

# **CME Group**

## **3Q 2008 Earnings Conference Call**

October 29, 2008

# Discussion of Forward-Looking Statements

*Statements in this press 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. 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; 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 seasonality of the futures business; changes in regulation or our industry as a result of a combination with the Securities and Exchange Commission and the Commodity Futures Trading Commission 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 and our Current Report on Form 8-K, filed on October 29, 2008, 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 this presentation we refer to non-GAAP financial measures. A reconciliation of these measures to our GAAP financial results is available on our Web site under the Investor Relations section.*

**NOTE:** Unless otherwise noted, all references to CME Group volume, open interest and rate per contract information in the text of this document exclude CME Group's non-traditional TRAKRS<sup>SM</sup> products, for which CME Group receives significantly lower clearing fees of less than one cent per contract on average, as well as CME Group Auction Markets<sup>TM</sup> products and Swapstream<sup>®</sup> products. Unless otherwise noted, all year, quarter and month to date volume is through 09/30/08.



# Providing Confidence in an Uncertain World

- For more than a century, CME Group has provided:
  - Competitive, transparent and safe markets
  - Unparalleled liquidity pools across all major asset classes
- No clearing member has ever defaulted
- No customer has ever lost funds due to counterparty failure

## CME Group's proven and effective system helps customers rise above the risk

- |                              |                             |  |
|------------------------------|-----------------------------|--|
| • Price transparency         | • Zero debt system          | • Segregation of customer funds          |
| • Anonymous matching         | • Objective valuations      | • \$7 billion financial safeguard system |
| • Twice daily mark-to-market | • Clearing member oversight | • Industry-leading market regulation     |

# CME Group Well Positioned for Continued Growth

## Largest clearing organization in the world

- Reduce counterparty risk
- Mark-to-market twice daily
- Never have experienced a default
- Well capitalized
  - Approx. \$101B performance bonds
  - Nearly \$10B of that in excess
- Provide capital efficiencies and cross-margining/multi-lateral netting benefits
- Bring key advantages to core business and longer-term OTC growth opportunities

## Robust and scalable CME Globex platform

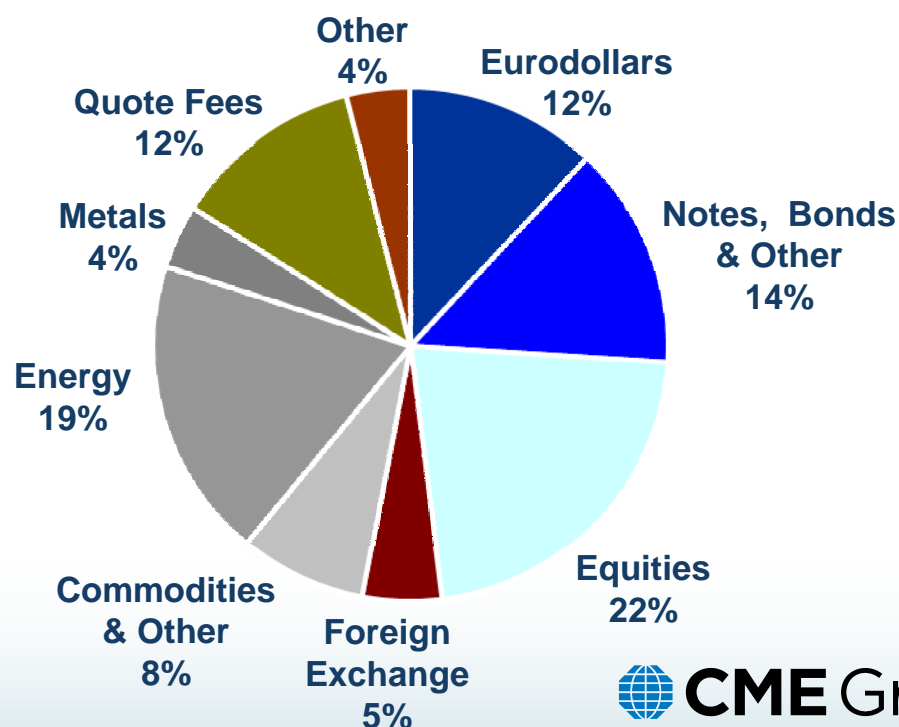
- Performance
  - Q308 average daily order volume **up 111%** vs. Q307, while average response times of **11.3 milliseconds** are a third of what they were in Q307
- Reliability
- Enhanced functionality
- Broad global distribution
- Large scale
- Flexible architecture

# CME Group Well Positioned for Continued Growth

We are the world's largest and most diverse derivatives exchange

- Interest rates
- Equities
- FX
- Agricultural commodities
- Energy
- Metals
- Alternative investments

Combined Company  
\$787M Pro Forma Revenue Mix for Q3 2008



# NYMEX Acquisition - M&A Value Creation

- Approximately \$60M of expense synergies estimated and additional growth opportunities
- Expected to be accretive on a GAAP basis 12-18 months post close
- Experience through historical technology agreement with NYMEX is advantageous for integration

## Integration Timeline

- Staffing decisions communicated – vast majority of headcount reductions expected to occur in 2009
- Integrating membership systems ————— Q1 2009
- Integrating fee systems ————— Q2 2009
- Migrating NYMEX and COMEX floors into one — Q2 2009
- Combining clearing systems ————— Q3 2009
- Integrating price-reporting systems ————— Q3 2009

# NYMEX Acquisition – Strategic Rationale

## Increased Scale

- Combines complementary product lines and shared technologies
- Full economics on Globex technology agreement; existing agreement helps alleviate execution risk

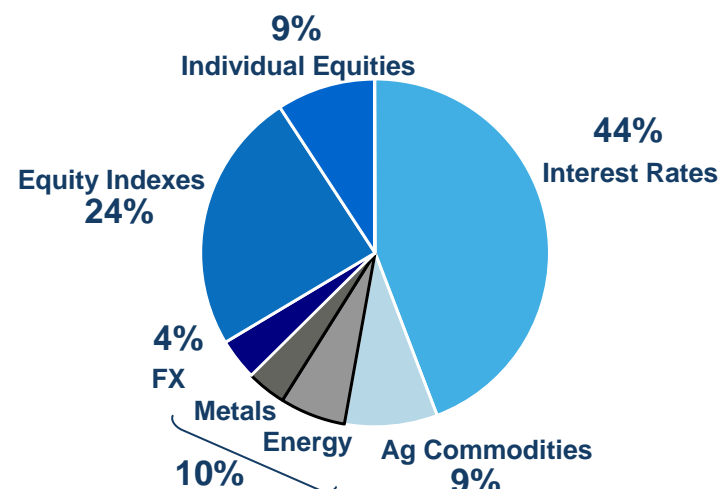
## Accelerate NYMEX Growth

- Expands NYMEX product growth opportunities by leveraging CME Group's global capabilities (marketing, sales, distribution, relationships)
- Enhances over-the-counter (OTC) capabilities (ClearPort)

CME Group continues to launch innovative new products and plans to capitalize on cross-selling opportunities across CME/CBOT/NYMEX product suites, customer bases and covered geographies

6-Year CAGR (2001 – 2007)  
Global Energy Futures: 19%  
CME Group CAGR: 27%

## 2007 Global Futures Volume



Goldman Sachs Commodity Index  
Weightings  
Energy – 72%  
Metals – 10%  
Ag Commodities – 18%

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*Note: Futures volume only, not including options on futures*



# Entering the Much Larger OTC Markets in Various Major Asset Classes

**CME Group will provide front-end and/or back-end solutions**

## Energy



- Provides for the clearing of futures trades executed off-exchange
- Offers clearing for nearly 400 energy and metals futures and options contracts

## Interest Rates

- CME Cleared Swaps operationally ready in September 2008
- Centrally-cleared interest rate swaps

## Credit

- Executed a non-binding term sheet with Citadel to launch a joint venture company in Nov 2008
- First electronic trading platform that is fully integrated with a central counterparty clearing facility for Credit Default Swaps (CDS)
- Allocating up to 30% of the equity to major CDS market participant who may choose to join as Founding Members

## Commodities

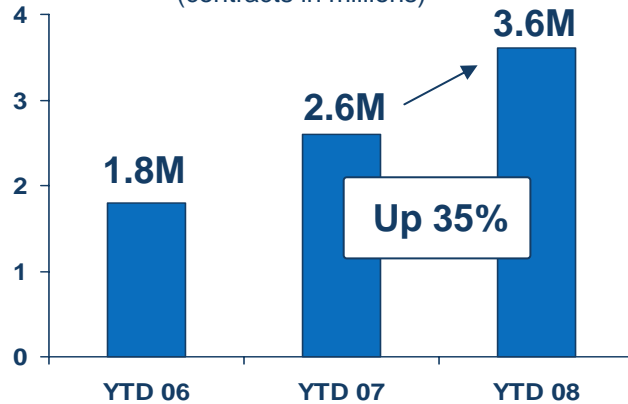
- Filed a petition with the CFTC for approval to clear corn basis swaps and calendar swaps for corn, wheat and soybeans



# YTD ADV through Sep 30 Up 10% at 13.9M Contracts

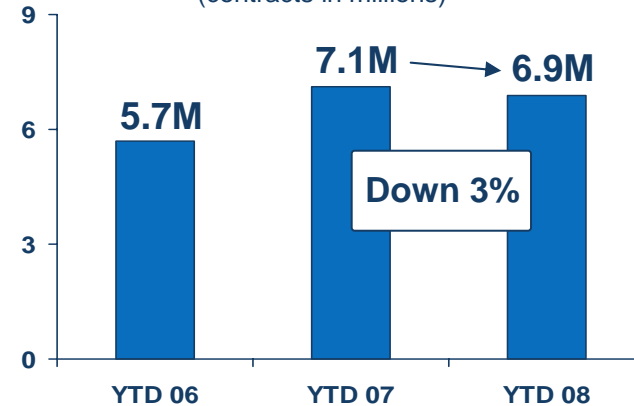
## Equity Indexes

(contracts in millions)



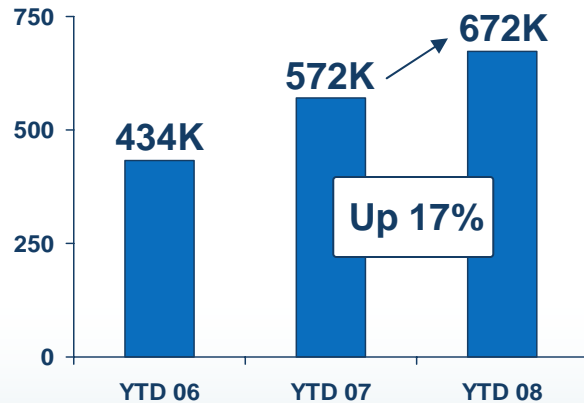
## Interest Rates

(contracts in millions)



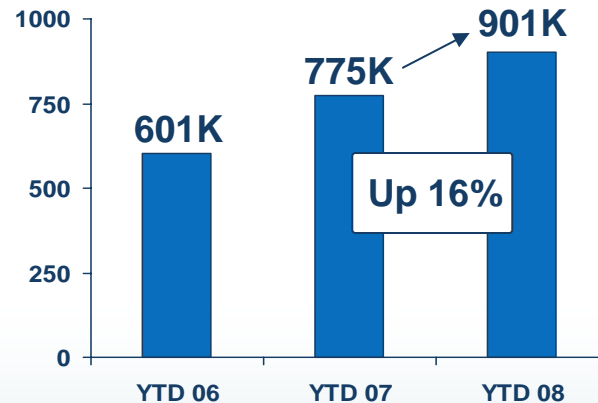
## FX

(contracts in thousands)



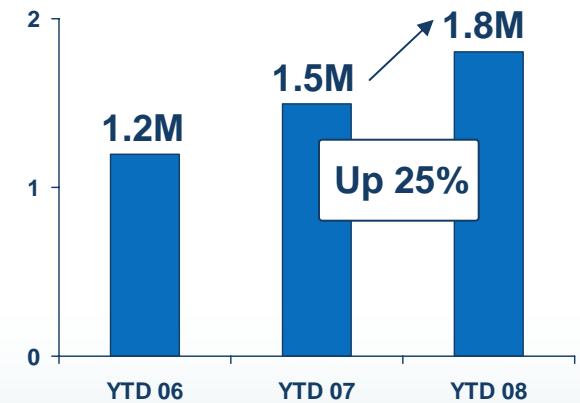
## Commodities / Alt. Inv.

(contracts in thousands)



## Energy / Metals

(contracts in millions)



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Note: CME Group 2008 to date ADV is pro forma, assuming the combined company of CME Group/NYMEX

# Q3 and September 2008 ADV Highlights

## Q3 2008

- Record E-mini equity index ADV up 19 percent at 3.6M contracts per day
- Record FX ADV, up 12 percent at 710K contracts per day; record average notional value traded up 24 percent at \$97B
- COMEX metals ADV up 66 percent; electronic COMEX metals ADV up 88 percent
- OTC ClearPort ADV up 40 percent
- Commodities and alternative investments ADV up 15 percent
- NYMEX energy ADV up 12 percent

## September 2008

- September ADV up 18 percent versus September 2007 and up 42 percent versus August 2008
- Record E-mini equity index ADV up 66 percent
- Record FX ADV up 32 percent and record FX average notional value traded up 41 percent
- OTC ClearPort ADV up 44 percent
- COMEX metals ADV up 65 percent; electronic COMEX metals ADV up 88 percent

# Leading Distribution, Technology, Clearing & Processing Services Experience Appeal to Global Strategic Partners



- Cross-investment
- Joint marketing and sales efforts
- Order-routing
  - CME to BM&F (Sept 08)
  - BM&F to CME (Q408)
- Upcoming collaboration:
  - Offshore collateral management
  - “Super-clearing” membership
  - Joint product development

**NYMEX brings very strong relationships in Middle East, Asia and South America**



- Signed 5-year agreement for KOSPI 200 futures contract to be listed on CME Globex
  - CME Group trade matching
  - KRX clearing and settlement



- Signed memorandum of understanding to jointly develop products and services



# CME Group Financial Results

## GAAP

(\$s in millions, except per share)

	<u>Q3 FY08</u>	<u>Q3 FY07</u>	<u>Y/Y</u>	<u>YTD FY08</u>	<u>YTD FY07</u>	<u>Y/Y</u>
<b>Revenues</b>	\$ 681	\$ 565	20%	\$ 1,869	\$ 1,227	52%
<b>Expenses</b>	\$ 260	\$ 220	18%	\$ 705	\$ 488	44%
<b>Operating Income</b>	\$ 421	\$ 345	22%	\$ 1,164	\$ 739	58%
<b>Operating Margin %</b>	61.8%	61.1%		62.3%	60.2%	
<b>Net Income</b>	\$ 169	\$ 202	-16%	\$ 653	\$ 457	43%
<b>Diluted EPS</b>	\$2.81	\$3.87	-27%	\$11.61	\$11.18	4%

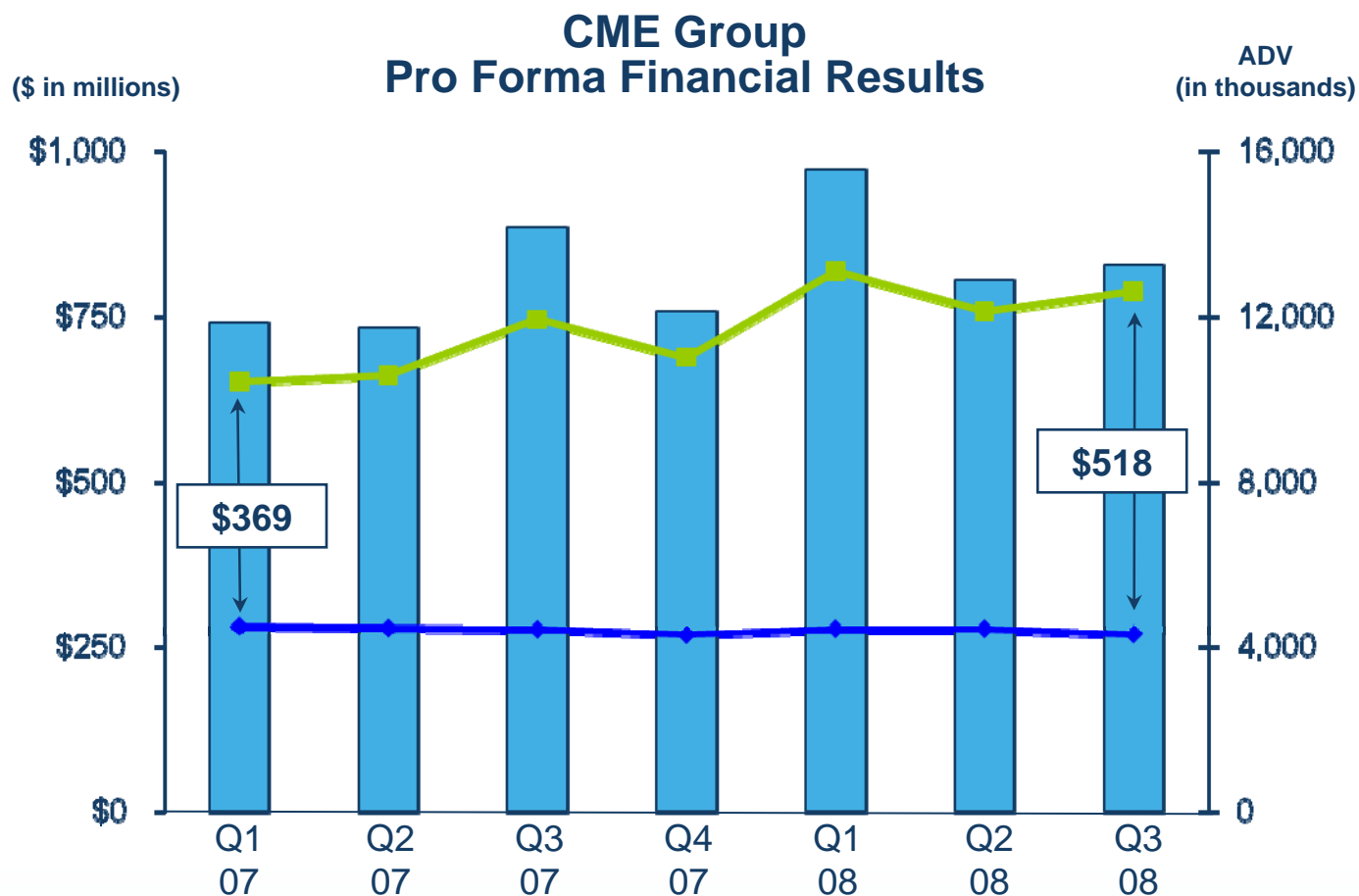
## Pro Forma Non-GAAP

(\$s in millions, except per share)

	<u>Q3 FY08</u>	<u>Q3 FY07</u>	<u>Y/Y</u>	<u>YTD FY08</u>	<u>YTD FY07</u>	<u>Y/Y</u>
<b>Revenues</b>	\$ 787	\$ 744	6%	\$2,360	\$2,054	15%
<b>Expenses</b>	\$ 269	\$ 276	-3%	\$ 823	\$ 835	1%
<b>Operating Income</b>	\$ 518	\$ 468	11%	\$1,537	\$1,219	26%
<b>Operating Margin %</b>	65.8%	62.9%		65.1%	59.4%	
<b>Net Income</b>	\$ 278	\$ 269	3%	\$ 844	\$ 699	21%
<b>Diluted EPS</b>	\$4.13	\$4.00	3%	\$12.59	\$10.36	22%

**NOTE:** See the CME Group Inc. Reconciliation of GAAP to Pro Forma Non-GAAP Measures for detail related to the adjustments made to reach the pro forma results.

# CME Group Operating Leverage (Proforma)



*Non-GAAP Financial Measures*  
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ADV



Total Revenue



Total Operating Expense



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# Net Impacts Excluded from Q308 Pro Forma Non-GAAP Results

(\$s in millions)

**Q3 FY08**

Termination of the company's FX hedge associated with its investment in BM&F BOVESPA SA (BM&F)	\$ 7
Valuation of guarantee for holders of the Chicago Board Options Exchange (CBOE) exercise right privilege (ERP)	8
Write downs of FXMarketSpace and Swapstream, and sale of legacy CBOT metals	(28)
Revaluation of the company's securities lending portfolio	(16)
Other	(9)
Decrease in income before income taxes	(38)
Income tax benefit of above items	10
Revaluation of the company's deferred tax liabilities	(48)
Decrease in net income	\$ (76)

# Quarterly Average Rate Per Contract

## CME Group RPC (Legacy CME and CBOT combined for entire periods reported)

<b>Product Line</b>	<b>3Q 2007</b>	<b>4Q 2007</b>	<b>1Q 2008</b>	<b>2Q 2008</b>	<b>3Q 2008</b>
Interest rates	\$ 0.519	\$ 0.530	\$ 0.505	\$ 0.522	\$ 0.521
Equity E-mini	0.673	0.687	0.684	0.668	0.677
Equity standard-size	1.451	1.427	1.506	1.453	1.486
Foreign exchange	0.951	0.985	0.927	0.907	0.936
Commodities & alternative investments	1.032	1.074	1.119	1.134	1.154
Average RPC (excluding TRAKRS)	\$ 0.622	\$ 0.648	\$ 0.630	\$ 0.648	\$ 0.659
<b>Venue</b>					
Open outcry	\$ 0.473	\$ 0.517	\$ 0.553	\$ 0.572	\$ 0.607
Electronic (excluding TRAKRS)	0.613	0.629	0.609	0.629	0.637
Privately negotiated	2.878	3.057	2.345	2.427	2.526

## NYMEX/COMEX RPC

	<b>3Q 2007</b>	<b>4Q 2007</b>	<b>1Q 2008</b>	<b>2Q 2008</b>	<b>3Q 2008</b>
NYMEX floor	1.446	1.469	1.594	1.606	1.384
NYMEX electronic	1.254	1.204	1.324	1.304	1.315
COMEX floor	1.341	1.465	1.640	1.712	1.624
COMEX electronic	1.503	1.549	1.630	1.706	1.719
NYMEX ClearPort	1.670	1.151	1.490	1.571	1.642
Other	2.016	1.809	1.923	1.854	1.928
Total Pro Forma Average Net Rate	1.441	1.388	1.472	1.479	1.488
Direct Transaction Cost	0.106	0.083	0.098	0.077	0.078
Total Pro Forma Average Gross Rate	1.547	1.471	1.570	1.556	1.567