

NASDAQ Dividend Achievers IndexSM Methodology

Index Description

The NASDAQ Dividend Achievers Index is designed to track the performance of securities that are listed on The NASDAQ Stock Market and meet the Dividend Achievers requirements.

Index Calculation

The NASDAQ Dividend Achievers Index is a market capitalization-weighted index. The value of the Index equals the aggregate value of the Index share weights, also known as the Index Shares, of each of the Index Securities multiplied by each such security's Last Sale Price¹, and divided by the divisor of the Index. The divisor serves the purpose of scaling such aggregate value to a lower order of magnitude which is more desirable for reporting purposes. If trading in an Index Security is halted on its primary listing market, the most recent Last Sale Price for that security is used for all index computations until trading on such market resumes. Likewise, the most recent Last Sale Price is used if trading in a security is halted on its primary listing market before the market is open. The Index began on February 22, 2006 at a Base Value of 1000.00.

The formula for index value is as follows:

$$\text{Aggregate Adjusted Market Value/Divisor}$$

The formula for the divisor is as follows:

$$(\text{Market Value after Adjustments/Market Value before Adjustments}) \times \text{Divisor before Adjustments}$$

Two versions of the Index are calculated – a price return index and a total return index.

- The price return index (NASDAQ: DIVQ) is ordinarily calculated without regard to cash dividends on Index Securities.
- The total return index (NASDAQ: DIVQT) reinvests cash dividends on the ex-date.

All indexes reinvest extraordinary cash distributions.

The Index is calculated during the trading day and is disseminated once per second from 09:30:01 to 17:16:00 ET. The closing value of the Index may change up until 17:15:00 ET due to corrections to the Last Sale Price of the Index Securities.

¹ For purposes of this document, Last Sale Price refers to the last regular way trade reported on such security's Index Market. The Index Market is the listing market for which prices are received and used by NASDAQ OMX in the Index calculation and generally will represent the most liquid trading market of the Index Security. If a security does not trade on its Index Market on a given day or the Index Market has not opened for trading, the most recent last sale price from the Index Market (adjusted for corporate actions, if any) is used. For securities where NASDAQ is the Index Market, the Last Sale Price may be the NASDAQ Official Closing Price (NOCP) when NASDAQ is closed.

Eligibility

Index eligibility is limited to specific security types only. The security types eligible for the Index include common stocks, limited partnership interests, shares or units of beneficial interest and shares of limited liability companies.

Eligibility Criteria

To be eligible for inclusion in the Index a security must meet the following criteria:

- be included in the NASDAQ US Benchmark Index (NQUSB) except for limited partnerships;
- be listed on The NASDAQ Stock Market® (NASDAQ®);
- have a minimum three-month average daily dollar trading volume of \$1 million;
- have at least ten consecutive years of increasing annual regular dividends based on ex-date;
- one security per issuer is permitted. If an issuer has multiple securities, the security with the highest three-month average daily dollar trading volume will be selected for possible inclusion into the Index;
- may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible; and
- may not be issued by an issuer currently in bankruptcy proceedings.

Index Evaluation

The Index Securities are evaluated annually in March. The above Eligibility Criteria are applied using market data through the end of December. Securities meeting the criteria are included in the Index. Security additions and deletions are made effective after the close of trading on the third Friday in March.

Additionally, if at any time during the year other than the Evaluation, an Index Security no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index, the security is removed from the Index and is not replaced. At each month-end, if an Index Security suspends or decreases its dividend payments greater than 50% based on the prior ex-date of the last dividend distributed, then the Index Security will be removed from the Index after the close of trading on the third Friday of the following month. In all cases, a security is removed from the Index at its Last Sale Price. If, however, at the time of its removal the Index Security is halted from trading on its primary listing market and an official closing price cannot readily be determined, the Index Security may, in NASDAQ OMX's discretion, be removed at a zero price. The zero price will be applied to the Index Security after the close of the market but prior to the time the official closing value of the Index is disseminated, which is ordinarily 17:16:00 ET.

Index Maintenance

Index Share changes are not made during the quarter however changes in the price and/or Index Shares driven by corporate events such as stock dividends, stock splits, and certain spin-offs and rights issuances that are in the money are adjusted on the ex-date. A change in the total shares outstanding arising from other corporate actions including, secondary offerings, stock repurchases, conversions and acquisitions is ordinarily made to the Index on

the evening prior to the effective date of such corporate action or as soon as practicable thereafter.

A special cash dividend announced by the listing exchange, will result in an adjustment to the Last Sale Price of an Index Security prior to market open on the ex-date for the special amount distributed. A special dividend may also be referred to as extra, extraordinary, non-recurring, one-time, unusual, etc.

Ordinarily, whenever there is a change in an Index Security or a change to the price of an Index Security due to spin-offs, rights issuances or special cash dividends as mentioned above, the divisor is adjusted to ensure that there is no discontinuity in the value of the Index which might otherwise be caused by any such change.

NASDAQ OMX may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity.

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