

Dow Jones U.S. IndexesSM: Sector and Industry Indexes

Methodology

Introduction

The sector and industry indexes are Dow Jones Indexes-defined subsets of the Dow Jones U.S. IndexSM.

Index Universe

The index universe is defined as all stocks traded on the major U.S. stock exchanges, minus any noncommon issues and illiquid stocks.

Stock Selection

The initial stock selection was conducted as follows:

- 1 The index universe was sorted by float-adjusted market capitalization.
- 2 Size category definitions were established as follows:
 - The sum of the December 1998 market capitalizations of stocks above the 70th percentile was established as the cut-off for large-caps.
 - The sum of the December 1998 market capitalizations of stocks above the 90th percentile was established as the cut-off for mid-caps.
- 3 Stocks in the top 95% of the index universe by December 1998 market capitalization were selected as components of the Dow Jones U.S. IndexSM, skipping stocks that fell within the bottom 1% of the universe by market capitalization and within the bottom .01% of the universe by turnover.
- 4 The components of the Dow Jones U.S. IndexSM were re-ranked by full market capitalization.
- 5 Stocks were categorized into size classes as follows based on stocks' float-adjusted market values:
 - Stocks falling above the large-cap cut-off established in step 2 were designated as large-caps.
 - Stocks falling below the large-cap cut-off but above the mid-cap cut-off established in step 2 were designated as mid-caps.
 - Remaining stocks were designated as small-caps.
- 6 The sector and industry indexes were constructed by categorizing the component stocks of the Dow Jones U.S. IndexSM into the 10 Industries, 19 Supersectors, 41 Sectors and 114 Subsectors as defined by a proprietary classification system used by Dow Jones Indexes. A separate index is maintained for each group at each of the four levels. Companies are classified into Subsectors, the most specific level of classification, based on their primary source of revenue. The Subsectors are rolled up into Sectors, which in turn are rolled up into Supersectors and finally into Industries, the broadest level of classification.

Subsequent selections are conducted as follows:

- 1 The universe is ranked by float-adjusted market capitalization, and size categories are established as described in step 2 of the initial stock selection.
- 2 New large-cap and mid-cap companies (IPOs) are assigned to the large-cap and mid-cap indexes based on full market capitalization (above the 70th percentile large-cap, above the 90th percentile mid-cap).
- 3 Current large-cap components that rank above the 75th percentile when sorted by full market capitalization are retained in the large-cap index; current mid-cap components that rank between the 67.5th and 92.5th percentiles when sorted by full market capitalization are retained in the mid-cap index.

- 4 Current mid-cap or small-cap components that rank above the 67.5th percentile when sorted by full market capitalization are reclassified into the large-cap index; current small-cap components that rank above 85th percentile when sorted by full market capitalization are reclassified into the mid-cap index.
- 5 Remaining companies are re-sorted based on full market capitalization and average quarterly turnover. Stocks are added to the small-cap index until 93% of the total universe is represented.
- 6 Remaining components and noncomponents that fall within the bottom 1% of stocks by float-adjusted market capitalization or within the bottom .01% of stocks by turnover are excluded from further selection.
- 7 Beginning with the components list, and continuing with the noncomponents list if necessary, companies are added to the small-cap index until total universe coverage reaches 95%.
- 8 The sector and industry indexes are constructed by categorizing the component stocks of the Dow Jones U.S. IndexSM into the 10 Industries, 19 Supersectors, 41 Sectors and 114 Subsectors as defined by a proprietary classification system used by Dow Jones Indexes. A separate index is maintained for each group at each of the four levels. Companies are classified into Subsectors, the most specific level of classification, based on their primary source of revenue. The Subsectors are rolled up into Sectors, which in turn are rolled up into Supersectors and finally into Industries, the broadest level of classification.

Review Frequency

The indexes are reviewed quarterly, in March, June, September and December. Index composition and weighting adjustments are also made on an ongoing basis as needed to account for extraordinary events such as delistings, bankruptcies, mergers or takeovers.

Weighting

The sector and industry indexes are weighted by float-adjusted market capitalization.

Data Availability

Calculation of the indexes began on February 14, 2000. Real index history is available daily from this date forward. Back-tested historical data have been calculated daily back to December 31, 1991, the date at which each index's base value is set at 100.

Estimated back-tested historical data represents calculations of how the index might have performed in the past if it had existed. Back-tested performance information is purely hypothetical and is solely for informational purposes. Back-tested performance does not represent actual performance, and should not be interpreted as an indication of actual performance. Past performance is not indicative of future results. Index performance is not the same as fund performance as it does not reflect management and other fees.

For more information on the **Dow Jones U.S. IndexesSM**, email djindexsupport@djindexes.com or call U.S. +1.609.520.7249; Asia +86.10.5737.2634; Europe +49.69.29.725.180. Learn more at www.djindexes.com.

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