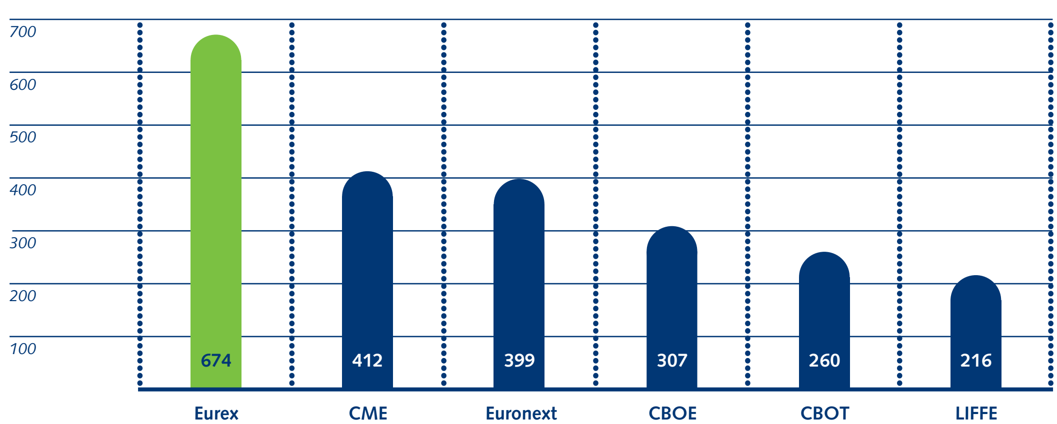
Eurex – A Leader Among Futures and Options Exchanges

Eurex is the world's leading futures and options exchange for European derivative instruments, a position it first reached in January 1999. In 2001 Eurex surpassed its 1999 record by more than 175% when its trading volume reached 674 million contracts – a 48.7% increase over 2000.

In contrast to open outcry exchanges, Eurex is a fully electronic exchange that was created in 1998 with the merger of DTB (Deutsche Terminbörse) and SOFFEX (Swiss Options and Futures Exchange), both of which were pioneers in providing access to futures and options markets via electronic trading platforms.

Eurex's high volumes are generated from trading on a full range of interest rate, index and stock option products. Interest rate products cover the German yield curve from one month to 30 years and the Swiss yield curve from eight to 13 years. Eurex's benchmark contract, the Euro Bund Future, is part of this segment. Eurex's index products include futures and options on blue chip German, Swiss, Finnish, European and global indexes including high profile names such as the DAX®, Dow Jones (Euro) STOXX℠ 50 and Dow Jones Global Titans 50℠. Eurex also lists futures and options on four Dow Jones (Euro) STOXX℠ Sector Indexes including Banking, Technology, Telecommunications and Healthcare as well as futures on the same sectors from the Dow Jones STOXX℠ 600 Index. In the stock option segment Eurex lists options on German, Swiss, Finnish, French, Dutch, Italian and US stocks including options on global stocks like Nokia, Daimler Chrysler, Microsoft and Cisco.

2001 Volume Comparison with other US and European Exchanges (Traded Contracts in Millions)



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The Eurex system is order driven and all quotes (defined as two sided orders) entered by Market Makers are matched using the same principle as the orders entered by non-Market Makers. The system constantly updates the ten best bids and offers and makes this information available to all members. Capital market, index and stock option products traded on Eurex are matched using the “Price-Time-Priority” principle. Orders in these products are sorted by price and entry time with market orders having the highest priority. Money market products are matched according to the “Pro-Rata Matching” principle – where priority is based on price and the size of the order in proportion to the overall volume.

Participation at Eurex can be direct or indirect. Direct participation is possible by becoming a General Clearing Member (GCM), Direct Clearing Member (DCM) or a Non Clearing Member (NCM) at Eurex. The difference between these memberships is their role in the clearing process.

Indirect participation is possible by becoming a customer of any of the 427 Eurex GCMs, DCMs or NCMs that are based in 17 countries worldwide.

Eurex members’ terminals are linked via dedicated lines, the Internet or a combination of the two to Access Points located in cities in Europe and in the US. These Eurex Access Points are directly connected to the host computer in Frankfurt.

There is no fee for direct participation as an NCM, however all participants must pay a minimum transaction fee to the Exchange depending on the access connection type that they have chosen. Minimum monthly transaction fees are offset against Exchange transaction fees depending on the number of traded contracts.

For more detailed information on Eurex, please refer to the Eurex website at www.eurexchange.com.

Euro Bund Future (FGBL)

Eurex's Euro Bund Future set a new worldwide record by surpassing a monthly volume of 18 million contracts for the first time in November 2001. It is one of the world's most heavily traded futures products, with more than 703,000 contracts traded on a daily average during 2001.

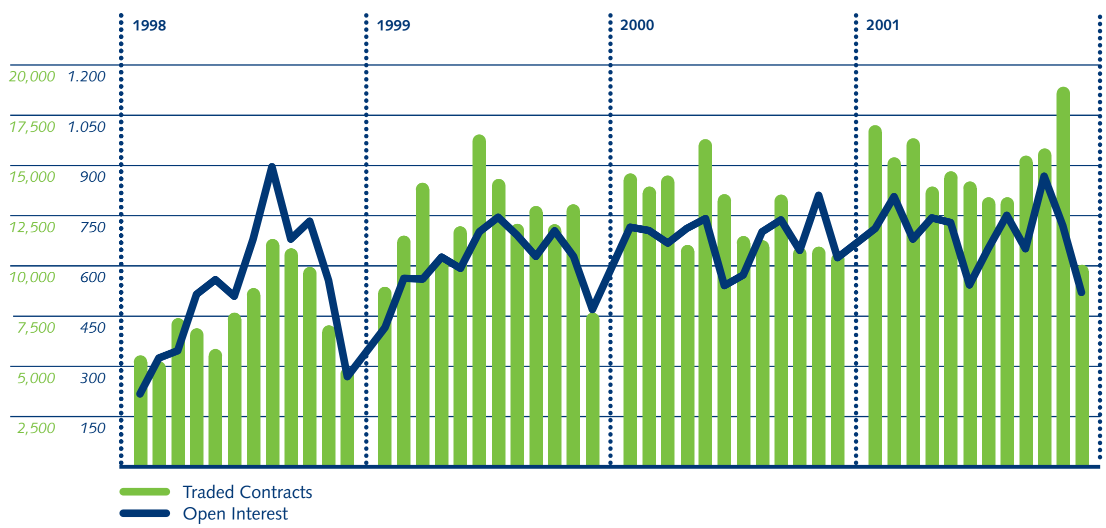
In the European capital markets sector, the diminution in interest rate differentials between the debt instruments of the various members of the European Union resulted in the reduction of basis risk. This led to a consolidation of this segment, and market participants turned to the Euro Bund, which had the highest liquidity and lowest interest rate, for hedging against their domestic debt issuance. The Euro Bund Future is now the benchmark derivative contract for all euro-denominated government debt.

The Euro Bund Future is based on a notional long-term debt instrument issued by the Federal Republic of Germany with a term of 8.5 to 10.5 years. These notional instruments include debt issuance by the Deutsche Bundesbank, the former "Treuhandanstalt" privatization agency and the German Federal Government's special funds (e.g. the "German Unity Fund"). The future has a par value of EUR 100,000 and a coupon rate of 6%. The minimum price change is 0.01%, equivalent to a value of EUR 10.

Monthly Traded Contracts & Open Interest

The total volume of the Euro Bund Future contracts traded on Eurex has risen sharply in recent years. In 2001, over 178 million contracts were traded on Eurex. Open interest stood at 518,409 contracts.

Monthly Traded Contracts and Open Interest (in Thousands): January 1998 - December 2001



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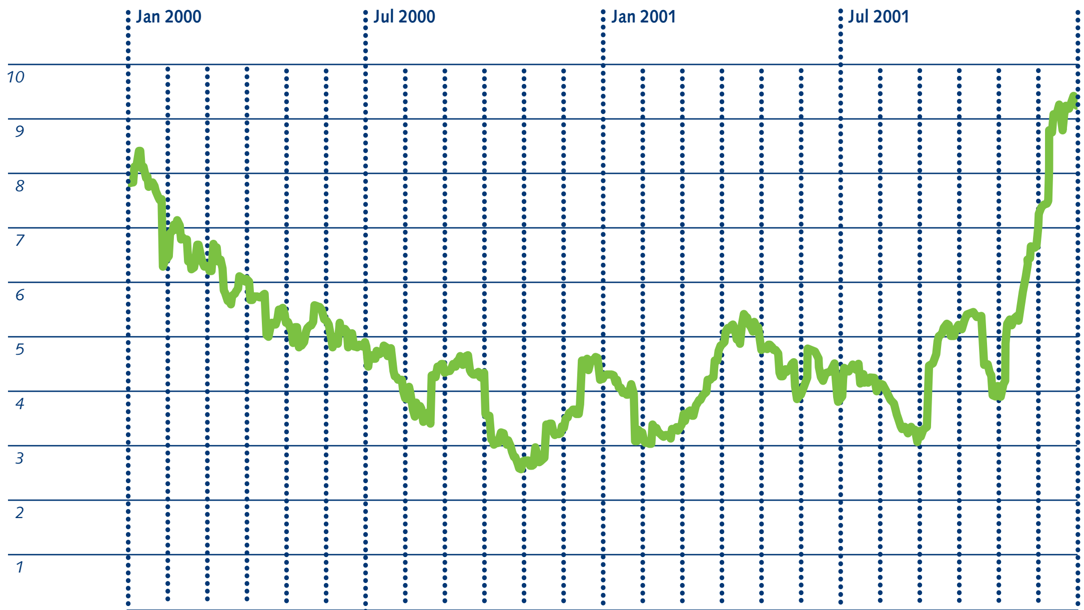
30 Day Moving Average Volatility

As illustrated below, the Euro Bund Future exhibits reasonable volatility. In spite of this volatility, for almost 90% of the trading day the spread is usually one tick.

30 Day Volatility (in Percent): January 2000 - December 2001



Comparison with Worldwide Capital Market Products

In 2001, the Euro Bund Future accounted for more than 70% of trading done in the global long-term capital market segment with 178 million contracts traded. During the same period the CBOT traded approximately 58 million US T-Bond Future contracts and Euronext traded circa 7 million Euro Notional Future contracts.

The Euro Bund Future is an excellent tool for arbitrage and outright trading. With more and more investors regularly using this future as a hedging tool, tight spreads and deep markets are created, making it the leading futures contract among the whole range of derivative instruments that cover the complete Euroland yield curve.

For more detailed information on the Euro Bund Future, including contract specifications, please refer to the Eurex website at www.eurexchange.com.

Dow Jones Euro STOXX℠ 50 Future (FESX)

With the start of the European Monetary Union and the expansion of Eurex's membership base across Europe, investor interest in pan-European and Euroland-oriented products has increased dramatically. Anticipating this market demand, Eurex introduced futures and options based on the Dow Jones Euro STOXX℠ 50 Index in June 1998.

The Dow Jones Euro STOXX℠ 50 Future is based on the benchmark Dow Jones Euro STOXX℠ 50 Index. The index charts the top 50 blue chip stocks from the 12 countries participating in the European Monetary Union. It is weighted according to the free-float market capitalization of the components and its value is calculated and disseminated every 15 seconds. This blue-chip index is a subset of the parent Dow Jones Euro STOXX℠ Index, which contains a total of 326 stocks.

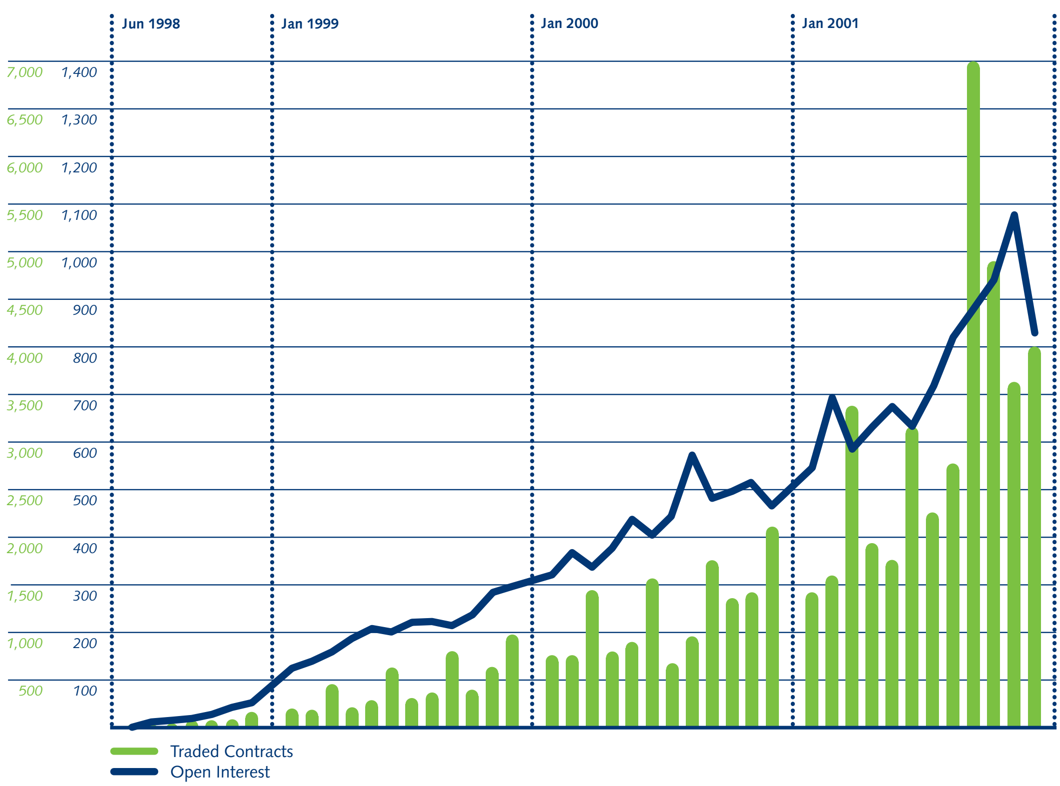
The Dow Jones Euro STOXX℠ 50 Future is not only an efficient hedging tool for Euroland-focused index portfolios but also an excellent tool for arbitrage and outright trading. As greater numbers of investors have begun using this contract, open interest and attractive bid-ask spreads have developed on Eurex, making the Dow Jones Euro STOXX℠ 50 Future a highly competitive and liquid contract.

The Dow Jones Euro STOXX℠ 50 Future has a contract value of EUR 10 per Dow Jones Euro STOXX℠ 50 index point and is quoted in points with one decimal place. The minimum price change is 1 point, equivalent to a value of EUR 10.

Monthly Traded Contracts and Open Interest

Since the launch of the Dow Jones Euro STOXX℠ 50 Future contract, trading volumes originating from institutional as well as private investors have risen steadily.

Traded Contracts and Open Interest (in Thousands)



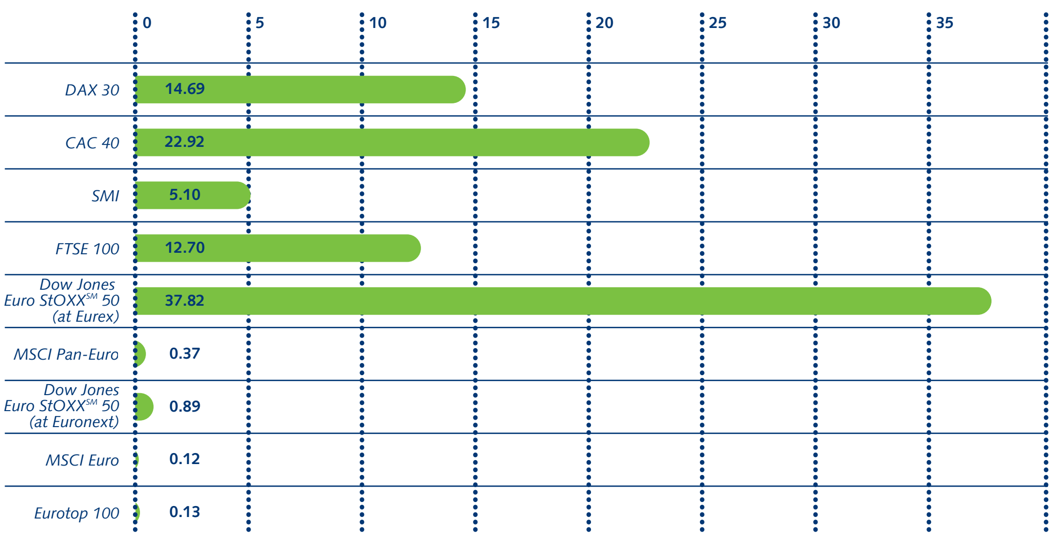
In 2001, the Dow Jones Euro STOXX℠ 50 Future traded over 37 million contracts on Eurex, an increase of 165% over the previous year. Average daily volume was approx. 150,000 contracts and open interest at the end of 2001 was 820,256 contracts.

Volume Comparison with other European Index Futures

As can be seen in the graph below, Euroland-oriented index futures like the Dow Jones Euro STOXX℠ 50 Future have become more popular as investors have expanded their regional investment scope from domestic indexes in favor of those that cover the broader European market.

Eurex represents the leading market for trading futures based on Euroland indexes, enjoying a market share of approximately 96% as compared to other European futures exchanges.

European Index Futures – 2001 Volume (Traded Contracts in Millions)



Eurex lists stock options on individual component shares in the Dow Jones Euro STOXX℠ 50 Index. These individual stock options constitute roughly 75% of the index's total market capitalization. This makes Eurex the ideal place to trade the popular Dow Jones Euro STOXX℠ 50 Future and its underlying components.

For more detailed information on the Dow Jones Euro STOXX℠ 50 Future at Eurex, including contract specifications, please refer to the Eurex website at www.eurexchange.com. For more information on the index composition and the whole suite of STOXX products, please refer to the STOXX website at www.stoxx.com.

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DAX® Future (FDAX)

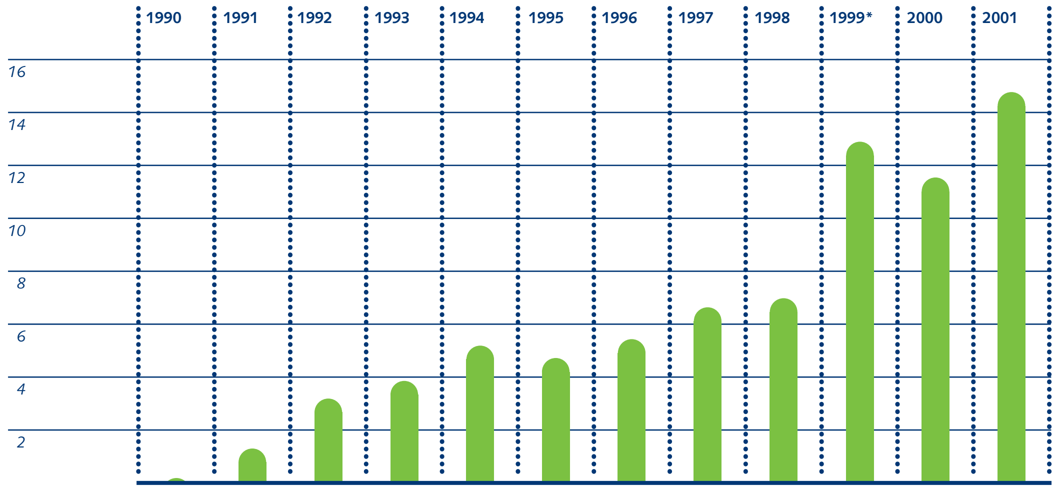
The DAX® Index is the blue chip index for the German stock market, one of the fastest growing markets in Europe.

The DAX® Index comprises a selection of 30 blue chip stocks, representing nearly 80 percent of the total market capitalization of the German stock market. The index is currently weighted according to market capitalization. In June 2002, the weighting of the DAX® will change to the free-float market capitalization for each of the component stocks. It is a performance index and is adjusted for all income from dividends and bonus distributions that are reinvested in the index portfolio. Its value is calculated and disseminated every 15 seconds and is based on the prices of Xetra®, Deutsche Börse's electronic trading platform for the cash market. The index composition is reevaluated on an annual basis. Changes are made to the index composition during the year under special conditions (e.g. mergers and acquisitions).

Eurex offers members and their customers the ability to electronically trade futures and options on Germany's benchmark DAX® Index. In addition to the derivatives on the DAX® Index, Eurex also lists options on all DAX® component shares.

The DAX® Future is an efficient hedging tool for index-based portfolios and risk management. It has a contract value of EUR 25 per DAX® index point and is quoted in points with one decimal place. The minimum price change is 0.5 of a point, equivalent to a value of EUR 12.50.

Traded Contracts (in Millions)



* Change in contract size with the introduction of the Euro

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Annual Traded Contracts

The total volume of DAX® Future contracts traded on Eurex has increased steadily over the last decade and it has become a very mature and well-established product. It is traded heavily by institutional investors and proprietary traders and is increasingly used by retail customers as well.

In 2001, more than 14 million DAX® Future contracts were traded on Eurex, which represents an increase of over 27% from the previous year's volume. Open interest amounted to 123,748 contracts at the end of 2001.

The German Economy

Germany represents one of Europe's strongest economies. Recent deregulation and privatization efforts in Germany's telecommunications and energy sectors and the transition of Germany's pension system from state financing to an increasing reliance on private investing have encouraged more companies to raise funds in the stock market to pursue global strategies.

These developments provide the German stock market with the momentum it needs to align itself with the world's largest markets in terms of capitalization. The DAX® Index provides an appropriate instrument to track this growth.

GPD 1999 / Market Capitalization 2000 (Billion EUR)

For more detailed information on the DAX® Future, including contract specifications, please refer to the Eurex website at www.eurexchange.com. For more information on the DAX® Index composition, please refer to the Deutsche Börse website at www.deutsche-boerse.com.

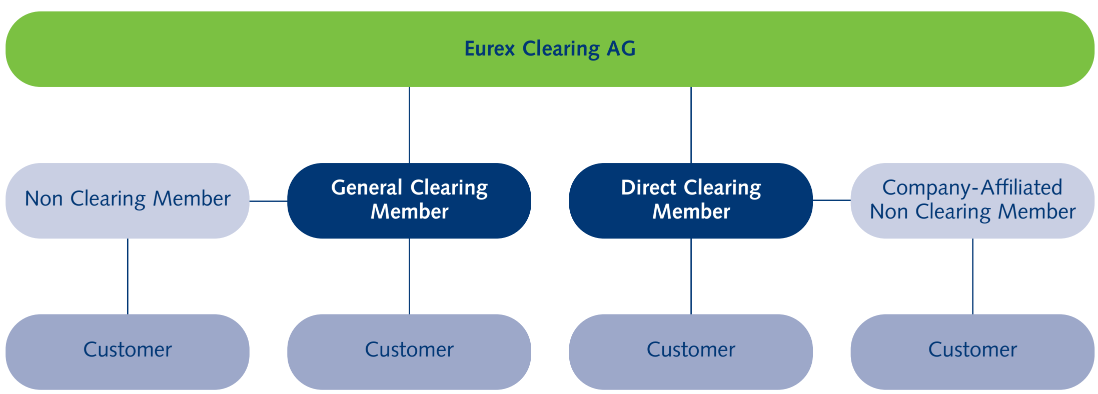
Eurex Clearing and Margining

Eurex is a fully electronic futures and options exchange with an integrated trading and clearing platform. It operates its own clearing house – Eurex Clearing AG. Eurex Clearing AG serves the Eurex futures and options market, as well as the cash market for bonds (Eurex Bonds) and the market for repurchase agreements (Eurex Repo) as the central counterparty for every transaction and guarantees that deliveries are performed.

Clearing Relationships

Eurex's Clearing Members have a contractual relationship with Eurex Clearing AG. If an order to buy or sell is executed by a Non Clearing Member (NCM), a transaction takes place between the NCM and its General Clearing Member (GCM) or Direct Clearing Member (DCM). A corresponding transaction takes place between Eurex Clearing AG and the Clearing Member. Clearing Members handle margins, premiums, fee payments, and deliveries for themselves, their customers and their NCMs. Customers have contractual relationships exclusively with their respective Exchange Members who handle and process their orders.

Contractual Clearing Relationships



Risk Based Margining

The mainstay of Eurex Clearing's security system is margin, which consists of the funds or securities that are deposited by Clearing Members as collateral for a given position. Eurex sets the margin requirements for Clearing Members, whereas the Clearing Member sets them for NCMs. However, margin requirements for NCMs and customers must be at least equal to the minimum requirements of Eurex. In addition to margin, Clearing Members also contribute to a clearing fund, which further protects against Clearing Member default.

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Eurex utilizes a risk based management system which calculates margins on a daily basis. The actual margin requirements are calculated based on a worst-case scenario, i. e. the worst-case price movements of the individual contracts and the maximum costs that could arise by the immediate liquidation of a portfolio of options and futures. The general approach consists of two stages:

1. Clearing Members are required to post margin based on potential losses arising from daily price movements. Writers of equity or index options must deposit premium margin to cover the potential loss which would occur if forced to liquidate the position today. Futures and options on futures are handled on a mark-to-market basis in which Eurex Clearing AG calculates variation margin. This margin represents the trading day profit and loss of all open positions, which is then debited from or credited to the member's account.

2. Clearing Members are required to cover potential liquidation costs that could arise during the next trading day through additional margin. Additional margin serves to cover possible close-out costs if the worst-case loss should occur on the subsequent trading day. Additional margin is required for options, as well as for non-spread futures positions. Spread Margin for futures positions is calculated separately, as the two legs offset a portion of the risk associated with the position.

Eurex employs a process known as 'cross-margining' to offset equal but opposite risks in members' accounts. If a member holds a number of contracts based on the similar underlyings, the risk components of these positions partially offset each other. The member is then charged only for the actual risk of the entire portfolio (and not for each position individually) so that liquidity is not unnecessarily blocked. Margins are netted separately across the customer accounts and proprietary trading accounts of each member.

For more detailed information on clearing and margining at Eurex, please refer to the Eurex Risk Based Margining brochure. Eurex also offers the Eurex MarginCalculator – a user-friendly program that helps users easily calculate margin requirements for existing and future positions for all Eurex products. The Risk Based Margining brochure and Eurex MarginCalculator are downloadable free of charge from the Eurex website at www.eurexchange.com.

Comparative Volumes and Contract Specifications Information

Index Products

	DAX® Future	DJ Euro STOXX℠ 50 Future	E-Mini Nasdaq 100 Future	E-Mini S&P 500 Future
Settlement Price on 12/28/01	5,188.50	3,832.00	1,613.50	1,159.50
Contract Value	EUR 25 per DAX® Index point	EUR 10 per DJ Euro STOXX 50℠ Index point	USD 20 per Nasdaq 100 Index point	USD 50 per S&P 500 Index point
Minimum Price Movement	0.5 point, equivalent to EUR 12.50	1 point, equivalent to EUR 10	0.5 points, equivalent to USD 10.00	0.25 points, equivalent to USD 12.50
Transaction Cost per side	EUR 0.50	EUR 0.30	USD 0.25 for Equity members* and USD 0.50 for Non-Members*	
Average Daily Volume in 2001	58,049	149,520	129,168	156,487
Open Interest on on 12/28/01	123,748	820,256	46,849	53,715
Trading Hours (US Central Time)	1:50 a.m. - 1:00 p.m.	2:00 a.m. - 1:00 p.m.	3:45 p.m. - 3:15 p.m. on Globex 2	

* Does not include clearing fees

Capital Market Products

	Euro Bobl Future	Euro Bund Future	10 Years US T-Note Future	30 Year US T-Bond Future
Settlement Price on 12/28/01	106.31	106.79	104.17	100.17
Contract Value	EUR 100,000	EUR 100,000	USD 100,000	USD 100,000
Minimum Price Movement	0.01 percent, equivalent to EUR 10		One half of 1/32 of a point equivalent to USD 15.625	1/32 of a point equivalent to USD 31.25
Transaction Cost per side	EUR 0.20	EUR 0.20	**Open Outcry*:** USD 0.05 for Floor members and USD 0.50 for customers **On a/c/e*:** USD 0.20 for Floor members and USD 0.80 for customers	
Average Daily Volume in 2001	393,589	703,602	231,268	235,258
Open Interest on on 12/28/01	377,504	518,409	538,671	451,957
Trading Hours (US Central Time)	1:00 a.m. - 12:00 p.m.		Open Outcry: 7:20 a.m. - 2:00 p.m. a/c/e: 8:00 p.m. - 4:00 p.m.	

* Does not include clearing fees

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