

S&P Fixed Income Update

Municipal Bond Indices

S&P U.S. Commercial Paper Index

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

S&P/Citigroup International Treasury Bond Index

November 2008

Municipal Bond Indices

S&P National Municipal Bond Index

S&P New York Municipal Bond Index

S&P California Municipal Bond Index

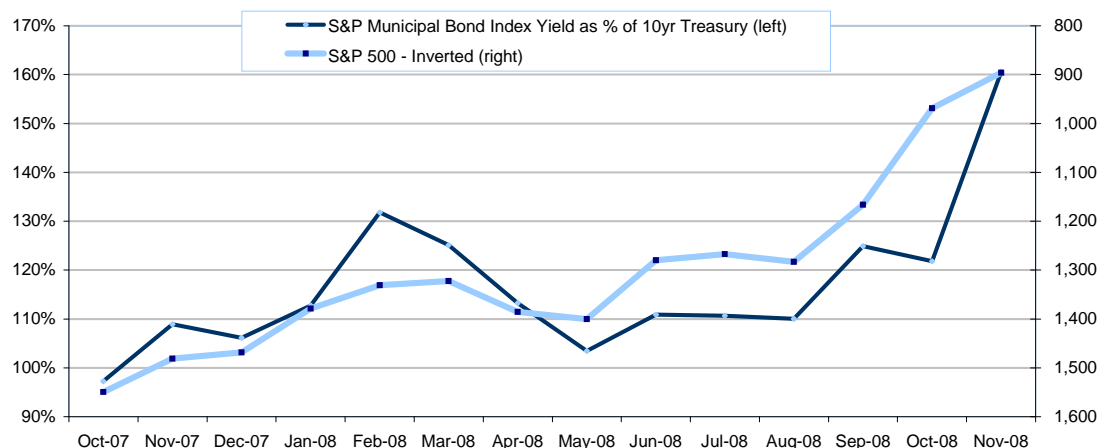
S&P National 0-5 Year Municipal Bond Index

Index Performance and Market Overview

Relative Value Vs Lower Tide

Led by a rally in the shorter end of the municipal bond market, the S&P National Municipal Bond Index increased 0.27% in November. The biggest monthly advance in treasuries since 1981 caused a sharp increase in the ratio of municipal yields to treasuries. The weighted average yield to maturity (YTM) of the S&P National Municipal Bond Index over the benchmark U.S. 10yr yield increased to 161% at the end of November, from the end of October ratio of 122%. The yield on the benchmark 30-year bond declined 93bps in November while the yield on the benchmark 2-year dropped a lesser 56bps, flattening the treasury curve. Contrarily, pressure on the longer end of the muni-bond market caused the municipal yield curve to steepen towards the end of the month. Despite an overall index weighted average YTM decline of 15bps to 4.69% in November, credit concerns contributed to an increase of about 12bps (to about 6.10%) in the weighted average YTM of longer-dated securities within the index with 20 or more years to maturity. The yield spread between 20+ year securities within the S&P National Municipal Bond Index and the U.S. 30-year bond increased from a spread of 161bps to 266bps. Reflecting the demand for short municipal bonds, the weighted average YTM of the S&P National 0-5 Year Municipal Bond Index declined 48bps from the end of October level of 3.04%.

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).



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

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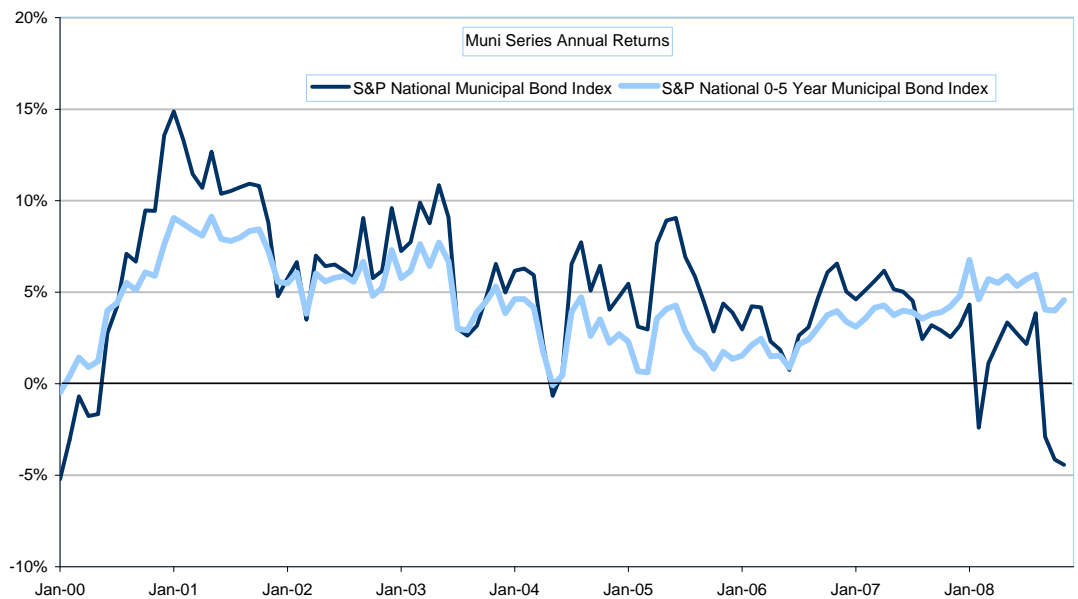
Winners and Losers

A Maryland state health and education revenue bond was the biggest winner in the index, up 14.8% in November, while the biggest loser was a Baltimore MD convention center revenue bond, which was down 22.45% after being downgraded to junk status on November 25, 2008.

November 08 Vs November 07

The weighted average YTM of the National Index increased 40bps from the year ago level of 4.29% and the weighted average coupon return increased to 5.01%, from 4.94%, while the yield to worst dropped from 4.77% to 4.63% over same period last year. From a year ago November, the S&P California Municipal Bond Index was down 4.51% and declined for the third consecutive month in November 08 (-0.17%), while the National 0-5 Year Municipal Bond Index was up for the third consecutive month (+1.28% from October) and ended the month up 4.56% from a year ago (pro-forma).

The chart below depicts the year-over-year returns of the S&P National and the S&P 0-5 Municipal Bond Indices since January of 2000.



The most recent reading on the above chart depicts the November 07 to November 08 index total return for the S&P National Municipal Bond Index at negative 4.4%, a change not seen since early 2000. Since the spring of 2004, the S&P National 0-5 municipal bond index has fared much better, earning consistently positive annual returns and outpacing the national index since August 2007. The S&P New York and California Municipal Bond Indices (not shown above) closely tracked the national index's annual returns. Pro-forma monthly data for the index series (National, New York, California, and National 0-5) dating back to January 1999 is available on Standard & Poor's web site. For more information on the S&P National Municipal Bond Index series history, please visit Standard & Poor's Index Services web site: www.standardandpoors.com/indices.

December Rebalancing

The month of December saw 127 index additions and 43 index deletions. Of the additions, 91 were new issues with the bulk coming from New York, New Jersey, Texas and Arizona. The largest new issue, with a par amount of US\$ 390 million, was from the New York City Municipal Water Financing Authority. The month of December additions added some duration and the yield to the index. The weighted average years-to-maturity of the additions was 21, compared to end of November index level of 13.9 and the weighted average YTM of the additions was 5.59%, compared to 4.69% for the index pre-rebalancing.

S&P National Municipal Bond Index

November TR: +0.27%
YTD TR: -4.63%

S&P California Municipal Bond Index

November TR: -0.17%
YTD TR: -4.69%

S&P New York Municipal Bond Index

November TR: +0.53%
YTD TR: -4.19%

S&P National 0-5 Year Index

November TR: +1.28%
YTD TR: +4.14% (pro-forma)

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

S&P National Municipal Bond Index

November: 161%
October: 122%
Dec 07: 106%

S&P California Municipal Bond Index

November: 163%
October: 122%
Dec 07: 106%

S&P New York Municipal Bond Index

November: 163%
October: 123%
Dec 07: 101%

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

November: 259%
October: 196%

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

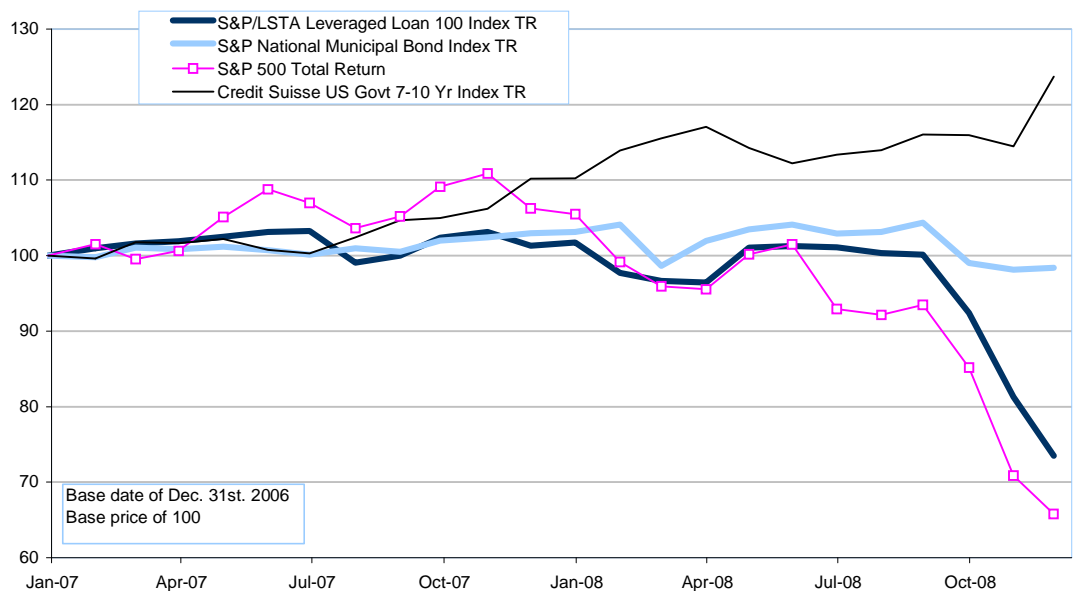
Index Performance and Market Overview

The Tide Continues to Decline

Another bad month for the S&P 500 (-7.18%) coincided with a November decline of 9.54% for the S&P/LSTA U.S. Leveraged Loan 100 Index. Despite numerous downgrades, the broader benchmark S&P/LSTA Leveraged Loan Index, from which the Loan 100 index is drawn, outperformed the 100 Index in November with a decline of 8.51%. Weakness in the auto sector weighed more heavily on the Loan 100. According to S&P's LCD group (Leveraged Commentary and Data), "with earnings falling over the past 90 days, the rating agencies unleashed a torrent of downgrades that pushed the percent of CCC's in the S&P/LSTA index to a record 8.2%, from 4.4% a month ago and just 2.8% at year end."

The positive correlation among risk related asset classes remained one of the most consistent bull markets in November. Year-to-date, the S&P/LSTA U.S. Leveraged Loan 100 Index ended November with a loss of 27.72% compared to the S&P 500 decline of 37.66% (TR). In 2007, the R-squared of the daily value difference between the S&P/LSTA U.S. Leveraged Loan 100 Index and the S&P 500 was about 0.37, with a beta of +0.28. Since the beginning of 2008, the R-squared between the two asset classes has been running near 0.86, with a beta of 0.54, indicating that 86% of the moves in the S&P/LSTA U.S. Leveraged Loan 100 Index could be explained by the S&P 500, and that for every 1% move in the S&P 500, the S&P/LSTA U.S. Leveraged Loan 100 Index moved an average of 0.54% in the same direction. At the end of November, the index yield was approximately 8.90% compared to about 8.50% to close out October.

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 31st, 2006 and a base price of 100.



Winners and Losers

Weak Autos

Loans from Chrysler Financial and Ford Motor Company were the biggest index drag in November. A Tribune company loan came in a close third. The prices of all three loans dropped approximately 15 points on the month. One of the few loans to increase in price on the month, and the loan with the biggest positive index impact in November, was from Deans Foods. Strong Q3 net income improved the market outlook for the company as lower dairy costs boosted profit margins.

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

November TR:	-9.54%
YTD TR (pro-forma):	-27.72%
WA Years to Maturity:	5.1
WA LIBOR Spread (bps):	240.3
WA Bid Price:	63.25

INTEREST RATES

	<u>Nov. 28</u>	<u>Oct. 31</u>
3-Mo T-bill	0.05%	0.44%
6-Mo T-bill	0.42%	0.95%
3-Mo LIBOR	2.22%	3.03%
2-Yr T-Note	0.99%	1.55%
5-Yr T-Note	1.92%	2.83%
10-Yr T-Note	2.92%	3.96%
30-Yr T-Bond	3.44%	4.37%

S&P U.S. Commercial Paper Index

Index Performance and Market Overview

Fed Backstop

The S&P U.S. Commercial Paper Index returned +0.32% in November, as U.S. government yields dropped to some of the lowest levels ever and the Federal Reserve expanded its purchases of commercial paper. During the month, the 3-month T-bill rate declined 39bps to 0.05% and the 1-month LIBOR rate declined 68bps to 1.90%, despite a 47bps jump on the last day of the month. Reflective of the marketplace perception of the U.S. corporate outlook relative to the international banking outlook, the weighted average YTM of the S&P U.S. Commercial Paper Index ended November below that of the 1-month LIBOR rate for the second month in a row. At the end of October, the weighted average YTM of the S&P U.S. Commercial Paper Index was 31bps less than 1-month LIBOR and ended November at -18bps (chart below). This spread will move closer to positive in early December, as the index rebalances and the weighted average days to maturity increases from near 1-month to approximately 2-months. In the week ended November 26th, the Federal Reserve increased its commercial paper holdings to near US\$ 295 billion as part of the Fed's Commercial Paper Funding Facility (CPFF) program. Based on a hypothetical return near the weighted average YTM of the S&P U.S. Commercial Paper Index and a cost of capital near the 3-month T-bill, the Fed's return on investment would be running near an annualized US\$ 4.9 billion at the end of November.

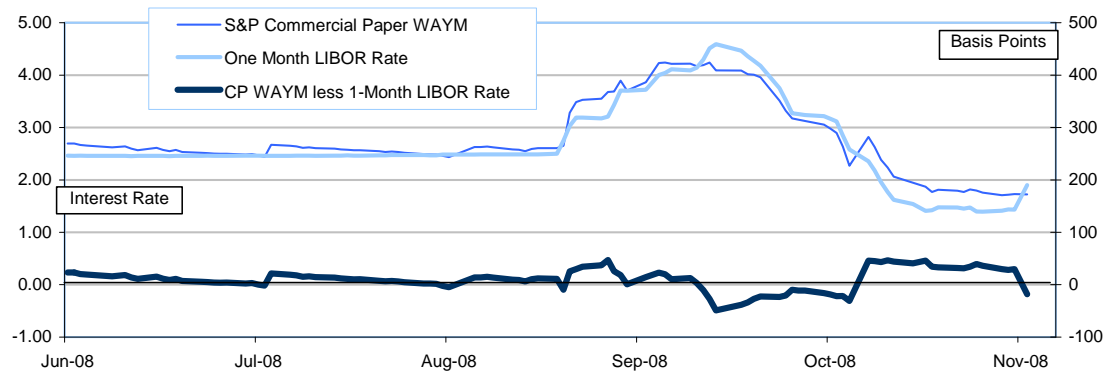
December Rebalancing

The S&P U.S. Commercial Paper Index continued to contract some in December. The number of securities in the index declined 4.6% to 1,010 in December, from 1,059 securities in November.

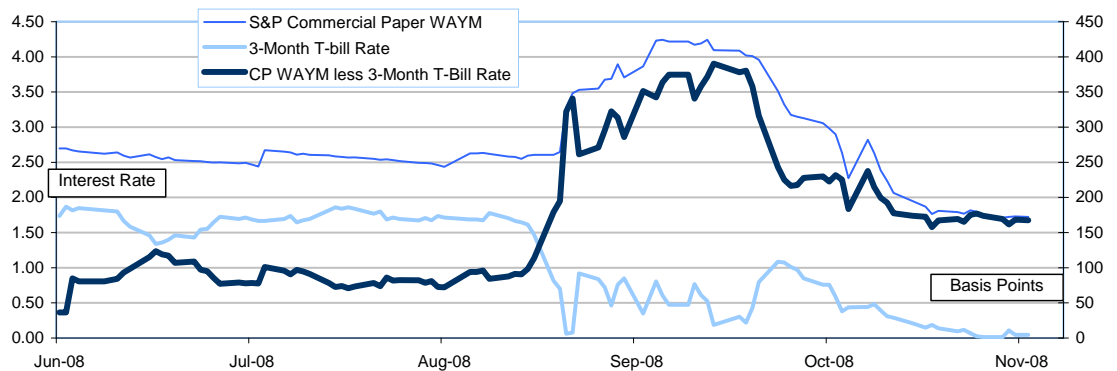
Leaders and Laggards

Commercial paper from American General Fin. Corp. contributed the most to index performance in November. Securities from American General Fin. Corp. began the month yielding near 13% and ended November yielding near 12%. Some paper from Campbell Soup Co. and Coca-Cola Enterprises were among many others that began the month yielding near 1% and provided little return for the index on 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

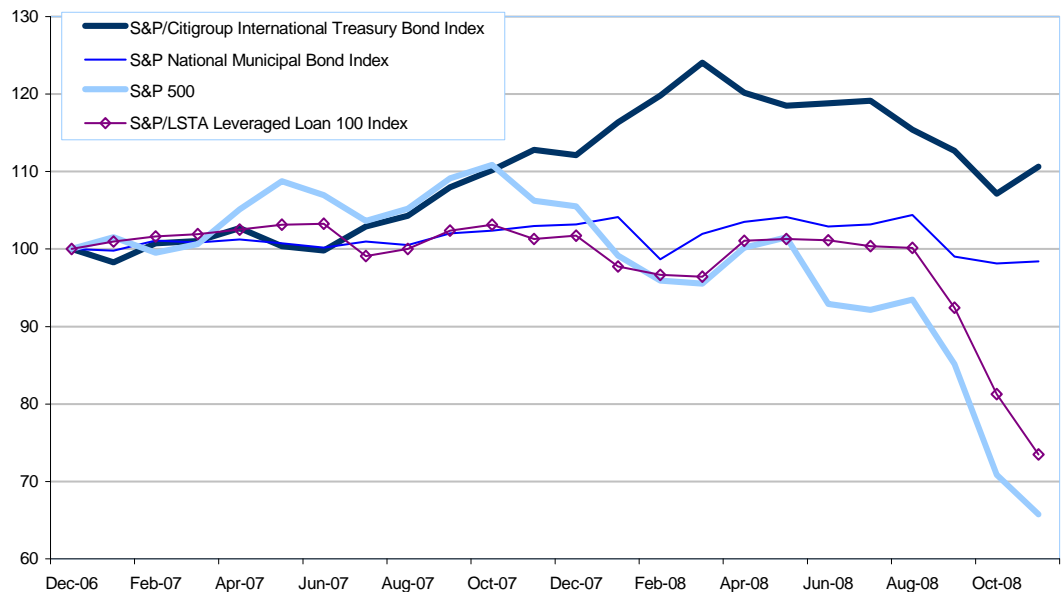
November TR:	+0.32%
WA Yield to Maturity:	1.72%
Constituent Count:	1,059
Spread to 3-month Bill:	168
Spread to 1-month LIBOR (bps):	-18

S&P/Citigroup International Treasury Bond Index Index Performance and Market Overview

JGB's Lead

The S&P/Citigroup International Treasury Bond Index snapped back from October's 4.89% drubbing and increased 3.26% in November to post a YTD decline of 1.30%. Accelerated fears of global economic recession and anticipation of further coordinated rate cuts inspired a broad based treasury rally, led by a 5.2% increase in Irish bonds. Consisting of only 1.5% of the index, the impact from Ireland on the index was minor. A 3.6% increase in JGB's (Japanese Government Bonds) provided the biggest index impact, as Japanese securities make up nearly 25% of the index. The index weighted average YTM declined 28bps to 2.84%, from 3.12% at the end of October. Comparably, the U.S. benchmark 10yr ended November with a yield near 2.92%, declining 104bps on the month. As a group, the S&P/Citigroup International Treasury Bond Index JGB constituents weighted average YTM ended the month near 1.05%, with a modified duration of 6.22%. Although Japanese securities do not contribute much yield, most treasury returns lately have been provided by price performance. Greek treasuries currently provide the greatest yield return, with an end of November weighted average YTM near 4.52%. U.K. securities, which make up about 5% of the index, were the biggest index drag on the month with a November weighted average decline near 0.60%. As a group, Norwegian securities saw the biggest decline on the month at -1.3%, but at just over 1% of the index, weakness in bonds from Norway provided limited index impact.

The chart below depicts the returns on the S&P/Citigroup International Treasury Bond Index, S&P National Municipal Bond Index, S&P 500 and S&P/LSTA Leveraged Loan 100 Index from a base date of December 31st, 2006 and a base price of 100.



December Rebalancing

The December rebalancing decreased the index weighted average YTM maturity a bit, with a weighted average YTM of the additions at 2.74%, compared to 2.84% for the index, but the addition of a Danish bond with a modified duration near 17.2% contributed some duration to the index.

S&P /CitiGroup International Treasury Bond Index

November TR:	+3.26%
YTD TR (pro-forma)	-1.30%
WA Coupon	3.78%
WA Yield to Maturity:	2.84%
WA Modified Duration:	6.24
WA Life:	8.22
Constituent Count:	538

Credit - CDS

November continued the trend of spread widening in U.S. corporate credit default swaps. The persistence of global recession worries, financial sector bearishness, continued speculation on a possible bankruptcy in the U.S. auto industry, and multiple credit rating downgrades all contributed to another volatile month in the credit space. There was a bit of positive sentiment, however, as U.S. companies debt issuance increased two-fold from October to November, in part from the government starting to guarantee debt issuance from banks. In addition, corporate bond returns in the investment-grade space were actually positive for November, as continually higher yield spreads lured investors. While there were no major credit events in November, Citigroup, prior to the U.S. government led bailout, GM and Ford all traded with spreads in the CDS market that implied imminent default, and correspondingly were some of the worst performers of the month.

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