

Methodology

Index Universe

Eligible for the Dow Jones Transportation and Utility Averages are U.S.-listed stocks of companies whose primary line of business is transportation or utilities. Eligible for the Dow Jones Industrial Average are U.S.-listed stocks of companies that produce other (non-transportation and non-utility) goods and services. The definition of industrial is kept intentionally broad to provide an indicator that reflects the performance of the entire U.S. economy.

Stock Selection

The Dow Jones Industrial, Transportation and Utility Averages are maintained by editors of The Wall Street Journal. While the stock selection process is somewhat subjective, a stock typically is added only if the company has an excellent reputation, demonstrates sustained growth, is of interest to a large number of investors and accurately represents the market sectors covered by the average.

Calculation

When the averages were initially created, their values were calculated by simply adding up the component stock prices and dividing by the number of components. Today, the divisor of each average is adjusted to smooth out the effects of stock splits and other composition changes.

Review Frequency

Unlike other Dow Jones indexes, which are reconstituted according to a fixed review schedule, the Dow Jones Averages are reviewed on an as-needed basis. For the sake of continuity, composition changes are rare, and generally occur following corporate acquisitions or other dramatic shifts in a component company's core business. When such an event necessitates that one component be replaced, the entire index is reviewed. As a result, several component changes are often implemented simultaneously.

Weighting

The Dow Jones averages are unique in that they are price weighted; therefore their component weightings are affected only by changes in the stocks' prices. In contrast, other Dow Jones indexes are market-capitalization weighted, meaning their component weightings are affected by both price changes and changes in the number of shares outstanding.

For more information on the Dow Jones AveragesSM, email djindexsupport@dowjones.com or call 609.520.7249. Learn more at www.djindexes.com.