

S&P 500 Equal Weight Utilities & Telecommunications Index Consultation Results

NEW YORK, AUGUST 3, 2018: S&P Dow Jones Indices (“S&P DJI”) has conducted a consultation with members of the investment community on potential changes to the S&P 500 Equal Weight Utilities & Telecommunications Index.

The S&P 500 Equal Weight Utilities & Telecommunications Index is currently made up of companies in the S&P 500 that are classified as part of the Global Industry Classification Standard (GICS®) Utilities (GICS Code 55) and Telecommunication Services (GICS Code 50) sectors.

As previously announced, GICS will undergo a structural change in September 2018. As part of this restructuring, the Telecommunication Services sector will be renamed Communication Services and will contain two Industry Groups: Telecommunication Services and Media & Entertainment.

In line with this structural change, S&P DJI will exclude companies in the restructured Communication Services sector (GICS Code 50) from the index. In conjunction with this change, the index will be renamed the S&P 500 Equal Weight Utilities Plus Index.

In order to ensure enough index components, S&P DJI will implement a minimum company count of 22 and will supplement the index with companies from the S&P MidCap 400 in cases where there are fewer than 22 eligible companies from the S&P 500.

The index will be constructed as follows:

1. At each quarterly rebalancing, all companies in the S&P 500 within the eligible GICS sector are selected for index inclusion.
2. If fewer than 22 companies are selected in step 1, the index is supplemented with the largest companies based on float-adjusted market capitalization (FMC) in the S&P MidCap 400 within the eligible GICS sector until the minimum company count of 22 is reached. If intra-quarter additions to the S&P 500 in the eligible GICS sector result in the index reaching the required minimum count, the supplementary companies remain in the index until the next quarterly rebalancing at which point they are reviewed for continued inclusion.
3. If supplementary companies are required and at least one supplementary company is a current constituent, a buffer is applied at the quarterly rebalancing such that a supplementary company being added must have an FMC greater than 1.2 times (or 20% higher than) the supplementary company it is replacing. This buffer is evaluated on each supplementary company addition relative to the current supplementary company it is replacing. For example, the largest non-index supplementary company by FMC is evaluated against the smallest supplementary index constituent, the second largest non-index supplementary company is evaluated against the second smallest supplementary index constituent, etc. This process is repeated until no supplementary additions exceed the buffer.

These changes will become effective prior to the market open on Monday, September 24, 2018, in conjunction with the index rebalancing.

Please note the index methodology on S&P DJI's website is being updated to reflect this change.

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

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