



## Special Executive Report

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### NEW 2005 CME\$INDEX™ CURRENCY WEIGHTS AND ADJUSTMENT FACTOR EFFECTIVE TUESDAY, MARCH 1, 2005

As you were previously notified in CME Update 05-01 dated February 7, 2005, the Board of Governors of the U.S. Federal Reserve System (Fed) has issued revised currency weights as of Tuesday, January 18, 2005. As per Exchange rules, CME is adopting the new weights for the CME\$INDEX today (the first trading day of the second calendar month after the revision). Currency weights are often revised by the Fed during the beginning of each calendar year, but can also be revised at any time throughout the year.

CME\$INDEX Currency Weights		
Country or Region/Currency	2004 Weights (%)	New 2005 Weights (%)
European Union/euro	44.7531	44.7984
Japan/yen	23.0915	23.0542
United Kingdom/pound	16.4595	16.5807
Switzerland/franc	5.3834	5.2799
Australia/dollar	3.5775	3.5957
Canada/dollar	2.8578	2.6944
Sweden/krona	3.8772	3.9967

The exchange rate of each currency within the Index has been assigned with a specific weight that reflects the relative competitiveness of U.S. goods in foreign markets. These weights capture the effect of global competition and are based on a set of competitive weights published by the Fed. The weights above have been rounded to the fourth decimal place (0.0001%) and the sum of the currency weights in the Index will always total 100 percent.

In addition, the adjustment factor (multiplier  $B_t$  for the Index formula which changes when the currency weights change to ensure index continuity) was calculated on the last day of trading for the CME\$INDEX of the previous month (February 2005) using the following formula:

$$B_{2005} = B_{2004} \div \frac{\prod_{i=1}^7 (1/S_{i, Feb 28, 2005})^{w_{i, Mar 1, 2005}}}{\prod_{i=1}^7 (1/S_{i, Feb 28, 2005})^{w_{i, Feb 28, 2005}}}$$

where  $S_{it}$  is the exchange rate of currency  $i$  at time  $t$ , expressed in dollars per unit of foreign currency, and  $w_{i,t}$  is the weight of currency  $i$  at time  $t$ .

The value of the new multiplier (rounded to 10 decimal places) is 34.2520974126 and was calculated using closing spot exchange rates from Monday, February 28, 2005. The previous adjustment factor was 34.2242948993.

If you have any questions, please contact Sayee Srinivasan, Associate Director, Financial Product Development, at (312) 454-5205 or Steve Youngren, Associate Director, Financial Product Development, at (312) 930-4583.