

Industry Classification Benchmark (ICB) FTSE Client Implementation Guide

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An ICB structure document is available from www.ftse.com/icb, containing the full four-tier structure, codes and definitions.

1. OVERVIEW

Together FTSE Group and Dow Jones Indexes have created a definitive industry classification standard covering over 50,000 equities and corporate bonds worldwide, called the Industry Classification Benchmark (ICB).

As a result of the combination of FTSE and Dow Jones' expertise, ICB is the most relevant and user-friendly industry classification standard for trading and investment decisions in the market. Additionally, the two companies' combined global presence and partnerships with other organisations have ensured that ICB will be an instant global standard.

2. IMPLEMENTATION TIMETABLE

In order to ensure a smooth transition for our clients, a phased approach is being taken:

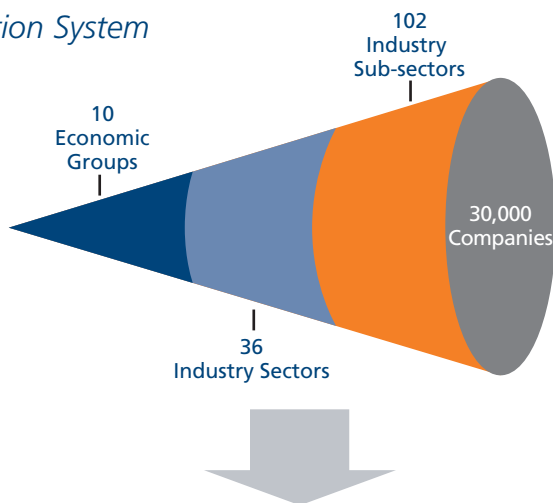
17th September 2004	New FTSE Supersector indices will be launched for Europe, based upon the FTSEurofirst 300 Index, for the Eurozone, based upon the FTSEurofirst 300 Eurozone Index, and the UK, based upon the FTSE 350 Index.
31st December 2004	The ICB Universe database, the largest classification database in the world, will be launched.
During 2005	FTSE will create and market new products based on ICB. Existing FTSE Indices and related products will adopt ICB. See Appendix B for full details.
January 2006	ICB will be fully integrated into FTSE products and services.

3. EVOLUTION OF THE FTSE GLOBAL CLASSIFICATION SYSTEM TO ICB

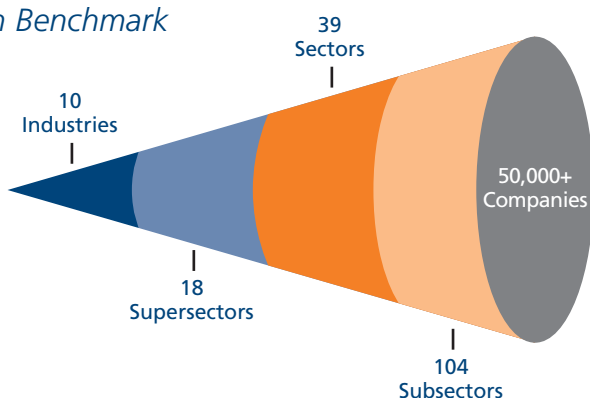
3.1 Structure

The new ICB tier structure has increased from the existing three tiers to four, with the addition of the new Supersector tier. The new tier sits between the Industry tier (previously Economic Group) and the Sector tier and comprises 18 Supersectors.

FTSE Global Classification System



Industry Classification Benchmark



3.2 New ICB Supersectors

The additional tier in the ICB structure comprises 18 new Supersectors. The names of the new Supersectors:

1. Oil & Gas
2. Chemicals
3. Basic Resources
4. Industrial Goods & Services
5. Construction & Materials
6. Automobiles & Parts
7. Food & Beverage
8. Travel & Leisure
9. Personal & Household Goods
10. Health Care
11. Retail
12. Media
13. Telecommunications
14. Utilities
15. Banks
16. Insurance
17. Financial Services
18. Technology

Descriptions of the Supersectors can be found in **Appendix A**.

3.3 ICB Industry Tier – changes from the existing FTSE Economic Group

A number of changes have been made in evolving the existing FTSE Classification System into the new ICB. These are:

- a. Resources is renamed Oil & Gas, and the Mining Sector moves to Basic Materials.
- b. Basic Industries is renamed Basic Materials, and Construction moves to Industrials.
- c. General Industrials is renamed Industrials.
- d. The Consumer Goods Industry is formed by merging Cyclical and Non-Cyclical Consumer Goods.
- e. Health Care becomes a new Industry.
- f. A new Consumer Services Industry is formed by merging Cyclical and Non-Cyclical Consumer Services.
- g. Telecommunications becomes a new Industry.
- h. Information Technology is renamed Technology.

3.4 ICB Sector and Subsector Tiers – changes from the existing FTSE Industry Sector and Industry Sub-sector

3.4.1 New Sectors

- a. Oil Equipment & Services becomes a Sector in the Oil & Gas Industry (previously an Industry Sub-sector).
- b. Fixed Line Telecommunications becomes a Sector in the Telecommunications Industry (previously an Industry Sub-sector).
- c. Mobile Telecommunications becomes a Sector in the Telecommunications Industry (previously an Industry Sub-sector).
- d. Leisure Goods is a new Sector in the Consumer Goods Industry.

3.4.2 Sectors moved into new Industry Groups

- a. Mining moves from Resources to Basic Materials.
- b. Construction & Building Materials is renamed Construction & Materials and moves to Industrial.
- c. Transport is renamed Industrial Transportation (NB Tourist and consumer-related transport companies are moved to the Travel & Leisure Sector in the Consumer Services Industry) and becomes part of the Industrial Industry.
- d. Support Services moves from Cyclical Services to the Industrial Industry.
- e. Both Health, and Pharmaceuticals & Biotechnology, move from Non-Cyclical Consumer Goods to Health Care.

Appendix A – Supersectors

The addition of the Supersectors is the major development in the creation of the ICB. The definitions of the 18 Supersectors are as follows:

Supersector	Description
Oil & Gas	Covers companies engaged in the exploration, production and distribution of oil and gas, and suppliers of equipment and services to the industry.
Chemicals	Encompasses companies that produce and distribute both commodity and finished chemical products.
Basic Resources	Comprises companies involved in the extraction and basic processing of natural resources other than oil and gas, for example coal, metal ore (including the production of basic aluminium, iron and steel products), precious metals and gemstones, and the forestry and paper industry.
Construction & Materials	Includes companies engaged in the construction of buildings and infrastructure, and the producers of materials and services used by this sector.
Industrial Goods & Services	Contains companies involved in the manufacturing industries and companies servicing those companies. Includes engineering, aerospace and defence, containers and packaging companies, electrical equipment manufacturers and commercial transport and support services.
Automobiles & Parts	Covers companies involved in the manufacture of cars, tyres and new or replacement parts. Excludes vehicles used for commercial or recreational purposes.
Food & Beverages	Encompasses those companies involved in the food industry, from crop growing and livestock farming to production and packing. Includes companies manufacturing and distributing beverages, both alcoholic and non-alcoholic, but excludes retailers.
Personal & Household Goods	Companies engaged in the production of durable and non-durable personal and household products, including furnishings, clothing, home electrical goods, recreational and tobacco products.
Health Care	Includes companies involved in the provision of healthcare, pharmaceuticals, medical equipment and medical supplies.
Retail	Comprises companies that retail consumer goods and services including food and drugs.
Media	Companies that produce TV, radio, films, broadcasting and entertainment. These include media agencies and both print and electronic publishing.
Travel & Leisure	Encompasses companies providing leisure services, including hotels, theme parks, restaurants, bars, cinemas and consumer travel services such as airlines and auto rentals.
Telecommunications	Includes providers of fixed-line and mobile telephone services. Excludes manufacturers and suppliers of telecommunications equipment.
Utilities	Covers companies that provide electricity, gas and water services.
Banks	Contains banks whose business is primarily retail.
Insurance	Encompasses companies who offer insurance, life insurance or reinsurance, including brokers or agents.
Financial Services	Comprises companies involved in corporate banking and investment services, including real estate activities.
Technology	Companies providing computer and telecommunications hardware and related equipment and software and related services, including internet access.



THE INDEPENDENT
GLOBAL INDEX COMPANY

Appendix B - Timeline

A detailed indication of the milestones in the ICB implementation project.

	2004		2005			
	Q3	Q4	Q1	Q2	Q3	Q4
ICB IMPLEMENTATION INTO FTSE INDICES						
Client Communication Implementation timetable and ICB Structure Codes and Definitions document distributed	29/07					
New Sector Indices Launched FTSE Supersectors launched on FTSEurofirst 300 Index, FTSEurofirst 300 Eurozone Index and FTSE 350 Index	17/09					
Client Communication – Transition Documentation Month-end transition document detailing index constituents based on ICB begins on a monthly basis until implementation. One time transition document detailing sector level indices based on the new ICB structure and their new index codes.					X	X
Implementation ICB applied to FTSE indices, products and services						31/12
FTSE GLOBAL CLASSIFICATION UNIVERSE CLIENTS TRANSITION TO ICB DATABASE						
ICB Universe Database ICB Database launched This will supersede the current FTSE database product, which will be decommissioned at the end of 2005		X				
Transition Period FTSE Global Classification Universe Clients move to ICB Database			X	X	X	X

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