to the right of the Index Creator to take into account the event of take-overs or other extraordinary circumstances. All changes in respect of any index rebalancing become effective on the corresponding Transitional Quarterly Rebalancing Effective Date and Final Quarterly Rebalancing Effective Date.

5.7 The selection follows the procedure set out in section 2.6. The Index weighting follows the procedure set out in 2.7.

5.8 Adjustments in the stocks and weightings in the Index shall not change the Index value.

6 Rules for the Operational Adjustment of the Index

6.1 In addition to the periodic reviews, the Index is continually reviewed for changes to the Index composition necessitated by extraordinary corporate actions – e.g. mergers, takeovers, spin-offs, delistings and bankruptcy filings - involving constituent stocks. The aim of the Calculation Agent when making operational adjustments is to ensure that the basic principles of the Index (see sections 1 and 2) are maintained and that the Index continues to reflect as closely as possible the value of the underlying portfolio.

6.2 Operational adjustments of the selection and/or weighting of the stocks included in the Index may not change the Index value.

6.3 **Operational adjustments:** Changes to the Index composition due to corporate actions or constituent eligibility changes might require adjustments to the Index Divisor or to the allocated number of shares, as follows:

Constituent change	**Adjustment**
Constituent Replacement	The stock entering the Index goes in at the weight of the stock coming out to determine the number of shares ($Shares^i$) of the added stock. (No divisor change)
Spin-off*	Subtract the following from the price of the parent company: $\left(\frac{\text{Spinoff stock price}}{\text{Share exchange ratio}}\right)$ Adjust the number of shares ($Shares^i$) (as defined below) such that the constituent's weighting is not changed as a result of the spin-off. (No divisor change)
Special Cash Dividend	Price of stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before ex-date. A divisor adjustment is made to ensure the Index level after the price adjustment is equal to the Index level before the price adjustment.
Stock Split	In the event of a stock split the number of shares in the stock concerned will be multiplied by the factor used for the split at that time. (No divisor change)
Stock Dividend	Stock dividends are treated in the same way as stock splits.

Rights Offering	Subtract the following from the price of the parent company: $\left(\frac{\text{Price of rights}}{\text{Rights ratio}}\right)$ Adjust the number of shares ($Shares^i$) such that the constituent's weighting is not changed as a result of the rights offering. (No divisor change)

Divisor changes are usually made on the date the corporate action becomes effective, based on the closing prices the last business day before.

*Special note on Spin-offs: If a company being spun off is only trading on a "when-issued" basis, the "when-issued" price will be used to adjust the parent company's closing price.

6.4 **Interim constituent changes:** Constituent changes may occur between review periods if a specific corporate event makes an existing constituent ineligible. The following events may require a constituent's replacement:

Event	**Action**
Merger or acquisition	If a merger or acquisition results in one constituent absorbing another, the resulting company will remain a constituent and the absorbed company will be replaced. If a non-constituent company absorbs a constituent company, the original constituent will be removed and replaced.
Spin-off	If a constituent company splits or spins off a portion of its business to form one or more new companies, the resulting company with the highest market value will remain a constituent.
Bankruptcy	A constituent company will be removed and replaced immediately after bankruptcy filing. Exceptions are made on a case-by-case basis. For example, a security might not be removed immediately when a bankruptcy filing is not a result of operating or financial difficulties.
Delisting	A constituent company will be removed and replaced immediately after being delisted from its primary market.

Generally speaking, changes are effective immediately; i.e. on the same day the corporate action becomes effective (the ex-date). The Calculation Agent will, where possible, give the Index Creator no less than 2 business days notice of any interim constituent change.

6.5 **Constituent replacement:** The replacement company will be the highest ranked non-constituent on the most recent Selection List with sufficient one-month daily liquidity in US dollars (as measured on the prior business day).

7 Final Provisions

7.1 This document is published by CSSEL. CSSEL is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("**FCA**") and the Prudential Regulation Authority. Notwithstanding that CSSEL is so regulated the rules of the PRA or FCA are not incorporated into this document.

7.2 This document is published for information purposes only and CSSEL expressly disclaims (to the fullest extent permitted by applicable law) all warranties (express, statutory or implied) regarding this document and the Index, including but not limited to all warranties of merchantability, fitness for a particular purpose of use and all warranties arising from course of performance, course of dealing or usage of trade and their equivalents under applicable laws of any jurisdiction.

7.3 CSSEL or its affiliates may offer securities or other financial products the return on which is linked to the performance of the Index. This document is not to be used or considered as an offer or solicitation to buy or subscribe for such financial products nor is it to be considered to be or to contain any advice or a recommendation with respect to such financial products. Before making an investment decision in relation to such financial products one should refer to the prospectus or other disclosure document relating to such financial products.

7.4 The current Rules for the Index, including the formulae and procedures for its calculation and construction, are set in section 2 and the following sections of this document and in the Appendices attached hereto. Section 1 of this document contains a general introduction to HOLT and does not form part of the Rules.

7.5 CSSEL is described as Index Creator under the Rules. CSSEL may transfer or delegate to another entity, at its discretion, the authority associated with the role of Index Creator under the Rules.

7.6 Standard and Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") is described as the Calculation Agent under the Rules. The Calculation Agent is responsible for compiling and calculating the Index pursuant to and on the basis of the Rules. S&P is appointed as Calculation Agent pursuant to a contract with CSSEL, which contract may be terminated subject to and in accordance with its terms, and CSSEL retains the discretion to appoint an alternative Calculation Agent in lieu of S&P. S&P expressly disclaims all liability for any inaccuracy in share prices, calculations and the publication of the Index, the information used for making adjustments to the Index and the actual adjustments.

7.7 More generally, CSSEL as Index Creator retains the final discretion as to the manner in which the Index is calculated and constructed. Furthermore, CSSEL as Index Creator is the final authority on the Index and the interpretation and application of the Rules.

7.8 CSSEL as Index Creator may supplement, amend (in whole or in part), revise or withdraw these Rules at any time. Such a supplement, amendment, revision or withdrawal may lead to a change in the way the Index is calculated or constructed and

may affect the Index in other ways. Without prejudice to the generality of the foregoing, CSSEL as Index Creator may determine that a change to the Rules is required or desirable in order to update the Rules or to address an error, ambiguity or omission. Such changes, for example, may include changes to eligibility requirements or construction and weighting Rules. The Rules may change without prior notice.

7.9 CSSEL as Index Creator may apply the Rules in such manner as it, in its discretion considers reasonable and in doing so may rely upon such sources of information (including as to stock prices, rates of exchange, corporate actions and dividend payments) as it, in its discretion, considers reasonable.

7.10 CSSEL as Index Creator does not warrant or guarantee the accuracy or timeliness of calculations of Index values and does not warrant or guarantee the availability of an Index value on any particular date or at any particular time. If the Calculation Agent is unable to calculate the Index in accordance with the Rules it is obliged to inform CSSEL as Index Creator as soon as possible.

7.11 CSSEL as Index Creator (including its officers, employees and delegates) shall not be under any liability to any party on account of any loss suffered by such party (however such loss may have been incurred) in connection with anything done, determined or selected (or omitted to be done, determined or selected) by it in connection with the Index and Rules. Without prejudice to the generality of the foregoing, CSSEL as Index Creator shall not be liable for any loss suffered by any party as a result of any determination or calculation it makes (or fails to make) in relation to the construction or the valuation of the Index and the application of the Rules and, once made, CSSEL as Index Creator shall not be under any obligation to revise any determination or calculation made by it for any reason.

7.12 The Rules shall be governed by and construed in accordance with English law.

Appendix 1

Price Index Calculation Method

The Index (the price index) is calculated according to the following equations:

$$Index_t = \frac{\sum_{i=1}^{n} Price_t^i \times Shares_t^i}{Divisor_t} \times (1 - \max(0, X_t))$$

where:

$Index_t$ =	Index value at time t
$Divisor_t$ =	Divisor at time t
n =	Number of stocks in the Index = 50 (subject to 2.7(b))
$Price_t^i$ =	The official closing price of stock i at time t in US Dollars (the official closing price of non-US Dollar stocks will be converted from the local price using the WM closing spot rates as reported by Reuters)
$Shares_t^i$ =	Number of shares of stock i in the Index at time t

The initial divisor, $Divisor_0$, is determined as follows:

$$Divisor_0 = \frac{\sum_{i=1}^{n} Price_0^i \times Shares_0^i}{\text{Base Value}}$$

where:

$Divisor_0$ =	Initial divisor at base date (= 30 June 2006)
Base Value Base Value =	100 (= Base Index value on 30 June 2006)
$Price_0^i$ =	The official closing price of stock i at base date in US Dollars (the official closing price of non-US Dollar stocks will be converted from the local price using the WM closing spot rates as reported by Reuters)
$Shares_0^i$ =	Number of shares of stock i in the Index at base date

$$X_t = \left(\left(\frac{\sum_{i=1}^{n1} Price_{t-1}^i \times Shares_{postadj}^i}{\sum_{i=1}^{N} Price_{t-1}^i \times Shares_{postadj}^i} \right) - \left(\frac{\sum_{i=1}^{n2} Price_{t-1}^i \times Shares_{preadj}^i}{\sum_{i=1}^{N} Price_{t-1}^i \times Shares_{preadj}^i} \right) \right) \times IOF_{t-1}$$

*n*1 =	Stocks in the index after Index composition changes (on the Final Quarterly Rebalancing Effective Dates and due to corporate actions) that trade on an exchange in Brazil and are subject to the IOF tax. This value excludes ADRs of Brazilian domiciled companies that are listed outside of Brazil (e.g. the US ADR of Petrobras' common shares). If there are no Index composition changes on day t, then n1 = n2 and X = 0.
*n*2 =	Stocks in the index before Index composition changes (on the Quarterly

Rebalancing Dates and due to corporate actions) that trade on an exchange in Brazil and are subject to the IOF tax. This value excludes ADRs of Brazilian domiciled companies that are listed outside of Brazil (e.g. the US ADR of Petrobras' common shares)

N = Stocks in the Index = 50 (subject to 2.7(b))

$Price_t^i$ = The official closing price of stock i on day t in US Dollars (the official closing price of non-US Dollar stocks will be converted from the local price using the WM closing spot rates as reported by Reuters)

$Shares_{postadj}^i$ = Number of shares of stock i in the Index on day t-1 after Index composition changes (on the Quarterly Rebalancing Effective Dates and due to corporate actions)

$Shares_{preadj}^i$ = Number of shares of stock i in the Index on day t-1 prior to Index composition changes (on the Quarterly Rebalancing Effective Dates and due to corporate actions)

IOF_{t-1} = IOF is the (variable) tax on equity inflows into the Brazilian market. The current IOF tax is 0.0%. From the October 20, 2009 to November 30, 2011, the IOF tax was 2.0%. The tax rate is subject to change and the latest tax rate is available on the BM&F Bovespa website.

On each Transitional Quarterly Rebalancing Effective Date and the corresponding Final Quarterly Rebalancing Effective Date, $Shares^i$ is set so that each constituent has a weight W(i) as determined in section 2.7(i) and section 2.7(e), respectively:

$$Shares^i = \frac{W_i \times \sum_{j=1}^{n} Price_{RD}^j}{Price_{RD}^i}$$

where:

$Price_{RD}^i$ = The official closing price of stock i the last business day before each Transitional Quarterly Rebalancing Effective Date or the corresponding Final Quarterly Rebalancing Effective Date in US Dollars (the official closing price of non-US Dollar stocks will be converted from the local price using the WM closing spot rates as reported by Reuters)

Any changes to the Index composition (on each Transitional Quarterly Rebalancing Effective Date and the corresponding Final Quarterly Rebalancing Effective Date and due to corporate actions) require adjustments to the divisor in order to maintain Index series continuity. Divisor changes are made according to the following formula:

$$Divisor_{post\,adj} = Divisor_{pre\,adj} \times \frac{\sum_{i=1}^{n} Price^{i}_{post\,adj} \times Shares^{i}_{post\,adj}}{\sum_{i=1}^{n} Price^{i}_{pre\,adj} \times Shares^{i}_{pre\,adj}}$$

$Divisor_{post\,adj}$ = Divisor after changes are made to the Index

$Divisor_{pre\,adj}$ = Divisor before changes are made to the Index

$Price^{i}_{post\,adj}$ = The official closing price of stock i after Index changes in US Dollars (the official closing price of non-US Dollar stocks will be converted from the local price using the WM closing spot rates as reported by Reuters)

$Price^{i}_{pre\,adj}$ = The official closing price of stock i prior to Index changes in US Dollars (the official closing price of non-US Dollar stocks will be converted from the local price using the WM closing spot rates as reported by Reuters)

$Shares^{i}_{post\,adj}$ = Number of shares of stock i in the Index after Index changes

$Shares^{i}_{pre\,adj}$ = Number of shares of stock i in the Index prior to Index changes

When changes to the number of shares are made (e.g. in the case of a constituent replacement), the weight of the constituent should not change. As an example:

$$Weight^{StockOut} = \frac{Shares^{StockOut} \times Price^{StockOut}}{\sum_{i=1}^{n} Price^{i}} = Weight^{StockIn},$$

therefore

$$Shares^{StockIn} = \frac{Shares^{StockOut} \times Price^{StockOut}}{Price^{StockIn}}$$

Appendix 2

Total Return (Net of IOF) Index Calculation Method

The Total Return (Net of IOF) index is the total return index adjusted by a synthetic IOF tax. The IOF tax is a foreign exchange tax levelled on currency inflows into the Brazilian equity market. The Total Return (Net of IOF) index is designed to account for incremental increases in aggregate Brazilian local stocks and / or increases in the IOF tax rate. For purposes of calculating the total return index, dividends are accounted for by reinvesting them on a daily basis (daily compounding) according to the following formulae:

$$\text{Total Return Index}_t = \left(\text{Total Return Index}_{t-1} \times \frac{\left(Index_t + DIV_t\right)}{Index_{t-1}} \right) \times \left(1 - \max\left(0, X_t\right)\right)$$

$\text{TotalReturn Index}_t$ = Close of the total return index (net of IOF) on day t

Index_t = Close of the price index (gross of IOF) on day t as outlined in Appendix 1

DIV_t = Total net cash dividends (ordinary) for the Index on day t expressed in Index points

$$\text{DIV}_t = \frac{\sum_{i=1}^{n} \text{Dividend}_t^i \times \text{Shares}_t^i}{\text{Divisor}_t},$$

Dividend_t^i = If it is the ex-dividend date for stock i: the net dividend of stock i in US Dollars (converted from the local currency using the WM closing spot rates as reported by Reuters), else 0.

Shares_t^i and Divisor_t are as per Appendix 1.

Net dividend: The dividend is reinvested after deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties. The Total Return Index approximates the minimum possible dividend reinvestment. The rates applied are the current effective rates.

$$X_t = \left(\left(\frac{\sum_{i=1}^{n1} Price_{t-1}^i \times Shares_{postadj}^i}{\sum_{i=1}^{N} Price_{t-1}^i \times Shares_{postadj}^i} \right) - \left(\frac{\sum_{i=1}^{n2} Price_{t-1}^i \times Shares_{preadj}^i}{\sum_{i=1}^{N} Price_{t-1}^i \times Shares_{preadj}^i} \right) \right) \times \text{IOF}_{t-1}$$

$n1$ = Stocks in the index after Index composition changes (on the Final Quarterly Rebalancing Effective Dates and due to corporate actions) that trade on an exchange in Brazil and are subject to the IOF destax. This value excludes ADRs of Brazilian domiciled companies that are listed outside of Brazil (e.g. the US ADR of Petrobras' common shares). If there are no Index composition changes on day t, then n1 = n2 and X = 0.

$n2$ = Stocks in the index before Index composition changes (on the Quarterly Rebalancing Dates and due to corporate actions) that trade on an exchange in Brazil and are subject to the IOF tax. This value excludes ADRs of Brazilian domiciled companies that are listed outside of Brazil (e.g. the US

ADR of Petrobras' common shares)

N = Stocks in the Index = 50 (subject to 2.7(b))

$Price_t^i$ = The official closing price of stock i on day t in US Dollars (the official closing price of non-US Dollar stocks will be converted from the local price using the WM closing spot rates as reported by Reuters)

$Shares_{post\,adj}^i$ = Number of shares of stock i in the Index on day t-1 after Index composition changes (on the Quarterly Rebalancing Effective Dates and due to corporate actions)

$Shares_{pre\,adj}^i$ = Number of shares of stock i in the Index on day t-1 prior to Index composition changes (on the Quarterly Rebalancing Effective Dates and due to corporate actions)

IOF_{t-1} = IOF is the (variable) tax on equity inflows into the Brazilian market. The current IOF tax is 0.0%. From the October 20, 2009 to November 30, 2011, the IOF tax was 2.0%. The tax rate is subject to change and the latest tax rate is available on the BM&F Bovespa website.

Appendix 3

Synthetic Price Index Calculation Method

The synthetic price index is the total return index adjusted by a synthetic dividend yield, using daily compounding as follows:

$$\text{Synthetic Price Index}_t = \text{Total Return Index}_t \times \left(1 - \frac{\text{SDY}}{365.25}\right)^{\wedge t}$$

Whereby t is measured in calendar days and SDY is the (fixed) synthetic dividend yield:

SDY = 2.00%

Appendix 4

Index Names

The names of the different forms of the Index are as follows:

Price index: CS Latin America Index (CSLATAM)
Total return index: CS Latin America Total Return (Net of IOF) Index (CSLATAMT)
Synthetic price index: CS Latin America Index Synthetic Return Index (CSLATAMS)