

CLAYMORE ETFs

DISTRIBUTION REINVESTMENT PLAN

1. Introduction

Each of the Claymore ETFs set forth on Schedule A hereto (each, a “Fund”) has established this distribution reinvestment plan (the “Plan”) to provide beneficial holders of trust units of a class (“Units”) of the Fund with a means to reinvest distributions on such Units declared and payable to them in additional Units of the same class, as described in the Plan.

Distributions on Units, including Units purchased under the Plan (“Plan Units”), will be reinvested on behalf of Unitholders under this distribution reinvestment plan, by Equity Transfer & Trust Company as the agent of each Fund (the “Plan Agent”), on the terms and conditions contained in the Plan. Claymore Investments, Inc. (the “Manager”) as trustee and/or manager of the Funds may deliver an amended Schedule A to the Plan Agent from time to time to add additional Funds to the Plan.

2. Defined Terms

As used herein, the following terms have the following meanings:

“**Business Day**” means any day on which the Plan Agent’s offices are generally open for the transaction of commercial business, but does not in any event include a Saturday, Sunday, civic or statutory holiday in the Province of Ontario or a day on which securities listed on the TSX do not trade.

“**CDS**” means CDS Clearing and Depository Services Inc. and includes any successor corporation or any other depository acting or subsequently appointed by a Fund as the depository in respect of Units of the Fund.

“**CDS Participant**” means a participant in CDS, including a broker, dealer, bank, other financial institution.

“**Distribution Record Date**” means any date designated by the Manager as a record date for the determination of Unitholders entitled to receive a Distribution.

“**Distribution Payment Date**” means a day following a Distribution Record Date on which a Distribution has been declared, on which a Fund pays such Distribution to its Unitholders.

“**Distribution**” means, with respect to a Fund, a distribution of net income, net realized capital gains or return of capital payable in cash by the Fund on its Units in respect of a specific Distribution Record Date.

“**Plan**” means the distribution reinvestment plan described herein.

“**Plan Agent**” means Equity Transfer & Trust Company or its successors or permitted assigns or any replacement plan agent hereunder, as agent under the Plan.

“Plan Participant” means, with respect to a Fund, a holder of Units of a class who has notified the Manager and the Plan Agent via the applicable CDS Participant that such holder wishes to participate in the Plan.

“Plan Unit” means, with respect to a Fund, a Unit of a class purchased under the Plan by the Plan Agent for a Plan Participant.

“Pre-authorized Cash Contribution” or **“PACC”** means a cash amount of no less than \$50.00 and no more than \$5,000.00 monthly that is, at the option of a Plan Participant, used to acquire additional Plan Units under the Plan.

“Pre-authorized Cash Contribution Notice” or **“PACC Notice”** means the notice given by a CDS Participant to the Plan Agent to indicate that a Unitholder is making a Pre-authorized Cash Contribution under the Plan.

“Systematic Withdrawal Plan Notice” or **“SWP Notice”** means the notice given by a CDS Participant to the Plan Agent to indicate that a Unitholder wishes to sell or reduce its holding of Units on a pre-determined basis.

“Tax Act” means the *Income Tax Act* (Canada) and includes the regulations promulgated thereunder.

“TSX” means The Toronto Stock Exchange.

“Units” means the trust units of a class of a Fund listed on the TSX.

“Unitholder” means, with respect to a Fund, any holder of Units recorded on the register of Units of such Fund and, in the case of Units registered in the name of CDS, includes any beneficial owner of such Units.

3. Dividend Reinvestment Plan

Any eligible Unitholder may enrol in the Plan by notifying the CDS Participant through which the Unitholder holds its Units of such Unitholder’s intention to participate in the Plan. Under the Plan, cash distributions will be used to acquire Plan Units in the market and will be credited to the account of the Plan Participant through CDS. The CDS Participant must, on behalf of such Plan Participant, provide a notice to CDS that the Unitholder wishes to participate in the Plan no later than 5:00 p.m. (Toronto time) on the applicable Distribution Record Date in respect of the next expected Distribution in which the Unitholder wishes to participate. CDS shall, in turn, notify the Plan Agent no later than 5:00 p.m. (Toronto time) on the Business Day immediately following the applicable Distribution Record Date that such Unitholder wishes to participate in the Plan. If notice is not received by the Plan Agent prior to this deadline, the Unitholder will not participate in the Plan for that Distribution but will receive Plan Units for Distributions payable thereafter.

Participation in the Plan is restricted to Unitholders who are residents of Canada for the purposes of the Tax Act. Partnerships (other than “Canadian partnerships” as defined in the Tax Act) are not eligible to participate in the Plan. Upon becoming a non-resident of Canada or a partnership (other than a Canadian partnership), a Plan Participant shall notify their CDS

Participant and terminate participation in the Plan immediately. The Plan Agent will not have any duty to inquire into the residency status or partnership status of Plan Participants, nor will the Plan Agent be required to know the residency status or partnership status of, Plan Participants other than as notified by CDS or the Manager.

4. Administration

On each Distribution Payment Date, the Fund shall pay to the Plan Agent, on behalf of the Plan Participants, all amounts paid as Distributions in respect of the Units (including Plan Units) for which Plan Participants were beneficial owners as of the applicable Distribution Record Date. The Plan Agent shall purchase Plan Units for the Plan Participants as described below under "Purchase of Units by Plan Agent".

Plan Units will be credited for the benefit of a Plan Participant to the account of the applicable CDS Participant through whom a Plan Participant holds Units.

5. Purchase of Units by Plan Agent

Distributions payable to the Plan Participants will be applied, on behalf of Plan Participants, to purchase Plan Units in the market. The Plan Agent shall purchase Units in the market during the five Business Day period following such Distribution Payment Date.

The Plan Units purchased in the market will be allocated on a *pro rata* basis to the Plan Participants based on their respective entitlement to the Distributions used to purchase Plan Units.

6. Pre-authorized Cash Contribution Procedure and Limitations

Plan Participants will also be able to make Pre-authorized Cash Contributions on the last Business Day of a month, calendar quarter or calendar year ("Payment Date") which will be invested in Plan Units by the Plan Agent. A Plan Participant that wishes to make a PACC must notify the CDS Participant through which such Unitholder holds its Units of the Unitholder's intention to make Pre-Authorized Cash Contributions under the Plan. The CDS Participant must, on behalf of the Unitholder, provide a PACC Notice to the Plan Agent by no later than 5:00 p.m. (Toronto time) on the applicable Payment Date on which the Unitholder intends to make a PACC, by causing the CDS Participant through which such Unitholder holds its Units to deliver to the Plan Agent the funds necessary to make such Pre-Authorized Cash Contribution and a completed authorization form in the manner and within the time limitations prescribed by the Plan Agent. If notice is not received by the Plan Agent prior to this deadline, the Unitholder will not make a PACC in the Plan for that period.

PACC Notices and corresponding funds received later than 5:00 p.m. (Toronto time) on the applicable Payment Date will result in the Plan Agent holding (without interest) the PACC funds and using same to purchase Plan Units on the next Payment Date following the date of receipt of the PACC. A Plan Participant may invest a minimum of \$50.00 and a maximum of \$5,000.00 per PACC monthly via their CDS Participant. Pre-Authorized Cash Contributions will be used by the Plan Agent to purchase Plan Units on the same basis as Distributions as described under the heading "Purchase of Units by Plan Agent" above.

7. Systematic Withdrawal Plan

A Unitholder may elect to sell a specified dollar amount of Units owned by such Unitholder in respect of each subsequent Payment Date. Such dollar amount of Units to be sold for each such Payment Date may not be less than \$50.00 or greater than \$5,000.00 of Units (the "Specified Dollar Amount"). A Unitholder may so elect to sell Units by notifying the Plan Agent via the applicable CDS Participant through which such Unitholder holds its Units of the Unitholder's intention to so sell Units. The CDS Participant must, on behalf of such Unitholder, (i) provide a Systematic Withdrawal Plan Notice directly to CDS or the Plan Agent that the Unitholder wishes to sell Units in this manner until the Fund is otherwise notified no later than 5:00 p.m. (Toronto time) on the applicable Payment Date for which the Unitholder no longer wishes to sell Units or there remain no further Units to be sold on behalf of such Unitholder, whichever comes first and (ii) specify the Specified Dollar Amount of Units to be sold in respect of each subsequent Payment Date. If notice is not received by the Plan Agent prior to this deadline, the Unitholder will not be able to sell Units under the Plan for such Payment Date.

For each Payment Date following the proper delivery of an SWP Notice, the Plan Agent shall sell the Units of such Unitholders in the market during the five Business Day period following such Payment Date and the proceeds of the sale of the Units will be credited for the benefit of each participating Unitholder to the account of the applicable CDS Participant through whom such Unitholder holds his or her Units.

A Unitholder who makes Pre-Authorized Cash Contributions may not deliver an SWP Notice under this Plan.

8. Insufficient Funds

The Plan Agent shall not be obligated to purchase any Units in the event that it has insufficient funds in order to carry out its duties.

9. Fractional Units

No fractional Plan Units will be purchased or sold under the Plan. Payments in cash for any remaining uninvested funds may be made in lieu of fractional Plan Units by the Plan Agent to CDS or CDS Participant, on a monthly or quarterly basis, as the case may be. Where applicable, CDS will, in turn, credit the Plan Participant, via the applicable CDS Participant.

10. Withdrawing from the Plan

Any Plan Participant may withdraw from the Plan by contacting the CDS Participant through which the Unitholder holds its Units. The CDS Participant must, on behalf of such Plan Participant, provide a notice to CDS that the Plan Participant no longer wishes to participate in the Plan no later than 5:00 p.m. (Toronto time) on the applicable Distribution Record Date in respect of the next expected Distribution in which the Plan Participant does not wish to participate. CDS shall, in turn, notify the Plan Agent no later than 5:00 p.m. (Toronto time) on the Business Day immediately following the applicable Distribution Record Date that such Plan Participant does not wish to participate in the Plan. If notice is not received by the Plan Agent prior to this deadline, the Plan Participant will participate in the Plan for that Distribution but will receive cash Distributions for Distributions payable thereafter.

11. Certificates

Certificates representing Plan Units purchased under the Plan will not be issued to Plan Participants.

12. Voting of Plan Units

Plan Units may be voted in the same manner as the Plan Participants' other Units may be voted.

13. Statements of Account

A Plan Participant will receive, from his, her or its CDS Participant for tax reporting purposes, confirmation of the number of Plan Units purchased by or sold for him, her or it under the Plan in accordance with the CDS Participant's usual practice.

14. Commissions and Administrative Costs

All commissions and administrative costs and brokerage fees and commissions associated with the operation of the Plan with respect to any Fund will be borne by the Manager.

15. Responsibilities of the Funds, the Manager and the Plan Agent

None of the Funds, Claymore Investments, Inc. as manager of the Fund or the Plan Agent shall be liable for any act done by any of them in good faith or for any good faith omission to act. In particular, none of the Funds, the Manager or the Plan Agent shall have any liability with respect to:

- (a) the prices at which Plan Units are purchased or sold for the Plan Participants' accounts or the times at which such purchases or sales are made; and
- (b) any action or responsibilities of CDS or any CDS Participant in relation to the Plan, or otherwise, including, without limitation: (i) any aspect of the records relating to, or payments made on account of, beneficial ownership interests of the Units held by and registered in the name of CDS or any CDS Participant; and (ii) any authority, advice, or representation made or given by CDS or any CDS Participant to the Plan Agent or otherwise, including representations with respect to rules of CDS and any action taken or to be taken by CDS or any CDS Participant.

None of the Funds, the Manager or the Plan Agent can assure a gain or protect against loss as a result of Plan Participants holding Plan Units.

16. Amendments, Suspension or Termination of Plan and Plan Agent

The Manager may terminate the Plan with respect to any Fund in its sole discretion, upon not less than 30 days notice to: (i) the Plan Participants, via the CDS Participants through which the Plan Participants hold their Units, (ii) the Plan Agent, and (iii) the TSX. The Manager may

also amend, modify or suspend the Plan with respect to any Fund at any time in its sole discretion, provided that it complies with certain requirements and gives notice of that amendment, modification or suspension to: (i) CDS Participants through which the Plan Participants hold their Units, (ii) the Plan Agent, and (iii) the TSX. The Plan will terminate automatically with respect to any Fund upon the termination of such Fund.

The Manager may adopt additional rules and regulations to facilitate the administration of the Plan, subject to the approval of the TSX (if required by the TSX rules).

The Manager may, in its sole discretion, and upon at least 30 days written notice to the Plan Agent, remove the Plan Agent and appoint a new Plan Agent.

17. Rules and Regulations

The Manager may from time to time adopt rules and regulations to facilitate the administration of the Plan. The Manager reserves the right to regulate and interpret the Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Plan.

18. No Personal Liability

No Unitholder of a Fund will have any personal liability and no resort will be had to, nor recourse or satisfaction sought from, the property or assets of any Unitholder of a Fund for any liability whatsoever to any person in connection with the property of such Fund or its affairs, including for satisfaction of any obligations or claims of such Fund arising out of or in connection with the Plan. The property and assets of such Fund only are intended to be liable and subject to levy or execution for satisfaction of any such obligations or claims.

19. Currency

All references in this Plan to dollar amounts refer to Canadian dollars.

20. Notices

All notices required to be given to Plan Participants by a Fund will be given to CDS, to be further provided to the CDS Participants through which they hold their Units of such Fund.

Written communications to the Plan Agent should be addressed to:

Equity Transfer & Trust Company
200 University Avenue, 4th Floor
Toronto, Ontario M5H 4H1

Attention: Distribution Reinvestment Dept.

Facsimile: (416) 361-0470

Email: Claymore@Equitytransfer.com

Written communications to any Fund or the Manager should be addressed to:

Claymore Investments, Inc.
200 University Avenue, 13th Floor
Toronto, Ontario M5H 3C6

Attention: Jeffrey Logan

Facsimile: (416) 813-2020