

Dow Jones Japan Select Dividend 30 IndexSM

Methodology

Introduction

The Dow Jones Japan Select Dividend 30 IndexSM represents the country's top 30 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 Japan IndexSM. The Dow Jones Japan IndexSM represents approximately 95% of the market capitalization of Japan.

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; a five-year average payout ratio of less than or equal to 85%; and an average daily trading volume of at least USD 3 million over the past three months. Current index components are included in the index universe regardless of their dividend payout ratio or trading volume.

Stock Selection

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

- 1 Stocks in the index universe are ranked in descending order by indicated annual dividend yield, defined as a stock's unadjusted indicated annual dividend (not including any special dividends) divided by its unadjusted price.
- 2 All current component stocks that are among the top 60 stocks are included in the index.
- 3 Noncomponent stocks are added to the index based on their rankings until the component count reaches 30.

Review Frequency

The index composition is reviewed annually in December.

Data Availability

The index is calculated in USD and JPY. Price and total return series are available. Historical data are available daily back to December 31, 1998, 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 15%. Such restrictions, which required, are implemented quarterly.

Extraordinary Deletions

Under the following circumstances, a component stock is immediately removed from the index, independent of the annual review:

- The component company is affected by a corporate action such as a delisting or bankruptcy.
- The component company eliminates its dividend.
- The component company lowers but does not eliminate its dividend, and its new yield is less than that of the lowest yielding noncomponent on the latest monthly selection list.

A component stock that is removed from the index as the result of an extraordinary deletion is immediately replaced by the next-highest ranked stock by indicated annual yield as of the most recent monthly selection list. The new stock is added at the weight of the departing company.

A component company that is removed from the index universe during the course of the year because of a reduction in market capitalization remains in the index until the next annual review.

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

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