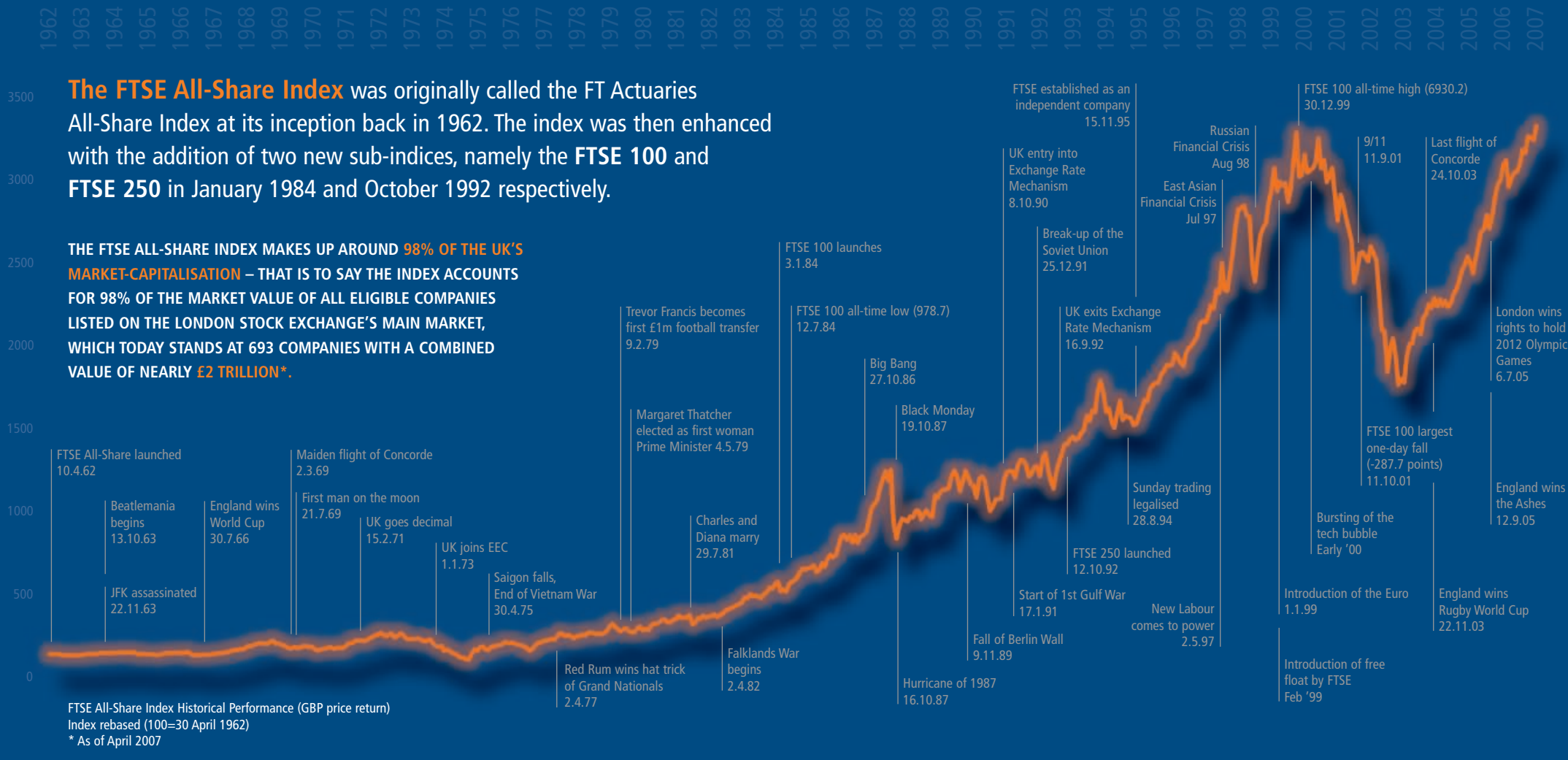


THE FTSE ALL-SHARE INDEX



THE BEST PERFORMANCE MEASURE
OF THE LONDON EQUITY MARKET
SINCE 1962





Performance & Investment

The FTSE All-Share Index is considered to be the best performance measure of the overall London equity market with the vast majority of UK-focused money invested in funds which track it. The FTSE All-Share Index also accounts for 11.58% of the world's equity market capitalisation†. The index is suitable as the basis for investment products, such as funds and exchange-traded funds (ETFs).

† based on the FTSE All-World Index as at April 2007

Calculating Index Values

The level of the FTSE All-Share Index is arrived at by a series of calculations using the total free float-adjusted market capitalisation of the companies, and the index value, which produces the single figure you see quoted daily. Because the total free float-adjusted market capitalisation is affected by the share price of the companies, this means that as the share price of companies in the FTSE All-Share change throughout the day, so the index value changes. When the FTSE All-Share is "up" or "down" the change is being quoted from the previous day's close.

Qualifying for the FTSE All-Share Index

First of all each company is weighted using two components – number of shares-in-issue and the share price. These two figures are multiplied together to give the 'Market Capitalisation' of each company (i.e. what the company is worth on the Stock Market). After this a third component is brought into the equation, the free float factor. The free float represents how many of the shares are available for trading and ignores those shares owned by restricted shareholders, e.g. family owners who are unlikely to trade them.

Reviewing the FTSE All-Share Index

The FTSE All-Share Index is managed according to a transparent and public set of index rules, and overseen by an independent committee of leading market professionals. The committee ensures that the rules are correctly applied and adhered to. Regular index reviews are conducted to ensure that a continuous and accurate representation of the market is maintained.



USING FTSE INDICES

FTSE indices are used extensively by investors worldwide for investment analysis, performance measurement, asset allocation, derivatives, and for creating a wide range of index tracking funds. Investors may be institutions (insurance companies or pension funds) or private (retail) investors – the latter most commonly via collective investment schemes such as mutual or tracker funds.

A collective investment scheme is an arrangement that enables a large number of investors to pool their assets and have these professionally managed by a fund manager. This is best illustrated by retail investors' monthly contributions to ISAs, tracker funds and pensions. Index tracker funds are a good example of an investment strategy called passive management, in which

the fund manager makes as few portfolio decisions as possible in order to minimise costs while replicating the characteristics of a particular index, e.g. the FTSE 100 Index or the FTSE All-Share Index. As such, a FTSE 100 tracker fund is a portfolio designed to replicate the returns of the FTSE 100 Index.

Institutional investors such as pension funds use indices to facilitate their investment and portfolio strategies to generate sufficient returns to fund their members' retirement plans. In this instance, fund managers will attempt to 'beat' a given index via the techniques of stock selection and market timing to achieve excess returns for their investors. Pension funds will also use this active strategy to measure how well the fund managers are performing.

FTSE ALL-SHARE INDEX 10-YEAR PERFORMANCE (GBP TOTAL RETURN)



Source: FTSE Group, data as at 30 March 2007

The FTSE All-Share Index forms part of a larger index series called the FTSE UK Index Series. In turn, the FTSE All-Share Index can be broken down into a smaller family of indices which cover all large, medium and small-sized companies that are listed on the London Stock Exchange's main market.

- **FTSE 100 Index:** Comprises the largest 100 companies in the FTSE All-Share Index
- **FTSE 250 Index:** Comprises the next largest 250 (Mid-Cap) companies in the FTSE All-Share Index
- **FTSE 350 Index:** Comprises the companies in the FTSE 100 Index and FTSE 250 Index
- **FTSE SmallCap Index:** Comprises the companies within the FTSE All-Share Index which are not large enough to be constituents of the FTSE 350 Index

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