DEX 1-5 year Laddered Corporate Bond Index ™

- **Index Structure**
  - a Corporate only laddered index structure, for Corporate Bonds rated A or higher in the composite PC-Bond rating, in Cad$, selected from the constituents of the DEX Universe Bond Index (please refer to the DEX Universe Bond Index Methodology for qualification criteria and rating composition)
  - Laddered into 5 term buckets (1-1.99 yrs, 2-2.99 yrs, 3-3.99 yrs, 4-4.99 yrs, 5-5.99 yrs)
  - Index constituents are rebalanced annually, each June 30
  - Bonds will roll out to the next lower bucket on the rebalance date
  - Bonds with < 1 year to maturity will roll out of the first bucket on the rebalance date at the mid market closing level on rebalance date
  - Index will re-invest the full market value of all roll out securities into the longest bucket at full units
  - Any remaining cash and any coupon payments will be transferred to a Cash account (cash will be carried at an interest level equivalent to the 90 day BA and will be distributed on a quarterly basis)
  - In the case that any of the constituent bonds are downgraded to below a A composite PC-Bond rating, the index constituents will be rebalanced mid term, as of the first (1^{st}) of the month directly following the month in which the bond rating was downgraded
  - Inception Date is June 29, 2007

- **Security Selection Criteria**
  - 5 bonds will be selected for each term bucket (25 in total) in the following proportion
    - 2 Corporate Financial Bonds (at least one in Corporate Financial Bank)
    - Supplemented with Corporate Energy and Corporate Infrastructure Bonds
  - Exclude bonds classified Corporate Securitization (mainly ABS)
  - Exclude amortizing and / or callable issues
  - Minimum issue size 200MM
  - Select (i) the most liquid in the bucket (as identified by total issue size) and (ii) the longest in bucket

- **New as of June 30 2010**
  ***(changes apply to new bonds entering the 5-6 yr term bucket only; no impact to already held buckets)**
  - up to 10 bonds will be selected for the subsequent rebalancing of the index when selecting bonds in the 5 – 6 Year Term. Bonds will be selected to best fit the following proportion:
    - No more than 60% Corporate Financial Bonds with no more than 40% identified as Bank
    - Supplemented with Corporate Energy and Corporate Infrastructure Bonds