CME Group Q408 Earnings Call Prepared Remarks

February 3, 2009

Forward Looking Statements

Statements in these materials that are not historical facts are forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied in any forward-looking statements. Among the factors that might affect our performance are: our ability to realize the benefits and control the costs of our merger with NYMEX Holdings, Inc. and our ability to successfully integrate the businesses of CME Group and NYMEX Holdings, including the fact that such integration may be more difficult, time consuming or costly than expected and revenues following the merger may be lower than expected and expected cost savings from the merger may not be fully realized within the expected time frames or at all; increasing competition by foreign and domestic entities, including increased competition from new entrants into our markets and consolidation of existing entities; our ability to keep pace with rapid technological developments, including our ability to complete the development and implementation of the enhanced functionality required by our customers; our ability to continue introducing competitive new products and services on a timely, cost-effective basis, including through our electronic trading capabilities, and our ability to maintain the competitiveness of our existing products and services; our ability to adjust our fixed costs and expenses if our revenues decline; our ability to generate future revenues from processing services; our ability to maintain existing customers and attract new ones; our ability to expand and offer our products in foreign jurisdictions; changes in domestic and foreign regulations; changes in government policy, including policies relating to common or directed clearing, changes as a result of a combination of the Securities and Exchange Commission and the Commodity Futures Trading Commission, or changes relating to the recently enacted Emergency Economic Stabilization Act of 2008; the costs associated with protecting our intellectual property rights and our ability to operate our business without violating the intellectual property rights of others; our ability to generate revenue from our market data that may be reduced or eliminated by decreased demand or the growth of electronic trading or declines in subscriptions; changes in our rate per contract due to shifts in the mix of the products traded, the trading venue and the mix of customers (whether the customer receives member or non-member fees or participates in one of our various incentive programs) and the impact of our tiered pricing structure; the ability of our financial safeguards package to adequately protect us from the credit risks of clearing members; the ability of our compliance and risk management methods to effectively monitor and manage our risks; changes in price levels and volatility in the derivatives markets and in underlying fixed income, equity, foreign exchange and commodities markets; economic, political, geopolitical and market conditions, including the recent volatility of the capital and credit markets; natural disasters and other catastrophes, our ability to accommodate increases in trading volume and order transaction traffic without failure or degradation of performance of our systems; our ability to execute our growth strategy and maintain our growth effectively; our ability to manage the risks and control the costs associated with our acquisition, investment and alliance strategy; our ability to continue to generate funds and/or manage our indebtedness to allow us to continue to invest in our business; industry and customer consolidation; decreases in trading and clearing activity; the imposition of a transaction tax on futures and options on futures transactions; the unfavorable resolution of material legal proceedings; the seasonality of the futures business; and changes in the regulation of our industry with respect to speculative trading in commodity interests and derivatives contracts. More detailed information about factors that may affect our performance may be found in our filings with the Securities and Exchange Commission, including our most recent periodic reports filed on Form 10-K and Form 10-Q, which are available in the Investor Relations section of the CME Group Web site. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

In these materials we refer to non-GAAP financial measures, including pro forma results that assume the merger with CBOT Holdings and acquisition of NYMEX Holdings were completed as of the beginning of the period presented. A reconciliation of these measures to our GAAP financial results is available in the company's latest financial statements in the Investor Relations section of the CME Group Web site.

Craig

- Thank you for joining us this afternoon. 2008 was a year marked by unprecedented dislocations in financial markets. Against this challenging backdrop, CME Group continued to effectively operate our core businesses, execute on our growth strategy, and deliver solid financial performance.

- I am pleased to tell you that, on a pro forma basis, 2008 revenues increased 11% to $3.1 billion and operating income increased 20% to $2 billion compared to 2007. Additionally, operating margins grew to 65% compared with 60% for 2007. These resulted in earnings per share of $16.17 for 2008, representing growth of 16% from 2007. Jamie will discuss our financial performance in greater detail in a bit.

- In terms of volume, 2008 was a year of immense challenges, and CME Group was able to achieve annual volume growth of 4% despite these challenges.

    - Getting into individual products, we saw outstanding performance in our E-mini products, which achieved 37% annual growth.

    - Within E-minis, we are really excited about the growth we have seen in our E-mini Dow product. For the first 8 months of 2008, Dow average daily volume of 192k was 74% of the Russell's ADV. For the last quarter of 2008, Dow ADV of 264k has been 144% of Russell ADV. The Dow has become established as the number three product in the US equity futures market, and we believe that this speaks to the strength of CME Group's overall equity franchise, including the benefits of our extensive Globex distribution network and our deep liquidity in multiple benchmark equity index products.

- CME Clearport saw annual growth of 43%, with particular strength during the third and fourth quarters. CME Clearport has been a promising addition to our capabilities, and I'll spend a few minutes discussing what we see happening there.

    - A key strength of CME Clearport is its flexibility, which allows new products to be listed very efficiently. To that end we listed a total of 141 new products on CME Clearport in 2008, with 97 added in the 4 months following the completion of the NYMEX acquisition. We also listed Ethanol swaps on January 26th, the first non-NYMEX products to be available on CME Clearport. We have a strong product pipeline and will continue to build on this success by introducing new products rapidly throughout 2009.

    - Getting into specific products: in the energy products, we have seen some very positive open interest trends in the Brent contract. The Brent's market share as measured by open interest was 27% at year end 2008, up from only 11% at the end of 2007. Our Brent's market share continued to grow in January and is now at 38%. We believe this growth is driven by the benefits of the security and flexibility of CME Clearport coupled with CME's robust, exchange-traded energy platform.

    - Our PJM power contracts, which just recently launched on December 8th, grew to adv of 88k in January, which is a tremendous success for a new product launch.

        - Another noteworthy trend on CME Clearport has been increased interest from our global non-U.S. customer base. We saw over 400% growth in Q4 in European- and Asian-specific petroleum products and we now are clearing approximately 8,000 of these contracts per day.

    - CME Group energy products grew 19%. Here again, we saw favorable open interest trends, this time in the WTI complex, where open interest increased 13% from year end 2007 to year end 2008, from 3.2M contracts to 3.7M contracts.

    - CME Group metals products also had an outstanding year, with annual growth of 40%. The percentage of metals contracts electronically traded grew to 86% in December, up from 79% in January. We see this growth in electronic trading as an indication of significant growth opportunities ahead.

- To give you some additional insight into our volumes, I want to provide some detail about trends within our customer segments. Currently we can segment information for combined, legacy CME and CBOT products. We can track our member activity fairly closely, which we categorize into four segments: bank proprietary trading, large hedge funds, which includes approximately the top 25 hedge fund participants, buy side proprietary trading firms, and ‘other’, which includes thousands of smaller member firms and individual traders. In addition, we have a fifth segment, the non-member category, which is composed of higher paying customers.

- On an overall basis our volume from Q308 to Q408 was down 21 percent.

All five customer segments had a reduction in their trading activity, which we believe was driven by the continuing credit crisis, extreme volatility in key products, and the normal seasonal slowdown. Of the segments identified above, the group that dropped the least was our non-member segment, whose volume fell by 13% from Q3 to Q4. The non-member volume as a percentage of total increased from 18 to 20 percent from the third quarter to the fourth quarter, contributing to a higher fourth quarter rate per contract.

- The buy side proprietary trading segment's volume contributions represented approximately 34 percent of our volume, down one percent from unusually active third quarter levels of 35%. Overall the group is increased its percentage of the total by 2 percent from the first half of the year to the second half.

- The bank proprietary trading and 'other' categories had sequential volume reductions in line with the 21% overall drop in volume. This means their relative size remained unchanged from the prior quarter. Bank proprietary trading contributed 16 percent of volumes and 'other' members contributed 22 percent of volumes.

- Lastly, the large hedge fund group reduced overall trading volume by 32 percent, and they now contribute between 8 and 9 percent of our overall volume.

- We have heard feedback that this segmentation is useful to understanding our business, and we intend to continue to update you on these customer trends, as we are committed to providing you as much transparency as we reasonably can.

- Moving on to review some strategic accomplishments from 2008 and discuss strategy going forward:

- 2008 saw CME Group execute on multiple strategic fronts. We are pleased to have completed the NYMEX acquisition and to be focusing on integration. We have said that NYMEX was an important strategic asset for us, and we have moved rapidly to leverage the opportunities it offers. This includes implementing strategic cross selling efforts to make sure that legacy NYMEX, CME and CBOT customers have extensive information about the powerful suite of products now available under one roof through the unified CME Group. In addition to making good progress on NYMEX integration, the fourth quarter also saw the completion of CBOT integration milestones.

- A key benefit of these mergers has been our strengthened ability to globalize our business, and we are seeing significant results from our global efforts. For 2008, our non-US trading hours volume was 17%, up from 14% for the full year 2007. Additionally, we continued to make progress with initiatives in Brazil, Korea and Dubai. Entry into each of these markets, and other global markets, certainly has many challenges. However, we see these as long term efforts that position us both to help grow our partners' businesses and to create strong relationships that will ultimately facilitate global growth for CME Group's products.

- We also implemented technology upgrades that reduced average futures response time by 71% from year end 2007 to year end 2008. In addition to these speed enhancements, these ongoing technology investments increase the reliability and flexibility of our Globex platform. They allow us to create new functionality that increases liquidity for existing products and makes viable new trading strategies while continuing to increase speed.

- Moving on from our accomplishments to some of our growth plans, I mentioned at the beginning of the call that 2008 was a year of challenges. Clearly we still see negative impacts from the credit crisis into 2009. However, balance sheet constraints and counterparty credit risks remain major concerns of all market participants, and regulatory and accounting policies are trending towards the exchange-cleared model. In this environment, the value of the safety and soundness of CME Group's central counterparty clearing continues to be highlighted. We see many opportunities stemming from these market shocks.

  - The key concern for us in thinking about how to help customers address their counterparty risk concerns is to meet the customers' needs. For some customers, that may mean using our core futures markets with integrated execution and clearing services. For other customers, their needs may be better met with clearing-only services, and some customers may seek some combination of those two models.

  - What we are very aware of is that preferences and needs are specific to each asset class, so as we introduce new clearing services, we will have differentiated offerings for various products.

  - Getting into the specifics of how we can use our proven clearing expertise to address customer needs, there is of course our exchange traded business model. We are actively working to educate non-traditional customers to the compelling reasons to use our markets for their hedging needs. This will be a significant effort for us in 2009.

- We also offer standalone, over-the-counter clearing services via CME Clearport. The recent market turmoil has really driven business to this offering, and we are working very closely with customers to develop additional products that address their needs using CME Clearport.

- In addition to the over-the-counter clearing services we provide through CME Clearport, we are moving forward with several other key initiatives in the over-the-counter clearing space.

  - We achieved key milestones with CMDX, our CDS platform, receiving approvals from the Fed, the CFTC and our internal risk committee during the fourth quarter. We are in advanced stages of review by the SEC and continue to make progress there. We continue to work actively with market participants to demonstrate the advantages of our offering, and have begun to work with those participants on operational readiness.

  - We are also continuing to refine and improve our cleared Interest Rate swap offering and are receiving positive feedback from market participants.

- Beyond these OTC clearing initiatives, when we look at 2009, there are many unknowns related to the macroeconomic environment. We have recently been encouraged by data indicating some improvements in the underlying credit markets, but these trends have not been in place long enough to drive trading volumes. There are obviously many questions and concerns about what happens to volume going forward, and we regularly get asked what indicators would point to a recovery in our volumes. At CME Group, we think it's clear that futures markets don't operate in a vacuum; they are critical parts of the capital markets as a whole. In general, like many firms, we believe that stability in the underlying markets is the key factor that will allow our volumes to return to historical growth levels.

- At the same time, recognition of the benefits of the exchange-cleared model has never been stronger. Immediate conditions may be creating a negative volume environment, but the longer-term trends are very favorable for CME Group.

- We are very cognizant of the need to prioritize opportunities and invest wisely in this climate. While we are aware of the challenges facing us, we also believe firmly that our long-term growth prospects are strong. We will continue to execute on our strategy and seek to capitalize on opportunities.

    - With that, let me turn the call over to Jamie.

Jamie

- Thank you Craig.

- CME Group turned in a solid financial performance in the fourth quarter, especially considering the overall economic environment we are operating in.

- Today, I'll go through the details of Q4 on a pro forma basis, as if we owned NYMEX and CBOT for all periods considered. The pro-formas also exclude the impairment of the BM&F Bovespa investment, for which I'll provide further details.

- Let me start with the pro forma results for the fourth quarter. On a pro forma basis, we generated $692 million in revenue, $433 million of operating income and earnings per share of $3.58. Average daily volumes were down 14% compared to the same quarter a year ago, driven mainly by decreased activity in our interest rate product line. However, a strong rate per contract and disciplined expense management helped offset this cyclical volume decline.

  The overall rate per contract for all CME Group volume was 85.8 cents. Changes to this rate are more easily understood if we break it out between our legacy CME Group rate and the Nymex rate. The rate per contract for the legacy CME business was 71.3 cents, up 8 percent sequentially and up 10 percent vs. Q407. The primary mix drivers of the increase were a lower percentage of interest rate products, and a higher proportion of non-member activity, particularly in the E-Mini and interest rate product areas. On the NYMEX side, the average gross rate was $1.67, up 7 percent sequentially and 14 percent year-over-year, driven primarily by a larger percentage of trades cleared through CME ClearPort and higher post-trade activity, as well as a slightly higher percentage of non-member volume in the NYMEX products overall.

- Quotation data fees totaled $87 million for the quarter, up 17 percent from Q4 of 2007, but down 5 percent sequentially. Last quarter we had a one-time, $4 million benefit from a market data audit assessment that we mentioned on our last earnings call. At the end of the fourth quarter, we had approximately 433,000 users who subscribed for the base devices across CME, CBOT and NYMEX products, down 4,000 sequentially. As you look to model 2009, please keep in mind that we have not implemented a price increase as we have in prior years, and we are beginning to see a reduction in screens due to reduced headcount on the street.

- I'll now take a few minutes to review **expenses**.
    - **Total pro forma operating expenses** were $258 million for Q4, down four percent sequentially and down 3 percent versus Q4 last year.
    - Our largest expense, compensation and benefits, was down $7 million sequentially to $83 million. The primary drivers were synergy-related headcount reductions, a lower bonus accrual, and unused vacation that did not carry over to 2009. Our combined headcount at the end of 2008 stood at 2,300 people, down approximately 120 on a proforma basis including CME, NYMEX, and CMA during the year. We reduced the workforce by 230 positions related to the cbot merger and nymex

acquisition, and added approximately 110 positions primarily in our technology area and our global sales and business development areas.

- For 2008, our total employee bonus was $45 million, including NYMEX, down 34 percent compared to the prior year. Looking ahead to 2009, our target employee bonus would be $47 million, based on reaching our internal 2009 cash earnings target. If our cash earnings for the year is 20 percent above our cash earnings target, employee bonuses would be approximately $69 million. If we are more than 20 percent below our target, the bonus would be a minimal amount for non-exempt employees.

- We expect compensation expense to jump to $90 - $95 million for the first quarter. This is a larger than normal sequential increase due primarily to the following: In Q4, we had a reduction in compensation expense of about $3.7 million based on negative equity market returns in Q4 related to deferred compensation. In addition, the bonus accrual in the fourth quarter was lower than normal, and we had a lower vacation accrual than expected.

- Non-compensation expenses were down about $3 million sequentially and down slightly versus Q4 last year. During the quarter we expensed approximately $1.4 million related to our CDS initiative.

- We realized NYMEX related expense synergies of $4 million, with about $3 million of that from headcount reductions. In terms of the CBOT integration, we have basically reached our target, with one lone item outstanding which is the continued operation of our data center based in New Jersey, which supports NYSE's metals business. These operations are scheduled to be handed over to NYSE at the beginning of Q2.

- Q4 pro forma **operating income** was $433 million, up 3 percent from the same quarter last year despite the volume reduction. Compared to a year ago, revenues rose 1 percent, while expenses were down 3 percent. Our Q4 **operating margin** was 63 percent compared to 61 percent in Q4 of 07.

- Within the fourth-quarter **non-operating expense category**, Interest expense and borrowing costs were $35 million, and drove the non-operating expense of $30 million. The yield on our cash and marketable securities balance is now below 1 percent, driven by reduced short term interest rates and our conservative investment policy leading to a decrease in investment income. In terms of securities lending, we had net securities lending income of about $5.2 million driven by longer-dated and higher-yielding NYMEX securities lending investments compared with CME's traditional overnight investments. In the near term, we intend to be very selective in our ongoing securities lending business, and we expect minimal net securities lending income this year as we wind down the Nymex portfolio.

- **Pro forma net income** was $239 million and diluted **EPS** was $3.58. For the quarter, our pro forma **effective tax rate** was 40.7 percent. Looking at 2009, we expect an effective rate of approximately 41 percent.

- Turning to the GAAP income statement, as you saw in the press release we impaired our investment in BM&F Bovespa. Please turn to slide 16 in the presentation which details the value of the investment over time. As many of you know, we entered into an equity swap with BVMF, whereby we exchanged 2.2 percent of our shares in return for ultimately 5 percent of BVMF. Our investment was valued at $631 million when we closed the transaction in February 2008. Between then and the end of 2008, the value of our investment dropped to $263 million, due to the change in the value of BVMF shares and adverse foreign exchange rate movements. The decline in

BVMF’s share price is in line with the performance of the exchange sector overall.

- At the end of 2008 the value of our investment represented a premium of about 6 percent compared to the value of the CME Group shares BVMF received in the equity swap. However, GAAP does not allow us to take this into consideration and requires us to consider whether the decline in the value of BVMF will be recoverable in a reasonably short period of time, which we consider to be approximately 6 months from the end of 2008. We concluded that the decline in value is not likely to be fully recoverable prior to June, so an impairment had to be recorded. The portion of the loss attributable to currency moves is recorded through the balance sheet while the loss related to the value of the shares runs through the non-operating income section of our income statement. The after-tax impact of the write-down was $167 million or $2.49 of reduced EPS on a GAAP basis.

- We believe BVMF’s stock price reflects current cyclical factors in the public company exchange sector and continues to present attractive long-term financial and strategic opportunities for CME Group. The last comparison on the chart illustrates the fact that since the beginning of the year, BMVF has recovered faster than CME, and the current value of $282 million, is actually a 41 percent premium to the CME Group shares held by BVMF.

Moving on to the balance sheet:

- As of December 31st, we had $600 million of cash and marketable securities, and total debt of $3.2 billion, resulting in a net debt position of approximately $2.6 billion.

- With regard to our debt, in addition to our $1.7 billion of term debt, we currently have approximately $1.5 billion in commercial paper outstanding, which is backstopped by a $945 million, 3-year revolver and a temporary $1.3 billion bridge facility. As we mentioned last quarter, there are quarterly continuation fees associated with the bridge loan, and the next one is scheduled to be $6 million on Feb. 18th. In the fourth quarter, we expensed a similar continuation fee of $2 million. If we replace the bridge prior to February 18th, the continuation fee would be eliminated, but we would have an acceleration of the upfront fees and expenses related to the origination of the bridge financing to Q1 which would be $5 million. As I have said before, we are focused on reducing our debt/ebitda ratio to below 1X. Therefore, at this point in time, we intend to prioritize debt paydown.

- That brings me to our $1.1B share buyback authorization. Since our last earnings call we purchased 638,000 shares of stock with an aggregate value of a little more than $150 million, representing approximately 1 percent of our basic shares. In total since the beginning of the program late in Q3, we have spent $250 million and repurchased the shares at an average price of $272. Like many companies, the uncertainty in financial markets has altered our thinking a bit about capital management since June, when this program was announced. As I mentioned, our main priority is to make progress reducing our debt levels. So, while our authorization remains in place, we have stopped purchasing shares for now to devote our excess free cash flow to debt reduction.

- **Capital expenditures**, net of leasehold improvement allowances, totaled $81 million in the fourth quarter driven primarily by $63 million spent on technology including the continued build-out of our datacenter with the remainder spent on office space build-out. During Q4, we spent approximately $2 million of capital related to our CDS initiative. For the full year, pro forma capital expenditures totaled $205 million. We anticipate between $200 and $225 million of capital expenditures in 2009 driven by technology related projects, and the completion of our construction in Chicago and New York. During the year, we will continually monitor this capital spend, based on market conditions.

- And finally, I will now turn to expense guidance for 2009 for CME Group. Traditionally, we have seen 8 to 10 percent annual growth in expenses during the period from 2001 to 2007. In 2008, proforma expenses actually decreased by 2 percent. The realization of cost synergies more than offset normal expense growth which is typically driven by technology and new initiative spending. Looking to 2009, volume is more difficult to predict than usual for both you and us. Currently, the consensus ADV is 11.2 million contracts, with consensus expense of $1.05 billion. We do not provide guidance related to volume, but I wanted to give you some sense of where expenses would be under two different scenarios, based on our current plans. If volume is similar to 2008, around 13 million contracts per day, we would expect proforma operating expenses to be up approximately 2 percent compared to 2008. At the consensus volume level of 11.2 million contracts, we would expect 2009 proforma operating expenses down from 1 to 2% versus 2008. Looking to next quarter, we expect expenses to increase from Q4 to Q1, as expenses in Q408 would have been closer to $265 million, without the compensation related benefits I mentioned earlier which positively impacted this quarter. One final note, we are doing everything we can to reduce discretionary spending throughout the company, and it is a focus area for every employee. At the same time, we have significant long term opportunities, and we will continue to spend on areas that we think will bear fruit.

- In January, we averaged 9.5 million contracts per day, and we have seen a slight improvement in the second half of January to about 10.1 million contracts per day, relative to December at 8.2 million and the first half of January at 8.9 million

- In summary, despite the macroeconomic challenges impacting financial markets and our customers, we continue to be well positioned moving forward. Taking a look back at 2008, we made tremendous progress building out our offering for the long-term as Craig mentioned. From a financial perspective, our proforma revenue for the year was up 11 percent to more than $3 billion, while operating expenses dropped 2 percent. We delivered 16 percent growth in both net income and diluted EPS. I believe we are well positioned to navigate through, and ultimately benefit from, the current economic environment.