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FT Interactive Data's Alliance with Markit Enhances Evaluated Services

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Acquisition of IS.Teledata Expands
Interactive Data's Content and Services

Due Diligence Sessions: Going
Behind the Scenes at FT Interactive Data

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Welcome to 'connect'

FROM THE EDITOR

Welcome to the Spring 2006 issue of FT Interactive Data's North American client newsletter. Many of you will notice some significant changes to the newsletter, including a new format and a new name, 'connect.' These modifications more closely align our client newsletters in North America and Europe, as we continue to roll-out a unified global brand for FT Interactive Data.

We have also expanded the content of our newsletter to include information on industry issues, as well as our offerings and programs. Our goal is to help provide you with a more holistic understanding of what FT Interactive Data has to offer.

Highlights from this issue include:

- Details on FT Interactive Data's new relationship with Markit Group
- A look inside FT Interactive Data's due diligence sessions
- An overview of our company's business continuity program

We hope that you find this issue of 'connect' useful and informative, and welcome all of your feedback.

Best,

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If you would like additional information about the topics covered in this issue, or about FT Interactive Data's offerings, please contact your account manager or call (781) 687-8800.

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The new relationship will enable FT Interactive Data to improve the quality and depth of its corporate and government bond evaluation offerings.

cover story

FT Interactive with Markit Er

The CDS valuation service can replace the time-consuming and potentially error prone process of manually calculating the value of CDS holdings in spreadsheets, enabling clients to be more efficient and freeing up their time to focus on other value-added business activities.

In early 2006, FT Interactive Data announced a strategic alliance with Markit Group, a leading source of over-the-counter derivative valuations, mark-to-market pricing, dividend forecasting, index services and reference entity data. The new relationship will enable FT Interactive Data to improve the quality and depth of its corporate and government bond evaluation offerings.

Markit provides information on OTC derivative instruments, such as credit default swaps (CDS), as well as corporate bonds and syndicated loans, drawing data from over 60 dealing firms. CDS have emerged over the last few years as an increasingly significant driver of fixed income market activity. The International Swaps and Derivatives Association estimates that the notional amount of credit default swaps outstanding around the globe was \$17.1 trillion at the end of 2005, representing growth of 105% over 2004.

FT Interactive Data constantly reviews the content and methodology that support its evaluation services, and believes the incorporation of CDS data can help enhance its corporate and government bond evaluation methodology. FT Interactive Data is the first company to include Markit's proprietary information in its fixed income evaluation process, enabling its evaluators to gain greater insight into the credit markets.

New CDS Valuation Service

FT Interactive Data recently announced a new offering that facilitates the automated delivery of independent valuations of credit

FT Interactive Data's Alliance Enhances Evaluated Services

default swaps, helping clients more efficiently value their portfolios of derivatives. The CDS valuation service represents the first new offering developed by FT Interactive Data and Markit.

The offering enables clients to review their CDS portfolio, identify which holdings they would like to value—with the option of using Markit's industry standard Reference Entity Database (RED™) codes—and then easily submit a valuation request. Through the alliance with Markit, FT Interactive Data can deliver an independent valuation based on the cleaned and averaged prices taken from over 60 dealers in the CDS markets.

The CDS valuation service can replace the time-consuming and potentially error prone process of manually calculating the value of CDS holdings in spreadsheets, enabling clients to be more efficient and freeing up their time to focus on other value-added business activities.

The CDS valuation service is available to clients as an add-on to FT Interactive Data's evaluation services. The new service is also seamlessly integrated into a module of FT Interactive Data's FTS™ online portfolio administration service.

Expansion and Enhancement of Service Offerings

FT Interactive Data's and Markit's new relationship will also help the two businesses expand and enhance their respective service offerings.

FT Interactive Data can provide its clients with Markit's CDS and loan datasets, historical data, CDX and iTraxx families of index data, and Markit's Reference Entity Database. Markit can offer its clients access to FT Interactive Data's fixed income evaluation services through the Markit Portal, a leading distribution channel for integrated asset pricing, news and independent research.

Delivering More Value to Clients

FT Interactive Data believes that the enhancement of both its methodology and input content will further strengthen its comprehensive range of market-leading evaluation services in an increasingly complex fixed income market. FT Interactive Data anticipates that the company will continue to explore ways in which its capabilities can be used to provide more value to the services offered to clients.

Markit Data to be Available via FT Interactive Data:

- Composite and contributed level CDS pricing data on over 2,800 individual entities and tiers of debt, encompassing 14,000 individual CDS term structures. Composites are calculated daily for each maturity bucket for each tier, currency and documentation clause.
- iTraxx™ and Dow Jones CDX credit index families including index price and spread levels, index constituent data, composite price levels, historical information, RED codes and Entity CLIPS.
- Markit RED (Reference Entity Database) provides more than 3,000 scrubbed reference entity/obligation pairs. RED is the industry standard for reference entity and reference obligation identifiers used throughout the credit default swap (CDS) markets.
- Composite and contributor level pricing on over 10,000 individual bonds derived from Markit's dealer contributors. Par asset swap spreads and Z-spreads are also calculated for each price—this information is available historically.
- Daily pricing on close to 6,000 loans derived from 40 dealer desks, including average prices and underlying dealer contributed quotes. Historical pricing information is available and transaction details are also provided on 15,000 loan facilities.

The acquisition will enable Interactive Data to better help the growing number of companies around the globe who are working to more effectively utilize Interactive Data's content while reducing operating costs and improving efficiencies.

Acquisition of IS.Teledata Expands Interactive Data's Content and Services

Interactive Data's recent acquisition of IS.Teledata has strengthened the company's ability to provide managed market data content and services, and expanded its presence in Europe.

The acquisition will enable Interactive Data to better help the growing number of companies around the globe, from retail, private and investment banks to issuers, asset managers, online brokers and infomedia portals, who are working to more effectively utilize Interactive Data's content while reducing operating costs and improving efficiencies.

The Interactive Data Managed Solutions business, which combines IS.Teledata's services and certain ComStock offerings, builds and manages customized, web-based front end applications that aggregate financial content from multiple sources and offer features such as charts, sophisticated search functions, and other decision support tools and analytics.

By leveraging a set of software components, which serve as building blocks, and advanced technology that ranges from extensive APIs to end-to-end workflow solutions, Interactive Data Managed Solutions can quickly and efficiently create these customized applications.

Alternatively, Interactive Data Managed Solutions can provide client's in-house developers with tools that allow them to create their own applications hosted by Interactive Data Managed Solutions. When complete, the applications allow clients to leverage large quantities of both client-proprietary and third party data in easy-to-use applications that meet the needs of their internal users and customers. These applications are securely hosted by Interactive Data, which helps clients more efficiently use available in-house resources.

Going forward, Interactive Data Managed Solutions will also leverage IS.Teledata's expertise and leading technology as a valuable development engine for new and innovative products.

