Rules for the HS60 Europe Index Powered by HOLT™
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Version 4

Rules for the HS60 Europe Index Powered by HOLT™ (the "Index") (the "Rules")

1 Introduction

What is HOLT?

HOLT, a division 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 http://www.csfb.com/institutional/csfb_holt/index.shtml.

Why use HOLT to create an index?

The Index gives easy access to HOLT's best ideas for European 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 Europe are comparable across sectors and regions 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

Each year, a universe of stocks is created which consists of the top 300 European stocks (as defined below) by market capitalisation out of the HOLT database (the HOLT database currently contains some 4000 stocks for the European universe). The HOLT scoring model is then used to rank the 300 stocks, and the top quintile i.e. the top 60 stocks will constitute the Index for that year. The Index will be rebalanced annually.

Where the HS60 index gives exposure to companies around the world, the regional HS indices give investors the opportunity to invest in a particular region rather than the world as a whole. The HS60 Europe Index is the first index in the regional range.

2. The Composition of the Index

2.1 The Index is an equally weighted index calculated on an end-of-day basis, based on the closing prices of its constituents converted into Euros 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 Index has a Base Date of 12 April 1996 with a starting value of 100. The Index contains 60 stocks. (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).

2.2 The Index is structured in such a way to give investors in the Index the arithmetic mean of the 60 stocks with the best prospects in Europe 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 Economic Area or Switzerland (hereafter referred to as Europe).

2.4 **Eligible universe:** From the stocks in the HOLT database, those 300 European (see section 2.3) stocks with the highest market capitalisation constitute the universe of eligible companies. The eligible universe is determined each time when the selection list is run. In order to qualify for inclusion in the Index, the stock should 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 60 stocks that most closely match these criteria using the HOLT scoring model are chosen for the Index as outlined in section 2.5.

2.5 **Selection:** 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.
(b) Those stocks which have an average trading volume of less then 10 million Euros per day over the last six month period will be excluded. This will be determined by or on behalf of the Index creator. This is done in order to make sure that the performance of the Index is not negatively affected by price disruptions due to a lack of liquidity. In addition, those companies whose stocks are not freely tradable (because the equity and/or foreign exchange market is not free and well developed) may be excluded at the discretion of the Index creator.
(c) The 60 stocks of those companies with the highest HOLT score (subject to 2.5 (b)) will go into the Index composition.
(d) If two stocks are equally ranked, the Index creator decides at its discretion which stock will enter the Index.
(e) When a stock has several listings or different share classes outstanding, the Index creator has discretion as to which stock and/or listing is considered, bearing in mind among other factors the liquidity of the stocks. Normally, the primary listing will be considered. In exceptional cases an ADR or GDR can be included, especially if the ADR or GDR is more liquid than the related stocks. For the purpose of this description, the term "stocks" shall be interpreted to include such securities.
(f) The procedure described above is carried out on the last weekday of each month to create a selection list. The selection list indicates possible changes in the composition of the Index at the next annual review. The selection list is also used to determine a replacement company if and when needed.

2.6 **Weighting:** The 60 Index stocks are equally weighted initially and on each Annual Rebalancing Effective Date (as defined below). On each Annual Rebalancing Effective Date the weightings of the Index stocks are each reset to an equal value of $1/60^{th}$ of the Index. 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 company will be calculated on the Base Date and recalculated on each Annual Rebalancing Effective Date according to the formula as stated in Appendix 1.

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 2.5(e)) of all the stocks included in the Index. To convert stock prices into Euros, the WM closing spot rates as reported by Reuters are used. The exact calculation method for the Index is outlined 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 outlined 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 outlined in Appendix 3.

3.3 **Closing Index Value:** The Index is calculated on an end-of-day basis by the calculation agent (as defined below) based on each constituent's last available closing price on its primary exchange (subject to section 2.5(e)). The WM closing spot rates as reported by Reuters are used for conversion into Euros. For calculation purposes the Index closes at 5 p.m. London time. The closing Index value is disseminated by 6.00 p.m. London time.

3.4 As long as at least one constituent stock is being traded on a day, 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 6.00 p.m. London 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 general aim 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:

Annual Rebalancing Date:	Last weekday of March (the "Annual Rebalancing Date"), commencing on the last weekday of March 2007 (30 March 2007).

5.3 Adjustments in stock weightings and constituents resulting from the periodic review become effective after the 9^{th} weekday following the Annual Rebalancing Date, based on the closing values of the constituents on the 9^{th} weekday. Therefore the **effective** date for periodic review changes is:

Annual Rebalancing Effective Date:	10th weekday in April (the "Annual Rebalancing Effective Date"), commencing on the 10th weekday of April 2007 (13 April 2007).

5.4 In the event that a corporate action takes place in respect of an Index constituent during the period between the Annual Rebalancing Date and the Annual 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 Annual Rebalancing Effective Date the Index will contain 60 stocks.

5.5 Constituent changes will be made after the Annual 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 become effective on the Annual Rebalancing Effective Date.

5.6 The selection follows the Rules set out in section 2.5.

5.7 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 companies. 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 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. (In between rebalancing days the weight is usually not equal to $1/60^{th}$.) (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 at least 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.

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:

$$\mathrm{Index}_t = \frac{\sum_{i=1}^{n} \mathrm{Price}_t^i \times \mathrm{Shares}_t^i}{\mathrm{Divisor}_t}$$

where:

Index_t =	Index value at time t
$\mathrm{Divisor}_t$ =	Divisor at time t
n =	Number of stocks in the Index = 60
Price_t^i =	The official closing price of stock i at time t in Euros (the official closing price of non-Euro 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, $\mathrm{Divisor}_0$, is determined as follows:

$$\mathrm{Divisor}_0 = \frac{\sum_{i=1}^{n} \mathrm{Price}_0^i \times \mathrm{Shares}_0^i}{\mathrm{Base\ Value}}$$

where:

$\mathrm{Divisor}_0$ =	Initial divisor at base date (= 12 April 1996)
Base Value Base Value =	100 (= Base Index value on 12 April 1996)
Price_0^i =	The official closing price of stock i at base date in Euros (the official closing price of non-Euro 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

On each Annual Rebalancing Effective Date, Shares^i is set so that each constituent has a weight of $\frac{1}{n}$:

$$\mathrm{Shares}^i = \frac{\frac{1}{n} \times \sum_{i=1}^{n} \mathrm{Price}_{RD}^i}{\mathrm{Price}_{RD}^i}$$

where:

Price_{RD}^i =	The official closing price of stock i the last business day before Rebalancing Effective Date in Euros (the official closing price of non-Euro 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 the Annual Rebalancing Dates 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:

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

$\text{Divisor}_{\text{post adj}} =$	Divisor after changes are made to the Index
$\text{Divisor}_{\text{pre adj}} =$	Divisor before changes are made to the Index
$\text{Price}^{i}_{\text{post adj}} =$	The official closing price of stock i after Index changes in Euros (the official closing price of non-Euro stocks will be converted from the local price using the WM closing spot rates as reported by Reuters)
$\text{Price}^{i}_{\text{pre adj}} =$	The official closing price of stock i prior to Index changes in Euros (the official closing price of non-Euro stocks will be converted from the local price using the WM closing spot rates as reported by Reuters)
$\text{Shares}^{i}_{\text{post adj}} =$	Number of shares of stock i in the Index after Index changes
$\text{Shares}^{i}_{\text{pre adj}} =$	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:

$$\text{Weight}^{\text{Stock Out}} = \frac{\text{Shares}^{\text{Stock Out}} \times \text{Price}^{\text{Stock Out}}}{\sum_{i=1}^{n} \text{Price}^{i}} = \text{Weight}^{\text{Stock In}},$$

therefore

$$\text{Shares}^{\text{Stock In}} = \frac{\text{Shares}^{\text{Stock Out}} \times \text{Price}^{\text{Stock Out}}}{\text{Price}^{\text{Stock In}}}$$

Appendix 2

Total Return Index Calculation Method

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:

$$\text{TotalReturn Index}_{t+1} = \text{TotalReturn Index}_t \times \frac{\left(\text{Index}_{t+1} + \text{DIV}_{t+1}\right)}{\text{Index}_t}$$

$\text{TotalReturn Index}_t =$	Close of the total return index on day t
$\text{Index}_t =$	Close of the price index on day t as outlined in Appendix 1
$\text{DIV}_t =$	Total net cash dividends (ordinary) for the Index on day t expressed in Index points

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

$\text{Dividend}_t^i =$	If it is the ex-dividend date for stock i: the net dividend of stock i in Euros (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.

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 = 3.50%

Appendix 4

Index Names

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

Price index: HS60 Europe Index Powered by HOLT^{TM}
Total return index: HS60 Europe Total Return Index Powered by HOLT^{TM}
Synthetic price index: Credit Suisse HS60 Europe Index Powered by HOLT^{TM}