

Jefferies Midcap Short Interest IndexSM

Summary Methodology

Eligibility Criteria

(all criteria must be satisfied [as of the Reconstitution Reference Date] in order to be included in the index)

- Eligible Companies and Securities: All U.S. Incorporated companies listed on the NYSE, AMEX or the Nasdaq except:
 - o Excluded Companies/Entities: Real estate investment trusts, close-ended funds, unit investment trusts and limited partnerships
 - o Excluded Securities: Preferred and convertible preferred stock, ADRs, redeemable shares, participating preferred stock, warrants and rights, trust receipts, bulletin board, pink sheets, and OTC-traded securities

- Market Cap Rule: Full market capitalization must fall between \$2b and \$10b USD

- Liquidity Rule: Must have:
 - o 12-month value traded: > USD\$50m; and
 - o Shares traded over the past 12 months divided by free float shares outstanding: >.3

For companies without 12 months of trading history as of reconstitution, the Liquidity Rule will apply to the annualized value-traded and share turnover amounts, provided that the companies have at least 1 month of trading history as of the reconstitution. Companies with <1 month of trading history will be excluded from the index.

- Short Interest Rule: Must be among the 25 companies with the highest Short Interest that also satisfy all other Eligibility Criteria herein. "Short Interest" is defined as short interest shares as a percent of total shares outstanding, measured as of Reconstitution Reference Date.

Index Construction

- Weightings: Equal-Weighted according to S&P's standard methodology.¹

- Calculation: Calculated according to S&P's standard

¹ www.sandp.com/indices, section "Index Methodology," documents "Free Float Methodology" and "Index Mathematics"

methodology for U.S. indices²

- Index Maintenance**
- Reconstitution: Quarterly, on the third Friday of the last month of each calendar quarter, using data as of [a Reference Date that is the last day of the month prior to Reconstitution] [the most recent available data]
 - o Retention Rule: Index constituents remain in the index until the next reconstitution at which they no longer satisfy all Eligibility Criteria.
 - Rebalancing: Quarterly, simultaneous with Reconstitution.
 - Adjustment for Corporate Actions: Corporate actions are applied to index membership according to S&P's standard methodology for U.S. indices.³

- Index Data**
- Base Date / Value: The base date is 12/31/2002, with a base value of 100.
 - Calculation Frequency: Index values are calculated daily.
 - Publication: Index values are published on Jefferies' website (www.jefferies.com) and on Bloomberg under the identifiers JEFIMSIP (index price) and JEFIMSIT (total return).
 - Series Provided: Price Return and Total Return index series are provided, and are calculated according to S&P's standard methodology for U.S. indices.⁴ Total Return values include ordinary and special dividends.

² www.sandp.com/indices, section "Index Methodology," documents "S&P U.S. Indices Methodology" and "Index Mathematics"

³ Ibid.

⁴ Ibid.