

WYB T[®]

R2000



Russell

2000[®]

INDEX

FUTURES

Russell 2000® Index
(of small cap U.S. equities)

Russell 2000® Growth

Russell 2000® Value

Institutions and
Investors can now
trade in “style”
when pursuing
exposure in small
cap U.S. equities.

Futures and Options
based on the Russell
2000 indexes provide
critical portfolio
management tools
and strategic investment
opportunities in these
uncertain times.

Professional money
managers now have
access to futures and
options contracts in
one marketplace
covering their large
cap and small
cap exposure.

The New York Board of Trade®, (NYBOT®), offers the institutional and individual investor futures and options contracts based upon three Russell 2000 Indexes:

The Russell 2000® Index measures the performance of the 2000 smallest companies in the Russell 3000 Index and represents 8% of the total market capitalization of the Russell 3000 Index.

The Russell 2000® Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. Growth Stocks are identified as those stocks that offer the prospect of growing their earnings at above market rates. Typical growth companies have a unique franchise, a dominant market position and significant market share growth.

The Russell 2000® Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. Value companies are typically characterized as selling at lower prices in relation to a company's earnings and net worth.

The Russell 2000 Index futures and options enjoy many advantages of the NYBOT equities markets including:

- Guaranteed liquidity and pricing under the Market Specialist system
- Off-floor-block order capability for qualified participants
- Personalized service and competitive prices from NYBOT's skilled options brokers
- Electronic Order Routing
- Enhanced open outcry trading on NYBOT's state-of-the art trading floor
- Trades alongside the Russell 1000® Index, Russell 1000 Growth, Russell 1000 Value and the Russell 3000® Index

The History of Equity Indexes begins in the 1890s when the Dow Jones Industrial Index® of a handful of stocks was established as a simple reliable barometer of the U.S. stock market. In the 1920s, the Standard & Poor's Composite Index® (beginning with over 200 stocks and growing into 500) added a broader measurement of large cap stocks listed on the New York Stock Exchange. It was the first index to weight each stock by capitalization and the first to choose from all industries and capitalization tiers. For decades, these two indexes served the benchmark needs of the large and small investor.

In 1984, Frank Russell Company (Russell Investment Group), one of the world's leading investment services firms, created a new family of stock indexes – the first such instruments specifically designed and formulated for the professional money management industry. Institutional and individual investors now recognize the Russell indexes as broad and objective benchmarks that clearly define U.S. equity sectors.

The history of the futures and options markets of the New York Board of Trade covers an even longer span of time. It begins in 1870 with the cotton futures market and over the next 130 plus years grows to include a variety of agricultural and financial products.

Beginning in 1982, the New York Futures Exchange subsidiary of one of the NYBOT's predecessor exchanges, the New York Cotton Exchange (NYCE®), added another dimension to equity investment by offering futures contracts based on equity indexes, followed by options on futures in 1983. In 1999, the NYBOT index marketplace introduced Russell 1000 Index futures and options. In 2003, the NYBOT added the "style" components of the Russell 1000 – R1000 Value and R1000 Growth. The same year has also seen the introduction of futures and options based on the Russell 2000 Index and the Russell 3000 Index. The value and growth components of the Russell 2000 were added in 2004.

Twenty-one of the Russell Indexes are subsets of the Russell 3000 Index – a capitalization weighted collection of the top 3,000 U.S. stocks and representing nearly 98% of the investable U.S. equities market. The largest sector of the R3000 – the Russell 1000 – contains the top 1000 large cap and mid-cap U.S. stocks, representing almost 92% of the total capitalization of the Russell 3000.

The remaining 2000 small cap stocks are listed in the **Russell 2000 Index** – the recognized benchmark for the small cap universe.

As individuals and investors rebalance portfolios, different equity sectors take the lead in terms of market performance.

Often when large cap stocks are underperforming, investors turn to small caps as an attractive alternative. Regardless of changing investment conditions, small cap U.S. equities represent an important component of the standard portfolio. Since its inception, the Russell 2000 Index has defined the small cap U.S. equity universe.

Money managers and individual investors recognize the Russell 2000 as the dominant measurement of the sector, making it the second most widely used U.S. equity benchmark (after the S&P 500). The Value and Growth Indexes give "style" portfolio managers even greater command over asset allocation strategies.

The Value/Growth distinction has become a fundamental element of equity portfolios. The focus on the style sectors now dominates investment allocation strategies. Style preferences tend to run in cycles and professional money managers adapt strategies to reflect the shifting cycles.

In bear markets, when the investment bias may be toward value stocks, the Russell 2000 Value Index takes on added significance.

The top ten holdings for the R2000 Index as well as total return figures in comparison to the 2000 Growth and the 2000 Value (as of 7/31/04 illustrate some of the index characteristics)

Money managers and individual investors recognize the Russell 2000 as the dominant measurement of the sector, making it the second most widely used U.S. equity benchmark (after the S&P 500).

Total Return

Index	YTD as of 7/31/04	One Year	Three Years	Five Years
R2000	-0.43	17.06	5.74	5.74
R2000 Growth	-3.81	11.32	-0.38	-1.69
R2000 Value	2.87	22.83	11.25	12.30

Top Ten Holdings

R2000	R2000 Growth	R2000 Value
Terex Corp.	East West Bancorp Inc.	Tesero Petroleum Corp.
Tesero Petroleum Corp.	Aerostale Inc.	Cytec Industries Inc.
Cytec Industries Inc.	Allegheny Technologies	Energen Corp.
Energen Corp.	Hyperion Solutions Corp.	Palmone Inc.
East West Bancorp Inc.	Toro Co.	Goodyear Tire & Rubber
Aerostale Inc.	IMC Global Inc.	Carramerica Realty Corp
Palmone Inc.	SCP Pool Corp.	Bisys Group Inc.
Crown Holdings Inc.	Apira Healthcare Group	BankCorpSouth Inc.
Goodyear Tire & Rubber	Pediatric Medical Group	Calpine Corp.
Carramerica Realty Corp	Yankee Candle Inc.	Realty Income Corp.

The Indexes and the Contracts

The Russell 2000 Indexes serve as small cap equity benchmarks for a major segment of the professional money management industry.

The Russell Family of Indexes has about \$1.4 trillion* in assets benchmarked

The Russell 2000 represents \$162.5 billion* in benchmarked capital.

The Russell 2000 Growth had nearly \$115.9 billion* benchmarked, and \$106.9 billion* was benchmarked to the Russell 2000 Value.

* as of 8/30/04

The annual reconstitution of the Russell Indexes (May 30 to July 1) provides a predictable, objective turnover in index membership, which in turn offers unique trading opportunities for investors during the transition period. The process begins on the last business day in May with the publication of a list of U.S. stocks ranked by capitalization. On the second, third and fourth Fridays of June preliminary lists of additions and deletions to the Russell 3000 are made available. Effective on the start of the third quarter of the year, the reconstitution process produces a newly adjusted and accurate ranking of the 3,000 largest companies in the U.S. stock market by market capitalization. All of the Russell U.S. stock indexes then reflect the changes produced by the year's stock market activity and performance.

Futures and Options on the Russell 2000 Indexes

The presence of futures and options contracts on the Russell 2000, Russell 2000 Growth and Russell 2000 Value provides strategic capabilities, flexibility and value to those portfolio managers and individual investors with small cap U.S. equity exposure. The ability to apply a precise overlay to a reliable benchmark through a single investment instrument expands the strategic possibilities and raises the standard of portfolio management. Access to contracts representing both the large cap (R1000) and small cap (R2000) in the same marketplace simplifies investment strategy and execution.

The NYBOT index marketplace trades:

- *Russell 2000 futures contract (\$500 x Index and \$25.00 tick value)*
- *Russell 2000 Growth futures contract (\$500 x Index - \$25.00 tick value)*
- *Russell 2000 Value futures contract (\$500 x Index - \$25.00 tick value)*
- *Options are available on the regular futures contracts for the Russell 2000.*

All of the futures contracts have a minimum price unit of .05 index points. They offer four contract months (March, June, September, December) and are cash settled based upon a special calculation of the opening prices of all stocks listed in the underlying Russell 2000 Index on the third Friday of the contract month. The market value of the Russell 2000 Indexes is expressed as an index number that is relative to a base period.

For example, the Russell 2000 Index was initialized on December 31, 1986 at 135.00). The R2000 Growth and Value were both initialized on March 16, 2000 at 500.00

On August 23, 2004:

Russell 2000 Index stood at 544.14 (contract value \$272,070);

R2000 Growth reached 277.99 (contract value \$138,995);

R2000 Value registered 813.94 (contract value \$406,970).

Asset Allocation Strategy and Indexing

Money managers, plan sponsors and investors rely on the Russell 2000 Indexes to measure small cap U.S. equity performance and guide their asset allocation strategies. The growing usage of Russell Indexes has increased the importance of a reliable and suitable derivative component for equity benchmarks.

The availability of futures and options based on the Russell style component indexes adds another level of precision to portfolio management.

The availability of Russell 1000, Russell 2000 and Russell 3000 Index derivatives through the same marketplace at the New York Board of Trade adds a greater level of convenience and efficiency for managers and investors who seek to simplify the implementation of their investment strategies.

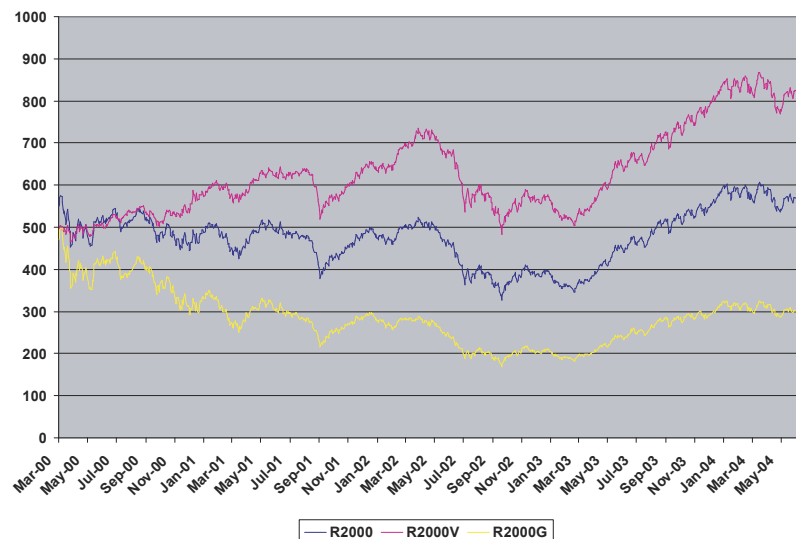
“Style” managers can use R2000 Value or Growth futures to add greater precision to their overlay strategies. Investors with a bias toward value or growth stocks can use these derivatives to pursue their related goals without adjusting their existing equities holdings.

The behavior of value and growth stocks under different market conditions is apparent in a four-year index comparison of the value and growth components of the R2000 (Chart 1). Given the strategic necessity of shifting allocation strategies in different market climates, the characteristics of the futures market make it easier to support those strategic decisions. Opportunities on the long and sell sides exist in R2000 value and growth futures and the availability of leverage and reliable liquidity, investors have greater flexibility in making choices based upon short term and long term considerations.

For example, an investor may believe that a short-term rise in small cap value stocks is imminent. The investor can use R2000 Value Index futures and execute a strategy based on the short-term market view without the complexity, expense and liquidity concerns associated with buying or selling a basket of small cap stocks.

Russell 1000®	R
Russell 1000® Growth	GG
Russell 1000® Value	VV
Russell 2000®	TO
Russell 2000® Growth	GH
Russell 2000® Value	VB
Russell 3000®	TH

Tracking the Russell 2000, 2000 Growth, 2000 Value



The NYBOT offers important capabilities and advantages. With the Russell contracts on NYBOT, institutional and individual investors can add new efficiencies to their portfolio management strategies.

The New York Board of Trade now offers real time streaming data directly from the NYBOT trading floor and delivered over the Internet through NYBOTLive.com.

Market users should visit www.nybotlive.com and sample the many features of NYBOT's direct data service.

This new service is fast, convenient, easy-to-use and inexpensive.

Liquidity: The NYBOT Market Maker Program places a specific market specialist in each Index futures market. The Market Specialist (approved by the Exchange) is required to continuously maintain a competitive two-sided market. The continuous presence of the Market Specialist provides reliable pricing and necessary liquidity to support the business goals and trading strategies of money managers, plan sponsors and individual investors.

Enhanced Open Outcry: The proven, traditional pricing strengths of open outcry trading are supported by all the convenience and technical sophistication of NYBOT's new state-of-the-art trading facility at the World Financial Center in Lower Manhattan.

Block Order Rule: Qualified market users can trade 75 or more regular contracts or their options at a single price. Institutional users can arrange these block transactions on and off the floor through the market makers.

Market Integrity: Every transaction in the NYBOT markets is subject to the traditional regulatory scrutiny that characterizes the U.S. futures and options exchanges, ensuring a fair and transparent marketplace. The historical integrity of the NYBOT futures markets strengthens the quality and reliability of the price discovery process.

Clearinghouse Security: Each of the contracts traded at NYBOT is guaranteed by the New York Clearing Corporation (NYCC), the designated clearinghouse for all NYBOT market, which represents over a century of continuous financial integrity. Every market participant trades in the secure knowledge that they face no counterparty credit risk and no transaction uncertainty.

Personalized Broker Service: Experienced floor brokers offer personal service and competitive pricing for specialized options trading. Brokers in NYBOT's Russell Index options markets can design and execute simple and complex options strategies and write options to implement those strategies at very competitive prices.

Order Processing: Electronic Order Routing (EOR) – market users who have internet access to EOR can send orders electronically to the trading floor, where they are filled in open outcry, and then matched, cleared and confirmed electronically in real time. All EOR users can enter, change or cancel all types of orders (including complex strategies). Users have real time trade reconciliation in the pit and/or in the booth.

Market Information Access: The New York Board of Trade now offers real time streaming data directly from the NYBOT trading floor and delivered over the Internet through NYBOTLive.com. Market users should visit www.nybotlive.com and sample the many features of NYBOT's direct data service. Market users also have access to a wide range of educational materials, market analysis and commentary through the NYBOT web site at www.nybot.com.

Trading Costs: The use of Russell 2000 contracts at NYBOT can carry certain strategic and cost advantages over ETFs or R2000 futures offered by other exchanges. Investors will find that the Russell Index futures markets at NYBOT offer competitive margin rates when compared to Russell products offered in other markets. Furthermore, ETFs do not have the leverage advantages of futures and require payment closer to full value. Investors should investigate and compare margin requirements in all markets when considering the trading of Russell Index products.

The New York Board of Trade disseminates a wide range of educational and informational resources through its web site at www.nybot.com including current and historical market data, research reports, exchange and product information, as well as a variety of educational tools to assist potential market users in learning more about the trading of futures and options.

Futures and options based on the Russell 2000 Index, Russell 2000 Growth and Russell 2000 Value create more strategic opportunities for investors and managers and bring greater precision to the implementation of portfolio strategies.

The New York Board of Trade (NYBOT), New York's original futures exchange, provides a global marketplace for a wide variety of traditional and innovative agricultural and financial products including futures and options for cocoa, coffee, cotton, ethanol, orange juice, sugar and currencies as well as equity, currency and commodity indexes.

Beginning in 1870 with the founding of the New York Cotton Exchange and the Coffee Exchange of New York City in 1882, the NYBOT and its predecessor exchanges (New York Cotton Exchange and the Coffee, Sugar & Cocoa Exchange, Inc.) have built and sustained crucial futures and options markets through dangerous and difficult times. The exchanges have a long history of providing effective risk management tools for major international industries. Risk management is the foundation of our business.

While surviving the shocks of a changing world, the NYBOT has provided leadership in product development. In addition to its traditional commodities, the NYBOT exchange markets have introduced innovative financial and index products including the Russell Indexes, US Dollar Index(USD[®]), NYSE Composite Index[®] and the Reuters CRB Index.

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This brochure serves as an overview of the Russell 2000 Index futures and options as well as the Russell 2000 Growth and Russell 2000 Value Index futures offered through the exchange markets of the New York Board of Trade (NYBOT). Examples and descriptions are designed to foster a better understanding of the Russell 2000 futures and options market. The examples and descriptions are not intended to serve as investment advice and cannot be the basis for any claim. While every effort has been made to ensure accuracy of the content, the New York Board of Trade cannot guarantee its accuracy, or completeness or that any particular trading result can be achieved. The New York Board of Trade cannot be held liable for errors or omissions in the content of this brochure. Futures and options trading involves risk and is not suitable for everyone. Trading on the NYBOT is governed by specific rules and regulations set forth by the Exchange. Exchange rules are available online at www.nybot.com. These rules are subject to change. Contact a licensed broker for additional information. For more detailed information and specifications on any of the products traded on the Exchange, contact NYBOT or your broker.

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**Minimum margin levels are determined by the exchange broker and are subject to change. For current margin levels consult a licensed broker.*

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