

# FTSE MULTINATIONALS INDEX SERIES

The only index series that allows investors to make a clear distinction between companies exposed to local and global economic factors.

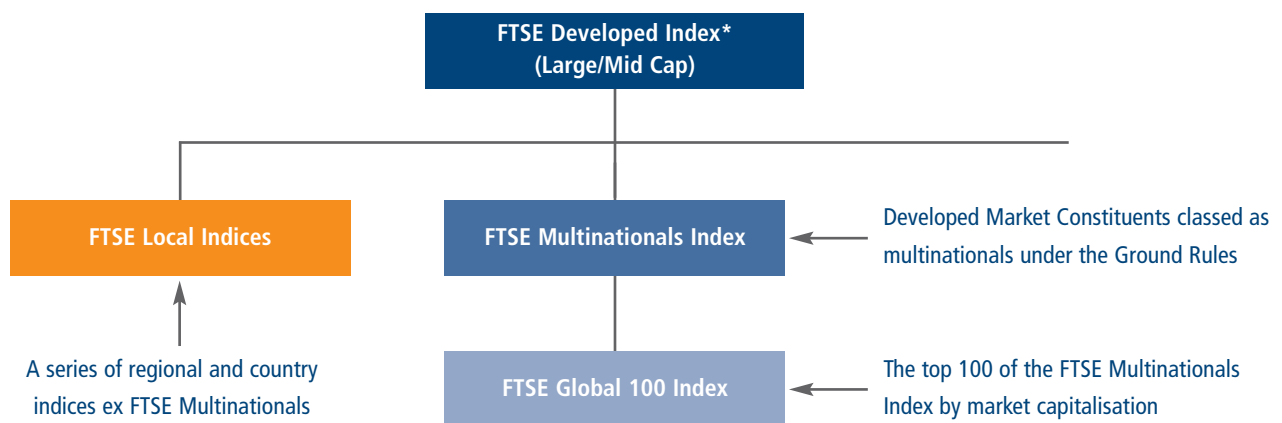
Globalisation of the world economies and the rise of the multinational company have made it harder for investors to manage their assets against country-based equity class definitions. Multinational companies derive significant proportions of their revenues from the global market place, introducing international economic factor influences to the domestic market. With multinationals accounting for differing proportions of countries' economies, it is no longer feasible to expect to receive an investment performance that consistently corresponds with the fortunes of the local economy.

FTSE Multinationals Index Series gives investors the tool to address these challenges and improve their risk control by enabling them to better manage their portfolio's exposure to local versus international economic factors.

FTSE Multinationals Index Series constituents are companies in the FTSE Developed Index (Large/Mid Cap) that derive 30% or more of their revenue from outside of the economic region in which they are incorporated. The remaining stocks form the "Local" Indices.



## FTSE MULTINATIONALS INDEX SERIES



\*Part of the FTSE Global Equity Index Series.

### Features

- The only index series that allows investors to make a clear distinction between companies exposed to local and global economic factors
- Multinationals are defined as companies that derive 30% or more of their revenue from outside of the economic region in which they are incorporated (as determined by the latest published annual report and accounts)
- The remaining stocks have 70% or more of their revenue in their domestic region and are classified as 'ex-Multinationals' and form truly local indices
- FTSE Global 100 Index comprises the top 100 companies of the FTSE Multinationals Index by market cap and is designed to be a tradable index
- All stocks are classified according to the FTSE Global Classification System\* ensuring consistent treatment across all markets and facilitating comparison of companies within sectors and sub-sectors

\*This system will be superseded at the end of 2005 by the Industry Classification Benchmark (ICB), a joint system from FTSE and Dow Jones.

### Construction Methodology

- FTSE All-World Index constituents are allocated to their appropriate region using their existing country classification. The three economic regions are: Americas; Asia/Pacific; Europe/Middle East/Africa.
- Companies which have 70% or more of their sales in their domestic region are classified as a 'Local' company.

As with all FTSE indices, the FTSE Multinational Index Series is free float adjusted according to FTSE's free float policy and governed by specific, unambiguous and widely-published ground rules.

The indices are managed by a committee of independent market practitioners. Objective criteria are used throughout and at all times, when deciding how to treat corporate actions and index changes.

## COUNTRY WEIGHTINGS

% of Investable Mkt Cap			
Country		FTSE Multinationals	Local / FTSE Dev ex Multinationals
Australia	AU	1.9%	2.6%
Austria	OEST	0.0%	0.3%
Belgium	BELG	0.4%	0.6%
Canada	CAN	1.0%	4.2%
Denmark	DEN	0.3%	0.4%
Finland	FIN	0.7%	0.3%
France	FRA	5.3%	3.5%
Germany	GER	3.6%	2.8%
Greece	GRC	0.0%	0.4%
Hong Kong	HK	0.5%	1.8%
Ireland	IRE	0.2%	0.4%
Italy	ITA	0.1%	3.7%
Japan	JA	5.6%	12.2%
Netherlands	NETH	3.9%	0.5%
New Zealand	NZ	0.0%	0.2%
Norway	NOR	0.0%	0.4%
Portugal	PTL	0.0%	0.3%
Singapore	SI	0.1%	0.6%
Spain	SP	1.7%	2.0%
Sweden	SWED	1.2%	1.1%
Switzerland	SWIT	6.0%	0.2%
UK	UK	14.3%	7.0%
USA	USA	53.0%	54.6%

Number of Constituents			
Country	FTSE Multinationals	Local / FTSE Dev ex Multinationals	FTSE Developed
Australia	27	87	114
Austria	0	8	8
Belgium	6	12	18
Canada	16	59	75
Denmark	6	8	14
Finland	3	7	10
France	30	32	62
Germany	26	26	52
Greece	1	11	12
Hong Kong	13	93	106
Ireland	2	6	8
Italy	5	43	48
Japan	64	416	480
Netherlands	14	8	22
New Zealand	2	21	23
Norway	1	7	8
Portugal	1	7	8
Singapore	10	40	50
Spain	6	25	31
Sweden	15	17	32
Switzerland	26	7	33
UK	70	77	147
USA	213	532	745
<b>Total</b>	<b>557</b>	<b>1549</b>	<b>2106</b>

Source: FTSE Group, 31st December 2004

## GROUND RULES AND COMMITTEE

As with all FTSE indices the FTSE Multinationals Index Series is governed by a strict set of transparent ground rules. Copies of all FTSE's Ground Rules are available on the FTSE website ([www.ftse.com](http://www.ftse.com)). An independent committee ensures that the indices are calculated according to the ground rules so they remain impartial, transparent and accurate and evolve to meet market needs.

## INFORMATION

Index Universe	FTSE Developed Index
Investibility Screen	Free float adjusted and liquidity screened
Index Launch	1st October 1999
FTSE Multinationals Index Eligibility	Each security must be a current constituent of the FTSE Developed Index and have more than 30% of its sales outside its domestic region (where it is incorporated). The three domestic regions are: Americas, Asia/Pacific, Europe/Middle East/Africa. Companies which have 70% or more of their sales in their domestic region are excluded from the Multinational Index and allocated to the Local Index Series
Review Dates	The index is reviewed annually in September using data available as at end of June. Any changes to constituents of the FTSE Developed Index are simultaneously made to the constituent (if present) in the FTSE Multinational Index
Daily Index Changes	A constituent's classification as Multinational or Local will be reviewed and adjusted if necessary (inc corporate actions, corporate event shares in issue)
End of Day Distribution	23.30 GMT or BST FTSE Data Delivery System: FTP, HTML, E-Mail
Base Value/Base Date	1000 index points / 30 September 1999
Historical Data	From 1st January 1994
Ground Rules	Ground rules available from <a href="http://www.ftse.com">www.ftse.com</a>

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