

Direxion Shares: News

Reverse Split Q & A:

Direxion to Reverse Split 6 ETFs (FAZ, BGZ, MWN, DPK, SOXS, TZA)

Direxion has announced will execute a 1-for-5 reverse split of the shares of the Direxion Daily Financial Bear 3x Shares (FAZ), Direxion Daily Large Cap Bear 3x Shares (BGZ), Direxion Daily Mid Cap Bear 3x Shares (MWN), Direxion Daily Developed Markets Bear 3x Shares (DPK) and Direxion Daily Semiconductor Bear 3x Shares (SOXS). Additionally, the firm has announced it will execute a similar 1-for-3 reverse split of the shares of the Direxion Daily Small Cap Bear 3x Shares (TZA). These reverse splits will take effect on Wednesday, February 23, 2011.

The CUSIPs for the six ETFs will change as follows:

Symbol	Fund	Old CUSIP	New CUSIP
FAZ	Daily Financial Bear 3x Shares	25459W490	25459W144
BGZ	Daily Large Cap Bear 3x Shares	25459W854	25459W151
MWN	Daily Mid Cap Bear 3x Shares	25459W524	25459W136
DPK	Daily Developed Markets Bear 3x Shares	25459W797	25459W169
SOXS	Daily Semiconductor Bear 3x Shares	25459W441	25459W128
TZA	Daily Small Cap Bear 3x Shares	25459W326	25459W110

Anyone that owns shares of the above ETFs as of the close of trading on Feb 23, 2011 that purchased those shares on or before Feb. 23, 2011 will participate in the reverse splits. The Depository Trust Company ("DTC"), the registered owner of all ETF shares, has been notified of the reverse splits and has been instructed to adjust each shareholder's investment accordingly.

Reverse Split Schedule

Effective Date 2/24/11

Payable Date* 3/1/11

***Payable date is approximate
and not guaranteed.**

The shares of each ETF will be offered on a split-adjusted basis on February 24, 2011. The total market value of the shares outstanding will not be affected as a result of this reverse split, except with respect to the redemption of fractional shares.

The table below illustrates the effect of a hypothetical one for five reverse split anticipated for the Fund:

Hypothetical Example of 1-for-5 reverse split:

Period	# of Shares Owned	Hypothetical NAV	Total Market Value
Pre-Split	100	\$10	\$1000
Post-Split	20	\$50	\$1000

Q: Will a reverse split affect the total value of my investment?

A: No. A reverse split simply means there will be a reduction in the number of the ETF's shares outstanding and a proportionate increase in the ETF's price per share. This means you will own less shares, however, the price per share will be proportionately higher and as a result, your investment value **will not** change.

Q: How many shares will I receive after the reverse splits?

A: The ETFs will participate in a 1-for-5 reverse split. This means, for every 5 shares an investor owns of an ETF, they will receive 1 share. **Please note:** As a result, the share price will be adjusted proportionately higher.

Q: Will the reverse splits create taxable events for me?

A: For shareholders that hold a number of shares that are not an exact multiple of 5, the reverse splits will result in the creation of fractional shares. However, fractional shares can't trade on the New York Stock Exchange (NYSE) Arca (or any other exchange on which Direxion Shares trade). Thus, each Fund will redeem for cash a shareholder's fractional shares at that Fund's split-adjusted NAV. These transactions may cause shareholders to recognize gains or losses, which would generate taxable activity, otherwise, the reverse splits will not result in taxable transactions for holders of the Funds' shares. No transaction fees will be imposed on shareholders for such redemptions.

Q: Will the reverse splits affect trading availability or liquidity? :

A: Shares are expected to trade with normal availability and liquidity. We do not expect the reverse splits to affect availability or liquidity.

Q: Why has Direxion Shares decided to reverse split these ETFs?

A: Direxion believes it is in our shareholders' best interest to do so. Direxion expects the costs associated with trading these ETFs to decrease due to the reverse split. The bid-ask spread is expected to decline as a percentage of the price paid per share. For instance, a penny spread on a \$5 stock is 20 basis points¹ (.2%), while a penny spread on a \$50 stock is 2 basis points (.02%). Further, commissions charged by brokers who assess their clients on a per share basis will be smaller as investors will need to buy or sell fewer shares to meet their investment goals. In short, Direxion believes that the reverse splits will adjust the share prices to a more cost efficient level for the Funds' shareholders.

Q: Will a reverse split affect limit and GTC orders?

A: Yes. Reverse splits will cancel limit and GTC orders. Investors should replace these orders and adjust them to the post-reverse split price. Please note, reverse splits may also affect orders for options as well.

¹ A basis point can be summarized as follows: 1% change = 100 basis points. 0.01% = 1 basis point

Please note:

Direxion Shares has attempted to notify all trading platforms with details of the impending reverse split. We encourage you to contact your broker or trading platform with any questions associated with the reverse splits.

Disclosure:

Shares of DirexionShares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. Market Price returns are based upon the midpoint of the bid/ask spread at 4:00 PM Eastern time (when NAV is normally determined), and do not represent the returns you would receive if you traded shares at other times.

An investor should consider the investment objectives, risks, charges, and expenses of Direxion Shares carefully before investing. The prospectus and summary prospectus contains this and other information about Direxion Shares. To obtain a prospectus and summary prospectus, please visit www.direxionshares.com. The prospectus and summary prospectus should be read carefully before investing.

Investing in the funds may be more volatile than investing in broadly diversified funds. The use of leverage by a fund increases the risk to the fund. The more a fund invests in leveraged instruments the more the leverage will magnify gains or losses on those investments. There is no assurance that the Funds will achieve their objectives and an investment in a Fund could lose money. No single Fund is a complete investment program. The funds are not designed to track the underlying index over a longer period of time.

The Funds are not suitable for all investors. The Funds should be utilized only by sophisticated investors who (a) understand the risks associated with the use of leverage, (b) understand the consequences of seeking daily leveraged investment results, (c) understand the risk of shorting and (d) intend to actively monitor and manage their investments on a daily basis. Investors who do not understand the Funds or do not intend to manage the Funds on a daily basis should not buy the Funds.

The risks associated with the funds are detailed in the prospectus which include adverse market condition risk, adviser's investment strategy risk, aggressive investment techniques risk, concentration

risk, counterparty risk, credit and lower-quality debt securities risk, equity securities risk, currency exchange risk, daily correlation risk, daily rebalancing and market volatility risk, depository receipt risk, foreign and emerging markets securities risk, sector securities risk, interest rate risk, inverse correlation risk (Inverse Fund or Inverse ETF), leverage risk, market risk, non-diversification risk, shorting risk, small and mid cap company risk, tracking error risk, market timing activity and high portfolio turnover risk, investing in other investment companies and ETFs risk, commodities securities risk, geographic concentration risk, valuation time risk, derivatives risk, commodity-linked derivatives risk, wholly-owned subsidiary risk, tax risk, options and futures contracts risks, security selection risk, Debt Instrument Risk, Gain Limitation Risk, Real Estate Investment Risk, U.S. Government Securities Risk, and Special Risks of Exchange-Traded Funds. Shorting securities occurs when investors sell securities they don't own and are committed to repurchasing eventually.

Forside Fund Services, LLC. distributor for Direxion Shares