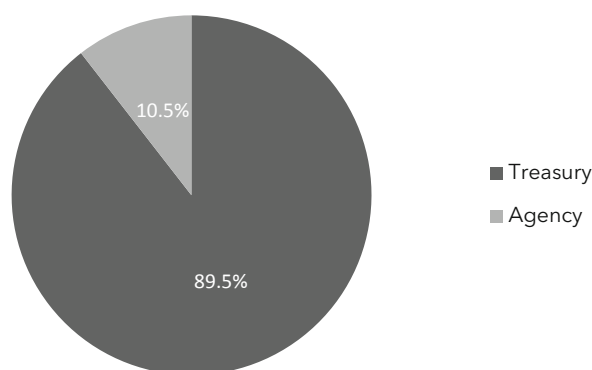


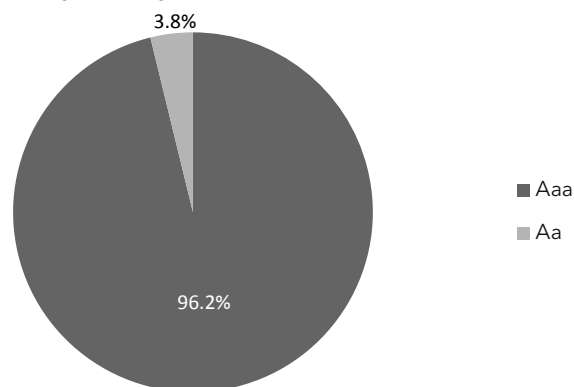
US Government Float-Adjusted 1-3 Year Index

The Bloomberg Barclays US Government Float Adjusted 1-3 Year Bond Index is a Float-Adjusted version of the US Government Index, which tracks the market for US dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). Both the flagship US Government Index and the Float-Adjusted version exclude holdings of US Treasuries, but the Float-Adjusted version also excludes US agency debentures held in the Federal Reserve SOMA account. To be included in the US Government Float-Adjusted 1-3 Year Index, securities must have at least one and up to, but not including, three years to maturity. The Bloomberg Barclays Float-Adjusted index family was launched in July 2009 with an inception date of July 1, 2009.

Composition by Sector (MV%) - December 30, 2016



Composition by Quality (MV%) - December 30, 2016



Rules for Inclusion

Sector	US Treasury and US agency (government owned, government sponsored and government guaranteed) bonds are included
Eligible Currencies	Principal and interest must be denominated in USD.
Quality	<p>Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&P and Fitch; when a rating from only two agencies is available, the lower is used; when only one agency rates a bond, that rating is used. In cases where explicit bond level ratings may not be available, other sources may be used to classify securities by credit quality:</p> <ul style="list-style-type: none"> Local currency treasuries are classified using the middle issuer level rating from each agency for all outstanding bonds, even if bond level ratings are available. Unrated securities may use an issuer rating for index classification purposes if available. Unrated subordinated securities are included if a subordinated issuer rating is available.
Coupon	<ul style="list-style-type: none"> Fixed-rate coupon. Original zero-coupon issues are included.

Rules for Inclusion

Amount Outstanding	<ul style="list-style-type: none"> All securities must have USD250mn minimum par amount outstanding. US Treasuries and US agency debentures held in the Federal Reserve SOMA account (both purchases at issuance and net secondary market transactions) are deducted from the total amount outstanding. New issuance bought at auction by the Federal Reserve does not enter the index. Net secondary market purchases/sales are adjusted at each month-end with a one-month lag. <p><i>As previously announced, the minimum amount outstanding for US Aggregate Indices will be raised to USD300mn from USD250mn for Treasury and Government-Related and Corporate securities as of April 1, 2017.</i></p>	
Maturity	<ul style="list-style-type: none"> Securities must have at least 1 and up to, but not including, 3 years remaining to final maturity, regardless of optionality. Bonds that convert from fixed to floating rate, including fixed-to-float perpetual, will exit the index one year prior to conversion to floating-rate. 	
Market of Issue	<ul style="list-style-type: none"> SEC-registered securities, bonds exempt from registration at the time of issuance and SEC Rule 144A securities with registration rights are eligible. A security with both SEC Regulation-S (Reg-S) and SEC Rule 144A tranches is treated as one security for index purposes. The 144A tranche is used to prevent double-counting and represents the combined amount outstanding of the 144A and Reg-S tranches. Global bonds are included. 	
Seniority of Debt	Senior and subordinated issues are included.	
Taxability	Only fully taxable issues are eligible.	
Security Types	<p>Included</p> <ul style="list-style-type: none"> Bullet, puttable, sinkable/amortizing and callable bonds Original issue zero coupon bonds Certificates of deposit 	<p>Excluded</p> <ul style="list-style-type: none"> US Treasuries and US agency debentures held in the Federal Reserve SOMA account Securities issued by non-US agencies, sovereigns, supranationals and local authorities Inflation-linked bonds, floating-rate issues Treasury bills, strips Private placements, retail bonds Structured notes, pass-through certificates Illiquid securities with no available internal or third-party pricing source

Rebalancing Rules

Frequency	For each index, Bloomberg maintains two universes of securities: the Returns (Backward) and Projected (Forward) Universes. The composition of the Returns Universe is rebalanced at each month-end and represents the fixed set of bonds on which index returns are calculated for the next month. The Projected Universe is a forward-looking projection that changes daily to reflect issues dropping out of and entering the index but is not used for return calculations. On the last business day of the month (the rebalancing date), the composition of the latest Projected Universe becomes the Returns Universe for the following month.
Index Changes	During the month, indicative changes to securities (credit rating change, sector reclassification, amount outstanding changes, corporate actions, ticker changes) are reflected daily in both the Projected and Returns Universe of the index. These changes may cause bonds to enter or fall out of the Projected Universe of the index on a daily basis, but will affect the composition of the Returns Universe at month-end only, when the index is next rebalanced.
Reinvestment of Cash Flows	Intra-month cash flows from interest and principal payments contribute to monthly index returns but are not reinvested at a short-term reinvestment rate between rebalance dates. At each rebalancing, cash is effectively reinvested into the returns universe for the following month so that index results over two or more months reflect

Rebalancing Rules

	monthly compounding.
New Issues	Qualifying securities issued, but not necessarily settled on or before the month-end rebalancing date, qualify for inclusion in the following month's index if required security reference information and pricing are readily available.

Pricing and Related Issues

Sources & Frequency	Priced on a daily basis by Bloomberg's evaluated pricing service, BVAL.
Timing	<ul style="list-style-type: none"> • 3pm (New York time). • On early market closes, prices are taken as of 1pm (New York time), unless otherwise noted. • If the last business day of the month is a public holiday, prices from the previous business day are used.
Bid or Offer Side	Bonds in the index are priced on the bid side.
Settlement Assumptions	T+1 calendar day settlement basis for all bonds. At month-end, settlement is assumed to be the first calendar day of the following month, even if the last business day is not the last day of the month, to allow for one full month of accrued interest to be calculated.
Verification	Daily price moves for each security are analyzed by the index pricing team to identify outliers. Index users may also challenge price levels, which are then reviewed and updated as needed using input from various sources.
Currency Hedging	Returns hedged to various non-USD currencies are published for the US Government Float-Adjusted 1-3 Year Index. The indices' FX hedging methodology takes rolling one-month forward contracts that are reset at the end of each month and hedges each non-reporting currency-denominated bond in the index into the reporting currency terms. No adjustment is made to the hedge during the month to account for price movements of constituent securities in the returns universe of the index.
Calendar	The US Government Float-Adjusted 1-3 Year Index follows the US bond market holiday schedule.
Index Ticker	BFA3TRUU

Monthly Returns in USD, 2010-2016 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	0.73	0.21	-0.22	0.26	0.41	0.48	0.27	0.18	0.17	0.24	-0.20	-0.17	2.4
2011	0.17	-0.08	-0.03	0.43	0.35	0.03	0.26	0.34	-0.13	0.09	0.06	0.06	1.56
2012	0.16	-0.14	-0.05	0.21	0.03	-0.03	0.23	0.01	0.02	-0.05	0.09	0.03	0.5
2013	0.01	0.09	0.02	0.10	-0.14	-0.07	0.16	-0.10	0.23	0.11	0.1	-0.14	0.37
2014	0.16	0.09	-0.11	0.14	0.18	-0.05	-0.08	0.17	-0.06	0.29	0.15	-0.24	0.64
2015	0.52	-0.22	0.24	0.05	0.07	0.02	0.06	-0.04	0.30	-0.09	-0.24	-0.10	0.57
2016	0.61	0.11	0.17	0.04	-0.10	0.59	-0.06	-0.16	0.12	-0.07	-0.41	0.03	0.87

Accessing Index Data

Bloomberg Professional® service	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> INDEX<Go> – The Bloomberg Indices landing page is a dashboard for index-related information on the terminal. Find daily and monthly index returns for key indices from each index family as well as index publications including methodologies, factsheets, monthly reports, updates and alerts. IN<Go> – The Bloomberg Index Browser displays the latest performance results and statistics for the indices as well as history. IN presents the indices that make up Bloomberg's global, multi-asset class index families into a hierarchical view, facilitating navigation and comparisons. The "My Indices" tab allows a user to focus on a set of favorite indices. PORT<Go> – Bloomberg's Portfolio & Risk Analytics solution includes tools to analyze the risk, return, and current structure of indices. Analyze the performance of a portfolio versus a benchmark or use models for performance attribution, tracking error analysis, value-at-risk, scenario analysis, and optimization. DES<Go> – The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance.
Bloomberg Indices Website (www.bloombergindices.com)	<p>The index website makes available limited index information including:</p> <ul style="list-style-type: none"> Index methodology and factsheets Current performance numbers for select indices
Data Distribution	<p>Index subscribers may choose to receive index data in files. Files may include:</p> <ul style="list-style-type: none"> Index level and/or constituent level returns and characteristics for any indices Automatic delivery of files via email or SFTP following the completion of the index production process after market close Clients may receive standard files or may customize file contents Index data is also available via authorized redistributors

Bloomberg Total Return Index Value Tickers: US Government Float Adjusted 1-3 Year and Related Indices

Ticker (USD Unhedged)	Index	Ticker (USD Unhedged)	Index
BFA3TRUU	US Government Float-Adjusted 1-3 Year	LUGCTRUU	US Government/Credit
LUGITRUU	US Intermediate Government	LUAGTRUU	US Government
LGL1TRUU	US Long Government	LC07TRUU	US Credit

Total Return Index Values are available in other currencies and on a hedged basis. Attributes such as yield and duration, are also available. Please refer to Accessing Bloomberg Barclays Index Data Using Bloomberg Tickers for a full list of tickers and attributes that are available.

February 22, 2017

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New York

+1-212-617-5020

London

+44-20-3525-9976

Singapore

+65-6212-1449

Hong Kong

+852-2293-1346

Tokyo

+81-3-3201-7024

Sydney

+61-2-9777-7208

indexhelp@bloomberg.net

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