

**STANDARD
& POOR'S**

S&P U.S. STYLE INDICES

INDEX METHODOLOGY

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Introduction

Standard & Poor's U.S. indices are designed to reflect the U.S. equity markets and, through the markets, the U.S. economy. The S&P 500 focuses on the large-cap sector of the market; however, since it includes a significant portion of the total value of the market, it also represents the market. Companies in the S&P 500 are considered leading companies in leading industries. The S&P MidCap 400 represents the mid-cap range of companies, and the S&P SmallCap 600 represents small-cap companies. The three indices are combined and calculated together as the S&P Composite 1500; the S&P 500 and S&P MidCap 400 are combined to form the S&P 900; and the S&P MidCap 400 and S&P SmallCap 600 are combined to form the S&P 1000.

Style indices are available for a variety of style subsets for the S&P 500, the S&P MidCap 400, the S&P SmallCap 600 and their various combinations listed above.

Highlights

Standard & Poor's U.S. Style Indices address two distinct needs. The first is for exhaustive style indices that can effectively form the basis for index funds and derivatives, providing broad, cost-efficient exposure to a certain style segment. The second need is for narrow, style-pure indices that serve as the basis for style-concentrated investment vehicles or "style spread" products.

With the S&P U.S. Style Indices, Standard & Poor's is providing a comprehensive Style index solution by building separate style and pure-style indices, and by making available a consistent set of stock-level Style Scores and Style Indices.

The **Style** index series divides the complete market capitalization of each parent index approximately equally into growth and value indices. This series covers all stocks in the parent index universe, and uses the conventional, cost-efficient market cap-weighting scheme. Stocks that do not fall into Style baskets have their market caps distributed between growth and value indices.

The **Pure Style** index series identifies approximately one third of the parent index's market capitalization as Pure Growth and one third as Pure Value. There are no overlapping stocks, and these indices do not have the size bias induced by market capitalization weighting. Rather, stocks are weighted in proportion to their relative style attractiveness.

Index Family

Standard & Poor's U.S. Style indices are applied to the family of indices below:

S&P 500. Widely regarded as the best single gauge of the U.S. equities market, this world-renowned index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500 focuses on the large-cap segment of the market, with about 75% coverage of U.S. equities, it is also an ideal proxy for the total market.

S&P MidCap 400. The S&P MidCap 400 index is widely used for gauging mid-sized U.S. companies. Today, mid-caps are being recognized as an independent asset class, with risk/reward profiles that differ considerably from both large-caps and small-caps. The S&P MidCap 400 covers approximately 7% of the U.S. equities market, and is part of a series of S&P U.S. indices that can be used as building blocks for portfolio construction.

S&P SmallCap 600. The S&P SmallCap 600 covers approximately 3% of the U.S. equities market. It is designed to be an efficient portfolio of companies that meet specific inclusion criteria to ensure they are investable and financially viable. It makes up the final piece of the S&P U.S. index series that can be used as building blocks for portfolio construction.

S&P Composite 1500. Combining the S&P 500, the S&P MidCap 400, and the S&P SmallCap 600 indices is an efficient way to create a broad market portfolio representing about 85% of U.S. equities. This combination addresses the needs of investors wanting broader exposure beyond the S&P 500.

S&P 1000. The S&P 1000 index is a combination of the already widely followed S&P MidCap 400 and S&P SmallCap 600 indices, where the S&P MidCap 400 represents approximately 67% of the index and the S&P SmallCap 600 represents 33%. The combination addresses the needs of investors who want to allocate assets between large capitalization stocks and the rest of the investable market.

S&P 900. The S&P 900 index is a combination of the already widely used S&P 500 and S&P MidCap 400 indices, where the S&P 500 represents approximately 91% of the index and the S&P MidCap 400 represents 9%. The combination of these two indices addresses the needs of those investors who wish to allocate assets to a broader large-cap universe beyond the S&P 500.

Eligibility Criteria

Members of the S&P U.S. Style indices are derived from a headline (parent) index. A style index cannot have a constituent that is not also a member of the parent index.

Refer to the S&P U.S. Indices Methodology document for information on addition and deletion criteria for the S&P 500, the S&P MidCap 400, the S&P SmallCap 600 and all related indices.

Style Index Goals

Standard & Poor's has been evaluating industry practices and actively seeking feedback from index fund managers, quantitative analysts and researchers on issues surrounding style index construction and usage. Two defining trends have emerged in recent years.

1. *Equity style indices should address two distinct sets of market participant needs.*

- The first need is for conventional broad-based, exhaustive style indices that can effectively form the basis for index funds and exchange-traded derivatives, providing cost-efficient exposure to a certain style segment. These indices are market capitalization-weighted because this weighting scheme is cost-efficient, and provides mean variance-optimized exposure to the market.
- The second need is for narrower, style-pure indices, which provide quantitative and performance analysts with pure style return series while also providing the basis for style-concentrated investment vehicles and style spread-based structured products. These indices' returns should not suffer from size bias induced by market capitalization weighting, but rather should reflect the structure of active managers' portfolios, which hold stocks in proportion to their relative attractiveness.

While a variety of indices cater to the first need, existing style indices from major index providers have not always satisfied the second need.

2. *The use of multiple measures of equity risk and more sophisticated quantitative techniques has become the norm in style analysis.*

- Increased availability of financial databases and a proliferation of portfolio risk software have resulted in style being analyzed across multiple risk factors, in contrast to the simple three-factor risk measure in the Fama-French world.
- Returns-based style analysis is increasingly being supported by holdings-based style analysis, making it imperative to have inter-operability between the style definitions being used at the stock level and at the benchmark construction level.

While style indices and holdings or returns-based style analysis tools are readily available, there is no consistency of style definition used for leading style indices and style definitions used at the stock level.

The above trends shaped the design of Standard & Poor’s Style indices. The goals of this index design are as follows:

- Evaluate growth and value at the stock level along separate dimensions using multiple factors.
- Construct two sets of complementary index series:
 - **Style Index Series** – This series divides the complete market capitalization of each parent index approximately equally into growth and value indices, while limiting the number of stocks that overlap between them. This series is exhaustive (i.e., covering all stocks in the parent index universe) and uses the conventional, cost-efficient, market capitalization-weighting scheme.
 - **Pure Style Index Series** – This series is based on identifying approximately a third (1/3) of the market capitalization of the index as pure growth, and a third (1/3) as pure value. There are no overlapping stocks and stocks are weighted by their style attractiveness.
- Leverage Standard & Poor’s data distribution channels to provide stock-level Style Scores to provide the marketplace with consistency between holdings-based and returns-based style analysis.
- Complement the simplicity and replicability of Standard & Poor’s U.S. indices.

Evaluating Growth and Value at the Stock Level

Style Factors. The Style indices measure growth and value along two separate dimensions, with three factors each used to measure growth and value. The list of factors used is outlined in the table below.

Growth Factors	Value Factors
One-Year Change in Earnings per Share over Price per Share	Book Value to Price Ratio
One-Year Sales per Share Growth Rate	Earnings to Price Ratio
Momentum (Six-month % Price Change)	Sales to Price Ratio

Many factors have been considered as determinants of growth and value. Furthermore, changes in accounting standards and research developments may lead to changes over time with respect to which ones best represent growth and value. For its 2009 style rebalancing S&P took a fresh look at academic literature to find style factors that were cited within the previous 10 years in peer-reviewed papers globally. Each factor was analyzed to determine which ones most effectively differentiate growth and value styles as measured by time series and cross sectional methods. For details on the factor selection process, see our white paper *2009 U.S. Style Factor Update*. The six factors selected ranked highly in the time series and cross sectional analysis, were cited in the literature, and were composed of data covered broadly at the index constituent level.

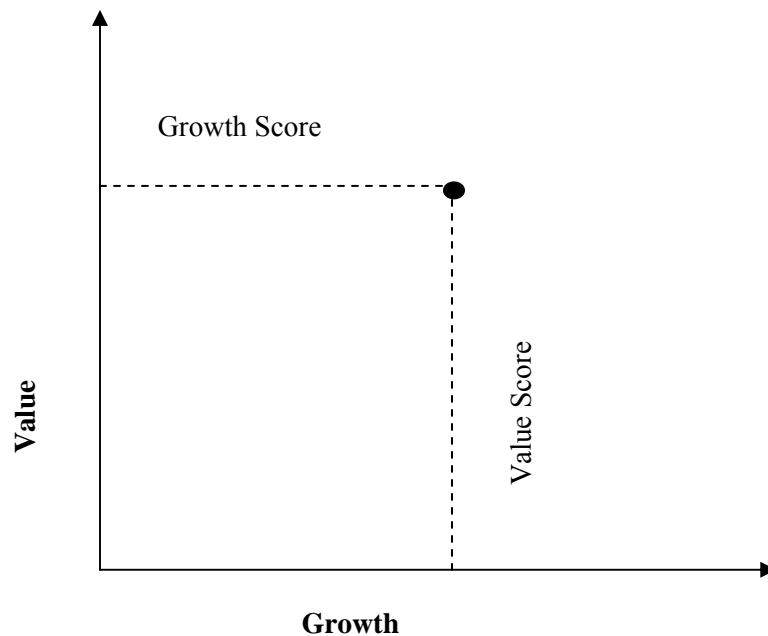
Style Scores. Raw values for each of the above factors are calculated for each company in the S&P U.S. Broad Market Index (BMI) universe, which has approximately twice as many stocks as the S&P Composite 1500. These raw values are then standardized by dividing the difference between each stock’s raw score and the mean of the entire set by

the standard deviation of the entire set. A Growth Score for each company is computed as the average of the standardized values of the three growth factors. Similarly, a Value Score for each company is computed as the average of the standardized values of the three value factors.

The simple averaging process assumes each factor is equally important. Different factors will clearly have different discriminating powers over time, but the equal weighting approach is chosen to meet the design goal of simplicity.

At the end of this step each stock has a Growth Score and a Value Score, as shown below, with growth and value being measured along separate dimensions.

Exhibit 1: Measuring Growth and Value Along Separate Dimensions



For Stock X,

$G_{i,X}$ = Standardized value of Growth Factor I for stock X , $I=1$ to 3 .

$V_{j,X}$ = Standardized value of Value Factor J for stock X , $J=1$ to 3 .

SG_X = Growth Score of $X = 1/3 (G_{1,X} + G_{2,X} + G_{3,X})$

SV_X = Value Score of $X = 1/3 (V_{1,X} + V_{2,X} + V_{3,X})$

Establishing Style Baskets

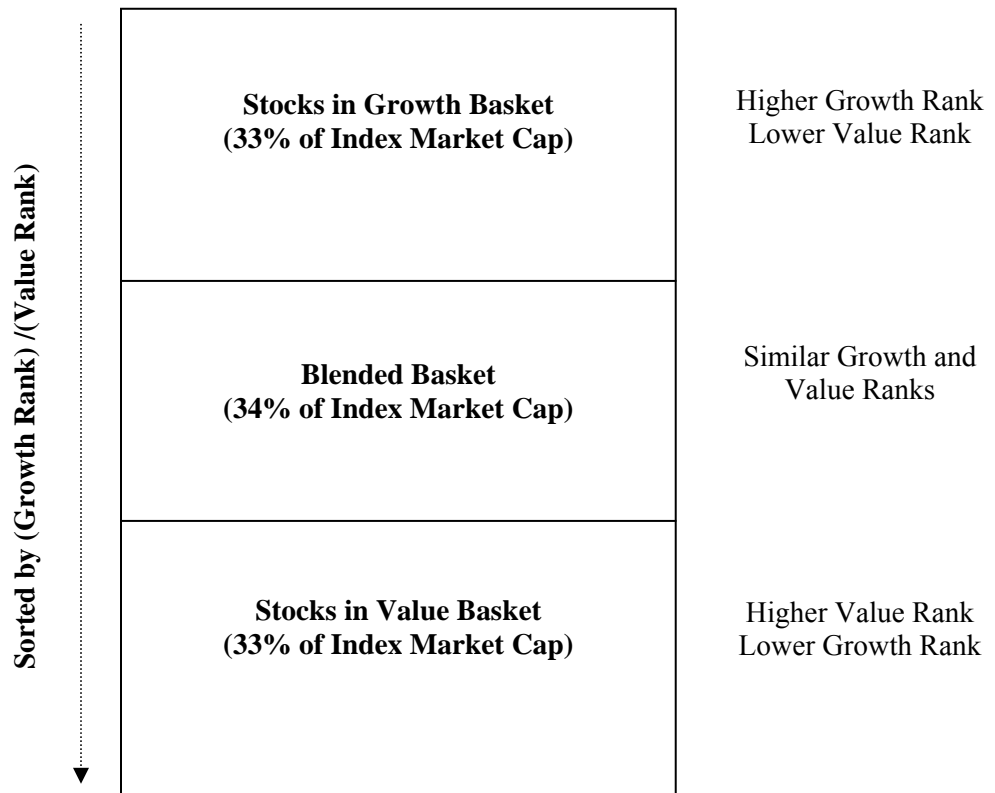
Stocks within each parent index are ranked based on growth and value scores. A stock with a high Growth Score would have a higher Growth Rank, while a stock with a low Value Score would have a lower Value Rank. (For example, the S&P MidCap 400 constituent with the highest Value Score would have a Value Rank of 1, while the constituent with the lowest would have a Value Rank of 400.)

The index constituents are then sorted in ascending order of the ratio Growth Rank/Value Rank. The stocks at the top of the list have a higher Growth Rank (or high Growth Score) and a lower Value Rank (or low Value Score) and, therefore, exhibit pure growth characteristics. The stocks at the top of the list, comprising 33% of the total market capitalization of the index, are designated as the Growth basket.

The stocks at the bottom of the list have a higher Value Rank (and Value Score) and a lower Growth Rank (and Growth Score) and, therefore, exhibit pure value characteristics. The stocks at the bottom of the list, comprising 33% of the total market capitalization of the index, are designated as the Value basket.

The stocks in the middle of the list have neither pure growth nor pure value characteristics. The distribution of the index universe into style baskets is illustrated below.

Exhibit 2: Style Baskets



Index Construction

Growth and Value Indices

As described earlier, one of the design goals is to construct a Style index series that divides the complete market capitalization of each parent index approximately equally into growth and value indices, while limiting the number of stocks that overlap across both. This series is to be exhaustive (i.e., covering all stocks in the parent index universe), and is to use the conventional, cost-efficient market capitalization-weighting scheme.

The Style baskets described above are natural starting points for the Style indices' construction. 100% of the market capitalization of a stock in the Value basket is assigned to the Value index, and 100% of the market capitalization of a stock in the Growth basket is assigned to the Growth index.

The middle 34% of market capitalization consists of stocks that have similar growth and value ranks. Their market capitalization is distributed among the Style indices based on their distances from the midpoint of the Growth basket and the midpoint of the Value basket, as detailed below. The midpoint of each Style region is calculated as the average of Value Scores and Growth Scores of stocks in the Style basket.

For Stock X ,

$W_{V,X}$ = Percent of Market Capitalization of Stock X in the Value Index

$W_{G,X}$ = Percent of Market Capitalization of Stock X in the Growth Index

$$W_{V,X} = D_{G,X} / (D_{G,X} + D_{V,X})$$

$$W_{G,X} = D_{V,X} / (D_{G,X} + D_{V,X})$$

$$W_{V,X} + W_{G,X} = 1$$

where $D_{G,X}$ and $D_{V,X}$ represent the distances of Stock X from the midpoint of each Style basket.

The algorithm for computation of $D_{G,X}$ and $D_{V,X}$ is shown in Appendix I.

Further, from the practical point of view of constructing easily replicable baskets, it is essential to avoid very small fractions of a stock's market capitalization being in a particular Style index. Therefore, the weights are rounded as follows:

If $W_{V,X} \geq 0.8$, $W_{V,X} = 1.0$ and $W_{G,X} = 0$.

If $W_{G,X} \geq 0.8$, $W_{G,X} = 1.0$ and $W_{V,X} = 0$.

Based on backtest results, the total market capitalization is approximately equally divided among the growth and value indices. No mathematical procedure is employed to force equal market capitalization for the growth and value indices, since price movements of constituent stocks would result in inequality immediately following any reconstitution.

It is also worth noting that the assignment of the market capitalization of stocks in the Blended Basket to the growth and value indices allows graduated moves, and avoids churning of stocks between indices at each reconstitution. Further, this procedure results in only 34% of the market capitalization of the parent index distributed across both indices, thus limiting the overlap area..

The index is calculated following Standard & Poor's modified market capitalization-weighted, divisor-based index methodology. For example, for the S&P SmallCap 600 Value index:

$$\text{Index Value}_t = \frac{\text{Index Market Value}_t}{\text{Index Divisor}_t}$$

$$\text{Index Market Value}_t = \sum_{X \rightarrow t}^N IWF_{X,t} * \text{Index Shares}_{X,t} * W_{V,X} * \text{Price}_{X,t}$$

where,

$IWF_{X,t}$ = Investable Weight Factor of Stock X on date t

$\text{Index Shares}_{X,t}$ = Shares used for Stock X in the S&P SmallCap 600 on date t

$W_{V,X}$ = Percent of market capitalization of Stock X in the S&P SmallCap 600 Value index, calculated as per the previous section. This is calculated only once a year on the rebalancing date, or is specified when a new stock is added between rebalancing dates.

$\text{Price}_{X,t}$ = Price used for stock X in the S&P SmallCap 600 index computation on date t

N = Number of stocks in the S&P SmallCap 600 Value index on date t (note that $N < 600$)

Other Style indices are constructed similarly. Corporate actions and index changes are implemented in the same manner as for other market capitalization-weighted indices.

Please refer to the section on Index Maintenance for information on the treatment of corporate actions.

Please refer to the S&P U.S. Indices Methodology for information on the Investable Weight Factors (IWF).

Please refer to the S&P Index Mathematics Methodology for further information on the calculation of market capitalization indices.

Pure Growth and Pure Value Indices

This series is based on identifying approximately one third of the market capitalization of the index as Growth and one third as Value. There are no overlapping stocks, and index constituents are weighted by their Style Scores. Therefore, the Growth and Value Style baskets are the only regions of interest in constructing the Pure Style indices.

The constituents of the Pure Value index are all stocks for which $W_V = 1$ and $SV > 0.25$. Similarly, the starting universe for the Pure Growth index is stocks for which $W_G = 1$ and $SG > 0.25$. In other words, all constituents of the Value basket except those with the lowest value scores are members of the Pure Value index. Similarly, all constituents of the Growth basket except those with the lowest growth scores are members of the Pure Growth index.

Further, to avoid stocks with outlying high Style Scores having a very large weight in the index, all Style Scores are capped at 2.0 in the Pure Style indices. In other words, for the Pure Style indices, $SV = 2.0$ if $SV > 2.0$, and $SG = 2.0$ if $SG > 2.0$.

The index is calculated following the divisor-based methodology of the S&P Equal Weight indices. For example, for the S&P SmallCap 600 Pure Value index,

$$\text{Index Value}_t = \frac{\text{Index Market Value}_t}{\text{Index Divisor}_t}$$

$$\text{Index Market Value}_t = \sum_{X=1}^n \text{IWF}_{X,t} * \text{Modified Index Shares}_{X,t} * \text{Price}_{X,t}$$

where,

$\text{IWF}_{X,t}$ = Investable Weight Factor of Stock X on date t

$\text{Price}_{X,t}$ = Price used for Stock X in the S&P SmallCap 600 index computation on date t

n = Number of Stocks in S&P SmallCap 600 Pure Value index on date t (note that $n \leq N$, the count from the previous page)

$\text{Modified Index Shares}_{X,t}$ = Shares used for Stock X on date t

This term is calculated in the following manner:

$$\text{Modified Index Shares}_{X,t} = \text{Index Shares}_{X,t} * PWF_{X,t}$$

The Pure Weight Factor (*PWF*) term ensures the index weights each stock with its Style Score. This is accomplished by setting the *PWF* at the rebalancing reference date, *d*, as follows:

$$PWF_{X,d} = k * SV_X / (IWF_{X,d} * \text{Index Shares}_{X,d} * Price_{X,d})$$

The constant *k* is used as a multiplier since $SV_X / (IWF_{X,d} * \text{Index Shares}_{X,d} * Price_{X,d})$ results in a very small value.

The rebalancing reference date, *d*, is the date on which the market values are used to calculate the index shares for the upcoming index rebalancing. All changes become effective on the rebalancing effective date.

The rebalancing reference date for the *PWF* calculation is after the close of trading on the second Wednesday of December. Should markets be closed on this date, the close of the prior business day is used. S&P announces the index shares, to be effective on the rebalancing date, after the close of the second Friday of December.

The rebalancing effective date is after the close of trading on the third Friday of December.

The *PWF* is set only once a year at the index rebalancing. Therefore, only on the rebalancing reference date will the stocks be weighted in exact proportion to their Style Scores. The weight of stocks in the Pure Style indices on all other dates depends on the price performances relative to the rebalancing reference date.

Since Pure Style indices are score-weighted, weights (and, therefore, Modified Index Shares) of individual stocks are not be affected by corporate actions such as stock splits, spin-offs and rights offerings. Between rebalancings, the *PWF* might be adjusted to ensure there is no change in a stock's Modified Index Shares after such a corporate action. This ensures that, in practical terms, most corporate actions do not necessitate any action on the part of a portfolio manager tracking the index. Because of this feature, this series has lower number of turnover events in a given year than the Style index series.

Please refer to the section on Index Maintenance for information on the treatment of corporate actions.

Please refer to the S&P Index Mathematics Methodology for further information on the calculation of modified market capitalization indices.

Style Indices Versus Pure Style Indices

Style indices and Pure Style indices have different characteristics addressing distinct needs. These differences are summarized below.

For a more detailed explanation of differences between the two series, including historical data, see the white paper titled “Unveiling the Next Generation of Style Indexing” on the Web site at www.styleindices.standardandpoors.com.

Exhibit 3: Differences Between Style Index Series and Pure Style Index Series

Characteristic	Style Index Series	Pure Style Index Series
<i>Universe coverage</i>	Exhaustive, all parent index stocks are included	Only Pure Style stocks are included
<i>Overlapping stocks</i>	Stocks that do not have Pure Growth or Pure Value characteristics have their market capitalization divided between Growth and Value indices in proportion to their distance from the pure regions	None
<i>Weighting scheme</i>	Market capitalization-weighted	Style attractiveness-weighted
<i>Breadth</i>	Broader	Narrower
<i>Usage</i>	Cost efficient exposure to the broad style market (For example, relative value exposure)	Pure style exposure (For example, deep value exposure) or “style spread” strategies, quantitative analysis

Index Maintenance

Rebalancing

The S&P Style indices are rebalanced once a year in December. The December rebalancing helps set the broad universe and benchmark for active managers on an annual cycle consistent with active manager performance evaluation cycles. The rebalancing date is the third Friday of December, which coincides with the December quarterly share changes for the S&P Composite 1500.

Style Scores, market-capitalization weights, growth and value midpoint averages, and the Pure Weight Factors (PWFs), where applicable across the various Style indices, are reset only once a year at the December rebalancing.

Other changes to the U.S. Style indices are made on an as-needed basis, following the guidelines of the parent index. Changes in response to corporate actions and market developments can be made at any time. Constituent changes are typically announced for the parent index two-to-five days before they are scheduled to be implemented.

Please refer to the S&P U.S. Indices Methodology document for information on standard index maintenance for the S&P 500, the S&P MidCap 400, the S&P SmallCap 600 and all related indices.

Index Changes for Style Indices

Parent Index Action	Adjustment Made to the Style Index	Divisor Adjustment Required?
Constituent Change	<p>If the constituent being dropped is a member of the Style index, it is removed from the index.</p> <p>Standard & Poor's <i>Index Alert</i> will announce the W_V and W_G for the replacement stock. If W_V is non-zero the stock is added to the Value index. If W_G is non-zero the stock is added to the Growth index. The replacement stock can therefore be added to both Growth and Value indices, or to only one of them.</p> <p>W_V and W_G for the new stock are calculated using GICS industry-level averages for stocks outside the S&P Composite 1500 index, and retain their old values for inter-index moves.</p>	Yes
Share Changes Between Quarterly Share Adjustments	Share count follows parent index share count.	Yes
Quarterly Share Changes	<p>Share count follows parent index share count. In addition, new W_V and W_G for all constituent stocks change at the December rebalancing. These will be pre-announced in a manner similar to quarterly share changes.</p>	Yes

Please refer to the S&P U.S. Indices Methodology for the treatment of other corporate actions in the S&P US Index family.

Index Changes for Pure Style Indices

Parent Index Action	Adjustment made to Pure Style Index	Divisor Adjustment Required?
Constituent Change	<p>If the constituent being dropped is a member of the Pure Style index, it is removed from the Pure Style index.</p> <p>The replacement stock can be added to either the Pure Growth or the Pure Value index, or to neither. Standard & Poor's <i>Index Alert</i> will include the weight at which the stock will enter a Pure Style index.</p> <p>The weight is simply the ratio of the capped Style Score of the added stock divided by the sum of Style Scores of all index constituents.</p> <p>For index computation purposes PWF_G or PWF_V for the new stock are calculated accordingly using the formula in Appendix II.</p>	Yes
Share Changes Between Quarterly Share Adjustments	The weight of stocks is unchanged.	No
Quarterly Share Changes	The weight of stocks is unchanged during the March, June and September quarterly share changes. For the annual rebalancing, new constituents and their weights are announced on the second Friday of December. At the rebalancing, the weight of each stock is simply proportional to its capped Style Score. PWF factors for the annual rebalancing are determined based on market values as of the rebalancing reference date. The weights of stocks in the Pure Style indices, as of the rebalancing date, depend on the relative price performance between the rebalancing reference date and the rebalancing effective date.	Only on the December quarterly adjustment date, since it coincides with the annual rebalancing of the Pure Style indices.
Spin-Off	<p>The weight of stocks is unchanged.</p> <p>Price follows parent index price change. To keep weights of stocks unchanged following price change, Modified Index Shares are adjusted for the stock whose shares are being changed.</p>	No
Rights Offering	<p>The weight of stocks is unchanged.</p> <p>Price follows parent index price change. To keep weights of stocks unchanged following price change, Modified Index Shares are adjusted for the stock whose shares are being changed.</p>	No

Please refer to the S&P U.S. Indices Methodology for the treatment of other corporate actions in the S&P US Index family.

Base Dates – Price Return Series

All series have a base date of June 30, 1995. The base values for the indices are:

Price Return Indices	Base Value
S&P 500 Growth	271.61
S&P 500 Pure Growth	1004.08
S&P 500 Pure Value	1020.02
S&P 500 Value	291.12
S&P MidCap 400 Growth	60.40
S&P MidCap 400 Pure Growth	1016.60
S&P MidCap 400 Pure Value	997.45
S&P MidCap 400 Value	100.73
S&P SmallCap 600 Growth	76.27
S&P SmallCap 600 Pure Growth	1005.01
S&P SmallCap 600 Pure Value	1004.47
S&P SmallCap 600 Value	76.22
S&P Composite 1500 Growth	1000.04
S&P Composite 1500 Pure Growth	1007.25
S&P Composite 1500 Pure Value	1007.75
S&P Composite 1500 Value	1000.00
S&P 900 Growth	999.93
S&P 900 Pure Growth	1008.41
S&P 900 Pure Value	1010.07
S&P 900 Value	999.96
S&P 1000 Growth	1000.24
S&P 1000 Pure Growth	1009.50
S&P 1000 Pure Value	1001.57
S&P 1000 Value	999.88

Base Dates – Total Return Series

All series have a base date of June 30, 1995. The base values for the indices are:

Total Return Indices	Base Value
S&P 500 Growth (TR)	496.67
S&P 500 Pure Growth (TR)	1004.09
S&P 500 Pure Value (TR)	1020.10
S&P 500 Value (TR)	799.70
S&P MidCap 400 Growth (TR)	121.23
S&P MidCap 400 Pure Growth (TR)	1016.60
S&P MidCap 400 Pure Value (TR)	997.51
S&P MidCap 400 Value (TR)	223.02
S&P SmallCap 600 Growth (TR)	96.28
S&P SmallCap 600 Pure Growth (TR)	1005.01
S&P SmallCap 600 Pure Value (TR)	1004.46
S&P SmallCap 600 Value (TR)	115.10
S&P Composite 1500 Growth (TR)	1000.04
S&P Composite 1500 Pure Growth (TR)	1007.25
S&P Composite 1500 Pure Value (TR)	1007.80
S&P Composite 1500 Value (TR)	1000.00
S&P 900 Growth (TR)	999.93
S&P 900 Pure Growth (TR)	1008.41
S&P 900 Pure Value (TR)	1010.14
S&P 900 Value (TR)	999.96
S&P 1000 Growth (TR)	1000.24
S&P 1000 Pure Growth (TR)	1009.50
S&P 1000 Pure Value (TR)	1001.59
S&P 1000 Value (TR)	999.88

Index Data

Construction of Style and Pure Style indices across the size spectrum allows for a complete suite of benchmarking and style investing indices catering to distinct market needs. This is shown below. All of the indices have history starting in mid-1995.

Suite of Indices across the Asset Allocation Spectrum

	Value	Blend	Growth
Large-Cap	S&P 500 Value S&P 500 Pure Value	S&P 500	S&P 500 Growth S&P 500 Pure Growth
Mid-Cap	S&P MidCap 400 Value S&P MidCap 400 Pure Value	S&P MidCap 400	S&P MidCap 400 Growth S&P MidCap 400 Pure Growth
Small-Cap	S&P SmallCap 600 Value S&P SmallCap 600 Pure Value	S&P SmallCap 600	S&P SmallCap 600 Growth S&P SmallCap 600 Pure Growth
All-Cap	S&P Composite 1500 Value S&P Composite 1500 Pure Value	S&P Composite 1500	S&P Composite 1500 Growth S&P Composite 1500 Pure Growth
Large-Mid	S&P 900 Value S&P 900 Pure Value	S&P 900	S&P 900 Growth S&P 900 Pure Growth
Mid-Small	S&P 1000 Value S&P 1000 Pure Value	S&P 1000	S&P 1000 Growth S&P 1000 Pure Growth

Style and Pure Style indices derived for the S&P Composite 1500, the S&P 900 and the S&P 1000 are simply combinations of the Style and Pure Style indices of their subset indices.

For example, the S&P Composite 1500 Pure Value Index is comprised of the Pure Value index constituents of the S&P 500, the S&P MidCap 400 and the S&P SmallCap 600. Construction of Style baskets and assignment of style weight factors, as in Exhibit 2, are only done at the S&P 500, the S&P MidCap 400 and the S&P SmallCap 600 index levels. Index returns and stock-level Style Scores are available beginning in 1995. Scores are reviewed and indices rebalanced every December to coincide with the real world portfolio review process, which typically relies on year-end evaluations.¹

Total Return Indices

Total return indices are calculated in a manner similar to that used in the S&P Composite 1500. The distinction between ordinary cash dividends and special dividends is the same as for the S&P Composite 1500, with no separate announcement being made.

Please refer to the S&P Index Mathematics Methodology for further information on the calculation total return indices.

¹ For purposes of index history the rebalancings from 1995 to 2004 have been in July, while the 2005 rebalancing was in September

Index Governance

Index Committee

The S&P Style indices fall under the overall supervision of the S&P U.S. Index Committee. The Index Committee will from time to time consult practitioners and academics in order to keep the style methodology current and relevant.

Standard & Poor's considers information about changes to its U.S. indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

Index Policy

Announcements

Index additions and deletions follow the S&P Composite 1500. No separate announcements are made.

For additions to the U.S. Style and Pure Style Indices, Standard & Poor's will announce the constituents and their respective weights when the parent index announcement is made, via Standard & Poor's *Index Alert* product.

Holiday Schedule

The S&P U.S. Style indices are calculated when the U.S. equity markets are open.

A complete holiday schedule for the year is available on the Web site at www.indices.standardandpoors.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, Standard & Poor's 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 stock before the exchange closed. In all cases, the prices will be from the primary exchange for each stock in the index. If an exchange fails to open due to unforeseen circumstances, the index will use the prior day's closing prices. If all exchanges fail to open, Standard & Poor's may determine not to publish the index for that day.

Index Dissemination

Index levels are available through Standard & Poor's Index Services Web site at www.indices.standardandpoors.com, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Standard & Poor's Web site also provides an archive of recent index announcements and press releases, as well as a monthly release giving total returns for Standard & Poor's headline indices.

Tickers

Price Index	Bloomberg	Reuters
S&P 500 Growth	SGX	.SGX
S&P 500 Value	SVX	.SVX
S&P 500 Pure Growth	SPXPG	.SPXPG
S&P 500 Pure Value	SPXPV	.SPXPV
S&P MidCap 400 Growth	MIDG	.MGD
S&P MidCap 400 Value	MIDV	.MUV
S&P MidCap 400 Pure Growth	SPMPG	.SPMPG
S&P MidCap 400 Pure Value	SPMPV	.SPMPV
S&P SmallCap 600 Growth	SMLG	.CKG
S&P SmallCap 600 Value	SMLV	.CVK
S&P SmallCap 600 Pure Growth	SPSPG	.SPSPG
S&P SmallCap 600 Pure Value	SPSPV	.SPSPV
S&P Composite 1500 Growth	SPUSCG	.SPCG
S&P Composite 1500 Value	SPUSCV	.SPCV
S&P Composite 1500 Pure Growth	SPUSCPG	.SPCPG
S&P Composite 1500 Pure Value	SPUSCPV	.SPCPV

Price Index	Bloomberg	Reuters
S&P 900 Growth	SPUSNG	.SPNG
S&P 900 Value	SPUSNV	.SPNV
S&P 900 Pure Growth	SPUSNPG	.SPNPG
S&P 900 Pure Value	SPUSNPV	.SPNPV
S&P 1000 Growth	SPUSTG	.SPTG
S&P 1000 Value	SPUSTVA	.SPTVA
S&P 1000 Pure Growth	SPUSTPG	.SPTPG
S&P 1000 Pure Value	SPUSTPV	.SPTPV

Total Return Index	Bloomberg	Reuters
S&P 500 Growth	SPTRSGX	.SPXGTR
S&P 500 Value	SPTRSVX	.SPXVTR
S&P 500 Pure Growth	SPTRXPG	.SPXPGTR
S&P 500 Pure Value	SPTRXPV	.SPXPVTR
S&P MidCap 400 Growth	SPTRMG	.SPMGTR
S&P MidCap 400 Value	SPTRMV	.SPMVTR
S&P MidCap 400 Pure Growth	SPTRMPG	.SPMPGTR
S&P MidCap 400 Pure Value	SPTRMPV	.SPMPVTR
S&P SmallCap 600 Growth	SPTRSG	.SPSGTR
S&P SmallCap 600 Value	SPTRSV	.SPSVTR
S&P SmallCap 600 Pure Growth	SPTRSPG	.SPSPGTR
S&P SmallCap 600 Pure Value	SPTRSPV	.SPSPVTR
S&P Composite 1500 Growth	SPTRCG	.SPCGTR
S&P Composite 1500 Value	SPTRCV	.SPCVTR
S&P Composite 1500 Pure Growth	SPTRCPG	.SPCPGTR
S&P Composite 1500 Pure Value	SPTRCPV	.SPCPVTR

Total Return Index	Bloomberg	Reuters
S&P 900 Growth	SPTRNG	.SPNGTR
S&P 900 Value	SPTRNV	.SPNVTR
S&P 900 Pure Growth	SPTRNPG	.SPNPGTR
S&P 900 Pure Value	SPTRNPV	.SPNPVTR
S&P 1000 Growth	SPTRTG	.SPTGTR
S&P 1000 Value	SPTRTVA	.SPTVATR
S&P 1000 Pure Growth	SPTRTPG	.SPTPGTR
S&P 1000 Pure Value	SPTRTPV	.SPTPVTR

Index Alert

Complete data for index replication (including share counts, tickers and data on index levels and returns) are available through Standard & Poor's fee-based service, *S&P Index Alert*.

FTP

Daily stock level and index data is available via FTP on subscription.

For further information, please refer to the Web site at www.indices.standardandpoors.com.

Appendix I

Calculating Distances from Pure Growth Regions

First, the midpoints of the Growth and Value baskets are estimated.

AV_G = Average of Growth scores of Value basket members

AV_V = Average of Value scores of Value basket members

AG_G = Average of Growth scores of Growth basket members

AG_V = Average of Value scores of Growth basket members

These four variables are calculated once a year at the annual rebalancing.

For each Stock, X, that does not belong to either style basket, $D_{G,X}$ and $D_{V,X}$ are the distances from the Growth basket and the Value basket. As detailed in the chapter *Style Index Goals*, the stock's Growth and Value scores are SG_X and SV_X .

Calculation of $D_{G,X}$

If $(SG_X \geq AG_G)$,

$$D_{G,X} = |SV_X - AG_V|$$

Else if $(SV_X \leq AG_V)$,

$$D_{G,X} = |AG_G - SG_X|$$

Else,

$$D_{G,X} = \sqrt{(SV_X - AG_V)^2 + (AG_G - SG_X)^2}$$

Calculation of $D_{V,X}$

If $(SV_X \geq AV_V)$,

$$D_{V,X} = |SG_X - AV_G|$$

Else if $(SG_X \leq AV_G)$,

$$D_{V,X} = |AV_V - SV_X|$$

Else,

$$D_{V,X} = \sqrt{(SV_X - AV_V)^2 + (AV_G - SG_X)^2}$$

Appendix II

Calculating PWFs for Additions Between Rebalancings

To follow are the equations used to calculate the PWFs for additions between rebalancings. Index users need not calculate PWFs. Standard & Poor's announces the weight at which stocks will be added to an index for all additions that are made between rebalancings. The PWFs are simply used in index computation to assign stocks their appropriate weights.

Case 1: One stock is being added to a Pure Style index

The following are known variables:

$$\begin{aligned} F &= \text{Float-adjusted market capitalization of the added stock} \\ &= P * IWF * \text{Index Shares} \\ s &= \text{Capped Style Score of Stock } X \text{ being added} \\ S &= \text{Sum of the capped Style Scores of all constituents of the Pure Style index} \\ &\quad \text{(including the stock that is being added)} \\ I &= \text{Index Market Value before the addition (but after deletions, if applicable)} \\ &= \sum_{X=1}^N IWF_{X,t} * \text{Index Shares}_{X,t} * PWF_X * \text{Price}_{X,t} \end{aligned}$$

The following is the unknown variable:

$$PWF = \text{Weighting factor to ensure the stock goes in at a weight proportional to its Style Score}$$

Because of score weighting, the weight of a stock in the index after addition should be equal to the ratio of its capped Style Score to that of the sum of the capped Style Scores of all constituents.

$$(F * PWF) / (I + F * PWF) = s/S$$

Solving for PWF :

$$PWF = (I * s) / [F * (S - s)]$$

Case 2: Two stocks are being added to a Pure Style index

Let the variable definitions be the same as above and be denoted by subscripts 1 and 2 for each of the added stocks.

Since stock weights are proportional to their capped Style Scores, it follows that:

$$(F_1 * PWF_1) / (F_2 * PWF_2) = s_1/s_2$$

As before, the weight of an added stock is in proportion to its score. Therefore:

$$(F_1 * PWF_1)/(I + F_1 * PWF_1 + F_2 * PWF_2) = s_1/S$$

Substituting $(F_2 * PWF_2)$ from the first equation into the second, and solving for PWF_1 :

$$PWF_1 = (I * s_1) / [F_1 * \{S - (s_1 + s_2)\}]$$

Similarly,

$$PWF_2 = (I * s_2) / [F_2 * \{S - (s_1 + s_2)\}]$$

For cases with more than two stocks, the above equation can be extended.

S&P Contact Information

Index Management

David M. Blitzler, Ph.D. – Managing Director & Chairman of the Index Committee	
david_blitzler@standardandpoors.com	+1.212.438.3907
Steven Abel, Director – US & Canadian Indices	
steven_abel@standardandpoors.com	+1.212.438.3629
Paul Demskie, Team Leader – US & Canadian Indices	
paul_demskie@standardandpoors.com	+1.212.438.6426

Media Relations

David Guarino – Communications	
dave_guarino@standardandpoors.com	+1.212.438.1471

Index Operations & Business Development

North America

New York – Client Services	
index_services@standardandpoors.com	+1.212.438.2046
Toronto	
Jasmit Bhandal	+1.416.507.3203

Europe

London	
Susan Fagg	+44.20.7176.8888

Asia

Tokyo	
Seiichiro Uchi	+813.4550.8568
Beijing	
Andrew Webb	+86.10.6569.2919
Sydney	
Guy Maguire	+61.2.9255.9822

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