

# FTSE CSAG TERROR-FREE INDEX SERIES

In partnership with Conflict Securities Advisory Group, Inc. (CSAG) FTSE Group has launched the FTSE CSAG Terror-Free Index Series in response to US investor demand, and driven by recent US legislation. The CSAG screening process for the FTSE CSAG Terror-Free Index Series is specifically designed to exclude those companies that have been determined by CSAG to have active or current, non-humanitarian business ties to Iran, Sudan, Syria or North Korea. The index Series is designed to represent the performance of the largest and most liquid large and mid capitalization companies in the FTSE Global Equity Index Series after the CSAG screening process.

Conflict Securities Advisory Group, Inc. is a Washington DC-based research and consulting firm that specializes in identifying and assessing publicly traded companies that have business activities in or with Iran, North Korea, Sudan, and Syria. CSAG is responsible for identifying companies to be excluded from the constituents of the FTSE CSAG Terror-Free Index Series. Terror-free investing describes an investment philosophy that excludes from portfolio holdings those companies that maintain non-humanitarian business ties to Iran, Sudan, Syria or North Korea.

## FEATURES

- The index series provides a tool to help create and manage portfolios that are free of business ties to countries deemed by the US Securities and Exchange Commission (SEC) as posing 'global security risks'
- The FTSE CSAG Terror-Free All-World ex-US Index consists of all non-US large and mid capitalization companies in the FTSE Global Equity Index Series (GEIS) after the CSAG screening process
- The FTSE CSAG Terror-Free Developed ex-US Index consists of all non-US large and mid capitalization companies from developed countries in the FTSE Global Equity Index Series (GEIS) after the CSAG screening process
- The FTSE CSAG Terror-Free Emerging Index consists of all large and mid capitalization companies from emerging countries in the FTSE Global Equity Index Series (GEIS) after the CSAG screening process
- The indexes are designed for the creation of derivatives, index tracking funds, ETFs and performance benchmarks
- Stocks are free-float weighted to ensure that only the investable opportunity set is included within the index
- Stocks are liquidity screened to ensure that the index is tradable
- Capital and total return versions are available for this index
- The index is calculated in accordance with the Industry Classification Benchmark (ICB), a global standard developed in partnership with Dow Jones Indexes
- The indices are managed according to a transparent and public set of index rules

For more information on CSAG please visit [www.conflictsecurities.com](http://www.conflictsecurities.com)

## FTSE CSAG TERROR-FREE INDEX SERIES SCREENING METHODOLOGY

### UNIVERSE: FTSE GLOBAL EQUITY INDEX SERIES (LARGE & MID CAP STOCKS ONLY)

#### DIRECT CONTROL SCREENING

For a company to be considered to have an active or current tie to a country, it must, at any point over the previous three years: have controlled property or assets located in, have had employees, an office or facilities located in, provided goods or services to, obtained goods or services from, provided credits or loans to, invested in or had equity ties to one or more of Iran, North Korea, Sudan or Syria or any company or person in these countries or for the benefit of specific corporate activity in these countries.

#### INDIRECT CONTROL SCREENING

A company is also screened out of the index series if it owns more than a 25% stake in another company that has business ties to these countries on the rationale that it maintains some control or influence over the behavior of its "subsidiary."

### FTSE CSAG TERROR-FREE INDEX SERIES

### UNIVERSE THEN FILTERED ACCORDING TO EACH INDEX'S REQUIRED REGIONAL REPRESENTATION

#### EXEMPTED ACTIVITIES

A company is not considered to have an active or current tie if it meets the following criteria:

- The company has publicized a policy of not seeking new business in state-sponsors of terrorism countries and has had no active or current tie to a country at any point over the previous year.

A company tie is considered solely humanitarian if it meets the following criteria:

- The company's activities in the country are exclusively pro bono and exclusively involving medical, food-related or strictly relief-oriented products or services;
- The company's activities in the country must be exclusively in support of official or non-profit relief or peace keeping efforts;
- The company's activities are solely with the Government of Southern Sudan;
- The company's activities are solely journalistic

**FTSE CSAG TERROR-FREE ALL-WORLD EX US INDEX: TOP 10 CONSTITUENTS**

Constituent	ICB Code	ICB Supersector	Net Mkt Cap (USDm)	Index Weight (%) FTSE CSAG Terror free All-World ex US Index	FTSE All-World ex US Index
Vodafone Group	6500	Telecommunications	170,332	1.34	0.93
Telefonica	6500	Telecommunications	139,425	1.10	0.76
E.ON	7500	Utilities	124,282	0.98	0.68
OAO Gazprom	0500	Oil & Gas	123,197	0.97	0.67
Novartis (REGD)	4500	Health Care	115,085	0.91	0.63
China Mobile (Red Chip)	6500	Telecommunications	92,627	0.73	0.50
Petrobras PN	0500	Oil & Gas	89,866	0.71	0.49
Daimler AG	3300	Automobiles & Parts	87,182	0.69	0.47
Anglo American	1700	Basic Resources	85,300	0.67	0.46
Suez	7500	Utilities	83,090	0.66	0.45
<b>Totals</b>			<b>1,110,386</b>	<b>8.76</b>	<b>6.05</b>

Source: FTSE Group, data as at Feb 29, 2008.

**FTSE CSAG TERROR-FREE DEVELOPED EX US INDEX: TOP 10 CONSTITUENTS**

Constituent	ICB Code	ICB Supersector	Net Mkt Cap (USDm)	Index Weight (%) FTSE CSAG Terror free Developed ex US Index	FTSE Developed ex US Index
Vodafone Group	6500	Telecommunications	170,332	1.75	1.16
Telefonica	6500	Telecommunications	139,425	1.43	0.95
E.ON	7500	Utilities	124,282	1.28	0.85
Novartis (REGD)	4500	Health Care	115,085	1.18	0.78
China Mobile (Red Chip)	6500	Telecommunications	92,627	0.95	0.63
Daimler AG	3300	Automobiles & Parts	87,182	0.90	0.59
Anglo American	1700	Basic Resources	85,300	0.88	0.58
Suez	7500	Utilities	83,090	0.85	0.57
Royal Bank Of Scotland Group	8300	Banks	77,174	0.79	0.53
Sanofi-Aventis	4500	Health Care	75,177	0.77	0.51
<b>Totals</b>			<b>1,049,674</b>	<b>10.80</b>	<b>7.14</b>

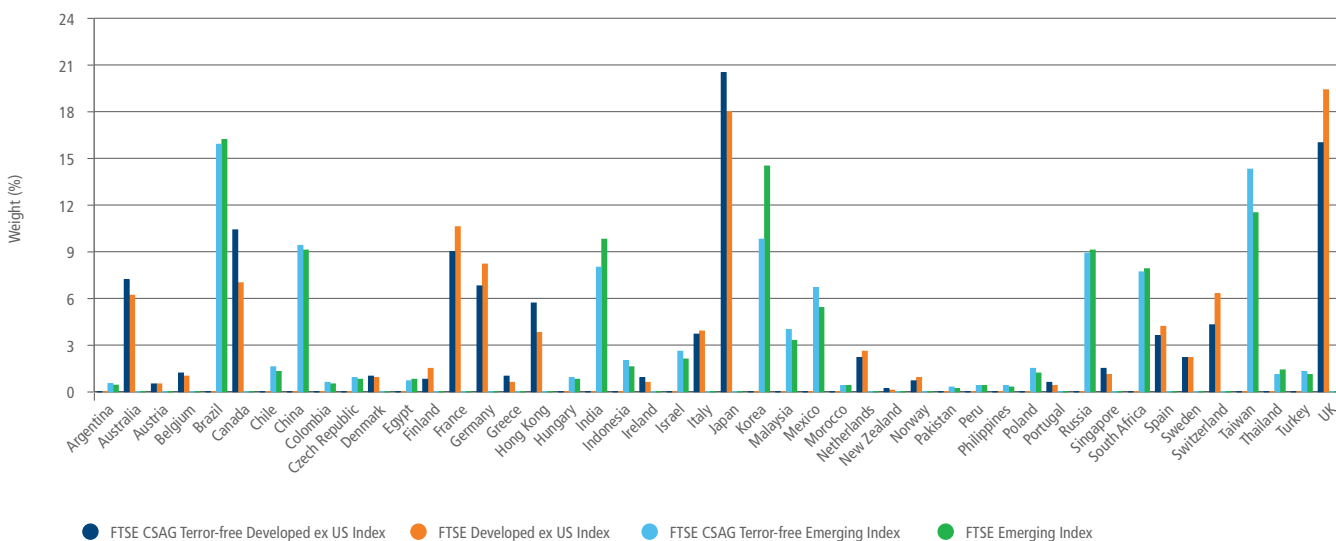
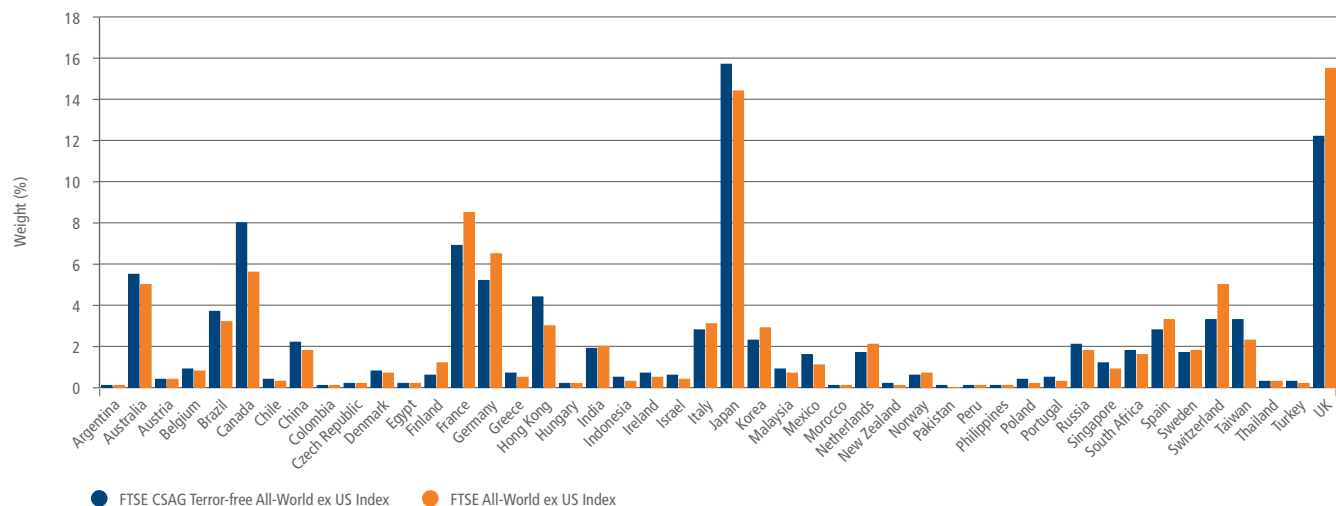
Source: FTSE Group, data as at Feb 29, 2008.

**FTSE CSAG TERROR-FREE EMERGING INDEX: TOP 10 CONSTITUENTS**

Constituent	ICB Code	ICB Supersector	Net Mkt Cap (USDm)	Index Weight (%) FTSE CSAG Terror free Emerging Index	FTSE Emerging Index
OAO Gazprom	0500	Oil & Gas	123,197	4.16	3.35
Petrobras PN	0500	Oil & Gas	89,866	3.03	2.45
Petrobras ON	0500	Oil & Gas	74,763	2.52	2.04
America Movil L	6500	Telecommunications	68,053	2.30	1.85
Taiwan Semiconductor Manufacturing	9500	Technology	52,644	1.78	1.43
Teva Pharmaceutical	4500	Health Care	39,453	1.33	1.07
Hon Hai Precision Industry	9500	Technology	38,255	1.29	1.04
Banco Bradesco PN	8300	Banks	31,102	1.05	0.85
Banco Itau Hldg Finan	8300	Banks	30,302	1.02	0.83
China Life Insurance (H)	8500	Insurance	30,078	1.02	0.82
<b>Totals</b>			<b>577,713</b>	<b>19.50</b>	<b>15.73</b>

Source: FTSE Group, data as at Feb 29, 2008.

## FTSE CSAG TERROR-FREE INDEX SERIES: COUNTRY WEIGHTINGS



## FTSE CSAG TERROR-FREE ALL-WORLD EX US INDEX: ICB SUPERSECTOR WEIGHTINGS

ICB Code	ICB Supersector	FTSE CSAG Terror-free All-World ex US Index			FTSE All-World ex US Index		
		No. of Constituents	Net Mkt Cap (USDbn)	Index Weight (%)	No. of Constituents	Net Mkt Cap (USDbn)	Index Weight (%)
0500	Oil & Gas	56	769	6.06	89	1,892	10.30
1300	Chemicals	82	415	3.27	90	616	3.35
1700	Basic Resources	120	868	6.85	140	1,539	8.38
2300	Construction & Materials	76	283	2.23	93	448	2.44
2700	Industrial Goods & Services	236	945	7.45	293	1,680	9.15
3300	Automobiles & Parts	47	287	2.27	68	641	3.49
3500	Food & Beverage	90	425	3.35	98	750	4.08
3700	Personal & Household Goods	105	614	4.84	116	816	4.44
4500	Health Care	72	555	4.37	77	877	4.77
5300	Retail	103	518	4.09	104	521	2.83
5500	Media	72	305	2.40	72	305	1.66
5700	Travel & Leisure	89	285	2.24	92	308	1.68
6500	Telecommunications	96	1,231	9.71	100	1,273	6.93
7500	Utilities	100	992	7.82	105	1,010	5.50
8300	Banks	213	1,887	14.88	234	2,945	16.04
8500	Insurance	63	747	5.89	65	901	4.91
8700	Financial Services	219	942	7.42	220	948	5.16
9500	Technology	131	615	4.85	136	895	4.87
<b>Totals</b>		<b>1970</b>	<b>12,682</b>	<b>100.00</b>	<b>2,192</b>	<b>18,364</b>	<b>100.00</b>

Source: FTSE Group, data as at Feb 29, 2008.

**FTSE CSAG TERROR-FREE DEVELOPED EX US INDEX: ICB SUPERSECTOR WEIGHTINGS**

ICB Code	ICB Supersector	FTSE CSAG Terror-free Developed ex US Index			FTSE Developed ex US Index		
		No. of Constituents	Net Mkt Cap (USDbn)	Index Weight (%)	No. of Constituents	Net Mkt Cap (USDbn)	Index Weight (%)
0500	Oil & Gas	27	361	3.72	47	1,328	9.04
1300	Chemicals	49	331	3.41	55	488	3.32
1700	Basic Resources	58	541	5.57	67	1,013	6.90
2300	Construction & Materials	43	199	2.05	51	304	2.07
2700	Industrial Goods & Services	153	763	7.85	195	1,425	9.70
3300	Automobiles & Parts	28	257	2.65	44	591	4.02
3500	Food & Beverage	52	330	3.40	60	655	4.46
3700	Personal & Household Goods	66	532	5.48	76	722	4.92
4500	Health Care	52	494	5.08	56	815	5.54
5300	Retail	66	452	4.65	67	454	3.09
5500	Media	60	276	2.84	60	276	1.88
5700	Travel & Leisure	63	246	2.53	66	269	1.83
6500	Telecommunications	41	938	9.65	41	938	6.38
7500	Utilities	55	874	8.99	57	887	6.04
8300	Banks	112	1,378	14.17	130	2,428	16.52
8500	Insurance	49	676	6.96	51	831	5.66
8700	Financial Services	140	737	7.58	141	743	5.06
9500	Technology	60	333	3.42	64	526	3.58
	<b>Totals</b>	<b>1,174</b>	<b>9,719</b>	<b>100.00</b>	<b>1,328</b>	<b>14,692</b>	<b>100.00</b>

Source: FTSE Group, data as at Feb 29, 2008.

**FTSE CSAG TERROR-FREE EMERGING INDEX: ICB SUPERSECTOR WEIGHTINGS**

ICB Code	ICB Supersector	FTSE CSAG Terror-free Emerging Index			FTSE Emerging Index		
		No. of Constituents	Net Mkt Cap (USDbn)	Index Weight (%)	No. of Constituents	Net Mkt Cap (USDbn)	Index Weight (%)
0500	Oil & Gas	29	407	13.75	42	564	15.37
1300	Chemicals	33	83	2.81	35	128	3.48
1700	Basic Resources	62	327	11.03	73	526	14.32
2300	Construction & Materials	33	84	2.84	42	144	3.93
2700	Industrial Goods & Services	83	182	6.14	98	255	6.94
3300	Automobiles & Parts	19	30	1.02	24	50	1.36
3500	Food & Beverage	38	95	3.20	38	95	2.58
3700	Personal & Household Goods	39	82	2.77	40	94	2.55
4500	Health Care	20	61	2.06	21	62	1.69
5300	Retail	37	66	2.23	37	66	1.80
5500	Media	12	29	0.97	12	29	0.78
5700	Travel & Leisure	26	39	1.31	26	39	1.06
6500	Telecommunications	55	293	9.90	59	336	9.14
7500	Utilities	45	118	3.98	48	123	3.36
8300	Banks	101	509	17.18	104	517	14.08
8500	Insurance	14	70	2.37	14	70	1.91
8700	Financial Services	79	205	6.92	79	205	5.58
9500	Technology	71	282	9.53	72	369	10.06
	<b>Totals</b>	<b>796</b>	<b>2,962</b>	<b>100.00</b>	<b>864</b>	<b>3,672</b>	<b>100.00</b>

Source: FTSE Group, data as at Feb 29, 2008.

**FTSE CSAG TERROR-FREE INDEX SERIES: PORTFOLIO CHARACTERISTICS**

	FTSE CSAG Terror Free All World ex-US Index	FTSE CSAG Terror-Free Developed ex-US Index	FTSE CSAG Terror-Free Emerging Index
Number of Constituents	1970	1174	796
Adjusted Market Cap (USDm)	12,681,609	9,719,340	2,962,269
Constituent Sizes (Adjusted Market Cap USDm)			
Average	6,437	8,279	3,721
Largest	170,332	170,332	123,197
Smallest	56	61	56
Median	2,508	3,328	1,578
Weight of Largest Constituent (%)	1.34	1.75	4.16
Top 10 Holdings (% Index Market Cap)	8.76	10.80	19.50

Source: FTSE Group, data as at Feb 29, 2008.

**INFORMATION**
**Index Universe**

FTSE Global Equity Index Series (Large & Mid Cap stocks)

**Index Launch**

31 March 2008

**Base Date**

22 September 2003

**Base Value**

1000

**Investability Screen**

Free float adjusted and liquidity screened

**Index Calculation**

Both real-time and end-of-day indices are available. Real-time indices calculated every 15 seconds

**End-of-Day Distribution**

Indices available at 00.30 GMT or BST via FTP and email

**Currency**

USD (real-time), and USD, Euro, GBP & Yen (end-of-day)

**Review Dates**

Quarterly in accordance with Global Equity Index Series ground rules: March (Asia Pacific ex Japan), June (Latin America, Emerging Europe, and Middle East & Africa), September (Japan & Developed Europe) & October (North America)

**Index Rules**

Available at [www.ftse.com/csag\\_terrorfree](http://www.ftse.com/csag_terrorfree)

**Vendor Codes**

Available at [www.ftse.com/csag\\_terrorfree](http://www.ftse.com/csag_terrorfree)



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BEIJING +86 10 5864 5276 BOSTON +1 888 747 FTSE (3873) FRANKFURT +49 (0) 69 156 85 144 HONG KONG +852 2230 5800

LONDON +44 (0) 20 7866 1810 MADRID +34 91 411 3787 NEW YORK +1 888 747 FTSE (3873)

PARIS +33 (0) 1 53 76 82 88 SAN FRANCISCO +1 888 747 FTSE (3873) SYDNEY +61 2 9293 2866 TOKYO +81 3 3581 2811

