

Using FTSE Indexes

ALL ABOUT FTSE

FTSE Group (FTSE) is a world-leader in the creation and management of indexes. With offices in Beijing, London, Frankfurt, Hong Kong, Boston, Shanghai, Madrid, Paris, New York, San Francisco, and Tokyo, FTSE services clients in 77 countries worldwide. It calculates and manages the FTSE Global Equity Index Series, which includes world-recognized indexes ranging from the FTSE All-World Index to the FTSE4Good series and the FTSEurofirst Index Series, as well as domestic indexes such as the prestigious FTSE 100 Index. The company has collaborative arrangements with the Athens, AMEX, Cyprus, Euronext, JSE, London, Madrid, NASDAQ, Singapore and Taiwan exchanges, as well as Nomura Securities and Xinhua Finance of China. In addition, FTSE has a collaborative agreement with Dow Jones Indexes and has developed a single sector classification system for global investors, Industry Classification Benchmark (ICB). FTSE Group is the only index company signatory for United Nations Environment Programme Responsible Investment Principle.

FTSE indexes are used extensively by investors worldwide for investment analysis, performance measurement, asset allocation, portfolio hedging and for creating a wide range of index tracking funds. Independent committees of senior fund managers, derivatives experts, actuaries and other experienced practitioners review and approve all changes to the indexes to ensure that they are made objectively and without bias.

CONTENTS

PROVIDING MARKET INFORMATION TO THE WORLD'S PRESS	4
DATA ACCESS	5
HOW THE MEDIA CAN USE FTSE INDEXES	6
COMPANY CLASSIFICATION	7
NAMING AND DESCRIBING FTSE INDEXES - WHAT TO DO AND WHY IT'S IMPORTANT	8
HOW TO GET FTSE INDEX DATA	10
- DIRECTLY FROM FTSE	10
- FROM DATA VENDORS	10
- THE ONLINE MEDIA CENTRE	10
APPENDIXES	
THE FTSE INDEXES FAMILY TREES	12
INDEX DESCRIPTIONS	
FTSE GLOBAL EQUITY INDEX SERIES	20
FTSE MULTINATIONALS INDEX SERIES	21
FTSE4GOOD INDEX SERIES	21
FTSE GLOBAL STYLE INDEX SERIES	22
FTSE UK INDEX SERIES	23
DOMESTIC AND CROSS-BORDER PARTNER INDEXES	25
FTSE HEDGE	29
FTSE GLOBAL BOND INDEX SERIES	30
INDUSTRY CLASSIFICATION BENCHMARK (ICB)	32
GLOSSARY OF TERMS	33
FTSE GROUP PRESS OFFICES	40

PROVIDING MARKET INFORMATION TO THE WORLD'S PRESS

FTSE indexes are available for a range of asset classes and world markets. In total, over 100,000 indexes are calculated every day, ranging from the well-known FTSE 100, to indexes covering corporate bonds, hedge funds, real estate and even niche indexes covering stock exchanges and football clubs.

FTSE also calculates indexes that measure non-financial as well as financial risk. The FTSE4Good index, launched in July 2001, is recognized as the global measure for socially responsible investment (SRI).

FTSE also calculates non market-cap weighted or fundamental indices. In the FTSE GWA Index Series and the FTSE RAFI Index Series, index constituents are weighted using fundamental factors, rather than market capitalization. These factors include dividends, cash flow, total sales, net income, and book equity value.

With all of these options it can be difficult to know what indexes are available, as well as to understand which index does what, in order to make best use of them. This guide aims to provide an introduction to FTSE, its portfolio of indexes and market data and ways in which these can be used by the media to support editorial and other market data content.

The starting point for FTSE's global index family is the FTSE Global Equity Index Series. This index covers large, mid and small cap stocks of 48 countries from the developed and emerging markets around the world. Together, the companies in this index series represent 98% of the world's investable market capitalization. In a way, the series is like a satellite or cable TV package, the choice of channels can be customized to meet the demands of the subscriber. Similarly, the FTSE Global Equity Index Series is the starting point from which data can be diced and sliced in a whole host of ways, e.g. by sector, by size, by country, by region or into almost any grouping an investor could want. From the FTSE Global Equity Index Series investors can pull off:

Region	Company Size	Sector	Index
Global	Small	All	FTSE Global Small Cap
Europe ex UK	Mid and small	All	FTSE Europe Mid & Small Cap ex UK
Japan	Large, mid and small	Technology	FTSE Japan Technology
US	Large	Except Banks	FTSE US Large Cap ex Banks
Emerging	Large, mid and small	Resources	FTSE Emerging Resources

In addition to this global index series, which is used by international asset owners and investment managers, FTSE also works with stock exchanges and other financial services organizations worldwide, to assist in developing indexes for their markets. A complete list of FTSE's partners can be found on pages 25, 26, 27 and 28, but here is a short list of examples:

TSEC Taiwan Index Series – a set of indexes for the Taiwanese market, including the TSEC Taiwan 50, a tradable index which supports the largest ETF in Asia ex Japan, the TSEC Taiwan Mid-Cap Index and the TSEC Taiwan Technology Index – highly liquid tradable indexes, designed to act as the basis for derivative products in Taiwan;

FTSE Xinhua Index Series – a unique set of China indexes for domestic and international investors covering the whole spectrum of companies listed in Shanghai, Shenzhen, and Hong Kong. The series includes the FTSE/Xinhua China 25 Index, which is the basis of ETFs listed on the New York Stock Exchange, the London Stock Exchange and the Hong Kong Exchange, and the FTSE/Xinhua China A50 used for an ETF listed in Hong Kong (see page 27);

FTSE EPRA/NAREIT Real Estate Index Series – an index series that reflects the stock performance of companies engaged in specific aspects of the North American, European and Asian real estate markets.

DATA ACCESS

FTSE Group operates as a successful commercial company by selling the index data (in both real-time and end-of-day formats) to fund managers, banks, analysts and other investment professionals around the world.

As part of its service commitment, FTSE operates a dedicated press office function which is able to supply this index data and associated market information to journalists, free of charge. A range of data delivery options is available to suit the user (see page 10).

HOW THE MEDIA CAN USE FTSE INDEXES

All of this information can be used for analysis, or as graphical illustrations to accompany editorial content. The data can be expressed in many ways – graphs, charts, lists etc. Whatever market, sector or company is being covered, it's more than likely that FTSE indexes will cover it too.

While investment organizations use FTSE data for a whole range of different purposes, from benchmark performance to market analysis and to the creation of investment products (such as futures and options and ETFs), the scope of its appeal to the media is equally wide-ranging and useful.

Index information can be used to illustrate editorial content showing the performance of a particular type of market – for example, a story examining the global real estate market could be illustrated with a graph showing the extraordinary outperformance of FTSE EPRA/NAREIT Global Real Estate Index in comparison to the overall market using the FTSE All-World index over the last few years.

FTSE All-World v FTSE EPRA/NAREIT Global Real Estate



Rebased to 100, Currency: Euro

The same story could then delve deeper – what are the companies that make up this market? The index data can also be used to show the largest 10 companies in the index as well as their market cap and index weightings.

FTSE EPRA/NAREIT Global Real Estate Index

Constituent name	Country	Free Float Weighting	Net Market Cap (Euro – Million)	% Weight FTSE EPRA/NAREIT Global Real Estate Index
Westfield Group	Australia	100%	17,582.6	3.122%
Mitsubishi Estate	Japan	75%	17,101.5	3.036%
Mitsui Fudosan Co.	Japan	100%	14,984.9	2.661%
Sun Hung Kai Props	Hong Kong	75%	14,899.2	2.645%
Simon Property Group	USA	100%	14,325.5	2.544%
Land Securities Group	United Kingdom	100%	12,067.9	2.143%
Vornado Realty	USA	100%	10,707.9	1.901%
Equity Office Properties Trust	USA	100%	10,454.3	1.856%
Equity Residential	USA	100%	10,188.3	1.809%
Prologis	USA	100%	9,985.6	1.773%

Data as at 30 June 2006

COMPANY CLASSIFICATION

In order to assist investment managers and market and industry analysts with stock selection, all companies are classified into industries and sectors which link together companies. Some examples of these are Technology, Media, Mining, Business Services and Oil and Gas.

FTSE and Dow Jones Indexes have collaborated to create the Industry Classification Benchmark (ICB), the most evolved company classification system available. In total, over 50 global financial organizations have integrated ICB into their products and services. ICB gives journalists an additional way to use data to support sector stories. Graphs can be used to show the performance of a sector in comparison to the overall market. Further information on ICB is available from www.ftse.com/icb or from local FTSE press offices.

FTSE can also provide information showing the sector breakdown of a market and the different weightings of each sector.

FTSEurofirst 300 Index – ICB Supersector Breakdown

ICB Supersector	Investable Market Cap (Euro)	Number of companies	ICB Supersector % Weight
Oil & Gas	652,131.9178	12	11.3%
Chemicals	135,162.4507	10	2.3%
Basic Resources	207,273.2517	9	3.6%
Construction & Materials	125,858.8727	14	2.2%
Industrial Goods & Services	313,964.731	33	5.5%
Automobiles & Parts	124,845.4275	10	2.2%
Food & Beverage	303,980.9445	16	5.3%
Personal & Household Goods	238,974.9517	20	4.1%
Healthcare	535,310.2978	18	9.3%
Retail	170,048.1613	14	3.0%
Media	126,471.6463	14	2.2%
Travel & Leisure	51,864.79775	10	0.9%
Telecommunications	384,420.0815	17	6.7%
Utilities	362,358.9466	22	6.3%
Banks	133,3921.775	51	23.2%
Insurance	398,165.709	18	6.9%
Financial Services	115,046.145	17	2.0%
Technology	180,657.7967	8	3.1%

Data as at 30 June 2006

NAMING AND DESCRIBING FTSE INDEXES – WHAT TO DO AND WHY IT'S IMPORTANT

Clarity and accuracy are key characteristics of FTSE indexes, concerns that are shared by the world's press. When reproducing index data it is vital to get the index name right in order to rule out ambiguity or to present data in a misleading manner. FTSE indexes are named in a structured way, so that investors always know exactly what they are dealing with, and it's equally important that these naming conventions are followed when FTSE's index information is reproduced. This adds understanding and credibility to your story.

Additionally, both retail and institutional financial products, such as ISAs, tracker products, other index-linked savings vehicles and derivative products are generally named in line with the index they are based on, so it is practical to follow that convention.

Many media organizations omit the index name, and use a descriptor instead. This is misleading for your readers and viewers on a number of counts, as well as creating a breach of copyright/licensing with FTSE or your data vendor.

Often, journalists and editors feel that using the index name is jargonistic, or advertising. This is not the case. No one ever reads about, or listens to reports in which Coca-Cola’s products are referred to as black fizzy drinks, so it is strange to allude to the FTSE 100, rather than to name it. UK retail investors buy products with FTSE 100 in the title, and look out for the name to see how their investments are doing. Using the index names accurately helps your readers, listeners and viewers understand what they are reading or hearing about.

A quick example of correct and incorrect usage:

Written		Spoken	
Correct	Incorrect	Correct (phonetic)	Incorrect
FTSE 100	FT-SE 100 Financial Times Stock Exchange The FTSE/Footsie FT Actuaries 100	“Footsie 100”	F-T-S-E 100 Group/basket of 100 leading shares UK’s 100 leading companies
FTSE4Good	Footsie4good	“Footsieforgood”	FTSE ethical index Index of best ethical companies
FTSEurofirst	FTSE Eurofirst FTSE Euro First Eurofirst	“Footsie-euro-first”	The Eurofirst

Besides these points of clarity, all users of FTSE data are obliged, from a legal perspective, to follow FTSE naming convention when reproducing data. If you receive index data directly from FTSE, the correct index name will be included in your data package. But if in doubt, FTSE press officers are happy to discuss index names and usage – contact details can be found on page 40.

HOW TO GET FTSE INDEX DATA

Directly from FTSE

Data can be delivered directly from FTSE via email each evening containing tables of index data. This can be set up quickly by contacting your local FTSE press office.

From Data Vendors

Many media organizations receive their data from a financial data vendor, such as Reuters, Bloomberg, Factset or FTID. These parties redistribute FTSE data under license to FTSE, and although indexes are accessed via vendors' own codes, correct FTSE names must still be used when the indexes are reproduced or referred to in print or broadcast.

If you are in any doubt about how to receive data please contact your local press office who will be happy to assist. Contact details can be found on page 40.

The Online Media Centre

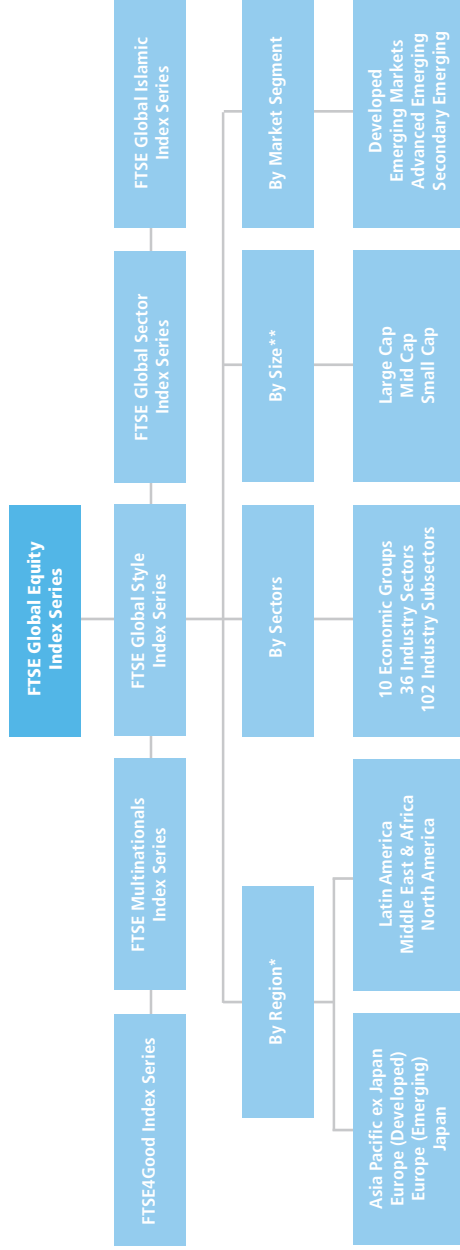
The FTSE online media centre contains the latest news and information about FTSE Group and FTSE indexes. Updated on a regular basis, it provides an online resource of information via online press packs; press releases issued by FTSE Group from 2001 onwards; index review information; and background information on FTSE spokespeople. Please visit www.ftse.com/media.

Appendixes

The FTSE Indexes Family Tree

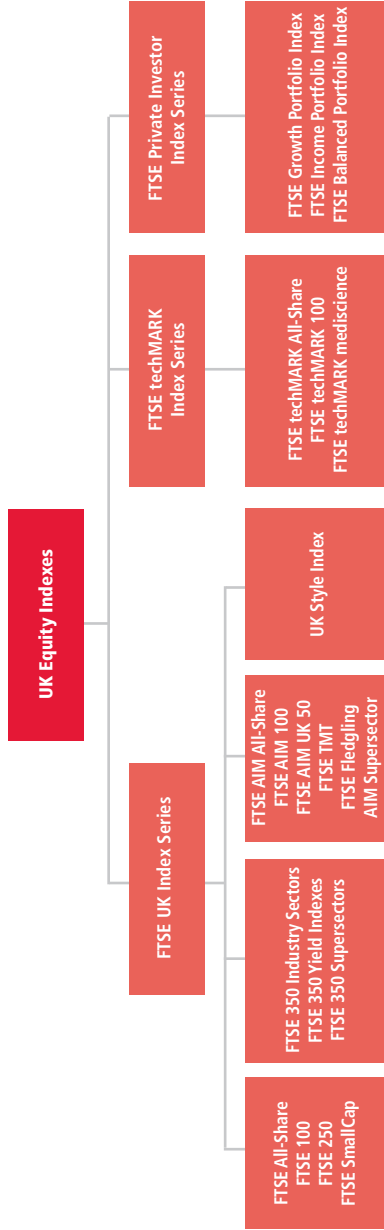
FTSE Global Equity Index Series

FTSE calculates over 60,000 indexes daily

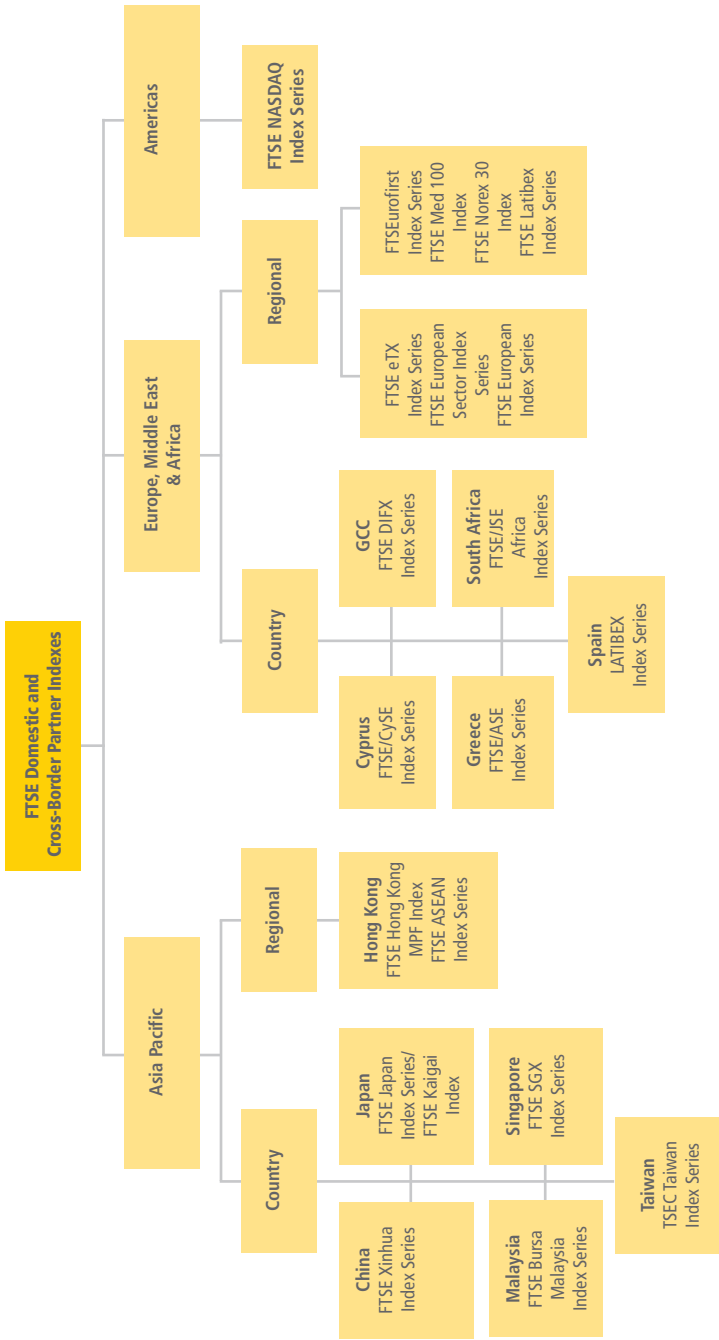


* These regions can be further divided by individual countries
 ** Includes the FTSE-All-World Index, an aggregate of the Large Cap and Mid Cap Indices

FTSE UK Indexes



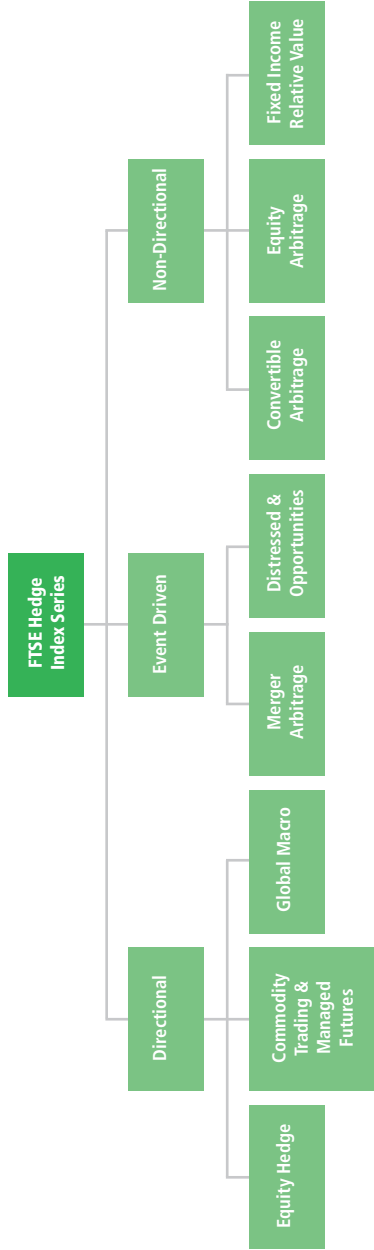
Domestic and Cross-Border Partner Indexes



FTSE EPRA/NAREIT Global Real Estate Index Series



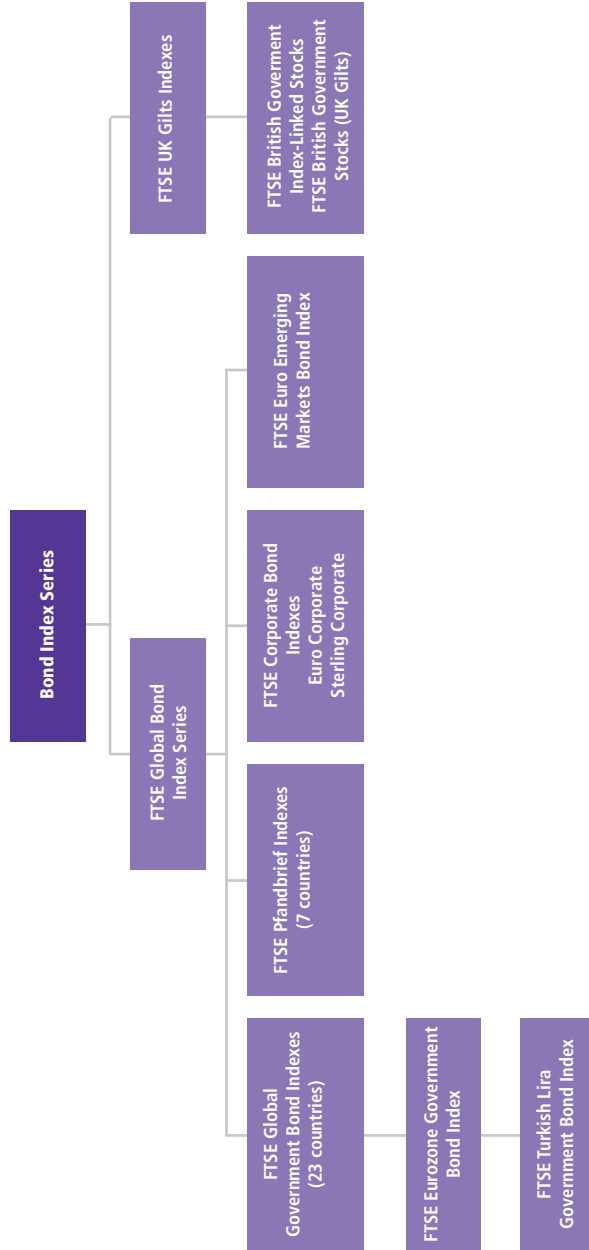
FTSE Hedge Index Series



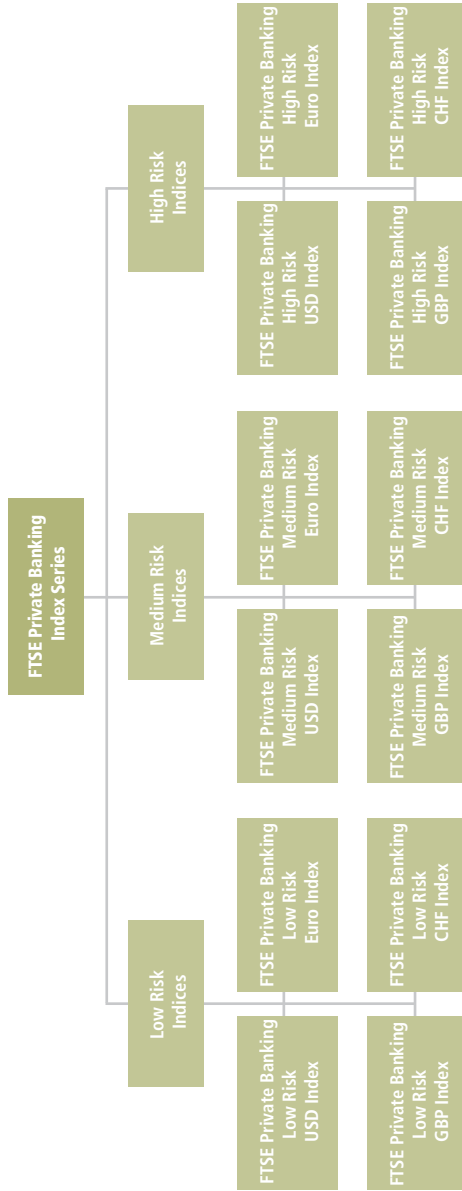
FTSE UK Commercial Property Index Series



Bond Index Series

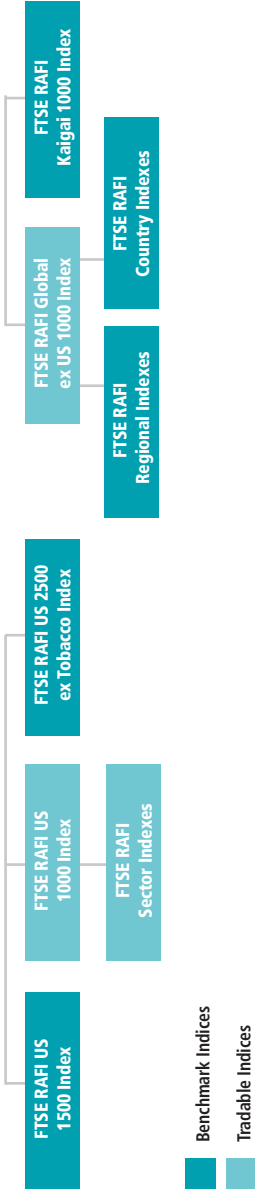


Private Banking Index Series



Strategy Indexes

FTSE RAFI Index Series



- Benchmark Indices
- Tradable Indices

FTSE GWA Index Series



GLOBAL EQUITY INDEXES

FTSE Global Equity Index Series – www.ftse.com/geis

The FTSE Global Equity Index Series covers over 7,000 securities in 48 different countries and captures 98% of the world's investable market capitalization - covering every equity and sector relevant to international, institutional and retail investors' needs.

The index series is divided into Developed, Advanced Emerging and Secondary Emerging segments. The modular nature of the series provides the maximum breadth of options for structuring investment portfolios, with indexes calculated at regional, national and sector level.

FTSE All-World Index Series – www.ftse.com/allworld

The FTSE All-World Index is the Large/Mid Cap aggregate of 2,700 stocks from the FTSE Global Equity Index Series. It covers 90-95% of the world's investable market capitalization.

FTSE Global Small Cap Indexes – www.ftse.com/smallcap

The FTSE Global Small Cap Indexes track the performance of more than 4,000 tradable small cap stocks. The indexes capture the bottom 10% of investable capitalization from each of the seven geographical regions of the FTSE Global Equity Index Series.



FTSE Multinationals Index Series – www.ftse.com/multinationals

The FTSE Multinationals Index Series is a family of indexes that separates and measures the performance of Multinational and Local companies. The index series was developed by FTSE in conjunction with Hewitt Bacon & Woodrow and Barclays Global Investors following an extensive research and consultation process to define a 'multinational' company.

From this approach three key indexes are formed. The FTSE Multinationals Index comprises companies which derive more than 30% of their revenue outside their region. The FTSE Global 100 Index is formed of the top 100 companies from the FTSE Multinationals Index. The remaining stocks (companies which receive 70% or more of their revenue from their domestic region) are classified as 'local' companies and form truly local indexes. It is the only index series on the market that makes a clear distinction between companies exposed to local and those exposed to global economic factors.

FTSE4Good Index Series – www.ftse.com/ftse4good

The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognized corporate responsibility standards and to facilitate investment in those companies. Transparent management and criteria coupled with the FTSE brand make FTSE4Good the index of choice for the creation of Socially Responsible Investment (SRI) products.

The index series has five benchmark indexes, which include all the companies from the broad market or universe that meet the FTSE4Good selection criteria: FTSE4Good Global, FTSE4Good UK, FTSE4Good US, FTSE4Good Europe and FTSE4Good Japan. There are four tradable indexes, which are made up of a defined number of the largest companies from the benchmark indexes. These are the FTSE4Good Global 100, FTSE4Good US 100, FTSE4Good UK 50 and FTSE4Good Europe 50.

FTSE Group contributes FTSE4Good income, including license fees, to UNICEF (the global children's charity).



FTSE Global Style Index Series – www.ftse.com/style

FTSE Global Style has 31 regional indexes and 29 country indexes. The indexes use nine measures in a multifactor approach to clearly identify a company's value and growth characteristics.

In a continually evolving market, it is challenging to identify companies as either growth or value stocks. The FTSE Global Style Index Series methodology uses the thought-leading Overall Style Ranking concept to allow the identification of value and growth stocks with unparalleled accuracy.

UK INDEXES

FTSE UK Index Series – www.ftse.com/uk

The UK Series is designed to represent the performance of UK companies, with a comprehensive and complementary set of indexes that measure the performance of all capital and industry segments of the UK equity market.

FTSE 100

This index comprises the 100 most highly capitalized blue chip companies, representing approximately 80% of the UK market. It is used extensively as a basis for investment products such as derivatives and exchange traded funds and by print and broadcast media worldwide as the indicator for the performance of the UK market. In the FTSE 100 Capped 5% Index, the largest companies are restricted to a maximum weighting of 5%.

FTSE 250

The FTSE 250 is composed of mid cap companies and represents approximately 17% of UK market capitalization.

FTSE 350

Comprises all the companies from the FTSE 100 and FTSE 250 indexes.

FTSE SmallCap

The FTSE SmallCap consists of companies outside of the FTSE 350 Index and represents approximately 2% of the UK market capitalization.

FTSE All-Share

Representing 98-99% of the UK market capitalization, the FTSE All-Share is the aggregation of the FTSE 100, FTSE 250 and FTSE Small Cap Indexes. The FTSE All-Share Capped 5% Index is also available.

FTSE 350 Supersectors

All constituents of the FTSE 350 are classified within industries, supersectors, sectors and subsectors.



FTSE AIM All-Share

The FTSE AIM All-Share Index consists of all eligible companies on the Alternative Investment Market of the London Stock Exchange that meet free float and liquidity criteria.

FTSE AIM UK 50 Index – The largest 50 eligible UK-domiciled companies by full market capitalisation.

FTSE AIM 100 Index – The largest 100 eligible UK and International companies by full market capitalisation.

FTSE AIM Supersector Indexes – The FTSE AIM Supersector Indexes are a set of 18 sector-specific indexes based on the FTSE AIM All-Share universe and derived from the Industry Classification Benchmark (ICB).

FTSE APCIMS Private Investor Index Series

The purpose of these indexes is to provide investors with an objective measure of performance against which to measure their investment portfolios, based upon the assumption that they are domestic investors with sterling denominated accounts. These indexes can be used to illustrate stories regarding the performance of UK retail investment portfolios.

Growth Portfolio Index

Growth Portfolio Index is designed to reflect a portfolio aiming to achieve capital growth.

Income Portfolio Index

Income Portfolio Index is designed to reflect a portfolio requiring an income flow.

Balanced Portfolio Index

Balanced Portfolio Index is designed to reflect a portfolio requiring a balanced approach between income and capital growth.

DOMESTIC AND CROSS-BORDER PARTNER INDEXES

FTSE/ASE Index Series – www.ftse.com/ase

The FTSE/ASE Index Series is a joint venture between FTSE Group and the Athens Stock Exchange. These indexes are the performance benchmark of the Greek market and are capitalization-weighted. The FTSE/ASE 20, FTSE/ASE Mid 40, FTSE/ASE Small Cap and FTSE/ASE 140 indexes have been designed to provide real-time measures of the Athens Stock Market.

FTSE EPRA/NAREIT Real Estate Index Series – www.ftse.com/realestate

The FTSE EPRA/NAREIT Global Real Estate indexes are designed to track the performance of listed real estate companies and REITS worldwide. The series acts as a performance measure of the overall real estate market.

FTSEurofirst Index Series – www.ftseurofirst.com

The FTSEurofirst Indexes are a joint product of FTSE Group and Euronext, the integrated, cross-border European exchange for equities, bonds, derivatives and commodities. FTSEurofirst Indexes include Europe's largest and most liquid equities. The index series consists of the tradable FTSEurofirst 80 and 100 indexes and the benchmark FTSEurofirst 300 Index.

FTSE Hong Kong MPF Index Series – www.ftse.com/mpf

FTSE Group has developed the Mandatory Provident Fund benchmarks, a tailored index solution to meet the complex needs of the Hong Kong investment community. Watson Wyatt and the Hong Kong Investment Funds Association (HKIFA) selected the FTSE All-World Index Series as the base universe for a range of country and regional equity indexes currency hedged back into Hong Kong dollars.

FTSE/JSE Africa Index Series – www.ftse.com/jse

FTSE Group and the JSE Securities Exchange jointly provide indexes for the South African markets. The FTSE/JSE Africa Index Series is designed to represent the performance of South African companies, providing journalists with a comprehensive and complementary set of indexes, which measure the performance of the major capital and industry segments of the South African market.

FTSE Latibex Indexes – www.ftse.com/latibex

FTSE Group and Bolsa de Madrid have worked together to create the FTSE Latibex All-Share and FTSE Latibex Top Indexes. European investors have a single point of access to the performance of Latin American stocks trading in the Latibex market.

FTSE NASDAQ Index Series

FTSE and NASDAQ, the largest US electronic stock market launched the FTSE NASDAQ indexes in April 2005. Global investors and media now have a new tool to analyse one of the most dynamic markets in the world. Working together, FTSE and NASDAQ created four indexes that segment the NASDAQ universe creating a new perspective for the exchange, which on average trades more shares per day than any other US market.

FTSE NASDAQ 500 – consists of the largest 500 companies in the Review Universe by full market capitalization (the FTSE NASDAQ Review Universe is defined as the eligible constituents of the NASDAQ Composite Index at the review date)

FTSE NASDAQ Large Cap – consists of the largest 70% of companies, by full market capitalization, in the Index Universe (the FTSE NASDAQ Index Universe is 98% of the Review Universe)

FTSE NASDAQ Mid Cap – consists of the next 20% of companies, ranked by full market capitalization, in the Index Universe

FTSE NASDAQ Small Cap – consists of the bottom 10% of companies, ranked by full market capitalization, in the Index Universe

FTSE Bursa Malaysia Index Series

FTSE Group and Bursa Malaysia have created a comprehensive range of real-time, tradable and benchmark indexes, which cover all eligible companies listed on the Bursa Malaysia Main Board. The series includes: FTSE Bursa Malaysia Large 30 Index, FTSE Bursa Malaysia Mid 70 Index, FTSE Bursa Malaysia 100 Index, FTSE Bursa Malaysia EMAS Index, FTSE Bursa Malaysia Small Cap Index and FTSE Bursa Malaysia Fledgling Index.

TSEC (Taiwan Stock Exchange Corporation) Taiwan Index Series

TSEC enlisted the expertise of FTSE Group to design indexes for gaining exposure to the Taiwanese market. The index series comprises three real-time tradable indexes; the Taiwan TSEC 50 Index (Large Cap), the TSEC Taiwan Mid-Cap 100 Index and the TSEC Taiwan Technology Index.

FTSE DIFX (Dubai International Financial Exchange) Index Series

DIFX chose FTSE Group to produce the first Gulf Cooperation Council (GCC) country tradable indexes for domestic, GCC, and international investors. The GCC countries initially included in the series are the UAE, Kuwait and Qatar. These indexes are intended to facilitate the creation of investment products like tracker funds, index certificates, warrants, ETFs and also pave the way for the introduction of exchange traded index derivatives including futures and options. The series also includes Shariah-compliant editions of these indexes.

FTSE SGX Shariah Index Series

Calculated in real-time in conjunction with Singapore Exchange (SGX), the FTSE SGX Shariah Index Series is designed to reflect the stock performance of companies in Asia Pacific whose business activity complies with Islamic Shariah law. The initial index within the series, the FTSE SGX Asia Shariah 100 consists of a combination of 50 of the largest Japanese companies and the 50 largest companies from Singapore, Taiwan, Korea and the Hong Kong SAR.

FTSE Xinhua Index Series – www.ftsexinhua.com

FTSE Xinhua Index Limited (FXI) is a unique joint venture company that combines the international indexing expertise of FTSE Group with the local Chinese market knowledge and data capabilities of Xinhua Finance. FXI's purpose is to manage and further develop real-time indexes for the Chinese market.

FXI has indexes providing unique coverage of all Chinese share types. The FTSE Xinhua Indexes are the world's first comprehensive and transparent series for tracking China's markets.

FTSE/Xinhua China 25 Index – a real-time, tradable index that includes the top 25 Chinese companies including H Shares and Red Chips by total market capitalization. The index has been adopted by a number of organizations as the basis for ETFs and derivatives, with products listed in New York, Europe and Hong Kong. At the end of May 2006, total assets under management against the FTSE Xinhua China 25 was USD 3.5 billion.

FTSE Xinhua A Index Series – designed for domestic investors, or international investors with QFII status who want to track activity in the market. The indexes cover shares listed on both Shanghai and Shenzhen stock exchanges. The FTSE/Xinhua A50 Index is a real-time tradable index which can be used as a basis for on-exchange and OTC derivative products, mutual funds and ETFs. Assets under management in July 2006 was HKD 7,676 million.

FTSE Xinhua B Index Series – designed for international investors wishing to gain exposure to the mainland Chinese market. The indexes cover shares listed on both the Shanghai and Shenzhen stock exchanges. This series includes the FTSE Xinhua B 35 Index and the FTSE Xinhua B All-Share Index.

FTSE Xinhua H Share Index Series – designed for QDIIs and other Chinese institutional investors wishing to gain exposure to overseas investment in Hong Kong. The index contains 49 H-share companies classified under large and mid cap with constituents capped at 15%.

FTSE Xinhua China Government Bond Index – designed to represent the performance of the mainland Chinese bond markets. The index includes the government bonds that trade on the Shanghai and Shenzhen stock exchanges.

For a full list of FTSE Xinhua Indexes, please visit www.ftse.com/xinhua/english.

Chinese Share Classes

Name	Description	Currency
A Shares	Securities of Chinese incorporated companies that trade on either the Shanghai or Shenzhen stock exchanges. Can be traded by residents of the People's Republic of China (PRC), or by international investors under the China Qualified Foreign Institutional Investors (QFII) regulations.	Chinese Renminbi (RMB)
B Shares	Securities of Chinese incorporated companies that trade on either the Shanghai or Shenzhen stock exchanges. Can be traded by non-residents of the PRC and also by residents of the PRC with appropriate foreign currency dealing accounts.	US Dollars (USD) - Shanghai Stock Exchange Hong Kong Dollars (HKD) – Shenzhen Stock Exchange
H Shares	Securities of companies incorporated in the PRC and nominated by the Chinese Government for listing and trading on the Hong Kong Stock Exchange. Accessible to international investors.	Hong Kong Dollars (HKD)
Red Chip Shares	Securities of Hong Kong companies that are substantially owned (directly or indirectly) by the Chinese Government and have the majority of their business interests in mainland China. Accessible to international investors.	Hong Kong Dollars (HKD)

Data as at 31 March 05

FTSE HEDGE

FTSE Hedge – www.ftse.com/hedge

FTSE Hedge is an index series that reflects the aggregate risk and return characteristics of the open, investable hedge fund universe. The series cuts through the complex world of hedge fund management and reporting to provide an accurate and reliable measurement of the global hedge fund market.

To ensure the index is both investable and attractive to investors each eligible fund must:

- have independent audited financial statements
- have at least US\$50m of unleveraged assets under management
- have a minimum two year track record at the time of the annual review
- have monthly reporting with a minimum of quarterly liquidity screening
- be open to investor subscriptions as well as having significant remaining investment capacity



FTSE GLOBAL BOND INDEX SERIES

FTSE Global Bond Index Series – www.ftse.com/bonds

The FTSE Global Bond Index Series is a series of fixed income indexes covering Government bond markets, global emerging, European covered and Euro and Sterling denominated corporate markets. FTSE, supported by bond specialists Moosmüller & Knauf AG (MMKF), continue to enhance and develop the indexes in line with market and investor requirements.

The indexes are calculated using indicative pricing from the key dealer banks in each market.

FTSE Global Government Bond Indexes

The FTSE Global Government Bond Indexes consist of central government debt from 23 countries denominated in the domicile currency. There is a global aggregate index and three regional indexes; Asia Pacific (including China), Americas and Eurozone plus a Europe ex-Eurozone index. The indexes are also available at the country level and by maturity band. There is also the recently added FTSE Turkish Lira Government Bond Index.

FTSE Pfandbrief Indexes

The FTSE Pfandbrief Index consists of securitized issues from seven countries in Europe including Jumbo Pfandbrief from Germany. Each issue is comparable in structure and quality to the German Jumbo Pfandbrief market. The indexes are available at aggregate, country level and by maturity bands.

FTSE Corporate Bond Indexes

FTSE Euro Corporate Bond Index – Euro denominated issues from global corporate entities: covering debt from Consumer and Industrial Goods, Utilities, Telecommunications, Information Technology and Non-Financial sectors. The index constituents are investment grade debt with a minimum rating of BBB-. There is a euro corporate aggregate index together with sub-indexes structured by rating type and maturity band.

FTSE Sterling Corporate Bond Index – The FTSE Sterling Corporate Bond Index consists of Sterling denominated corporate bonds of investment grade quality. There are sector sub-indexes including Telecommunications, Utilities and Banking. An aggregate index plus sector, rating and maturity band indexes are available.

FTSE Euro Emerging Market Bond Index – The FTSE Euro Emerging Market Bond Index includes Euro denominated debt issued by governments and cities from countries in Asia, Europe and the Americas. Each issue belongs to the Emerging markets as defined by the FTSE country classification. The sub-indexes are structured by maturity band.

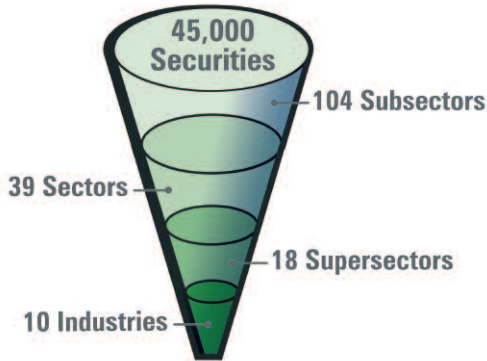
INDUSTRY CLASSIFICATION BENCHMARK (ICB)

www.ftse.com/icb

ICB is a classification system developed jointly by FTSE Group and Dow Jones Indexes. It is a single definitive system covering over 45,000 securities worldwide. The ICB has become a global industry standard for research, trading and investment decisions in the market. Over 50 global financial organizations have integrated ICB into their products and services, including NASDAQ, the New York Stock Exchange, UBS, Fitch Inc., FactSet, Telekurs, Thomson Financial, Markit Group, and the World Economic Forum, as well as media outlets including the Financial Times, The Wall Street Journal, CNBC and Dow Jones Newswires.

Structure

ICB is a detailed and comprehensive structure for sector and industry analysis, facilitating the comparison of companies across four levels of classification and national boundaries. The system allocates companies to the Subsector whose definition most closely describes the nature of its business. The nature of a company's business is determined by its source of revenue or where it constitutes the majority of revenue.



ICB is managed on a transparent and rules-driven basis. FTSE Group and Dow Jones Indexes have established an advisory committee to oversee ICB. The committee advises Dow Jones Indexes and FTSE Group on the development of ICB and on the future changes to the classification system, and in certain cases, on the classification of individual stocks.

GLOSSARY OF TERMS

Sometimes terminology describing indexes can be quite technical. Below is a short glossary of commonly used indexing phrases and terms:

Alpha - A measure of the risk-adjusted performance of a constituent, considering the risk due to the constituent, rather than the overall market and measures the difference between a constituent's performance and the expected return with respect to its volatility. In other words, a larger alpha value will indicate that a particular constituent has performed better than would be predicted given its volatility. A positive alpha is the extra return received by an investor in taking. For example, an alpha of +1 means a portfolio produced a return 1% higher than its beta would predict. On the contrary, an alpha of -1 has implied the security has produced a return 1% lower than would be expected.

Basis Point - One hundredth of one percentage point: "25 basis points" is equivalent to 0.25%.

Beta - Measures the tendency of a security's returns to correlate with swings in the broad market. A beta of 1 indicates that the security's price will move with the market. A beta greater than 1 indicates that the security's price will be more volatile than the

market, and therefore a rise in the underlying market will in most instances result in a greater appreciation of the security and vice versa. A beta less than 1 implies the security has been less volatile than the market; if the market has fallen over the specified period, the security will in most instances fall less far. Beta is currently calculated and distributed within FTSE product files.

Book to Price - This is a ratio often used in the creation of style indices, which compares the book value of the company's assets (equity capital) to its price. Calculated as the company's common/ordinary equity capital at the most recent fiscal year end divided by the company's market capitalisation at the review date. Common/ordinary equity is generally as reported, but is adjusted to exclude minority interest, preferred stock and selected items as appropriate. Book to Price is currently calculated and distributed within FTSE Style products.

Capital vs Total Return - Capital Index Value: Index value that uses only share prices traded in the market and therefore that will fall slightly when constituent companies pay

dividends (and thereby reduce the value of the company slightly), hence reducing the company share price.

Total Returns: An index that calculates the performance of a group of stocks assuming that dividends are re-invested into the index constituents. For the purposes of the index calculation, the value of the dividends is re-invested in the index on the ex-dividend date.

Capping - A generic term used to describe the adjustment to the weight of an index constituent. It is most often used when a large company or companies represent too large a percentage of the index's overall capitalisation. The most common maximum cut-off used is 10%, for example in the FTSE 100 Capped. Such regulations are usually applied because of concerns investors in a fund will be too exposed to the risk of adverse movements in a few large constituents. The term most often takes the form of a factor weight applied against a region/country/sector/constituent – reducing its representation within the index and is often applied regularly at index reviews.

Constituent Weight - The investible market capitalisation proportion of a constituent as a percentage of the investible market capitalisation of an index. In other words, a constituent's weight within an index.

Corporate Actions - An event initiated by a corporation that impacts its shareholders. For some such events, shareholders may or must respond to the corporate action or select from a list of possible actions. Examples include mergers, spin-offs, stock buybacks and stock splits. Such events are monitored by the FTSE Operations team in order that an adjustment can be made to the index divisor to counteract the effect that the change would have on the index. For example, a rights issue will increase the value of a company, and therefore the index, but will not change the value of a portfolio tracking the index. As all FTSE indexes attempt to replicate the value of a given portfolio of stocks, the divisor is therefore increased so that the index value does not change when the new shares in issue figures are implemented in the index and hence the capitalisation of the index rises.

Correlation Coefficient - A statistical measure of the extent to which the movement of two price returns for a security or index are interdependent on each other. A positively correlated pair of price returns move in a similar way, whereas a negatively correlated pair will move in a dissimilar way. The term is often used to assist the identification of assets that when combined deliver diversification benefits. In the case where correlation is significantly less than

+1, diversification benefits will be realized, with investors often selecting portfolios that have varying degrees of correlation among themselves. It is presented in the form of a value ranging between -1 and $+1$. A correlation coefficient of $+1$ signifies a perfect positive relationship, while a -1 shows a perfect negative relationship.

Currency Hedging - Currency hedging is a process used to reduce the risk to a fund of adverse movements in a currency's exchange rate. Its application is based on using forward exchange rates to protect against changes when converting assets into another currency. For example, using a one-month forward rate to currency hedge the FTSE Eurobloc Index into US Dollars, will thereby remove the risk to an American investor of falls in the dollar exchange rate. However, there are risks involved with using a hedging strategy. For example, a fund manager that hedges and finds that exchange rates have moved against him/her will more likely have underperformed the underlying index benchmark.

Days Traded - A measure of liquidity. This measures the number of days on which trading has taken place compared to the number of days actually available for trading. It is generally used in less liquid markets where a reasonable number of securities do

not trade on every day. Figures for individual securities can be averaged (or weight averaged) to give a figure for an index.

Dividend Yield - The annual yield a company pays to its shareholders in the form of dividends, expressed as a percentage of the company's share price. Older index methodologies used dividend yield to calculate total return indexes, this has now been replaced by the use of actual dividend figures. It is calculated by taking the annual dividend market capitalization within the index (with dividends paid based on an ex-dividend basis) divided by the investible market capitalisation of the index.

Divisor - An arbitrary number chosen at the starting date of an index to fix the index starting value (say, at 1000.0). The divisor is also adjusted when capitalisation amendments are made to the constituents of the index, in order to allow the index value to remain comparable over time. Without a divisor the index value would change when corporate actions took place and would not reflect the true value of an underlying portfolio based upon the index. For example, a rights issue causes an increase in the value of a company, as the money to pay for the rights comes from the investment portfolio, the net change in the portfolio is zero. Therefore, to offset the apparent increase in

the value of the portfolio due to the rights issue, the divisor is increased.

Earnings Per Share - A constituent's earnings divided by the shares outstanding. Earnings are based on the latest available fiscal year earnings from continuing operations after tax, minority interests, preferred dividends and before extraordinary items and amortization of goodwill and may be adjusted for dilution. Earnings are attributed across the different share classes, where Common stock is comprised of more than one share type. Earnings per share are calculated over differing time periods within FTSE Style Indices.

Enhanced Indexing - Also called indexing plus. This is an indexing strategy whose objective is to exceed the performance of some predetermined index, usually within predetermined risk and return parameters, over and above that which is possible within the constraints of normal "vanilla" passive indexing. In general, an enhanced indexing strategy is more risk averse than that of a traditional active manager. The strategy's goal is to outperform the index whilst maintaining the risk characteristics of the index. As a consequence, an enhanced index manager can reflect long and short views right across the index in a way the active manager may not, due to constraints that the index has built in.

Exchange Traded Fund (ETF) - A fund that tracks an index, but can be traded like a stock. An investor can do almost everything with an ETF that they can do with a normal stock, such as short selling. Because ETFs are traded on stock exchanges, they can be bought and sold at any time during the day (unlike most mutual funds). The majority of ETFs launched to date are index funds (or passively managed funds), with the objective of mirroring the price and yield developments of a given underlying index. ETFs combine the advantages of conventional index-related funds with those of listed shares. Investors acquire in a single transaction a holding that represents all the constituent issues of a specific index, and thus can easily and conveniently diversify their portfolios. Other advantages an ETF have are that they are more tax-efficient than normal investment trusts and since they track indexes they have very low operating and transaction costs associated with them. They can be bought and sold more quickly with no sales loads or investment minimums required to purchase an ETF. For example, there is an ETF based on the FTSE 100 listed on the London Stock Exchange.

Hedging - An investment position that utilises offsetting security positions to minimise the risk of a financial loss in the event of an adverse market movement. Most

commonly this is done using a derivative contract based upon an index, where the manager will buy put options or sell a future, so that if the value of his portfolio falls due to equity market falls, the value of the option or future will rise, counteracting the loss. FTSE's range of tradable indices are designed to be used as a basis of derivative contracts – for example the FTSE 100 was originally created to allow hedging of UK portfolios based primarily upon the FTSE All-Share Index.

Index Base Value / Base Date - The arbitrary number set at a particular date (base date) before the launch of an index as a convenient starting value (say, 1000.0).

Liquidity - A measure of the ease of trading given to a security or index. It is used within FTSE to screen existing or prospective index constituents. As a consequence, it is possible for investors to buy the stock without problems resulting from an insufficient supply of the shares. There are various differing representations of liquidity used within FTSE; for example a different methodology is used within the FTSE All-World Reviews to the UK reviews. The most common liquidity measure used is Velocity.

Long/Short - Going Long – the act of purchasing a security in anticipation of a price rise, thereby creating a long position. Going

Short – the act of selling a security that the seller does not own. To do so, the seller borrows stock from a broker and buying it back at a later date - in hope of purchasing other shares of the stock at a lower price in the future, replacing the borrowed stock with the lower-priced stock, and thereby profiting on the difference.

Passive Management / Active Management / Closet tracking - Passive Management - an investment strategy that seeks to match the risk and return characteristics of a market segment or index, by mirroring its composition. Most commonly in the form of an index fund that invests in the majority of that index's constituents with similar weightings, thereby tracking closely the performance of the index. Passive investment managers tracking FTSE indexes have to pay a licence fee for the use of the index and will benefit from additional products that enable close tracking, such as FTSE Tracker. Active Management – a portfolio strategy in which independent investment judgment and competitive information is used to seek profitable transactions. Many active managers seek to outperform indexes by taking advantage of this information, which would lose its value if it were available to all market participants. Investors pay an additional “active” fee in order to have their portfolios actively

managed. In addition, there is an emphasis placed on continued research, whereby assets may be repositioned to take advantage of favourable opportunities. Closet Tracking – a term describing a nominally active manager who in fact closely replicates an index, usually adjusting his holdings slightly and only when he is especially convinced of likely outperformance.

Price-to-Earnings / Price-Earnings Ratio / P/E Ratio - The price of the constituent divided by the earnings per share (see earnings per share). This provides a simple way of comparing different shares, usually within a given industry.

Portfolio Turnover / Index Turnover - The trading as a proportion of the total market capitalisation that will be incurred to a fund tracking an index. Such trading may arise from the application of a corporate action, a constituent weight change, a constituent addition, and/or a constituent deletion.

Index Turnover - Trading securities can be costly, and a passive fund manager will only trade a security if there is a definite need of doing so. For example, if there has been a deletion a few days before a review, the security may well be sold. However, it may not be practical (and with an insignificant increase to tracking error) to use the cash to

acquire the basket of securities, as such securities may again need to be changed at review. As a consequence, a fund manager may wait for the review before acquiring further securities.

Rebasing - The action of changing the time series history of an index to allow for direct comparisons with another index. Usually used to make the indices start at a particular value, such as 100. This is calculated by dividing every value in the index series by the same number. For example, a history of the FTSE 100 that started in 2002 at a value of 5525 can be rebased to 100 at the start of 2002 by dividing every value in the history by 55.25.

Risk - The quantifiable likelihood of loss or less than expected returns. Thus, an investment where the return is guaranteed is less risky than an investment with uncertain returns. Investing in indexes containing a broad group of securities rather than in individual securities – diversifying within country/sector basis will in general reduce the risk to which the investor is exposed. The most common measure is standard deviation (see Volatility).

Sharpe Ratio - The reward of an index's excess return relative to the total variability of the portfolio. Calculated by subtracting the

risk-free rate from the total return of the index and dividing by the standard deviation of the index. The ratio measures how well an index/portfolio rewards risk; the higher the Sharpe ratio, the better the index/portfolio's historical risk-adjusted performance.

Specific Risk / Unsystematic risk - The portion of total risk that is specific to an individual constituent or small asset class. Specific risk is currently calculated and distributed within our product files. Please refer to FTSE's internal documentation for a precise definition.

Speculating - Most commonly refers to the short term trading of investors who wish to profit from an imminent market movement, rather than the actions of those investing for the longer term. Such investors perform the useful function of increasing liquidity within a market, ensuring that longer-term investors will be able to trade (and will know that they will be able to trade) when desired.

Total Risk / Systematic Risk - The risk that is common to all risky securities and cannot be eliminated through diversification. Total risk is currently calculated and distributed within our product files. Please refer to FTSE's internal documentation for a precise definition.

Tracking Error - Primarily used when using a benchmarking strategy, in measuring the amount by which the performance of the portfolio differs from that of the benchmark index. The tracking error qualifies the degree to which the strategy used in creating the portfolio has given returns differing that of the benchmark index.

Velocity - Another measure of liquidity, however it takes into account the number of shares traded. The measure is currently used within the FTSEurofirst review process.

Volatility - A measure of the variability of returns over a chosen time-period, revealing the extent by which the returns of an index value change from the average. Low volatility indicates the returns for an index have stayed quite close to the average whereas a high volatility would indicate a larger fluctuation over the time-period.

FTSE GROUP PRESS OFFICES

FTSE Americas

Email: media@ftse.com

Tel: +1 212 641 6168

Fax: +1 212 641 6190

FTSE Asia Pacific

Email: media@ftse.com

Tel +852 2230 5801

Fax +852 2230 5804

FTSE Europe

Email: media@ftse.com

Tel: +44 (0) 20 7866 1821

Fax: +44 (0) 20 7866 8957

Online Media Centre

www.ftse.com/media

The FTSE online media centre contains the latest news and information about FTSE Group and FTSE indexes. Updated on a regular basis, it provides an online resource of information via online press packs; press releases issued by FTSE Group from 2001 onwards; information on index reviews; and background information on FTSE spokespeople.

William F. Sharpe
Indexing Achievement Awards



Structured
products
Awards 2005
Best Index Provider for FTSE



© FTSE International Limited ("FTSE") 2006. All rights reserved.

"FTSE™", "FT-SE™" and "Footsie®" are trade marks of the London Stock Exchange Plc and The Financial Times Limited and are used by FTSE under licence. "All-World™" and "All-Share™" are trade marks of FTSE.

All of the content within this publication is the property of FTSE and/or its licensors and is protected by copyright and other intellectual property laws. All trade names, trade marks, service marks and other product and service names and logos (collectively the "Marks") within this publication are proprietary to their respective owners and are protected by applicable trade mark and copyright laws.

Any of the Marks within this publication may be registered or unregistered trade marks of FTSE and/or its licensors. Nothing contained within this publication should be construed as granting any licence or right to use on of the Marks within this publication without the express written permission of FTSE or the third party owner of such Marks. Any unauthorised use of the Marks or any other part of the content within this publication is strictly prohibited.

All rights in and to any of the FTSE indices detailed within this publication vest in FTSE and/or its licensors. All information is provided for information purposes only. Whilst every effort is made to ensure that all information given in this publication is accurate, FTSE does not accept any liability (including for negligence) for any loss arising out of, reliance on or use of this publication or any of the FTSE indices detailed within this publication. Distribution of any of the FTSE indices within this publication and the use of such indices to create financial products requires a licence with FTSE. No part of this publication may be reproduced, stored in a retrieval system or transmitted by any other form or means whether electronic, mechanical, photocopying, recording or otherwise without the prior written consent of FTSE.

FOR FURTHER INFORMATION VISIT WWW.FTSE.COM, E-MAIL INFO@FTSE.COM OR CALL YOUR LOCAL FTSE OFFICE:
BEIJING +86 10 6515 9265 BOSTON +1 617 306 6033 FRANKFURT +49 (0) 69 156 85 143
HONG KONG +852 2230 5800 LONDON +44 (0)20 7866 1810 MADRID +34 91 411 3787 NEW YORK +1 212 641 6166
PARIS +33 (0) 1 53 76 82 88 SAN FRANCISCO +1 415 445 5660 TOKYO +81 3 3581 28

