



S&P Fixed Income Highlights

S&P Municipal Bond Indices

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

S&P U.S. Commercial Paper Index

S&P/Citigroup International Treasury Bond Index

S&P CDS U.S. Indices

January 2009

[S&P Municipal Bond Indices](#)

[S&P/LSTA U.S. Leveraged Loan 100 Index](#)

[S&P U.S. Commercial Paper Index](#)

[S&P/Citigroup International Treasury Bond Index](#)

[S&P CDS U.S. Indices](#)

Index Analysis and Management

Mike McGlone - 212 438 4127
Mariah Alsati-Morad - 212 438 2308
Craig Feldman - 212 438 3296

Published monthly, the S&P Fixed Income Update highlights developments in the Fixed Income market as measured by the S&P Fixed Income Indices.

For additional information on the S&P Municipal Bond Indices visit:
www.fixedincomeindices.standardandpoors.com

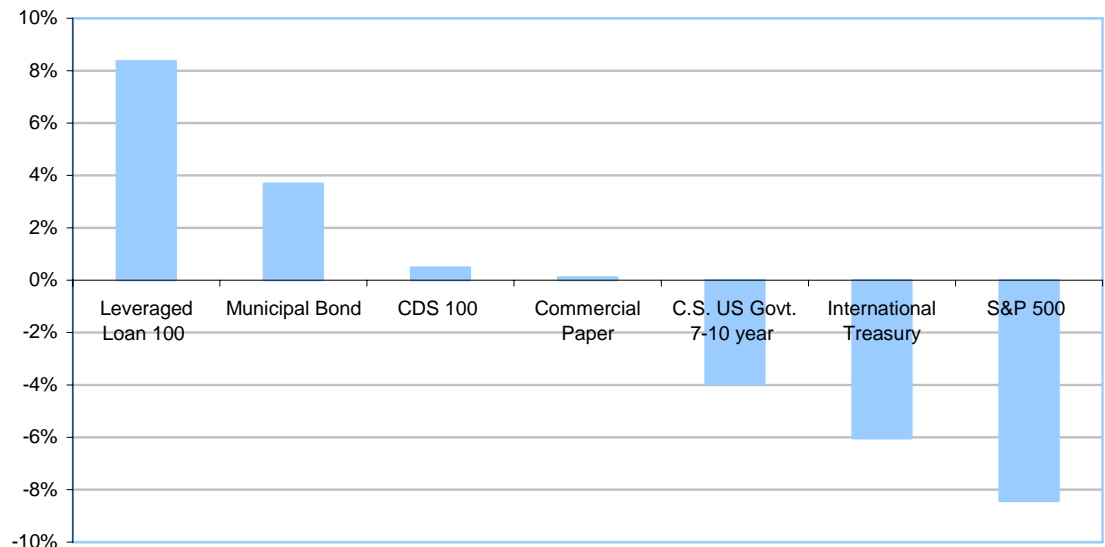
Index Services
212.438.2046
index_services@standardandpoors.com

Market Overview

January Recovery

Most credit market indices indicated improved conditions on the month, despite the worst January in S&P 500 history. The S&P National Municipal Bond Index recovered from its decline of 2.83% in 2008, with a 3.69% monthly gain in January 2009. The S&P/LSTA U.S. Leveraged Loan 100 Index increased 8.36%, for the best month in its pro-forma history since January 2002. Yields on U.S. treasuries increased in January, resulting in significant movements in most credit spreads. The percentage of the weighted average yield of the S&P National Municipal Bond Index over the benchmark 10yr U.S. treasury bond declined to 144% in January from 204% at the end of December. In addition, the spread of the weighted average yield to maturity of the S&P U.S. Commercial Paper Index over the 3-month U.S. treasury bill declined 28bps in January to a level of 40bps. Reflecting global money flows moving away from treasury securities, the S&P/Citigroup International Treasury Bond Index had the worst month in its pro-forma history (since May 2001) with a 6.04% decline in January. On January 21, S&P launched its CDS U.S. indices. The S&P 100 CDS Base Index increased 0.49% on the month, as the index spread declined to 132 at the end of January from a pre-launch level of 142 at the end of December 2008.

January Total Returns



Municipal Bond Indices

S&P National Municipal Bond Index
S&P California Municipal Bond Index

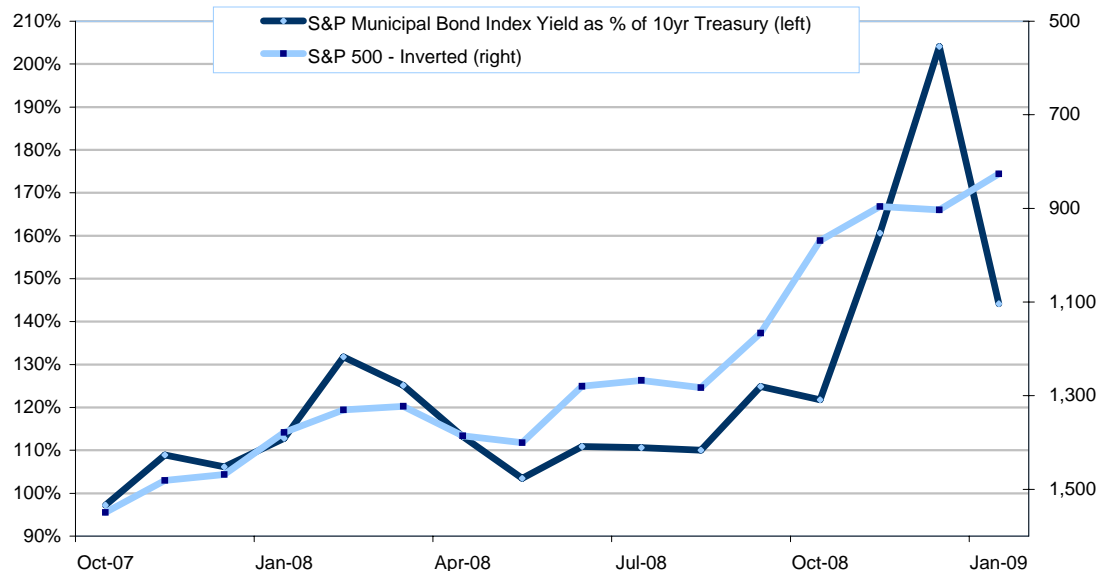
S&P New York Municipal Bond Index
S&P National 0-5 Year Municipal Bond Index

Index Performance and Market Overview

January recovers all of 2008's decline

The S&P National Municipal Bond Index had a good month, eclipsing its entire 2008 loss with a 3.69% gain in January. Stabilization was the story, as bond sales by municipalities picked up and investor demand improved. The index weighted average yield-to-maturity (YTM) declined 10bps to 4.41% despite the 63bps increase in the benchmark 10yr treasury yield. Strength in the shorter-end of the muni curve was evidenced by the 14bps weighted average YTM decline in the S&P National 0-5 Year Municipal Bond Index, compared to an 8bps average YTM decline on securities within the S&P National Municipal Bond Index with 20 or more years to maturity. Based on securities within the S&P National Municipal Bond Index, the muni-market curve steepened led by the yield decline in shorter maturities, while the treasury curve steepened led by an increase in long bond yields. The significance of January in the credit markets was the strength that was showed despite considerable equity market weakness. Since January of 2002 (pro-forma), the S&P National Municipal Bond Index has had a small negative correlation to the S&P 500 (table below). From December 2007 to December 2008, however, the monthly correlation between the two indices was +47%. January of 2009 indicated a potential return to the more normal negative correlation pattern.

The chart below depicts the S&P National Municipal Bond Index weighted average YTM as a percentage of the 10yr treasury and the S&P 500 (inverted).



The matrix below depicts the monthly correlations between indices since January of 2002. S&P 100 CDS Base Index values are since March 2007.

Correlation Since Jan 2002*

	Municipal Bond Index	Loan 100 Index	International Treasury	100 CDS Base Index*	S&P 500	C.S. US Govt. 7-10yr
Municipal Bond Index	100.0%					
Loan 100 Index	30.8%	100.0%				
International Treasury	31.5%	-5.5%	100.0%			
100 CDS Base Index*	61.0%	49.2%	15.2%	100.0%		
S&P 500	-2.4%	61.5%	5.9%	49.3%	100.0%	
C.S. US Govt. 7-10yr	49.8%	-34.0%	61.3%	-16.3%	-27.9%	100.0%
Standard Deviation*	1.54%	2.37%	2.70%	1.07%	4.22%	2.08%
Return Since Jan. 02*	36.72%	2.19%	90.01%	-1.00%	-17.82%	59.51%

* 100 CDS data since March 2007

INTEREST RATES

	Jan. 30	Dec. 31
3-Mo T-bill	0.23%	0.08%
6-Mo T-bill	0.35%	0.26%
3-Mo LIBOR	1.18%	1.43%
2-Yr T-Note	0.95%	0.77%
5-Yr T-Note	1.88%	1.55%
10-Yr T-Note	2.84%	2.21%
30-Yr T-Bond	3.60%	2.68%

Winners and Losers

The largest positive impacts on the index were from two North Texas Tollway Authority System Revenue bonds. The two bonds, which cumulatively make up 0.19% of the National Index, increased 7.7% and 10.7% respectively. A Massachusetts State Special Obligation Dedicated Tax bond had the biggest negative impact on the index. In the 0-5 Index, a State of California Economic Recovery bond was the leading loser, while a Florida Hurricane Catastrophe Fund Finance Corporation Revenue bond was the greatest winner.

Top Ten January 09

Issues	Market Cap (\$Million)	Index Weight
New York N Y City Transitional Fin Auth Rev Rfdg Ser a	\$706,242	0.15%
California St Economic Recovery Ser a	\$705,619	0.15%
California St Rfdg	\$698,537	0.15%
Massachusetts St Sch Bldg Auth Dedicated Sales T Ax Revser a	\$684,505	0.14%
Los Angeles Calif Uni Sch Dist Election of 2002- Ser a	\$671,825	0.14%
Triborough Brdg & Tunl Auth N Y Revs Gen Purp-Ser a	\$650,000	0.14%
Hudson Yds Infrastructure Corp N Y Rev Ser a	\$627,061	0.13%
California St Var Purp	\$625,318	0.13%
Metropolitan Transn Auth N Y Rev Rfdg-Ser a	\$619,897	0.13%
New Jersey St Tpk Auth Tpk Rev Rfdg-Ser-C	\$592,317	0.12%

Index Weighted Average Yield to Maturity as a Percent of the 10yr Treasury (month-end):

S&P National Municipal Bond Index

January: 144%
December: 204%
Jan 08: 113%

S&P California Municipal Bond Index

January: 149%
December: 206%
Jan 08: 113%

S&P New York Municipal Bond Index

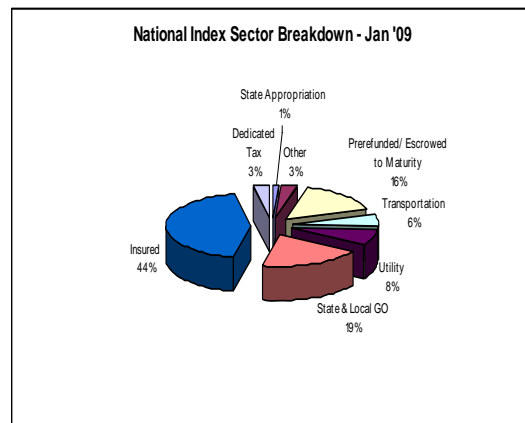
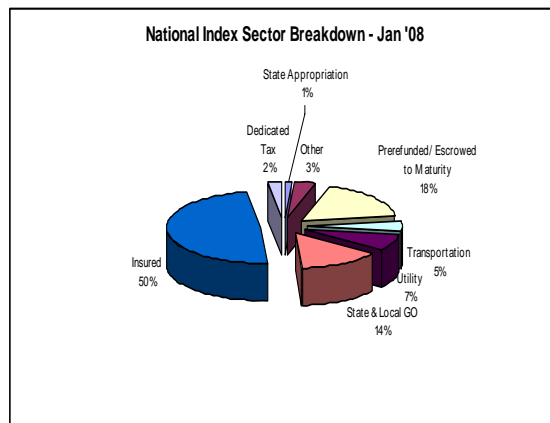
January: 148%
December: 209%
Jan 08: 116%

S&P 0-5 Year Municipal Bond Index as a Percent of the 2yr Treasury

January: 173%
December: 307%

January 2009 Vs January 2008

Since January of 2008, the sector distribution of insured bonds within the S&P National Municipal Bond Index has decreased from about one half of the index to 44% at the end of January 2009.



Rebalancing

Entering February 2009, the index constituents increased in count from 7,824 to 7,849. The net 25 increase was due to 53 additions and 29 deletions. All additions to the index were driven by new issuance with no refunding activity. New York State was the highest contributor to the index, in terms of par outstanding, making up 35.2% of the new issuance. The new securities took some duration from the index, causing a decline in the weighted average duration to 7.57 from 7.75. There was a significant decline in the yield to worst measure, most notably in the 0-5 series. The weighted average yield to worst (YTW) in the National Index declined to 3.97% from 4.5% in December, and in the 0-5 Index, the weighted average YTW dipped to 1.71% from 2.3% in the prior month's opening.

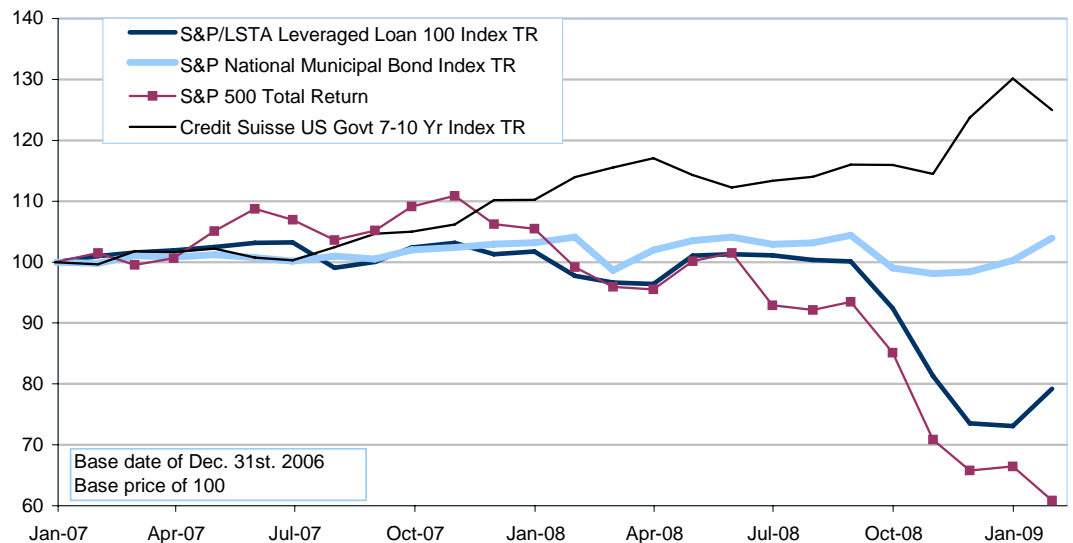
S&P/LSTA U.S. Leveraged Loan 100 Index

Index Performance and Market Overview

Best Month Follows Worst Year

The January return of 8.36% on the S&P/LSTA U.S. Leveraged Loan 100 Index was the best in its pro-forma history since January of 2002. The January rally improved the index's total return since the end of 2007 to -22.13%, or almost one half that of the S&P 500 decline of 42.31% over the same time period. Since the beginning of the index's history, monthly returns of the S&P/LSTA U.S. Leveraged Loan 100 Index has been approximately 62% correlated with the S&P 500 (refer to the correlation table on page 2), but January marked the largest one month percentage divergence between the two indices at 16.79% (S&P 500 TR -8.43% in January). By comparison, September 30, 2002 was the last time the two indices showed a similar divergence when the S&P/LSTA U.S. Leveraged Loan 100 Index increased 0.19% while the S&P 500 declined 10.87%. The following two months, the S&P rallied 8.80% and 5.89% respectively.

The chart below depicts the S&P/LSTA U.S. Leveraged Loan 100 Index return compared to the S&P 500 and other indices from a base date of December 31, 2006 and a base price of 100.



Winners and Losers

A loan from Carestream Health Inc. was the best performing loan in January, increasing 31%. Loans from Ford Motor Company and Freescale Semiconductor were among the worst performing loans on the month, with January declines of 15.8% and 13.2% respectively.

January mid-month Rebalancing

Three loans from Alltel Holdings Corp. were deleted from the index during the month and were replaced with loans from: CDW Corp, Life Technologies Corp. and Manitowoc Company.

For more details, please visit www.fixedincomeindices.standardpoors.com.

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

January TR:	+8.36%
2008 TR:	-28.14%
WA Years to Maturity:	4.87
WA LIBOR Spread (bps):	249
WA Bid Price:	65.44

S&P U.S. Commercial Paper Index

Index Performance and Market Overview

Stabilization

The S&P U.S. Commercial Paper Index increased 0.11% in January, for an annualized gain near 1.28%. The much watched US Commercial Paper market continued to demonstrate stability as it entered a critical period. The weighted average yield on commercial paper in the index declined 30bps in January to 0.63%, from the beginning of the month's yield of 0.93%. The weighted average yield of the index hit its high of 4.24% on 10/2/08. Reflecting an improvement in credit market conditions, the weighted average yield to maturity (YTM) of the S&P U.S. Commercial Paper Index over the 3-month bill declined to 40bps at the end of January from 68bps at the end of December. Indicative of a continued thawing of credit market conditions, the spread of the S&P U.S. Commercial Paper Index over 1-month LIBOR decreased 11bps to 21bps at the end of January from 32bps at the end of December. The end of January was a key test for the CP market, as a large amount of the 90-day CP, which the Federal Reserve bought starting in October, matured. The weighted average yield of the S&P U.S. Commercial Paper Index has sustained below 1.00% since December 19.

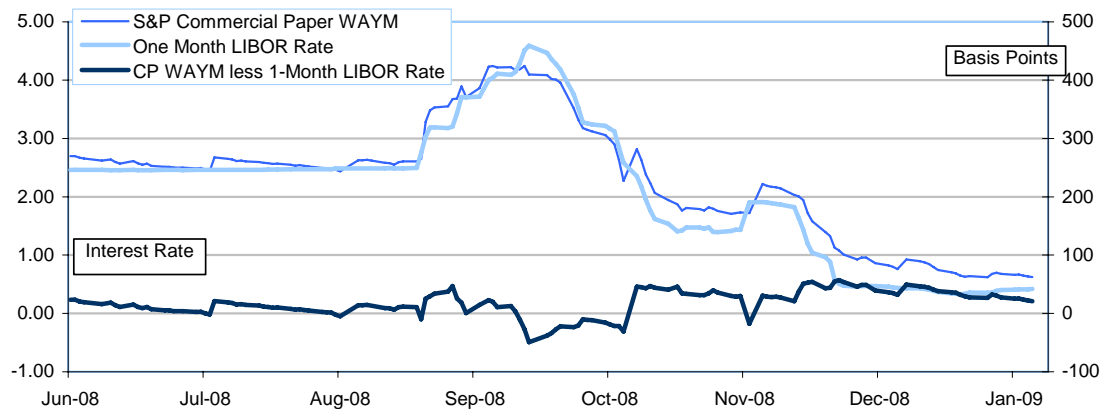
February Rebalancing

The S&P U.S. Commercial Paper Index contracted 7.1% to 1,058 securities in February, from 1139 in January.

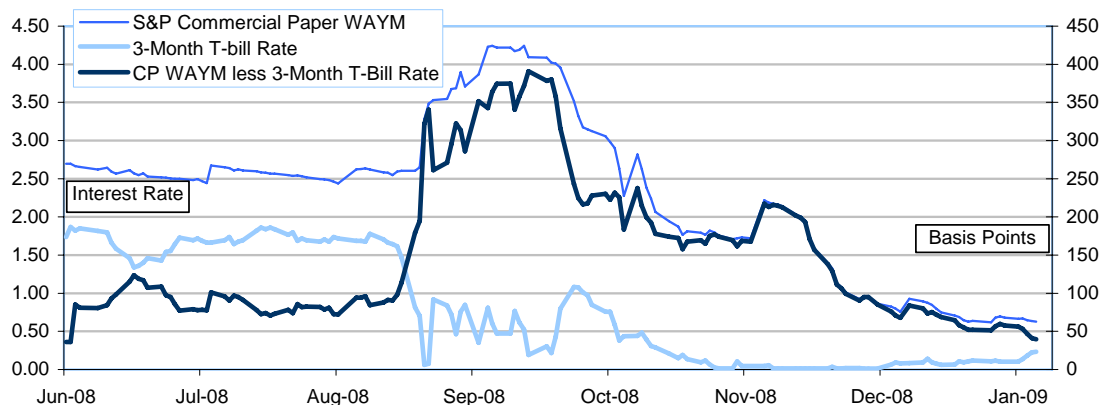
Leaders and Laggards

Commercial paper from AIG FDG Inc. continued to be the best index performer in January. As a group, AIG FDG Inc. makes up about 0.9% of the index and the average group yield declined to 10.44% compared to 10.94% at the beginning of the month. Paper from Citigroup FDG Inc. was among the leading index laggards, and ended January yielding near 0.58% up from near 0.25% at the beginning of the month.

The chart below depicts the weighted average YTM of the S&P U.S. Commercial Paper Index and the 1-month LIBOR rate.



The chart below depicts the weighted average YTM of the S&P U.S. Commercial Paper Index relative to the 3-month T-bill.



S&P U.S. Commercial Paper Index

January TR: +0.11%
 WA Yield to Maturity: 0.63%
 Constituent Count: 1,139

Spread to 3-month Bill: 40
 - January change -28

Spread to 1-month LIBOR (bps): 21
 - January change -11

S&P/Citigroup International Treasury Bond Index

Index Performance and Market Overview

Flight from Treasuries

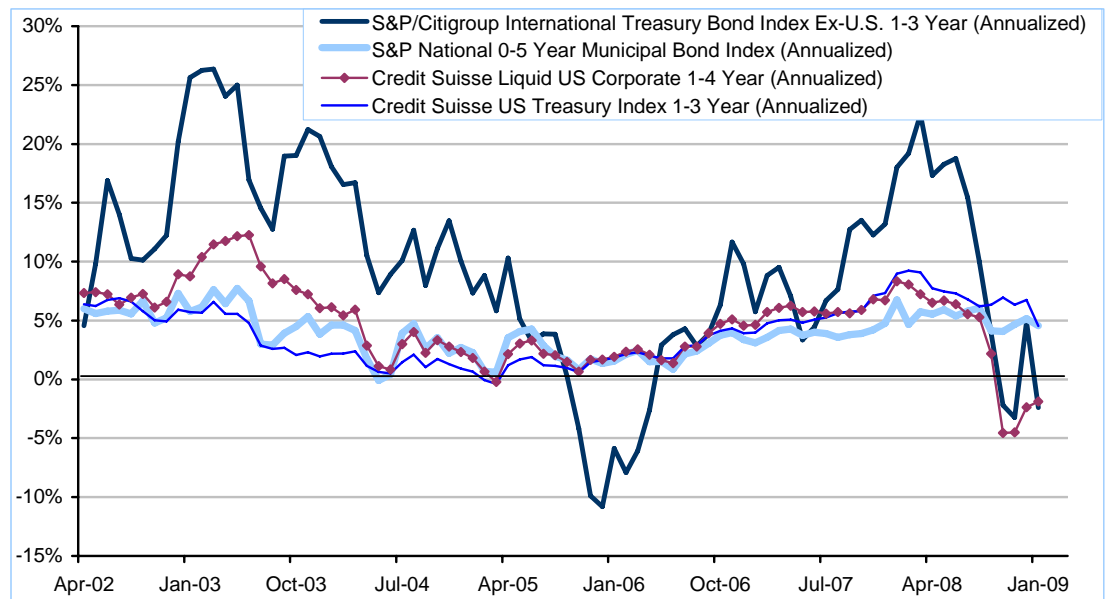
The S&P/Citigroup International Treasury Bond Index declined 6.04% in January, reversing much of the 8.88% rally in December. The January decline marked the worst month for the index since the pro-forma history began in May 2001. Reversion of the end-of-2008 flight-to-safety bid and fears of potential inflation due to most global central banks willingness to provide liquidity weighed on the global treasury market in January.

Annualized Returns Update

For all of 2008, the S&P/Citigroup International Treasury Bond Index (ex- U.S.) and the S&P/Citigroup International Treasury Ex-U.S. 1-3 Year Bond Index had returns of +7.46% and +4.91% respectively. In both of these indices, the year-end positive annualized returns followed two negative annualized readings from October and November (chart below). In January 2009, the indices when measured on an annualized basis, slipped back into negative territory reporting -2.71% in the aggregate index and a -2.4% in the 1-3 year Index.

The table below depicts the annualized returns of the S&P/Citigroup International Treasury Ex-US 1-3 Year Bond Index, The S&P National Municipal Bond 1-3 Year Index, the Credit Suisse Liquid US Corporate 1-4 Year Index and the Credit Suisse US 1-3 Year Index.

Annualized Returns



Referring to the chart above, the three U.S. bond indices show a high correlation from June 2004 until August 2008. The market turmoil in the third and fourth quarters of 2008 caused a shift in the previous correlations.

February Rebalancing

The aggregate index increased by a net of 6 bonds, while the 1-3 year index count was reduced by one bond. Additions to the aggregate index slightly increased the average yield, as well as the index's duration. The yield to worst increased 9bps to 2.72% from 2.63%, and the effective duration increased slightly to 6.41% from 6.38%.

S&P /CitiGroup International Treasury Bond Index

January TR:	-6.04%
WA Coupon:	3.73%
WA Yield to Maturity:	2.65%
WA Modified Duration:	6.23
WA Life:	8.32
Constituent Count:	541

S&P U.S. Credit Default Indices

Standard and Poor's launched the following credit default swap indices on January 21, 2009:

1) *S&P CDS U.S. Investment Grade Index*: has a 5¼ year maturity at inception and is comprised of 100 equally weighted (1%) reference entities, which include corporate issuers with public debt or issuer ratings of at least BBB-, BBB-, and Baa3 assigned by two of the three rating agencies: Standard & Poor's, Fitch, and Moody's, respectively.

2) *S&P CDS U.S. High-Yield Index*: has a 5¼ year maturity at inception and is comprised of 80 equally weighted (1.25%) reference entities, including corporate issuers with 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.

3) *S&P 100 CDS Index*: is the premier index that seeks to track the performance of the reference entities of the S&P 100 Index. The Index has a 5¼ year maturity at inception and includes the constituents in the S&P 100 Index that have sufficient liquidity in the five-year CDS market. Reference entities are weighted based upon their weighting in the S&P 100.

S&P 100 CDS

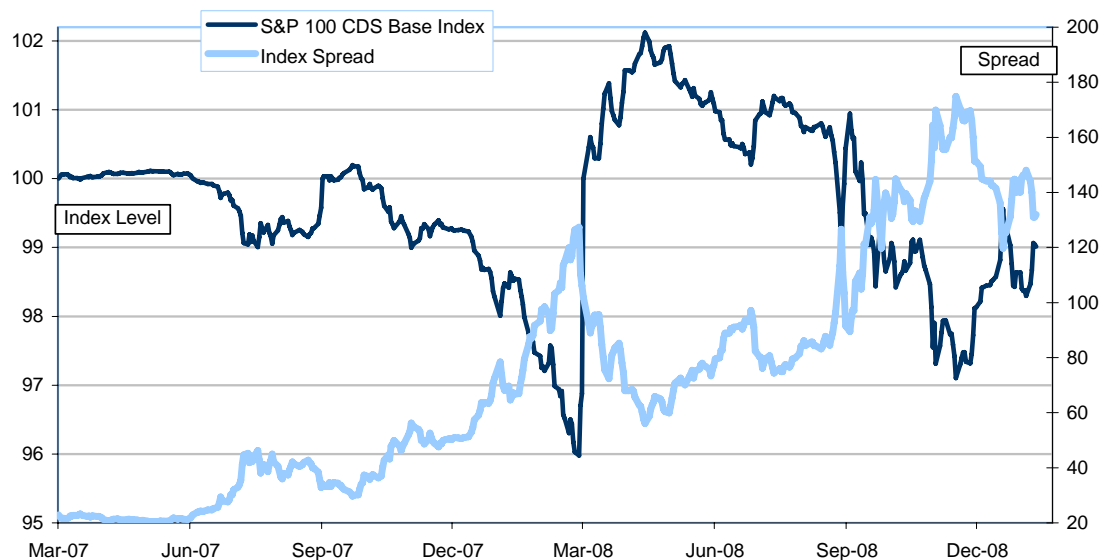
	<u>Jan. 30</u>	<u>Change</u>
Index Level	99.012	+0.49%
Index Spread	132	-10

S&P CDS US HY

	<u>Jan. 30</u>	<u>Change</u>
Index Level	82.942	-0.28%
Index Spread	1231	+19

S&P CDS US IG

	<u>Jan. 30</u>	<u>Change</u>
Index Level	95.473	+0.74%
Index Spread	303	-15



Standard & Poor's does not sponsor, endorse, sell, or promote any S&P index-based investment product. 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. This material is based upon information that we consider to be reliable, but neither Standard & Poor's nor its affiliates warrant its completeness, accuracy or adequacy and it should not be relied upon as such. Assumptions, opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Copyright © 2008. Standard & Poor's, division of The McGraw-Hill Companies, Inc. All rights reserved. STANDARD & POOR'S and S&P are registered trademarks of The McGraw-Hill Companies, Inc.

Copyright © 2009 by The McGraw-Hill Companies, Inc. Redistribution, reproduction and/or photocopying in whole or in part is prohibited without written permission. All rights reserved. "S&P" and "Standard & Poor's" are registered trademarks of The McGraw-Hill Companies, Inc. 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 stock 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.