

Dow Jones Australia Select Dividend 30 IndexSM

Methodology

Introduction

The Dow Jones Australia Select Dividend 30 IndexSM represents the country's top stocks by dividend yield, selected annually and subject to screening and buffering criteria.

Index Universe

The basis for the index universe is all dividend-paying companies in the Dow Jones Australia IndexSM, which is part of the Dow Jones Global Indexes (DJGI) family.

To be included in the index universe, stocks that are not current components must have a nonnegative historical five-year dividend-per-share growth rate and must have a five-year dividend to earnings-per-share ratio (payout ratio) of less than or equal to 80%. Current index components are included in the index universe regardless of their payout ratios.

Stock Selection

The top 30 stocks by dividend yield are selected for the index, subject to buffers designed to limit turnover by favoring current index components:

- 1 Issues are ranked in descending order of indicated annual yield, defined as a stock's indicated annual dividend (not including any special dividends) divided by its price.
- 2 Any current component stock with a three-month average daily trading volume of less than AUD 1 million is deemed ineligible for selection.
- 3 All remaining current component stocks ranked 40 and above are selected for the index.
- 4 Stocks that are not current components are added to the index until the component count reaches 30.

Franked Dividends

Franked dividends, which are essentially the same as net dividends, are unique to Australian companies. A company that pays a 100% franked dividend to its shareholders has already paid a portion of the tax that the shareholder would owe if the dividend were unfranked. Franking percentages differ from company to company. The dividend yields used to select stocks for the Dow Jones Australia Select Dividend 30SM Index have been adjusted to account for differing franking percentages. For companies with 100% franked dividends, the dividend as declared is used. For companies with 0% franked dividends, a 30% corporate tax rate is applied to the dividend prior to calculating yield. For a company that has franking percentage between 1% and 99%, a 30% corporate tax rate is applied only to the portion of the dividend that is not franked.

Review Frequency

The composition of the index is reviewed annually in December.

Data Availability

The index is calculated in USD and AUD. Price and total return series are available. Historical data are available daily back to December 31, 1999, the date at which the base value of the index is set at 100.

Weighting

The index is weighted based on dividend yield. The weight of any individual company in the index is restricted to 10%. Such restrictions, when required, are implemented quarterly.

For more information on the Dow Jones Australia Select Dividend 30 IndexSM,
email djindexsupport@dowjones.com or call 609-520-7249. Learn more at www.djindexes.com.

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