



Rules for the Management of the Industry Classification Benchmark (ICB)

Table of Contents

SECTION	PAGE
1. Introduction	1
2. Management Responsibilities	2
3. Classification of Companies	3
4. Classification Guidelines	5
5. Classification Reviews	7
6. Amendments to the ICB Rules	8
7. Appeals against Decisions of the ICB Committee	9

Appendices

1. Procedure for Reclassification Requests	10
2. Contact Details	11

SECTION 1

1.0 INTRODUCTION

- 1.1** This paper sets out the Rules for the Management of the Industry Classification Benchmark (the ICB Rules). Copies of these Rules are available from Dow Jones Indexes and FTSE Group (FTSE) (See Appendix 2 for contact details).

SECTION 2

2.0 MANAGEMENT RESPONSIBILITIES

2.1 Dow Jones Indexes and FTSE

2.1.1 Dow Jones Indexes and FTSE are responsible for maintaining the Industry Classification Benchmark (ICB), and for the line-of-business classification of all companies within ICB.

2.1.2 FTSE will maintain a record of all changes in the classification of companies and is responsible for ensuring the timely publication of all decisions by the ICB Advisory Committee. Staff at Dow Jones Indexes and FTSE are responsible for ensuring that the ICB Rules are followed.

2.1.3 Dow Jones Indexes and FTSE will maintain a schedule of corporate events, which occur between quarterly meetings, that may affect the industrial classification of a company.

2.1.4 FTSE is responsible for supporting the administrative work of the ICB Advisory Committee and for supplying the information on the basis of which the ICB Advisory Committee will review the industrial classification of companies under the ICB Rules.

2.2 ICB Advisory Committee

2.2.1 The ICB Advisory Committee advises Dow Jones Indexes and FTSE on changes to the ICB structure and on the classification of companies where the appropriate classification may be unclear.

2.3 Chairman and Deputy Chairman

2.3.1 The Chairman, Deputy Chairman and members of the ICB Advisory Committee are appointed by Dow Jones Indexes and FTSE. The Chairman, and in his or her absence the Deputy Chairman, will chair meetings of the Committee and will represent the Committee outside meetings.

SECTION 3

3.0 CLASSIFICATION OF COMPANIES

3.1 Objective of the Industry Classification Benchmark

3.1.1 The primary purpose of the Industry Classification Benchmark is to provide a service to investors and other interested persons by grouping companies according to homogeneous Subsectors. Subsectors will be grouped into Sectors in such a way that general industrial and economic themes may be common to all companies in the Sector. The Sectors themselves will be aggregated into Supersectors, which will in turn be aggregated into Industries.

3.2 Structure of the Industry Classification Benchmark

3.2.1 The Industry Classification Benchmark allocates each company to that Subsector whose definition most closely describes the nature of its business. The titles and definitions of all Subsectors of the Industry Classification Benchmark are available from Dow Jones Indexes and FTSE.

3.2.2 The basic source of information used for the classification of a company shall be its audited accounts and directors' report. Where a company carries on two or more classes of business that differ substantially from each other, Dow Jones Indexes and FTSE will base their decision on the accounting segmentation published in the audited accounts and directors' report. Interim statements will not normally be used. Changes in a company's business or structure will be considered under Rule 3.4.1.

3.3 New Listings

3.3.1 The Subsector classification of a newly listed company will be initially determined by Dow Jones Indexes and FTSE.

4 Rules for the Management of the Industry Classification Benchmark

3.3.2 Where Dow Jones Indexes or FTSE cannot determine an appropriate classification for a new listing, or where a company disputes the classification, Dow Jones Indexes or FTSE may at their discretion seek guidance from the Chairman and Deputy Chairman of the ICB Advisory Committee. The Chairman or Deputy Chairman may, if appropriate, convene a special meeting of the ICB Advisory Committee under the ICB Rules to consider the issue.

3.4 Changes to Classification of a company

3.4.1 Where a significant change takes place in a company's structure as a result of a corporate event (such as a merger or demerger), its ICB classification may be reassessed on the basis of financial data formally published by the company. No changes in ICB classification will be made on the basis of promises of action, assertions or aspiration of directors, unless these can be substantiated by audited or independently authenticated formal company statements as defined under Rule 3.2.3.

3.4.2 Any adjustment resulting from a change in a company's classification under Rule 3.4.1 will be implemented at the same time as the corporate event is completed.

3.4.3 A company's classification may also be reviewed by Dow Jones Indexes or FTSE either at their discretion, at the request of the company, or professional advisers acting on its behalf or of any member of the ICB Advisory Committee.

3.4.4 Any adjustment resulting from a change in a company's classification under Rule 3.4.3 will be implemented at the following quarterly review (See Rule 5.1.1).

SECTION 4

4.0 CLASSIFICATION GUIDELINES

4.1 Basis of Decisions

- 4.1.1** Dow Jones Indexes and FTSE will at all times approach decisions affecting the industry classification of companies with reference to these guidelines.

4.2 Allocation of Companies to Subsectors

- 4.2.1** A company will be allocated to that Subsector of the Industry Classification Benchmark whose definition most closely fits the source of revenue or where it constitutes a majority of the revenue. Dow Jones Indexes and FTSE have discretion to classify companies on the basis of either the immediate end use of the product or the industrial process used.
- 4.2.2** Segmental reporting normally discloses revenue before tax, minority interests, extraordinary items and interest earned or incurred. Unless there is audited evidence that any of these items is specifically attributable to a class of business for which a revenue is disclosed, it will be disregarded in assessing the sources of revenue. Where any part of the company's business is to earn interest or incur interest, or interest expenses are central to the business, then such interest shall be taken into account in determining the company's business.
- 4.2.3** A company which has businesses in two or more Subsectors is allocated to that Subsector which provides the largest part of the revenue as indicated by the latest available report and accounts, subject to 4.2.2 above. A company engaged in businesses in three or more Subsectors, but within a specific industry, will normally be classified as General Mining, Diversified Industrials, Multiutilities or Specialty Finance. A company engaged in businesses in three or more Subsectors that are in two or more Industries, will normally be classified as a Diversified Industrial.
- 4.2.4** Dow Jones Indexes and FTSE will seek to maintain stability in the ICB by disregarding what they consider to be temporary fluctuations in the fortunes of individual businesses.

6 Rules for the Management of the Industry Classification Benchmark

4.3 Industry Sectors

4.3.1 Dow Jones Indexes and FTSE will normally seek to avoid the maintenance of Sectors that represent less than 0.5 percent of global market capitalization.

4.3.2 Dow Jones Indexes and FTSE will normally seek to avoid the maintenance of Sectors or Subsectors containing a single company.

4.4 Changes to the Industry Classification Benchmark

4.4.1 Changes to the structure of the Industry Classification Benchmark will be evolutionary. Any changes to the ICB structure (Subsectors, Sectors, Supersectors or Industries) shall take place only on January 1 each year. These changes will be determined by Dow Jones Indexes and FTSE and will be based on long-term trends, rather than what they consider may be temporary fluctuations within individual industries. In general, Dow Jones Indexes and FTSE will endeavor to make no more than one Sector-level change per year.

SECTION 5

5.0 INDUSTRY CLASSIFICATION REVIEWS

5.1 Review Dates

- 5.1.1** The ICB Advisory Committee will meet quarterly to advise Dow Jones Indexes and FTSE upon all issues concerning the ICB structure or company classifications that are referred to it by Dow Jones Indexes and FTSE according to the ICB rules. The quarterly meetings will normally be held in New York, in the month preceding the month in which a new quarter begins i.e. in February, May, August and November.

5.2 Announcement and Implementation of Decisions

- 5.2.1** All decisions made by Dow Jones Indexes and FTSE following meetings of the ICB Advisory Committee shall be announced as soon as is practicable after the meeting at which they are taken.
- 5.2.2** Periodic changes to the industry classification of a company agreed and announced following meetings of the ICB Advisory Committee will normally be implemented on the next trading day following the third Friday in March, June, September and December.

SECTION 6

6.0 AMENDMENTS TO THE INDUSTRY CLASSIFICATION BENCHMARK RULES

- 6.1** Changes and exceptions to the Industry Classification Benchmark Rules can be authorized only by Dow Jones Indexes and FTSE. In the event that Dow Jones Indexes or FTSE consider that an exception should be made to any of the Industry Classification Benchmark Rules, they may seek the guidance of the Chairman or Deputy Chairman of the ICB Advisory Committee, who will normally put the matter to the Committee for discussion. If, however, the matter is urgent, Dow Jones Indexes and FTSE are empowered to authorize an exception but will subsequently refer the matter to a meeting of the ICB Advisory Committee. Where an exception is granted to the Industry Classification Benchmark Rules under this Rule, it shall not be deemed to create a precedent for future decisions.

SECTION 7

7.0 APPEALS AGAINST DECISIONS OF THE ICB ADVISORY COMMITTEE

7.1 A company (or professional adviser acting on behalf of the company) may appeal against its classification on two grounds:

(a) that Dow Jones Indexes, FTSE or the ICB Advisory Committee acted outside the Industry Classification Benchmark Rules; or

(b) that the Dow Jones Indexes, FTSE or the ICB Advisory Committee, when reaching their decision, failed to take into consideration a substantial and material fact of relevance or took into consideration an irrelevant fact.

7.2 Appeals must be made in writing to Dow Jones Indexes or FTSE.

7.3 Appeals will be heard by Dow Jones Indexes and FTSE, who may at their discretion request advice from the ICB Advisory Committee. Appeal decisions are final.

APPENDIX 1

PROCEDURE FOR RECLASSIFICATION REQUESTS

1.0 REQUESTS FROM COMPANIES TO BE RECLASSIFIED

- 1.1** Dow Jones Indexes and FTSE will review all such cases. Where either Dow Jones Indexes or FTSE believes a company should be reclassified, the change(s) would be implemented at the following review.
- 1.2** Where Dow Jones Indexes or FTSE disagrees with the company's request for reclassification, they may at their discretion refer the classification of the company to the next meeting of the ICB Advisory Committee.
- 1.3** Companies (or their professional advisors) may request that their classification is reviewed. Requests should be made in writing (letter, fax, e-mail) to one or both of the following:

**ICB Administrator
Dow Jones Indexes**

P.O. Box 300
Princeton, NJ
08852

+1 609 520 7799
+1 609 520 7030 (fax)
icb@dowjones.com

**FTSE Committee Secretary
FTSE**

St Alphage House
2 Fore Street
London
EC2Y 5DA

+44 (0)20 7448 1810
+44 (0)20 7448 1804 (fax)
icb@ftse.com

- 1.4** Companies should include a breakdown of their revenue by business activity based on publicly available information.

2.0 Corporate Actions and Reclassification Requests from Committee Members

- 2.1** Dow Jones Indexes and FTSE will monitor all corporate actions and corporate activity of index constituents. They will consider and review whether any change of classification is appropriate due to corporate activity, or if requested to do so by any Committee member. The matter will then be dealt with as described in 1.0 above.

APPENDIX 2

CONTACT DETAILS

Further information on the Industry Classification Benchmark is available from Dow Jones Indexes and FTSE at www.icbenchmark.com. We also welcome comments on these Rules and on ICB.

Inquiries should be addressed to Dow Jones Indexes or FTSE Client Services at:

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