

Jefferies U.S. Tanker 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 publicly listed equity securities 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 exceed \$50m
- 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.
- Tanker Sector Rule: Must be a representative U.S. exchange-traded Tanker company as defined in consultation with Jefferies equity research.

Index Construction

- Weightings: Weighted by free-float-adjusted market capitalization, as calculated according to S&P's standard methodology¹ with maximum weighting at 15% for any one stock as of rebalancing date.

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

- Calculation: Calculated according to S&P's standard methodology for U.S. indices.²

Index Maintenance

- Reconstitution: Annually on the third Friday of the last month of each calendar year, using data as of a Reference Date that is the last day of the month prior to Reconstitution.
 - o Meaningful IPOs or spin-offs will be considered for inclusion between reconstitutions for those stocks that Jefferies equity research expects will satisfy the Eligibility Criteria above.
- Rebalancing: Quarterly, on the third Friday of the last month of each calendar quarter, using the most recent data available.
- Share Updates: Changes in a company's shares outstanding are made according to S&P's standard methodology for U.S. indices.³
- Adjustment for Corporate Actions: Corporate actions are applied to index membership according to S&P's standard methodology for U.S. indices.⁴

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 JEFIUSTP (index price) and JEFIUSTT (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.⁵ 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.

⁵ Ibid.