

Dow Jones U.S. Select Aerospace & Defense IndexSM

Methodology

Introduction

The Dow Jones U.S. Select Aerospace & Defense IndexSM is part of the Dow Jones U.S. Select Sector IndexSM family, which measures precise, and typically narrowly-defined, sectors of the U.S. stock market. To be included in the indexes, stocks must meet minimum size requirements based on market capitalization. Component weights are capped for diversification.

The Dow Jones U.S. Select Aerospace & Defense IndexSM measures manufacturers, assemblers and distributors of aircraft and aircraft parts primarily used in commercial or private air transport and producers of components and equipment for the defense industry, including military aircraft, radar equipment and weapons (ICB Subsectors 2717, 2713).

Index Universe

The universe for the index includes all common stocks of companies in the Dow Jones U.S. Broad Stock Market IndexSM that are categorized into the corresponding sector, based on Industry Classification Benchmark (ICB) definitions. Limited Partnerships are not eligible for index membership.

Stock Selection

On the last business day of the month prior to the quarterly review, a company must have float-adjusted market capitalization of \$500 million or more to enter the index. If a company is already a component of the index, its float-adjusted market capitalization must meet minimum eligibility and liquidity requirements to remain in the index.

Review Frequency

Reviews are conducted quarterly on the Monday following the third Friday in March, June, September and December. For back-tested data prior to the index introduction date, reviews were conducted on the first day of the month in January, April, July and October.

Weighting

The index is weighted by float-adjusted market capitalization, subject to the following adjustments, which are made after the close of trading on the second Friday of March, June, September, and December.

- The weight of any individual security is restricted to 25%.
- The aggregate weight of individual securities with weights of 5% or more is restricted to 45%.
- The aggregate weight of the five largest companies in the index is restricted to 65%.

Historical Data Availability

Calculation of the Dow Jones U.S. Select Aerospace & Defense IndexSM began on April 28, 2006. 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 the index base value is set at 1000.

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. Select Aerospace & Defense IndexSM,
email djindexsupport@dowjones.com or call 609.520.7249. Learn more at www.djindexes.com.

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