

S&P National AMT-Free Municipal VRDO Index

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About the Index

The S&P National AMT-Free Municipal VRDO Index seeks to measure the performance of investment grade, variable rate demand obligations (VRDO) issued by municipalities with maturities greater than or equal to one month.

Variable Rate Demand Obligations are short-term tax-exempt fixed income instruments whose coupon rate is reset on a periodic basis. VRDO securities are usually issued with maturities up to 30 or 40 years, although they are considered short-term instruments because they include a bondholder put provision which coincides with the periodic coupon rate reset which allows the bondholder to redeem a bond at its face value.

Consistent with S&P Fixed Income Indices designed for investability, the S&P National AMT-Free Municipal VRDO Index has a stringent view of criteria from a liquid, and therefore, an investable point of view. Although it is not possible to invest directly in an index, the index is designed by Standard & Poor's with a focus on liquidity, and with the goal of supporting investment products such as index funds, index portfolios, and index futures and options.

Index Methodology

The S&P National AMT-Free Municipal VRDO Index is a market-value-weighted index. IPREO provides Standard & Poor's with the coupon and outstanding amounts of each security in the index. The prices used in the index calculation add the accrued interest for each security. The index is reviewed and rebalanced on a monthly basis.

Criteria For Index Membership

In order to be included in the index, the issuer for the security must be a state (including the Commonwealth of Puerto Rico and United States territories) or a local government or agency where interest on the security is exempt from U.S. federal income taxes. From that universe, the following criteria must be met in order for a security to remain eligible for inclusion:

- *Investment Grade.* Each security must have a rating of at least A-3, VMIG-3, or F-3 by either Standard & Poor's, Moody's, or Fitch respectively.
- *Pricing.* The bond must be included in the pricing universe of IPREO.
- *Priced at Par.* The security must be priced at par.
- *Maturity.* The bond must have a minimum maturity greater than or equal to one month.
- *Deal Size.* 75% of the constituents must be a constituent of a deal where the deal's original offering amount was at least US\$ 100 million. The remaining 25% of the constituents have no minimum deal size criteria, these constituents will be the highest yielding constituents chosen at each rebalancing.
- *Minimum Par Amount.* The security must have a minimum Par Amount of US\$ 10 million, and must maintain a minimum Par Amount greater than or equal to US\$ 10 million as of the next rebalancing reference date.
- *Yield Reset.* The security must have a weekly yield reset.
- *Credit Enhancement.* The security must have a credit or liquidity support facility.
- *Number of Issues per Issuer.* At any time, each issuer may have a maximum of 10 issues in the index as determined by its six-digit CUSIP base. If there are more than 10 eligible issues for a given issuer on a rebalancing date, the ten otherwise eligible issues with the largest Par Amount are selected.

For more information regarding the index's methodology, please visit www.fixedincomeindices.standardandpoors.com.

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

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S&P National AMT-Free Municipal VRDO Index

S&P U.S. Indices

S&P Fixed Income Indices
S&P Municipal Bond Indices
S&P National AMT-Free Municipal VRDO Index

August 21, 2009

Provides exposure to the investment-grade, variable rate demand obligations issued by municipalities with maturities greater than or equal to one month.

(Exposure is available through investable instruments based on the indexes. It is not possible to invest directly in an index.)

Ratings (Weighted Average)

Short Term	
Standard & Poor's	A-1
Moody's	VMIG-1
Fitch	F-1+
Long Term	
Standard & Poor's	AA
Moody's	AA2
Fitch	AA

Top 20 VRDO Issues By Weight

Issuers	CUSIP	Market Cap (\$ Million)	Index Weight
Metropolitan Transportation Authority	59259NML4	440.2	1.42%
The Lower Alabama Gas District	547803AA4	377.9	1.22%
The Illinois State Toll Highway**DEXIA**	452252EL9	350.1	1.13%
The Illinois State Toll Highway**DEXIA**	452252EM7	350.1	1.13%
New York IDA	64971PCF0	350.1	1.13%
NEW YORK ST DORM AUTH REVS ST SER C N-AMT	64983M4P0	337.5	1.09%
Mississippi Development Bank Special Obligation Bd	60534P2Q5	321.7	1.04%
MASSACHUSETTS HOUSING FINANCE AGENCY	575930UG5	319.4	1.03%
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY	645918NG4	301.6	0.97%
American Public Energy Agency	02913LGF6	288.5	0.93%
NEW JERSEY ECONOMIC DEVOPMENT AUTH 2008 V-5	645918NK5	285.0	0.92%
SHELBY COUNTY, TENN	821686VT6	273.0	0.88%
ST. CONNECTICUT G.O.2005 SERIES A-1	20772GKD9	260.1	0.84%
NJ ST.ECON.DEV.SCHL CONSTRUCT. 2008X	645918SE4	250.0	0.81%
COMMONWEALTH OF MASSACHUSETTS 2001 C	575827X54	248.2	0.80%
COMMONWEALTH OF MASSACHUSETTS 2001 B	575827X47	248.1	0.80%
Commonwealth of Massachusetts 1998 A	575827SF8	246.7	0.80%
State of California ERB Series 2004 C-15	13067JFB2	237.4	0.77%
PEAK-Public Energy Authority of Kentucky, Inc.	74440DAB0	225.1	0.73%
PEAK-Public Energy Authority of Kentucky, Inc.	74440DAC8	225.1	0.73%

Tickers

S&P National AMT-Free Municipal VRDO Index	
BLOOMBERG SM	SPMUVRDO
Reuters	.SPMUVRDO
Average Yield	
BLOOMBERG SM	SPMUVRDY
Reuters	.SPMUVRDY
Average Maturity	
BLOOMBERG SM	SPMUVRDM
Reuters	.SPMUVRDM

Top 10 States

State	Index Weight
California	19.77%
New York	15.03%
Illinois	7.01%
Massachusetts	5.21%
Pennsylvania	5.00%
New Jersey	4.68%
Florida	4.29%
Texas	3.85%
North Carolina	3.52%
Ohio	2.91%

Index Portfolio Characteristics

Number of VRDO	377
Market Value (\$ Million)	31,005.13
Weighted Average Coupon	0.66%
Weighted Average Yield To Worst	0.66%
Weighted Average Years to Maturity	21.69
Weighted Average Modified Duration	7 days

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