

S&P RC 2 Indices

PARAMETERS

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S&P RC 2 Indices

S&P Dow Jones Indices' Risk Control 2.0 Indices (S&P RC 2 Indices) are the next generation of Risk Control indices, where the cash portion of the investment in the standard risk control strategy is replaced with a liquid bond index. The bond component provides an opportunity for additional upside via a yield “pick up,” which stems from the higher yield that bonds typically provide over cash.

Index Family	Corresponding Bond Index
S&P 500 Daily RC 2 Indices (USD)	S&P 10-Year U.S. Treasury Note Futures Total Return Index
S&P 500 Daily RC 2 Indices (EUR)	S&P Euro-Bund Total Return Index
S&P BRIC 40 Daily RC 2 Indices	S&P 10-Year U.S. Treasury Note Futures Total Return Index

S&P 500 Daily RC 2 Indices

| Developed Market Indices

The S&P 500 Daily RC 2 Indices represent portfolios consisting of the S&P 500 and a liquid bond index. The indices are dynamically adjusted to target a level of volatility indicated below. Volatility is calculated as a function of historical returns that uses exponential weightings to give more significance to recent observations. In addition, short and long-term measures of volatility are used to cause the indices to deleverage quickly, but increase exposure more gradually on a relative basis.

Index Name	Underlying Risk Index	Risk Control Level	Maximum Leverage	Interest Rate	Volatility Calculation	Return Frequency for Volatility	Lag to Rebalance Date	Decay Factor Short-Term Volatility	Decay Factor Long-Term Volatility	Rebalance Frequency	Launch Date
Underlying Index: S&P 500 Total Return: SPTR (USD) SPTRNE (EUR)											
S&P 500 Daily RC 2 8% Index	Total Return	8%	100%	Overnight USD LIBOR or Rolling 2 & 3-month Euribor	Exponentially weighted	Daily	3 days	94%	97%	Daily	3-Jun-11
	BLOOMBERG SM Ticker: Total Return: SPX8UN2 (USD) SPX8EN2 (EUR)						Excess Return: SPX8UE2 (USD) SPX8EE2 (EUR)				
S&P 500 Daily RC 2 10% Index	Total Return	10%	100%	Overnight USD LIBOR or Rolling 2 & 3-month Euribor	Exponentially weighted	Daily	3 days	94%	97%	Daily	3-Jun-11
	BLOOMBERG SM Ticker: Total Return: SPX10UN2 (USD) SPX10EN2 (EUR)						Excess Return: SPX10UE2 (USD) SPX10EE2 (EUR)				
S&P 500 Daily RC 2 15% Index	Total Return	15%	100%	Overnight USD LIBOR or Rolling 2 & 3-month Euribor	Exponentially weighted	Daily	3 days	94%	97%	Daily	3-Jun-11
	BLOOMBERG SM Ticker: Total Return: SPX15UN2 (USD) SPX15EN2 (EUR)						Excess Return: SPX15UE2 (USD) SPX15EE2 (EUR)				

S&P BRIC 40 Daily RC 2 Indices

| Emerging Market Indices

The S&P BRIC 40 Daily RC 2 Indices represent portfolios consisting of the S&P BRIC 40 index and a liquid bond index. The indices are dynamically adjusted to target a level of volatility indicated below. Realized historical volatility is calculated using an exponentially weighted average. Short and long-term measures of volatility are taken using decay factors of 94% and 97%, respectively. In order to be conservative, the higher level of volatility is used in the risk control calculation.

Index Name	Underlying Risk Index	Risk Control Level	Maximum Leverage	Interest Rate	Volatility Calculation	Return Frequency for Volatility	Lag to Rebalance Date	Decay Factor Short-Term Volatility	Decay Factor Long-Term Volatility	Rebalance Frequency	Launch Date
Underlying Index: S&P BRIC 40 Net Total Return: SPTRBRIC (USD) SPTRBRIE (EUR)											
S&P BRIC 40 Daily RC 2 8% Index	Net Total Return	8%	100%	Rolling 3-month LIBOR or Euribor	Exponentially weighted	Weekly	3 days	94%	97%	Daily	3-Jun-11
	BLOOMBERG SM Tickers: Net Total Return: SPB8UN2 (USD) SPB8EN2 (EUR)				Excess Return: SPB8UE2 (USD) SPB8EE2 (EUR)						
S&P BRIC 40 Daily RC 2 10% Index	Net Total Return	10%	100%	Rolling 3-month LIBOR or Euribor	Exponentially weighted	Weekly	3 days	94%	97%	Daily	3-Jun-11
	BLOOMBERG SM Tickers: Net Total Return: SPB10UN2 (USD) SPB10EN2 (EUR)				Excess Return: SPB10UE2 (USD) SPB10EE2 (EUR)						
S&P BRIC 40 Daily RC 2 15% Index	Net Total Return	15%	100%	Rolling 3-month LIBOR or Euribor	Exponentially weighted	Weekly	3 days	94%	97%	Daily	3-Jun-11
	BLOOMBERG SM Tickers: Net Total Return: SPB15UN2 (USD) SPB15EN2 (EUR)				Excess Return: SPB15UE2 (USD) SPB15EE2 (EUR)						

Special Notes

15% closure rule for calculating S&P RC 2 Indices

An S&P RC 2 index will not rebalance on days when 15% or more of the stocks in the underlying risk index are closed. See the S&P Index Mathematics Methodology for further details.

Number of decimal places used for calculating S&P RC 2 Indices

Index Family (tabs in model)	Decimal Places Rounding
S&P 500	Rounded to 3 decimal places for entire history from August 3, 1998 to current.
S&P BRIC 40	Not rounded for history up until Jan 19, 1999. From Jan 20, 1999 to Sept 7, 1999, rounded to 2 decimal places. From Sept 8, 1999 to October 5, 1999, rounded to 3 decimal places. From Oct 6, 1999 to current, rounded to 2 decimal places.

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