

## What Underlies QQQ? (1)

100 large nonfinancial Nasdaq names

The Nasdaq 100 Shares (Ticker: QQQ) are designed to track the Nasdaq 100 Index.

The Nasdaq 100 represents 100 large Nasdaq companies (average market capitalization of \$14.2 billion). Financial names are excluded. The index is rebalanced annually (third Friday of December) based on adjusted market capitalization ranking and liquidity. We outline the rules of the index at the end of the report.

70% of Nasdaq 100 in technology

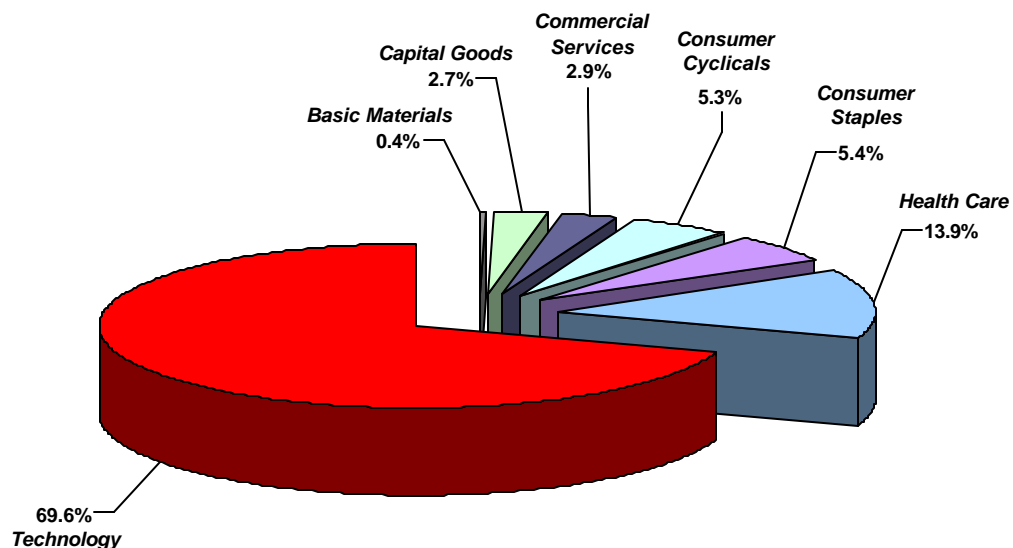
In terms of sectors, the Nasdaq 100 is dominated by technology. As of October 5, we calculated that about 70% of the index was in technology (65 names). Moreover, many of the other 30% can also be construed as technology-related. For instance, many capital goods and communication services can be perceived as technology companies.

14% of Nasdaq 100 in health care

Health care is the next-largest sector within the Nasdaq 100, with a 14% share (12 names). All of but one of these names belong to biotechnology.

### Exhibit 2: Nasdaq 100 Sector Weights

as of October 5, 2001



Source: CSFB Equity Derivatives and Quantitative Research.

## What Underlies QQQ? (2)

High industry concentration in computer software

The Nasdaq 100 represents 23 industries. We note high concentrations in computer software, semiconductors, biotechnology, and communication services. These four industries account for 65% of the index.

### Exhibit 3: Nasdaq 100 Industry Weights

as of October 5, 2001

INDUSTRY	Weight	Number of Names
<b>Computers Software/Services</b>	<b>28.2%</b>	<b>26</b>
<b>Electronics - Semiconductors</b>	<b>15.7%</b>	<b>15</b>
<b>Biotechnology</b>	<b>12.6%</b>	<b>11</b>
<b>Communications Equipment</b>	<b>8.2%</b>	<b>9</b>
Computers (Hardware)	5.9%	6
Computers (Networking)	4.8%	3
Services (Data Processing)	4.0%	3
Broadcasting (Tv, Radio & Cable)	3.9%	4
Equipment (Semiconductors)	2.9%	3
Electrical Equipment	2.2%	3
Telephone Long Distance	1.8%	4
Retail - Speciality	1.7%	2
Health Care (Medical Prods/Supps)	1.3%	1
Publishing	1.0%	1
Cellular/Wireless Telecomms	1.0%	1
Retail - Gen Mer Chain	1.0%	1
Services (Commercial & Consum)	1.0%	1
Restaurants	0.9%	1
Distributors (Food & Health)	0.5%	1
Trucks & Parts	0.5%	1
Services (Advertising/Mktg)	0.4%	1
Paper & Forest Products	0.4%	1
Retail (Home Shopping)	0.2%	1

Source: CSFB Equity Derivatives and Quantitative Research.