

Methodology

Introduction

The Dow Jones EPAC (Europe, Pacific, Asia and Canada) Select Dividend IndexSM measures the stock performance of high dividend paying, non-U.S. companies in developed markets. Represented markets currently include Canada, Western Europe, Japan, Australia, Singapore and Hong Kong.

Index Universe

The index universe is defined as all companies in the Dow Jones Developed Markets ex-U.S. IndexSM that pass the following screens for liquidity and dividend quality:

- The security must have a three-month average daily dollar trading volume of at least \$3 million.
- The company must have paid dividends in each of the previous three years.
- The company's previous-year dividend-per-share ratio must be greater than or equal to its three-year average annual dividend-per-share ratio.
- The company's five-year average payout ratio must be less than 1.5 times the five-year average payout ratio of the corresponding DJGI country index, or less than 85%, whichever is smaller.

Stock Selection

The top 100 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 200 stocks are included in the index.
- 3 Noncomponent stocks are added to the index based on their rankings until the component count reaches 100.

Review Frequency

The index composition is reviewed annually in December.

In addition, the index is subject to the following quarterly review process:

- Components with significant negative dividend growth or negative earnings from continuing operations over the past twelve-month period are reviewed to determine if the affected company can sustain an appropriate dividend program to remain in the index. If the Dow Jones Indexes Oversight Committee determines the company's dividend program is at significant risk, the company will be removed from the index after the close of trading on the third Friday of March, June, September or December. The component will be replaced by the highest-ranking noncomponent on the most recently published selection list.
- The companies under review for possible deletion are indicated on the selection lists posted to www.djindexes.com at the beginning of March, June, September and December.

- Component changes resulting from the quarterly review process are announced approximately two weeks prior to the implementation date. Share factor calculations for all index components are conducted only at the annual review in December. A company added to the index during the March, June, September or December review will be included in the index at the weight of the departing company.

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 will simultaneously be removed from the Dow Jones EPAC Select Dividend IndexSM.

Weighting

Within each represented country, component weightings are assigned based on indicated annual dividend. The represented countries are then weighted within the index based on dividend yield. The dividend yield values used to calculate share factors are capped at 20%. The weights of individual securities are capped at 10% within the index.

Historical Data Availability

Calculation of the Dow Jones EPAC Select Dividend IndexSM began on November 30, 2005. Real index history is available daily from this date forward. Back-tested historical data have been calculated daily back to December 31, 1998, the date at which the index base value is set at 100.

Estimated back-tested historical data represents calculations of how the index might have performed in the past if it had existed. Back-tested performance information is purely hypothetical and is solely for informational purposes. Back-tested performance does not represent actual performance, and should not be interpreted as an indication of actual performance. Past performance is not indicative of future results. Index performance is not the same as fund performance as it does not reflect management and other fees.

For more information on the **Dow Jones EPAC Select Dividend IndexSM**, email djindexsupport@dowjones.com or call U.S. +1.609.520.7249; Asia +86.10.8400.7774; Europe +49.69.29.725.180. Learn more at www.djindexes.com.
