
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2004

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____ to _____

NYMEX Holdings, Inc.

Delaware
(State of Incorporation)

333-30332
(Commission File Number)

13-4098266
(I.R.S. Employer Identification Number)

One North End Avenue

**World Financial Center
New York, New York 10282-1101
(212) 299-2000**

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2) Yes No

The number of shares of NYMEX Holdings, Inc. capital stock outstanding as of August 6, 2004 was 816. The aggregate market value of NYMEX Holdings, Inc. capital stock held by stockholders of NYMEX Holdings, Inc., as of August 4, 2004 was \$1,381,080,000 based upon the average of the bid and ask price for a NYMEX Holdings, Inc. share as of August 4, 2004.

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PART 1. FINANCIAL INFORMATION

Item 1. *Financial Statements*

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(In thousands, except for share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenues:				
Clearing and transaction fees, net of member rebates	\$45,734	\$29,365	\$ 88,615	\$68,755
Market data fees, net	7,979	7,926	15,672	16,320
Other, net	2,746	3,746	5,409	5,587
Total revenues	56,459	41,037	109,696	90,662
Expenses:				
Salaries and employee benefits	15,370	13,176	29,002	26,569
Occupancy and equipment	6,243	6,864	12,221	13,901
Depreciation and amortization, net of deferred credit amortization	5,253	4,743	10,544	9,465
General and administrative	6,629	6,322	13,127	9,868
Professional services	6,696	5,502	12,440	9,511
Telecommunications	1,459	1,318	2,913	2,650
Marketing	483	847	1,237	1,348
Other expenses	1,542	2,395	3,822	4,376
Impairment and disposition loss on capitalized software and computer equipment	438	37	502	977
Total expenses	44,113	41,204	85,808	78,665
Income (loss) before investment income, interest expense and provision (benefit) for income taxes	12,346	(167)	23,888	11,997
Investment income and interest expense:				
Investment income (loss), net	(884)	2,064	416	2,750
Interest expense	1,770	1,823	3,540	3,645
Income before provision (benefit) for income taxes	9,692	74	20,764	11,102
Provision (benefit) for income taxes	4,370	(103)	9,200	5,170
Net income	\$ 5,322	\$ 177	\$ 11,564	\$ 5,932
Weighted average common shares outstanding, basic and diluted	816	816	816	816
Basic and diluted earnings per share	\$ 6,522	\$ 217	\$ 14,172	\$ 7,270

See accompanying notes to the unaudited consolidated financial statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except for share data)

	June 30, 2004 (Unaudited)	December 31, 2003
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,372	\$ 1,763
Securities purchased under agreements to resell	12,644	45,050
Marketable securities, at market value	120,123	64,885
Clearing and transaction fees receivable, net of allowance for member credits	17,451	13,277
Prepaid expenses	5,873	4,115
Deferred tax assets	4,970	4,134
Margin deposits and guaranty funds	20,329	97,238
Other current assets	7,096	8,959
	<hr/>	<hr/>
Total current assets	189,858	239,421
Property and equipment, net	200,550	208,787
Goodwill, net of amortization	16,329	16,329
Other assets	11,817	13,139
	<hr/>	<hr/>
Total assets	\$418,554	\$477,676
	<hr/>	<hr/>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 18,041	\$ 10,773
Accrued salaries and related liabilities	9,609	4,292
Margin deposits and guaranty funds	20,329	97,238
Income tax payable	9,773	10,364
Other current liabilities	14,751	17,126
	<hr/>	<hr/>
Total current liabilities	72,503	139,793
Grant for building construction deferred credit	111,528	112,600
Long-term debt	88,732	88,732
Retirement obligation	11,019	11,729
Deferred income taxes	4,383	5,961
Other liabilities	13,410	13,446
	<hr/>	<hr/>
Total liabilities	301,575	372,261
	<hr/>	<hr/>
Commitments and contingencies (Note 9)		
Stockholders' equity		
Common stock, at \$0.01 par value, 816 shares authorized, issued and outstanding at June 30, 2004 and December 31, 2003	—	—
Additional paid-in capital	93,312	93,312
Retained earnings	23,667	12,103
	<hr/>	<hr/>
Total stockholders' equity	116,979	105,415
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$418,554	\$477,676
	<hr/>	<hr/>

See accompanying notes to the unaudited consolidated financial statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except for share data)

	Common Stock		Additional Paid-In Capital	Retained earnings	Total stockholders' equity
	Shares	Amount			
Balances at January 1, 2003	816	\$ —	\$93,312	\$ 8,223	\$101,535
Net income		—	—	8,880	8,880
Dividends declared			—		
Common stock, \$6,127/share				(5,000)	(5,000)
Balances at December 31, 2003	816	—	93,312	12,103	105,415
Net income		—	—	11,564	11,564
Balances at June 30, 2004 (Unaudited)	816	\$ —	\$93,312	\$23,667	\$116,979

See accompanying notes to the unaudited consolidated financial statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)

	Six Months Ended June 30,	
	2004	2003
Cash flows from operating activities:		
Net income	\$ 11,564	\$ 5,932
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,186	10,321
Amortization of intangibles	430	216
Deferred grant credit	(1,322)	(1,322)
Deferred rent	165	287
Deferred income taxes	(2,414)	(4,341)
Impairment and loss on disposition of capitalized software and computer equipment	502	977
Decrease (increase) in operating assets:		
Clearing and transaction fees receivable	(4,174)	2,697
Prepaid expenses	(1,758)	(2,394)
Margin deposits and guaranty fund assets	76,909	5,512
Other current assets	1,863	(1,283)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	7,268	(951)
Accrued salaries and related liabilities	5,317	2,890
Margin deposits and guaranty fund liabilities	(76,909)	(5,512)
Income tax payable	(591)	4,853
Other current liabilities	125	1,425
Other liabilities	49	230
Retirement obligation	(710)	402
Net cash provided by operating activities	27,500	19,939
Cash flows from investing activities:		
(Increase) in marketable securities	(55,238)	(1,140)
Decrease (increase) in securities purchased under agreements to resell	32,406	(3,923)
Capital expenditures	(3,451)	(6,301)
Decrease (increase) in other assets	892	(3,821)
Net cash used in investing activities	(25,391)	(15,185)
Cash flows from financing activities:		
Dividends paid	(2,500)	(5,000)
Net cash used in financing activities	(2,500)	(5,000)
Net (decrease) in cash and cash equivalents	(391)	(246)
Cash and cash equivalents at beginning of period	1,763	1,014
Cash and cash equivalents at end of period	\$ 1,372	\$ 768

See accompanying notes to the unaudited consolidated financial statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

Nature of Business

NYMEX Holdings, Inc. (“NYMEX Holdings”) was incorporated in 2000 as a stock corporation in Delaware, and is the successor to the New York Mercantile Exchange which was established in 1872. The two principal operating subsidiaries of NYMEX Holdings are the New York Mercantile Exchange, Inc. (“NYMEX Exchange” or “NYMEX Division”) and the Commodity Exchange, Inc. (“COMEX” or “COMEX Division”), which is a wholly-owned subsidiary of the NYMEX Division. When discussing NYMEX Holdings together with its subsidiaries, reference is being made to the “Company.”

The Company demutualized on November 17, 2000, at which time the book value of the assets and liabilities of the New York Mercantile Exchange carried over to the NYMEX Division.

The Company exists principally to provide facilities for buying, selling and clearing of energy and precious and base metals commodities for future delivery under rules intended to protect the interests of market participants. The Company itself generally does not own commodities, trade for its own account, or otherwise engage in market activities. The Company provides the physical facilities necessary to conduct an open outcry auction market, electronic trading systems, systems for the matching and clearing of trades executed on the Exchange, and systems for the clearing of certain bilateral trades executed in the over-the-counter (OTC) market. These services facilitate price discovery, hedging, and liquidity in the energy and metals markets. Transactions executed on the Exchange mitigate the risk of counter-party default because the Company’s clearinghouse acts as the counter-party to every trade. Trading on the Exchange is regulated by the Commodity Futures Trading Commission.

Significant Accounting Policies

The Company’s accounting policies are described in the notes of the December 31, 2003 audited consolidated financial statements included in its Annual Report on Form 10-K. The accounting policies that management has identified as critical or complex accounting policies are described starting on Page 23 of this Form 10-Q under the caption “Critical Accounting Policies.”

Basis of Presentation

The unaudited consolidated financial statements include the accounts of the Company and have been prepared in accordance with accounting principles generally accepted in the United States of America. Reclassifications are made to the unaudited consolidated financial statements to conform to the current presentation, when appropriate.

The accompanying unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto in Item 15(a) of NYMEX Holdings, Inc. Annual Report on Form 10-K for the year ended December 31, 2003. Quarterly results are not necessarily indicative of results for any subsequent period.

Principles of Consolidation

The accompanying unaudited consolidated financial statements include the accounts of NYMEX Holdings and its wholly-owned subsidiaries: NYMEX Division; COMEX Division; COMEX Clearing Association, Inc. (“CCA”); NYMEX Technology Corporation (which became inactive in November 1996); and Tradingear Acquisition LLC. Intercompany balances and transactions have been eliminated in consolidation. COMEX Division and CCA were acquired by the Company in 1994. While CCA is still in existence, its operations were consolidated into the NYMEX Division in May 2003.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Earnings per Share

In accordance with Statement of Financial Accounting Standards (“SFAS”) No. 128, *Earnings per Share*, basic net earnings per common share excludes dilution and is computed by dividing net income by the weighted average of the Company’s common shares outstanding for the period. Diluted net earnings per common share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. The Company does not have common stock equivalents, therefore, diluted earnings per share is equal to basic earnings per share. For the three months ended June 30, 2004 and 2003, basic and diluted earnings per share were \$6,522 and \$217, respectively. For the six months ended June 30, 2004 and 2003, basic and diluted earnings per share were \$14,172 and \$7,270, respectively.

Recent Accounting Pronouncements and Changes

In November 2002, the Financial Accounting Standards Board (“FASB”) issued Financial Accounting Interpretation (“FIN”) No. 45, *Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* (“FIN No. 45”). This interpretation elaborates on the existing disclosure requirements for most guarantees, including loan guarantees, and standby letters of credit. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair market value of the obligations it assumes under that guarantee and must disclose that information in its interim and annual financial statements. The initial recognition and measurement provisions of the interpretation apply on a prospective basis to guarantees issued or modified after December 31, 2002. The Company adopted FIN No. 45, effective January 1, 2003. The adoption of FIN No. 45 did not have a material impact on the Company’s consolidated results of operations, financial position or cash flows.

In December 2003, the FASB issued FIN No. 46R, *Consolidation of Variable Interest Entities* (“FIN No. 46R”). FIN No. 46R requires a company to consolidate a variable interest entity if it is designated as the primary beneficiary of that entity even if the company does not have a majority of voting interests. A variable interest entity is generally defined as an entity that has insufficient equity to finance its activities or the owners of the entity lack the risk and rewards of ownership. FIN No. 46R replaces FIN No. 46, *Consolidation of Variable Interest Entities*, which was issued in January 2003. The interpretation applies to interests in variable interest entities or potential variable interest entities commonly referred to as special-purpose entities for the periods ending after December 15, 2003 and for all other types of entities in the financial statements for periods ending after March 15, 2004. The Company does not have any interests that would change its current reporting entity or require additional disclosure as outlined in FIN No. 46R.

2. Collateralization

In connection with reverse repurchase agreements, the Company receives collateral that is held in custody by the Company’s banks. At June 30, 2004, the Company accepted collateral in the form of U.S. treasury bills that it is permitted by contract or industry practice to sell or re-pledge, although it is not the Company’s policy to sell or re-pledge the collateral. At June 30, 2004 and December 31, 2003, the total collateral held was \$20.3 million and \$97.2 million, respectively.

3. Notes Payable

The Company issued long-term debt totaling \$100 million during 1996 and 1997 to provide completion financing for the Company’s trading facility and headquarters. This issuance is comprised of three series, each with different maturity dates, interest rates, and repayment schedules. Series A notes require annual principal repayments from 2001 to 2010, and a final payment of principal in 2011. Series B notes require annual principal repayments from 2011 to 2020, and a final payment of principal in 2021. Series C notes require annual principal repayments from 2022 to 2025, and a final payment of principal in 2026. The notes represent

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

senior unsecured obligations of the Company and are not secured by the facility, the Company's interest therein, or any other collateral. At June 30, 2004, the notes payable balance was \$91.5 million.

4. Member Seat Financing Program

Included in marketable securities are investments that are pledged as collateral with one of the Company's investment managers relating to a membership seat financing program. Under this program, the investment manager extends credit to individuals purchasing NYMEX Division membership seats. The program requires that the Company pledge assets to the investment manager in an amount equal to at least 118% of the loan value. In the event a member defaults on a loan, the investment manager has the right to seize the Company's collateral for the amount of the default, and the Company has the right to liquidate the member's interest in the NYMEX Division to be reimbursed for its loss of collateral. At June 30, 2004, there were total seat loan balances of \$8.5 million and securities pledged against the seat loan balances of \$10.1 million.

5. Revenue Rebate and Fee Reduction Program

During 2003, the Company had in effect a proprietary fee reduction program. Under this program, NYMEX Division members received from the Company, either directly or through a clearing member, payments representing reductions of their clearing and transaction fees. The amount of payments under this program was based on each member's individual trading and clearing volumes, and represented a stated per-side transaction fee reduction. The level of the per-side fee reduction was set periodically by the Company's board of directors. Clearing and transaction fees were recorded net of these payments, which totaled \$3.5 million and \$8.1 million for the three and six months ended June 30, 2003, respectively. This program was eliminated effective December 31, 2003 and, as a result, there were no fee reduction credits during the three and six months ended June 30, 2004.

6. Allowance for Doubtful Accounts and Credits

Clearing and transaction fees receivable are carried net of allowances for member credits, which are based upon expected billing adjustments. Allowances for member credits were \$256,000 at June 30, 2004. The Company believes the likelihood of incurring material losses due to non-collectibility of clearing and transaction fees is remote and that the allowance is adequate to cover anticipated member credits.

An allowance for doubtful accounts was established for market data accounts receivables to cover potential non-collectible receivables as well as future adjustments by the market data customers. At June 30, 2004, this allowance was \$114,000, which the Company believes is sufficient to cover potential bad debts and subsequent credits. At June 30, 2004, the combined amounts due from ten customers represented 83% of the total accounts receivable balance.

Other revenues, which include member booth rentals, licensing fees and equipment rentals, are recognized on an accrual basis in the period during which the Company derives economic value, with the exception of floor and compliance fines, which are recognized when cash is received. The Company has established a reserve for non-collectible receivables of \$681,000 at June 30, 2004, and believes the amount is sufficient to cover potential bad debts and subsequent credits.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

7. Supplemental Disclosures of Cash Flow Information

The following supplemental disclosures of cash flow information for the six months ended June 30, 2004 and 2003 are as follows (in thousands):

	Six Months Ended June 30,	
	2004	2003
Cash paid for:		
Interest	\$ 3,524	\$3,629
	<hr/>	<hr/>
Income taxes	\$12,267	\$4,657
	<hr/>	<hr/>

8. Margin Deposits and Guaranty Funds

The Company is required, under the Commodity Exchange Act, to maintain separate accounts for cash and securities that are deposited by clearing members at banks, approved by the Company, as margin for house and customer accounts. These margin deposits are used by members to meet their obligations to the Company for margin requirements on open futures and options positions, as well as delivery obligations.

Each clearing member firm is required to maintain a security deposit, in the form of cash or U.S. treasury securities, ranging from \$100,000 to \$2.0 million per division, based upon such clearing member firm's reported regulatory capital, in a fund known as a Guaranty Fund. Historically, separate and distinct Guaranty Funds were maintained for the NYMEX Division and the COMEX Division. Effective May 16, 2003, the NYMEX Division assumed all of the clearing functions of the COMEX Division. Accordingly, the deposits were aggregated and are now maintained in a single Guaranty Fund which may be used for any loss sustained by the Company as a result of the failure of a clearing member to discharge its obligations on either division. Although there is now one Guaranty Fund for both divisions, separate contribution amounts are calculated for each division.

The Company is entitled to earn interest on cash balances posted as margin deposits and Guaranty Funds. Such balances are included in the Company's consolidated balance sheets, and are generally invested overnight in securities purchased under agreements to resell.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table sets forth margin deposits and Guaranty Fund balances held by the Company on behalf of clearing members at June 30, 2004 and December 31, 2003 (in thousands):

	June 30, 2004			December 31, 2003		
	Margin Deposits	Guaranty Funds	Total Funds	Margin Deposits	Guaranty Funds	Total Funds
Cash and securities earning interest for NYMEX						
Cash	\$ 23	\$ 1	\$ 24	\$ 67	\$ 81	\$ 148
Securities held for resale	13,870	6,435	20,305	92,450	4,640	97,090
Total cash and securities	13,893	6,436	20,329	92,517	4,721	97,238
Cash and securities earning interest for members						
Money market funds	2,613,520	—	2,613,520	2,099,620	—	2,099,620
U.S. treasuries	4,463,306	147,536	4,610,842	5,108,929	149,911	5,258,840
Letters of credit	399,272	—	399,272	408,632	—	408,632
Total cash and securities	7,476,098	147,536	7,623,634	7,617,181	149,911	7,767,092
Total funds	\$7,489,991	\$153,972	\$7,643,963	\$7,709,698	\$154,632	\$7,864,330

9. Commitments and Contingencies

Contractual Obligations

The Company occupies premises under leases, including a land lease, with various lessors that expire during the years 2004 through 2069. For the three months ended June 30, 2004 and 2003, rental expense for facilities and the land lease amounted to \$0.5 million and \$1.1 million, respectively. For the six months ended June 30, 2004 and 2003, rental expense for facilities and the land lease amounted to \$1.0 million and \$2.7 million, respectively.

In connection with its operating activities, the Company enters into certain contractual obligations. The Company's material contractual cash obligations include long-term debt, operating leases and other contracts. A summary of the Company's future cash payments associated with its contractual cash obligations outstanding as of June 30, 2004, as well as an estimate of the timing in which these commitments are expected to expire, are set forth on the following table (in thousands):

	Payments Due by Period				
	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years	Total
Contractual Obligations					
Long-term debt principal	\$ 2,817	\$ 5,634	\$ 5,634	\$ 77,464	\$ 91,549
Debt interest	6,942	13,252	12,409	50,568	83,171
Operating leases	4,192	7,195	6,573	10,055	28,015
Other long-term obligations	800	1,600	1,600	8,251	12,251
Total contractual obligations	\$14,751	\$27,681	\$26,216	\$146,338	\$214,986

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Financial Guarantees

The Company adopted FIN No. 45, effective, January 1, 2003. The Company has certain guarantee arrangements in its clearing process as well as other financial guarantees discussed below:

Included in marketable securities are investments that are pledged as collateral with one of the Company's investment managers relating to a membership seat financing program. Under this program, the investment manager extends credit to individuals purchasing NYMEX Division memberships. The program requires that the Company pledge assets to the investment manager in an amount equal to at least 118% of the loan value. In the event a member defaults on a loan, the investment manager has the right to seize the Company's collateral for the amount of the default, and the Company has the right to liquidate the member's interest in the NYMEX Division to be reimbursed for its loss of collateral. At June 30, 2004, there were total seat loan balances of \$8.5 million and \$10.1 million in securities that were pledged against the seat loan balances.

The Company serves as a clearinghouse function, standing as a financial intermediary on every futures and options transaction cleared. Through its clearinghouse, the Company maintains a system of guarantees for performance of obligations owed to buyers and sellers. This system of guarantees is supported by several mechanisms, including margin deposits and Guaranty Funds posted by clearing members with the Company's clearinghouse. The Company is required, under the Commodity Exchange Act, to maintain separate accounts for cash and securities that are deposited by clearing members at banks approved by the Company as margin for house and customer accounts. These clearing deposits are used by members to meet their obligations to the Company for margin requirements on open futures and options positions as well as delivery obligations. As of June 30, 2004, there were no clearing members in default.

There were no events of default during the first and second quarters of 2004 in either arrangement in which a liability should be recognized in accordance with FIN No. 45. As such, adoption of this pronouncement had no impact on the Company's unaudited consolidated results of operations, financial position, or cash flows.

Legal Proceedings

Set forth below is a description of material litigation to which the Company is a party, as of June 30, 2004. Although there can be no assurance as to the ultimate outcome, the Company believes it has meritorious defenses and is vigorously defending each matter described below. The final outcome of any litigation, however, cannot be predicted with certainty, and an adverse resolution of these matters could have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

The Company has been named as a defendant in the following legal action:

New York Mercantile Exchange, Inc. v. IntercontinentalExchange, Inc. On November 20, 2002, NYMEX Exchange commenced an action in United States District Court for the Southern District of New York against IntercontinentalExchange, Inc. ("ICE"). The amended complaint alleges claims for (a) copyright infringement by ICE arising out of ICE's uses of certain NYMEX Exchange settlement prices; (b) service mark infringement by reason of use by ICE of the service marks NYMEX and NEW YORK MERCANTILE EXCHANGE, (c) violation of trademark anti-dilution statutes, and (d) interference with contractual relationships. On January 6, 2003, ICE served an Answer and Counterclaims, in which ICE alleges five counterclaims against NYMEX Exchange as follows: (1) a claim for purported violation of Section 2 of the Sherman Act, 15 U.S.C. § 2, for NYMEX Exchange's allegedly trying to maintain a monopoly in the execution of the North America energy futures and expand the alleged monopoly into the execution and clearing of North American OTC energy contracts by attempting to deny ICE access to NYMEX Exchange settlement prices; (2) a claim for purported

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

violation of Section 1 of the Sherman Act by conspiring with certain of its members to restrain trade by attempting to deny ICE access to NYMEX Exchange settlement prices; (3) a claim for alleged violation of Section 2 of the Sherman Act by NYMEX Exchange purportedly denying ICE access to NYMEX Exchange's settlement prices which are allegedly an "essential facility"; (4) a claim for purported violation of Section 1 of the Sherman Act and Section 3 of the Clayton Act by NYMEX Exchange allegedly tying execution services for North American energy futures and options to clearing services; and (5) a claim for purported violation of the Lanham Act through false advertising with respect to certain services offered by NYMEX Exchange and services offered by ICE. The counterclaims request damages and trebled damages in amounts not specified yet by ICE in addition to injunctive and declaratory relief. NYMEX Exchange's response to the counterclaims was served on February 26, 2003.

On August 11, 2003, the Court issued an opinion dismissing certain counterclaims and one affirmative defense, with leave to replead. On about August 28, 2003, NYMEX Exchange was served with ICE's First Amended Counterclaims in which ICE made four counterclaims against NYMEX Exchange principally alleging violations of U.S. antitrust laws, including claims regarding monopoly leveraging.

By Order and Opinion dated June 30, 2004, the Court granted NYMEX Exchange's motion and dismissed all of the antitrust counterclaims asserted against NYMEX Exchange. This case is ongoing.

The Company is defending counterclaims filed against it by the defendant in the following legal action:

New York Mercantile Exchange, Inc. v. Kai Neumann and Codeland, Inc. On May 18, 2004, NYMEX Exchange commenced an action in New York State Supreme Court. This action arises from defendants' alleged unauthorized use of computer software and other subject matter proprietary to NYMEX Exchange, and asserts causes of action for, among other things, trade secret misappropriation, fraudulent misrepresentation, and breach of fiduciary duties. On June 25, 2004, defendants Neumann and Codeland answered the complaint and interposed several counterclaims against NYMEX Exchange that include causes of action for breach of contract and theft of trade secrets. These counterclaims seek, among other things, \$13,000,000 in compensatory damages, \$10,000,000 in punitive damages, as well as injunctive relief and additional damages for back pay, front pay, lost fringe benefits, and reinstatement of Neumann's employment. NYMEX Exchange's time to reply, move or otherwise respond to these Counterclaims is currently September 3, 2004.

10. Segment Reporting

The Company considers operating results for two business segments: Open Outcry and Electronic Trading and Clearing. Open Outcry is the trading and clearing of NYMEX Division and COMEX Division futures and options contracts on the trading floor of the Exchange. Electronic trading and clearing consists of NYMEX ACCESS®, NYMEX ClearPortSM Trading and NYMEX ClearPortSM Clearing. The Company reports income on a segment basis, but does not allocate assets or goodwill.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Financial information relating to these segments is set forth below (in thousands):

	Three and Six Months Ended June 30, 2004					
	Open Outcry		Electronic Trading and Clearing		Total	
	Three Months	Six Months	Three Months	Six Months	Three Months	Six Months
Operating revenues	\$49,684	\$96,532	\$6,775	\$13,164	\$56,459	\$109,696
Depreciation and amortization	4,938	9,911	315	633	5,253	\$ 10,544
Other operating expenses	36,528	70,748	2,332	4,516	38,860	75,264
Operating income	8,218	15,873	4,128	8,015	12,346	23,888
Investment income (loss), net	(884)	416	—	—	(884)	416
Interest expense	1,770	3,540	—	—	1,770	3,540
Provision for income taxes	2,508	5,641	1,862	3,559	4,370	9,200
Net income	\$ 3,055	\$ 7,108	\$2,267	\$ 4,456	\$ 5,322	\$ 11,564

	Three and Six Months Ended June 30, 2003					
	Open Outcry		Electronic Trading and Clearing		Total	
	Three Months	Six Months	Three Months	Six Months	Three Months	Six Months
Operating revenues	\$36,674	\$80,432	\$3,919	\$9,786	\$41,037	\$90,662
Depreciation and amortization	4,269	8,463	474	1,002	4,743	9,465
Other operating expenses	35,525	67,262	492	1,494	36,461	69,200
Operating income (loss)	(3,120)	4,707	2,953	7,290	(167)	11,997
Investment income, net	2,064	2,750	—	—	2,064	2,750
Interest expense	1,823	3,645	—	—	1,823	3,645
Provision (benefit) for income taxes	(1,476)	1,671	1,373	3,499	(103)	5,170
Net income (loss)	\$ (1,403)	\$ 2,141	\$1,580	\$3,791	\$ 177	\$ 5,932

11. Members' Retirement Plan and Benefits

The Company continues to maintain a retirement and benefit plan for certain members of the COMEX Division under the COMEX Members' Recognition and Retention Program ("MRRP"). The annual benefit payments are \$12,500 (\$2,000 for options members) for 10 years for vested participants; no new participants were permitted after the date of the merger, nor were there payments made prior to January 1, 2002. The Company is required to fund the plan with a minimum annual contribution of \$400,000 until the plan is fully funded. Based on continued funding of \$800,000 per year, and certain actuarial assumptions, the Company expects the plan to be fully funded in 2018. Corporate contributions and related investment earnings are charged against current operations. All benefits to be paid under the COMEX MRRP shall be based upon reasonable actuarial assumptions which, in turn, are based upon the amounts that are available and are expected to be available to pay benefits, except that the benefits paid to any individual will not exceed the amounts stated above. Quarterly distributions from the program began in the second quarter of 2002. Subject to the foregoing, the board of directors of the Company reserves the right to amend or terminate the COMEX MRRP upon an affirmative vote of 60% of the eligible COMEX Division plan participants.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

12. Postretirement Benefits other than Pensions

The Company's postretirement benefit costs are developed from actuarial valuations. Inherent in these valuations are key assumptions, including the discount rate and expected long-term rate of return on plan assets. Material changes in its postretirement benefit costs may occur in the future due to changes in these assumptions, changes in the number of plan participants, changes in the level of benefits provided, and changes in asset levels. The Company provides certain health care and life insurance benefit plans for qualifying retired employees. Substantially all of the Company's employees may become eligible for these benefits if they reach specified age and years of service criteria while working for the Company. The benefits are provided through certain insurance companies. The Company expects to fund its share of such benefit costs principally on a pay-as-you-go basis. In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") became law in the U.S. The Act introduces a prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to the Medicare benefit. In accordance with FAS No. 106-1, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug Improvement and Modernization Act of 2003*, the Company has elected to defer recognition of the effects of the Act in any measures of the benefit obligation or cost. Specific authoritative guidance on the accounting for the federal subsidy is pending and that guidance, when issued, could require the Company to change previously reported information. Currently, the Company does not believe it will need to amend its plan to benefit from the Act. The measurement date used to determine pension and other postretirement benefit measures for the pension plan and the postretirement benefit plan is December 31 of each year.

Accrued postretirement benefit costs are included in other non-current liabilities in the consolidated balance sheets. The accrued postretirement obligations recorded in the balance sheet at June 30, 2004 and December 31, 2003 exceeds the amount of the accumulated obligations.

The following table presents the funded status of such plans, reconciled with amounts recognized in the Company's consolidated financial statements (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2004	2003	2004	2003
Service costs	\$ 65	\$ 55	\$130	\$ 110
Interest costs	63	61	126	123
Expected return on plan assets	—	—	—	—
Amortization of prior service costs	(14)	(15)	(28)	(29)
Amortization of net (gain)	(1)	(6)	(2)	(12)
Net periodic postretirement benefit cost	113	95	226	192
Adjustment for prior period overstatement	—	(275)	—	(551)
Total net period postretirement benefit cost	\$113	\$(180)	\$226	\$(359)

13. Subsequent Events

On July 7, 2004, the board of directors of the Company voted to declare and distribute a dividend of \$2.5 million to stockholders of record as of July 15, 2004. The dividend is the fourth issued by the Company since its demutualization in November 2000.

The Company and its president, J. Robert Collins, Jr., mutually agreed to not renew Mr. Collins' employment agreement, which expired on June 30, 2004. The Company recorded a \$2.2 million charge in June 2004 for amounts due Mr. Collins under the non-renewal provisions of his employment agreement. On

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

July 9, 2004, the Company announced that Dr. James E. Newsome accepted the position of president of the Company, effective August 2, 2004. Dr. Newsome had been Chairman of the Commodity Futures Trading Commission (“CFTC”) since Senate confirmation in December 2001. He served as a Commissioner of the CFTC since August 1998.

On April 8, 2004, the Company announced that it had received an indication of interest from Parthenon Capital, LLC (“Parthenon”), a private equity investment firm, to acquire a potential controlling equity interest in the Company. Parthenon and the Company engaged in due diligence and had preliminary discussions as to the structure of a proposed deal. Based on these discussions, the board of directors of the Company determined on August 4, 2004 not to currently pursue a transaction with Parthenon.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Throughout this document NYMEX Holdings, Inc. will be referred to as "NYMEX Holdings" and, together with its subsidiaries, as the "Company." The two principal operating subsidiaries of NYMEX Holdings are New York Mercantile Exchange, Inc. ("NYMEX Exchange" or "NYMEX Division"), and Commodity Exchange, Inc. ("COMEX" or "COMEX Division"), which is a wholly-owned subsidiary of NYMEX Exchange. Where appropriate, each division will be discussed separately, and collectively will be discussed as the "Exchange."

Since its founding 132 years ago, the Company has evolved into a major provider of financial services to the energy and metals industries. A core component of the business is the revenue derived from the Company's trading facilities and from providing clearing and settlement services through its clearinghouse to a wide range of participants in these industries. A significant amount of revenue is also derived from the sale of market data. Based upon the Company's volume of approximately 139 million contracts transacted and/or cleared on the Exchange during 2003, the Exchange is the largest physical commodity based futures exchange in the world and the third largest futures exchange in the U.S.

The NYMEX Exchange is the largest exchange in the world for the trading of energy futures and options contracts, including contracts for crude oil, unleaded gasoline, heating oil and natural gas, and is the largest exchange in North America for the trading of platinum group metals contracts.

The COMEX is the largest marketplace for gold and silver futures and options contracts, and is the largest exchange in North America for futures and options contracts for copper and aluminum. Participants in the Exchange's markets include a wide variety of customers involved in the production, consumption and trading of energy and metals products. Market participants use the Exchange for both hedging and speculative purposes.

NYMEX ClearPortSM Clearing is the mechanism by which individually negotiated off-exchange trades are submitted to the Exchange for clearing of specified products. The ClearPortSM system enables market participants to take advantage of the financial depth and security of the NYMEX Exchange clearinghouse along with access to more than 60 energy futures contracts.

Note Regarding Forward-Looking Statements

The Company may, in discussions of its future plans, objectives and expected performance in periodic reports filed by the Company with the Securities and Exchange Commission (or documents incorporated by reference therein) and in written and oral presentations made by the Company, include projections or other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934, as amended (the "1934 Act"). Such projections and forward-looking statements are based on assumptions, which the Company believes are reasonable but are, by their nature, inherently uncertain. Some of the important factors that could cause actual results to differ from any such projections or other forward-looking statements are discussed below, and in other reports filed by the Company under the 1934 Act, including in the Company's December 31, 2003 Annual Report on Form 10-K. The Company's forward-looking statements are based on information available to the Company today, and except as required by law, the Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. Actual results and experience may differ materially from forward-looking statements as a result of many factors, including: changes in general economic and industry conditions in various markets in which the Company's contracts are traded; increased competitive activity; fluctuations in trading floor administrative expenses related to trading and clearing contracts; the ability to control costs and expenses; changes to legislation or regulations; protection and validity of the Company's intellectual property rights and rights licensed from others; and other unanticipated events and conditions. It is not possible for the Company to foresee or identify all such factors.

Market Conditions

For the three months ended June 30, 2004, the volume of total futures and options contracts traded and cleared was 41.4 million contracts, an increase of 9.2 million contracts or 28.6% from 32.2 million contracts for the same period last year.

For the six months ended June 30, 2004, the volume of total futures and options contracts traded and cleared was 80.0 million contracts, an increase of 7.6 million contracts or 10.5% from 72.4 million contracts for the same period last year.

Provided below is a discussion of the Company's three significant components of trading and clearing operations: (i) the NYMEX Division; (ii) the COMEX Division; and (iii) NYMEX ClearPortSM Clearing. The NYMEX Division and COMEX Division information presented in the following discussion excludes contracts cleared through NYMEX ClearPortSM Clearing.

Trading and clearing volumes discussed in this management's discussion and analysis are expressed as "round-turns," which are matched buys and sells of the underlying contracts. These volumes include futures settlement and options exercise transactions for which transaction fees are assessed. Prior to the filing of this second quarter 2004 Form 10-Q, the Company did not include settlement and exercise volumes in its volume disclosures. Accordingly, prior period volume information has been adjusted to include such transactions for comparative purposes. Open interest represents the number of contracts at June 30, 2004 and 2003 for which clearing members and their customers are obligated to the Company's clearinghouse and are required to make or take future delivery of the physical commodity (or in certain cases be settled by cash), or close out the position with an offsetting sale or purchase prior to contract expiration. Options open interest represents unexpired, unexercised option contracts.

Energy Markets — NYMEX Division

For the three months ended June 30, 2004, the volume of futures and options contracts traded and cleared on the NYMEX Division was 30.8 million contracts, an increase of 5.6 million contracts or 22.2% from 25.2 million contracts for the same period last year. Futures contracts volume was 25.3 million contracts, an increase of 4.8 million contracts or 23.4% from 20.5 million contracts for the same period last year. Options contracts volume was 5.5 million contracts, an increase of 0.8 million contracts or 17.0% from 4.7 million contracts for the same period last year.

For the six months ended June 30, 2004, the volume of futures and options contracts traded and cleared on the NYMEX Division was 59.3 million contracts, an increase of 1.5 million contracts or 2.6% from 57.8 million contracts for the same period last year. Futures contracts volume was 48.7 million contracts, an increase of 2.7 million contracts or 5.9% from 46.0 million contracts for the same period last year. Options contracts volume was 10.6 million contracts, a decrease of 1.3 million contracts or 10.9% from 11.9 million contracts for the same period last year.

The following tables set forth trading and clearing volumes and open interest for the Company's major energy futures and options products.

NYMEX Division Contracts Traded and Cleared

(In thousands)

For the Three Months Ended June 30,

Quarterly Comparison	2004			2003		
	Futures	Options	Total	Futures	Options	Total
Light sweet crude oil	13,493	2,929	16,422	10,454	2,299	12,753
Henry Hub natural gas	4,763	1,919	6,682	4,616	2,074	6,690
N.Y. heating oil	3,032	105	3,137	2,391	131	2,522
N.Y. harbor unleaded gasoline	3,605	377	3,982	2,820	182	3,002
Other	409	181	590	188	58	246
Total	25,302	5,511	30,813	20,469	4,744	25,213

NYMEX Division Contracts Traded and Cleared

(In thousands)

For the Six Months Ended June 30,

Year-to-Date Comparison	2004			2003		
	Futures	Options	Total	Futures	Options	Total
Light sweet crude oil	26,223	5,513	31,736	23,512	6,197	29,709
Henry Hub natural gas	8,614	3,905	12,519	10,348	4,709	15,057
N.Y. heating oil	6,421	248	6,669	5,907	380	6,287
N.Y. harbor unleaded gasoline	6,748	615	7,363	5,878	436	6,314
Other	664	322	986	339	141	480
Total	48,670	10,603	59,273	45,984	11,863	57,847

NYMEX Division Contracts Open Interest

(In thousands)

At June 30,

	2004			2003		
	Futures	Options	Total	Futures	Options	Total
Light sweet crude oil	698	1,005	1,703	504	658	1,162
Henry Hub natural gas	364	873	1,237	348	845	1,193
N.Y. heating oil	182	52	234	118	55	173
N.Y. harbor unleaded gasoline	130	74	204	84	32	116
Other	48	11	59	15	9	24
Total	1,422	2,015	3,437	1,069	1,599	2,668

Light Sweet Crude Oil

For the three months ended June 30, 2004, futures contract volume was 13.5 million contracts, an increase of 3.0 million contracts or 28.6% from 10.5 million contracts for the same period last year. Options contract volume was 2.9 million contracts, an increase of 0.6 million contracts or 26.1% from 2.3 million contracts for the same period last year. Total futures and options contract volume was 16.4 million contracts, an increase of 3.6 million contracts or 28.1% from 12.8 million contracts for the same period last year.

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For the six months ended June 30, 2004, futures contract volume was 26.2 million contracts, an increase of 2.7 million contracts or 11.5% from 23.5 million contracts for the same period last year. Options contract volume was 5.5 million contracts, a decrease of 0.7 million contracts or 11.3% from 6.2 million contracts for the same period last year. Total futures and options contract volume was 31.7 million contracts, an increase of 2.0 million contracts or 6.7% from 29.7 million contracts for the same period last year.

Increases in contract volume for the three and six months ended June 30, 2004 were due to a stronger global demand for crude oil. Gasoline, a by-product of crude oil, and its diminished supplies from the oil-producing nations, has resulted in an increased demand for crude oil. In addition, higher price differentials between crude oil and gasoline resulted in higher trading activity. The decrease in options contract volume was due to unusually strong levels of volume in the first quarter of 2003, when volatility was higher due to the war in Iraq.

Henry Hub Natural Gas

For the three months ended June 30, 2004, futures contract volume was 4.8 million contracts, an increase of 0.2 million contracts or 4.3% from 4.6 million contracts for the same period last year. Options contract volume was 1.9 million contracts, a decrease of 0.2 million contracts or 9.5% from 2.1 million contracts for the same period last year. Total futures and options contracts volume was 6.7 million contracts, essentially flat when compared to the same period last year.

The three months ended June 30, 2004 was characterized by normal weather patterns and natural gas supply levels. These factors contributed to the moderate increase in futures contract volume and the moderate decrease in options contract volume during the current year period.

For the six months ended June 30, 2004, futures contract volume was 8.6 million contracts, a decrease of 1.7 million contracts or 16.5% from 10.3 million contracts for the same period last year. Options contract volume was 3.9 million contracts, a decrease of 0.8 million contracts or 17.0% from 4.7 million contracts for the same period last year. Total futures and options contracts volume was 12.5 million contracts, a decrease of 2.6 million contracts or 17.2% from 15.1 million contracts for the same period last year.

Decreases in futures and options contract volume for the six months ended June 30, 2004 were due to diminished concern regarding the supply of natural gas resulting from a mild winter. During the prior year period, a colder than expected winter led to increased concerns about the supply, and therefore, resulted in increased trading activity.

New York Heating Oil

For the three months ended June 30, 2004, futures contract volume was 3.0 million contracts, an increase of 0.6 million contracts or 25.0% from 2.4 million contracts for the same period last year. Options contract volume was 0.1 million contracts for both the current and prior year period. Total futures and options contracts volume was 3.1 million contracts, an increase of 0.6 million contracts or 24.0% from 2.5 million contracts for the same period last year.

For the six months ended June 30, 2004, futures contract volume was 6.4 million contracts, an increase of 0.5 million contracts or 8.5% from 5.9 million contracts for the same period last year. Options contract volume was 0.2 million contracts, a decrease of 0.2 million contracts or 50.0% from 0.4 million contracts for the same period last year. Total futures and options contracts volume was 6.7 million contracts, an increase of 0.4 million contracts or 6.3% from 6.3 million contracts for the same period last year.

Increases in futures contract volume for the three and six months ended June 30, 2004 were due to a stronger global demand for petroleum products, including heating oil. The decrease in options contract volume for the six months ended June 30, 2004 was due to unusually strong levels of volume in the prior year period, as volatility was higher due to the war in Iraq.

New York Harbor Unleaded Gasoline

For the three months ended June 30, 2004, futures contract volume was 3.6 million contracts, an increase of 0.8 million contracts or 28.6% from 2.8 million contracts for the same period last year. Options contract volume was 0.4 million, an increase of 0.2 million contracts or 100.0% from 0.2 million contracts for the same period last year. Total futures and options contracts volume was 4.0 million contracts, an increase of 1.0 million contracts or 33.3% from 3.0 million contracts for the same period last year.

For the six months ended June 30, 2004, futures contract volume was 6.7 million contracts, an increase of 0.8 million contracts or 13.6% from 5.9 million contracts for the same period last year. Options contract volume was 0.6 million, an increase of 0.2 million contracts or 50.0% from 0.4 million contracts for the same period last year. Total futures and options contract volume was 7.3 million contracts, an increase of 1.0 million contracts or 15.9% from 6.3 million contracts for the same period last year.

Increases in futures and options contracts volume for the three and six months ended June 30, 2004 were due to a strong consumer demand for gasoline and stricter Environmental Protection Agency standards required for the production of cleaner gasoline. These factors reduced the supply of gasoline, which in turn increased the price differential between gasoline and crude oil, resulting in higher trading activity.

Metals Market — COMEX Division

For the three months ended June 30, 2004, the volume of total futures and options contracts traded and cleared for the COMEX Division was 7.7 million contracts, an increase of 2.2 million contracts or 40.0% from 5.5 million contracts for the same period last year. Futures contract volume was 6.0 million contracts, an increase of 1.4 million contracts or 30.4% from 4.6 million contracts for the same period last year. Options contract volume was 1.7 million contracts, an increase of 0.7 million contracts or 70.0% from 1.0 million contracts for the same period last year.

For the six months ended June 30, 2004, the volume of total futures and options contracts traded and cleared for the COMEX Division was 15.9 million contracts, an increase of 4.2 million contracts or 35.9% from 11.7 million contracts for the same period last year. Futures contract volume was 13.3 million contracts, an increase of 3.5 million contracts or 35.7% from 9.8 million contracts for the same period last year. Options contract volume was 2.6 million contracts, an increase of 0.6 million contracts or 30.0% from 2.0 million contracts for the same period last year.

The following tables set forth trading and clearing volumes and open interest for the Company's major metals futures and options products.

COMEX Division Contracts Traded and Cleared

(In thousands)

Quarterly Comparison	For the Three Months Ended June 30,					
	2004			2003		
	Futures	Options	Total	Futures	Options	Total
Gold	3,665	1,309	4,974	2,752	864	3,616
Silver	1,441	286	1,727	942	87	1,029
High grade copper	895	77	972	847	9	856
Aluminum	23	—	23	38	2	40
Total	6,024	1,672	7,696	4,579	962	5,541

COMEX Division Contracts Traded and Cleared
(In thousands)
For the Six Months Ended June 30,

Year-to-Date Comparison	2004			2003		
	Futures	Options	Total	Futures	Options	Total
Gold	8,436	1,993	10,429	6,133	1,723	7,856
Silver	2,946	480	3,426	1,903	219	2,122
High grade copper	1,868	129	1,997	1,628	16	1,644
Aluminum	57	—	57	86	2	88
Total	13,307	2,602	15,909	9,750	1,960	11,710

COMEX Division Contracts Open Interest
(In thousands)
At June 30,

	2004			2003		
	Futures	Options	Total	Futures	Options	Total
Gold	224	637	861	184	415	599
Silver	89	98	187	79	48	127
High grade copper	57	26	83	75	3	78
Aluminum	10	—	10	8	1	9
Total	380	761	1,141	346	467	813

Gold

For the three months ended June 30, 2004, futures contract volume was 3.7 million contracts, an increase of 0.9 million contracts or 32.1% from 2.8 million contracts for the same period last year. Options contract volume was 1.3 million contracts, an increase of 0.4 million contracts or 44.4% from 0.9 million contracts for the same period last year. Total futures and options contract volume was 5.0 million contracts, an increase of 1.3 million contracts or 35.1% from 3.7 million contracts for the same period last year.

For the six months ended June 30, 2004, futures contract volume was 8.4 million contracts, an increase of 2.3 million contracts or 37.7% from 6.1 million contracts for the same period last year. Options contract volume was 2.0 million contracts, an increase of 0.3 million contracts or 17.6% from 1.7 million contracts for the same period last year. Total futures and options contract volume was 10.4 million contracts, an increase of 2.6 million contracts or 33.3% from 7.8 million contracts for the same period last year.

Increases in futures and options contract volume for the three and six months ended June 30, 2004 were due to significant uncertainty regarding geopolitical conditions, rapidly rising physical commodity prices, a weakened U.S. currency and economic growth, which led to increased hedging and speculative demand for gold futures and options.

Silver

For the three months ended June 30, 2004, futures contract volume was 1.4 million contracts, an increase of 0.5 million contracts or 55.6% from 0.9 million contracts for the same period last year. Options contract volume was 0.3 million contracts, an increase of 0.2 million contracts from 0.1 million contracts for the same period last year. Total futures and options contract volume was 1.7 million contracts, an increase of 0.7 million contracts or 70.0% from 1.0 million contracts for the same period last year.

For the six months ended June 30, 2004, futures contract volume was 2.9 million contracts, an increase of 1.0 million contracts or 52.6% from 1.9 million contracts for the same period last year. Options contract

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volume was 0.5 million contracts, an increase of 0.3 million contracts from 0.2 million contracts for the same period last year. Total futures and options contract volume was 3.4 million contracts, an increase of 1.3 million contracts or 61.9% from 2.1 million contracts for the same period last year.

Increases in futures and options contract volume for the three and six months ended June 30, 2004 were due to significant uncertainty regarding geopolitical conditions, rapidly rising physical commodity prices, a weakened U.S. currency and economic growth, which led to increased hedging and speculative demand for silver futures and options.

High Grade Copper

For the three months ended June 30, 2004, futures contract volume remained essentially flat at 0.9 million contracts, and options contract volume increased to 77,000 contracts from 9,000 contracts compared to the same period last year. Total futures and options contract volume was 1.0 million contracts, an increase of 0.1 million contracts or 11.1% from 0.9 million contracts for the same period last year.

For the six months ended June 30, 2004, futures contract volume was 1.9 million contracts, an increase of 0.3 million contracts or 18.8% from 1.6 million contracts for the same period last year. Options contract volume increased to 129,000 contracts from 16,000 contracts compared to the same period last year. Total futures and options contract volume was 2.0 million contracts, an increase of 0.4 million or 25.0% from 1.6 million contracts for the same period last year.

Increases in futures and options contract volume for the six months ended June 30, 2004 were due to strong housing starts in the U.S. coupled with increased international demand and changes in supply patterns, which contributed to increased market volatility, resulting in increases in copper futures and options trading levels. In addition, rapidly declining global warehouse stocks, interruptions in the copper supply chain and world usage of copper exceeding production also contributed to the higher trading volumes.

NYMEX ClearPortSM Clearing

For the three months ended June 30, 2004, futures and options contract clearing volume was 2.9 million contracts, an increase of 1.5 million contracts or over 100.0% from 1.4 million contracts from the same period last year.

For the six months ended June 30, 2004, futures and options contract clearing volume was 4.8 million contracts, an increase of 1.9 million contracts or 65.5% from 2.9 million contracts from the same period last year.

While the Company's open outcry and electronic trading venues experienced declines in natural gas futures and options trading volumes for the six months ended June 30, 2004, there was significant growth in natural gas clearing volume through NYMEX ClearPortSM Clearing. The growth in NYMEX ClearPortSM Clearing was due, in part, to traditional over-the-counter market participants seeking credit risk mitigation provided by the Company's clearinghouse for off-exchange trade execution activities. In addition, significant growth in existing natural gas products during the current period and the launch of new products for petroleum and electricity on NYMEX ClearPortSM Clearing contributed to this increase.

NYMEX ClearPortSM Clearing Contracts**(In thousands)**

Quarterly Comparison	For the Three Months Ended June 30,	
	2004	2003
Natural gas	2,572	1,346
Electricity	134	51
Petroleum products	146	3
Coal	2	1
Total	2,854	1,401

Year-to-Date Comparison	For the Six Months Ended June 30,	
	2004	2003
Natural gas	4,336	2,796
Electricity	239	81
Petroleum products	258	4
Coal	4	1
Total	4,837	2,882

NYMEX ClearPortSM Clearing Open Interest**(In thousands)**

	At June 30,	
	2004	2003
Natural gas	1,525	800
Electricity	36	21
Petroleum products	99	3
Coal	143	1
Total	1,803	825

Critical Accounting Policies

The Securities and Exchange Commission (“SEC”) has requested that all registrants discuss their three to five most “critical accounting policies” in Management’s Discussion and Analysis. The SEC indicated that a “critical accounting policy” is one which is both important to the portrayal of the company’s financial condition and results of operations and requires management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The Company believes that the following accounting policies fit this definition:

Internally Developed Software

Statement of Position (SOP) 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*, provides guidance on the accounting treatment of costs related to software obtained or developed for internal use. The Company has capitalized certain costs to develop internal-use software, consisting primarily of software tools and systems. Since most of its capital expenditures are not exclusively used on developing internally used software, the Company allocates these costs on a project-by-project basis. The Company capitalizes these costs related to software developed for internal use based on the results of this allocation. During the six months ended June 30, 2004, the Company had no capitalized internal-use software

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costs, compared to \$1.2 million capitalized in the comparable prior year period. These amounts are included in property and equipment, net, in the Company's unaudited consolidated balance sheets. The Company amortizes these capitalized costs to expense over an estimate of the useful life of the internal-use software, which is generally three to five years.

Revenue Recognition

Clearing and Transaction Fee Revenues

The largest source of the Company's operating revenues is clearing and transaction fees. These fees are recognized as revenue in the same period that trades are executed and/or cleared on the Exchange. During 2003, the Company had in effect a proprietary fee reduction program. Under this program, NYMEX Division members received from the Company, either directly or through a clearing member, payments representing reductions of their clearing and transaction fees. The amount of payments under this program was based on each member's individual trading and clearing volumes, and represented a stated per-side transaction fee reduction. The level of the per-side fee reduction was set periodically by the Company's board of directors. Clearing and transaction fees were recorded net of these payments, which totaled \$3.5 million and \$8.1 million for the three and six months ended June 30, 2003. This program was eliminated effective December 31, 2003 and, as a result, there were no fee reduction credits during the three and six months ended June 30, 2004.

Clearing and transaction fees receivable are monies due to the Company from clearing member firms. Exposure to losses on receivables is principally dependent on the financial condition of each clearing member firm. Clearing members' seats collateralize fees owed to the Company. At June 30, 2004, no clearing and transaction fees receivable balance was greater than the related clearing member's aggregate seat value. Management does not believe that a concentration of credit risk exists from these receivables. The Company has the right to liquidate a member's seat in order to satisfy its receivable.

Clearing and transaction fees receivable are carried net of allowances for member credits, which are based upon expected billing adjustments. Allowances for member credits were \$256,000 at June 30, 2004. The Company believes the likelihood of incurring material losses due to non-collectibility of clearing and transaction fees is remote and that the allowance is adequate to cover anticipated member credits.

Market Data Revenue

The Company provides real time information to subscribers regarding prices of futures and options contracts traded on the Exchange. As is common practice in the industry, fees are remitted to the Company by market data customers on behalf of subscribers. Revenues are accrued for the current month based on the most recent month reported by the customers. The Company conducts periodic audits of the information provided. Revenues derived from audit recoveries are recognized when cash is received from the market data customers. An allowance for doubtful accounts was established to cover potential non-collectible customer receivables as well as future adjustments by the market data customers. At June 30, 2004, this allowance was \$114,000, which the Company believes is sufficient to cover potential bad debts and subsequent credits. At June 30, 2004, the combined amounts due from ten customers represented 83% of the total accounts receivable balance.

Other Revenues

Other revenues consist of rental income from tenants leasing space in the Company's headquarters building, compliance fines assessed for violation of trading rules and procedures, fees charged to members and non-members for the use of telephone equipment, long distance telephone service and trading booths provided by the Company, fees charged for access to the NYMEX ACCESS® electronic trading system and other miscellaneous revenues. Other revenues are recognized on an accrual basis in the period during which the Company derives economic value, with the exception of floor and compliance fines, which are recognized when cash is received. The Company has established a reserve for non-collectible receivables of \$681,000 at June 30, 2004, and believes the amount is sufficient to cover potential bad debts and subsequent credits.

Accounting for the Impairment or Disposal of Long-Lived Assets

The Company reviews long-lived assets for impairment, in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (“SFAS No. 144”). If facts and circumstances indicate that the Company’s long-lived assets might be impaired, the estimated future undiscounted cash flows associated with the long-lived asset would be compared to its carrying value to determine if a write-down to fair value is necessary. If a write-down is required, the amount is determined by comparing fair market values to carrying values in accordance with SFAS No. 144.

The Company is pursuing a new technology strategy, which is designed to standardize the Company’s technology infrastructure. In conjunction with this strategy, the functionality and useful lives of existing technology assets were evaluated as of September 30, 2003. As a result of this evaluation, the Company shortened the estimated useful lives of significant components of its existing technology infrastructure, resulting in an acceleration of depreciation and associated increase in depreciation expense for subsequent periods.

Deferred Credits

In 1995, the Company secured a grant of \$128.7 million from the New York City Economic Development Corporation (“EDC”) and the Empire State Development Corporation (“ESDC”, formerly known as the New York State Urban Development Corporation) for construction of its corporate headquarters and trading facility. The grant is being recognized in income on the same basis as, and is a reduction to, the depreciation of the facility.

For the first quarter of 2003, the Company entered into an agreement and received a \$5 million grant from the ESDC. This agreement requires the Company to maintain certain annual employment levels, and the grant is subject to recapture amounts on a declining scale over time. The grant is recognized in income ratably in accordance with the recapture schedule.

Results of Operations for the Three and Six Months Ended June 30, 2004 and 2003

Overview

Net income for the three months ended June 30, 2004 was \$5.3 million, an increase of \$5.1 million from \$0.2 million for the same period last year. This increase was the result of higher revenues of \$15.5 million, which was partially offset by higher operating expenses of \$2.9 million. The increase in net revenues was due to an increase in gross revenues from higher trading and clearing volumes, as well as the elimination of the Company’s proprietary fee reduction program. The increase in operating expenses was due primarily to increased salaries and employee benefits related to severance agreements with two of the Company’s senior executives. In addition, professional fees increased due to consulting services for various company initiatives and legal services retained for on-going litigation.

Net income for the six months ended June 30, 2004 was \$11.6 million, an increase of \$5.7 million from \$5.9 million for the same period last year. This increase was the result of higher net revenues of \$19.0 million, which was partially offset by higher operating expenses of \$7.1 million. The increase in net revenues was due to an increase in gross revenues from higher trading and clearing volumes, as well as the elimination of the Company’s proprietary fee reduction program. The increase in operating expenses was due primarily to increased salaries and employee benefits, professional fees and general and administrative expenses. Salaries and employee benefits increased due to severance agreements with two of the Company’s senior executives. Professional fees increased due to consulting services for various company initiatives and legal services retained for on-going litigation. General and administrative expenses increased due to higher broker incentive programs designed to increase trading and clearing volumes and premiums related to the establishment of the Company’s default insurance policy to protect the Company’s clearinghouse from a catastrophic member default.

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The following table summarizes the components of net income for the three and six months ended June 30, 2004 and 2003 (in thousands, except for share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Total revenues	\$56,459	\$41,037	\$109,696	\$90,662
Operating expenses	44,113	41,204	85,808	78,665
Operating income (loss)	12,346	(167)	23,888	11,997
Investment income (loss), net	(884)	2,064	416	2,750
Interest expense	1,770	1,823	3,540	3,645
Income before provision (benefit) for income taxes	9,692	74	20,764	11,102
Provision (benefit) for income taxes	4,370	(103)	9,200	5,170
Net income	\$ 5,322	\$ 177	\$ 11,564	\$ 5,932
Basic and diluted earnings per share	\$ 6,522	\$ 217	\$ 14,172	\$ 7,270

Revenue

Clearing and Transaction Fees, Net

For the three months ended June 30, 2004, clearing and transaction fees were \$45.7 million, an increase of \$16.3 million or 55.4% from \$29.4 million for the same period last year. For the six months ended June 30, 2004, clearing and transaction fees were \$88.6 million, an increase of \$19.8 million or 28.8% from \$68.8 million for the same period last year. The increases for both the three- and six-month periods were due to higher NYMEX Division and COMEX Division floor trading volumes, NYMEX ClearPortSM Clearing volumes and average revenue per contract cleared. In addition, the elimination of the proprietary fee reduction program also contributed to the increase in revenue.

For the three and six months ended June 30, 2004, gross revenue per contract was \$1.11, an increase of \$0.09 and \$0.05 per contract compared to the comparable prior year periods. Gross revenue per contract increased due to the customer trading mix and an increase in the trading of certain products on NYMEX ClearPortSM. For the three and six months ended June 30, 2004, net revenue per contract increased an additional \$0.11 due to the elimination of the proprietary fee reduction program. The following table provides details related to clearing and transaction revenue per contract (in thousands, except for revenue per contract):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Clearing and Transaction Fee Revenue				
Gross fees	\$45,734	\$32,852	\$88,615	\$76,900
Proprietary fee reduction program	—	(3,487)	—	(8,145)
Clearing and transaction fees, net	\$45,734	\$29,365	\$88,615	\$68,755
Average Clearing and Transaction Fee Revenue per Contract				
Gross revenue per contract	\$ 1.11	\$ 1.02	\$ 1.11	\$ 1.06
Impact of fee reduction program	—	(0.11)	—	(0.11)
Revenue per contract, net	\$ 1.11	\$ 0.91	\$ 1.11	\$ 0.95

Market Data Fees

For the three months ended June 30, 2004, market data fee revenues were \$8.0 million, an increase of \$0.1 million or 1.3% from \$7.9 million for the same period last year. This increase was due primarily to vendor administrative fees that began being billed for both the NYMEX Division and COMEX Divisions in May of 2004.

For the six months ended June 30, 2004, market data fee revenues were \$15.7 million, a decrease of \$0.6 million or 3.7% from \$16.3 million for the same period last year. This decrease was due primarily to a decline in the number of subscriber units. In addition, this decrease was the result of audit recovery revenue included in the prior year period.

Other Revenues

For the three months ended June 30, 2004, other revenues were \$2.7 million, a decrease of \$1.0 million or 27.0% from \$3.7 million for the same period last year. For the six months ended June 30, 2004, other revenues were \$5.4 million, a decrease of \$0.2 million or 3.6% from \$5.6 million for the same period last year. The decreases for both the three- and six-month periods were due primarily to rental revenue adjustments in the prior year periods.

Operating Expenses

Salaries and Employee Benefits

For the three months ended June 30, 2004, salaries and employee benefit expenses were \$15.4 million, an increase of \$2.2 million or 16.7% from \$13.2 million for the same period last year. For the six months ended June 30, 2004, salaries and employee benefit expenses were \$29.0 million, an increase of \$2.4 million or 9.0% from \$26.6 million for the same period last year. The increases for both the three- and six-month periods were due primarily to an increase in severance costs the Company incurred with respect to two of its senior executives, as well as lower levels of capitalized compensation related to software development activities. This increase was partially offset by lower employee costs attributable to a decline in the average number of employees as compared to the same period last year.

Occupancy and Equipment

For the three months ended June 30, 2004, occupancy and equipment expenses were \$6.2 million, a decrease of \$0.7 million or 10.1% from \$6.9 million for the same period last year. For the six months ended June 30, 2004, occupancy and equipment expenses were \$12.2 million, a decrease of \$1.7 million or 12.2% from \$13.9 million for the same period last year. The decreases for both the three- and six-month periods were due primarily to the additional rent and associated expenses the Company incurred in the prior year periods to maintain a temporary disaster recovery site.

Depreciation and Amortization

For the three months ended June 30, 2004, depreciation and amortization expenses were \$5.3 million, an increase of \$0.6 million or 12.8% from \$4.7 million for the same period last year. For the six months ended June 30, 2004, depreciation and amortization expenses were \$10.5 million, an increase of \$1.0 million or 10.5% from \$9.5 million for the same period last year. The increases for both the three- and six-month periods were due to depreciation related to the addition of telecommunication equipment for the trading floor at the corporate headquarters, technology and leasehold improvements to complete the construction of the Company's permanent disaster recovery site and a change in the estimated useful lives of certain computer equipment. During 2004, the Company continued development of a new technology strategy, which has been designed to standardize the Company's technology infrastructure. Implementation of this strategy is expected to reduce technology operating costs while enhancing processing speed and capacity. In conjunction with this strategy, the functionality and useful lives of existing technology assets were evaluated. As a result of this evaluation, the Company shortened the estimated useful lives of a significant component of its existing

technology infrastructure. The change in useful lives will result in higher annual depreciation costs in 2004 compared to 2003.

General and Administrative

For the three months ended June 30, 2004, general and administrative expenses were \$6.6 million, an increase of \$0.3 million or 4.8% from \$6.3 million for the same period last year. For the six months ended June 30, 2004, general and administrative expenses were \$13.1 million, an increase of \$3.2 million or 32.3% from \$9.9 million for the same period last year. The increases for both the three- and six-month periods were attributable to the Company's implementation of, in the second quarter of 2003, certain programs designed to provide incentives to third parties to establish business with the Company. This increase was partially offset by a decrease in litigation settlements in the current year periods. In addition, insurance expenses during the current six month period increased due to premiums on a default insurance policy obtained in 2003 to provide protection to the Company's clearinghouse in the event of a clearing member default that exceeds the Guaranty Fund.

Professional Services

For the three months ended June 30, 2004, professional service expenses were \$6.7 million, an increase of \$1.2 million or 21.8% from \$5.5 million for the same period last year. For the six months ended June 30, 2004, professional service expenses were \$12.4 million, an increase of \$2.9 million or 30.5% from \$9.5 million for the same period last year. The increases for both the three- and six-month periods were due primarily to higher consulting fees related to compliance with the Sarbanes-Oxley Act of 2002, as well as financial and technical consulting to support technology initiatives. In addition, legal fees during the current six-month period increased due to on-going involvement in certain litigation.

Telecommunications

For the three months ended June 30, 2004, telecommunications expenses were \$1.5 million, an increase of \$0.2 million or 15.4% from \$1.3 million for the same period last year. For the six months ended June 30, 2004, telecommunications expenses were \$2.9 million, an increase of \$0.2 million or 7.4% from \$2.7 million for the same period last year. The increases for both the three- and six-month periods were due to higher data and voice communication expenses related to the permanent business recovery site the Company began occupying during the second quarter of 2003.

Marketing

For the three months ended June 30, 2004, marketing expenses were \$0.5 million, a decrease of \$0.3 million or 37.5% from \$0.8 million for the same period last year. This decrease was due primarily to fewer Exchange-sponsored events and advertising campaigns during the current year period.

For the six months ended June 30, 2004, marketing expenses were \$1.2 million, a decrease of \$0.1 million or 7.7% from \$1.3 million for the same period last year. This decrease was due primarily to fewer advertising campaigns offset, in part, by additional corporate logo sponsorships during the current year period.

Other Expenses

For the three months ended June 30, 2004, other expenses were \$1.5 million, a decrease of \$0.9 million or 37.5% from \$2.4 million for the same period last year. For the six months ended June 30, 2004, other expenses were \$3.8 million, a decrease of \$0.6 million or 13.6% from \$4.4 million for the same period last year. The decreases for both the three- and six-month periods were due primarily to lower earnings from the COMEX Members' Recognition and Retention Program ("MRRP") offset, in part, by higher charitable contributions during the current year periods. The earnings or loss for the COMEX MRRP are included in investment income, with an equal and offsetting charge recorded in other expenses on the consolidated statements of income.

Impairment and Disposition Loss on Capitalized Software and Computer Equipment

The loss on impairment and disposition of capitalized software and computer equipment for the three and six month periods ended June 30, 2004 was \$0.4 million and \$0.5 million, respectively. Future implementation of a new technology infrastructure will render certain existing technology assets obsolete and, therefore, the Company anticipates that additional charges for disposal of assets will be recognized in 2004.

Investment Income

For the three months ended June 30, 2004, investments yielded a loss of \$0.9 million, a decrease of \$3.0 million from income of \$2.1 million for the same period last year. For the six months ended June 30, 2004, investment income was \$0.4 million, a decrease of \$2.4 million from \$2.8 million for the same period last year. The decreases for both the three- and six-month periods were due primarily to higher unrealized losses on fixed income securities.

Provision for Income Taxes

The Company's effective tax rate was 44.3% for the six months ended June 30, 2004, compared to 46.6% for the same period last year. The difference between the effective tax rates was due primarily to the recognition of valuation allowances related to the potential expiration of charitable contribution carry-forwards and disallowed research and development credits during the prior year periods.

Financial Condition and Cash Flows

Liquidity and Capital Resources

At June 30, 2004, the Company had \$134.1 million in cash and cash equivalents, securities purchased under agreements to resell and marketable securities. Working capital at June 30, 2004 was \$117.4 million.

Cash Flow; Sources and Uses of Cash

The Company's principal sources of cash are fees collected from clearing members for trading and/or clearing futures and options transactions, fees collected from market data vendors for distribution of the Company's proprietary contract price information, and rent collected from tenants' leased space in the Company's headquarters building. Principal uses of cash include operating expenses, income taxes, capital expenditures, debt service, dividends and payments made to members and third parties under certain incentive programs.

The following table is a summary of significant cash flow categories for the six months ended June 30, 2004 and 2003 (in thousands):

	For the Six Months Ended June 30,	
	2004	2003
Net cash provided by operating activities	\$ 27,500	\$19,939
Increase in marketable securities	(55,238)	(1,140)
Decrease (increase) in securities purchased for resale	32,406	(3,923)
Capital expenditures	(3,451)	(6,301)
Other net cash flows	892	(3,821)
Net change in cash and investments	2,109	4,754
Dividends paid to stockholders	(2,500)	(5,000)
Net change in cash and cash equivalents	\$ (391)	\$ (246)

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Net cash provided by operating activities includes cash inflows related to operating revenues, net of cash outflows from operating expenses, income taxes and payments to members and third parties under certain incentive programs.

Net cash provided by operating activities was \$27.5 million for the six months ended June 30, 2004 compared to \$19.9 million for the same period last year. Cash flows from operating activities resulted primarily from net income during both periods, which represents the Company's principal source of cash and led the period-over-period increase. In addition, operating cash flows were positively impacted by increases in trade payables, accrued expenses and deferred tax assets, offset by increases in accounts receivable related to an increase in revenues period-over-period and income tax payments of \$12.3 million during the current year period compared to \$4.7 million in the prior year period. The Company did not pay income taxes in the first quarter of 2003 due to the utilization of net operating losses offsetting taxable income.

Net cash used in investing activities was \$25.4 million for the six months ended June 30, 2004, an increase of \$10.2 million compared to \$15.2 million for the same period last year. This increase was due primarily to the investment of higher operating cash flows.

Capital expenditures for the six months ended June 30, 2004 and 2003 were \$3.5 million and \$6.3 million, respectively.

Net cash used in financing activities for the six months ended June 30, 2004 and 2003 was \$2.5 million and \$5.0 million, respectively. These amounts represent payments of cash dividends to the Company's common stockholders of \$3,064 per common share and \$6,127 per common share, respectively. The Company reserves the right to pay discretionary future dividends.

In the fourth quarter of 2002, the Company and the Board of Trade of the City of New York, Inc. ("NYBOT") entered into a ten-year lease agreement, under which NYBOT is leasing office and trading floor space in the Company's headquarters building. Rent commenced for the office and trading floor space on various occupancy dates during 2003. Operating cash flows in 2004 will benefit from full-year rent receipts under this lease agreement.

The Company believes that its cash flows from operations and existing working capital will be sufficient to meet its needs for the foreseeable future, including capital expenditures, debt service and dividends. Subject to certain limitations under existing long-term note agreements, the Company has the ability and may seek to raise capital through the issuance of debt or equity in the private and public capital markets.

Investment Policy

The Company maintains cash and short-term investments in an amount sufficient to meet its working capital requirements. The Company's investment policies are designed to maintain a high degree of liquidity, emphasizing safety of principal and total after tax return. Excess cash on hand is generally invested overnight in securities purchased under agreements to resell. Cash that is not required to meet daily working capital requirements is invested primarily in high-grade tax-exempt municipal bonds, and obligations of the United States government and its agencies. The Company also invests in equity securities. During the second quarter of 2004, the Company reduced the amount of cash invested in overnight repurchase agreements and increased the amount invested in marketable securities. The Company believes this change will increase its overall investment yield while maintaining a reasonable amount of cash on hand to meet daily working capital needs. At June 30, 2004 and December 31, 2003, cash and investments were as follows (in thousands):

	June 30, 2004	December 31, 2003
Cash and cash equivalents	\$ 1,372	\$ 1,763
Securities purchased under agreements to resell	12,644	45,050
Marketable securities	120,123	64,885
	<u>\$134,139</u>	<u>\$111,698</u>

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Included in marketable securities at June 30, 2004 are investments totaling \$11.7 million relating to the COMEX MRRP. This plan provides benefits to certain COMEX Division members based on long-term membership, and participation is limited to individuals who were COMEX Division members prior to the Company's acquisition of COMEX in 1994. The Company is required to fund the plan with a minimum annual contribution of \$400,000 until the plan is fully funded. Based on continued funding of \$800,000 per year, and certain actuarial assumptions, the Company expects the plan to be fully funded by 2018.

Included in marketable securities are investments that are pledged as collateral with one of the Company's investment managers relating to a membership seat financing program. Under this program, the investment manager extends credit to individuals purchasing NYMEX Division membership seats. The program requires that the Company pledge assets to the investment manager in an amount equal to at least 118% of the loan value. In the event a member defaults on a loan, the investment manager has the right to seize the Company's collateral for the amount of the default, and the Company has the right to liquidate the member's interest in the NYMEX Division to reimburse its loss of collateral. At March 31, 2004, there were total seat loan balances of \$8.5 million and \$10.1 million in securities that were pledged against the seat loan balances.

Clearinghouse

The Company serves a clearinghouse function, standing as a financial intermediary on every futures and options transaction cleared. Through its clearinghouse, the Company maintains a system of guarantees for performance of obligations owed to buyers and sellers. This system of guarantees is supported by several mechanisms, including margin deposits and Guaranty Funds posted by clearing members with the Company's clearinghouse. The amount of margin deposits on hand will fluctuate over time as a result of, among other things, the extent of open positions held at any one point in time by market participants in NYMEX Division and COMEX Division contracts and the margin rates then in effect for such contracts.

The Company is required, under the Commodity Exchange Act, to maintain separate accounts for cash and securities that are deposited by clearing members at banks approved by the Company, as margin for house and customer accounts. These margin deposits are used by members to meet their obligations to the Company for margin requirements on open futures and options positions as well as delivery obligations.

Each clearing member firm is required to maintain a security deposit, in the form of cash or U.S. treasury securities, ranging from \$100,000 to \$2.0 million per division, based upon such clearing member firm's reported regulatory capital, in a fund known as a Guaranty Fund. Historically, separate and distinct Guaranty Funds were maintained for the NYMEX Division and the COMEX Division. Effective May 16, 2003, the NYMEX Division assumed all of the clearing functions of the COMEX Division. Accordingly, the deposits were aggregated and are now maintained in a single Guaranty Fund which may be used for any loss sustained by the Company as a result of the failure of a clearing member to discharge its obligations on either division. Although there is now one Guaranty Fund for both divisions, separate contribution amounts are calculated for each division.

Every member and non-member executing transactions on the Company's divisions must be guaranteed by a clearing member and clear their transactions through the Company's clearinghouse. This requirement also applies to transactions conducted outside of the Exchange which clear through NYMEX ClearPortSM Clearing. Clearing members of the NYMEX Division and COMEX Division require their customers to maintain deposits in accordance with Company margin requirements. Margin deposits and Guaranty Funds are posted by clearing members with the Company's clearinghouse. In the event of a clearing member default, the Company satisfies the clearing member's obligations on the underlying contract by drawing on the defaulting clearing member's Guaranty Funds. If those resources are insufficient, the Company may fund the obligations from its own financial resources or draw on Guaranty Funds posted by non-defaulting clearing members. During the first quarter of 2003, the Company obtained a \$100 million default insurance policy. This insurance coverage is available to protect the Company and clearing members in the event that a default in excess of \$130 million occurs which depletes the available Guaranty Funds and defaulting member margin deposits. Additionally, the Company is in the process of obtaining a line of credit that would provide

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temporary liquidity, prior to accessing Guaranty Funds, in the event of a clearing member default, and would be collateralized by margin deposits and Guaranty Funds. The Company expects to put the facility in place during the second half of 2004.

The Company is entitled to earn interest on cash and investment balances recorded as margin deposits and Guaranty Funds. Such balances are included in the Company's consolidated balance sheet, and are generally invested overnight in securities purchased under agreements to resell. The table in note 8, *Margin Deposits and Guaranty Funds*, sets forth Guaranty Fund balances held by the Company on behalf of clearing members at June 30, 2004 and December 31, 2003.

Future Cash Requirements

In connection with its operating activities, the Company enters into certain contractual obligations. The Company's material contractual cash obligations include long-term debt, operating leases and other contracts.

A summary of the Company's future cash payments associated with its contractual cash obligations outstanding as of June 30, 2004, as well as an estimate of the timing in which these commitments are expected to expire, are set forth on the following table (in thousands):

	Payments Due by Period				Total
	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years	
Contractual Obligations					
Long-term debt principal	\$ 2,817	\$ 5,634	\$ 5,634	\$ 77,464	\$ 91,549
Debt interest	6,942	13,252	12,409	50,568	83,171
Operating leases	4,192	7,195	6,573	10,055	28,015
Other long-term obligations	800	1,600	1,600	8,251	12,251
Total contractual obligations	<u>\$14,751</u>	<u>\$27,681</u>	<u>\$26,216</u>	<u>\$146,338</u>	<u>\$214,986</u>

The Company's senior notes are subject to a prepayment penalty in the event they are paid off prior to their scheduled maturities. The Company believes that any economic benefits derived from early redemption of these notes would be offset by the redemption penalty. These notes place certain limitations on the Company's ability to incur additional indebtedness.

Other Matters

In February 2004, the Commodity Futures Trading Commission ("CFTC") issued, in connection with a Company proposal to clear OTC options, an order requiring, among other things, that the Company establish and maintain a permanent retail customer protection mechanism supported by a commitment of not less than \$10 million, which must be available at all times to reimburse retail customers trading on the Exchange whose original margin might be lost in the default of another customer of their clearing member. Based on historical patterns, the Company believes that the likelihood of events that would require its performance under this CFTC order is remote. Therefore, the Company has not established and does not expect in the future to establish, a liability related to this commitment.

On August 6, 2003, the Company modified and implemented new rules addressing the posting of funds for lessee floor brokers and billing entities where the member ownership interest is solely comprised of lessees. The purpose of the modifications was to strengthen the overall financial integrity and accountability of the floor brokerage business community, by requiring lessee floor brokers and billing entities comprised entirely of lessees to post funds of \$100,000 as prescribed by the Exchange. The deposited funds may be used to satisfy amounts assessed by Exchange arbitration panels or other duly authorized Exchange committees which remain unsatisfied. The Company maintains deposits for these lessees in cash and securities at financial institutions approved by the Company. These deposits, in the amount of \$4.7 million, are not included on the Company's consolidated balance sheet at June 30, 2004, and interest earned is paid monthly to each respective lessee.

Business Highlights

On April 8, 2004, the Company announced that it had received an indication of interest from Parthenon Capital, LLC (“Parthenon”), a private equity investment firm, to acquire a potential controlling equity interest in the Company. The indication of interest stated that, under the proposed transaction, Parthenon would purchase 60% of the equity shares in the Company in a transaction that would include an initial cash payment and other elements which, according to Parthenon, constitutes an investment at an implied valuation of up to \$2 million per NYMEX Division seat. The proposal stated the transaction would include, among other aspects, support for and preservation of open outcry trading. Parthenon and the Company engaged in due diligence and had preliminary discussions as to the structure of a proposed deal. Based on these discussions, the board of directors of the Company determined on August 4, 2004 not to currently pursue a transaction with Parthenon.

On April 27, 2004, the Company and ICAP, the world’s largest inter-dealer broker and one of the world’s leading electronic brokers of fixed income securities, announced the offering of an electronic market in options on oil and gas inventory statistics that will be offered through an auction process and cleared by the Exchange. The first natural gas inventory auction took place on June 2, 2004, prior to the June 3, 2004 release of the gas storage number by the Energy Information Administration of the Department of Energy.

In May 2004, the Company and the Tokyo Commodity Exchange (“TOCOM”) executed a cooperation agreement through which, among other things, TOCOM would assist the Company in the offering of the Company’s products in Japan. On July 13, 2004, the Company and TOCOM announced that energy and metals futures contracts will become available for trading in Japan on NYMEX ACCESS®, beginning July 20, 2004.

On May 21, 2004, the Company announced that it received regulatory approval from the Monetary Authority of Singapore to offer trading in crude oil, petroleum products, and gold futures on its internet-based electronic trading platforms in Singapore. Approval was granted for trading light, sweet crude oil, Brent crude oil, heating oil, gasoline, and gold futures, as well as futures contracts on four U.S. crude oil price differentials on NYMEX ACCESS®, and a slate of crude oil and refined product outright and differential swap futures contracts on NYMEX ClearPortSM.

On June 3, 2004, the Company announced that, by mutual agreement, the contract of J. Robert Collins, Jr., as president, would not be renewed. Under the terms of his contract, Mr. Collins employment terminated on June 30, 2004. Mr. Collins had been president of the Exchange since July 2001.

Subsequent Events

On July 7, 2004, the board of directors of the Company voted to declare and distribute a dividend of \$2.5 million to stockholders of record as of July 15, 2004. The dividend is the fourth issued by the Company since its demutualization in November 2000.

The Company and its president, J. Robert Collins, Jr., mutually agreed to not renew Mr. Collins’ employment agreement, which expired on June 30, 2004. The Company recorded a \$2.2 million charge in June 2004 for amounts due Mr. Collins under the non-renewal provisions of his employment agreement. On July 9, 2004, the Company announced that Dr. James E. Newsome accepted the position of president of the Company, effective August 2, 2004. Dr. Newsome had been Chairman of the Commodity Futures Trading Commission (“CFTC”) since Senate confirmation in December 2001. He served as a Commissioner of the CFTC since August 1998.

On April 8, 2004, the Company announced that it had received an indication of interest from Parthenon Capital, LLC (“Parthenon”), a private equity investment firm, to acquire a potential controlling equity interest in the Company. Parthenon and the Company engaged in due diligence and had preliminary discussions as to the structure of a proposed deal. Based on these discussions, the board of directors of the Company determined on August 4, 2004 not to currently pursue a transaction with Parthenon.

Responsibility for Financial Reporting

The Company's management is responsible for the preparation, integrity and objectivity of the unaudited consolidated financial statements and related notes, and the other financial information contained in this Form 10-Q. Such financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and are considered by management to present fairly the Company's consolidated financial position, results of operations and cash flows. These unaudited consolidated financial statements include certain amounts that are based on management's estimates and judgments, giving due consideration to materiality.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The table below provides information about the Company's municipal bond portfolio and long-term debt including expected principal and interest cash flows for the years 2004 through 2009 and thereafter (in thousands):

Principal Amounts by Expected Maturity**At June 30, 2004**

Year	Principal	Interest	Total	Weighted Average Interest Rate
Assets				
Municipal Bonds				
2004	\$ —	\$ —	\$ —	N/A
2005	54	2	\$ 56	3.47%
2006	1,134	57	\$ 1,191	4.95%
2007	4,866	248	\$ 5,114	4.91%
2008	12,739	565	\$ 13,304	4.47%
2009 and thereafter	33,529	1,480	\$ 35,009	4.13%
Total	\$52,322	\$ 2,352	\$ 54,674	
Fair Value	\$53,870			
Liabilities				
Corporate Debt				
2004	\$ 2,817	\$ 3,524	\$ 6,341	7.71%
2005	2,817	6,837	9,654	7.71%
2006	2,817	6,626	9,443	7.72%
2007	2,817	6,416	9,233	7.73%
2008	2,817	6,204	9,021	7.74%
2009 and thereafter	77,464	53,564	131,028	7.75%
Total	\$91,549	\$83,171	\$174,720	

Interest Rate Risk**Current Assets**

The Company maintains cash and short-term investments in an amount sufficient to meet its working capital requirements. Excess cash on hand is generally invested overnight in securities purchased under agreements to resell. Cash that is not required to meet daily working capital requirements is invested primarily in high-grade tax-exempt municipal bonds, and obligations of the United States government and its agencies. The Company also invests in equity securities. The Company's investment income consists primarily of interest income and realized and unrealized gains and losses on the market values of its investments. Given the composition of its investment portfolio, the Company's investment income is highly sensitive to fluctuation in interest rates. Investments yielded a loss of \$0.9 million and income of \$0.4 million for the three and six months ended June 30, 2004, respectively, compared to income of \$2.1 million and \$2.8 million for the same periods last year. The fair value of the Company's marketable securities, including equity securities, was \$120.1 million at June 30, 2004. Based on portfolio compositions at June 30, 2004, assuming a 10% change in market values, the Company would have recognized additional losses of \$12.0 million.

Debt

The weighted average interest rate on the Company's long-term debt is 7.74%. The debt contains a redemption premium, the amount of which varies with changes in interest rates. Therefore, the fair market value of the Company's long-term debt is highly sensitive to changes in interest rates. Although the market value of the debt will fluctuate with interest rates, the Company's interest expense will not vary with changes in market interest rates if the debt is paid off in accordance with stated principal repayment schedules. As of the date of this report, the Company does not expect to pay down any series of its long-term debt prior to stated maturities. However, the Company may pursue future financing strategies that involve early repayment of its current debt, or issuance of new debt, potentially increasing its sensitivity to changes in interest rates.

Credit Risk

NYMEX Division bylaws authorize its board of directors to fix the annual dues of NYMEX Division members and to levy assessments as it determines to be necessary. Such dues and assessments are payable at such time as the Company's board of directors may determine. The Company's board of directors may waive the payment of dues by all NYMEX Division members or by individual members as it determines. The COMEX Division bylaws authorize the Company's board of directors with similar powers relating to dues, assessments and fees with respect to COMEX Division members, provided that such dues and assessments (or fee surcharges in lieu thereof) may not be imposed (other than in connection with certain merger-related events) without the consent of the COMEX Governors Committee and that the ability of the Company's board of directors to impose such fee is subject to the limitations.

The Exchange, as a self-regulatory organization, has instituted detailed risk-management policies and procedures to guard against default risk with respect to contracts traded and/or cleared on the Exchange. The Exchange also has extensive surveillance and compliance operations and procedures to monitor and to enforce compliance with rules pertaining to the trading, position sizes and financial condition of members. As described herein, the Exchange has powers and procedures designed to support contract obligations in the event that a contract default occurs on the Exchange, including authority to levy assessments on any of its clearing members if, after a default by another clearing member, there are insufficient funds available to cover a deficit. The maximum assessment on each clearing member is the lesser of \$30 million or 40% of such clearing member's reported regulatory capital.

Despite the Company's authority to levy assessments or impose fees, there can be no assurance that the relevant members will have the financial resources available to pay, or will choose to be expelled from membership rather than pay, any dues, fees or assessments. The Company believes that assessment liabilities of a member arising prior to expulsion are contractual in nature and, accordingly, survive expulsion. In addition, the Exchange would have recourse to such member and the proceeds from the Company's sale of such member's seat would apply towards any outstanding obligations to the Exchange of such member. Recourse to a member's seat, however, may not be of material value in the case of large defaults that result in assessments greater than the seat value, particularly when the seat value declines markedly in price as a consequence of the default.

Moreover, despite the risk mitigation techniques adopted and other powers and procedures implemented by the Company, which are designed to, among other things, minimize the potential risks associated with the occurrence of contract defaults on the Company, there can be no assurance that these powers and procedures will prevent contract defaults or will otherwise function to preserve the liquidity of the Company.

Item 4. *Controls and Procedures*

(a) Evaluation of Disclosure Controls and Procedures. The Company's principal executive officer and principal financial officer, after evaluating the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q, have concluded that, based on such evaluation, the Company's disclosure controls and procedures

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are effective in reporting, on a timely basis, information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, and this Quarterly Report on Form 10-Q.

(b) Changes in Internal Controls. There were no changes in the Company's internal control over financial reporting identified in connection with the evaluation of such internal control that occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

Set forth below is a description of material litigation to which the Company is a party, as of June 30, 2004. Although there can be no assurance as to the ultimate outcome, the Company believes it has meritorious defenses and is vigorously defending each matter described below. The final outcome of any litigation, however, cannot be predicted with certainty, and an adverse resolution of these matters could have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

The Company has been named as a defendant in the following legal action:

New York Mercantile Exchange, Inc. v. IntercontinentalExchange, Inc. On November 20, 2002, NYMEX Exchange commenced an action in United States District Court for the Southern District of New York against IntercontinentalExchange, Inc. ("ICE"). The amended complaint alleges claims for (a) copyright infringement by ICE arising out of ICE's uses of certain NYMEX Exchange settlement prices; (b) service mark infringement by reason of use by ICE of the service marks NYMEX and NEW YORK MERCANTILE EXCHANGE, (c) violation of trademark anti-dilution statutes, and (d) interference with contractual relationships. On January 6, 2003, ICE served an Answer and Counterclaims, in which ICE alleges five counterclaims against NYMEX Exchange as follows: (1) a claim for purported violation of Section 2 of the Sherman Act, 15 U.S.C. § 2, for NYMEX Exchange's allegedly trying to maintain a monopoly in the execution of the North America energy futures and expand the alleged monopoly into the execution and clearing of North American OTC energy contracts by attempting to deny ICE access to NYMEX Exchange settlement prices; (2) a claim for purported violation of Section 1 of the Sherman Act by conspiring with certain of its members to restrain trade by attempting to deny ICE access to NYMEX Exchange settlement prices; (3) a claim for alleged violation of Section 2 of the Sherman Act by NYMEX Exchange purportedly denying ICE access to NYMEX Exchange's settlement prices which are allegedly an "essential facility"; (4) a claim for purported violation of Section 1 of the Sherman Act and Section 3 of the Clayton Act by NYMEX Exchange allegedly tying execution services for North American energy futures and options to clearing services; and (5) a claim for purported violation of the Lanham Act through false advertising with respect to certain services offered by NYMEX Exchange and services offered by ICE. The counterclaims request damages and trebled damages in amounts not specified yet by ICE in addition to injunctive and declaratory relief. NYMEX Exchange's response to the counterclaims was served on February 26, 2003.

On August 11, 2003, the Court issued an opinion dismissing certain counterclaims and one affirmative defense, with leave to plead. On about August 28, 2003, NYMEX Exchange was served with ICE's First Amended Counterclaims in which ICE made four counterclaims against NYMEX Exchange principally alleging violations of U.S. antitrust laws, including claims regarding monopoly leveraging.

By Order and Opinion dated June 30, 2004, the Court granted NYMEX Exchange's motion and dismissed all of the antitrust counterclaims asserted against NYMEX Exchange. This case is ongoing.

The Company is defending counterclaims filed against it by the defendant in the following legal action:

New York Mercantile Exchange, Inc. v. Kai Neumann and Codeland, Inc. On May 18, 2004, NYMEX Exchange commenced an action in New York State Supreme Court. This action arises from defendants' alleged unauthorized use of computer software and other subject matter proprietary to NYMEX

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Exchange, and asserts causes of action for, among other things, trade secret misappropriation, fraudulent misrepresentation, and breach of fiduciary duties. On June 25, 2004, defendants Neumann and Codeland answered the complaint and interposed several counterclaims against NYMEX Exchange that include causes of action for breach of contract and theft of trade secrets. These counterclaims seek, among other things, \$13,000,000 in compensatory damages, \$10,000,000 in punitive damages, as well as injunctive relief and additional damages for back pay, front pay, lost fringe benefits, and reinstatement of Neumann's employment. NYMEX Exchange's time to reply, move or otherwise respond to these Counterclaims is currently September 3, 2004.

Item 2. *Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities*

Not applicable

Item 3. *Defaults Upon Senior Securities*

Not applicable

Item 4. *Submission of Matters to a Vote of the Security Holders*

Not applicable

Item 5. *Other Information*

Not applicable

Item 6. *Exhibits and Reports on Form 8-K*

(a) Exhibits:

- 10.1 Employment Agreement between NYMEX Holdings, Inc., New York Mercantile Exchange, Inc. and Sean Keating.
- 31.1 Certification of the Principal Executive Officer pursuant to § 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of the Principal Financial Officer pursuant to § 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of the Principal Executive Officer pursuant to § 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of the Principal Financial Officer pursuant to § 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K:

Not applicable

SIGNATURES

In accordance with Section 13 or 15 of the Securities Exchange Act of 1934, the Registrant caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

NYMEX HOLDINGS, INC.

By: /s/ MITCHELL STEINHAUSE

Name: Mitchell Steinhouse
Title: Chairman
(Principal Executive Officer)

Dated: August 6, 2004

By: /s/ LEWIS A. RAIBLEY, III

Name: Lewis A. Raibley, III
Title: Chief Financial Officer
(Principal Financial Officer)

Dated: August 6, 2004

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT dated as of May 3, 2004 by and between NYMEX HOLDINGS, INC. and NEW YORK MERCANTILE EXCHANGE, INC. each having its principal place of business at One North End Avenue, New York, New York 10282 (collectively, the "Company"), and Sean Keating (the "Employee") an individual residing at 139 Woods End, Basking Ridge NJ 07920

WHEREAS, the parties wish to state the terms on which the Employee is employed by the Company;

NOW, THEREFORE, in consideration of the mutual covenants, representations and acknowledgements contained in this Agreement, the parties agree as follows:

1. Term. Subject to a six (6) month probationary period (the "Probationary Period"), the Company hereby employs the Employee, and the Employee hereby accepts such employment, for a term commencing on May 3, 2004 and ending on May 3, 2007, unless sooner terminated in accordance with the provision of Section 4 or Section 5 (the "Initial Term"). There shall be no extension of this Agreement other than by written instrument executed by both parties hereto. If Company seeks to extend the Agreement, Company and Employee shall make good faith efforts to negotiate an extension of this Agreement no later than sixty (60) days prior to the expiration of the Initial Term. Any such renewal of this Agreement shall be referred to herein as an "Extension Term". The period during which the Employee is employed hereunder, including the Initial Term and any Extension Term, shall be hereinafter referred to as the ("Term").

2. Duties. During the Term, the Employee shall be employed by the Company in the position of Senior Vice President/ Clearing Department and, as such, the Employee shall faithfully perform for the Company the duties of said office and shall perform such other duties, as shall be specified and designated from time to time by the Company. In the performance of his duties, Employee shall have reporting obligation to the President of the Company or his designee. The Employee shall devote substantially all of his business time and effort to the performance of his duties hereunder. The Employee shall conduct duties primarily from New York City, New York. The Company acknowledges that Employee's title and position of Senior Vice President/Clearing Department shall be an officer position pursuant to the by-laws of the Company.

3. Compensation.

3.1 Salary. The Company shall pay the Employee during the Term a salary at the rate of \$225,000 per year (the "Annual Salary"). The Employee's salary will be reviewed at such times and in such manner as reviews given to employees in similar positions as the Employee.

3.2 Bonus. In addition to the Annual Salary for each calendar year ending during the Term of this Agreement, the Employee will be eligible to receive an annual bonus (the "Annual Bonus") in the sole discretion of the Company. Any such bonus shall be paid at such times and in such manner as bonuses given to employees in similar positions as the Employee.

3.3 Benefits.

(a) The Employee shall be permitted during the Term to participate in any group life, hospitalization or disability insurance plans, health programs, retirement plans, fringe benefit programs, and similar benefits that may be available to other employees of the Company (in similar officer positions) generally on the same terms as such other employees, in each case to the extent that the Employee is eligible under the terms of such plans or programs. The Employee shall be entitled to four (4) weeks paid vacation per calendar year in accordance with Company policy.

(b) The Company shall provide Employee a maximum payment of \$2000 per year toward the cost of term life insurance coverage to be obtained by the Employee (providing for payments in the event of Employee's death to the beneficiaries named by the Employee of \$1,000,000.) payable when the Employee provides satisfactory evidence of such coverage and the cost thereof.

(c) If and when the Company completes an initial public offering or private placement of its equity securities, the Employee shall be granted an option (the "Option") subject to such terms and conditions as may be determined by the Board of Directors in its sole discretion, which shall be comparable to the provisions of options granted, if any, to other officers and executives of the Company of comparable position. The Employee acknowledges that an initial public offering (or private placement) might not be completed, and the Company has not promised that either in fact will occur. The Company reserves the right to change its plans in this regard at any time and will incur no liability to the Employee if it does so.

3.4 Expenses. During the Term hereof, the Employee shall be entitled to receive reimbursement for all reasonable expenses incurred by him in performing his duties hereunder in accordance with the policies and procedures of the Company.

4. Termination upon Death or Disability. If the Employee dies during the Term, the Term shall terminate as of the date of death, and the obligations of the Company to or with respect to the Employee shall terminate in their entirety upon such date except as otherwise provided under this Section 4. If the Employee by virtue of ill health or other disability is unable (including with reasonable accommodation) to perform substantially and continuously the duties assigned to him for more than 180 consecutive or non-consecutive days out of any consecutive 12-month period the Company shall have the right to the extent permitted by law, to terminate the employment of the Employee upon notice in writing to the Employee. Upon termination of employment due to death or disability, in addition to any insurance benefits that may be payable, the Employee (or the Employee's estate or beneficiaries in the case of the death of the Employee) shall be entitled to receive any Annual Salary, Annual Bonus and other benefits earned and accrued under this Agreement prior to the date of termination (and reimbursement under this Agreement for expenses incurred prior to the date of termination). Nothing herein shall prevent or limit the Employee's continuing or future participation in or coverage under any disability, health, salary continuation or other benefit plans or policies provided or maintained by the Company in accordance with Company' policy and applicable law.

5. Certain Terminations of Employment.

5.1 Termination for Cause;

(a) For purposes of this Agreement, "Cause" shall mean the Employee's:

- (i) commission of a felony, or commission of any other crime that involves dishonesty or breach of trust, or moral turpitude;
- (ii) violation involving dishonesty, breach of trust or bad faith of any statute, regulation or rule in the areas of commodities or securities regulation
- (iii) deliberate misconduct, willful dereliction of duty, fraud, misappropriation or embezzlement;
- (iv) failure to devote substantially all of his business time and efforts to the Company and failure to cure such breach within ten business days following the Employee's receipt of written notice from the Company specifying such breach;
- (v) breach of any of the provisions of Section 6; or
- (vi) any other breach in any material respect of the terms and provisions of this Agreement and failure to cure such breach within ten business days following the Employee's receipt of written notice from the Company specifying such breach.

(b) The Company may terminate the Employee's employment hereunder for Cause at anytime by delivering to the Employee a written termination notice specifying in detail the grounds for termination.

(c) In addition, the Company may terminate the Employee's employment for any reason at any time subject to the provisions in 5.1(f).

(d) The Employee may terminate his employment for Good Reason on at least 10 business days' written notice given to the Company. For purposes of this Agreement, "Good Reason" shall mean:

A breach by the Company in any material respect of the terms of this Agreement and failure to cure such breach within ten (10) business days following the Company's receipt of written notice from the Employee specifying such breach, or the relocation of the Company's principal executive offices (and the Employee's workplace) outside of the New York City metropolitan area.

(e) If the Company terminates the Employee for Cause, (i) the Employee shall be entitled to receive Annual Salary, and other benefits (but, in all events, and without increasing the Employee's rights under any other provision hereof,) earned and accrued under this Agreement prior to the termination of employment, including, a pro rata share of any Annual Bonus granted prior thereto (and reimbursement under this Agreement for expenses incurred prior to the termination of employment), and (ii), the Employee shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights hereunder.

(f) If the Company terminates the Employee for reasons other than Cause or the Employee terminates his employment for Good Reason, the Employee shall be entitled to receive within ten (10) business days following the date of termination: (i) a lump sum payment in the aggregate amount of any unpaid portions of Annual Salary and Annual Bonus, accrued prior to the termination date and remaining through the Initial Term or any Extension Term, as the case may be, that would have been paid had termination of the Agreement not occurred, it being agreed that remaining unpaid portions of Annual Salary and Annual Bonus through the Initial Term or any Extension Term shall be accelerated provided, however, that in no case shall Employee be paid more than 100% of his Annual Salary plus any unpaid Annual Bonus granted prior to such termination and (ii) and any other benefits (including, without limitation, all group health, disability, life insurance, pension and other benefits that may be available to the Employee after his termination date in accordance with Company policy and applicable law) provided further, however, that notwithstanding anything to the contrary if Employee terminates his employment with Company or his employment is terminated by Company for any reason during the Probationary Period the provisions of paragraph 5 (e) above shall apply.

(g) If the Company elects not to renew this Agreement, the Employee will be entitled to receive a severance payment of 50% of Employee's Annual Salary

upon Employee's execution of Company's standard Agreement and Release of any and all claims against the Company.

6. Covenants of the Employee.

6.1 Covenant Against Competition; Other Covenants. The Employee acknowledges that (i) the principal business of the Company (which expressly includes for purposes of this Section 6, its successors and assigns, any holding or parent company and the direct and indirect subsidiaries of the Company, its successors and assigns and any such holding or parent company) is the operation of an exchange for the trading of futures and options contracts, risk management or other derivative instruments on commodities in the energy and metals sectors (such business, together with the trading of any other futures or options contracts that may in the future during the pendency of Employee's employment be listed by the Company or any entity that is then an affiliate of the Company, herein being collectively referred to as the "Business"); (ii) the Company is one of the limited number of entities that have developed such a Business; (iii) the Company's Business is, in part, national in scope; (iv) the Employee's work for the Company will give him access to certain confidential, proprietary information of the Company; (v) the covenants and agreements of the Employee contained in this Section 6 are essential to the business and goodwill of the Company; and (vi) the Company would not have entered into this Agreement but for the covenants and agreements set forth in this Section 6. Accordingly, the Employee covenants and agrees that:

(a) The Employee covenants and agrees that during the term of his employment or if he leaves the employ of the Company during the applicable Restricted Period (as hereinafter defined) he shall not in the continental United States, directly or indirectly, (i) engage in any material element of the Business, (ii) render any services to any person, corporation, partnership or other entity (other than the Company or its affiliates) engaged in any material element of the Business, or (iii) become interested in any such person, corporation, partnership or other entity (other than the Company or its affiliates) as a partner, shareholder, principal, agent, employee, consultant or in any other relationship or capacity; provided, however, that, notwithstanding the foregoing, the Employee may invest in securities of any entity, solely for investment purposes and without participating directly in the business thereof, if (A) such securities are traded on any national securities exchange or the National Association of Securities Dealers, Inc. Automated Quotation System, (B) the Employee is not a controlling person of, or a member of a group which controls, such entity and (C) the Employee does not, directly or indirectly, own 1% or more of any class of securities of such entity. As used in this Agreement, the "Restricted Period" means the period beginning on the date of this Agreement and ending (x) if the Employee's employment is terminated by the Company for Cause or during the Probationary Period, six months after the date of termination; and (y) if the employment is terminated voluntarily by him, by Employee for Good Reason or if the employment is terminated by the Company without Cause, one year after the date of termination.

(b) The Employee shall keep secret and retain in strictest of confidence, and shall not use for his benefit or the benefit of others, except in connection with the business and affairs of the Company and its affiliates, all confidential matters relating to the Company's Business and the business of any of its affiliates and to the Company and any of its affiliates, learned by the Employee heretofore or hereafter directly or indirectly from the Company or any of its affiliates (the "Confidential Company Information"), and shall not disclose such Confidential Company Information to anyone outside of the Company except with the Company's express written consent and except for Confidential Company Information which is at the time of receipt or thereafter becomes publicly known through no wrongful act of the Employee or is received from a third party not under an obligation to keep such information confidential and without breach of this Agreement.

(c) During the Restricted Period, the Employee shall not, without the Company's prior written consent, directly or indirectly, (i) solicit or encourage to leave the employment or other service of the Company, or any of its affiliates, any employee or independent contractor thereof or (ii) hire (on behalf of the Employee or any other person or entity) any employee or independent contractor who has left the employment or other service of the Company or any of its affiliates within the six-month period which follows the termination of such employee's or independent contractor's employment or other service with the Company and its affiliates. During the Restricted Period, the Employee will not, whether for his own account or for the account of any other person, firm, corporation or other business organization, intentionally interfere with the Company's or any of its affiliates' relationship with, or endeavor to entice away from the Company or any of its affiliates, any person who during the Term is or was a customer or client of the Company or any of its affiliates. During the Restricted Period, the Employee shall not publish any statement or make any statement under circumstances reasonably likely to become public that is critical of the Company or any of its affiliates, or in any way adversely affecting or otherwise maligning the business or reputation of the Company or any of its affiliates, except if testifying truthfully under oath pursuant to any lawful court order or subpoena or otherwise responding to or providing disclosures required by law.

(d) All memoranda, notes, lists, records, property and any other tangible product and documents (and all copies thereof), whether visually perceptible, machine-readable or otherwise, made, produced or compiled by the Employee or made available to the Employee concerning the business of the Company or its affiliates, (i) shall at all times be the property of the Company (and, as applicable, any affiliates) and shall be delivered to the Company at any time upon its request, and (ii) upon the Employee's termination of employment, shall be immediately returned to the Company.

6.2 Rights and Remedies upon Breach.

The Employee acknowledges and agrees that any breach by him of any of the provisions of Section 6.1 (the "Restrictive Covenants") would result in irreparable injury and harm for which money damages would not provide an adequate remedy. Therefore, if the Employee breaches, or threatens to commit a breach of, any

of the provisions of Section 6.1, the Company and its affiliates shall have the following rights and remedies, each of which rights and remedies shall be independent of the others and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company and its affiliates under law or in equity (including, without limitation, the recovery of damages):

(i) The right and remedy to have the Restrictive Covenants specifically enforced (without the need to prove damages) by any court having equity jurisdiction, including, without limitation, the right to any entry against the Employee of restraining orders and injunction (preliminary, mandatory, temporary and permanent) against violations, threatened or actual, and whether or not then continuing, of such covenants; and

(ii) The right and remedy to require the Employee to account for and pay over to the Company and its affiliates all compensation, profits, monies, accruals, increments or other benefits (collectively, "Benefits") derived or received by him as the proximate result of any actions constituting a breach of the Restrictive Covenants, and the Employee shall account for and pay over such Benefits to the Company and, if applicable, its affected affiliates.

(iii) The Employee agrees that in any action seeking specific performances or other equitable relief, he will not assert or contend that any of the provisions of this Section 6 are unreasonable or otherwise unenforceable. The existence of any claim or cause of action by the Employee, whether predicated on this Agreement or otherwise, shall not limit the Company's right to enforce the Restrictive Covenants.

7. Discoveries and Works.

(a) All Discoveries and Works made or conceived by Employee during his employment by Company, solely, jointly or with others, that relate to the Company's Business (as defined in Section 6.1) shall be owned by Company. The term "Discoveries and Works" includes by way of example but without limitation, trade secrets and Confidential Company Information, trade and service mark registrations and applications, patents and patent applications, trade names, copyrights and copyright registrations and applications. The Employee shall (a) promptly notify, make full disclosure to, and execute and deliver any documents requested by Company, as the case may be, to evidence or better assure title to Discoveries and Works in Company, as so requested, (b) renounce any and all claims, including but not limited to claims of ownership and royalty, with respect to all Discoveries and Works and all other property owned or licensed by Company, (c) assist Company in obtaining or maintaining for itself at its own expense United States and foreign patents, trade mark and service mark registrations, copyrights, trade secret protection or other protection of any and all Discoveries and Works, including, but not limited to, executing all papers deemed necessary by Company for filing such applications, prosecuting them and assigning to Employer all his rights to said Discoveries and Works, and (d) promptly

execute, whether during his employment with Company or thereafter, all applications or other endorsements necessary or appropriate to protect the title of Company thereto, including but not limited to assignments of such rights. Any Discoveries and Works which, within six (6) months after the expiration or termination of the Employee's employment with Company, are made, disclosed, reduced to tangible or written form or description, or are reduced to practice by the Employee and which pertain to the business carried on or products or services being sold or delivered by Company at the time of such termination shall, as between the Employee and Company, be presumed to have been made during the Employee's employment by Company. The Employee acknowledges that all Discoveries and Works shall be deemed "works made for hire" under the Copyright Act of 1976, as amended 17 U.S.C. Sect. 101. Notwithstanding the foregoing, Employee agrees that, to the extent, if any, that Employee may be deemed an "author" and/or to have any ownership interest in and to the Discoveries and Works, Employee hereby grants and assigns to the Company, exclusively, perpetually and throughout the universe, all exclusive rights, title and interest in and to the Discoveries and Works or any portions thereof, including, but not limited to, all the exclusive rights of a copyright owner as specified in 17 U.S.C. Section 106. Company agrees that if it does not desire a Discovery or Work made by the Employee it will give the Employee, at his request, a statement to such effect signed by one of Company's officers. The decision as to whether to file any patent, copyright, trademark or other similar applications or registrations relating to the Discoveries and Works shall be within the Company's sole discretion. The Employee will not file any patent, copyright, trademark or similar application or registration relating to the Discoveries and Works without first obtaining an express written release from an officer of the Company.

7A. Employee has represented and hereby represents and warrants to the Company that the execution, delivery and performance by Employee of this Agreement does not conflict with or result in a violation of, a breach of, or constitute a default under any contract, agreement or understanding, whether oral or written, to which Employee is a party or of which Employee is or should be aware and that there are no restrictions, covenants, agreements or limitations on his right or ability to enter into and perform the terms of this Agreement.

8. Other Provisions.

8.1 Severability. The Employee acknowledges and agrees that (i) he has had an opportunity to seek advice of counsel in connection with this Agreement and (ii) the Restrictive Covenants are reasonable in geographical and temporal scope and in all other respects. If it is determined that any of the provisions of this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the provisions of this Agreement shall not thereby be affected and shall be given full effect, without regard to the invalid portions.

8.2 Duration and Scope of Covenants. If any court or other decision-maker of competent jurisdiction determines that any of the Employee's covenants contained in this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is unenforceable because of the duration or

geographical scope of such provision, then, after such determination has become final and unappealable, the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced.

8.3 Enforceability; Jurisdiction; Attorney's Fees. The Company and the Employee intend to and hereby consent and confer jurisdiction to enforce this Agreement, including but not limited to the Restrictive Covenants set forth in Section 6, on any Federal or State court sitting in the State of New York. The parties hereby agree to waive any right to a trial by jury for any and all disputes hereunder (whether or not relating to the Restrictive Covenants) and that all proceedings shall take place and be litigated in the State of New York.

8.4 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally or, if mailed, five days after the date of deposit in the United States mails as follows:

- (i) If to the Company, to:
New York Mercantile Exchange, Inc.
One North End Avenue
New York, New York 10282
Attention: General Counsel
- (ii) If to the Employee, to him at:
139 Woods End
Basking Ridge, New Jersey 07920

Any such person may by notice given in accordance with this Section 8.4 to the other parties hereto designate another address or person for receipt by such person of notices hereunder.

8.5 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

8.6 Waivers and Amendments. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties or, in the case of waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

8.7 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW.

8.8 Assignment. This Agreement and the Employee's rights and obligations hereunder, may not be assigned by the Employee; any purported assignment by the Employee in violation hereof shall be null and void. In the event of any sale, transfer or other disposition of all or substantially all of the Company's assets or business, or any transaction resulting in the sale of fifty percent (50%) or more of the outstanding common stock of the Company, whether by merger, consolidation, initial public offering, or otherwise (together referred to herein as a "Change in Control"), the Company may assign this Agreement and its rights hereunder.

8.9 Withholding. The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

8.10 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.

8.11 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof, each signed by one of the parties hereto.

8.12 Survival. Anything contained in this Agreement to the contrary notwithstanding, the provisions of Sections 6,7, 7A, 8.1, 8.2, 8.3, 8.5, 8.7 and 8.9 and the other provisions of this Section 8 (to the extent necessary to effectuate the survival of Sections 6, 7, 7A, 8.1,8.2, 8.3, 8.5, 8.7 and 8.9), shall survive termination of this Agreement, and any termination of the Employee's employment hereunder.

8.13 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

8.14 Costs of Litigation. In any legal proceeding brought for enforcement or interpretation of this Agreement, the prevailing party, in addition to any other remedies available to it, shall be entitled to recover from the other party its reasonable legal fees and expenses incurred in the proceeding, and the costs of investigation and preparation.

8.15 No Mitigation; No Offset. In the event of any termination of the Employee's employment under this Agreement, except in the case of Employee's termination for Cause or during the Probationary Period, whether by the Company or the Employee, the Employee shall be under no obligation to seek other employment and there shall be no offset against any amounts due to the Employee under this Agreement on account of any remuneration attributable to any subsequent employment income or any other income that the Employment may earn or receive from whatever source.

IN WITNESS THEREOF, the parties hereto have signed their names as of the day and year first written.

NEW YORK MERCANTILE EXCHANGE, INC.

EMPLOYEE

By: /s/ MITCHELL STEINHAUSE
Name: Mitchell Steinhouse
Title: Chairman

By: /s/ SEAN KEATING
Name: Sean Keating

NYMEX HOLDINGS, INC.

By: /s/ MITCHELL STEINHAUSE
Name: Mitchell Steinhouse
Title: Chairman

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Mitchell Steinhouse, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NYMEX Holdings, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 6, 2004

/s/ Mitchell Steinhouse

Name: Mitchell Steinhouse
Title: Chairman
(Principal Executive Officer)

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Lewis A. Raibley, III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NYMEX Holdings, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 6, 2004

/s/ Lewis A. Raibley, III

Name: Lewis A. Raibley, III
Title: Chief Financial Officer
(Principal Financial Officer)

**Certification of the Principal Executive Officer
Pursuant to U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, Mitchell Steinhouse, Chairman of NYMEX Holdings, Inc., hereby certify, to my knowledge, that the quarterly report on Form 10-Q for the period ending June 30, 2004 of NYMEX Holdings, Inc. (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of NYMEX Holdings, Inc.

Dated: August 6, 2004

/s/ Mitchell Steinhouse

Name: Mitchell Steinhouse
Title: Chairman
(Principal Executive Officer)

**Certification of the Principal Financial Officer
Pursuant to U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, Lewis A. Raibley, III, Chief Financial Officer of NYMEX Holdings, Inc., hereby certify, to my knowledge, that the quarterly report on Form 10-Q for the period ending June 30, 2004 of NYMEX Holdings, Inc. (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of NYMEX Holdings, Inc.

Dated: August 6, 2004

/s/ Lewis A. Raibley, III

Name: Lewis A. Raibley, III
Title: Chief Financial Officer
(Principal Financial Officer)