

S&P U.S. TIPS Index *Methodology*

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Introduction

The S&P U.S. TIPS Index is a broad, comprehensive, market value-weighted index that measures the performance of the U.S. Treasury Inflation-Protected Securities (TIPS) market.

Highlights

The S&P U.S. TIPS Index undergoes a review and rebalancing once a month, with the intent of keeping the index current.

The index is rules based, although the S&P Dow Jones Indices' Fixed Income Index Committee reserves the right to exercise discretion, when necessary. The hallmark of a rules-based index is transparency and, broadly speaking, predictability. As an aide to transparency, this document sets out the rules by which the index is governed, index calculation and management procedures, and the various formulae used to calculate index returns and other statistics.

Please refer to Appendix I for a list of defined terms used throughout this document.

Index returns and other statistics are calculated daily, as described in Appendix II.

Index Family

The S&P U.S. TIPS Index is part of the S&P Dow Jones Indices' Fixed Income family of indices. Other indices in the family include:

- S&P U.S. TIPS 10 Year Index
- S&P U.S. TIPS 30 Year Index
- S&P U.S. Treasury Bill Index
- S&P U.S. Treasury Bond Index

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

Eligibility Factors

The following bond types are specifically excluded from the index:

- STRIPS

Additions

Securities are added to the index on a rebalancing date as long as S&P Dow Jones Indices has access to price and coupon information from Thomson Reuters. No bonds mature in the index. Each bond must have a maturity greater than or equal to one month from the rebalancing date. The S&P U.S. TIPS 10 Year Index is comprised of one security, the most recently issued 10-year U.S. Treasury TIPS note. The S&P U.S. TIPS 30 Year Index is comprised of one security, the most recently issued 30-year U.S. Treasury TIPS note.

Deletions

Bonds are deleted from the index on a rebalancing date if they are completely called by the issuer during the course of the month or are no longer in the secondary market due to purchases by the U.S. Treasury.

Index Construction

Index Calculations

The indices are weighted by market value.

The total return is calculated by aggregating the interest return, reflecting the return due to paid and accrued interest, and price return, reflecting the gains or losses due to changes in end-of-day price and principal repayments.

For further details regarding Index Calculations, please refer to S&P Dow Jones Indices' Fixed Income Index Mathematics Methodology available at www.spdji.com.

Index Maintenance

The index is maintained in accordance with the following rules:

- Par amounts of index securities are adjusted on the rebalancing date to reflect any changes that have occurred since the previous rebalancing date, due to partial calls, tenders, U.S. Treasury Department secondary market repurchases, etc.

Adjustments due to U.S. Government or Federal Reserve holdings are made once per quarter, on the rebalancing date in the first month of the quarter.

Rebalancing

The S&P U.S. TIPS Index is normally reviewed and rebalanced on a monthly basis. The rebalancing occurs on the last business day¹ of each month.

The Index Committee, nevertheless, reserves the right to make adjustments to the index at any time that it believes appropriate.

Additions, deletions and other changes to the index arising from the rebalancing are published, after the close of business, three business days prior to the last business day of the month (the announcement date). Index changes published in the announcement are not normally subject to revision and become effective after the close on the last business day (the rebalancing date).

Securities are eligible for inclusion in the index if S&P Dow Jones Indices can obtain price and coupon information from Thomson Reuters prior to a rebalancing date. If the official issue or settlement date occurs after the monthly rebalancing date, but S&P Dow Jones Indices obtains the pricing and coupon information prior to the next rebalancing date, that security may be added to the index.

Base Date

The index has a base date of December 31, 2001. The base value on that date is 100.

¹ Prior to August 31, 2013, the index rebalancing date was the 15th of each month.

Index Governance

Index Committee

S&P Dow Jones Indices' Fixed Income Index Committee maintains the indices. All committee members are full-time professionals at S&P Dow Jones Indices. Meetings are held quarterly and whenever deemed appropriate.

The Index Committee oversees the management of the indices, including determinations of intra-rebalancing changes, maintenance and inclusion policies, and other matters affecting the maintenance and calculation of the indices.

In fulfilling its responsibilities, the Index Committee has full and complete discretion to (i) amend, apply, or exempt the application of Index rules and policies as circumstances may require and (ii) add, remove, or by-pass any security in determining the composition of an index.

The Index Committee may rely on any information or documentation submitted to it or gathered by it that the Index Committee believes to be accurate. The Index Committee reserves the right to reinterpret publicly available information and to make changes to the index based on a new interpretation of that information at its sole discretion. All Index Committee discussions are confidential.

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

Index Policy

Announcements

Announcements of any relevant information pertaining to the S&P U.S. TIPS Index are made at approximately 07:00 PM ET. Press releases are posted on S&P Dow Jones Indices' Web site at www.spdji.com.

Holiday Schedule

The S&P U.S. TIPS Index is calculated when the Securities Industry and Financial Markets Association (SIFMA[®]) declares the U.S. fixed income markets to be open.

End-of-Day Calculation

Index levels are calculated at the end of each business day, at approximately 07: PM ET, via S&P Dow Jones Indices' Web site. S&P U.S. TIPS Index levels will also be posted on major quote vendors and other media outlets as noted below.

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. Index methodology event
2. Late announcement
3. Revised source data

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' Fixed Income 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' Fixed Income 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	Ticker
S&P U.S. TIPS Index	SPBDUSPT
S&P U.S. TIPS 0-1 Year Index	SPBDUT1T
S&P U.S. TIPS 0-3 Year Index	SPBDUT3T
S&P U.S. TIPS 0-5 Year Index	SPBDUT5T
S&P Year U.S. TIPS 0-10 Index	SPBDU10T
S&P Year U.S. TIPS 0-15 Index	SPBDUFTT
S&P U.S. TIPS 1-3 Year Index	SPBDUP3T
S&P U.S. TIPS 3-5 Year Index	SPBDUP5T
S&P U.S. TIPS 5-7 Year Index	SPBDUP7T
S&P Year U.S. TIPS 7-10 Index	SPBDUP0T
S&P U.S. TIPS 10-15 Year Index	SPBDU15T
S&P U.S. TIPS 5+ Year Index	SPBDU5PT
S&P U.S. TIPS 10+ Year Index	SPBDUTPT
S&P U.S. TIPS 15+ Year Index	SPBDUFPT
S&P U.S. TIPS 1-5 Year Index	SPBDU4YT
S&P U.S. TIPS 1-10 Year Index	SPBDU9YT
S&P U.S. TIPS 5-10 Year Index	SPBDU5YT
S&P U.S. TIPS 5-15 Year Index	SPBDUTYT
S&P U.S. TIPS 1-15 Year Index	SPBDUFYT
S&P U.S. TIPS 10 Year Index	SPBDU1ST
S&P U.S. TIPS 30 Year Index	SPBDU3ST

FTP

Daily index levels 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.

Appendix I - Defined Terms

Adjusted Price. The security quoted price, before any adjustment for inflation, multiplied by the index ratio of the security.

Announcement Date. The date on which changes to the index are published, as further described in the section on Index Maintenance.

Business Day. A business day(s) is defined as those days on which the Securities Industry and Financial Markets Association (SIFMA[®]) declares the U.S. fixed income markets open.

Close. The end of a business day for the purpose of calculating index values and other statistics, currently 07:00 PM Eastern Time for all trading business days.

Eligible Security. A security that meets all of the eligibility criteria, based on publicly available information as of the close of the business day preceding the announcement date, but is not already an index security.

Index. The S&P U.S. TIPS Index.

Index Ratio. A multiplier used to adjust the nominal principal and coupon payments of the security. The current index ratio for a security is defined as the latest reported CPI divided by the security's base CPI, which was the latest report CPI on its issue date. For this index, S&P Dow Jones Indices uses the not seasonally adjusted (NSA) Consumer Price All Urban Index reported by the Bureau of Labor Statistics.

Index Security. A security that is included in the index.

Par Amount. The total par or "face value" amount outstanding of an index security or an eligible security, net of its U.S. Government or Federal Reserve Bank holdings, as determined by the Index Committee.

Rebalancing Date. After the close of the last business day of each month (with exceptions already noted), when the changes to the index published on the announcement date become effective, as further described in the section on Index Maintenance.

Appendix II - Methodology Changes

Methodology changes since July 1, 2016 are as follows:

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Stripped Amount	06/30/2016	Previously, the Par amounts of securities were further adjusted to reflect the amount of "stripped" securities of a given issue during the rebalance period. The following indices were impacted: <ul style="list-style-type: none"> • S&P U.S. TIPS Index 	The par amounts will no longer be adjusted during the rebalance period. The following indices are impacted: <ul style="list-style-type: none"> • S&P U.S. TIPS Index
Pricing Source Change	6/30/2016	Previously, the pricing source for the S&P U.S. TIPS Index was S&P Securities Evaluations (SPSE). Securities Evaluations (SPSE) was the pricing source from May 1 st , 2012 to June 30 th , 2016. BG Cantor Market Data was the pricing source prior to this.	After the close of June 30, 2016, the pricing source is Thomson Reuters.

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