CBOT DOW complex

Chicago Board of Trade

Customer Advantage **of trading CBOT® Dow Jones Industrial Average℠ and CBOT mini-sized Dow℠ Futures**

CBOT Dow futures and mini-sized Dow futures offer traders flexible opportunities to trade and manage market risk. Electronic access, highly liquid markets, low margin requirements, and beneficial tax treatment have combined to establish CBOT Dow futures products as outstanding trading and hedging instruments for equities and futures traders alike.

Broad Market Appeal: Interest in U.S. equity indexes and the CBOT Dow and mini-sized Dow futures contracts has increased dramatically. The Dow is the world's most followed stock index, with combined volume in CBOT Dow and mini-sized Dow futures exceeding 100,000 contracts, or over $6.4 billion trading daily.

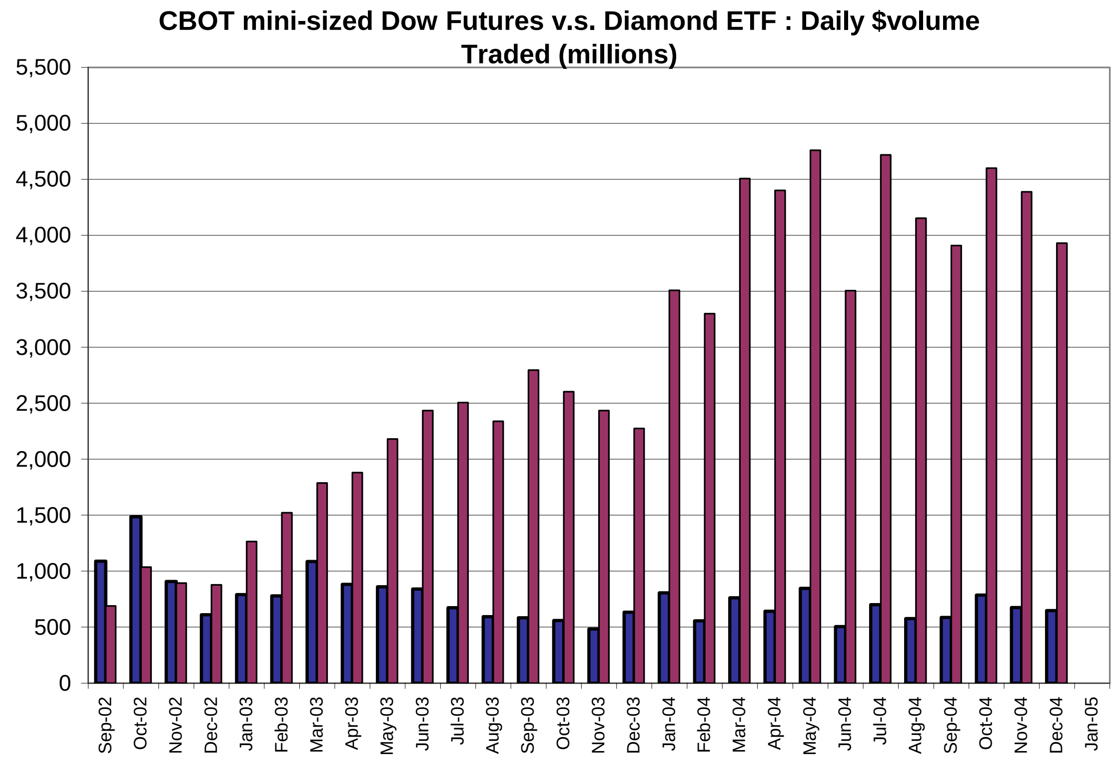
Simplified Benchmarking: The Dow is a price-weighted index of 30 blue chip U.S. companies, representing nine economic sectors. The leadership position of the component Dow stocks results in an extremely high correlation of the DJIA to broader U.S. indexes, such as the S&P500® (currently a 95% 50-day rolling correlation). CBOT Dow and mini-sized Dow futures, therefore, provide opportunities for traders to gain market exposure and manage risk between correlated equity index futures, underlying stocks, stock baskets, and single stock futures.

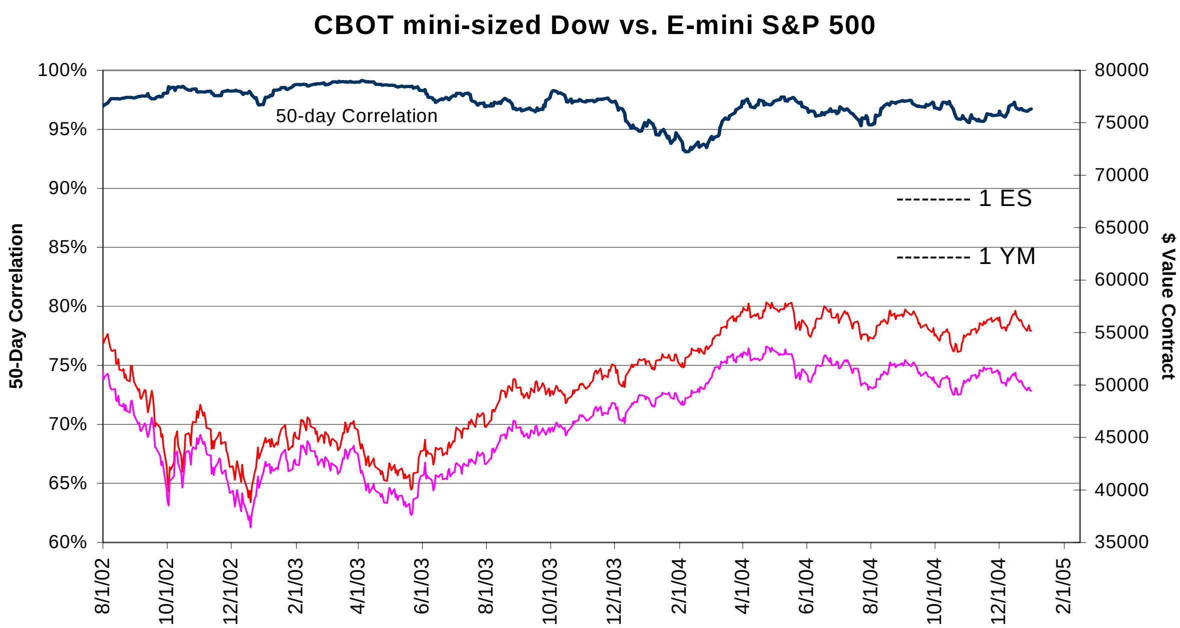
Transparency, Speed & Efficiency: The introduction of the mini-sized Dow future ($5 multiplier) has expanded the universe of equity index traders competing on a level playing field. The mini-sized Dow and mini-sized Dow options are 100% electronically traded, have continuous two-sided quotes, and are available nearly 24 hours a day (7:15pm – 4pm CST, Sunday-Friday). Competition has increased liquidity in the mini-sized Dow futures, with open interest exceeding 85,000 contracts. The smaller $5 tick size allows for greater flexibility when managing portfolio risk.

The CBOT Dow future ($10 multiplier) provides traders with twice as much dollar value exposure as the mini-sized Dow and e-mini S&P500 futures. The $10 Dow futures and options add further execution flexibility as they are traded on a hybrid floor / electronic platform (open outcry 7:20am-3:15pm Monday-Friday; electronic 7:15pm-7am Sunday-Friday).

Favorable margin: The initial margin to carry a Dow and mini-sized Dow futures contract overnight is $5,000/$2,500 respectively, or 5% of the underlying contract value. Intraday margins can be significantly less. In contrast, exchange traded funds require margins of 50% of the underlying contract value (Dow $10/$5 contract equivalent DIAMONDS® ETF margin is $52,500/$26,250). Clearly, Dow index futures provide more leverage at lower cost than competitive offerings.

To further enhance margin efficiencies, the CBOT and CME have established a common clearing link, whereby intermarket spread trades across the two exchanges are given significant reductions in performance bond requirements. For example, the popular 1:1 e-mini S&P vs. mini-sized Dow futures spread enjoys a 95% spread credit from $6,500 to $325.





Fair Value Calculation
Fair Value is the theoretical futures price given the current underlying index level, dividends, days to expiration, and interest rates. Price discrepancies above or below fair value vs. the cash index price represent arbitrage opportunities to return the market to fair value.

Calculation (Dec):	FV = Cash index [1+r * (dtx/365)] – Dividends
As of 11/2/2004	FV = 10113.75 [1+.0205 * (45/365)] – 43.82
	FV = 10,095.50 or -18.25

To learn more about CBOT Dow Complex products, please visit www.cbot.com/dow.