



QUICK REFERENCE GUIDE VXD 2005

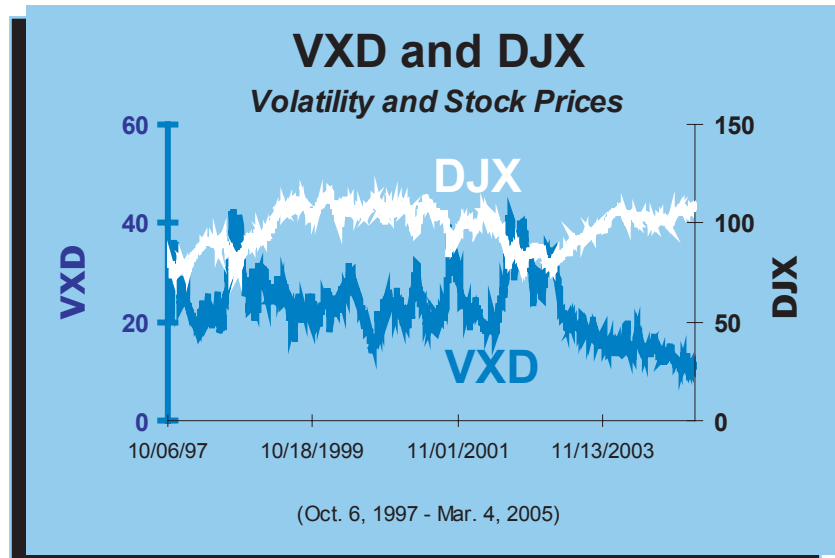
Futures on the CBOE DJIA Volatility Index (VXD)

The CBOE DJIA Volatility Index (VXD) is based on real-time prices of options on the Dow Jones Industrial AverageSM (DJIA, with an options ticker of DJX), and is designed to reflect investors' consensus view of future (30-day) expected stock market volatility.

The CBOE Futures Exchange, LLC, (CFE) is planning to introduce futures on the VXD Index. VXD futures and options could be used by investors for a variety of purposes, including:

- To hedge volatility risk with short VXD futures or long protective VXD puts,
- To take advantage of a market view on the direction of near-term volatility,
- To manage risks associated with the growing markets for volatility and variance swaps,
- To take advantage of arbitrage opportunities between DJX options and VXD futures and options.

The VXD Index price changes often have had a negative correlation to DJX prices, and so the VXD could have potential to be considered as a hedging tool.



For more information and detailed contract specifications, visit:

www.cboe.com/CFE

Options involve risk and are not suitable for all investors. Prior to buying or selling an option, a person must receive a copy of *Characteristics and Risks of Standardized Options* (ODD). Copies of the ODD are available from your broker, by calling 1-888-OPTIONS, or from The Options Clearing Corporation, One North Wacker Drive, Suite 500, Chicago, Illinois 60606. CBOE® and Chicago Board Options Exchange® are registered trademarks of Chicago Board Options Exchange, Incorporated. "Dow Jones", "The Dow", "DJIA" and "Dow Jones Industrial Average" are registered trademarks of Dow Jones & Company, Inc. CBOE's Options on the Dow based on the Dow Jones Industrial Average and financial products based on the CBOE DJIA Volatility Index are not sponsored, endorsed, marketed or promoted by Dow Jones. The methodology of the CBOE DJIA Volatility Index is owned by CBOE and published pursuant to an agreement with Dow Jones. Investors attempting to use the VXD Index should discuss with their brokers possible timing and liquidity issues. Past performance is not indicative of future results. The methodology for the VXD Index is subject to change. Please visit www.cboe.com/vxd for more information and risk disclosures. Copyright © 2005 Chicago Board Options Exchange, All Rights Reserved.

Contract Specifications

CONTRACT NAME: CBOE DJIA Volatility Index Futures

LISTING DATE: 4/25/05

DESCRIPTION: The CBOE DJIA Volatility Index (VXD) is based on real-time prices of options on the Dow Jones Industrial AverageSM (DJIA, with an options ticker of DJX), and is designed to reflect investors' consensus view of future (30-day) expected stock market volatility.

CONTRACT SIZE: The contract multiplier for the VXD futures contract is \$1000 times the Cash Index Value VXD.

TRADING HOURS: 8:30 a.m. - 3:15 p.m. Central Standard Time (Chicago time).

TRADING PLATFORM: CBOE*direct*

CONTRACT MONTHS: Two serial contract months plus two contract months on the February quarterly cycle. (February, May, August and November)

TICKER SYMBOL: Futures – DV Cash Index – VXD

PRICING CONVENTIONS: Both futures prices and Cash Index levels stated in decimal format.

MINIMUM PRICE INTERVAL: 0.01 of one index point (equal to \$10.00 per contract)

DOLLAR VALUE PER TICK: \$10.00 per contract

TERMINATION OF TRADING: The business day immediately preceding the Final Settlement Date of the futures contract.

FINAL SETTLEMENT DATE: The Wednesday that is thirty days prior to the third Friday of the calendar month immediately following the month in which the contract expires.

FINAL SETTLEMENT PRICE: The final settlement price for the CBOE DJIA Volatility Index (VXD) futures is a Special Opening Quotation (SOQ) of VXD calculated from the sequence of opening prices of the options used to calculate the index on the settlement date. The opening price for any series in which there is no trade shall be the average of that option's bid price and ask price as determined at the opening of trading. The final settlement price will be rounded to the nearest \$0.01.

DELIVERY: Settlement of CBOE DJIA Volatility Index (VXD) futures contracts will result in the delivery of a cash settlement amount on the business day immediately following the settlement date. The cash settlement amount on the final settlement date shall be the final mark to market amount against the final settlement price of the VXD futures multiplied by \$100.00.

POSITION ACCOUNTABILITY: 5,000 contracts

MINIMUM REPORTABLE LEVEL: 25 or more contracts

UNDERLYING CASH INDEX INFORMATION: VXD and DVB are calculated in real-time by the Chicago Board Options Exchange (CBOE) and are disseminated every 15 seconds through the Options Price Reporting Authority (OPRA) from 8:30 a.m. to 3:15 p.m. (Chicago time) during each trading day.