

INTEREST RATE PRODUCTS

U.S. Treasury Futures and Options

U.S. Treasury futures and options play an important role in the risk management strategies of global market participants.

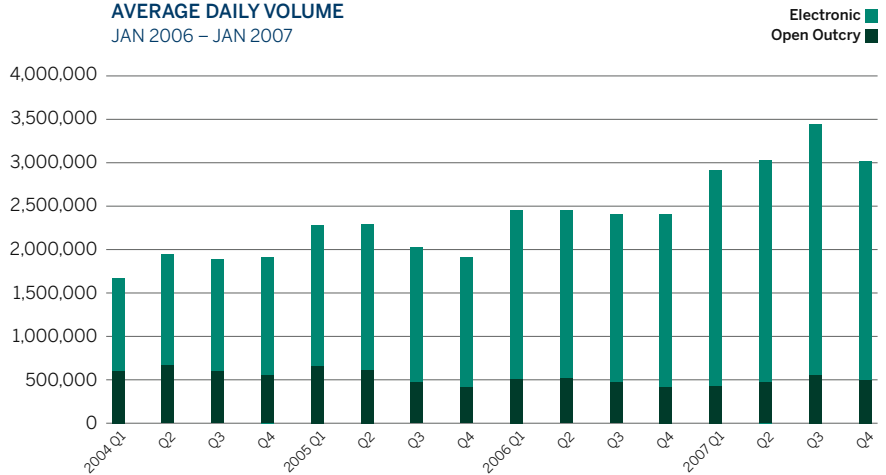
Overview

U.S. Treasury futures and options provide a wide variety of market participants around-the-globe with the ability to adjust their interest rate exposure. Futures and options on 2-Year, 5-Year and 10-Year Treasury Notes and 30-Year Treasury Bonds are key tools for those who wish to manage their interest rate risk, as well as those who wish to take advantage of price volatility.

Among the most liquid products in the world, U.S. Treasury futures and options lend themselves to a variety of risk management and trading applications, including hedging, income enhancement, duration adjustments, interest rate speculation and spread trades. The average daily volume in Treasury futures and options has been as high as 4.1 million contracts a day¹, with more than 90 percent of the futures traded electronically. The availability of U.S. Treasury futures and options on CME Globex further enhances the efficiency of trading these products, providing nearly 24-hour access for users around-the-world.

¹November, 2007

U.S. TREASURY FUTURES AND OPTIONS QUARTERLY
AVERAGE DAILY VOLUME
JAN 2006 – JAN 2007



Benefits

U.S. Treasury futures and options play an important role in the risk management strategies of global market participants, including:

- **bankers**
- **cash managers**
- **governments**
- **insurance companies**
- **mortgage bankers**

- **pension fund managers**
- **underwriters**
- **bond dealers**
- **corporate treasurers**
- **hedge fund managers**
- **investment bankers**
- **mutual fund managers**
- **portfolio managers**
- **trust fund departments**

U.S. TREASURY FUTURES AND OPTIONS CONTRACT SPECIFICATIONS

| 2-YEAR U.S. TREASURY NOTE FUTURES | | 5-YEAR U.S. TREASURY NOTE FUTURES |
|-----------------------------------|--|--|
| Contract Size | One U.S. Treasury note having a face value at maturity of \$200,000 | One U.S. Treasury note having a face value at maturity of \$100,000 |
| Deliverable Grades | U.S. Treasury notes with original term to maturity of not more than five years and three months and remaining term to maturity of not less than one year and nine months from the first day of the delivery month and remaining term to maturity of not more than two years from the last day of the delivery month. The invoice price equals the futures settlement price times a conversion factor, plus accrued interest. The conversion factor is the price of the delivered note (\$1 par value) to yield 6 percent | U.S. Treasury notes with original term to maturity of not more than five years and three months and remaining term to maturity of not less than four years and two months as of the first day of the delivery month. The invoice price equals the futures settlement price times a conversion factor, plus accrued interest. The conversion factor is the price of the delivered note (\$1 par value) to yield 6 percent |
| Price Quote | Points (\$2,000) and quarters of 1/32 of a point. For example, 91-16 represents 91 16/32, 91-162 represents 91 16.25/32, 91-165 represents 91 16.5/32, and 91-167 represents 91 16.75/32 | Points (\$1,000) and quarters of 1/32 of a point. For example, 84-16 represents 84 16/32, 84-162 represents 84 16.25/32, 84-165 represents 84 16.5/32 and 84-167 represents 85 16.75/32 |
| Tick Size | The minimum price fluctuation shall be one-quarter of one thirty-second (1/32) of one point (\$15.625 rounded up to the nearest cent per contract). Par shall be on the basis of 100 points | The minimum price fluctuation shall be one-quarter of one thirty-second (1/32) of one point (\$7.8125 rounded up to the nearest cent per contract) including intermonth spreads |
| Contract Months | The first five consecutive contracts in the March, June, September and December quarterly cycle | |
| Last Trading Day | The last business day of the calendar month | |
| Last Delivery Day | Third business day following the last trading day | |
| Delivery Method | Federal Reserve book-entry wire-transfer system | |
| Trading Hours | Open Outcry: 7:20 a.m. – 2:00 p.m. Central Time (CT), Monday – Friday CME Globex: 5:30 p.m. – 4:00 p.m. CT, Sunday – Friday Trading in expiring contracts closes at 12:01 p.m. CT on the last trading day | |
| Ticker Symbols | Open Outcry: TU Electronic: ZT | Open Outcry: FV CME Globex: ZF |
| 2-YEAR U.S. TREASURY NOTE OPTIONS | | 5-YEAR U.S. TREASURY NOTE OPTIONS |
| Contract Size | One 2-Year U.S. Treasury Note futures contract (of a specified delivery month) | One 5-Year U.S. Treasury Note futures contract (of a specified delivery month) |
| Tick Size | One-half of 1/64 of a point (\$15.625/contract) rounded up to the nearest cent/contract | One-half of 1/64 of a point (\$7.8125/contract) rounded up to the nearest cent/contract |
| Strike Price Interval | One-quarter point (\$500/contract) to bracket the current 2-Year T-Note futures price. For example, if 2-Year T-Note futures are at 94-00, strike prices may be set at 93.25, 93.50, 93.75, 94.00, 94.25, 94.50, 94.75, etc. | One-half point (\$500/contract) to bracket the current 5-Year T-Note futures price. For example, if 5-Year T-Note futures are at 94-00, strike prices may be set at 92.5, 93, 93.5, 94, 94.5, 95, 95.5, etc. |
| Contract Months | The first three consecutive contract months (two serial expirations and one quarterly expiration) plus the next four months in the quarterly cycle (Mar, Jun, Sep, Dec). Serials will exercise into the first nearby quarterly futures contract. Quarterlies will exercise into futures contracts of the same delivery period | |
| Last Trading Day | Options cease trading on the last Friday, which precedes by at least two business days, the last business day of the month preceding the option month | |
| Exercise | The buyer of a futures option may exercise the option on any business day prior to expiration by giving notice to CME Clearing by 6:00 p.m. CT. Options that expire in-the-money are automatically exercised into a position, unless specific instructions are given to CME Clearing | |
| Expiration | Unexercised 2-Year Treasury Note futures options shall expire at 7:00 p.m. CT on the last day of trading | Unexercised 5-Year Treasury Note futures options shall expire at 7:00 p.m. CT on the last day of trading |
| Trading Hours | Open Outcry: 7:20 a.m. – 2:00 p.m. CT, Monday – Friday CME Globex: 5:30 p.m. – 4:00 p.m. CT, Sunday – Friday Trading in expiring options ceases at the close of the regular daytime open outcry trading session for the corresponding 2-Year and 5-Year Treasury Note futures contracts | |
| Ticker Symbols | Open Outcry: TUC for calls, TUP for puts CME Globex: OZTC for calls, OZTP for puts | Open Outcry: FL for calls, FP for puts CME Globex: OZFC for calls, OZFP for puts |

| 10-YEAR U.S. TREASURY NOTE FUTURES | | 30-YEAR U.S. TREASURY BOND FUTURES |
|------------------------------------|--|---|
| Contract Size | One U.S. Treasury note having a face value at maturity of \$100,000 | One U.S. Treasury bond having face value at maturity of \$100,000 |
| Deliverable Grades | U.S. Treasury notes with remaining term to maturity of at least six and a half years, but not more than 10 years, from the first day of the delivery month. The invoice price equals the futures settlement price times a conversion factor plus accrued interest. The conversion factor is the price of the delivered note (\$1 par value) to yield 6 percent | U.S. Treasury bonds that if callable, are not callable for at least 15 years from the first day of the delivery month or, if not callable, have a remaining term to maturity of at least 15 years from the first day of the delivery month. The invoice price equals the futures settlement price times a conversion factor, plus accrued interest. The conversion factor is the price of the delivered bond (\$1 par value) to yield 6 percent |
| Price Quote | Points (\$1,000) and halves of 1/32 of a point. For example, 84-16 represents 84 16/32, 84-165 represents 84 16.5/32 | |
| Tick Size | The minimum price fluctuation shall be one-half of one thirty-second (1/32) of one point (\$15.625 rounded up to the nearest cent per contract) except for intermonth spreads, where the minimum price fluctuation shall be one-quarter of one thirty-second point of one point (\$7.8125 per contract). Par shall be on the basis of 100 points | |
| Contract Months | The first five consecutive contracts in the March, June, September and December quarterly cycle | |
| Last Trading Day | Seventh business day preceding the last business day of the delivery month | |
| Last Delivery Day | Last business day of the delivery month | |
| Delivery Method | Federal Reserve book-entry wire-transfer system | |
| Trading Hours | Open Outcry: 7:20 a.m. – 2:00 p.m. CT, Monday – Friday CME Globex: 5:30 p.m. – 4:00 p.m. CT, Sunday – Friday Trading in expiring contracts closes at 12:01 p.m. CT on the last trading day | |
| Ticker Symbols | Open Outcry: TY CME Globex: ZN | Open Outcry: US CME Globex: ZB |
| 10-YEAR U.S. TREASURY NOTE OPTIONS | | 30-YEAR U.S. TREASURY BOND OPTIONS |
| Contract Size | One 10-Year U.S. Treasury Note futures contract (of a specified delivery month) | One 30-Year U.S. Treasury Bond futures contract (of a specified delivery month) |
| Tick Size | 1/64 of a point (\$15.625/contract) rounded up to the nearest cent/contract | 1/64 of a point (\$15.625/contract) rounded up to the nearest cent/contract |
| Strike Price Interval | One-half point (\$500/contract) to bracket the current 10-Year T-Note futures price. For example, if 10-Year T-Note futures are at 94-00, strike prices may be set at 92.5, 93, 94, 94.5, 95, 95.5, etc. | Trading shall be conducted for put and call options with striking prices in integral multiples of one (1) point per U.S. Treasury Bond futures contract. If 30-Year T-Bond futures are at 92-00, strike prices may be set at 89, 90, 91, 92, 93, 94, 95, etc. |
| Contract Months | The first three consecutive contract months (two serial expirations and one quarterly expiration) plus the next four months in the quarterly cycle (Mar, Jun, Sep, Dec). Serials will exercise into the first nearby quarterly futures contract. Quarterlies will exercise into futures contracts of the same delivery period | |
| Last Trading Day | Options cease trading on the last Friday, which precedes by at least two business days, the last business day of the month preceding the option month | |
| Exercise | The buyer of a futures option may exercise the option on any business day prior to expiration by giving notice to CME Clearing by 6:00 p.m. CT. Options that expire in-the-money are automatically exercised into a position, unless specific instructions are given to CME Clearing | |
| Expiration | Unexercised 10-Year Treasury Note futures options shall expire at 7:00 pm CT on the last day of trading | Unexercised 30-Year Treasury Bond futures options shall expire at 7:00 p.m. CT on the last day of trading |
| Trading Hours | Open Outcry: 7:20 a.m. – 2:00 p.m. CT, Monday – Friday CME Globex: 5:30 p.m. – 4:00 p.m. CT, Sunday – Friday Trading in expiring options ceases at the close of the regular daytime open outcry trading session for the corresponding 10-Year and 30-Year Treasury Note futures contracts | |
| Ticker Symbols | Open Outcry: TC for calls, TP for puts CME Globex: OZNC for calls, OZNP for puts | Open Outcry: CG for calls, PG for puts CME Globex: OZBC for calls, OZBP for puts |

For information on U.S. Treasury futures and options, visit www.cmegroup.com.



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