

# S&P CDS U.S. Investment Grade S&P CDS U.S. High-Yield

Standard & Poor's does not sponsor, endorse, sell or promote any S&P index-based investment product.

## About the Index

The S&P CDS U.S. Investment Grade Index and the S&P CDS U.S. High-Yield Index are members of the S&P Credit Default Swap U.S. Indices, an index series that seeks to reflect the credit default swap market for U.S. corporate credits. The series also includes the S&P 100 CDS Index.

The S&P CDS U.S. Indices are designed with a focus on the liquidity of underlying constituents and the goal of supporting the investment community's needs by offering the independence of a Standard & Poor's CDS Index Committee and third party pricing.

### Index Methodology & Calculation

The S&P CDS U.S. Investment Grade Index is comprised of 100 equally weighted (1%) reference entities and has a 5¼ year maturity at inception. The S&P CDS U.S. High-Yield Index is comprised of 80 equally weighted (1.25%) reference entities and has a 5¼ year maturity at inception.

### CRITERIA FOR INDEX MEMBERSHIP

- *Ratings.* All reference entities added to the S&P CDS U.S. Investment Grade Index must have public debt or issuer rating of at least BBB-, BBB-, and Baa3 assigned by two of the three rating agencies: Standard & Poor's, Fitch, and Moody's, respectively. All reference entities added to the S&P CDS U.S. High-Yield Index must have public debt or issuer ratings below BBB-, BBB-, and Baa3 assigned by two of the three rating agencies: Standard & Poor's, Fitch, and Moody's, respectively.
- *Liquidity.* Liquidity in the five-year CDS market is assessed by looking at various measures of current and historical secondary market activity including the depth of market on a given name, the bid/offer spread width, and the continuity of quotes over a selected time period.
- *Domicile.* United States based companies are eligible.
- *Sector Classification.* Reference entities for the indices are chosen with the intent of contributing to a sector balance representative of the broader CDS market.

### Index Calculation Variations

Three types of calculations are available for each index: base, event inclusive, and rolling. Index levels are published daily for all three calculation types.

- *Base.* Reference entities are withdrawn from the index upon a credit event.
- *Event Inclusive (patent pending).* When a credit event has occurred reference entities remain in the index. These indices are calculated perpetually.
- *Rolling.* While the other types of CDS indices have specific tenors or maturities and issue new "on the run" indices every six months, this calculation tracks the performance of the event inclusive indices over time. This unique return calculation gives investors a continuous return perspective on the index series over a long term investment horizon.

### Index Maintenance

For both the S&P CDS U.S. Investment Grade and High-Yield Indices (Base and Event Inclusive), a new series of a given index is issued on March 20th and September 20th of each calendar year.

Software from SuperDerivatives® has been chosen to calculate the indices.

Complete details of the methodology employed by S&P Indices, including the criteria for index additions and removals, policy statements, and research papers are available on the Web site at [www.fixedincomeindices.standardandpoors.com](http://www.fixedincomeindices.standardandpoors.com).

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For more information, including current data and index performance, visit our Web site:

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

# S&P CDS U.S. Investment Grade

# S&P CDS U.S. High-Yield

## S&P U.S. Indices

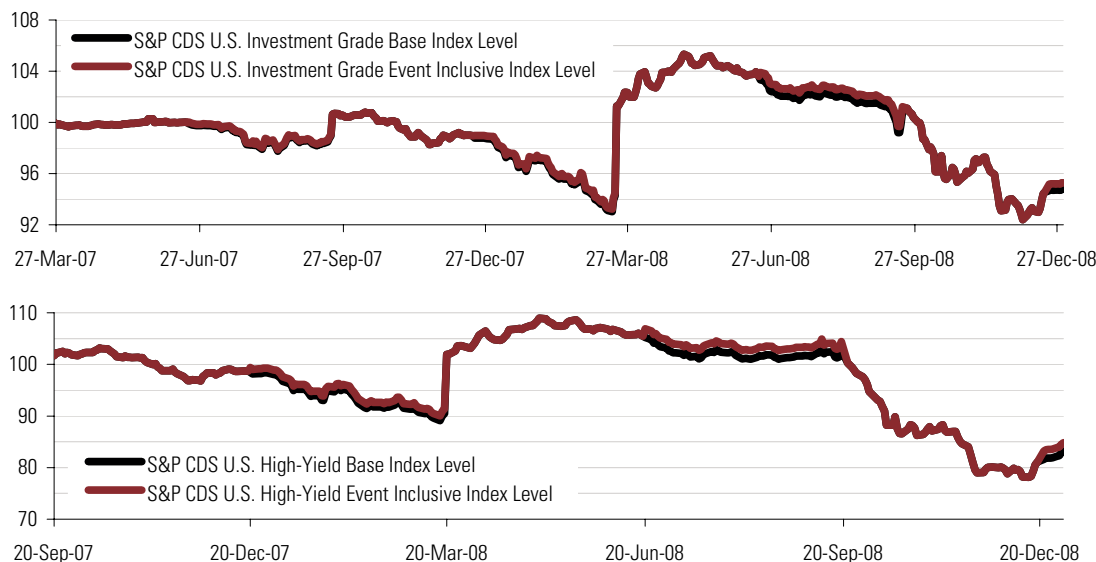
S&P Credit Default Swap U.S. Indices		
S&P 100 CDS	S&P CDS U.S. Investment Grade	S&P CDS U.S. High-Yield
Base	Base	Base
Event Inclusive	Event Inclusive	Event Inclusive
Rolling	Rolling	Rolling

December 31, 2008

Indices that seek to reflect the CDS market for U.S. corporate credits.

## S&P CDS U.S. Investment Grade and S&P CDS U.S. High-Yield Indices Historical Performance

Please see additional disclosures concerning index performance and index levels on the last page. The inception date for these indices was Sep 22, 2008. The indices were not in existence before that date and time. The backtest period shown for the indices are, Mar 20, 2007-Sep 21, 2008 for Investment Grade, and Sep 20, 2007-Sep 21, 2008 for High-Yield. The actual performance period shown for the indices is Sep 22, 2008-Dec 31, 2008. The indices are an unmanaged, statistical composite and its return does not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. Past performance is no indication of future results.



## Index Portfolio Characteristics

### S&P CDS U.S. Investment Grade Index

Base Date	22-Sep-2008
Series Coupon	195
Number of defaults as of 30-Sep-2008	0

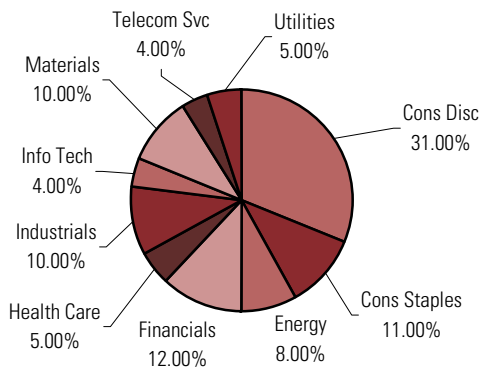
### S&P CDS U.S. High-Yield Index

Base Date	22-Sep-2008
Series Coupon	660
Number of defaults as of 30-Sep-2008	0

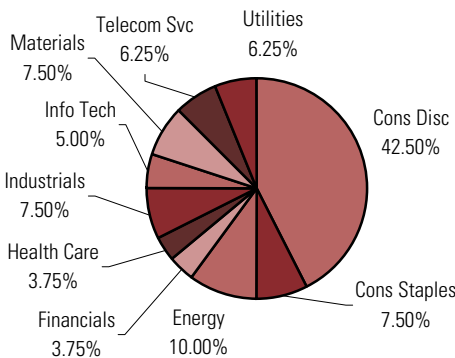
## Tickers

BLOOMBERG <sup>SM</sup>	
S&P CDS U.S. Investment Grade Index	
Base	SPCDIS51
Event Inclusive	SPCDIE51
Rolling	SPCDIR50
S&P CDS U.S. High-Yield Index	
Base	SPCDHS51
Event Inclusive	SPCDHE51
Rolling	SPCDHR50

## Sector Breakdown - Series 1

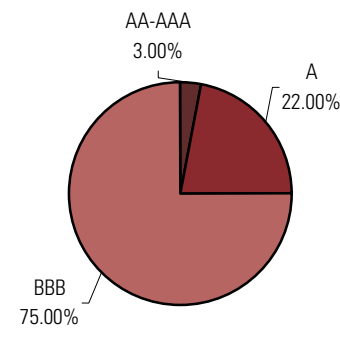


## S&P CDS U.S. Investment Grade Index

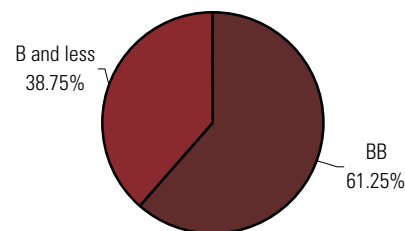


## S&P CDS U.S. High-Yield Index

## Ratings Breakdown (S&P) - Series 1



## S&P CDS U.S. Investment Grade Index



## S&P CDS U.S. High-Yield Index

Standard & Poor's assumes no responsibility for the accuracy or completeness of the above data and disclaims all express or implied warranties in connection therewith.

The S&P CDS U.S. Investment Grade Index and S&P CDS U.S. High Yield Index (the "Indices") are composite indices. Indices are not collective investment funds and are unmanaged. It is not possible to invest directly in an index.

The inception date for the Indices was September 22, 2008. The Indices were not in existence before that date. The backtest period shown for the S&P CDS U.S. Investment Grade Index is from March 20, 2007 through September 21, 2008. The backtest period shown for the S&P CDS High Yield Index is September 20, 2007 through September 21, 2008. The actual performance period shown for the Indices is September 22, 2008 through December 31, 2008. The backtest periods shown do not necessarily correspond to the entire available history of the indices.

The methodology that is currently used to create the Indices was applied from inception of the Indices and retroactively to available public information about credit default swap contracts to create the actual and backtest index levels shown in the preceding pages. The Indices follow a no-restructuring (XR) convention. Prospective application of the methodology used to construct the indices may not result in returns commensurate with the backtest returns shown. Past performance of the Indices is no guarantee of future performance. Investments based upon the Indices may lose money. Base index calculations remove a reference entity from an index upon a Credit Event. An Event Inclusive index retains any reference obligation where a credit event occurred and adjusts for recoveries. The S&P CDS Index Committee, at its sole discretion, determines whether and when a Succession Event or Credit Event, as defined in the index methodology paper, affects a S&P CDS U.S. index. Please refer to the methodology paper, S&P Credit Default Swap (CDS) U.S. Indices, available at [www.standardandpoors.com](http://www.standardandpoors.com), for more details about the index constituent eligibility, construction and maintenance.

The index performance shown has inherent limitations. The index returns shown do not represent the results of actual trading of investor assets. Standard & Poor's maintains the indices and calculates the index levels and performance shown or discussed, but does not manage actual assets. The daily spreads on each single-name CDS, interpolated when the maturity of the single name CDS differs from the maturity of the index, are converted into prices by marking to market each single name CDS. Accruals are reflected in index levels on the quarterly coupon payment dates of CDS contracts which are the 20th (or next Business Day) of March, June, September, and December of each year. The coupon amounts will bear interest at the relevant 13-week T-Bill discount rate posted on TreasuryDirect®, in accordance with the appropriate day count convention. The Indices roll over every six months and have a "maturity" of five and one-quarter years. Indices are statistical composites and their returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause actual and backtested performance to be lower than the performance shown. For example, if an index returned 10 percent on a \$100,000 investment for a 12-month period (or \$10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or \$1,650), the net return would be 8.35 percent (or \$8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of \$5,375 and a cumulative net return of 27.2% (or \$27,200).

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