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ASX
AUSTRALIAN SECURITIES EXCHANGE

Press Release

Consultation Paper to Consider Foreign Exempt Companies for Index Inclusion

Sydney, 6 May, 2008 - Standard & Poor's Index Services (S&P) and the Australian Securities Exchange (ASX) today released a consultation paper seeking market feedback on a proposal to make Foreign Exempt companies listed on ASX eligible for index inclusion.

Under the proposal, Foreign Exempt companies listed on ASX will be eligible for index inclusion, provided the primary listing of the stock is on a major exchange within a developed market. Foreign Exempt companies will still be required to meet all the standard index inclusion criteria in the S&P Index methodology.

Companies with a Foreign Exempt classification are obligated to immediately provide ASX with all information that is both supplied to their home exchange and that is public. The classification seeks to avoid regulating companies in areas that are already well regulated by the rules of the overseas primary market.

Current index methodology extends index eligibility to Foreign Domicile companies, but Foreign Exempt companies are not eligible. The ineligibility of Foreign Exempt companies – due to previously held concerns about the nature and timing of disclosure of corporate actions – is an anomaly for companies listed on developed markets whose disclosure requirements for corporate actions are comparable with those of ASX.

The change is not expected to have an immediate impact on the index constituency but it will create a more favourable environment for the listing of international companies in Australia, giving Australian investors access to broader investment opportunities on the local market.

Should the proposal be adopted, an amendment would be made to index methodology to state that "Foreign Exempt ASX-listed companies will be eligible for index inclusion provided their primary overseas listing is from a developed market exchange."

S&P's Associate Director Simon Karaban said, *"This is a minor enhancement to the methodology that will advance the practicality of the index rules and expand the pool of eligible index companies."*

ASX General Manager Equity Markets, Richard Murphy, said, *"This change removes a key impediment to large international listings on ASX. Australian fund managers, investment banks, brokers and ASX all have a strong interest in growing the international side of ASX-listed equities so that our market keeps pace with the growth in Australian superannuation."*

The consultation paper will be circulated to key index stakeholders and will also be available to other interested parties. Copies of the consultation papers are available on www.standardandpoors.com.au (under the Indices tab) and www.asx.com.au.

Market feedback will be sought until 31 May 2008, with final arrangements announced to the market in late June. Any change would not take effect until September 2008.

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The Australian Securities Exchange spans the markets for corporate control, capital formation and price discovery, and functions as an operator, supervisor, central counterparty clearer and payments system facilitator. The diverse domestic and international customer base of the Australian Securities Exchange includes issuers of a variety of listed securities, corporates, investment banks, trading banks, fund managers, hedge funds, commodity trading advisers, and proprietary and retail traders.

More information on ASX can be found on our website www.asx.com.au

S&P/ASX Index Consultation:

Foreign Exempt Companies and Index Eligibility

May 2008

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Background Information

This consultation paper assumes that readers are familiar with the S&P/ASX Index suite and those ASX Listing Rules relevant to Foreign Exempt entities. Background information on the S&P/ASX Index suite can be obtained from the Standard & Poor's website. Similarly, the ASX Listing Rules can be viewed at www.asx.com.au.

Proposal

To extend index eligibility to Foreign Exempt companies listed on ASX, provided that the primary listing of the stock is on a major stock exchange within a developed market. Under the proposal, Foreign Exempt companies will still be required to meet all the standard index inclusion criteria in the S&P Index methodology. The index committee reserves the right to deny eligibility from certain developed exchanges where there are disclosure limitations.

Background

Under the "Foreign Exempt" classification in the Listing Rules, certain ASX-listed companies of a minimum size with a primary listing on an overseas exchange are only required to comply with a subset of ASX Listing Rules so long as ASX is satisfied that they are subject to, and comply with the listing rules of their overseas home exchange. The companies are obligated to immediately provide ASX with all information that is both public and supplied to their home exchange. The classification seeks to avoid regulating companies in areas that are already well regulated by the rules of the overseas primary market.

Current index methodology extends index eligibility to Foreign Domicile listings, but Foreign Exempt companies are not eligible due to previously held concerns regarding the timing and disclosure of relevant corporate actions.

However, recent analysis by ASX and S&P indicates that these concerns are not valid for companies regulated by exchanges from developed markets, for example the London Stock Exchange, New York Stock Exchange, or the Toronto Stock Exchange. The disclosure requirements of developed market exchanges regarding the timing and disclosure of relevant corporate actions are sufficient to satisfy S&P's global index maintenance requirements and therefore there is no basis for their exclusion from index eligibility provided all other criteria are met.

The proposal requires an amendment to the index methodology to state that "Foreign Exempt ASX-listed companies will be eligible for index inclusion provided their primary overseas listing is from a "developed market exchange". A listing on one of these markets will then provide the basis for extending index eligibility to relevant foreign exempt firms in Australia.

Adoption of the proposal will see an anomaly in the existing index methodology removed and the pool and diversity of index eligible companies increase.

There are currently five companies with Foreign Exempt status on ASX:

- Alcoa Inc (AAI)
- Anglogold Ashanti Ltd (AGG)
- Constellation Brands Inc (CBR)
- Coca-Cola Hellenic Bottling Company S.A. (CHB)
- Newmont Mining Corporation (NEM)

No suggestion is being made that the companies listed above will automatically join the index should index eligibility be extended to include Foreign Exempt companies. Foreign Exempt companies will

still be required to meet all the standard index inclusion criteria in the S&P Index methodology such as liquidity and capitalisation.

Next Steps

S&P and ASX invite submissions to this consultation paper from index stakeholders. Respondents are invited to comment on the feasibility of the proposal and specifically any issues not detailed in this document that may impair efficient index management.

Submissions should be lodged not later than 31 May 2008.

Submissions can be addressed to either Simon Karaban or Brian Goodman at the contact details section provided below. If you wish to arrange a face-to-face consultation, please contact either party.

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