

**CRB**

**REUTERS | JEFFERIES**

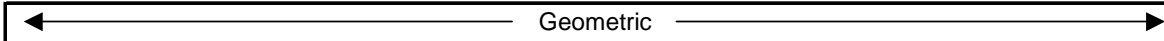
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## Overview: Past, Present and Future

- Founded in 1957, the Reuters CRB Index has a long history as the most widely followed Index of commodities futures.
- Since 1961, there have been 9 previous revisions to the CRB Index, each designed to help maintain the Index's pre-eminent role as the leading global commodities benchmark. Over the years, commodities including eggs, oats, lard, rubber, potatoes and wool (among others) have been dropped from the Index and have been replaced by more liquid and significant contracts. The last such revision occurred in 1995, when lumber, pork bellies, soybean oil, soybean meal and unleaded gasoline were dropped and natural gas was added to the Index. In addition, the referencing period for forward contracts shrank from 1 year to 9 months in 1987 and to its current 6 months in 1995. The period from 1995 until now represents the longest period between updates over the entire history of the CRB Index.
- The Reuters/Jefferies CRB Index ("RJ/CRB") reflects the tenth revision to the original CRB Index. In keeping with previous revisions, it is designed to provide a more liquid and economically relevant benchmark that will provide a timely and accurate representation of commodities as an asset class.
- Several key features of the current Index (1995-2005) have been updated, including replacing identical component weightings with a four-tiered grouping system designed to more accurately reflect the significance of each commodity. Also, geometric averaging has been updated to a monthly rebalancing schedule and 6 month forward price-averaging has been modified to a nearby rollover schedule.
- The goal of these updates is to maintain the critical role of the Index as a transparent and widely available benchmark for the performance of commodities as an asset class.

# Index Chronology

The CRB Index has undergone 9 previous weighting revisions since its inception to ensure it remains representative of the current market environment. The ten years between 1995 and 2005 represent the longest period during which the Index was not adjusted.

	1957	1961	1967	1971	1973	1974	1983	1987	1992	1995	2005
Number of Futures Markets	26	25	26	27	28	27	27	21	21	17	19
Number of Spot Markets	2	2	2	2	0	0	0	0	0	0	0
Markets in Index	28	27	28	29	28	27	27	21	21	17	19
Markets Removed		1	0	10	1	1	4	6	1	5	1
Markets Added		0	1	9	2	0	4	0	1	1	3
Forward Averaging Window (months)	12	12	12	12	12	12	12	9	9	6	Rolling Nearby
Averaging technique											Arithmetic Monthly Rebalancing

## RJ/CRB Index Components: The Evolution of an Index...

1957	1961	1967	1971	1973
1 Barley	1 Barley	1 Barley	1 Barley	1 Barley
2 Cocoa	2 Cocoa	2 Cocoa	2 Broilers	2 Broilers
3 Coffee 'B'	3 Coffee 'B'	3 Coffee 'B'	3 Cocoa	3 Cocoa
4 Copper	4 Copper	4 Copper	4 Copper	4 Coffee 'C'
5 Corn	5 Corn	5 Corn	5 Corn	5 Copper
6 Cotton	6 Cotton	6 Cotton	6 Cotton	6 Corn
7 Cotton (Spot)	7 Cotton (Spot)	7 Cotton (Spot)	7 Eggs	7 Cotton
8 Cottonseed Oil	8 Cottonseed Oil	8 Cottonseed Oil	8 Flaxseed	8 Eggs, Shell
9 Eggs	9 Eggs	9 Eggs	9 Grease Wool	9 Flaxseed
10 Flaxseed	10 Flaxseed	10 Flaxseed	10 Hogs	10 Grease Wool
11 Grease Wool	11 Grease Wool	11 Grease Wool	11 Lard	11 Live Cattle
12 Hides	12 Hides	12 Hides	12 Live Cattle	12 Live Hogs
13 Lard	13 Lard	13 Lard	13 Oats	13 Oats
14 Lead	14 Lead	14 Lead	14 Orange Juice	14 Orange Juice
15 Oats	15 Oats	15 Live Cattle	15 Platinum	15 Platinum
16 Onions	16 Potatoes	16 Oats	16 Plywood	16 Plywood
17 Potatoes	17 Rubber	17 Potatoes	17 Pork Bellies	17 Pork Bellies
18 Rubber	18 Rye	18 Rubber	18 Potatoes	18 Potatoes
19 Rye	19 Soybean Meal	19 Rye	19 Rapeseed	19 Rapeseed
20 Soybean Meal	20 Soybean Oil	20 Soybean Meal	20 Rye	20 Rye
21 Soybean Oil	21 Soybeans	21 Soybean Oil	21 Silver	21 Silver
22 Soybeans	22 Sugar No. 4	22 Soybeans	22 Soybean Meal	22 Soybean Meal
23 Sugar No. 4	23 Sugar No. 6	23 Sugar No. 4	23 Soybean Oil	23 Soybean Oil
24 Sugar No. 6	24 Wheat	24 Sugar No. 6	24 Soybeans	24 Soybeans
25 Wheat	25 Wheat (Spot)	25 Wheat	25 Sugar No. 4	25 Sugar No. 10
26 Wheat (Spot)	26 Wool Tops	26 Wheat (Spot)	26 Sugar No. 6	26 Sugar No. 11
27 Wool Tops	27 Zinc	27 Wool Tops	27 Wheat	27 Wheat
28 Zinc		28 Zinc		28 Wheat (MGEX)

## RJ/CRB Index Components: The Evolution of an Index...

1974	1983	1987	1992	1995	2005
1 Barley	1 Barley	1 Cocoa	1 Cocoa	1 Cocoa	<b>1 Aluminum</b>
2 Broilers	2 Cocoa	2 Coffee 'C'	2 Coffee 'C'	2 Coffee 'C'	<b>2 Cocoa</b>
3 Cocoa	3 Coffee 'C'	3 Copper	3 Copper	3 Copper	<b>3 Coffee</b>
4 Coffee 'C'	4 Copper	4 Corn	4 Corn	4 Corn	<b>4 Copper</b>
5 Copper	5 Corn	5 Cotton	5 Cotton	5 Cotton	<b>5 Corn</b>
6 Corn	6 Cotton	6 Crude Oil	6 Crude Oil	6 Crude Oil	<b>6 Cotton</b>
7 Cotton	7 Crude Oil	7 Gold	7 Gold	7 Gold	<b>7 Crude Oil</b>
8 Eggs, Shell	8 Flaxseed	8 Heating Oil	8 Heating Oil	8 Heating Oil	<b>8 Gold</b>
9 Flaxseed	9 Gold	9 Live Cattle	9 Live Cattle	9 Live Cattle	<b>9 Heating Oil</b>
10 Grease Wool	10 Heating Oil	10 Live Hogs	10 Live Hogs	10 Live Hogs	<b>10 Lean Hogs</b>
11 Live Cattle	11 Live Cattle	11 Lumber	11 Lumber	11 Natural Gas	<b>11 Live Cattle</b>
12 Live Hogs	12 Live Hogs	12 Oats	12 Orange Juice	12 Orange Juice	<b>12 Natural Gas</b>
13 Oats	13 Lumber	13 Orange Juice	13 Platinum	13 Platinum	<b>13 Nickel</b>
14 Orange Juice	14 Oats	14 Platinum	14 Pork Bellies	14 Silver	<b>14 Orange Juice</b>
15 Platinum	15 Orange Juice	15 Pork Bellies	15 Silver	15 Soybeans	<b>15 Silver</b>
16 Plywood	16 Platinum	16 Silver	16 Soybean Meal	16 Sugar No. 11	<b>16 Soybeans</b>
17 Pork Bellies	17 Pork Bellies	17 Soybean Meal	17 Soybean Oil	17 Wheat	<b>17 Sugar</b>
18 Potatoes	18 Potatoes	18 Soybean Oil	18 Soybeans		<b>18 Unleaded Gas</b>
19 Rapeseed	19 Rapeseed	19 Soybeans	19 Sugar No. 11		<b>19 Wheat</b>
20 Rye	20 Rye	20 Sugar No. 11	20 Unleaded Gasoline		
21 Silver	21 Silver	21 Wheat	21 Wheat		
22 Soybean Meal	22 Soybean Meal				
23 Soybean Oil	23 Soybean Oil				
24 Soybeans	24 Soybeans				
25 Sugar No. 11	25 Sugar No. 11				
26 Wheat	26 Wheat				
27 Wheat (MGEX)	27 Wheat (MGEX)				

## Weighting Factors: A Tiered Approach

The Reuters/Jefferies CRB Index uses a four-tiered approach to allocating among the commodities included in the Index. Group I includes only petroleum products; Group II includes seven commodities which are highly liquid; Group III is comprised of four liquid commodities; Group IV includes commodities that may provide valuable diversification. All commodities are equally weighted within Groups II, III and IV.

	Commodity	Index Weight	Contract Months	Exchange
Group I	WTI Crude Oil	23%	Jan-Dec	NYMEX
	Heating Oil	5%	Jan-Dec	NYMEX
	Unleaded Gas	5%	Jan-Dec	NYMEX
	<b>Total</b>	<b>33%</b>		
Group II	Natural Gas	6%	Jan-Dec	NYMEX
	Corn	6%	Mar, May, Jul, Sep, Dec	CBOT
	Soybeans	6%	Jan, Mar, May, Jul, Nov	CBOT
	Live Cattle	6%	Feb, Apr, Jun, Aug, Oct, Dec	CME
	Gold	6%	Feb, Apr, Jun, Aug, Dec	COMEX
	Aluminum	6%	Mar, Jun, Sep, Dec	LME
	Copper	6%	Mar, May, Jul, Sep, Dec	COMEX
	<b>Total</b>	<b>42%</b>		
Group III	Sugar	5%	Mar, May, Jul, Oct	NYBOT
	Cotton	5%	Mar, May, Jul, Dec	NYBOT
	Cocoa	5%	Mar, May, Jul, Sep, Dec	NYBOT
	Coffee	5%	Mar, May, Jul, Sep, Dec	NYBOT
	<b>Total</b>	<b>20%</b>		
Group IV	Nickel	1%	Mar, Jun, Sep, Dec	LME
	Wheat	1%	Mar, May, Jul, Sep, Dec	CBOT
	Lean Hogs	1%	Feb, Apr, Jun, Jul, Aug, Oct, Dec	CME
	Orange Juice	1%	Jan, Mar, May, Jul, Sep, Nov	NYBOT
	Silver	1%	Mar, May, Jul, Sep, Dec	COMEX
	<b>Total</b>	<b>5%</b>		

## Weighting Factors: Petroleum Sector

Group I of the Reuters/Jefferies CRB Index includes only petroleum products – W.T.I. crude oil, heating oil and unleaded gasoline. These commodities are among the most economically significant, frequently traded and historically have contributed meaningfully to the return and correlative characteristics of commodity benchmark indices.

	Commodity	Index Weight	Contract Months	Exchange
Group I	WTI Crude Oil	23%	Jan-Dec	NYMEX
	Heating Oil	5%	Jan-Dec	NYMEX
	Unleaded Gas	5%	Jan-Dec	NYMEX
	<b>Total</b>	<b>33%</b>		
Group II	Natural Gas	6%	Jan-Dec	NYMEX
	Corn	6%	Mar, May, Jul, Sep, Dec	CBOT
	Soybeans	6%	Jan, Mar, May, Jul, Nov	CBOT
	Live Cattle	6%	Feb, Apr, Jun, Aug, Oct, Dec	CME
	Gold	6%	Feb, Apr, Jun, Aug, Dec	COMEX
	Aluminum	6%	Mar, Jun, Sep, Dec	LME
	Copper	6%	Mar, May, Jul, Sep, Dec	COMEX
<b>Total</b>	<b>42%</b>			
Group III	Sugar	5%	Mar, May, Jul, Oct	NYBOT
	Cotton	5%	Mar, May, Jul, Dec	NYBOT
	Cocoa	5%	Mar, May, Jul, Sep, Dec	NYBOT
	Coffee	5%	Mar, May, Jul, Sep, Dec	NYBOT
<b>Total</b>	<b>20%</b>			
Group IV	Nickel	1%	Mar, Jun, Sep, Dec	LME
	Wheat	1%	Mar, May, Jul, Sep, Dec	CBOT
	Lean Hogs	1%	Feb, Apr, Jun, Jul, Aug, Oct, Dec	CME
	Orange Juice	1%	Jan, Mar, May, Jul, Sep, Nov	NYBOT
	Silver	1%	Mar, May, Jul, Sep, Dec	COMEX
	<b>Total</b>	<b>5%</b>		

## Weighting Factors: The Importance of Petroleum

Petroleum-linked futures have experienced tremendous growth over the past several decades. Crude oil, heating oil, and unleaded gasoline are among the most liquid, widely followed and economically significant commodities futures contracts traded globally. Global daily production and consumption of petroleum-linked products is at an all time high.

The economic significance of petroleum-linked futures is further reflected in their excellent correlative properties (see table below), due to the strong impact of energy prices on global economic activity. A representative commodity Index cannot ignore the importance of petroleum to both the asset class and the global economy.

In order to reflect the critical role of petroleum in the global economy and maintain the diversified nature of the Reuters CRB Index, the Reuters/Jefferies CRB Index assigns a fixed weighting of 33% to this sector, represented by the crude oil, unleaded gasoline and heating oil contracts traded on the NYMEX.

*Correlation of RJ/CRB commodities with stocks, bonds and a portfolio of 60% equities / 40% fixed income*

	Crude	HU	HO	NG	Corn	S	LC	Gold	Ali	Copper	Sugar	Cotton	Cocoa	Coffee	Nickel	Wheat	Hogs	OJ	Silver
Ten Year Bonds	(2%)	(0%)	(2%)	8%	16%	9%	(12%)	14%	(37%)	(17%)	(4%)	(1%)	33%	(35%)	(43%)	25%	(5%)	9%	10%
S&P 500	(23%)	(23%)	(23%)	(8%)	2%	4%	3%	(13%)	11%	15%	(6%)	11%	(43%)	20%	18%	(9%)	(0%)	(6%)	5%
60% S&P 500 / 40% Ten Year Bond	(24%)	(24%)	(25%)	(6%)	6%	7%	0%	(10%)	2%	12%	(7%)	12%	(38%)	12%	8%	(3%)	(1%)	(5%)	8%

Quarterly data from 01/04/1994 – 12/31/2004

Portfolio consists of 60% S&P 500 rolling futures indices and 40% 10 year bonds rolling futures indices, rebalanced monthly

The S&P 500 is a trademark of Standard & Poor's, a division of the McGraw Hill Companies



## Weighting Factors: Highly Liquid Commodities

Group II in the Reuters/Jefferies CRB Index consists of markets that are highly liquid. These seven markets represent a diverse cross section across several commodity sectors. In the spirit of previous versions of the CRB Index, these markets are all equally weighted, with each market allocated a 6% Index weighting.

	Commodity	Index Weight	Contract Months	Exchange
Group I	WTI Crude Oil	23%	Jan-Dec	NYMEX
	Heating Oil	5%	Jan-Dec	NYMEX
	Unleaded Gas	5%	Jan-Dec	NYMEX
	<b>Total</b>	<b>33%</b>		
Group II	Natural Gas	6%	Jan-Dec	NYMEX
	Corn	6%	Mar, May, Jul, Sep, Dec	CBOT
	Soybeans	6%	Jan, Mar, May, Jul, Nov	CBOT
	Live Cattle	6%	Feb, Apr, Jun, Aug, Oct, Dec	CME
	Gold	6%	Feb, Apr, Jun, Aug, Dec	COMEX
	Aluminum	6%	Mar, Jun, Sep, Dec	LME
	Copper	6%	Mar, May, Jul, Sep, Dec	COMEX
<b>Total</b>	<b>42%</b>			
Group III	Sugar	5%	Mar, May, Jul, Oct	NYBOT
	Cotton	5%	Mar, May, Jul, Dec	NYBOT
	Cocoa	5%	Mar, May, Jul, Sep, Dec	NYBOT
	Coffee	5%	Mar, May, Jul, Sep, Dec	NYBOT
<b>Total</b>	<b>20%</b>			
Group IV	Nickel	1%	Mar, Jun, Sep, Dec	LME
	Wheat	1%	Mar, May, Jul, Sep, Dec	CBOT
	Lean Hogs	1%	Feb, Apr, Jun, Jul, Aug, Oct, Dec	CME
	Orange Juice	1%	Jan, Mar, May, Jul, Sep, Nov	NYBOT
	Silver	1%	Mar, May, Jul, Sep, Dec	COMEX
	<b>Total</b>	<b>5%</b>		

## Weighting Factors: Liquid Commodities

This group of four commodities includes a second cross section of diverse markets that although highly significant and liquid are weighted at a slightly lower level than those in Group II. These commodities help further the goals of diversification, broad representation and liquidity of the Index. Once again, these commodities are equally weighted, each having an allocation of 5%.

	Commodity	Index Weight	Contract Months	Exchange
Group I	WTI Crude Oil	23%	Jan-Dec	NYMEX
	Heating Oil	5%	Jan-Dec	NYMEX
	Unleaded Gas	5%	Jan-Dec	NYMEX
	<b>Total</b>	<b>33%</b>		
Group II	Natural Gas	6%	Jan-Dec	NYMEX
	Corn	6%	Mar, May, Jul, Sep, Dec	CBOT
	Soybeans	6%	Jan, Mar, May, Jul, Nov	CBOT
	Live Cattle	6%	Feb, Apr, Jun, Aug, Oct, Dec	CME
	Gold	6%	Feb, Apr, Jun, Aug, Dec	COMEX
	Aluminum	6%	Mar, Jun, Sep, Dec	LME
	Copper	6%	Mar, May, Jul, Sep, Dec	COMEX
<b>Total</b>	<b>42%</b>			
Group III	Sugar	5%	Mar, May, Jul, Oct	NYBOT
	Cotton	5%	Mar, May, Jul, Dec	NYBOT
	Cocoa	5%	Mar, May, Jul, Sep, Dec	NYBOT
	Coffee	5%	Mar, May, Jul, Sep, Dec	NYBOT
<b>Total</b>	<b>20%</b>			
Group IV	Nickel	1%	Mar, Jun, Sep, Dec	LME
	Wheat	1%	Mar, May, Jul, Sep, Dec	CBOT
	Lean Hogs	1%	Feb, Apr, Jun, Jul, Aug, Oct, Dec	CME
	Orange Juice	1%	Jan, Mar, May, Jul, Sep, Nov	NYBOT
	Silver	1%	Mar, May, Jul, Sep, Dec	COMEX
<b>Total</b>	<b>5%</b>			

## Weighting Factors: Diversifying Commodities

This final group of five commodities represent markets that may provide meaningful diversification to the Index, bolstering the exposure to the Softs, Grains, Industrial Metals, Meats and Precious Metals markets. These assets are equally weighted, each having an allocation of 1%.

	Commodity	Index Weight	Contract Months	Exchange
Group I	WTI Crude Oil	23%	Jan-Dec	NYMEX
	Heating Oil	5%	Jan-Dec	NYMEX
	Unleaded Gas	5%	Jan-Dec	NYMEX
	<b>Total</b>	<b>33%</b>		
Group II	Natural Gas	6%	Jan-Dec	NYMEX
	Corn	6%	Mar, May, Jul, Sep, Dec	CBOT
	Soybeans	6%	Jan, Mar, May, Jul, Nov	CBOT
	Live Cattle	6%	Feb, Apr, Jun, Aug, Oct, Dec	CME
	Gold	6%	Feb, Apr, Jun, Aug, Dec	COMEX
	Aluminum	6%	Mar, Jun, Sep, Dec	LME
	Copper	6%	Mar, May, Jul, Sep, Dec	COMEX
<b>Total</b>	<b>42%</b>			
Group III	Sugar	5%	Mar, May, Jul, Oct	NYBOT
	Cotton	5%	Mar, May, Jul, Dec	NYBOT
	Cocoa	5%	Mar, May, Jul, Sep, Dec	NYBOT
	Coffee	5%	Mar, May, Jul, Sep, Dec	NYBOT
<b>Total</b>	<b>20%</b>			
Group IV	Nickel	1%	Mar, Jun, Sep, Dec	LME
	Wheat	1%	Mar, May, Jul, Sep, Dec	CBOT
	Lean Hogs	1%	Feb, Apr, Jun, Jul, Aug, Oct, Dec	CME
	Orange Juice	1%	Jan, Mar, May, Jul, Sep, Nov	NYBOT
	Silver	1%	Mar, May, Jul, Sep, Dec	COMEX
<b>Total</b>	<b>5%</b>			

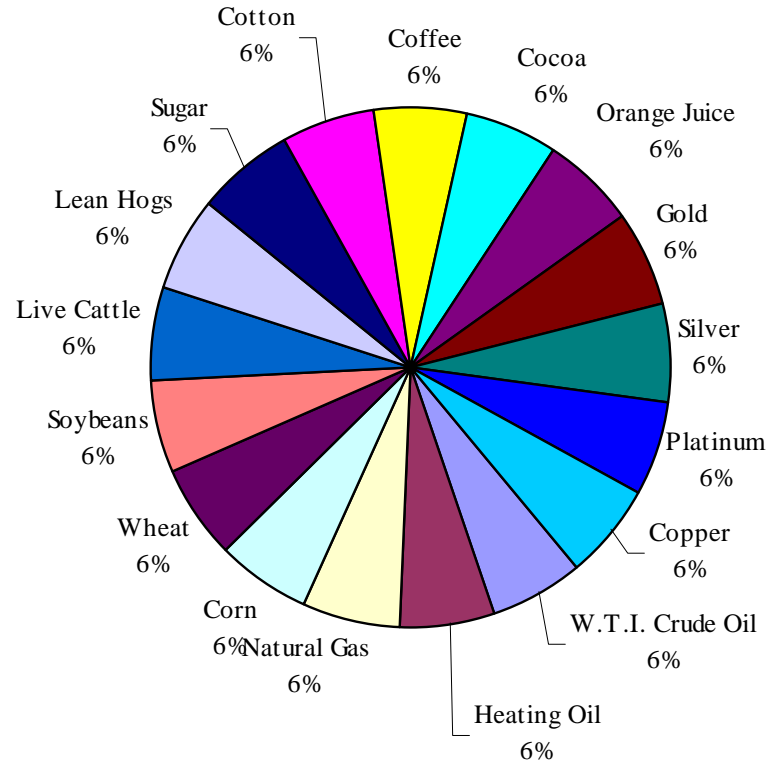
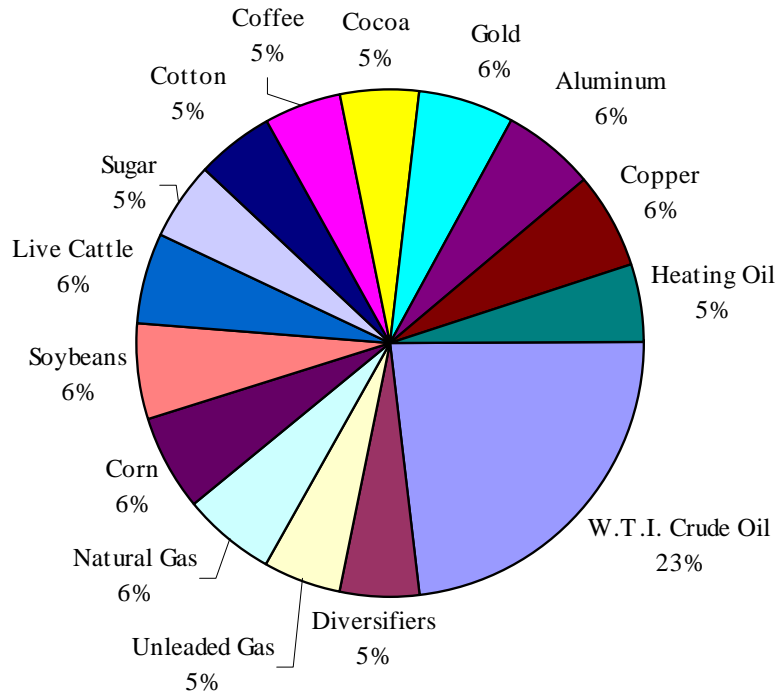
## Weighting Factors: Adjustments from previous Reuters CRB

	Jefferies/Reuters CRB	CRB	Change
W.T.I. Crude Oil	23%	5.88%	+ 17%
Heating Oil	5%	5.88%	< 1%
Unleaded Gas	5%	-	+ 5%
Natural Gas	6%	5.88%	< 1%
Corn	6%	5.88%	< 1%
Wheat	1%	5.88%	< 5%
Soybeans	6%	5.88%	< 1%
Live Cattle	6%	5.88%	< 1%
Lean Hogs	1%	5.88%	< 5%
Sugar	5%	5.88%	< 1%
Cotton	5%	5.88%	< 1%
Coffee	5%	5.88%	< 1%
Cocoa	5%	5.88%	< 1%
Orange Juice	1%	5.88%	< 5%
Gold	6%	5.88%	< 1%
Silver	1%	5.88%	< 5%
Platinum	-	5.88%	n.a.
Aluminum	6%	-	+ 6%
Copper	6%	5.88%	< 1%
Nickel	1%	-	+ 1%

# Weighting Factors: Comparison

## Reuters / Jefferies CRB

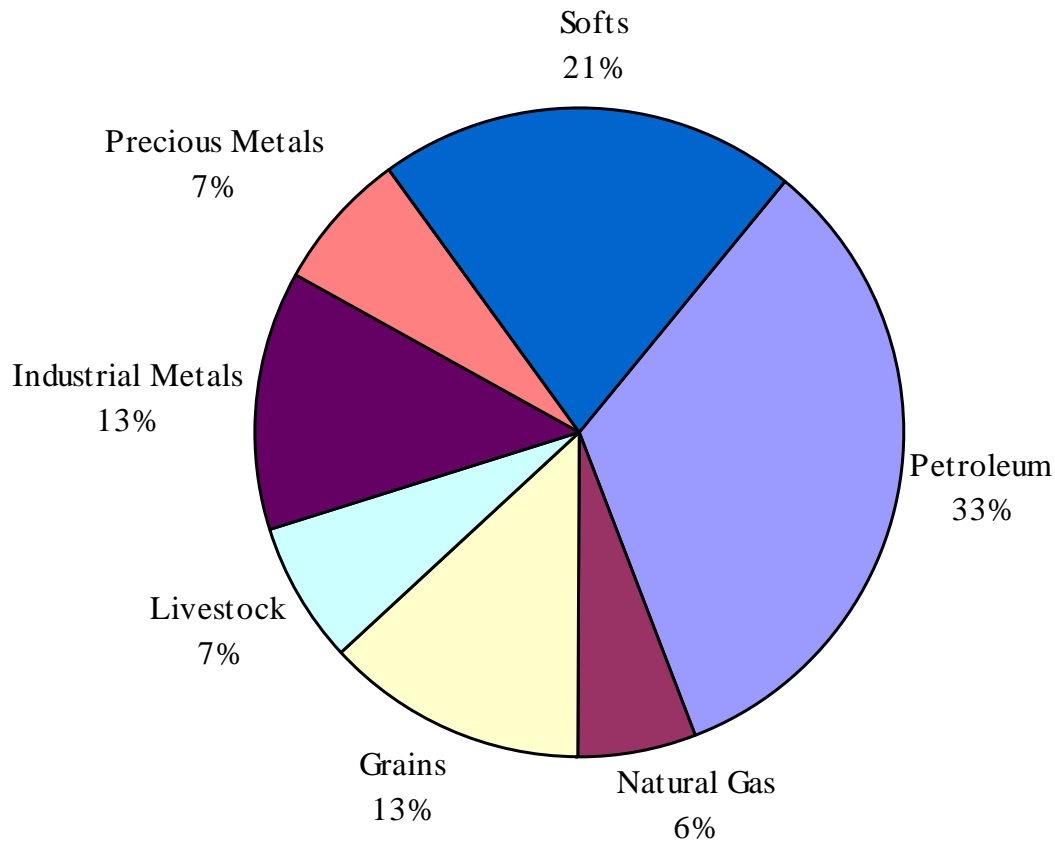
## Reuters CRB 1995 - 2005



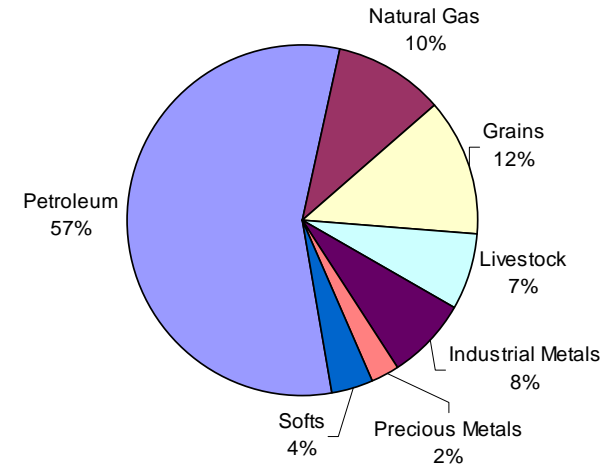
Diversifiers include 1% allocation to wheat, nickel, lean hogs, silver and orange juice

# Weighting Factors: Sector Comparison

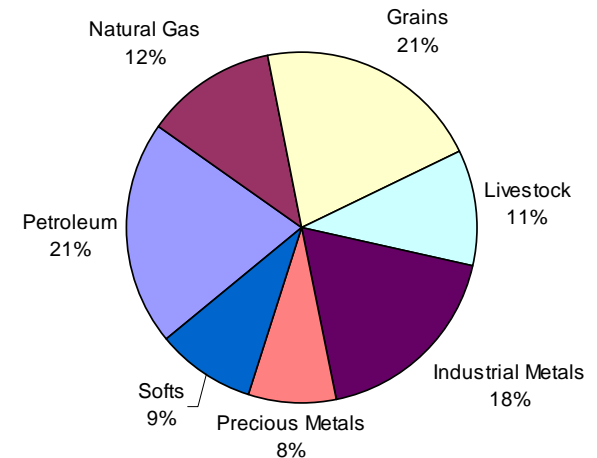
## Reuters / Jefferies CRB



## GSCI



## DJ-AIGCI



## Rollover Methodology: Continuous Nearby vs. Forward Averaging

To maximize liquidity and simplicity, the Reuters/Jefferies CRB Index uses a four day rollover schedule for each commodity beginning on the first business day of the month and ending on the fourth business day. This replaces the current system of averaging all prices 6 months forward. Previous revisions to the CRB Index have shortened the averaging window from 12 to 9 to 6 months. All liquid calendar months for every commodity are included in this rollover schedule. No months are excluded. The rollover methodology assumes a constant dollar investment and rolls a proportionally equal amount of the active contract to the deferred month contract at the end of each roll day.

### *Rollover Schedule for Reuters/Jefferies CRB Index*

Commodity	Exchange	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
WTI Crude Oil	NYMEX	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Heating Oil	NYMEX	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Unleaded Gas	NYMEX	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Natural Gas	NYMEX	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Corn	CBOT	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar
Soybeans	CBOT	Mar	Mar	May	May	Jul	Jul	Nov	Nov	Nov	Nov	Jan	Jan
Live Cattle	CME	Feb	Apr	Apr	Jun	Jun	Aug	Aug	Oct	Oct	Dec	Dec	Feb
Gold	COMEX	Feb	Apr	Apr	Jun	Jun	Aug	Aug	Dec	Dec	Dec	Dec	Feb
Aluminum	LME	Mar	Mar	Jun	Jun	Jun	Sep	Sep	Sep	Dec	Dec	Dec	Mar
Copper	COMEX	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar
Sugar	NYBOT	Mar	Mar	May	May	Jul	Jul	Oct	Oct	Oct	Mar	Mar	Mar
Cotton	NYBOT	Mar	Mar	May	May	Jul	Jul	Dec	Dec	Dec	Dec	Dec	Mar
Cocoa	NYBOT	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar
Coffee	NYBOT	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar
Nickel	LME	Mar	Mar	Jun	Jun	Jun	Sep	Sep	Sep	Dec	Dec	Dec	Mar
Wheat	CBOT	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar
Lean Hogs	CME	Feb	Apr	Apr	Jun	Jun	Jul	Aug	Oct	Oct	Dec	Dec	Feb
Orange Juice	NYBOT	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Nov	Nov	Jan	Jan
Silver	COMEX	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar

## Rebalancing Methodology: Geometric vs. Arithmetic

- The Reuters CRB Index incorporates a technique known as geometric averaging, through which the Index is continuously rebalanced. Continual rebalancing means the Index constantly decreases exposure to commodity markets gaining in value and increases exposure to those markets declining in value.
- The Reuters/Jefferies CRB Index employs arithmetic averaging with monthly rebalancing. This more accurately represents the effect of trending markets, while still maintaining a uniform exposure to the various component commodities over time.
- Monthly rebalancing helps maintain the stability and consistency of Index weightings.



## Simulated Performance History: A Look Back

The composition of indices designed to accurately reflect an entire asset class is likely to change substantially over extended time periods. The CRB Index has evolved dramatically since its launch in 1957. Other benchmark indices have experienced similar material composition changes over the past several decades. To the extent that extended price histories include data derived from indices whose composition has materially changed, the ongoing relevance of that data may be lessened.

In order to help inform market participants about how the current composition of the Reuters/Jefferies CRB Index would have behaved over the past ten years, the following historical simulation was conducted. The simulation applies the current RJ/CRB algorithms to historical futures data.

The performance comparisons which follow are based on this historical simulation. All historical data for the Index are estimations using sources believed to be reliable; however, Reuters and Jefferies make no representation as to their accuracy or completeness. Certain techniques such as interpolation and estimation were employed where data was unavailable. Historical returns do not reflect the impact (if any) of market disruption or market emergency events. Historical returns do not reflect the impact that material changes in the underlying markets might have had on the decisions to use or continue using certain commodities and weightings in the Index. All historic data for the Index is based on fixed weights and rollover and rebalancing schedules.

**Past performance is not necessarily indicative of future results**

## Simulated Performance Comparison

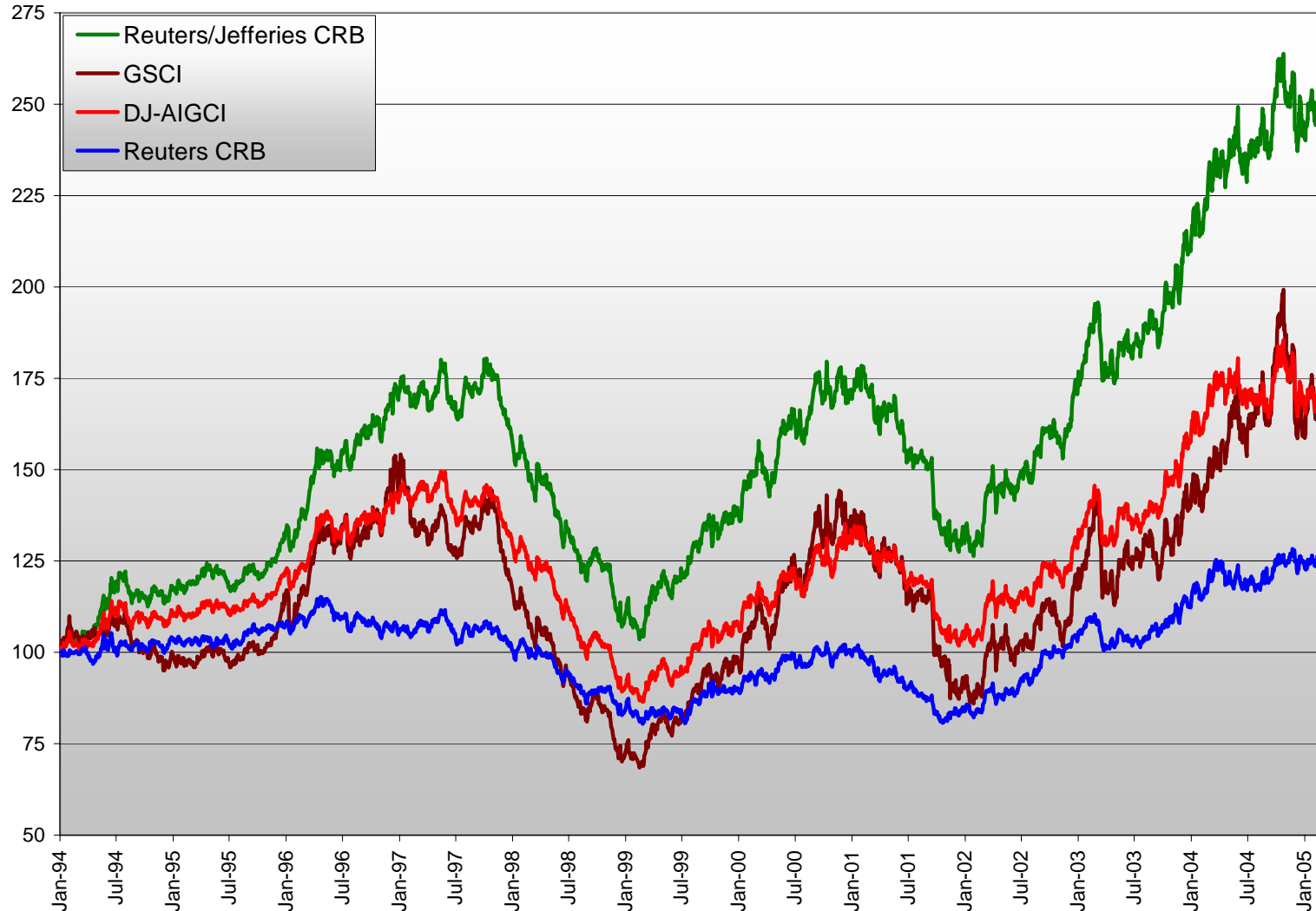
10 Year: 2/1995 - 2/2005	<b>Reuters/Jefferies CRB</b>	<b>Reuters CRB</b>	<b>GSCI</b>	<b>DJ-AIGCI</b>
Annualized Return	8.5%	2.7%	6.5%	5.2%
Annualized Risk	14.1%	9.7%	20.0%	12.8%
Sharpe Ratio	0.60x	0.28x	0.32x	0.41x
Correlation to the RJ/CRB		83.1%	94.3%	95.0%
<b>5 Year: 2/2000 - 2/2005</b>				
Annualized Return	12.4%	7.9%	10.7%	9.8%
Annualized Risk	15.6%	10.5%	23.3%	14.5%
Sharpe Ratio	0.79x	0.75x	0.46x	0.68x
Correlation to the RJ/CRB		85.6%	95.2%	95.3%
<b>3 Year: 2/2002 - 2/2005</b>				
Annualized Return	26.5%	16.6%	26.2%	20.1%
Annualized Risk	15.5%	10.9%	23.0%	14.9%
Sharpe Ratio	1.71x	1.53x	1.14x	1.35x
Correlation to the RJ/CRB		86.8%	95.0%	95.9%
<b>1 Year: 2/2004 - 2/2005</b>				
Annualized Return	15.7%	11.0%	21.2%	7.1%
Annualized Risk	16.7%	12.3%	25.1%	16.3%
Sharpe Ratio	0.94x	0.89x	0.85x	0.43x
Correlation to the RJ/CRB		87.6%	94.3%	96.7%

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Reuters / Jefferies CRB Index based on simulated index values

## Simulated Performance Comparison



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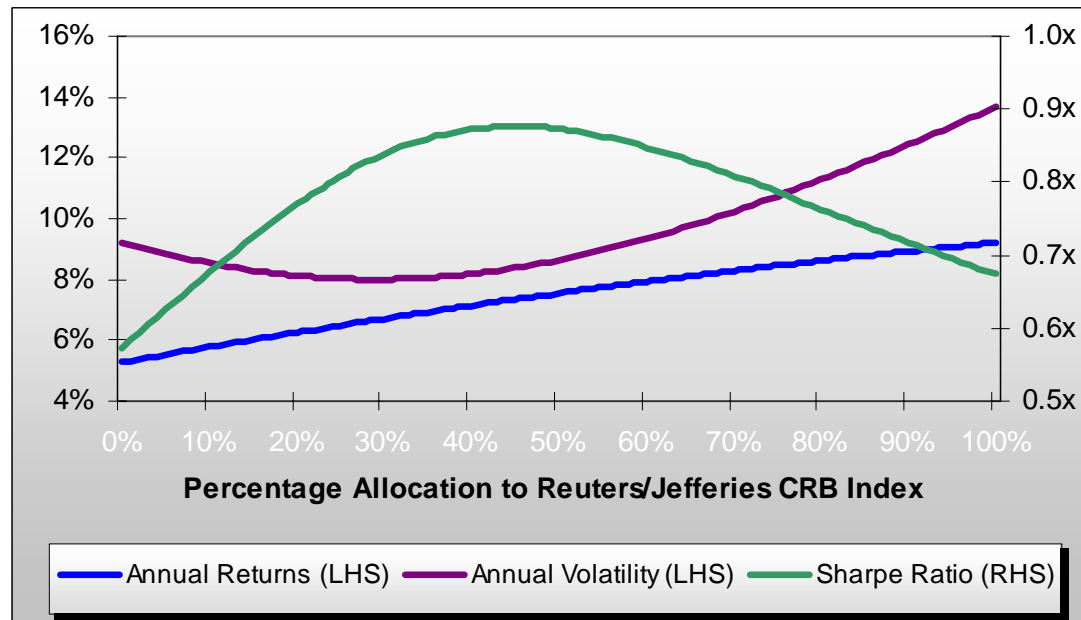
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# Simulated Historical Impact of RJ/CRB Index on Investment Portfolio

Inclusion of RJ/CRB Index in a diversified portfolio may improve key performance measures:  
Annual Returns, Annual Volatility, Sharpe Ratio

	Annualized		Sharpe Ratio		Annualized		Sharpe Ratio
	Returns	Volatility			Returns	Volatility	
Traditional Asset Portfolio (60% Equity / 40% Bond)	5.3%	9.2%	0.57x		5.3%	9.2%	0.57x
Portfolio with 10% allocation to RJ/CRB	5.8%	8.5%	0.68x		7.9%	9.2%	0.85x
<b>Percentage Change</b>	<b>9.5%</b>	<b>(7.2%)</b>	<b>18.0%</b>	<b>Percentage Change</b>	<b>48.9%</b>	<b>0.0%</b>	<b>48.9%</b>



Series data from 01/04/1994 – 2/28/2005

Portfolio consists of 60% S&P 500 rolling futures indices and 40% 10 year bonds rolling futures indices, rebalanced monthly  
The S&P 500 is a trademark of Standard & Poor's, a division of the McGraw Hill Companies

## Transparency: A Global Benchmark Available to All

The Reuters/Jefferies CRB Index will continue to serve as a global benchmark for commodities as an asset class and will continue to be published real-time and be widely disseminated.

Detailed descriptive information about the Index, including all underlying algorithms necessary to independently calculate the Index will continue to be made publicly available.

The Index is available for licensing to interested market participants for the creation of over-the-counter products.

**Futures contracts linked to the Reuters/Jefferies CRB Index will begin trading on the New York Board of Trade in the summer of 2005.**

## Contact Information

For additional information on the Reuters / Jefferies CRB Index, please contact:

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### **Index-linked Products**

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Jefferies Financial Products, LLC  
203 708 6500  
JFP@jefferies.com

### **Exchange-listed Futures Contracts**

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