

# Dow Jones Islamic Market Indexes<sup>SM</sup>

WORLD MEASURES WITH A NEW PERSPECTIVE

**Now a winner of numerous awards on the quality of its Islamic indexes, Dow Jones Indexes was the first to launch Shari'ah-compliant indexes in 1999. Today, the Dow Jones Islamic Market Indexes currently offers a galaxy of nearly 70 Shari'ah-compliant measures covering equity and fixed income securities across the globe. Indeed, we offer the largest, most visible and widely used set of Islamic compliant indexes in the world.**

The Dow Jones Islamic Market Index [DJIM<sup>SM</sup>] was the first attempt by any global index provider to create a measurement tool for Shari'ah-compliant investors and to reduce the research costs of ascertaining and measuring Shari'ah-compliance by creating a global universe of Shari'ah-screen companies approved by a Shari'ah supervisory board. Unlike other index providers who outsource Shari'ah screening to pre-existing Shariah boards to minimize expenses, Dow Jones Indexes made the financial and quality commitment to organize its own Shari'ah supervisory board for the purpose of advising on the DJIM Indexes. The DJIM Shari'ah supervisory board serves much like a board of directors for the Index on Shari'ah compliance. As the first such index and due to its unique characteristics, the DJIM has become the initial standard of Shari'ah-compliant investing in Muslim countries, offering incentive for companies to meet the standards of Dow Jones Indexes' DJIM methodology screens to be included in a high-profile Shari'ah-complaint index. The

DJIM screens have since been adopted by the Auditing & Accounting organization of Islamic Financial Institutions [AAOIFI]-Standard 21. [For verification, please see AAOIFI Standard (21).] Hence, Dow Jones' index led to the establishment of and became a financial industry standard.

Additionally, the Dow Jones® Citigroup® Sukuk Index is the first index to measure the performance of global bonds that comply with Islamic investment guidelines. The Sukuk Index is made up of investment-grade, U.S. dollar-denominated Islamic bonds - also known as sukuk. The index was created primarily as a benchmark for investors seeking exposure to Sharia-compliant fixed-income investments. The index may also have contributed to increased secondary market trading in this growing asset class and facilitated cross-market relative value trading among different asset classes.

**The Dow Jones Islamic Market Indexes include a galaxy of nearly 70 Islamic indexes that cover a variety of Shari'ah-compliant equities and fixed income securities across the globe.**

For more information, please visit [www.djislamicmarkets.com](http://www.djislamicmarkets.com) and contact Rushdi Siddiqui, Global Director, Dow Jones Islamic Market Indexes, at +1.212.597.5740 or [rushdi.siddiqui@dowjones.com](mailto:rushdi.siddiqui@dowjones.com).

### DJIM Methodology

The Dow Jones Islamic Market Indexes measure the global universe of investable equities that have been screened for Shari'ah compliance consistent with Dow Jones Indexes' proprietary methodology. The selection universe for the DJIM indexes is the same as the universe for the Dow Jones World Index, a broad-market index that seeks to provide approximately 95% market coverage of 47 countries. To arrive at the DJIM Indexes, companies in the Dow Jones World Index are screened based on quantitative criteria designed by Dow Jones Indexes to approximate the restrictions typically imposed on Islamic-compliant investments and then the criteria relevant to the specific index.

The first DJIM screens are intended to remove any companies with involvement in alcohol, pork-related products, conventional financial services, entertainment, tobacco, and weapons and defense. A second set of screens, based on financial ratios, are intended to remove companies based on debt and interest income levels.

Stocks of companies that pass both sets of screens are included in the DJIM. All other indexes in the Dow Jones Islamic Market family are created as subsets of this benchmark.

The DJIM are weighted by float-adjusted market capitalization. The composition of the indexes is reviewed on a quarterly basis.

An independent, six-member Shari'ah board of Islamic scholars contributed to the original design of the DJIM and continues to provide periodic input.

- ▶ A global flagship index – the Dow Jones Islamic Market Index
- ▶ Country and regional indexes covering North America, Europe and Asia
- ▶ Global industry indexes: basic materials, consumer goods, consumer services, financials, health care, industrials, oil and gas, technology, telecommunications and utilities
- ▶ Global and regional capitalization-defined indexes
- ▶ Global and regional blue-chip “Titans” indexes
- ▶ Global emerging markets index covering the BRIC countries

### Industry Screens

- ▶ Alcohol
- ▶ Pork-related products
- ▶ Conventional financial services
- ▶ Entertainment
- ▶ Tobacco
- ▶ Weapons and defense

### Financial Ratio Screens

All of the following should be less than 33%:

- ▶ Total debt divided by trailing 12-month average market capitalization
- ▶ The sum of a company's cash and interest-bearing securities divided by trailing 12-month average market capitalization
- ▶ Accounts receivables divided by trailing 12-month average market capitalization

### Shari'ah Supervisory Board

- ▶ Shaykh Nizam Yaquby, Bahrain
- ▶ Shaykh Dr. Mohd Daud Bakar, Malaysia
- ▶ Shaykh Justice Muhammad Taqi Usmani, Pakistan
- ▶ Shaykh Dr. Mohamed A. Elgari, Saudi Arabia
- ▶ Shaykh Abdul Sattar Abu Ghuddah, Syria
- ▶ Shaykh Yusuf Talal DeLorenzo, United States



## REGIONAL ALLOCATION

Region	DJIM Index	DJ World Index
Americas	60.14%	50.21%
Europe*	24.35%	30.69%
Asia/Pacific	15.52%	19.10%

As of December 29, 2006

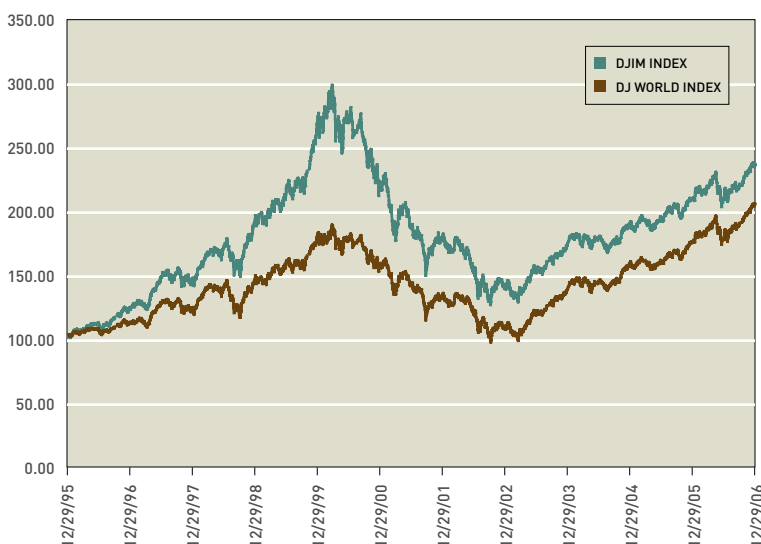
\*Europe = Eastern/Western Europe + South Africa

## INDUSTRY ALLOCATION

Industry	DJIM Index	DJ World Index
Basic Materials	10.70%	6.11%
Consumer Goods	9.42%	10.63%
Consumer Services	7.27%	10.10%
Financials	0.30%	26.12%
Health Care	18.26%	8.24%
Industrials	12.81%	12.57%
Oil & Gas	16.63%	8.41%
Technology	18.81%	8.97%
Telecommunications	4.34%	4.35%
Utilities	1.44%	4.49%

As of December 29, 2006. Allocations are based on the distribution of float-adjusted market capitalization. Industry classifications are based on the Industry Classification Benchmark (ICB).

## INDEX PERFORMANCE DJIM VS. DOW JONES WORLD INDEX



Price-return index values for the period beginning December 29, 1995 and ending December 29, 2006. Index performance data prior to 1999 are based on backtesting, i.e., calculations of how the index might have performed prior to launch if it had existed using the same index methodology employed by Dow Jones today. See the disclaimer at the end of this document for more information on backtested data.

# Dow Jones Citigroup Sukuk Index: First of Its Kind

## Built With The Expertise of Industry Leaders

The index shares design criteria and calculation assumptions with the broader Citigroup fixed-income index family, a leading family of bond indexes, and its screens for Shari'ah compliance are consistent with those of the Dow Jones Islamic Market (DJIM) Indexes, the most widely adopted family of Islamic-focused equity indexes

## A Systematic Approach

The index is created and maintained according to a quantitative methodology that incorporates rules-based screens for bond selection.

## Rigorous Screening Criteria

Only bonds that pass three sets of screens for compliance with Islamic investment guidelines are eligible for the index. Bonds must be certified as sukuk by a globally recognized Shari'ah Board and also must comply with Auditing and Accounting Organization of Islamic Financial Institutions (AAOIFI) standards for eligible asset classes. Additionally, the underlying assets must comply with Shari'ah principles.

## Widely Available Data

The Dow Jones Citigroup Sukuk Index is available on [www.djindexes.com](http://www.djindexes.com).



For more information, please visit [www.djislamicmarkets.com](http://www.djislamicmarkets.com) and contact Rushdi Siddiqui, Global Director, Dow Jones Islamic Market Indexes, at +1.212.597.5740 or [rushdi.siddiqui@dowjones.com](mailto:rushdi.siddiqui@dowjones.com).

# Dow Jones Citigroup Sukuk Index: Methodology

The Dow Jones Citigroup Sukuk Index follows the general methodology of the family of Citigroup fixed income indexes and the Dow Jones Islamic Market Index methodology for screening securities for Sharia compliance.

To be included in the index, a bond must comply with both principles of Shari'ah Law and the Bahrain-based Auditing

& Accounting Organization of Islamic Financial Institutions (AAOIFI) standards for tradable sukuk. It also must have a minimum maturity of one year, a minimum issue size of US\$250 million, and an explicit or implicit rating of at least BBB-/Baa3 by leading rating agencies.

## DESIGN CRITERIA AND CALCULATION ASSUMPTIONS

Composition	Global U.S. dollar-denominated investment-grade bonds that are Shari'ah compliant
Stated Coupon	Fixed rate, floating rate
Minimum Maturity	One year
Weighting	Market capitalization updated monthly
Minimum Size Outstanding	USD 250 million
Minimum Quality	An explicit or implicit rating of at least BBB-/Baa3 by S&P, Moody's or a leading rating agency
Yield Curve	Citigroup Treasury Model (Off-the-Run) Curve
Reinvestment of Cash Flow	One-month USD Eurodeposit for the calculation period
Calculation Frequency	Daily
Pricing	All pricing generally taken as of the local market close
Volatility	10% single volatility
Review Frequency	Monthly
Base Date	September 30, 2005

Source: Citigroup Index LLC

## Dow Jones Sustainability Index: First of Its Kind

The Dow Jones Sustainability Index is the world's first index that merges Islamic investing principles and sustainability criteria by combining the methodology of the Dow Jones Islamic Market Indexes and Dow Jones Sustainability

Indexes. The Index represents companies that are compatible with Islamic investment guidelines, while at the same time are determined to be corporate sustainability leaders.

## Notable Accomplishments:

### Rushdi Siddiqui, Global Director, Dow Jones Islamic Market Indexes

- Winner of American Muslim Achievement Award, Islamic Center of Southern California, USA (2006)
- Member of Dubai International Financial Center's Islamic Advisory Council (2006)
- Winner of Sh. Mohmmad Rashid Bin Makhtoum Award for Contribution by Western Institution to Islamic Finance (2006)
- Winner of Faalka Award for Contribution & Development to Islamic Funds (2006)
- Winner of Deloitte/IIIF Award for Special Contribution to Islamic Finance (2005)
- Winner of CERT (Malaysia) Award for Excellence in Islamic Finance (2004)
- Winner of Sh. Mohmmad Rashid Bin Makhtoum Award for Innovation in Islamic Finance (2003)

FOR MORE INFORMATION

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This document contains index performance data based on backtesting, i.e., calculations of how the index might have performed prior to launch if it had existed using the same index methodology employed by Dow Jones today. Backtested performance information is purely hypothetical and is provided in this document solely for informational purposes. Backtested performance does not represent actual performance and should not be interpreted as indication of actual performance.

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