



About Clear Indexes LLC (CI)

- Designer and publisher of custom indexes
- The indexes are used for custom institutional benchmarks and investment product design
- Full research capabilities
- Quantitative methodologies for stock selection
- Licenses proprietary algorithms from parent company
- Wholly owned subsidiary of Clear Asset Management Inc.



Why Spin-Offs? They Beat The Market

- Spin-offs deliver statistically significant out-performance versus the market
- Numerous studies on spin-offs out-performance concur with our findings
 - Academic
 - Penn State University: Cusatis et al., 1993
 - Purdue University: McConnell et al., 2004
 - Consultant
 - McKinsey: Anslinger et al., 1999
 - Wall Street
 - Goldman Sachs: Stelmach et al., 2006
 - Lehman Brothers: Dickson et al., 2006

Clear Spin-Off Index Performance

- Index and ETF both listed on the AMEX
 - Index Ticker: CLRSO
 - ETF Ticker: CSD

Back-Tested Performance Results

	Spin-off Index	S&P 500	Difference
2001	-14.94%	-11.87%	-3.07%
2002	-29.50%	-22.10%	-7.40%
2003	66.33%	28.68%	37.65%
2004	33.33%	10.88%	22.44%
2005	20.08%	4.91%	15.17%
2006*	16.12%	15.79%	0.33%
2007*	17.00%	9.13%	7.87%
Total	116.94%	29.86%	87.08%
Annualized	13.35%	5.31%	8.04%

** Live index performance beginning 12/06/06 ending 9/28/07*

Clear Spin-off Index - Backtest Summary Statistics

Other Statistics	Clear Spin-off index	S&P 500 Total Return
Average annualized return	13.35%	5.31%
Annualized volatility	19.10%	16.87%
Sharpe ratio	0.54	0.13
Annualized alpha (vs. S&P 500)	8.20%	
Beta (vs. S&P 500)	0.93	

Index performance beginning January 2, 2001. Live index beginning 12/06/06 through 9/28/07

Clear Spin-Off Index Construction

1. Potential Index constituents include all equities trading on major U.S. exchanges of companies that have been spun-off within the past 2.5 years with at least 6 months of trading history.
2. The Spin-Off Index comprises the 40 highest-ranking stocks chosen from the universe of spun-off companies.
3. Each company is ranked using a 100% quantitative rules-based methodology that includes composite scoring of several growth-oriented, multi-factor filters, and is sorted from highest to lowest.
4. The 40 highest-ranking stocks are chosen and given a modified market cap weighting with a maximum weight of 5%.
5. The constituent selection process and portfolio rebalance is repeated semi-annually.

Clear's Multifactor Model

- PE and PEG ratios
- Return on equity (ROE)
- Consistency of profitability
- Free cash flow
- Revenue growth
- Liquidity