

# **S&P/LSTA U.S. Leveraged Loan 100 Index Enabling Investment in the Leveraged Loan Market**

JR Rieger  
VP, Fixed Income Indices  
Standard & Poor's

April 13<sup>th</sup>, 2009

Material as of March 31, 2009.

For institutional use only. Not for use by advisors or the public.

Permission to reprint or distribute any content from this presentation requires the prior written approval of Standard & Poor's.

Copyright © 2009 Standard & Poor's Financial Services LLC. All rights reserved.

# Executive Summary

---

## S&P/LSTA U.S. Leveraged Loan 100 Index

- **Designed to reflect the most liquid facilities in the leveraged loan market**
- **Captures the performance characteristics of the largest 100 loans**
  - Exclusively draws from the S&P/LSTA Leveraged Loan Index benchmark
- **Uniquely measures size and par amounts outstanding**
- **Bloomberg Tickers**
  - **SPBDLL**: total return index level
  - **SPBDLLML**: price return index level
  - **SPBDLLMR**: market value return %
  - **SPBDLLIR**: interest index return %
  - **SPBDLLB**: weighted average bid price<sup>1</sup>

1. Based upon the U.S. dollar amount outstanding.

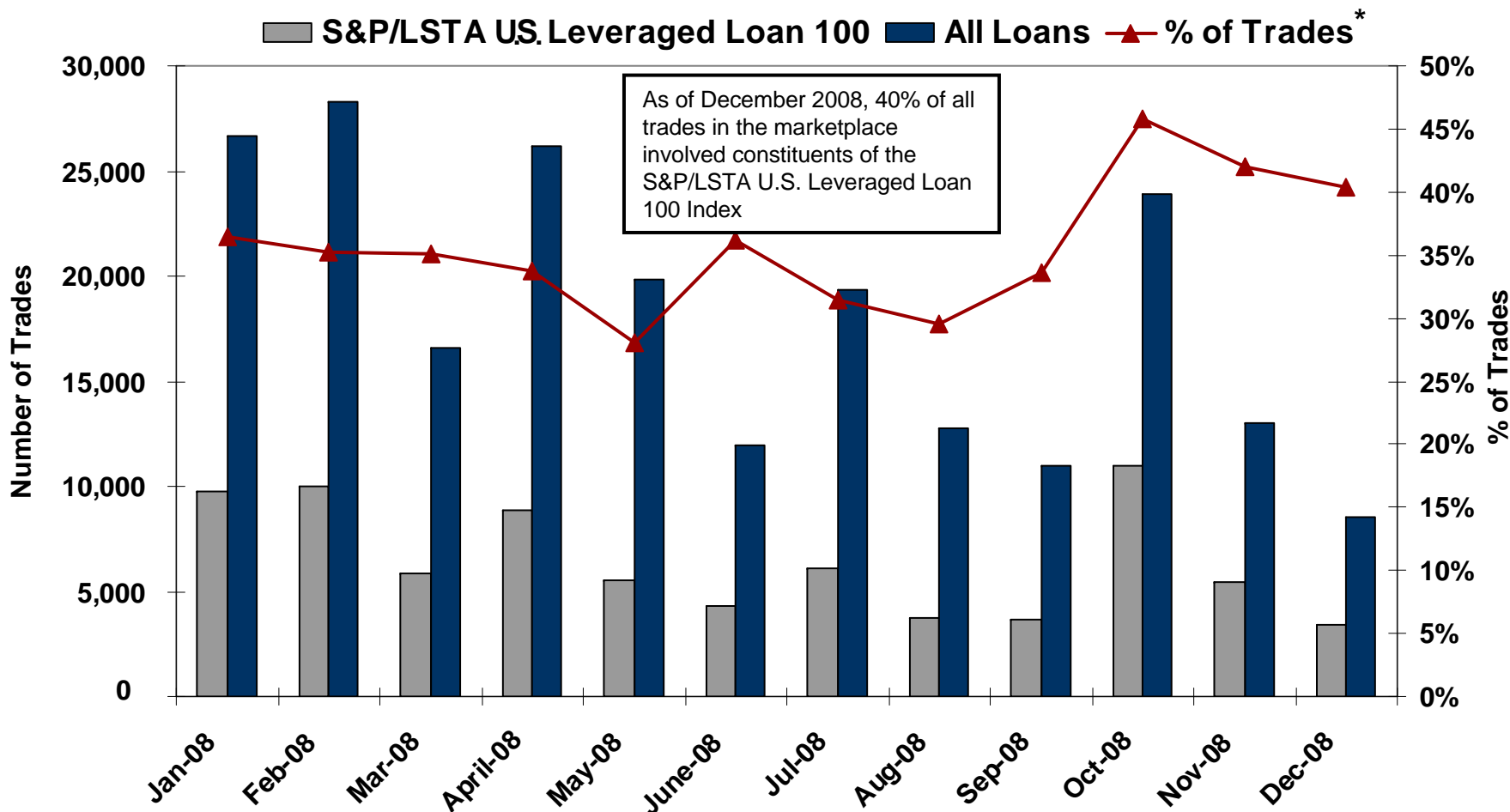
For institutional use only. Not for use by advisors or the public.

Permission to reprint or distribute any content from this presentation requires the written approval of Standard & Poor's.

# Capturing a High Proportion of Trades in the Marketplace

## S&P/LSTA U.S. Leveraged Loan 100 Index

Number of Trades in the Liquid Leveraged Loan Market (2008)



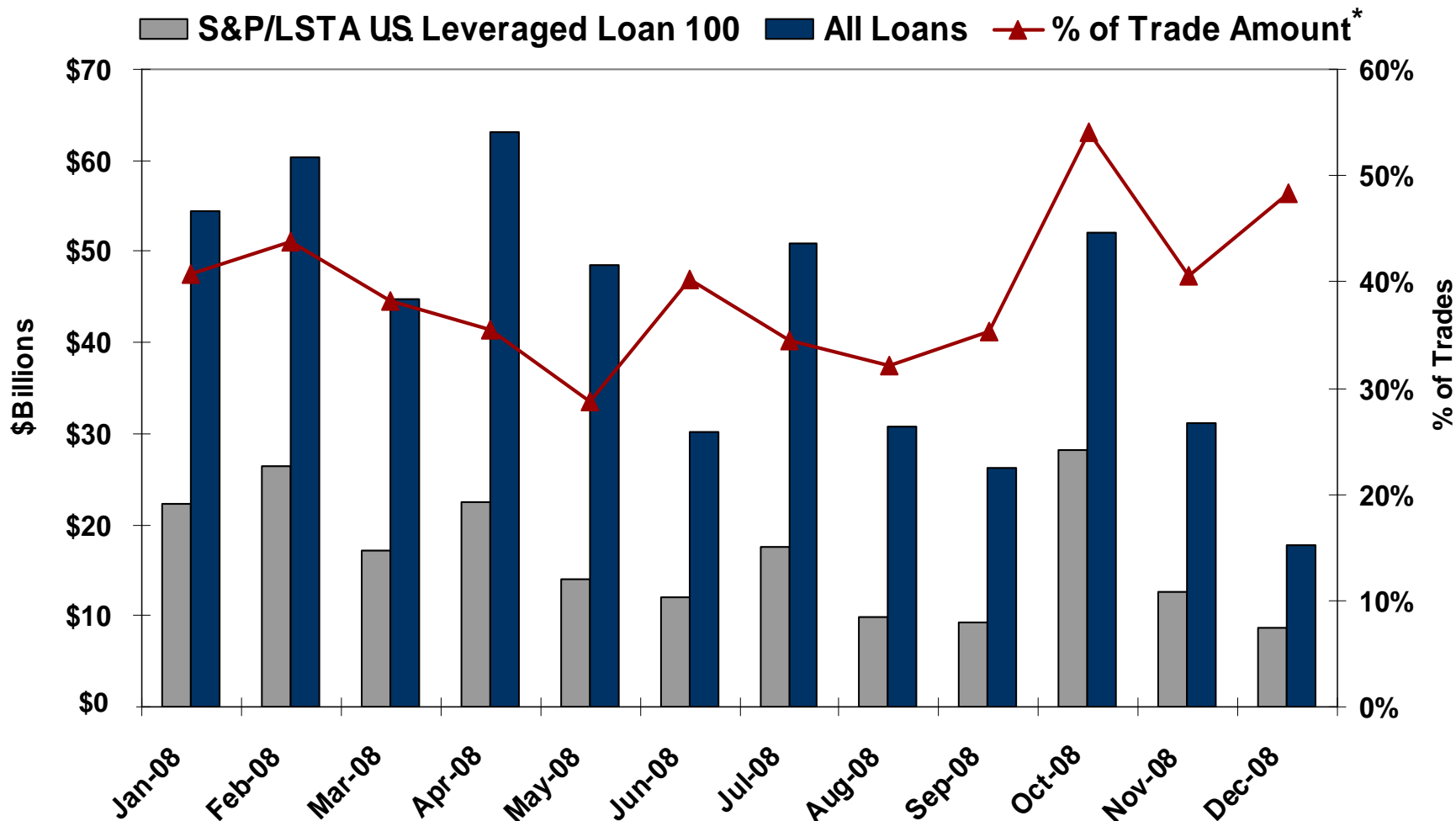
Source: LSTA (Loan Syndications and Trading Association), data as of December 31, 2008.

\*Percentage represents number of trades involving the constituents in the S&P/LSTA U.S. Leveraged Loan 100 Index vs. all loans.

# Capturing a High Proportion of Dollars Traded

## S&P/LSTA U.S. Leveraged Loan 100 Index

Amount Traded in the Liquid Leveraged Loan Market (2008)



Source: LSTA (Loan Syndications and Trading Association), data as of December 31, 2008.

\*Percentage represents amount in dollars involving trades of the constituents in the S&P/LSTA U.S. Leveraged Loan 100 Index vs. all leveraged loans.

# A Trusted Benchmark

---

## The S&P/LSTA Leveraged Loan Index

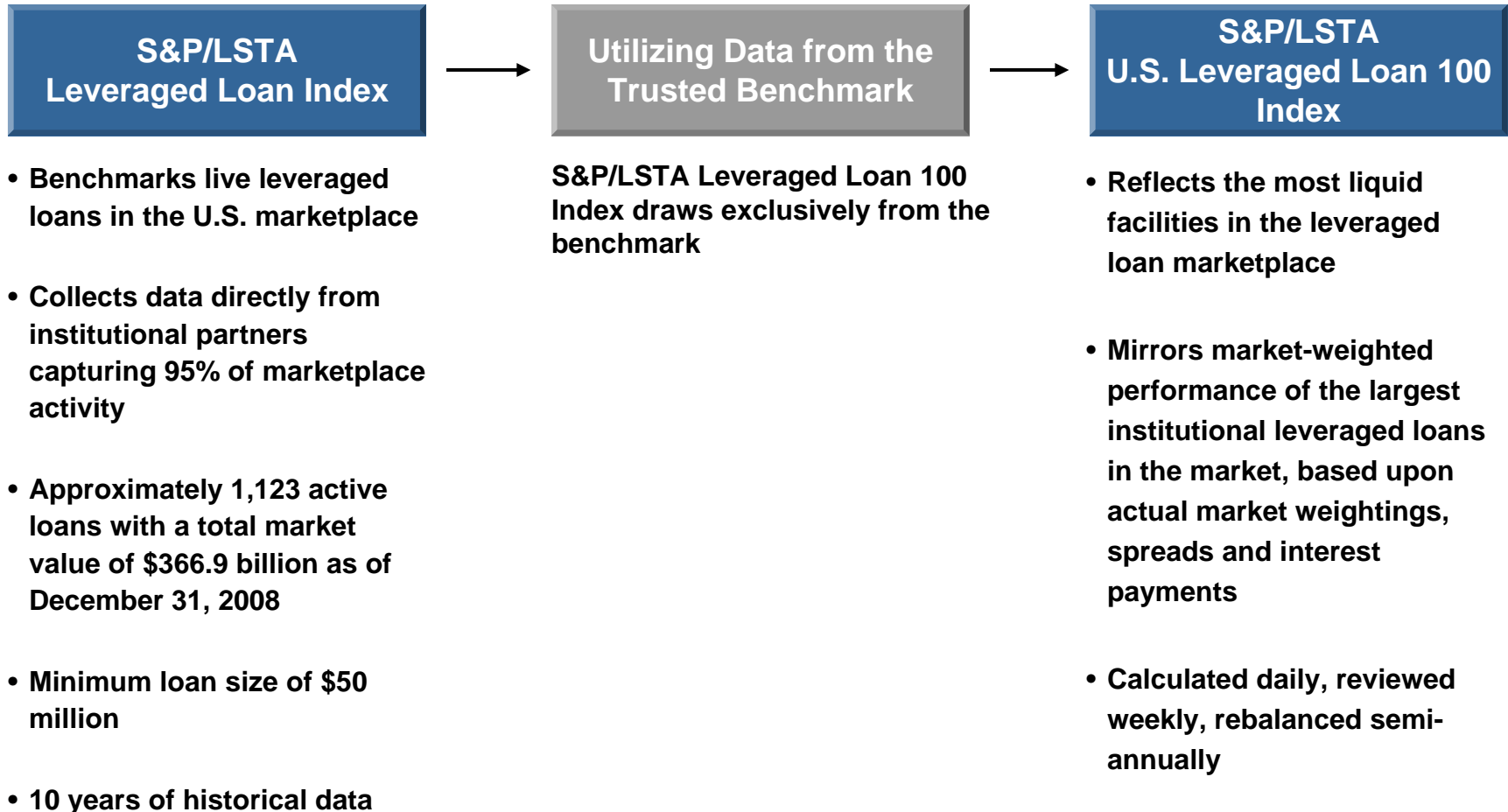
- **In association with the LSTA<sup>1</sup>, S&P's Leveraged Loan Commentary & Data (LCD) organization produces a trusted benchmark for the entire leveraged loan marketplace**
- **The S&P/LSTA Leveraged Loan Index**
  - Benchmarks live leveraged loans in the U.S. marketplace
    - Minimum loan size of \$50 million
  - Approximately 1,123 active loans as of December 31, 2008
  - Total market value of \$366.9 billion as of December 31, 2008
  - Collects data directly from institutional partners
  - 10 years of historical data
  - Data captures 95% of marketplace activity

Source: Standard & Poor's Leveraged Commentary & Data (LCD).

1. LSTA is The Loan Syndications and Trading Association, Inc., a not-for-profit organization dedicated to promoting the orderly development of a fair, efficient, liquid and professional trading market for corporate loans originated by commercial banks and other similar private debt.

# Constructing the S&P/LSTA U.S. Leveraged Loan 100 Index

## Drawing Upon the Trusted Benchmark



Source: Standard & Poor's Leveraged Commentary & Data (LCD).

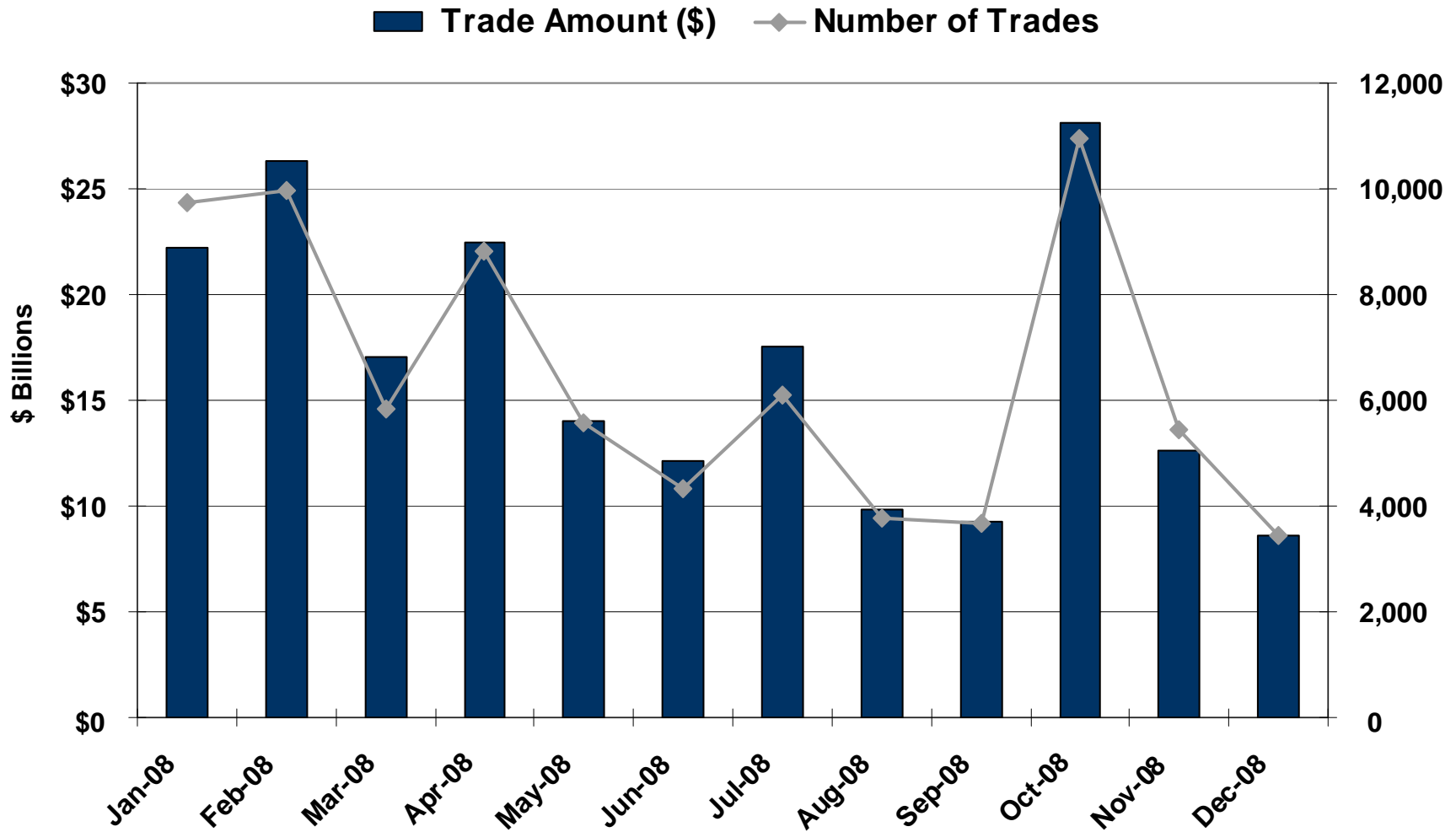
For institutional use only. Not for use by advisors or the public.

Permission to reprint or distribute any content from this presentation requires the written approval of Standard & Poor's.

**STANDARD  
& POOR'S**

# Index Constituent Trade Data (Number of Trades 2008)

## S&P/LSTA U.S. Leveraged Loan 100 Index



Source: LSTA (Loan Syndications and Trading Association), data as of December 31, 2008.

Represents number of trades vs. dollar trade amount for the constituents of the S&P/LSTA U.S. Leveraged Loan 100 Index.

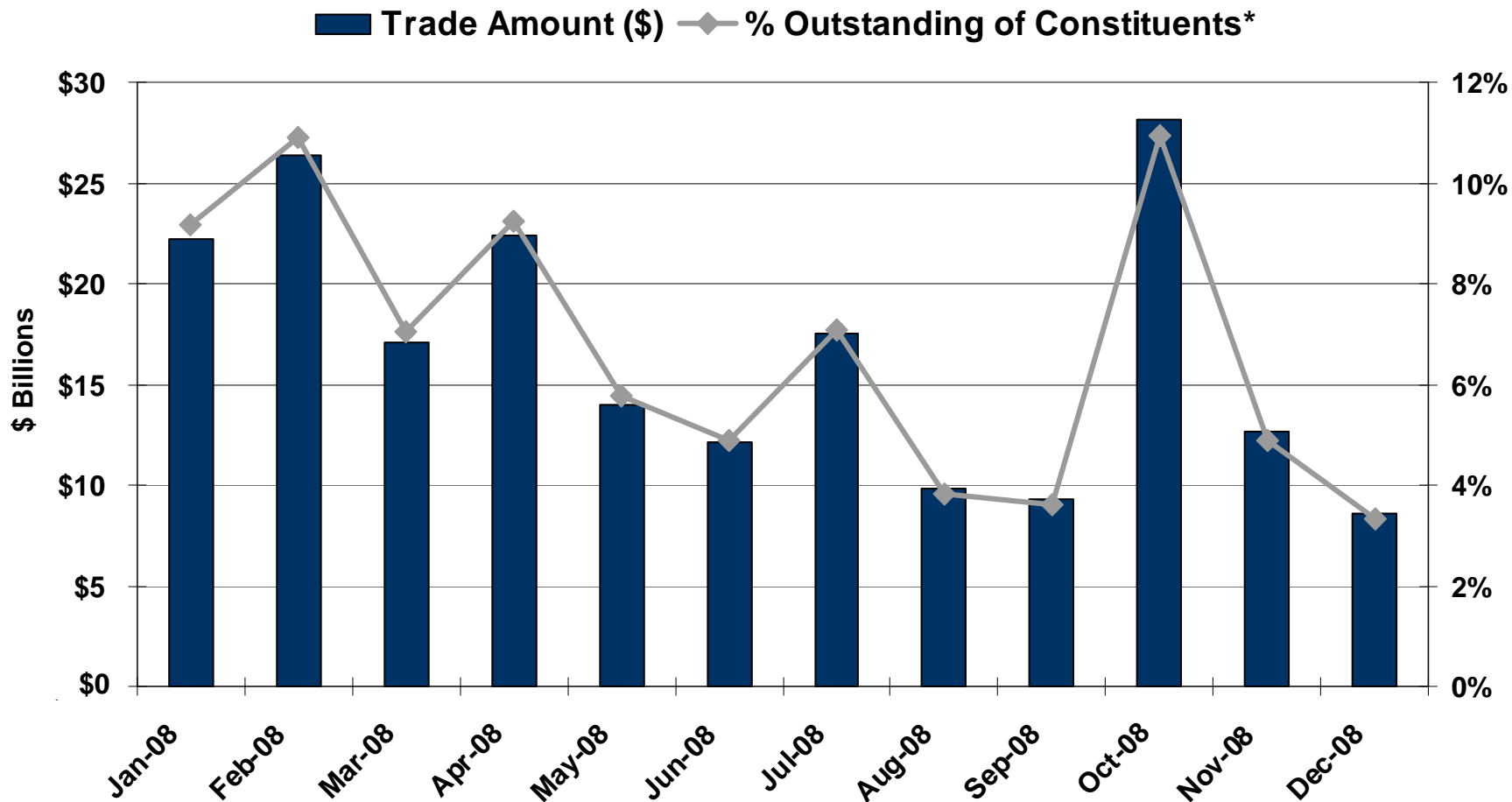
For institutional use only. Not for use by advisors or the public.

Permission to reprint or distribute any content from this presentation requires the written approval of Standard & Poor's.

**STANDARD  
& POOR'S**

# Index Constituent Trade Data (% Outstanding 2008)

## S&P/LSTA U.S. Leveraged Loan 100 Index



Source: LSTA (Loan Syndications and Trading Association), data as of December 31, 2008.

\*Represents percentage dollars outstanding of constituents vs. trade amount involving the constituents in the S&P/LSTA U.S. Leveraged Loan 100 Index.

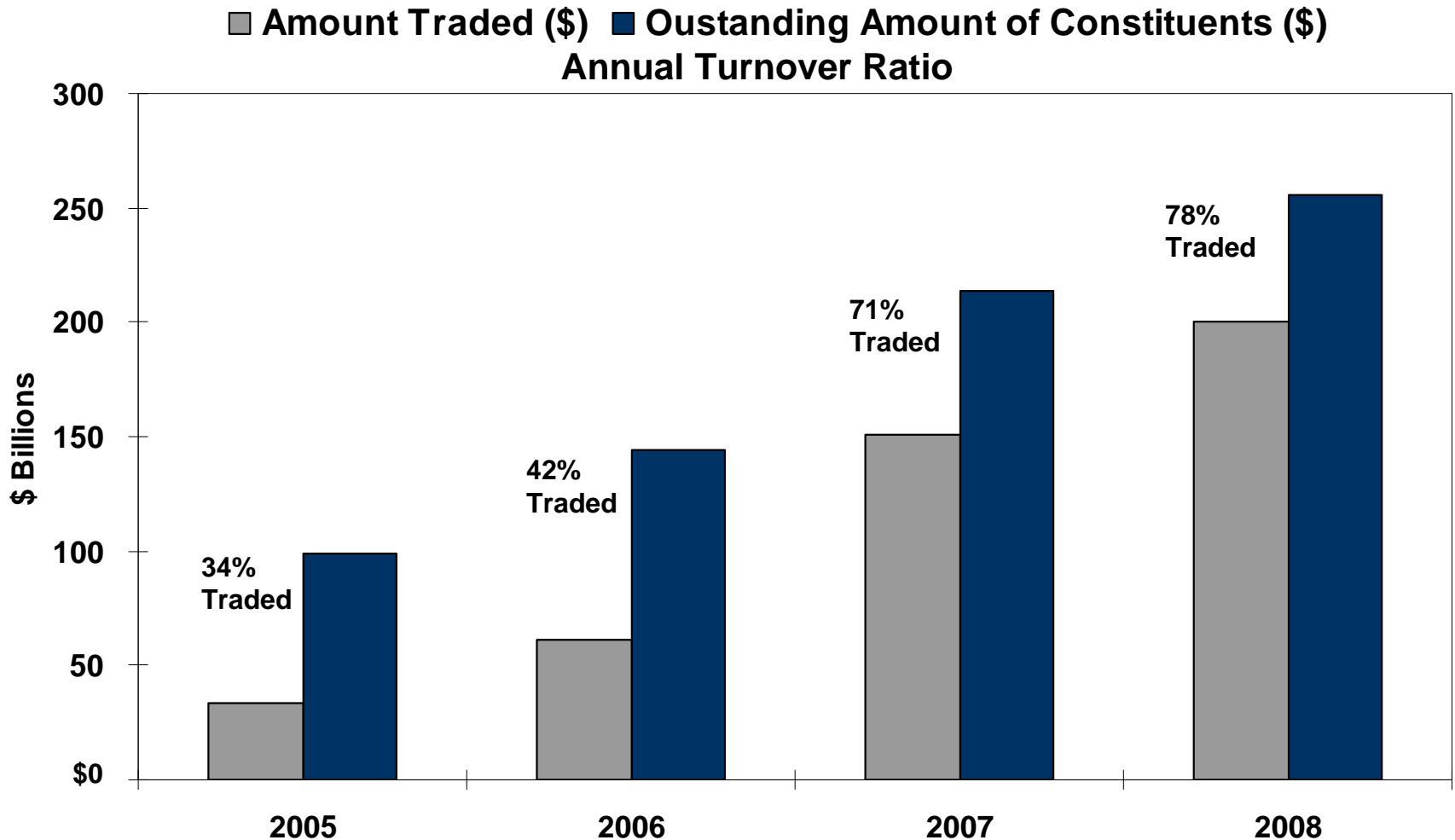
For institutional use only. Not for use by advisors or the public.

Permission to reprint or distribute any content from this presentation requires the written approval of Standard & Poor's.

**STANDARD  
& POOR'S**

# Constituent Trading Rate Increase Over Time (2005 – 2008)

## S&P/LSTA U.S. Leveraged Loan 100 Index



Source: LSTA (Loan Syndications and Trading Association), data as of December 31, 2008.

For institutional use only. Not for use by advisors or the public.

Permission to reprint or distribute any content from this presentation requires the written approval of Standard & Poor's.

**STANDARD  
& POOR'S**

# Index Criteria

---

## S&P/LSTA U.S. Leveraged Loan 100 Index

- **Market-weighted, rules-based index**

- Designed to mirror the market-weighted performance of the largest leveraged loans based upon actual market weightings, spreads and interest payments
- Uses current outstanding balance and spread over LIBOR for fully funded term loans
- 1.90% cap per issue
- Uses average bid LSTA/LPC<sup>1</sup> mark-to-market pricing to calculate market value change
- Index returns and other statistics are calculated daily
- Reviewed weekly to reflect pay-downs and constituency
- Rebalanced semi-annually

- **Eligibility**

- All syndicated leveraged loans covered by the S&P/LSTA Leveraged Loan Index
- Senior secured first lien
- Minimum initial term of one year
- Minimum initial spread LIBOR + 125bps
- U.S. dollar denominated
- Minimum dollar amount of \$50 million

1. LPC = Loan Pricing Corporation, owned by Reuters.

# Executive Summary

---

## S&P/LSTA U.S. Leveraged Loan 100 Index

- **Designed to reflect the most liquid facilities in the leveraged loan market**
- **Captures the performance characteristics of the largest 100 loans**
  - Exclusively draws from the S&P/LSTA Leveraged Loan Index benchmark
- **Uniquely measures size and par amounts outstanding**
- **Bloomberg Tickers**
  - **SPBDLL**: total return index level
  - **SPBDLLML**: price return index level
  - **SPBDLLMR**: market value return %
  - **SPBDLLIR**: interest index return %
  - **SPBDLLB**: weighted average bid price<sup>1</sup>

1. Based upon the U.S. dollar amount outstanding.

---

## Appendix: Standard & Poor's Leveraged Commentary & Data (LCD)

---

# Leveraged Commentary & Data (LCD)

---

## Serving the Global Leveraged Finance Community

- **LCD is a leading provider of leveraged loan data**
  - Data on nearly every leveraged loan from the largest crossover “BBB” transaction to the smallest non-rated middle-market loan
  - Data on more than 5,000 leveraged loan transactions, and on more than one trillion dollars in new-issue volume over 12-year time period
- **LCD is leading provider of leveraged loan benchmarks and indices**
  - With LSTA, produces the S&P/LSTA Leveraged Loan Index benchmark
  - With S&P Index Services, produces the S&P/LSTA U.S. Leveraged Loan 100 Index
  - LCD delivers objective, timely, and comprehensive leveraged transaction profiles extracted from information memoranda (bankbooks)
  - Uses up-to-date loan performance information obtained directly from the marketplace
- **LCD provides clients with customized information for loan portfolio analysis and management, benchmarking, and structuring**
  - Interpretive market analysis (weekly, monthly, and quarterly reports)
  - Comparables database populated with all the transactions in which a client participates or for which a client provides a bankbook

Source: Standard & Poor's Leveraged Commentary & Data (LCD).

# Disclaimer

---

This document does not constitute an offer of services in jurisdictions where Standard & Poor's or its affiliates do not have the necessary licenses. Standard & Poor's receives compensation in connection with licensing its indices to third parties.

All information provided by Standard & Poor's is impersonal and not tailored to the needs of any person, entity or group of persons. Standard & Poor's and its affiliates do not sponsor, endorse, sell, promote or manage any investment fund or other vehicle that is offered by third parties and that seeks to provide an investment return based on the returns of any Standard & Poor's index. Standard & Poor's is not an investment advisor, and Standard & Poor's and its affiliates make no representation regarding the advisability of investing in any such investment fund or other vehicle. A decision to invest in any such investment fund or other vehicle should not be made in reliance on any of the statements set forth in this presentation. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks associated with investing in such funds, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other vehicle. Inclusion of a security within an index is not a recommendation by Standard & Poor's to buy, sell, or hold such security, nor is it considered to be investment advice.

Standard & Poor's does not guarantee the accuracy and/or completeness of any Standard & Poor's index, any data included therein, or any data from which it is based, and Standard & Poor's shall have no liability for any errors, omissions, or interruptions therein. Standard & Poor's makes no warranties, express or implied, as to results to be obtained from use of information provided by Standard & Poor's and used in this service, and Standard & Poor's expressly disclaims all warranties of suitability with respect thereto. While Standard & Poor's has obtained information believed to be reliable, Standard & Poor's shall not be liable for any claims or losses of any nature in connection with information contained in this document, including but not limited to, lost profits or punitive or consequential damages, even if it is advised of the possibility of same. These materials have been prepared solely for informational purposes based upon information generally available to the public from sources believed to be reliable. Standard & Poor's makes no representation with respect to the accuracy or completeness of these materials, the content of which may change without notice. The methodology involves rebalancings and maintenance of the indices that are made periodically during each year and may not, therefore, reflect real time information.

Analytic services and products provided by Standard & Poor's are the result of separate activities designed to preserve the independence and objectivity of each analytic process. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during each analytic process. Standard & Poor's and its affiliates provide a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

Copyright © 2009 Standard & Poor's Financial Services LLC. All rights reserved. Redistribution, reproduction and/or photocopying in whole or in part is prohibited without written permission.

STANDARD & POOR'S and S&P are registered trademarks of Standard & Poor's Financial Services LLC.

BLOOMBERG is a trademark and service mark of Bloomberg Finance L.P., a Delaware limited partnership, or its subsidiaries.

**STANDARD**  
**& POOR'S**

For institutional use only. Not for use by advisors or the public.

14. Permission to reprint or distribute any content from this presentation requires the written approval of Standard & Poor's.

---

# STANDARD

---

# & POOR'S

---

[www.standardandpoors.com](http://www.standardandpoors.com)