

S&P 500 Buyback Index *Methodology*

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Table of Contents

Introduction	3
Highlights	3
Eligibility Criteria	4
Index Eligibility	4
Timing of Changes	4
Index Construction	5
Approaches	5
Constituent Selection	5
Constituent Weightings	5
Index Calculations	5
Index Maintenance	7
Rebalancing	7
Currency of Calculation	7
Exchange Rate	7
Base Dates and History Availability	7
Corporate Actions	8
Other Adjustments	8
Index Data	9
Total Return Indices	9
Index Governance	10
Index Committee	10

Index Policy	11
Announcements	11
Pro-forma Files	11
Holiday Schedule	11
Unscheduled Market Closures	12
Recalculation Policy	12
Index Dissemination	13
Tickers	13
FTP	13
Web site	13
S&P Dow Jones Indices' Contact Information	14
Index Management	14
Product Management	14
Media Relations	14
Client Services	14
Disclaimer	15

Introduction

The S&P 500 Buyback Index is designed to measure the performance of the top 100 companies with the highest buyback ratio in the S&P 500®.

Highlights

The S&P 500 Buyback Index provides exposure to the 100 constituent companies in the S&P 500® with the highest buyback ratio in the last 12 months. At each rebalancing reference date, the buyback ratio is defined as the monetary amount of cash paid for common shares buyback in the last four calendar quarters with interim reports available divided by the total market capitalization of common shares at the beginning of the buyback period.

Constituents are equally weighted and the index is rebalanced quarterly. The rebalancing reference dates are the last trading day of March, June, September and December. Index rebalancings are effective after market close on the third Friday of the month following the reference date.

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.

Eligibility Criteria

Index Eligibility

The S&P 500 Buyback Index draws its universe from the S&P 500.

The rebalancing reference dates are after the close of the last business days of March, June, September and December of each year. Using data as of each rebalancing reference date, the 100 companies of the S&P 500 that had the highest buyback ratio in the past four calendar quarters with interim reports available are chosen as constituents for the S&P 500 Buyback Index.

Timing of Changes

Additions. Except for major corporate actions, such as mergers and spin-offs, companies can only be added to the index at the time of the quarterly rebalancing. For more information, please refer to the *Corporate Actions* section of *Index Maintenance*.

Multiple Share Classes. Multiple share class lines are eligible for inclusion in the index provided they are constituents of the S&P 500. For those companies having multiple share class lines in the index, each share class line is assigned a percentage of the 1% target company weight that is proportional to its float-adjusted market cap as of the pricing reference date.

Deletions. Constituents removed from the S&P 500 are removed from the S&P 500 Buyback Index simultaneously.

For information on the S&P 500 index methodology, please refer the S&P U.S. Indices Methodology document at www.spdji.com.

Index Construction

Approaches

The methodology employs an equally weighted scheme, using the divisor methodology used in most S&P Dow Jones equity indices.

There are two steps in the creation of the index. The first is the selection of the companies; the second is the weighting of the index constituents.

Constituent Selection

The selection of index constituents is done as follows:

Assuming a three-month lagging period for the release of company reports at each reference date, the observation period for the calculation of the buyback ratio is defined as the 12-month (or four-quarter) period ending one quarter before the reference date. The buyback ratios of the S&P 500 constituents are calculated as the monetary amount of cash paid for common shares buyback during the observation period divided by the total market capitalization of common shares at the beginning of the observation period. Constituents then are ranked in descending order based on the buyback ratio. The top 100 securities form the index.

Constituent Weightings

The selected 100 companies with the highest buyback ratio in the S&P 500[®] are then equally weighted.

Index Calculations

The index is calculated by means of the divisor methodology used in most S&P Dow Jones equity indices. The index value is simply the index market value divided by the index divisor:

$$\text{Index Value} = \frac{\text{Index Market Value}}{\text{Index Divisor}} \quad (1)$$

$$\text{Index Market Value} = \sum_{i=1}^N (\text{Index Shares})_i * (\text{Price})_i \quad (2)$$

For more information on the modified market capitalization index methodology, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

In order to maintain basket series continuity, it is also necessary to adjust the divisor at the rebalancing.

$$(Index\ Value)_{before\ rebalancing} = (Index\ Value)_{after\ rebalancing} \quad (3)$$

Therefore,

$$(Divisor)_{after\ rebalancing} = \frac{(Index\ Market\ Value)_{after\ rebalancing}}{(Index\ Value)_{before\ rebalancing}} \quad (4)$$

Index Maintenance

Rebalancing

Frequency. Index rebalancings occur after the close on the third Friday of January, April, July, and October of each year. The rebalancing reference dates are after the close of the last business day of December, March, June and September, respectively.

The constituents' shares are calculated using closing prices on the second Friday of the rebalancing month as the reference price. Index shares are calculated and assigned to each stock to arrive at the weights determined on the reference date. Since index shares are assigned based on prices one week prior to rebalancing, the actual weight of each stock at the rebalancing will differ from these weights due to market movements.

Currency of Calculation

The S&P 500 Buyback Index is calculated in U.S. dollars and Swedish kronor.

Exchange Rate

WM/Reuters foreign exchange rates are taken daily at 4:00 PM London Time (GMT) and used in the calculation of the S&P 500 Buyback Index (SEK). These mid-market fixings are calculated by The WM Company based on Reuters data and appear on Reuters pages WMRA.

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 500 Buyback Index (USD)	11/29/2012	01/21/1994	01/21/1994	1000
S&P 500 Buyback Index (USD) TR	11/29/2012	01/21/1994	01/21/1994	1000
S&P 500 Buyback Index (USD) NTR	11/29/2012	12/31/1998	12/31/1998	1000
S&P 500 Buyback Index (SEK)	06/24/2013	01/21/1994	01/21/1994	1000
S&P 500 Buyback Index (SEK) TR	06/24/2013	01/21/1994	01/21/1994	1000
S&P 500 Buyback Index (SEK) NTR	06/24/2013	12/31/1998	12/31/1998	1000

Corporate Actions

Corporate Action	Adjustment Made to the Index	Divisor Adjustment?
Spin-off	See below.	
Rights Offering	The price is adjusted to the Price of the Parent Company minus (the Price of the Rights Offering/Rights Ratio). Index shares change so that the company's weight remains the same as its weight before the rights offering.	No
Stock Split	Index shares are multiplied by and the price is divided by the split factor.	No
Share Issuance or Share Repurchase	None. Actual shares outstanding of the company play no role in the daily index calculation.	No
Special Dividends	The price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.	Yes
Delisting, acquisition or any other corporate action resulting in the deletion of the stock from the S&P 500.	The stock is dropped from the Index. This will cause the weights of the rest of the stocks in the index to change proportionately. Additions are made to the index only at the time of the quarterly rebalancing.	Yes

Spin-offs. The spun-off company is added to the index at a zero price after the market close of the day before the ex-date (with no divisor adjustment). The spun-off company is then removed after at least one day of regular way trading. The weight of the dropped company is added to the parent company via an index share increase on the deletion effective date, resulting in no divisor change to the index.

For further information on Spin-offs, please refer to the Treatment of Spin-offs in S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our Web Site, www.spdji.com.

For more information on Corporate Actions, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our Web site, www.spdji.com.

Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it can be removed at a zero or minimal price at the Index Committee's discretion, in recognition of the constraints faced by investors in trading bankrupt or suspended stocks.

Index Data

Total Return Indices

The index has a total return counterpart, which assumes dividends are reinvested in the index after the close on the ex-date. On any given date t :

$$\text{Total Return Multiplier}_t = \frac{[\text{Index Value}_t + \text{Index Dividend Points}_t]}{\text{Index Value}_{t-1}} \quad (5)$$

$$\text{Total Return Index Value}_t = (\text{Total Return Index Value}_{t-1}) * (\text{Total Return Multiplier}_t) \quad (6)$$

$$\text{Index Dividend Points}_t = \sum_{i=1}^N (\text{Index Shares})_{i,t} * (\text{Ex-dividends})_{i,t} / \text{Divisor}_t \quad (7)$$

S&P Dow Jones Indices calculates daily return series using both gross and net cash dividends reinvested. Net return reinvested is reflective of the return to an investor where dividends are reinvested after the deduction of withholding tax. The tax rate applied is the rate to non-resident institutions that do not benefit from double taxation treaties.

For more information on the tax rates used in the calculation of net return indices, please refer to S&P Dow Jones' Equity Indices Policies & Practices document located on our Web site, www.spdji.com.

Index Governance

Index Committee

The S&P 500 Buyback Index is maintained by the Americas Thematic and Strategy Indices Index Committee. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The Committee meets monthly. At each meeting, the Committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, companies that are being considered as candidates for addition to the index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

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

Index Policy

Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced up to 30 days in advance via the Index Corporate Events report (.SDE), delivered daily via ftp to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

Index methodology is constantly under review for best practices, and any changes are announced well ahead of time via the Web site and email to all clients.

For more information on S&P Dow Jones Indices' announcements, please refer to the Announcement Policy found on our Web site, www.spdji.com.

Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the index rebalances. The pro-forma file is typically provided daily five business days in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing. Since index shares are assigned based on prices one week prior to the rebalancing, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

Please visit www.spdji.com for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The index is calculated daily, throughout the calendar year. The only days the index is not calculated are on days when all exchanges where the S&P 500 Buyback Index constituents are listed are officially closed.

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

Unscheduled Market Closures

In situations where an exchange is forced to close early due to unforeseen events, such as computer or electric power failures, weather conditions or other events, S&P Dow Jones Indices will calculate the closing price of the indices based on (1) the closing prices published by the exchange, or (2) if no closing price is available, the last regular trade reported for each security before the exchange closed. If the exchange fails to open due to unforeseen circumstances, S&P Dow Jones Indices treats this closure as a standard market holiday. The index will use the prior day's closing prices and shifts any corporate actions to the following business day. If all exchanges fail to open or in other extreme circumstances, S&P Dow Jones Indices may determine not to publish the index for that day.

For further information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our Web site, www.spdji.com.

Recalculation Policy

S&P Dow Jones Indices reserves the right to recalculate an index under certain limited circumstances. S&P Dow Jones Indices may choose to recalculate and republish an index if it is found to be incorrect or inconsistent within two trading days of the publication of the index level in question for one of the following reasons:

1. Incorrect or revised closing price
2. Missed corporate event
3. Late announcement of a corporate event
4. Incorrect application of corporate action or index methodology

Any other restatement or recalculation of an index is only done under extraordinary circumstances to reduce or avoid possible market impact or disruption as solely determined by the Index Committee.

For more information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices 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' Equity Indices 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	Return Type	Bloomberg
S&P 500 Buyback Index (USD)	Price Return	SPBUYUP
	Total Return	SPBUYUT
S&P 500 Buyback Index (SEK)	Price Return	SPBUYSP
	Total Return	SPBUYST

FTP

Daily stock level 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.

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