STANDARD & POOR'S

S&P/TOPIX 150

INDEX METHODOLOGY

April 2008

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Introduction

Standard & Poor's indices are liquid, tradable, easily replicable and global in scope. S&P/TOPIX 150 is one of seven headline indices that make up the S&P Global 1200. Standard & Poor's global indices are real-time market capitalization-weighted indices that include the largest and the most liquid stocks from around the world. These indices cover seven distinct regions and 29 countries, capturing approximately 70% of the world market capitalization.

Partnership

Standard & Poor's and the Tokyo Stock Exchange together created the S&P/TOPIX150, which is a real-time, float adjusted index.

Highlights

S&P/TOPIX 150 is an index drawn from the Japanese equity markets. It is a unique index designed for investors seeking broad market exposure through an index that is efficient to replicate. The 150 constituents are all leading companies from the Japanese equity market.

Index constituents are leading companies from each of the 10 sectors of the Global Industry Classification Standard (GICS®). Each stock is analyzed for size and liquidity.

Index Family

Each of the S&P Global 1200 indices has its own distinct evolution and history, but all Standard & Poor's indices feature a constituent methodology. Other members of this family of indices include the S&P 500, S&P Europe 350, S&P/TSX 60 (Canada), S&P/ASX All Australian 50 (Australia), S&P Latin America 40, and S&P Asia 50.

Representation

The S&P/TOPIX 150 mirrors the sector weights of the broader universe of stocks from the Japanese markets. This policy ensures that, with 150 stocks, investors are approximating the sectors within the country.

Eligibility Criteria

The S&P/TOPIX 150 index offers investors exposure to the largest and most liquid stocks from the Japanese market. The index is designed to provide investors with a tradable and easily replicable snapshot of investable Japan. The 150 stocks have been selected on the basis of their size, liquidity and sector representation.

Standard &Poor's global indices are constructed with a fixed number of constituents. The aim is not to replicate a fixed percentage of the market capitalization, but to design a highly liquid and tradable index whose total market capitalization is large enough to approximate the market segment it is capturing while keeping the number of stocks at a minimum. This creates a highly cost-effective, easily replicable trading instrument that provides an excellent barometer of the market's performance. The fixed number of stocks also ensures minimum turnover as changes are made due to corporate activity or a reduction in a stock's size or liquidity that makes it ineligible for inclusion.

Index Eligibility

The index constituents are drawn from a universe of stocks representing approximately 70% of the market capitalization of the Tokyo Stock Exchange.

Eligibility Factors

Market Capitalization. S&P/TOPIX 150 is designed to include blue chip stocks from the Japanese markets. Market capitalization is a key criterion for stock selection. Stocks are included if they are amongst the largest stocks from the market in terms of market capitalization.

A stock's weight in an index is determined by the float-adjusted market capital of the stock. All strategic holdings are classified as either corporate, private or government holdings and are removed from the float-adjusted market capital.

Due to the high level of strategic-ownership in Japanese companies, constituents are float-adjusted to adequately reflect the investable market. In Japan, all holdings by the top 10 shareholders of each company are excluded.

Please refer to the Investable Weight Factor section for details.

Liquidity. Index constituents are ranked according to liquidity, measured by dollar value traded. Annual value traded, float turnover and days traded are also analyzed on a monthly basis to ensure ample liquidity.

Domicile. The stock has to be listed on the Tokyo Stock Exchange. The company has to be established in Japan.

Eligible Securities. All common and preferred shares (which are of an equity and not of a fixed income nature) are eligible for inclusion in Standard & Poor's indices. Convertible stock, bonds, warrants, rights, and preferred stock that provide a guaranteed fixed return are not eligible.

Sector Classification. Stocks are classified by the Global Industry Classification Standard (GICS®). Standard & Poor's global indices provide geographic and economic balance over the 10 GICS Sectors. These sectors, consistent throughout all the Standard & Poor's indices are Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecommunication Services and Utilities.

Timing of Changes

Addition. An index addition generally is made only if a vacancy is created by an index deletion. Index additions are made according to market size and liquidity, with a view to preserving sector representation in the index.

Deletion. Deletions can occur due to acquisitions, mergers and spin offs or due to bankruptcies or suspension. Companies may also be removed when they no longer represent the market.

Index Construction

Approaches

S&P/TOPIX 150 is calculated using a base-weighted aggregate methodology. That means the level of an index reflects the total market value of all the component stocks relative to a particular base period. The total market value of a company is determined by multiplying the price of its stock by the number of shares available after float adjustment. An indexed number is used to represent the result of this calculation in order to make the value easier to work with and track over time. It is much easier to graph a chart based on indexed values than one based on actual market values. The index is calculated in real time.

On any given day, the index value is the quotient of the total available market capitalization of the index's constituents and its divisor. Continuity in index values is maintained by adjusting the divisor for all changes in the constituents' share capital after the base date. This includes additions and deletions to the index, rights issues, share buybacks and issuances, spin-offs, and adjustments in availability. The divisor's time series is, in effect, a chronological summary of all changes affecting the base capital of the index. The divisor is adjusted such that the index value at an instant just prior to a change in base capital equals the index value at an instant immediately following that change.

Please refer to the Index Mathematics document for details on index level calculations.

Index Maintenance

Changes in the index level should reflect changes in the total market capitalization of the index that are caused by price movements in the market. They should not reflect changes in the market capitalization of the index, or of the individual stocks, that are caused by corporate actions such as dividend payments, stock splits, distributions to shareholders, mergers, or acquisitions. When a corporate action affects the price of a security – such as when the price drops on a special distribution ex-date – the price of the security is adjusted to reflect the ex-date and the index divisor is adjusted to offset any change in the total market value of the index.

When a stock is replaced by another stock, the index divisor is adjusted so that the change in index market value that results from the addition or deletion does not change the index level.

Please refer to the Index Mathematics document for mathematical formulae and tables defining specific corporate actions.

Rebalancing

All share changes of 5% and over are done at the effective date, or as soon as reliable information is available. Changes of less than 5% are applied on the third Friday of March, June, September and December. The rebalancing for Investable Weight Factors (IWFs) take place once a year, on the third Friday of September, unless there is a significant corporate event that will affect more than 5% of the company's shares. IWFs are also adjusted on the ex-date when a private placement takes place.

Corporate Actions

Maintaining the S&P/TOPIX 150 includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to restructurings or spin-offs. Some corporate actions, such as stock splits and stock dividends, require simple changes in the common shares outstanding and the stock prices of the companies in the index. Other corporate actions, such as share issuances, change the market value of an index and require an index divisor adjustment to prevent the value of the index from changing.

Adjusting the index divisor for a change in market value leaves the value of the index unaffected by the corporate action. This helps keep the value of the index accurate as a barometer of stock market performance, and ensures that the movement of the index does not reflect the corporate actions of the companies in it. Divisor adjustments are made after the close of trading and after the calculation of the closing value of the index. Any change in the index divisor also affects corresponding sub-indices and divisors. Each sub-index is maintained in the same manner as the headline index.

Corporate actions such as splits, stock dividends, spin-offs, rights offerings, and share changes are applied on the ex-date.

Please refer to the Index Mathematics documents for a summary of index maintenance adjustments.

Currency of Calculation

S&P/TOPIX 150 is calculated in Japanese Yen and U.S. dollars.

Exchange Rate

Real-time spot Forex rates, as supplied by Reuters, are used for ongoing index calculation. The end-of-day value of the index is calculated using the real-time spot exchange rate provided by Reuters at the time the index is closed.

Base Date

The index has a base date of December 31, 1997, which is when the calculation began. On this date, it joined the S&P Global 1200 as its Japan component. Its own history has been calculated back to December 31, 1987.

Investable Weight Factor

Investable Weight Factor = 1 – Sum of the % held by 10 major shareholders

All issues in the S&P/TOPIX 150 are assigned a float factor, called an Investable Weight Factor (IWF). The IWF ranges between 0 and 1 and is an adjustment factor that accounts for the publicly available shares of a company. The company's adjusted market capitalization determines an equity issue's relative weight in the index.

Standard & Poor's identifies the following shareholders whose holdings are considered to be control blocks and are subject to float adjustment:

1. Holdings by banks and trust banks (excludes accounts in trust or pension funds)
2. Holdings by insurance companies
3. Holdings by current or former officers and directors of the company, founders of the company, or family trusts of officers, directors or founders
4. Holdings by other publicly traded corporations, venture capital firms, private equity firms, strategic partners or leveraged buy-out groups
5. Holdings by shareholders whose shares have not changed in over two years.

Exceptions to the Rule:

Holdings by investors whose interests are not strategic in nature but are for investment purposes will be ignored completely. These include mutual funds, pension funds, and other institutional investors. It is common for domestic and international fund managers to have exposures in companies that put them in the category of "block owners" by most definitions. However, the nature of the funds management business is plainly to buy and sell shares when there is value in doing so, and not to seek control or remove shares from circulation. Ordinarily these shares are considered part of float.

Index Data

Total Return and Net Return Indices

Both a price return and a total return index series are calculated. Gross cash dividends are applied on the ex-date of the dividend.

Standard and Poor's calculates daily return series using both gross and net cash dividends reinvested. Net return reinvested is reflective of the return to an investor where dividends are reinvested after the deduction of withholding tax. The tax rate applied is the rate to non-resident institutions that do not benefit from double taxation treaties. The net return reinvested series approximates the returns available to an investor based in Luxembourg, reflecting the minimum possible dividend reinvestment since the highest rates are theoretically applied to Luxembourg-based investors. The rates applied are the current effective rates and are sourced from Ernst and Young's Worldwide Corporate Tax Guide and the Economic Intelligence Unit. These rates are maintained and updated to reflect any ongoing changes.

Index Governance

Index Committee

Each of Standard & Poor's global indices is the responsibility of an Index Committee that monitors overall policy guidelines and methodologies, as well as additions and deletions to these indices. The Index Committee is composed of Standard & Poor's staff specialized in the various regional equity markets. In some cases, regional committees include non-Standard & Poor's staff as minority members.

It is the sole responsibility of the Index Committee to decide on all matters relating to methodology, maintenance, constituent selection and index procedures. The Index Committee makes decisions based on all publicly available information, and committee discussions are kept confidential to avoid any unnecessary impact on market trading. As the number of stocks in Standard & Poor's global indices is fixed, changes in the index are generally driven by corporate activity or the inability of a stock to reflect the market due to a large change in size or liquidity. This minimizes turnover, as changes are not based on small changes in size that cross some arbitrarily defined thresholds.

Index Policy

Announcements

All corporate actions that reflect changes to index constituents are normally announced five days ahead of the effective date. These announcements are posted on the Web site and sent to clients by email. Quarterly changes are also announced five days before the ex-date.

All corporate actions are announced via Standard & Poor's Index Services Web site at www.indices.standardandpoors.com.

Holiday Schedule

S&P/TOPIX 150 is calculated on all business days.

A complete holiday schedule for the year is available on the Standard & Poor's Index Services Web site at www.indices.standardandpoors.com.

Recalculation Policy

Standard & Poor's attempts to avoid incorrect data that affects the indices on a best-efforts basis. Incorrect share calculations, corporate actions, and exchange rates are corrected immediately.

Real-Time Calculation

A real-time index is calculated for an index as soon as the first market within the index opens. The opening price is the first trade of any stock in the designated exchange. In the event that a stock does not open, the previous closing price is used. The indices are calculated until five minutes past the exchange goes down, to allow for last-minute revisions by the Tokyo Stock Exchange.

Index Precision

- The level of precision for index calculation is as follows:
- Index values are published rounded to two decimal places.
- Shares outstanding are expressed in units.
- Investable Weight Factors (IWF) are rounded to two decimal places except for the IWF changes due to a private placement.
- Index values are calculated to six decimal places.

Index Dissemination

Market-sensitive announcements, including the additions or deletions of stocks in the index, are normally made when markets are closed. In general, announcements are made at 04:15 PM Eastern Time.

Tickers

Daily index values, corporate actions, index weights and portfolios can be received via Standard & Poor's FTP site. Additionally, daily index values can be viewed on Bloomberg and Reuters. The tickers are as below:

Index	Bloomberg	Reuters
S&P TOPIX 150 (Price Return)	SPTPX	.SPTPX

FTP

Daily stock level and index data are available via FTP on subscription.

For further information, please refer to Standard & Poor's Index Services Web site at www.indices.standardandpoors.com.

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