



MacroShares

A New Generation of Exchange -Traded Products

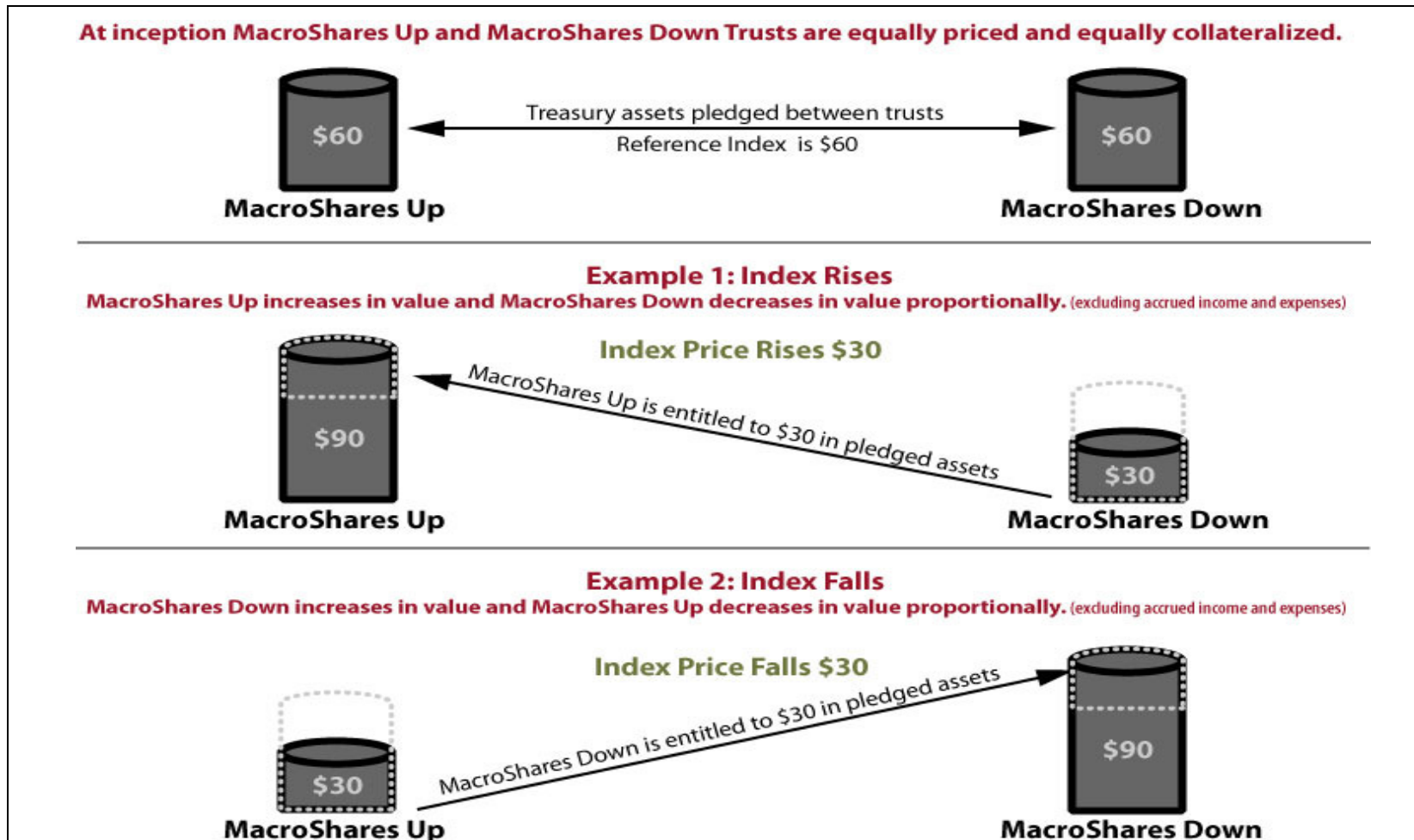
For more information, or to learn about MacroShares licensing opportunities, contact us at info@macromarkets.com

MacroShares: Summary

- MacroShares is a patented index-linked security technology that has been market-tested 3 times since late 2006. Unlike first-generation exchange-traded products (ETPs), MacroShares:
 - ✓ Are **fully-collateralized** by short-term U.S. T-Bills
 - ✓ **Avoid the costs and complications** of acquiring and managing “underlying assets” and derivatives in order to deliver benchmark performance to investors
 - ✓ **Eliminate issuer credit risk and exposure to swaps** counterparties
 - ✓ Can deliver **demonstrably superior performance** relative to certain first-generation exchange-traded products (e.g., commodity-based ETFs)
 - ✓ Enable securitization of **unique and illiquid asset classes** (e.g., residential real estate, inflation components).
 - ✓ **Effectively address emerging regulatory concerns and reforms**
- MacroShares are comprised of *a pair of tradable trusts*, one for investing in the *upside performance* and another for the *inverse performance* of a chosen investment benchmark index over a term of up to 20 years.
 - ✓ If the index performance is positive, assets move to the **Up trust** from the *Down* trust (and the value of MacroShares Up securities increase).
 - ✓ If the index performance is negative, assets move to the **Down trust** from the *Up* trust (and the value of the MacroShares Down securities increase).



MacroShares: Illustration



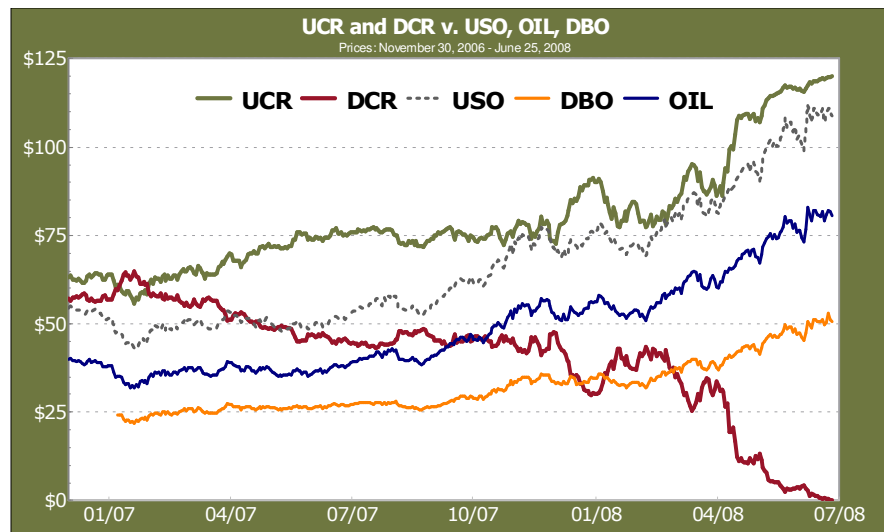
MacroShares: Similar to ETFs and ETNs in some respects... *different in others*

	ETFs / ETNs	MacroShares
Intraday pricing / liquidity	■	■
Continuous creations and redemptions	■	■
Marginable	■	■
Trustee & Custodian	■	■
Issuer Credit risk	■	
Counterparty swaps risk	■	
Performance cap		■
Collateralized by U.S. Treasuries & cash		■
Shares must always be created/redeemed in pairs (Ups + Downs)		■
Applicable to variety of asset classes – incl illiquid ones (e.g., property)		■
Optional leverage feature suitable for buy-and-hold investors		■
Premium & discounted market prices, price discovery		■



First MacroShares Product: Crude Oil (AMEX: UCR and DCR)

- Launched on Amex November 30, 2006
- Benchmark: Crude Oil
- Peak combined AUM: \$1.55B
- Annualized gross rev at peak: \$24.8mm
- Avg daily volume: 6mm shares
- Best performance among oil ETPs
- Liquidated July 3, 2008



A single MacroShares pair has 8-figure revenue per annum potential

Superior performance and product utility drives AUM growth, liquidity - and can trump “first-mover” advantage of competitors



The current environment and trial applications of our technology suggest that a new generation of MacroShares presents significant promise to strategic partners and fund sponsor licensees.

Example: A Commodity MacroShares Product Suite

• **Competitive advantages of MacroShares relative to first-generation commodity ETPs are clear and demonstrable**

- ✓ Superior investment performance
 - Unlike *futures-based* products, no negative roll yield in contango markets
 - Unlike *physical-backed* products, no storage costs or market impact
 - Unlike *unsecured debt* products (ETNs), no issuer credit risk
 - Unlike *first-generation synthetic* ETPs, no embedded swaps counterparty risk
 - Unlike *first-generation levered* ETPs, returns are not “path-dependent”
- ✓ Better-positioning vis-a-vis looming regulatory change

▪ **Strategies and product design can be customized in order to respond to the needs and preferences of the target market**

- ✓ Serially-issued, levered commodity MacroShares with 6 month to 3 year terms
- ✓ Maturities coincident with futures expirations
- ✓ Extended liquidity / non-termination in the event of extraordinary benchmark performance



MacroShares are a well-developed, market-tested, SEC-approved ETP structure, and a timely “turn-key” financial technology that can deliver significant asset growth and profits to fund sponsor licensees.

- **Complete, turn-key, expert-developed documentation**

- ✓ Prospectuses for commodities, real estate, economic indicators
- ✓ Trust and custodial agreements
- ✓ Authorized participant agreements
- ✓ Templates for product fact sheets, other collateral materials, websites and website content
- ✓ Legal analysis (Skadden Arps)
- ✓ Tax Opinions (Skadden Arps)

- **Regulatory (SEC) approvals**

- ✓ '40 Act no-action letter allowing for MacroShares linked to commodities, currencies, economic indicators and real estate
- ✓ '33 and '34 Act approvals:
 - NYSE trading and listing rules (19b-4)
 - Creation and redemption exemptive relief
 - Free-writing prospectus



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