

**S&P Dow Jones
Indices**

A Division of **S&P Global**

S&P U.S. Corporate Bond Indices II *Methodology*

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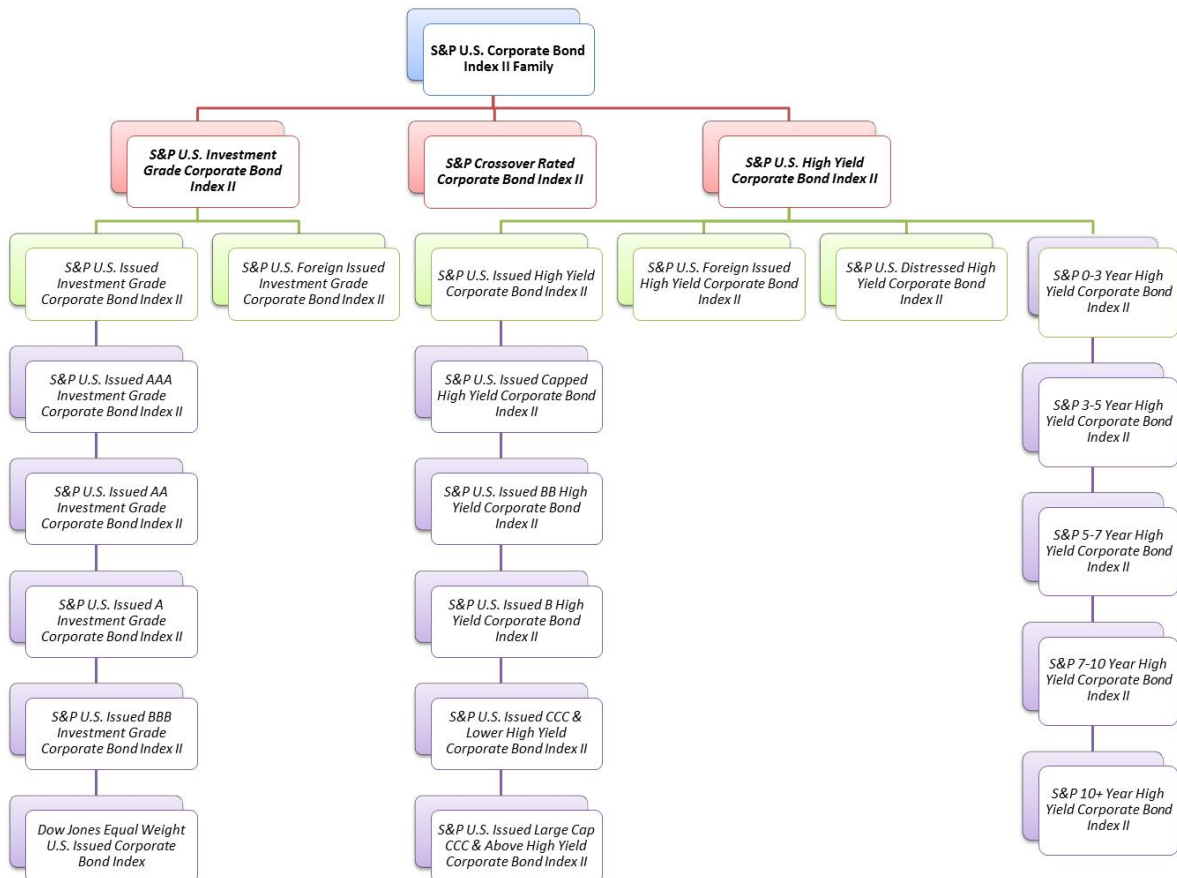
Introduction

The S&P U.S. Corporate Bond Index II Family is comprised of a universe of corporate bonds issued by U.S. and foreign domiciled corporations denominated in U.S. dollars. The indices cover eligible securities across the ratings spectrum and are designed to measure U.S. dollar-denominated corporate bond market performance.

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Index Family

The structure of the S&P U.S. Corporate Bond Index II Family currently consists of:



Eligibility Criteria

Eligibility Factors

U.S. SEC Registered and 144a securities, with or without registration rights, qualify for inclusion in the Index. Original issue zero coupon bonds and pay-in-kind securities, including toggle notes, bonds that are callable/puttable, and bonds with sinking funds also qualify for inclusion. Step-up coupons and those that change according to a predetermined schedule are also included. Capital securities with coupons that convert from fixed- to floating-rate are index eligible, given that they are currently fixed-rate; the maturity date then equals the conversion date.

Callable perpetual securities qualify. Fixed-to-floating rate securities also qualify. Warrant-bearing, convertible, preferred, DRD-eligible (Dividend Received Deduction), Qualified Dividend Income (QDI) eligible securities, structured or linked notes and defaulted securities are excluded from the index

Country. The parent investment grade and high yield indices contain U.S. and foreign issued corporate securities. The country of incorporation of the issuer must be the U.S. for the U.S. issued index series. The country of incorporation of the issuer must be non-U.S. for the foreign issued index series.

Currency. Securities must be issued in U.S. dollars.

Maturity. Each bond must have a maturity greater than one month from the rebalancing date. No bonds mature in the index. Maturity sub-sectors are defined by the constraints.

Ratings. Ratings criteria are as follows:

- **New Issues.** New issues must be rated by at least one rating agency to be considered at the next rebalancing.
- **Non-rated and Defaulted Bonds.** Bonds that are not rated are removed at the first rebalancing. Defaulted bonds are removed at the first rebalancing.
- **Investment Grade.** The minimum credit rating for inclusion in investment grade indices is BBB-/Baa3/BBB-. For an issue rated by S&P, Moody's, and Fitch, the lowest of the three ratings is used as the issue's credit rating. When there are two ratings, the lower of the two ratings must be considered investment grade. When there is only one rating, that rating must be considered investment grade.
- **High Yield.** The maximum credit rating for inclusion in high yield indices is BB+/Ba1/BB+. For an issue rated by S&P, Moody's, and Fitch, the lowest of the three ratings is used as the issue's credit rating. When there are two ratings, the lower of the two is considered. When there is only one rating, that rating must be considered below investment grade.
- **Crossover.** For inclusion in the S&P Crossover Rated Corporate Bond Index II, a bond's credit rating must fall on or between BB-/Ba3/BB- and BBB+/Baa1/ BBB+. For an issue rated by S&P, Moody's, and Fitch, the lowest of the three ratings is used as the issue's credit rating. When there are two ratings, the lower of the two ratings must fall on or within the range. When there is only one rating, that rating is considered.

For ratings based sub-indices, the above rules are applied to the appropriate ratings band.

Coupon Type. Bonds must have a fixed coupon schedule.

Debt Seniority. Senior and subordinated bonds are included. Covered bonds and equipment trust certificates are excluded.

Bond Type. The following corporate structures are included: debentures, MTN, zero coupon bonds, corporate PIK bonds, and corporate insured bank notes are eligible. Capital securities (hybrid capital) are eligible during their fixed-rate term and exit the index one month prior to their conversion to floating-coupon securities. Convertible bonds are excluded. Perpetual bonds are included. Fixed-to-Float bonds must have a fixed rate period greater than or equal to one-month as of the rebalancing date to be considered.

The following structures are excluded: Government bonds, convertible securities, Reg S bonds, linked bonds, defaulted bonds, bills, CDs, equipment trust certificates, loan certificates, equity-backed bonds, private placement bonds not governed by 144a, and floating rate notes.

Optionality. Callable/Puttable bonds are included.

Size. For investment grade bonds, a minimum par of US\$ 250 million at each rebalancing is required. For high yield bonds, a minimum par of US\$ 100 million at each rebalancing is required. For the S&P U.S. Issued Large Cap CCC & Above High Yield Corporate Bond Index II and Dow Jones Equal Weight U.S. Issued Corporate Bond Index, a minimum par of US\$ 500 million at each rebalancing is required.

Pricing. Daily pricing is provided by Interactive Data Corporation (IDC).

Sub-Index Rules

S&P U.S. Investment Grade Corporate Bond Index II Sub-Indices

The following are sub-indices of the S&P U.S. Investment Grade Corporate Bond Index II. They are market value-weighted indices, subject to the constraints detailed in the table below:

Index	Constraint
S&P U.S. Issued Investment Grade Corporate Bond Index II	The lowest credit rating for index inclusion must be BBB-/Baa3/BBB-.
S&P U.S. Issued AAA Investment Grade Corporate Bond Index II	The lowest credit rating for index inclusion must be AAA/Aaa/AAA.
S&P U.S. Issued AA Investment Grade Corporate Bond Index II	The lowest credit rating for index inclusion must fall on or between AA+/Aa1/AA+ and AA-/Aa3/AA-.
S&P U.S. Issued A Investment Grade Corporate Bond Index II	The lowest credit rating for index inclusion must fall on or between A+/A1/A+ and A-/A3/A-.
S&P U.S. Issued BBB Investment Grade Corporate Bond Index II	The lowest credit rating for index inclusion must fall on or between BBB+/Baa1/BBB+ and BBB-/Baa3/BBB-.
S&P U.S. Foreign Issued Investment Grade Corporate Bond Index II	The lowest credit rating for index inclusion must be BBB-/Baa3/BBB-.

Dow Jones Equal Weight U.S. Issued Corporate Bond Index. This is a sub-index of the S&P U.S. Issued Investment Grade Corporate Bond Index II. It is an equal-weighted index comprised of 96 bonds from three different industries: Industrial (48 Bonds), Financial (36 Bonds) and Utility (12 Bonds). An issuer may have up to four bonds in the index, but no more than one in each maturity cell.

In order to enter a maturity cell, a bond's remaining time to maturity must be at least six months longer than the minimum maturity horizon for that cell. A bond already in a cell may remain until the end of the month prior to the month its maturity would fall below the index's minimum.

The index is also subject to the following applicable rules:

- **Rating.** Only ratings issued by S&P and Moody's are considered. A bond must retain its investment grade rating to remain in the index.
- **Coupon.** Only fixed rate bonds are considered. Zero coupon bonds are excluded.
- **Optionality.** Callable/Puttable bonds are excluded. Bonds with make-whole calls are included.
- **Market of Issue.** Securities must be publicly issued in the U.S. SEC registered markets. 144a securities are excluded.
- **Maturity Cell.** Each maturity cell has a total of 24 eligible bonds.

Maturity Cell	Maturity in Years
2	between 1.5 - 3.49
5	between 3.5 - 7.49
10	between 7.5 - 17.49
30	at least 17.5

- **Industry Sector.** Each maturity cell is further broken down by industry sector according to the following chart.

Sector	Maturity Cell 2 # of bonds	Maturity Cell 5 # of bonds	Maturity Cell 10 # bonds	Maturity Cell 30 # of bonds
Industrial	12	12	12	12
Financial	9	9	9	9
Utility	3	3	3	3

- **Construction.** To limit turnover, the number of index composition changes in a given month is limited to nine (the “turnover rule”). All new additions will remain in the index for at least three months, as long as the minimum outstanding amount and investment grade criteria are met (“the three month index inclusion rule”). Bonds removed from the index are not eligible for readmission into the index for at least three months.
 - Newly issued eligible bonds that do not have liquidity data are added to the index. If the bond is from an issuer already included in the index, it replaces the issuer’s existing index bond. If the bond is from an issuer not already included in the index, it replaces any bond that no longer meets the eligibility criteria for the respective maturity cell and industry sector or, if all existing index bonds remain eligible, it replaces the least liquid bond in the respective maturity cell and industry sector.
 - A newly issued bond that has liquidity data and is from an issuer already included in the index replaces the issuer’s existing index bond if its liquidity is greater than the existing index bond.
 - Index eligible newly issue bonds without liquidity data are added to the index regardless of liquidity or turnover.
 - A newly issued eligible bond with liquidity data is added to the index so long as the turnover rule is not violated and it satisfies the following criteria:
 - Is not already in the index.
 - Has a dated date before the 15th of the current month.
 - Is not a 144a security.
 - Has a dated date within the last three months.
 - Has a par amount outstanding (AMTO) larger than the smallest par amount outstanding of all other bonds within the sector bucket the security would enter.
 - Has an AMTO larger than a security from the same issuer within the sector bucket the security would enter.
 - Is non-callable.
 - Has the U.S. as its Country of Risk.
 - Has the most recent dated date of any bond from the same issuer within the sector bucket the security would enter.
 - If there is a new bond with liquidity data eligible to enter, but no eligible deletions due to the three month index inclusion rule, the new bond is not added to the index.
- Liquidity is measured by the average of the one and three month average volumes.

S&P U.S. High Yield Corporate Bond Index II Sub-Indices

The following are sub-indices of the S&P U.S. High Yield Corporate Bond Index II. They are market value-weighted indices, subject to the constraints detailed in the table below:

Index	Constraint
S&P U.S. Issued High Yield Corporate Bond Index II	The lowest credit rating for index inclusion must be C/Ca/C.
S&P U.S. Issued BB High Yield Corporate Bond Index II	The lowest credit rating for index inclusion must fall on or between BB+/Ba1/BB+ and BB-/Ba3/BB-.
S&P U.S. Issued B High Yield Corporate Bond Index II	The lowest credit rating for index inclusion must fall on or between B+/B1/B+ and B-/B3/B-.
S&P U.S. Issued CCC & Lower High Yield Corporate Bond Index II	The lowest credit rating for index inclusion must fall on or between CCC+/Caa1/CCC+ and C/Ca/C.
S&P U.S. Issued Large Cap CCC & Above High Yield Corporate Bond Index II	The lowest credit rating for index inclusion must be CCC/Caa2/CCC.

Index	Constraint
S&P U.S. Foreign Issued High Yield Corporate Bond Index II	The lowest credit rating for index inclusion must be C/Ca/C.
S&P 0-3 Year High Yield Corporate Bond Index II	For index inclusion, bonds must have a maturity less than or equal to three years from the rebalancing date.
S&P 3-5 Year High Yield Corporate Bond Index II	For index inclusion, bonds must have a maturity greater than three years, but less than or equal to five years from the rebalancing date.
S&P 5-7 Year High Yield Corporate Bond Index II	For index inclusion, bonds must have a maturity greater than five years, but less than or equal to seven years from the rebalancing date.
S&P 7-10 Year High Yield Corporate Bond Index II	For index inclusion, bonds must have a maturity greater than seven years, but less than or equal to 10 years from the rebalancing date.
S&P 10+ Year High Yield Corporate Bond Index II	For index inclusion, bonds must have a maturity greater than 10 years from the rebalancing date.
S&P U.S. Distressed High Yield Corporate Bond Index II	For index inclusion, eligible bonds must have an Option Adjusted Spread (OAS) greater than or equal to 1,000 basis points.

S&P U.S. Issued Capped High Yield Corporate Bond Index II. This is the S&P U.S. Issued High Yield Corporate Bond Index II with an issuer cap exposure of 2%. The grouping of bonds by issuer is determined by Interactive Data Corporation's Business Entity Service. The same rating rules as detailed above for the S&P U.S. Issued High Yield Corporate Bond Index II apply.

- Capping Rules.** The index has the same constituents as the S&P U.S. Issued High Yield Corporate Bond Index II, with no one issuer having a weight greater than 2% of the index. During the monthly rebalancing process, total weight by issuer is calculated and if any issuer has a weight greater than 2% of the index, that excess weight is distributed pro-rata to the remaining constituents in the index. If this results in any issuer now having a weight over 2% that previously did not, the process is repeated. This occurs until no issuer has a weight greater than 2%. While maintaining the weight, excess weights are redistributed.

S&P Crossover Rated Corporate Bond Index II

The index is a market value-weighted index that straddles the investment grade/high yield cutoff. The index is formed from constituents of both the S&P U.S. Investment Grade Corporate Bond Index II and S&P U.S. High Yield Corporate Bond Index II. For index inclusion, a bond's credit rating must fall on or between BB-/Ba3/BB- and BBB+/Baa1/ BBB+.

Index Construction

Index Calculations

The indices are weighted by market value.

The total return is calculated by aggregating the interest return, reflecting the return due to paid and accrued interest, and price return, reflecting the gains or losses due to changes in the end-of-day price and principal repayments.

For further details regarding index calculations please refer to S&P Dow Jones Indices' Fixed Income Index Mathematics Methodology available on our Web site, www.spdji.com.

Dow Jones Equal Weight U.S. Issued Corporate Bond Index. The index is equal-weighted. The total return is the sum of price return and interest return. Weights are reset to equal weighting with each monthly rebalancing.

For further details regarding index calculations please refer to the Appendix I.

Index Maintenance

Rebalancing

The indices are reviewed and rebalanced on a monthly basis. The Index Committee, nevertheless, reserves the right to make adjustments to the indices at any time that it believes appropriate.

Additions, deletions and other changes to the indices arising from the monthly rebalancing are published no earlier than three business days prior to the last business day of the month.

Changes are effective after the close on the last business day of the month (the rebalancing date).

The index committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

Base Dates and History Availability

Index history availability, base dates and base values are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P U.S. Investment Grade Corporate Bond Index II	05/01/2014	01/02/2014	12/31/2013	100
S&P U.S. Issued Investment Grade Corporate Bond Index II	04/09/2013	04/01/2002	12/31/2012	100
S&P U.S. Issued AAA Investment Grade Corporate Bond Index II	07/15/2013	12/31/2012	12/31/2012	100
S&P U.S. Issued AA Investment Grade Corporate Bond Index II	07/15/2013	12/31/2012	12/31/2012	100
S&P U.S. Issued A Investment Grade Corporate Bond Index II	07/15/2013	12/31/2012	12/31/2012	100
S&P U.S. Issued BBB Investment Grade Corporate Bond Index II	07/15/2013	12/31/2012	12/31/2012	100
Dow Jones Equal Weight U.S. Issued Corporate Bond Index	11/30/2006	12/31/1996	12/31/1996	100
S&P U.S. Foreign Issued Investment Grade Corporate Bond Index II	05/01/2014	12/31/2008	12/31/2008	100
S&P Crossover Rated Corporate Bond Index II	08/01/2014	12/31/2013	08/31/2014	100
S&P U.S. High Yield Corporate Bond Index II	05/01/2014	01/02/2014	12/31/2013	100
S&P 0-3 Year High Yield Corporate Bond Index II	08/01/2014	12/31/2013	08/31/2014	100
S&P 3-5 Year High Yield Corporate Bond Index II	08/01/2014	12/31/2013	08/31/2014	100
S&P 5-7 Year High Yield Corporate Bond Index II	08/01/2014	12/31/2013	08/31/2014	100
S&P 7-10 Year High Yield Corporate Bond Index II	08/01/2014	12/31/2013	08/31/2014	100
S&P 10+ Year High Yield Corporate Bond Index II	08/01/2014	12/31/2013	08/31/2014	100
S&P U.S. Distressed High Yield Corporate Bond Index II	08/01/2014	01/02/2014	12/31/2013	100
S&P U.S. Issued High Yield Corporate Bond Index II	04/09/2013	04/01/2004	12/31/2012	100
S&P U.S. Issued Capped High Yield Corporate Bond Index II	09/23/2013	01/02/2013	12/31/2012	100
S&P U.S. Issued BB High Yield Corporate Bond Index II	07/15/2013	12/31/2012	12/31/2012	100
S&P U.S. Issued B High Yield Corporate Bond Index II	07/15/2013	12/31/2012	12/31/2012	100
S&P U.S. Issued CCC & Lower High Yield Corporate Bond Index II	07/15/2013	12/31/2012	12/31/2012	100
S&P U.S. Issued Large Cap CCC & Above High Yield Corporate Bond Index II	04/09/2013	04/01/2004	12/31/2012	100
S&P U.S. Foreign Issued High Yield Corporate Bond Index II	05/01/2014	12/31/2008	12/31/2008	100

Index Governance

Index Committee

S&P Dow Jones Indices' Fixed Income Index Committee maintains the indices. All committee members are full-time professionals at S&P Dow Jones Indices. Meetings are held quarterly and whenever deemed appropriate.

The Index Committee oversees the management of the indices, including determinations of intra-rebalancing changes, maintenance and inclusion policies, and other matters affecting the maintenance and calculation of the indices.

In fulfilling its responsibilities, the Index Committee has full and complete discretion to (i) amend, apply, or exempt the application of index rules and policies as circumstances may require and (ii) add, remove, or by-pass any bond in determining the composition of an index.

The Index Committee may rely on any information or documentation submitted to it or gathered by it that the Index Committee believes to be accurate. The Index Committee reserves the right to reinterpret publicly available information and to make changes to the indices based on a new interpretation of that information at its sole discretion. All Index Committee discussions are confidential.

The Index Committee is separate from and independent of other analytical groups at S&P Global. In particular, the Index Committee has no access to or influence on decisions by S&P Global Ratings analysts.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices document located on our Web site, www.spdji.com.

Index Policy

Announcements

Announcements of any relevant information pertaining to the indices are made at approximately 06:00 PM ET. Press releases are posted on the S&P Dow Jones Indices Web site at www.spdji.com.

Holiday Schedule

The indices are calculated when the Securities Industry and Financial Markets Association (SIFMA[®]) declares the U.S. fixed income markets to be open.

A complete holiday schedule for the year is available on S&P Dow Jones Indices' Web site at www.spdji.com.

End of Day Calculation

Index levels are calculated at the end of each business day, via S&P Dow Jones Indices' Web site. This may be subject to change.

Recalculation Policy

For information on the recalculation policy please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices document located on our Web site, www.spdji.com.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices document located on our Web site, www.spdji.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at www.spdji.com, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

Index (Total Return)	Ticker
S&P U.S. Investment Grade Corporate Bond Index II	SPFICIG
S&P U.S. Issued Investment Grade Corporate Bond Index II	SPUSCIG
S&P U.S. Issued AAA Investment Grade Corporate Bond Index II	SPUSG3AT
S&P U.S. Issued AA Investment Grade Corporate Bond Index II	SPUSG2AT
S&P U.S. Issued A Investment Grade Corporate Bond Index II	SPUSG1AT
S&P U.S. Issued BBB Investment Grade Corporate Bond Index II	SPUSG3BT
S&P U.S. Foreign Issued Investment Grade Corporate Bond Index II	SPFIFIG
S&P Crossover Rated Corporate Bond Index II	SPUSCRS
S&P U.S. High Yield Corporate Bond Index II	SPFICHY
S&P 0-3 Year High Yield Corporate Bond Index II	SPUSHY3
S&P 3-5 Year High Yield Corporate Bond Index II	SPUSHY5
S&P 5-7 Year High Yield Corporate Bond Index II	SPUSHY7
S&P 7-10 Year High Yield Corporate Bond Index II	SPUSHY1
S&P 10+ Year High Yield Corporate Bond Index II	SPUSHY0
S&P U.S. Distressed High Yield Corporate Bond Index II	SPUSDHY
S&P U.S. Issued High Yield Corporate Bond Index II	SPUSCHY
S&P U.S. Issued Capped High Yield Corporate Bond Index II	SPUSHY2
S&P U.S. Issued BB High Yield Corporate Bond Index II	SPUSH2BT
S&P U.S. Issued B High Yield Corporate Bond Index II	SPUSH1BT
S&P U.S. Issued CCC & Lower High Yield Corporate Bond Index II	SPUSC3BT
S&P U.S. Issued Large Cap CCC & Above High Yield Corporate Bond Index II	SPUSCLC
S&P U.S. Foreign Issued High Yield Corporate Bond Index II	SPFIFIH
Dow Jones Equal Weight U.S. Issued Corporate Bond Index	DJCBT

FTP

Daily index levels and index data are available via FTP subscription.

For product information, please contact S&P Dow Jones Indices, www.spdji.com/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spdji.com.

Appendix I – Dow Jones Equal Weight U.S. Issued Corporate Bond Index Calculations

Calculation of Security Market Values and Weights

Market Value

A market value is calculated for each security in the index as of the close on each day, as follows:

$$MV_t = PAR_{RB} \times \frac{(P_t + AI_t)}{100} \quad (1)$$

where:

- MV_t = Market value of the security on day t .
- PAR_{RB} = Par amount of the security as of the last monthly rebalancing.
- P_t = Price of the security on day t .
- AI_t = Accrued interest¹ on the security up to and including day t .

If the valuation date is not a trading day, the market value will be based on the price as of the immediate prior trading day, plus interest accrued to the valuation date.

Index Market Value

The index market value of a security used for calculation of the index is defined as follows:

$$IMV_t = MV_t \times AWF_{RB} \quad (2)$$

where:

- IMV_t = Index market value of the security on day t .
- MV_t = Market value of the security on day t .
- AWF_{RB} = Adjustable weight factor of the security as calculated on the last rebalancing date.

Adjustable Weight Factor

The Adjustable Weight Factor (AWF) is used to tilt the original market value weight of a security within the index. It is calculated on the monthly rebalancing date and remains static until the subsequent monthly rebalancing.

The calculation of a security's AWF is as follows:

$$AWF_i = \frac{1}{N} \times \frac{\sum_i^N MV_i}{MV_i} \quad (3)$$

where:

- AWF_i = Adjustable weight factor of security i .
- N = Number of securities in the index.

¹ AI_t in (1) is calculated on a calendar date basis and uses the conventions for calculating settlement accrued. Accordingly, accrued interest is zero on a coupon payment date.

MV_i = Market value of the securities in the index.

$\sum_1^N MV_i$ = Aggregate market value of all the securities in the index.

Index Weights

The weight of a security within the index is defined as the index market value of that security, i , expressed as a percentage of the aggregate index market value of all securities in the index, as follows:

$$IW_i = \frac{IMV_i}{\sum_1^N IMV_i} \quad (4)$$

where:

IW_i = Index market value weight of security i .

IMV_i = Index market value of security i .

Calculation of Security Returns

Total Return

The total return (TR) of a security on day t is the sum of the market price return and the interest return on day t .

$$TR_t = IR_t + PR_t \quad (5)$$

where:

IR_t = Interest return on day t .

PR_t = Market price return on day t .

Price return measures the return due to the change in the market price of the security. Interest return (or coupon return) includes the return due to the interest earned on that security.

Interest Return

The interest return on an individual security on day t is as follows:

$$IR_t = \frac{(AI_t - AI_{t-1}) + I_t}{P_{t-1} + AI_{t-1}} \quad (6)$$

where:

IR_t = Interest return at time t .

AI_t = Accrued interest, up to and including day t .

AI_{t-1} = Accrued interest, up to and including day $t-1$.

I_t = Interest payment on day t .

P_{t-1} = Price of the security on day $t-1$.

Price Return

The formula for the price return for a security at time t is as follows:

$$PR_t = \frac{P_t - P_{t-1}}{P_{t-1} + AI_{t-1}} \quad (7)$$

where:

PR_t = Price return on day t .

P_t = Security price on day t .
 P_{t-1} = Security price on day $t-1$.
 AI_{t-1} = Accrued interest, up to and including day $t-1$.

Calculation of Daily Index Returns and Levels

Daily Index Returns

The individual security returns are aggregated to calculate returns for the index.

Specifically, on a given day t , the total return, interest return and price return for the index are equal to a weighted average of the returns of the securities that constitute the index. The weight of each index security used in the calculation is the relative weight of that security in the index as of the previous business day. The formulae are as follows:

$$ITR_t = \sum_i (TR_{i,t} \times IW_{i,t-1}) \quad (8)$$

$$IIR_t = \sum_i (IR_{i,t} \times IW_{i,t-1}) \quad (9)$$

$$IPR_t = \sum_i (PR_{i,t} \times IW_{i,t-1}) \quad (10)$$

where:

ITR_t = Index total return on day t .
 IIR_t = Index interest return on day t .
 IPR_t = Index price return on day t .
 $TR_{i,t}$ = Total return of security i on day t .
 $IR_{i,t}$ = Interest return of security i on day t .
 $PR_{i,t}$ = Price return of security i on day t .
 $IW_{i,t-1}$ = Index market value weight of security i on day $t-1$.

Daily Index Values

Index values are calculated each day by applying the current day's index return to the previous day's index value, as follows:

$$TRIV_t = TRIV_{t-1} \times (1 + ITR_t) \quad (11)$$

$$IRIV_t = IRIV_{t-1} \times (1 + IIR_t) \quad (12)$$

$$PRIV_t = PRIV_{t-1} \times (1 + IPR_t) \quad (13)$$

where:

$TRIV_t$ = Total return index value on day t .
 $IRIV_t$ = Interest return index value on day t .
 $PRIV_t$ = Price return index value on day t .

Reinvestment Returns from Monthly Cash Flows

The index is rebalanced on a monthly basis. All cash, including interest payments and principal prepayments, are kept in cash as a cash security until the next rebalancing date. In other words there is zero return on cash.

Appendix II – Methodology Changes

Methodology changes since January 1, 2015 are as follows:

Change	Effective Date (After Close)	Previous	Methodology Updated
Index Names: All Indices except for the Dow Jones Equal Weight U.S. Issued Corporate Bond Index	01/11/2017	Index names followed the Corporate Bond Index naming convention (e.g. S&P U.S. Investment Grade Corporate Bond Index).	Index names follow the Corporate Bond Index II naming convention (e.g. S&P U.S. Investment Grade Corporate Bond Index II).
Readmission of Deleted Bonds: Dow Jones Equal Weight U.S. Issued Corporate Bond Index	10/31/2016	--	Bonds removed from the index are not eligible for readmission into the index for at least three months.
Final Selection List Distribution Timing: Dow Jones Equal Weight U.S. Issued Corporate Bond Index	09/25/2015	The final selection list was distributed one business day prior to the last business day of the month.	The final selection list is distributed three business days prior to the last business day of the month.

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