

M E M O R A N D U M

Notification of PHLX Sector Index Changes

Beginning Monday, November 3, 2008, the group currently responsible for handling PHLX Sector Index Administration within PHLX Listings Administration will be incorporated into the NASDAQ OMX Global Financial Products (GFP) department. In conjunction, the general phone line will change to + 1 301 978 8284 and the email will change to indexes@nasdaqomx.com.

In addition, on November 3rd, the PHLX Sector Indexes will experience minor changes in the calculations and file formats as noted below:

The changes are detailed below as follows:

- 1st bullet includes methods that will be utilized beginning November 3rd
- 2nd bullet includes methods currently in use
- **Prices Used for Index Calculation**
 - NASDAQ securities will use primary market prices, while prices for CQS securities will use consolidated prices.
 - Primary market prices ONLY for both NASDAQ and CQS securities are used.
- **Total Shares Outstanding (TSO) Used for Market Capitalization Weighted Indexes**
 - Full share values will be used (*Example: TSO for ABX of 871,839 will become 871,839,000*).
 - Shares are rounded to the nearest 1,000.
- **Decimalization in Index Values**
 - Divisor values will be whole numbers and index values will be rounded to two decimals (*Example: XAU divisor of 1,116,075 will become 1,116,075,000*)¹.
 - Certain divisor and index values contain decimals.
- **Component Market Values for Equal Weighted Indexes**
 - Market value of each component will initially be set to \$100,000,000 at the quarterly rebalancing.
 - Market value of each component is initially set to \$10,000.
- **Market Value of Replacement Component in Equal Weighted Index**
 - New component will enter Index at the market value of the removed component.
 - New component enters Index with a market value of approximately \$10,000.
- **Frequency of Share Changes**
 - Changes are made on a weekly basis, when change is equal to or greater than 5%.
 - Changes are made as received, subject to volume of change.
- **Special Dividend Policy**
 - Adjustment to the divisor only if the dividend is considered non-recurring by NASDAQ OMX Global Financial Products.
 - Adjustment to the divisor if identified as "special" by particular company.

¹ Using actual numbers will result in additional digits being present in divisors after the change.

- **Email Distribution of Daily Sector Index file**
 - The email distribution of the daily sector file will no longer be supported however the information will be available in html and text versions on the [Index Section](#) of the NASDAQ OMX Website each trading day.
 - The daily sector files are currently sent via email.

- **Daily Sector File Format**
 - The file will contain end-of-day information adjusted for corporate actions occurring prior to market open on the current business day and will not be adjusted for cash dividends unless it is determined to be a special cash dividend. A sample [PHLX Index](#) file is currently available for review.
 - Current files are adjusted for corporate actions occurring prior to market open on the current day with the price being adjusted for cash dividends.

Questions concerning this release or PHLX indexes may be directed to Kelley Grant at +1 215 496 1508 or Kelley.Grant@nasdaqomx.com or Jessica Cooke at +1 215 496 1496 or Jessica.Cooke@nasdaqomx.com.

Question concerning PHLX sector index options may be directed to Ricardo Hunter at +1 215 496 5380 or Walt Smith at +1 215 496 5532.