

FTSE 100 Dividend Index Methodology:

This methodology is to be read in conjunction with the FTSE 100 UK Indices Ground Rules which are available at:

http://www.ftse.com/Indices/UK_Indices/Index_Rules/index.jsp

Review Universe:

The universe will comprise of the cumulative value of ordinary declared cash dividends announced and paid by the individual constituents of the underlying FTSE 100 Index, calculated in terms of index points.

Review Methodology:

At the annual review FTSE will rebase the index to 0 at the start of the first trading day following the 3rd Friday in December. The index will be calculated using mid-day pricing.

Ex-Dividend Adjustment:

The ex-dividend (xd) adjustment represents the value of dividends declared by constituent companies on the xd date expressed in index points. The xd adjustment year to date is the calculation on a cumulative basis for the period between and including the first trading day following the 3rd Friday in December to mid-day on the 3rd Friday in December of the following year. Xd adjustments are based on declared dividends. The xd adjustment is calculated as follows:

$$\frac{\text{Market Value of Dividends}}{\text{Latest Index Divisor}}$$

If a company declares a dividend in a currency other than Sterling, the published Sterling equivalent will be used, if available. If there is no Sterling equivalent, the dividend will be converted to Sterling using the WM/Reuters 4PM rate the day before the stock goes xd.

If A plc and B plc each declared a dividend payment with an xd date of today, the following calculation would occur:

<u>Company</u>	<u>Dividend</u> (p)	<u>Shares</u> (m)	<u>Market</u> <u>Value</u> (£m)	<u>Free Float</u> <u>Factor</u>	<u>xd</u> <u>adjustment</u> (points)
A plc	12.56	61,443	7,717.2	1.00	1.97
B plc	14.00	22,579	3,161.0	1.00	0.81
					2.78
Total xd adjustment for Index					
Index divisor = 3,918.36					

The method for calculating the xd adjustment uses the divisor as at the close of business on the preceding day after implementing any capitalisation changes. Where a company has more than one line of shares included in the indices, the xd adjustment is calculated separately for each line.