

# NASDAQ-100<sup>®</sup> Technology Sector Index<sup>SM</sup> Methodology

## ***Index Description***

The NASDAQ-100 Technology Sector Index is an equal weighted index based on technology companies included in the NASDAQ-100 Index. The NASDAQ-100 Technology Sector Index contains securities of the NASDAQ-100 Index, which includes 100 of the largest non-financial companies listed on The NASDAQ Stock Market by market value, which are classified as Technology according to the Industry Classification Benchmark (ICB).

## ***Index Calculation***

The NASDAQ-100 Technology Sector Index is an equal weighted index. The value of the Index equals the aggregate value of the Index share weights, also known as the Index Shares, of each of the Index Securities multiplied by each such security's Last Sale Price<sup>1</sup>, and divided by the divisor of the Index. The divisor serves the purpose of scaling such aggregate value to a lower order of magnitude which is more desirable for reporting purposes. If trading in an Index Security is halted on its primary listing market, the most recent Last Sale Price for that security is used for all index computations until trading on such market resumes. Likewise, the most recent Last Sale Price is used if trading in a security is halted on its primary listing market before the market is open. The Index began on February 22, 2006 at a base value of 1000.00.

The formula for index value is as follows:

Aggregate Adjusted Market Value/Divisor

The formula for the divisor is as follows:

(Market Value after Adjustments/Market Value before Adjustments) X Divisor before Adjustments

Two versions of the Index are calculated – a price return index and a total return index. The price return index (NASDAQ: NDXT) is ordinarily calculated without regard to cash dividends on Index Securities. The total return index (NASDAQ: NTTR) reinvests cash dividends on the ex-date. Both indexes reinvest extraordinary cash distributions.

The Index is calculated during the trading day and is disseminated once per second from 09:30:01 to 17:16:00 ET. The closing value of the Index may change up until 17:15:00 ET due to corrections to the Last Sale Price of the Index Securities.

## ***Eligibility Criteria***

The Index contains securities of the NASDAQ-100 Index classified as Technology according to ICB. The eligibility for the NASDAQ-100 Technology Sector Index is determined in a 2 step process and the security has to meet both criteria in order to become eligible for the Index.

1. The security must be part of the NASDAQ-100 Index, which includes 100 of the largest domestic and international non-financial companies listed on The NASDAQ Stock Market.

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<sup>1</sup> For purposes of this document Last Sale Price refers to the last sale price on NASDAQ, which may be the NASDAQ Official Closing Price (NOCP).

2. The company must be classified as Technology according to ICB.

### ***Index Maintenance***

Index Share changes are not made during the quarter however changes arising from stock dividends and stock splits are made to the Index on the evening prior to the effective date of such corporate action. In the case of certain spin-offs or rights issuances, the price of the Index Security is adjusted and a corresponding adjustment is made to the Index Shares such that the weight of the Index Security will not change as a result of the action.

In the case of a special cash dividend, a determination is made on an individual basis whether to make a change to the price of an Index Security in accordance with its Index dividend policy. If it is determined that a change will be made, a corresponding adjustment will be made to the Index Shares of the security such that the weight of the Index Security will not change as a result of the action. Any such change will become effective on the ex-date.

All changes are announced in advance and are reflected in the Index prior to market open on the Index effective date.

### **Component changes to the Index are handled in the following manner:**

- 1) If a component of the NASDAQ-100 Index that is classified as Technology according to ICB is removed from the NASDAQ-100, it is also removed from the NASDAQ-100 Technology Sector Index and as such, if the replacement company being added to the NASDAQ-100 Index is classified as Technology according to ICB, it is added to the NASDAQ-100 Technology Sector Index and will assume the weight of the removed company on the Index effective date;
- 2) If a component of the NASDAQ-100 Index that is not classified as Technology according to ICB is removed and the replacement company being added to the NASDAQ-100 Index is classified as Technology according to ICB, the replacement company is added to the NASDAQ-100 Technology Sector Index at the next quarterly rebalancing; and
- 3) If a component of the NASDAQ-100 Index that is classified as Technology according to ICB is removed from the NASDAQ-100 Index and the replacement company being added to the NASDAQ-100 Index is not classified as Technology according to ICB, the company is removed from the NASDAQ-100 Technology Sector Index and the divisor of the NASDAQ-100 Technology Sector Index is adjusted to ensure Index continuity.

Ordinarily, a security will be removed from the Index at its Last Sale Price. If, however, at the time of its removal the Index Security is halted from trading on its primary listing market and an official closing price cannot readily be determined, the Index Security may, in NASDAQ's discretion, be removed at a zero price. The zero price will be applied to the Index Security after the close of the market but prior to the time the official closing value of the Index is disseminated, which is ordinarily 17:16:00 ET.

All changes are announced in advance and are reflected in the Index prior to market open on the Index effective date.

### ***Index Rebalancing***

The Index employs an equal-dollar weighting methodology such that each company's Index market value is rebalanced quarterly to an equal-dollar value corresponding to an equal

percent weight of the Index's aggregate market value. Index Shares are calculated by dividing this equal-dollar value for each Index Security by the corresponding last sale price of the security at the close of trading on the third Friday in March, June, September, and December. In the case of multiple share classes of a company being included in the index, the equal-weighted market value will be divided equally among the securities of that company.

In administering the Index, NASDAQ OMX will exercise reasonable discretion as it deems appropriate to ensure Index integrity.

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