



CME to Bring Further Efficiencies to OTC Marketplace With Acquisition of London-based Swapstream

CHICAGO, July 5, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- To expand its presence in the over-the-counter (OTC) interest rate derivatives market, CME, the world's largest and most diverse financial exchange, today announced the acquisition of Swapstream, a market-leading multilateral electronic trading platform for interest rate swaps. Swapstream will operate as a wholly-owned subsidiary of CME and will remain based in London.

Launched in 2003, Swapstream is a neutral, inter-dealer platform that currently supports electronic trading of Euro and Swiss Franc denominated medium-term (1 to 10 year) and long-term (10 to 50 year) interest rate swaps. Swapstream offers advanced functionality for trading interest rate swaps that provides dealers with the flexibility to interact with one or more banks, one or more brokers, or any combination of these to build their own marketplace and distribute their liquidity. The platform also features a sophisticated permission-based system that allows market participants to publish customized prices and pricing curves based on both credit and counterparty considerations. Swapstream is regulated as an Alternative Trading System by the Financial Services Authority (FSA) in the UK.

"The acquisition of Swapstream is part of CME's strategy to further leverage our transaction processing capabilities and attract new customers to our products and follows on our other OTC initiatives," said CME Chairman Terry Duffy. "CME and Swapstream will bring greater operational and processing efficiencies to the global interest rate swap market while providing added value for our shareholders."

"This strategic initiative further diversifies our global interest rate business, brings us into the fast growing \$164 trillion in notional value OTC interest rate swaps market and moves us further out the interest rate curve in terms of our product offering," said Craig Donohue, CME Chief Executive Officer. "Given current market trends, we also see potential synergies between Swapstream and our CME Clearing 360(TM) offering, which allows OTC market participants to 'substitute' an interest rate swap for CME Eurodollar futures. We will continue to evaluate growth opportunities that will allow CME to expand into other OTC markets."

Swapstream Chief Executive Officer Stephane Rio will continue to lead the organization with Andre Keijzers and Florentin Bosse remaining as Chief Financial Officer and Chief Technology Officer respectively.

"We are excited that CME has chosen Swapstream as the vehicle through which it will accelerate its OTC interest rate strategy," said Stephane Rio, Chief Executive Officer, Swapstream. "The OTC derivative trading community has expressed a clear desire for greater transparency and post-trade efficiencies. Through the combination of Swapstream's established market position of offering the greatest liquidity available and innovative functionality and CME's global distribution, post-trade processing and clearing capabilities, Swapstream is now poised to set the industry standard for electronic interest rate swaps trading."

The acquisition of Swapstream is the latest addition to CME's portfolio of strategic initiatives to strengthen its presence in the OTC marketplace. In May, Reuters and CME announced the creation of FXMarketSpace, the world's first centrally-cleared, global FX marketplace through a 50/50 joint venture. In April, the exchange launched CME Clearing 360, a clearing solution for OTC market participants that is an extension of existing CME Clearing services and offers customers the flexibility of OTC transactions with the risk management efficiencies of centralized clearing.

Under the agreement, CME will purchase 100 percent of the share capital of Swapstream, all of its operating assets and intellectual property. Total cost to CME to acquire Swapstream is \$15 million, including \$6 million for the share capital and procuring the repayment of \$9 million in outstanding debt. There is a contingent consideration component of the transaction payable only if the company meets specific performance hurdles. The acquisition is subject to approval by the FSA under the change of control rules for regulated entities. Additional terms of the agreement were not disclosed.

CME interest rate products, which constitute the exchange's largest product group, enable financial institutions and other customers worldwide to hedge financial risks associated with interest rate moves. CME interest rate futures and options on futures can be used to manage interest rate risks ranging from one day to 10 years. CME trades more short-term interest rate futures and options than any other exchange in the world. For the second quarter 2006, CME interest rate products experienced average daily volume of 3.3 million contracts a day with its benchmark CME Eurodollar futures contract, the world's most actively traded interest-rate contract, trading 2 million contracts a day.

For more information please visit <http://www.swapstream.net> or <http://www.cme.com/swapstream> .

Chicago Mercantile Exchange Inc. (<http://www.cme.com>) is the world's largest and most diverse financial exchange. As an international marketplace, CME brings together buyers and sellers on CME Globex electronic trading platform and on its trading floors. CME offers futures and options on futures primarily in four product areas: interest rates, stock indexes, foreign exchange and commodities. The exchange managed \$47.0 billion in collateral deposits at March 31, 2006, including \$3.8 billion in deposits for non-CME products. CME is a wholly owned subsidiary of Chicago Mercantile Exchange Holdings Inc. (NYSE, Nasdaq: CME), which is part of the Russell 1000(R) Index.

Statements in this news release 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. 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 Quarterly Report on Form 10-Q, which can be obtained at its Web site at <http://www.sec.gov> . We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Swapstream is an independent service provider offering a global trading platform to the banks and brokers in the interest rate swaps (IRS) trading community. Swapstream brings to the medium and long term IRS market the only neutral electronic multilateral marketplace and trading system that improves the way business is currently done and reduces costs without altering the behavior of the market participants. Swapstream's system currently handles medium and long-term interest rate swaps (outright and futures-crossed) and swap spreads in EUR and CHF. Next, Swapstream is expected to launch USD and GBP swaps. The system is delivered to customers over a secure private network from Deutsche Borse facilities in Frankfurt, which offer 'best of class' levels of reliability in terms of application hosting and disaster recovery. For more information please visit <http://www.swapstream.net> .

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