

- Google is establishing a new class of capital stock and is paying a dividend of one share of this new class of capital stock for each outstanding share of Class A and Class B common stock. Both Google Class A and Google Class C will be included in the S&P 500 and S&P 100 and there will not be a switch from Class A to Class C on June 20th as previously announced in a press release dated February 3, 2014.
- S&P DJI expects to transition the S&P 100, S&P 500, S&P MidCap 400, S&P SmallCap 600, and the S&P TMI/CI to a multiple share class structure effective with the September, 2015 rebalance.
- Under current S&P U.S. Indices methodology, companies that have more than one class of common stock outstanding are represented only once in an index. The stock price is based on one class, usually the most liquid class, and the share count is based on the total shares outstanding. Under the new methodology, all eligible trading lines for a company that meet certain liquidity and materiality thresholds will be included in the index.
- For companies that issue a second publicly traded share class to index share class holders between now and September 2015, multiple class lines will be considered for inclusion if the event is mandatory and the market capitalization of the distributed class is not considered to be de minimis.
- This change will result in the S&P 500 having more than 500 share lines in the index but the index will continue to have only 500 companies. Each company may have 1 or more lines in the index depending on liquidity and size criteria that will be announced before the change takes effect in September, 2015. The same rule will apply to US constituents in other indices with a specific number of companies.

Multiple share classes are becoming more common among US corporations, especially in the technology sector. Were the trend ignored, some indices would have difficulty properly representing major market segments while providing sufficient liquidity to accommodate trading and necessary index adjustments. The use of multiple share classes is expected to enhance liquidity once the transition is completed. However, turnover may be caused by adjustments to current index constituents which have multiple share classes.

The change to multiple share classes will require revisions to various index methodological guidelines and rules covering liquidity, IWF’s, calculation of total and float adjusted market cap
and other factors. Therefore, changes to share counts and share classes of stocks currently in the indices will not be done until September 2015, approximately 18 months from now.

The S&P Dow Jones US Index Committee acknowledges the comments received from index fund managers and investors.

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