New Ways to Diversify Risk *with Russell Index Futures on Eurex US*

eurex us

X-pand into the **Future**

Russell 1000® and Russell 2000® Index Futures

Investors can now diversify their risk – while at the same time capitalizing on their return – with the new Russell 1000® Index futures and Russell 2000® Index futures on Eurex US. These futures offer you a fast and cost-effective way to trade the U.S. large cap and small cap market segments.

Risk diversification with Russell 1000® and 2000® Index futures on Eurex US

Eurex US is a Chicago based fully-electronic futures exchange that offers access to global benchmark products including the futures based on the U.S. Treasuries and Russell Indexes. It is backed by Eurex, the world's leading derivatives exchange.

While futures on the Russell 1000® Index and the Russell 2000® Index are offered on a few exchanges, there are numerous benefits of trading the Russell Index futures on Eurex US, including:

- **Deep and tight markets:** Provided by competing Market Makers ensuring a liquid order book.
- **Transparent, fully-electronic trading platform:** Eurex US provides a market that caters to all types of investors – from professional retail to speculative to large institutional investors.
- **Competitive pricing:** A market that investors find hard to ignore and competitors find hard to contend with.
- **Central clearing:** By the Clearing Corporation, which provides for efficient margin offsets.
- **Innovative contract design:** Makes it easier to hedge positions in the Russell Index futures with other futures and options contracts.

	Russell 1000® Index futures	Russell 2000® Index futures
Contract Size	USD 100 per Russell 1000® Index point. Contract value of USD 60,650[1]	USD 100 per Russell 2000® Index point. Contract value of USD 62,649[1]
Delivery	Cash settled	
Minimum Price Movement	0.10 of a point or USD 10	
Contract Months	March, June, September and December	
Settlement Price	Final settlement is the value of the respective Russell Index based on the opening prices on the last trading day (third Friday of the month).	
Trading Hours	7:00 p.m. to 4:00 p.m. Chicago time. Trading ceases at 8:30 a.m. on the last trading day.	
Eurex US Transaction Fees	Fee holiday till end of April 2005. Thereafter USD 0.5 per side[2].	

How can you trade the Russell 1000® and 2000® Index futures?

The Russell 1000® Index and the Russell 2000® Index futures offer investors the ability to employ a variety of trading strategies such as:

- Directional strategies (going long or short depending on market outlook)
- Hedging strategies (protecting a portfolio against adverse market movements)
- Spreading strategies (taking advantage of relative performance of one market versus another)

Example I: A trader expects that the small cap market will outperform the large cap market over the next two months. He believes that the Russell 1000® Index futures will fall by ten percent from its existing value of 650 points and the Russell 2000® Index futures will rise by five percent from its current value of 630 points. The trader can take advantage of the anticipated movement, by purchasing (going long) the Russell 2000® Index futures and going short (selling) the Russell 1000® Index futures.

1 As of January 24, 2005.
2 This is the exchange fee for customers of members. Other fees may apply.

Initial value of each Russell 1000® Index futures contract	**USD 6,500** 650 points × USD 10
Value of futures contract after a 10% decline in the index	**USD 5,850** (650 – 65 points) × USD 10
Gain by going short one futures contract	**USD 650** USD 6,500 – USD 5,850
Initial value of each Russell 2000® Index futures contract	**USD 6,300** 630 points × USD 10
Value of futures contract after a 5% rise in the index	**USD 6,615** (630 + 31.5 points) × USD 10
Gain by going long one futures contract	**USD 315** USD 6,615 – USD 6,300
Net profit from spread position	**USD 965** USD 650 + USD 315

Example II: A trader owns a USD 100,000 portfolio of large cap stocks that are highly correlated with the Russell 1000® Index. Over the next few months, the trader expects the value of these stocks is going to decline by ten percent or USD 10,000. The Russell 1000® Index is currently at 650 points. In this scenario, the trader can hedge or offset this projected downside risk by going short the Russell 1000® Index futures contract.

Initial value of trader's portfolio	**USD 100,000**
Value of portfolio after a 10% decline	**USD 90,000**
Loss on portfolio	**USD 10,000** USD 100,000 – USD 90,000
Initial value of each Russell 1000® Index futures contract	**USD 6,500** 650 points × USD 10
Value of futures contract after a 10 % decline in the index	**USD 5,850** (650 – 65 points) × USD 10
Gain by going short one futures contract	**USD 650** USD 6,500 – USD 5,850
Gain by going short 16 futures contracts	**USD 10,400** USD 650 × 16
Net profit from hedged position	**USD 400** USD 10,400 – USD 10,000

What is unique about the Russell Indexes?

- **Comprehensiveness:** They were the first index providers to incorporate a larger continuum of stocks, to include stocks like Microsoft and Starbucks in their indexes and to move to a free-float methodology long before the S&P indexes.
- **Accuracy:** They are a precise measure of the U.S. equity market and represent nearly the total market capitalization of the U.S. market.
- **Success:** They are increasingly popular with both professional retail investors and institutional managers, and have become the pre-eminent index of choice for institutional investors[3].

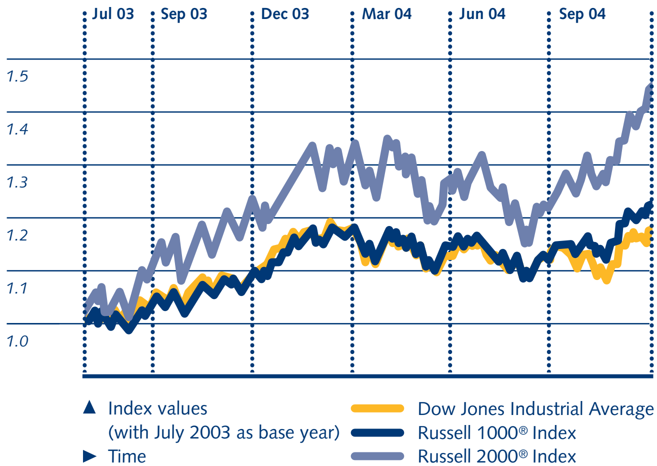
How do the Russell 1000® and 2000® Indexes compare with other indexes?

The Russell 1000® Index represents approximately 92 percent of the U.S. market and is a comprehensive measure of the performance of the largest 1,000 U.S. stocks. This contrasts favorably to the S&P 500 index – which covers approximately 80 percent of the U.S. market[4].

The popular Russell 2000® Index is more suitable for a small cap weighted portfolio and represents eight percent of the U.S. equity market as compared to a three percent coverage by the S&P SmallCap 600 index[4]. As can be seen in the chart below, the index has outperformed the **D**ow **J**ones **I**ndustrial **A**verage (DJIA) for the past few years. With a relatively high volatility, the Russell 2000® Index is also a more suitable tool for speculative traders.

3 Based on a Russell study of 2,790 U.S. institutional equity investment products listing benchmarks in Nelson Information's Marketplace Web database as of 6/15/04.
4 Source: Standard and Poor's

Performance of the Russell 1000® Index, Russell 2000® Index and Dow Jones Industrial Average Index



The Russell Indexes have gained in popularity and now over USD 1.56 trillion in assets are benchmarked to them, exceeding those benchmarked to the S&P indexes. More institutional investors now have products benchmarked against the Russell Indexes than any other index.

Where can I find more information on the Russell Index futures?

Further information on the Russell 1000® Index, the Russell 2000® Index and the corresponding futures can be found at:

- Eurex US website at **www.eurexUS.com**. Order book depth can be found at **www.eurexUS.com/russell**.
- Russell Index website at **www.russell.com** for details about the composition of the index and the Russell family of indexes.
- Your broker.

You can also contact Eurex US at T+ 312 544-1100 or by email at info.us@eurexUS.com.

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