Markit iBoxx USD Liquid High Yield Capped Index

Independent, objective and transparent coverage and insight across all asset classes

The Markit iBoxx USD Liquid High Yield Capped Index consists of liquid USD high yield bonds, selected to provide a balanced representation of the broad USD high yield corporate bond universe.

The index is used as a basis for tradable products, including ETFs. Multi-contributor pricing and support for the index from leading financial institutions ensure that the index is a tradable reflection of the corporate high yield bond market.

Inclusion criteria

| Bond types | Eligible: Fixed coupon bonds, step-up bonds with coupon schedules known at issuance (or as functions of the issuer's rating), bonds with sinking funds, medium term notes (MTNs), Rule 144A offerings, callable and putable bonds are candidates for inclusion. |
| Issuer domicile | Bonds from countries classified as developed markets based on the Markit Global Economic Development Classification are eligible for the index. The issuer or, in the case of a finance subsidiary, the issuer's guarantor, must be domiciled and the country of risk must be in Andorra, Australia, Austria, Belgium, Bermuda, Canada, Cayman Islands, Cyprus, Denmark, Faeroe Islands, Finland, France, Germany, Gibraltar, Greece, Hong Kong, Iceland, Ireland, Italy, Japan, Jersey, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, New Zealand, Norway, Portugal, San Marino, Singapore, Spain, Sweden, Switzerland, U.S. or United Kingdom. |
| Issuer type | Corporate debt only. Government debt, quasi-sovereign debt, and debt guaranteed or backed by governments is not eligible. |
| Minimum time to maturity | 1.5 years to maturity for new bonds, 1 year for existing index constituents |
| Time to maturity at issuance | 15 years or less as of bonds issuance date |
| Amount outstanding | $400 million |
| Rating | All bonds need to have an average rating of sub-investment grade. Ratings from Fitch Ratings, Moody's Investor Service and Standard & Poor's Rating Services are considered. If more than one agency provides a rating, the average rating is attached to the bond. |
| Issuer size | $1 billion |
| Capping | Issuer cap: 3%  
144A cap: 10% |
| Issuer cap | 3 percent |
| Lockout period | 3 months |
| Minimum run | 6 months |

Clients

Investment banks  
Asset managers  
Hedge funds  
Insurance companies

More information

For more information on Markit indices, including access to index constituent data or to license any index for use as the basis of a financial product, please contact us at iboxx@markit.com, visit our website at markit.com/indices or call one of our regional offices:

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- Singapore: +65 6922 4200
- Frankfurt: +49 69 299 868 140
- Amsterdam: +31 20 502 5800

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Index details

<table>
<thead>
<tr>
<th>Pricing sources</th>
<th>Barclays, BNP Paribas, Deutsche Bank, Goldman Sachs, JP Morgan, Morgan Stanley, Royal Bank of Scotland and UBS.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculation frequency</td>
<td>Daily at 15:00 EST/EDT</td>
</tr>
<tr>
<td>Rebalancing</td>
<td>Monthly in accordance with rules available on <a href="http://www.markit.com/indices">www.markit.com/indices</a></td>
</tr>
<tr>
<td>Base date</td>
<td>30 June 2009 at a level of 100</td>
</tr>
<tr>
<td>Bond weighting</td>
<td>Market capitalisation</td>
</tr>
</tbody>
</table>

Index weights as of December 31, 2012

Construction

Markit iBoxx Indices multi-dealer pricing contributions and rigorous data checks provide the clearest view of the market.

Raw quotes

Checking, consolidating and parsing

Individual checks

Research & design

Index rules

Market research documentation

Index calculation methodology

Data procurement

Prototyping and testing

Project management

Quality control

Manage rebalancing process

Index research and previews

Custom index development

Daily control of constituent lists

Client services

Reference database control

Receive daily price data

Price cleaning and control

Price consolidation

Quality reporting and control

Index and analytics calculation

Challenge process

Distribution

Index and data publication

Feeds to vendors

Vendor management