UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2005

- OR -

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

For the transition period from ______ to ______

Commission file number 001-31553

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC.
(Exact name of registrant as specified in its charter)

Delaware	**36-4459170**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
20 South Wacker Drive, Chicago, Illinois	**60606**
(Address of principal executive offices)	**(Zip Code)**

(312) 930-1000
(Registrant's telephone number, including area code)

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 Rule 12b-2 of the Exchange Act). YES ☒ NO ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The number of shares outstanding of each of the registrant's classes of common stock as of October 28, 2005 was as follows: 34,474,589 shares of Class A common stock, $0.01 par value; 625 shares of Class B common stock, Class B-1, $0.01 par value; 813 shares of Class B common stock, Class B-2, $0.01 par value; 1,287 shares of Class B common stock, Class B-3, $0.01 par value; and 413 shares of Class B common stock, Class B-4, $0.01 par value.

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PART I. FINANCIAL INFORMATION

From time to time, in written reports and oral statements, we discuss our expectations regarding future performance. Forward-looking statements are based on currently available competitive, financial and economic data, current expectations, estimates, forecasts and projections about the industries in which we operate and management's beliefs and assumptions. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied in any forward-looking statements. We want to caution you to not place undue reliance on any forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Among the factors that might affect our performance are:

- increasing competition by foreign and domestic competitors, including new entrants into our markets;
- our ability to keep pace with rapid technological developments, including our ability to complete the development and implementation of the enhanced functionality required by our customers;
- our ability to continue introducing competitive new products and services on a timely, cost-effective basis, including through our electronic trading capabilities, and our ability to maintain the competitiveness of our existing products and services;
- our ability to efficiently and simultaneously operate both open outcry trading and electronic trade execution facilities;
- our ability to adjust our fixed costs and expenses if our revenues decline;
- our ability to continue to realize the benefits of our transaction processing agreement with the Chicago Board of Trade;
- our ability to maintain existing customers and attract new ones;
- changes in domestic and foreign laws and regulations;
- changes in government policy, including policies relating to common or directed clearing;
- the costs associated with protecting our intellectual property rights and our ability to operate our business without violating the intellectual property rights of others;
- our ability to generate market data fees that may be reduced or eliminated by the growth of electronic trading;
- changes in our rate per contract due to shifts in the mix of the products traded, the trading venue and the mix of customers (whether the customer receives member or non-member fees or participates in one of our various incentive programs) and the impact of our tiered pricing structure;
- the ability of our financial safeguards package to adequately protect us from the credit risks of our clearing members;
- changes in price levels and volatility in the derivatives markets and in underlying fixed income, equity, foreign exchange and commodities markets;
- economic, political and market conditions;
- our ability to accommodate increases in trading volume without failure or degradation of performance of our systems;
- our ability to execute our growth strategy and maintain our growth effectively;
- our ability to manage the risks and control the costs associated with our acquisition, investment and alliance strategy;

- industry and customer consolidation;
- decreases in trading and clearing activity; and
- seasonality of the futures business.

For a detailed discussion of these and other factors that might affect our performance, see Exhibit 99.1 to this Quarterly Report on Form 10-Q.

CME® Globex®, CME Alternative Marketplace™, CME Auction Markets™, CME Economic Derivatives™ and SPAN® are our registered trademarks. CME E-mini™ is our service mark. CLEARING 21® is a registered trademark of Chicago Mercantile Exchange Inc. and New York Mercantile Exchange, or NYMEX, pursuant to agreement. E-mini S&P 500®, S&P 500®, E-mini NASDAQ-100®, NASDAQ-100®, Russell®, TRAKRSsm and other trade names, service marks, trademarks and registered trademarks that are not proprietary to us, are the property of their respective owners and used herein under license.

TRAKRSsm, Total Return Asset Contracts, are exchange-traded non-traditional futures contracts designed to provide market exposure to various market-based indexes which trade electronically on the CME Globex electronic platform. Clearing and transaction fees on these products are minimal relative to other CME products. Unless otherwise noted, disclosures of trading volume and average rate per contract exclude our TRAKRS products.

CME Economic Derivatives™ are options and forwards geared to seven key U.S. and European economic indicators that trade in an auction format. Clearing and transaction fees on CME Economic Derivative products are based on notional values rather than volume and are minimal relative to other CME products. Unless otherwise noted, disclosures of trading volume and average rate per contract exclude these products.

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Item 1. Financial Statements

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

	September 30, 2005	December 31, 2004
Assets		
Current Assets:		
Cash and cash equivalents	$ 585,665	$ 357,562
Collateral from securities lending	1,222,688	1,582,985
Short-term investments of interest earning facilities	59,480	87,521
Marketable securities	242,146	302,429
Accounts receivable, net of allowance of $1,014 and $1,089	107,188	78,825
Other current assets	21,024	18,959
Cash performance bonds and security deposits	536,568	269,919
Total current assets	2,774,759	2,698,200
Property, net of accumulated depreciation and amortization of $279,787 and $266,640	144,865	131,361
Other assets	30,317	27,905
Total Assets	$ 2,949,941	$2,857,466
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	$ 17,555	$ 23,045
Payable under securities lending agreements	1,222,688	1,582,985
Payable to participants in interest earning facilities	59,480	87,521
Other current liabilities	55,240	62,153
Cash performance bonds and security deposits	536,568	269,919
Total current liabilities	1,891,531	2,025,623
Other liabilities	19,339	19,246
Total Liabilities	1,910,870	2,044,869
Shareholders' Equity:		
Preferred stock, $0.01 par value, 9,860,000 shares authorized, none issued and outstanding	—	—
Series A junior participating preferred stock, $0.01 par value, 140,000 shares authorized, none issued and outstanding	—	—
Class A common stock, $0.01 par value, 138,000,000 shares authorized, 34,425,289 and 34,098,623 shares issued and outstanding as of September 30, 2005 and December 31, 2004, respectively	344	341
Class B common stock, $0.01 par value, 3,138 shares authorized, issued and outstanding	—	—
Additional paid-in capital	305,588	261,050
Retained earnings	736,000	552,801
Accumulated net unrealized securities losses	(2,861)	(1,595)
Total Shareholders' Equity	1,039,071	812,597
Total Liabilities and Shareholders' Equity	$ 2,949,941	$2,857,466

See accompanying notes to unaudited consolidated financial statements.

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CHICAGO MERCANTILE EXCHANGE HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2005	2004	2005	2004
Revenues:				
Clearing and transaction fees	$ 519,744	$ 413,763	$176,330	$147,937
Clearing and transaction processing services	53,168	41,005	17,593	14,354
Quotation data fees	54,371	45,198	18,811	14,913
Access fees	14,123	11,893	4,637	3,924
Communication fees	6,824	7,579	2,232	2,523
Investment income	21,189	9,094	8,830	3,229
Securities lending interest income	39,537	11,892	15,714	4,492
Other	16,778	16,355	5,495	5,328
Total Revenues	725,734	556,779	249,642	196,700
Securities lending interest expense	(38,112)	(11,017)	(15,331)	(4,311)
Net Revenues	687,622	545,762	234,311	192,389
Expenses:				
Compensation and benefits	134,125	122,150	45,229	40,939
Occupancy	21,321	20,561	7,272	7,033
Professional fees, outside services and licenses	31,857	26,950	11,519	10,020
Communications and computer and software maintenance	42,190	36,923	14,791	12,008
Depreciation and amortization	48,118	39,466	17,256	13,555
Marketing, advertising and public relations	9,511	7,859	3,961	2,878
Other	17,863	18,288	5,992	6,077
Total Expenses	304,985	272,197	106,020	92,510
Income before income taxes	382,637	273,565	128,291	99,879
Income tax provision	(152,060)	(110,794)	(50,825)	(40,451)
Net Income	$ 230,577	$ 162,771	$ 77,466	$ 59,428
Earnings per Common Share:				
Basic	$ 6.73	$ 4.88	$ 2.25	$ 1.75
Diluted	6.63	4.74	2.22	1.72
Weighted Average Number of Common Shares:				
Basic	34,262	33,374	34,370	33,935
Diluted	34,793	34,330	34,891	34,496

See accompanying notes to unaudited consolidated financial statements.

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands, except share and per share data)
(unaudited)

	Class A Common Stock (Shares)	Class B Common Stock (Shares)	Common Stock and Additional Paid-in Capital	Retained Earnings	Accumulated Net Unrealized Securities Gains (Losses)	Total Shareholders' Equity
Balance December 31, 2004	34,098,623	3,138	$261,391	$552,801	$ (1,595)	$ 812,597
Comprehensive income:						
Net income				230,577		230,577
Change in net unrealized loss on securities, net of tax of $802					(1,266)	(1,266)
Total comprehensive income						229,311
Exercise of stock options	299,435		9,355			9,355
Tax benefit related to employee option exercises and restricted stock vesting			25,916			25,916
Quarterly cash dividends on common stock of $0.46 per share				(47,378)		(47,378)
Vesting of issued restricted Class A common stock	24,998					
Issuance of Class A common stock to Board of Directors	2,233		476			476
Stock-based compensation			8,794			8,794
Balance September 30, 2005	34,425,289	3,138	$305,932	$736,000	$ (2,861)	$1,039,071
Balance December 31, 2003	32,922,061	3,138	$194,610	$368,312	$ 73	$ 562,995
Comprehensive income:						
Net income				162,771		162,771
Change in net unrealized loss on securities, net of tax of $499					(733)	(733)
Total comprehensive income						162,038
Exercise of stock options	996,444		2,245			2,245
Tax benefit related to employee option exercises and restricted stock vesting			43,341			43,341
Quarterly cash dividend on common stock of $0.26 per share				(26,205)		(26,205)
Vesting of issued restricted Class A common stock	24,200					
Stock-based compensation			5,235			5,235
Balance September 30, 2004	33,942,705	3,138	$245,431	$504,878	$ (660)	$ 749,649

See accompanying notes to unaudited consolidated financial statements.

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2005	**2004**
Cash Flows from Operating Activities:		
Net income	$230,577	$162,771
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	48,118	39,466
Stock-based compensation	8,794	5,235
Change in deferred income taxes	(2,275)	4,192
Loss on investment in joint venture	2,217	2,798
Amortization of purchased intangibles	530	195
Amortization of net premiums on marketable securities	1,844	2,272
Loss on disposal of fixed assets	689	351
Change in allowance for doubtful accounts	(75)	404
Tax benefit related to employee option exercises and restricted stock vesting	25,916	43,341
Change in accounts receivable	(28,288)	(31,316)
Change in other current assets	735	6,246
Change in other assets	(2,921)	24
Change in accounts payable	(5,490)	(8,010)
Change in other current liabilities	(6,913)	2,656
Change in other liabilities	93	(3,230)
Net Cash Provided by Operating Activities	273,551	227,395
Cash Flows from Investing Activities:		
Purchases of property, net	(62,310)	(48,968)
Purchases of intangible assets	(643)	(4,818)
Capital contributions to joint venture	(844)	(900)
Purchases of marketable securities	—	(99,153)
Proceeds from maturities of marketable securities	56,372	49,408
Net Cash Used in Investing Activities	(7,425)	(104,431)
Cash Flows from Financing Activities:		
Cash dividends	(47,378)	(26,205)
Proceeds from exercised stock options	9,355	2,245
Payments on long-term debt	—	(1,349)
Net Cash Used in Financing Activities	(38,023)	(25,309)
Net increase in cash and cash equivalents	228,103	97,655
Cash and cash equivalents, beginning of period	357,562	185,124
Cash and Cash Equivalents, End of Period	$585,665	$282,779
Supplemental Disclosure of Cash Flow Information:		
Interest paid (excluding interest for securities lending)	$ 715	$ 1,888
Income taxes paid	125,669	61,876
Non-cash investing and financing activities:		
Gross unrealized securities losses	(2,068)	(1,232)

See accompanying notes to unaudited consolidated financial statements.

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying interim consolidated financial statements have been prepared by Chicago Mercantile Exchange Holdings Inc. (CME Holdings) without audit. Certain notes and other information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted. In the opinion of management, the accompanying consolidated financial statements include all adjustments necessary to present fairly the financial position of CME Holdings as of September 30, 2005 and December 31, 2004, and the results of its operations and its cash flows for the periods indicated.

CME Alternative Marketplace Inc., a wholly owned subsidiary of Chicago Mercantile Exchange Inc. and an exempt board of trade registered with the Commodity Futures Trading Commission, was established for the trading of CME Economic Derivatives. CME Economic Derivatives are options and forwards geared to seven key U.S. and European economic indicators that trade in an auction format via CME Auction Markets™ and are cleared and guaranteed by CME. On September 29, 2005, CME cleared its first CME Economic Derivatives contract based on the weekly initial jobless claims number.

The accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in Exhibit 13.1 of the Chicago Mercantile Exchange Holdings Inc. Annual Report on Form 10-K for the year ended December 31, 2004. Quarterly results are not necessarily indicative of results for any subsequent period.

Certain reclassifications have been made to the 2004 financial statements to conform to the presentation in 2005.

2. Performance Bonds and Security Deposits

Each firm that clears futures and options on futures contracts traded on Chicago Mercantile Exchange Inc. and its subsidiaries (CME or the exchange) is required to deposit and maintain specified performance bonds and security deposits principally in the form of cash, funds deposited in the various Interest Earnings Facility (IEF) programs, U.S. Government and certain foreign government securities or bank letters of credit. For the Chicago Board of Trade (CBOT) products cleared by CME, CME combines those positions with that clearing firm's CME positions to create a single portfolio for which performance bond and security deposit requirements are calculated. These performance bonds and security deposits are available to meet the financial obligations of that clearing firm to the exchange. In the event that performance bonds and security deposits of a defaulting clearing firm are inadequate to fulfill that clearing firm's outstanding financial obligation, the entire security deposit fund is available to cover potential losses after first utilizing operating funds of the exchange in excess of amounts needed for normal operations. Cash performance bonds and security deposits may fluctuate due to the investment choices available to clearing firms and the change in the amount of deposits required. As a result, these assets and offsetting liabilities may vary significantly over time. See Note 6 of Notes to Consolidated Financial Statements in Exhibit 13.1 to CME Holdings' Annual Report on Form 10-K for the year ended December 31, 2004.

3. Guarantees

Interest Earning Facility. Clearing firms, at their option, may instruct CME to invest cash on deposit for performance bond or security deposit purposes in a portfolio of securities that is part of the IEF programs. The first IEFs were organized in 1997 as two limited liability companies. Interest earned, net of expenses, is passed on to participating clearing firms. The principal of the first IEFs, which totaled $59.5 million at September 30, 2005, is guaranteed by the exchange and is included in the accompanying consolidated balance sheets. The investment portfolios of these facilities are managed by an exchange-approved settlement bank and eligible investments include U.S. Treasury bills and notes, U.S. Treasury strips and reverse repurchase agreements. The maximum average portfolio maturity is 90 days and the maximum maturity for an individual security is 13 months. At September 30, 2005, all funds in the first IEFs were invested in overnight reverse repurchase agreements. If funds invested in these IEFs are required to be liquidated due to a clearing firm redemption transaction and funds are not immediately available due to lack of liquidity in the investment portfolio, default of a repurchase counterparty, or loss in market value, CME guarantees the amount of the redemption. Management believes that the market risk exposure relating to its guarantee is not material to the consolidated financial

statements taken as a whole. Financial Accounting Standards Board Interpretation (FIN) No. 45, "Guarantor's Accounting and Disclosure Requirements of Guarantees of Indebtedness of Others," requires that an entity (CME) issuing a guarantee recognize, at the inception of the guarantee, a liability equal to the fair value of the guarantee. CME has evaluated its requirements under FIN No. 45 and concluded that no material liability is required to be recorded. Management has decided to discontinue operation of the first IEFs in December 2005, at which time investments will be liquidated, balances returned to participants and CME's obligation under the guarantee will terminate.

Intellectual Property Indemnifications. Some agreements with customers accessing the CME Globex electronic platform and utilizing CME market data services, CME SPAN® software and CME CLEARING 21® clearing system contain indemnifications from intellectual property claims that may be made against them because of their use of these products. The potential future claims relating to these indemnifications cannot be estimated and, therefore, in accordance with FIN No. 45, no liability has been recorded.

4. Stock-Based Payments

In the first nine months of 2005, CME granted stock options totaling 220,800 shares to various employees under the CME Holdings Omnibus Stock Plan. The options vest over a five-year period, with 20% vesting one year after the grant date and on that same date in each of the following four years. The options have a ten-year term with an exercise price ranging from $196.83 to $301.30, the market prices at the grant dates. In accordance with Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," as amended, the fair value of the options granted to employees totaled $22.0 million, measured at the grant dates using the Black-Scholes valuation model. A risk-free rate ranging from 3.9% to 4.3% was used over a period of 6 to 6.5 years with a volatility factor ranging from 33.6% to 42.8% and a dividend yield ranging from 0.6% to 0.9%. This compensation expense will be recognized on an accelerated basis over the vesting period.

In the first nine months of 2005, CME also granted 5,900 shares of restricted Class A common stock that have the same vesting provisions as the stock options granted at that time. Compensation expense of $1.5 million relating to this restricted stock will be recognized on an accelerated basis over the vesting period.

The following table summarizes stock option share activity for the period:

Options Outstanding at December 31, 2004	1,346,792
Granted	220,800
Exercised	(299,435)
Cancelled	(48,440)
Options Outstanding at September 30, 2005	1,219,717
Weighted Average Exercise Price of Options Outstanding at September 30, 2005	$ 98.01

At September 30, 2005, 519,487 of the outstanding options were exercisable.

In the second quarter of 2005, CME Holdings decreased the annual cash stipend of its non-executive members of the Board of Directors and added an equity component. As a result, CME Holdings issued 2,233 shares of Class A common stock to its non-executive directors under the 2005 Director Stock Plan. These shares are not subject to any vesting restrictions. Expense of $0.5 million related to this stock will be amortized over a one-year period.

At year-end 2002, CME adopted the fair value method for expensing stock options under the provisions of SFAS No. 123, as amended. In December 2004, the Financial Accounting Standards Board issued SFAS No. 123R (revised 2004), "Share-Based Payment," which requires use of the fair value method of accounting for share-based payment transactions with employees. Under SFAS No. 123R, CME will be required to estimate expected forfeitures of stock grants instead of the current practice of accounting for forfeitures as they occur. In addition, CME will also begin to classify the excess tax benefits, if any, related to employee option exercises as financing activities rather than operating activities in the consolidated statements of cash flows. This requirement will reduce net operating cash flows and increase net financing cash flows in the periods after adoption. The future amounts of these benefits cannot be estimated as they are dependent on, among other things,

when employees exercise stock options. CME plans to continue to use the Black-Scholes model to determine the fair value of stock option grants, which has been used since adopting the fair value method. In April 2005, the U.S. Securities and Exchange Commission adopted a rule that amended the effective dates of SFAS No. 123R. Under this rule, SFAS No. 123R is now effective for public companies at the beginning of the first fiscal year that begins after June 15, 2005. CME will adopt SFAS No. 123R effective January 1, 2006 and is currently evaluating the impact of adoption on the consolidated financial statements.

5. Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of shares of all classes of common stock outstanding for each reporting period. Diluted earnings per share reflects the increase in shares using the treasury stock method to reflect the impact of an equivalent number of shares of common stock if stock options were exercised and restricted stock awards were converted into common stock. Prior to the exercise of the remainder of the former CEO's option in the second quarter of 2004, the dilutive effect of that option was calculated as if the entire option, including the Class A share and Class B share portions of the option, was satisfied through the issuance of Class A shares. The diluted weighted average number of common shares outstanding at September 30, 2005 excludes the incremental effect related to 211,150 outstanding stock options that would be anti-dilutive.

	Nine Months Ended September 30,		Three Months Ended September 30,	
(in thousands, except per share data)	2005	2004	2005	2004
Net Income	$230,577	$162,771	$77,466	$59,428
Weighted Average Number of Common Shares:				
Basic	34,262	33,374	34,370	33,935
Effect of stock options	515	930	510	538
Effect of restricted stock grants	16	26	11	23
Diluted	34,793	34,330	34,891	34,496
Earnings per Share:				
Basic	$ 6.73	$ 4.88	$ 2.25	$ 1.75
Diluted	6.63	4.74	2.22	1.72

6. Subsequent Events

On October 14, 2005, CME renewed its existing secured committed line of credit with a consortium of banks. The renewed agreement is set to expire on October 13, 2006. The secured line of credit is for $750 million and is collateralized by clearing firm security deposits held by the exchange in the form of U.S. Treasury or agency securities, security deposit funds in IEF2 and performance bonds of the defaulting firm, if any. CME has the option to increase the facility from $750 million to $1 billion. The agreement does not require the participating banks to comply with the request for an increase. The line of credit can only be drawn on to the extent it is collateralized.

In October 2005, CME approved the use of up to $100 million in CME owned U.S. Treasury securities as performance bond collateral in connection with its mutual offset agreement with the Singapore Exchange Derivatives Trading Ltd. (SGX). Currently CME maintains all of its required performance bond collateral related to this agreement in the form of irrevocable letters of credit.

Also, in October 2005, CME Holdings amended its rights agreement, which creates rights that entitle CME Holdings' shareholders to purchase shares of CME Holdings stock in the event that a third party initiates a transaction designed to take over the company. The amendment increased the purchase price of each one-thousandth of a share of Series A Junior Participating Preferred Stock pursuant to the exercise of a right from $105 to $1,000.

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

Results of Operations for the Nine Months Ended September 30, 2005 Compared With the Nine Months Ended September 30, 2004

Overview

Our operations for the nine months ended September 30, 2005 resulted in net income of $230.6 million compared with net income of $162.8 million for the nine months ended September 30, 2004. The increase in net income resulted primarily from a $141.8 million increase in net revenues, partially offset by a $32.8 million increase in operating expenses. The increase in net revenues arose primarily because of a $105.9 million increase in clearing and transaction fees. In addition, we earned an incremental $12.2 million of revenue from clearing and transaction processing services and an incremental $12.1 million from investment income. Contributing to the $32.8 million overall increase in operating expenses was $11.9 million of additional compensation and benefits, an $8.6 million increase in depreciation and amortization, and smaller increases in most of our remaining expense categories.

Trading volume for the nine months ended September 30, 2005 totaled 788.5 million contracts, representing an increase of 34% over the same period in 2004 when total trading volume was 589.2 million. Contributing to increased trading volume levels were: improved speed and reliability created by CME Globex system enhancements; increased demand for electronically traded products; ongoing incentive programs designed to enhance liquidity and attract new customers, particularly in Europe and Asia; and increased demand for our interest rate, equity and foreign exchange products. The additional clearing and transaction fees resulting from greater trading volume and the increased percentage of electronic volume were augmented by increased fees for clearing and transaction processing services, additional investment income, and incremental revenue from quotation data fees.

Revenues

Clearing and Transaction Fees. Clearing and transaction fees, which include clearing fees, CME Globex electronic trading fees and other volume-related charges, increased $105.9 million, or 26%, to $519.7 million for the nine months ended September 30, 2005 from $413.8 million for the nine months ended September 30, 2004. The increase is attributed primarily to a 34% increase in average daily trading volume from 3.1 million contracts in 2004 to 4.2 million contracts in 2005. During the first nine months of 2005, average daily trading volume on CME Globex increased by 70% to 1.2 million contracts when compared with the same period in 2004. This increase was driven primarily by volume growth in interest rate, equity E-mini™ and foreign exchange products.

The following table summarizes average daily trading volume and revenue (volume in thousands). All amounts exclude TRAKRS unless otherwise noted.

	Nine Months Ended September 30,		Percentage Increase (Decrease)
	2005	2004	
CME Product Line			
Interest Rate	2,436	1,723	41%
Equity	1,366	1,169	17
Foreign Exchange	321	186	73
Commodity	49	40	23
Total Average Daily Volume	4,172	3,118	34
TRAKRS	26	71	(63)
Total Average Daily Volume (including TRAKRS)	4,198	3,189	32
CME Globex Average Daily Volume	2,874	1,686	70
CME Globex Average Daily Volume as a Percent of Total Volume	69%	54%	
Clearing and Transaction Fees Revenue (in millions)	$519.7	$413.6	
Average Rate per Contract	$0.659	$0.702	

In the first nine months of 2005, 56% of our interest rate volume traded on CME Globex compared with 29% during the same period in 2004. Despite declining interest rate volatilities during the first nine months of 2005, average daily volume of interest rate products traded electronically increased from 503,000 contracts to 1.4 million contracts. Average daily volume for interest rate options, which trade primarily through open outcry, increased 45%, to 774,000 contracts for the first nine months of 2005 compared with 533,000 contracts for the same period in 2004. Contributors to this volume growth include expansion in the use of our electronic trading platform; competitive fee programs designed to encourage the participation of market makers and global proprietary trading firms; continued introduction of new products; and tiered pricing provided to high volume traders.

The volatility in U.S. equity markets, as measured by the CBOE Volatility Index® (VIX®), in the first nine months of 2005 was lower compared with the first nine months of 2004. Despite lower volatility, trading volume for our equity products increased primarily as a result of the continued growth in our E-mini products, which is reflective of a larger market growth trend in U.S. equities. During the first nine months of 2005, average daily volume of E-mini products increased by 17%, to 1.2 million contracts, compared with the same period in 2004, with the strongest volume growth occurring in our E-mini Russell® and S&P® products.

During the first nine months of 2005, average daily volume of foreign exchange products increased by 73%, to 321,000 contracts. The volume growth occurred primarily on CME Globex and was a result of increased demand from automated trading systems, driven primarily by technology enhancements that allow faster execution, as well as by fee incentive programs initiated during the second quarter of 2004. In the first nine months of 2005, 80% of our foreign exchange volume traded on CME Globex compared with 64% during the same period in 2004.

Partially offsetting the impact of the increase in trading volume was a decrease in the average rate, or revenue, per contract. The average rate per contract decreased to $0.659 for the nine months ended September 30, 2005 from $0.702 for the same period in 2004. Growth in interest rate, equity and foreign exchange products, as a result of our competitive fee programs, as well as increased participation of market makers and global proprietary trading firms, resulted in higher incentives and discounts which reduced the average rate per contract by $0.040. In addition, the impact of our mutual offset agreement with Singapore Exchange Derivatives Trading Ltd. (SGX), whereby there is a net settlement for trades executed by the originating exchange but transferred to the other exchange, further reduced the average rate per contract by $0.006. Finally, the decrease also resulted from a decrease in the percentage of trades by non-member customers as well as an increase in the proportion of interest rate volumes, which have a lower rate per contract. These decreases were partially offset by fee increases effective August 1, 2005 which contributed additional revenue of $3.0 million, an increase of $0.004 in our average rate per contract. Additionally, the rate per contract was favorably impacted by a higher percentage of trades on CME Globex for all product lines, for which additional fees are assessed.

Although it is difficult to predict, we typically experience lower volume levels during the fourth quarter due to the seasonality of our business.

A substantial portion of our clearing and transaction fees, as well as telecommunications fees and various service charges included in other revenues, are billed to our clearing firms. The majority of clearing and transaction fees received from clearing firms represent charges for trades executed on behalf of their customers. We currently have approximately 80 clearing firms. During the nine months ended September 30, 2005, the largest clearing firm represented approximately 10% of total clearing and transaction fees. Should a clearing firm discontinue operations, we believe the customer portion of that firm's trading activity would likely transfer to another clearing firm. Therefore, we do not believe we are exposed to significant risk from the loss of revenues received from any particular clearing firm.

In September 2005, we established CME Alternative Marketplace Inc., our wholly owned subsidiary and an exempt board of trade registered with the Commodity Futures Trading Commission, for the trading of CME Economic Derivatives. CME Economic Derivatives are options and forwards geared to seven key U.S. and European economic indicators that trade in an auction format via CME Auction Markets and are cleared and guaranteed by us. On September 29, 2005, we cleared the first CME Economic Derivatives contract based on the weekly initial jobless claims number. Beginning in the first quarter of 2006, we plan to make CME Economic Derivatives available on the Globex platform.

Clearing and Transaction Processing Services. Clearing and transaction processing services increased $12.2 million, or 30%, to $53.2 million for the nine months ended September 30, 2005 from $41.0 million for the nine months ended September 30, 2004. Clearing and transaction processing services primarily represents fees derived from providing clearing and settlement services to the Chicago Board of Trade (CBOT). In addition, fees are also included for listing certain futures products on CME Globex for the New York Mercantile Exchange (NYMEX) and processing single stock futures trades for certain of our clearing firms that execute trades at OneChicago, LLC (OneChicago), our joint venture in single

stock futures and futures on narrow-based stock indexes. The revenue increase in the first nine months of 2005 from the same period in 2004 was primarily the result of increased volume at the CBOT as well as the expiration of lower initial pricing that was in effect during most of the first nine months of 2004. We cleared 523 million contracts for the CBOT during the nine months ended September 30, 2005 compared with 447 million contracts during the nine months ended September 30, 2004. During the first nine months of 2005, revenue from NYMEX increased by $2.8 million because of increased trading volume. Our agreement with NYMEX has expired and we will no longer list NYMEX products on CME Globex after November 18, 2005.

Quotation Data Fees. Quotation data fees increased $9.2 million, or 20%, to $54.4 million for the nine months ended September 30, 2005 from $45.2 million for the nine months ended September 30, 2004. The increase resulted primarily from the change to our fee structure implemented on January 1, 2005. Users of our basic service pay $35 per month for each market data screen, or device, an increase from the $30 per month charge that was in effect during 2004. We distribute our market data to resellers, who offer value-added technology to end-users, as well as directly to our electronic trading customers as part of their access to our markets. At September 30, 2005, our market data was accessible by approximately 177,000 devices. Effective January 1, 2006, the price for our basic service will increase by $5 per month for each device.

For the nine months ended September 30, 2005, the two largest resellers of our market data represented approximately 53% of our quotation data fees revenue. Should one of these vendors no longer subscribe to our market data, we believe the majority of that firm's customers would likely subscribe to our market data through another reseller. Therefore, we do not believe we are exposed to significant risk from the loss of revenue received from any particular market data reseller.

Access Fees. Access fees increased $2.2 million, or 19%, to $14.1 million for the nine months ended September 30, 2005 from $11.9 million for the nine months ended September 30, 2004. This increase resulted primarily from CME Globex users switching to a higher bandwidth connection at a higher fee beginning in the third quarter of 2004.

Communication Fees. Communication fees decreased $0.8 million, or 10%, to $6.8 million for the nine months ended September 30, 2005 from $7.6 million for the nine months ended September 30, 2004. The decrease is primarily a result of reduced demand for communication devices and services on the trading floor accompanied by a decrease in demand by building tenants.

Investment Income. Investment income increased $12.1 million to $21.2 million for the nine months ended September 30, 2005 from $9.1 million for the nine months ended September 30, 2004. The increase is primarily a result of interest rate increases in the marketplace. The annualized average rate earned on investments, excluding our non-qualified deferred compensation plan and Interest Earning Facility (IEF) programs, increased to 2.8% in the first nine months of 2005 compared with 1.5% during the same period in 2004, representing an increase of $8.7 million. An additional $2.9 million increase resulted from an increase in average funds available for investment. These increases were supplemented by a $0.5 million increase in the investment results of our non-qualified deferred compensation plan that is included in investment income but does not affect our net income, as there is an equal increase in our compensation and benefits expense.

Securities Lending Interest Income and Expense. Securities lending interest income increased $27.6 million to $39.5 million for the nine months ended September 30, 2005 from $11.9 million for the nine months ended September 30, 2004. The average daily balance of proceeds from securities lending activity was $1.7 billion and $1.3 billion, respectively, for the nine months ended September 30, 2005 and 2004. Securities lending interest expense increased $27.1 million to $38.1 million for the nine months ended September 30, 2005 from $11.0 million for the same period in 2004. The net revenues from securities lending represented an annualized return of 0.11% on the average daily balances in the first nine months of 2005 compared with 0.09% for the same period in 2004.

Other Revenue. Other revenue increased $0.4 million, or 3%, to $16.8 million for the nine months ended September 30, 2005 from $16.4 million for the nine months ended September 30, 2004. This resulted primarily from a $0.5 million increase in fees associated with managing our IEF programs and a $0.3 million increase in net trading gains at GFX Corporation, our wholly owned subsidiary that engages primarily in CME foreign exchange futures transactions. These increases were partially offset by $0.3 million of incremental losses incurred on technology equipment that was traded-in or written off.

Expenses

Compensation and Benefits Expense. Compensation and benefits expense increased $11.9 million, or 10%, to $134.1 million for the nine months ended September 30, 2005 from $122.2 million for the nine months ended September 30, 2004. There were three significant components to this increase. First, compensation and benefits expense increased by $7.0 million during the first nine months of 2005, compared with the same period in 2004, as a result of annual salary increases and increases in employer taxes, including Social Security and Medicare taxes on stock option exercises, pension and health benefits. Second, the average number of employees increased 4%, or by 44 employees, during the first nine months of 2005 from the same period in 2004. We had 1,304 employees at September 30, 2005. This increased headcount resulted in additional compensation and benefits expense of $3.6 million. Third, stock-based compensation expense increased $3.6 million to $8.8 million for the nine months ended September 30, 2005. This increase resulted primarily from the expense recognized during the first nine months of 2005 for the options granted in June 2004 and June 2005. Finally, we experienced an increase of $0.5 million in the investment results of our non-qualified deferred compensation plan for the nine months ended September 30, 2005 that is included in compensation and benefits expense but does not affect net income, as there is an equal and offsetting impact to our investment income. These increases were partially offset by a $1.5 million decrease in the bonus expense, which is accrued under the provisions of our annual incentive plan. The threshold for payment of the bonus increased significantly from 2004 to 2005, resulting in a lower expense in the first nine months of 2005 when compared with the same period in 2004. In addition, during the first nine months of 2005, there was a $1.2 million increase in the capitalization of compensation and benefits relating to internally developed software.

Occupancy Expense. Occupancy expense increased $0.7 million, or 4%, to $21.3 million for the nine months ended September 30, 2005 from $20.6 million for the nine months ended September 30, 2004. Occupancy expense increased primarily as a result of additional rent and utilities expense for a remote data center which began operation in April 2004. An increase in real estate tax rates also resulted in additional expense for 2005. Increases were partially offset by a decrease in our volume-based trading floor rent due to lower open outcry trading and a decrease in building maintenance expense in the first nine months of 2005.

Professional Fees, Outside Services and Licenses Expense. Professional fees, outside services and licenses expense increased $4.9 million, or 18%, to $31.9 million for the nine months ended September 30, 2005 from $27.0 million for the nine months ended September 30, 2004. The increase resulted primarily from $2.9 million in additional professional fees related to consulting services for our technology initiatives. License fees also increased by $1.1 million in the first nine months of 2005 from the same period in 2004 due to higher trading volume and license fee increases resulting from recent contract renegotiations related to our equity index products. We also incurred $1.1 million of expense related to two market maker programs introduced in 2005. In addition, fees related to our revenue sharing agreement with SGX increased by $1.0 million in the first nine months of 2005 from same period in 2004 due to increased electronic trading of CME Eurodollars. This revenue sharing cannot exceed $0.3 million per month. Increases were partially offset by decreases of $0.7 million in consulting fees related to Sarbanes-Oxley, $0.3 million in recruiting expenses, and $0.4 million in other professional fees and outside services for the first nine months of 2005 compared with the same period in 2004.

Communications and Computer and Software Maintenance Expense. Communications and computer and software maintenance expense increased $5.3 million, or 14%, to $42.2 million for the nine months ended September 30, 2005 from $36.9 million for the nine months ended September 30, 2004. Computer and software maintenance costs are affected by the volume of transactions processed and bid/offer prices received electronically, not the number of contracts traded. During the nine months ended September 30, 2005, the number of transactions we processed increased approximately 36% resulting in increased expense of $3.5 million. We processed approximately 92% of transactions electronically in the first nine months of 2005 compared with approximately 86% for the same period in 2004, which represented 69% and 54%, respectively, of contracts traded. Communication expense increased $1.8 million primarily as a result of ongoing initiatives to increase the speed of connecting to the CME Globex platform.

Depreciation and Amortization Expense. Depreciation and amortization expense increased $8.6 million, or 22%, to $48.1 million for the nine months ended September 30, 2005 from $39.5 million for the nine months ended September 30, 2004. The increase was the result of depreciation and amortization of 2004 and 2005 asset acquisitions exceeding the depreciation and amortization of assets that have become fully depreciated or retired since October 1, 2004. Projects at our remote data centers were the primary driver behind increased depreciation expense in 2005. Capital expenditures totaled $62.3 million for the nine months ended September 30, 2005 and $49.0 million for the same period in 2004. For these periods,

technology-related purchases, defined as purchases of computers and related equipment, software, internally developed software and costs associated with the build-out of our data centers, represented approximately 93% and 87%, respectively, of our capital expenditures.

Marketing, Advertising and Public Relations Expense. Marketing, advertising and public relations expense increased $1.6 million, or 21%, to $9.5 million for the nine months ended September 30, 2005 from $7.9 million for the nine months ended September 30, 2004. The increase is attributable to increased product-specific marketing, especially for our foreign exchange products, the launch of CME magazine, and direct marketing and brochure rebranding. Expense for 2005 also includes $0.4 million related to a donation for hurricane relief.

Other Expense. Other expense decreased $0.4 million, or 2%, to $17.9 million for the nine months ended September 30, 2005 from $18.3 million for the nine months ended September 30, 2004. This change was attributable primarily to a $1.3 million decrease in currency delivery fees resulting from migration to a more efficient delivery system and was offset by a $0.8 million increase in general administrative expense.

Income Tax Provision. We recorded a tax provision of $152.1 million for the nine months ended September 30, 2005 compared with $110.8 million for the nine months ended September 30, 2004. The effective tax rate was 39.7% for the first nine months of 2005, compared with 40.5% for the same period in 2004. The effective tax rate declined in 2005 as a result of an increase in tax-exempt income, a reduction in non-deductible expenses, and the favorable resolution of certain tax audit issues.

Outlook. We expect annual operating expenses to increase by the upper end of our previously disclosed range of 11% to 13% in 2005. The increase is primarily due to spending for technology and expanded communications bandwidth to accommodate additional volume growth.

Results of Operations for the Three Months Ended September 30, 2005 Compared With the Three Months Ended September 30, 2004

Overview

Our operations for the three months ended September 30, 2005 resulted in net income of $77.5 million compared with net income of $59.4 million for the three months ended September 30, 2004. The increase in net income resulted primarily from a $41.9 million increase in net revenues, partially offset by a $13.5 million increase in operating expenses. The increase in net revenues was primarily driven by a $28.4 million increase in clearing and transaction fees. In addition, we experienced an incremental $5.6 million of investment income, $3.9 million in additional quotation data fees and $3.2 million in increased clearing and transaction processing services fees. Contributing to the overall increase in expenses was $4.3 million related to compensation and benefits, $3.7 million of increased depreciation and amortization expense and smaller increases in most of our remaining expense categories.

Trading volume for the three months ended September 30, 2005 totaled 267.5 million contracts, representing a 30% increase in total trading volume over the 206.3 million contracts traded during the same period in 2004.

Revenues

Clearing and Transaction Fees. Clearing and transaction fees increased $28.4 million, or 19%, to $176.3 million for the three months ended September 30, 2005 from $147.9 million for the three months ended September 30, 2004. Average daily volume increased 30% during the three months ended September 30, 2005 compared with the same period in 2004. A large portion of this increase was experienced after Hurricane Katrina. Economic uncertainty often leads to increased financial market volatility and volatility frequently impacts volume. During the third quarter of 2005, average daily trading volume on CME Globex increased to 2.9 million contracts, a 45% increase compared with the same period in 2004. In September 2005, average daily trading volume reached a record 5.2 million contracts a day.

The following table summarizes average daily trading volume and revenue (volume in thousands). All amounts exclude TRAKRS unless otherwise noted.

	Three Months Ended September 30,		Percentage Increase (Decrease)
	2005	2004	
CME Product Line			
Interest Rate	2,489	1,854	34%
Equity	1,305	1,135	15
Foreign Exchange	336	193	74
Commodity	50	41	22
Total Average Daily Volume	4,180	3,223	30
TRAKRS	27	32	(16)
Total Average Daily Volume (including TRAKRS)	4,207	3,255	29
CME Globex Average Daily Volume	2,869	1,982	45
CME Globex Average Daily Volume as a Percent of Total Volume	69%	61%	
Clearing and Transaction Fees Revenue (in millions)	$ 176.3	$ 147.9	
Average Rate per Contract	$ 0.659	$ 0.717	

In the third quarter of 2005, interest rate product volume experienced substantial increases immediately following Hurricane Katrina influenced by uncertainty regarding the Federal Open Market Committee's monetary policy and related gas and oil price volatility. Daily volume for CME Eurodollar products (futures and options) hit an all-time high of 8.4 million contracts on September 1, 2005. In addition, 56% of our interest rate volume traded on CME Globex in the third quarter of 2005 compared with 44% during the same period in 2004. Average daily volume of interest rate products traded electronically increased to 1.4 million contracts from 818,000 contracts during the same period in 2004. Increased trading volume on CME Globex was primarily a result of continuing competitive fee programs designed to encourage the participation of market makers and global proprietary trading firms, continued introduction of new products, and pricing incentives for high volume CME Eurodollar traders. On August 14, 2005, we integrated our enhanced options system for trading CME Eurodollar options into CME Globex in order to offer broader access, expanded trading hours, and deeper liquidity. During the third quarter of 2005, average daily volume of CME Eurodollar options increased by 52%, to 840,000 contracts. On September 22, 2005, CME Eurodollar options reported record electronic trading volume of 148,000 contracts, 17% of the day's volume of CME Eurodollar options.

Trading volume for our equity products increased despite continuing low volatility in comparison to the prior year, driven primarily by continued growth in our E-mini and E-mini options products. Average daily volume of E-mini products increased by 15% to 1.2 million contracts during the third quarter of 2005 compared with the same period in 2004 driven primarily by the continued success of our S&P 500® and Russell 2000® futures contracts. E-mini options products also experienced an increase in average daily volume of 16,000 contracts from the same period in 2004, a majority of which is attributable to the liquidity created by the market maker program for E-mini S&P options launched in November 2004.

During the third quarter of 2005, average daily volume of foreign exchange products increased by 74%, to 336,000 contracts. Growth in foreign exchange is primarily a result of technological innovations that have facilitated faster execution of trades by automated trading systems and increased accessibility by international customers. The success of our tiered pricing structure, which provides incentives to high volume traders, has also contributed to the growth in volume. In the third quarter of 2005, 82% of our foreign exchange volume traded through CME Globex compared with 67% during the same period in 2004. On July 21, 2005, following the Chinese government's announcement of a shift in its currency policy, total foreign exchange electronic trading volume reached a record of 511,000 contracts.

The impact of the increase in trading volume was partially offset by a decrease in the average rate, or revenue, per contract. While clearing and transaction fees increased $28.4 million, the average rate per contract decreased to $0.659 for the three months ended September 30, 2005 from $0.717 for the same period in 2004. Growth in interest rate, equity and foreign exchange products resulted in higher incentives and discounts which reduced the average rate per contract by $0.035. Our mutual offset agreement with SGX reduced the average rate per contract by an additional $0.003. Finally, the decrease also resulted from a decline in the percentage of trades by non-member customers as well as an increase in the proportion of trading volume attributable to our interest rate products, which have a lower rate per contract. The decreases in average rate per contract were partially offset by our fee increases that were effective August 1, 2005, which contributed incremental revenue of $3.0 million, an

increase of $0.011 in the average rate per contract. Additionally, the rate per contract was favorably impacted by a higher percentage of trades on CME Globex for all product lines, for which additional fees are assessed.

Clearing and Transaction Processing Services. Clearing and transaction processing services increased $3.2 million, or 23%, to $17.6 million for the three months ended September 30, 2005 from $14.4 million for the three months ended September 30, 2004. The revenue increase was a result of increased trading volume at the CBOT as well as the expiration of lower initial pricing that was in effect during part of the third quarter of 2004. We cleared 165 million contracts for the CBOT during the quarter ended September 30, 2005, an increase of 9% compared with the same period in 2004. Also, during the third quarter of 2005, revenue from NYMEX increased by $1.7 million compared with the same period in 2004. The increase was a result of increased trading volume in futures products listed for NYMEX.

Quotation Data Fees. Quotation data fees increased $3.9 million, or 26%, to $18.8 million for the three months ended September 30, 2005 from $14.9 million for the three months ended September 30, 2004. The increase resulted primarily from the change to our fee structure implemented on January 1, 2005. Users of our basic service currently pay $35 per month for each market data screen, or device, an increase from the $30 monthly charge that was in effect during the third quarter of 2004. In addition, there was an increase of $1.4 million related to assessments resulting from our periodic audit of the usage data previously provided by our customers.

Access Fees. Access fees increased $0.7 million, or 18%, to $4.6 million for the three months ended September 30, 2005 from $3.9 million for the three months ended September 30, 2004. This increase resulted primarily from CME Globex users switching to a higher bandwidth connection at a higher fee.

Communication Fees. Communication fees decreased $0.3 million, or 12%, to $2.2 million for the three months ended September 30, 2005 from $2.5 million for the three months ended September 30, 2004 primarily as a result of decreased demand for communication devices and services by trading floor occupants and building tenants.

Investment Income. Investment income increased $5.6 million to $8.8 million for the three months ended September 30, 2005 from $3.2 million for the three months ended September 30, 2004. The annualized average rate earned on investments, excluding our non-qualified deferred compensation plan and IEF programs, increased to 3.2% in the third quarter of 2005 compared with 1.7% during the same period in 2004, representing an increase in investment income of $3.5 million. An additional $1.3 million of investment income during 2005 was the result of larger average balance of funds available for investment including cash performance bonds and security deposits. Improvement in the investment results of our non-qualified deferred compensation plan also contributed an additional $0.7 million to investment income.

Securities Lending Interest Income and Expense. Securities lending interest income increased $11.2 million to $15.7 million for the three months ended September 30, 2005 from $4.5 million for the three months ended September 30, 2004. The average daily balance of proceeds from securities lending activity was $1.8 billion for the third quarter of 2005 and $1.2 billion for the same period in 2004. Securities lending interest expense increased $11.0 million to $15.3 million for the third quarter of 2005 from $4.3 million for the same period in 2004. The net revenues from securities lending represented an annualized return of 0.09% for the three months ended September 30, 2005 compared with 0.06% during the same period in 2004. This increase is a result of ongoing increases in market interest rates since the first increase in the U.S. federal funds rate in June 2004. The spread between interest rates received and paid increased due to changes in market conditions.

Other Revenue. Other revenue remained relatively consistent with the prior year at $5.5 million for the three months ended September 30, 2005 compared with $5.3 million for the three months ended September 30, 2004.

Expenses

Compensation and Benefits Expense. Compensation and benefits expense increased $4.3 million, or 10%, to $45.2 million for the three months ended September 30, 2005 from $40.9 million for three months ended September 30, 2004. There were several significant components to this increase. First, compensation and benefits expense increased by $2.4 million because of annual salary increases and increases in employer taxes, including Social Security and Medicare taxes on stock option exercises, and health benefits. Second, the average number of employees increased approximately 3%, or by 33 employees, resulting in additional compensation and benefits expense of $0.9 million. Third, stock-based compensation

expense increased $1.1 million to $3.7 million for the third quarter of 2005. This increase resulted primarily from the options granted in June 2005. Also during the third quarter of 2005, we experienced a $0.7 million increase in the investment results of our non-qualified deferred compensation plan that is included in compensation and benefits expense but does not affect net income since there is an equal increase in our investment income. Additionally, pension expense increased by $0.5 million for the third quarter of 2005. During 2004, the interest crediting rate assumption used to calculate pension costs was decreased. The change, which was effective retroactive to January 1, 2004, was reflected in decreased pension expense during the third quarter of 2004. These increases were partially offset by a $0.6 million increase in the capitalization of compensation and benefits relating to internally developed software. Finally, during the third quarter of 2005, there was a $0.4 million decrease in the bonus expense, which is accrued under the provisions of our annual incentive plan.

Occupancy Expense. Occupancy expense remained relatively consistent with the prior year at $7.3 million for the three months ended September 30, 2005 compared with $7.0 million for the three months ended September 30, 2004. Increases in rent and utilities expense were partially offset by reductions in building maintenance expense.

Professional Fees, Outside Services and Licenses Expense. Professional fees, outside services and licenses expense increased $1.5 million, or 15%, to $11.5 million for the three months ended September 30, 2005 from $10.0 million for the three months ended September 30, 2004. The increase resulted primarily from consultant fees related to our technology initiatives as well as market maker agreements and license fees. Technology-related professional fees increased $1.1 million, net of amounts capitalized for internally developed software, in the third quarter of 2005 when compared with the third quarter of 2004 as a result of initiatives to expand electronic trading functionality and accessibility. In addition, we incurred $0.3 million of expense related to two market maker programs introduced in 2005. Lastly, increased trading volume and licensing rates related to equity index licensing agreements resulted in a $0.2 million increase in the third quarter of 2005 from the same period in 2004.

Communications and Computer and Software Maintenance Expense. Communications and computer and software maintenance expense increased $2.8 million, or 23%, to $14.8 million for the three months ended September 30, 2005 from $12.0 million for three months ended September 30, 2004. Ongoing bandwidth upgrades to facilitate increased electronic trading volumes and expansion of electronic trading into Europe and Asia resulted in $2.0 million of this increase in communications expense. During the third quarter of 2005, the number of transactions we processed increased approximately 18%. In addition, we processed approximately 92% of total transactions electronically in the third quarter of 2005 compared with approximately 88% for the same period in 2004, which represented 69% and 61%, respectively, of total contracts traded. As a result, software, software maintenance and hardware maintenance increased $0.7 million during the third quarter of 2005 when compared with the same period in 2004.

Depreciation and Amortization Expense. Depreciation and amortization expense increased $3.7 million, or 27%, to $17.3 million for the three months ended September 30, 2005 from $13.6 million for the three months ended September 30, 2004. The increase was the result of depreciation and amortization of 2004 and 2005 asset acquisitions exceeding the depreciation and amortization of assets that have become fully depreciated or retired since October 1, 2004. Capital expenditures totaled $19.2 million for the third quarter of 2005 and $17.2 million for the same period in 2004. For these periods, technology-related purchases, defined as purchases of computers and related equipment, software, internally developed software, and costs associated with the build-out of our data centers, represented approximately 93% and 90%, respectively, of these purchases.

Marketing, Advertising and Public Relations Expense. Marketing, advertising and public relations expense increased $1.1 million, or 38%, to $4.0 million for the three months ended September 30, 2005 from $2.9 million for the three months ended September 30, 2004. The increase includes $0.4 million related to contributions for hurricane relief. The remaining increase is attributable primarily to increased foreign exchange product marketing, the launch of CME magazine, and efforts to achieve consistent branding across all products.

Other Expense. Other expense remained consistent with the prior year at $6.0 million for the three months ended September 30, 2005 and $6.1 million for the same period in 2004.

*Income Tax Provision***.** We recorded a tax provision of $50.8 million for the three months ended September 30, 2005 compared with $40.5 million for the three months ended September 30, 2004. The effective tax rate was 39.6% for the third quarter of 2005, compared with 40.5% for the same period in 2004. An increase in tax-exempt income and the resolution of certain tax audit issues late in 2004 were the primary drivers for the decrease in the effective tax rate.

Recent Financial Accounting Standards Board Pronouncements

SFAS No. 123 (revised 2004), Share-Based Payment

At year-end 2002, we adopted the fair value method for expensing stock options under the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," as amended. In December 2004, the Financial Accounting Standards Board issued SFAS No. 123R (revised 2004), "Share-Based Payment," which requires use of the fair value method of accounting for share-based payment transactions with employees. Under SFAS No. 123R, we will be required to estimate expected forfeitures of stock grants instead of our current practice of accounting for forfeitures as they occur. In addition, we will also begin to classify the excess tax benefits, if any, related to employee option exercises as financing activities rather than operating activities in our consolidated statements of cash flows. This requirement will reduce net operating cash flows and increase net financing cash flows in the periods after adoption. We cannot estimate what those amounts will be in the future because they are dependent on, among other things, when employees exercise stock options. We plan to continue to use the Black-Scholes model, which we have used since adopting the fair value method, to determine the fair value of stock option grants. In April 2005, the U.S. Securities and Exchange Commission adopted a rule that amended the effective dates of SFAS No. 123R. Under this rule, SFAS No. 123R is now effective for public companies at the beginning of the first fiscal year that begins after June 15, 2005. We will adopt SFAS No. 123R effective January 1, 2006 and are currently evaluating the impact of adoption on our consolidated financial statements.

Liquidity and Capital Resources

Liquidity and Cash Management. Cash and cash equivalents totaled $585.7 million at September 30, 2005, compared with $357.6 million at December 31, 2004. The $228.1 million increase from December 31, 2004 to September 30, 2005 resulted primarily from cash generated by operations for the nine months ended September 30, 2005, retained primarily in the form of short-term investments that are included as cash equivalents. Also contributing to the increase was $56.4 million of proceeds from maturities of marketable securities and $9.4 million in proceeds from the exercise of stock options. Partially offsetting these increases was $62.3 million in purchases of property, net of trade-in allowances and proceeds from sales, and quarterly dividend payments that totaled $47.4 million. The balance retained in cash and cash equivalents is a function of anticipated or possible short-term cash needs, prevailing interest rates, our investment policy, alternative investment choices, and any dividends paid.

Included in current and other assets are net deferred tax assets of $13.9 million and $10.8 million at September 30, 2005 and December 31, 2004, respectively. These net deferred tax assets result primarily from depreciation, stock-based compensation, and deferred compensation. There is no valuation reserve for these assets as we expect to fully realize their value in the future based on our expectation of future taxable income.

Historically, we have met our funding requirements from operations. If operations do not provide sufficient funds to meet capital expenditure requirements, short-term investments or marketable securities can be reduced to provide the needed funds or assets can be acquired through capital leases.

Sources and Uses of Cash. Net cash provided by operating activities was $273.6 million for the nine months ended September 30, 2005 and $227.4 million for the same period in 2004. The net cash provided by operations increased in the first nine months of 2005 primarily because of improved operating results. The net cash provided by operating activities exceeded our net income in the nine months ended September 30, 2005 by $43.0 million primarily because of expenses, such as depreciation and amortization of $48.1 million, which did not adversely affect our cash flow. In addition, we received tax benefits of $25.9 million related to employee option exercises in excess of our book expense associated with these options. This tax benefit reduced our income tax obligations for the nine months ended September 30, 2005. These increases were partially offset by an increase in accounts receivable of $28.3 million. Accounts receivable at the end of any period results primarily from the clearing and transaction fees billed in the last month of the reporting period as well

as the receivable for the portion of transaction processing services that are billed on a quarterly basis. Clearing and transaction fees were $27.2 million greater in September 2005 than in December 2004.

Cash used in investing activities was $7.4 million for the nine months ended September 30, 2005 compared with $104.4 million for the nine months ended September 30, 2004. The decrease in cash used of $97.0 million was primarily due to the $99.2 million in purchases of marketable securities in the first nine months of 2004 that did not occur during the first nine months of 2005. The decision not to purchase securities during 2005 is influenced by prevailing interest rates and alternative investment choices. By comparison, in the first nine months of 2005, maturities totaled $56.4 million and only $49.4 million in the same period in 2004. Cash used to acquire and develop capital assets increased $13.3 million to $62.3 million for the first nine months of 2005 from $49.0 million for the same period in 2004.

Cash used in financing activities was $38.0 million for the nine months ended September 30, 2005 compared with $25.3 million for the nine months ended September 30, 2004. The increase was primarily due to the additional $21.2 million of dividends paid. Dividends totaled $47.4 million for the nine months ended September 30, 2005 compared with $26.2 million for the nine months ended September 30, 2004. The dividend for 2004 and 2005 was approximately 30% of prior year's cash earnings. The increase resulted primarily from a year-over-year improvement in cash earnings, defined as net income excluding depreciation and amortization expense and tax-effected stock-based compensation expense, less capital expenditures. Partially offsetting this increased use of cash were the proceeds from stock option exercises, which increased $7.2 million to $9.4 million for the nine months ended September 30, 2005 from $2.2 million for the nine months ended September 30, 2004.

Debt Instruments. We maintain a secured committed $750 million line of credit with a consortium of banks. The credit agreement, which expired on October 14, 2005 and was subsequently renewed for one year, is collateralized by clearing firm security deposits held by us in the form of U.S. Treasury or agency securities, security deposit funds in IEF2 and performance bond deposits of the defaulting firm, if any. We have the option to increase the facility from $750 million to $1 billion. The agreement does not require the participating banks to comply with our request for an increase. The line of credit can only be drawn on to the extent it is collateralized. The amount held as available security deposit collateral at September 30, 2005 was $1.2 billion. The line of credit is available for use in certain situations, such as a disruption in the domestic payments system that would delay settlement between our exchange and our clearing firms or in the event of a clearing firm default. Effective March 1, 2005, the standby letter of credit for GFX Corporation, our wholly owned subsidiary that engages primarily in foreign exchange transactions, increased to $5.0 million from $2.5 million. In addition, as of September 30, 2005, we were contingently liable on irrevocable letters of credit totaling $112 million in connection with our mutual offset agreement with SGX.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents interest rate risk relating to the marketable securities that are available for sale, as well as derivatives trading risk associated with GFX. With respect to interest rate risk, a change in market interest rates would affect interest income from short-term investments of cash, cash performance bonds and security deposits, variable rate marketable securities and new purchases of marketable securities. Changes in market interest rates also would have an effect on the fair value of any marketable securities owned. Investment choices, as provided in our investment policy, primarily include U.S. Treasury and government agency securities, investment grade corporate obligations and municipal securities escrowed by U.S. Treasury securities. Maturities may extend to a maximum of 60 months.

Interest Rate Risk. Interest income from marketable securities, short-term cash investments and cash performance bonds and security deposits was $18.9 million in the first nine months of 2005 and $7.3 million for the same period in 2004. Our marketable securities experienced net unrealized losses of $2.1 million and $1.2 million during the nine months ended September 30, 2005 and 2004, respectively. There were no realized gains or losses in either period. At September 30, 2005, we owned marketable securities with a fair value of $242.1 million.

Expected maturities and interest coupon rates for fixed rate marketable securities at September 30, 2005 were as follows (dollars in thousands):

Year	Principal Cash Flows	Weighted Average Interest Rate
2005	$ 18,819	2.82%
2006	73,571	3.82
2007	72,317	4.35
2008	80,410	2.34
Total	$245,117	3.41
Fair Value	$242,146	

The 2008 expected maturities include $26.7 million in principal amount of zero coupon marketable securities. Excluding zero coupon securities, the 2008 weighted average interest rate would be 3.51%.

Under our investment policy, we monitor interest rate risk by completing regular reviews of our marketable securities portfolio and its sensitivity to changes in the general level of interest rates, commonly referred to as a portfolio's duration. We control the duration of the portfolio primarily through the purchase of individual marketable securities having a duration consistent with our overall investment policy. In addition, we will generally hold marketable securities to maturity, which will act as a further mitigating factor to interest rate risk.

Derivatives Trading Risk. GFX engages primarily in the purchase and sale of our foreign exchange futures contracts on CME Globex to provide additional liquidity in these products and subsequently enters into offsetting transactions using futures contracts or spot foreign exchange transactions with approved counterparties in the interbank market to limit market risk. Any potential impact on the earnings of GFX from a change in foreign exchange rates would not be significant. GFX also engaged in purchases and sales of CME Eurodollar futures contracts on CME Globex during the first six months of 2004. At the end of the second quarter of 2004, it was determined that GFX's participation in electronic trading of CME Eurodollars was no longer necessary for liquidity purposes. Net position limits are established for each trader and totaled $12.0 million in aggregate notional value as of September 30, 2005.

At September 30, 2005, GFX held futures positions with a notional value of $99.7 million, offset by a similar amount of spot foreign exchange positions. The notional value of futures positions at September 30, 2004 totaled $99.0 million. All positions are marked to market on a daily basis, with the resulting charge or credit reflected in other revenue. Net trading gains were $5.9 million for the nine months ended September 30, 2005 and $5.6 million for the nine months ended September 30, 2004.

Item 4. Controls and Procedures

(a) *Controls and Procedures.* Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our 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. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act.

(b) *Changes in Internal Control Over Financial Reporting.* There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On August 3, 2004, McGraw-Hill Companies, Inc. filed suit against CME in the Southern District of New York seeking declaratory and injunctive relief relating to the scope and proper interpretation of the 1997 License Agreement under which we trade various products based on S&P indexes. McGraw-Hill claimed that statements about a launch by CME of a variance product based on an S&P index amounted to a threatened breach of contract, misappropriation, federal trademark infringement and unfair competition, federal and state trademark dilution, common law trademark infringement, and common law unfair competition. McGraw-Hill sought unspecified damages in addition to an injunction. On September 20, 2004, CME filed its answer and counterclaims against McGraw-Hill, including claims for injunctive relief, breach of contract and unspecified damages. CME also named the Chicago Board Options Exchange and CBOE Futures Exchange, LLC as additional parties and sought injunctive relief and punitive damages for tortious interference with contractual and prospective business relations and misappropriation. Effective as of September 20, 2005, the parties agreed not to restore this litigation, which was closed by the court on June 24, 2005.

On October 14, 2003, the U.S. Futures Exchange, L.L.C., or Eurex U.S., and U.S. Exchange Holdings, Inc., filed suit against the CBOT and CME in the United States District Court for the District of Columbia. The suit alleges that the CBOT and CME violated the antitrust laws and tortiously interfered with the business relationship and contract between Eurex U.S. and The Clearing Corporation. Eurex U.S. and U.S. Exchange Holdings, Inc. are seeking a preliminary injunction and treble damages. On December 12, 2003, the CBOT and CME filed separate motions to dismiss or, in the event the motion to dismiss is denied, to move the venue to the United States District Court for the Northern District of Illinois. On September 2, 2004, the judge granted the CBOT’s and CME’s motion to transfer venue to the Northern District of Illinois. In light of that decision, the judge did not rule on the motions to dismiss. On March 25, 2005, Eurex U.S. filed a second amended complaint in the United States District Court for the Northern District of Illinois. On June 6, 2005, CME and the CBOT filed a motion to dismiss the complaint. On August 25, 2005, the judge denied the joint CME/CBOT motion to dismiss. We continue to believe that, based on our investigation to date and advice from legal counsel, this suit is without merit, and we intend to vigorously defend against these charges.

In November 2002, a former employee filed a complaint against CME in the Circuit Court of Cook County, Illinois seeking in excess of $3 million in damages, which was subsequently amended to allege common law claims of retaliatory discharge. On November 19, 2004, the court granted CME’s motion to dismiss for failure to state a claim, with prejudice, and found that it was a final ruling for purposes of appeal. In February 2005, the former employee appealed the decision, which appeal is pending. In June 2003, the former employee filed a complaint in the United States District Court for the Northern District of Illinois alleging that his employment was terminated because of his race in violation of Title VII, and that his employment termination violated Section 1981 (which prohibits discrimination in making and enforcing contracts). In this matter, the individual seeks reinstatement, back pay and benefits, punitive damages in the amount of $2 million, plus actual damages to be determined at trial. CME asserted three counterclaims for breach of fiduciary duty, unlawful destruction of personal property and conversion. On September 21, 2005, the District Court granted CME’s motion for summary judgment in substantial part and dismissed the Title VII claim and granted CME’s counterclaims for conversion and replevin. CME’s other counterclaims and claim for punitive damages remain.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer Purchases of Equity Securities

Period	(a) Total Number of Class A Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Trading Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
July 1 to July 31	—	—	—	—
August 1 to August 31	48	$ 296.19	—	—
September 1 to September 30	—	—	—	—
Total	48	$ 296.19	—	—

All of the share amounts set forth in the above table represent shares of the Company's Class A common stock that were surrendered to the Company in order to fulfill tax withholding obligations of an employee upon the vesting of restricted stock on August 6, 2005.

Item 6. Exhibits

4.1	Second Amendment to Rights Agreement, dated as of October 26, 2005, by and between Chicago Mercantile Exchange Holdings Inc. and Computershare Investor Services, LLC (incorporated by reference to Exhibit 4.1 to Chicago Mercantile Exchange Holdings Inc.'s Form 8-K, filed with the SEC on October 27, 2005).
10.1*	License Agreement, effective as of September 20, 2005, by and between Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and Chicago Mercantile Exchange Inc.
10.2	Credit Agreement, dated as October 14, 2005, among Chicago Mercantile Exchange Inc. and each of the banks named party thereto and the Bank of New York, as collateral agent (incorporated by reference to Exhibit 10.1 to Chicago Mercantile Exchange Holdings Inc.'s Form 8-K, filed with the SEC on October 19, 2005).
10.3	Agreement between Chicago Mercantile Exchange Holdings Inc. and Leo Melamed.
10.4	Consulting Agreement between Chicago Mercantile Exchange Holdings Inc. and Jack Sandner, dated October 10, 2005.
31.1	Section 302 Certification—Craig S. Donohue, Chief Executive Officer.
31.2	Section 302 Certification—James E. Parisi, Managing Director and Chief Financial Officer.
32.1	Section 906 Certification.
99.1	Certain Factors That May Affect Our Business.

* Portions of this exhibit have been omitted and filed separately with the SEC pursuant to a request for confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC.
(Registrant)

Dated: November 4, 2005

By: /S/ JAMES E. PARISI

Name: James E. Parisi
Title: Managing Director and Chief Financial Officer

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“*****”), and the omitted text has been filed separately with the Securities and Exchange Commission.

LICENSE AGREEMENT

This License Agreement, effective as of September 20, 2005 (the “Effective Date”), is made by and between STANDARD & POOR’S (“S&P”), a division of The McGraw-Hill Companies, Inc., a New York corporation having an office at 55 Water Street, New York, New York 10041, and the CHICAGO MERCANTILE EXCHANGE Inc. (“CME”), a Delaware corporation having an office at 20 South Wacker Drive, Chicago, Illinois 60606.

RECITALS:

WHEREAS, S&P compiles, calculates, maintains and owns rights in and to the various stock indices listed in Appendix 1 to this Agreement and to the proprietary data contained therein; and

WHEREAS, the S&P Stock Indices include the S&P 500/CITIGROUP Growth Index and the S&P 500/CITIGROUP Value Index which S&P and CITIGROUP, Inc. (“CITIGROUP”) together compile, calculate, maintain and own rights in; and

WHEREAS, S&P uses in commerce and has trade name and trademark rights to the designations listed in Appendix 2 to this Agreement, including the designations “S&P 500/CITIGROUP Growth Index” and “S&P 500/CITIGROUP Value Index” which S&P uses with CITIGROUP’s permission; and

WHEREAS, CME wishes to use the S&P Stock Indices and S&P Marks in connection with: (1) creating, issuing, listing, trading, clearing, marketing, and promoting Futures Contracts and Options on Futures Contracts and activities related thereto; and (2) making disclosure about such Contracts under applicable laws, rules and regulations in order to identify that S&P is the source of the S&P Stock Indices, pursuant to the terms and conditions hereinafter set forth; and

WHEREAS, S&P wishes to license CME to use the S&P Stock Indices and the S&P Marks for the purposes stated above and wishes, and has the right (with CITIGROUP’s consent), to license the S&P/CITIGROUP Indices and S&P/CITIGROUP Marks to third parties, such as CME; and

WHEREAS, the current license relationship between CME and S&P is set forth in a license agreement dated September 24, 1997, as amended (the “1997 Agreement”); and

WHEREAS, the parties wish to (i) modify and extend their license relationship on the terms and conditions set forth herein, and (ii) supersede and replace all prior agreements with regard to the subject matter of this License Agreement;

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“*****”), and the omitted text has been filed separately with the Securities and Exchange Commission.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, it is agreed as follows:

1. DEFINITIONS. For purposes of this License Agreement, the following definitions shall apply:

(a) “Agreement” shall mean this License Agreement.

(b) “CFTC” shall mean the Commodity Futures Trading Commission, as from time to time constituted or, if at any time after the execution of this Agreement such Commission is not existing and performing the duties assigned to it under the Commodity Exchange Act, as amended, then the body performing such duties at such time.

(c) “CME Substitute Contracts” shall have the meaning ascribed in Section 8 of this Agreement.

(d) “CME Substitute Index” shall have the meaning ascribed in Section 8 of this Agreement.

(e) “Competitive Contract” shall mean a Contract based upon a Competitive Index.

(f) “Competitive Index” shall mean the ***** or any index other than an index for which CME pays S&P a license fee: (1) in which ***** or more of the ***** are also ***** of an S&P Index that is licensed to CME on an exclusive basis, and which has ***** to such S&P Index for the ***** period immediately prior to the Launch Date and each Launch Anniversary Date, as applicable; and (2) the ***** of which include ***** or more of the ***** of an S&P Stock Index that is licensed to CME on an exclusive basis, and which has ***** to such S&P Index for the ***** period prior to the Launch Date and each Launch Anniversary Date, as applicable.

(g) “Competitive Market” shall mean (1) an organized, regulated derivatives market that is subject to regulation as a designated contract market regulated by the CFTC or under a comparable international regulatory structure that employs a central counter-party model offers for trading products that would be Futures Contracts under this Agreement (for example, without limitation, CBOT, CBOE, Eurex, Euronext-Liffe, SGX, Tokyo Stock Exchange, Korea Exchange) or (2) an entity that offers electronic trading in futures look-alike products (meaning highly-standardized products for future settlement or delivery) and that has obtained a recognized status or formal exemptive or no-action relief from the CFTC in order to offer such products for trading to U.S. customers.

(h) “Confidential Information” shall have the meaning ascribed to it in Section 12(b) of this Agreement.

(i) “Contract” shall mean a Futures Contract or Option Contract that utilizes a single S&P Stock Index hereunder.

(j) "Emerging Indices" shall include indices that are not based on developed indices. Emerging Indices include but are not limited to: 1. indices based on geographically emerging markets (a "China" index or a "Middle East" index); 2. indices that are constructed in novel or unique ways that are unfamiliar to most market participants (for example, a new index construction that relies on the prices of intervening instruments might be an emerging index, especially if there are no commonly-traded products using the index at the time it is offered to CME); and 3. indices based on underlying products that have not developed liquid trading in the direct market for the products of which the index is composed (for example, an index composed of prices of new and illiquid ETFs).

(k) "ETF" shall mean: a pooled investment vehicle, trust, investment company or other collective or commingled investment vehicle (including, but not limited to, an issuer registered under the U.S. Investment Company Act of 1940), that has the following characteristics: (i) the ETF issues, sells, and redeems blocks of shares or other interests, which blocks are sometimes referred to as "creation units"; (ii) the shares, units or similar interests thereof are listed on an exchange; and (iii) the investment objective thereof is to own a basket of stocks and/or other financial instruments (such as futures, options, and other derivative contracts) in an attempt to replicate substantially the price and dividend performance of the stocks represented by a single index, such as an S&P Stock Index.

(l) "Futures Contracts" shall mean: (1) all instruments: (A) the trading of which is within the exclusive jurisdiction of CFTC (assuming for this purpose that the instruments were traded in the United States regardless of where they are actually traded), (B) which are regulated by the CFTC as futures contracts (assuming for this purpose that such instruments were traded in the United States regardless of where they are actually traded), and (C) which CME has the authority to trade under its articles, by-laws, and rules; and (2) those instruments which, as of September 24, 1997, meet all of the requirements specified in clause (1) of this Subsection (l) but subsequent to September 24, 1997 fail to meet the requirements of clause (1)(A) of this Subsection (l) solely because another U.S. regulatory authority (in addition to, or in substitution of, the CFTC) is given regulatory jurisdiction over such instruments.

(m) "Indexed Contracts" shall mean (1) Futures Contracts the final settlement price of which is calculated using one or more values of an S&P Stock Index and (2) Option Contracts on such Futures Contracts. Indexed Contracts include, without limitation, S&P ETF Contracts.

(n) "Launch Date" shall mean the first day that a Contract begins trading on the CME.

(o) "Launch Anniversary Date" shall mean each ***** anniversary of a Launch Date.

(p) "Normalized Volume" shall be calculated by applying the formula specified in item 3 of Appendix 6 attached hereto.

(q) "Notional Value" of a Contract shall mean (a) where the final settlement value of such Contract uses the level of an S&P Stock Index, the product of the multiplier of such Contract and the closing value of the underlying index on the date of calculation and (b) where the final settlement value of such Contract uses the price of an S&P Index ETF share, the product of the

number of such S&P Index ETF shares included in such Contract and the price of such S&P Index ETF share on the date of calculation.

(r) “Option Contract” shall mean an option to purchase or sell Futures Contracts. An Option Contract shall not include a contract that satisfies both of the following criteria: (i) it was a security under the Securities Exchange Act of 1934, as amended as of December 1, 1990, and (ii) it was not an option on a future under the Commodities Exchange Act, as amended as of December 1, 1990.

(s) “S&P Affected Contract” shall have the meaning set forth in Section 5(g).

(t) “S&P/CITIGROUP Indices” shall mean the S&P 500/CITIGROUP Growth Index and the S&P 500/CITIGROUP Value Index.

(u) “S&P/CITIGROUP Marks” shall mean the designations “S&P 500/CITIGROUP Growth Index” and “S&P 500/CITIGROUP Value Index.”

(v) “S&P ETF Contracts” shall mean all Futures Contracts and Option Contracts on such Futures Contracts, that use an S&P Index ETF as their sole underlying interest and that were under the joint jurisdiction of the SEC and CFTC as of February 18, 2005, including any such contract that is a security future as such term is currently defined in Section 1a(31) of the Commodity Exchange Act (CEA).

(w) “S&P Index ETF” means an ETF as to which the sole underlying index is an S&P Stock Index.

(x) “S&P Marks” shall mean the designations listed in Appendix 2 to this Agreement.

(y) “S&P Stock Indices” shall mean the stock indices listed in Appendix 1 to this Agreement.

(z) “Sector-based Indices” shall include indices that are target to a specific business sector. Sector-based Indices include but are not limited to: S&P Energy Stock Price Index, S&P Financial Stock Price Index, S&P High Technology Stock Price Index, S&P Public Utility Stock Price Index, S&P Consumer Staple Stock Price Index, S&P Transportation Stock Price Index, S&P Energy Stock Price Index, S&P Financial Stock Price Index, S&P High Technology Stock Price Index, S&P High Technology Stock Price Index, S&P Public Utility Stock Price Index, S&P Public Utility Stock Price Index, S&P Consumer Staple Stock Price Index, S&P Consumer Staple Stock Price Index, S&P Transportation Stock Index and S&P Transportation Stock Price Index.

(z) “Total Volume” shall mean the total volume of all Indexed Contracts that utilize the S&P 500 Index, plus the Total Normalized Volume (as defined in Appendix 6) in the Competitive Contract.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks ("*****"), and the omitted text has been filed separately with the Securities and Exchange Commission.

2. GRANT OF LICENSE.

(a) General. Subject to the terms and conditions of this Agreement, S&P hereby grants to CME worldwide licenses: (1) to use the S&P Stock Indices solely in connection with creating, issuing, listing, trading, clearing, marketing, and promoting Indexed Contracts; and (2) to use and refer to the S&P Marks in connection with creating, issuing, listing, trading, clearing, marketing, and promoting Indexed Contracts and with making such disclosures about Indexed Contracts as CME deems necessary or desirable under any applicable federal or state laws, rules or regulations or under this Agreement in order to indicate the source of the S&P Stock Indices.

(b) Electronic Trading System Rights. The licenses granted to CME by this Agreement extend to the trading of Indexed Contracts at CME and also on any electronic trading system on which CME offers its products for trading, but only to the extent that the Indexed Contracts traded on such electronic trading system are cleared by CME.

(c) Index Value Dissemination Rights. Subject to the terms and conditions of this Agreement, S&P further grants to CME a non-exclusive worldwide license to disseminate, at CME's sole expense, the S&P Stock Indices, in real-time, internally, via the GLOBEX system and to and through third-party communications vendors, for information purposes, pursuant to and subject to the terms and conditions set forth in Appendix 7.

(d) Limited Licenses. CME acknowledges that the S&P Stock Indices (except for the S&P/CITIGROUP Indices) and the S&P Marks (except for the S&P/CITIGROUP Marks) are the exclusive property of S&P, that S&P has and retains all proprietary rights therein (including, but not limited to, trademarks and copyrights), and that the S&P Stock Indices (except for the S&P/CITIGROUP Indices) and their compilation and composition and changes therein are in the complete control and discretion of S&P. CME acknowledges that the S&P/CITIGROUP Indices and the S&P/CITIGROUP Marks are the exclusive property of S&P and CITIGROUP, that S&P and CITIGROUP have and retain all proprietary rights therein (including, but not limited to, trademarks and copyrights) and that the S&P/CITIGROUP Indices and their compilation and composition and changes therein are in the complete control and discretion of S&P and CITIGROUP. Except as otherwise specifically provided herein, S&P reserves all rights to the S&P Stock Indices and the S&P Marks which are not expressly licensed hereunder and this Agreement shall not be construed to transfer to CME any right to, or interest in, the S&P Stock Indices or the S&P Marks, or in any copyright, trademark or proprietary right pertaining thereto.

(e) Licensing of Additional S&P Stock Indices. Unless otherwise agreed by the parties in writing, this Agreement shall govern any and all licenses to S&P Stock Indices (whether newly created by S&P or resumed after discontinuation) and S&P Marks granted by S&P to CME during the term of this Agreement. Upon the granting by S&P to CME of any such license, Appendix 1 and 2 to this Agreement shall be amended accordingly.

(f) Restrictions on Indexed Contracts. Aside from S&P's limited approval rights provided below, there will be no restrictions placed on how CME structures Indexed Contracts or how

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CME offers Indexed Contracts for trading, except as specifically described below with respect to novel settlement methodology and product construction and certain other types of Indexed Contracts. For example, CME may structure an Indexed Contract that is a Futures Contract based upon a combination of S&P Stock Indices. CME may also offer separate Indexed Contracts on different S&P Stock Indices and facilitate spread trading among them through special quoting or pricing mechanisms. For the avoidance of doubt, CME may continue to offer Indexed Contracts for trading through any trading or quoting mechanism that CME offers today, including quoting based on volatility, without limitation of any trading or quoting mechanisms that CME may offer in the future. CME may offer spread trading that results in multiple Indexed Contracts being traded and CME collecting fees for those Indexed Contracts and in such event, S&P will be paid license fees for each of those Indexed Contracts as if each Indexed Contract had traded separately. If CME lists a spread product reflecting an interest in multiple Indexed Contracts as a separate instrument such that one Indexed Contract is traded and CME collects fees for one Indexed Contract, S&P will be paid a license fee for one Indexed Contract at the highest per-Contract rate that would apply to any included Indexed Contract.

If an Indexed Contract developed by CME or a third party uses a novel settlement methodology or novel construction, then:

(1) to the extent that the ultimate settlement value that uses an S&P Stock Index value (the "S&P Settlement Value") constitutes protectible intellectual property, S&P shall own the settlement value, which shall be exclusively licensed to CME under this Agreement, and S&P shall be paid the applicable fee for each trade of such Indexed Contract.

(2) to the extent that the methodology or product construction is CME's development and constitutes protectible intellectual property, CME shall own the intellectual property rights in the methodology and product construction.

(3) nothing in this Agreement shall give CME the right to license a third party to use the S&P Settlement Value in conjunction with the CME methodology or product construction, nor shall it give S&P the right to license a third party to use the CME methodology or product construction (or the settlement value that results from the use of it).

(4) CME shall obtain S&P's prior approval before launching an Indexed Contract that employs a novel settlement methodology or product construction, which approval may only be withheld if S&P reasonably concludes that the proposed Indexed Contract presents (i) a legal or regulatory risk to S&P, (ii) a risk of tarnishing S&P's business reputation by virtue of its presumed association with an Indexed Contract, including where an S&P Index value might be combined with an index value of a competitor to S&P, or (iii) without limitation of S&P's right of review under Section 10(a) of this Agreement, a risk to S&P's rights in the S&P Marks that is caused by CME's proposed name for the Indexed Contract. In addition, with respect to any proposed Indexed Contract that is calculated using one or more values of an S&P Stock Index in combination with an index or indices of index providers other than S&P, regardless of whether it constitutes a novel settlement methodology or product construction, S&P's

prior approval, subject to the same conditions as set forth in this subsection 2(f)(4), shall be required.

A settlement methodology or product construction shall be considered "novel" for purposes of this section if it is a methodology or construction that was not used in any product listed for trading on a global exchange on or before the Effective Date.

(5) With respect to so-called "TRAKRS" products that as of the Effective Date trade on CME and that are calculated using one or more values of an S&P Stock Index, the parties acknowledge and agree that, beginning as of the Effective Date, they are Indexed Contracts for purposes of this Agreement, including without limitation Section 5 hereof. With respect to any new TRAKRS products, or any other product that is an Indexed Contract hereunder that is issued or sponsored by a third party, CME agrees that such third party shall be required, to the extent required by law, to obtain a license or other authorization from S&P to use the relevant S&P Stock Index and S&P Marks in connection with that product before that product may be listed on CME.

(g) CBOE-S&P License. Notwithstanding Section 2(f), CME will not list for trading Indexed Contracts that are exclusively licensed by S&P to CBOE/CFE under Amendment No. 6 to the S&P-CBOE license agreement during the term of that amendment, in that CME shall not use the S&P 500 or S&P 100 Indices to derive, maintain, publish, calculate or disseminate a Volatility Index, Variance Indicator or BuyWrite Index (as defined therein), or the S&P Marks, in connection with the creation, issuance, exercise of an investment product of any kind or character whatsoever, including without limitation Futures Contracts or Option Contracts. The limitations of this Subsection 2(g) shall not apply if CME is providing services to CBOE or other party duly licensed by S&P with that party's consent. CME agrees not to dispute under the 1997 Agreement, and to "grandfather" under this Agreement, the exclusive rights that S&P granted to CBOE relating to the listing of certain futures products that use the S&P 500 index as described in Amendment No. 6 to the S&P-CBOE license provided to CME. In consideration for this, S&P agrees to pay CME *****. CME relinquishes any claim to list Indexed Contracts that use an S&P 500 variance, volatility or buy-write index to the extent that such products are granted exclusively to CBOE under its S&P license during the term of that license. For the avoidance of doubt, this protection of CBOE's rights does not limit the pricing or quoting mechanisms through which CME offers allowed Indexed Contracts for trading, including, without limitation, quoting based on volatility. The rights grandfathered to CBOE are non-transferable. Those rights shall revert to CME upon the expiration or termination of the grant to CBOE to the extent that those rights are otherwise granted to CME in this Agreement. CME agrees to make no claim that this Agreement grants CME the right to list Indexed Contracts that use CFE's proprietary indices, such as the VIX, or any other proprietary indices of a third party.

(h) S&P ETF Contracts. All S&P ETF Contracts shall be based on an underlying amount of 100 shares of the relevant S&P Index ETF. However, if the value of such share is decreased by 30% or more from its value when the corresponding S&P ETF Contract was first launched, CME may increase the number of ETF shares in the S&P ETF Contract in order to approximate the original Notional Value of the Contract. Such an increase may be made in 100 share increments or other increments that in CME's sole discretion is determined to be the most conducive to trading the S&P ETF Contract even if such an increase makes the value of the S&P ETF Contract greater than the initial value of the S&P ETF Contract.

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3. EXCLUSIVITY.

(a) Licensed Indices. Subject to and except as otherwise provided in this Agreement, the license for the S&P Stock Indices listed in Appendix 1 shall be exclusive for the period commencing on the Effective Date and ending on December 31, 2016. The license shall continue on a non-exclusive basis thereafter for the duration of the term of this Agreement.

(b) S&P 500 Index. (i) For the S&P 500 Index, CME's exclusive rights will automatically extend through December 31, 2008. With respect to each subsequent ***** during the license term, CME will retain its exclusive rights to the S&P 500 as long as the E-mini S&P 500 Contract, as currently structured (i.e., with a multiplier of $50), achieves a total average daily volume ("ADV") of at least ***** contracts ("E-mini ADV Threshold"). If in any *****, the E-mini ADV Threshold is not achieved, CME will have the option to continue its exclusivity for the following ***** if CME pays to S&P the difference between the total license fees associated with the trading of the E-mini S&P 500 Contract for the ***** and the total license fees that would have been paid to S&P if the E-mini ADV Threshold had been exactly met for such *****. If CME does not remit such payment to S&P, CME's license for the S&P 500 shall become nonexclusive for the remainder of the license term. S&P shall provide CME written notice following any ***** in which the ADV Threshold is not met or prior to licensing any other party, with a period of at least 45 days for CME to make up any payments and in such case CME would retain the exclusivity to the S&P 500 Index. Notwithstanding the foregoing, CME shall maintain its exclusivity and not be required to make any additional payments to S&P if the E-mini ADV Threshold is not met and any of the following circumstances apply and, as applicable, continue to apply:

(1) the average daily trading volume in S&P 500 equity index options (for purposes of this paragraph options on S&P Index ETFs such as "SPDRs" and "iShares S&P 500" will be considered S&P 500 equity index options) listed on CBOE and/or any other options exchange has declined by ***** or more from the value reported immediately after the Effective Date;

(2) The amount of money that is benchmarked to the S&P 500 Index, as reported in S&P's published Annual Survey of Indexed Assets, has declined by ***** or more from the value reported immediately after the Effective Date, based on the report published immediately before the end of the ***** in question; or

(3) The decline in CME's trading volume can be attributed in substantial part to a change in the regulatory treatment or tax treatment that applies to CME's E-mini S&P 500 Contract (for example, without limitation, the loss of risk-based margin treatment or 60-40 tax treatment).

(ii) In the event CME lists Competitive Contracts (vis-a-vis the E-mini S&P 500 Contract) for trading, the ***** period prior to the Launch Date of such Contracts shall be deemed the "Reference Year." ***** following such Launch Date, and each ***** on the Launch Anniversary Date it shall be determined whether, during the preceding *****, there has been a ***** or greater Attributable Decrease (as defined herein) in both E-mini S&P 500 Contract volume and S&P Market Share (as defined herein) compared to levels during the Reference Year.

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An Attributable Decrease in E-mini S&P 500 volume shall be measured by the lesser of: (1) the difference between the annual trading volume in the E-mini S&P 500 Contract during the Reference Year and the trading volume in the E-mini S&P 500 Contract during the ***** prior to the relevant Launch Anniversary Date; and (2) the Normalized Volume in the Competitive Contract during such ***** period. "S&P Market Share" shall be the percentage of Total Volume represented by E-mini S&P 500 trading volume.

In the event there has been a ***** or greater Attributable Decrease in both E-mini S&P 500 trading volume and S&P Market Share, then ***** following the date such decreases are calculated, the Attributable Decrease in E-mini S&P 500 volume and S&P Market Share shall be calculated a second time for the ***** period immediately prior to the date of the second calculation.

In the event that after such second calculation, E-mini S&P 500 volume and S&P Market Share remain below ***** of their levels in the *****, the licenses granted hereunder for the S&P 500 Index and its associated Marks shall immediately become non-exclusive and continue for the remainder of the term of this Agreement on a non-exclusive basis.

In the event the license for the S&P 500 Index becomes non-exclusive pursuant to this Subsection 3(b)(ii), there shall be no further adjustment to the license fees paid to S&P by CME for Indexed Contracts that use the S&P 500 Index pursuant to Subsection 5(g), and such license fees shall be the Basic License Fee described in Section 5(a) and the fee specified in Section 5(c) with respect to the E-mini S&P 500 Contract, adjusted, if applicable, pursuant to Section 5(b), for the remainder of the term of this Agreement.

(c) Non-S&P 500 Index.

(1) For any Sector-based Index or Emerging Index for which an Indexed Contract is listed after the Effective Date, CME's exclusive rights will automatically extend for ***** years from the listing of the first Indexed Contract on each such index CME's exclusivity for each such index shall continue on ***** basis so long as the Indexed Contracts on each such index collectively achieve an average daily volume (ADV) of *****. The ADV shall be measured over the ***** immediately preceding the anniversary of the listing of the first Indexed Contract on the relevant index.

(2) For any S&P Stock Index that is not a Sector-based Index or Emerging Index for which an Indexed Contract is listed after the Effective Date, the exclusivity shall be for ***** years. CME shall maintain the exclusivity for each such S&P Stock Index that has Contracts that collectively achieve an ADV of ***** by the ***** anniversary of trading. The ADV shall be measured over the ***** immediately preceding the ***** anniversary of the listing of the first such Indexed Contract. For all subsequent years, CME shall retain exclusivity if the ADV threshold of ***** is met by the subsequent anniversary of the listing of the first such Indexed Contract, as measured over the preceding *****.

For the purpose of subsections (b) and (c) above, the total volume of all Indexed Contracts that use a single S&P Stock Index shall be cumulated to calculate the ADV.

(3) CME’s exclusive rights to the S&P Small Cap 600 index will automatically extend through January 1, 2008. For each ***** thereafter, CME shall maintain the exclusivity for the S&P Small Cap 600 index if the Indexed Contracts that use that index collectively achieve an ADV of ***** by January 1 of the relevant year. The ADV shall be measured over the ***** immediately preceding the relevant January 1.

(4) Indexed Contracts are most likely to succeed if both CME and S&P devote commercially reasonable efforts to promoting the underlying index and, as applicable, the related Contracts to the relevant target market. Consequently, if CME fails to meet an ADV target specified in this Section 3, at CME’s request prior to any expiration of CME’s exclusive rights, S&P agrees to meet and discuss with CME in good faith whether the period of exclusivity should be extended and promotional efforts enhanced before CME’s exclusive rights are terminated. However, if after good faith discussions S&P determines in its sole discretion that the product is more likely to succeed if it is not listed exclusively at CME, S&P shall have the right to terminate CME’s exclusivity under the relevant license within three months after the discussions between CME and S&P have ended. It is recognized by the parties that S&P has no obligation or current intention to market and promote Indexed Contracts.

4. RIGHT OF FIRST REFUSAL ON NEW S&P STOCK INDICES.

During the term of this Agreement, CME shall have a right of first refusal on licenses to base Indexed Contracts on any stock indices not licensed hereunder as of the Effective Date, and which are developed and compiled ***** during the term of this Agreement. CME shall not receive a new right of first refusal on any index that CME failed to accept the right of first refusal on between September 24, 1997 and the Effective Date. Prior to offering any such license to any other party, S&P must first offer the license on an exclusive basis to CME. S&P must provide CME with reasonably sufficient information on which to base its acceptance or rejection of S&P’s offer, including, without limitation, information and data (if available) indicating the amount of assets benchmarked to such index. CME shall have sixty (60) calendar days thereafter to accept the offered license, in writing, on mutually agreeable terms, or to reject the offered license. However, if no agreement with respect to the offered license is reached between CME and S&P, S&P shall not grant such license to another party on more favorable terms than were offered to CME.

CME agrees to list Indexed Contracts on any such stock index that it accepts a license for within one year of such license becoming effective. This one year time limit shall be adjusted for any regulatory delays that are not primarily attributable to CME’s inactions. The one year time limit shall apply on an index-by-index basis and S&P ETF Contracts will be treated separately from Futures Contacts based directly on an index. With respect to any

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proposed S&P ETF Futures Contract, the one year period shall begin only once the following requirements are met: (1) the proposed S&P ETF Futures Contract has met CME listing standards as set forth in Section 6 of the CME Rule Book, (2) trading in the underlying S&P Index ETF has achieved an average daily trading volume of at least ***** shares during the ***** immediately prior to the request and (3) CME has been trading a Futures Contract based directly on the S&P Stock Index underlying the S&P Index ETF for at least *****.

If CME does not launch an Indexed Contract on the relevant S&P Stock Index or S&P Index ETF within *****, S&P shall have the right to terminate CME's license for such S&P Stock Index, or to terminate CME's exclusive rights with respect to such S&P Stock Index. S&P shall have sole discretion with regard to terminating CME's rights but must such termination must occur, if at all, within *****.

5. LICENSE FEES.

(a) Basic License Fee. Subject to the terms and conditions of this Agreement, CME shall pay S&P $***** for each Contract traded with respect to the current "big" S&P 500 Contract (i.e., for this purpose, the Contract that has been listed on CME since 1982, the current multiplier of which is $250 (the "Big Contract") and $***** for each Contract traded with respect to any other Indexed Contract, through and including the date on which this Agreement is terminated or expires pursuant to the terms hereof, except as otherwise specifically provided for in this Section 5.

(b) License Fees if Multiplier of Big Contract is Adjusted. If CME, in its sole discretion, adjusts the multiplier of the Big Contract, the basic license fee described in Section 5(a) will be proportionately adjusted on a prospective basis as of the date of such change. CME shall provide S&P with at least thirty (30) days advance written notice of such change, which notice shall specify the adjustment to S&P's license fee. ***** thereafter, and for so long as CME trades Contracts that use the S&P 500 Index and that have a multiplier of *****, and so long as the S&P 500 Index is licensed to CME on an exclusive basis, CME will compare the fees paid to S&P during the ***** period preceding ***** of the adjustment date, in regard to such Contracts, with the average annual fee paid to S&P therefor during the ***** period prior to the first day that the adjusted Big Contract was listed for trading. If the total license fee paid to S&P for the S&P 500 Index in such ***** period is less than the average annual license fee for the S&P 500 Index for such ***** period, CME shall pay S&P the difference within sixty (60) days of the relevant ***** of the adjustment date. Notwithstanding the foregoing, under no circumstances shall CME be required to pay S&P more than $***** per Contract traded. An example of the above-described calculation is included in Appendix 5.

CME shall adjust the multiplier of any existing or future Indexed Contract only in the event that CME determines, in its sole discretion, that such an adjustment will result in an increase in revenue to both CME and S&P.

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(c) S&P 500 E-mini-Contract. Subject to Section 5(g), for the E-mini S&P 500 Contract as currently structured (i.e., that has a contract multiplier of $50), CME shall pay S&P a per-Contract license fee equal to $*****.

(d) S&P ETF Contracts. CME shall pay S&P $***** for each S&P ETF Contract traded. Such license fees shall be paid in accordance with Sections 5(e) and 5(f) of this Agreement.

(e) New Big-Sized Contracts. Subject to Section 5(g), for each Indexed Contract (excluding S&P ETF Contracts) first listed after the Effective Date with an initial Notional Value greater than $100,000, CME shall pay S&P $***** per Contract traded.

(f) Mini Contracts. For each Indexed Contract (excluding S&P ETF Contracts), regardless of the date when it was first listed, and with an initial Notional Value of less than or equal to $100,000, CME shall pay S&P a per-Contract license fee equal to $*****.

(g) License Fee Adjustments if Contract that uses a Competitive Index is Traded. If, after September 24, 1997 CME began trading Competitive Contracts, or if after the Effective Date CME begins trading Competitive Contracts, CME shall compensate S&P for any decrease in volume in the Indexed Contracts affected by such Competitive Contracts (“S&P Affected Contracts”) that is not attributable to the normal decrease in trading volume for all Indexed Contracts. As compensation for any such decrease in volume, S&P shall, in respect of each such S&P Affected Contract, be paid the lesser of the following: (1) the loss in volume (defined as the difference between the average annual volume for the ***** period preceding the Launch Date of Competitive Contracts and the volume in each such S&P Affected Contract during the ***** period following such Launch Date) multiplied by the per-Contract license fee paid to S&P for the S&P Affected Contract during that ***** period; or (2) the Normalized Volume of the Competitive Contract multiplied by the per-Contract license fee paid to S&P for the S&P Affected Contract during that period. The calculations described in this Section 5(g) shall be made, on each Launch Anniversary Date for the Competitive Contracts, in ***** that Competitive Contracts are traded, with the ***** period in question recalculated on a rolling basis. Amounts payable to S&P hereunder shall be paid within sixty (60) days of the relevant Launch Anniversary Date. An example of this calculation is included in Appendix 6.

In the event CME reduces the Notional Value of the S&P Affected Contract either prior or subsequent to its listing Competitive Contracts for trading, CME shall pay to S&P the lesser of the amounts calculated pursuant to Section 5(b) or 5(g).

(h) Payment Schedule. The license fees payable pursuant to this Section 5 shall be determined at the end of each month and shall be paid within fifteen (15) days after the end of each month. Each payment shall be accompanied by a full accounting of the basis for the calculation of the fee. The amounts required to be paid pursuant to Sections 5(b) or (g) shall be payable in accordance with such sections and shall be accompanied by a full accounting of the basis for the calculation of the payment.

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(i) Right to Audit. During the term of this Agreement and for a period of one (1) year after its termination or expiration, S&P shall have the right, during normal business hours and upon reasonable notice to CME, to audit on a confidential basis the relevant books and records of CME to determine that the license fees, and other amounts payable hereunder, have been accurately calculated. The costs of such audit shall be borne by S&P unless it determines that it has been underpaid by five percent (5%) or more; in such case, the costs of the audit shall be paid by CME.

(j) Fee Reductions for Unlicensed Use by Competitive Markets.

If a Competitive Market is engaged in unlicensed trading of a product that is included in the scope of CME's exclusive rights hereunder and (1) that unlicensed product is "related" to (as described below in this Section 5(j)) an Indexed Contract already trading on CME (a "CME Affected Indexed Contract") and (2) CME suffers a decline in its gross revenues from that CME Affected Indexed Contract, then the license fees payable by CME in the future with respect to the CME Affected Indexed Contract will be reduced as follows:

If the decline in CME's gross revenues is at least *****, then, subject to the conditions below, CME will receive a reduction in the applicable fee equal to the percentage decline in CME's gross revenues, plus *****, up to a maximum reduction of ***** lower than the fee defined in Section 5(a) to (f). For example:

- If CME experiences a ***** decline in gross revenues, there will be no reduction in the applicable fee
- If CME experiences a ***** decline in gross revenues, the applicable fee will be reduced by *****
- If CME experiences a ***** or greater decline in gross revenues, the applicable fee will be reduced by *****

The decline in CME gross revenues will be measured annually as follows:

i. The expected annual volume growth rate for the CME Affected Indexed Contract shall be estimated based upon the lowest of the following (including any negative growth rates): *****, in each case for the period immediately prior to the initial launch of the unlicensed product.

ii. Project the expected CME ADV for the CME Affected Indexed Contract for the next ***** years by applying the expected annual volume growth rate determined in subsection i above to the ADV of the CME Affected Indexed Contract for the ***** immediately prior to the initial launch of the related unlicensed product.

iii. Determine the expected gross revenues for the CME Affected Indexed Contract the next ***** years by multiplying the expected annual volumes determined in subsection ii above by CME's average revenue rate per contract traded in the CME Affected Indexed Contract for the ***** period immediately prior to the initial launch of the unlicensed product.

iv. Determine a revenue shortfall amount by subtracting the actual annual revenues from the expected annual revenues determined in subsection iii above.

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v. Determine the percentage of revenue decline, if any, by dividing the revenue shortfall amount into the expected annual revenue.

vi. Calculate the appropriate adjustment to rates as set out above for each year, which CME may take as credit against payable fees in the following calendar year.

vii. Except as provided below, the rate reduction that applies for the ***** year shall continue for the duration of the term of this Agreement unless in the final ***** of the third year CME achieves or exceeds the expected annual ADV for the ***** year.

However, CME will not be entitled to any adjustment in rates for a particular year if any of the following conditions apply:

1. CME's actual ADV in the CME Affected Indexed Contract for such year exceeds the expected CME ADV calculated in subsection ii above; or
2. the Notional Value traded in the unlicensed product is less than ***** of the Notional Value expected to be traded in the CME Affected Indexed Contract; or
3. the decline in CME's actual ADV in the CME Affected Indexed Contract versus the expected CME ADV can be substantially attributed to a change in the regulatory treatment or tax treatment that applies to the CME Affected Indexed Contract or a material business failure on CME's part that has substantially impacted trading volumes in CME products generally (for example, without limitation, a major scandal in CME's markets that damages CME's reputation and negatively impacts trading).

If, after there has been one or more adjustments to the rates for a CME Affected Indexed Contract pursuant to the foregoing and the competitive unlicensed product that precipitated such adjustment in rates stops trading on a Competitive Market then, effective on the first day of the next calendar month, the rates payable by CME for the CME Affected Indexed Contract shall revert to the rates that applied prior to the time of the first adjustment. CME would remain eligible in such event for reduced fees under this Section 5(j) if in the future another such competitive unlicensed product is listed on a Competitive Market.

If there are multiple competitive unlicensed products being listed, the following will apply:

(i) During any ***** period that is triggered by the listing of a competitive unlicensed product, the trading volume of all competitive unlicensed products that are listed during such period will be aggregated for purposes of determining whether the Notional Value requirement in subsection ii above is satisfied for any *****.

(ii) If a permanent fee reduction under Section 5(j)vii applies, and a new competitive unlicensed product is listed or the same competitive unlicensed product is listed on a new Competitive Market (in either case impacting the CME Affected Indexed Contract as to which the permanent reduction applies), then a new ***** period will begin, based upon newly-calculated volume and revenue estimates, and CME will be eligible for further reductions based upon the formula above if CME again experiences a qualifying decline in gross

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revenues. Any such reduction would be applied only as an increase to the existing percentage reduction applied against the original applicable fee specified in Section 5(c) and would not be a compounding of reductions. For example, if a ***** fee reduction has become permanent with respect to a particular CME Affected Indexed Contract and a new ***** period is begun on the basis of a new competitive unlicensed product:

- If CME experiences a ***** decline in gross revenues, there will continue to be a ***** fee reduction
- If CME experiences a ***** decline in gross revenues, the fee reduction would be increased to *****
- If CME experiences a ***** or greater decline in gross revenues, the fee reduction would be increased to *****

S&P will have the right to conduct a reasonable audit on a confidential basis of CME's books and records related to trading volumes and gross revenues in the CME Affected Indexed Contract if CME asserts that it is entitled to a reduction in rates pursuant to the foregoing.

For purposes of this Section 5(j), an unlicensed product will be deemed to be "related" to an Indexed Contract even if it is not equal to an Indexed Contract (such that CME did not have the right to eliminate license fees or terminate this Agreement) but is designed to substantially replicate the economic performance of an Indexed Contract such that the use of the unlicensed product may effectively be substituted for the use of the Indexed Contract with little or no difference in market risk. For example, an unlicensed S&P ETF Contract offered by a Competitive Market would be related to a broad-based Indexed Contract that is settled to the same S&P Stock Index as underlies the S&P Index ETF.

6. TERM.

The term of this Agreement shall commence as of the Effective Date and shall continue in full force and effect until December 31, 2017, unless and until terminated earlier in accordance with Section 7 hereof.

7. TERMINATION.

(a) Material Breach. In the case of a breach of any of the material terms or conditions of this Agreement by either party, the other party may terminate this Agreement by giving thirty (30) days prior written notice to the non-breaching party of its intent to terminate, which notice shall specify the nature of the alleged breach, and such notice shall be effective on the date specified therein for such termination unless the breaching party shall correct such breach within the notice period. In addition, at any time during the term of this Agreement, either party may give the other party ninety (90) days prior written notice of termination if the terminating party believes in good faith that material damage or harm is occurring to the reputation or goodwill of the terminating party by reason of its continued performance hereunder, and such notice shall be effective on the date specified therein of such termination, unless the other party shall correct the condition causing such damage or harm within the notice period.

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(b) Discontinuation of an S&P Stock Index. S&P shall have the right in its sole discretion to cease compilation and publication of any of the S&P Stock Indices without liability hereunder and, upon prompt written notice to CME of such discontinuance and subject to Section 8 hereof, to terminate the license granted hereunder as to such discontinued S&P Stock Index and the associated S&P Marks; provided, however, that S&P shall use its best efforts to give CME at least one (1) year prior written notice of such discontinuation and further provided, however, that all Indexed Contracts that use the discontinued S&P Stock Index which are open and listed for trading on the date of such notice of termination was provided to CME, may nevertheless continue to be traded until such Indexed Contracts either expire and are no longer listed for trading or until thirty-six (36) months following the date of such notice of termination, whichever occurs first. CME's obligations to make payment to S&P with respect to any Indexed Contract licensed pursuant to this Agreement and that use the discontinued Index shall terminate effective on the date on which the license for the discontinued Index is effectively terminated by S&P.

(c) Cessation of Trading in or De-Listing of an S&P ETF. S&P shall inform CME in writing if S&P becomes aware of any pending cessation of trading in, or de-listing of, an S&P ETF. S&P shall have no other obligations to CME under this Agreement in connection with the cessation of trading in, or de-listing of, an S&P ETF. CME understands that during the term of this Agreement, one or more of the S&P Index ETFs may be de-listed or otherwise cease trading and in such event, S&P shall have no liability to CME arising out of such de-listing or cessation. CME acknowledges that the de-listing of, or cessation in trading in, an S&P Index ETF can and will affect CME's ability to continue to create, issue, list, trade, clear, market, and promote the associated S&P ETF Contracts.

8. CME SUBSTITUTE INDEX AND CONTRACTS.

(a) CME's Rights Upon Discontinuation of an S&P Stock Index. Excluding with respect to S&P ETF Contracts, if S&P discontinues compilation and publication of any S&P Stock Index licensed to CME under this Agreement, CME shall have the following rights:

(1) S&P shall, for the purpose of enabling CME, if CME chooses, to compile and make use of its own substitute index ("CME Substitute Index") with respect to any discontinued S&P Stock Index, provide CME with a continuing non-exclusive and royalty-free worldwide license to use the list of companies, shares outstanding and divisors for such discontinued S&P Stock Index as of the Index Discontinuation Date. S&P shall have no further obligations to CME with respect to such discontinued S&P Stock Index or any Indexed Contract based upon such Index after furnishing CME with the aforesaid information.

(2) As of the Index Discontinuation Date, CME shall not trade any Indexed Contracts based upon the discontinued S&P Stock Index except as provided in Section 7(b) of this Agreement and as follows: Upon receipt of any notice of index discontinuation by S&P hereunder as provided in Section 7(b), CME may elect, by written notice to S&P, to redesignate the discontinued S&P Stock Index as a CME Substitute Index and continue to trade Indexed

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Contracts ("CME Substitute Contracts") based upon such CME Substitute Index, except that, from the date of such notice of election until the Index Discontinuation Date of such S&P Stock Index, such CME Substitute Index shall be described in a manner to clearly differentiate it from the discontinued S&P Stock Index. CME shall have no obligation to make any payment of fees to S&P with respect to the trading of CME Substitute Contracts that occurs after the Index Discontinuation Date. After such election, CME may promote CME Substitute Contracts based upon the CME Substitute Index provided that the S&P Marks are not utilized by CME in connection therewith and CME prominently disclaims any relationship with S&P with respect to the CME Substitute Contracts.

(b) Discontinuation of Trademark Licenses. If CME's license to use any S&P Stock Index terminates because of the termination or expiration of this Agreement, or for any reason other than S&P's discontinuation of its compilation and publication, then CME shall not use the name "Standard & Poor's" or "S&P" or "CITIGROUP" in connection with the promotion or trading of any additional Indexed Contracts that use such S&P Stock Index; provided, however, that Indexed Contracts that use such S&P Stock Index, which are listed for trading on the date of termination, may be traded using the relevant S&P Marks until expiration or for 36 months, whichever occurs first. Following such termination, if CME elects to trade CME Substitute Contracts on a CME Substitute Index, it may make information references only to such S&P Stock Index, provided that CME disclaims any relationship with S&P in connection therewith. The foregoing shall nevertheless depend on the fact that S&P shall continue to compile and publish such S&P Stock Index in which event S&P shall disseminate such Index to CME in the same fashion as is currently being done, except that CME shall bear any incremental costs incurred by S&P at any time in providing such service.

(c) S&P/CITIGROUP Indices. If at any time during the term of this Agreement, CITIGROUP for any reason ceases participating in the compilation and publication of the S&P/CITIGROUP Indices thereby preventing S&P from continuing to license them to CME hereunder, S&P covenants and agrees that it shall, without interruption, itself compile and publish substantially similar substitute indices for CME's use under the terms of this Agreement, and S&P shall have no other obligations, and no liability, to CME hereunder arising out of CITIGROUP ceasing to participate in the compilation and publication of the S&P/CITIGROUP Indices. In such event, the parties agree that such substitute indices shall replace the S&P/CITIGROUP Indices under this Agreement and that new trademarks will be designated to replace the S&P/CITIGROUP Marks, and that CME's use of the S&P/CITIGROUP Indices and S&P/CITIGROUP Marks shall cease. It is understood that the licensing of any such substitute indices shall be evidenced by a written amendment to this Agreement, executed by S&P and CME.

9. S&P OBLIGATIONS.

(a) Regulatory Approvals or Investigations. S&P shall reasonably assist CME in connection with the preparation of factual materials for presentation to the CFTC, or any other governmental entity, in connection with any application by CME for approval to trade any of the Indexed Contracts licensed hereunder, or any investigations or hearings regarding any such Indexed Contracts.

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(b) Calculation and Dissemination of Index Values. S&P or its agent shall compute and, in a manner reasonably satisfactory to CME, disseminate to CME, the value of each of the S&P Stock Indices at least once every fifteen seconds during normal trading hours. The foregoing shall be at S&P's expense, except that S&P shall not be obligated to pay for any hardware, software, communications or similar expenses associated with the receipt by CME of S&P Stock Index values. S&P, or its agent, shall provide CME each trading day with respect to each S&P Stock Index licensed to CME hereunder a special opening quotation for use in settling Indexed Contracts that use such S&P Stock Index as well as the percentage of underlying stocks that have opened trading that day in the primary market or that have resumed trading after a trading halt in the primary market. *****. Subject to Section 13 hereof, S&P shall use commercially reasonable efforts to provide correct and timely calculation and dissemination of the S&P Stock Indices and use its best efforts to (1) maintain a backup to verify the calculation of the S&P Stock Indices on a continuing basis; (2) take extra precautions to verify the accuracy of the daily closing index values; and (3) inform CME each day of the closing numbers for each of the S&P Stock Indices as soon as practicable after the close of trading of the underlying stocks.

(c) Third Party Trademarks and Intellectual Property. CME acknowledges that certain designations used in the names of the S&P ETFs (e.g., "iShares") and other intellectual property rights embodied therein belong to third parties. No rights to use trademarks or other intellectual property belonging to third parties, with the exception of the S&P/Citigroup Indices and the S&P/Citigroup Marks, are conveyed by this Agreement. S&P shall reasonably cooperate with CME in acquiring such rights to the extent such rights are necessary for CME to create, market, trade, clear or promote S&P ETF Contracts, however, CME is solely responsible for securing all necessary licenses to use third- party trademarks and intellectual property.

10. CME's OBLIGATIONS.

(a) General. CME shall use its best efforts to protect the goodwill and reputation of S&P and of the S&P Marks in connection with their use under this Agreement. CME shall maintain high standards of fairness and truthfulness in, and shall allow S&P, upon its request, to review and approve in advance, all CME advertisements, brochures, promotional and informational materials relating to or referring to the S&P Stock Indices or the Indexed Contracts. S&P shall safeguard the confidentiality of any promotional or informational materials furnished by CME for S&P's review, as provided for in Section 12(b) hereof.

(b) Compliance with Applicable Laws. CME shall use its best efforts to comply with the federal commodities laws and the rules there under insofar as those laws and rules relate to the Indexed Contracts licensed hereunder. CME shall take all necessary steps to ensure that the trading of the Indexed Contracts is carried out in accordance with high ethical and legal standards. S&P shall have no obligation or liability in connection therewith. This provision is intended solely for the benefit of the parties hereto and not for the benefit of third parties.

(c) CME Rulebook Disclaimers. CME shall use and disseminate the S&P Stock Indices and the S&P Marks only in compliance with the terms and conditions of this Agreement to ensure that S&P's rights in the S&P Stock Indices and the S&P Marks are in no way diminished or jeopardized and CME shall use its best efforts to ensure that the public is in no way confused or misled as to such rights. CME shall include the limitation on liability and disclaimers set forth in Appendix 4 to this Agreement in its rules, and take any other action necessary to ensure that its members trading in Indexed Contracts are aware of the disclaimers and aware of, and subject to, the limitation on liability set forth in Appendix 4.

(d) Cross-Margining Program. CME will use its best efforts to include the Indexed Contracts in CME's existing cross-margining program with the Options Clearing Corporation unless CME reasonably determines in any case that such cross-margining program is not appropriate.

(e) Regulatory Approvals. CME shall promptly file for and use its best efforts to obtain and maintain any regulatory approval for the trading of Indexed Contracts that is required during the term of this Agreement.

(f) CME Warranties. The CME represents and warrants to S&P that (1) the execution and performance of this Agreement by the CME will not conflict with, or result in a breach or violation of, any other agreement (written or oral) or instrument to which CME is party or by which it is bound, and (2) this Agreement has been duly authorized, executed and delivered by CME and constitutes a valid and legally binding obligation of CME, enforceable in accordance with its terms.

(g) Listing of New Indexed Contracts. In addition to its obligations under Section 2(f), CME shall promptly inform S&P in advance of each proposed listing by CME of any Indexed Contract that is not listed on CME as of the Effective Date. This obligation does not apply to the listing of new contract months (expirations).

11. PROTECTION OF VALUE OF LICENSE.

(a) Trademark Registrations. During the term of this Agreement, S&P shall use its best efforts to maintain in full force and effect U.S. federal registrations of "Standard & Poor's®," "S&P®" and "S&P 500®." CME shall reasonably cooperate with S&P, at S&P's expense, in the maintenance of such rights and registrations and shall do such acts and execute such instruments as are reasonably necessary and appropriate for such purposes.

(b) Unlicensed Use of S&P Stock Indices or S&P Marks. In the event S&P is notified by CME or otherwise becomes aware that any of the S&P Stock Indices that have been licensed exclusively to CME hereunder, or associated S&P Marks, are to be or have been used by a Competitive Market without the prior written consent of S&P, in connection with the trading by such Competitive Market of Indexed Contracts that are traded by CME hereunder ("Unlicensed User"), and that such use has or may reasonably be expected to have a material adverse impact upon the benefits derived by CME from the licenses hereunder with respect to the

Indexed Contracts that are made available for trading by the Unlicensed User ("Impacted Indexed Contracts"), S&P shall have the option to either (i) use its best efforts to terminate such use, including, without limitation, by initiating litigation against any such Unlicensed User; or (ii) permit such Unlicensed User to continue such use, in which case CME shall have the rights provided below. S&P shall have thirty (30) days after being notified in writing by CME of such unlicensed use in which to notify CME of S&P's decision whether to seek to terminate such use or permit it.

If S&P chooses to take action to terminate such unlicensed use, CME shall continue to pay the license fees required hereunder to S&P during any litigation relating to such unlicensed use, whether index-based or ETF-based, that is in violation of CME's exclusive rights granted in this Agreement. Such payments will continue unless and until a court of competent jurisdiction (including but not limited to a court of first instance) issues a final ruling adverse to S&P. If the ruling allows the unlicensed use to continue, S&P shall reimburse CME for all license fees paid by CME for the Impacted Indexed Contracts subsequent to S&P's receipt of notice from CME of the unlicensed use, and CME's obligation to pay license fees shall, except as provided below, cease going forward. For the avoidance of doubt, CME's reimbursement right applies only to the Impacted Indexed Contract listed by CME and not fees paid for any other Indexed Contract. If an adverse ruling is later reversed on appeal, CME shall pay to S&P a sum equal to (a) all license fees that S&P previously reimbursed to CME, plus (b) any license fees that CME would have paid to S&P under the terms of the license during the pendency of the appeal, less (c) any damages that S&P is able to collect relating to loss of license fees on subsequent review by the trial court (excluding any recovery of S&P's outside counsel costs and expenses associated with the litigation).

With respect to S&P ETF Contracts, it is understood that if the current litigation between S&P and International Securities Exchange, Inc. ("ISE") is finally adjudicated, including through all avenues of appeal, and it is determined that ISE is not required to obtain a license from S&P in order to list and trade SPDR options, then S&P will have sixty (60) days to notify CME whether it intends in the future to challenge the unlicensed trading of S&P ETF Contracts. If S&P determines that it will not challenge any such unlicensed use, then upon notice to CME, S&P will no longer be required to protect the value of CME's exclusive license with respect to S&P ETF Contracts and CME will not be required to remit license fees to S&P as a result of the trading of S&P ETF Contracts by CME. If S&P informs CME within such sixty (60) day period that it will challenge any such unlicensed use, then CME will continue to pay license fees to S&P for S&P ETF Contracts and the two preceding paragraphs with respect to unlicensed use will apply.

The right to receive the reimbursement described above and the elimination of future license fee obligations (if S&P declines to appeal an adverse ruling or is unsuccessful in doing so) will represent CME's sole and exclusive remedy against S&P in the event of such a ruling in S&P's litigation with ISE (i.e., CME shall have no cause of action against S&P, including without limitation for loss of future business profits, due to such a ruling or a decision by S&P not to contest the trading by a Competitive Market of S&P ETF Contracts following a ruling as described above in connection with such litigation). CME's reimbursement right will continue to

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apply only with respect to payments made by CME that relate to the S&P ETF Contracts and not to other Indexed Contracts.

With respect to any effort by S&P short of litigation to terminate a third party's unlicensed use of the exclusively licensed S&P Stock Indices and associated S&P Marks as contemplated under this Subsection 11(b), S&P shall, within ten (10) days, give written notice to CME of any decision to cease such effort to terminate such unlicensed use and of any adverse final decision in a litigation regarding same, by any court or other governmental body as to which there is no further appeal.

The costs of any litigation brought under this Subsection 11(b) shall be borne entirely by S&P. CME may, in its sole discretion, join any such litigation in order to protect its rights including seeking monetary damages. S&P will continue to have sole control over such litigation at its option where CME voluntarily joins a lawsuit initiated by S&P. However, CME shall have sole control over its own decisions as a party to any causes of action separately initiated by CME, even if subsequently joined with a lawsuit initiated by S&P; provided, however, that in no event will CME be permitted to initiate a separate litigation challenging the unlicensed use of the S&P Stock Indices and/or S&P Marks unless S&P has first elected not to initiate litigation in response to such unlicensed use as contemplated under this Section 11(b).

In the event litigation initiated pursuant to this Section 11(b) is decided adversely to S&P through all avenues of appeal, or if S&P is otherwise unsuccessful in terminating such party's use of the Impacted Indexed Contract, or if S&P notifies CME that it will not challenge such unlicensed use, then:

(1) S&P shall have no further liability to CME hereunder on account of such use and shall not be deemed to have breached any of its representations, warranties or agreements hereunder. Notwithstanding the foregoing, while this Agreement remains in effect, S&P shall not enter into any agreement, written or oral, with any third party, pursuant to which S&P will receive revenue, derived from the trading of the Impacted Indexed Contracts;

(2) CME shall have the right to terminate this Agreement relating to the *****, along with all rights and obligations of the parties thereto, except for *****, provided that CME gives written notice of such termination to S&P within thirty (30) days of receiving written notice from S&P that it will not seek to terminate such unlicensed use or that its efforts to terminate such unlicensed use have been unsuccessful; and

(3) if CME does ***** hereby to the *****, the total license fees payable by CME under this Agreement in connection with all the ***** shall, for the duration of the term of this Agreement, immediately be reduced to $*****.

It is understood that the rights and obligations under this Subsection 11(b) are exclusively in relation to the ***** arising from any unlicensed use of the S&P Stock Indices or S&P Marks. To remove any doubt, if an Unlicensed User trades an Indexed Contract without a license and S&P, as contemplated in the first paragraph of this Subsection 11(b), elects not to seek to terminate such use, CME may choose to continue the license and pay the $***** fee for its continued trading of the *****. In such a case, CME would still be obligated to pay the license fees for trading other Indexed Contracts.

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(c) Unlicensed Use by Entities Other Than a Competitive Market. If an entity that is not a Competitive Market lists for trading an unlicensed product in violation of CME's exclusive rights, S&P shall use commercially reasonable efforts to prevent such unlicensed use. However, if S&P determines in its discretion that its interests in preserving its intellectual property are best served by not challenging such use, or by granting a license to the unlicensed user, S&P may do so. If S&P grants such a license, CME will be entitled to receive ***** of the license fees paid to S&P under the license. Unlicensed or licensed use (as provided above) by an entity that is not a Competitive Market will not be deemed a breach of S&P's obligations under this Agreement. For the avoidance of doubt, the parties agree that "contracts for differences" that utilize the S&P 500 Index and as of the Effective Date are being offered for trading via the Internet outside of the U.S., fall into this category, and CME's rights to protection against such trading will be limited to the right to receive its share of license fees if S&P decides to license such use.

12. PROPRIETARY RIGHTS.

(a) Security Measures. CME acknowledges that the S&P Stock Indices, including the S&P/CITIGROUP Indices, are valuable assets of, and are selected, coordinated, arranged and prepared solely by S&P, and S&P and CITIGROUP, respectively, through the application of methods and standards of judgment used and developed through the expenditure of considerable work, time and money. CME agrees that it will take such security measures as are reasonably necessary in order to prevent any unauthorized use of the information provided to it concerning the selection, coordination, arrangement and preparation of the S&P Stock Indices, including the S&P/CITIGROUP Indices.

(b) Obligations of Confidentiality. Each party shall treat as confidential, and shall not disclose or transmit to any third party: (1) any documentation or other materials that are marked as "Confidential and Proprietary" by the providing party; or (2) the terms of this Agreement ("Confidential Information"). Confidential Information as described in clause (1) of the preceding sentence shall not include: (A) any information that is available to the public or to the receiving party hereunder from sources other than the providing party (provided that such source is not subject to a confidentiality agreement with regard to such information); or (B) any information that is independently developed by the receiving party without use of or reference to information from the providing party. Notwithstanding the foregoing, either party may reveal Confidential Information to any regulatory agency or court of competent jurisdiction if such information to be disclosed is: (i) approved for disclosure in writing by the providing party; or (ii) required by law, regulatory agency or court order to be disclosed by the receiving party, provided, however, that if permitted by law, prior written notice of such required disclosure shall be given to the providing party and further provided, however, that the receiving party shall cooperate with the providing party to limit the extent of such disclosure.

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13. REPRESENTATIONS, WARRANTIES, DISCLAIMERS.

(a) Rights to Grant Licenses. S&P represents and warrants that S&P is the owner of, or has the right to license CME to use, the S&P Stock Indices and S&P Marks, as provided herein. S&P hereby represents and warrants to CME that CITIGROUP has consented to S&P's entry into this Agreement with CME.

(b) Responsibilities for Errors and Omissions. S&P shall promptly correct, or instruct its agent to correct, any errors made in S&P's computations of the S&P Stock Indices that are brought to S&P's attention by CME; provided, however, that nothing in this Section 13 shall give CME the right to exercise any judgment or require any changes with respect to S&P's method of composing, calculating or determining the S&P Stock Indices; and, further provided, however, that nothing in this Section 13(b) shall be deemed to modify the other provisions of this Section 13.

(c) Limitation of Liability. S&P shall obtain information for inclusion in or for use in the calculation of the S&P Stock Indices from sources that S&P considers reliable, but S&P accepts no responsibility for, and shall have no liability for, any errors, omissions or interruptions therein. S&P does not guarantee the accuracy and/or the completeness of the S&P Stock Indices or any data included therein in connection with the trading of the Indexed Contracts, or any other use. S&P makes no warranty, express or implied, as to results to be obtained by any person or any entity from the use of the S&P Stock Indices or any data included therein. S&P makes no express or implied warranties and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P Stock Indices or any data included therein.

(d) No Special Damages. Neither party shall have any liability for lost profits or indirect, punitive, special, or consequential damages (including lost profits) arising out of this Agreement, even if notified of the possibility of such damages.

(e) Limitation on Damages. Without diminishing the disclaimers and limitations set forth in this Section 13, in no event shall the cumulative liability of S&P to CME exceed the license fees actually paid to S&P hereunder over the one-year period preceding the date on which S&P is found liable to CME. The parties agree that this limitation on liability is reasonable under the circumstances.

(f) Disclaimers, Limitations and Indemnification. CME agrees that the disclaimers and limitations on liability that are set forth in Sections 13(b), (c), (d) and (e) of this Agreement and S&P's rights of indemnification under Section 14 of this Agreement, as modified hereby, shall apply to S&P ETF Contracts with equal effect as applied to Indexed Contracts, generally, under this Agreement. S&P represents and warrants that S&P has the right to license CME to use the S&P Stock Indices and S&P Marks, as provided in the Agreement.

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14. INDEMNIFICATION.

(a) CME's Indemnification of S&P. Except as provided in Subsection (b) below, CME shall indemnify and hold harmless S&P, its affiliates and their officers, directors, employees and agents against any and all judgments, damages, costs or losses of any kind (including reasonable attorneys' and experts' fees) as a result of any claim, action, or proceeding that arises out of or relates to: (1) this Agreement (other than a breach by S&P of its representations, warranties and agreements hereunder); or (2) the Indexed Contracts; provided, however, that S&P notifies CME promptly of any such claim, action or proceeding. CME shall periodically reimburse S&P for its expenses incurred under this Section 14. S&P shall have the right, at its own expense, to participate in the defense of any claim, action or proceeding against which it is indemnified hereunder; provided, however, it shall have no right to control the defense, consent or judgment, or agree to settle any such claim, action or proceeding without the written consent of CME without waiving the indemnity hereunder. CME, in the defense of any such claim action or proceeding, except with the written consent of S&P, shall not agree to entry of any judgment or enter into any settlement which either does not include, as an unconditional term, the grant by the claimant to S&P of a release of all liabilities in respect of such claims or which otherwise adversely affects the rights of S&P.

(b) Exclusion from CME's Indemnification Obligation. CME's indemnification obligations under Subsection (a) above shall not apply to: (1) the willful or intentional misconduct of any of S&P's officers, directors, employees, or agents; (2) ***** in the S&P Stock Indices or any data included therein originated by S&P; or (3) any breach by S&P of its representations, warranties, or agreements made in this Agreement.

(c) No Third Party Beneficiaries. These indemnification provisions are solely for the benefit of CME and S&P and are not intended to, and do not create, any rights or causes of actions on behalf of any third party.

15. FORCE MAJEURE.

Neither S&P nor CME shall bear responsibility or liability for any losses arising out of any delay in or interruptions of their respective performance of their obligations under this Agreement due to any act of God, act of governmental authority or act of public enemy or due to war, the outbreak or escalation of hostilities, riot, fire, flood, civil commotion, insurrection, labor difficulty (including, without limitation, any strike, or other work stoppage or slow down), severe or adverse weather conditions, power failure, communications line failure, or other similar cause beyond the reasonable control of the party so affected.

16. INJUNCTIVE RELIEF.

In the event of a material breach by one party of provisions of this Agreement relating to the Confidential Information of the other party, the parties acknowledge and agree that damages would be an inadequate remedy and that the non-breaching party shall be entitled to preliminary and permanent injunctive relief to preserve such confidentiality or limit improper disclosure of

such Confidential Information, but nothing herein shall preclude the non-breaching party from pursuing any other action or remedy for any breach or threatened breach of this Agreement. In the event of a material breach by CME of provisions of this Agreement relating to dissemination of the S&P Stock Indices or the unauthorized use of the S&P Stock Indices or S&P Marks, CME acknowledges and agrees that damages would be an inadequate remedy to S&P and that S&P shall be entitled to preliminary and permanent injunctive relief to enforce the provisions hereof, but nothing herein shall preclude S&P from pursuing any other action or remedy for any breach or threatened breach of this Agreement. All remedies hereunder shall be cumulative.

17. GENERAL PROVISIONS.

(a) Assignment and Delegation. This Agreement is solely and exclusively between the parties hereto and shall not be assigned or transferred, nor shall any duty hereunder be delegated, by either party, without the prior written consent of the other party, and any attempt to so assign or transfer this Agreement or delegate any duty hereunder without such written consent shall be null and void. This Agreement shall be valid and binding on the parties hereto and their successors and permitted assigns.

(b) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to its subject matter. This Agreement supersedes the 1997 Agreement and all other previous agreements between the parties, if any, with respect to the subject matter of this Agreement, including without limitation those agreements listed in Appendix 3. There are no oral or written collateral representations, agreements, or understandings except as provided herein.

(c) Non-Waiver and Amendments. No waiver, modification, or amendment of any of the terms and conditions hereof shall be valid or binding, unless such waiver, modification, or amendment is in writing and signed by a duly authorized officer of each of the parties hereto.

(d) Effect of Breach. No breach, default or threatened breach or default of this Agreement by S&P shall relieve CME of its obligations under this Agreement with respect to the protection of the property or proprietary nature of any property which is the subject matter of this Agreement.

(e) Notices. All notices and other communications under this Agreement shall be: (1) in writing; (2) delivered by hand, by registered or certified mail, return receipt requested, or by facsimile transmission to the address or facsimile number set forth below or such address or facsimile number as either party shall specify by a written notice to the other; and (3) deemed given upon receipt.

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Notice to S&P:
Standard & Poor's
55 Water Street
New York, New York 10041
Attention: Ms. Kathleen A. Corbet
President
Facsimile No: (212) 438-5723

With a copy to:
The McGraw-Hill Companies
1221 Avenue of the Americas
New York, NY 10020
Attention: General Counsel
Facsimile No: (212) 512-4827

Notice to CME:
Chicago Mercantile Exchange
20 South Wacker Drive
Chicago, IL 60606
Attention: Craig S. Donohue, CEO
Facsimile No: (312) 930-3207

With a copy to:
Chicago Mercantile Exchange
20 South Wacker Drive
Chicago, Illinois 60606
Attention: General Counsel
Facsimile No: (312) 930-3323

(f) Governing Law. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of New York.

(g) Choice of Jurisdiction. Each party agrees that in connection with any legal action or proceeding arising with respect to this Agreement, such action or proceeding shall be brought only in the United States District Court for the Southern District of New York or in the Supreme Court of the State of New York in and for the First Judicial Department, and each party agrees to submit to the jurisdiction of those courts and venue in those courts and to waive any claim that either court is an inconvenient forum.

(h) Survival. Section 12, Section 13 and Section 14 shall survive the expiration or termination of this Agreement.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first set forth above.

STANDARD & POOR'S	**CHICAGO MERCANTILE EXCHANGE INC.**
BY /s/ KATHLEEN CORBET	BY /s/ CRAIG S. DONOHUE
Name: **Kathleen Corbet**	Name: **Craig S. Donohue**
Title: **President**	Title: **Chief Executive Officer**
Date: October 31, 2005	Date: October 31, 2005

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APPENDIX 1

The S&P Stock Indices collectively covered by and referred to in this Agreement are the following:

1. S&P 500 Stock Price Index
2. S&P 100 Stock Price Index
3. S&P MidCap 400 Index
4. S&P SmallCap 600 Index
5. S&P 500/CITIGROUP Growth Index
6. S&P 500/CITIGROUP Value Index
7. S&P Energy Stock Price Index
8. S&P Financial Stock Price Index
9. S&P High Technology Stock Price Index
10. S&P Public Utility Stock Price Index
11. S&P Consumer Staple Stock Price Index
12. S&P Transportation Stock Price Index
13. S&P Euro Index
14. S&P Euro Plus Index
15. S&P Euro 350 Index
16. S&P / TOPIX 150 Index
17. S&P 500 GICS Sector Indices
18. S&P Asia 50

Solely for the purposes of CME's index value dissemination as provided in Appendix 7, CME shall have dissemination rights with respect to the following indices:

1. S&P Euro 350 Finance Index

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2. S&P Euro 350 Information Index
3. S&P Euro 350 Telecom Index
4. *****
5. S&P Global 1200
6. *****
7. *****
8. *****
9. *****
10. *****

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APPENDIX 2

The S&P Marks collectively covered by and referred to in this Agreement are the following:

1. S&P
2. Standard & Poor's
3. Standard & Poor's 500
4. 500
5. S&P 100
6. Standard & Poor's 100
7. S&P MidCap 400 Index
8. Standard & Poor's 100
9. S&P SmallCap 600 Index
10. Standard & Poor's
11. S&P 500/CITIGROUP Growth Index
12. Standard & Poor's 500/CITIGROUP Growth Index
13. S&P 500/CITIGROUP Value Index
14. Standard & Poor's 500/CITIGROUP Value Index
15. S&P Energy Stock Price Index
16. Standard & Poor's Energy Stock Price Index
17. Standard & Poor's Financial Stock Price Index
18. S&P High Technology Stock Price Index
19. Standard & Poor's High Technology Stock Price Index
20. S&P Public Utility Stock Price Index
21. Standard & Poor's Public Utility Stock Price Index
22. S&P Consumer Staple Stock Price Index
23. Standard & Poor's Consumer Staple Stock Price Index
24. S&P Transportation Stock Index
25. Standard & Poor's Transportation Stock Price Index
26. S&P Euro Index
27. S&P Euro Plus Index
28. S&P / TOPIX 150 Index
29. S&P 500 GICS Sector Indices
30. SPDR
31. Standard & Poor's Depositary Receipts
32. S&P Asia 50

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks ("*****"), and the omitted text has been filed separately with the Securities and Exchange Commission.

APPENDIX 3

Prior license agreements and amendments between S&P and CME are the following:

1. The 1997 Agreement and the "Prior License Agreements" listed in Appendix 3 to the 1997 Agreement that the 1997 Agreement superseded.
2. S&P Euro index and S&P Euro Plus index amendment dated March 2, 1999
3. Calculation and disseminations of indices amendment dated April 14, 1999
4. MEFF sublicense amendment dated July 27, 1999
5. S&P E-mini MidCap 400 Index amendment dated December 26, 2001
6. S&P/TOPIX 150 Index amendment dated January 17, 2002
7. S&P 500 GICS sectors amendment dated April 22, 2002
8. Market data dissemination letter dated April 22, 2002
9. S&P Asia 50 Index amendment dated July 8, 2004
10. Letter Amendment re: S&P contact information dated November 12, 2004.
11. ETF futures amendment dated February 18, 2005.
12. CME-S&P Index License Agreement to Amend dated September 20, 2005.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks ("*****"), and the omitted text has been filed separately with the Securities and Exchange Commission.

APPENDIX 4

Limitation of Standard & Poor's Liability

Rule_____. Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), licenses the Exchange to use various S&P stock indices ("S&P Stock Indices") in connection with the trading of futures contracts and options on futures contracts based upon such indices. S&P shall have no liability for any damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the S&P Stock Indices.

S&P Disclaimer

Rule_____. Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), does not guarantee the accuracy and/or completeness of the S&P Stock Indices or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the S&P Stock Indices or any data included therein in connection with the trading of futures contracts, options on futures contracts or any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P Stock Indices or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

S&P ETF Contracts Disclaimer

Rule_____. Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), does not guarantee the accuracy and/or completeness of the S&P Stock Indices or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the S&P Index ETFs or any data included therein in connection with the trading of futures contracts, options on futures contracts or any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P Index ETFs or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks ("*****"), and the omitted text has been filed separately with the Securities and Exchange Commission.

APPENDIX 5

Calculation Methodology Example

Initial Conditions:

1/1/00:	S&P 500 contract multiplier of $***** reduced to $***** (i.e. by a factor of *****);
1/1/95-1/1/00:	Average ***** volume of ***** contracts traded;
1/1/00-1/1/01:	License fee of $***** based on actual volume and adjusted rate (i.e. *****).
1/1/01-1/1/02:	License fee of $***** based on actual volume and adjusted rate (i.e. *****).
1/1/02-1/1/03:	License fee of $***** based on actual volume and adjusted rate (i.e. *****).

1. On January 1, 2000, upon reduction in the S&P 500 contract multiplier, the per-trade license fee paid on the S&P 500 contract is proportionately reduced.

*****

2. On January 1, 2001, multiply the average ***** volume in the S&P 500 contract for the ***** prior to the reduction in the S&P 500 contract multiplier by the *unadjusted* license fee in the S&P 500 Contract.

*****

3. On January 1, 2001, and ***** thereafter, the total license fee paid to S&P by CME in regard to the S&P 500 contract for the ***** is calculated. *****.
4. CME pays S&P the *****.

   *****

   *****

   *****.
5. Repeat steps 3 and 4 every ***** for the remainder of the term of the Agreement.
6. The adjustment made to S&P is capped at a per-trade rate of $*****.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks ("*****"), and the omitted text has been filed separately with the Securities and Exchange Commission.

APPENDIX 6

Calculation Methodology Example

Initial Conditions:

1/1/00 CME launches Competitive Contract
1/1/95-1/1/00: Average ***** volume of ***** S&P Affected Contracts traded;
1/1/96-1/1/01: Average ***** volume of ***** S&P Affected Contracts traded;
1/1/00-1/1/01: ***** Volumes:
S&P Affected Contract = *****;
Competitive Contract = *****;
1/1/01-1/1/02: ***** Volumes:
S&P Affected Contract = *****;
Competitive Contract = *****;

1. The average ***** volume for the S&P Affected Contract in the rolling ***** period minus the volume for the S&P Affected Contract in the ***** period immediately following the rolling ***** period ("Volume Shortfall"). If Volume Shortfall is less than 0, then, for the purposes of this calculation, Volume Shortfall shall equal 0.

Year 1 Volume Shortfall = *****;

Year 2 Volume Shortfall = *****.

2. Multiply Volume Shortfall by the average per Contract license fee paid to S&P by CME for the S&P Affected Contract during the ***** preceding the time of calculation ("S&P Revenue Shortfall").

Year 1 S&P Revenue Shortfall = *****

Year 2 S&P Revenue Shortfall = *****

3. The total Normalized Volume is calculated by the following five (5) steps:

*****

(a) The Normalization Factor is calculated:

*****

*****

(b) Normalized Volume is calculated:

Year 1: *****

Year 2: *****

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks ("*****"), and the omitted text has been filed separately with the Securities and Exchange Commission.

(c) Repeat steps (a) and (b) for each Competitive Contract as it relates to the S&P Affected Contract.

(d) Sum the Normalized Volumes for all Competitive Contracts as they relate to the S&P Affected Contract.

Year 1: *****

Year 2: *****

(e) Multiply the sum from step (d) by the per-trade license fee paid for the S&P Affected Contract at the time this calculation is being performed. ("Total Normalized Revenue").

Year 1: *****

Year 2: *****

The payment to S&P for the ***** period in question is the *****.

Year 1: *****

Year 2: *****

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks ("*****"), and the omitted text has been filed separately with the Securities and Exchange Commission.

APPENDIX 7

1. S&P Stock Index Fees. Third party communications vendors that are not existing S&P Vendors (as defined below) and that wish to obtain from CME the right to display the S&P Stock Indices via a publicly available Internet website or a private network or intranet website ("Communications Vendors") shall be required to pay the following fees ("Stock Index Fees").

(a) Any Communications Vendor that wishes to display the S&P Stock Indices on a website that provides access to the S&P Stock Indices only to certain authorized users (i.e., users whose access to the website is conditioned on use of an assigned password, user identification number or similar identifying information) will be required to pay monthly Stock Index Fees, based on the number of authorized users permitted to access the S&P Stock Indices during that month and whether the Communications Vendor distributes real-time S&P Stock Indices or delayed (i.e., non-real-time) S&P Stock Indices. CME shall invoice these Communications Vendors on a quarterly basis.

Real-Time S&P Stock Indices	Monthly Stock Index Fee
*****	*****
*****	*****
*****	*****
Delayed S&P Stock Indices	
*****	*****
*****	*****
*****	*****
Real-Time and Delayed S&P Stock Indices	*****

(b) Any Communications Vendor that wishes to display the S&P Stock Indices on a publicly available website (i.e., where use of the website is not conditioned on use of an assigned password, user identification or similar identifying information), will be required to pay the following annual Stock Index Fees, which vary based on (i) the number of uniform resource locators ("URLs") on which the S&P Stock Indices will be displayed, (ii) whether the Communications Vendor receives the S&P Stock Indices directly from CME ("CME Data Vendor") or via a CME Data Vendor ("Third Party Data Vendor"), and (iii) whether the Communications Vendor distributes real-time S&P Stock Indices or delayed S&P Stock Indices. These fees include the right to display up to, but not more than, four S&P Stock Indices per URL. Any Communications Vendor that wishes to display more than four S&P Stock Indices on a URL will be required to pay an additional fee determined by S&P after reasonable consultation with CME in accordance with Section 6 below. CME will invoice these Communications Vendors on an annual basis.

	Real-Time Distributor	Delayed Distributor
CME Data Vendor	*****	*****
Third Party Data Vendor	*****	*****

2. Separate S&P Stock Index Distribution. Any Communications Vendor that wishes to display only the S&P Stock Indices, and not any other CME-distributed data, will be

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks ("*****"), and the omitted text has been filed separately with the Securities and Exchange Commission.

required to pay $***** per year in addition to any applicable Stock Index Fees under Section 1(a) or 1(b) of this Appendix 7. If such Communications Vendor subsequently subscribes to other CME-distributed data, CME will issue a credit to that Communications Vendor equal to a pro-rated portion of the $*****, based on the number of months remaining in the year for which the $***** fee was paid. This credit will be applied against applicable CME data fees.

3. Revenue Sharing. Except as set forth below, the parties agree that they will share the Stock Index Fees collected by CME from Communications Vendors, such that ***** of the collected Stock Index Fees will be remitted by CME to S&P ("S&P Share") and ***** will be retained by CME ("CME Share"). Within 60 days following the end of each three-month period following the April 22, 2002 (a "Quarter"), CME will determine the total collected Stock Index Fees during that Quarter and will remit to S&P the S&P Share. If at the end of the first twelve-month period following April 22, 2002 or any anniversary thereof, the dollar value of the total S&P Share for that twelve-month period is less than ***** (the "Minimum Annual S&P Share"), CME shall pay to S&P an amount equal to the difference between the dollar value of the total S&P Share for that twelve-month period and the Minimum Annual S&P Share.

4. Existing S&P Vendors. The parties acknowledge that prior to and subsequent to April 22, 2002, S&P has entered, and/or may enter, into agreements directly with various third party communications vendors in connection with their display of some or all of the S&P Stock Indices ("S&P Vendors"). CME shall not have the right to receive any portion of the fees S&P collects directly from the S&P Vendors for as long as S&P maintains its own contractual relationship with them in connection with the S&P Stock Indices.

5. Additional CME Responsibilities.

(a) CME will require Communications Vendors to sign a contract in a form substantially similar to one of the Vendor Agreements used by CME on or about April 22, 2002.

(b) CME will submit to S&P on a quarterly basis a report indicating the Communications Vendors to which CME has disseminated the S&P Stock Indices, the corresponding number of Internet websites on which the S&P Stock Indices are being displayed or, if applicable, the number of authorized users permitted to access the S&P Stock Indices, and payment and account balance information.

(c) CME shall employ commercially reasonable efforts to collect from Communications Vendors the Stock Index Fees that are specified in each invoice.

6. Additional S&P Responsibilities. S&P may modify the Stock Index Fees at any time by providing to CME at least 90 days' prior written notice. S&P agrees that it will consult with CME prior to decreasing the Stock Index Fees; provided, however, that (i) in no event during the term of this Agreement may the Stock Index Fees charged by S&P to any Communications Vendor or S&P Vendor be less than the Stock Index Fees payable by Communications Vendors that receive the S&P Stock Indices through CME and (ii) if in the future S&P enters into an agreement with a third party redistributor that provides for S&P to receive a lower percentage of the Stock Index Fees than is set forth under Section 3 of this Agreement, S&P shall immediately so notify CME in writing and the percentage of Stock Index Fees payable by CME to S&P hereunder shall immediately be reduced to equal such lower percentage.

Exhibit 10.3

Consulting Agreement with Leo Melamed

Chicago Mercantile Exchange Holdings Inc. (the "Company") previously filed a Current Report on Form 8-K on September 12, 2005, reporting under Item 1.01 that its Board of Directors had approved a consulting arrangement with Mr. Melamed. Under the terms of the approved consulting arrangement, Mr. Melamed will provide the Company with consulting services relating to the financial services industry and related matters within Mr. Melamed's areas of expertise during the period Mr. Melamed serves as a director of the Company. For his consulting services, Mr. Melamed will receive $300,000 per annum plus all reasonable and necessary out-of-pocket travel and other expenses incurred in connection with the consulting services and up to $150,000 annually for non-travel expenses relating to his duties as a consultant of the Company, including office and secretarial expenses. Under the agreement, Mr. Melamed may not, without the prior written consent of the Company, render services to any competitor or otherwise compete with the Company throughout the term of the agreement and for one year thereafter.

The definitive written agreement relating to the approved consulting arrangement was not executed at the time this Quarterly Report on Form 10-Q was filed.

Exhibit 10.4

Chicago Mercantile Exchange

Terrence A. Duffy
Chairman of the Board

20 South Wacker Drive
Chicago, IL 60606-7499
www.cme.com

312/930.2000 *tel*
312/930.2040 *fax*
tduffy@cme.com

October 10, 2005

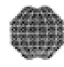
Mr. John F. Sandner
RB&H Financial Services, L.P.
30 S. Wacker #1912
Chicago, IL 60606

Dear Mr. Sandner:

This letter will confirm the terms of your agreement (the “Agreement”) with the undersigned Chicago Mercantile Exchange Holdings Inc. (“CME”), with respect to your performance of consulting services for CME and its subsidiaries and affiliates (collectively with CME, the “CME Entities”) commencing on the date you sign this Agreement.

1. Term. The initial term of this Agreement shall commence effective upon the date you accept this Agreement and shall continue in force during your service on the Board of Directors of CME (the “Term”). This agreement shall terminate upon your death or “permanent disability.” For purposes of this Agreement, “permanent disability” shall mean any mental or physical disability or illness which results in your being unable to substantially perform your duties for a continuous period of 150 days or for periods aggregating 180 days of any 365 day period.

2. Scope of Consulting Services. During the term of this Agreement, you will render consulting services to CME and CME Entities upon request with respect to the financial services industry and related matters and other matters in which you have expertise. In providing such services, you shall comply with all applicable laws, statutes, regulations, orders, codes and other acts of any applicable governmental authority and the policies, standards and regulations of CME and the CME Entities. You will personally perform all of the consulting services required under this Agreement. Any request for consulting services under this Agreement will be made by the Board of Directors or the Chief Executive Officer of CME. The Board of Directors or the Chief Executive Officer insofar as reasonably practicable, shall consider your convenience in the timing of his requests, and your failure or inability, by reason of temporary illness or other cause beyond your control or because of your absence for reasonable periods, to respond to such requests during any such temporary period shall not be deemed to constitute a default on your part in the performance of your consulting services under this Agreement.



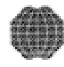
3. Consulting Fee. In consideration for your consulting services and the non-compete and confidentiality provisions of this Agreement, CME shall pay to you $200,000 per annum during the Term, payable in four equal installments of $50,000 and a pro-rata amount for periods less than a full three month period. The first such installment shall be paid as soon as practicable following effectiveness of this Agreement, with respect to the first three month period, and all subsequent installments shall be due and payable on or about the first day of each subsequent three month period during the term of this Agreement. This consulting fee is in lieu of the stipend you currently receive in your capacity as Special Policy Advisor. Subsequent to the effective date of this Agreement, you shall receive the standard compensation and benefit package awarded to CME non-executive directors, except as specifically provided in paragraph 4, hereof.

4. Expense Reimbursement /Other Benefits. CME shall reimburse you for, or advance to you, all reasonable and necessary out-of-pocket travel and other expenses incurred by you at the specific request of a CME Entity and otherwise consistent with CME expense reimbursement policies from time to time in effect in connection with your performance of consulting services hereunder.

5. Nature of the Consulting Relationship. You will perform the consulting services required under this Agreement as an independent contractor to, and not as an agent or employee of, CME or any other CME Entity. Except as and to the extent that CME or another CME Entity, as the case may be, may otherwise prescribe in writing, you shall not have any authority to negotiate or to conclude any contracts on behalf of, or otherwise bind, CME or any other CME Entity. You shall be solely responsible for and shall pay all amounts of applicable federal and state income and self employment taxes. You shall not be eligible to participate in any employee benefit, group insurance or compensation plans or programs maintained by any CME Entity, except for those plans or programs available to other non-executive directors that you may participate in as a director. Neither CME nor any other CME Entity shall provide Social Security, unemployment compensation, disability insurance, workers' compensation or similar coverage, or any other statutory employment benefit, to you.

6. Assisting Competitors. During the term of this Agreement and for a period of one year thereafter, you will not, without the prior written consent of CME (a) render any services whether or not for compensation, to other individuals, firms, corporations or entities in connection with any matter that involves material interests adverse to any CME Entity, (b) directly or indirectly compete with any CME Entity anywhere in the world or (c) engage in any business or activity that you reasonably believe to be materially detrimental to the business or interests of any CME Entity.

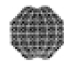
7. Confidential Information. In connection with your service to the CME Entities and their predecessors, and pursuant to this Agreement, you have acquired or may acquire confidential information with respect to the business, plans, strategies, finances, technology, markets, operations, customers,



members, employees, suppliers and vendors and other matters of or related to the CME Entities. In addition to the fiduciary responsibility of a director, at least two CME policies on confidentiality govern disclosure of information secured by reason of service on the Board of Directors. CME's *Corporate Governance Principles* respecting Confidentiality of Information provide: "In order to facilitate open discussion, confidentiality of information and deliberations is an imperative. Each Director has an affirmative duty to safeguard the confidentiality of information provided to the Board." The *Board Of Directors Code Of Ethics* provides: "Confidential Information: Board members may often receive or have access to confidential, sensitive and nonpublic information about CME and others. Board members should presume that any information they receive about CME or about CME's customers, members or others through their work as a Board member is confidential and, therefore, should not be disclosed or made public, except when disclosure is authorized or legally required. Board members have an obligation to safeguard confidential information, whether generated internally or acquired from others, and to use it only in the performance of their responsibilities as a Board member." (All of the foregoing categories of information are, collectively, the "Confidential Information") Unless disclosure is required by law, you shall not, without the prior written consent of CME, at any time, whether during or after the term of this Agreement, communicate or divulge any Confidential Information to anyone other than a CME Entity or those other persons or entities designated by CME. All records, files, documents, notes, data and the like relating to the business or activities of any CME Entity which you shall prepare, develop, use, compile or receive shall be and remain the sole property of CME, or such other CME Entity as the case may be, and shall be returned upon CME's request. "Confidential Information" shall exclude information (a) readily available in the public domain other than as a result of your act or omission or (b) obtained from third parties rightfully in possession of such information and having no direct or indirect confidentiality obligation to any CME Entity.

8. Indemnification. CME agrees to indemnify you if you are a party or are threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that you are providing consulting services under this Agreement. The indemnification shall be from and against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by you or on your behalf in connection with such action, suit or proceeding and any appeal therefrom, but shall only be provided if you acted in good faith and in a manner you reasonably believed to be in or not opposed to the best interests of CME, and, with respect to any criminal action, suit or proceeding, had no reasonable cause to believe your conduct was unlawful.

9. Non-Waiver. The failure by either party to exercise any of its or his rights in the event of a breach of this Agreement by the other party shall not be construed as a waiver of such breach or any subsequent breach, or prevent either party from later enforcing strict compliance with this Agreement as to such breach or any subsequent breach.

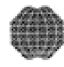


10. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be void or unenforceable for any reason, such provision shall be modified or deleted in such manner so as to make this Agreement, as modified, legal and enforceable, and the remaining provisions hereof shall continue in full force and effect.

11. Notices. All notices and other required communications under this Agreement ("Notices") shall be in writing, and shall be sent to a party at the address set forth below such party's signature block below. A party may change its address by sending Notice to the other party of the new address. Notices shall be given: (a) by personal delivery to the other party; (b) by facsimile, with a confirmation sent by registered or certified mail, return receipt requested; (c) by registered or certified mail, return receipt requested; or (d) by express courier (e.g. DHL, Federal Express, etc.). Notices shall be effective and shall be deemed delivered: (i) if by personal delivery, on the date of the personal delivery; (ii) if by facsimile, on the date stated in the electronic confirmation, delivered during normal business hours (8:00 a.m. to 5:00 p.m. at recipient's location), and, if not delivered during normal business hours, on the next business day following delivery; (iii) if solely by mail, on the date of receipt as stated on the return receipt; or (iv) if by express courier, on the date signed for or rejected as reflected in the courier's delivery log.

12. Miscellaneous. This Agreement is personal to you, and you shall not assign this Agreement without CME's prior written consent. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. This Agreement contains the entire understanding between CME and yourself with respect to the subject matter hereof and supercedes and voids all prior negotiations, discussions, and agreements, whether written or oral. This Agreement may not be amended, modified or extended other than by a written agreement executed by the parties hereto.

* * *



Please confirm that the foregoing Agreement correctly sets forth the agreement between CME and yourself by signing and returning to CME one of the enclosed copies of this letter.

Very truly yours,

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC.

/s/ Terrence A. Duffy

Terrence A. Duffy
Chairman Of The Board
Address for Notice Purposes:

Chicago Mercantile Exchange Holdings Inc.
20 South Wacker Drive
Chicago, IL 60606
Attention: General Counsel

Agreed and Accepted as of
October 10, 2005

/s/ John F. Sandner

John F. Sandner

Address for Notice Purposes:

RB&H Financial Services, L.P.
30 S. Wacker #1912
Chicago, IL 60606

Exhibit 31.1

CERTIFICATIONS

I, Craig S. Donohue, Chief Executive Officer of the Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chicago Mercantile Exchange Holdings Inc.;

2. Based on my knowledge, this 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 officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) 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

d) 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 fourth 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 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 registrant's board of directors (or persons performing the equivalent function):

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.

Date: November 4, 2005

/S/ CRAIG S. DONOHUE

Name: Craig S. Donohue
Title: *Chief Executive Officer*

Exhibit 31.2

I, James E. Parisi, Chief Financial Officer of the Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chicago Mercantile Exchange Holdings Inc.;

2. Based on my knowledge, this 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 officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) 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

d) 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 fourth 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 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 registrant's board of directors (or persons performing the equivalent function):

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.

Date: November 4, 2005

/S/ JAMES E. PARISI

Name: James E. Parisi
Title: *Chief Financial Officer*

Exhibit 32.1

SECTION 906 CERTIFICATION

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Chicago Mercantile Exchange Holdings Inc. (the "Company") for the quarter ended September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Craig S. Donohue, as Chief Executive Officer of the Company, and James E. Parisi, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /S/ CRAIG S. DONOHUE

Name: Craig S. Donohue
Title: Chief Executive Officer

Date: November 4, 2005

By: /S/ JAMES E. PARISI

Name: James E. Parisi
Title: Chief Financial Officer

Date: November 4, 2005

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or is staff upon request.

Certain Factors that May Affect Our Business

The following risk factors should be considered carefully in evaluating us and our business.

Shareholders who own trading rights or are officers or directors of others who own trading rights on our exchange account for 12 of the 20 directors on our Board. In addition, our shareholders who own trading rights on our exchange, and who may have interests that differ from or conflict with those of shareholders who are not also members, continue to own a substantial amount of our voting stock. Our dependence on the trading and clearing activities of our members, combined with their share ownership and rights to elect directors, enables them to exert substantial influence over the operation of our business.

We believe that our shareholders who own trading rights on our exchange continue to own a substantial amount of our outstanding Class A common stock. In addition, as of April 27, 2005, the date of our most recent Annual Meeting of Shareholders, 12 of the 20 directors on our Board owned or were officers or directors of others who owned trading rights on our exchange. We are dependent on the revenues from the trading and clearing activities of our members. This dependence also gives them substantial influence over how we operate our business.

Many of our trading members and clearing firms derive a substantial portion of their income from their trading or clearing activities on or through our exchange. In addition, trading rights on our exchange have substantial independent value. The amount of income that members derive from their trading, brokering and clearing activities and the value of their trading rights are, in part, dependent on the fees they are charged to trade, broker, clear and access our markets and the rules and structure of our markets. Our trading members, many of whom act as floor brokers and floor traders, benefit from trading rules, membership privileges and fee discounts that enhance their open outcry trading opportunities and profits. Our predominantly electronic trading members benefit from fee discounts and transaction fee caps that enhance their electronic trading opportunities and profits. Our clearing firms benefit from all of the foregoing, as well as decisions that increase electronic trading, which over time will reduce their costs of doing business on our exchange. As a result, holders of our Class A common stock may not have the same economic interests as our members. In addition, our members may have differing interests among themselves depending on the role they serve in our markets, their method of trading and the products they trade. Consequently, members may advocate that we enhance and protect their clearing and trading opportunities and the value of their trading privileges over their economic interest in us represented by Class A common stock they may own.

The share ownership of our members, in combination with their Board representation rights and charter provision protections described in the immediately following risk factor, could be used to influence how our business is changed or developed, including how we address competition and how we seek to grow our volume and revenue and enhance shareholder value.

Our certificate of incorporation grants special rights to holders of Class B common stock, which protect their trading rights and give them special Board representation, and require that we maintain open outcry trading until volumes are not significant.

Under the terms of our certificate of incorporation, our Class B shareholders have the ability to protect their rights to trade on our exchange by means of special approval rights over changes to the operation of our markets. In particular, these provisions include a grant to the holders of our Class B common stock of the right to approve any changes to:

- the trading floor rights;
- access rights and privileges that a member has;
- the number of memberships in each membership class and the related number of authorized shares of each class of Class B common stock; and
- the eligibility requirements to exercise trading rights or privileges.

Our Class B shareholders are also entitled to elect six of the 20 directors on our Board even if their Class A share ownership interest is very small or non-existent.

Our certificate of incorporation also includes a provision requiring us to maintain open outcry floor trading on our exchange for a particular traded product as long as the open outcry market is "liquid." Our certificate of incorporation requires us to maintain a facility for conducting business, disseminating price information, clearing and delivery and to provide reasonable financial support for technology, marketing and research for open outcry markets. Our certificate of incorporation provides specific tests as to whether an open outcry market will be deemed liquid, as measured on a quarterly basis. If a market is deemed illiquid as a result of a failure to meet any of these tests, our Board may determine whether such market should be closed.

Our business is subject to the impact of domestic and international market and economic conditions, which are beyond our control and which could significantly reduce our trading volumes and make our financial results more volatile.

We generate revenues primarily from our clearing and transaction fees and our clearing and transaction processing services provided to third parties. We expect to continue to do so for the foreseeable future. Each of these revenue sources is substantially dependent on the trading volume in our markets. Our trading volume is directly affected by U.S. domestic and international factors that are beyond our control, including:

- economic, political and market conditions;
- broad trends in industry and finance;
- changes in levels of trading activity, price levels and price volatility in the derivatives markets and in underlying fixed-income, equity, foreign exchange and commodity markets;
- legislative and regulatory changes;
- competition;
- changes in government monetary policies;
- consolidation in our customer base and within our industry; and
- inflation.

Any one or more of these factors may contribute to reduced activity in our markets. Our operating results and trading volume tend to increase during periods of global and domestic economic and geopolitical uncertainty. This is because our customers seek to hedge or manage the risks associated with or speculate on volatility in the U.S. equity markets, fluctuations in interest rates and price changes in the foreign exchange and commodities markets. The future economic environment will be subject to periodic downturns, including possible recession and lower volatility in financial markets, and may not be as favorable as it has been in recent years. As a result, period-to-period comparisons of our financial results are not necessarily meaningful. Trends less favorable than those of recent periods could result in decreased trading volume, decreased capital formation and a more difficult business environment for us. Material decreases in trading volume would have a material adverse effect on our financial condition and operating results.

Our cost structure is largely fixed. If we are unable to reduce our costs if our revenues decline, our profitability will be adversely affected.

Our cost structure is largely fixed. We base our cost structure on historical and expected levels of demand for our products and services. If demand for our products and services and our resulting revenues decline, we may not be able to adjust our cost structure on a timely basis. In that event, our profitability will be adversely affected.

The success of our markets will depend on our ability to complete development of and successfully implement electronic marketplaces that have the functionality, performance, reliability, speed and liquidity required by our customers.

The future success of our business depends in large part on our ability to create interactive electronic marketplaces in a wide range of derivatives products that have the required functionality, performance, reliability, speed and liquidity to attract and retain customers. A significant portion of our current overall volume is generated through electronic trading on our CME Globex electronic platform. However, during the first nine months of 2005, 30% of our volume and 21% of our clearing and transaction fee revenues were generated through our open outcry trading facilities. Most of our open outcry volume is related to trading in options on our futures contracts. Our electronic functionality may not be capable of accommodating all of the complex trading strategies typically used for trading options on futures contracts. In August

2005, we integrated our enhanced options system for trading CME Eurodollar options into our CME Globex electronic trading platform. This enhanced functionality is designed to facilitate trading of complex combination and spread trades typically used with short-term interest rate options on futures, within a fully transparent and competitive environment. We also plan to increase its functionality to include trading of other option contracts. However, we may not complete the development of, or successfully implement, the required electronic functionality for CME's options on futures contracts. Moreover, our customers who trade options may not accept our electronic trading systems. In either event, our ability to increase trading volume of options on futures contracts on the CME Globex platform would be adversely affected. In addition, if we are unable to develop our electronic trading systems to include other products and markets, or if our electronic marketplaces do not have the required functionality, performance, reliability, speed and liquidity, we may not be able to compete successfully in an environment that is increasingly dominated by electronic trading.

We maintain the simultaneous operation of open outcry trading and electronic trade execution facilities, which may, over time, prove to be inefficient and costly and ultimately adversely affect our profitability.

Currently, we maintain both open outcry trade and electronic trade execution facilities. For some products, we maintain side-by-side trading facilities for both open outcry and electronic trading. We are obligated, through the inclusion of provisions in our certificate of incorporation, to maintain the operation of our open outcry trading facilities until the trading volumes in them are not significant. If we continue to operate both trading facilities for the same product, liquidity of markets on each may be less than the liquidity of competing markets on a unified trading platform. In addition, it may be expensive to continue operating two trading systems for the same product. We may incur substantial expenses and experience delays because of our efforts to create trading links between the separate trading platforms to facilitate trading on both systems. Any loss of efficiency or increase in time to market of new or improved products could be detrimental to our business. In addition, we may expend resources on the maintenance of our open outcry facilities that could be more efficiently used to develop our capacity and functionality and reduce our costs in the increasingly competitive market for electronic trading facilities.

The enhancement of our electronic trading platform exposes us to risks inherent in operating in the evolving market for electronic transaction services. If we do not successfully enhance our electronic trading platform, or if our customers do not accept it, our revenues and profits will be adversely affected.

We must continue to enhance our electronic trading platform to remain competitive. As a result, we will continue to be subject to risks, expenses and uncertainties encountered in the rapidly evolving market for electronic transaction services. These risks include our failure or inability to:

- provide reliable and cost-effective services to our customers;
- develop, in a timely manner, the required functionality to support electronic trading in our key products in a manner that is competitive with the functionality supported by other electronic markets;
- match fees of our competitors that offer only electronic trading facilities;
- attract independent software vendors to write front-end software that will effectively access our electronic trading system and automated order routing system;
- respond to technological developments or service offerings by competitors; and
- generate sufficient revenue to justify the substantial capital investment we have made and will continue to make to enhance our electronic trading platform.

If we do not successfully enhance our electronic trading platform, or our current or potential customers do not accept it, our revenues and profits will be adversely affected.

If we are not able to keep up with rapid technological changes, our business will be materially harmed.

To remain competitive, we must continue to improve the responsiveness, functionality, accessibility and other features of our software, network distribution systems and technologies. The markets in which we compete are characterized by rapidly changing technology, changes in customer demand and uses of products and services, frequent product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render our existing technology and systems obsolete. Our future success will depend in part on our ability to anticipate and adapt to technological advancements and changing standards in a timely, cost-efficient and competitive manner. We cannot

assure you that we will successfully implement new technologies or adapt our technology to customer and competitive requirements or emerging industry standards.

We face intense competition from other companies, including some of our members. If we are not able to successfully compete, our business will not survive.

The derivatives, securities and financial services industries are highly competitive. We expect that competition will continue to intensify in the future. Our current and prospective competitors, both domestically and around the world, are numerous. They include securities and securities option exchanges, futures exchanges, over the counter, or OTC, markets, clearing organizations, market data and information vendors, electronic communications networks, crossing systems and similar entities, consortia of large customers, consortia of some of our clearing firms and electronic brokerage and dealing facilities. At December 31, 2004, there were 56 futures exchanges located in 29 countries, including nine futures exchanges in the United States. In February 2004, Eurex commenced operation of its U.S. derivatives exchange, Eurex U.S. Eurex U.S.'s initial competitive efforts were directed at the Chicago Board of Trade, or the CBOT. However, Eurex U.S. has expanded its product offerings in direct competition with us to include futures based on the Russell 1000 ® and Russell 2000 ® Indexes and as of September 2005 based on foreign exchange rates. Additionally, in March 2004, Euronext.liffe began listing and trading Eurodollar futures contracts.

We believe we may also face competition from large computer software companies and media and technology companies. The number of businesses providing internet-related financial services is rapidly growing. Other companies have entered into or are forming joint ventures or consortia to provide services similar to those provided by us. Others may become competitive with us through acquisitions. Changes in federal law allow institutions that have been major participants on our exchange to trade the same or similar products among themselves without utilizing any exchange or trading system. Many of our competitors and potential competitors have greater financial, marketing, technological and personnel resources than we do. These factors may enable them to develop similar products, to provide lower transaction costs and better execution to their customers and to carry out their business strategies more quickly and efficiently than we can. In addition, our competitors may:

- respond more quickly to competitive pressures due to their corporate governance structures, which may be more flexible and efficient than our corporate governance structure;
- develop products that are preferred by our customers;
- develop risk transfer products that compete with our products;
- price their products and services more competitively;
- develop and expand their network infrastructure and service offerings more efficiently;
- utilize better, more user-friendly and more reliable technology;
- take greater advantage of acquisitions, alliances and other opportunities;
- more effectively market, promote and sell their products and services;
- better leverage existing relationships with customers and alliance partners or exploit better recognized brand names to market and sell their services; and
- exploit regulatory disparities between traditional, regulated exchanges and alternative markets that benefit from a reduced regulatory burden and lower-cost business model.

If our products, markets and services are not competitive, our business, financial condition and operating results will be materially harmed. In addition, even if new entrants do not significantly erode our market share, we may be required to reduce our fees significantly to remain competitive, which could have a material adverse effect on our profitability.

Our average rate per contract is subject to fluctuation due to a number of factors. As a result, you will not be able to rely on our average rate per contract in any particular period as an indication of our future average rate per contract.

Our average rate per contract, which impacts our operating results, is subject to fluctuation based on the following factors: our rate structure, including tiered pricing; mix of products traded; method of trade and the mix of trades executed by customers who are members, participants in our various incentive programs or non-members. For example, we earn a higher rate per contract for trades executed on the CME Globex electronic trading platform. In addition, our members and participants in our various incentive programs are charged lower fees than our non-member customers. Each of these factors is difficult to predict and will have an impact on our average rate per contract in the particular period. For example,

our average rate per contract decreased to $0.659 for the nine months ended September 30, 2005 from $0.702 for the same period in 2004. Because of this fluctuation, you may not be able to rely on our average rate per contract in any particular period as an indication of our future average rate per contract. If we fail to meet securities analysts' expectations regarding our operating results, the price of our Class A common stock could decline substantially.

Our quarterly operating results fluctuate due to seasonality. As a result, you will not be able to rely on our operating results in any particular quarter as an indication of our future performance.

Generally, we have experienced relatively higher volume during the first and second quarters and lower trading volume in the third and fourth quarters. As a result of this seasonality, you will not be able to rely on our operating results in any particular period as an indication of our future performance. If we fail to meet securities analysts' expectations regarding our operating results, the price of our Class A common stock could decline substantially.

The Commodity Futures Modernization Act, or CFMA, has reduced the barriers of entry into our markets which has led to increased competition and enabled many of our customers to trade futures contracts other than on exchanges. These changes may adversely affect our trading volume, revenue and profits.

Our industry has been subject to several fundamental regulatory changes, including changes in the statute under which we have operated since 1974. The Commodity Exchange Act generally required all futures contracts to be executed on an exchange that had been approved by the Commodity Futures Trading Commission, or CFTC. The "exchange trading requirement" was modified by CFTC regulations and interpretations to permit privately negotiated swap contracts to be transacted in the OTC market. The CFTC exemption under which the OTC derivatives market operated precluded the OTC market from using exchange-like electronic transaction systems and clearing facilities. These barriers to competition from the OTC market were repealed by the CFMA. One of the chief beneficiaries of the CFMA has been OTC dealers and competitors that operate or intend to open electronic trading facilities or to conduct their futures business directly among themselves on a bilateral basis. The customers who may access these trading facilities or engage in bilateral private transactions are the same customers who account for a substantial portion of our trading volume. The CFMA also permits banks, broker-dealers and some of their affiliates to engage in foreign exchange futures transactions for or with retail customers without being subject to regulation under the Commodity Exchange Act. These customers are the same customers who use CME foreign exchange products. In the future, our industry may become subject to new regulations or changes in the interpretation or enforcement of existing regulations. We cannot predict the extent to which any future regulatory changes may adversely impact our business, including our ability to compete with enterprises who offer off-exchange trading and who benefit from a reduced regulatory burden and lower-cost business model.

The CFMA also permits bank clearing organizations and clearing organizations regulated by the Securities and Exchange Commission, or SEC, to clear a broad array of derivatives products in addition to the products that these clearing organizations have traditionally cleared. This allocation of jurisdiction may be advantageous to competing clearing organizations and result in a lower volume of trading cleared through our clearing house.

Our members may seek alternative trading venues and products, which may negatively impact the liquidity of our markets and our trading volume.

The trading activities of our members accounted for 78% of our trading volume during the first nine months of 2005 and 2004. Subject to the oversight of our Board of Directors, our management is charged with making decisions that are designed to enhance shareholder value, which may lead to decisions or outcomes with which our members disagree. These changes may make us less attractive to our members and encourage them to conduct their business at, or seek membership in, another exchange or to trade in equivalent products among themselves on a private, bilateral basis. A material decrease in member trading activity that is not offset by an increase in non-member trading would negatively impact liquidity and trading volume in our products and reduce our revenues. A loss or material reduction in the number of our clearing firms and the capital they provide to guarantee their trades and the trades of their customers would also diminish the strength and attractiveness of our clearing house and our markets.

Our trading volume, and consequently our revenues and profits, would be adversely affected if we are unable to retain our current customers or attract new customers to our exchange.

The success of our business depends, in part, on our ability to maintain and increase our trading volume. To do so, we must maintain and expand our product offerings, our customer base and our trade execution alternatives. Our success also depends on our ability to maintain our trading volume and to offer competitive prices and services in an increasingly price sensitive business. We cannot assure you that we will be able to continue to expand our product lines, or that we will be able to retain our current customers or attract new customers. For example, the majority of the clearing and transaction fees we receive from our clearing firms represent charges for trades executed on behalf of their customers. We believe that in the event one of our clearing firms discontinues operations, the customer portion of that firm's trading activity would likely transfer to another clearing firm. However, we cannot guarantee you that the discontinuation of any clearing firm would not result in our loss of customers which could have an adverse effect on our trading volumes or revenues. We also cannot assure you that we will not lose customers to low-cost competitors with comparable or superior products, services or trade execution facilities. If we fail to maintain our trading volume, to expand our product offerings or execution facilities, or we lose a substantial number of our current customers, or are unable to attract new customers, our business will be adversely affected.

Any significant decline in the trading volume of our CME Eurodollar, S&P 500 or NASDAQ-100 futures and options on futures contracts or in privately negotiated foreign exchange transactions using our clearing house would adversely affect our revenues and profitability.

We are substantially dependent on trading volume from four product offerings for a significant portion of our clearing and transaction fee revenues and profits. The clearing and transaction fee revenues attributable to transactions in CME Eurodollar contracts, all our contracts based on the S&P 500 and NASDAQ-100 (including CME E-mini products), and privately negotiated foreign exchange transactions using our clearing house approximated 45%, 24%, 7% and 5%, respectively, of our total clearing and transaction fee revenues during the first nine months of 2005 and 43%, 26% , 10% and 6%, respectively, during the year ended December 31, 2004. Any significant decline in our trading volume in any of these products would negatively impact our business, financial condition and operating results.

We believe our CME Eurodollar contract serves as a global financial benchmark, but we cannot assure you that, in the future, other products will not become preferred alternatives to our CME Eurodollar contract as a means of managing or speculating on interest rate risk. We also cannot assure you that competitors will not enter the Eurodollar market. For example, in March 2004, Euronext.liffe began listing and trading Eurodollar futures contracts. Our members may also elect to trade Eurodollars in privately negotiated bilateral transactions without the use of our clearing house. In either of these events, our trading volume, revenues and profitability could be adversely affected.

Our rights to the Standard & Poor's® and NASDAQ® products were obtained through licensing arrangements. Our license agreement with Standard & Poor's provides that the S&P 500 Index futures products will be exclusive through December 31, 2008, after which we will retain our exclusive rights through December 31, 2016 so long as certain minimum average trading volume is met or other circumstances exist that relate to the reduction in trading volume. Our license with Nasdaq is exclusive with respect to futures and options on futures contracts based on the NASDAQ-100 Index through October 9, 2007 with an automatic renewal until October 9, 2012.

We cannot assure you that we will be able to maintain the exclusivity of these licensing agreements. In addition, we cannot assure you that others will not succeed in creating stock index futures based on information similar to that which we have obtained by license or that market participants will not increasingly use alternative instruments, including securities and options based on the S&P and NASDAQ indexes, to manage or speculate on U.S. stock risks. Parties may also succeed in offering indexed products that are similar to our licensed products without being required to obtain a license or in countries that are beyond the jurisdictional reach of us and/or our licensors. We also cannot assure you that Nasdaq will not directly or indirectly through other exchanges offer security futures contracts that compete with our broad-based index futures contracts based upon NASDAQ indexes.

Our clearing house operations expose us to substantial credit risk of third parties. Our financial condition will be adversely affected in the event of a significant default.

Our clearing house acts as the counterparty to all trades consummated on or through our exchange or on third-party exchanges for which we provide clearing and transaction processing services. As a result, we are exposed to significant credit risk of third parties, including our clearing firms. We are also exposed, indirectly, to the credit risk of customers of our clearing firms. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. For example, in October 2005 Refco, Inc., the parent company of Refco, LLC one of our largest clearing firms, filed for bankruptcy. Refco, LLC is a separate company from Refco, Inc. with its own accounts, assets and customers and is subject to the regulation of the CFTC and the oversight of CME as its designated self-regulatory organization. As of the date of this Quarterly Report, Refco, LLC remained in good standing with our clearing house. However, we cannot guarantee you that Refco, LLC or another one of our clearing firms will not default on its obligations in the future. A substantial part of our working capital is at risk if a clearing firm defaults on its obligations to our clearing house and its margin and security deposits are insufficient to meet its obligations. Although we have policies and procedures to help ensure that our clearing firms can satisfy their obligations, these policies and procedures may not succeed in detecting problems or preventing defaults. We also have in place various measures intended to enable us to cover any default and maintain liquidity. However, we cannot assure you that these measures will be sufficient to protect us from a default or that we will not be materially and adversely affected in the event of a significant default.

We may not continue to realize the benefits of our agreement to provide clearing and transaction processing services for CBOT products.

We entered into an agreement with the CBOT in April 2003, which was subsequently amended in March 2004, to provide clearing and transaction processing services for CBOT futures and options on futures contracts. Under the terms of the agreement, clearing services for commodity, equities and some interest rate products began in November 2003 and for all other CBOT futures and options on futures contracts on January 2, 2004. In the first nine months of 2005 and during the year ended December 31, 2004, we cleared 523 million and 600 million contracts for the CBOT, respectively, which generated $49.8 million and $55.1 million, respectively, in clearing and transaction processing services revenue. We cannot assure you that we will continue to realize the benefits received from our clearing and transaction processing agreement. Our future revenues from providing these clearing and transaction processing services will be dependent on the CBOT's ability to maintain and/or expand its trading volume, which is subject to a number of factors beyond its control. As a futures exchange, CBOT's ability to maintain or expand its volume and operate its business is subject to the same types of risks to which we are subject. Any significant decrease in CBOT's trading volume will result in a corresponding decrease in our realized benefits. Our net income from the clearing and transaction processing services we provide to the CBOT will also depend on our ability to control our costs associated with providing such services.

The initial term of the agreement is five years, with subsequent three year renewals upon the mutual consent of the parties. The terms of the agreement also provide that both we and the CBOT may terminate the agreement in some circumstances. We cannot assure you that the agreement will not be terminated prior to the end of its term or that the agreement will be renewed after its initial term. Any such event could have an adverse effect on our revenues.

Our market data fees may be reduced or eliminated by the growth of electronic trading and electronic order entry systems. If we are unable to offset that reduction through terminal usage fees or transaction fees, we will experience a reduction in revenue.

We sell our market data to individuals and organizations that use our markets or monitor general economic conditions. Revenues from our market data totaled $54.4 million, representing 8% of our net revenues, during the first nine months of 2005 and $60.9 million, or 8% of our net revenues during the year ended December 31, 2004. Electronic trading systems do not usually impose separate charges for supplying market data to trading terminals. If we do not separately charge for market data supplied to trading terminals, and trading terminals with access to our markets become widely available, we could lose market data fees from those who have access to trading terminals. We will experience a reduction in our revenues if we are unable to recover that lost quote fee revenue through terminal usage fees or transaction fees.

If we experience systems failures or capacity constraints, our ability to conduct our operations and execute our business strategy could be materially harmed and we could be subjected to significant costs and liabilities.

We are heavily dependent on the capacity and reliability of the computer and communications systems and software supporting our operations. We receive and/or process a large portion of our trade orders through electronic means, such as through public and private communications networks. Our systems, or those of our third party providers, may fail or operate slowly, causing one or more of the following to occur:

- unanticipated disruptions in service to our customers;
- slower response times;
- delays in our customers' trade execution;
- failed settlement of trades;
- incomplete or inaccurate accounting, recording or processing of trades;
- financial losses;
- security breaches;
- litigation or other customer claims;
- loss of customers; and
- regulatory sanctions.

We cannot assure you that we will not experience systems failures from power or telecommunications failure, acts of God, war or terrorism, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, acts of vandalism or similar events. If any of our systems do not operate properly or are disabled, including as a result of system failure, employee or customer error or misuse of our systems, we could suffer financial loss, liability to customers, regulatory intervention or reputational damage that could affect demand by current and potential users of our market.

From time to time, we have experienced system errors and failures that have resulted in some customers being unable to connect to our electronic trading platform or erroneous reporting, such as transactions that were not authorized by any customer or reporting of filled orders as cancelled. For example, in April 2005, May 2003 and September 2002, we experienced technical failures that resulted in a temporary suspension of trading on the CME Globex platform. The impact of these events has not been material. However, we cannot assure you that if we experience system errors or failures in the future that they will not be material.

Our status as a CFTC registrant generally requires that our trade execution and communications systems be able to handle anticipated present and future peak trading volume. Heavy use of our computer systems during peak trading times or at times of unusual market volatility could cause our systems to operate slowly or even to fail for periods of time. We constantly monitor system loads and performance and regularly implement system upgrades to handle estimated increases in trading volume. However, we cannot assure you that our estimates of future trading volume will be accurate or that our systems will always be able to accommodate actual trading volume without failure or degradation of performance. Increased CME Globex trading volume may result in connectivity problems or erroneous reports that may affect users of the platform. System failure or degradation could lead our customers to file formal complaints with industry regulatory organizations, to file lawsuits against us or to cease doing business with us or could lead the CFTC or other regulators to initiate inquiries or proceedings for failure to comply with applicable laws and regulations.

We will need to continue to upgrade, expand and increase the capacity of our systems as our business grows and we execute our business strategy. Our goal is to design our systems to handle at least one and a half times our peak historical transactions in our highest volume products. As volume of transactions grow, the ability of our systems to meet this goal on an ongoing basis depends on our ability to increase our system capacity on a timely basis while maintaining system reliability. Although many of our systems are designed to accommodate additional volume and products and services without redesign or replacement, we will need to continue to make significant investments in additional hardware and software to accommodate the increased volume of transactions and to provide clearing and transaction processing services to third parties. If we cannot increase the capacity and capabilities of our systems to accommodate an increasing volume of transactions and to execute our business strategy, our ability to maintain or expand our businesses would be adversely affected.

Some of our largest clearing firms have indicated their belief that clearing facilities should not be owned or controlled by exchanges and should be operated as utilities and not for profit. These clearing firms have sought, and may seek in the future, legislative or regulatory changes that would, if adopted, enable them to use alternative clearing services for positions established on our exchange. Even if they are not successful, these factors may cause them to limit or stop the use of our markets.

Some of our largest clearing firms, which are significant customers and intermediaries in our products, have stressed the importance to them of centralizing clearing of futures contracts and options on futures contracts in order to maximize the efficient use of their capital, exercise greater control over their value at risk and extract greater operating leverage from clearing activities. Many clearing firms have expressed the view that clearing firms should control the governance of clearing houses or that clearing houses should be operated as utilities rather than as for-profit enterprises. Some of these firms, along with the Futures Industry Association, have sought, and may seek in the future, legislative or regulatory changes to be adopted that would facilitate mechanisms or policies that allow market participants to transfer positions from an exchange-owned clearing house to a clearing house owned and controlled by clearing firms. Our strategic business plan is to operate a vertically integrated transaction execution, clearing and settlement business. If these legislative or regulatory changes are adopted, our strategy and business plan may lead clearing firms to establish, or seek to use, alternative clearing houses for clearing positions established on our exchange. Even if they are not successful in their efforts, the factors described above may cause clearing firms to limit or stop the use of our products and markets. If any of these events occur, our revenues and profits would be adversely affected.

We depend on third party suppliers and service providers for a number of services that are important to our business. An interruption or cessation of an important supply or service by any third party could have a material adverse effect on our business.

We depend on a number of suppliers, such as banking, clearing and settlement organizations, telephone companies, online service providers, data processors, and software and hardware vendors for elements of our trading, clearing and other systems, as well as communications and networking equipment, computer hardware and software and related support and maintenance. We cannot assure you that any of these providers will be able to continue to provide these services in an efficient, cost-effective manner or that they will be able to adequately expand their services to meet our needs. An interruption in or the cessation of an important supply or service by any third party and our inability to make alternative arrangements in a timely manner, or at all, would result in lost revenue and higher costs.

Our networks and those of our third party service providers may be vulnerable to security risks, which could result in wrongful use of our information or cause interruptions in our operations that cause us to lose customers and trading volume and result in significant liabilities. We could also be required to incur significant expense to protect our systems.

We expect the secure transmission of confidential information over public networks to continue to be a critical element of our operations. Our networks and those of our third party service providers and our customers may be vulnerable to unauthorized access, computer viruses and other security problems. Persons who circumvent security measures could wrongfully use our information or cause interruptions or malfunctions in our operations. Any of these events could cause us to lose customers or trading volume. We may be required to expend significant resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by breaches. Although we intend to continue to implement industry-standard security measures, these measures may prove to be inadequate and result in system failures and delays that could cause us to lose customers, experience lower trading volume and incur significant liabilities.

We operate in a heavily regulated environment that imposes significant costs and competitive burdens on our business.

Although the CFMA significantly reduced our regulatory burdens, we remain extensively regulated by the CFTC. Our international operations may be subject to similar regulations in specific jurisdictions. We are registered in a number of countries outside the United States. In some cases, our registrations are subject to annual review and such reviews may subject us to additional requirements in the future. We may also be required to register or become subject to regulation in other jurisdictions in order to accept business from customers in those jurisdictions.

Many aspects of our operations are subject to oversight and regulation by the CFTC. Our activities relating to single stock and narrow-based stock index futures products are also subject to oversight by the SEC. Our operations are subject to ongoing review and oversight, including:

- the security and soundness of our order routing and trading systems;
- record keeping and record retention procedures;
- maintaining a fair and orderly market;
- the licensing of our members and many of their employees; and
- the conduct of our directors, officers, employees and affiliates.

If we fail to comply with applicable laws, rules or regulations, we may be subject to censure, fines, cease-and-desist orders, suspension of our business, removal of personnel or other sanctions, including revocation of our designations as a contract market and derivatives clearing organization. Changes in laws, regulations or governmental policies could have a material adverse effect on the way we conduct our business.

The CFTC has broad powers to investigate and enforce compliance and punish non-compliance with its rules and regulations. We cannot assure you that we and/or our directors, officers, employees and affiliates will be able to fully comply with these rules and regulations. We also cannot assure you that we will not be subject to claims or actions by the CFTC or other agencies.

Demutualization and the increasing utilization of electronic trading systems by traders from remote locations may, among other developments, impact our ability to continue the traditional form of “self-regulation” that has been an integral part of the CFTC regulatory program. The CFTC is conducting an ongoing review of self-regulatory organizations and the appropriate role, if any, of self regulation in the futures markets. We cannot assure you that the CFTC will not make modifications to its regulations as a result of its review. Any such modification or restructuring of our regulatory functions could entail material costs and may have an adverse effect on the way we conduct our business.

From time to time, it is proposed in Congress that federal financial markets regulators should be consolidated, including a possible merger between the CFTC and the SEC. While those proposals have not been adopted to date, the perceived convergence of product lines offered on the securities and commodity exchanges could make adoption more likely. To the extent the regulatory environment following such consolidation is less beneficial for us, our business could be negatively affected.

The CFTC is subject to reauthorization every five years, which is currently in process for 2005. We expect proposals to change the regulatory structure to be advanced in connection with the reauthorization process. This process could result in regulations that may have a negative impact on the way we operate our exchange, including our ability to operate our self-regulatory functions or effectively compete with new entrants into our market place.

From time to time, the President’s budget includes a proposal that a transaction tax be imposed on futures and options on futures transactions. While those proposals have not been adopted to date, except for a per-contract fee imposed under the Securities Exchange Act of 1934 on single stock futures and futures on narrow-based stock indexes, the imposition of any such tax would increase the cost of using our products and, consequently, could adversely impact our trading volumes, revenues and profits.

Our compliance and risk management methods might not be effective and may result in outcomes that could adversely affect our reputation, financial condition and operating results.

Generally, the CFTC has broad enforcement powers to censure, fine, issue cease-and-desist orders, prohibit us from engaging in some of our businesses or suspend or revoke our designation as a contract market or the registration of any of our officers or employees who violate applicable laws or regulations. Our ability to comply with applicable laws and rules is largely dependent on our establishment and maintenance of compliance, audit and reporting systems, as well as our ability to attract and retain qualified compliance and other risk management personnel. We face the risk of significant intervention by regulatory authorities, including extensive examination and surveillance activity. In the case of non-compliance or alleged non-compliance with applicable laws or regulations, we could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits, including by customers, for

damages, which can be significant. Any of these outcomes would adversely affect our reputation, financial condition and operating results. In extreme cases, these outcomes could adversely affect our ability to conduct our business.

Our policies and procedures to identify, monitor and manage our risks may not be fully effective. Some of our risk management methods depend upon evaluation of information regarding markets, customers or other matters that are publicly available or otherwise accessible by us. That information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. We cannot assure you that our policies and procedures will always be effective or that we will always be successful in monitoring or evaluating the risks to which we are or may be exposed.

As a financial services provider, we are subject to significant litigation risk and potential securities law liability.

Many aspects of our business involve substantial liability risks. While we enjoy governmental immunity for some of our market-related activities, we could be exposed to substantial liability under federal and state laws and court decisions, as well as rules and regulations promulgated by the SEC and the CFTC. These risks include, among others, potential liability from disputes over terms of a trade, the claim that a system failure or delay caused monetary losses to a customer, that we entered into an unauthorized transaction or that we provided materially false or misleading statements in connection with a transaction. Dissatisfied customers frequently make claims regarding quality of trade execution, improperly settled trades, mismanagement or even fraud against their service providers. We may become subject to these claims as the result of failures or malfunctions of our systems and services we provide. We could incur significant legal expenses defending claims, even those without merit. In addition, an adverse resolution of any future lawsuit or claim against us could have a material adverse effect on our business.

We could be harmed by employee misconduct or errors that are difficult to detect and deter.

There have been a number of highly publicized cases involving fraud or other misconduct by employees of financial services firms in recent years. Misconduct by our employees, including employees of GFX Corporation, our wholly owned subsidiary that primarily engages in proprietary trading in foreign exchange futures, could include hiding unauthorized activities from us, improper or unauthorized activities on behalf of CME customers or improper use of confidential information. Employee misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. It is not always possible to deter employee misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Our employees also may commit errors that could subject us to financial claims for negligence, or otherwise, as well as regulatory actions. For example, employees of GFX Corporation enter into transactions to promote liquidity in CME foreign exchange contracts on the CME Globex platform and subsequently enter into offsetting transactions using futures contracts or spot foreign exchange transactions with approved counterparties in the interbank market to limit market risk. In the event the offsetting transaction is not entered into or is not timely or properly executed, we could be exposed to substantial market risk.

We may have difficulty executing our growth strategy and maintaining our growth effectively.

We have experienced significant growth in our business. Continued growth may require additional investment in personnel, facilities, information technology infrastructure and financial and management systems and controls and may place a significant strain on our management and resources. We may not be successful in implementing all of the processes that are necessary to support our growth organically or as described in the following risk factor through acquisitions or other strategic alliances. Unless our growth results in an increase in our revenues that is proportionate to the increase in our costs associated with our growth, our future profitability could be adversely affected, and we may have to incur significant expenditures to address the additional operational and control requirements as a result of our growth.

Our acquisition, investment and alliance strategy involves risks. If we are unable to effectively manage these risks, our business will be materially harmed.

To achieve our strategic objectives, in the future we may seek to acquire or invest in other companies, businesses or technologies. Acquisitions entail numerous risks, including the following:

- difficulties in the assimilation of acquired businesses or technologies;
- diversion of management's attention from other business concerns;
- assumption of unknown material liabilities;
- difficulties in implementing adequate compliance and risk management methods for new operations;
- failure to achieve financial or operating objectives; and
- potential loss of customers or key employees of acquired companies.

We may not be able to integrate successfully any operations, personnel, services or products that we have acquired or may acquire in the future.

We also may seek to expand or enhance some of our operations by forming joint ventures or alliances with various strategic partners throughout the world. Entering into joint ventures and alliances also entails risks, including difficulties in developing and expanding the business of newly formed joint ventures, exercising influence over the activities of joint ventures in which we do not have a controlling interest, and potential conflicts with our joint venture or alliance partners. For example, in 2001 we entered into an operating agreement governing OneChicago, our joint venture with the Chicago Board Options Exchange and the CBOT, to trade single stock futures and futures based on narrow-based stock indexes. We own approximately a 40% interest in the joint venture. We continue to monitor its performance and future prospects and evaluate whether or not we will make additional investments in OneChicago. Our ability to control strategic decisions by OneChicago or its Board is limited. We cannot assure you that any joint venture or alliance that we have entered into, including OneChicago, or may enter into in the future, will be successful.

Our ability to successfully trade single stock futures and futures on narrow-based stock indexes may be impaired by statutory and regulatory provisions that limit our natural competitive advantages and expand opportunities for competitors.

The CFMA, which authorized us to trade futures contracts based on individual securities and narrow-based stock indexes, or security futures, prohibited the implementation in connection with these contracts of many traditional features of futures trading that would have made using security futures cheaper, tax advantaged and more efficient than using similar security options and OTC security derivatives. The CFMA also created a system of dual registration and regulation for security futures intermediaries and exchanges that may be costly and burdensome to the intermediaries and the exchanges and may discourage intermediaries and investors from using security futures. The CFMA also eliminated most legal impediments to unregulated trading of security futures or similar products between qualified investors. In addition, foreign exchanges may be allowed to trade similar products under terms that will be more favorable than the terms we are permitted to offer our customers. Finally, security futures are subject to a number of complicated and controversial regulations. As a result, we cannot assure you that we, either directly or through our joint venture, OneChicago, will be successful in offering single stock futures or futures on narrow-based stock indexes.

The imposition in the future of regulations requiring that clearing houses establish linkages with other clearing houses whereby positions at one clearing house can be transferred to and maintained at, or otherwise offset by a fungible position existing at, another clearing house may have a material adverse effect on the operation of our business.

In connection with the trading of single stock futures and futures on narrow-based stock indexes, the CFMA contemplates that clearing houses will, after an initial period, establish linkages enabling a position in any such product executed on an exchange for which it clears these products to be offset by an economically linked or fungible position on the opposite side of the market that is executed on another exchange utilizing a different clearing house. If, in the future, a similar requirement is imposed with respect to futures contracts generally, the resulting unbundling of trade execution and clearing services would have a material adverse effect on our revenues and profits.

Expansion of our operations internationally involves special challenges that we may not be able to meet, which could adversely affect our financial results.

We plan to continue to expand our operations internationally, including by directly placing order entry terminals with customers outside the United States and by relying on distribution systems established by our current and future strategic alliance partners. We face certain risks inherent in doing business in international markets, particularly in the regulated derivatives exchange business. These risks include:

- restrictions on the use of trading terminals or the contracts that may be traded;
- becoming subject to extensive regulations and oversight, tariffs and other trade barriers;
- reduced protection for intellectual property rights;
- difficulties in staffing and managing foreign operations;
- general economic and political conditions in the countries from which our markets are accessed may have an adverse effect on our volume from those countries; and
- potentially adverse tax consequences.

In addition, we will be required to comply with the laws and regulations of foreign governmental and regulatory authorities of each country in which we conduct business. These may include laws, rules and regulations relating to any aspect of the derivatives business. To date, we have had limited experience in marketing and operating our products and services internationally. We cannot assure you that we will be able to succeed in marketing our products and services in international markets. We may also experience difficulty in managing our international operations because of, among other things, competitive conditions overseas, management of foreign exchange risk, established domestic markets, language and cultural differences and economic or political instability. Any of these factors could have a material adverse effect on the success of our international operations and, consequently, on our business, financial condition and operating results.

We may not be able to protect our intellectual property rights, which may materially harm our business.

We rely primarily on trade secret, copyright, service mark, trademark and patent law and contractual protections to protect our proprietary technology and other proprietary rights. We have filed several patent applications covering our technology in the United States and certain other jurisdictions. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise obtain and use our proprietary technology without authorization or otherwise infringe on our rights. We also seek to protect our software and databases as trade secrets and under copyright law. We have copyright registrations for certain of our software, user manuals and databases. The copyright protection afforded to databases, however, is fairly limited. While the arrangement and selection of data generally are protectable, the actual data may not be, and others may be free to create databases that would perform the same function. In some cases, including a number of our most important products, there may be no effective legal recourse against duplication by competitors. In addition, in the future, we may have to rely on litigation to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of others or defend against claims of infringement or invalidity. Any such litigation, whether successful or unsuccessful, could result in substantial costs to us and diversions of our resources, either of which could adversely affect our business.

Any infringement by us on patent rights of others could result in litigation and adversely affect our ability to continue to provide, or increase the cost of providing, our products and electronic execution services.

Patents of third parties may have an important bearing on our ability to offer certain of our products and services. Our competitors as well as other companies and individuals may obtain, and may be expected to obtain in the future, patents related to the types of products and services we offer or plan to offer. We cannot assure you that we are or will be aware of all patents containing claims that may pose a risk of infringement by our products and services. In addition, some patent applications in the United States are confidential until a patent is issued and, therefore, we cannot evaluate the extent to which our products and services may be covered or asserted to be covered by claims contained in pending patent applications. These claims of infringement are not uncommon in our industry.

In general, if one or more of our products or services were to infringe patents held by others, we may be required to stop developing or marketing the products or services, to obtain licenses to develop and market the services from the holders of

the patents or to redesign the products or services in such a way as to avoid infringing on the patent claims. We cannot assess the extent to which we may be required in the future to obtain licenses with respect to patents held by others, whether such licenses would be available or, if available, whether we would be able to obtain such licenses on commercially reasonable terms. If we were unable to obtain such licenses, we may not be able to redesign our products or services to avoid infringement, which could materially adversely affect our business, financial condition and operating results.