



# Markit iTraxx Europe Indices Series 11

March 2009



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# Summary

## Credit index family

- Regions and Currencies:  
Europe (EUR), LevX (EUR), Australia (USD), Japan (JPY), Asia ex-Japan (USD)

## Benchmarks

- Markit iTraxx Europe, Markit iTraxx Europe HiVol and Markit iTraxx Europe Crossover
- Markit iTraxx Japan, Markit iTraxx Australia and Markit iTraxx Asia ex-Japan
- Markit iTraxx LevX

## Market driven

- Products developed in close cooperation with leading investment banks
- Over 35 market makers
- Users: hedge funds, asset managers, insurance companies, trading desks etc.
- Derivatives on Markit iTraxx: iTraxx Tranches, Options and Futures

## Transparent

- Rules-based index membership
- Information is freely available
- Semi-annual index rebalancing following dealer liquidity polls

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# Summary

## Trading mechanics and credit events

- Worked Examples

## Established standards

- ISDA based standardized documentation
- Standard maturities

## Current index composition

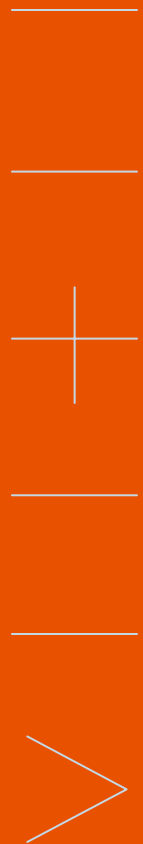
- The most liquid entities

## Markit Indices

- The company behind iTraxx

The background is a solid orange color. On the left side, there are several thin, white, wavy lines that curve from the top left towards the bottom right. Overlaid on these lines are three white plus signs: one in the upper left, one in the middle left, and one in the lower left. A white crosshair is centered on the page, with a vertical line extending from the top to the bottom and a horizontal line extending from the left to the right. The text "Credit index family" is written in white, sans-serif font, centered horizontally and positioned slightly above the horizontal crosshair line.

# Credit index family



# The Markit iTraxx platform provides a benchmark for all credit investors

## Markit iTraxx Europe

- A highly liquid credit tool
- For hedging and creating credit exposure
- Focuses on European credit exposure
- Macro level relative value trading via sector baskets

## Markit iTraxx Europe: by industrial sectors

Financials	Non financials
Financials Senior	Autos & Industrials
Financials Sub	Consumers
	Energy
	Non-Financials
	TMT

- iTraxx HiVol: High volatility, return and beta
- Crossover: Corporate credits with high yields

# Comprehensive European platform

## Benchmark indices

### Markit iTraxx Europe

Top 125 names in terms of CDS volume traded in the six months prior to the roll



### Markit iTraxx Europe HiVol

Top 30 highest spread names from iTraxx Europe

### Markit iTraxx Europe Crossover

Exposure to 45 European sub-investment grade reference entities

## Sector indices

### Non-Financials

100 entities

### Financials Senior

25 entities

### Financials Sub

25 entities

## Standard maturities

### iTraxx Europe, HiVol

3, 5, 7 and 10

### iTraxx Crossover

3, 5, 7 and 10

### iTraxx Sector Indices

5 and 10



The background is a solid orange color. On the left side, there is a complex pattern of thin, white, curved lines that resemble a stylized 'L' or a series of concentric arcs. Overlaid on this pattern are several white symbols: a plus sign (+) in the upper left, a horizontal line extending from the left towards the center, and another plus sign (+) below the horizontal line. On the right side, there is a vertical column of symbols: a horizontal line, another horizontal line, a plus sign (+), a horizontal line, another horizontal line, and a greater-than sign (>).

# Market driven products

# Markit iTraxx is supported by the investment community

## iTraxx licensed marketmakers





# Markit iTraxx in the marketplace



Tranched iTraxx	iTraxx Options	iTraxx Futures
Exposure to five standard tranches of iTraxx Europe 0-3% 3-6% 6-9% 9-12% 12-22%	Options on the spread movement of iTraxx indices	<ul style="list-style-type: none"> <li>• iTraxx Europe</li> <li>• iTraxx HiVol</li> <li>• iTraxx Crossover</li> </ul>

# Markit iTraxx – market participants and uses

## Asset managers

Diversify into European credit risk

Portfolio balancing tools

## Hedge funds

Relative value trading (name vs. sector, sector vs. sector, sector vs. benchmark)

Discreet trading – avoid revealing trading strategies

## Insurance

Proxy hedge against senior CDO credit portfolio

## Corporate treasury

Sectors can be appropriate for new issue spread hedging

Enhanced access to diversified European credit risk

## Credit correlation trading desks

Attractive tool for portfolio hedging

Easy “ramp-up”

## Bank proprietary desks

With high volatility and liquidity, maximise outright corporate credit views

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The background is a solid orange color. On the left side, there is a complex pattern of thin, white, curved lines that resemble a stylized 'L' or a series of overlapping loops. A vertical white line runs through the center of this pattern. A horizontal white line crosses the vertical line, and the text 'Transparent process' is centered on this horizontal line. There are two white plus signs: one in the upper left quadrant and one in the lower right quadrant. On the right side, there is a vertical stack of symbols: a horizontal line, another horizontal line, a plus sign, a third horizontal line, a fourth horizontal line, and a greater-than sign at the bottom.

# Transparent process

# Markit iTraxx Europe process description

## Transparent process

- Rules based construction based on CDS volumes by dealer poll
- Information is freely available on Markit website
- New series of iTraxx Europe issued every 6 months (March & September)
- Administered by Markit
- For detailed rules see [www.markit.com](http://www.markit.com) and [www.indexco.com](http://www.indexco.com)

## Process overview



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# Trading mechanics and credit events

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## Example: Unfunded Investing - Counterparty buys €10m iTraxx Series 11 Europe 5-year exposure in unfunded / CDS form

- CDS references the credit spread (“premium”) of the most current series at launch
- Premium of the iTraxx Europe is 185 bps
- After two days, the market is 172.460 bps and counterparty wants to buy €10m iTraxx Europe exposure in CDS
- CDS is executed at the premium level. Market maker pays 185 bps per annum quarterly to counterparty on notional amount of €10m
- Present value of difference between premium and fair value of the CDS is settled through an upfront payment on T + 3 days
- Counterparty pays the present value of 12.540 bps plus accrued interest to the market maker (€60,171)
- Present value is typically calculated via the CDSW function on Bloomberg

<HELP> for explanation.  
1<GO> to save Deal, 2<GO> to save curve source

Currency: CDSW CPU: 299

Deal Information		Spreads	
CDS Index: ITRX EUROPE 06/14	BB #: SP950JRS	Curve Date: 3/23/09	
Counterparty: [REDACTED]	Deal#: [REDACTED]	Benchmark: S169 MMid	
Ticker: / [REDACTED]	Series: [REDACTED] Privilege: U User	EU Fixing Swap Curve	
Business Days: TE GB	Settlement Code: EUR	6) 5yr Fix Diff: 1.80bp	
Business Day Adj: 1 Following	Currency: EUR	Pricing Curve: Fixing	
B BUY Notional: 10.00 MM	Factor: 1	Sprds: C Contributor AAsk	
Effective Date: 3/20/09		CDS SP950JRS IMMI	
Maturity Date: 6/20/14	Day Count: ACT/360	Par Cds Spreads Default	
Payment Freq: Q Quarterly	Month End: N	Flat: Y (bps) Prob	
Pay Accrued: T True	First Cpn: 6/22/09	12/21/09 172.460 0.0214	
Curve Recovery: T True	Next to Last Cpn: 3/20/14	6/21/10 172.460 0.0355	
Recovery Rate: 0.4000	Date Gen Method: B Backward	6/20/11 172.460 0.0631	
Deal Spread: 185.000bps		6/20/12 172.460 0.0900	
<b>Calculator</b> Mode: 1 Calc Price		6/20/13 172.460 0.1160	
Valuation Date: 3/24/09	Model: 0 JPMorgan	6/20/14 172.460 0.1413	
Cash Settled On: 3/26/09		6/20/16 172.460 0.1897	
Price: 100.58115237	Repl Sprd: 172.460 bps	6/20/19 172.460 0.2572	
Market Val: -58,115	Sprd DV01: 4,657.47	Frequency: Q Quarterly	
Accrued: -2,056	Days: 4 32) Sprd KRR	Day Count: ACT/B60	
Total Val: -60,171	IR DV01: 14.94	Recovery Rate: 0.4000	

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2877 6000  
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2009 Bloomberg Finance L.P.  
H213-424-0 23-Mar-09 12:20:55

# Example: Credit Event - Counterparty buys €10m Markit iTraxx Europe exposure in unfunded / CDS form

## No Credit Event

- At issue of a given series, assume credit spread (“premium”) of 185 bps
- Market maker pays to counterparty 185 bps per annum quarterly on notional amount of €10m
- With no Credit Events, the counterparty will continue to receive premium on original notional amount until maturity

## Credit Event – Physical Settlement\*

- At issue of a given series, assume credit spread (“premium”) of 185 bps
- Market maker pays to counterparty (assuming counterparty is protection seller) 185 bps per annum quarterly on notional amount of €10m
- A Credit Event occurs on Reference Entity, for example, in year 3
- Reference Entity weighting is 0.8%
- Counterparty pays to market maker  $(0.8\% \times 10,000,000) = €80,000$ , and market maker delivers to counterparty €80,000 nominal face value of Deliverable Obligations of the Reference Entity
- Notional amount on which premium is paid reduces by 0.8% to  $99.2\% \times 10,000,000 = €9,920,000$
- Post Credit Event, counterparty receives premium of 185 bps on €9.92m until maturity subject to any further credit events

- This document is not investment research.
- This worked example is indicative only and not an offer or solicitation for the purchase or sale of the iTraxx Europe Note. This may not correspond to actual transactions / instruments issued or traded.



# Established standards

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# The standard annexes improve the confirmation process

- Standard pre-approved annexes help to reduce settlement times
- Standard documents and term sheets are freely available
- The annexes confirm the full long legal names for the reference entities, the details of the reference obligations and the 9-digit CLIPS for the reference entity / reference obligation pairs
- The scrubbed long legal names are provided by Allen & Overy
- Confirmations are available on [www.indexco.com](http://www.indexco.com)
- Annexes are available on [www.markit.com](http://www.markit.com)



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# Current index composition

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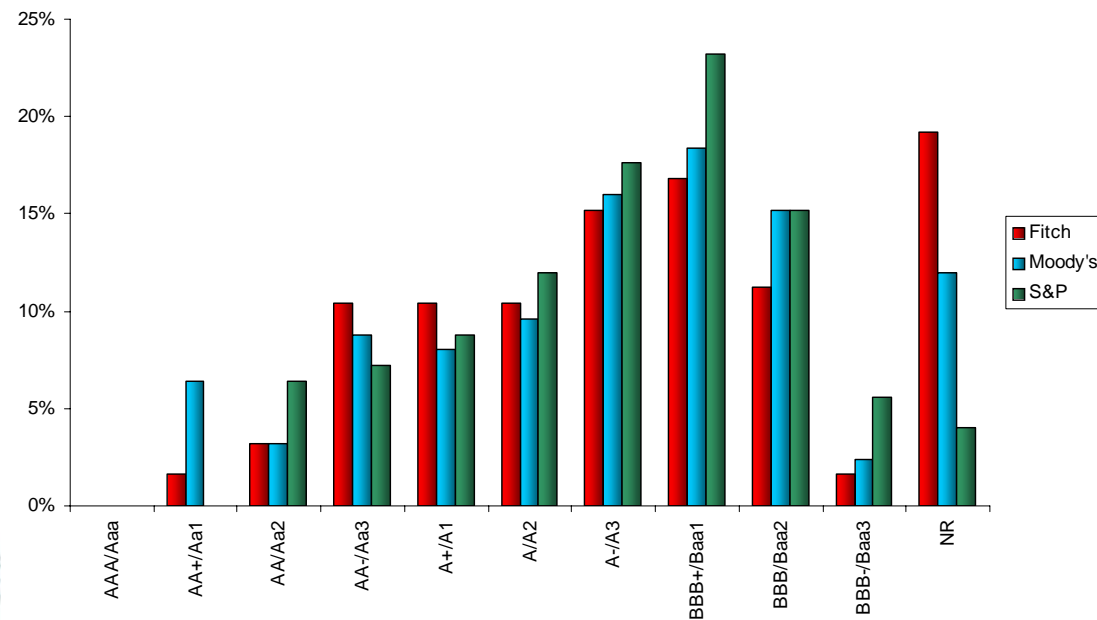


# Markit iTraxx Europe – Reference portfolio

Reference Entity	Weight %	Reference Entity	Weight %	Reference Entity	Weight %
1 ACCOR	0.80	43 DIAGEO PLC	0.80	85 REED ELSEVIER PLC	0.80
2 Adecco S.A.	0.80	44 E.ON AG	0.80	86 REPSOL YPF S.A.	0.80
3 Aegon N.V.	0.80	45 EDISON S.P.A.	0.80	87 ROLLS-ROYCE plc	0.80
4 Aktiebolaget Volvo	0.80	46 EDP - Energias de Portugal, S.A.	0.80	88 RWE Aktiengesellschaft	0.80
5 AKZO Nobel N.V.	0.80	47 ELECTRICITE DE FRANCE	0.80	89 SABMILLER PLC	0.80
6 Allianz SE	0.80	48 EnBW Energie Baden-Wuerttemberg AG	0.80	90 SAFEWAY LIMITED	0.80
7 ALSTOM	0.80	49 ENEL S.P.A.	0.80	91 SANOFI-AVENTIS	0.80
8 Anglo American plc	0.80	50 European Aeronautic Defence and Space Company	0.80	92 Siemens Aktiengesellschaft	0.80
9 ArcelorMittal	0.80	51 EXPERIAN FINANCE PLC	0.80	93 SOCIETE GENERALE	0.80
10 ASSICURAZIONI GENERALI - SOCIETA PER AZI	0.80	52 FINMECCANICA S.P.A.	0.80	94 SODEXO	0.80
11 AVIVA PLC	0.80	53 Fortum Oyj	0.80	95 Solvay	0.80
12 AXA	0.80	54 FRANCE TELECOM	0.80	96 STMicroelectronics N.V.	0.80
13 BANCA MONTE DEI PASCHI DI SIENA S.P.A.	0.80	55 GAS NATURAL SDG, S.A.	0.80	97 Suedzucker Aktiengesellschaft Mannheim/Ochsenf	0.80
14 BANCO BILBAO VIZCAYA ARGENTARIA, SOCIED	0.80	56 GDF SUEZ	0.80	98 Svenska Cellulosa Aktiebolaget SCA	0.80
15 Banco Espirito Santo, S.A.	0.80	57 Glencore International AG	0.80	99 Swedish Match AB	0.80
16 BANCO SANTANDER, S.A.	0.80	58 GROUPE AUCHAN	0.80	100 Swiss Reinsurance Company Ltd	0.80
17 Bank of Scotland plc	0.80	59 GROUPE DANONE	0.80	101 TELECOM ITALIA SPA	0.80
18 BARCLAYS BANK PLC	0.80	60 Hannover Rueckversicherung AG	0.80	102 TELEFONICA, S.A.	0.80
19 BASF SE	0.80	61 HELLENIC TELECOMMUNICATIONS ORGANISAT	0.80	103 Telekom Austria Aktiengesellschaft	0.80
20 Bayer Aktiengesellschaft	0.80	62 Henkel AG & Co. KGaA	0.80	104 TELENOR ASA	0.80
21 Bayerische Motoren Werke Aktiengesellschaft	0.80	63 Holcim Ltd	0.80	105 TeliaSonera Aktiebolag	0.80
22 Bertelsmann AG	0.80	64 IBERDROLA, S.A.	0.80	106 TESCO PLC	0.80
23 BNP PARIBAS	0.80	65 INTESA SANPAOLO SPA	0.80	107 THE ROYAL BANK OF SCOTLAND PUBLIC LIMIT	0.80
24 BP P.L.C.	0.80	66 J SAINSBURY PLC	0.80	108 ThyssenKrupp AG	0.80
25 BRITISH AMERICAN TOBACCO p.l.c.	0.80	67 JTI (UK) FINANCE PLC	0.80	109 TNT N.V.	0.80
26 BRITISH TELECOMMUNICATIONS public limited c	0.80	68 Koninklijke Ahold N.V.	0.80	110 TOTAL SA	0.80
27 CADBURY HOLDINGS LIMITED	0.80	69 Koninklijke DSM N.V.	0.80	111 UBS AG	0.80
28 CARREFOUR	0.80	70 Koninklijke KPN N.V.	0.80	112 UNICREDIT, SOCIETA PER AZIONI	0.80
29 CASINO GUICHARD-PERRACHON	0.80	71 Koninklijke Philips Electronics N.V.	0.80	113 Unilever N.V.	0.80
30 Centrica Plc	0.80	72 LANXESS Aktiengesellschaft	0.80	114 UNION FENOSA S.A.	0.80
31 Ciba Holding Inc.	0.80	73 Linde Aktiengesellschaft	0.80	115 UNITED UTILITIES PLC	0.80
32 COMMERZBANK Aktiengesellschaft	0.80	74 LVMH MOET HENNESSY LOUIS VUITTON	0.80	116 Vattenfall Aktiebolag	0.80
33 COMPAGNIE DE SAINT-GOBAIN	0.80	75 MARKS AND SPENCER p.l.c.	0.80	117 VEOLIA ENVIRONNEMENT	0.80
34 Compagnie Financiere Michelin	0.80	76 METRO AG	0.80	118 VINCI	0.80
35 COMPASS GROUP PLC	0.80	77 Muenchener Rueckversicherungs-Gesellschaft Akti	0.80	119 VIVENDI	0.80
36 CREDIT AGRICOLE SA	0.80	78 NATIONAL GRID PLC	0.80	120 VODAFONE GROUP PUBLIC LIMITED COMPANY	0.80
37 Credit Suisse Group Ltd	0.80	79 Nestle S.A.	0.80	121 VOLKSWAGEN AKTIENGESELLSCHAFT	0.80
38 Daimler AG	0.80	80 NEXT PLC	0.80	122 Wolters Kluwer N.V.	0.80
39 DEUTSCHE BANK AKTIENGESELLSCHAFT	0.80	81 PEARSON plc	0.80	123 WPP 2005 LIMITED	0.80
40 Deutsche Lufthansa Aktiengesellschaft	0.80	82 Portugal Telecom International Finance B.V.	0.80	124 XSTRATA PLC	0.80
41 Deutsche Post AG	0.80	83 PPR	0.80	125 Zurich Insurance Company	0.80
42 Deutsche Telekom AG	0.80	84 PUBLICIS GROUPE SA	0.80		

# Markit iTraxx Europe – Reference Portfolio Ratings & Sector weights

iTraxx Industry Group	Weight %
Autos & Industrials	24.00
Consumer	24.00
Energy	16.00
Financial	20.00
TMT	16.00

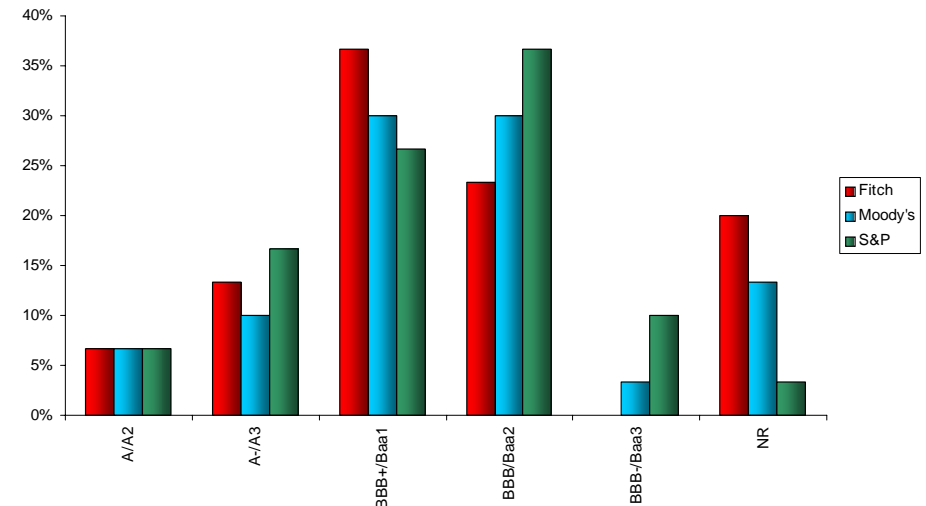


# Markit iTraxx Europe – Sector Trading Reference Portfolios

Sector	Non-Financials	Weight %	Sector	Non-Financials	Weight %	Sector	Non-Financials	Weight %
1 Autos & Industrials	Adecco S.A.	1.00	43 Consumers	J SAINSBURY PLC	1.00	85 TMT	HELLENIC TELECOMMUNICATIONS ORGANIS#	1.00
2 Autos & Industrials	Aktiebolaget Volvo	1.00	44 Consumers	JTI (UK) FINANCE PLC	1.00	86 TMT	Koninklijke KPN N.V.	1.00
3 Autos & Industrials	AKZO Nobel N.V.	1.00	45 Consumers	Koninklijke Ahold N.V.	1.00	87 TMT	PEARSON plc	1.00
4 Autos & Industrials	ALSTOM	1.00	46 Consumers	Koninklijke Philips Electronics N.V.	1.00	88 TMT	Portugal Telecom International Finance B.V.	1.00
5 Autos & Industrials	Anglo American plc	1.00	47 Consumers	LVMH MOET HENNESSY LOUIS VUITTON	1.00	89 TMT	PUBLICIS GROUPE SA	1.00
6 Autos & Industrials	ArcelorMittal	1.00	48 Consumers	MARKS AND SPENCER p.l.c.	1.00	90 TMT	REED ELSEVIER PLC	1.00
7 Autos & Industrials	BASF SE	1.00	49 Consumers	METRO AG	1.00	91 TMT	STMicroelectronics N.V.	1.00
8 Autos & Industrials	Bayer Aktiengesellschaft	1.00	50 Consumers	Nestle S.A.	1.00	92 TMT	TELECOM ITALIA SPA	1.00
9 Autos & Industrials	Bayerische Motoren Werke Aktienges	1.00	51 Consumers	NEXT PLC	1.00	93 TMT	TELEFONICA, S.A.	1.00
10 Autos & Industrials	Ciba Holding Inc.	1.00	52 Consumers	PPR	1.00	94 TMT	Telekom Austria Aktiengesellschaft	1.00
11 Autos & Industrials	COMPAGNIE DE SAINT-GOBAIN	1.00	53 Consumers	SABMILLER PLC	1.00	95 TMT	TELENOR ASA	1.00
12 Autos & Industrials	Compagnie Financiere Michelin	1.00	54 Consumers	SAFeway LIMITED	1.00	96 TMT	TeliaSonera Aktiebolag	1.00
13 Autos & Industrials	Daimler AG	1.00	55 Consumers	SODEXO	1.00	97 TMT	VIVENDI	1.00
14 Autos & Industrials	Deutsche Post AG	1.00	56 Consumers	Suedzucker Aktiengesellschaft Mannheim/Ochsenfu	1.00	98 TMT	VODAFONE GROUP PUBLIC LIMITED COMPAN	1.00
15 Autos & Industrials	European Aeronautic Defence and Sp	1.00	57 Consumers	Svenska Cellulosa Aktiebolaget SCA	1.00	99 TMT	Wolters Kluwer N.V.	1.00
16 Autos & Industrials	FINMECCANICA S.P.A.	1.00	58 Consumers	Swedish Match AB	1.00	100 TMT	WPP 2005 LIMITED	1.00
17 Autos & Industrials	Glencore International AG	1.00	59 Consumers	TESCO PLC	1.00	<b>Financials</b>		<b>Weight %</b>
18 Autos & Industrials	Holcim Ltd	1.00	60 Consumers	Unilever N.V.	1.00	1	Aegon N.V.	4.00
19 Autos & Industrials	Koninklijke DSM N.V.	1.00	61 Energy	BP P.L.C.	1.00	2	Allianz SE	4.00
20 Autos & Industrials	LANXESS Aktiengesellschaft	1.00	62 Energy	Centrica Plc	1.00	3	ASSICURAZIONI GENERALI - SOCIETA PER AZ	4.00
21 Autos & Industrials	Linde Aktiengesellschaft	1.00	63 Energy	E.ON AG	1.00	4	AVIVA PLC	4.00
22 Autos & Industrials	ROLLS-ROYCE plc	1.00	64 Energy	EDISON S.P.A.	1.00	5	AXA	4.00
23 Autos & Industrials	SANOFI-AVENTIS	1.00	65 Energy	EDP - Energias de Portugal, S.A.	1.00	6	BANCA MONTE DEI PASCHI DI SIENA S.P.A.	4.00
24 Autos & Industrials	Siemens Aktiengesellschaft	1.00	66 Energy	ELECTRICITE DE FRANCE	1.00	7	BANCO BILBAO VIZCAYA ARGENTARIA, SOCI	4.00
25 Autos & Industrials	Solvay	1.00	67 Energy	EnBW Energie Baden-Wuerttemberg AG	1.00	8	Banco Espirito Santo, S.A.	4.00
26 Autos & Industrials	ThyssenKrupp AG	1.00	68 Energy	ENEL S.P.A.	1.00	9	BANCO SANTANDER, S.A.	4.00
27 Autos & Industrials	TNT N.V.	1.00	69 Energy	Fortum Oyj	1.00	10	Bank of Scotland plc	4.00
28 Autos & Industrials	VINCI	1.00	70 Energy	GAS NATURAL SDG, S.A.	1.00	11	BARCLAYS BANK PLC	4.00
29 Autos & Industrials	VOLKSWAGEN AKTIENGESELLSCH	1.00	71 Energy	GDF SUEZ	1.00	12	BNP PARIBAS	4.00
30 Autos & Industrials	XSTRATA PLC	1.00	72 Energy	IBERDROLA, S.A.	1.00	13	COMMERZBANK Aktiengesellschaft	4.00
31 Consumers	ACCOR	1.00	73 Energy	NATIONAL GRID PLC	1.00	14	CREDIT AGRICOLE SA	4.00
32 Consumers	BRITISH AMERICAN TOBACCO p.l.c.	1.00	74 Energy	REPSOL YPF S.A.	1.00	15	Credit Suisse Group Ltd	4.00
33 Consumers	CADBURY HOLDINGS LIMITED	1.00	75 Energy	RWE Aktiengesellschaft	1.00	16	DEUTSCHE BANK AKTIENGESELLSCHAFT	4.00
34 Consumers	CARREFOUR	1.00	76 Energy	TOTAL SA	1.00	17	Hannover Rueckversicherung AG	4.00
35 Consumers	CASINO GUICHARD-PERRACHON	1.00	77 Energy	UNION FENOSA S.A.	1.00	18	INTESA SANPAOLO SPA	4.00
36 Consumers	COMPASS GROUP PLC	1.00	78 Energy	UNITED UTILITIES PLC	1.00	19	Muenchener Rueckversicherungs-Gesellschaft A	4.00
37 Consumers	Deutsche Lufthansa Aktiengeselschaf	1.00	79 Energy	Vattenfall Aktiebolag	1.00	20	SOCIETE GENERALE	4.00
38 Consumers	DIAGEO PLC	1.00	80 Energy	VEOLIA ENVIRONNEMENT	1.00	21	Swiss Reinsurance Company Ltd	4.00
39 Consumers	EXPERIAN FINANCE PLC	1.00	81 TMT	Bertelsmann AG	1.00	22	THE ROYAL BANK OF SCOTLAND PUBLIC LIM	4.00
40 Consumers	GROUPE AUCHAN	1.00	82 TMT	BRITISH TELECOMMUNICATIONS public limited co	1.00	23	UBS AG	4.00
41 Consumers	GROUPE DANONE	1.00	83 TMT	Deutsche Telekom AG	1.00	24	UNICREDIT, SOCIETA PER AZIONI	4.00
42 Consumers	Henkel AG & Co. KGaA	1.00	84 TMT	FRANCE TELECOM	1.00	25	Zurich Insurance Company	4.00

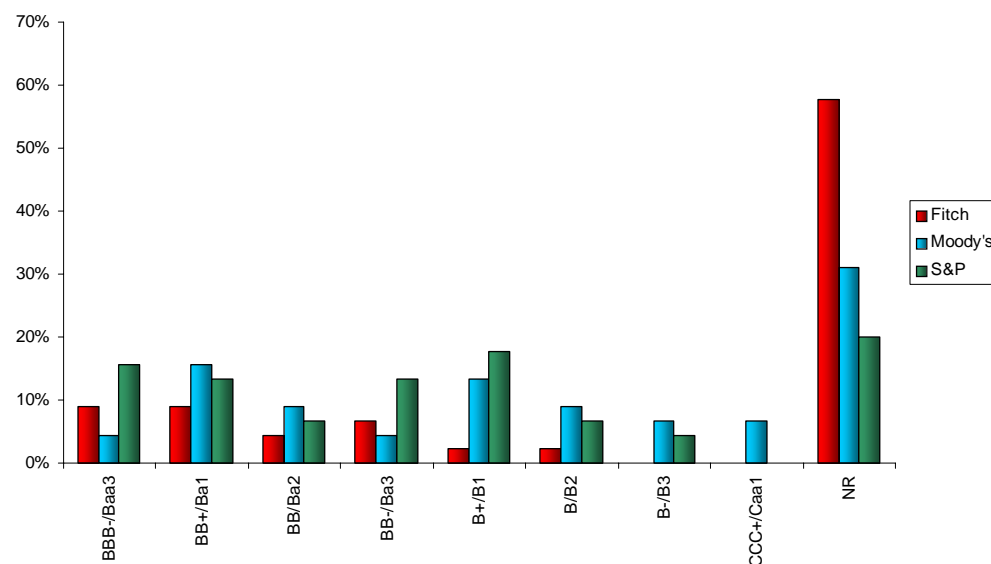
# Markit iTraxx HiVol – Reference Portfolio & Ratings

HiVol	Weight %
1 ACCOR	3.34
2 Aktiebolaget Volvo	3.34
3 ALSTOM	3.34
4 Anglo American plc	3.34
5 ArcelorMittal	3.34
6 Bayerische Motoren Werke Aktiengesellschaft	3.34
7 Bertelsmann AG	3.34
8 COMPAGNIE DE SAINT-GOBAIN	3.34
9 Compagnie Financiere Michelin	3.34
10 Daimler AG	3.34
11 ENEL S.P.A.	3.33
12 European Aeronautic Defence and Space Cor	3.33
13 GAS NATURAL SDG, S.A.	3.33
14 Glencore International AG	3.33
15 Holcim Ltd	3.33
16 LANXESS Aktiengesellschaft	3.33
17 MARKS AND SPENCER p.l.c.	3.33
18 METRO AG	3.33
19 NATIONAL GRID PLC	3.33
20 NEXT PLC	3.33
21 PPR	3.33
22 REPSOL YPF S.A.	3.33
23 SABMILLER PLC	3.33
24 TELECOM ITALIA SPA	3.33
25 TELENOR ASA	3.33
26 ThyssenKrupp AG	3.33
27 UNION FENOSA S.A.	3.33
28 VOLKSWAGEN AKTIENGESELLSCHAFT	3.33
29 WPP 2005 LIMITED	3.33
30 XSTRATA PLC	3.33



# Markit iTraxx Crossover – Reference Portfolio & Ratings

Crossover	Weight %
1 ALCATEL LUCENT	2.23
2 ALLIANCE BOOTS HOLDINGS LIMITED	2.23
3 BANCA ITALEASE S.P.A.	2.23
4 BCM IRELAND FINANCE LIMITED	2.23
5 BRITISH AIRWAYS plc	2.23
6 CIR S.P.A. - COMPAGNIE INDUSTRIALI RIUNITE	2.23
7 Clariant AG	2.23
8 CODERE FINANCE (LUXEMBOURG) S.A.	2.23
9 Cognis GmbH	2.23
10 DSG INTERNATIONAL PLC	2.23
11 FCE BANK PLC	2.22
12 FIAT S.P.A.	2.22
13 GECINA	2.22
14 GKN HOLDINGS PLC	2.22
15 Grohe Holding GmbH	2.22
16 HeidelbergCement AG	2.22
17 INTERNATIONAL POWER PLC	2.22
18 ISS HOLDING A/S	2.22
19 ITV PLC	2.22
20 Kabel Deutschland GmbH	2.22
21 LAFARGE	2.22
22 NORDIC TELEPHONE COMPANY HOLDING ApS	2.22
23 NORSKE SKOGINDUSTRIER ASA	2.22
24 PERNOD RICARD	2.22
25 PEUGEOT SA	2.22
26 Porsche Automobil Holding SE	2.22
27 RALLYE	2.22
28 RENAULT	2.22
29 RENTOKIL INITIAL PLC	2.22
30 RHODIA	2.22
31 SEAT PAGINE GIALLE S.P.A.	2.22
32 SMURFIT KAPPA FUNDING PUBLIC LIMITED COMPANY	2.22
33 SOCIETE AIR FRANCE	2.22
34 Stena Aktiebolag	2.22
35 Stora Enso Oyj	2.22
36 The Nielsen Company B.V.	2.22
37 THOMSON	2.22
38 TUI AG	2.22
39 Unitymedia GmbH	2.22
40 UPC Holding B.V.	2.22
41 UPM-Kymmene Oyj	2.22
42 VALEO	2.22
43 VIRGIN MEDIA FINANCE PLC	2.22
44 WENDEL	2.22
45 Wind Acquisition Finance S.A.	2.22



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# Markit iTraxx Europe – Changes in Reference Portfolios

iTraxx Europe Series 11	
IN	OUT
<b>Non-Financials</b>	
Adecco S.A.	Aktiebolaget Electrolux
ALSTOM	Clariant AG
Anglo American plc	Continental Aktiengesellschaft
Ciba Holding Inc.	GKN HOLDINGS PLC
Koninklijke Ahold N.V.	LAFARGE
LANXESS Aktiengesellschaft	PEUGEOT SA
PUBLICIS GROUPE SA	RENAULT
ROLLS-ROYCE plc	RENTOKIL INITIAL PLC
SABMILLER PLC	REUTERS GROUP LIMITED
Solvay	TATE & LYLE PUBLIC LIMITED COMPANY
XSTRATA PLC	VALEO
<b>Financials</b>	
No change	
<b>HiVol</b>	
ACCOR	Aktiebolaget Electrolux
Aktiebolaget Volvo	CASINO GUICHARD-PERRACHON
ALSTOM	Clariant AG
Anglo American plc	Continental Aktiengesellschaft
Bayerische Motoren Werke Aktiengesellschaft	Deutsche Lufthansa Aktiengesellschaft
Bertelsmann AG	GKN HOLDINGS PLC
Daimler AG	J SAINSBURY PLC
ENEL S.P.A.	LAFARGE
European Aeronautic Defence and Space Company EADS N.V.	PEUGEOT SA
GAS NATURAL SDG, S.A.	Portugal Telecom International Finance B.V.
LANXESS Aktiengesellschaft	RENAULT
METRO AG	RENTOKIL INITIAL PLC
NATIONAL GRID PLC	Suedzucker Aktiengesellschaft Mannheim/Ochsenfurt
REPSOL YPF S.A.	Svenska Cellulosa Aktiebolaget SCA
SABMILLER PLC	TATE & LYLE PUBLIC LIMITED COMPANY
TELENOR ASA	VALEO
UNION FENOSA S.A.	VINCI
XSTRATA PLC	VIVENDI
<b>Crossover</b>	
Clariant AG	CABLE AND WIRELESS PUBLIC LIMITED COMPANY
FIAT S.P.A.	Ciba Holding Inc.
GKN HOLDINGS PLC	COLT TELECOM GROUP LIMITED
LAFARGE	Fresenius SE
PEUGEOT SA	HAYAS
Porsche Automobil Holding SE	INEOS GROUP HOLDINGS PLC
RENAULT	Infineon Technologies Holding B.V.
RENTOKIL INITIAL PLC	KINGFISHER PLC
VALEO	LADBROKES PLC
	LyondellBasell Industries AF S.C.A.
	ONO FINANCE II PUBLIC LIMITED COMPANY
	SOL MELIA, SOCIEDAD ANONIMA
	THE RANK GROUP PLC
	TRUVO SUBSIDIARY CORP.

# Markit iTraxx Europe - Coupons

iTraxx Europe Series 11 Coupons			
	Years	Maturity	Coupon (bps)
iTraxx Europe	3	20-Jun-12	200
	5	20-Jun-14	185
	7	20-Jun-16	170
	10	20-Jun-19	150
iTraxx Europe Crossover	3	20-Jun-12	1100
	5	20-Jun-14	975
	7	20-Jun-16	880
	10	20-Jun-19	820
iTraxx Europe HiVol	3	20-Jun-12	425
	5	20-Jun-14	375
	7	20-Jun-16	350
	10	20-Jun-19	325
iTraxx Europe Non-Financial	5	20-Jun-14	180
	10	20-Jun-19	145
iTraxx Europe Senior Financials	5	20-Jun-14	210
	10	20-Jun-19	190
iTraxx Europe Sub Financials	5	20-Jun-14	375
	10	20-Jun-19	350
iTraxx Europe Series 11 Recovery Rates			
	Recovery Rates %		
iTraxx Europe	40		
iTraxx Europe Crossover	40		
iTraxx Europe HiVol	40		
iTraxx Europe Non-Financial	40		
iTraxx Europe Senior Financials	40		
iTraxx Europe Sub Financials	20		



# Total Return Indices

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# Markit iTraxx Total Return Indices

- iTraxx Total Return Indices measure the performance of holding the respective on-the-run iTraxx CDS contracts -while iTraxx spread indices show the spread level movements of the respective index series only.
- The indices reflect a long or short credit position i.e. they are replicating the behaviour of a fictitious portfolio that buys/ sells one iTraxx CDS contract and invests the remaining notional in money market instruments.
- iTraxx Total Return Indices are offered as long and short Total return indices
- The base index level is 100 at the launch of Series 7 of the iTraxx Europe index family (i.e., 20 March 2007).
- The iTraxx Total return indices can serve as underlying for a large range of products – for licensing questions please contact [info@indexco.com](mailto:info@indexco.com).



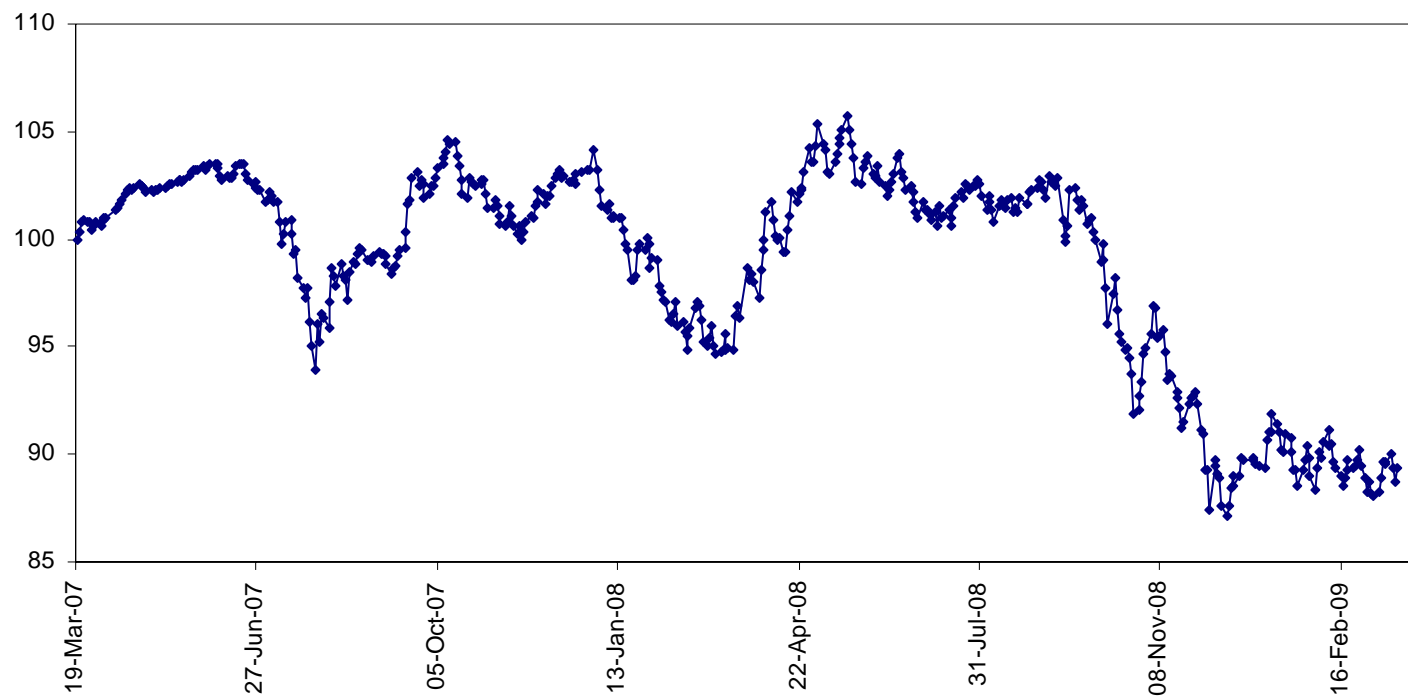
## Markit iTraxx Total Return Indices- the methodology

- The portfolio is always invested in the on-the-run iTraxx series that it tracks: each time a new iTraxx series is issued, due to the regular index roll (every March and September) or due to a default in the current series, the CDS position in the reference portfolio is rolled into the on-the-run/reduced index position.
- On the first trading day of the new on-the-run indices –on March 20 and September 20 the position in the off-the-run index is unwound and a position in the new series is entered.



## Markit iTraxx Total Return Indices – an example

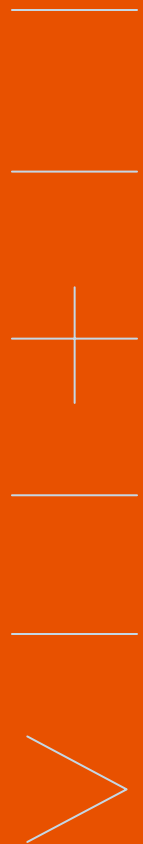
iTraxx Crossover 5Y Total Return Index



The background is a solid orange color. On the left side, there are several thin, white, wavy lines that curve from the top left towards the bottom right. Overlaid on these lines are several white geometric shapes: a crosshair in the upper left, a vertical line extending from the crosshair down towards the bottom, a horizontal line extending from the crosshair towards the right, and another crosshair further down and to the right. The title 'Markit Indices' is centered in the middle of the slide in a white, sans-serif font.

# Markit Indices

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# Setting the Standards in Fixed Income and Credit Derivative Indices

- Markit acquired International Index Company (IIC) and CDS Indexco in November 2007
- Markit is committed to open, transparent markets and to improve market efficiency
- Since 2001, Markit's IIC has
  - Successfully introduced objective, independent, multiple-contributor priced, replicable and fully rules-based fixed income indices
  - Provided access to all market participants
  - Improved the transparency and liquidity in the credit markets with creation of iTraxx and iBoxx indices
  - Become the leading bond and credit index provider
- For further information please visit [www.markit.com](http://www.markit.com) and [www.indexco.com](http://www.indexco.com)

## Contacts & Bloomberg pages

Company	Trading	Marketing	Bloomberg
ABN AMRO	Ali Haider +44 20 7678 3374	Andrew Feachem +44 20 7678 1441	ATRX & AIBX
Bank of America	Lee Richardson +44 20 7174 1295		
Bank of Montreal	Ian Gladen +44 20 7664 8005	Paul Osment +44 20 7248 0207	
Barclays	Amit Patel +44 20 7773 9126	Adnan Haider +44 20 7773 8273	BCDS
Bayern LB	Georg Haas +49 89 2171 23321	Josef Gruber +49 89 2171 25438	
BBVA	Juan F. Blasco +34 91 537 60 87	Justo de Rufino +34 91 537 60 87	BBVM & BBIT

## Contacts & Bloomberg pages

Company	Trading	Marketing	Bloomberg
BNP Paribas	Yassir Benjelloun +44 20 7595 8263	Philippe Guyot +44 20 7585 8178	BPCI
CALYON		Rahul Mani +44 207 214 6142	CADS
Citigroup	Guido Cortesani +44 20 7986 9025	Neil Servis +44 20 7986 8921	CGCD
Commerzbank	Llewellyn Cooper +44 20 7653 7572	Axel Gerling +49 69 136 47839	
Credit Suisse	Antoine Cornut +44 20 7888 5467	Tom Pitts +44 20 7888 3748	CSDS
Deutsche Bank	Dominic Surry +44 20 7545 2752		DBIT,DCDE 21,DAB25



# Contacts & Bloomberg pages

Company	Trading	Marketing	Bloomberg
Dresdner KW	James Deighton +44 20 7475 6669	Giovanni Marolda +44 20 7475 3882	DIBX & DRCD
DZ Bank	Detlef Giebe +49 69 7447 1732	[TBC]	DZCT
Goldman Sachs	Simon Christofides +44 20 7552 5819	Klaus Toft +44 20 7552 5838	
Helaba	Klaus Peter Schommer +49 69 9132 4870	Hassan Farhadi +49 69 9132 2045	HELA13
HSBC	Asif Godall + 44 20 7991 5928	Dominic Kini +44 20 7991 6717	
HSH Nordbank	Cristoffer Homann +49 431 900 25 168	Lars Gieselmann +49 431 900 14462	

## Contacts & Bloomberg pages

Company	Trading	Marketing	Bloomberg
HVB	Oliver Reisinger +49 89 3781 7600	Theodor Müller +49 89 3781 8386	HVET
ING	Rene van der Kroon +31 20 563 8960	Mathieu Hafner +32 2 557 1533	INGX
IXIS	Yannick Crozel +33 1 5855 0833	Richard Jacquet +33 1 5855 0845	
JP Morgan	Samik Chandarana +44 20 7779 3095	Paul Glasgow +44 20 7779 2222	JITX
LBBW	Uwe Nunn +49-711-12775380 Christoph Zengerling +49-711-12775488		

# Contacts & Bloomberg pages

Company	Trading	Marketing	Bloomberg
Merrill Lynch	Chris Parsons +44 20 7995 4641	Graham Hill +44 20 7995 3030	MCDS
Morgan Stanley	Angelie Modelina +44 20 7677 6891	Marie Pisante +44 20 7677-5259	MSTX
Mitsubishi UFJ	Koichi Iwai +81 3 6213 6780		MUCD
Natixis	Xavier SIBUET +33 1 53 40 36 18	Xavier ROGER +33 1 58 32 11 16	
Nomura	Darren Weston +44 20 7521 5611	Charles Peach +44 20 7521 1978	NICS
Nordea	Mads Fredsgaard +45 3333 1866	Alex Yeremenko +45 3333 2439	
Norddeutsche Landesbank	Udo A. Schacht +49 511 361 9498 Konrad Kleinfeld +49 511 361 9573		

## Contacts & Bloomberg pages

Company	Trading	Marketing	Bloomberg
Royal Bank of Scotland	Aldous Birchall +44 20 70858177	Stuart Leveton +44 20 73756010	RBSC & RCDS
Santander	Julio Martinez +34 912572098	Angel Pola +34 912572036	BSCX
Société Générale	Philippe Donnat +44 20 7676 7492	Hubert Le Liepvre +44 20 7676 7497	SGBX & SGCW
Straumur	Simon Glossop +44 207 297 0808	David Johnston +44 207 297 0837	
UBS	Grant Lovett +44 20 7567 3061	Bryon Lancaster +44 20 7567 7321	CDTT
WestLB	Michael Eckert +49 211 826 71459	Sven Sengpiel +49 211 826 71459	

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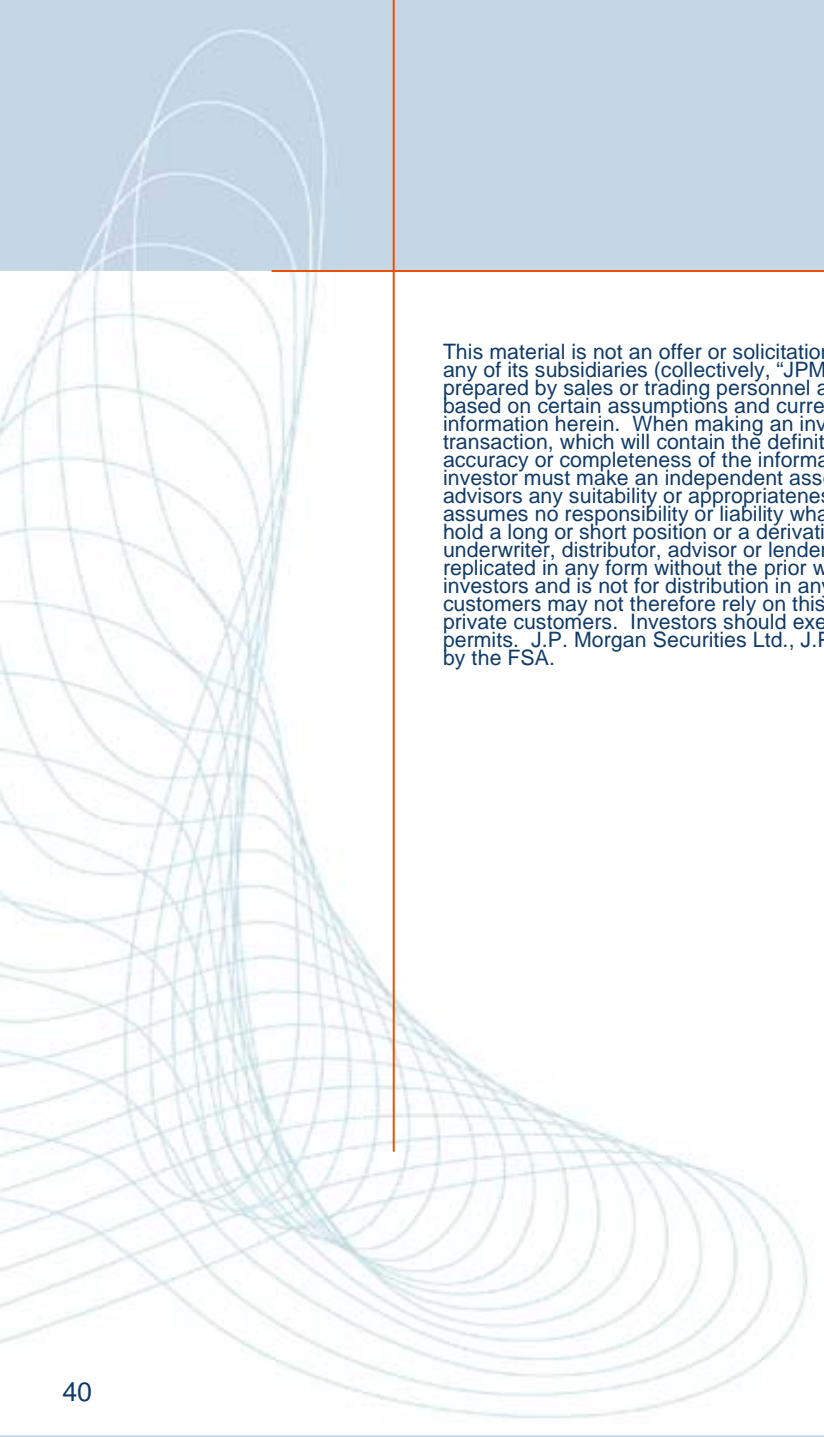
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