

**CME Group**  
**3Q 2013**  
**Earnings Conference Call**

November 4, 2013

# Forward-Looking Statements

*Statements in this presentation 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. We want to caution you not to place undue reliance on any forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Among the factors that might affect our performance are 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, implementation and maintenance of the enhanced functionality required by our customers while ensuring that such technology is not vulnerable to security risks; 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, including our ability to provide effective services to the over-the-counter market; our ability to adjust our fixed costs and expenses if our revenues decline; our ability to maintain existing customers, develop strategic relationships and attract new customers; our ability to expand and offer our products outside the United States; changes in domestic and non-U.S. regulations, including the impact of any changes in domestic and foreign laws or government policy with respect to our industry, including any changes to regulations and policies that require increased financial and operational resources from us or our customers; 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 the growth of electronic trading, the state of the overall economy 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, including our ability to prevent errors and misconduct and protect our infrastructure against security breaches and misappropriation of our intellectual property assets; changes in price levels and volatility in the derivatives markets and in underlying equity, foreign exchange, interest rate and commodities markets; economic, political and market conditions, including the volatility of the capital and credit markets and the impact of economic conditions on the trading activity of our current and potential customers stemming from the continued uncertainty in the financial markets; our ability to accommodate increases in contract volume and order transaction traffic without failure or degradation of the performance of our trading and clearing 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 or user fee on futures and options on futures transactions and/or repeal of the 60/40 tax treatment of such transactions; the unfavorable resolution of material legal proceedings; and the seasonality of the futures business. For a detailed discussion of these and other factors that might affect our performance, see our filings with the Securities and Exchange Commission, including our most recent periodic reports filed on Form 10-K and Form 10-Q.*

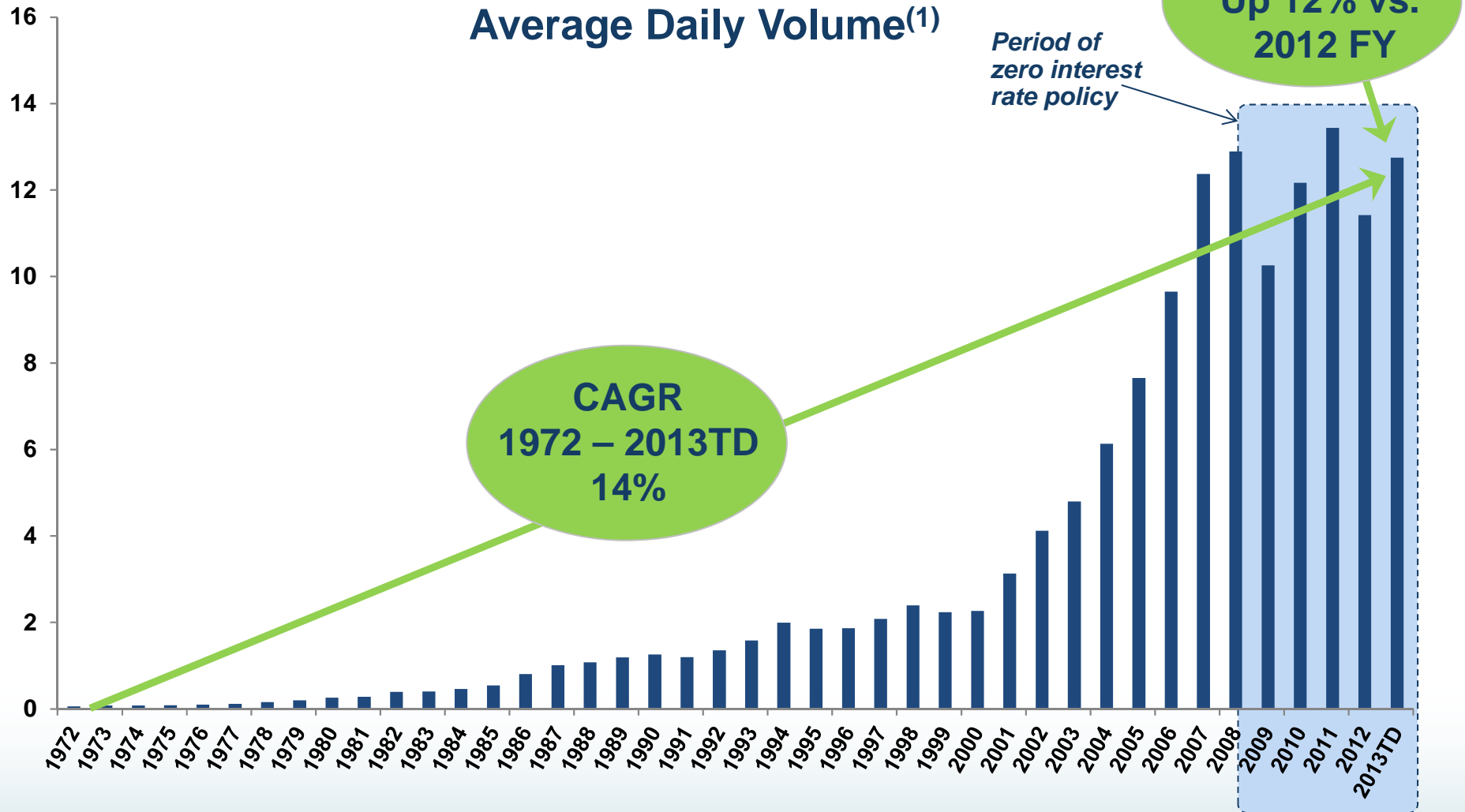
*NOTE: Unless otherwise noted, all references to CME Group volume, open interest and rate per contract information in the text of this document is based on pro forma results assuming the merger with CBOT Holdings and the acquisition of NYMEX Holdings were completed as of the beginning of the period presented. All data 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. Unless otherwise noted, all year, quarter and month to date volume is through 9/30/2013.*



# Continue to Execute in a Variety of Environments

(round turns, in millions)

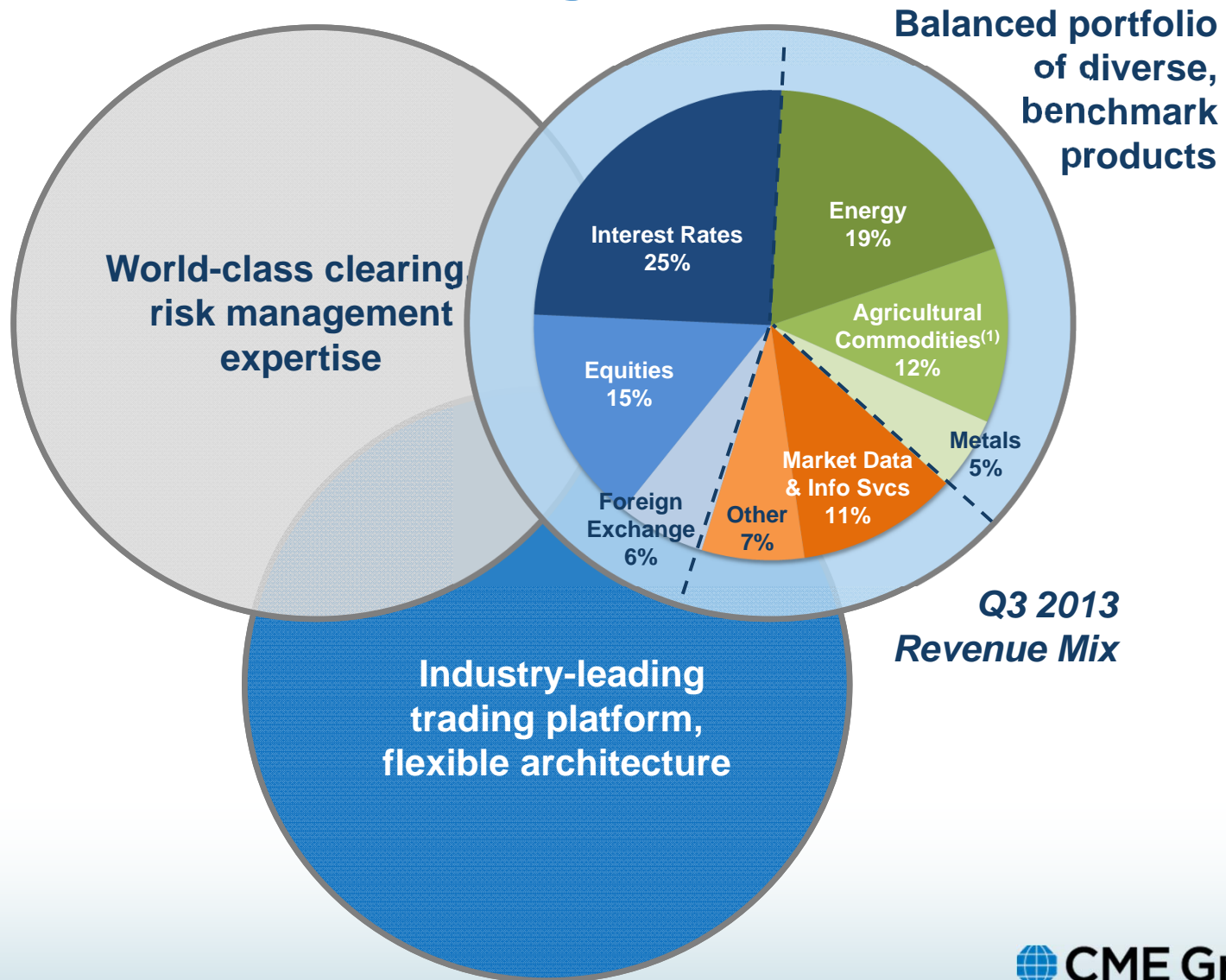
Pro Forma  
Average Daily Volume<sup>(1)</sup>



1. Volumes are all pro forma as if CME owned NYMEX and CBOT over the illustrated period.



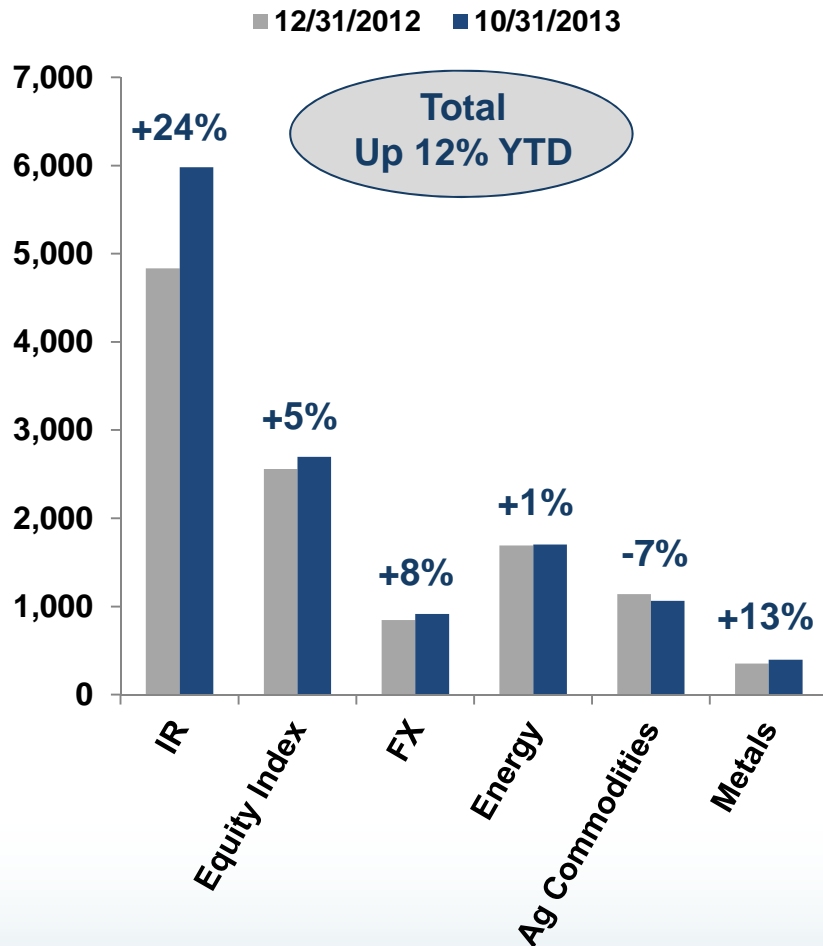
# Most Attractive, Valuable and Diverse Franchise in the Exchange Sector



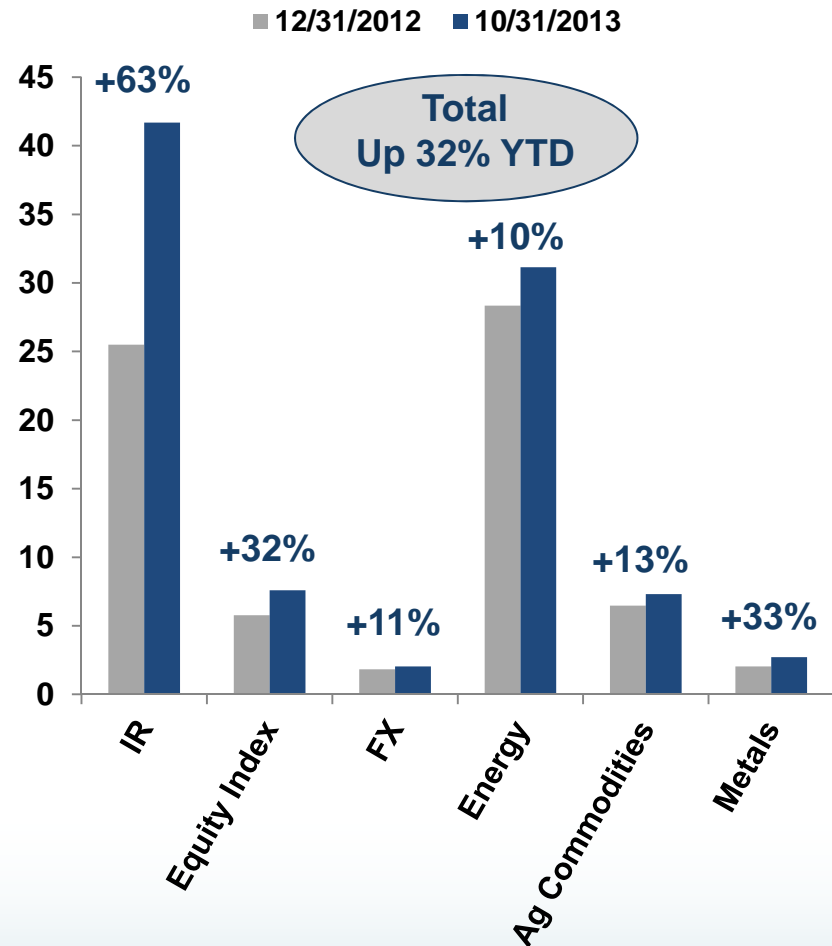
1. Agricultural commodities includes all agricultural commodities (grains, dairy, livestock, forest, NYMEX softs, indexes), weather and real estate

# Solid 2013 Year-to-Date Trends

## Average Daily Volume Growth



## Open Interest Growth

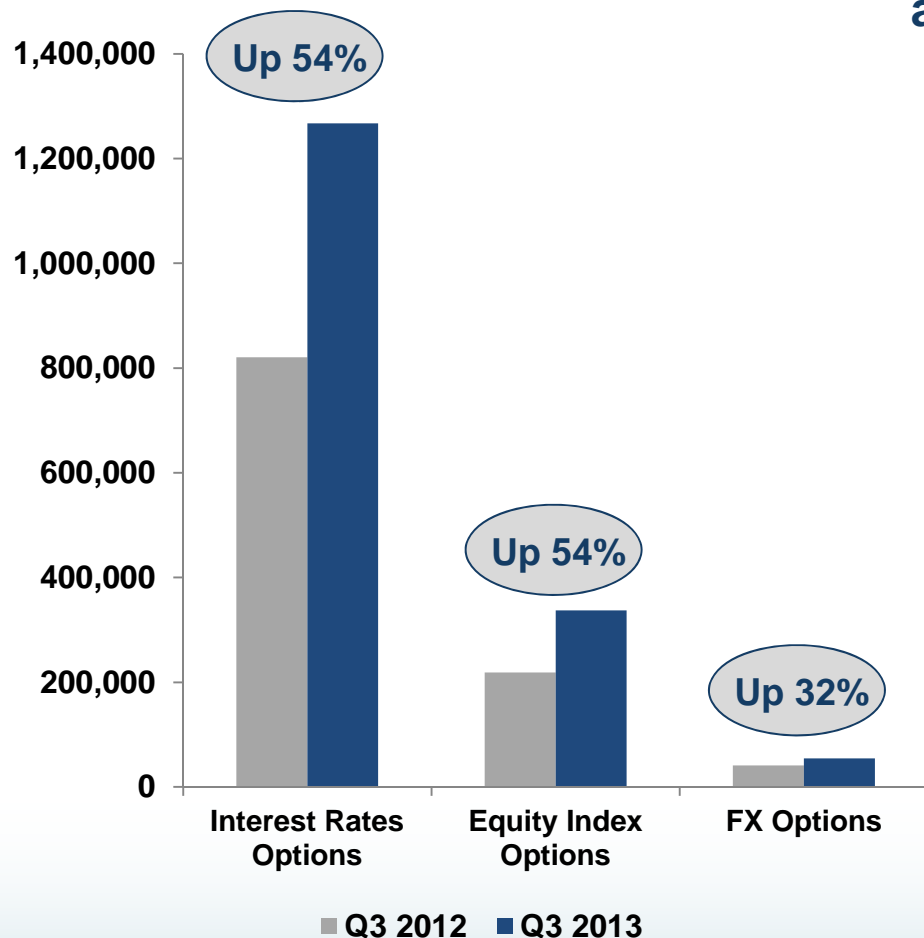


Oct-13 ADV up 12% vs. Oct-12 ADV, Q3 2013 ADV up 11% vs. Q3 2012 ADV, with Interest Rates up 29% and Metals up 10%



# Options Are Appealing in Low Volatility Periods

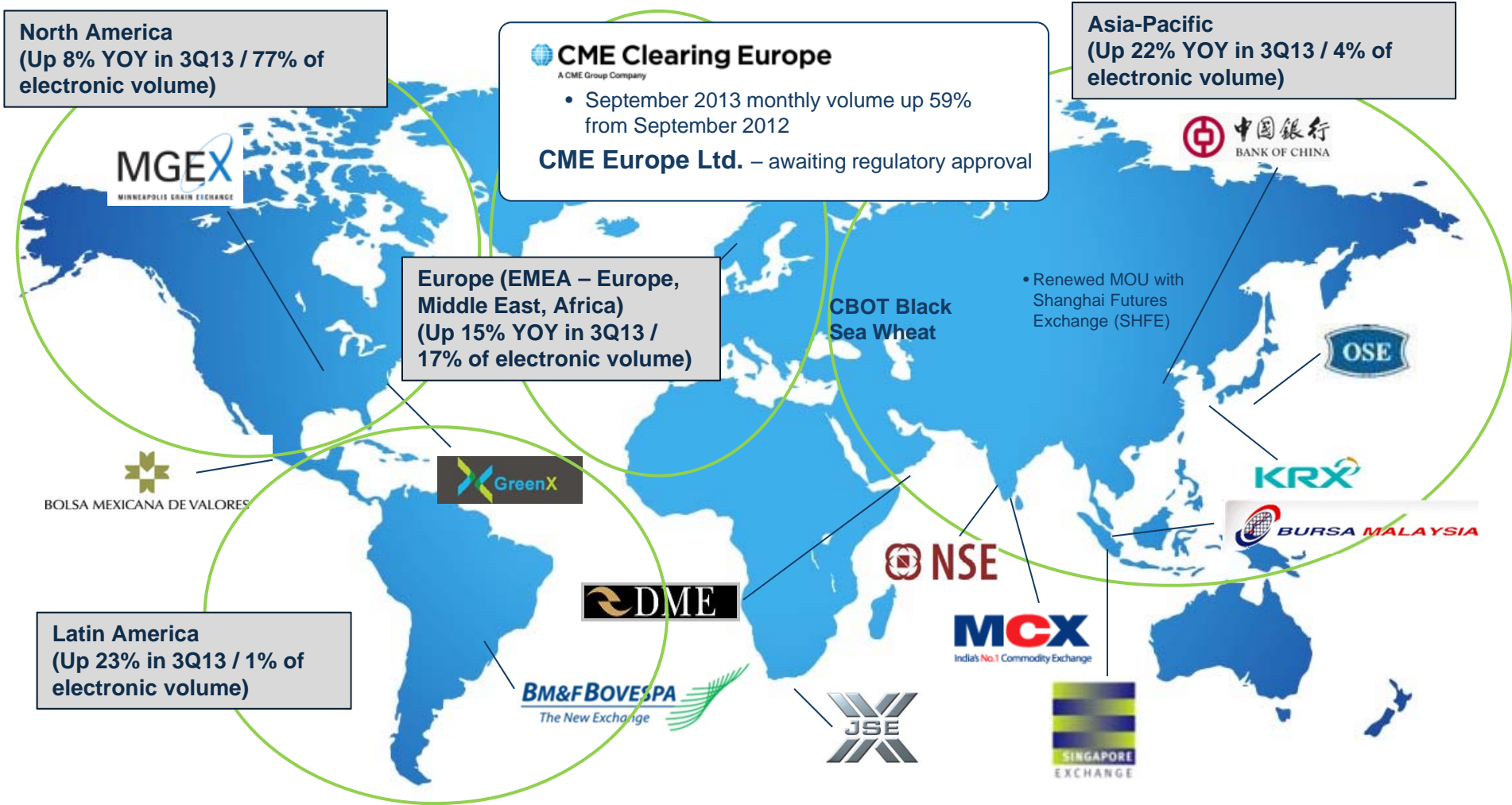
## Top performing asset classes:



## Strong third-quarter 2013 options average daily volume growth

- Options ADV up 31% vs. 3Q12
- Strong third-quarter 2013 electronic options percentage of total ADV across various asset classes
  - Equity 91%, FX 84%, Metals 54%, Ag Commodities 47%, Energy 29%, Interest Rates 27%
  - Record 57% Treasury options electronic percentage reached in September
  - Electronic venue commands higher rate per contract

# Forging Partnerships to Expand Distribution, Build 24-Hour Liquidity, and Add New Customers

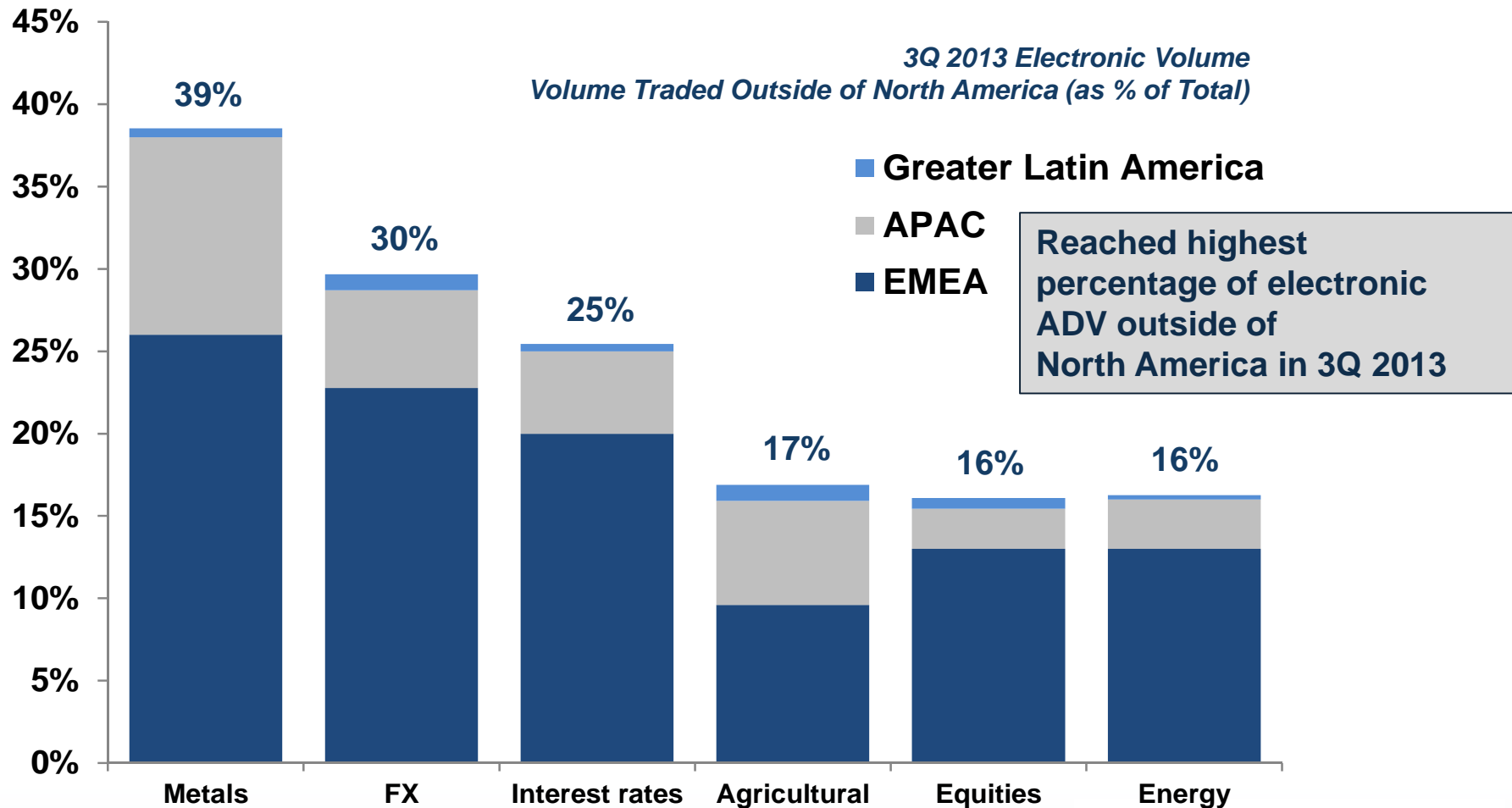


• During 3Q13, MexDer announced their use of the CME Repository Service to report Swap transactions based on Mexico's benchmark TIIE interest rate, and intends to make their TIIE Swaps available to international participants in the near-term (pending regulatory approval); and CME Group was named 'International Exchange of the Year for Asia' by Futures and Options World for the second consecutive year.



# Globally Relevant Products

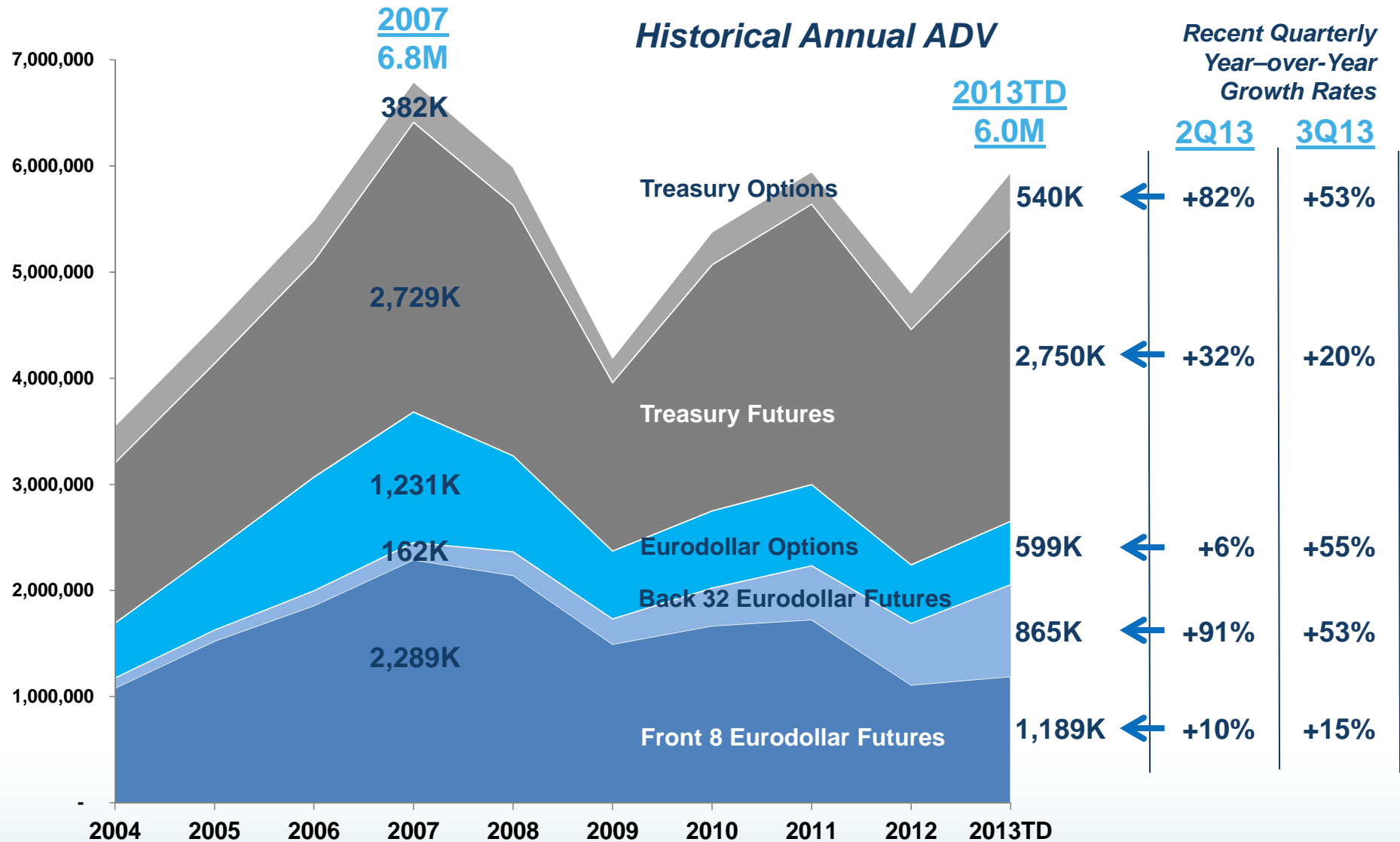
*Focused strategy execution, but in early stages of the game*



## • Global product growth and innovation:

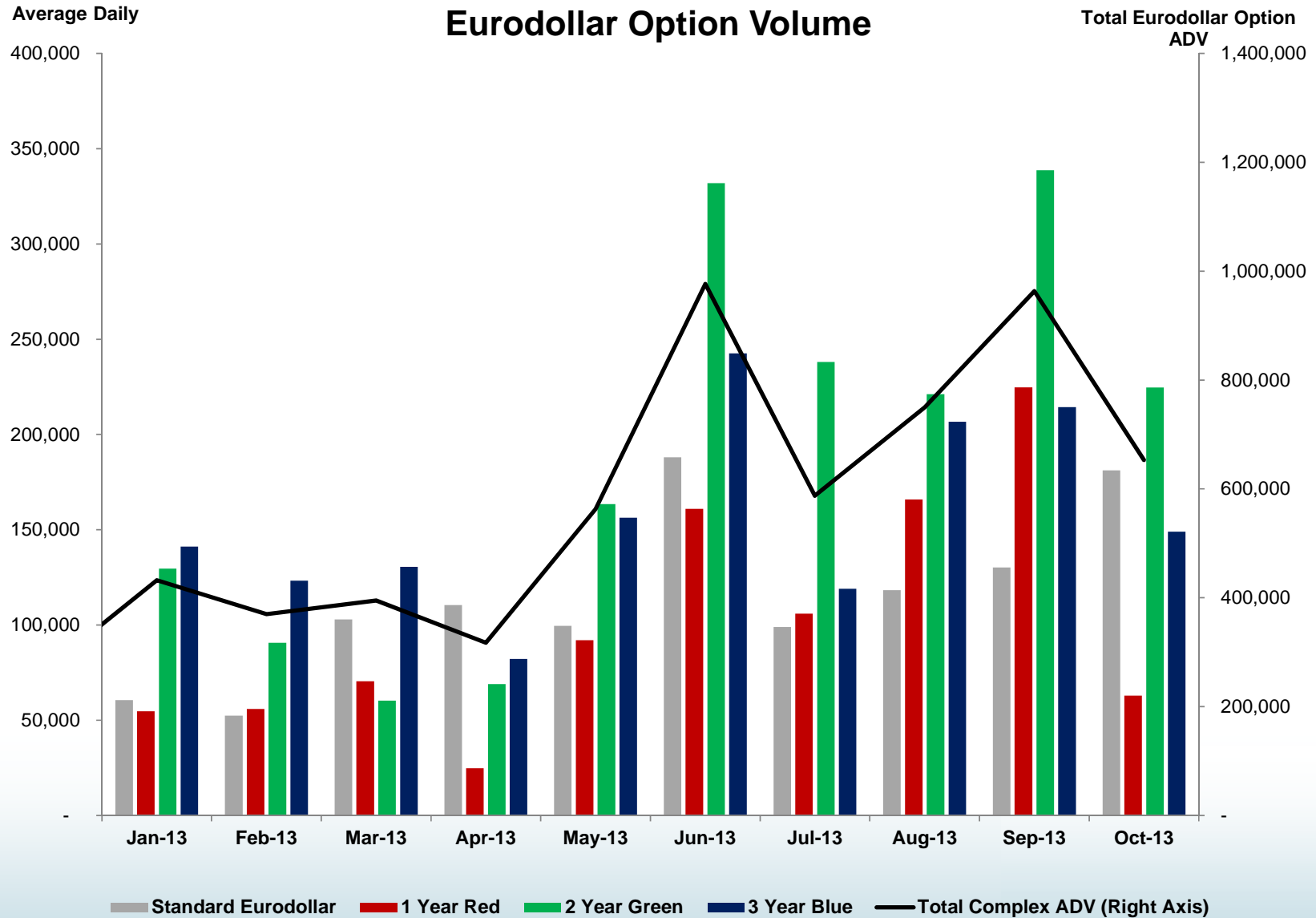
- *Indian Rupee FX futures, CME Clearing Europe Iron Ore contracts, Hard Red Winter (HRW) Wheat through KCBT acquisition, Chinese Steel Rebar HRB400 (Mysteel) Swap Futures, Chinese Deliverable Renminbi (CNH), U.S. Dollar Denominated Ibovespa Futures, European OTC Interest Rate Swaps, BM&FBOVESPA to trade cash settled mini Crude Oil derivatives contract (based on settlement of NYMEX WTI), U.S. Dollar Denominated Malaysian Crude Palm Oil Calendar Swaps, Australian Dollar-denominated wheat swaps*

# 3Q13 Core Growth – Strong Interest Rates



# Particular Strength in Eurodollar Options

*Volume rebounding in the front portion of the curve*



# CME Group Well Positioned To Support Customers As Market Structure Shifts

## Core Futures / Options

- Positioned to capture migration into futures
- Eurodollars out 10 years – can replicate certain swap trades
- Full slate of Treasury products
- Most capital efficient
- Ease of use – standardized product
- Significant existing liquidity pools, and open interest (\$28T of notional value at 6/30/2013)

## Cleared OTC Swaps

- Three waves to mandate
  - ✓ March – 30 active hedge funds, MSPs, Swap Dealers
  - ✓ June – Larger group - non-dealer banks, insurance, non-active hedge funds
  - ✓ September – pensions, third party sub accounts going through asset managers
- Expanding on multi-asset class solution
  - European IRS
  - OIS out 30 years
- Portfolio margining (*6 clearing members live*)
- Real-time clearing

## Hybrid Futures

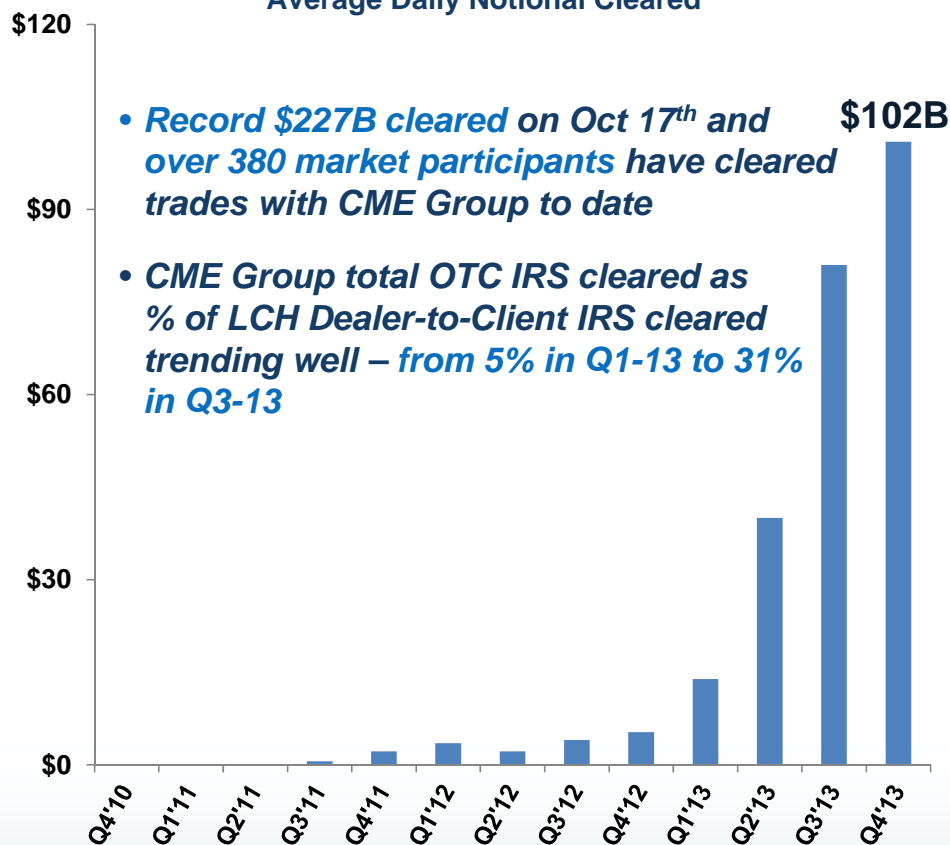
### Deliverable Swap Futures

- Innovative new product created based on client demand
- Complements CME Group's market-leading Interest Rate futures and options businesses, and cleared OTC Swaps offerings
- Unique solution for customers that may not be able to comply with upcoming mandates

# Continued Market Share Growth as Customers Shift Focus from Compliance to Optimization

## CME Group Interest Rate Swaps Average Daily Notional Cleared

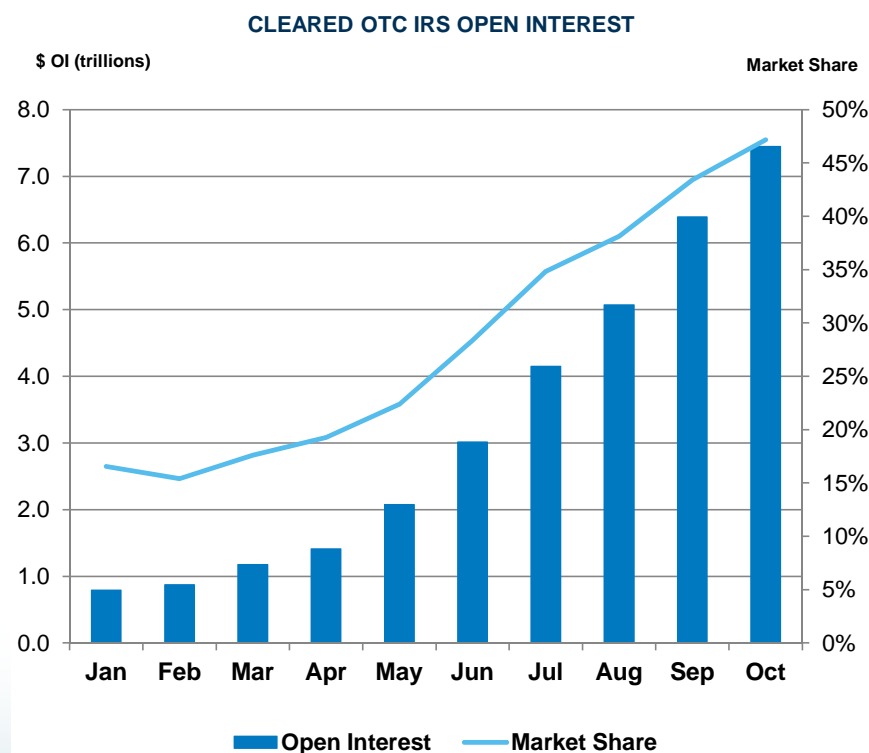
\$ in Billions



- Record \$227B cleared on Oct 17<sup>th</sup> and over 380 market participants have cleared trades with CME Group to date

- CME Group total OTC IRS cleared as % of LCH Dealer-to-Client IRS cleared trending well – from 5% in Q1-13 to 31% in Q3-13

- Current OI of \$7.4T, up over 10 times YTD in 2013
- CME Group accounted for 84% of the combined OI growth\* from May-13 to Oct-13



\*Combined represents notional outstanding for CME Group's OTC IRC clearing plus LCH's IRS client clearing



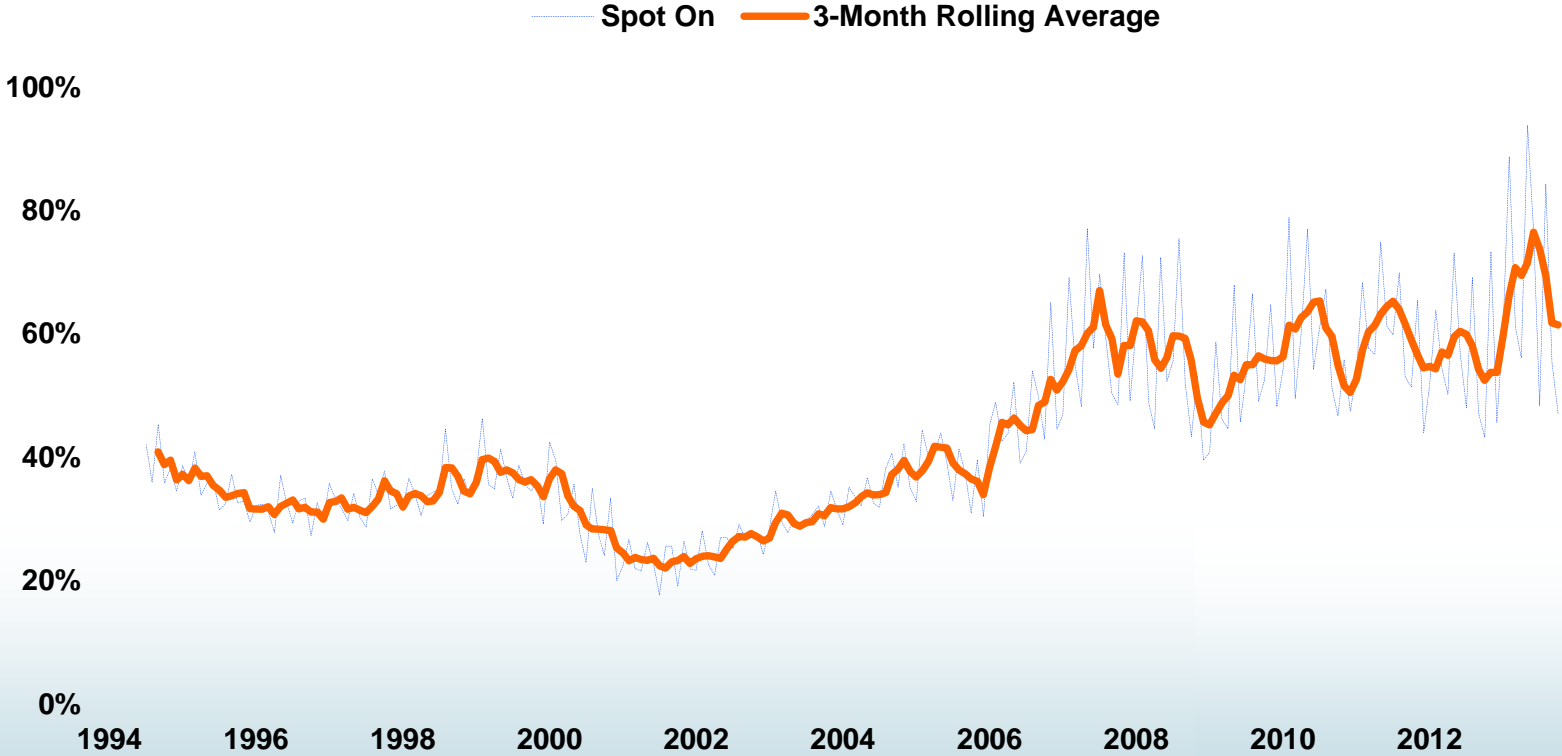
# Treasury Cash Market Penetration

*3-Month rolling average was above 67% (previous peak established in July 2007) from March 2013 through August 2013, and has been around 62% in recent months*

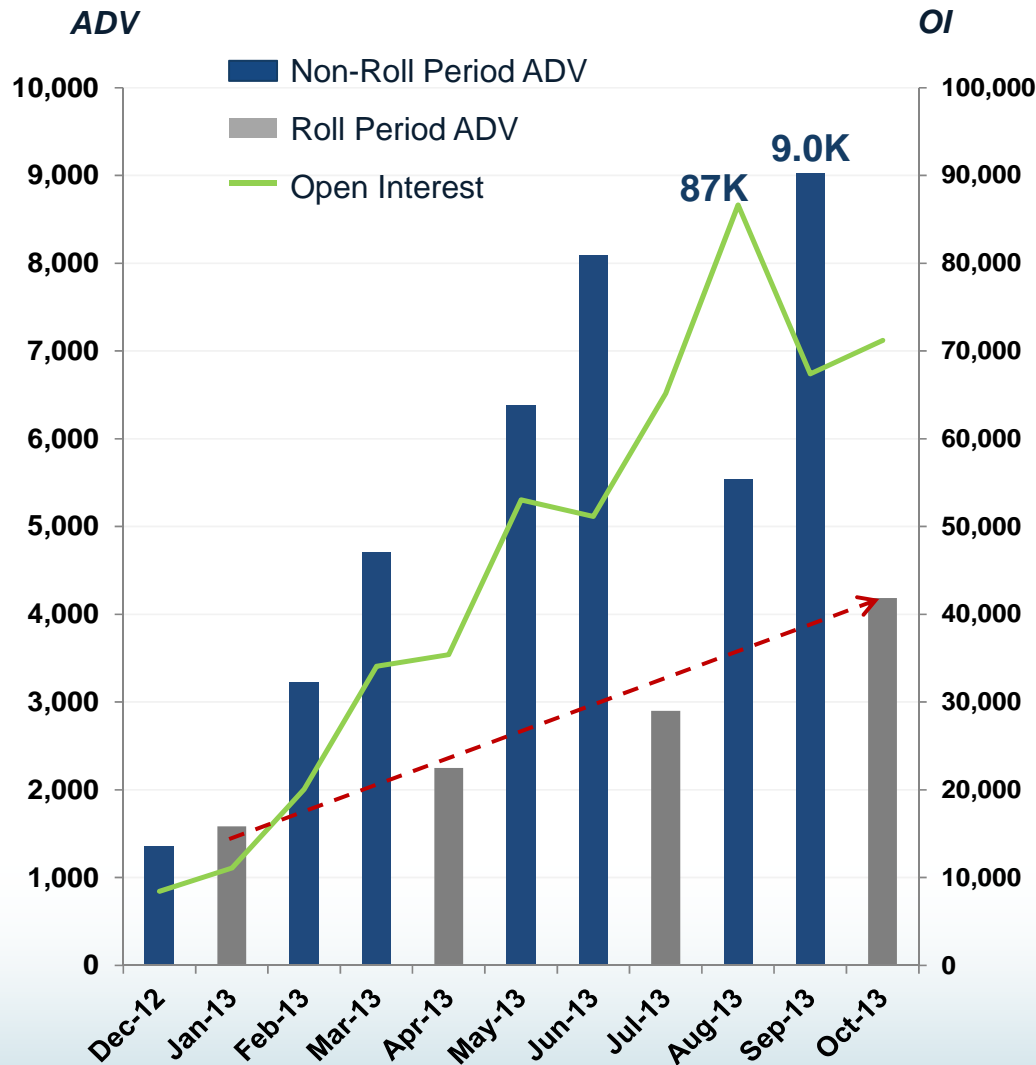
Aggregate U.S. Treasury Bond and Note Futures Cash Market Penetration

Notional Futures ADV as % of Notional Cash ADV

Source: CME Group & Federal Reserve Bank of New York



# Deliverable Swap Futures Becoming Preferred Means to Swap Rate Exposure in a Futures Contract



- Third successful quarterly rollover, expiration and delivery
- Second fastest growing new product ever
- Daily volume record on September 10<sup>th</sup> of 38K contracts
- Open interest peaked at 95K in September
- New tools available to customers to track liquidity as well as volume and open interest

# CME Group 3Q 2013 Adjusted Financial Results<sup>1</sup>

- Revenue of \$715M
- Operating Expense of \$325M
- Operating Income of \$390M
- Net Income Attributable to CME Group of \$250M
- Diluted EPS of \$0.75

## CME Group Average Rate Per Contract (RPC)

<u>Product Line</u>	<u>3Q 2012</u>	<u>4Q 2012</u>	<u>1Q 2013</u>	<u>2Q 2013</u>	<u>3Q 2013</u>
Interest Rates	\$ 0.481	\$ 0.494	\$ 0.468	\$ 0.455	\$ 0.484
Equities	0.685	0.697	0.691	0.714	0.695
Foreign Exchange	0.808	0.835	0.848	0.826	0.819
Energy	1.473	1.487	1.390	1.260	1.300
Ag Commodities	1.301	1.298	1.318	1.378	1.323
Metals	1.693	1.709	1.656	1.613	1.626
<b>Average RPC</b>	<b>\$ 0.822</b>	<b>\$ 0.831</b>	<b>\$ 0.785</b>	<b>\$ 0.748</b>	<b>\$ 0.762</b>

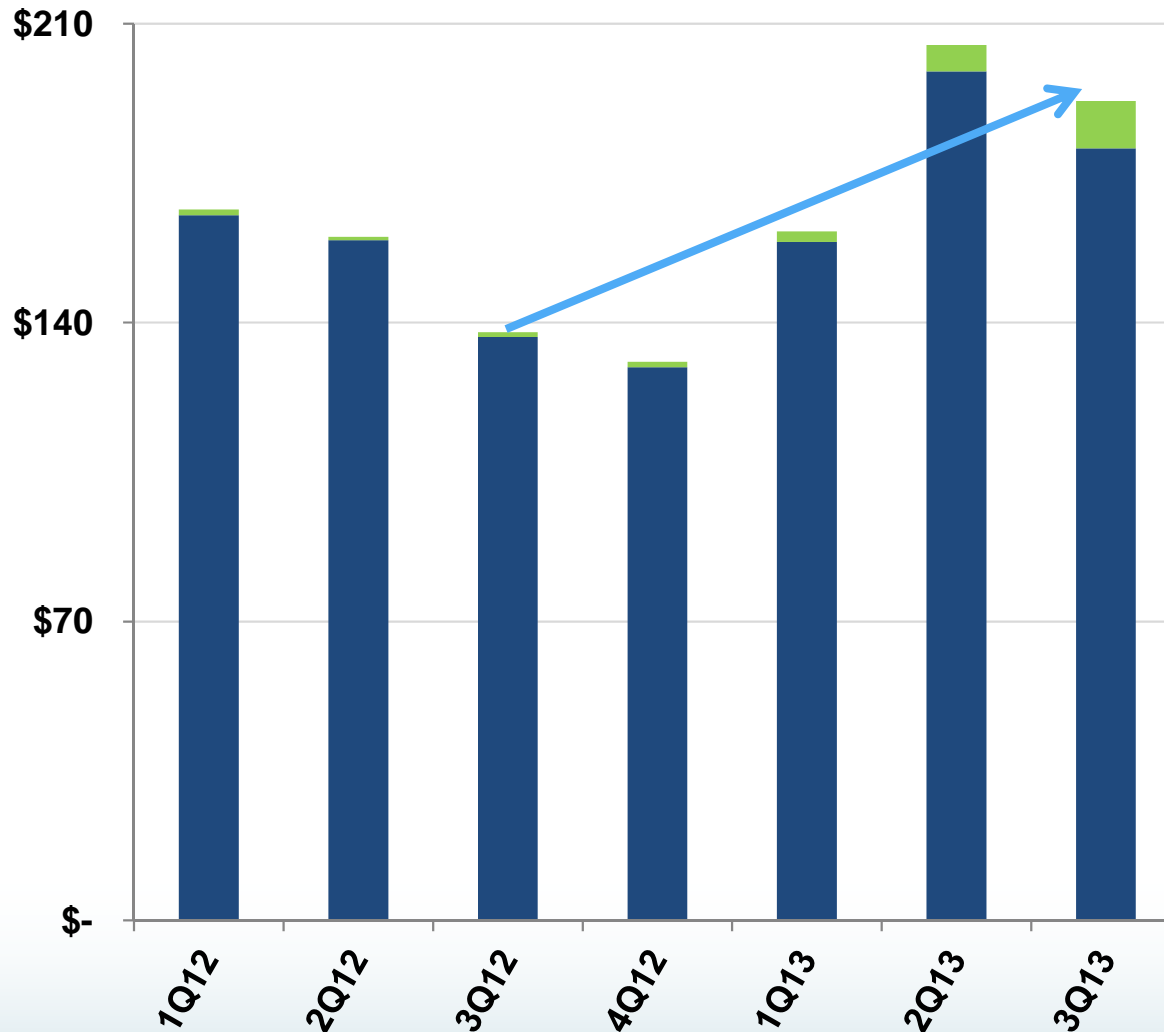
1) A reconciliation of the non-GAAP financial results mentioned to the respective GAAP figures can be found within the Reconciliation of GAAP to Non-GAAP Measures chart at the end of the financial statements. Third-quarter 2013 results included an income tax benefit accrued for the domestic production activities deduction offset by increases to reserves for uncertain tax positions and a deferred income tax provision for changes in state and local apportionment factors, foreign exchange transaction gains within other expenses related to cash held in British pounds with foreign entities whose functional currency is the U.S. dollar, and a write down of our Kansas City building.

Note: Fourth-quarter 2012 and first-quarter 2013 RPC data does not include revenue from our acquisition of the Kansas City Board of Trade completed on November 30, 2012. Kansas City Board of Trade average daily volume for first-quarter 2013 totaled 24,579.



# Incremental Revenues Build on the Core

Revenue (in millions)



OTC clearing business is strengthening the overall interest rates franchise

- Q313 Core Interest Rates revenue was up 31% from Q213
- If you factor in the incremental revenue from OTC interest rate swaps clearing, that total interest rate revenue would be up 40%

# Notes / Guidance

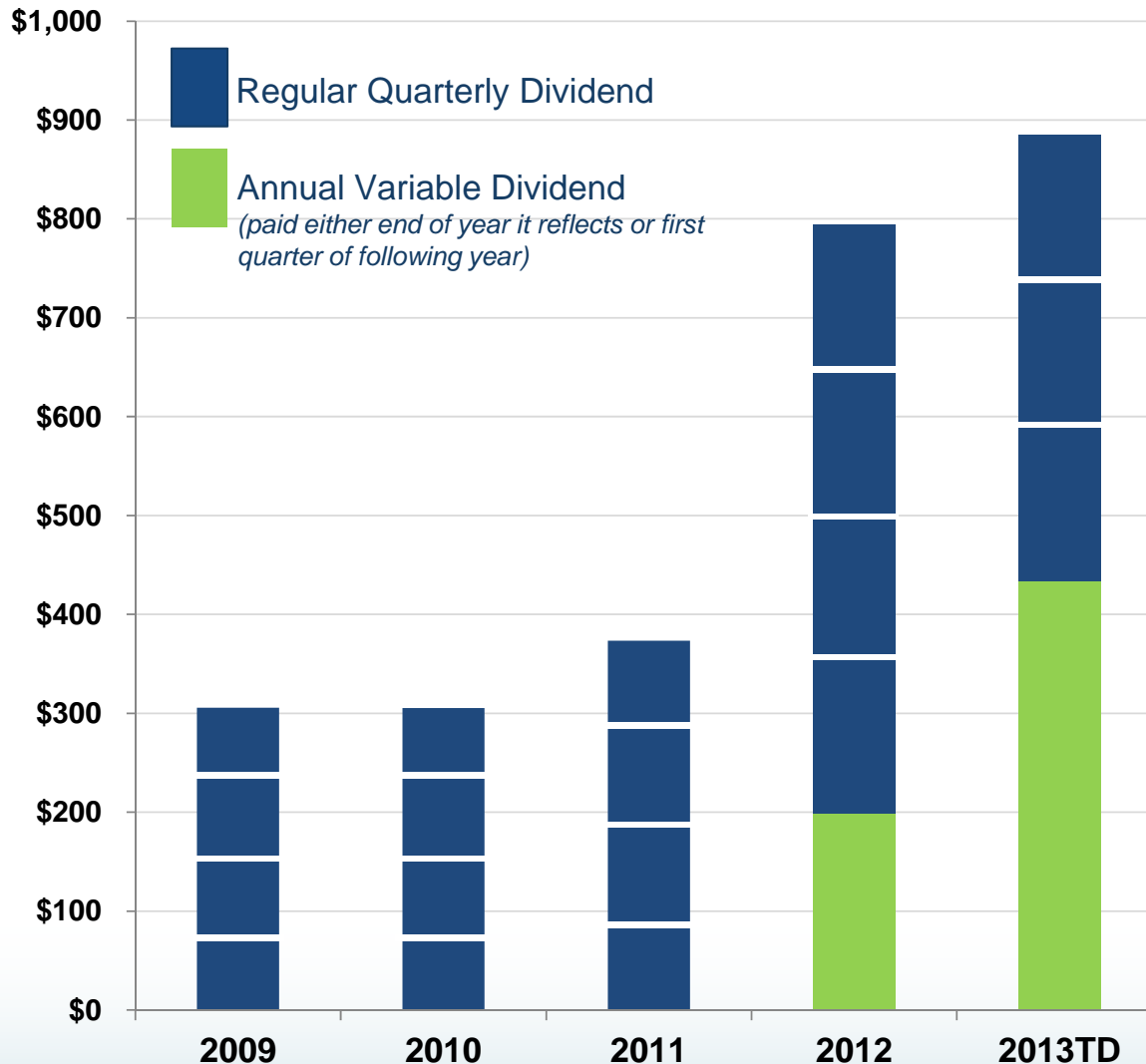
- **Operating Expense** – Third-quarter was \$314 million, which included a foreign exchange currency benefit of \$12 million, reversing the 1Q13 expense of the same amount. Excluding the FX benefit and other items noted in the reconciliation, expenses would have been \$325 million<sup>1</sup>.
- **Non-Operating Income** – Interest expense dropped from \$39 million to \$35 million based on the pay down of \$750 million of debt in August. Expect interest expense to increase back to \$40 million in Q4, based upon the full quarter impact of the debt taken on in early September, and an increase in our clearing house line of credit. The total interest expense and borrowing costs line is expected to drop by \$30 million in 2014 to \$123 million from \$153 million in 2013.
- **Tax** – Excluding the FX impact and excluding one-time non-cash deferred tax items, the third-quarter effective tax rate was 35.6 percent. Expecting effective tax rate of 37 to 38 percent for Q4 and beyond – down from 38 to 39 percent that was previously communicated.
- **Updated 2013 expense projection** of \$1.25 to \$1.26 billion – expect full year to come in closer to \$1.26 billion. Q4 operating expenses should be relatively in line with Q313.
- **Updated 2013 capital expenditures** expected to come in between \$130 million and \$140 million - lower than the previously communicated range of \$140 million to \$150 million.
- **Market data** – Recently announced to clients we are expanding our fees per professional screen from \$70 per month to \$85 per month, beginning in January 2014.

## Notes / Guidance

- **Refinancing expiring debt** – An interest rate swap lock was put in place in August of 2012, which generated approximately \$128 million which is included in our current cash balance, and which also reduced the all-in accounting effective rate on these bonds over the next 30 years by 50 basis points to 4.8 percent per year.
- **Potential sale of New York building** – Good progress is being made with respect to the sale of the New York building. Contrary to some media reports, this transaction has not closed, although we are working diligently to complete the transaction by year-end. Assuming we close the transaction, we plan to include the net proceeds in the annual variable dividend. For modeling purposes, our cost basis is fairly low, so apply our tax rate to the assumption for what the building will sell for. In contrast, there will likely be a loss for GAAP purposes as the building has been re-valued on our balance sheet when the NYMEX transaction closed.

# Committed to Returning Cash to Shareholders

\$ (millions)



- **Unique annual variable structure**
- **Creates opportunity to sweep excess cash to shareholders annually**
- **CME Group to keep \$700M minimum cash**



# Most Attractive, Valuable and Diverse Franchise in the Exchange Sector

- **Combination of unique assets provide competitive advantages**
  - Balanced portfolio of diverse and benchmark products
  - Industry-leading trading platform, flexible architecture
  - Vertically integrated clearing, risk management expertise
- **Additional growth opportunities**
  - Early stages of globalization
  - Over-the-counter (OTC) and exchange-traded markets converging
  - Non-transaction based businesses
- **Strong financial characteristics**
  - Highly cash-generative business model with commitment to returning capital to shareholders
  - Significant operating leverage

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