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Russell Global Indexes Construction and Methodology

Russell Global Indexes

Construction and Methodology

One Index:

Covers the investable universe. The Russell Global Index identifies companies that make up the top 98% of investable securities worldwide, without the limitations of country or region.

Reflects the global market. Instead of focusing exclusively on developed or emerging markets, Russell focuses on the types of companies global managers actually buy, regardless of country. There is no sampling. The Russell Global Index membership reflects the actual market.

Is modular. Russell ensures that its indexes reflect true broad cap, large cap and small cap market coverage throughout the world. Russell uses consistent break points to determine which companies are large cap and small cap globally. For example, Russell uses the same cut-off point in the United Kingdom as it does in Chile to establish a small cap company's status.

Is objective, transparent and rules-based. Objectively allows the market to determine the index composition according to clear, published rules. Using methodology similar to that of its industry-leading U.S. Indexes, Russell relies on the market—not on a subjective vote of a selection committee—to determine which companies are included.

Our disciplined approach to index methodology creates benchmarks that help investors make better investment decisions.

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Updated sections

This document has been updated since the last published version. Please refer to the list below for the updated sections.

- Incorporated methodology for the Russell Frontier Index
- Revised country eligibility requirements for the Russell Global Index (section 2)



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SECTION 1

Introduction

The Russell Global Index consists of a complete family of global equity indexes that truly represent the institutionally investable equity market. Rules-based and comprehensive, with objective maintenance rules, the indexes are consistent and reliable indicators of global equity market performance. The Russell Global Index is divisible by region, country, developed/emerging markets, capitalization size, sector, industry and styles to provide fully modular benchmarks representing the diversified opportunity set within each segment. The Russell Global Index family includes 98% of the global equity market cap—approximately 10,000 securities in approximately 50 countries.—and incorporates turnover management rules to balance transition costs and market representation.

The Russell Global Index family includes the Russell 3000[®] Index as its U.S. component and incorporates the industry-leading features of the Russell U.S. indexes. The global indexes feature Russell's pioneering float-adjustment weightings and objective maintenance methodology, ensuring consistent and comprehensive market representation as markets change over time. Russell's unique company-based approach allows for faster inclusion as new stocks (while perhaps not entire stock markets) emerge as part of the institutional opportunity set.

Purpose

- To offer investors a complete global equity market performance benchmark.
- To serve as an equity market proxy for asset allocation analysis and decisions.
- To provide a replicable vehicle for passive investment portfolios.
- To provide comprehensive retirement plan or investment portfolio benchmarks with fully modular segments, resulting in no gaps or overlaps in equity allocation/analysis.
- To provide the foundation for trading and risk management tools, such as options and futures.
- To act as an objective indicator of total market and individual segment performance and characteristics for academic research and financial media.

Available indexes

The Russell Global Index is modular and can be divided into thousands of components by capitalization size, region, sector, industry, styles, etc. Russell's core regional indexes are listed in Appendix A.

SECTION 2

Defining the total stock universe

Many indexes claim to capture a certain percentage of the equity market, and it is often difficult to evaluate and compare index families on the basis of their claimed coverage percentage. A key step in creating market indexes is defining the total stock universe on which they are based. Russell has always promoted transparency in index construction. Accordingly, the methodology used to generate our 98% capture of the global equity universe is described below.

The Russell Global Index is fundamentally constructed from a company-level perspective. Every publicly traded company around the world that meets minimum size and investability standards is included in the stock universe. Russell uses seven steps to refine the exchange-traded security universe and capture the total institutional universe of securities on which the Russell Global Index is based.

Steps in constructing the Investable Equity Universe and the Russell Global Index

1. Evaluate security types and distinguish equity securities from all other securities
2. Assign companies to countries
3. Evaluate securities by country to remove ineligible security types
4. Evaluate minimum capitalization size requirements
5. Evaluate country eligibility based on economic and practical investment environments
6. Evaluate minimum stock liquidity by using the average daily dollar trading volume (ADDTV), and active trading ratio (ATR)
7. Capture 98% of the institutionally investable universe

Total universe security type

Russell's first step in determining index membership is to capture and evaluate all exchange-traded securities in the global marketplace and build the total stock universe. Equity and equity-like securities are included in the Russell global equity universe, with some country-specific nuances. Equity-like securities are those that represent ownership of a company without an obligation for the company to repay invested capital in the form of coupon payments or lump-sum payments throughout the life of the investment. A full list of eligible share classes by country is provided in Appendix C. Depository receipts are used in countries such as Philippines, Thailand, and Russia due to their restrictions on foreign ownership in local shares. The following security types are not eligible for inclusion in Russell global indexes and are therefore excluded from the total stock universe.

Excluded securities

- Blank check companies
- Bulletin board and pink sheet stocks (with some global exceptions)
- Closed-end investment companies
- Depository receipts (some exceptions apply when primary issue fails liquidity threshold)

- Exchange Traded Funds (ETFs) and mutual funds
- Limited liability companies
- Limited partnerships
- Trust receipts and royalty trusts
- Warrants and rights

Universe minimum size requirement

Russell further refines the investable universe by eliminating extremely small equity securities that are inaccessible by institutional investors. The minimum total market capitalization requirement for inclusion in the Russell stock universe is \$1,000,000 USD. Note, this \$1M threshold applies to the universe of stocks, from which then 98% makes up the index. Historically, the market capitalization of the smallest security in the Russell Global index has been approximately \$160 million USD. Total market capitalization is determined by multiplying outstanding shares by market price as of the last trading day in May.

Universe country eligibility

Some countries with sizable stocks do not provide a stable environment for institutional investing and thus are ineligible for inclusion in the Russell global indexes universe. Specifically, those designated as Frontier countries are ineligible for the Russell Global Index. Russell does, however, include frontier countries in the Russell Frontier Index (see appendix J). Russell assesses the adequacy of investability conditions in a country using a group of country risk and trading risk/challenge factors and references, described below.

Country Risk

The following criteria are used to determine country eligibility for the Russell Global Index:

Criteria	Measure	Eligible	Ineligible (Frontier)
Relative income	World Bank Income Category	Upper Middle Income	Lower Middle and Low Income
Country risk score	Economist Intelligence Unit	Score between 40 and 55	Score greater or equal to 55

Sources: World Bank and Economist Intelligence Unit, CIA and IMF.

Trading Risks/Challenges:

The following factors are considered to determine country eligibility for the Russell Global Index:

Criteria	Eligible	Ineligible (Frontier)
Regulatory Infrastructure	Relatively mature	Incomplete
Trading and Custody accounts	Segregated	No Segregation
Effective FOL Communication	Yes	No
Trade Confidentiality	Yes	No
Settlement Periods	Shorter than t+3	Longer
Market Liquidity	Higher	Lower
Pre-Deposit of shares required	No	Yes

Sources: Custodian data and Factset.

A complete list of investable countries with corresponding eligible share types can be found in the appendixes. Russell will monitor these countries and publicly pre-announce changes to their eligibility.



Universe liquidity screen

Prior to capturing 98% of the market, Russell refines the universe of stocks to ensure investability. To be eligible for membership in the Russell Global Index (excluding U.S. securities), stocks must meet minimum size and liquidity requirements. Russell removes securities with inadequate liquidity by evaluating the average daily dollar trading volume (ADDTV) and the active trading ratio (ATR). ADDTV smoothes abnormal trading volumes over short time periods and measures the actual transactions taking place in the market. ATR evaluation provides further refinement, due to the possibility that a few transactions across the year could distort the ADDTV for individual stocks. This two-step liquidity screen provides an accurate representation of the market and its liquidity.

The formulas for calculating ADDTV and ATR are:

$$\text{ADDTV} = \frac{\text{Annual accumulated trading volume in USD}}{\text{Number of available trading days (open for trading)}}$$

$$\text{ATR} = \frac{\text{Number of active trading days (minimum 1 share traded)}}{\text{Number of available trading days (open for trading)}}$$

All securities in investable countries with eligible share types are ranked by ADDTV. At reconstitution, securities with an above-median ADDTV and greater than 50% ATR are eligible for inclusion in the index. U.S. securities are not subject to this liquidity screen.

For reconstitution 2010, the median ADDTV was approximately \$80,000 USD, which was equivalent to \$20 million USD annual trading volume. This threshold generally corresponds to the bottom 5% cumulative total market capitalization of the initial security universe, in descending order of ADDTV.

Capturing 98% of the eligible universe

Following completion of the minimal universe refinements listed above, Russell assigns stocks to individual countries according to a process described in Section 3, "Assigning Securities to Countries." The Russell Global Index is composed of the Russell 3000[®] Index, which captures 98% of the U.S. equity universe; and the largest 98% of the rest of the global equity universe.

Additionally, a number of investable countries are eligible for the Russell Global Index but are not included in the index because either the securities in those markets are too small or too illiquid to be included in the index, or the countries do not reach critical mass (see "Countries without Critical Mass" in Section 4: "Russell Global Index Membership").

Russell evaluates more than 150 countries at reconstitution each year for potential index eligibility. Index maintenance only applies to countries covered by the Russell Global Index as of the most recent reconstitution.



SECTION 3

Assigning securities to countries

Country assignment within indexes is important because many investment strategies involve underweighting or overweighting particular countries, or passively investing within the countries. Indexes provide the market weighting for the strategic weighting decision and serve as the performance benchmark for evaluating the results. In most cases, country assignment is straightforward. However, some differences and complexities in the global equity environment warrant specific attention and rules. Russell's fundamental country-assignment rule is described below.

Home-country indicators (HCI)

If a company incorporates in, has a stated headquarters location in, and also trades in the same country, (ADR's and ADS's are not eligible), the company is assigned to its country of incorporation. If any of the three criteria do not match, Russell then defines three Home Country Indicators:

Country of incorporation

Country of headquarters

Country of the most liquid exchange as defined by 2-year average daily dollar trading volume (ADDTV) .

Using the HCIs, Russell cross-compares the primary location of the company's assets with the three HCIs. If the primary location of assets matches ANY of the HCIs, then the company is assigned to its primary asset location.

If there is not enough information to conclude a company's primary country of assets (as illustrated in Appendix I), Russell uses the primary location of the company's revenue for the same cross-comparison and assign the company to its home country in a similar fashion. (Note: Russell used one year of assets or revenues information for determining primary country of assets for the 2010 reconstitution. Beginning in 2011, Russell will use an average of two years of assets or revenues data for analysis to reduce potential turnover.)

If conclusive country details can not be derived from assets or revenue, Russell assigns the company to the country in which its headquarters are located unless the country is a Benefit Driven Incorporation (BDI) country (See Appendix H for list of BDI countries), in which case, the company is assigned to the country of its most liquid stock exchange.

Steps to country classification:

Step 1	Is the company incorporated, traded, and headquartered in one unique country?	YES – Classified in the unique country	NO – Move to step 2
Step 2	Are the company's reported assets primarily located in one of the HCIs (Incorporation, headquarters, or most liquid exchange by volume)?	YES – Classified in the country of primary assets	NO – Move to step 3
Step 3	Are the company's reported revenues primarily located in one of the HCIs (Incorporation, headquarters, or most liquid exchange by Volume)?	YES – Classified in the country of primary revenue	NO – Move to Step 4
Step 4	Is the company's headquarters located in a non-BDI country (see Appendix D for list of BDI's)?	YES – Classified in the country of headquarters	NO – Assign to primary exchange country

In addition, there are some individual security exceptions to this rule due to legacy .

Chinese/Hong Kong Home Country Indicators: If a company is assigned to China or Hong Kong Special Administrative Region (S.A.R.) based on its HCIs, it is further analyzed to determine where it should be assigned. For the purpose of index creation, Russell recognizes China and the Hong Kong S.A.R as two distinct investment universes. A company is assigned to mainland China if it is incorporated in China and if its primary stock exchange is either the Shanghai Stock Exchange (SHSE) or the Shenzhen Stock Exchange (SZSE). If a company is incorporated in Hong Kong and is primarily traded on the Stock Exchange of Hong Kong (SEHK), in the majority of cases, Russell assigns the company to Hong Kong. However, if the following two conditions hold true for the company, it is assigned to China.

1. Country in which the majority of revenue is generated is China
2. More than 50% of the company equity, after aggregation of all share classes, is state-owned.

For example, China Mobile Ltd., a state-owned company and the largest mobile phone provider in China, is a member of Russell China Index, despite the fact that it is incorporated and traded in Hong Kong .

Hong Kong/Macao

For the purpose of index creation, companies assigned to Macao are re-assigned to Hong Kong.

Tax Rates

Taxes are applied to dividend payments and vary according to a company's country of incorporation within the index. The tax rate applied is the rate applied to non-resident institutions that do not benefit from taxation treaties. Tax rates are reviewed and updated quarterly.



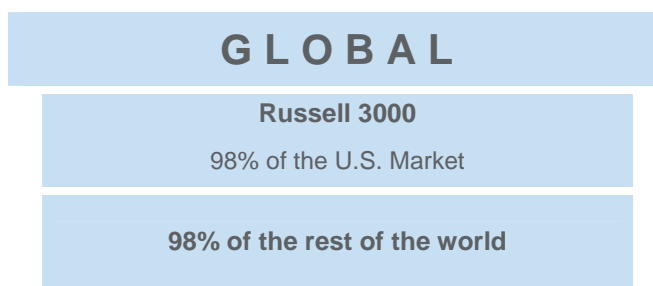
SECTION 4

Russell Global Index membership

When the total universe has been screened as described in Section 2, and after securities have been allocated to their home countries as described in Section 3, Russell determines index membership. Russell includes the top 98% of U.S. market capitalization, the Russell 3000[®]; and the top 98% of the rest of the world's market capitalization. This index design preserves global equity market integrity and effectively relieves the overrepresentation of U.S. from the global perspective. Additionally, this design assures consistency between the Russell Global Index and its U.S. sub-indexes as components.

The broad building blocks capturing 98%-plus of the investable market enable thousands of modular sub-indexes, including country, region, sector, market capitalization and style segments. Each division of the parent index provides a set of sub-indexes with no gaps and no overlaps. Additionally, each sub-index, as a stand-alone index, provides comprehensive representation of a particular subgroup of the global investment opportunity set.

Global equity index design



Global large cap and small cap index construction

Research summary

The need for cap-size indexes is based on a well-documented phenomenon known as the “cap-size effect.” Stated simply, it means that large stocks tend to behave like other large stocks, and small stocks tend to behave like other small stocks. Russell observed this effect in the U.S. more than 20 years ago, and the effect has been seen to prevail in global markets as well. Much research has been focused on determining an appropriate dividing point between large and small stocks, but Russell's research has demonstrated that there is no hard line between large and small. Instead, the division between large and small stocks should be established as a range, or “band”, around which representative large cap and small cap indexes can be created.

In addition, Russell research has demonstrated that the cap-size effect exists across regional boundaries; that is, companies of similar size tend to behave similarly regardless of geographic location. While this relationship is not equally strong across all regions (particularly in emerging markets), it does appear to be increasingly apparent as markets continue to globalize.

As a result of its research into the global cap-size effect, Russell implemented a global-relative methodology with banding when constructing the Global Large Cap, Global Mid Cap and Global Small Cap indexes, beginning with the June 2007 reconstitution. This approach differs fundamentally from the current industry practice of determining cap size on a country-by-country basis, where companies with very different market capitalizations may be classified in the same cap-size index, or, alternatively, where companies with similar market capitalizations may be classified in different cap-size indexes simply because they are located in different countries or regions. Cap-size indexes constructed by use of country-relative distinctions (whether banded or not) can generate substantial overlap when combined into broader indexes, reducing their ability to accurately represent what they originally intended to measure.

Construction rules

At reconstitution, all companies in the Russell Global Index (ex-U.S.) are ranked by their total market capitalization in descending order, and the cumulative total market capitalization percentile for each company is calculated.

To determine the Russell Global Large Cap and Russell Global Small Cap indexes, all companies that rank below the 90th percentile are classified as small cap, and all companies that rank above the 85th percentile are classified as large cap. Current members of the index that rank within the capitalization band between the 85th and 90th percentiles retain their existing classification. For example, if a member of the existing Russell Global Small Cap Index falls within the 85th-90th percentile band at reconstitution, it remains classified as small cap. New companies being added to the Russell Global Index are classified relative to the midpoint of the range. In other words, new companies ranking above 87.5 are classified as large cap, and new companies ranking below 87.5 are classified as small cap.

To determine the Global Mid Cap and Global Mega Cap indexes, which are sub-components of Global Large Cap, all companies that rank below the 60th percentile are classified as mid cap, and all companies that rank above the 55th percentile are classified as mega cap. Current index members that rank within the capitalization band between the 55th and 60th percentiles retain their existing classification. For example, if a member of the existing Global Mid Cap Index falls within the 55th-60th percentile band at reconstitution, it remains classified as mid cap. New companies being added to the Global Index are classified relative to the midpoint of the range. In other words, new companies ranking above 57.5 will be classified as mega cap, and new companies ranking below 57.5 are classified as mid cap.

Using a global-relative 5% band has been shown to create portfolios that are robust representations of large and small stock behavior and provide consistently better tracking results when tested against global and non-U.S. cap-tier mandated managers. Use of the banding approach also has the associated benefit of dramatically reducing turnover at reconstitution. Russell's research shows that a 5% band provides an optimal balance between representing asset-class return behavior and reducing turnover, which ultimately benefits investors who are using the indexes as passive vehicles or active portfolio benchmarks.

Index name	Upper range (percentiles)	Lower range (percentiles)
Russell Global Mega Cap	NA	55%–60%
Russell Global Mid Cap	55%–60%	85%–90%
Russell Global Small Cap	85%–90%	NA

Percentiles are based on descending total market capitalization. Large Cap = Mega Cap + Mid Cap.



Countries without critical mass

Russell's global relative approach focuses less on country coverage and more on the true global opportunity set. A country coverage focus can result in the inclusion of countries with few securities available to trade. From a manager's perspective, this is not an ideal situation due to the relative costs of setting up a trading account with those countries compared to the number of tradable securities.

In an effort to reduce those trading implications while remaining global relative, Russell uses the most liquid exchange OUTSIDE of a security's home country if a security's home country has fewer than three securities. However, the most liquid exchange must be in a country eligible for the Russell Global Index that contains three or more securities. If the most liquid exchange outside of the home country is in a country that does not meet this criteria, then Russell looks to the next most liquid exchange. If the security does not trade on an exchange in an eligible country, or only trades locally and does not trade on any other exchange outside of its home country, the security is ineligible for index inclusion.

While this rule allows the Russell Global Index to use a listing on an exchange outside of the security's home country, the security is still assigned to its home country within the indexes. Additionally, while depository receipts are generally ineligible for inclusion within the Russell Global Indexes, Russell includes depository receipts for securities that fall under this rule.

Global SMID construction

Russell believes that SMID is an asset class separate from the large, mid, and small capitalization market segments. While other index providers define SMID as simply an aggregation of mid cap and small cap, Russell defines SMID as the bottom of the mid cap and top of the small cap markets.

To construct the SMID index, all companies in the current Russell Global Index are ranked by market-capitalization in descending order, and the cumulative total market capitalization percentile for each company is calculated. Companies that rank between the 75th percentile and 95th percentile are classified as SMID. At reconstitution each year, 5% bands are implemented at both the bottom and the top of the SMID index, which means that an existing SMID member remains in the SMID index if it ranks between the 72.5th percentile and 97.5th percentile. For a security new to the Russell Global Index, the 75th percentile and 95th percentile breakpoints are used to determine SMID membership.

Historical construction rules for the Russell Global Index

Historically, the following methodology was used to build the Russell Global cap-tier indexes.

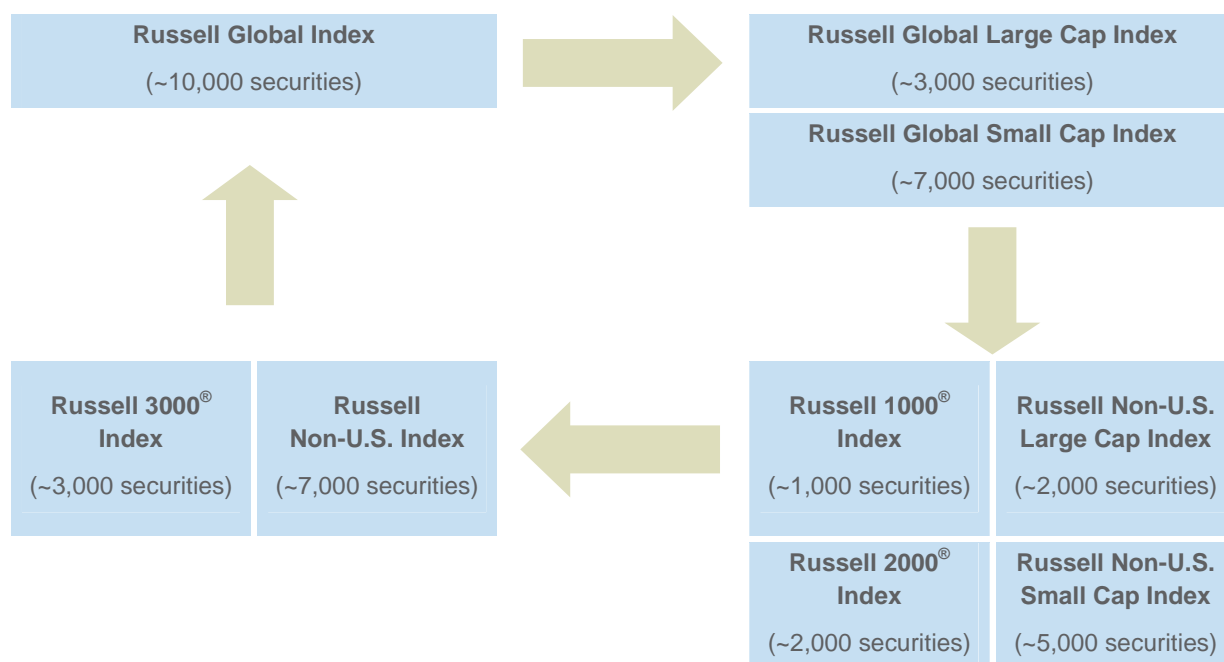
The large/small breakpoint was made by using the corresponding breakpoints for the years 1996 to 2006 in the Russell U.S. indexes. These breakpoints generally correspond to the 90th percentile, on the basis of cumulative float-adjusted market capitalization of the global universe ranked in descending order by total market capitalization, including the U.S. Japan was calculated using the Russell/Nomura Total Market Index and their corresponding breakpoints. Russell/Nomura Total Market was used as the Japan portion from 1996-2008.

The mega cap/mid cap breakpoint was made by using the corresponding breakpoints for the years 1996 to 2006 in the Russell U.S. indexes. These breakpoints generally correspond to the 60th percentile, on the basis of cumulative float-adjusted market capitalization of the global universe ranked in descending order by total market capitalization, including the U.S.

No banding was used in the historical construction.



The following illustration shows the Russell Global Index construction and its high-level decomposition into U.S. and non-U.S. regions and large cap and small cap tiers.



Regional and country indexes

Russell global indexes include stand-alone regional and country indexes. A complete list of regions and countries is available in Appendix A.

Emerging and developed markets

In consideration of the investing environments of existing emerging and developed markets, the modular structure of the Russell Global Index provides developed and emerging markets regional index options. Given the purpose of the Russell Global Index—to offer investors a better and more accurate global benchmark—Russell uses a combination of macroeconomic and investment market criteria to distinguish developed from emerging markets. Additionally, Russell uses a transparent methodology for recognizing countries that have become developed, or that, conversely, have taken steps to be less accessible to investors.

Economic criteria

Russell uses economic criteria as the first step in categorizing countries into developed and emerging markets indexes, because doing so provides a measurement of the macro-economy and its level of development. It also provides a measurement of political, sovereign and currency risk. Countries must meet the minimum economic criteria for developed markets in order to be considered for inclusion in the Russell Developed Markets Index or any of its sub-indexes.



In order for a country to be considered a developed market, it must meet and sustain the following criteria over the course of two reconstitution periods:

Criteria	Measure	Developed	Emerging
Relative income	World Bank Income Category	High	< High
Economic status	CIA and IMF	Developed	Emerging
Country risk score	Economist Intelligence Unit	Score 1 or 2	Score 3 or below

Sources: World Bank and Economist Intelligence Unit, CIA and IMF.

Market criteria

After a country has met the required economic criteria for consideration as a developed market, a second step is taken, to evaluate its investing environment. Economic criteria alone are insufficient for categorizing countries into developed or emerging markets because they do not reflect investment conditions. Market criteria provide an objective filter by use of practical investment considerations that reflect repatriation, FX and stock transfer risks and trading costs. All market factors are equal-weighted, and discrete. For a country to be considered a developed market, it must meet and sustain 100% of the economic criteria and 60% of the following market criteria over the course of two reconstitution periods:

Criteria	Developed	Emerging
Relative transaction costs	Below median	Above median
FX restrictions	No	Yes
Repatriation restrictions	No	Yes
Stock transfer restrictions within fund complex	Allowed, not requiring selling or repurchase in market	Not allowed
Relative liquidity	Above median	Below 1 st quartile (between 1 st quartile and median are given zero weight to this category).

Sources: Custodian data and Factset.

Moving between developed and emerging markets

At each reconstitution, Russell evaluates the economic and market criteria for each country in the Russell Global Index. Only countries with a two-year sustained change will be eligible to move between developed and emerging markets classifications, as described above.

Illustrations:

	2005 Russell Index Region	2005 Economic Criteria	2005 Market Criteria	2006 Economic Criteria	2006 Market Criteria	2007 Economic Criteria	2007 Market Criteria	2007 Russell Index Region
Country A	Emerging	Developed	Emerging	Developed	Developed	Developed	Developed	Shift to Developed
Country B	Emerging	Emerging	Developed	Developed	Developed	Emerging	Developed	No change (Emerging)
Country C	Emerging	Developed	Emerging	Emerging	Emerging	Developed	Developed	No change (Emerging)

A complete listing of Russell developed and emerging markets index countries is available in Appendix A.



Defining Frontier markets

Russell defines frontier markets separately through the Russell Frontier Index methodology. See appendix J for more information.



SECTION 5

Float-adjusted weighting

Russell pioneered float-adjusted index weightings with its U.S. indexes launched in 1984, and then extended its industry-leading methodology globally, where float may be even more important. After index membership has been determined by total market capitalization, each security's shares are adjusted to include only those available for public investment—shares called “free float.” The purpose of float adjustment is to exclude from index weights the capitalization that is not available for purchase and that is not part of the global investing opportunity set. Float-adjusted market capitalization is calculated by multiplying the primary closing price by the number of investable shares. A detailed description of Russell's free-float-calculation algorithm is available in the Appendix E, along with security level examples.

Step 1: Remove unavailable shares

Generally, shares that are owned by strategic investors or that are restricted from trading are considered unavailable. These shares are subtracted from total shares outstanding to derive available shares, or free float, which are used to weight each security in the Russell Global Index.

Russell removes the following types of shares from index company weights:

Material employee stock ownership plans: Shares held in employee stock ownership plans comprising 10% or more of the shares outstanding are removed from index weights.

Large private holders: Material private holdings in excess of 10% are removed from index weights.

Government holdings:

- **Direct government holders:** Those holdings listed as “government of” are considered unavailable and will be removed entirely from available shares.
- **Indirect government holders:** Shares held by government investment boards and/or investment arms will be treated similar to large private holdings and removed if the holding is greater than 10%.
- **Government pensions:** Any holdings by a government pension plan are considered institutional holdings and will not be removed from available shares.

Corporate cross-owned shares: There are two types of adjustments for shares held by other corporations. All shares owned by another company in the Russell Global Index family are removed. . Material shares held by companies outside the Russell Global Index family are also removed from index weights, because they are likely held for strategic reasons. If the index member's shares are held by:

- **Russell 3000E or Russell Global Index member companies:** 100% of the cross-owned shares are considered unavailable and are removed from index weights.
- **A non-index member company owning more than 10% of total shares outstanding:** The cross-owned shares are considered unavailable and are removed from index weights.

IPO lock-ups: Shares locked up during an initial public offering (IPO) are not available for purchase to general investors and are removed from index weights.

American Depositary Receipts (ADR) and Global Depositary Receipts (GDR): Generally, ADRs and GDRs are removed from index weights to avoid potential double counting of share volume. There are exceptions (i.e., the Philippines, Thailand, Russia, Israel, Argentina) in which shares are added back to the float-adjusted capitalization following the foreign ownership limit adjustment.

Treasury shares: Treasury shares are company-owned shares, either by share re-purchase programs or by donations. These shares are considered strategic and are removed from index weights.

Minimum available shares/float requirement: Companies with only a small portion of their shares available in the marketplace are not eligible for the Russell Global Indexes. Companies with 5% or less, will be removed from eligibility.

Step 2: Apply foreign ownership limit adjustment

Foreign equity ownership limits are common, especially in emerging markets. These ownership limits are imposed either by local governments or by regulation bureaus for political and economic reasons. Foreign investment is often restricted in business sectors considered by a country to be sensitive, such as automobiles or telecommunications. However, some of these heavily regulated sectors present substantial investment opportunities. Russell adjusts securities with foreign ownership limits (FOLs) and removes them from index weights as described below.

Restricted and unrestricted share classes: In countries such as Thailand, companies issue restricted stocks (foreign shares) as well as unrestricted stocks (local shares). Unrestricted stocks can be owned by both domestic and foreign investors, while restricted stocks can be owned only by domestic investors. For index construction, Russell recognizes only unrestricted stocks as available shares. All restricted stocks are removed from index weights.

Foreign ownership limits by industry or sector: In many countries, foreign ownership limits are imposed within particular industries. Though it may vary by local foreign investment law, energy, banking and real estate are among the most heavily regulated sectors across countries. For index construction, Russell calculates foreign ownership limits according to the local industry classification, which may differ from Russell Global Index industry sector classifications.

Segregated market via share classes: In China, the stock market is segregated via share classes for domestic and foreign investors. There are four share classes, of which only three can be owned by foreign investors, who have limited or no voting rights. For index construction, Russell recognizes investable shares as B shares, H shares and N shares. All A shares are subtracted from free-float calculation. Differences among share classes in China are described in Section 3.

The foreign ownership limit adjustment is applied after the unavailable shares adjustment described in Step 1 above. The detailed calculations for float weighting can be found in the Appendix E.



Step 3: Reflect special depositary receipts

In countries such as Russia and Israel, sensitive sectors, such as telecommunications, oil, energy, media and real estate, are heavily regulated by the government. As a result, the majority of shares in these sectors are restricted to domestic investors. However, to raise capital for local companies while still retaining domestic control, the countries allow a large portion of the restricted shares to be deposited in custodian banks and traded overseas in the form of ADRs and GDRs. Depositary receipts are the only realistic way for global investors to invest in the underlying companies. Russell recognizes the shares represented by ADRs/GDRs from some countries as investable and adds these underlying shares back to index weights after the foreign ownership limit adjustment has been applied.





SECTION 6

Determining style

The Russell Global Index uses a “non-linear probability” method to assign stocks to the growth and value style indexes. The term “probability” is used to indicate the degree of certainty that a stock is value or growth, based on its relative book-to-price (B/P) ratio and I/B/E/S forecast long-term growth mean (IBES LT). This method allows stocks to be represented as having both growth and value characteristics, while preserving the additive nature of the indexes.

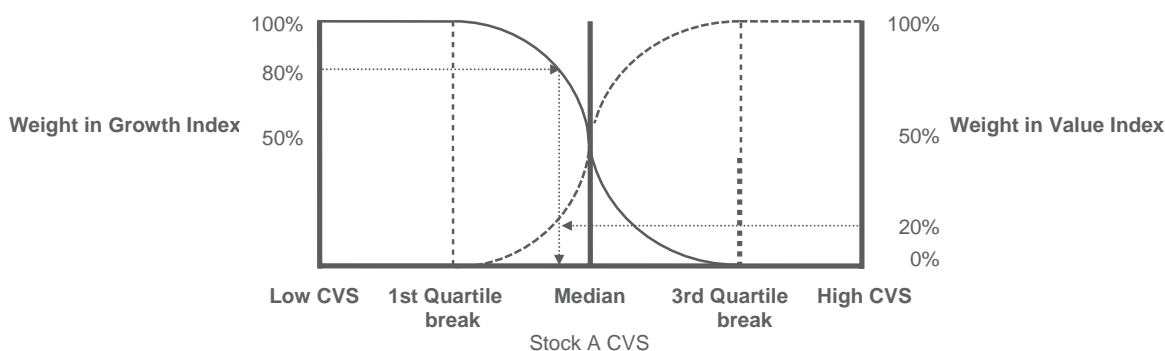
The process for assigning growth and value weights is applied separately to the large cap and small cap stocks in the Russell Global Index ex-U.S.. Research indicates that on average, valuations of small stocks differ from those of large stocks. Treating the large cap and small stocks separately prevents the possible distortion to relative valuations that may occur if the global index is used as the base index.

For each base index, stocks are ranked by their book-to-price ratio (B/P) and their I/B/E/S forecast long-term growth mean (IBES LT). These rankings are converted to standardized units and combined to produce a composite value score (CVS). Stocks are then ranked by their CVSs, and a probability algorithm is applied to the CVS distribution to assign growth and value weights to each stock. In general, a stock with a lower CVS is considered growth, a stock with a higher CVS is considered value, and a stock with a CVS in the middle range is considered to have both growth and value characteristics, and is weighted proportionately in the growth and value index. Stocks are always fully represented by the combination of their growth and value weights; e.g., a stock that is given a 20% weight in a Russell Global value index will have an 80% weight in the same Russell Global growth index.

Description of non-linear probability algorithm

Stock A, in Figure 1, is a security with 20% of its available shares assigned to the value index and the remaining 80% assigned to the growth index. The growth and value probabilities will always sum to 100%. Hence, the sum of a stock’s market capitalization in the growth and value index will always equal its market capitalization in the Russell Global Large Cap or Russell Global Small Cap indexes.

Figure 1: Non-linear probability function for index position weights



In Figure 1, the quartile breaks are calculated such that approximately 25% of the available market capitalization lies in each quartile. Stocks at the median are divided 50% in each style index. Stocks below the



first quartile are 100% in the growth index. Stocks above the third quartile are 100% in the value index. Stocks falling between the first and third quartile breaks are in both indexes to varying degrees, depending on how far they are above or below the median and how close they are to the first or third quartile breaks.

The 5% rule

Roughly 70% of the available market capitalization is classified as all-growth or all-value. The remaining 30% of stocks have some portion of their market value in either the value or growth index, depending on their relative distance from the median value score. The astute observer may note that since the percentage of capitalization between the first quartile and the third quartile is 50%, we would expect that 50% of the capitalization would be found in both indexes. What happened to the 20% (i.e., 50% to 30%)? The source for the disappearance of the 20% is Russell's decision to institute a small-position cutoff rule. If a stock's weight is more than 95% in one style index, we increase its weight to 100% in that index. This rule eliminates many small types of weighting and makes passive management easier.

Market capitalization of growth and value indexes

The market capitalization of the growth and value style indexes may not each equal 50% of their base index. At first this seems counterintuitive, since the methodology uses capitalization-weighted medians and quartiles, which in turn implies that 50% of the capitalization is above and below the median. However, asymmetry in the capitalization distributions within the second and third quartiles results in a skewed distribution of CVS. When CVS is normally distributed, 50% will be in each index.

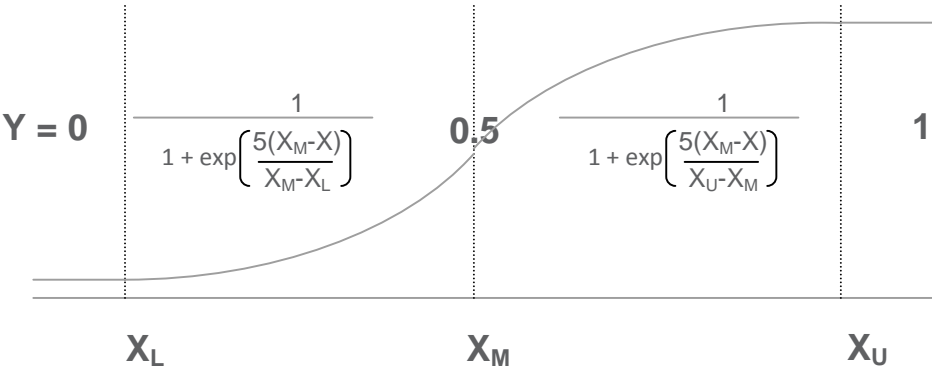
Missing, negative values, low analyst and book value adjustments

Stocks with missing or negative values for B/P or missing values for IBESLT (negative IBESLT is valid) are allocated by using the mean value score of the base index (Russell Global Large Cap, Russell Global Small Cap) industry, sub-sector or sector group into which the company falls. Each missing (or negative B/P) variable is substituted with the industry, sub-sector or sector group independently. An industry must consist of five members, or the substitution reverts to the next level (sub-sector or sector). This method was found to produce the fewest distortions, and it has the added advantage of being very simple. In addition, a weighted value score is calculated for securities with low analyst coverage for IBESLT. For securities with a single analyst covering the security, 2/3 of the industry, subsector, or sector group value score is weighted with 1/3 the security's independent value score. For those securities with coverage by 2 analysts, 2/3 of the independent security's value score is used and only 1/3 of the industry, subsector, or sector group value score is weighted. For those securities with at least three analysts contributing to the IBESLT, 100% of the independent security's value score is used.

Book value adjustments are made to U.S. stocks only to reflect write-offs stemming from the Financial Accounting Standards Board (FASB)—issued Statement of Financial Accounting Standards numbers 106 and 109 (FAS 106 and 109). This write-off has occurred since June 30, 1993, and is currently being amortized over a 20-year period beginning with year of adoption.



Russell non-linear probability algorithm



SECTION 7

Index maintenance

The members of the Russell Global Index and its subsets are proactively maintained, and they reflect daily changes in the global equity market.

Daily changes

The Russell Global Index and its sub-indexes are regularly maintained to reflect the impact of corporate actions on the underlying index constituents. These adjustments include:

- Daily additions of sizable spin-offs
- Daily adjustment of stock splits
- Daily dividends and stock market delistings
- Daily reflection of mergers and acquisitions
- Monthly share capital adjustments to reflect material (more than 5%) changes in total shares outstanding, due to stock buybacks and equity offerings

More detailed information on how company corporate actions are applied is provided in the appendices.

Changes to shares outstanding

Changes to shares outstanding due to buybacks, secondary offerings, merger activity with non-index members, and other potential changes are updated at the end of the month in which the change is reflected in vendor-supplied updates and verified by Russell. For a change in shares to occur, the cumulative change to outstanding shares must be greater than 5%. The float factor determined at reconstitution is applied to the new shares issued or bought back. If any new shares issued are unavailable, that portion will not be added to the index.

Quarterly additions

Russell adds IPOs each quarter in order to quickly reflect new additions to the global investing opportunity set. Because Russell's approach to index construction is company-based and captures 98% of the investment opportunity set, IPOs are the only stocks that need to be added between reconstitution periods. An IPO is defined as any security newly available—truly for the first time—to the public for general investment. If a security traded publicly previously, even on a restricted basis, it is not eligible for inclusion as an IPO. Such a stock may, however, be eligible during the next reconstitution period, along with all other eligible securities.

Annual reconstitution

Annual reconstitution is the process through which the Russell Global Indexes are rebalanced and securities are moved among size-based and emerging/developed markets categories. Reconstitution is a vital part of benchmark maintenance, particularly within the sub-indexes that reflect large cap and small cap stocks. Companies may get bigger or smaller or may periodically undergo change in their style characteristics, and foreign investment opportunities may change over time. For a benchmark to accurately represent a particular market segment and the available shares of each company, rules for objective and regular maintenance are necessary.

On the last trading day of May each year, all globally eligible securities are ranked by total market capitalization. All companies whose stocks are listed on eligible stock exchanges in eligible countries are considered for inclusion in the Russell Global Index. The largest 98% of securities in the U.S., and in the rest of the world become the Russell Global Index. All sub-indexes are determined from that set of securities. Please see Sections 2 through 5 for more detail.

Reconstitution is effective the last Friday in June, with the following exceptions: If the last Friday in June is the 28th, 29th or 30th, reconstitution will occur on the Friday prior. A full calendar for reconstitution is made available each spring.



SECTION 8

Corporate action-driven changes

Timing and treatment of corporate actions

Russell applies corporate actions to the Russell Global Index on a daily basis, both to reflect the evolution of securities and to assure that the index remains highly representative of the global equity market. A company's index membership and its weight in the index can be impacted by these corporate actions. In general, changes to the Russell Global Index are made when an action is final. Russell uses a variety of reliable public sources to determine when an action is final, including a company's press releases and regulatory filings; local exchange notifications; and official updates from other data providers Russell deems trustworthy. Prior to the completion of a corporate action, Russell estimates the effective date of the action on the basis of the same above sources. As new information becomes available, Russell revises the anticipated effective date and ultimately moves it to a final, confirmed status. Given sufficient market hours after an action is determined to be final, Russell applies the action after the close of the current market day. If it is determined that an action was not final after communication was provided to clients, the changes to the index will still occur.

Depending upon the time an action is determined to be final, Russell either (1) applies the action after the close of the current market day (t) for mandatory corporate actions only, or (2) applies the action after the close of the following day (t+2), referred to as a "delayed action" (see specific action types for details on timing and procedure). The timing of when corporate actions are applied is critical for accurate market representation, and it impacts tracking for passive managers. Russell believes this methodology strikes the best balance between the two. The impact of the action and the effective date will be communicated to clients on a regular schedule.

In the case of late notification, Russell applies the action at the close the following business day (this is referred to as a "delayed action").

For the purpose of index calculation, Russell generally applies the most recently available market prices to the index for corporate action adjustments.

There are many types of global corporate actions, but the most common are described below, along with their treatment within the Russell global indexes.

Mergers and acquisitions

A merger is the combination of two companies to form a new company. An acquisition involves an acquiring company purchasing a target company without forming a new company. Mergers and acquisitions (M&A) activity may result in changes to index membership as well as to the shares included in the Russell Global Index. Adjustments due to mergers and acquisitions are applied to the index after the action is determined to be final. The action is either applied after the close of the current market day or after the close of the following business day, depending on the timing of M&A activity completion. This principle applies to all securities in all countries. Implementation details may differ across the following scenarios.

M&A between index members: Russell's corporate actions following mergers or acquisitions between companies in the same country index are applied when the M&A is determined to be final in the local market. If both the acquiring company and the target company are current Russell Global Index members,

the target company is deleted from the index and the company's market capitalization simultaneously moves to the acquiring stock, according to the M&A terms. Cross-ownership and style of the surviving entity is determined by a weighted average (by market value) of the cross-ownership and style probabilities of the two previous companies prior to the merger. Given sufficient market hours after the confirmation of the M&A, Russell applies the action after the close of the same business day. In case of late notification, the action will be applied after the close of the next business day.

Any member of the Russell 3000E index is considered an index member for the purpose of applying this methodology.

M&A between an index member and a non-member: A non-member is defined as a company that is not a member of the Russell 3000E or the Russell Global Index. The M&A between an index member and a non-member can involve either of two scenarios: 1) the acquiring company is an existing member and the target company is not, or 2) the target company is an existing member and the acquiring company is not, but is publicly traded.

The target company (if it is the index member) is deleted from the index after the action is final, and the acquiring company's shares (if the acquiring company is the index member) are adjusted by adding the target company's market capitalization through a month-end share adjustment.

Cross-border M&A: In the event of a merger or acquisition in which the acquiring company and the target company are in different countries, Russell applies the action when the M&A is finalized. The timing of the action refers to the standard of the local market where the confirmation of M&A is received. Given sufficient market hours after the confirmation of the M&A, Russell applies the action after the close of the same business day. In case of late notification, the action is applied after the close of the next business day.

M&A between index members: If both the acquiring company and the target company are current Russell Global Index members, the target company is deleted from its local country index and the company's market capitalization moves to the acquiring stock according to the M&A terms. Cumulative market capitalization in the country of the acquiring company increases, while the cumulative market capitalization in the country of the target company decreases by the same amount.

M&A between an index member and a non-member: If the M&A occurs between an index member and a non-member, there are two scenarios: 1) the acquiring company is an existing member and the target company is not, or 2) the target company is an existing member and the acquiring company is not, but is publicly traded.

When the acquiring company *is* an index member, but the target company is not: The acquiring company's shares are adjusted by adding the target company's market capitalization through a month-end share adjustment.

When the acquiring company is *not* an index member, but the target company is: The target company is deleted from its country index after the action is final. Cumulative market capitalization in the country of the target company decreases.

Tender offers

A tender offer is an offer to purchase shareholders' shares in a corporation. The price offered is usually higher than the market price. The target company's shareholders are asked to "tender" or surrender their stock



holdings for a stated value, subject to the agreement of a minimum and maximum number of shareholders. For instance, if a corporation's stock were trading at \$1 per share, an acquirer might offer the shareholders \$1.15 per share on the condition that 51% of the shareholders agree.

A company acquired as a result of a tender offer is removed when the tender offer has fully expired and it has been determined that the company will finalize the process of the acquisition of the remaining shares, or 95% of the company's shares have been tendered.

Reverse mergers

A reverse merger occurs when an existing index member is acquired by or merged with a private, non-publicly traded company that becomes public simultaneously with the acquisition/merger. For example, Archipelago Holdings, Inc., a public company, was acquired by NYSE, a then-private company, in 2006. NYSE's acquisition of Archipelago resulted in a new public entity, the NYSE Group.

Once an M&A is identified as a reverse merger, the newly formed entity is placed in the appropriate market capitalization and country index after the close of the business day following the completion of the merger. Simultaneously, the target company is removed from the current index. The delay is necessary in order to capture an opening price for the new entity. The style of the surviving entity is determined by the industry average.

Spin-offs

A spin-off is a new entity resulting from the spinning off of assets and equity from a parent company. In a pure spin-off, a parent company distributes 100% of its ownership interests in a subsidiary operation as dividends to its existing shareholders. After the spin-off, there are two separate, publicly held firms with exactly the same shareholder base. The spin-off company's style index is determined by the style index membership of the parent entity.

Domestic spin-offs: Spin-off companies are added to the Russell Global Index at the time they are spun off from their parent company, subject to the following rules:

- The spin-off meets all index eligibility requirements and its market cap is larger than the market-adjusted total market cap of the smallest company in the Russell Global Index at the latest reconstitution. (In the U.S., the smallest stock in the Russell 3000E will be used.)
- The newly formed entity will be placed in the parent's index on the completion date and the spun-off company's style index is determined by the style index membership of the parent entity.
- The parent company's market value will be reduced simultaneously on the completion day.

Cross-border spin-offs: If the parent company spins off an entity that is incorporated in a different country, the spun-off company will be assigned to the new country according to the country-assignment rules discussed in Section 3. Otherwise, the same rules apply between domestic or cross-border spin-off additions.

Launch of IPOs

Eligible initial public offerings (IPOs) are added to the Russell Global Index at the end of each calendar quarter in accordance with the schedule below. An IPO is defined as any security newly available—truly for the first time—to the public for general investment. Russell adds IPOs each quarter to make sure new additions to the investing opportunity set are reflected in representative indexes. If a security had traded publicly previously,



even on a restricted basis, it is not eligible for inclusion as an IPO. Such a stock may, however, be eligible during the next reconstitution period, along with all other eligible securities.

In order to be added during a quarter outside of reconstitution, IPOs must meet all eligibility requirements for index construction. Additionally, an IPO must meet the following criteria on the final trading day of the month prior to quarter end: 1) it is traded and priced; 2) it ranks larger in total market capitalization than the market-adjusted smallest company in the Russell Global Index as of the latest June reconstitution; and 3) it has met the most recent liquidity threshold for at least 10 business days. Eligible IPOs will be added to the Russell Global style indexes using their industry's average style probability established at the latest reconstitution.

The review schedule for IPO reviews outside reconstitution is established below:

Quarterly additions	Third quarter additions	Fourth quarter additions	First quarter additions
Initial Offering Period*†	IPOs that initially price/trade between May 16 and August 15	IPOs that initially price/trade between August 16 and November 15	IPOs that initially price/trade between November 16 and February 15
Rank Date	Last business day in August	Last business day in November	Last business day in February
Announce Date*	September 15	Monday prior to add date	March 15
Add Date	Last business day in September	Third Friday in December	Last business day in March

* If the 15th of the month is a holiday, the date shown in this table is automatically adjusted to the previous business day.

† Ending date of the initial offering period is different from the rank date, due to the minimal 10-day liquidity requirement.

Trading suspensions

Stock exchanges or local regulatory authorities might suspend trading of a particular stock in the following events:

- 1) public information about a company is not current, accurate or adequate
- 2) the company is engaged in potentially disruptive legal issues
- 3) there is large, potentially disruptive cross-border M&A activity.

The length of suspension periods may vary by country. Usually, under the first two conditions, a suspension lasts as long as 10 to 20 days. If a suspension is merely to prepare the stock transition for cross-border M&A, it is generally temporary (typically one business day).

When a stock's trading has been suspended, Russell holds the security at its most recent closing price until trading is resumed.

Delistings

Delisting one of many issues: If a company's stock is listed on multiple stock exchanges, Russell identifies a primary issue as the index member. If one of the company's listed issues is delisted from a non-primary exchange, no change is made to the Russell Global Index. However, if the previously defined primary issue is delisted, a new primary issue is assigned, as long as the alternate issue trades on an eligible exchange and meets all of the rules for index inclusion. Otherwise, the stock is removed from the index.



Delisting the company: A security is removed from the Russell Global Index if: (1) it is delisted from all stock exchanges, or is only listed on the over-the-counter (OTC) market. If a delisting notice is received on a timely basis, Russell removes the stock from the index at its last traded price from the primary exchange. If the delisting notice is not received on a timely basis, and the security trades on the OTC market, it is removed at the last traded price from the OTC on the following day. Finally, if the security is halted prior to its delisting, and will not trade on an OTC market, it will be removed from the index at zero value if a residual value cannot be determined within thirty calendar days (30) after its delisting date.

New listings of an existing security

When a company decides to list its stock at another stock exchange in addition to its primary stock exchange, no change is made to the Russell Global Index.

ID changes

When a company's identifier—for example, CUSIP, SEDOL or ISIN—has changed, Russell updates the identifier accordingly. No other material change is made to the Russell Global Index.

Name changes

When a company's name has changed, Russell updates the company's descriptive information accordingly. No other material change is made to the Russell Global Index.

Stock splits, reverse splits and consolidations

Stock splits and stock dividends

Companies often split their stock when they believe the price exceeds the amount smaller individual investors will be willing to pay. By reducing the price, companies try to make their stock more affordable to these investors.

When a company declares a stock split, the price of the stock will decrease, but the number of shares will increase proportionately. For example, if you own 100 shares of a company that trades at \$100 a share and the company declares a two-for-one stock split, you will own 200 shares at \$50 a share after the split. A stock split has no effect on the value of what shareholders own. Russell adjusts the increased number of shares and the decreased price proportionately.

Reverse splits and stock consolidation

Contrary to a stock split, a reverse stock split or a stock consolidation reduces the number of shares and increases the share price proportionately. Russell applies adjustment to the stock accordingly.

Dividends

Regular cash dividends: Regular cash dividends are those paid to shareholders out of a company's profits or reserves. Regular cash dividends affect the total return of the security and index on the ex-date.

Special cash dividends: In addition to paying regular dividends, a company may at times pay special cash dividends. These are relatively rare and can occur for a variety of reasons, such as a major litigation win, the sale of a business or liquidation of an investment. For special cash dividends, the price of the stock is adjusted to deduct the dividend amount on the ex-date.

Other types of dividends: Dividends can also take the form of properties, bonds and other types of assets. Generally, these types of dividends have no impact on the Russell Global Index.



Return of capital: Includes price adjustment on ex-date regardless of distribution amount.

Late dividends in Japan: In Japan, dividends are officially declared after the ex-date. To reflect the most up-to-date expectation for the dividends, Russell applies reasonable estimates on the ex-date.

Late dividends in Korea and Russia: In Korea and Russia, dividends are officially declared after the ex-date. Russell applies these dividends on the pay date.

Secondary offerings

Publicly traded companies frequently offer additional shares to the public to raise additional capital. These additional share offerings are called equity offerings. The result of the offerings is an increase in shares outstanding and total market capitalization. Material changes to outstanding share capital due to equity offerings are reflected in the Russell global equity indexes at the end of each month.

Stock buybacks

Publicly traded companies often buy up their own shares outstanding via a tender offer or through the open market. This is called a stock buyback, or “share repurchase,” and as a result of this activity, total market capitalization and the number of outstanding shares are reduced. Material changes to outstanding share capital due to stock buybacks are reflected in the Russell global equity indexes at the end of each month. Repurchased shares are absorbed by companies, and as a result, the number of investable shares in the market is reduced.

Reclassification of share classes

When a company with multiple share classes converts an entire class of shares into another class, usually on the basis of a pre-agreed ratio, Russell changes the shares after the conversion is finalized. The old share class is deleted from the index after the close on completion day, and its market capitalization moves to the unified share class. The number of shares of the unified share class increases proportionately. The combined market capitalization of the two share classes remains unchanged for the company.

Alternatively, if one share class splits into two or more share classes, Russell evaluates the new classes for eligibility and adjusts the index member class according to the agreed-upon ratio.

Rights issues and stock warrants

Rights issues: A rights issue is essentially a company’s offering to shareholders of the right to purchase additional shares at a given price. The strike price of the rights issue is generally at a discount to the prevailing market price of the stock, to make the offer enticing to shareholders and to ensure that the rights offer is fully subscribed.

Rights issues have an impact on the index if, and only if, they are exercised for the underlying shares. Rights issues can be exercised below (at a discount to) or above (at a premium to) the market price. Russell does not adjust the index if the rights are exercised at a premium to the market. If the exercise price is at a discount to the market, rights offered to shareholders are reflected in the index on the date the offer expires (for non-transferable rights) and on the ex-date (for transferable rights). In both cases, the price is adjusted to account for the value of the rights, and shares are increased according to the terms of the offering.

Stock warrants: A stock warrant is a security that provides the right to purchase a certain number of shares at a stated price during a specified time period at a subscription price that is higher than the current market price. Similarly to its treatment of rights issues, Russell adjusts the number of shares of a stock only when the warrants are exercised at a discount to the market price.



Convertibles and contingent convertibles

Convertibles: Convertibles are securities—usually bonds, corporate debts or preferred shares—that can be converted to common stocks. Shares changed due to the exercises of convertibles are applied to the index during the month-end share adjustment. The price used for the index is the market price at the time of the share adjustment.

Contingent convertibles: Contingent convertibles differ from traditional convertibles in that there is a strike price when the bond or preferred stock converts. In other words, there is a fixed cost for the stock when the conversion happens. Additionally, in many cases, the underlying stock price has to be much higher than the strike price, to allow security holders to have the “right” to exercise the convertibles. This is known as “upside contingency.” Russell adjusts the shares only when the conversion is finalized. The price used for the index is the market price at the time of the month-end share adjustment.

Other corporate events

The following corporate events are related to a company’s fundamental structure change. They potentially impact the index’s calculation, capital allocation and timing of applying corporate actions.

Bankruptcy filings

Bankruptcy is a state wherein a firm is unable to repay its debts. Bankruptcy generally takes two forms: a liquidation of the company’s assets or a reorganization of a debtor’s business affairs and assets.

Liquidations: A bankruptcy filing can be preceded by a situation in which a company stops all operations and goes totally out of business. For instance, a company can file for bankruptcy under Chapter 7 of the U.S. Bankruptcy Code. In such a case, a trustee is usually appointed to liquidate the company’s assets and use the money to pay off debts.

If the bankruptcy filing is in the form of liquidation, Russell removes the company’s stock from the Russell Global Index as soon as the filing is confirmed by reliable sources. The price of the security at deletion is the market price available from its primary exchange. If the exchange price is not available, Russell removes suspended stocks that are delisted, do not trade OTC and for which a residual value cannot be determined within thirty-days (30) after the delisting date. These stocks are removed at zero value (for system purposes the actual value used is .0001, local currency).

Reorganizations: A bankruptcy can also take the form of a reorganization of the company and a restructuring of the company’s debts. Generally, the company will continue to operate and might issue new common stocks when the reorganization is complete. If the bankruptcy filing is in the form of reorganization, Russell removes the company from the index as soon as its stock is delisted from its primary exchange.

Change of incorporation/domicile

A company might decide to move its incorporation or domicile from one country to another. All changes in country assignment are reviewed only once per year during reconstitution.

Other corporate events

Other corporate events include change of fiscal year end, change of currency quotation, change of voting rights, new debt issues and corporate meetings. These corporate events usually have little impact on the index. Russell will closely monitor these activities and apply corporate actions to the index if impact is significant.



Extraordinary events

Russell defines the following as extraordinary events due to their rarity and their potential to significantly impact the capital markets. Russell publically announces specific changes to the indexes if any such events occur.

Country unification or dissolution: If two countries decide to unite as one, such as the unification of the former German Democratic Republic and the Federal Republic of Germany, Russell will combine securities previously belonging to these two country indexes into one new country index. The new currency quotation, if any, will be implemented for index calculation.

Conversely, if one country is split into two or more new countries, the Russell Global Index will continue to hold all securities from the previous country indexes. Russell will evaluate the newly formed countries for their stability and determine future index changes accordingly.

Change of foreign ownership limit: Given the increasing globalization trend in equities, it is possible that local governments may remove or lower their foreign ownership caps for certain sensitive industry sectors. If the change in a foreign ownership limit is substantial (usually more than 10%), Russell will adjust the foreign ownership percentage in the index at the end of the calendar quarter, along with any new IPO reviews.

Closure of exchanges: If a stock exchange is temporarily closed on a regular business day due to a special event or an emergency, the prices for all stocks that are traded only on that particular exchange will be frozen at the last available closing price until the exchange reopens.

If the closure of a stock exchange is expected to be long term, due to civil war or other rare political reasons, because of the expected difficulty of asset repatriation, Russell will work with clients invested in the affected securities to determine and publish an adequate index strategy to reflect the market condition. New currency quotations, if any, will be implemented for index calculation.

Significant currency devaluation: If the currency of a country devalues significantly over a short period of time, it could create serious liquidity problems for investors who buy or sell stocks on the local market. It could also cause complications with government currency controls and abnormal bid-ask spreads, or even potentially trigger a financial crisis. Given this situation, ADR trading prices, if available, will be used to derive the underlying FX exchange rate and will be applied for index calculations.

Financial crisis: Russell attempts to exclude countries with considerable financial risk from the Russell Global Index by using the country risk scores published by *The Economist*, but crises can erupt at any time. During a financial crisis, investors generally lose confidence in local securities and may attempt to sell off securities from the local market. Due to the expected difficulty of asset repatriation in such conditions, Russell will work with clients invested in the affected securities to determine and publish an adequate index strategy to reflect the market condition. However, Russell reserves the right to remove the whole country from the Russell Global Index and will also consider using ADRs or other non-primary issues as proxies during the crisis on a case-to-case basis.



APPENDIX A

Russell Global Indexes: Core indexes

Available currencies

Performance for the Russell Global Index is available in the following currencies. Currency conversions are applied using WM Reuters London Stock Exchange 4PM close.

- AUD
- CAD
- CHF
- EUR
- GBP

JPY

- LOC (Local)*
- USD

* Local currency available at the security and country level.

Tax rates

With respect to index constituents, taxes are applied to dividend payments and vary according to companies' country assignments within the index. The tax rate applied is the rate to non-resident institutions that do not benefit from taxation treaties. Tax rates are reviewed and updated quarterly.

GLOBAL	
Global	Global Euro Zone Small Cap Value
Global Growth	Global Euro Zone Value
Global Large Cap	Global Mega Cap
Global Large Cap Growth	Global Mega Cap Growth
Global Large Cap Value	Global Mega Cap Value
Global Mid Cap	Global ex-Australia
Global Mid Cap Growth	Global ex-Australia Growth
Global Mid Cap Value	Global ex-Australia Large Cap
Global Small Cap	Global ex-Australia Large Cap Growth
Global Small Cap Growth	Global ex-Australia Large Cap Value
Global Small Cap Value	Global ex-Australia Mid Cap
Global Value	Global ex-Australia Mid Cap Growth
Global Euro Zone	Global ex-Australia Mid Cap Value
Global Euro Zone Growth	Global ex-Australia Small Cap
Global Euro Zone Large Cap	Global ex-Australia Small Cap Growth
Global Euro Zone Large Cap Growth	Global ex-Australia Small Cap Value
Global Euro Zone Large Cap Value	Global ex-Australia Value
Global Euro Zone Mid Cap	Global ex-Canada
Global Euro Zone Mid Cap Growth	Global ex-Canada Growth
Global Euro Zone Mid Cap Value	Global ex-Canada Large Cap
Global Euro Zone Small Cap	Global ex-Canada Large Cap Growth
Global Euro Zone Small Cap Growth	Global ex-Canada Large Cap Value

Global ex-Canada Mid Cap	Global ex-U.K. Large Cap Value
Global ex-Canada Mid Cap Growth	Global ex-U.K. Mid Cap
Global ex-Canada Mid Cap Value	Global ex-U.K. Mid Cap Growth
Global ex-Canada Small Cap	Global ex-U.K. Mid Cap Value
Global ex-Canada Small Cap Growth	Global ex-U.K. Small Cap
Global ex-Canada Small Cap Value	Global ex-U.K. Small Cap Growth
Global ex-Canada Small Cap Value	Global ex-U.K. Small Cap Value
Global ex-Japan	Global ex-U.K. Value
Global ex-Japan Growth	
Global ex-Japan Large Cap	Global ex-U.S.
Global ex-Japan Large Cap Growth	Global ex-U.S. Growth
Global ex-Japan Large Cap Value	Global ex-U.S. Large Cap
Global ex-Japan Mid Cap	Global ex-U.S. Large Cap Growth
Global ex-Japan Mid Cap Growth	Global ex-U.S. Large Cap Value
Global ex-Japan Mid Cap Value	Global ex-U.S. Mid Cap
Global ex-Japan Small Cap	Global ex-U.S. Mid Cap Growth
Global ex-Japan Small Cap Growth	Global ex-U.S. Mid Cap Value
Global ex-Japan Small Cap Value	Global ex-U.S. Small Cap
Global ex-Japan Value	Global ex-U.S. Small Cap Growth
Global ex-North America	Global ex-U.S. Small Cap Value
Global ex-North America Growth	Global ex-U.S. Value
Global ex-North America Large Cap	Global ex-U.S. ex-Japan
Global ex-North America Large Cap Growth	Global ex-U.S. ex-Japan Growth
Global ex-North America Large Cap Value	Global ex-U.S. ex-Japan Large Cap
Global ex-North America Mid Cap	Global ex-U.S. ex-Japan Large Cap Growth
Global ex-North America Mid Cap Growth	Global ex-U.S. ex-Japan Large Cap Value
Global ex-North America Mid Cap Value	Global ex-U.S. ex-Japan Mid Cap
Global ex-North America Small Cap	Global ex-U.S. ex-Japan Mid Cap Growth
Global ex-North America Small Cap Growth	Global ex-U.S. ex-Japan Mid Cap Value
Global ex-North America Small Cap Value	Global ex-U.S. ex-Japan Small Cap
Global ex-North America Value	Global ex-U.S. ex-Japan Small Cap Growth
Global ex-U.K.	Global ex-U.S. ex-Japan Small Cap Value
Global ex-U.K. Growth	Global ex-U.S. ex-Japan Value
Global ex-U.K. Large Cap	
Global ex-U.K. Large Cap Growth	

REGIONAL

Asia	Asia ex-Japan Large Cap Value
Asia Growth	Asia ex-Japan Mid Cap
Asia Large Cap	Asia ex-Japan Mid Cap Growth
Asia Large Cap Growth	Asia ex-Japan Mid Cap Value
Asia Large Cap Value	Asia ex-Japan Small Cap
Asia Mid Cap	Asia ex-Japan Small Cap Growth
Asia Mid Cap Growth	Asia ex-Japan Small Cap Value
Asia Mid Cap Value	Asia ex-Japan Value
Asia Small Cap	Asia Pacific
Asia Small Cap Growth	Asia Pacific Growth
Asia Small Cap Value	Asia Pacific Large Cap
Asia Value	Asia Pacific Large Cap Growth
Asia ex-Japan	Asia Pacific Large Cap Value
Asia ex-Japan Growth	Asia Pacific Mid Cap
Asia ex-Japan Large Cap	Asia Pacific Mid Cap Growth
Asia ex-Japan Large Cap Growth	Asia Pacific Mid Cap Value

Asia Pacific Small Cap
Asia Pacific Small Cap Growth
Asia Pacific Small Cap Value
Asia Pacific Value
Asia Pacific ex-Japan
Asia Pacific ex-Japan Growth
Asia Pacific ex-Japan Large Cap
Asia Pacific ex-Japan Large Cap Growth
Asia Pacific ex-Japan Large Cap Value
Asia Pacific ex-Japan Mid Cap
Asia Pacific ex-Japan Mid Cap Growth
Asia Pacific ex-Japan Mid Cap Value
Asia Pacific ex-Japan Small Cap
Asia Pacific ex-Japan Small Cap Growth
Asia Pacific ex-Japan Small Cap Value
Asia Pacific ex-Japan Value
BRIC
BRIC Growth
BRIC Value
Developed
Developed Growth
Developed Large Cap
Developed Large Cap Growth
Developed Large Cap Value
Developed Mid Cap
Developed Mid Cap Growth
Developed Mid Cap Value
Developed Small Cap
Developed Small Cap Growth
Developed Small Cap Value
Developed Value
Developed Europe
Developed Europe Growth
Developed Europe Large Cap
Developed Europe Large Cap Growth
Developed Europe Large Cap Value
Developed Europe Mid Cap
Developed Europe Mid Cap Growth
Developed Europe Mid Cap Value
Developed Europe Small Cap
Developed Europe Small Cap Growth
Developed Europe Small Cap Value
Developed Europe Value
Developed Pacific Basin
Developed Pacific Basin Growth
Developed Pacific Basin Large Cap
Developed Pacific Basin Large Cap Growth
Developed Pacific Basin Large Cap Value
Developed Pacific Basin Mid Cap
Developed Pacific Basin Mid Cap Growth
Developed Pacific Basin Mid Cap Value
Developed Pacific Basin Small Cap
Developed Pacific Basin Small Cap Growth
Developed Pacific Basin Small Cap Value
Developed Pacific Basin Value

Developed ex-Canada
Developed ex-Canada Growth
Developed ex-Canada Large Cap
Developed ex-Canada Large Cap Growth
Developed ex-Canada Large Cap Value
Developed ex-Canada Mid Cap
Developed ex-Canada Mid Cap Growth
Developed ex-Canada Mid Cap Value
Developed ex-Canada Small Cap
Developed ex-Canada Small Cap Growth
Developed ex-Canada Small Cap Value
Developed ex-Canada Value
Developed ex-Japan
Developed ex-Japan Growth
Developed ex-Japan Large Cap
Developed ex-Japan Large Cap Growth
Developed ex-Japan Large Cap Value
Developed ex-Japan Mid Cap
Developed ex-Japan Mid Cap Growth
Developed ex-Japan Mid Cap Value
Developed ex-Japan Small Cap
Developed ex-Japan Small Cap Growth
Developed ex-Japan Small Cap Value
Developed ex-Japan Value
Developed ex-North America
Developed ex-North America Growth
Developed ex-North America Large Cap
Developed ex-North America Large Cap Growth
Developed ex-North America Large Cap Value
Developed ex-North America Mid Cap
Developed ex-North America Mid Cap Growth
Developed ex-North America Mid Cap Value
Developed ex-North America Small Cap
Developed ex-North America Small Cap Growth
Developed ex-North America Small Cap Value
Developed ex-North America Value
Developed ex-U.S.
Developed ex-U.S. Growth
Developed ex-U.S. Large Cap
Developed ex-U.S. Large Cap Growth
Developed ex-U.S. Large Cap Value
Developed ex-U.S. Mid Cap
Developed ex-U.S. Mid Cap Growth
Developed ex-U.S. Mid Cap Value
Developed ex-U.S. Small Cap
Developed ex-U.S. Small Cap Growth
Developed ex-U.S. Small Cap Value
Developed ex-U.S. Value
Developed ex-U.K.
Developed ex-U.K. Growth
Developed ex-U.K. Large Cap
Developed ex-U.K. Large Cap Growth
Developed ex-U.K. Large Cap Value
Developed ex-U.K. Mid Cap
Developed ex-U.K. Mid Cap Growth

Developed ex-U.K. Mid Cap Value	Emerging Asia Large Cap
Developed ex-U.K. Small Cap	Emerging Asia Large Cap Growth
Developed ex-U.K. Small Cap Growth	Emerging Asia Large Cap Value
Developed ex-U.K. Small Cap Value	Emerging Asia Mid Cap
Developed ex-U.K. Value	Emerging Asia Mid Cap Growth
Developed Euro Zone	Emerging Asia Mid Cap Value
Developed Euro Zone Growth	Emerging Asia Small Cap
Developed Euro Zone Large Cap	Emerging Asia Small Cap Growth
Developed Euro Zone Large Cap Growth	Emerging Asia Small Cap Value
Developed Euro Zone Large Cap Value	Emerging Asia Value
Developed Euro Zone Mid Cap	Emerging EMEA
Developed Euro Zone Mid Cap Growth	Emerging EMEA Growth
Developed Euro Zone Mid Cap Value	Emerging EMEA Large Cap
Developed Euro Zone Small Cap	Emerging EMEA Large Cap Growth
Developed Euro Zone Small Cap Growth	Emerging EMEA Large Cap Value
Developed Euro Zone Small Cap Value	Emerging EMEA Mid Cap
Developed Euro Zone Value	Emerging EMEA Mid Cap Growth
Developed Europe ex-U.K.	Emerging EMEA Mid Cap Value
Developed Europe ex-U.K. Growth	Emerging EMEA Small Cap
Developed Europe ex-U.K. Large Cap	Emerging EMEA Small Cap Growth
Developed Europe ex-U.K. Large Cap Growth	Emerging EMEA Small Cap Value
Developed Europe ex-U.K. Large Cap Value	Emerging EMEA Value
Developed Europe ex-U.K. Mid Cap	Emerging Europe
Developed Europe ex-U.K. Mid Cap Growth	Emerging Europe Growth
Developed Europe ex-U.K. Mid Cap Value	Emerging Europe Large Cap
Developed Europe ex-U.K. Small Cap	Emerging Europe Large Cap Growth
Developed Europe ex-U.K. Small Cap Growth	Emerging Europe Large Cap Value
Developed Europe ex-U.K. Small Cap Value	Emerging Europe Mid Cap
Developed Europe ex-U.K. Value	Emerging Europe Mid Cap Growth
Developed Pacific Basin ex-Japan	Emerging Europe Mid Cap Value
Developed Pacific Basin ex-Japan Growth	Emerging Europe Small Cap
Developed Pacific Basin ex-Japan Large Cap	Emerging Europe Small Cap Growth
Developed Pacific Basin ex-Japan Large Cap Growth	Emerging Europe Small Cap Value
Developed Pacific Basin ex-Japan Large Cap Value	Emerging Europe Value
Developed Pacific Basin ex-Japan Mid Cap	Emerging Markets
Developed Pacific Basin ex-Japan Mid Cap Growth	Emerging Markets Growth
Developed Pacific Basin ex-Japan Mid Cap Value	Emerging Markets Large Cap
Developed Pacific Basin ex-Japan Small Cap	Emerging Markets Large Cap Growth
Developed Pacific Basin ex-Japan Small Cap Growth	Emerging Markets Large Cap Value
Developed Pacific Basin ex-Japan Small Cap Value	Emerging Markets Mid Cap
Developed Pacific Basin ex-Japan Value	Emerging Markets Mid Cap Growth
Eire	Emerging Markets Mid Cap Value
Eire Growth	Emerging Markets Small Cap
Eire Value	Emerging Markets Small Cap Growth
Eire Large Cap	Emerging Markets Small Cap Value
Eire Large Cap Growth	Emerging Markets Value
Eire Large Cap Value	Europe
Eire Mid Cap	Europe Growth
Eire Mid Cap Growth	Europe Large Cap
Eire Mid Cap Value	Europe Large Cap Growth
Eire Small Cap	Europe Large Cap Value
Eire Small Cap Growth	Europe Mid Cap
Eire Small Cap Value	Europe Mid Cap Growth
Emerging Asia	Europe Mid Cap Value
Emerging Asia Growth	Europe Small Cap

Europe Small Cap Growth
Europe Small Cap Value
Europe Value
Europe ex-U.K.
Europe ex-U.K. Growth
Europe ex-U.K. Large Cap
Europe ex-U.K. Large Cap Growth
Europe ex-U.K. Large Cap Value
Europe ex-U.K. Mid Cap
Europe ex-U.K. Mid Cap Growth
Europe ex-U.K. Mid Cap Value
Europe ex-U.K. Small Cap
Europe ex-U.K. Small Cap Growth
Europe ex-U.K. Small Cap Value
Europe ex-U.K. Value
Greater China
Greater China Growth
Greater China Large Cap
Greater China Large Cap Growth
Greater China Large Cap Value
Greater China Mid Cap
Greater China Mid Cap Growth
Greater China Mid Cap Value
Greater China Small Cap
Greater China Small Cap Growth
Greater China Small Cap Value

Greater China Value
Latin America
Latin America Growth
Latin America Large Cap
Latin America Large Cap Growth
Latin America Large Cap Value
Latin America Mid Cap
Latin America Mid Cap Growth
Latin America Mid Cap Value
Latin America Small Cap
Latin America Small Cap Growth
Latin America Small Cap Value
Latin America Value
North America
North America Growth
North America Large Cap
North America Large Cap Growth
North America Large Cap Value
North America Mid Cap
North America Mid Cap Growth
North America Mid Cap Value
North America Small Cap
North America Small Cap Growth
North America Small Cap Value
North America Value

Country	
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Australia
Australia Growth
Australia Value
Australia Large Cap
Australia Large Cap Growth
Australia Large Cap Value
Australia Mid Cap
Australia Mid Cap Growth
Australia Mid Cap Value
Australia Small Cap
Australia Small Cap Growth
Australia Small Cap Value
Austria
Austria Growth
Austria Value
Austria Large Cap
Austria Large Cap Growth
Austria Large Cap Value
Austria Mid Cap
Austria Mid Cap Growth
Austria Mid Cap Value
Austria Small Cap
Austria Small Cap Growth
Austria Small Cap Value
Belgium

Belgium Growth
Belgium Value
Belgium Large Cap
Belgium Large Cap Growth
Belgium Large Cap Value
Belgium Mid Cap
Belgium Mid Cap Growth
Belgium Mid Cap Value
Belgium Small Cap
Belgium Small Cap Growth
Belgium Small Cap Value
Brazil
Brazil Growth
Brazil Value
Brazil Large Cap
Brazil Large Cap Growth
Brazil Large Cap Value
Brazil Mid Cap
Brazil Mid Cap Growth
Brazil Mid Cap Value
Brazil Small Cap
Brazil Small Cap Growth
Brazil Small Cap Value
Canada
Canada Growth

Canada Value	Czech Republic Small Cap
Canada Large Cap	Czech Republic Small Cap Growth
Canada Large Cap Growth	Czech Republic Small Cap Value
Canada Large Cap Value	Denmark
Canada Mid Cap	Denmark Growth
Canada Mid Cap Growth	Denmark Value
Canada Mid Cap Value	Denmark Large Cap
Canada Small Cap	Denmark Large Cap Growth
Canada Small Cap Growth	Denmark Large Cap Value
Canada Small Cap Value	Denmark Mid Cap
Chile	Denmark Mid Cap Growth
Chile Growth	Denmark Mid Cap Value
Chile Value	Denmark Small Cap
Chile Large Cap	Denmark Small Cap Growth
Chile Large Cap Growth	Denmark Small Cap Value
Chile Large Cap Value	Egypt
Chile Mid Cap	Egypt Growth
Chile Mid Cap Growth	Egypt Value
Chile Mid Cap Value	Egypt Large Cap
Chile Small Cap	Egypt Large Cap Growth
Chile Small Cap Growth	Egypt Large Cap Value
Chile Small Cap Value	Egypt Mid Cap
China	Egypt Mid Cap Growth
China Growth	Egypt Mid Cap Value
China Value	Egypt Small Cap
China Large Cap	Egypt Small Cap Growth
China Large Cap Growth	Egypt Small Cap Value
China Large Cap Value	Finland
China Mid Cap	Finland Growth
China Mid Cap Growth	Finland Value
China Mid Cap Value	Finland Large Cap
China Small Cap	Finland Large Cap Growth
China Small Cap Growth	Finland Large Cap Value
China Small Cap Value	Finland Mid Cap
Colombia	Finland Mid Cap Growth
Colombia Growth	Finland Mid Cap Value
Colombia Value	Finland Small Cap
Colombia Large Cap	Finland Small Cap Growth
Colombia Large Cap Growth	Finland Small Cap Value
Colombia Large Cap Value	France
Colombia Mid Cap	France Growth
Colombia Mid Cap Growth	France Value
Colombia Mid Cap Value	France Large Cap
Colombia Small Cap	France Large Cap Growth
Colombia Small Cap Growth	France Large Cap Value
Colombia Small Cap Value	France Mid Cap
Czech Republic	France Mid Cap Growth
Czech Republic Growth	France Mid Cap Value
Czech Republic Value	France Small Cap
Czech Republic Large Cap	France Small Cap Growth
Czech Republic Large Cap Growth	France Small Cap Value
Czech Republic Large Cap Value	Germany
Czech Republic Mid Cap	Germany Growth
Czech Republic Mid Cap Growth	Germany Value
Czech Republic Mid Cap Value	Germany Large Cap

Germany Large Cap Growth	Iceland Small Cap Value
Germany Large Cap Value	India
Germany Mid Cap	India Growth
Germany Mid Cap Growth	India Value
Germany Mid Cap Value	India Large Cap
Germany Small Cap	India Large Cap Growth
Germany Small Cap Growth	India Large Cap Value
Germany Small Cap Value	India Mid Cap
Greece	India Mid Cap Growth
Greece Growth	India Mid Cap Value
Greece Value	India Small Cap
Greece Large Cap	India Small Cap Growth
Greece Large Cap Growth	India Small Cap Value
Greece Large Cap Value	Indonesia
Greece Mid Cap	Indonesia Growth
Greece Mid Cap Growth	Indonesia Value
Greece Mid Cap Value	Indonesia Large Cap
Greece Small Cap	Indonesia Large Cap Growth
Greece Small Cap Growth	Indonesia Large Cap Value
Greece Small Cap Value	Indonesia Mid Cap
Hong Kong	Indonesia Mid Cap Growth
Hong Kong Growth	Indonesia Mid Cap Value
Hong Kong Value	Indonesia Small Cap
Hong Kong Large Cap	Indonesia Small Cap Growth
Hong Kong Large Cap Growth	Indonesia Small Cap Value
Hong Kong Large Cap Value	Israel
Hong Kong Mid Cap	Israel Growth
Hong Kong Mid Cap Growth	Israel Value
Hong Kong Mid Cap Value	Israel Large Cap
Hong Kong Small Cap	Israel Large Cap Growth
Hong Kong Small Cap Growth	Israel Large Cap Value
Hong Kong Small Cap Value	Israel Mid Cap
Hungary	Israel Mid Cap Growth
Hungary Growth	Israel Mid Cap Value
Hungary Value	Israel Small Cap
Hungary Large Cap	Israel Small Cap Growth
Hungary Large Cap Growth	Israel Small Cap Value
Hungary Large Cap Value	Italy
Hungary Mid Cap	Italy Growth
Hungary Mid Cap Growth	Italy Value
Hungary Mid Cap Value	Italy Large Cap
Hungary Small Cap	Italy Large Cap Growth
Hungary Small Cap Growth	Italy Large Cap Value
Hungary Small Cap Value	Italy Mid Cap
Iceland	Italy Mid Cap Growth
Iceland Growth	Italy Mid Cap Value
Iceland Value	Italy Small Cap
Iceland Large Cap	Italy Small Cap Growth
Iceland Large Cap Growth	Italy Small Cap Value
Iceland Large Cap Value	Japan
Iceland Mid Cap	Japan Growth
Iceland Mid Cap Growth	Japan Value
Iceland Mid Cap Value	Japan Large Cap
Iceland Small Cap	Japan Large Cap Growth
Iceland Small Cap Growth	Japan Large Cap Value

Japan Mid Cap	Morocco Growth
Japan Mid Cap Growth	Morocco Value
Japan Mid Cap Value	Morocco Large Cap
Japan Small Cap	Morocco Large Cap Growth
Japan Small Cap Growth	Morocco Large Cap Value
Japan Small Cap Value	Morocco Mid Cap
Korea	Morocco Mid Cap Growth
Korea Growth	Morocco Mid Cap Value
Korea Value	Morocco Small Cap
Korea Large Cap	Morocco Small Cap Growth
Korea Large Cap Growth	Morocco Small Cap Value
Korea Large Cap Value	Netherlands
Korea Mid Cap	Netherlands Growth
Korea Mid Cap Growth	Netherlands Value
Korea Mid Cap Value	Netherlands Large Cap
Korea Small Cap	Netherlands Large Cap Growth
Korea Small Cap Growth	Netherlands Large Cap Value
Korea Small Cap Value	Netherlands Mid Cap
Luxembourg	Netherlands Mid Cap Growth
Luxembourg Growth	Netherlands Mid Cap Value
Luxembourg Value	Netherlands Small Cap
Luxembourg Large Cap	Netherlands Small Cap Growth
Luxembourg Large Cap Growth	Netherlands Small Cap Value
Luxembourg Large Cap Value	New Zealand
Luxembourg Mid Cap	New Zealand Growth
Luxembourg Mid Cap Growth	New Zealand Value
Luxembourg Mid Cap Value	New Zealand Large Cap
Luxembourg Small Cap	New Zealand Large Cap Growth
Luxembourg Small Cap Growth	New Zealand Large Cap Value
Luxembourg Small Cap Value	New Zealand Mid Cap
Malaysia	New Zealand Mid Cap Growth
Malaysia Growth	New Zealand Mid Cap Value
Malaysia Value	New Zealand Small Cap
Malaysia Large Cap	New Zealand Small Cap Growth
Malaysia Large Cap Growth	New Zealand Small Cap Value
Malaysia Large Cap Value	Norway
Malaysia Mid Cap	Norway Growth
Malaysia Mid Cap Growth	Norway Value
Malaysia Mid Cap Value	Norway Large Cap
Malaysia Small Cap	Norway Large Cap Growth
Malaysia Small Cap Growth	Norway Large Cap Value
Malaysia Small Cap Value	Norway Mid Cap
Mexico	Norway Mid Cap Growth
Mexico Growth	Norway Mid Cap Value
Mexico Value	Norway Small Cap
Mexico Large Cap	Norway Small Cap Growth
Mexico Large Cap Growth	Norway Small Cap Value
Mexico Large Cap Value	Peru
Mexico Mid Cap	Peru Growth
Mexico Mid Cap Growth	Peru Value
Mexico Mid Cap Value	Peru Large Cap
Mexico Small Cap	Peru Large Cap Growth
Mexico Small Cap Growth	Peru Large Cap Value
Mexico Small Cap Value	Peru Mid Cap
Morocco	Peru Mid Cap Growth

Peru Mid Cap Value	Singapore Large Cap
Peru Small Cap	Singapore Large Cap Growth
Peru Small Cap Growth	Singapore Large Cap Value
Peru Small Cap Value	Singapore Mid Cap
Philippines	Singapore Mid Cap Growth
Philippines Growth	Singapore Mid Cap Value
Philippines Value	Singapore Small Cap
Philippines Large Cap	Singapore Small Cap Growth
Philippines Large Cap Growth	Singapore Small Cap Value
Philippines Large Cap Value	South Africa
Philippines Mid Cap	South Africa Growth
Philippines Mid Cap Growth	South Africa Value
Philippines Mid Cap Value	South Africa Large Cap
Philippines Small Cap	South Africa Large Cap Growth
Philippines Small Cap Growth	South Africa Large Cap Value
Philippines Small Cap Value	South Africa Mid Cap
Poland	South Africa Mid Cap Growth
Poland Growth	South Africa Mid Cap Value
Poland Value	South Africa Small Cap
Poland Large Cap	South Africa Small Cap Growth
Poland Large Cap Growth	South Africa Small Cap Value
Poland Large Cap Value	Spain
Poland Mid Cap	Spain Growth
Poland Mid Cap Growth	Spain Value
Poland Mid Cap Value	Spain Large Cap
Poland Small Cap	Spain Large Cap Growth
Poland Small Cap Growth	Spain Large Cap Value
Poland Small Cap Value	Spain Mid Cap
Portugal	Spain Mid Cap Growth
Portugal Growth	Spain Mid Cap Value
Portugal Value	Spain Small Cap
Portugal Large Cap	Spain Small Cap Growth
Portugal Large Cap Growth	Spain Small Cap Value
Portugal Large Cap Value	Sweden
Portugal Mid Cap	Sweden Growth
Portugal Mid Cap Growth	Sweden Value
Portugal Mid Cap Value	Sweden Large Cap
Portugal Small Cap	Sweden Large Cap Growth
Portugal Small Cap Growth	Sweden Large Cap Value
Portugal Small Cap Value	Sweden Mid Cap
Russia	Sweden Mid Cap Growth
Russia Growth	Sweden Mid Cap Value
Russia Value	Sweden Small Cap
Russia Large Cap	Sweden Small Cap Growth
Russia Large Cap Growth	Sweden Small Cap Value
Russia Large Cap Value	Switzerland
Russia Mid Cap	Switzerland Growth
Russia Mid Cap Growth	Switzerland Value
Russia Mid Cap Value	Switzerland Large Cap
Russia Small Cap	Switzerland Large Cap Growth
Russia Small Cap Growth	Switzerland Large Cap Value
Russia Small Cap Value	Switzerland Mid Cap
Singapore	Switzerland Mid Cap Growth
Singapore Growth	Switzerland Mid Cap Value
Singapore Value	Switzerland Small Cap

Switzerland Small Cap Growth	United Kingdom Large Cap Value
Switzerland Small Cap Value	United Kingdom Mid Cap
Taiwan	United Kingdom Mid Cap Growth
Taiwan Growth	United Kingdom Mid Cap Value
Taiwan Value	United Kingdom Small Cap
Taiwan Large Cap	United Kingdom Small Cap Growth
Taiwan Large Cap Growth	United Kingdom Small Cap Value
Taiwan Large Cap Value	United States
Taiwan Mid Cap	United States Growth
Taiwan Mid Cap Growth	United States Value
Taiwan Mid Cap Value	United States Large Cap
Taiwan Small Cap	United States Large Cap Growth
Taiwan Small Cap Growth	United States Large Cap Value
Taiwan Small Cap Value	United States Mid Cap
Thailand	United States Mid Cap Growth
Thailand Growth	United States Mid Cap Value
Thailand Value	United States Small Cap
Thailand Large Cap	United States Small Cap Growth
Thailand Large Cap Growth	United States Small Cap Value
Thailand Large Cap Value	
Thailand Mid Cap	
Thailand Mid Cap Growth	
Thailand Mid Cap Value	
Thailand Small Cap	
Thailand Small Cap Growth	
Thailand Small Cap Value	
Turkey	
Turkey Growth	
Turkey Value	
Turkey Large Cap	
Turkey Large Cap Growth	
Turkey Large Cap Value	
Turkey Mid Cap	
Turkey Mid Cap Growth	
Turkey Mid Cap Value	
Turkey Small Cap	
Turkey Small Cap Growth	
Turkey Small Cap Value	
United Arab Emirates	
United Arab Emirates Growth	
United Arab Emirates Value	
United Arab Emirates Large Cap	
United Arab Emirates Large Cap Growth	
United Arab Emirates Large Cap Value	
United Arab Emirates Mid Cap	
United Arab Emirates Mid Cap Growth	
United Arab Emirates Mid Cap Value	
United Arab Emirates Small Cap	
United Arab Emirates Small Cap Growth	
United Arab Emirates Small Cap Value	
United Kingdom	
United Kingdom Growth	
United Kingdom Value	
United Kingdom Large Cap	
United Kingdom Large Cap Growth	

APPENDIX B

Eligible share classes by country

Country	Eligible share classes	Remarks
Australia	Common shares Preferred shares	Preferred shares are usually non-voting.
Austria	Common shares Preferred shares Participation certificates	
Bahrain	Common shares	
Belgium	Common shares Preferred shares	
Botswana	Common shares	
Brazil	Common shares Preferred shares	Preferred shares are usually non-voting and traded heavily at the stock exchange.
Bulgaria	Common shares	
Canada	Common shares Units of Income Trusts	Units of Income Trusts are REIT-like securities.
Chile	Common shares Preferred shares	Preferred shares have restricted voting rights.
China	B shares H shares N shares	B, H, N shares are the only share classes available for foreign investors. H shares are traded in Hong Kong. N shares are traded in the U.S.
Colombia	Common shares Preferred shares	Preferred shares are usually non-voting.
Croatia	Common shares Preferred shares	Preferred shares are usually non-voting.
Cyprus	Common shares	
Czech Republic	Common shares	
Denmark	A shares B shares	B shares have lower voting rights.
Egypt	Common shares	
Estonia	Common shares	
Finland	A shares B shares K shares	A shares and B shares have lower voting rights than K shares.
France	Common shares Preferred shares Investment certificates Voting certificates	Preferred shares, investment certificates and voting certificates are non-voting.
Germany	Common shares	Preferred shares are usually non-voting.

Country	Eligible share classes	Remarks
	Preferred shares	
Ghana	Common shares	
Greece	Common shares Preferred shares	Preferred shares are usually non-voting.
Hong Kong	A shares B shares	B shares have lower voting rights.
Hungary	Common shares	
Iceland	Common shares	
India	Common shares	
Indonesia	Common shares	
Ireland	Common shares	
Israel	Common shares Preferred shares	
Italy	Common shares Preferred shares Savings shares	Preferred shares and savings shares are non-voting.
Japan	Common shares	
Jordan	Common shares	
Kazakhstan	Common shares Preferred shares	
Kuwait	Common shares	
Latvia	Common shares	
Lithuania	Common shares	
Luxembourg	Common shares	
Malaysia	Common shares	Common shares are classified as local/foreign shares.
Mauritius	Common shares Preferred shares	Preferred shares are usually non-voting.
Mexico	Common shares Participation certificate	Participation certificates are usually non-voting.
Morocco	Common shares	
Netherlands	Common shares Preferred shares	
New Zealand	Common shares Preferred shares	Preferred shares are usually non-voting.
Norway	A shares B shares Equity Certificates	B shares are non-voting.
Oman	Common shares	
Pakistan	Common shares	
Peru	Common shares Preferred shares Investment shares	
Philippines	Common shares	Common shares are classified as A (local) and B (foreign) shares
Poland	Common shares	
Portugal	Common shares	
Qatar	Common shares	

Country	Eligible share classes	Remarks
Romania	Common shares	
Russia	Common shares Preferred shares	Preferred shares are usually non-voting and are guaranteed dividends no less than common shares.
Singapore	Common shares	Subject to Foreign Board Action.
Slovak Republic	Common shares	
Slovenia	Common shares Preferred shares	Preferred shares are usually non-voting.
South Africa	Common shares Preferred shares	Preferred shares are usually non-voting.
South Korea	Common shares Preferred shares	Preferred shares are usually non-voting.
Spain	Common shares Preferred shares	Preferred shares are usually non-voting.
Sweden	A shares B shares C shares	B shares and C shares have lower voting rights. C shares are not entitled for dividends.
Switzerland	Registered shares Bearer shares Participation certificates Dividend-right certificates	Bearer shares have lower voting rights. Participation certificates and dividend-right certificates are non-voting.
Taiwan	Common shares Preferred shares	Preferred shares have limited or no voting rights.
Thailand	Common shares Preferred shares	Common shares are classified as local/foreign shares and are subject to Foreign Board Action. Preferred shares are usually non-voting.
Tunisia	Common stock	
Turkey	Common shares	
United Arab Emirates	Common shares	
United Kingdom	Common shares	
United States	Common shares	
Zambia	Common shares	

* All share types are subject to certain liquidity-screening processes for index inclusion.

* Preferred securities are those where there is no fixed cumulative dividend.

APPENDIX C

Eligible stock exchanges and bourse codes

Country	Eligible stock exchange	Bourse code
Australia	Australia Stock Exchange	111
Austria	Vienna Stock Exchange	50
	XETRA	44
Bahrain	Bahrain Stock Exchange	125
Belgium	NYSE Euronext	399
Botswana	Gaberone Stock Exchange	329
Brazil	Sao Paulo Stock Exchange	83
Bulgaria	Bulgaria Stock Exchange	308
Canada	Toronto Stock Exchange	61
	TSX Venture Exchange	63
Chile	Santiago Stock Exchange	84
China	Shanghai Stock Exchange	215
	Shenzhen Stock Exchange	214
Colombia	Bolsa de Bogota Stock Exchange	85
Croatia	Zagreb Stock Exchange	313
	Zagreb OTC	541
Cyprus	Nicosia Stock Exchange	299
Czech Republic	Prague Stock Exchange	320
Denmark	Copenhagen Stock Exchange	12
Egypt	Cairo Stock Exchange	374
Estonia	Tallinn Stock Exchange	303
Finland	OMX Helsinki Stock Exchange	40
France	NYSE Euronext	399
Germany	Deutsche Borse	13
	XETRA	44
Ghana	Ghana Stock Exchange	330
Greece	Athens Stock Exchange	34
Hong Kong	Stock Exchange of Hong Kong	104
Hungary	Budapest Stock Exchange	213
Iceland	Iceland Stock Exchange	370
India	Mumbai Stock Exchange	114
	National Stock Exchange	326
Indonesia	Indonesia Stock Exchange	146
Ireland	Irish Stock Exchange	145
Israel	Tel Aviv Stock Exchange	105
Italy	Mercato Continuo Italiano	46

Country	Eligible stock exchange	Bourse code
Japan	Tokyo Stock Exchange	106
	Osaka Stock Exchange	107
	JASDAQ	112
	Nagoya Stock Exchange	122
	Nippon New Market Hercules	373
	Fukuoka Stock Exchange	118
Jordan	Amman Stock Exchange	161
Kuwait	Kuwait Stock Exchange	340
Lithuania	Vilnius Stock Exchange	307
Latvia	Riga Stock Exchange	306
Luxembourg	Luxembourg Stock Exchange	47
Malaysia	Bursa Malaysia Stock Exchange	143
Mauritius	Stock Exchange of Mauritius	368
Mexico	Bolsa Mexicana de Valores	80
Morocco	Casablanca Stock Exchange	102
Netherlands	NYSE Euronext	399
New Zealand	New Zealand Stock Exchange	116
Norway	Oslo Stock Exchange	48
Oman	Muscat Security Market	363
Pakistan	Karachi Stock Exchange	216
Peru	Lima Stock Exchange	89
Philippines	Manila Stock Exchange	108
Poland	Warsaw Stock Exchange	243
Portugal	NYSE Euronext	399
Qatar	Doha Stock Exchange	547
Romania	Bucharest Stock Exchange	304
Russia	Russia Trading System	565
	Moscow Intercurrency Exchange	549
Singapore	Singapore Stock Exchange	120
Slovenia	Ljubljana Stock Exchange	294
Slovak Republic	Bratislava Stock Exchange	187
South Africa	Johannesburg Stock Exchange	100
South Korea	South Korea Stock Exchange, KOSDAQ	358
	South Korea Stock Exchange (KRX)	123
Spain	Mercado Continuo Espana	54
	Madrid Stock Exchange	55
	Barcelona Stock Exchange	56
Sweden	OM Stockholm Stock Exchange	53
Switzerland	Swiss Stock Exchange	4
	SWX Europe Ltd. (VIRT-X)	380
	Switzerland Stock Exchange (USD)	349
Taiwan	Taiwan Stock Exchange	103
	GreTai Securities Market	372
Thailand	Stock Exchange of Thailand	117
Tunisia	Bourse de Tunis (Tunisia Stock Exchange)	328

Country	Eligible stock exchange	Bourse code
Turkey	Istanbul Stock Exchange	109
Ukraine	PFTS Stock Exchange	309
United Arab Emirates	Dubai Financial Market	824
	Abu Dhabi Securities Market	548
	Dubai Intl. Financial Exchange (DIFX	824
United Kingdom	London Stock Exchange	36
	London Stock Exchange – SETS	361
	London Stock Exchange – Seats	272
	London Stock Exchange – IOB	507
United States	New York Stock Exchange	65
	NYSE ARCA	69
	NASDAQ	67
	American Stock Exchange	66
	Pacific Exchange	95
	NYSE Alternext U.S.	66
Zambia	Lusaka Stock Exchange	333



APPENDIX D

Calculation of free floats

Investable shares are assumed to be shares that are publicly traded and open to foreign investment. We derive investable shares by use of the following formulas:

Formula 1

Free Float-Adjusted Market Capitalization (FFAMC) = Closing Price of Shares x Number of Investable Shares

Formula 2

Number of Investable Shares = Number of Total Shares Outstanding – Number of Uninvestable Shares

Formula 3

Free Float Ratio (FFR) = (Number of Investable Shares/Number of Total Shares Outstanding) x 100%

Formula 4

Number of Non-investable Shares = Number of Unavailable Shares + Number of Additional Shares Restricted by FOL

Combining Formulas 1 through 4, the foreign ownership limit adjustment is applied on top of the unavailable shares adjustment described above.

Formula 5

Free Float-Adjusted Market Capitalization = FFII x Share Closing Price x (Number of Total Shares Outstanding – Number of Unavailable Shares – Number of Additional Shares Restricted by FOL)

Where the Free Float Inclusion Indicator (FFII) is an indicator function based on the following condition: Free Float Percentage > 1% for large capitalization companies and free float percentage > 5% for small capitalization companies.

Example of free float calculation with depositary receipts

In this section, an example of free float calculation is provided, where restricted stocks are used to sponsor depositary receipts.

For free float calculation, Russell uses the market price of depositary receipts. Thus, Formula 5 can be further modified as the following:

Formula 6

Free Float-Adjusted Market Capitalization = FFII x Share Price x (Number of Total Shares Outstanding – Number of Unavailable Shares – Number of Additional Shares Restricted by FOL) + Depositary Receipts Market Price x Number of Investable Depositary Receipt Contracts

Where the Free Float Inclusion Indicator (FFII) is an indicator function based on the following condition: Free Float Percentage > 1% for large capitalization companies and Free Float Percentage > 5% for small capitalization companies. If the condition is true, then the FFII will have a value of 1; otherwise, FFII will have a value of 0.

XYZ company example

Company XYZ in country ABC is a typical candidate for index consideration. Its common stocks are traded on the local market and are divided into categories of restricted and unrestricted. Restricted stocks can be purchased only by domestic investors, while unrestricted stocks do not have this constraint. Additionally, some of the restricted stocks are used as collateral to sponsor American Depositary Receipts, which are traded on the NYSE. The free-float calculation is carried out, given the following company information:

Share information of company XYZ

Country	Total shares outstanding	Unavailable shares	Additional shares restricted by FOL	ADRs backed by restricted shares (5 shares per contract)
ABC	100,000,000	5,000,000	50,000,000	300,000

Pricing Information of Company XYZ

Country	Share closing price (USD)	ADR market price (USD)
ABC	\$30.00	\$155.00

Step 1:

Total Market Capitalization = \$30.00 x 100,000,000 = \$3,000,000,000 > Russell Global large cap/small cap cut-off

Thus, Free Float Inclusion Indicator (FFII) = 1 as long as the Free Float Ratio is greater than 1%

Step 2:

Formula (6) is simplified as the following:

Free Float-Adjusted Market Capitalization of Company XYZ

= Share Closing Price x (Number of Total Shares Outstanding – Number of Unavailable Shares – Number of Additional Shares Restricted by FOL) + Depository Receipts Market Price x Number of Investable Depository Receipt Contracts = \$30.00 x (100,000,000 – 5,000,000 – 50,000,000) + \$155.00 x 300,000

= \$1,350,000,000 + \$46,500,000

= \$1,396,500,000

Step 3:

Free Float Ratio (FFR) = 1,396,500,000/3,000,000,000 x 100% = 46.55%

APPENDIX E

Assigning a primary exchange to a security

The selection of the primary exchange is used to determine the closing price and underlying currency of a stock. The primary factor of selecting a primary exchange for a stock is the company's country assignment following rules described in Section 3.

Russell has encountered several variations while researching the subject. In summary, these variations are:

1. The company is traded in the country to which it is assigned (the domestic exchange).
 - a. The company is listed on one domestic exchange.
 - b. The company is listed on multiple domestic exchanges.
 - I. The most liquid domestic listing passes the liquidity screen.
 - II. The most liquid domestic listing does not pass the liquidity screen.
2. The company is traded in a country other than the one to which it is assigned (a foreign exchange).
 - a. The most liquid listing passes the liquidity screen.
 - b. The most liquid listing does not pass the liquidity screen.
 - I. The company's shares are traded in depository receipt form.
 - II. The company's shares are not traded in depository receipt form.

With limited exceptions, Russell strongly prefers to consider a company's primary exchange to be the domestic exchange wherein the company's stock is most liquid.

If the company is listed on a domestic exchange and the listing is liquid (as defined by Russell), then that exchange is considered the primary exchange. For example, the primary exchange for Petrom S.A. would be the Bucharest Stock Exchange, since it passes the Russell defined liquidity measure and is the most liquid domestic exchange for the company's stock.

If the most liquid domestic listing for a company does not pass the liquidity screen, Russell then considers dual listings in foreign exchanges. Russell takes the most liquid foreign listing (provided it passes the Russell defined liquidity measure), and the stock exchange wherein the issue trades becomes the primary exchange of that stock. If none of the stock listings pass the Russell defined liquidity measure, depository receipts (DR) of the stock would be considered eligible for liquidity testing. In this case, if the company's stock in DR form passes the Russell defined liquidity measure, Russell recognizes the DR as being the primary issue of the stock, and thus the stock exchange wherein the DR trades as being the primary exchange of that stock.

APPENDIX F

Gross Domestic Product (GDP) weighted indexes

The Russell Global GDP indexes are alternatives to market capitalization weighted indexes. The Russell Global GDP indexes series includes:

- Russell Global Large Cap GDP
- Russell Developed ex-North America Large Cap GDP
- Russell Developed ex-United States Large Cap GDP

In the calculation of Russell's GDP weighted indexes, each country is weighted by its corresponding GDP rather than available market capitalization. Each security within the corresponding country continues to be weighted by available market capitalization. To arrive at this result, each security's weight is adjusted in the Russell GDP indexes using the following formula:

$$\text{Security_Weight_GDP}(t, \text{Cap Seg}) = \text{Security_Weight_Country}(t, \text{Cap Seg}) * \text{Country_Weight_GDP}(t, \text{CapSeg})$$

Where:

$\text{Security_Weight_GDP}(t, \text{Cap Seg})$ = Security weight in the GDP-weighted Index at time t, for a particular cap segment index.

$\text{Security_Weight_Country}(t, \text{Cap Seg})$ = Security weight in its corresponding Country Index at time t for a particular cap segment index.

$\text{Country_Weight_GDP}(t, \text{CapSeg})$ = Country weight by market-cap adjusted country GDPs at time t for a particular cap segment index (AC, LC or SC).

The Russell GDP indexes use Worldbank as the source for country GDP. Changes to GDP are updated annually during the reconstitution process each year. At that time, country GDP weights are reset on the basis of the Worldbank GDP data. Throughout the year, the country weight can fluctuate with market value changes of each country.

APPENDIX G

Benefit Driven Incorporation Countries (BDIs)/ No Domestic Exchange countries (NDEs)

Russell recognizes that some investable companies may be incorporated in countries that do not have domestic stock exchanges or exchanges which Russell recognizes as valid (formerly referred to as BDI countries.) Russell assigns these companies to the countries in which their primary equity issues are traded. No Domestic Exchange (NDE) equities are subject to all Russell index eligibility criteria. NDE and BDI countries include:

NDE and BDI countries

NDEs

Falkland Islands

Liechtenstein

Monaco

Suriname

BDIs

Anguilla

Antigua and Barbuda

Bahamas

Barbados

Belize

Bermuda

British Virgin Islands

Cayman Islands

Channel Islands

Cook Islands

Faroe Islands

Gibraltar

Isle of Man

Liberia

Marshall Islands

Netherlands Antilles

Turks and Caicos Islands

APPENDIX H

Russell Dividend Achievers Indexes

Russell Dividend Achievers Indexes are objectively constructed and based on transparent rules. The members of the Russell Dividend Achievers Indexes are also members of the Russell Global Index and follow all the same objective rules for membership with an additional requirement of being defined as a dividend achiever.

Eligible Dividend Achievers securities

Russell Dividend Achievers Indexes start by including those companies which are members of the Russell Global Index or one of its subsets. The index is then reduced down to those securities which meet the requirements to be a Dividend Achiever.

Companies are considered Dividend Achievers if they have raised annual regular cash dividend payments for at least each of the last ten consecutive calendar or fiscal years for U.S. companies, and five years for non-U.S. companies. In addition, U.S. and Canadian companies must have a two-month average trading liquidity of \$500,000 average daily cash volume during the months of November and December. Dividend Achievers are established in February of each year using the latest available dividend payable date for the previous calendar or fiscal year to calculate the total annual regular dividend payment.

To be included during Russell's annual reconstitution, these companies are reviewed again on the last trading day in May to ensure they have not reduced their dividend payments since the last annual Dividend Achiever reconstitution date. Liquidity is not re-assessed. For non-North American companies, the change in dividends will be reviewed on a trailing 12 month basis. For North American companies with a payment frequency code, the change in dividends will be based on their forward looking Indicated Annual Dividend (i.e., dividend payment amount * dividend payment frequency).

Index maintenance / Corporate Action-driven changes

The members of the Russell Dividend Achievers Index and its subsets are proactively maintained and reflect daily changes in the global equity market. Russell Dividend Achievers Indexes follow all of Russell's rules for corporate actions with the following exceptions:

Mergers and acquisitions

In the event of a merger between two companies included in the Russell Dividend Achievers Index, the common shares of the combined surviving company are represented in the Russell Dividend Achievers Indexes. In the event of a merger between a company in the Russell Dividend Achievers Index and a company not in the Russell Dividend Achievers Index, if the company in the Russell Dividend Achievers Index is the surviving company, the surviving company is included in the broad Dividend Achievers Index.

Spin-offs

Spin-offs from Russell Dividend Achievers members are not added to the index at the time of spin-off.

APPENDIX I

Country assignment methodology details

Home Country Indicators:

Country of Incorporation

Country of Headquarters

Country of most liquid exchange as defined by the 2 year average daily dollar trading volume (ADDTV)

Headquarters: Russell defines headquarters as the address of principal executive offices. For those companies reporting in the U.S., Russell uses the SEC filings to determine the location of headquarters. For those companies outside of the U.S. reporting requirements, multiple vendor sources and independent Russell research are used. In the case where multiple headquarters are listed on the SEC filings and a HCI needs to be determined, Russell assigns the HCI for headquarters to the location with the highest average daily trading volume. If the HCI for headquarters can not be determined (IE, no trading in any headquarters location) the two remaining HCIs are used.

Asset/Revenue Data Sources and Requirements Defined: Assets and revenues data are retrieved from the companies annual report: 10-Ks (20-F), or other reliable company information, as of the last trading day in May. Any filings after that date are not used. For the 2010 index reconstitution, Russell used one year of assets and revenues data. Russell considers the reporting of sub-asset categories such as long-lived assets or long-term assets before reviewing revenue. Beginning in 2011, Russell will use an average of two years of assets or revenues data to reduce potential turnover. However, if only one year of data is available (either company starts or stops reporting by location), one year will be used.

Company Reports by:	Requirements to be determined "majority"*
Country:	Total assets/revenues for HCI country is 20 percentage points greater than that of the next largest reported country
Region:	Total assets/revenues for region containing only one HCI country is greater than 20 percentage points of any other reported region.
Combination of Country & Region:	Total assets/revenues for HCI country is greater than 20 percentage points of any reported region.
Combination of single Country or single Region and Rest of the World:	Total assets/revenues for HCI country is at least 40 percent of the world's total assets/revenues..
No, or Insufficient, Data Available:	Defaults to headquarters, or most liquid exchange if BDI country

*Majority of assets/revenue is determined by the absolute difference between those percentages. For example, 20% difference would be achieved if assets were 44% in one country and 20% in another. 20% difference would NOT be recognized if country one was 30% and country two was 20% higher at 36%.

BDI Countries:

Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Channel Islands, Cook Islands, Faroe Islands, Gibraltar, Isle of Man, Liberia, Marshall Islands, Netherlands Antilles, Panama, and Turks and Caicos Islands.

U.S. Territories:

A U.S. HCI is assigned for any companies incorporated or headquartered in a U.S territory. This includes countries such as: Puerto Rico, Guam, and U.S. Virgin islands..



APPENDIX J

Russell Frontier Index

Construction and Methodology

Construction of the Russell Frontier Markets Indexes

Determining Frontier Countries

The first step in the construction of the Russell Frontier Markets Indexes is to identify which countries qualify for frontier membership. Frontier markets are countries with investable equity markets that are considered highly risky, difficult and expensive to trade in. However, as the global economy grows in complexity, investors seek more sophisticated tools for diversifying portfolios. Investment in frontier markets offer investors potential with low correlation to other markets in exchange for higher risk.

Russell defines frontier countries as those that do not meet the established criteria for membership in Russell's Emerging Markets Indexes. Countries that are not considered emerging markets are eligible for frontier markets membership as long as there are accessible market data available. In an effort to control turnover, countries must meet the higher or lower requirements for two consecutive years before moving between frontier and emerging markets.

A country will be considered as a frontier market if it is classified as such by either economic (country risk) or market criteria (trading risk).

Country Risk

Russell uses economic criteria as a first step in categorizing countries into emerging markets and thus, frontier markets. This provides a measurement of the macro-economy and its level of development. It also provides a measurement of political, sovereign and currency risk. Countries must meet the minimum economic criteria to be considered emerging. All others are considered frontier.

Criteria	Measure	Emerging	Frontier
Relative income	World Bank Income Category	Upper Middle Income	Lower Middle and Low Income
Country risk score	Economist Intelligence Unit	Score between 40 and 55	Score greater than or equal to 55

Sources: World Bank and Economist Intelligence Unit, CIA and IMF.

Trading Risks/Challenges

To designate a country as developed or emerging, Russell also reviews market criteria closely aligned with trading risks. For the distinction between emerging and frontier, the information is more obscure. The below trading risks are reviewed to determine emerging or frontier market status:

Criteria	Emerging	Frontier
Regulatory Infrastructure	Relatively mature	Incomplete
Trading and Custody accounts	Segregated	No Segregation
Effective Foreign Ownership Limits Communication	Yes	No
Trade Confidentiality	Yes	No
Settlement Periods	Shorter than t+3	Longer than t+3

Criteria	Emerging	Frontier
Market Liquidity	Higher than Frontier	Lower than Emerging
Pre-Deposit of shares required	No	Yes

Sources: Custodian data and Factset.

In addition, countries listed on the U.S. Department of Treasury sanctions lists are excluded from inclusion. For 2010, the following countries are included on this list: Belarus, Burma, Cuba, Iran, Iraq, North Korea, Somalia, Sudan, Syria, and Zimbabwe.

Frontier Security Types

Russell's second step in determining Russell Frontier Index membership is to capture and evaluate all exchange-traded securities in the frontier marketplace and build the eligible stock universe. Equity and equity-like securities are included in the frontier universe. Equity-like securities are those that represent ownership of a company without an obligation for the company to repay invested capital in the form of coupon payments or lump-sum payments throughout the life of the investment. Please refer to Section 2 of this document, "Defining the total stock universe" for a list of included and excluded security types.

Universe minimum size requirement

Consistent with the Russell Global Index, any security under \$1M market capitalization is not included in the eligible universe.

Universe liquidity screen

The third step in determining the membership of the Russell Frontier Index, is to further refine the universe of frontier stocks to ensure investability. To be eligible for membership in the Russell Frontier Index, stocks must meet minimum liquidity requirements. For the Russell Frontier Index, a single liquidity measure of average daily dollar trading volume (ADDTV is used) to determine eligibility in the universe. See Section 2, "Defining the total stock universe", for the formula of ADDTV.

At reconstitution, the Russell Global Index liquidity is determined by calculating the median of all securities in the global universe and including all securities above median. For the Russell Frontier Index, liquidity is determined by reducing the liquidity threshold established for the Russell Global Index by half. For example, at 2010 reconstitution, the median ADDTV was approximately \$80,000 USD for the Russell Global Index. Therefore, the Russell Frontier Index was subject to ½ of that value, or \$40,000 USD daily, annualized to \$10M.

Capturing 98% of the eligible frontier universe

Following completion of the country, security and liquidity screens, all eligible securities within the frontier countries are ranked in descending order by total market capitalization. 98% of the cumulative market capitalization becomes the Russell Frontier Index. Unlike the Russell Global Index, there is no rule for critical mass in the frontier index. Regardless of the number of securities within a country, the country will be eligible. In Frontier markets, it is typical for investors to enter a market to gain access to one stock.

Ineligible Exchanges

For some frontier countries, it is difficult or impossible to receive daily pricing from the exchanges for the calculation of the index. In these circumstances, if a company assigned to this type of country trades on another exchange with available daily pricing, the company remains eligible and performance is calculated on the accessible exchange. If no other exchange is available, the security becomes ineligible. The following countries' local exchanges are ineligible due to the lack of availability of pricing data: Papua New Guinea, Senegal, Togo, Gabon, Cambodia and Kyrgyzstan.

Float – Adjustments

Just as with all Russell Indexes, securities within the Russell Frontier Index are adjusted for float. See Section 5, “Float-adjusted weighting”, for details. In addition, in the Russell Frontier Index, a float adjusted market capitalization of greater than 10% of the smallest security in the index is required. For example, if the smallest security in the index, by total market cap, is \$60M, then each security must have at least \$6M in available float.

Country Weights:

Frontier countries vary in size dramatically. This causes some countries to be heavily weighted in the Russell Frontier Index. Frontier managers, however, are unlikely to take a large bet in a single country due to country risks in these markets. Therefore, to align more closely with manager behavior, Russell caps each country’s weight at a maximum weight of 15% of the Russell Frontier Index at each reconstitution.

Global large cap and small cap index construction

At reconstitution, all companies in the Russell Frontier Index are ranked by their total market capitalization in descending order, and the cumulative total market capitalization percentile for each company is calculated.

To determine the Russell Frontier Large Cap and Russell Frontier Small Cap Indexes, all companies that rank below the 90th percentile are classified as small cap, and all companies that rank above the 85th percentile are classified as large cap. Current Russell Frontier Index members that rank within the capitalization band between the 85th and 90th percentiles retain their existing classification. For example, if a member of the existing Russell Frontier Small Cap Index is within the 85th-90th percentile band at reconstitution, it remains classified as small cap. New companies being added to the Russell Frontier Index, however, are classified relative to the midpoint of the range. In other words, new companies ranking above 87.5% are classified as large cap, and new companies ranking below 87.5% are classified as small cap.

m.

Index name	Upper range (percentiles)	Lower range (percentiles)
Russell Frontier Large Cap	NA	85%–90%
Russell Frontier Small Cap	85%–90%	NA

Percentiles are based on descending total market capitalization. Large Cap = Mega Cap + Mid Cap.

Countries / Exchanges

Country assignment for Frontier is consistent with the way companies are assigned to countries are assigned in the Russell Global Index. Therefore, it is possible that stocks can belong to the one country, but trade elsewhere.



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