CME Group

A CME/Chicago Board of Trade/NYMEX Company

INTEREST RATE PRODUCTS

3-Year U.S. Treasury Note Futures

Coming March 23, 2009

Introducing a new pricing benchmark for the U.S. Treasury yield curve.

Overview

The launch of 3-Year U.S. Treasury Note futures creates a new marketplace for managing the interest rate exposure associated with the 3-year sector of the U.S. Treasury yield curve, and should have a significant impact on the strategies of market participants around the world.

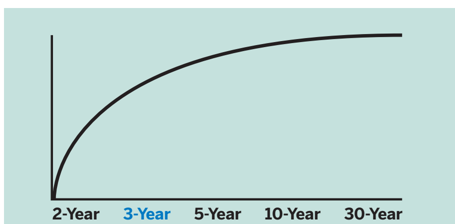
In an effort to alleviate the economic and financial crises of 2008, the United States Congress approved various relief and stimulus plans that could drive U.S. Treasury debt issuance to historic levels in 2009. The U.S. Treasury Department began to re-issue 3-Year Treasury notes on a monthly basis in November 2008. Industry estimates are that 3-year notes will be auctioned in significantly large issuance – between $30 and $35 billion on a monthly basis, or $360 and $420 billion annually.

The addition of 3-Year T-Note futures to the U.S. Treasury futures complex provides the market with the ability to respond to this surge in 3-year issuance, opening up a variety of new risk management and trading opportunities, including implied intercommodity spread trades against the existing Treasury futures contracts on CME Globex.

3-Year U.S. Treasury Note Futures Contract: Projected Last Trading Day and Delivery Cycle

	June 2009 Expiry	September 2009 Expiry
First Position Day	Thursday, May 28, 2009	Friday, August 28, 2009
First Notice Day	Friday, May 29, 2009	Monday, August 31, 2009
First Delivery Day	Monday, June 1, 2009	Tuesday, September 1, 2009
Last Trading Day	**Tuesday, June 30, 2009**	**Wednesday, September 30, 2009**
Last Position Day	Wednesday, July 1, 2009	Thursday, October 1, 2009
Last Notice Day	Thursday, July 2, 2009	Friday, October 2, 2009
Last Delivery Day	Monday, July 6, 2009	Monday, October 5, 2009

U.S. Treasury Futures Complex



Contract Design

The design of 3-Year T-Note futures complements the current suite of Treasury futures contracts, with features comparable to those of the 2-Year T-Note.

Its deliverable grade is composed of cash 3-year notes and 5-year notes that have a remaining time-to-maturity between 2-3/4 and 3 years, thus ensuring that 3-Year T-Note futures will serve as a distinct pricing benchmark for the 3-year sector of the yield curve. In general, 3-Year T-Note futures will have a deliverable basket composed of eight cash securities (four 3-year notes and four 5-year notes) that will have a combined notional amount of at least $240 billion.

Applications

In addition to traditional basis trading, duration management, and market speculation, the availability of a 3-Year T-Note futures contract expands the range of risk management and trading opportunities provided by the U.S. Treasury futures complex:

- Hedge the 3-year mortgage sector, a key duration point in the mortgage industry.
- Hedge Federal Deposit Insurance Corporation (FDIC) insured corporate notes issued in the 3-year sector by banks and other financial institutions.
- Spread against Eurodollar futures to create a 3-year Treasury-over-Eurodollar (TED) futures spread.
- Spread against 2-, 5-, and 10-Year T-Note and 30-Year T-Bond futures to take advantage of relative value opportunities across the yield curve. The implied spread functionality on CME Globex offers fast, efficient execution of these trades.

3-YEAR U.S. TREASURY NOTE FUTURES SALIENT FEATURES

Underlying Instrument	One U.S. Treasury note having a face value at maturity of $200,000 or multiple thereof
Deliverable Grades	U.S. Treasury notes that have an original maturity of not more than 5 years and 3 months and a remaining maturity of not less than 2 years and 9 months from the first day of the delivery month, but not more than 3 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
Tick Size	One-quarter of one thirty-second of one point ($15.625)
Price Basis	Points ($2,000) and quarter-32nds of a point ($15.625). For example, 91-16 equals 91-16/32, 91-162 equals 91-16.25/32, 91-165 equals 91-16.5/32, and 91-167 equals 91-16.75/32
Contract Months	Five consecutive expiries in the March, June, September, and December quarterly cycle
Last Trading Day	The last business day of the contract expiry month. Trading in expiring contracts closes at 12:01 p.m. Central Time (CT), on the last trading day
Last Delivery Day	Third business day following the last trading day
Delivery Method	Federal Reserve book-entry wire-transfer system
Trading Hours	Open Auction: 7:20 a.m. – 2:00 p.m., CT, Monday – Friday CME Globex: 5:30 p.m. – 4:00 p.m., CT, Sunday – Friday
Ticker Symbols	Open Outcry: 3YR CME Globex: Z3N
Daily Price Limit	None
Position Accountability/Limits	Position accountability of 7,500 futures contracts will be implemented prior to the last ten trading days of a contract expiry. Position limits of 20,000 futures contracts will be implemented during the last ten trading days of contract expiry
Reportable Position Limits	750 futures contracts
Block Minimum	Regular Trading Hours: 5,000 contracts Extended Trading Hours: 2,500 contracts Intracommodity calendar spreads are prohibited. Intercommodity spreads are permitted provided that the quantity of each leg of the spread meets the larger of the threshold requirements for the underlying futures during RTH or ETH
All-or-None Minimum	2,000 contracts on an outright basis and per leg for inter- and intra-market spreads

3-Year U.S. Treasury Note Futures Contract: Projected Delivery Basket

This chart contains conversion factors for all short-term U.S. Treasury notes eligible for delivery as of February 20, 2009. (The next auction is tentatively scheduled for March 10, 2009.) Conversion factors are based on a six percent notional coupon. Issuance for upcoming 3-year note auctions is based on industry projections.

	Coupon	Issue Date	Maturity Date	Cusip Number	Issuance (Billions)	Jun 2009	Sep 2009
1 @	WI 3YR	March 2009	March 2012		$33.0	Eligible	-----
2	WI 3YR	April 2009	April 2012		$34.0	Eligible	-----
3	WI 3YR	May 2009	May 2012		$35.0	Eligible	-----
4	WI 3YR	June 2009	June 2012		$35.0	Eligible	Eligible
5	WI 3YR	July 2009	July 2012		$35.0	-----	Eligible
6	WI 3YR	August 2009	August 2012		$35.0	-----	Eligible
7	WI 3YR	September 2009	September 2012		$35.0	-----	Eligible
8	4 1/8	08/31/07	08/31/12	912828HC7	$13.0	-----	0.9505
9	4 1/4	10/01/07	09/30/12	912828HE3	$13.0	-----	0.9526
10	4 1/2	04/02/07	03/31/12	912828GM6	$13.0	0.9624	-----
11	4 1/2	04/30/07	04/30/12	912828GQ7	$13.0	0.9614	-----
12	4 5/8	07/31/07	07/31/12	912828GZ7	$13.0	-----	0.9646
13	4 3/4	05/31/07	05/31/12	912828GU8	$13.0	0.9670	-----
14	4 7/8	07/02/07	06/30/12	912828GW4	$13.0	0.9695	0.9718
				Number of Eligible Issues:	**14**	**8**	**8**
				Dollar Amount Eligibility for Delivery:	**$333.0**	**$189.0**	**$192.0**

"@" indicates the most recently auctioned U.S. Treasury security eligible for delivery. To obtain updated conversion factors for all Treasury futures products, please visit the Interest Rate Resource Center at www.cmegroup.com/ircenter.

For information on 3-Year U.S. Treasury Note futures, visit www.cmegroup.com/3yr

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