



Special Executive Report

20 South Wacker Drive
Chicago, IL 60606-7499
www.cme.com

312/930.1000 tel/
312/466.4410 fax

S-4171

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Reminder **Treatment of Microsoft Special Dividend** **by Stock Index Publishers**

On Wednesday, July 20, 2004, Microsoft (MSFT) announced the payment of a \$3.00 per share special one-time dividend payable to shareholders of record as of November 17, 2004 (ex-date is November 15, 2004).

Standard & Poor's has announced that it will regard Microsoft's action "as a special dividend, and will account for it by reducing MSFT's share price in the S&P 500 by the price of the dividend after the close of trading the day before the ex-date, while making a corresponding divisor adjustment."

Similarly, NASDAQ will adjust the price of MSFT downward on the ex-date (November 15, 2004) to reflect the special cash dividend. In addition, the Adjusted Base Period Market Value (ABPMV) will be adjusted downward to reflect the reduction that will be made to the stock price.

Russell will also be responding to MSFT's special dividend by lowering the market value by the same amount and by adjusting the divisor.

For more information, please do not hesitate to call Brett Viemeyer, Associate Director, Equity Products at 312-930-3394 or Ariel Hantin, Senior Research Analyst, Research & Product Development at 312-559-4951.