

GROUND RULES FOR THE MANAGEMENT OF THE FTSEUROFIRST INDEX SERIES



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SECTION 1

1.0 INTRODUCTION

- 1.1 This paper sets out the Ground Rules for the management of the FTSEurofirst Index Series, as adopted by the FTSE Europe, Middle East & Africa Regional Committee. Copies of the Ground Rules are available from FTSE (see Appendix H).
- 1.2 The FTSEurofirst Index Series are designed as a tradable family of indices providing minimal tracking error against FTSE's European benchmark indices: FTSE Developed Europe & the FTSE Eurozone.
- 1.3 The FTSEurofirst 80 Index is designed to represent the performance of the companies resident and incorporated in the European countries which are included in European Monetary Union. It provides investors with an Index that measures the performance of the 80 largest capitalised Eurozone companies and has high tracking against the FTSE Eurozone Index. A complete list of eligible countries is set out in Appendix A. The index is calculated in Euros and published in Euros and other currencies.
- 1.4 The FTSEurofirst 100 Index is designed to represent the performance of the companies resident and incorporated in the European countries that are included in European Monetary Union, plus large UK companies. It provides investors with an Index that measures the performance of the 100 largest capitalised European companies and has high tracking against the FTSE Developed Europe Index. A complete list of eligible countries is set out in Appendix A. The index is calculated in Euros and published in Euros and other currencies.
- 1.5 The FTSEurofirst 300 Indices are designed to represent the performance of companies resident and incorporated in Europe, providing investors with a set of indices that measure the performance of the 300 largest capitalised European companies. A complete list of eligible countries is set out in Appendix A. All indices are calculated in Euros and published in Euros and other currencies. The FTSEurofirst 300 Indices encompass the following indices:

FTSEurofirst 300
FTSEurofirst 300 Industries
FTSEurofirst 300 Supersectors
FTSEurofirst 300 Sectors
FTSEurofirst 300 Countries
FTSEurofirst 300 ex UK
FTSEurofirst 300 Eurozone
FTSEurofirst 300 ex Eurozone

A complete list of the FTSEurofirst 300 Indices are contained in Appendix C.

- 1.6 Capital and Total Return Indices are calculated (see Appendix D & the FTSE Guide to Calculation Methods).

SECTION 2

2.0 STATUS OF INDICES

2.1 The FTSEurofirst Index Series, which are calculated in real time, may exist in the following states:

(a) **Firm**

The indices are being calculated using trade prices from the relevant local European Bourses for all constituents during the hours of the Official Index Period (see Appendix C).

The Official Closing Index for the FTSEurofirst Index Series is the last index value calculated at the end of the firm period.

(b) **Closed**

When the indices have ceased all calculations for the day, the message '**CLOSED**' is displayed against the index value.

(c) **Held**

During the firm period, an index has exceeded pre-set operating parameters and calculation has been suspended pending resolution of the problem. The message '**HELD**' is displayed against the last index value calculated.

(d) **Indicative**

If there is a system problem or situation in the market that is judged to be affecting the quality of the constituent prices at any time when the index is being calculated, the index will be declared indicative. The message '**IND**' will be displayed against the index value.

(e) **Part**

If an index is being calculated during the normal Official Index Period hours, but there are less than 75% of the constituents by capitalisation available with firm prices, then the index will be displayed with the message '**PART**' to indicate that only a proportion of the securities prices are included. With the exception of the message '**PART**', the index will continue to be calculated and displayed as if it were firm.

2.2 The official opening and closing hours of the FTSEurofirst Index Series are set out in Appendix C. Variations to the official hours of the indices are published by FTSE as appropriate.

2.3 The FTSEurofirst Index Series are calculated on European Bank Holidays whenever at least one major market is trading. For the purpose of this rule a major market is defined as France, Germany, Italy, Netherlands, Spain or the United Kingdom.

SECTION 3

3.0 MANAGEMENT RESPONSIBILITIES

3.1 FTSE Policy Group

- 3.1.1 The FTSE Policy Group, whose membership is representative of users of the FTSE Indices, is established by FTSE as an independent committee. The FTSE Policy Group is responsible for determining major policy issues and monitoring the activities of the FTSE Regional Committees.
- 3.1.2 The Policy Group is responsible for overseeing and maintaining the Ground Rules for the Management of the FTSEurofirst Index Series. Changes and exceptions to the Ground Rules may be made only as permitted by Rule 5.1.
- 3.1.3 The Policy Group ensures that a consistent approach is applied to the selection of constituents and the application of corporate events by the FTSE Regional Committees.
- 3.1.4 The Policy Group may establish sub-committees to undertake any of these duties or to consider particular issues in depth.
- 3.1.5 The Policy Group meets quarterly or more frequently, as required.

3.2 FTSE Regional Committees

- 3.2.1 The FTSE Policy Group has established three Regional Committees: Americas, Europe / Middle East / Africa, and Asia / Pacific.
- 3.2.2 The FTSE European/Middle East/Africa Regional Committee undertakes the reviews of the FTSE Europe and FTSEurofirst Indices in addition to those of the FTSE UK Series and other Indices, and ensures that constituent changes and index calculations are made in accordance with the Ground Rules.

3.3 Committee Membership

- 3.3.1 FTSE appoints the Chairman and Deputy Chairman of the FTSE Policy Group. The FTSE Policy Group appoints the Chairman and Deputy Chairman to the FTSE Regional Committees and FTSE Global Classification Committee. The Chairmen of these committees must be selected from the membership of the FTSE Policy Group. The relevant Chairman, or in his absence Deputy Chairman, will chair meetings of the respective committee and will represent that committee outside meetings.
- 3.3.2 The Chairman and Deputy Chairman of the FTSE Europe/Middle East/Africa Regional Committee are collectively responsible for approving constituent changes to the FTSEurofirst Indices between meetings of the Committee on advice from the Secretary to the Committee and as permitted and as specified by the Ground Rules. Two nominated deputies are appointed from the Committee to deputise for the Chairman and Deputy Chairman in their absence or when the Chairman and Deputy Chairman require additional viewpoints.

3.4 Secretary to the FTSE Policy Group

- 3.4.1 A Secretary to the FTSE Policy Group and FTSE Europe/Middle East/Africa Regional Committee will be appointed by FTSE to support the work of these bodies. The Secretary will maintain a record of constituent changes to the FTSEurofirst Index Series and is responsible for the timely publication of all constituent changes.

SECTION 3

- 3.4.2 The Secretary is responsible for conducting the periodic review of the FTSEurofirst Index Series and will recommend for the approval of the FTSE Europe/Middle East/Africa Regional Committee, which companies, if any, should be inserted and deleted at the annual review (see Section 9).
- 3.4.3 Other than the annual review, the Secretary will seek the approval of the Chairman and Deputy Chairman of the FTSE Europe/Middle East/Africa Regional Committee before removing or inserting constituents of the FTSEurofirst Index Series (see Section 10). In the absence of either or both the Chairman and Deputy Chairman, the views of their nominated deputies shall be sought. The Chairman or Deputy Chairman (or their deputies) may request that a full meeting of the Committee be convened to consider a proposed change of constituent should any one of them consider it appropriate to do so. The Secretary will inform the FTSE Europe/Middle East/Africa Regional Committee of all constituent changes as soon as possible after the change has been approved and he/she is responsible for the timely publication of changes of constituents.

3.5 FTSE

- 3.5.1 FTSE is responsible for the operation of the FTSEurofirst Index Series. FTSE will maintain records of the market capitalisation of all constituents and reserve companies, and will make changes to the constituents and their weightings in accordance with the Ground Rules. FTSE will carry out the reviews of the FTSEurofirst Index Series and implement the resulting constituent changes as required by the Ground Rules.
- 3.5.2 Changes to constituent weightings are made by FTSE in accordance with the Ground Rules. FTSE will inform the Secretary to the FTSE Policy Group and Regional Indices Committee of all changes to constituent weightings as soon as possible after the new weightings have been determined. FTSE is responsible for publicising changes to constituent weightings.
- 3.5.3 FTSE is also responsible for monitoring the performance of the FTSEurofirst Index Series throughout the day and will determine whether the status of each index should be 'firm', 'indicative', 'held' or 'part'. FTSE will report to the FTSE Europe/Middle East/Africa Regional Committee on issues arising from the index calculation and administration process.

SECTION 4

4.0 ELIGIBLE SECURITIES

4.1 Each security must be a current constituent of the FTSE All-World Developed Europe Index. All classes of equity in issue are eligible for inclusion in the FTSEurofirst Index Series subject to conforming with Rules 4.2 to 4.10 (see Appendix B).

4.2 The entire quoted equity capital of a constituent company is included in the calculation of its market capitalisation, subject to the following free float restrictions:

4.2.1 Free float restrictions include:

- Shares directly owned by State, Regional, Municipal and Local governments (excluding shares held by independently managed pension schemes for governments).
- Shares held by Sovereign Wealth Funds where each holding is 10% or greater. If the holding subsequently decreases below 10%, the shares will remain restricted until the holding falls below 7%.
- Shares held by directors, senior executives and managers of the company, and by their family and direct relations, and by companies that they control.
- Shares held within employee share plans.
- Shares held by public companies or by non-listed subsidiaries of public companies.
- Shares held by founders, promoters, former directors, founding venture capital and private equity firms, private companies and individuals (including employees) where the holding is 10% or greater. If the holding subsequently decreases below 10%, the shares will remain restricted until the holding falls below 7%.
- All shares where the holder is subject to a lock-in clause (for the duration of that clause).
- Shares held for publicly announced strategic reasons, including shares held by several holders acting in concert.

4.2.2 For clarity, holdings not considered as restricted free float include:

- Portfolio holdings (such as pension and insurance funds)
- Nominee holdings (unless they represent restricted free float as defined by Rule 4.2.1)
- Holdings by investment companies
- ETFs

4.2.3 Free float restrictions will be calculated using available published information. The initial weighting of a constituent in the index will be applied in the following bands.

| | |
|--|------------------|
| a) free float less than or equal to 15% | = see Rule 4.2.4 |
| b) free float greater than 15% but less than or equal to 20% | = 20% |
| c) free float greater than 20% but less than or equal to 30% | = 30% |
| d) free float greater than 30% but less than or equal to 40% | = 40% |
| e) free float greater than 40% but less than or equal to 50% | = 50% |
| f) free float greater than 50% but less than or equal to 75% | = 75% |
| g) free float greater than 75% | = 100% |

4.2.4 However, a company that has a free float greater than 5% but less than or equal to 15% will be eligible for the index providing the company's full market capitalisation (before the application of any investability weight) is greater than USD 5.0bn. The actual free float will be rounded up to the next highest whole percentage number.

SECTION 4

- 4.2.5 The FTSEurofirst Index Series will be periodically reviewed for changes in free float. These reviews will coincide with the full country reviews undertaken by FTSE for the FTSE All-World Index Series. Implementation of any changes will be after the close of the index calculation on the third Friday in March, June, September or December.
- 4.2.6 A constituent's free float will also be reviewed and adjusted if necessary upon identification of information which necessitates a change in free float weighting (please see FTSE Global Guide to Calculation Methods) or following a corporate event. If the corporate event includes a corporate action which affects the index, any change in free float will be implemented at the same time as the corporate action. If there is no corporate action, the change in free float will be applied as soon as practicable after the corporate event, subject to Rule 4.2.7 below.
- 4.2.7 Following the application of an initial free float restriction, a constituent's free float will only be changed if its actual free float moves to more than 5 percentage points above the minimum or 5 percentage points below the maximum of an adjacent band. This 5 percentage points threshold does not apply if the change is greater than one band, therefore a movement of 10 percentage points for the bands between 20% and 50% and 25 percentage points for the bands between 50% and 100% will not be subject to the 5 percentage point threshold. The 15% limit in Rules 4.2.3 (a) and 4.2.3 (b) will also not be subject to the 5 percentage point threshold.
- 4.2.8 Foreign ownership limits, if any, will be applied after calculating the actual free float restriction, but before applying the bands detailed in 4.2.3 above. If the foreign ownership limit is more restrictive than the free float restriction, the precise foreign ownership limit is applied. If the foreign ownership limit is less restrictive or equal to the free float restriction, the free float restriction is applied, subject to the bands in Rule 4.2.3.
- 4.3 Where there are multiple lines of equity capital in a company, all are included and priced separately, provided that:
- The secondary line's full market capitalisation (i.e. before the application of any investability weightings) is greater than 25% of the full market capitalisation of the company's principal line and the secondary line is eligible in its own right in all respects under Section 6. Should the full market capitalisation of a secondary line that is already a constituent of the FTSE All-World Index or the fall below 20% of the full market capitalisation of the company's principal line at an annual review, the secondary line will be deleted from the FTSE All-World Index unless its full market capitalisation remains above the qualification level for continued inclusion as a constituent in the relevant regional index at that review.
- 4.4 All partly-paid classes of equity are priced on a fully-paid basis if the calls are fixed and are payable at known future dates. Those where future calls are uncertain in either respect are priced on a partly-paid basis.
- 4.5 Convertible preference shares and loan stocks are excluded until converted.
- 4.6 Companies whose business is that of holding equity and other investments (e.g. Investment Trusts) are eligible for inclusion. Split capital investment trusts are excluded. For the purposes of this rule, split capital investment trusts are defined as investment trust companies which have a wind-up date and have more than one class of capital, at least two of which are entitled to different proportions of any surplus assets and/or income after meeting the requirements of any other capital classes and borrowings.

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4.7 Exchange Traded Funds (ETFs) and funds whose prices are a direct derivation of underlying holdings (e.g. Unit Trusts, Mutual Funds) are excluded.

4.8 Securities must be sufficiently liquid to be traded. The following criteria are used to ensure that illiquid securities are excluded:

(a) Price - The FTSE Europe/ Middle East/Africa Regional Committee must be satisfied that an accurate and reliable price exists for the purposes of determining the market value of a company. The FTSE Europe/ Middle East/Africa Regional Committee may exclude a security from the FTSEurofirst Indices should it consider that an 'accurate and reliable' price is not available. The FTSEurofirst Indices will use last trade prices from the relevant stock exchanges when available.

(b) Liquidity – FTSEurofirst 300 Indices

Securities which do not turnover at least 0.05% of their shares in issue (after the application of any investability weightings) based on their median daily trade per month in ten of the twelve months prior to a full market review, will not be eligible for inclusion in the Index Series.

An existing constituent failing to trade at least 0.04% of its shares in issue (after the application of any investability weightings) based on its median daily trade per month for more than four of the twelve months prior to a full market review will be removed.

(c) Liquidity – FTSEurofirst 80 & FTSEurofirst 100 Indices

Securities which do not have a minimum monthly velocity of 4%, for at least ten of the twelve months prior to the annual review by the FTSE Europe / Middle East / Africa Regional Committee, will not be eligible for inclusion in the FTSEurofirst 80 or FTSEurofirst 100 Indices. Monthly velocity is defined as the total number of shares traded in that stock over the month (adjusted for stock events) divided by the investability-adjusted number of shares in issue at the end of the month, expressed as a percentage. An existing constituent which fails this minimum requirement will be removed from the index after the index close on the third Friday in September (See Appendix E for details of trading volume sources and calculations). Any period when a share is suspended will be excluded from the above calculation (see Rule 10.4.1). The period for which the liquidity screen is assessed is the twelve month period between September and August.

(d) New issues which do not have a twelve month trading record must have a minimum three month trading record when reviewed. They must turnover at least 0.05% of their shares in issue (after the application of any investability weightings) based on their median daily trade per month in each month since their listing.

(e) The inclusion of early entries as defined under Rules 10.3.1 and 10.3.2, excluding demutualisations, will not require a minimum trading record.

(f) In the case of demutualisations qualifying for early entry under Rules 10.3.1 and 10.3.2 where, upon listing, the entire free float is immediately transferred to private shareholders, the addition to the FTSEurofirst Indices will be deferred for 20 working days after official non-conditional trading has commenced providing the securities have a turnover of a minimum of 1% of their shares in issue, after the application of any free float restrictions, during this period.

SECTION 4

- (g) In assessing liquidity, data will be aggregated from trading volume in the country in which the company is classified by FTSE and from any other trading venues, as approved by FTSE, operating in a similar time zone. If the company fails the liquidity screen on this basis, data may also be obtained from Depository Receipt (DR) trades. For the purpose of this rule, where the majority of trading is in the DR, 100% of DR trading will be aggregated with 50% of the trades in the country of classification. Where the majority of trading is in the country of classification, 50% of DR trading will be aggregated with 100% of the trades in the country of classification.
- (h) In exceptional market conditions, if trading volumes are very low, the FTSE Europe/Middle East/Africa Regional Committee may reduce the percentage figure stated above in order to avoid a large number of constituents being removed from the FTSEurofirst Indices. This discretion may not be applied to individual securities. If the FTSE Europe/Middle East/Africa Regional Committee intends to exercise this discretion, it must make a public statement to that effect at least two weeks prior to its regular September review meeting.

4.9 Nationality

- 4.9.1 A company will be allocated to a single country and this allocation shall be consistent across all FTSE indices.
- 4.9.2 FTSE will normally allocate the country in which the company is incorporated and listed at the time of the company's listing. However, FTSE reserve the right to defer an allocation decision.
- 4.9.3 If a company is incorporated in a developed country, and solely listed in another developed country, FTSE will normally allocate the company to the country of listing.
- 4.9.4 In circumstances other than those described above, FTSE will make a recommendation to the Nationality Working Party (NWP) who will decide a company's country allocation based on the following considerations:
- **If a company is incorporated in a country other than a developed country and is solely listed in another country:** the NWP will normally allocate the company to the country of listing. However, the NWP may also take other factors into account including, but not limited to, the investor protection regulations under which the company is governed, the country in which the company is resident for tax purposes, market perception and currency of trading.
 - **If a company is incorporated in a country represented by a FTSE index and has multiple listings:** the NWP would normally decide on its inclusion in the country of listing where it is most liquid. However, the NWP may also take into account factors including, but not limited to, the country in which the company is resident for tax purposes, market perception and currency of trading.
 - **If a company is incorporated in a country not represented by a FTSE index and has multiple listings:** the NWP would normally decide on its inclusion in the country of listing where it is most liquid. However, the NWP may also take into account factors including, but not limited to, the investor protection regulations under which the company is governed, the country in which the company is resident for tax purposes, market perception and currency of trading.
- 4.9.5 The NWP will decide the country allocation of each company on its merits having regard to its particular circumstances.

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4.9.6 The country allocation of any FTSE index constituents may be reassessed at any time at FTSE's discretion.

4.9.7 An appeal against a decision of the NWP can only be made to the FTSE Policy Group.

4.10 Stapled Units

A company whose securities are eligible, and whose securities are comprised within, and traded as, part of a stapled unit shall be eligible for inclusion in the FTSEurofirst Index Series. For the purposes of ranking stocks as part of an index review, the market capitalisation of eligible securities within the stapled unit will be aggregated provided that they meet all other eligibility requirements of the Index under review. The appropriate FTSE Regional Committee shall determine the weighting of the eligible company for inclusion in the indices by reference to the value of the stapled unit as follows:

- (a) Where the attributable earnings and/or dividend flows substantially match the equity capital structure of the companies within the stapled unit, the whole of the quoted equity capital of the eligible company will be taken into account in calculating its weighting within the indices.
- (b) For the purpose of Rule (a), the basis for the distribution of dividends and/or division of earnings must be specified within the Articles of Association or such other documents and the holder of the stapled unit may not have the option to choose from which company comprised within the unit to receive the dividend.
- (c) Where the eligible company within a stapled unit does not conform with Rule (a) above, the appropriate FTSE Regional Committee shall determine the weighting of the eligible company to be taken into account in calculating its market capitalisation by having regard to the following factors:
 - (i) the respective entitlements of the holders of the shares of the eligible and ineligible company comprised within the stapled unit to participate in the share of assets of those companies, for example, on a winding up and including, where appropriate, intangible assets; and
 - (ii) such other information, including information contained in the audited accounts, published by the eligible and ineligible companies comprised within the stapled unit.
- (d) For the purpose of Rule (b), if, after considering those factors, the appropriate FTSE Regional Committee considers that the eligible company represents so small a proportion of the stapled unit that its inclusion in the indices would be inappropriate; the eligible company may be excluded from the indices. Similarly, where the appropriate FTSE Regional Committee considers that the eligible company represents substantially all of the value of the stapled unit, the full weighting of the stapled unit may be included in the indices. The weighting of the eligible company will be reviewed annually after the publication of its audited accounts.
- (e) A company shall not be eligible under Rule 4.10 (b) unless common and internationally acceptable audited accounting standards are used for all companies comprised within the stapled unit and each company's accounts have been separately audited.

SECTION 4

- (f) For the purpose of these Rules, a stapled unit means a unit which comprises shares in two companies which are twinned in the form of a single, indivisible unit for the purposes of trading and for which a price quotation is only available for the unit and not for each of the shares of each of the companies comprised within the unit. If a stapled unit is comprised of more than two companies or securities of which at least one is eligible, the appropriate FTSE Regional Committee shall determine the weighting of the eligible company or security by applying the same criteria as set out in Rule 4.10.

4.11 Tracker Stocks

- (a) A line of stock issued to “track” the fortunes of a particular division, business unit, subsidiary, or group of assets of the issuing company (the “parent”), commonly called a tracking stock, may be included in the Index, if the tracking stock meets all the Ground Rules used to determine individual stock eligibility (-as detailed in Rules 4.1 to 4.10 after considering the points below);
- (b) Tracking stocks will not be reviewed as a multiple line of stock of the parent company under Rule 4.4 above, but as a separate line of stock of the business unit. The business unit will be treated as a distinct company for the purposes of determining “shares in issue”, free float, and industry classification.
- (c) A tracking stock’s “shares in issue”, used by FTSE to determine ranking by market capitalisation and other related variables, will be the total number of shares imputed to the business unit by virtue of the economic interest retained by the parent company after the issue of tracking stocks.
- (d) Free float of tracking stocks will be determined as for the free float of any stock (as per Rule 4.6), using the imputed total number of shares in issue as the base.
- (e) The principles used to determine a business unit’s imputed shares in issue, and the tracking stock’s free float, are illustrated below:

Example 1: Parent issues 100 tracking shares, representing 20% of its economic interest of the business unit. The remaining 80% economic interest remains in the hands of the Parent, but no securities representing that interest are formally issued.

Tracking shares legally in issue = 100
Imputed total shares in issue = $100/0.2 = 500$;
Free float is 20% (100/500).

Example 2: Parent issues 100 tracking shares, 50 to the public and 50 to a strategic investor, representing 20% of the economic interest of the business unit. The remaining 80% economic interest remains in the hands of the Parent, but no securities representing that interest are formally issued.

Tracking shares legally in issue = 100
Imputed total shares in issue = $100/0.2 = 500$;
Free float is 10% (50/500).

SECTION 5

5.0 AMENDMENTS TO THE GROUND RULES

- 5.1 In the event that the FTSE Europe/ Middle East/Africa Regional Committee or any of those responsible for the operation and administration of the FTSEurofirst Index Series consider that an exception should be made to any of the Ground Rules, the issue must be brought to the attention of the Chairman or Deputy Chairman (or their deputies) of the FTSE Europe, Middle East & Africa Regional Committee, who will normally put the matter to the full FTSE Europe/ Middle East/Africa Regional Committee for a decision. If, however, the matter is urgent, the Chairman and Deputy Chairman (or their deputies) are collectively empowered to authorise an exception on behalf of the FTSE Europe/ Middle East/Africa Regional Committee but must immediately notify, and subsequently refer the matter to, a meeting of the FTSE Europe, Middle East & Africa Regional Committee. Where an exception is granted to the Ground Rules under Rule 5.1, it shall not be deemed to create a precedent for future decisions of the FTSE Europe, Middle East & Africa Regional Committee. Significant changes to these Ground Rules can be authorised only by the FTSE Policy Group.

SECTION 6

6.0 APPEALS AGAINST DECISIONS OF THE COMMITTEES

- 6.1 A constituent or prospective constituent company (or broker or advisor acting on behalf of the company) may appeal against the decisions of the FTSE Policy Group or FTSE Europe/ Middle East/Africa Regional Committee on two grounds:
- (a) that the Committee acted outside of the Ground Rules for the Management of the FTSEurofirst Index Series of the FTSE Actuaries Share Indices, or:
 - (b) that the Committee when reaching its decision failed to take into consideration a substantial and material fact. A substantial and material fact is defined as a fact that would have influenced the decision of the Committee if it had been considered.
- 6.2 A request for an appeal must be made in writing to the Secretary of the FTSE Policy Group/ FTSE Europe/ Middle East/Africa Regional Committee and must be received within six months of the application of the event giving rise to the appeal.

SECTION 7

7.0 INDICES ALGORITHM AND CALCULATION METHOD

7.1 Prices

7.1.1 The FTSEurofirst Index Series use actual trade prices, where available, for securities with local bourse quotations.

7.1.2 The FTSEurofirst Index Series receive share prices and currency cross rates in real time. Prices are those received from the relevant stock exchanges. Reuters cross currency rates are used in the index calculation.

7.2 Calculation Frequency

7.2.1 The FTSEurofirst Index Series are published every 15 seconds during their opening hours, using last trade prices.

7.3 Algorithm

7.3.1 The Index Series algorithm and calculation methods are detailed in Appendix D.

SECTION 8

8.0 INDEX QUALIFICATION CRITERIA

- 8.1 The FTSEurofirst 80 Index consists of the 60 largest securities from the eligible markets by investable market capitalisation within the FTSE Eurozone Index, plus twenty securities chosen from the most underweight Industries relative to the FTSE Eurozone Index, which qualify under Section 4 as eligible for inclusion in the index.
- 8.2 The FTSEurofirst 100 Index consists of the largest 60 securities from the eligible markets by investable market capitalisation within the FTSE Developed Europe Index, plus forty securities chosen from the most underweight Industries relative to the FTSE Developed Europe Index which qualify under Section 4 as eligible for inclusion in the index.
- 8.3 For details of how expansion of the Eurozone will be treated in the FTSEurofirst 80 and 100 Indices, please see Appendix G.
- 8.4 The FTSEurofirst 300 Index consists of the largest 300 European companies by full market value i.e. before the application of any investability weightings, (subject to Rules 9.7.2 and 9.7.3) which qualify under Section 4 as eligible for inclusion in the index.
- 8.5 FTSEurofirst 300 Industry Indices
- 8.5.1 All constituents of the FTSEurofirst 300 are classified within Industries and each Industry may be calculated as a separate index to be known as an FTSEurofirst 300 Industry Index. Industry indices are calculated in real time and published every minute.
- 8.5.2 The classification of securities within Industries is taken from the Industry Classification Benchmark (ICB). The management of changes to constituent classifications is governed by Section 12.
- 8.6 FTSEurofirst 300 Supersector Indices
- 8.6.1 All constituents of the FTSEurofirst 300 are classified within Supersectors and each Supersector may be calculated as a separate index to be known as an FTSEurofirst 300 Supersector Index.
- 8.6.2 The classification of securities within Supersectors is taken from the ICB. The management of changes to constituent classifications is governed by Section 12. Supersector indices are calculated in real time and published every minute.
- 8.7 FTSEurofirst 300 Sector Indices
- 8.7.1 All constituents of the FTSEurofirst 300 are classified within industry Sectors and each sector may be calculated as a separate index to be known as an FTSEurofirst 300 Sector Index.
- 8.7.2 The classification of securities within Sectors is taken from the ICB. The management of changes to constituent classifications is governed by Section 12. Sector indices are calculated in real-time index.
- 8.8 FTSEurofirst 300 Regional Indices
- 8.8.1 All constituents of the FTSEurofirst 300 Indices are classified within regional areas (Eurozone, ex Eurozone, and ex UK) and each regional index may be calculated as a separate real-time index.

SECTION 8

8.9 FTSEurofirst 300 Country Indices

8.9.1 All constituents of the FTSEurofirst 300 Indices are classified within countries. Each country index may be calculated as a separate end of day index.

SECTION 9

9.0 INDEX REVIEWS OF CONSTITUENTS

9.1 Review Dates

- 9.1.1 The FTSEurofirst 80 & 100 Indices will be reviewed annually in September. The meeting to review the constituents will be held on the Wednesday after the first Friday of September using data from the close of business on the last trading day in August and will take into consideration any constituent changes to the FTSE Developed Europe Index as announced by the FTSE Europe/Middle East/Africa Regional Committee at its quarterly meetings and will therefore be conducted before the implementation date of these changes. Any constituent changes will be implemented on the next trading day following the third Friday of September.
- 9.1.2 The FTSE Europe/ Middle East/Africa Regional Committee will meet quarterly to review the constituents of the FTSEurofirst 300 Indices. The meetings to review the constituents will be held on the Wednesday after the first Friday in March, June, September and December using data from the close of business on the last trading day of February, May, August and November accordingly. The review will take into consideration any constituent changes to the FTSE World Index as announced by the FTSE Europe/ Middle East/Africa Regional Committee at its quarterly meetings and will therefore be conducted before the implementation date of these changes. Any constituent changes will be implemented on the next trading day following the third Friday of the same month.
- 9.1.3 Details of the outcome of reviews will be published as soon as possible after the FTSE Europe/Middle East/Africa Regional Committee meeting has concluded.

9.2 Responsibilities and Reporting

- 9.2.1 The Secretary to the FTSE Europe/Middle East/Africa Regional Committee is responsible for conducting the periodic review of constituents for the FTSEurofirst 80, FTSEurofirst 100 and FTSEurofirst 300 Indices and will recommend to the FTSE Europe/Middle East/Africa Regional Committee any constituents to be inserted or deleted as part of the periodic and annual reviews, as governed by Rules 9.3 and 9.7.
- 9.2.2 The FTSE Europe/Middle East/Africa Regional Committee will decide whether to approve the recommendation presented to it or will determine what other action should be taken in consequence of the outcome of the periodic review of constituents.
- 9.2.3 The Secretary to the FTSE Europe/Middle East/Africa Regional Committee is responsible for publicising the outcome of the periodic review.

9.3 Rules for Insertion and Deletion at the Annual Review – FTSEurofirst 80 & 100

- 9.3.1 The rules for inserting and deleting securities at the annual review are designed to provide stability in the selection of constituents of the FTSEurofirst Indices while ensuring that the Indices continue to be representative of the market by including or excluding those companies which have risen or fallen significantly. This is achieved by ensuring that the Industry weightings of the indices are as close as possible to those of the benchmark indices, whilst selecting only stocks from the eligible markets. Therefore, during the review process the Industry weights of the FTSEurofirst Indices are compared to those of the entire FTSE Eurozone and FTSE Developed Europe Indices.

SECTION 9

9.3.2 At review, all constituents of the FTSEurofirst Indices must be existing or pending constituents of the FTSE Developed Europe Index, i.e. the review will take into consideration any constituent changes to the FTSE Developed Europe Index as announced by the FTSE Europe/Middle East/Africa Regional Committee at its quarterly meetings and will therefore be conducted before the implementation date of these changes.

9.3.3 For the purposes of reviewing the indices, multiple lines are treated as separate and individual securities.

9.4 Procedure for the Review of the FTSEurofirst 80 Index

9.4.1 Rank all securities from the eligible countries (See Appendix A) of the FTSE Eurozone Index in descending order of investable market capitalisation. This is the selection list.

9.4.2 Mark the current constituents of the index. This is the constituent list.

9.4.3 Add any non-constituent securities ranked sixty or above by investable market capitalisation to the constituent list.

9.4.4 If the number of securities on the constituent list is greater than 80, remove securities from the constituent list, smallest first by investable market capitalisation, until the number of constituents returns to 80. If the number is less than 80, add non-constituent securities from the selection list, largest first by investable market capitalisation, until the number of constituents returns to 80.

9.4.5 Calculate the investable percentage weight of each Industry in the FTSE Eurozone Index.

9.4.6 Calculate the investable percentage weight of each Industry in the constituent list.

9.4.7 Identify those Industries from the constituent list that are underweight, relative to the FTSE Eurozone Index.

9.4.8 Examine the smallest constituent against the following criteria:

- a) Is the security from an underweight Industry?
- b) Is there a non-constituent security whose investability-weighted capitalisation is at least twice as large?

9.4.9 If so, remove the smaller constituent security and replace with the largest non-constituent security from that underweight Industry.

9.4.10 Return to Rule 9.4.5 and repeat following steps for each constituent security below 60th position.

9.5 Procedure for the Review of the FTSEurofirst 100 Index

9.5.1 Rank all securities from the eligible countries (see Appendix A) of the FTSE Developed Europe Index in descending order of investable market capitalisation. This is the selection list.

9.5.2 Mark the current constituents of the index. This is the constituent list.

9.5.3 Add any non-constituent securities ranked sixty or above by investable market capitalisation to the constituents.

SECTION 9

- 9.5.4 If the number of securities on the constituent list is greater than 100, remove securities from the constituent list, smallest first by investable market capitalisation, until the number of constituents returns to 100. If the number is less than 100, add non-constituent securities from the selection list, largest first by investable market capitalisation, until the number of constituents returns to 100.
- 9.5.5 Calculate the investable percentage weight of each Industry in the FTSE Developed Europe Index.
- 9.5.6 Calculate the investable percentage weight of each Industry in the constituent list.
- 9.5.7 Identify those Industries from the constituent list that are underweight, relative to the FTSE Developed Europe.
- 9.5.8 Examine the smallest constituent against the following criteria:
- Is the security from an underweight Industry?
 - Is there a non-constituent security whose investability-weighted capitalisation is at least twice as large?
- 9.5.9 If so, remove the smaller constituent security and replace with the largest non-constituent security from that underweight Industry.
- 9.5.10 Return to Rule 9.5.5 and repeat following steps for each constituent security below 60th position.

9.6 Stock Events Occurring between Review and Implementation of Review

- 9.6.1 Stock events that cause the removal of a pending constituent or the addition of a constituent (for example following a takeover, split or similar event) between the announcement of the review but prior to its implementation will be dealt with according to Section 10 of these Ground Rules. No other additions or removals from the pending constituent list will be made for the purpose of returning the number of securities on the pending constituent list to either 80 or 100.

9.7 Rules for Insertion and Deletion at the Periodic Review – FTSEurofirst 300 Indices

- 9.7.1 The rules for inserting and deleting companies at the periodic review are designed to provide stability in the selection of constituents of the FTSEurofirst 300 Indices while ensuring that the Indices continue to be representative of the market by including or excluding those companies which have risen or fallen significantly.
- 9.7.2 A company in the FTSEurofirst 300 index will be inserted at the periodic review if it rises to 270th position or above when the eligible companies are ranked by full market value.
- 9.7.3 A company in the FTSEurofirst 300 Index will be deleted at the periodic review if it falls to 331st position or below when the eligible companies are ranked by full market value.

SECTION 9

9.7.4 A constant number of constituents will be maintained for the FTSEurofirst 300 Index. Where a greater number of companies qualify to be inserted in the Index than those qualifying to be deleted (see Rules 9.3.2 and 9.3.3), the lowest ranking constituents presently included in the index will be deleted to ensure that an equal number of companies are inserted and deleted at the periodic review. Likewise, where a greater number of companies qualify to be deleted than those qualifying to be inserted (see Rules 9.3.2 and 9.3.3), the securities of the highest ranking companies which are presently not included in the Index will be inserted to match the number of companies being deleted at the periodic review.

9.8 Monitoring of Eligible Companies

9.8.1 The market capitalisation of European companies eligible for inclusion in the FTSEurofirst 300 Index Series will be monitored by FTSE. The constituents of the FTSE World Index will be used to conduct the periodic reviews, but see Rule 9.1.1.

9.9 Reserve Lists

9.9.1 The Secretary to the FTSE Europe/ Middle East/Africa Regional Committee is responsible for publishing the twelve highest ranking non-constituents of the FTSEurofirst 300 Index at the time of the periodic review. This Reserve List will be used in the event that one or more constituents are deleted from the FTSEurofirst 300 Index during the period up to the next quarterly review.

9.9.2 Where a company is removed from the Index after the FTSE Europe/ Middle East/Africa Regional Committee has met and approved periodic changes to the index but before the periodic changes have been implemented, the highest ranking company from the new Reserve List (excluding current index constituents) will replace the deleted company.

SECTION 10

10.0 CHANGES TO CONSTITUENT COMPANIES

10.1 Removal and Replacement

- 10.1.1 If a constituent ceases to be a constituent of the FTSE Developed Europe Index or the FTSE Eurozone Index, is delisted, or ceases to have a firm quotation, or is subject to a takeover offer which has been declared wholly unconditional or has, in the opinion of the Chairman and Deputy Chairman of the FTSE Europe/Middle East/Africa Regional Committee (or their nominated deputies), ceased to be a viable constituent as defined by the Ground Rules, it will be removed from the relevant list or lists of constituents. Deleted FTSEurofirst 300 constituents will be replaced by the highest ranking company eligible on the Reserve List (see Rule 9.9) as at the close of the index calculation two days prior to the deletion.
- 10.1.2 There will be no replacement of FTSEurofirst 80 or 100 Index constituents between reviews.
- 10.1.3 The removal and replacement, if required, is undertaken before the start of the index calculation on the second business day following the day on which the event justifying removal was announced. Constituent replacements will be implemented simultaneously with removals. Announcements after the close of the index calculation are normally deemed to be made on the following business day. In the case of a takeover, the qualifying event is an announcement that the offer has been approved by any appropriate regulatory body, confirmation that at least 75% acceptance levels have been received and that any new shares of the bidding company (if applicable) are listed. For UK constituents, the qualifying event is that the offer has been declared wholly unconditional. Where there is any significant delay between completion of the bid and the listing of new shares, the target company's assented share price (where available) may be used until the listing of the new shares becomes effective, if the assented price is obtainable from a listing on a recognised stock exchange.
- 10.1.4 Constituents removed in accordance with Rule 10.1.3, but which continue to trade thereafter will be considered for re-inclusion to the appropriate FTSEurofirst Indices at the next index review, subject to Section 4 and that at least 6 months has passed between deletion and the implementation date of the changes arising from the review.

10.2 Mergers, Restructuring and Complex Takeovers

- 10.2.1 If the effect of a merger or takeover is that one constituent is absorbed by another constituent in the Index, the resulting company will remain a constituent of the Index and a vacancy will be created. FTSEurofirst 300 vacancies will be filled by selecting the highest ranking security from the Reserve List (see Rule 9.9) as at close of the index calculation two days prior to the deletion. FTSEurofirst 80 or 100 vacancies will not be filled until the annual review of those indices.
- 10.2.2 If a constituent company is taken over by a non-constituent company, the original constituent will be removed. FTSEurofirst 300 vacancies will be filled by the highest ranking non-constituent on the Reserve List. Any eligible company resulting from the takeover will be eligible to become the replacement company if it is ranked higher than any company on the Reserve List as at the close of the index calculation two days prior to the completion of the acquisition based on the combined value of the company after the merger. FTSEurofirst 80 or 100 vacancies will not be filled until the annual review of those indices.

SECTION 10

10.2.3 Constituent splits – FTSEurofirst 80 and 100 Indices

If a constituent company is split so as to form two or more companies, each of the resulting companies will remain constituents providing they are eligible in all other respects (see Section 4). Where one or more of the resulting companies is ineligible, the ineligible company will be removed from the index. Vacancies will not be filled until the annual review of the index.

10.2.4 Constituent splits – FTSEurofirst 300 Index

If a constituent company is split so as to form two or more companies, then the resulting companies will be eligible for inclusion as index constituents in the FTSEurofirst 300 Index providing their respective full market capitalisation(s) (i.e. before the application of any investability weightings) is larger than the smallest existing constituent in the FTSEurofirst 300 Index, and if they qualify in all other respects. Where two or more of the new companies remain in the FTSEurofirst 300 Index, the smallest FTSEurofirst 300 Index constituents will be removed, to retain an overall number of 300 constituents.

If none of the companies resulting from a split remain eligible for the FTSEurofirst 300 Index, the original constituent will be replaced in the FTSEurofirst 300 by the highest ranking company eligible on the Reserve List (see Rule 9.9) as at the close of the index calculation two days prior to the deletion.

10.2.5 Index constituent changes resulting from the split will be determined based on market values at close on the day of the split. The changes will then be applied one day later (i.e. using prices as at close the following day). Consequently the FTSEurofirst 300 may have more than 300 companies for 2 days.

10.3 New Issues

10.3.1 The rules for the management of the FTSE All-World Indices allow for the addition of new issues where they are so large that the effectiveness of the index as a market indicator would be significantly and adversely affected by their omission. All such additions to the FTSE Developed Europe or FTSE Eurozone Indices will also be included in the relevant FTSEurofirst Index (subject to Rule 10.3.2). In such a case, the Committee will normally include the company after the close of business on the fifth day of official trading and advance notification will be given accordingly. For further information please refer to the Ground Rules for the Management of the FTSE Global Equity Index Series.

10.3.2 To qualify as a fast entry into FTSEurofirst 300 Index, the company must have a full market capitalisation of at least 1% of the full market capitalisation of the FTSEurofirst 300 Index, i.e. before the application of individual constituent investability weightings. The security, which is the lowest ranking constituent of the index, will be selected for removal.

10.3.3 New issues of companies which do not qualify for early entry under Rules 10.3.1 and 10.3.2 but which meet the criteria for eligible securities set out in Section 4 will be eligible for inclusion at the next relevant index review, if large enough to become a constituent of the relevant FTSEurofirst Index at this time.

10.3.4 For the purpose of this Rule, a company which is relisted following suspension or is reorganised or renamed or which arises from a demerger or complex reorganisation of another company which is not an existing constituent, shall not be considered to be a new issue. However, an Initial Public Offering (IPO) that arises from a demerger shall be considered as a new issue.

SECTION 10

10.3.5 If the FTSE Europe/Middle East/Africa Regional Committee decides to include a new issue as a constituent security other than as part of the normal periodic review procedure, this decision must be publicly announced at the earliest practicable time.

10.4 Suspension of Dealing

10.4.1 In the event that a constituent of the FTSEurofirst Index Series is suspended on its own bourse, the constituent may remain in the index, at the price at which it is suspended, for up to 10 business days. During this time, on advice from FTSE, the Chairman and Deputy Chairman of the FTSE Europe/Middle East/Africa Regional Committee (or their deputies) may agree to delete the constituent immediately either at its suspension price, or at zero. This change will be effected after the close of the index calculation and prior to the start of the index calculation on the following day.

10.4.2 Where a suspension of a constituent of the FTSEurofirst Index Series lasts beyond noon on the tenth business day (and the option to remove the constituent has not been exercised), the constituent will normally be deleted from the indices on the eleventh trading day at zero or the suspension price. In most instances deletion will be at zero, however where suspension is for a reason not to the detriment of the constituent, it may be retained or removed at its suspension price with the approval of the Chairman and Deputy Chairman (or their deputies) of the FTSE Europe/Middle East/Africa Regional Committee.

10.5 Relisting of Suspended Constituents – FTSEurofirst 80 and 100 Indices

10.5.1 Securities that relist shall be re-instated in the index at the price at which they were removed. The re-instatement shall be after the close of business on the first day after then stock is re-listed.

10.5.2 Should a deleted constituent that has been suspended at a price other than zero be subsequently delisted and deemed to be of nil value, this stock will be included for one day's calculation in the index from which it was removed to enable the fall in the stock's value to be reflected in the index value. In this situation, the stock will be re-included at the suspension price, and its price will be zero throughout that day's calculation, including the closing price.

10.5.3 If a company relists after a continuous period of suspension lasting more than a year, the Committee reserves the right to treat the company as a new issue for the purposes of index eligibility.

10.6 Relisting of Suspended Constituents – FTSEurofirst 300 Index

10.6.1 Securities which, on relisting are larger than the smallest constituent of the FTSEurofirst 300 Index shall be re-instated in the index at the price at which they were removed and the lowest ranking constituent will be selected for removal.

10.6.2 Securities which on relisting are smaller than the smallest constituent of the FTSEurofirst 300 Index shall be initially re-instated in the index and then removed at the close of business.

SECTION 10

10.6.3 After a suspended stock is re-listed the timetable for the events described in Rules 10.6.1 and 10.6.2, above, shall be as follows:

After close of business on day 1

The stock will be included in the indices from which it was suspended.

After close of business on day 2

Index constituents will be ranked by full market capitalisation and the smallest constituent will be selected for deletion, using prices as at the close of business. FTSE will release a technical notice detailing and index changes, based on this ranking.

After close of business on day 3

All changes will be implemented as detailed in the technical notice.

10.6.4 Should a deleted constituent that has been suspended at a price other than zero (which would normally be the suspension price) be subsequently delisted and deemed to be of nil value, this stock will be included for one day's calculation in the index to enable the fall in the stock's value to be reflected in the index value. In this situation, the stock will be re-included at the suspension price, and its price will be zero throughout that day's calculation, including the closing price

10.6.5 If a company relists after a continuous period of suspension lasting more than a year, the FTSE Europe/Middle East/Africa Regional Committee reserve the right to treat the company as a new issue for the purposes of index eligibility.

SECTION 11

11.0 CHANGES TO CONSTITUENT WEIGHTINGS

- 11.1 For the purposes of computing the FTSEurofirst Index Series, the number of shares in issue for each constituent security is expressed to the nearest share and, to prevent a large number of insignificant weighting changes, the number of shares in issue for each constituent security is amended only when the total shares in issue held within the index system changes by more than 1% on a cumulative basis. Changes will be made quarterly after the close of business on the third Friday of March, June, September and December (subject to Rules 11.2 and 11.3).
- 11.2 If a corporate action is applied to an index constituent which involves a change in the number of shares in issue, the change in shares will be applied simultaneously with the corporate action.
- 11.3 If accumulated changes in the number of shares in issue add up to 10% or more, or when an accumulated share change represents USD 2bn of a company's total market capitalisation, they are implemented between quarters. A minimum of 4 days notice will be given to users of the index. WM/Reuters Spot Rates will be used to convert the market capitalisation into USD. The USD 2bn threshold may be adjusted annually in December, by the FTSE Policy Group. If an adjustment is made, it will be applied for the first time at the next review in March of the following year.
- 11.4 Any exceptions to the above arrangements will be agreed with the Chairman of the FTSE Europe/Middle East/Africa Regional Committee and notified to all users in advance of being implemented.
- 11.5 All adjustments are made before the start of the index calculation on the day concerned, unless market conditions prevent this.

SECTION 12

12.0 CHANGES TO INDUSTRY CLASSIFICATION OF CONSTITUENTS

12.1 Classification Structure

- 12.1.1 The FTSEurofirst Index Series constituents are classified into Industries, Supersectors, Sectors and Subsectors, as defined by the Industry Classification Benchmark (ICB).
- 12.1.2 Details of the Industry Classification Benchmark are available from FTSE and published on the FTSE website (www.ftse.com).

12.2 Classification Changes

- 12.2.1 Changes to the classification of a company within the FTSEurofirst Index Series will be advised by ICB and the necessary adjustments will be made to the relevant industry sectors at the same time that the constituent changes are implemented.
- 12.2.2 Where a constituent is the subject of a merger, restructure or complex takeover which results in a constituent (or part of a constituent) being absorbed by another, the industry classification of the resulting constituent(s) will be reviewed by ICB.
- 12.2.3 Any adjustment resulting from a change in a company's classification under Rule 12.2.2 will be implemented at the same time that any relevant constituent changes are implemented in the Index.
- 12.2.4 Periodic changes to the industry classification of a company are agreed and announced by ICB. Such changes will be implemented after the close of the index calculation on the third Friday in March, June, September and December.

APPENDIX A

CLASSIFICATIONS AND COUNTRIES

Industry Codes

| | |
|------|--------------------|
| 0001 | Oil & Gas |
| 1000 | Basic Materials |
| 2000 | Industrials |
| 3000 | Consumer Goods |
| 4000 | Health Care |
| 5000 | Consumer Services |
| 6000 | Telecommunications |
| 7000 | Utilities |
| 8000 | Financials |
| 9000 | Technology |

Qualifying countries for the FTSEurofirst 80 Index

Qualifying countries: Eurozone countries classified as Developed markets and whose stocks list on national or cross-border markets where that market's total investable capitalisation comprised at least 2% of the investable capitalisation of the FTSE Developed Europe Index at index inception.

FTSE All-World Index Country Codes

| | |
|-------|-------------|
| WIBEL | Belgium |
| WIFIN | Finland |
| WIFRA | France |
| WIDEU | Germany |
| WIITA | Italy |
| WINLD | Netherlands |
| WIPTL | Portugal |
| WIESP | Spain |

Qualifying countries for the FTSEurofirst 100 Index

Qualifying countries: Eurozone countries classified as Developed markets and whose stocks list on national or cross-border markets where that market's total investable capitalisation comprised at least 2% of the investable capitalisation of the FTSE Developed Europe Index at index inception, plus the UK.

FTSE All-World Index Country Codes

| | |
|-------|-------------|
| WIBEL | Belgium |
| WIFIN | Finland |
| WIFRA | France |
| WIDEU | Germany |
| WIITA | Italy |
| WINLD | Netherlands |
| WIPTL | Portugal |
| WIESP | Spain |
| WIGBR | UK |

APPENDIX A

Countries joining European Monetary Union (EMU)

Any country that joins EMU will be considered for inclusion in the FTSEurofirst 80 or 100 indices if they are classified as Developed Markets within the FTSE Developed Europe Index and if their investable capitalisation comprises at least 2.0% of the FTSE Developed Europe Index.

Qualifying countries for the FTSEurofirst 300 Index

Qualifying countries: European countries classified as Developed markets (those countries comprising the FTSE Developed Europe Index).

FTSE All-World Index Country Codes

| | |
|--------|-------------|
| WIOEST | Austria |
| WIBEL | Belgium |
| WIDEN | Denmark |
| WIFIN | Finland |
| WIFRA | France |
| WIDEU | Germany |
| WIGRC | Greece |
| WIIRE | Ireland |
| WIITA | Italy |
| WINLD | Netherlands |
| WINOR | Norway |
| WIPTL | Portugal |
| WIESP | Spain |
| WISWE | Sweden |
| WISWI | Switzerland |
| WIGBR | UK |

Qualifying countries for Eurozone indices:

As identified by the EU Commission as qualifying for the initial phase of European Monetary Union, commencing 1st January 1999.

Twelve countries are included:

Austria
Belgium
Finland
France
Germany
Greece*
Ireland
Italy
Luxembourg
Netherlands
Portugal
Spain

* Greece joined European Monetary Union on 1 January 2001

APPENDIX B

LIST OF ELIGIBLE EUROPEAN COUNTRIES, MULTIPLE LINES, EXCHANGES AND CLOSING PRICE TYPE

| Country | Class | Translation | FTSE Eurotop 300 Abbreviation | Exchange | Close Type |
|------------------------|--|--|--|-------------------------|---|
| Austria | Namensaktie Inhaberaktie Vorzugsaktie Partizipationsscheine | Ord Registered Ord Bearer Preferred Participation Cert | - BR PREF PC | Vienna | Wiener Boerse Auction price at 17.30hrs. |
| Belgium/ Luxembourg | Ordinaire Action AFV | Ordinary Fiscal Advantage Share | - AFV | Brussels/ Luxembourg | Brussels Closing Auction at 17:30 Luxembourg Stock Exchange Closing price at 15:00hrs. NB: Prices for Luxembourgish constituents may be sourced from the Brussels Stock Exchange where appropriate |
| Denmark | "A" aktie "B" aktie | Ordinary Voting Limited Voting or Non-Voting | -/A B | Copenhagen | Copenhagen Stock Exchange Closing price at 17:00hrs |
| Finland | Vapaat Osakkeet Etuoikeutetut vapaat osakkeet | Ordinary Voting Limited Voting or Non-Voting | -/A B or K | Helsinki | Helsinki closing price at 18:30hrs. |
| France | Action Action a' dividende prioritaire Certificat d' Investissement Titre participatif | Ordinary Preferred Cert of Investment Cert of Participation | - PREF CI CIP | Paris | Closing Auction at 17:30 |
| Germany | Stammaktie Namensaktie Vorzugsaktie Inhaberaktie | Ordinary Ord Registered Preferred Bearer | - REGD PREF BR | Deutsche Boerse | XETRA Closing Auction price NOTE: The last trade price on XETRA will be used for those stocks not participating in the closing auction. |
| Greece | Κοινή Ονομαστική Κοινή Ονομαστική Κοινή Ανωρύμη Προνομιουχοζ Ονομαστική Προνομιουχοζ Ανωρύμη Προνομιουχοζ Ανευ Ψηφον Ονομαστική Προνομιουχοζ Μετα Ψηφον Ονομαστική | Common Registered Common Registered Common Bearer Preference Registered Preference Bearer Preferred Non-Voting Right Registered Preferred With Voting- Right Registered | C R CR CB PR PB PNVR PWVR | Athens | Athens Official Close price at 16:15hrs. |
| Ireland | Ordinary Preference | Ordinary Preference | - PREF | Dublin | Irish Stock Exchange official closing price |
| Italy | Azione Azione di Risparmio Azione privilegiate | Ordinary Savings (CNV/Non CNV) Preferred | - SVGS PREF | Milan | Italian Stock Exchange Closing Auction at 17:35 – 1740.hrs. |
| Netherlands | Aandeel op naam Aandeelaantoonder | Registered Bearer | - BR | Amsterdam | AEX Closing Auction at 17:30. |
| Norway | "A" aksje "B" aksje | Ordinary Voting Limited Voting or Non-Voting | -/A B | Oslo | Last trade at 16:00hrs |
| Portugal | ACÇÕES ORDINARIAS ACÇÕES PREFERENCIAIS ACÇÕES REGISTADAS | Bearer Preferred Registered | - PREF REGD | Lisbon | Closing Auction at 16:30. |
| Spain | Acciones nominativas Acciones al portador Acciones preferentes | Ord Registered Ord Bearer Preferred | - BR PREF | Madrid | Madrid auction price at 17.35hrs. |
| Sweden | "A" aktie "B" aktie "C" aktie | Ordinary Voting Limited Voting or Non-Voting | -/A B C | Stockholm | Stockholm closing price at 17:30hrs. |
| Switzerland | Namensaktie Inhaberaktie Partizipationsschein Genussschein | Registered Bearer Participation Cert Profit Sharing Cert | REGD BR PC GEN | Zurich | virt-x auction price or SWX auction price as appropriate |
| UK | Ordinary | Ordinary | - | London | London Stock Exchange official closing price at 16.30 |

APPENDIX B

Note: Multiple lines information taken from the FTSE Global Equity Index Series Ground Rules. All stated times are local.

Every effort is made by FTSE to ensure that the information contained in this appendix is accurate. However, owing to the frequent changes in the close times and types of stock exchanges, no responsibility or liability can be accepted by FTSE for any errors in this information. If you have a query regarding this information, please contact FTSE.

APPENDIX C

INDEX OPENING AND CLOSING HOURS

The FTSEurofirst Indices

Real Time:

| | OPEN | CLOSE |
|----------------------------------|-------------|--------------|
| 1. FTSEurofirst 80 | 09.00 | 17.30 |
| 2. FTSEurofirst 100 | 09.00 | 17.30 |
| 3. FTSEurofirst 300 | 09.00 | 17.30 |
| 4. FTSEurofirst 300 Industries | 09.00 | 17.30 |
| 5. FTSEurofirst 300 Supersectors | 09.00 | 17.30 |
| 6. FTSEurofirst 300 Sectors | 09.00 | 17.30 |
| 7. FTSEurofirst 300 Ex UK | 09.00 | 17.30 |
| 8. FTSEurofirst 300 Eurozone | 09.00 | 17.30 |
| 9. FTSEurofirst 300 Ex Eurozone | 09.00 | 17.30 |

End of Day:

| | |
|-------------------------------|-------|
| 1. FTSEurofirst 300 Countries | 17.30 |
|-------------------------------|-------|

All times are Central European Time.

Closing Values:

Official FTSEurofirst Indices closing values are calculated on the basis of the official closing prices of the index components once these official closing prices are received from each exchange (i.e. after the close of the continuous calculation).

APPENDIX D

CAPITAL INDICES ALGORITHM AND CALCULATION METHOD

The actual trade price of constituent securities is converted into Euros and the indices are then calculated using the algorithm described below.

$$\frac{\sum_{i=1}^n ((p_i \cdot e) \cdot s_i \cdot f_i)}{d}$$

$$i = 1, 2, 3, \dots, n$$

| | | | |
|---|---|----------------------|--|
| n | = | | The number of securities in the Index. |
| p | = | Price | The latest trade price of the component security (or the price at the close of the Index on the previous day) |
| e | = | Exchange Rate | The exchange rate required to convert the security's home currency into the index's base currency. These indices use the Reuters 17.30 CET Spot Rates. |
| s | = | Shares in Issue | The number of shares in issue used by FTSE for the security, as defined in these Ground Rules. |
| f | = | Investability Weight | The factor to be applied to each security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% investability weight. The investability weight factor for each security is published by FTSE. |
| d | = | Divisor | A figure that represents the total issued share capital of the Index at the base date. The divisor can be adjusted to allow changes in the issued share capital of individual securities to be made without distorting the Index. |

Total Return (Performance) Indices Algorithm and Calculation Method

The total return (performance) index calculations add the income a stock's dividend provides to the performance of the index. The total return calculation can be expressed as:

$$RI_i = \frac{RI_{i-1} \cdot X_i}{\left(X_{i-1} - \frac{AD_i}{\left(\frac{M_i}{X_i} \right)} \right)}$$

where

| | | |
|------------------|---|--|
| i | = | Time period. |
| RI _i | = | Total Return Index at time i. |
| X _i | = | Capital Index at time i. |
| X _{i-1} | = | Capital Index at time i-1. |
| AD _i | = | Market Value of Dividends effective at time i. |
| M _i | = | Market capitalisation of constituents at time i. |

Note the formula $(AD_i / (M_i / X_i))$ calculates the Ex-dividend (XD) adjustment for an index.

APPENDIX E

ELIGIBLE MARKETS AND TRADING VOLUME SOURCES

Please note: Source of volume data for all markets is Thomson Reuters.

FTSE, Thomson Reuters and any other source of data cannot accept liability for any incorrect information, including the consequences of relying on this information.

| Country | Exchange Location | Market Section(s) |
|------------------------|--------------------------------|---|
| Austria | Vienna | Official Market (Amtliche Notierung) |
| Belgium/ Luxembourg | Brussels | Eurolist Brussels Official Stock Exchange (Marché officiel de la Bourse de Luxembourg) |
| Denmark | Copenhagen | Official List |
| Finland | Helsinki | Main List |
| France | Paris | Eurolist Paris |
| Germany | Deutsche Börse (all exchanges) | Official Market (Amtlicher Handel) Regulated Market (Geregelter Markt) |
| Greece | Athens | Main Market Parallel Market |
| Ireland | Dublin | Full List |
| Italy | Milan | Official List (Listino della Borsa) |
| Netherlands | Amsterdam | Eurolist Amsterdam |
| Norway | Oslo | Main List |
| Portugal | Lisbon | Eurolist Lisbon |
| Spain | Madrid | Regular Market (Primer Mercado) |
| Sweden | Stockholm | A -list O - list |
| Switzerland | Swiss Exchange | Main Market |
| United Kingdom | London | Official List |

APPENDIX F

DIVIDENDS WITHHOLDING TAX RATES

Dividends, using their ex dates, are used to calculate the FTSEurofirst Total Return Indices.

A net of tax total return calculation is also calculated. The table below sets out the withholding tax rates used in the calculation of the Net of Tax Total Return Indices:

| Country | Dividend Withholding Tax Rates % |
|----------------|---|
| Austria | 25 |
| Belgium | 25 |
| Denmark | 28 |
| Finland | 28 |
| France | 25 |
| Germany | 21.1 |
| Greece | 0 |
| Ireland | 20 |
| Italy | 27 |
| Netherlands | 15 |
| Norway | 25 |
| Portugal | 20 |
| Spain | 15 |
| Sweden | 30 |
| Switzerland | 35 |
| United Kingdom | 0 |

The withholding tax rates quoted are those applied to the dividends received by a Luxembourg based UCIT fund (Undertaking for Collective Investment in Transferable Securities) and are compiled by Datavenue Limited.

Every effort is made by FTSE to ensure that the information contained in this appendix is accurate. However, owing to the frequent changes in dividend withholding tax rates, no responsibility or liability can be accepted by FTSE for any errors in this information. If you have a query regarding this information, please contact FTSE.

APPENDIX G

EUROZONE EXPANSION METHODOLOGY

This appendix describes the FTSEurofirst 80 & 100 Index adjustment process that will be followed by FTSE in the event of a country joining European Monetary Union (commonly known as the Eurozone). These changes will enable the indices to remain relevant and representative after the addition of countries to the Euro.

1.0 FTSEurofirst 100 Index

- 1.1 No changes will be made to the number of FTSEurofirst 100 constituents following the addition of countries to the Eurozone. However, countries outside of the existing constituent countries joining the Eurozone will be eligible for inclusion in the FTSEurofirst 100 provided they are eligible in all other respects.
- 1.2 The Euro transition review of the FTSEurofirst 100 Index will take place on the same date as the transition review of the FTSEurofirst 80 Index. (N.B. In the case of the adoption of the Euro by the United Kingdom no review of the FTSEurofirst Index will take place, as the United Kingdom is already a member of the FTSEurofirst 100 Index).

2.0 FTSEurofirst 80 Index

- 2.1 Countries that join the Eurozone will be assessed according to their investability-weighted capitalisation at the month end before the Euro transition review.
- 2.2 Any country whose investability-weighted capitalisation represents less than 2% of the FTSE Developed Europe Index at the preceding month end before Euro transition review will be ineligible for the FTSEurofirst Indices, as per the ground rules. In this instance no changes will be made to the FTSEurofirst Indices.
- 2.3 Any country whose investability-weighted capitalisation represents 2% or more of the FTSE Developed Europe Index at the preceding month end before the Euro transition review will be eligible to join the FTSEurofirst Indices. Currently the countries meeting this requirement are Sweden and the United Kingdom.

3.0 Transition Timetable

- 3.1 Country decides to adopt the Euro and announces the date upon which the Euro rate will be fixed.
- 3.2 The FTSE Europe/Middle East/Africa Regional Committee will announce the date of the transition review of the indices giving as much notice as possible to the market. It is intended that a minimum of six months notice will be given.
- 3.3 The FTSE Europe/Middle East/Africa Regional Committee convenes and agrees the implementation of the FTSEurofirst transition for the particular country as dictated by the Ground Rules, including the date at which the changes will take effect. Confirmation of the procedure and of the change to the overall number of stocks to the FTSEurofirst 80 Index is announced to the market directly after the committee meeting.
- 3.4 Country announces fixed rate for the Euro.
- 3.5 An FTSEurofirst Index transition is applied on the third Friday of the month following the announcement of the fixed Euro rate.

APPENDIX G

4.0 FTSEurofirst 80 Index Transition Review Procedure

- 4.1 Rank all eligible stocks in the new FTSE Eurozone benchmark (existing Eurozone + new country) by investable market cap.
- 4.2 The percentage of the investable market cap of the new country is determined and the FTSEurofirst 80 Index will increase in number of constituents by the following method:-
 - 4.2.1 Assume new Eurozone country is 4% of new Eurozone, $80 \times 4\% = 3.2$ constituents
 - 4.2.2 The number is then rounded up to the nearest 5 constituents so the index evolves into the FTSEurofirst 85 Index.
- 4.3 The normal review procedure will then apply to the index. The number of constituents used to evolve the index will not be added to the constituents used as automatic qualification of the index. In the above example 5 constituents have been added to the index so the automatic qualification for the index remains at 60 constituents and thus 25 constituents are used to balance Industries at the transition review and all reviews in the future.

APPENDIX H

FURTHER INFORMATION

Further information on the FTSEurofirst Index Series is available from FTSE, who will also welcome comments on these Ground Rules and on the Index Series.

For more information please visit the FTSE website below.

Websites: www.ftse.com

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