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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 1, 2008

CME Group Inc.
(Exact name of registrant as specified in its charter)

Delaware	000-33379	36-4459170
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

20 South Wacker Drive, Chicago, Illinois 60606
(Address of principal executive offices) (Zip Code)

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

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 8.01. OTHER EVENTS

CME Group Inc. (the "Company") is hereby filing the following documents to accommodate their incorporation by reference into the Company's currently effective registration statements (the "Registration Statements"): (i) the audited consolidated financial statements of NYMEX Holdings, Inc. ("NYMEX Holdings") as of December 31, 2007 and 2006, and for each of the years in the three-year period ended December 31, 2007 (the "Audited Financials"), and the independent registered public accounting firm's reports related thereto; (ii) the unaudited consolidated financial statements of NYMEX Holdings as of and for the quarterly periods ended March 31, 2008 and 2007; (iii) the risk factors contained in Item 1A of NYMEX Holdings' Annual Report on Form 10-K for the fiscal year ended December 31, 2007; (iv) the audited consolidated financial statements of CBOT Holdings, Inc. ("CBOT Holdings") as of December 31, 2006 and 2005, and for each of the years in the three-year period ended December 31, 2006 (the "CBOT Audited Financials"), and the independent registered public accounting firm's reports related thereto; and (v) the unaudited consolidated financial statements of CBOT Holdings as of and for the quarterly periods ended March 31, 2006 and 2007, which are attached hereto as Exhibits 99.1, 99.2, 99.3, 99.4 and 99.5, respectively.

The consent of KPMG LLP, NYMEX Holdings' independent registered public accounting firm, to the incorporation by reference in the Registration Statements of their reports dated February 29, 2008 related to the Audited Financials is attached hereto as Exhibit 23.1.

The consent of Deloitte & Touche LLP, CBOT Holdings' independent registered public accounting firm, to the incorporation by reference in the Registration Statements of their reports dated February 27, 2007 related to the CBOT Audited Financials is attached hereto as Exhibit 23.2.

The Company is also filing as Exhibit 12.1 the computation of its ratio of earnings to fixed charges for each of the five fiscal years ended December 31, 2007 and for the three months ended March 31, 2008.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits.

See exhibit index hereto.

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 hereunto duly authorized.

CME Group Inc.

By: /s/ Jill Harley

Jill Harley
Managing Director
and Chief Accounting Officer

Date: August 1, 2008

EXHIBIT INDEX

Exhibit 12.1	Computation of Ratio of Earnings to Fixed Charges.
Exhibit 23.1	Consent of Independent Registered Public Accounting Firm.
Exhibit 23.2	Consent of Independent Registered Public Accounting Firm.
Exhibit 99.1	Consolidated financial statements (Audited) of NYMEX Holdings, Inc.
Exhibit 99.2	Consolidated financial statements (Unaudited) of NYMEX Holdings, Inc.
Exhibit 99.3	Risk Factors from Item IA of the NYMEX Holdings, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2007.
Exhibit 99.4	Consolidated financial statements (Audited) of CBOT Holdings, Inc.
Exhibit 99.5	Consolidated financial statements (Unaudited) of CBOT Holdings, Inc.

Exhibit 12.1

CME GROUP INC.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(in thousands, except ratios)

	Year Ended December 31,					Three Months Ended March 31,
	2003	2004	2005	2006	2007	2008
Earnings						
Pre-tax income from continuing operations	$206,125	$367,656	$508,379	$671,657	$1,095,802	$ 407,237
Add:						
Fixed charges	2,898	3,720	3,360	3,566	10,451	4,098
Losses from equity investees	4,958	3,593	2,636	835	832	321
Total earnings including fixed charges	$213,981	$374,969	$514,375	$676,058	$1,107,085	$ 411,656
Fixed Charges						
Interest, amortized premiums, discounts and capitalized expenses related to indebtedness	$ 632	$ 401	$ 319	$ 223	$ 3,625	$ 2,104
Estimate of the interest within rental expense	2,266	3,319	3,041	3,343	6,826	1,994
Total fixed charges	$ 2,898	$ 3,720	$ 3,360	$ 3,566	$ 10,451	$ 4,098
Ratio of Earnings to Fixed Charges	73.84x	100.80x	153.09x	189.58x	105.93x	100.45x

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-105236; Form S-8 No. 333-104804; Form S-8 No. 333-115656; Form S-8 No. 333-124497; Form S-3ASR No. 333-132554; and Form S-8 No. 333-14453) of CME Group Inc. of our reports dated February 29, 2008, with respect to the consolidated balance sheets of NYMEX Holdings, Inc. and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2007, and the effectiveness of internal control over financial reporting as of December 31, 2007, which reports appears in the Form 8-K of CME Group Inc.

/s/ KPMG LLP

Chicago, Illinois

July 28, 2008

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-4 No. 333-151577; Form S-8 No. 333-105236; Form S-8 No. 333-104804; Form S-8 No. 333-115656; Form S-8 No. 333-124497; Form S-3ASR No. 333-132554; and Form S-8 No. 333-144543) of CME Group Inc. of our report dated February 27, 2007, relating to the financial statements of CBOT Holdings, Inc. and subsidiaries (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)*), appearing in this Current Report on Form 8-K of CME Group Inc. and to the reference to us under the heading "Experts" in any prospectus supplement which forms a part of such Registration Statement.

/s/ Deloitte & Touche LLP

Chicago, Illinois

July 30, 2008

Exhibit 99.1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
NYMEX Holdings, Inc.:

We have audited the accompanying consolidated balance sheets of NYMEX Holdings, Inc. and subsidiaries (the “Company”) as of December 31, 2007 and 2006, and the related consolidated statements of income, stockholders’ equity, and cash flows for each of the years in the three-year period ended December 31, 2007. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NYMEX Holdings, Inc. and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 29, 2008 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

/s/ KPMG LLP

New York, New York
February 29, 2008

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF NYMEX HOLDINGS, INC.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except for share data)

	December 31, 2007	December 31, 2006
Assets		
Cash and cash equivalents	$ 3,296	$ 18,631
Collateral from securities lending program	842,444	2,547,312
Marketable securities, at fair value	461,582	485,581
Clearing and transaction fees receivable, net of allowance for member credits	38,443	32,853
Prepaid expenses	8,786	7,009
Margin deposits and guaranty funds	170,192	17,052
Other current assets	33,657	10,238
Total current assets	1,558,400	3,118,676
Property and equipment, net	176,471	183,193
Goodwill and indefinite-lived intangible asset	307,125	307,125
Long-term investments	178,036	3,008
Other assets	7,121	11,929
Total assets	$2,227,153	$3,623,931
Liabilities and Stockholders' Equity		
Accounts payable and accrued liabilities	$ 15,723	$ 14,854
Accrued salaries and related liabilities	17,107	13,688
Payable under securities lending program	847,581	2,547,312
Margin deposits and guaranty funds	170,192	17,052
Income tax payable	2,704	4,984
Other current liabilities	31,122	35,019
Total current liabilities	1,084,429	2,632,909
Grant for building construction deferred credit	104,021	106,166
Long-term debt	77,464	80,281
Members' retirement obligation	12,038	12,367
Other liabilities	23,646	17,286
Total liabilities	1,301,598	2,849,009
Commitments and contingencies		
Stockholders' equity		
Common stock, $0.01 par value; 181,909,600 shares authorized, 94,769,342 and 94,449,800 shares issued as of December 31, 2007 and 2006, respectively; and 93,972,289 and 89,678,600 shares outstanding as of December 31, 2007 and 2006, respectively	948	944
Additional paid-in capital	828,227	796,585
Retained earnings (deficit)	73,851	(21,823)
Accumulated other comprehensive income (loss), net of tax	22,529	(784)
Total stockholders' equity	925,555	774,922
Total liabilities and stockholders' equity	$2,227,153	$3,623,931

See accompanying notes to the audited consolidated financial statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except for share data)

	Year Ended December 31,		
	2007	2006	2005
Operating Revenues			
Clearing and transaction fees	$ 565,756	$ 419,731	$277,632
Market data fees	95,951	63,637	44,533
Other	11,897	13,881	11,943
Total operating revenues	673,604	497,249	334,108
Operating Expenses			
Direct transaction costs	96,842	49,742	29,158
Salaries and employee benefits	81,660	76,772	62,419
Occupancy and equipment	22,501	28,255	28,482
Depreciation and amortization, net of deferred credit amortization	13,776	15,167	15,221
General and administrative	19,212	19,670	22,517
Professional services	16,311	14,540	27,379
Telecommunications	5,740	6,104	6,929
Marketing	5,573	5,439	5,207
Other expenses	2,463	8,501	9,918
Total operating expenses	264,078	224,190	207,230
Operating income	409,526	273,059	126,878
Non-Operating Income and Expenses			
Investment income	23,347	12,879	8,895
Interest income from securities lending	91,908	130,184	68,782
Interest expense/fees from securities lending	(88,203)	(127,254)	(66,114)
Interest expense .	(6,425)	(6,620)	(6,852)
Losses from unconsolidated investments	(35,371)	(3,329)	(588)
Total non-operating income and expenses	(14,744)	5,860	4,123
Income before provision for income taxes	394,782	278,919	131,001
Provision for income taxes	170,743	124,118	59,873
Net income	$ 224,039	$ 154,801	$ 71,128
Earnings per Share			
Basic	$ 2.37	$ 2.31	$ 87,167
Diluted	$ 2.36	$ 2.31	$ 87,167
Weighted Average Number of Common Shares Outstanding			
Basic	94,489,000	67,017,000	816
Diluted	94,856,000	67,017,000	816

	Year Ended December 31,		
	2007	2006	2005
Proforma weighted average common shares outstanding and earnings per share retroactively adjusted to reflect the 90,000-for-1 recapitalization on March 14, 2006 (Unaudited):			
Earnings per Share			
Basic	$ 2.37	$ 1.90	$ 0.97
Diluted	$ 2.36	$ 1.90	$ 0.97
Weighted Average Number of Common Shares Outstanding			
Basic	94,489,000	81,504,000	73,440,000
Diluted	94,856,000	81,504,000	73,440,000

See accompanying notes to the audited consolidated financial statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except for share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balances at December 31, 2004	816	$ —	$ 93,312	$ 33,470	$ —	$ 126,782
Comprehensive income:						
Net income	—	—	—	71,128	—	71,128
Unrealized gain on available-for-sale securities, net of deferred income taxes of $570	—	—	—	—	672	672
Total comprehensive income						71,800
Dividends declared:						
Common stock, $108,824/share	—	—	(23,681)	(65,119)	—	(88,800)
Balances at December 31, 2005	816	—	69,631	39,479	672	109,782
Comprehensive income:						
Net income	—	—	—	154,801	—	154,801
Realization of gain on available-for-sale securities, net of deferred income taxes of $570	—	—	—	—	(672)	(672)
Total comprehensive income						154,129
SFAS No. 158 adjustment to record unrealized post-retirement obligation, net of deferred income taxes of $628	—	—	—	—	(784)	(784)
Dividends declared:						
Common stock, $36,765/share on January 11, 2006	—	—	—	(30,000)	—	(30,000)
Common stock, $196,078/share on March 6, 2006	—	—	(68,897)	(91,103)	—	(160,000)
Common stock, $0.06/share on July 6, 2006	—	—	—	(5,000)	—	(5,000)
Common stock, $0.14/share on November 10, 2006	—	—	—	(10,000)	—	(10,000)
Common stock, $0.98/share on November 10, 2006	—	—	—	(80,000)	—	(80,000)
Retirement of common stock	(816)	—	—	—	—	—
Issuance of common stock	73,440,000	734	(734)	—	—	—
Issuance of common stock in initial public offering, net of underwriting discounts	6,365,000	64	347,907	—	—	347,971
Direct costs of initial public offering	—	—	(3,749)	—	—	(3,749)
Conversion of cumulative redeemable convertible preferred stock to common stock	8,160,000	82	153,016	—	—	153,098
Additional proceeds from private equity offering.	—	—	10,000	—	—	10,000
Issuance of common stock for purchase of COMEX electronic trading rights	6,484,800	64	279,538	—	—	279,602
Tax benefit related to NYMEX MRRP	—	—	8,591	—	—	8,591
Share-based compensation amortization	—	—	1,282	—	—	1,282
Balances at December 31, 2006	94,449,800	944	796,585	(21,823)	(784)	774,922
Comprehensive income:						
Net income	—	—	—	224,039	—	224,039
Foreign currencies translations	—	—	—	—	385	385
Postretirement benefits, net of deferred income tax of $548					773	773
Unrealized gain on available-for-sale securities, net of deferred income taxes of $12,188	—	—	—	—	22,155	22,155
Total comprehensive income						247,352
Dividends declared:						
Common stock, $0.10/share on April 30, 2007	—	—	—	(9,445)	—	(9,445)
Common stock, $0.10/share on August 1, 2007	—	—	—	(9,445)	—	(9,445)
Common stock, $0.10/share on September 30, 2007	—	—	—	(9,475)	—	(9,475)
Common stock, $1.06/share on September 30, 2007	—	—	—	(100,000)	—	(100,000)
Share-based compensation amortization	—	—	10,109	—	—	10,109
Direct costs of initial public offering	—	—	(346)	—	—	(346)
Exercise of employee stock options	265,150	3	15,641	—	—	15,644
Issuance of restricted stock and stock units	54,392	1	—	—	—	1
Excess net tax benefit related to share-based compensation	—	—	6,238	—	—	6,238
Balances at December 31, 2007	94,769,342	$ 948	$828,227	$ 73,851	$ 22,529	$ 925,555

See accompanying notes to the audited consolidated financial statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2007	2006	2005
Cash flows from operating activities			
Net income	$ 224,039	$ 154,801	$ 71,128
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	15,921	17,093	16,489
Amortization of intangibles	—	219	876
Deferred grant credits	(2,645)	(2,645)	(2,644)
Deferred rental income	(675)	(675)	(675)
Deferred rent expense	(191)	(210)	(232)
Deferred income taxes	(4,732)	(2,530)	229
Excess tax benefit associated with exercise of stock options	(6,238)	—	—
Allowance for doubtful accounts and credits	1,013	233	(67)
Share-based compensation	10,109	1,282	—
Other, net.	8,466	—	—
Asset impairment and disposition losses	26,018	1,167	597
Decrease (increase) in operating assets:			
Marketable securities	39,009	(384,588)	43,957
Clearing and transaction fees receivable	(6,096)	(9,230)	(6,567)
Prepaid expenses	(1,777)	(1,241)	(1,872)
Margin deposits and guaranty fund assets	(153,140)	75,503	(57,730)
Other current assets	(8,791)	(1,767)	503
Increase (decrease) in operating liabilities:			
Accounts payable and accrued liabilities	869	(2,773)	2,391
Accrued salaries and related liabilities	3,419	3,795	4,878
Margin deposits and guaranty fund liabilities	153,140	(75,503)	57,730
Income tax payable	2,305	8,325	(6,033)
Other current liabilities	(12,132)	2,338	4,240
Other liabilities	(1,138)	(252)	(1,059)
Members' retirement obligation	(329)	246	499
Net cash provided by (used in) operating activities	286,424	(216,412)	126,638
Cash flows from investing activities			
Maturities and sales of securities lending program investments	63,926,366	154,697,668	189,767,820
Purchases of securities lending program investments	(62,226,635)	(154,930,362)	(192,082,438)
(Increase) decrease in securities purchased under agreements to resell	(14,990)	6,900	12,424
Purchase of long-term investments	(163,494)	(4,425)	(2,500)
Loan to unconsolidated entity	(7,750)	—	—
Capital expenditures	(9,255)	(11,417)	(12,403)
Additional consideration paid to owners of COMEX Division memberships	—	(10,000)	—
Increase in indefinite-lived intangible assets	—	(653)	—
Decrease (increase) in other assets	2,483	3,612	(62)
Net cash provided by (used in) investing activities	1,506,725	(248,677)	(2,317,159)
Cash flows from financing activities			
Proceeds from initial public offering of common stock, net of underwriting discounts	—	347,971	—
Direct costs of initial public offering	(346)	(3,749)	—
Proceeds from issuance of preferred stock	—	170,000	—
Costs related to issuance of preferred stock	—	(6,902)	—
Proceeds from issuance of capital stock under employee stock plan	15,641	—	—
Excess tax benefit associated with exercise of stock options	6,238	—	—
Direct costs of offering for purchase of COMEX electronic trading rights	—	(541)	—
(Decrease) increase in obligation to return collateral under securities lending program	(1,699,731)	232,694	2,314,618
Principal payments under long-term debt agreements	(2,817)	(2,817)	(2,817)
Dividends paid	(127,469)	(288,600)	(88,700)
Net cash (used in) provided by financing activities	(1,808,484)	448,056	2,223,101
Net (decrease) increase in cash and cash equivalents	(15,335)	(17,033)	32,580
Cash and cash equivalents, beginning of period	18,631	35,664	3,084
Cash and cash equivalents, end of period	$ 3,296	$ 18,631	$ 35,664

See accompanying notes to the audited consolidated financial statements.

NOTE 1. DESCRIPTION OF BUSINESS

Nature of Business

NYMEX Holdings, Inc. (“NYMEX Holdings”) was incorporated in 2000 as a stock corporation in Delaware, and is the successor to the New York Mercantile Exchange. On November 22, 2006, NYMEX Holdings completed an initial public offering (“IPO”) of its common stock which is listed on the New York Stock Exchange under the symbol “NMX.” The two principal operating subsidiaries of NYMEX Holdings are New York Mercantile Exchange, Inc. (“NYMEX Exchange” or “NYMEX Division”) and Commodity Exchange, Inc. (“COMEX” or “COMEX Division”), which is a wholly-owned subsidiary of NYMEX Exchange. Where appropriate, each division will be discussed separately, and collectively will be referred to as the “Exchange.” NYMEX Holdings and its subsidiaries are collectively referred to as the “Company.”

The Company exists principally to provide facilities to buy, sell and clear energy, precious and base metals, and soft commodities for future delivery under rules intended to protect the interests of market participants. The Company itself does not own commodities, trade for its own account, or otherwise engage in market activities. The Company provides the physical facilities necessary to conduct an open outcry auction market, electronic trading systems, systems for the matching and clearing of trades executed on the Exchange, and systems for the clearing of certain bilateral trades executed off-exchange in the over-the-counter (“OTC”) market. These services facilitate price discovery, hedging and liquidity in the energy and metals markets. The liquidity that the Exchange and other centralized markets offer is achieved in large part because the traded contracts have standardized terms and the Company’s clearinghouse mitigates counterparty performance risk. Transactions executed on the Exchange mitigate the risk of counter-party default because the Company’s clearinghouse acts as the counter-party to every trade. To manage the risk of financial nonperformance, the Exchange requires members to post margin. Trading on the Exchange is regulated by the Commodity Futures Trading Commission.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include the accounts of NYMEX Holdings and its wholly-owned subsidiaries and have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). All significant intercompany transactions and balances are eliminated in consolidation. The Company consolidates subsidiaries in which it holds, directly or indirectly, more than 50% of the voting rights or where it exercises control. The Company follows the equity method of accounting for joint ventures and investments in associated companies in which it holds between 20% and 50% of the voting rights and/or has significant influence. The Company’s equity in the net income and losses of these investments is reported in losses from unconsolidated investments in the accompanying consolidated statements of income. The Company also evaluates its investments in all entities under Financial Accounting Standards Board (“FASB”) Interpretation No. 46R, *Consolidation of Variable Interest Entities an interpretation of ARB No. 51* (“FIN No. 46R”) to determine if it has primary beneficial interests in any entities deemed to be variable interest entities (“VIEs”). As of December 31, 2007, the Company was not a beneficiary in a VIE. The accompanying consolidated financial statements reflect all adjustments which are, in the opinion of the Company’s management, necessary for a fair statement of the results for the periods presented.

At December 31, 2007, the Company began classifying the net change in its marketable securities portfolio as an operating activity in the consolidated statements of cash flows, in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 102, *Statement of Cash Flows — Exemption of Certain Enterprises and Classification of Cash flows from Certain Securities Acquired for Resale — an amendment of FASB Statement No. 95* . Previously, the net change in marketable securities was classified as an investing activity. Accordingly, the consolidated statements of cash flows have been revised, resulting in a decrease to net cash from operating activities of $384.6 million and an increase to net cash from operating activities of $44.5 million for the years ended December 31, 2006 and 2005, respectively, with an equal and offsetting adjustment to net cash from investing activities in the same years. In addition to quantitative factors, the Company considered qualitative factors in its analysis as to whether these revisions were material to the consolidated financial statements taken as a whole. Based on its analysis, the Company concluded that the revisions made to the consolidated statements of cash flows represented immaterial corrections.

Fair Value of Financial Instruments

SFAS No. 107, *Disclosures about Fair Value of Financial Instruments* , requires disclosure of the fair value of financial instruments at the balance sheet date. The carrying values of the Company's assets approximate their fair values and, where applicable, are based on current market prices. The carrying values of the Company's liabilities approximate their fair values except for the fair value of the Company's notes payable, which are based upon their future cash flows for principal and interest payments, discounted at prevailing interest rates for securities of similar terms and maturities.

Use of Estimates

The preparation of the accompanying consolidated financial statements and related notes in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, the reported amounts of revenues and expenses during the reporting period, and the disclosure of contingent liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

Investments in money market funds and highly liquid investments purchased with an original maturity of three months or less are classified as cash equivalents. Cash equivalents are carried at cost, which approximates fair value. The Company maintains substantially all of its cash balances with major financial institutions.

Marketable Securities

Management determines the appropriate classification of debt and equity securities at the time of purchase and re-evaluates such classification at each balance sheet date. Marketable securities carried at fair value are classified as trading securities and primarily represent investments in high-grade, tax-exempt municipal bonds, direct obligations of the U.S. government and its agencies and money market mutual funds. Trading securities are carried at fair value based on quoted market prices. Realized and unrealized gains and losses are recorded in investment income on the consolidated statements of income. The investments associated with the Company's securities lending program (see Note 5) are reported at fair value as available-for-sale securities, with unrealized gains and losses reported in accumulated other comprehensive income, net of taxes on the consolidated balance sheets. Any unrealized losses on investments which reflect a decline in value that is other-than-temporary are charged to income. Realized gains and losses from the sales of marketable securities are determined on a specific identification basis.

Long-Lived Assets

The Company reviews long-lived assets for impairment in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* . The Company periodically evaluates the net realizable value of long-lived assets, including property, plant and equipment and amortizable intangible assets, relying on a number of factors including operating results, business plans, economic projections and anticipated future cash flows. When indicators of impairment are present, the carrying values of the assets are evaluated in relation to the operating performance and estimated future undiscounted cash flows of the underlying business. An impairment in the carrying value of an asset is recognized whenever anticipated future cash flows (undiscounted) from an asset are estimated to be less than its carrying value. The amount of the impairment recognized is the difference between the carrying value of the asset and its fair value. Fair values are based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates, reflecting varying degrees of perceived risk.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization expense is provided utilizing the straight-line method over the estimated useful lives of the assets or lease terms, whichever is shorter.

The following table summarizes the years over which significant assets are generally depreciated or amortized:

Building and improvements	20 to 60 years
Information system equipment	3 to 7 years
Furniture, fixtures, office machinery and other	3 to 10 years
Internally developed software costs	3 to 5 years
Leasehold improvements	10 to 20 years

Where different depreciation methods or lives are used for tax purposes, deferred income taxes are recorded. The Company capitalizes purchases of software and costs associated with internally developed software in accordance with Statement of Position 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.*

Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures for major renewals and betterments which significantly extend the useful lives of existing property and equipment are capitalized and depreciated.

Goodwill and Indefinite-Lived Intangible Asset

The Company accounts for goodwill and indefinite-lived intangible assets in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets* ("SFAS No. 142"). SFAS No. 142 requires that goodwill and indefinite-lived intangible assets, which are non-amortizable, be assessed annually for impairment.

Goodwill is assigned to specific reporting units and is reviewed for possible impairment at least annually or more frequently upon the occurrence of an event or when circumstances indicate that a reporting unit's carrying amount is greater than its fair value. Inherent in the Company's fair value determinations are certain judgments and estimates relating to future cash flows, current economic and market conditions, and to the Company's strategic operational plans. To the extent significant changes occur in key assumptions, it is possible that goodwill not currently impaired may become impaired in the future. During the fourth quarter of 2007, the Company assessed its goodwill and determined that there was no impairment.

Indefinite-lived intangible assets are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The impairment test consists only of a comparison of the carrying amount of the asset with its fair value, with an impairment loss recognized if the carrying amount is greater than fair value. During the fourth quarter of 2007, the Company assessed its indefinite-lived intangible asset and determined that there was no impairment.

Revenue Recognition

Clearing and Transaction Fees

The largest sources of the Company's operating revenues are clearing and transaction fees. These fees are recognized as revenue in the same period that trades are executed and/or cleared on the Company's divisions. Clearing and transaction fees receivable are monies due from clearing member firms. Exposure to losses on receivables is principally dependent on each member firm's financial condition. Seats owned by NYMEX Division and COMEX Division members collateralize fees owed to the Company. At December 31, 2007 and 2006, no clearing and transaction fees receivable balance was greater than the member's seat value. The Company retains the right to liquidate a member's seat in order to satisfy its receivable. Management does not believe that a concentration of credit risk exists from these receivables.

Market Data Fees

The Company provides real-time and delayed market data information to subscribers relating to prices of futures and options contracts traded and cleared on the Exchange. As is common business practice in the industry, fees are remitted to the Company by market data vendors on behalf of subscribers. Revenues are accrued for the current month based on the most recent month reported by the vendors.

Other

Other revenues consist of rental income from tenants leasing space in the Company's headquarters building, compliance fines assessed for violation of trading rules and procedures, fees charged to members for the use of telephone equipment and trading booths provided by the Company and other miscellaneous revenues. In addition, the prior year periods included fees charged for access to the NYMEX ACCESS® electronic trading system. Other revenues are recognized on an accrual basis in the period during which the Company derives economic value, with the exception of compliance fines, which are recognized on a cash basis due to the fact that collectibility is not reasonably assured.

Share-Based Compensation

The Company recognizes compensation costs related to share-based employee awards in accordance with SFAS No. 123 (Revised *), Share Based Payment* ("SFAS No. 123R"). Such costs are recognized over the period that an employee provides services in exchange for the award. The fair value of each option award was estimated on the date of grant using the Black-Scholes option pricing model.

SFAS No. 123R additionally requires companies to estimate forfeiture rates at the time of grant and to revise these estimates in subsequent periods if actual forfeiture rates differ from those estimates. The Company applied the forfeiture rate to the unvested portion of the option valuation and performed a true up for the actual forfeited amount of the valuation as of year end.

Marketing Costs

Marketing costs include costs incurred for producing and communicating advertising and other marketing activities. These costs are expensed when incurred.

Postretirement and Postemployment Benefits other than Pensions

The Company provides certain postretirement benefits to its employees, which are accounted for in accordance with SFAS No. 106, *Employers' Accounting for Postretirement Benefits other than Pensions* , which requires the Company to accrue the estimated cost of retiree benefit payments other than pensions during the employees' active service lives. Such benefits consist principally of health care benefits. In addition, the Company offers various postemployment benefits to employees after employment but before retirement. These benefits are accounted for in accordance with SFAS No. 112, *Employers' Accounting for Postemployment Benefits,* which requires the Company to accrue the estimated cost of future postemployment benefits, which are funded on a pay-as-you-go basis. Postemployment benefits include both short-term disability, income benefits and long-term disability-related health benefits.

As of December 31, 2006, the Company adopted both the recognition and measurement provisions of SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* ("SFAS No. 158"). SFAS No. 158 requires that the full funding status of defined benefit pension and other postretirement plans be recognized on the balance sheet as an asset for overfunded plans or as a liability for underfunded plans. In addition, SFAS No. 158 calls for recognition in other comprehensive income of gains or losses and prior service costs or credits that are not yet included as components of periodic benefit expense. Finally, SFAS No. 158 requires that the measurement of defined benefit plan assets and obligations be as of the balance sheet date.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes* ("SFAS No. 109"). SFAS No. 109 requires that deferred taxes be established based upon the temporary differences between financial statement and income tax bases of assets and liabilities using the enacted statutory rates. A valuation allowance is recognized if it is anticipated that some or all of a deferred tax asset may not be realized.

Effective January 1, 2007, the Company adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* ("FIN No. 48"). FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with SFAS No. 109. FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company recognizes interest and penalties, if applicable, related to uncertain tax positions as a component of provision for income taxes in the accompanying consolidated statements of income. The adoption of FIN No. 48 did not have an impact on the Company's consolidated financial statements.

Earnings per Share

Earnings per share ("EPS") is computed in accordance with SFAS No. 128, *Earnings per Share* . Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding. Diluted EPS is computed using the same method as basic EPS, but includes the effect of all dilutive potential common shares that were outstanding during the period, such as unexercised stock options and unvested shares of restricted stock, calculated using the treasury stock method. When applying the treasury stock method, the Company adds: (i) the assumed proceeds from stock option exercises; (ii) the tax benefit that would have been credited to additional paid-in capital assuming exercise of non-qualified stock options and vesting of shares of restricted stock; and (iii) the average unamortized expense related to unvested shares of stock options and restricted stock. This sum is then divided by the average stock price of the Company to calculate the number of shares assumed to be repurchased. The excess of the number of shares issuable over the number of shares assumed to be repurchased is added to basic weighted average common shares to calculate diluted EPS.

Recent Accounting Pronouncements and Changes, Not Yet Adopted

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. SFAS No. 157 will be effective for the Company's fiscal year 2008. The Company is currently evaluating the potential effects of the adoption of SFAS No. 157 on its consolidated results of operations and financial position.

In February 2007, the FASB released SFAS No. 159, *Value Option for Financial Assets and Financial Liabilities* ("SFAS No. 159"), which permits entities the option to measure many financial instruments at fair value. SFAS No. 159 will be effective for the Company's fiscal year 2008. The Company is currently evaluating the potential effects of the adoption of SFAS No. 159 on its consolidated results of operations and financial position.

In December 2007, the FASB issued SFAS No. 141R, *Business Combinations* ("SFAS No. 141R"), which amends SFAS No. 141, and provides revised guidance for recognizing and measuring identifiable assets and goodwill acquired, liabilities assumed, and any noncontrolling interest in the acquiree. It also provides disclosure requirements to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141R is effective for the Company's fiscal year 2009 and is to be applied prospectively. The Company is evaluating the potential effects of the adoption of SFAS No. 141R on its consolidated results of operations and financial position.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51* ("SFAS No. 160"), which establishes accounting and reporting standards pertaining to ownership interests in subsidiaries held by parties other than the parent, the amount of net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of any retained noncontrolling equity investment when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008. The Company is evaluating the potential effects of the adoption of SFAS No. 160 on its consolidated results of operations and financial position.

NOTE 3. STOCK PURCHASE AGREEMENT

NYMEX Holdings is the parent company of, and holds the sole outstanding Class B membership in, NYMEX Exchange. The Class B membership in NYMEX Exchange holds all voting and economic rights in NYMEX Exchange, except for the open outcry trading protections granted to the owners of Class A memberships in NYMEX Exchange. Class A memberships in NYMEX Exchange are trading rights but are not entitled to any voting or economic rights in NYMEX Exchange, except for the open outcry trading protections granted to the owners of Class A memberships in NYMEX Exchange.

On March 14, 2006, pursuant to the terms and conditions of a stock purchase agreement (the "Stock Purchase Agreement"), the Company issued and sold an aggregate of 8,160,000 shares of its newly-created Series A Cumulative Redeemable Convertible Preferred Stock, par value $0.01 per share (the "Preferred Stock"), for an aggregate purchase price of $160 million in cash and an additional $10 million which was paid on the closing date of the Company's initial public offering. The Preferred Stock represented 10% of NYMEX Holdings' outstanding capital stock immediately following its issuance.

All of the trading rights remained with the owners of Class A memberships in NYMEX Exchange. Prior to the Stock Purchase Agreement, the common stock of NYMEX Holdings and the corresponding Class A membership interest in NYMEX Exchange were "stapled" together and, therefore, were only permitted to be transferred jointly. Upon consummation of the Stock Purchase Agreement, the common stock of NYMEX Holdings was "de-stapled" from the Class A membership interests in NYMEX Exchange.

There were originally 816 shares of NYMEX Holdings common stock issued and outstanding. Immediately prior to the Stock Purchase Agreement, the 816 shares were automatically converted into the right to receive 90,000 shares of the common stock of NYMEX Holdings. The 90,000 shares were comprised of 30,000 shares of Series

A-1 Common Stock; 30,000 shares of Series A-2 Common Stock; and 30,000 shares of Series A-3 Common Stock. Total authorized shares of common stock upon consummation of the Stock Purchase Agreement were 81,600,000 shares which consisted of the 73,440,000 issued shares of Series A-1, Series A-2 and Series A-3 Common Stock and 8,160,000 shares reserved for issuance upon conversion of the Preferred Stock. Upon conversion, which occurred in connection with the IPO, the Preferred Stock was no longer outstanding or available for issuance.

The shares of Series A-1, Series A-2 and Series A-3 Common Stock were not transferable after the IPO during Restricted Periods. These restrictions are similar to customary underwriter lock-ups in initial public offerings. The term “Restricted Period” means each of the periods commencing on the date the Company’s registration statement, as filed on Form S-1 with the SEC, became effective (November 16, 2006) and ending:

(i) with respect to Series A-1 Common Stock, 180 days thereafter;

(ii) with respect to Series A-2 Common Stock, 360 days thereafter; and

(iii) with respect to Series A-3 Common Stock, 540 days thereafter.

None of the Series A-1, Series A-2, or Series A-3 Common Stock will be subject to restrictions on transfer as of the 540th day after November 16, 2006. Immediately following the expiration of the relevant Restricted Period, the applicable shares of common stock will automatically convert, without any action by the holder, into the same number of shares of common stock which do not have transfer restrictions.

NOTE 4. GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSET

In 1994, NYMEX Division acquired the equity interests, but not the trading rights and protections, of the owners of COMEX Division memberships. As part of the agreement for this acquisition, a $10 million payment was made to the owners of COMEX Division memberships upon the Company’s successful completion of its IPO. This payment was considered additional consideration to the original purchase price of the COMEX equity interests and, therefore, was recorded as additional goodwill on the Company’s consolidated balance sheets. The changes in the carrying amount of goodwill were as follows (in thousands):

	Year Ended December 31, 2007	2006
Balance at beginning of the year	$ 26,329	$ 16,329
Additional consideration paid to owners of COMEX Division memberships	—	10,000
Balance at end of the year	**$ 26,329**	**$ 26,329**

The Company’s goodwill balance at December 31, 2007 and 2006 was comprised of $10.7 million and $15.6 million related to the Open Outcry and Electronic Trading and Clearing segments, respectively.

On November 20, 2006, the owners of COMEX Division memberships voted on and approved an agreement with the Company in which their trading rights and protections were terminated in exchange for certain new trading rights and protections. In addition, each of the 772 owners of COMEX Division memberships received 8,400 shares of the Company’s common stock for a total consideration of 6,484,800 shares. The value assigned to the acquired trading rights was based on a measurement date of September 20, 2006, the date this agreement was entered into. The average price of the Company’s common stock for the two days before and after the measurement date was used to value the trading rights at approximately $280.8 million. Included in the value are direct costs the Company incurred in preparing and negotiating this agreement. The Company considered the guidance set forth in SFAS No. 142 in determining that the acquired trading rights have an indefinite useful life.

NOTE 5. SECURITIES LENDING

The Company entered into an agreement with JPMorgan Chase Bank, N.A. ("JPMorgan") to participate in a securities lending program. Under this program, JPMorgan, as agent, lends on an overnight basis a portion of the clearing members' securities on deposit in the Company's margin deposits and guaranty fund to third parties in return for cash collateral. JPMorgan, in turn, invests the cash collateral in various investments on behalf of the Company in accordance with the program's investment guidelines. The Company receives the benefits, and bears the risks, of such investments. Interest expense is paid to the third party for the cash collateral the Company controlled during the transaction, and a fee is paid to JPMorgan for administrating the transaction. Interest income and interest expense, as well as the fee paid to JPMorgan, are reported in the non-operating income and expenses section on the Company's consolidated statements of income. Interest income, interest expense and the JPMorgan fees recognized under the securities lending program were $91.9 million, $87.2 million and $1.0 million, respectively in 2007, $130.2 million, $126.3 million and $1.0 million, respectively in 2006, and $68.8 million, $65.2 million and $0.9 million, respectively in 2005.

At December 31, 2007, the fair value of the invested collateral was $842.4 million, comprised of $841.8 million in corporate debt securities and $0.6 million in other debt securities. The cost of the corporate debt securities was $846.9 million, resulting in a gross unrealized loss of $5.1 million at December 31, 2007. The fair value of the other debt securities at December 31, 2007 approximated its cost. The unrealized losses on the corporate debt securities were due to significant deterioration in the credit markets. The Company does not believe that these unrealized losses are other-than-temporary and, as such, are recorded in accumulated other comprehensive income, net of taxes on the consolidated balance sheets.

At December 31, 2006, the fair value of the invested collateral approximated its carrying value of $2,547.3 million, which was comprised of $1,677.2 million in corporate debt securities and $870.1 in other debt securities.

At December 31, 2007, the fair value and cost of corporate debt securities with contractual maturities of one year or less was $287.6 million and $288.2 million, respectively. The fair value and amortized cost of corporate debt securities with contractual maturities of more than one year was $554.2 million and $558.7 million, respectively. At December 31, 2007, corporate debt securities in an unrealized loss position for one year or less had a fair value of $791.1 million and an unrealized loss of $5.0 million. Corporate debt securities in an unrealized loss position for more than one year had a fair value of $50.7 million and an unrealized loss of $0.1 million.

At December 31, 2006, the fair value of corporate debt securities with contractual maturities of one year or less was $1,322.3 million, which approximated its cost. The fair value of corporate debt securities with contractual maturities of more than one year was $354.9 million, which approximated cost.

Proceeds from the sales of debt securities in this program were $649.2 million and $140.0 million in 2007 and 2006, respectively. Realized losses in 2007, resulting from the voluntary sales of debt securities made in connection with the reduction of this program, were $1.8 million. Realized gains in 2007 and 2006 were nominal. There were no sales during 2005. The change in the net unrealized gain or loss on these available-for-sale securities was not significant for any of the years presented.

NOTE 6. ALLOWANCE FOR DOUBTFUL ACCOUNTS AND CREDITS

Clearing and transaction fees receivable are carried net of allowances for member credits, which are based on expected billing adjustments. Allowances for member credits were $1.0 million and $0.5 million at December 31, 2007 and 2006, respectively. The Company believes the allowances are adequate to cover member credits. The Company also believes the likelihood of incurring material losses due to non-collectibility is remote and, therefore, no allowance for doubtful accounts is necessary.

An allowance for doubtful accounts was established for market data accounts receivable to cover potential non-collectible vendor receivables as well as future adjustments by the market data vendor customers. This allowance was $404,000 and $147,000 at December 31, 2007 and 2006, respectively, which the Company believes is sufficient to cover potential bad debts and subsequent credits. Accounts receivable for market data revenues, net of the allowance, totaled $10.1 million and $5.5 million at December 31, 2007 and 2006, respectively, and are included in other current assets on the Company's consolidated balance sheets.

The Company has established a reserve for non-collectible receivables of other revenues in the amount of $624,000 and $552,000 at December 31, 2007 and December 31, 2006, respectively, and believes the amount is sufficient to cover potential bad debts and subsequent credits. Accounts receivable for other revenues, net of the allowance, totaled $226,000 and $197,000 at December 31, 2007 and 2006, respectively, and are included in other current assets on the Company's consolidated balance sheets.

NOTE 7. MARGIN DEPOSITS AND GUARANTY FUNDS

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

Each clearing member firm is required to maintain a security deposit, in the form of cash or U.S. Treasury securities with a maturity of ten years or less or shares of certain approved money market mutual funds, of a minimum of $2.5 million in a fund known as a guaranty fund (the “Guaranty Fund”). The Guaranty Fund may be used for any loss sustained by the Company as a result of the failure of a clearing member to discharge its obligations on the NYMEX Division or COMEX Division. Although there is one Guaranty Fund for both divisions, separate contribution amounts are calculated for each division.

Every member and non-member executing transactions on the Company’s divisions must be guaranteed by a clearing member and clear their transactions through the Company’s clearinghouse. This requirement also applies to transactions conducted outside of the Exchange which clear through NYMEX ClearPort ® Clearing. Clearing members of the NYMEX Division and COMEX Division require their customers to maintain deposits in accordance with Company margin requirements. Margin deposits and guaranty funds are posted by clearing members with the Company’s clearinghouse. In the event of a clearing member default, the Company satisfies the clearing member’s obligations on the underlying contract by drawing on the defaulting clearing member’s guaranty funds. If those resources are insufficient, the Company may fund the obligations from its own financial resources or draw on guaranty funds posted by non-defaulting clearing members. The Company also maintains a $115 million default insurance policy. This insurance coverage is available to protect the Company and clearing members in the event that a default in excess of $250 million occurs.

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

The following table sets forth margin deposits and guaranty fund balances held by the Company on behalf of clearing members at December 31, 2007 and 2006 (in thousands):

	December 31, 2007			December 31, 2006		
	Margin Deposits	Guaranty Funds	Total Funds	Margin Deposits	Guaranty Funds	Total Funds
Cash and securities earning interest for NYMEX Holdings						
Cash	$ 616	$ 14,042	**$ 14,658**	$ 10,010	$ 42	**$ 10,052**
Securities purchased under agreements to resell	155,534	—	**155,534**	7,000	—	**7,000**
Total cash and securities	156,150	14,042	**170,192**	17,010	42	**17,052**
Cash and securities earning interest for members						
Money market funds	6,896,885	110,275	**7,007,160**	5,788,910	71,036	**5,859,946**
U.S. Treasuries	12,193,040	174,988	**12,368,028**	9,692,639	171,061	**9,863,700**
Letters of credit	2,892,326	—	**2,892,326**	2,571,918	—	**2,571,918**
Total cash and securities	21,982,251	285,263	**22,267,514**	18,053,467	242,097	**18,295,564**
Total funds	$ 22,138,401	$ 299,305	**$ 22,437,706**	$ 18,070,477	$ 242,139	**$ 18,312,616**

NOTE 8. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	December 31, 2007	December 31, 2006
	(in thousands)	
Buildings and improvements	$186,635	$186,405
Information systems equipment	27,608	23,441
Office furniture, fixtures, machinery and equipment	33,701	31,193
Internally developed software	1,310	1,310
Leasehold improvements	15,099	15,088
Construction in progress	1,672	310
	266,025	257,747
Less: accumulated depreciation and amortization	(89,554)	(74,554)
	$176,471	$183,193

Depreciation and amortization expense for the years ended December 31, 2007, 2006 and 2005 was approximately $13.8 million, $15.2 million and $15.2 million, respectively. Depreciation and amortization expense is recorded net of amortization of the deferred credit, related to the grant for the building, of $2.1 million for each year (see Note 17). Amortization of leasehold improvements is included in depreciation and amortization expense on the consolidated statements of income.

The Company, in the normal course of business, records charges for the impairment and disposal of assets which it determines to be obsolete. Asset impairment and disposal losses for the years ended December 31, 2007, 2006 and 2005 were $0.1 million, $1.2 million and $0.6 million, respectively, and are reported in other expenses on the consolidated statements of income.

NOTE 9. LONG-TERM INVESTMENTS

Long-term investments are comprised principally of the Company’s investments in DME Holdings, Montréal Exchange, Optionable and IMAREX as described below:

In June 2005, the Company and Tatweer Dubai LLC (“Tatweer”), a subsidiary of Dubai Holding LLC, entered into a joint venture to develop the Middle East’s first energy futures exchange. As part of this venture, DME Holdings Limited (“DME Holdings”) was incorporated as a limited company under the laws of Bermuda. DME Holdings is the indirect owner of Dubai Mercantile Exchange Limited (the “DME”), a limited liability company formed under the laws of the Dubai International Financial Centre (“DIFC”), a financial free zone designed to promote financial services within the United Arab Emirates. On June 1, 2007, DME commenced offering sour crude and fuel oil products for trading. DME is regulated by the Dubai Financial Services Authority, a regulatory body established within the DIFC. The Company is required to contribute capital to the joint venture in an aggregate amount of $9.8 million over a five-year period, contingent upon the DME’s achievement of certain agreed upon performance targets.

In May 2007, DME Holdings entered into a Shareholders Agreement with the Oman Investment Fund to ultimately sell a 31.58% equity interest in DME Holdings. In conjunction with this agreement, the Company and Tatweer loaned $13.7 million each to DME Holdings in order to meet the financial resource requirements of the regulatory authorities. Upon the consummation of the restructuring of the investment pursuant to the Shareholders Agreement, the Company will ultimately own a 32.5% economic interest and a 34.21% voting interest in DME Holdings; the DME has begun implementing a plan to provide equity participation to market makers and other market participants which may result in further dilution of the Company’s economic interest. Upon consummation of the Shareholders Agreement, the Company reevaluated its investment in DME under FIN No. 46R and determined that DME was no longer a VIE as it meets the business scope exception. For the years ended December 31, 2007 and 2006, the Company incurred losses, attributable to its investment, of approximately $9.1 million and $3.2 million, respectively. These losses are recorded in losses from unconsolidated investments on the consolidated statements of income. As of December 31, 2007, DME repaid the Company approximately $6.0 million of the outstanding loan balance.

On March 13, 2007, the Company entered into a Private Placement Subscription Agreement with Bourse de Montréal, Inc., a Canadian corporation (“Montréal Exchange”) whereby the Company purchased approximately 3.1 million common shares of Montréal Exchange for approximately $78 million in cash. The shares purchased represented approximately 10% of the total outstanding shares of Montréal Exchange immediately after the execution of the Private Placement Subscription Agreement, which was consummated on March 23, 2007. The Company accounts for this investment under the cost method as it cannot exercise significant influence over the operating and financial policies of Montréal Exchange. Subsequently, on March 27, 2007, Montréal Exchange commenced trading on the Toronto

Stock Exchange under the symbol "MXX." Following the public offering of the Montréal Exchange, the Company reports its investment in Montréal Exchange as available-for-sale in accordance with SFAS No. 115. At December 31, 2007, the fair value of the securities was approximately $123.5 million.

In April 2007, the Company entered into a Stock and Warrant Purchase Agreement with Optionable, Inc. ("Optionable"), an energy derivatives broker, whereby the Company purchased 19% of Optionable's outstanding common shares on a fully diluted basis for approximately $28.9 million in cash. The warrant entitles the Company to purchase from Optionable common shares so as to increase the Company's ownership to an amount not to exceed 40% of Optionable's outstanding common shares on a fully diluted basis. The shares of Optionable are considered available-for-sale securities in accordance with SFAS No. 115. Following a precipitous fall in Optionable's stock price during May 2007 due to the loss of a major customer and resignation of its chief executive officer, among other matters, the Company evaluated its investment in Optionable for other-than-temporary impairment. In evaluating this investment, the Company took into consideration the severity of the stock price decline, the expected period of time necessary for a recovery to occur and the Company's ability to retain its investment during the period anticipated for recovery in fair value, if any. In analyzing Optionable's financial condition and following the guidance in SFAS No. 115 and EITF 03-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments* , the Company determined the impairment in its Optionable investment as other-than-temporary and recorded a pre-tax charge of approximately $26 million in June 2007. This charge is recorded in losses from unconsolidated investments on the Company's consolidated statements of income. At December 31, 2007, the fair value of the securities was approximately $0.9 million.

In November 2007, the Company acquired approximately 15% of IMAREX ASA ("IMAREX") for $52 million in cash. Subsequent acquisitions of IMAREX shares, for $2 million in cash, brought the Company's total ownership to approximately 16% at December 31, 2007. IMAREX, headquartered in Oslo, Norway, operates a hybrid model of electronic trading and voice brokerage and offers research, transaction and settlement services for financial derivatives based on oceangoing freight, airborne emissions, farmed salmon, electric power and heavy fuel oil. The shares of IMAREX are reported as available-for-sale securities in accordance with SFAS No. 115. At December 31, 2007, the fair value of the securities was approximately $51.4 million. In February 2008, the Company participated in a private placement of shares newly issued by IMAREX (in connection with IMAREX's acquisition of Spectron Group plc) for approximately $11 million in cash, following which (and as of the date of this Report) the Company's ownership in IMAREX has increased to approximately 18%.

NOTE 10. LONG-TERM DEBT

The Company issued long-term debt totaling $100 million during 1996 and 1997 to provide completion financing for the Company's trading facility and headquarters. This issue contained three series, each with different maturities, interest rates, and repayment schedules. Series A notes require annual principal repayments from 2001 to 2010, and a final payment of principal in 2011. Series B notes require annual principal repayments from 2011 to 2020, and a final payment of principal in 2021. Series C notes require annual principal repayments from 2022 to 2025, and a final payment of principal in 2026. The notes represent senior unsecured obligations of the Company and are not secured by the facility, the Company's interest therein, or any other collateral. The notes are subject to a prepayment penalty in the event they are paid off prior to their scheduled maturities. The Company believes that any economic benefit derived from early redemption of these notes would be offset by the redemption penalty. These notes place certain limitations on the Company's ability to incur additional indebtedness.

	December 31,	
	2007	2006
	(in thousands)	
Private placement notes		
7.48%, Senior Notes, Series A, due 2011	$11,281	$14,098
7.75%, Senior Notes, Series B, due 2021	54,000	54,000
7.84%, Senior Notes, Series C, due 2026	15,000	15,000
	80,281	83,098
Less current maturities	(2,817)	(2,817)
Total long-term debt	$77,464	$80,281

Notes payable that become due during the next five years and thereafter are as follows (in thousands):

2008	$ 2,817
2009	2,817
2010	2,817
2011	7,739
2012	4,909
Thereafter	59,182
	$80,281

At December 31, 2007, the fair value of the notes was approximately $94.8 million.

NOTE 11. COMMON STOCK

At December 31, 2007, the composition of common stock was as follows:

	Authorized[1]	Issued	Outstanding[2]
Common Stock[3]	101,984,800	22,053,642	22,046,189
Series A-1 Common Stock	24,480,000	19,806,000	19,806,000
Series A-2 Common Stock	24,480,000	23,310,000	23,310,000
Series A-3 Common Stock	24,480,000	23,411,000	23,411,000
Series B-1 Common Stock	2,161,600	1,974,000	1,974,000
Series B-2 Common Stock	2,161,600	2,099,300	2,099,300
Series B-3 Common Stock	2,161,600	2,115,400	1,325,800
	181,909,600	**94,769,342**	**93,972,289**

1 Common stock authorized consists of: (i) 73,440,000 shares reserved for issuance upon conversion of the Series A-1, Series A-2 and Series A-3 Common Stock; (ii) 8,160,000 shares authorized and issued for the conversion of the Preferred Stock; (iii) 4,300,000 shares reserved for issuance under the Company's 2006 Long-Term Incentive Plan; (iv) 9,600,000 shares authorized in connection with the IPO of which 6,365,000 were issued; and (v) 6,484,800 shares reserved for issuance upon conversion of the Series B-1, Series B-2 and Series B-3 Common Stock.

2 Series B-1, Series B-2 and Series B-3 Common Stock were issued as consideration for the trading rights the Company acquired from the owners of COMEX Division memberships (see Note 4). In accordance with the terms of the agreement, each of the 772 owners of COMEX Division memberships was to receive 8,400 shares of the Company's common stock (2,800 Series B-1, 2,800 Series B-2 and 2,800 Series B-3 shares) and was able to individually elect the timing of the receipt of those shares. The election choices included the receipt of: (i) all shares on the date the agreement was consummated (November 20, 2006); (ii) all shares on January 2, 2007; or (iii) in one-third increments on the 180 th , 360 th and 540 th day following the date the Company's registration statement as filed on Form S-1 with the SEC became effective (November 16, 2006). As a result of the election by the 772 owners of COMEX Division memberships, 204 elected to receive their shares, totaling 1,713,600 shares, on November 20, 2006; 286 elected to receive their shares, totaling 2,402,400 shares, on January 2, 2007; and 282 elected to receive their shares, totaling 2,368,800 shares, in one-third increments. The Series B-1, Series B-2 and Series B-3 Common Stock are subject to the same Restricted Period as the Series A-1, Series A-2 and Series A-3 Common Stock (see Note 3) commencing on the date the Company's registration statement as filed on Form S-1 with the SEC became effective (November 16, 2006) and ending:

- (i) with respect to Series B-1 Common Stock, 180 days thereafter;
- (ii) with respect to Series B-2 Common Stock, 360 days thereafter; and
- (iii) with respect to Series B-3 Common Stock, 540 days thereafter.

Upon the expiration of the respective transfer restrictions, each of Series B-1, Series B-2 and Series B-3 Common Stock will convert into shares of NYMEX common stock free of transfer restrictions and the shares of Series B-1, Series B-2 and Series B-3 Common Stock will automatically be retired.

3 The difference between the Common Stock issued and outstanding represents stock awards that have vested to non-employee directors of the Company's board, which were granted under the 2006 Long-Term Incentive Plan. In accordance with each non-employee director's award, shares that are vested are unable to be sold until six months after the director is no longer serving on the board, therefore, the vested shares are considered to be issued but not outstanding.

NOTE 12. EARNINGS PER SHARE

The calculation of earnings per common share for the years ended December 31, 2007, 2006 and 2005 is as follows (in thousands, except for share data):

	Years Ended December 31,		
	2007	2006	2005
Net income	$ 224,039	$ 154,801	$ 71,128
Weighted average common shares outstanding:			
Basic	94,489,000	67,017,000	816
Effect of stock options	297,000	—	—
Effect of restricted stock units	70,000	—	—
Diluted	94,856,000	67,017,000	816
Earnings per Share:			
Basic	$ 2.37	$ 2.31	$ 87,167
Diluted	$ 2.36	$ 2.31	$ 87,167

Proforma weighted average common shares outstanding and earnings per share retroactively adjusted to reflect the 90,000-for-1 recapitalization on March 14, 2006 (Unaudited):

Net income	$ 224,039	$ 154,801	$ 71,128
Weighted average common shares outstanding:			
Basic	94,489,000	81,504,000	73,440,000
Effect of stock options	297,000	—	—
Effect of restricted stock units	70,000	—	—
Diluted	94,856,000	81,504,000	73,440,000
Earnings per Share:			
Basic	$ 2.37	$ 1.90	$ 0.97
Diluted	$ 2.36	$ 1.90	$ 0.97

The diluted EPS computation for the year ended December 31, 2006 excludes the effect of approximately 1.5 million stock options and restricted stock units because they were determined to be anti-dilutive and, therefore, diluted EPS is the same as basic EPS.

NOTE 13. DIRECT TRANSACTION COSTS

The Company incurs various costs to support its trading floor and clearinghouse. These costs include fees paid to third-party brokers for submitting individually negotiated off-exchange trades to the Exchange for the clearing of specified products. These costs also include service fees paid to the Chicago Mercantile Exchange Inc. ("CME") (as described in the following paragraph), license and royalty fees paid to third-party vendors for the use of their settlement prices, and trading floor supplies needed for the Company's open outcry venue.

In 2006, NYMEX Exchange entered into a definitive technology services agreement (the "CME Agreement") with CME, a wholly-owned subsidiary of Chicago Mercantile Exchange Holdings Inc., to become the exclusive electronic trading service provider for NYMEX's energy futures and options contracts and for metals products listed on its COMEX Division. The CME Agreement has a ten-year term from the launch date with rolling three-year extensions unless, among other reasons, (i) either party elects not to renew the CME Agreement upon written notice prior to the beginning of the applicable renewal term, or (ii) either party elects to terminate the CME Agreement between the fifth and the sixth year anniversary of the first launch date upon written notice and payment of a termination fee. Pursuant to the CME Agreement, NYMEX Exchange will pay to CME a minimum annual payment or per trade fees based on average daily volume, whichever is greater. In addition, pursuant to the CME Agreement, if the Company acquires or merges with an entity, that at the time of such acquisition or merger, operates a trading execution system for futures or futures options products (or off-exchange look-alike versions of such products), electronic trading of such products shall be transitioned to CME Globex electronic trading platform ("CME Globex") within two years.

Initial trading of NYMEX products under this agreement began in June 2006. Side-by-side electronic trading during regular trading hours began in early September 2006, followed by the launch of COMEX metals products in early December 2006. For the year ended December 31, 2007 and 2006, the Company incurred fees of $56.2 million and $14.8 million, respectively, under the terms of the CME Agreement, which are included in direct transaction costs on the consolidated statements of income.

NOTE 14. SHARE-BASED COMPENSATION

At December 31, 2007, the Company has only one share-based compensation plan. The Company's 2006 Omnibus Long-Term Incentive Plan (the "2006 LTIP") was approved by its board of directors on July 13, 2006 and by its stockholders on October 12, 2006. The 2006 LTIP provides for the granting of incentive stock options, non-qualified stock options ("NQSOs"), restricted stock, and restricted stock unit awards ("RSUs") to employees and directors for up to 4.3 million shares of common stock. The Company believes that such awards better align the interest of its employees with those of its stockholders. The exercise price for all stock options is not less than 100% of the fair market value of the common stock on the date of grant. Notwithstanding the foregoing, the fair market value of a share of common stock for purposes of determining awards with a grant date as of the Company's IPO was set in the final prospectus for IPO. No monetary payment is required as a condition of receiving a restricted stock or restricted stock unit award, since the consideration for the award shall be services actually rendered to the Company or for the Company's benefit. All share-based compensation currently awarded vest over a varying period of up to four years from the date of grant. NQSOs currently awarded have a maximum term of 8 years.

The Company follows fair value accounting for share-based compensation as required under SFAS No. 123R. SFAS No. 123R requires recognition of compensation costs related to share-based payments over the period that an employee provides services in exchange for the award. The fair value of the NQSOs was estimated at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

For the year ended December 31:	2007	2006
Risk-free interest rate	4.62%	4.62%
Expected volatility	34.27%	34.50%
Expected option life	4.5 years	4.5 years
Dividend yield	0.3%	None
Weighted-average grant-date fair value	$ 45.68	$ 21.28

The risk-free interest rate was based on the implied yields of U.S. Treasury Notes with a maturity equal to the NQSOs expected life at the time of grant. Expected volatility was based on the volatility of stock prices of companies within the same industry as the Company. The expected NQSOs life was determined based on various factors including employee turnover rate, the vesting period of the NQSOs and information received from third-party consultants.

Share-based compensation expense was approximately $10.1 million and $1.3 million for the year ended December 31, 2007 and 2006, respectively, and is recorded in salaries and employee benefits on the consolidated statements of income.

SFAS No. 123R additionally requires companies to estimate forfeiture rates at the time of grant and to revise these estimates in subsequent periods if actual forfeiture rates differ from those estimates. The Company applied the forfeiture rate to the unvested portion of the NQSOs valuation and performed a true-up for the actual forfeited amount of the valuation as of year end. As of December 31, 2007, the current forfeiture rate for the non-vested NQSOs and RSUs was 9.8% and 12.3%, respectively, as compared to 1.9% and 3.4%, respectively, at December 31, 2006.

The following table summarizes the changes in NQSOs activities under the Company's share-based compensation plan:

	Years Ended December 31,			
	2007		2006	
	Shares (in thousands)	Weighted average exercise price	Shares (in thousands)	Weighted average exercise price
Outstanding at the beginning of the period	1,334.5	$ 59.00	—	$ —
Granted	58.5	130.60	1,338.5	59.00
Exercised	265.2	59.00	—	—
Forfeited or expired	61.0	60.76	4.0	59.00
Outstanding at the end of the period	1,066.8	$ 62.83	1,334.5	$ 59.00
Exercisable at the end of the period	59.10	59.00	—	—

The total intrinsic value of NQSOs exercised during the year ended December 31, 2007 was $16.9 million. NQSOs outstanding at December 31, 2007 had a weighted average remaining contractual life of 6.9 years and an aggregate intrinsic value of $79.6 million. NQSOs exercisable at December 31, 2007 had a weighted average remaining contractual life of 6.9 years and an aggregate intrinsic value of $4.4 million. The total fair value of NQSOs and RSUs vested for the year ended December 31, 2007 was $6.9 million and $3.4 million, respectively.

The following table summarizes the changes in RSUs under the Company's share-based compensation plan:

	Years Ended December 31,			
	2007		2006	
	Shares	Weighted average Grant-Date FairValue	Shares	Weighted average Grant-Date FairValue
	(in thousands)		(in thousands)	
Nonvested at the beginning of the period	198.7	$ 11,726.0	—	$ —
Granted	10.5	1,316.3	199.3	11,761.4
Vested	54.4	3,399.3	—	—
Forfeited or expired	14.3	859.3	0.6	35.4
Nonvested at the end of the period	140.5	$ 8,783.7	198.7	$ 11,726.0

The Company recorded proceeds from the exercise of stock options as additions to common stock and paid-in capital. The excess tax benefit realized for the tax deduction from stock option exercises of $6.2 million was recorded as paid-in capital in 2007 and reflected on the consolidated statements of cash flows as excess tax benefit associated with the exercise of stock options, in accordance with the cash flow classification requirements of SFAS No. 123R. At December 31, 2007, there was $28.1 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Plan. This cost is expected to be recognized over the future vesting period.

NOTE 15. MEMBERS' RETIREMENT PLAN AND BENEFITS

The Company maintains a retirement and benefit plan under the COMEX Members' Recognition and Retention Plan ("MRRP"). This plan provides benefits to certain members of the COMEX Division based on long-term membership, and participation is limited to individuals who were COMEX Division members prior to the Company's acquisition of COMEX in 1994. No new participants were permitted into the plan after the date of the acquisition. The annual benefit payments are $12,500 ($2,000 for options members) for ten years for vested participants. Under the terms of the COMEX MRRP, the Company is required to fund the plan with a minimum annual contribution of $400,000 until it is fully funded. The Company funded the plan by $800,000 in each of the years ended December 31, 2007, 2006 and 2005. Based on continued funding of $800,000 per year, and certain actuarial assumptions, the Company expects the plan to be fully funded in 2019. The annual contribution may be reduced if actuarial assumptions indicate that full funding can be achieved without making the entire funding contributions indicated above. Corporate contributions are charged against current operations. All benefits to be paid under the COMEX MRRP shall be based upon reasonable actuarial assumptions which, in turn, are based upon the amounts that are available and are expected to be available to pay benefits, except that the benefits paid to any individual will not exceed the amounts stated above. Quarterly distributions from the COMEX MRRP began in the second quarter of 2002. Subject to the foregoing, the board of directors of the Company reserves the right to amend or terminate the COMEX MRRP upon an affirmative vote of 60% of the eligible COMEX Division plan participants.

NOTE 16. RETIREMENT AND OTHER BENEFIT PLANS

The Company sponsors various defined contribution and postretirement plans to qualifying employees. The Company also provides postemployment benefits to eligible employees after employment but before retirement.

Savings Plan

The Company sponsors a defined contribution plan (the “401K Plan”) that incorporates a deferred salary arrangement under Section 401(k) of the Internal Revenue Code to all eligible domestic employees. The Company matches employee contributions up to a maximum of 3% of salary. In addition, the Company makes annual contributions ranging from 2% to 7% based upon tenure for each eligible 401K Plan member. The Company’s total contributions to the 401K Plan were $2.0 million for each of the years ended December 31, 2007, 2006 and 2005, respectively.

Deferred Compensation Plan

The Company has a nonqualified deferred compensation plan (the “Deferred Plan”) for key employees to permit them to defer receipt of current compensation. The Company may provide a matching and a regular year-end contribution to the Deferred Plan. Matching and year-end contribution percentages follow the same guidelines as the Company’s defined contribution plan. The Deferred Plan is not intended to be a qualified plan under the provisions of the Internal Revenue Code. It is intended to be unfunded and, therefore, all compensation deferred under the Deferred Plan is held by the Company and commingled with its general assets. The participating employees are general creditors of the Company with respect to these benefits. The Company has the right to amend, modify, or terminate the Deferred Plan at any time. At December 31, 2007 and 2006, deferred compensation amounted to $2.8 million and $2.4 million, respectively, and is included in accrued salaries and related liabilities on the consolidated balance sheets.

Postemployment Plan

The Company offers various postemployment benefits to employees after employment but before retirement. These benefits are paid in accordance with the Company’s established postemployment benefit practices and policies. Postemployment benefits include both short-term disability income benefits and long-term disability related health benefits. The Company accrues for these future postemployment benefits, which are funded on a pay-as-you-go basis. The Company’s postemployment benefits liabilities at December 31, 2007 and December 31, 2006 were $0.8 million and $0.5 million, respectively.

Postretirement Plan

The Company’s postretirement benefit costs are developed from actuarial valuations. Inherent in these valuations are key assumptions, including the discount rate and health care cost trend rate. Material changes in its postretirement benefit costs may occur in the future due to changes in these assumptions, changes in the number of plan participants and changes in the level of benefits provided. The Company provides certain health care and life insurance benefit plans for qualifying retired employees. Substantially all of the Company’s employees may become eligible for these benefits if they reach specified age and years of service criteria while working for the Company. The benefits are provided through certain insurance companies. The Company expects to fund its share of such benefit costs principally on a pay-as-you-go basis.

Accrued postretirement benefit costs are included in other non-current liabilities on the consolidated balance sheets. The following table presents the funded status of such plans, reconciled with amounts recognized in the Company’s consolidated financial statements:

	December 31, 2007	December 31, 2006
	(in thousands)	
Change in accumulated postretirement benefit obligation:		
Accumulated postretirement benefit obligation, beginning of year	$8,209	$8,175
Service costs	359	440
Interest costs	379	432
Actuarial gain	(545)	(485)
Curtailment gain	(906)	—
Special termination loss	17	—
Benefits paid	(376)	(353)
Accumulated postretirement benefit obligation, end of year	$7,137	$8,209
Funded status:		
Accrued postretirement benefit cost, end of year	$7,137	$8,209

The net periodic postretirement benefit cost consists of the following:

	December 31, 2007	December 31, 2006	December 31, 2005
	(in thousands)		
Service costs	$ 359	$ 440	$ 409
Interest costs	379	432	426
Amortization of prior service costs	(45)	(57)	(57)
Amortization of net loss	—	65	92
Curtailment gain	(85)	—	—
Special termination loss	17	—	—
Net periodic postretirement benefit cost	625	880	870
Total net period postretirement benefit cost	$ 625	$ 880	$ 870
Assumptions:			
Discount rate	6.00%	5.75%	5.75%
Health care cost trend rate	10.00%	8.00%	9.00%

The health care cost trend rate is assumed to decrease gradually to 5.25% by 2013 and remain level thereafter.

The following table presents the estimated future net benefit payments:

Fiscal Year	Net Benefit Payments (in thousands)
2008	$ 388
2009	$ 396
2010	$ 408
2011	$ 396
2012	$ 408
2013 - 2017	$ 2,337

The following shows the impact of a 1% change in the trend rate:

	2007 1% Increase	2007 1% Decrease
	(in thousands)	
Effect on total of service and interest costs	$ 8	$ (9)
Effect on accumulated postretirement benefit obligation	$ 64	$ (75)

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the “Medicare Act”) was signed into law. The Medicare Act introduced a Medicare prescription drug benefit that began in calendar 2006 as well as a federal subsidy to sponsors of retirement health care plans that provide a benefit at least “actuarially equivalent” to the Medicare benefit. The Company evaluated the benefits of the subsidy and determined that the cost of applying for the subsidy was outweighed by the estimated benefit to the Company. As such, plan obligations do not reflect the impact of this legislation.

Subsequent to the filing of the 2006 consolidated financial statements, the Company's management determined that it had not properly classified the adoption of SFAS No. 158 . Specifically, the Company misclassified the unfunded status of the postretirement benefit plan as a component of total comprehensive income for the year ended December 31, 2006. The Company corrected the accompanying consolidated statements of stockholders' equity to properly classify the adoption of SFAS No. 158 as an adjustment to accumulated other comprehensive income at December 31, 2006.

NOTE 17. DEFERRED GRANTS

In 1995, the Company secured a grant of $128.7 million from the New York City Economic Development Corporation ("EDC") and the Empire State Development Corporation ("ESDC", formerly known as the New York State Urban Development Corporation) for construction of its corporate headquarters and trading facility. The grant is subject to recapture amounts on a declining scale over time and is being recognized in income on the same basis as, and is a reduction to, the depreciation of the facility. At December 31, 2007 and 2006, the Company's EDC grant balances were $106.2 million and $108.3 million, respectively.

In 2002, the Company entered into an agreement and received a $5.0 million grant from the ESDC. This agreement requires the Company to maintain certain annual employment levels, and the grant is subject to recapture amounts on a declining scale over time. The grant is recognized in income ratably in accordance with a recapture schedule and is recorded in occupancy and equipment in the Company's consolidated statements of income. At December 31, 2007 and 2006, the grant balances were $2.5 million and $3.0 million, respectively.

NOTE 18. INCOME TAXES

The provision for income taxes on the consolidated statements of income for the years ended December 31, 2007, 2006 and 2005, respectively, consisted of the following:

	2007	2006	2005
		(in thousands)	
Current:			
Federal	$125,129	$ 84,264	$38,056
State and local	50,346	42,384	21,588
Total	175,475	126,648	59,644
Deferred:			
Federal	(2,932)	(1,928)	156
State and local	(1,800)	(602)	73
Total	(4,732)	(2,530)	229
Total provision	$170,743	$124,118	$59,873

As of December 31, 2007, the current income tax receivable of $12.1 million represents estimated tax payments the Company expects to be refundable from the Internal Revenue Service and other tax authorities.

Reconciliation of the statutory U.S. federal income tax rate to the effective tax rate on income before the provision for income taxes is as follows:

	2007	2006	2005
Statutory U.S. federal tax rate	35.00 %	35.00 %	35.00 %
State and local taxes, net of federal benefit	7.96	9.70	10.60
Tax-exempt income	(0.82)	(0.70)	(1.00)
Other, net	1.11	0.50	1.10
Effective tax rate	43.25%	44.50%	45.70%

At December 31, the components of net deferred tax assets (liabilities) were as follows:

	2007	2006
	(in thousands)	
Current		
Assets:		
Accrued expenses	$ 891	$ 606
Unrealized losses on marketable securities	2,236	—
Other	59	354
Total	3,186	960
Liabilities:		
Other	—	136
Total	—	136
Total current net deferred tax assets	$ 3,186	$ 824
Noncurrent		
Assets:		
Postretirement benefits	$ 4,024	$ 3,898
Deferred compensation	1,228	726
COMEX MRRP	1,876	2,503
COMEX MRRP contribution and earnings	3,854	3,674
Federal net operating loss carryforwards	—	333
Amortization	765	1,259
Share-Based Compensation	1,365	570
Unrealized loss on impairment charge	11,296	—
Other	284	1,056
Total	24,692	14,019
Less valuation allowance	—	(761)
Total noncurrent deferred tax assets	24,692	13,258
Liabilities:		
Depreciation and amortization	8,736	10,866
Capitalization of software	16	68
Amortization of indefinite-lived intangible asset	9,502	—
Pension costs	576	—
Unrealized gains on marketable securities	14,410	—
Total noncurrent deferred tax liabilities	33,240	10,934
Total net noncurrent deferred tax (liabilities) assets	$ (8,548)	$ 2,324

Management has determined that the realization of the recognized deferred tax asset of $27.9 million at December 31, 2007 is more likely than not, based on taxable temporary differences and anticipated future taxable income. However, if estimates of future taxable income are reduced, the amount of the deferred tax asset considered realizable could also be reduced.

The Company maintained a valuation allowance of $0.8 million in 2006 in accordance with the provisions of SFAS No. 109. This allowance was established due to the uncertainty of realizing certain tax benefits, and was reversed in 2007.

Effective January 1, 2007, the Company adopted the provisions of FIN No. 48. FIN No. 48 prescribes the recognition and measurement criteria related to tax positions taken or expected to be taken in a return. For those benefits to be recognized a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company had no cumulative effect of adopting FIN 48, and therefore, no adjustment was recorded to retained earnings upon such adoption.

The Company had unrecognized tax benefits, including interest, of approximately $1.9 million as of January 1, 2007 and approximately $2.7 million as of December 31, 2007. It is unlikely that the total amount of unrecognized tax benefits will significantly increase or decrease within the next twelve months. The unrecognized tax benefits consist of the following components:

Balance at January 1, 2007	$ 1,962
Additions based on tax positions in current year	2,164
Reductions based on tax positions in prior year	(1,057)
Reductions resulting from statute of limitation lapses	(85)
Settlements	(280)
Balance at December 31, 2007	$ 2,704

The Company's historical accounting policy with respect to interest and penalties related to tax uncertainties has been to classify these amounts as income taxes, and the Company continued this classification upon the adoption of FIN No. 48. The total amount of interest related to tax uncertainties recognized in the consolidated statements of income for the period ended December 31, 2007 was $0.1 million. The earliest tax year open to examination by the Internal Revenue Service and the other tax jurisdictions in which the Company files a tax return is 2003. During the second quarter of 2007, the Company concluded a tax examination with the City of New York for the years 2000 through 2002. At the conclusion of this audit, a payment was made to the City of New York in the amount of $0.3 million, comprised of $0.2 million of tax and $0.1 million of interest. The resolution of this examination had no impact on the Company's effective tax rate.

NOTE 19. LEASE TERMINATION COSTS

In June 2006, the Company ceased its floor trading operations of its London-based exchange. As a result, the Company incurred lease termination costs of approximately $1.5 million during the first and second quarters of 2006 on various operating leases it had contracted to support its floor trading operations. In September 2006, the Company consolidated its London offices, and in doing so vacated its location at 131 Finsbury Pavement. The Company began negotiations with the landlord during September 2006 to buy out the remaining lease term. As such, the Company recorded a charge of approximately $1.9 million in the third quarter of 2006 for the estimated amount to be paid. This charge was recorded in occupancy and equipment on the Company's consolidated statements of income.

The following tables summarize the activity related to the various London exchange lease terminations in accordance with SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* (in thousands):

	Lease Termination Costs
Total expected to be incurred	$ 3,426
Charges incurred in 2006	$ 3,426
Charges incurred in 2007	—
Cumulative charges incurred as of December 31, 2007	$ 3,426

	Lease Termination Costs
Liability at January 1, 2007	$ 2,980
Charges	—
Payments	(2,102)
Liability at December 31, 2007	$ 878

NOTE 20. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Supplemental disclosures of cash flow information for the years ended December 31, 2007, 2006 and 2005, respectively, are as follows:

	Year Ended December 31,		
	2007	2006 (in thousands)	2005
Cash paid for:			
Interest	$ 93,662	$ 132,910	$ 72,085
Income taxes	$ 182,966	$ 118,081	$ 65,530
Non-cash investing and financing activities:			
Unrealized gain on available-for-sale securities	$ 34,343	$ —	$ 1,242
Issuance of common stock	$ 4	$ 862	$ —
Conversion of cumulative redeemable convertible preferred stock to common stock	$ —	$ 82	$ —
Purchase of indefinite-lived intangible asset through issuance of common stock	$ —	$ 280,143	$ —
Decrease in income taxes payable due to NYMEX MRRP tax benefit	$ —	$ 8,591	$ —

NOTE 21. SEGMENT REPORTING

The Company considers operating results for two business segments: Open Outcry and Electronic Trading and Clearing. Open Outcry is the trading and clearing of NYMEX Division and COMEX Division futures and options contracts on the trading floors of the Exchange. Electronic Trading and Clearing consists of NYMEX ACCESS ®, NYMEX ClearPort ® Trading and NYMEX ClearPort ® Clearing and trading on the CME Globex. The Company reports revenue on a segment basis. Total revenues presented for each segment include clearing and transaction fees related to such segment and a pro rated portion of market data fees. Other revenues are attributed entirely to Open Outcry. Direct transaction costs are allocated directly to the segment they are incurred for. Depreciation and amortization and other operating expenses are allocated directly to the segment they pertain to, where practicable, with the balance of these expenses allocated based on the proportion of operating revenues, net of direct transaction costs, attributed to each segment. Non-operating income and expenses are allocated entirely to Corporate/Other. The prior year segment information has been reclassified to reflect this methodology of reporting each segment.

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

	Year Ended December 31, 2007			
	Open Outcry	Electronic Trading & Clearing	Corporate / Other	Total
Total operating revenues	$176,800	$496,804	$ —	**$673,604**
Direct transaction costs	333	96,509	—	**96,842**
Depreciation and amortization	6,927	6,849	—	**13,776**
Other operating expenses	68,921	84,539	—	**153,460**
Operating income (loss)	100,619	308,907	—	**409,526**
Non-operating income	—	—	(14,744)	**(14,744)**
Income before provision for income taxes	100,619	308,907	(14,744)	**394,782**
Provision for income taxes	43,518	133,602	(6,377)	**170,743**
Net income	$ 57,101	$175,305	$ (8,367)	**$224,039**

	Year Ended December 31, 2006			
	Open Outcry	Electronic Trading & Clearing	Corporate / Other	Total
Total operating revenues	$239,119	$258,130	$ —	**$497,249**
Direct transaction costs	333	49,409	—	**49,742**
Depreciation and amortization	10,676	4,491	—	**15,167**
Other operating expenses	104,501	53,819	961	**159,281**
Operating income (loss)	123,609	150,411	(961)	**273,059**
Non-operating income	—	—	5,860	**5,860**
Income before provision for income taxes	123,609	150,411	4,899	**278,919**
Provision for income taxes	55,006	66,933	2,179	**124,118**
Net income	$ 68,603	$ 83,478	$ 2,720	**$154,801**

	Year Ended December 31, 2005			
	Open Outcry	Electronic Trading & Clearing	Corporate / Other	Total
Total operating revenues	$216,212	$117,896	$ —	**$334,108**
Direct transaction costs	9,114	20,044	—	**29,158**
Depreciation and amortization	11,655	3,566	—	**15,221**
Other operating expenses	122,697	37,873	2,281	**162,851**
Operating income (loss)	72,746	56,413	(2,281)	**126,878**
Non-operating income (loss)	—	—	4,123	**4,123**
Income (loss) before provision (benefit) for income taxes	72,746	56,413	1,842	**131,001**
Provision (benefit) for income taxes	33,245	25,781	847	**59,873**
Net income (loss)	$ 39,501	$ 30,632	$ 995	**$ 71,128**

The Company does not account for, and does not report to management, its assets (other than goodwill and other intangible assets for SFAS No. 142 reporting purposes) or capital expenditures by business segment. Foreign source revenues and long-lived assets located in foreign countries are immaterial to the consolidated results of operations and financial position of the Company and are, therefore, not disclosed separately.

NOTE 22. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

In the ordinary course of business, the Company is a party to several lawsuits and claims. The Company periodically assesses its liabilities and contingencies in connection with these matters, based upon the latest information available. As additional information becomes available, the Company adjusts its assessment and estimates of such liabilities accordingly. It is possible that the ultimate resolution of its liabilities and contingencies could be at amounts that are different from any recorded reserves and that such differences could be material. Based on its review of the latest information available, the Company believes its ultimate liability, if any, in connection with any current lawsuits or claims for pending or threatened legal proceedings, would not materially affect the Company’s financial condition, results of operations, or cash flows.

Set forth below is a description of material litigation to which the Company is a party, as of December 31, 2007. Although there can be no assurance as to the ultimate outcome, the Company believes it has a meritorious defense and is vigorously defending the matter described below. The final outcome of any litigation, however, cannot be predicted with certainty, and an adverse resolution of this matter could have a material adverse effect on the Company’s consolidated results of operations, financial position or cash flows.

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

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

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

By Order and Opinion dated June 30, 2004, the Court granted NYMEX Exchange's motion and dismissed all of the antitrust counterclaims asserted against NYMEX Exchange. ICE did not appeal this decision.

By Order and Opinion dated September 29, 2005, the Court (1) granted ICE's motion for summary judgment to the extent of dismissing NYMEX Exchange's federal claims for copyright and trademark infringement and dismissing without prejudice (by declining to exercise supplemental jurisdiction), NYMEX Exchange's state law claims for violation of trademark anti-dilution statutes and interference with contractual relationships, and (2) denied NYMEX Exchange's cross-motion for partial summary judgment on copyright infringement and tortious interference with contract. On October 13, 2005, NYMEX Exchange filed a notice of appeal with the United States Court of Appeals for the Second Circuit. On August 1, 2007, the United States Court of Appeals affirmed the judgment of the lower Court. On August 15, 2007, NYMEX Exchange filed a Combined Petition for Panel Rehearing and for Rehearing *En Banc* before the United States Court of Appeals for the Second Circuit. On October 18, 2007, the Court denied NYMEX Exchange's petition.

On January 16, 2008, NYMEX Exchange filed its Petition for a Writ of Certiorari with the United States Supreme Court. ICE filed its Brief in Opposition on February 12, 2008. NYMEX Exchange filed its Reply Brief on February 25, 2008. This matter is ongoing.

Contractual Obligations

In connection with its operating activities, the Company enters into certain contractual obligations. The Company's material contractual cash obligations include long-term debt, a technology services agreement, operating leases and other contracts. A summary of the Company's minimum required future cash payments associated with its contractual cash obligations outstanding as of December 31, 2007, as well as an estimate of the timing in which these commitments are expected to expire, are set forth in the following table:

	Payments Due by Period						
	2008	2009	2010	2011	2012	Thereafter	Total
	(in thousands)						
Contractual Obligations							
Long-term debt principal	$ 2,817	$ 2,817	$ 2,817	$ 7,739	$ 4,909	$ 59,182	**$ 80,281**
Long-term debt interest	6,205	5,994	5,783	5,573	4,980	31,233	**59,768**
Services agreements [1]	10,080	10,270	11,571	30,948	—	—	**62,869**
Operating leases — facilities	3,012	3,027	3,306	3,585	2,051	136	**15,117**
Operating leases — equipment	2,020	1,365	525	—	—	—	**3,910**
Other long-term obligations	1,029	1,041	967	800	800	5,247	**9,884**
Total contractual obligations	$25,163	$24,514	$24,969	$48,645	$12,740	$ 95,798	**$231,829**

1. Services agreements include required minimum payments in accordance with a technology services agreement with CME (see Note 13). The CME Agreement has a ten-year term from the launch date with rolling three-year extensions. Either party may elect to terminate the CME Agreement between the fifth and the sixth year anniversary of the first launch date upon written notice and payment of a termination fee. As a result, the Company's current minimum obligation under the CME Agreement is for payments in years one through five. As such, the Contractual Obligations table above sets forth the Company's minimum obligation for years one through five, including the related termination fee in the event the Company elects to terminate the CME Agreement. In addition, the services agreements category includes employment agreements as filed with the SEC.

As previously disclosed in Note 18, the Company has $2.7 million of unrecognized tax benefits as of December 31, 2007. The Company is subject to periodic examinations of its income tax returns by the U.S. Internal Revenue Service and various state and local taxing authorities, which could result in future tax liabilities, the payment of which would offset the current unrecognized tax benefits. Due to the uncertainty of the outcome of any future income tax examinations, it is not possible to estimate when tax payments, if any, would be made.

The Company occupies premises under leases, including a land lease, with various lessors that expire in 2008 through 2069. For the years ended December 31, 2007, 2006 and 2005, rental expense for facilities and the land lease amounted to $2.4 million, $7.2 million and $3.8 million, respectively. The lease commitments on the Company's facilities include scheduled base rent increases over the terms of the leases. The base rent payments are being charged to expense on the straight-line method over the terms of the leases. The Company has recorded a deferred credit to reflect the excess of rent expense over cash payments since inception of the leases.

The Company leases space to tenants in its headquarters facility. Rents collected from these leases were $8.7 million, $8.5 million and $8.2 million during 2007, 2006 and 2005, respectively, and are recorded in other revenue on the consolidated statements of income. Future minimum rental income for the years 2008 through 2012 are as follows:

	(in thousands)
2008	$ 6,680
2009	4,649
2010	4,461
2011	4,325
2012	4,306
Thereafter	2,409
Total	**$ 26,830**

In 1994, the Company entered into a Letter of Intent with Battery Park City Authority ("BPCA"), the EDC and the ESDC to construct a new trading facility and office building on a site in Battery Park City. By agreement dated May 18, 1995, the EDC and ESDC agreed to provide funding of $128.7 million to construct the facility. The Company is liable for liquidated damages on a declining scale, currently set at $25.0 million, if it violates terms of the occupancy agreement at any time prior to the 15 years from the date of occupancy, July 7, 1997.

In May 1995, the Company signed a ground lease (expiring June 2069) with BPCA for the site where it constructed its headquarters and trading facility. The lease establishes payments in lieu of taxes ("PILOTs") due to New York City, as follows: for the trading portion of the facility, PILOTs are entirely abated for the first 20 years after occupancy; for the office portion of the facility, PILOTs are entirely abated for one year after occupancy, at a percentage of assessment (ranging from 25% to 92.5%) for the next 10 years and, thereafter, at an amount equal to assessment. Sub-let space is not eligible for abatements.

In 2002, the Company entered into an agreement and received a $5.0 million grant from ESDC. This agreement requires the Company to maintain certain annual employment levels, and the grant is subject to recapture amounts, on a declining scale, over time.

The Company and the Board of Trade of the City of New York, Inc. (“NYBOT”) entered into a lease agreement that became effective on November 20, 2002. In accordance with this lease agreement, NYBOT is leasing approximately 13,000 square feet on the COMEX Division trading floor and approximately 45,000 square feet of office space for a ten-year term. The rent commencement date for the trading floor space and office space was July 1, 2003 and May 20, 2003, respectively. In 2007, NYBOT changed its corporate name to ICE Futures U.S., Inc.

In accordance with the DME shareholders agreement, the Company will be required to contribute capital to the joint-venture in an aggregate amount of $9.8 million over a five-year period, contingent upon the DME’s achievement of certain agreed upon performance targets. At December 31, 2007, the Company has contributed a total of $6.5 million.

Under the NYMEX Exchange Bylaws, in the event NYMEX Exchange permanently terminates all open outcry trading of any NYMEX Division product and instead lists such product for trading only via electronic trading or at least 90% of contract volume of such product shifts to electronic trading, owners of Class A memberships in NYMEX Exchange will receive 10% of the gross revenue attributable to all revenue from the electronic trading of such NYMEX Division product, but not including market data fees or revenues from bilateral transactions cleared through NYMEX ClearPort ® Clearing (or its successor), or, if greater, 100% of the revenue from any additional special fee or surcharge applicable to the electronic trading of such NYMEX Division product. This payment will commence at the time of such permanent termination of open outcry trading or such shift of at least 90% of contract volume to electronic trading for such NYMEX Division product.

Financial Guarantees

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

Included in marketable securities are investments that are pledged as collateral with one of the Company’s investment managers relating to a membership seat financing program. Under this program, the investment manager extends credit to individuals purchasing NYMEX Division memberships. The program requires that the Company pledge assets to the investment manager in an amount equal to at least 118% of the loan value. In the event a member defaults on a loan, the investment manager has the right to seize the Company’s collateral for the amount of the default, and the Company has the right to liquidate the member’s interest in NYMEX Division to reimburse its loss of collateral. At December 31, 2007, there were total seat loan balances of $3.7 million and securities pledged against the seat loan balances of $4.4 million.

The Company serves a clearinghouse function, standing as a financial intermediary on every open futures and options transaction cleared. Through its clearinghouse, the Company maintains a system of guarantees for performance of obligations owed to buyers and sellers. This system of guarantees is supported by several mechanisms, including margin deposits and guaranty funds posted by clearing members with the Company’s clearinghouse. The amount of margin deposits on hand will fluctuate over time as a result of, among other things, the extent of open positions held at any point in time by market participants in NYMEX Division and COMEX Division contracts and the margin rates then in effect for such contracts. The Company is required, under the CEA, to maintain separate accounts for cash and securities that are deposited by clearing members, at banks approved by the Company, as margin for house and customer accounts. These clearing deposits are used by members to meet their obligations to the Company for margin requirements on open futures and options positions, as well as delivery obligations.

The Company established additional retail customer protection supported by a commitment of at least $10 million available at all times to promptly reimburse retail customers in the event that their clearing member defaults as a result of a default by another customer where margin funds from the retail customer’s account are used to address the default. Retail customers are defined as those that do not otherwise qualify as “eligible contract participants” under the requirements of the CEA, and are not floor traders or floor brokers on the Exchange or family members of an Exchange floor trader or floor broker who maintains an account at the same clearing firm.

There were no events of default during 2007 and 2006, in any of the above arrangements, in which a liability should be recognized.

NOTE 23. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The nature of the Company's business gives rise to frequent related party transactions. The majority of the Company's shareholders, including several members of its board of directors, frequently do business with the Company. The Company's board of directors establishes fees and usage charges and also determines the level of payments under any proprietary fee reduction or other cost reduction programs. Members of the Exchange, many of whom act as floor brokers and floor traders, benefit from trading rules, membership privileges, such as payment of insurance benefits and fee discounts that enhance their trading opportunities and profits. Members of the Exchange pay fees, which may be substantial, either directly or indirectly, to the Exchange in connection with the services the Company provides. The Company believes the payments made by its directors, nine of whom own Class A memberships in NYMEX Exchange, are on terms no more favorable than terms given to unaffiliated persons.

Certain members of the Company's board of directors may serve as officers or directors of clearing member firms. These clearing member firms pay substantial fees to the Company's clearinghouse in connection with services the Company provides. The Company believes that fees paid by, and the services provided to, these clearing firms are on terms no more favorable to those firms than terms given to other clearing member firms and individual members.

The following are descriptions of material transactions involving the Company and members of its board of directors and officers:

Stephen Ardizzone, a director of the Company, is an executive officer and principal owner of Zone Energy Group, Inc. ("Zone Energy"). Zone Energy was selected by the Company, in 2005, to be a market maker for the NYMEX Brent Crude contract at the Company's former Dublin branch and was compensated an aggregate amount of approximately $698,000 for their services. In addition, Zone Energy currently leases space from the Company at its corporate headquarters facility.

Anthony George Gero, a director of the Company, is a senior vice president of RBC Dain Rauscher ("RBC Dain"), a securities firm which manages a portfolio of predominantly fixed income securities for the Company. The Company invested assets segregated for the benefit of the MRRP totaling $11.9 million and $13.3 million at December 31, 2007 and 2006, respectively, at RBC Dain. At December 31, 2005, $12.8 million of assets segregated for the benefit of the MRRP were invested in a portfolio of fixed income securities managed by Legg Mason Wood Walker, Inc., a securities firm of which Mr. Gero was a senior investment officer up until December 2, 2005.

Richard Schaeffer, the chairman of the board of the Company, was employed as executive director of Global Energy Futures at ABN AMRO, Inc. ("ABN AMRO"), until April 2006. ABN AMRO currently leases space from the Company at its corporate headquarters facility. The aggregate amount of rent collected from ABN AMRO for the period January 1, 2006 through April 30, 2006 was approximately $102,000. The aggregate amount of rent collected from ABN AMRO during 2005 was approximately $307,000.

David Greenberg, a director of the Company until May 10, 2007, is the president of Sterling Commodities Corp. ("Sterling"), a clearing member firm. Sterling currently leases space from the Company at its corporate headquarters facility. The aggregate amount of rent collected from Sterling during 2006 and 2005 was approximately $266,000 and $257,000, respectively. Clearing and transaction fees earned from Sterling for the period January 1, 2007 through April 30, 2007 were approximately $1.3 million, and for the years ended December 31, 2006 and 2005 were approximately $3.9 million and $2.8 million, respectively.

Kevin McDonnell, a director of the Company until May 1, 2006, was selected by NYMEX Europe Limited ("NEL"), a subsidiary of the Company, to be a market maker for its NYMEX Brent Crude contract which was launched on the NEL trading floor in London during 2005. Mr. McDonnell was compensated an amount of approximately $714,000 for his services.

Stanley Meierfeld, a director of the Company until May 1, 2006, is a managing director of the Geldermann division of FC Stone, LLC. FC Stone, LLC currently leases space from the Company at its corporate headquarters facility. The aggregate amount of rent collected from FC Stone, LLC from January 1, 2006 until April 30, 2006 was approximately $138,000 and for the year ended December 31, 2005 was approximately $436,000.

The following table below reflects the member loan balances outstanding and collateral held by the Company on behalf of Exchange members participating in the seat financing program at December 31, (in thousands):

	2007	2006
Loan balance outstanding	$3,711	$7,455
Collateral on deposit	$4,379	$8,797

NOTE 24. PARENT COMPANY ONLY INFORMATION

NYMEX Holdings, Inc., the registrant, only assets are its investments in its wholly-owned subsidiaries, which totaled $925.5 million and $774.9 million at December 31, 2007 and 2006, respectively. The registrant has only one liability, dividends payable to shareholders, which were $1.1 million at December 31, 2007. Net income from these investments on the equity basis of accounting amounted to $224.0 million, $154.8 million and $71.1 million for the years ended December 31, 2007, 2006 and 2005, respectively. Other than the dividends payable to shareholders, the registrant has no liabilities, material contingencies or guarantees. During 2007, the registrant received no cash dividends from any of its subsidiaries.

NOTE 25. QUARTERLY FINANCIAL DATA (Unaudited) (in thousands, except per share data):

	2007			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Trading volumes				
NYMEX Division	82,902	78,478	83,942	85,647
COMEX Division	9,415	9,457	9,982	12,850
Total	92,317	87,935	93,924	98,497
Summarized financial data				
Operating revenues	$164,226	$163,597	$173,200	$ 172,581
Operating expenses	68,514	66,110	65,138	64,316
Non-operating income and expenses	3,969	(23,472)	2,382	2,377
Income before provision for income taxes	99,681	74,015	110,444	110,642
Provision for income taxes	43,461	32,270	47,870	47,142
Net income	$ 56,220	$ 41,745	$ 62,574	$ 63,500
Earnings per share				
Basic	$ 0.60	$ 0.44	$ 0.66	$ 0.67
Diluted	$ 0.59	$ 0.44	$ 0.66	$ 0.67
Common stock prices[1]				
High	$ 140.78	$ 142.12	$ 140.07	$ 135.42
Low	$ 116.00	$ 118.36	$ 113.32	$ 120.38

	2006			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Trading volumes				
NYMEX Division	57,242	61,565	75,716	68,216
COMEX Division	9,844	9,767	6,342	6,116
Total	67,086	71,332	82,058	74,332
Summarized financial data				
Operating revenues	$ 111,670	$ 122,515	$ 138,294	$ 124,770
Operating expenses	50,141	53,310	64,115	56,624
Non-operating income and expenses	184	136	1,142	4,398
Income before provision for income taxes	61,713	69,341	75,321	72,544

	2006			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Provision for income taxes	28,080	31,208	34,597	30,233
Net income	$33,633	$38,133	$40,724	$ 42,311
Basic and diluted earnings per share	$ 2.03	$ 0.44	$ 0.47	$ 0.48
Proforma earnings per share retroactively adjusted to reflect the 90,000-for-1 recapitalization on March 14, 2006 (Unaudited): Basic and diluted earnings per share	$ 0.44	$ 0.44	$ 0.47	$ 0.48
Common stock prices[1]				
High	$ —	$ —	$ —	$ 150.01
Low	$ —	$ —	$ —	$ 115.07

1. The common stock prices listed above reflect the prices from when the Company's common stock first became publicly traded. NYMEX Holdings, Inc. common stock is listed on the New York Stock Exchange under the symbol "NMX" and first traded on November 17, 2006.

NOTE 26. SUBSEQUENT EVENTS

On January 28, 2008, the Company announced that it is engaged in preliminary discussions with CME Group Inc. ("CME Group") regarding their potential acquisition of the Company. Discussions are in early stages and the transaction remains subject to completion of due diligence, negotiation of terms and execution of a definitive agreement and necessary approvals of, including but not limited to, the boards of directors of both CME Group and the Company. There can be no assurances that any agreement will be reached or that a transaction will be completed.

Exhibit 99.2

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF NYMEX HOLDINGS, INC.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(in thousands, except for share data)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Operating Revenues		
Clearing and transaction fees	$ 179,051	$ 138,177
Market data fees	26,213	23,137
Other	3,611	2,912
Total operating revenues	208,875	164,226
Operating Expenses		
Direct transaction costs	28,083	24,102
Salaries and employee benefits	19,976	21,038
Occupancy and equipment	5,760	5,943
Depreciation and amortization, net of deferred credit amortization	3,458	3,531
General and administrative	4,621	4,697
Professional services	3,126	4,186
Telecommunications	1,250	1,423
Marketing	1,350	1,933
Other expenses	8,363	1,661
Total operating expenses	75,987	68,514
Operating income	132,888	95,712
Non-Operating Income and Expenses		
Investment income, net	3,614	6,707
Interest income from securities lending	7,768	29,406
Interest expense/fees from securities lending	(6,048)	(28,889)
Interest expense	(1,586)	(1,612)
Losses from unconsolidated investments	(2,210)	(1,643)
Total non-operating income and expenses	1,538	3,969
Income before provision for income taxes	134,426	99,681
Provision for income taxes	63,241	43,461
Net income	$ 71,185	$ 56,220
Earnings per Share		
Basic	$ 0.75	$ 0.60
Diluted	$ 0.75	$ 0.59
Weighted Average Number of Common Shares Outstanding		
Basic	94,780,000	94,450,000
Diluted	94,964,000	94,808,000

See accompanying notes to the unaudited condensed consolidated financial statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except for share data)

	March 31, 2008 (Unaudited)	December 31, 2007
Assets		
Cash and cash equivalents	$ 2,631	$ 3,296
Collateral from securities lending program	819,618	842,444
Marketable securities, at fair value	554,822	461,142
Clearing and transaction fees receivable, net of allowance for member credits	66,879	38,443
Prepaid expenses	8,628	8,786
Margin deposits and guaranty funds	28,131	170,192
Other current assets	21,208	34,097
Total current assets	1,501,917	1,558,400
Property and equipment, net	176,485	176,471
Goodwill and indefinite-lived intangible asset	307,125	307,125
Long-term investments	161,005	178,036
Other assets	7,077	7,121
Total assets	$ 2,153,609	$ 2,227,153
Liabilities and Stockholders' Equity		
Accounts payable and accrued liabilities	$ 20,228	$ 15,723
Accrued salaries and related liabilities	9,212	17,107
Payable under securities lending program	827,395	847,581
Margin deposits and guaranty funds	28,131	170,192
Income tax payable	47,333	2,704
Other current liabilities	43,492	31,122
Total current liabilities	975,791	1,084,429
Grant for building construction deferred credit	103,485	104,021
Long-term debt	77,464	77,464
Members' retirement obligation	11,995	12,038
Other liabilities	12,773	23,646
Total liabilities	1,181,508	1,301,598
Commitments and contingencies		
Stockholders' equity		
Common stock, $0.01 par value; 181,909,600 shares authorized, 94,784,988 and 94,769,342 shares issued as of March 31, 2008 and December 31, 2007, respectively; and 93,986,539 and 93,972,289 shares outstanding as of March 31, 2008 and December 31, 2007, respectively	948	948
Additional paid-in capital	832,961	828,227
Retained earnings	135,558	73,851
Accumulated other comprehensive income, net of tax	2,634	22,529
Total stockholders' equity	972,101	925,555
Total liabilities and stockholders' equity	$ 2,153,609	$ 2,227,153

See accompanying notes to the unaudited condensed consolidated financial statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except for share data)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balances at January 1, 2007	94,449,800	$ 944	$796,585	$ (21,823)	$ (784)	$ 774,922
Comprehensive income:						
Net income	—	—	—	224,039	—	224,039
Foreign currencies translations	—	—	—	—	385	385
Postretirement benefits, net of deferred income tax of $548	—	—	—	—	773	773
Unrealized gain on available-for-sale securities, net of deferred income taxes of $12,188	—	—	—	—	22,155	22,155
Total comprehensive income						247,352
Dividends declared:						
Common stock, $0.10/share on April 30, 2007	—	—	—	(9,445)	—	(9,445)
Common stock, $0.10/share on August 1, 2007	—	—	—	(9,445)	—	(9,445)
Common stock, $0.10/share on September 30, 2007	—	—	—	(9,475)	—	(9,475)
Common stock, $1.06/share on September 30, 2007	—	—	—	(100,000)	—	(100,000)
Share-based compensation amortization	—	—	10,109	—	—	10,109
Direct costs of initial public offering	—	—	(346)	—	—	(346)
Exercise of employee stock options	265,150	3	15,641	—	—	15,644
Issuance of restricted stock and stock units	54,392	1	—	—	—	1
Excess net tax benefit related to share-based compensation	—	—	6,238	—	—	6,238
Balances at December 31, 2007	**94,769,342**	**$ 948**	**$828,227**	**$ 73,851**	**$ 22,529**	**$ 925,555**
Comprehensive income:						
Net income	—	—	—	71,185	—	71,185
Foreign currencies translations, net of deferred income taxes of $74	—	—	—	—	(320)	(320)
Postretirement benefits, net of deferred income tax of $49	—	—	—	—	84	84
Unrealized loss on available-for-sale securities, net of deferred income taxes of $10,755	—	—	—	—	(19,659)	(19,659)
Total comprehensive income						51,290
Dividends declared:						
Common stock, $0.10/share on February 1, 2008	—	—	—	(9,478)	—	(9,478)
Share-based compensation amortization	—	—	3,746	—	—	3,746
Exercise of employee stock options	14,250	—	841	—	—	841
Issuance of restricted stock and stock units	1,396	—	—	—	—	—
Excess net tax benefit related to share-based compensation	—	—	147	—	—	147
Balances at March 31, 2008 (Unaudited)	**94,784,988**	**$ 948**	**$832,961**	**$ 135,558**	**$ 2,634**	**$ 972,101**

See accompanying notes to the unaudited condensed consolidated financial statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in thousands)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Cash flows from operating activities		
Net income	$ 71,185	$ 56,220
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,994	4,067
Deferred grant credits	(661)	(661)
Deferred rental income	(169)	(169)
Deferred rent expense	(48)	(48)
Deferred income taxes	(1,457)	(1,005)
Excess tax benefit associated with exercise of stock options	(147)	—
Allowance for doubtful accounts and credits	158	262
Share-based compensation	3,746	2,304
Other, net	2,337	870
Asset impairment and disposition losses	—	34
Decrease (increase) in operating assets:		
Marketable securities	(93,719)	4,037
Clearing and transaction fees receivable	(28,436)	(12,680)
Prepaid expenses	158	638
Margin deposits and guaranty fund assets	142,061	3,627
Other current assets	4,909	(5,335)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	4,505	(2,284)
Accrued salaries and related liabilities	(7,895)	(3,126)
Margin deposits and guaranty fund liabilities	(142,061)	(3,627)
Income tax payable	54,176	30,066
Other current liabilities	12,291	7,595
Other liabilities	(516)	115
Members’ retirement obligation	(43)	(226)
Net cash provided by operating activities	24,368	80,674
Cash flows from investing activities		
Maturities and sales of securities lending program investments	579,296	31,077,818
Purchases of securities lending program investments	(559,110)	(30,790,122)
Purchase of long-term investments	(12,658)	(79,850)
Capital expenditures	(4,008)	(2,945)
Decrease (increase) in other assets	44	(141)
Net cash provided by investing activities	3,564	204,760
Cash flows from financing activities		
Direct costs of initial public offering	—	(346)
Proceeds from issuance of capital stock under employee stock plan	841	—
Excess tax benefit associated with exercise of stock options	147	—
Decrease in obligation to return collateral under securities lending program	(20,186)	(287,696)
Dividends paid	(9,399)	—
Net cash used in financing activities	(28,597)	(288,042)
Net decrease in cash and cash equivalents	(665)	(2,608)
Cash and cash equivalents, beginning of period	3,296	18,631
Cash and cash equivalents, end of period	$ 2,631	$ 16,023

See accompanying notes to the unaudited condensed consolidated financial statements.

NOTE 1. Basis of Presentation and Summary of Significant Accounting Policies

Nature of Business

NYMEX Holdings, Inc. ("NYMEX Holdings") was incorporated in 2000 as a stock corporation in Delaware, and is the successor to the New York Mercantile Exchange. On November 22, 2006, NYMEX Holdings completed an initial public offering ("IPO") of its common stock which is listed on the New York Stock Exchange under the symbol "NMX." The two principal operating subsidiaries of NYMEX Holdings are New York Mercantile Exchange, Inc. ("NYMEX Exchange" or "NYMEX Division") and Commodity Exchange, Inc. ("COMEX" or "COMEX Division"), which is a wholly-owned subsidiary of NYMEX Exchange. Where appropriate, each division will be discussed separately, and collectively will be referred to as the "Exchange." NYMEX Holdings and its subsidiaries are collectively referred to as the "Company."

The Company exists principally to provide facilities to buy, sell and clear energy, precious and base metals, and soft commodities for future delivery under rules intended to protect the interests of market participants. The Company itself does not own commodities, trade for its own account, or otherwise engage in market activities. The Company provides the physical facilities necessary to conduct an open outcry auction market, electronic trading systems, systems for the matching and clearing of trades executed on the Exchange, and systems for the clearing of certain bilateral trades executed off-exchange in the over-the-counter ("OTC") market. These services facilitate price discovery, hedging and liquidity in the energy and metals markets. The liquidity that the Exchange and other centralized markets offer is achieved in large part because the traded contracts have standardized terms and the Company's clearinghouse mitigates counterparty performance risk. Transactions executed on the Exchange mitigate the risk of counter-party default because the Company's clearinghouse acts as the counter-party to every trade. To manage the risk of financial nonperformance, the Exchange requires members to post margin. Trading on the Exchange is regulated by the Commodity Futures Trading Commission.

Merger Agreement with CME Group Inc.

On March 17, 2008, the Company and CME Group Inc. ("CME Group") entered into a definitive agreement (the "Merger Agreement"), under which the Company would merge with and into CME Group, with CME Group continuing as the surviving company. Under the terms of the Merger Agreement, shareholders of the Company will receive total consideration equal to 0.1323 shares of CME Group Class A common stock and $36.00 in cash for each share of the Company's common stock outstanding or, at the election of the Company's shareholder, can receive either cash or CME Group Class A common stock. Under certain circumstances, if the Merger Agreement is terminated, the Company or CME Group may be required to pay the other a termination fee and other merger-related expenses. The merger is subject to a number of closing conditions, including, but not limited to, (i) approval of the stockholders of the Company, (ii) approval of the stockholders of CME Group of (A) an amendment to CME Group's Charter and (B) the issuance of CME Group's shares in connection with the merger, (iii) acceptance of the offer to purchase one hundred percent (100%) of the outstanding Class A memberships in NYMEX Exchange from the holders thereof for an aggregate purchase price not to exceed $500 million, or approximately $612,000 per Class A membership in NYMEX Exchange and approval of an Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of NYMEX Exchange, in each case, by holders of at least 75% of the outstanding Class A memberships in NYMEX Exchange, (iv) effectiveness of a Form S-4 registration statement to be filed by CME Group, (v) receipt of certain regulatory approvals and (vi) receipt of an opinion that the merger will be treated as a tax-free reorganization. The terms of certain contracts, employee benefit arrangements and debt agreements have provisions which could result in changes to the terms or settlement amounts upon a change in control of the Company.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of NYMEX Holdings and its wholly-owned subsidiaries and have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). All significant intercompany transactions and balances are eliminated in consolidation. The Company consolidates subsidiaries in which it holds, directly or indirectly, more than 50% of the voting rights or where it exercises control. The Company follows the equity method of accounting for joint ventures and investments in associated companies in which it holds between 20% and 50% of the voting rights and/or has significant influence. The Company's equity in the net income and losses of these investments is reported in losses from unconsolidated investments in the accompanying consolidated statements of income. The Company also evaluates its investments in all entities under Financial Accounting Standards Board ("FASB") Interpretation No. 46R, *Consolidation of Variable Interest Entities an interpretation of ARB No. 51* ("FIN No. 46R") to determine if it has primary beneficial interests in any entities deemed to be variable interest entities ("VIEs"). As of March 31, 2008, the Company was not a beneficiary in a VIE. The accompanying unaudited consolidated financial statements reflect all adjustments which are, in the opinion of the Company's management, necessary for a fair statement of the results for the periods presented.

Certain changes have been made to the condensed consolidated financial statements as of March 31, 2007 to conform to the current presentation. Beginning December 31, 2007, the Company revised its classification of the net change in its marketable securities portfolio as an operating activity in the consolidated statements of cash flows, in accordance with Statement of Financial Accounting Standards ("SFAS") No. 102, *Statement of Cash Flows—Exemption of Certain Enterprises and Classification of Cash flows from Certain Securities Acquired for Resale—an amendment of FASB Statement No. 95.* Previously, the net change in marketable securities was classified as an investing activity. In addition, the Company has also reclassified interest receivables from marketable securities to other current assets in the condensed consolidated balance sheets as of December 31, 2007 to conform to the current presentation.

Pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"), certain information and disclosures normally included in the notes to the annual financial statements have been omitted from these interim financial statements. The Company suggests that these financial statements be read in conjunction with the audited financial statements and the notes included in the Company's most recent Annual Report on Form 10-K and any Current Reports on Form 8-K.

Significant Accounting Policies

The Company's significant accounting policies are described in the notes to the December 31, 2007 audited consolidated financial statements included in its Annual Report on Form 10-K.

Recent Accounting Pronouncements

Effective January 1, 2008, the Company adopted SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. SFAS No. 157 establishes a fair value hierarchy that distinguishes between independent observable inputs and unobservable inputs based on the best information available. SFAS No. 157 expands disclosures about the use of fair value to measure assets and liabilities, the effect of these measurements on earnings for the period, and the inputs used to measure fair value. In February 2008, the FASB issued Staff Position ("FSP") FAS 157-1 to exclude SFAS No. 13, *Accounting for Leases,* and its related interpretive accounting pronouncements that address leasing transactions, from the scope of SFAS No. 157. In February 2008, the FASB also issued FSP FAS 157-2 to allow entities to electively defer the effective date of SFAS No. 157 for nonfinancial assets and liabilities, except for those items recognized or disclosed at fair value on an annual or more frequently recurring basis, until January 1, 2009. The Company will apply the fair value measurement provisions of SFAS No. 157 to its nonfinancial assets and liabilities effective January 1, 2009. The adoption of SFAS No. 157 had no impact on retained earnings and resulted in expanded disclosures about the Company's financial instruments measured at fair value, as discussed in Note 3, "Fair Value Measurements."

Effective January 1, 2008, the Company also adopted SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities-Including an Amendment of FASB Statement No. 115* ("SFAS No. 159"), which permits entities to choose to measure many financial instruments and certain other items at fair value. This statement also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. After the initial adoption, the election is made at the acquisition of a financial asset or financial liability and it may not be revoked. The Company applied the fair value option on certain time deposits and securities purchased under agreements to resell. The adoption of SFAS No. 159 did not have a material impact on the Company's unaudited condensed consolidated financial statements.

Recent Accounting Pronouncements and Changes, Not Yet Adopted

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities-an amendment of FASB Statement No. 133* ("SFAS No. 161"). SFAS No. 161 requires enhanced disclosure related to derivatives and hedging activities and thereby seeks to improve the transparency of financial reporting. Under SFAS No. 161, entities are required to provide enhanced disclosures relating to: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedge items are accounted for under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS No. 133"), and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 must be applied prospectively to all derivative instruments and non-derivative instruments that are designated and qualify as hedging instruments and related hedged items accounted for under SFAS No. 133 for all financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company is currently evaluating the impact that SFAS No. 161 will have on its financial statements.

On December 4, 2007, the FASB issued SFAS No. 141 (Revised 2007), *Business Combinations* ("SFAS No. 141(R)"). SFAS No. 141(R) will significantly change the accounting for business combinations. Under SFAS No. 141(R), an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition date fair value with limited exceptions. SFAS No. 141(R) also includes a substantial number of new disclosure requirements. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. SFAS No. 141(R) will only have an impact on the Company's financial statements if it is involved in a business combination subsequent to 2008.

On December 4, 2007, the FASB issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements-an Amendment of ARB No. 51* ("SFAS No. 160"). SFAS No. 160 establishes new accounting and reporting standards for a non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a non-controlling interest (minority interest) as equity in the consolidated financial statements separate from the parent's equity. The amount of net income attributable to the non-controlling interest will be included in consolidated net income on the face of the income statement. SFAS No. 160 clarifies that changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. In addition, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the non-controlling equity investment on the deconsolidation date. SFAS No. 160 also includes expanded disclosure requirements regarding the interests of the parent and its non-controlling interest. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company is currently evaluating the impact that SFAS No. 160 will have on its financial statements.

NOTE 2. Securities Lending

The Company entered into an agreement with JPMorgan Chase Bank, N.A. ("JPMorgan") to participate in a securities lending program. Under this program, JPMorgan, as agent, lends on an overnight basis a portion of the clearing members' securities on deposit in the Company's margin deposits and guaranty fund (see Note 5) to third parties in return for cash collateral. JPMorgan, in turn, invests the cash collateral in various investments on behalf of the Company in accordance with the program's investment guidelines. The Company receives the benefits, and bears the risks, of such investments. Interest expense is paid to the third party for the cash collateral the Company controlled during the transaction, and a fee is paid to JPMorgan for administrating the transaction. Interest income and interest expense, as well as the fee paid to JPMorgan, are reported in the non-operating income and expenses section on the Company's consolidated statements of income. Interest income, interest expense and the JPMorgan fees recognized under the securities lending program were $7.8 million, $5.6 million and $0.4 million, respectively for the first quarter in 2008 compared to $29.4 million, $28.8 million and $0.1 million, respectively for the first quarter in 2007.

At March 31, 2008, the fair value of the invested collateral was $819.6 million, comprised of $799.0 million in corporate debt securities and $20.6 million in other debt securities. The cost of the corporate debt securities was $806.8 million, resulting in a gross unrealized loss of $7.8 million at March 31, 2008. The fair value of the other debt securities at March 31, 2008 approximated its cost. The unrealized losses on the corporate debt securities were due to continued deterioration in the credit markets. The Company does not believe that these unrealized losses are other-than-temporary and, as such, are recorded in accumulated other comprehensive income, net of taxes on the unaudited condensed consolidated balance sheet.

At December 31, 2007, the fair value of the invested collateral was $842.4 million, comprised of $841.8 million in corporate debt securities and $0.6 million in other debt securities. The cost of the corporate debt securities was $846.9 million, resulting in a gross unrealized loss of $5.1 million at December 31, 2007. The fair value of the other debt securities at December 31, 2007 approximated its cost. The unrealized losses on the corporate debt securities were due to significant deterioration in the credit markets.

At March 31, 2008, the fair value and cost of corporate debt securities with contractual maturities of one year or less was $506.3 million and $510.1 million, respectively. The fair value and cost of corporate debt securities with contractual maturities of more than one year was $292.7 million and $296.7 million, respectively. At March 31, 2008, corporate debt securities in an unrealized loss position for one year or less had a fair value of $600.5 million and an unrealized loss of $4.9 million. Corporate debt securities in an unrealized loss position for more than one year had a fair value of $198.5 million and an unrealized loss of $2.9 million.

At December 31, 2007, the fair value and cost of corporate debt securities with contractual maturities of one year or less was $287.6 million and $288.2 million, respectively. The fair value and amortized cost of corporate debt securities with contractual maturities of more than one year was $554.2 million and $558.7 million, respectively. At December 31, 2007, corporate debt securities in an unrealized loss position for one year or less had a fair value of $791.1 million and an unrealized loss of $5.0 million. Corporate debt securities in an unrealized loss position for more than one year had a fair value of $50.7 million and an unrealized loss of $0.1 million.

There were no sales during the first quarter of 2008. Proceeds from the sales of debt securities in this program were $430.6 million for the three months ended March 31, 2007. Realized gains in 2007 were nominal. The change in the net unrealized gain or loss on these available-for-sale securities was not significant for any of the periods presented.

NOTE 3. Fair Value Measurements

Effective January 1, 2008, the Company adopted SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157"), for all financial instruments accounted for at fair value. SFAS No. 157 establishes a consistent framework for measuring fair value and expands related disclosures. SFAS No. 157 requires, among other things, the use of valuation techniques that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs reflect market data obtained from sources independent of the Company, while unobservable inputs reflect the Company's own market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities. The Company's Level 1 assets include short-term investments in money market accounts, common equity and U.S. Government and agency securities that are traded in an active market.
- Level 2—Valuations based on quoted prices in markets that are not active, similar instruments in active markets or based on pricing models for which all significant inputs are observable. The Company's Level 2 assets include municipal and certain debt securities that trade less frequently than exchange-traded instruments.

- Level 3—Valuations based on pricing models for which significant inputs are unobservable. The Company's Level 3 assets primarily include certain corporate debt securities with limited market activity.

If the inputs used to measure the financial assets fall within the different levels described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Assets valued based on Level 1 inputs utilize quoted market prices (unadjusted) in active markets. Assets whose fair values are determined by Level 2 inputs are based on pricing models using observable inputs such as similar assets in active markets or other observable inputs such as interest rate curves, reference credit spreads and estimated pre-payment or default rates where applicable. Assets whose values are determined by Level 3 inputs are based on unobservable inputs for the assets and include situations where there is little, if any, market activity for the asset.

The following tables present the Company's assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2008
		(in thousands)		
Money market and time deposits	$ 39,633	$ —	$ —	$ 39,633
U.S. government, agency and municipal securities	479,714	35,475	—	515,189
Marketable Securities	519,347	35,475	—	554,822
Equity securities[1]	$ 159,184	$ —	$ —	$159,184
Corporate debt securities	—	705,476	93,587	799,063
Other debt securities	20,555	—	—	20,555
Collateral from securities lending program	$ 20,555	$ 705,476	$ 93,587	$819,618

[1] These equity securities represent a portion of the long-term investments discussed in Note 7.

The following table presents additional information about Level 3 assets measured at fair value on a recurring basis.

	Balance as of December 31, 2007	Transfers out of Level 3	Unrealized Losses in Comprehensive Income	Balance as of March 31, 2008	Changes in Unrealized Gains (Losses) in Earnings for Level 3 Assets Still Held at March 31, 2008
			(in thousands)		
Corporate debt securities	$ 159,237	$ (64,464)	$ (1,186)	$ 93,587	$ —

Transfers out represents existing assets that were previously categorized as a lower level and the inputs to the model became observable during the current period.

NOTE 4. Allowance for Doubtful Accounts and Credits

Clearing and transaction fees receivable are carried net of allowances for member credits, which are determined based upon expected billing adjustments. Allowances for member credits were $1.0 million at March 31, 2008 and December 31, 2007. The Company believes the allowances are adequate to cover member credits. The Company also believes the likelihood of incurring material losses due to non-collectibility is remote and, therefore, no allowance for doubtful accounts is necessary.

An allowance for doubtful accounts is maintained for market data accounts receivable to cover potential non-collectible vendor receivables and credit adjustments by the market data vendor customers. This allowance was $536,000 and $404,000 at March 31, 2008 and December 31, 2007, respectively, which the Company believes is sufficient to cover potential bad debts and subsequent credits. Accounts receivable for market data revenues, net of the allowance, totaled $8.2 million and $10.1 million at March 31, 2008 and December 31, 2007, respectively, and are included in other current assets on the Company’s condensed consolidated balance sheets.

The Company maintains a reserve for non-collectible receivables of other revenues in the amount of $601,000 and $624,000 at March 31, 2008 and December 31, 2007, respectively, to cover potential bad debts and expected credits. Accounts receivable for other revenues, net of the allowance, totaled $305,000 and $226,000 at March 31, 2008 and December 31, 2007, respectively, and are included in other current assets on the Company’s condensed consolidated balance sheets.

NOTE 5. Margin Deposits and Guaranty Funds

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

Each clearing member firm is required to maintain a security deposit, in the form of cash or U.S. Treasury securities with a maturity of ten years or less or shares of certain approved money market mutual funds, of a minimum of $2.5 million in a fund known as a guaranty fund (the “Guaranty Fund”). The Guaranty Fund may be used for any loss sustained by the Company as a result of the failure of a clearing member to discharge its obligations on the NYMEX Division or COMEX Division. Although there is one Guaranty Fund for both divisions, separate contribution amounts are calculated for each division.

Every member and non-member executing transactions on the Company’s divisions must be guaranteed by a clearing member and clear their transactions through the Company’s clearinghouse. This requirement also applies to transactions conducted outside of the Exchange which clear through NYMEX ClearPort ® Clearing. Clearing members of the NYMEX Division and COMEX Division require their customers to maintain deposits in accordance with Company margin requirements. Margin deposits and guaranty funds are posted by clearing members with the

Company's clearinghouse. In the event of a clearing member default, the Company satisfies the clearing member's obligations on the underlying contract by drawing on the defaulting clearing member's guaranty funds. If those resources are insufficient, the Company may fund the obligations from its own financial resources or draw on guaranty funds posted by non-defaulting clearing members. The Company also maintains a $115 million default insurance policy. This insurance coverage is available to protect the Company and clearing members in the event that a default in excess of $250 million occurs.

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

The Company is also entitled to lend a portion of the clearing members' securities on deposit held by the Company for margin deposits and guaranty funds to third parties (see Note 2).

The following table sets forth margin deposits and guaranty fund balances held by the Company on behalf of clearing members at March 31, 2008 and December 31, 2007 (in thousands):

	March 31, 2008			December 31, 2007		
	Margin Deposits	Guaranty Funds	Total Funds	Margin Deposits	Guaranty Funds	Total Funds
Cash and securities earning interest for NYMEX Holdings						
Cash	$ 20,522	$ 40	$ 20,562	$ 616	$ 14,042	$ 14,658
Securities purchased under agreements to resell	7,569	—	7,569	155,534	—	155,534
Total cash and securities	28,091	40	28,131	156,150	14,042	170,192
Cash and securities earning interest for members						
Money market funds	10,971,826	117,220	11,089,046	6,896,885	110,275	7,007,160
U.S. Treasuries	15,417,516	177,445	15,594,961	12,193,040	174,988	12,368,028
Letters of credit	3,170,167	—	3,170,167	2,892,326	—	2,892,326
Total cash and securities	29,559,509	294,665	29,854,174	21,982,251	285,263	22,267,514
Total funds	$ 29,587,600	$ 294,705	$ 29,882,305	$ 22,138,401	$ 299,305	$ 22,437,706

NOTE 6. Goodwill and Indefinite-Lived Intangible Asset

In 1994, NYMEX Division acquired the equity interests, but not the trading rights and protections, of the owners of COMEX Division memberships. As part of the agreement for this acquisition, a $10 million payment would be made to the owners of COMEX Division memberships in the event the Company consummated an initial public offering ("Special IPO Payment"). Upon the Company's successful completion of its initial public offering on November 22, 2006, the Special IPO Payment was made to owners of COMEX Division memberships of record as of November 16, 2006. This payment was considered additional consideration to the original purchase price of the COMEX equity interests and, therefore, was recorded as additional goodwill on the Company's condensed consolidated balance sheets. Goodwill amounted to $26.3 million at March 31, 2008 and December 31, 2007.

On November 20, 2006, the owners of COMEX Division memberships voted on and approved an agreement with the Company in which their trading rights and protections were terminated in exchange for certain new trading rights and protections. In addition, each of the 772 owners of COMEX Division memberships received 8,400 shares of the Company's common stock for a total consideration of 6,484,800 shares. The value assigned to the acquired trading rights was based on a measurement date of September 20, 2006, the date the agreement was entered into. The average price of the Company's common stock for the two days before and after the measurement date was used to value the trading rights at approximately $280.8 million. Included in the value are direct costs the Company incurred in preparing and negotiating such agreement. The Company considered the guidance set forth in SFAS No. 142, *Goodwill and Other Intangible Assets*, in determining that the acquired trading rights have an indefinite useful life.

NOTE 7. Long-Term Investments

Long-term investments are comprised principally of the Company’s investments in DME Holdings, Montréal Exchange, Optionable and IMAREX as described below:

In June 2005, the Company and Tatweer Dubai LLC (“Tatweer”), a subsidiary of Dubai Holding LLC, entered into a joint venture to develop the Middle East’s first energy futures exchange. As part of this venture, DME Holdings Limited (“DME Holdings”) was incorporated as a limited company under the laws of Bermuda. DME Holdings is the indirect owner of Dubai Mercantile Exchange Limited (the “DME”), a limited liability company formed under the laws of the Dubai International Financial Centre (“DIFC”), a financial free zone designed to promote financial services within the United Arab Emirates. On June 1, 2007, DME commenced offering sour crude and fuel oil products for trading. DME is regulated by the Dubai Financial Services Authority, a regulatory body established within the DIFC. The Company is required to contribute capital to the joint venture in an aggregate amount of $9.8 million over a five-year period, contingent upon the DME’s achievement of certain agreed upon performance targets. At March 31, 2008, the Company’s capital contributions made to the joint venture totaled $8.0 million.

In May 2007, DME Holdings entered into a shareholders agreement with the Oman Investment Fund (the “Shareholders Agreement”) to ultimately sell a 31.58% equity interest in DME Holdings. In conjunction with this agreement, the Company and Tatweer loaned $13.7 million each to DME Holdings in order to meet the financial resource requirements of the regulatory authorities. Upon the consummation of the restructuring of the investment pursuant to the Shareholders Agreement, the Company will ultimately own a 32.5% economic interest and a 34.21% voting interest in DME Holdings; the DME has begun implementing a plan to provide equity participation to market makers and other market participants which may result in further dilution of the Company’s economic interest. Upon consummation of the Shareholders Agreement, the Company reevaluated its investment in DME under FIN No. 46R and determined that DME was no longer a VIE as it meets the business scope exception. For the three months ended March 31, 2008 and 2007, the Company incurred losses, attributable to its investment, of approximately $2.1 million and $1.6 million, respectively. These losses are recorded in losses from unconsolidated investments on the condensed consolidated statements of income. As of March 31, 2008, DME repaid the Company approximately $6.4 million of the outstanding loan balance, including interest.

On March 13, 2007, the Company entered into a Private Placement Subscription Agreement with Bourse de Montréal, Inc., a Canadian corporation (“Montréal Exchange”) whereby the Company purchased approximately 3.1 million common shares of Montréal Exchange for approximately $78 million in cash. The shares purchased represented approximately 10% of the total outstanding shares of Montréal Exchange immediately after the execution of the Private Placement Subscription Agreement, which was consummated on March 23, 2007. The Company accounts for this investment under the cost method as it cannot exercise significant influence over the operating and financial policies of Montréal Exchange. Subsequently, on March 27, 2007, Montréal Exchange commenced trading on the Toronto Stock Exchange under the symbol “MXX.” Following the public offering of the Montréal Exchange, the Company reports its investment in Montréal Exchange as available-for-sale in accordance with SFAS No. 115. On February 13, 2008, the shareholders of Montréal Exchange approved a business combination with TSX Group Inc. to create a new integrated exchange group. On May 1, 2008, this combination was completed and the Company, in turn, received approximately $49.5 million in cash and 1.4 million shares of the new integrated exchange group’s common stock valued at approximately $63.1 million on such date. At March 31, 2008, the fair value of the securities of Montréal Exchange was approximately $100.2 million.

In April 2007, the Company entered into a Stock and Warrant Purchase Agreement with Optionable, Inc. (“Optionable”), an energy derivatives broker, whereby the Company purchased 19% of Optionable’s outstanding common shares on a fully diluted basis for approximately $28.9 million in cash. The warrant entitles the Company to purchase from Optionable common shares so as to increase the Company’s ownership to an amount not to exceed 40% of Optionable’s outstanding common shares on a fully diluted basis. The shares of Optionable are considered available-for-sale securities in accordance with SFAS No. 115. Following a precipitous fall in Optionable's stock price during May 2007 due to the loss of a major customer and resignation of its chief executive officer, among other matters, the Company evaluated its investment in Optionable for other-than-temporary impairment. In evaluating this investment, the Company took into consideration the severity of the stock price decline, the expected period of time necessary for a recovery to occur and the Company's ability to retain its investment during the period anticipated for recovery in fair value, if any. In analyzing Optionable's financial condition and following the guidance in SFAS No. 115 and EITF 03-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments, the Company determined the impairment in its Optionable investment as other-than-temporary and recorded a pre-tax charge of approximately $26 million in June 2007. At March 31, 2008, the fair value of the securities was approximately $0.5 million.

In November 2007, the Company acquired approximately 15% of IMAREX ASA ("IMAREX") for $52 million in cash. Subsequent acquisitions of IMAREX shares, for $2 million in cash, brought the Company's total ownership to approximately 16% at December 31, 2007. In February 2008, the Company participated in a private placement of shares newly issued by IMAREX (in connection with IMAREX's acquisition of Spectron Group plc) for approximately $11 million in cash, following which the Company's ownership in IMAREX increased to approximately 18%. In March 2008, IMAREX consummated a further offering of its shares, in which the Company did not participate, resulting in a decrease of the Company's total ownership in IMAREX to approximately 15%. IMAREX, headquartered in Oslo, Norway, operates a hybrid model of electronic trading and voice brokerage and offers research, transaction and settlement services for financial derivatives based on oceangoing freight, airborne emissions, farmed salmon, electric power and heavy fuel oil. The shares of IMAREX are reported as available-for-sale securities in accordance with SFAS No. 115. At March 31, 2008, the fair value of the securities was approximately $58.4 million.

NOTE 8. Long-Term Debt

The Company issued long-term debt totaling $100 million during 1996 and 1997 to provide completion financing for the Company's trading facility and headquarters. This issuance contained three series, each with different maturities, interest rates and repayment schedules. Series A notes require annual principal repayments from 2001 to 2010, and a final payment of principal in 2011. Series B notes require annual principal repayments from 2011 to 2020, and a final payment of principal in 2021. Series C notes require annual principal repayments from 2022 to 2025, and a final payment of principal in 2026. The notes represent senior unsecured obligations of the Company and are not secured by the Company's headquarters facility, the Company's interest therein, or any other collateral. The notes are subject to a prepayment penalty in the event they are paid off prior to their scheduled maturities. The Company believes that any economic benefit derived from early redemption of these notes would be offset by the redemption penalty. These notes place certain limitations on the Company's ability to incur additional indebtedness. At March 31, 2008 and December 31, 2007, the notes payable balance, including the current portion, was $80.3 million.

NOTE 9. Earnings per Share

The calculation of earnings per common share for the period ended March 31, 2008 and 2007 is as follows (in thousands, except for share data):

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Net income	$ 71,185	$ 56,220
Weighted average common shares outstanding:		
Basic	94,780,000	94,450,000
Effect of stock options	146,000	293,000
Effect of restricted stock units	38,000	65,000
Diluted	94,964,000	94,808,000
Earnings per Share:		
Basic	$ 0.75	$ 0.60
Diluted	$ 0.75	$ 0.59

NOTE 10. Members' Retirement Plan and Benefits

The Company maintains a retirement and benefit plan under the COMEX Members' Recognition and Retention Plan ("MRRP"). This plan provides benefits to certain members of the COMEX Division based on long-term membership, and participation is limited to individuals who were COMEX Division members prior to the Company's acquisition of COMEX in 1994. No new participants were permitted into the plan after the date of the acquisition. The annual benefit payments are $12,500 ($2,000 for options members) for ten years for vested participants. Under the terms of the COMEX MRRP, the Company is required to fund the plan with a minimum annual contribution of $400,000 until it is fully funded. The Company funded the plan with a contribution of $800,000 in 2007 and expects to do so again in 2008. Based on continued funding of $800,000 per year, and certain actuarial assumptions, the Company expects the plan to be fully funded in 2019. The annual contribution may be reduced if actuarial assumptions indicate that full funding can be achieved without making the entire funding contributions indicated above. Corporate contributions are charged against current operations. All benefits to be paid under the COMEX MRRP shall be based upon reasonable actuarial assumptions which, in turn, are based upon the amounts that are available and are expected to be available to pay benefits, except that the benefits paid to any individual will not exceed the amounts stated above. Quarterly distributions from the COMEX MRRP began in the second quarter of 2002. Subject to the foregoing, the board of directors of the Company reserves the right to amend or terminate the COMEX MRRP upon an affirmative vote of 60% of the eligible COMEX Division plan participants.

NOTE 11. Direct Transaction Costs

The Company incurs various costs to support its trading floor and clearinghouse. These costs include fees paid to third-party brokers for submitting individually negotiated off-exchange trades to the Exchange for the clearing of specified products. These costs also include service fees paid to the Chicago Mercantile Exchange Inc. ("CME") (as described in the following paragraph), license and royalty fees paid to third-party vendors for the use of their settlement prices, and trading floor supplies needed for the Company's open outcry venue.

In 2006, NYMEX Exchange entered into a definitive technology services agreement (the "CME Agreement") with CME, a wholly-owned subsidiary of CME Group, to become the exclusive electronic trading service provider for NYMEX Exchange's energy futures and options contracts and for metals products listed on its COMEX Division. The CME Agreement has a ten-year term from the launch date with rolling three-year extensions unless, among other reasons, (i) either party elects not to renew the CME Agreement upon written notice prior to the beginning of the applicable renewal term, or (ii) either party elects to terminate the CME Agreement between the fifth and the sixth year anniversary of the first launch date upon written notice and payment of a termination fee. Pursuant to the CME Agreement, NYMEX Exchange will pay to CME a minimum annual payment or per trade fees based on average daily volume, whichever is greater. In addition, pursuant to the CME Agreement, if the Company acquires or merges with an entity, that at the time of such acquisition or merger, operates a trading execution system for futures or futures options products (or off-exchange look-alike versions of such products), electronic trading of such products shall be transitioned to the CME Globex ® electronic trading platform ("CME Globex") within two years.

For the three months ended March 31, 2008 and 2007, the Company incurred fees of $17.0 million and $12.3 million, respectively, under the terms of the CME Agreement, which are included in direct transaction costs on the consolidated statements of income.

NOTE 12. Pension and Other Benefit Plans

The Company sponsors various defined contribution and postretirement plans to qualifying employees. The Company also provides postemployment benefits to eligible employees after employment but before retirement.

Savings Plan

The Company sponsors a defined contribution plan (the "401K Plan") that incorporates a deferred salary arrangement under Section 401(k) of the Internal Revenue Code to all eligible domestic employees. The Company matches employee contributions up to a maximum of 3% of salary. In addition, the Company makes annual contributions ranging from 2% to 7% based upon tenure for each eligible 401K Plan member.

Deferred Compensation Plan

The Company has a nonqualified deferred compensation plan (the "Deferred Plan") for key employees to permit them to defer receipt of current compensation. The Company may provide a matching and a regular year-end contribution to the Deferred Plan. Matching and year-end contribution percentages follow the same guidelines as the Company's defined contribution plan. The Deferred Plan is not intended to be a qualified plan under the provisions of the Internal Revenue Code. It is intended to be unfunded and, therefore, all compensation deferred under the Deferred Plan is held by the Company and commingled with its general assets. The participating employees are general creditors of the Company with respect to these benefits. The Company has the right to amend, modify, or terminate the Deferred Plan at any time. At March 31, 2008 and December 31, 2007, deferred compensation amounted to $2.9 million and $2.8 million, respectively, and is included in accrued salaries and related liabilities on the condensed consolidated balance sheets.

Postemployment Plan

The Company offers various postemployment benefits to employees after employment but before retirement. These benefits are paid in accordance with the Company's established postemployment benefit practices and policies. Postemployment benefits include both short-term disability income benefits and long-term disability related health benefits. The Company accrues for these future postemployment benefits, which are funded on a pay-as-you-go basis. The Company's postemployment benefits liabilities at March 31, 2008 and December 31, 2007 were $0.3 million and $0.8 million, respectively.

Postretirement Plan

The Company's postretirement benefit costs are developed from actuarial valuations. Inherent in these valuations are key assumptions, including the discount rate and health care cost trend rate. Material changes in its postretirement benefit costs may occur in the future due to changes in these assumptions, changes in the number of plan participants and changes in the level of benefits provided. The Company provides certain health care and life insurance benefit plans for qualifying retired employees. Substantially all of the Company's employees may become eligible for these benefits if they reach specified age and years of service criteria while working for the Company. The benefits are provided through certain insurance companies. The Company expects to fund its share of such benefit costs principally on a pay-as-you-go basis. Accrued postretirement benefit costs are included in other non-current liabilities on the condensed consolidated balance sheets.

The net periodic benefit cost for the Company's defined benefit retirement plans and other benefit plans for the first quarter of 2008 and 2007 included the following components (in thousands):

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Service costs	$ 90	$ 110
Interest costs	102	108
Amortization of prior service costs	(11)	(14)
Amortization of net loss	—	16
Total net period postretirement benefit cost	$ 181	$ 220

NOTE 13. Lease Termination Costs

In June 2006, the Company ceased its floor trading operations of its London-based exchange. As a result, the Company incurred lease termination costs of approximately $1.5 million during the first and second quarters of 2006 on various operating leases it had contracted to support its floor trading operations. In September 2006, the Company consolidated its London offices, and in doing so vacated its location at 131 Finsbury Pavement. The Company began negotiations with the landlord during September 2006 to buy out the remaining lease term. As such, the Company recorded a charge of approximately $1.9 million in the third quarter of 2006 for the estimated amount to be paid. This charge was recorded in occupancy and equipment on the Company's condensed consolidated statements of income.

The following tables summarize the activity related to the various London exchange lease terminations in accordance with SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* (in thousands):

	Lease Termination Costs		Lease Termination Costs
Total expected to be incurred	$ 3,426	Liability at January 1, 2008	$ 878
Charges incurred in 2006	$ 3,426	Charges	—
Charges incurred in 2007	—	Payments	(40)
Charges incurred in 2008	—		
Cumulative charges incurred as of March 31, 2008	$ 3,426	Liability at March 31, 2008	$ 838

NOTE 14. Common Stock

At March 31, 2008, the composition of common stock was as follows:

	Authorized[1]	Issued	Outstanding[2]
Common Stock[3]	101,984,800	22,069,288	22,060,439
Series A-1 Common Stock	24,480,000	19,806,000	19,806,000
Series A-2 Common Stock	24,480,000	23,310,000	23,310,000
Series A-3 Common Stock	24,480,000	23,411,000	23,411,000
Series B-1 Common Stock	2,161,600	1,974,000	1,974,000
Series B-2 Common Stock	2,161,600	2,099,300	2,099,300
Series B-3 Common Stock	2,161,600	2,115,400	1,325,800
	181,909,600	**94,784,988**	**93,986,539**

1 Common stock authorized consists of: (i) 73,440,000 shares reserved for issuance upon conversion of the Series A-1, Series A-2 and Series A-3 Common Stock; (ii) 8,160,000 shares authorized and issued for the conversion of the Company's preferred stock; (iii) 4,300,000 shares reserved for issuance under the Company's 2006 Long-Term Incentive Plan; (iv) 9,600,000 shares authorized in connection with the IPO of which 6,365,000 were issued; and (v) 6,484,800 shares reserved for issuance upon conversion of the Series B-1, Series B-2 and Series B-3 Common Stock.

2 Series B-1, Series B-2 and Series B-3 Common Stock were issued as consideration for the trading rights the Company acquired from the owners of COMEX Division memberships (see Note 6). In accordance with the terms of the agreement, each of the 772 owners of COMEX Division memberships was to receive 8,400 shares of the Company's common stock (2,800 Series B-1, 2,800 Series B-2, and 2,800 Series B-3 shares) and was able to individually elect the timing of the receipt of those shares. The election choices included the receipt of: (i) all shares on the date the agreement was consummated (November 20, 2006); (ii) all shares on January 2, 2007; or

(iii) in one-third increments on the 180 th , 360 th and 540 th day following the date the Company's Registration Statement on Form S-1, as filed with the SEC, became effective (November 16, 2006). As a result of the election by the 772 owners of COMEX Division memberships: 204 elected to receive their shares, totaling 1,713,600 shares, on November 20, 2006; 286 elected to receive their shares, totaling 2,402,400 shares, on January 2, 2007; and 282 elected to receive their shares, totaling 2,368,800 shares, in one-third increments as described above.

3 The difference between the Common Stock issued and outstanding represents stock awards that have vested to non-employee directors of the Company's board, which were granted under the 2006 Long-Term

Incentive Plan. In accordance with each non-employee director's award, shares that are vested are unable to be sold until six months after the director is no longer serving on the board, therefore, the vested shares are considered to be issued but not outstanding.

NOTE 15. Supplemental Disclosures of Cash Flow Information

Supplemental disclosures of cash flow information for the three months ended March 31, 2008 and 2007 are as follows:

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
	(in thousands)	
Cash paid for:		
Interest	$ 5,619	$28,750
Income taxes	$ 7,800	$14,400
Non-cash investing and financing activities:		
Unrealized (loss) gain on available-for-sale securities	$(29,797)	$33,437

NOTE 16. Share-Based Compensation

The Company's 2006 Omnibus Long-Term Incentive Plan (the "2006 LTIP") was approved by its board of directors on July 13, 2006 and by its stockholders on October 12, 2006. The 2006 LTIP provides for the granting of incentive stock options, non-qualified stock options ("NQSOs"), restricted stock, and restricted stock unit awards ("RSUs") to employees and directors for up to 4.3 million shares of common stock. The Company believes that such awards better align the interest of its employees with those of its stockholders. The exercise price for all stock options is not less than 100% of the fair market value of the common stock on the date of grant. Notwithstanding the foregoing, the fair market value of a share of common stock for purposes of determining awards with a grant date as of the Company's initial public offering was set in the final prospectus for such initial public offering. No monetary payment is required as a condition of receiving a restricted stock or restricted stock unit award, since the consideration for the award shall be services actually rendered to the Company or for the Company's benefit. All share-based compensation currently awarded vest over a varying period of up to four years from the date of grant. NQSOs currently awarded have a maximum term of 8 years.

On January 9, 2008, the Company granted to its employees 376,100 NQSOs and 49,100 RSUs. The Company follows fair value accounting for share-based compensation as required under SFAS No. 123 (Revised), *Share-Based Payment* ("SFAS No. 123R"). SFAS No. 123R requires recognition of compensation costs related to share-based payments over the period that an employee provides services in exchange for the award. The fair value of the NQSOs awards granted on January 9, 2008 was based on the Black-Scholes option-pricing model using the following assumptions:

For the three months ended March 31, 2008:	
Risk-free interest rate	3.08%
Expected volatility	34.69%
Expected option life	4.5 years
Dividend yield	0.3%
Weighted-average grant-date fair value	$ 37.83

The risk-free interest rate was based on the implied yields of U.S. Treasury Notes with a maturity equal to the NQSOs expected life at the time of grant. Expected volatility was based on the volatility of stock prices of companies within the same industry as the Company. The expected NQSOs life was determined based on various factors including employee turnover rate, the vesting period of the NQSOs and information received from third-party consultants.

Share-based compensation expense was approximately $3.7 million and $2.3 million for the three months ended March 31, 2008 and 2007, respectively, and is recorded in salaries and employee benefits on the condensed consolidated statements of income.

SFAS No. 123R additionally requires companies to estimate forfeiture rates at the time of grant and to revise these estimates in subsequent periods if actual forfeiture rates differ from those estimates. The Company applied the forfeiture rate to the unvested portion of the NQSOs valuation and performed a true-up for the actual forfeited amount of the valuation on a quarterly basis. As of March 31, 2008, the current forfeiture rate for the non-vested NQSOs and RSUs was 8.7% and 11.6%, respectively, as compared to 9.8% and 12.3%, respectively, at December 31, 2007.

The following table summarizes the changes in NQSOs activities under the 2006 LTIP for the three months ended March 31, 2008:

	Shares (in thousands)	Weighted average exercise price
Outstanding at the beginning of the period	1,066.8	$ 62.83
Granted	376.1	118.97
Exercised	14.2	59.00
Forfeited or expired	1.5	59.00
Outstanding at the end of the period	1,427.2	$ 77.67
Exercisable at the end of the period	44.9	59.00

The following table summarizes the changes in RSUs under the 2006 LTIP for the three months ended March 31, 2008:

	Shares	Weighted average Grant-Date Fair Value
	(in thousands)	
Nonvested at the beginning of the period	140.5	$ 8,783.7
Granted	49.1	5,841.4
Vested	1.4	169.0
Forfeited or expired	0.7	48.8
Nonvested at the end of the period	187.5	$ 14,407.3

At March 31, 2008, there was $43.3 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the 2006 LTIP. This cost is expected to be recognized over the future vesting period.

NOTE 17. Segment Reporting

The Company considers operating results for two business segments: Open Outcry and Electronic Trading and Clearing. Open Outcry is the trading and clearing of NYMEX Division and COMEX Division futures and options contracts on the trading floors of the Exchange. Electronic Trading and Clearing consists of NYMEX ClearPort ® Trading and NYMEX ClearPort ® Clearing and trading on the CME Globex. The Company reports revenue on a segment basis. Total revenues presented for each segment include clearing and transaction fees related to such segment and a pro rated portion of market data fees. Other revenues are attributed entirely to Open Outcry. Direct transaction costs are allocated directly to the segment they are incurred for. Depreciation and amortization and other operating expenses are allocated directly to the segment they pertain to, where practicable, with the balance of these expenses allocated based on the proportion of operating revenues, net of direct transaction costs, attributed to each segment. Non-operating income and expenses, as well as expenses incurred in connection with the Merger Agreement, are allocated entirely to Corporate/Other.

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

	Three Months Ended March 31, 2008			
	Open Outcry	Electronic Trading & Clearing	Corporate / Other	Total
Total operating revenues	$49,018	$159,857	$ —	**$208,875**
Direct transaction costs	333	27,750	—	**28,083**
Depreciation and amortization	1,628	1,830	—	**3,458**
Other operating expenses	15,184	21,087	8,175	**44,446**
Operating income (loss)	31,873	109,190	(8,175)	**132,888**
Non-operating income	—	—	1,538	**1,538**
Income (loss) before provision (benefit) for income taxes	31,873	109,190	(6,637)	**134,426**
Provision (benefit) for income taxes	14,301	48,994	(54)	**63,241**
Net income (loss)	$17,572	$ 60,196	$ (6,583)	**$ 71,185**

	Three Months Ended March 31, 2007			
	Open Outcry	Electronic Trading & Clearing	Corporate / Other	Total
Total operating revenues	$46,128	$118,098	$ —	**$164,226**
Direct transaction costs	—	24,102	—	**24,102**
Depreciation and amortization	1,826	1,705	—	**3,531**
Other operating expenses	20,052	20,829	—	**40,881**
Operating income	24,250	71,462	—	**95,712**
Non-operating income	—	—	3,969	**3,969**
Income before provision for income taxes	24,250	71,462	3,969	**99,681**
Provision for income taxes	10,670	31,443	1,348	**43,461**
Net income	$13,580	$ 40,019	$ 2,621	**$ 56,220**

The Company does not account for, and does not report to management, its assets (other than goodwill and other intangible assets for SFAS No. 142 reporting purposes) or capital expenditures by business segment. Foreign source revenues and long-lived assets located in foreign countries are not material to the consolidated results of operations and financial position of the Company and are, therefore, not disclosed separately.

NOTE 18. Income Taxes

The Company reviews its annual tax rate on a quarterly basis and makes any necessary changes. The estimated annual tax rate may fluctuate due to changes in forecasted annual operating income, changes in the jurisdictional mix of the forecasted annual operating income, positive or negative changes to the valuation allowance for net deferred tax assets, changes to actual or forecasted permanent book to tax differences, impacts from future tax settlements with state or federal tax authorities or impacts from enacted tax law changes. The Company identifies items which are unusual and non-recurring in nature and treats these as discrete events. The tax effect of discrete items is booked entirely in the quarter in which the discrete event occurs.

The Company has unrecognized tax benefits, including interest, of approximately $3.5 million, net of federal tax effect, as of March 31, 2008. The Company believes that changes in the unrecognized tax benefits due to possible settlements are unlikely in the next 12 months. The Company's historical accounting policy with respect to interest and penalties related to tax uncertainties has been to classify these amounts as income taxes, and the Company continued this classification upon the adoption of FIN No. 48. The total amount of interest related to tax uncertainties recognized in the consolidated statements of income for the period ended March 31, 2008 was $0.1 million. The earliest tax year open to examination by the Internal Revenue Service and the other tax jurisdictions in which the Company files a tax return is 2003.

NOTE 19. Commitments and Contingencies

Contractual Obligations

In connection with its operating activities, the Company enters into certain contractual obligations. The Company's material contractual cash obligations include long-term debt, a technology services agreement, operating leases and other contracts. A summary of the Company's minimum required future cash payments associated with its contractual cash obligations outstanding as of March 31, 2008, as well as an estimate of the timing in which these commitments are expected to expire, are set forth in the following table:

	Payments Due by Period						
	2008	2009	2010	2011	2012	Thereafter	Total
				(in thousands)			
Contractual Obligations							
Long-term debt principal	$ 2,817	$ 2,817	$ 2,817	$ 7,739	$ 4,909	$ 59,182	**$ 80,281**
Long-term debt interest	6,205	5,994	5,783	5,573	4,980	31,233	**59,768**
Services agreements [1]	7,760	10,295	11,571	30,948	—	—	**60,574**
Operating leases—facilities	2,253	3,027	3,306	3,585	2,051	136	**14,358**
Operating leases—equipment	1,677	1,408	540	—	—	—	**3,625**
Other long-term obligations	973	1,041	967	800	800	5,247	**9,828**
Total contractual obligations	$21,685	$24,582	$24,984	$48,645	$12,740	$ 95,798	**$228,434**

[1] Services agreements include required minimum payments in accordance with the CME Agreement (see Note 11 to the condensed consolidated financial statements). The CME Agreement has a ten-year term from the launch date with rolling three-year extensions. Either party may elect to terminate the CME Agreement between the fifth and the sixth year anniversary of the first launch date upon written notice and payment of a termination fee. As a result, the Company's current minimum obligation under the CME Agreement is for remaining payments through year five. As such, the Contractual Obligations table above sets forth the Company's minimum obligation remaining through year five, including the related termination fee in the event the Company elects to terminate the CME Agreement. In addition, the services agreements category includes employment agreements as filed with the SEC.

As previously disclosed in Note 18, the Company has $3.5 million of unrecognized tax benefits as of March 31, 2008. The Company is subject to periodic examinations of its income tax returns by the U.S. Internal Revenue Service and various state and local taxing authorities, which could result in future tax liabilities, the payment of which would offset the current unrecognized tax benefits. Due to the uncertainty of the outcome of any future income tax examinations, it is not possible to estimate when tax payments, if any, would be made.

The Company occupies premises under leases, including a land lease, with various lessors that expire in 2008 through 2069. For each of the three months ended March 31, 2008 and 2007, rental expense for facilities and the land lease amounted to $0.6 million. The lease commitments on the Company's facilities include scheduled base rent increases over the terms of the leases. The base rent payments are being charged to expense on the straight-line method over the terms of the leases. The Company has recorded a deferred credit to reflect the excess of rent expense over cash payments since inception of the leases.

The Company leases space to tenants in its headquarters facility. For the three months ended March 31, 2008 and 2007, rents collected from these leases were $2.3 million and $2.1 million, respectively and are recorded in other revenue on the condensed consolidated statements of income. Future minimum rental income for the years 2008 through 2012 are as follows:

	(in thousands)
2008	$ 5,010
2009	4,649
2010	4,461
2011	4,325
2012	4,306
Thereafter	2,409
Total	**$ 25,160**

In 1994, the Company entered into a Letter of Intent with Battery Park City Authority ("BPCA"), the New York City Economic Development Corporation ("EDC") and the Empire State Development Corporation ("ESDC") to construct a new trading facility and office building on a site in Battery Park City. By agreement dated May 18, 1995, the EDC and ESDC agreed to provide funding of $128.7 million to construct the facility. The Company is liable for liquidated damages on a declining scale, currently set at $25.0 million, if it violates terms of the occupancy agreement at any time prior to the 15 years from the date of occupancy, July 7, 1997.

In May 1995, the Company signed a ground lease (expiring June 2069) with BPCA for the site where it constructed its headquarters and trading facility. The lease establishes payments in lieu of taxes ("PILOTs") due to New York City, as follows: for the trading portion of the facility, PILOTs are entirely abated for the first 20 years after occupancy; for the office portion of the facility, PILOTs are entirely abated for one year after occupancy, at a percentage of assessment (ranging from 25% to 92.5%) for the next 10 years and, thereafter, at an amount equal to assessment. Sub-let space is not eligible for abatements.

In 2002, the Company entered into an agreement and received a $5.0 million grant from ESDC. This agreement requires the Company to maintain certain annual employment levels, and the grant is subject to recapture amounts, on a declining scale, over time.

The Company and the Board of Trade of the City of New York, Inc. ("NYBOT") entered into a lease agreement that became effective on November 20, 2002. In accordance with this lease agreement, NYBOT is leasing approximately 13,000 square feet on the COMEX Division trading floor and approximately 45,000 square feet of office space for a ten-year term. The rent commencement date for the trading floor space and office space was July 1, 2003 and May 20, 2003, respectively. In 2007, NYBOT changed its corporate name to ICE Futures U.S., Inc.

In accordance with the DME shareholders agreement, the Company is required to contribute capital to the joint venture in an aggregate amount of $9.8 million over a five-year period, contingent upon the DME's achievement of certain agreed upon performance targets. At March 31, 2008, the Company had contributed a total of $8.0 million.

Section 311(G) of the Bylaws of NYMEX Exchange provides for a revenue sharing arrangement with the owners of Class A memberships in NYMEX Exchange in the event that either: (i) NYMEX Exchange determines to terminate permanently all open outcry floor trading for a specified list of products on the NYMEX Exchange and instead lists such products for electronic trading only; or (ii) a “shift” occurs whereby at least 90% of the contract volume of such NYMEX Exchange product results from electronic trading. Once triggered for a particular product, the obligation under the revenue sharing arrangement consists of the greater of the following amounts: (i) 10% of the gross NYMEX Exchange revenues attributable to all revenue from the electronic trading of such applicable NYMEX Exchange product, but not including market data fees or revenues from bilateral transactions cleared through NYMEX ClearPort ® Clearing (or its successor); or 100% of the revenue from any additional special fee or surcharge that may be imposed by NYMEX Exchange on the transaction fees applicable to the electronic trading of such applicable NYMEX Exchange product. Once triggered, Bylaw Section 311(G) requires this revenue stream continue in perpetuity or until NYMEX Exchange no longer lists such product for electronic trading. NYMEX Exchange has determined that a “shift” will have occurred for any applicable NYMEX Exchange product following the end of two consecutive fiscal quarters in which, during each quarter, the average quarterly electronic trading volume has equaled or exceeded 90% of the contract volume in such product. Thereafter, revenues that are generated from the electronic trading of such product will begin to accrue and will be paid to the owners of Class A memberships in NYMEX Exchange on a quarterly basis consistent with the financial reporting schedule of NYMEX Holdings. In accordance with the NYMEX Exchange Bylaws, such determination may be subject to challenge by owners of Class A memberships in NYMEX Exchange through an arbitration.

Financial Guarantees

The Company has certain guarantee arrangements in its clearing process as well as other financial guarantees discussed below:

Included in marketable securities are investments that are pledged as collateral with one of the Company’s investment managers relating to a membership seat financing program. Under this program, the investment manager extends credit to individuals purchasing NYMEX Division memberships. The program requires that the Company pledge assets to the investment manager in an amount equal to at least 118% of the loan value. In the event a member defaults on a loan, the investment manager has the right to seize the Company’s collateral for the amount of the default, and the Company has the right to liquidate the member’s interest in NYMEX Division to reimburse its loss of collateral. At March 31, 2008, there were total seat loan balances of $3.3 million and securities pledged against the seat loan balances of $3.9 million.

The Company serves a clearinghouse function, standing as a financial intermediary on every open futures and options transaction cleared. Through its clearinghouse, the Company maintains a system of guarantees for performance of obligations owed to buyers and sellers. This system of guarantees is supported by several mechanisms, including margin deposits and guaranty funds posted by clearing members with the Company’s clearinghouse. The amount of margin deposits on hand will fluctuate over time as a result of, among other things, the extent of open positions held at any point in time by market participants in NYMEX Division and COMEX Division contracts and the margin rates then in effect for such contracts. The Company is required, under the Commodity Exchange Act, to maintain separate accounts for cash and securities that are deposited by clearing members, at banks approved by the Company, as margin for house and customer accounts. These clearing deposits are used by members to meet their obligations to the Company for margin requirements on open futures and options positions, as well as delivery obligations.

The Company established additional retail customer protection supported by a commitment of at least $10 million available at all times to promptly reimburse retail customers in the event that their clearing member defaults as a result of a default by another customer where margin funds from the retail customer’s account are used to address the default. Retail customers are defined as those that do not otherwise qualify as “eligible contract participants” under the requirements of the Commodity Exchange Act, and are not floor traders or floor brokers on the Exchange or family members of an Exchange floor trader or floor broker who maintains an account at the same clearing firm.

There were no events of default as of March 31, 2008 and December 31, 2007, in any of the above arrangements, in which a liability should be recognized.

Legal Proceedings

In the ordinary course of business, the Company is a party to several lawsuits and claims. The Company periodically assesses its liabilities and contingencies in connection with these matters, based upon the latest information available. As additional information becomes available, the Company adjusts its assessment and estimates of such liabilities accordingly. It is possible that the ultimate resolution of its liabilities and contingencies could be at amounts that are different from any recorded reserves and that such differences could be material. Based on its review of the latest information available, the Company believes its ultimate liability, if any, in connection with any current lawsuits or claims for pending or threatened legal proceedings, would not materially affect the Company's financial condition, results of operations, or cash flows.

Set forth below is a description of material litigation to which the Company is a party, as of March 31, 2008. Although there can be no assurance as to the ultimate outcome, the Company believes it has a meritorious defense and is vigorously defending the matter described below. The final outcome of any litigation, however, cannot be predicted with certainty, and an adverse resolution of this matter could have a material adverse effect on the Company's consolidated results of operations, financial position or cash flows.

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

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

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

By Order and Opinion dated June 30, 2004, the Court granted NYMEX Exchange's motion and dismissed all of the antitrust counterclaims asserted against NYMEX Exchange. ICE did not appeal this decision.

By Order and Opinion dated September 29, 2005, the Court (1) granted ICE's motion for summary judgment to the extent of dismissing NYMEX Exchange's federal claims for copyright and trademark infringement and dismissing without prejudice (by declining to exercise supplemental jurisdiction), NYMEX Exchange's state law claims for violation of trademark anti-dilution statutes and interference with contractual relationships, and (2) denied NYMEX Exchange's cross-motion for partial summary judgment on copyright infringement and tortious interference with contract. On October 13, 2005, NYMEX Exchange filed a notice of appeal with the United States Court of Appeals for the Second Circuit. On August 1, 2007, the United States Court of Appeals affirmed the judgment of the lower Court. On August 15, 2007, NYMEX Exchange filed a Combined Petition for Panel Rehearing and for Rehearing En *Banc* before the United States Court of Appeals for the Second Circuit. On October 18, 2007, the Court denied NYMEX Exchange's petition.

On January 16, 2008, NYMEX Exchange filed its Petition for a Writ of Certiorari with the United States Supreme Court. ICE filed its Brief in Opposition on February 12, 2008. NYMEX Exchange filed its Reply Brief on February 25, 2008. On March 17, 2008, the United States Supreme Court denied NYMEX Exchange's Petition for a Writ of Certiorari. This matter is now concluded.

Cataldo J. Capozza v. NYMEX Holdings, Inc., et al. On March 17, 2008, Cataldo J. Capozza, a NYMEX Holdings shareholder and a former Class A member of NYMEX Exchange commenced a putative class action in the Delaware Court of Chancery, on behalf of himself and all other NYMEX Holdings shareholders, against NYMEX Holdings, the members of its board of directors and CME Group. The complaint, which seeks to enjoin the Company's merger with CME Group, alleges, among other things, that the directors breached their fiduciary duties to NYMEX Holdings' shareholders by attempting to sell the Company for inadequate and unfair consideration and pursuant to an inadequate and unfair process, and that CME Group aided and abetted such breaches. On April 21, 2008, the NYMEX Holdings and its directors moved to dismiss the complaint and to stay all discovery pending the disposition of the motion to dismiss. This matter is ongoing.

Polly Winters v. NYMEX Holdings, Inc., et al. , and *Joan Haedrich v. NYMEX Holdings, Inc., et al* . On April 14 and 15, 2008, respectively, two additional putative class actions were commenced in the Delaware Court of Chancery by Polly Winters and Joan Haedrich, both NYMEX Holdings shareholders, on behalf of themselves and all other NYMEX Holdings shareholders, against NYMEX Holdings, the members of its board of directors and CME Group. The Winters and Haedrich complaints contain allegations virtually identical to those in the Capozza action (discussed above). NYMEX Holdings and its directors have not yet responded to the Winters and Haedrich complaints. These matters are ongoing.

NOTE 20. Subsequent Event

On May 1, 2008, the Company announced that its board of directors approved a quarterly dividend of $0.10 per common share to stockholders of record as of June 6, 2008 that will be payable on June 27, 2008.

Exhibit 99.3

The following risk factors are from Item 1A of NYMEX Holdings Inc. ("NYMEX Holdings") Annual Report on Form 10-K for the fiscal year ended December 31, 2007. NYMEX Holdings together with its subsidiaries is referred to herein as the "Company." The two principal operating subsidiaries of NYMEX Holdings are New York Mercantile Exchange, Inc. ("NYMEX Exchange" or "NYMEX Division") and Commodity Exchange, Inc. ("COMEX" or "COMEX Division"), which is a wholly-owned subsidiary of NYMEX Exchange. NYMEX Exchange and COMEX are collectively referred to as the "Exchange."

RISK FACTORS

The risks described below are not the only ones facing the Company. Additional risks not presently known to it or that the Company currently deems immaterial may also impair its operations.

Risks relating to the Company's business

Intense competition could have a material adverse effect on the Company's market share and financial performance

The derivatives exchange industry is highly competitive. Some competitors and potential competitors of the Company have greater distribution and/or have greater financial resources than the Company. Some competitors of the Company also have greater access to capital markets as well as more substantial marketing capabilities and technological and personnel resources.

Competitors of the Company have increased their development of electronic trading, which could substantially increase competition for some or all of the products and services the Company currently provides. In addition, competitors of the Company may:

- respond more quickly to competitive pressures;
- develop and expand their network infrastructures and service offerings more efficiently;
- adapt more swiftly to new or emerging technologies and changes in customer requirements;
- develop products similar to the products the Company offers that are preferred by the Company's customers;
- develop new risk transfer products that compete with the Company's products;
- price their products and services more competitively;
- utilize more advanced, 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; and
- exploit regulatory disparities between traditional, regulated exchanges and alternative or foreign markets that benefit from a reduced regulatory burden and a lower-cost business model.

The Company's current and prospective competitors include futures and other derivatives exchanges, securities exchanges, electronic communications networks, crossing systems and similar entities, consortia of large customers and some of the Company's clearing member firms and interdealer brokerage firms. The Company may also face competition in its market data services business from market data and information vendors and other clearinghouses.

As a result of this competition, the Company may be limited in its ability to retain its current customers or attract new customers to its markets, products and services. In addition, the Company may lose customers because of more economical alternatives offered from competitors with comparable products, services or trade execution services. The Company expects that competition will intensify in the future. Such competition is likely to include price competition, which could have a material adverse effect on the Company's business. The Company's business could be materially adversely affected if it fails to attract new customers, loses a substantial number of its current customers to competitors or experiences significant decreases in its pricing.

In addition, clearinghouse brokers currently receive a fee for bringing to the Exchange off-exchange trades to clear. Should a competitor clearinghouse offer higher fees to brokers, the Company could lose business or be forced to pay higher fees, which could have a material adverse effect on its business as a whole.

The Company's trading volume, and consequently its revenues and profits, could be materially adversely affected if the Company is unable to retain its current customers or attract new customers or if derivatives trading volume in general decreases

The success of the Company's business depends, in part, on its ability to maintain and increase its trading volume and the resulting exchange fees. To do so, the Company must maintain and expand its product offerings, its customer base and its trade execution alternatives. The Company's success also depends on its ability to offer competitive prices and services in an increasingly price-sensitive business. In addition, the Company's success depends on its ability to attract and retain new customers who trade its products. The Company may be unable to continue to expand the number of products that it offers, to retain its existing customers or to attract new customers. The Company's management may make certain decisions that are designed to enhance stockholder value, which may lead to decisions or outcomes with which its customers disagree. These changes may make the Company less attractive to its customers 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. Although its members currently pay the Company prices that are lower than those paid to the Company by non-members, the Company cannot assure you that its members will continue to receive beneficial pricing. A material decrease in member trading activity would negatively impact trading volume and liquidity in Company products and reduce its revenues. If the Company fails to expand its product offerings or execution facilities, or lose a substantial number of its current customers, or is unable to attract new customers, its business would be adversely affected. Furthermore, declines in its trading volume may negatively impact market liquidity on the Exchange, which would result in lower exchange fee revenues and could materially adversely affect the Company's ability to retain its current customers or attract new customers.

The Company is competing aggressively for new participants, many of whom have only recently begun trading in its markets — most notably financial institutions, and proprietary, algorithmic and electronic trading shops. Competition for these new market entrants among exchanges and trading operations across a variety of markets is intense. If the Company is unable to attract new market participants, its business could be materially adversely affected.

The Company's decision to operate both electronic and open outcry trading venues may cause the Company to lose trading volume and may materially adversely affect its operating costs, markets and profitability

In response to the increasing acceptance of electronic trading, and to maintain and enhance its competitive position in its futures business, the Company began offering electronic trading side-by-side with its open outcry trading. The Company cannot assure you that the market will continue to accept its side-by-side trading, or that the Company will be able to maintain its market share and liquidity in its products. The Company's decision to offer side-by-side trading could cause its customers, including those currently trading through its open outcry trading floor, to alter their trading practices and could result in a loss of customers to competing exchanges. Declining trading volumes on the Company's trading floor may make its futures markets less liquid. As a result, the Company's total revenues may be lower than if the Company operated only electronic trading or only open outcry trading platforms. Over time, this decision may prove to be ineffective and costly to the Company and could ultimately adversely affect its profitability and competitive position.

It is expensive in terms of costs and management and other resources to continue operating two trading venues for the same products. The Company may not have sufficient resources to adequately fund or manage both trading venues. This may result in resource allocation decisions that materially adversely impact one or both venues. Moreover, to the extent that the Company continues to operate two trading venues, its board of directors and management may make decisions which are designed to enhance the continued viability of two separate trading venues. These decisions may have a negative impact on the overall competitiveness of each trading venue. See "—The Company's governing documents provide for the protection and support of open outcry trading by granting certain voting and economic rights to the owners of the Class A memberships, who may have interests that differ from or may conflict with those of the Company's stockholders" and "—Holders of common stock who also own Class A memberships in NYMEX Exchange may have interests that differ from or may conflict with those of holders of common stock who are not also owners of Class A memberships in NYMEX Exchange."

Reductions in the fees the Company charges resulting from competitive pressures could lower its revenues and profitability

The Company expects to experience pressure on the fees it charges as a result of competition the Company faces in its commodities futures and off-exchange clearing markets. Some competitors of the Company offer a broader range of products and services to a larger participant base, and enjoy higher trading volumes than the Company. Consequently, competitors of the Company may be able and willing to offer competing products at lower fees than the Company currently offers or may be able to offer. As a result of this pricing competition, the Company could lose both market share and revenues. The Company believes that any downward pressure on the fees it charges would likely continue and intensify as it continues to develop its business and gain recognition in its markets. A decline in such rates could lower its revenues, which would adversely affect its profitability. In addition, competitors of the Company may offer other financial incentives such as rebates or payments in order to induce trading in their markets, rather than the Company's. Furthermore, the Company may not be able to change the fees of certain of its products due to the rights of owners of Class A memberships in NYMEX Exchange. See "—The Company's governing documents provide for the protection and support of open outcry trading by granting certain voting and economic rights to the owners of the Class A memberships, who may have interests that differ from or may conflict with those of the Company's stockholders."

The Company depends primarily on the Chicago Mercantile Exchange for electronic trading

On April 6, 2006, the Company announced, pursuant to an agreement with CME, that CME is the primary electronic trading services provider for the Company's energy futures and options contracts. Effective June 11, 2006 for trade date June 12, 2006, access to electronic trading of the Company's products became available virtually 24 hours a day on CME Globex. The Company cannot assure you that CME will be able to provide these services in an efficient, cost-effective manner or that they will be able to adequately expand their services, if necessary, to meet the Company's needs. An interruption in or the cessation of service by CME and the Company's inability to make alternative arrangements in a timely manner, or at all, or significant changes in the fees payable to CME for use of CME Globex, upon expiration of the current agreement, could have a material adverse effect on the Company's business, financial condition and operating results.

Globalization, growth, consolidations and other strategic arrangements may impair the Company's competitive position

The globalization of the Company's business presents a number of inherent risks, including the following:

- potential difficulty of enforcing agreements through certain foreign legal systems;
- the evolving global tax treatment of electronic commerce, and the possibility that foreign governments could adopt onerous or inconsistent tax policies with respect to taxation of products traded on the Company's markets or of the services that the Company provides;
- tax rates in certain foreign countries may exceed those of the United States and foreign earnings may be subject to withholding requirements or the imposition of tariffs, exchange controls or other restrictions;
- listed derivatives markets are regulated in most nations, and it may be impractical for the Company to secure or maintain the regulatory approvals necessary for the Company's markets to be accessible from one or more nations;
- the Company's ability to attract and retain customers and other market participants;
- general economic and political conditions in the countries from which the Company's markets are accessed may have an adverse effect on the Company's trading from those countries; and
- it may be difficult or impossible to enforce the Company's intellectual property rights in certain foreign countries.

The liberalization and globalization of the world markets have also resulted in greater mobility of capital, greater international participation in local markets and more competition among markets in different geographical areas. As a result, the competition among U.S.-based and non-U.S.-based markets and other execution venues has become more intense.

Moreover, in the last several years, the structure of the securities industry has changed significantly through demutualizations and consolidations. In response to growing competition, many marketplaces in both Europe and the United States have demutualized to provide greater flexibility for future growth. In 2002, CME completed its initial public offering. CBOT and ICE followed with their initial public offerings in 2005. In January 2007, ICE and NYBOT consummated a merger pursuant to which NYBOT became a wholly-owned subsidiary of ICE. As a result of ICE's acquisition of NYBOT and their clearinghouse function, ICE may be able to more effectively compete against the Company. In addition, on July 12, 2007, Chicago Mercantile Exchange Holdings Inc. ("CME Holdings") and CBOT Holdings, Inc. ("CBOT Holdings") consummated a merger pursuant to which CBOT Holdings merged with and into CME Holdings and the combined company was subsequently renamed CME Group. While the Company intends to opportunistically pursue strategic acquisitions and alliances to enhance its global competitive position, the market for acquisition targets and strategic alliances is highly competitive, particularly in light of increasing consolidation in the securities industry, which may adversely affect the Company's ability to find acquisition targets or strategic partners that fit its strategy objectives.

Because of these market trends, the Company's competition may increase. The Company's inability to anticipate and manage these and other risks effectively could have a material adverse effect on its business as a whole.

The Company's clearinghouse operations expose the Company to substantial credit risk of third parties, and the Company's financial condition will be adversely affected in the event of a significant default

The Company's clearinghouse acts as the counterparty to all trades consummated on or through the Exchange and those consummated off-exchange and cleared through the Company. As a result, the Company is exposed to substantial credit risk of third parties, including its clearing firms. The Company is also exposed, indirectly, to the credit risk of the customers of its clearing firms. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Although the Company has policies and procedures to help assure that its clearing firms can satisfy their obligations, these policies and procedures may not succeed in detecting problems or preventing defaults. The Company also has in place measures intended to enable it to cover any default and maintain liquidity. However, these measures may not be sufficient to protect the Company from a default and the Company may be materially and adversely affected in the event of a significant default. While not required, the Company may choose to put a substantial part of its working capital at risk if a clearing firm defaults on its obligations to the Company's clearinghouse and its margin and security deposits are insufficient to meet its obligations toward the Company.

The Company's revenues and profitability depend significantly upon trading volumes in the markets for light sweet crude oil futures and options contracts and Henry Hub natural gas futures and options contracts

The Company's revenues depend significantly on trading volumes in the markets for light sweet crude oil futures and options contracts and Henry Hub natural gas futures and options contracts. Trading in light sweet crude oil futures and options contracts accounted for 34.4%, 26.2% and 31.0% of the Company's consolidated clearing and transaction fee revenues for the years ended December 31, 2007, 2006 and 2005, respectively. Trading in Henry Hub natural gas futures and options contracts accounted for 9.9%, 14.0% and 16.3% of the Company's consolidated clearing and transaction fee revenues for the years ended December 31, 2007, 2006 and 2005, respectively. A decline in trading volumes or in the Company's market share in these markets, including a decline which results in such markets no longer being considered the benchmarks, lack of price volatility, increased competition, possible regulatory changes, such as the Energy Policy Act of 2005, which phased out the blending of MTBE into gasoline, or adverse publicity and government investigations related to events in the North American natural gas and power markets, could significantly reduce the Company's revenues and jeopardize its ability to remain profitable and grow.

The Company's business depends in large part on fluctuations in commodities prices

Participants in the markets for energy and precious metals commodities trading pursue a range of trading strategies. While some participants trade in order to satisfy physical consumption needs, others seek to hedge contractual price risk or take arbitrage positions, seeking returns from price movements in different markets. Trading volume is driven largely by the degree of volatility — the magnitude and frequency of fluctuations — in prices of commodities. Higher volatility increases the need to hedge contractual price risk and creates opportunities for arbitrage trading. Energy commodities markets historically, and precious metals commodities markets recently, have experienced significant price volatility. The Company cannot predict whether this pattern will continue, or for how long, or if this trend will reverse itself. Were there to be a sustained period of stability in the prices of energy or precious metals commodities, the Company could experience substantially lower trading volumes, and potentially declines in revenues as compared to recent periods.

In addition to price volatility, the Company believes that the increase in global energy prices, particularly for crude oil, during the past few years has led to increased trading volume of global energy commodities, including trading volume in its markets. As oil prices have risen to record levels, the Company believes that additional participants have entered the markets for energy commodities trading to address their growing risk-management needs or to take advantage of greater trading opportunities. If global crude oil prices return to their historically lower levels, it is possible that many market participants, particularly the newer entrants, could reduce their trading activity or leave the trading markets altogether. Global energy prices are determined by many factors, including those listed below, that are beyond the Company’s control and are unpredictable. Consequently, the Company cannot predict whether global energy prices will remain at their current levels, nor can the Company predict the impact that these prices will have on the Company’s future revenues or profitability.

Factors that are particularly likely to affect price volatility and price levels of energy commodities, and thus the Company’s trading volume, include:

- supply and demand of energy commodities;
- weather conditions affecting certain energy commodities;
- national and international economic and political conditions;
- perceived stability of commodities and financial markets;
- the level and volatility of interest rates and inflation;
- supply and demand of alternative fuel sources; and
- financial strength of market participants.

Any one or more of these factors may reduce price volatility or price levels in the markets for energy commodities trading, which in turn could reduce trading activity in those markets, including in the Company’s markets. Moreover, any reduction in trading activity could reduce liquidity which in turn could further discourage existing and potential market participants and thus accelerate any decline in the level of trading activity in these markets. In these circumstances, the markets with the highest trading volumes, and therefore the most liquidity, would likely have a growing competitive advantage over other markets.

The Company is unable to predict whether or when these unfavorable conditions may arise in the future or, if they occur, how long or severely they will affect the Company’s trading volumes. A significant decline in the Company’s trading volumes, due to reduced volatility, lower prices or any other factor, could have a material adverse effect on the Company’s revenues, since the Company’s transaction fees would decline, and in particular on the Company’s profitability, since the Company’s revenues would decline faster than the Company’s expenses, many of which are fixed. Moreover, if these unfavorable conditions were to persist over a lengthy period of time, and its trading volumes were to decline substantially and for a long enough period, the liquidity of the Company’s markets — and the critical mass of transaction volume necessary to support viable markets — could be jeopardized.

A decline in the availability of commodities traded in the Company’s markets could reduce the Company’s liquidity and may materially adversely affect the Company’s revenues and profitability

The Company’s revenues depend significantly on the continued availability of the commodities underlying the products that the Company trades. The Company is thus highly dependent upon such continued availability of the commodities underlying the products traded in its markets. If reserves of the commodities underlying the products that the Company trades are depleted or additional reserves are not found, the Company could suffer a material adverse effect on its business, financial condition and operating results.

The Company depends on its executive officers and other key personnel

The Company's future success depends in large part upon the continued service of its executive officers, as well as various key management, technical and trading operations personnel. The Company believes that it is difficult to hire and retain executive management with the skills and abilities desirable for managing and operating a derivatives exchange. The loss of key management could have a material adverse effect on the Company's business, financial condition and operating results. Any of the Company's key personnel, including those with written employment contracts, may voluntarily terminate his or her employment with the Company. The Company's future success also depends, in significant part, upon the Company's ability to recruit and retain highly skilled and often specialized individuals as employees. The level of competition in the industry for people with these skills is intense, and from time to time the Company has experienced losses of key employees. The Company has historically relied and continues to rely on knowledgeable members of the Exchange to serve on its board of directors. The Company benefits greatly from such members serving in this capacity. There is no guarantee that the Company will have the continued service of these members. Significant losses of such key personnel, particularly to competitors, could have a material adverse effect on the Company's business, financial condition and operating results. In addition, the CFTC has adopted a final rule that makes the standards for independence of a director stricter than the current standards. However, the adoption of such rule may result in the preclusion of many Exchange members, on whose service the Company has historically relied, from continued or future service on its board of directors.

The Company depends on third party suppliers for services that are important to its business

In addition to its reliance on CME, the Company depends on a number of suppliers, such as banks, telephone companies, online service providers, data processors and software and hardware vendors for elements of its trading, clearing and other systems, as well as communications and networking equipment, computer hardware and software and related support and maintenance. The Company 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 the Company's needs. An interruption in, or the cessation of, service by any service provider and the Company's inability to make alternative arrangements in a timely manner, or at all, could have a material adverse effect on the Company's business, financial condition and operating results.

The Company may be unable to keep up with rapid technological changes

To remain competitive, the Company will be dependent on the continued enhancement and improvement of the responsiveness, functionality, accessibility and features of the Company's software, network distribution systems and other technologies. In addition, the Company will be dependent on CME's ability to enhance and improve the responsiveness, functionality, accessibility and features of its software, network distribution systems and other technologies, including CME Globex. The financial services industry is characterized by rapid technological change, changes in use and customer requirements and preferences, frequent product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render obsolete the Company's existing proprietary technology and systems. The Company's success will depend, in part, on its, and with respect to CME Globex, CME's, ability to:

- increase the number of devices, such as trading and order routing terminals, capable of sending orders to the floor and to the electronic trading platform;
- develop or license leading technologies useful in the Company's business;
- enhance the Company's existing services;
- develop new services and technology that address the increasingly sophisticated and varied needs of the Company's existing and prospective clients; or
- respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis.

The Company, or CME, may be unable to successfully implement new technologies or adapt the Company's proprietary technology and transaction-processing systems to customer requirements or emerging industry standards. The Company, or CME, may be unable to respond in a timely manner to changing market conditions or customer requirements, and a failure to so respond could have a material adverse effect on the Company's business, financial condition and operating results.

The success of the Company's markets will depend on the availability of electronic trading systems that have the functionality, performance, reliability, speed and liquidity required by the Company's customers

The future success of the Company's business depends in large part on the Company's ability to provide access to 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. The Company expects that a significant portion of its overall volume will be generated through electronic trading on CME Globex. However, historically a significant amount of the overall volume was generated through the Company's open outcry trading facilities. CME Globex may not be capable of accommodating all of the complex trading strategies typically used for the Company's options on futures contracts. Moreover, the Company's customers who trade options may not accept CME Globex. In either event, the Company's ability to increase trading volume of options on futures contracts on CME Globex would be adversely affected. In addition, if CME is unable to develop its electronic trading systems to include other products and markets, or if their electronic trading systems do not have the required functionality, performance, reliability, speed and liquidity, the Company may not be able to compete successfully in an environment that is increasingly dominated by electronic trading.

Computer and communications systems failures and capacity constraints could harm the Company's reputation and its business

The Company's failure to operate, monitor or maintain its computer systems and network services, including those systems and services related to its electronic trading platform, or, if necessary, to find replacements for its technology in a timely and cost-effective manner, could have a material adverse effect on the Company's reputation, business, financial condition and operating results. The Company relies and expects to continue to rely on third parties for various computer and communications systems, such as telephone companies, online service providers, data processors, clearance organizations and software and hardware vendors. Failure of the Company's systems or those of the Company's third party providers, such as CME Globex, may result in one or more of the following effects:

- suspension of trading;
- unanticipated disruptions in service to customers;
- slower response times;
- delays in trade execution;
- decreased customer satisfaction;
- incomplete or inaccurate accounting, recording or processing of trades;
- financial losses;
- security breaches;
- litigation or other customer claims;
- regulatory sanctions; and
- inability to transmit market data.

The Company's status as a CFTC registrant requires that the Company's trade execution and communications systems be able to handle anticipated present and future peak trading volume. Heavy use of the Company's computer systems or of CME Globex during peak trading times or at times of unusual market volatility could cause the Company's systems or CME Globex to operate slowly or even to fail for periods of time. The Company monitors system loads and performance and regularly implements system upgrades to handle estimated increases in trading volume.

However, the Company's estimates of future trading volume may not be accurate and the Company's systems or CME Globex may not always be able to accommodate actual trading volume without failure or degradation of performance. System failure or degradation could lead the Company's customers to file formal complaints with industry regulatory organizations, file lawsuits against the Company or cease doing business with the Company or could lead the CFTC or other regulators to initiate inquiries or proceedings for failure to comply with applicable laws and regulations. The Company or CME may experience system failures, outages or interruptions on either CME Globex or the Company's open outcry platform that will materially and adversely affect the Company's business. Although CME Globex has experienced technical failures in the past which did not have a material effect on the Company's operations, the Company cannot assure you that if it and/or CME experience system errors or failures in the future that they will not be material.

Any such system failures, outages or interruptions could result from a number of factors, including 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 other events. Any failures that cause an interruption in service or decrease the Company's responsiveness, including failures caused by customer error or misuse of the Company's systems, could impair the Company's reputation, damage its brand name and have a material adverse effect on the Company's business, financial condition and operating results.

Acts beyond the Company's control, including war, terrorism or natural disasters may result in the closing of the Company's trading and clearing operations and render the Company's backup data and recovery center inoperable

The September 11, 2001 terrorist attack on the World Trade Center, which was located near the building that houses the Company's headquarters and primary trading floors, resulted in the closing of the Company's trading and clearing operations for four business days, and rendered its backup data and recovery center inoperable. In order to replace its backup data and recovery site, the Company leased temporary space in New Jersey while it developed a plan for a permanent business recovery facility outside of New York City. In 2002, the Company leased space for a suitable permanent recovery site, where it invested in the development of a backup trading floor and data center. The new recovery site became fully operational in the second quarter of 2003. However, future acts of war, terrorism, natural disasters, human error, power or telecommunications failure or other events may result in the closing of the Company's trading and clearing operations, including any electronic trading effectuated on CME Globex, and render its backup data and recovery center inoperable. Any such shut down of the Company's operations or CME Globex may have a material adverse effect on the Company's business, financial condition and operating results.

Having the Company's headquarters, primary trading floors and most of the Company's employees and market participants housed in one building in lower Manhattan, notwithstanding having a business recovery facility and plan in place, could allow a catastrophic event to result in a material adverse effect on the Company's business, financial condition and operating results.

The Company's networks and those of its third party service providers may be vulnerable to security risks

The Company expects the secure transmission of confidential information over public networks to continue to be a critical element of its operations. The Company's networks and those of its third party service providers, the Company's member firms and its customers may be vulnerable to unauthorized access, computer viruses and other security problems. Persons who circumvent security measures could wrongfully use the Company's information or cause interruptions or malfunctions in the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and operating results. The Company 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 any breaches. Although the Company intends to continue to implement security measures, these measures may prove to be inadequate and result in system failures and delays that could lower trading volume and have a material adverse effect on its business, financial condition and operating results.

Volatility or declines in the global financial markets may materially and adversely affect the Company

Adverse economic and political conditions may cause volatility or declines in global financial markets and may affect the Company's operating results or investments. The global financial services business is, by its nature, risky and volatile and is affected by many national and international factors that are beyond the Company's control. Any one of these factors may cause a substantial decline in the global financial services markets, which could potentially result in reduced trading volume or losses to the Company's investments. These events could materially adversely affect the Company's business. These factors include:

- economic and political conditions in the United States and elsewhere in the world;

- wavering institutional/consumer confidence levels;
- the availability of cash for investment by mutual funds and other institutional as well as retail investors; and
- legislative and regulatory changes.

Acquisitions and strategic partnerships, if any, may not produce the results expected by the Company

The Company plans to opportunistically pursue acquisitions, strategic partnerships and joint ventures that will allow it to expand its range of products and services, expand the distribution of its products to more customers, and enhance its operational capabilities. However, the Company cannot assure you that it will be successful in either developing, or fulfilling the objectives of, any such alliance. Further, those activities may strain its resources and may limit its ability to pursue other strategic and business initiatives, including acquisitions, which could have a material adverse effect on its business, financial condition and operating results. Additionally, joint ventures and other partnerships may involve risks not otherwise present for investments made solely by the Company. For example, the Company may not control the joint ventures; joint venture partners may not agree to distributions that the Company believes are appropriate; joint venture partners may not observe their commitments; joint venture partners may have different interests than those of the Company and may take action contrary to the Company's interests; and it may be difficult for the Company to exit a joint venture after an impasse or if the Company desires to sell its interest. In addition, conflicts or disagreements between the Company and its strategic partners or joint venture partners may negatively impact the Company's business.

On January 28, 2008, the Company announced that it is engaged in preliminary discussions with CME Group regarding their potential acquisition of the Company. Discussions are in early stages and the transaction remains subject to completion of due diligence, negotiation of terms and execution of a definitive agreement and necessary approvals of, including but not limited to, the boards of directors of both CME Group and the Company. There can be no assurances that any agreement will be reached or that a transaction will be completed.

The Company's market data fees may be reduced or eliminated by the growth of electronic trading and electronic order entry systems

The Company sells its market data to individuals and organizations that use its markets or monitor general economic conditions. Revenues from the Company's sale of market data totaled $96.0 million, $63.6 million and $44.5 million for the years ended December 31, 2007, 2006 and 2005, respectively. This revenue accounted for 14.2%, 12.8% and 13.3% of the Company's total operating revenues during the years ended December 31, 2007, 2006 and 2005, respectively. Electronic trading systems do not usually impose separate charges for supplying market data to trading terminals. If the Company does not separately charge for market data supplied to trading terminals, and trading terminals with access to the Company's markets become widely available, the Company could lose market data fees from those who have access to trading terminals. The Company will experience a reduction in its revenues if it is unable to recover that fee revenue through terminal usage fees, transaction fees or other increases in revenues.

The Company's cost structure is largely fixed

The Company bases its overall cost structure on historical and expected levels of demand for its products and services. If demand for its products and services and its resulting revenues decline, the Company may not be able to adjust its cost structure on a timely basis. In addition, the Company may have certain continuing costs related to operations that have terminated, such as the Company's closure of its open outcry futures exchange in London, England. If the Company is unable to reduce its costs in the amount that its revenues decline, the Company's profitability could be materially adversely affected.

Damage to the Company's reputation could have a material adverse effect on its business

One of the Company's competitive strengths is its reputation and brand name. The Company's reputation could be harmed in many different ways, including by its regulatory, governance or technology failures or by member or employee misconduct. Damage to its reputation could cause the trading volume on the Exchange to be reduced. The Company runs the risk that its directors, employees or persons who use its markets will engage in fraud or other misconduct, which could result in regulatory sanctions and serious reputational harm. It is not always possible to deter misconduct, and the precautions the Company takes to prevent and detect this activity may not be effective in all cases. This, in turn, may have a material adverse effect on the Company's business, financial condition and operating results.

Risks relating to the Company's capital structure

The Company's governing documents provide for the protection and support of open outcry trading by granting certain voting and economic rights to the owners of the Class A memberships, who may have interests that differ from or may conflict with those of the Company's stockholders

In general, a corporation's board of directors is responsible for the business and affairs of the corporation. Delaware law, however, permits a certificate of incorporation to provide otherwise. As a result of the demutualization transaction in 2000, each NYMEX membership was converted into one Class A membership in NYMEX Exchange and one share of NYMEX Holdings common stock (which shares of common stock subsequently were recapitalized 90,000-for-1 upon the sale of 10% equity interest in NYMEX Holdings pursuant to the Stock Purchase Agreement). In connection with providing open outcry trading protections to the owners of the Class A memberships, neither the board of directors nor the Company's stockholders have any ability to change, or any responsibility or liability with respect to, the trading rights protections afforded to the owners of the Class A memberships (who are not required to be stockholders, but must be owners of Class A memberships in NYMEX Exchange) under the NYMEX Exchange Bylaws.

For as long as open outcry trading exists at NYMEX Exchange (but in all events until March 14, 2011, unless the owners of Class A memberships agree otherwise), the Company is committed to (i) maintain its current facility, or a comparable facility, for the dissemination of price information and for open outcry trading, clearing and delivery and (ii) provide reasonable financial support for technology, marketing and research for open outcry markets. Additionally, for as long as open outcry trading exists at NYMEX Exchange (but in all events until March 14, 2011, unless the owners of Class A memberships agree otherwise), none of the following actions may be taken without prior agreement of the owners of the Class A memberships:

- any new category of fees or category of charges of any kind generally applicable to Class A members and not specifically related to a product or type of product, and for core products only (which include the Company's light sweet crude oil futures and options contracts and natural gas futures and options contracts), any change in fees of any kind;
- elimination of any product from a Class A member's trading rights and privileges or the imposition of any restrictions or limitations on such rights and privileges (including, without limitation, the right to lease a Class A member's trading rights);
- the elimination, suspension or restriction of open outcry trading, unless a product is no longer "liquid" in which case open outcry trading in that particular product may be eliminated, suspended or restricted by the Company's board of directors. For these purposes, "liquid" means a futures or options contract listed for trading on NYMEX Exchange where the total trading volume executed by open outcry in the applicable trading ring for that contract for the most recent three (3) month period is at least 20% or more of the total trading volume executed by open outcry in the applicable trading ring for that contract for the three month period immediately preceding the most recent three (3) months;
- an increase or decrease in the number of Class A memberships, for which the prior agreement of the owners of Class A memberships will be required even if open outcry trading no longer exists at NYMEX Exchange;
- issuance of trading permits for current open outcry products;
- material changes related to the membership, eligibility or capital requirements to become a member, member firm or clearing member, to lease a membership or to exercise the associated trading or clearing rights or privileges;
- any change in regular trading hours;

- changes to current procedures for setting margin requirements;
- material changes to the eligibility criteria and composition of the committees of NYMEX Exchange;
- any transaction that causes the clearinghouse to no longer be wholly-owned by NYMEX Exchange; and
- any change in the economic rights described in the next three paragraphs.

In the event NYMEX Exchange permanently terminates all open outcry trading of any NYMEX Division product and instead lists such product for trading only via electronic trading or at least 90% of contract volume of such product shifts to electronic trading, owners of Class A memberships will receive 10% of the gross revenue attributable to all revenue from the electronic trading of such NYMEX Division product, but not including market data fees or revenues from bilateral transactions cleared through NYMEX ClearPort ® Clearing (or its successor), or, if greater, 100% of the revenue from any additional special fee or surcharge applicable to the electronic trading of such NYMEX Division product. This payment will commence at the time of such permanent termination of open outcry trading or such shift of at least 90% of contract volume to electronic trading for such NYMEX Division product.

If a new product is introduced on NYMEX Exchange that is not traded by open outcry, NYMEX Exchange will commence open outcry trading if so requested by written petition by the owners of a majority of the Class A memberships then outstanding; provided that the board of directors may determine to end such open outcry trading if, on any annual anniversary of the commencement of open outcry trading in that product, open outcry volume for that year is not at least 20% of the total volume for that product (open outcry volume plus electronic volume) for that year.

In the event that the Company determines it is advisable to make certain of its cash-settled futures contracts available for physical delivery, the Company may be required to modify the fees that it charges on such contracts. Any change in fees for core products (including light sweet crude oil futures and options contracts and natural gas futures and options contracts) would require the consent of the owners of the Class A memberships. If the owners of the Class A memberships do not approve the fee modifications, the Company may be precluded from making certain of its cash-settled futures contracts available for physical delivery, which could have a material adverse effect on the Company’s business, financial condition and results of operations.

Accordingly, owners of Class A memberships may have interests that differ from or may conflict with those of holders of the Company’s common stock.

The COMEX Division governing documents provide for the protection and support of the COMEX Division by granting certain voting and other rights to the owners of the COMEX Division memberships which may restrict our ability to take certain actions that we might have otherwise implemented

On January 28, 1994, the Company entered into the Agreement and Plan of Merger, as amended, by and among the NYMEX Division, COMEX Acquisition Corp. and the COMEX Division (“COMEX Merger Agreement”), relating to, among other things, the NYMEX Division’s acquisition of the COMEX Division and the establishment of certain rights to be retained by the owners of the COMEX Division memberships. On September 20, 2006, the Company entered into an agreement (the “COMEX Transaction Agreement”), by and among the Company, the NYMEX Division, the COMEX Division and the Governor’s Committee of the COMEX Division (the “COMEX Governor’s Committee”), which, along with the Amended and Restated COMEX By-laws, amended the rights retained by the owners of the COMEX Division memberships. On November 20, 2006, the owners of COMEX Division memberships approved the COMEX Transaction Agreement between the COMEX Division and the Company. The provisions of this agreement permit the NYMEX Division, among other things, to expand electronic trading of the metals contracts and thereby permit expanded electronic access to these markets by non-COMEX Division members and to permit after-hours trading and side-by-side trading of COMEX Division contracts via CME Globex in exchange for 6,484,800 shares of common stock of NYMEX Holdings. The COMEX Transaction Agreement was consummated on November 20, 2006.

The amended rights given and/or retained by the owners of the COMEX Division memberships relate primarily to trading rights protections, COMEX Division membership fee protections, COMEX Division membership benefit protections, and merger/spinoff protections, more fully set forth in the COMEX Transaction Agreement and the Amended and Restated COMEX Bylaws. In view of the foregoing, the Company’s ability to take certain actions that it may deem to be in the best interest of the Company, including actions relating to the operation of the open outcry trading facility, may be limited by these amended rights given to, and/or retained by, the owners of COMEX Division memberships. Consequently, the owners of COMEX Division memberships may advocate that the Company enhance and protect their trading and other protections over their economic interest in the Company represented by NYMEX Holdings common stock they own. Five of the fifteen members of the board of directors are beneficial owners of COMEX Division memberships.

Holders of common stock who also own Class A memberships in NYMEX Exchange may have interests that differ from or may conflict with those of holders of common stock who are not also owners of Class A memberships in NYMEX Exchange

The holders of the Company's common stock who also own Class A memberships in NYMEX Exchange will, if voting in the same manner on any matters, control the outcome of a vote on all such matters submitted to the Company's stockholders for approval, including electing directors and approving changes of control. See "—The Company's governing documents provide for the protection and support of open outcry trading by granting certain voting and economic rights to the owners of the Class A memberships, who may have interests that differ from or may conflict with those of the Company's stockholders."

Additionally, the Company is dependent upon the revenues from the trading and clearing activities of the members of NYMEX Exchange. This dependence also gives NYMEX Exchange members substantial influence over how the Company operates its business. Nine of the fifteen members of the board of directors own Class A memberships in NYMEX Exchange.

Many of NYMEX Exchange's members derive a substantial portion of their income from their trading or clearing activities on or through NYMEX Exchange. In addition, trading privileges on NYMEX Exchange have substantial independent value. The amount of income that members of the Exchange derive from their trading or clearing activities and the value of their memberships in the Exchange are in part dependent on the fees which are charged to trade, clear and access its markets and the rules and structure of its markets. Exchange members, many of whom act as floor brokers and floor traders, benefit from trading rules, membership privileges and fee discounts that enhance their trading opportunities and profits.

In view of the foregoing, holders of common stock who also own a Class A membership in NYMEX Exchange may not have the same economic interests as holders of common stock who do not also own a Class A membership in NYMEX Exchange. In addition, the owners of Class A memberships may have differing interests among themselves depending on a variety of factors, including the role they serve in the Company's markets, their method of trading and the products they trade. Consequently, the owners of Class A memberships may advocate that the Company enhance and protect their clearing and trading opportunities and the value of their trading privileges over their economic interest in the Company represented by NYMEX Holdings common stock they own.

Delaware law and provisions of the governing documents of NYMEX Holdings could enable the board of directors to prevent or delay a change of control of NYMEX Holdings and adversely affect market value

The Amended and Restated Certificate of Incorporation of NYMEX Holdings ("Amended and Restated Certificate of Incorporation") and the Amended and Restated Bylaws of NYMEX Holdings ("Amended and Restated Bylaws") contain provisions which may be viewed as anti-takeover provisions. These anti-takeover provisions are described under the subheading "Certain Anti-takeover Matters" under "Description of Capital Stock." In addition, Section 203 of the Delaware General Corporation Law imposes restrictions on mergers and other business combinations between the Company and any holder of 15% or more of the Company's common stock. Delaware law prohibits a publicly held corporation from engaging in a "business combination" with an "interested shareholder" for three years after the shareholder becomes an interested shareholder, unless the corporation's board of directors and shareholders approve the business combination in a prescribed manner or the interested shareholder has acquired a designated percentage of the Company's voting stock at the time it becomes an interested shareholder.

These anti-takeover provisions, along with provisions of Delaware law and the trading rights protections described in "—The Company's governing documents provide for the protection and support of open outcry trading by granting certain voting and economic rights to the owners of the Class A memberships, who may have interests that differ from or may conflict with those of the Company's stockholders" could, together or separately, make more difficult or discourage potential acquisition proposals or delay or prevent a change in control, including transactions in which holders of the Company's common stock might receive a premium for their shares over prevailing market prices; and which could affect the market price for the shares held by stockholders.

Risks relating to regulation and litigation

The Company is subject to the following risks in connection with the regulation of, and litigation relating to, its business.

The legal framework for the industry has been modified, resulting in lower barriers to entry and decreased regulatory costs for competitors

The industry has been subject to several fundamental regulatory changes, including changes in the statute under which the Company has been regulated since 1974. Since its inception, the CEA has generally required all purchases and sales of a commodity for future delivery, i.e., futures contracts, to be executed on an exchange that had been approved by the CFTC. While any off-exchange execution of a contract deemed to be a futures contract was thus a violation of the CEA, the CFTC did provide for exemptions for certain over-the-counter instruments. The CFMA provided clarification and greater legal certainty by expressly excluding or exempting various OTC instruments from the requirement to be executed on a regulated exchange as well as from other regulatory requirements. It is possible that, over time, the chief beneficiaries of the CFMA will be over-the-counter dealers and companies that operate or intend to open exempted electronic trading facilities or to conduct their futures business directly among themselves on a bilateral basis. The customers who may access such electronic exchanges or engage in such bilateral private transactions are the same customers who historically have conducted the vast majority of their financial business on regulated exchanges. In the future, the industry may become subject to new regulations or changes in the interpretation or enforcement of existing regulations. The Company cannot predict the extent to which any future regulatory changes may materially adversely affect its business.

The nature and role of the Company's self-regulatory responsibilities may change

Some financial services regulators have publicly stated their interest in evaluating the ability of a financial exchange, organized as a for-profit corporation, to adequately discharge its self-regulatory responsibilities. In particular, the CFTC previously issued the "final" version of a "safe harbor" of acceptable practices for compliance with the statutory core principle concerning minimizing conflicts of interest in the decision-making process of the contract market. While the CFTC has made clear that these acceptable practices will not constitute the sole means of complying with this core principle, the specificity of the safe harbor terms leaves unclear what other practices may be deemed to be acceptable compliance. The terms of the safe harbor include the establishment of a new regulatory oversight committee ("ROC") with quite expansive duties and responsibilities. Subsequently, by notice issued on November 23, 2007 that became effective immediately, the CFTC stated that the new acceptable practices were being stayed indefinitely.

The Company's regulatory programs and capabilities contribute significantly to its brand name and reputation. The internal restructuring of the Company to implement these acceptable practices and the changes to bylaws and to certificates of incorporation to reflect the changes in board composition at the Exchange may impose new and possibly significant costs and other burdens on the Company.

The Company may face increasing efforts by other federal regulators to conduct oversight of the Company's businesses and programs

Since the inception of the CFTC in 1974, its governing statute has always provided for exclusive CFTC jurisdiction of futures agreements, entities and participants. However, with the implementation of the Energy Policy Act of 2005, the Federal Energy Regulatory Commission ("FERC") has taken a position challenging the CFTC's exclusive jurisdiction. This matter may be addressed judicially in one or more matters now under litigation involving actions initiated by either the CFTC or FERC against participants involved in the activities of Amaranth. However, should the current situation continue, the Company is at some risk that FERC will continue to assert some manner of jurisdiction over the Exchange. This may create the potential for both additional cost in the form of duplicative regulatory requirements for the Exchange and for its members and substantial uncertainty as to regulatory compliance resulting from conflicting standards and demands from competing regulators. This, in turn, may make our markets less attractive to market participants who may seek alternative trading venues.

Proposals of legislation or regulatory changes preventing clearing facilities from being owned or controlled by exchanges, even if unsuccessful, may limit or stop the Company's ability to run a clearinghouse

Many clearing firms have increasingly stressed the importance to them of centralizing clearing of futures contracts and options on futures 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 have expressed the view that clearing firms should control the governance of clearinghouses or that clearinghouses should be operated as utilities rather than as for-profit enterprises. Some of these firms, along with the Futures Industry Association, are attempting to cause legislative or regulatory changes to be adopted that would facilitate mechanisms or policies that allow market participants to transfer positions from an exchange-owned clearinghouse to a clearinghouse owned and controlled by clearing firms. If these legislative or regulatory changes are adopted, the Company's strategy and business plan may lead clearing firms to establish, or seek to use, alternative clearinghouses for clearing positions established on the 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 the Company's clearinghouse. Moreover, in a comment letter to the U.S. Department of the Treasury stemming from a study requesting comment on the "Regulatory Structure Associated with Financial Institutions," the U.S. Department of Justice has expressed the opinion that the control exercised by futures exchange over clearing services has made it difficult for exchanges to enter and compete in the trading of financial futures contracts and recommended that the U.S. Department of the Treasury undertake a review of exchange-controlled clearing of financial futures and the underlying regulatory structures. If any review results in any change in the ability of exchanges to control their own clearinghouses, this may materially impact the current business model adopted by the Company. If any of these events occur, the Company's revenues and profits would be materially and adversely affected.

The Company is subject to significant risks of litigation

Many aspects of the business involve substantial risks of litigation. For example, dissatisfied customers frequently make claims regarding quality of trade execution, improperly settled trades, mismanagement or even fraud against their service providers. The Company may become subject to these claims as the result of failures or malfunctions of services and systems provided by it. The Company could incur significant legal expenses defending claims, even those without merit. Although the CEA and the Company's CFTC-approved disclaimer and limitation of liability rules offer the Company some protections, an adverse resolution of any lawsuits or claims against the Company could have a material adverse effect on its reputation, business, financial condition and/or operating results.

The Company is currently subject to various routine litigation matters. As a result, the Company could incur significant legal expenses defending claims against it, even those without merit. The adverse resolution of any lawsuits or claims against the Company could result in its obligation to pay substantial damages, and cause the Company reputational harm. The initiation of lawsuits or other claims against the Company, with regard to trading activities, could adversely affect its business, financial condition and results of operations, whether or not these lawsuits or other claims are resolved in its favor. The Company cannot assure you that it will be successful in defending any of these matters, and resulting adverse judgments could have a material adverse effect on its financial condition.

Any infringement by the Company on intellectual property rights of others could result in litigation and could materially adversely affect the Company's operations

The Company's competitors as well as other companies and individuals may obtain, and may be expected to obtain in the future, patents or other intellectual property protections that concern products or services related to the types of products and services the Company offers or plans to offer. The Company may not be aware of all such protections which could result in risk of infringement by its products, services or technologies. Claims of intellectual property infringement are not uncommon in the industry.

In general, if one or more of the Company's products, services or technologies were to infringe upon the intellectual property rights held by others, the Company may be required to stop developing or marketing the products, services or technologies, or to obtain licenses to develop and market the services from the holders of such intellectual property rights or to redesign the products, services or technologies in such a way as to avoid infringing on the intellectual property claims. If the Company was unable to obtain these licenses and was required to redesign or stop developing or marketing its products, services or technologies to avoid infringement, the Company may not be able to redesign, and could be required to stop developing or marketing, its products, services or technologies, which could materially adversely affect the Company's business, financial condition and operating results.

The Company may not be able to protect its intellectual property rights

The Company relies primarily on trade secret, copyright, service mark, trademark law and contractual protections to protect its proprietary technology and other proprietary rights. Notwithstanding that the Company takes precautions to protect its intellectual property rights, it is possible that third parties may copy or otherwise obtain and use its intellectual property without authorization or otherwise infringe on Company rights. Additionally, it may be difficult or impossible to enforce the Company's intellectual property rights in certain foreign countries. The unauthorized use of the Company's intellectual property, including in foreign countries, could have a material adverse effect on its business, financial condition, or results of operation. The Company also seeks to protect its software and databases as trade secrets and under copyright law. The Company has copyright registrations for certain of its software, user manuals and databases. The copyright protection accorded to databases, however, is fairly limited. While the arrangement and selection of data generally are protectable, in many instances the actual data are not, and others may be free to create databases that would perform the same function. In some cases, including a number of the Company's most important products, there may be no effective legal recourse against duplication by competitors. In addition, in the future, the Company may have to rely on litigation to enforce its intellectual property rights, protect its 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 the Company and diversions of its resources, either of which could materially adversely affect the Company's business.

A negative outcome for the Company in New York Mercantile Exchange, Inc. v. IntercontinentalExchange, Inc. could adversely affect the Company's financial condition and operating results

Since November 20, 2002, the Company has been a party to ongoing litigation regarding intellectual property infringement and contractual interference by ICE relating to ICE's use of, and reference to, the Company's settlement prices in its cleared OTC swap contracts for Henry Hub natural gas and West Texas Intermediate crude oil. The federal district court granted ICE's motion for summary judgment in September 2005. The Company appealed this decision before the Second Circuit Court of Appeals, which affirmed the lower court's decision in August 2007. In January 2008, the Company filed a petition for a Writ of Certiorari with the U.S. Supreme Court. A negative outcome for the Company in this case, which could result in the continued and expanded use by ICE and other competitors of the Company's intellectual property without payment of a licensing fee, could have a material adverse effect on the Company's business, financial condition, or results of operations.

The Company's compliance and risk management methods might not be effective and may result in outcomes that could adversely affect its financial condition and operating results

The Company's ability to comply with applicable laws and rules is largely dependent on its establishment and maintenance of compliance, audit and reporting systems, as well as its ability to attract and retain qualified compliance and other risk management personnel. The Company's policies and procedures to identify, monitor and manage its risks may not always succeed. 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. The Company's policies and procedures may not always be effective and the Company may not always be successful in monitoring or evaluating the risks to which the Company is or may be exposed. The failure to assess and mitigate the risks to which the Company is exposed could have a material adverse effect on the Company's business, financial condition, or results of operation.

The Company's need to comply with extensive and complex regulation could have a material adverse effect on its business

The commodity futures trading industry is subject to extensive regulation by the CFTC. Many of the regulations the Company is governed by are intended to protect the integrity of the markets and the public, and not necessarily the Company's shareholders. Regulations affect trading practices and many other aspects of its business. These requirements may constrain the Company's rate of growth and changes in regulations could adversely affect the Company. The burden imposed by these regulations may place U.S. exchanges in general, and the Company specifically, at a competitive disadvantage compared to less regulated competitors. For example, certain of the Company's competitors are regulated by the FSA, which does not impose the position limits and ceiling on the number of contracts that may be traded at one time that are generally required by the CFTC for certain types of futures contracts, such as those providing for physical settlement. The success of the Company's business depends, in part, on its ability to maintain and increase its trading volume, and if the Company loses customers to low-cost competitors with fewer regulatory restrictions, its business will be adversely affected. Furthermore, declines in the overall volume of trading derivatives may negatively impact market liquidity on the Exchange, which would result in lower exchange fee revenues and could materially adversely affect the Company's ability to retain its current customers or attract new customers. In addition, the cost of compliance with regulatory requirements could adversely affect the Company's ability to reduce losses or operate profitably.

The CFTC’s authorization expired in 2005; however, reauthorization was not concluded in 2006 or 2007 and will continue through the 2008 legislative session. As part of the 2007 process, legislative action was taken in both the House and Senate that will affect trading in products on an electronic trading platform that serves a significant price discovery function. The language passed by the House Agriculture Committee is contained in the CFTC Reauthorization Bill and the language in the Senate was passed as an amendment to the Farm Bill. In effect, both bills would impose regulatory requirements, including position limits/accountability, large trader reporting and self-regulatory duties on exempt commercial markets such as ICE in relation to products that serve a significant price discovery role and that compete directly with NYMEX products. If adopted, these bills would impact NYMEX’s ability to compete with unregulated exempt commercial markets. Upon passage of the House Bill by the full House, the House and Senate will attempt to resolve differences in the language between the two versions. Additionally, as part of the Bush administration’s proposed 2008 budget, a proposal was introduced to impose a transaction tax on futures transactions cleared by a derivatives clearing organization regulated by the CFTC. While many participants in the futures industry, including the Company, are vigorously opposing this proposal, the Company cannot guarantee that such proposal will not be enacted, which may adversely impact its ability to compete on an international level.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
CBOT Holdings, Inc.
Chicago, Illinois

We have audited the accompanying consolidated statements of financial condition of CBOT Holdings, Inc. and subsidiaries (the "Company") as of December 31, 2006 and 2005, and the related consolidated statements of income, members'/stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of CBOT Holdings, Inc. and subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, effective December 31, 2006, the Company adopted Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106 and 132(R).*

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
February 27, 2007

CBOT HOLDINGS, INC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2006 AND 2005
(in thousands)

	12/31/06	12/31/05
ASSETS		
Current assets:		
Cash and cash equivalents:		
Unrestricted	$177,664	$ 99,575
Held under deposit and membership transfers	1,503	1,746
Total cash and cash equivalents	179,167	101,321
Restricted cash	975	14,031
Short term investments	312,411	239,888
Accounts receivable—net of allowance of $466 and $4,603 in 2006 and 2005, respectively	62,451	33,671
Deferred income taxes	—	1,962
Prepaid expenses	9,492	18,410
Total current assets	564,496	409,283
Property and equipment:		
Land	34,234	34,234
Buildings and equipment	343,271	333,014
Furnishings and fixtures	184,913	198,083
Computer software and systems	93,942	93,636
Construction in progress	1,906	5,577
Total property and equipment	658,266	664,544
Less accumulated depreciation and amortization	433,989	409,789
Property and equipment—net	224,277	254,755
Other assets—net	22,557	21,829
Total assets	$811,330	$685,867
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 11,149	$ 20,455
Accrued clearing services	16,226	11,286
Accrued real estate taxes	7,473	7,730
Accrued payroll costs	9,859	6,351
Accrued exchange fee rebates	675	1,200
Accrued employee termination	624	3,063
Accrued liabilities	11,007	7,395
Funds held for deposit and membership transfers	1,562	14,821
Current portion of long-term debt	10,716	19,366
Income tax payable	10,428	5,751
Other current liabilities	562	5,183
Total current liabilities	80,281	102,601
Long-term liabilities:		
Deferred income tax liabilities	2,984	17,204
Long-term debt	—	10,716
Other liabilities	19,645	13,584
Total long-term liabilities	22,629	41,504
Total liabilities	102,910	144,105
Stockholders' equity:		
Preferred stock, $0.001 par value, 20,000 shares authorized, none issued and outstanding	—	—
Class A Common stock, $0.001 par value, 200,000 shares authorized, 52,798 shares issued and outstanding	53	53
Additional paid-in capital	489,817	486,990
Retained earnings	226,961	54,719
Accumulated other comprehensive loss	(8,411)	—
Total stockholders' equity	708,420	541,762
Total liabilities and stockholders' equity	$811,330	$685,867

See notes to consolidated financial statements.

CBOT HOLDINGS, INC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004
(in thousands. except per share data)

	2006	2005	2004
Revenues:			
Exchange fees	$373,324	$266,957	$202,881
Clearing fees	107,923	82,137	73,556
Market data	98,608	73,882	64,234
Building	23,139	22,161	22,428
Services	16,246	15,296	13,720
Other	1,851	1,040	1,525
Total revenues	621,091	461,473	378,344
Expenses:			
Clearing services	75,409	63,810	54,755
Contracted license fees	7,281	6,856	6,179
Salaries and benefits	75,905	75,150	70,046
Depreciation and amortization	54,798	54,921	46,011
Professional services	26,559	20,553	27,910
General and administrative expenses	18,344	21,575	20,302
Building operating costs	24,461	25,700	24,315
Information technology services	49,348	44,599	36,953
Programs	11,735	10,515	10,724
Litigation settlement	—	4,000	3,500
Severance and related costs	1,214	3,309	572
Operating expenses	345,054	330,988	301,267
Income from operations	276,037	130,485	77,077
Non-operating Income and Expense			
Interest income	19,107	5,100	1,849
Interest expense	(1,513)	(2,958)	(4,703)
Non-operating income (expense)	17,594	2,142	(2,854)
Income before income taxes	293,631	132,627	74,223
Income taxes			
Current	126,679	66,646	23,935
Deferred	(6,316)	(11,023)	8,874
Total income taxes	120,363	55,623	32,809
Income before equity in unconsolidated subsidiary and minority interest in consolidated subsidiary	173,268	77,004	41,414
Equity in loss of unconsolidated subsidiary—net of tax	(1,026)	(461)	(479)
Minority interest in loss of consolidated subsidiary	—	—	1,050
Net income	$172,242	$ 76,543	$ 41,985
Earnings per share:			
Basic	$ 3.26	$ 1.09	n/a
Diluted	$ 3.26	$ 1.09	n/a
Weighted average number of common stock shares:			
Basic	52,792	50,045	—
Diluted	52,861	50,055	—

See notes to consolidated financial statements.

CBOT HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBERS' / STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004
(in thousands)

	Class A Common Stock Shares	Class A Common Stock Amount	Members' Equity	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Members'/ Stockholders' Equity
Balance—January 1, 2004			$ 251,232	$ —	$ —	$ 51	$ 251,283
Comprehensive income:							
Net income			41,985				41,985
Unrealized gains and losses on foreign exchange forward contracts—net of tax of $(98)						(83)	
Reclass of foreign exchange forward contract net gains and losses—net of tax of $24						32	
Total other comprehensive loss						(51)	(51)
Total comprehensive income							41,934
Capital contributions			$ 374				374
Balance—December 31, 2004	—		293,591	$ —	$ —	$ —	$ 293,591
Net income			76,543				76,543
Capital contributions			134				134
Allocation of members' equity and pre-demutualization income			(370,268)	315,549	54,719		—
Issuance of stock to members in demutualization	49,360	$ 49		(49)			—
Net proceeds from initial public offering	3,419	4		169,494			169,498
Restricted stock grants	8	—		—			—
Stock-based compensation				1,774			1,774
Excess tax benefit of stock compensation				222			222
Balance—December 31, 2005	52,787	$ 53	$ —	$486,990	$ 54,719	$ —	$ 541,762
Comprehensive income:							
Net income					172,242		172,242
Cumulative translation adjustment—net of tax of $85						127	
Total other comprehensive income						127	127
Total comprehensive income							172,369
Impact of adoption of FAS 158—net of tax of $(5,638)						(8,538)	(8,538)
Restricted stock grants	11	—					—
Stock-based compensation				2,748			2,748
Excess tax benefit of stock compensation				79			79
Balance—December 31, 2006	52,798	$ 53	$ —	$489,817	$226,961	$ (8,411)	$ 708,420

See notes to consolidated financial statements.

CBOT HOLDINGS, INC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004
(in thousands)

	2006	2005	2004
Cash flows from operating activities:			
Net income	$ 172,242	$ 76,543	$ 41,985
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	54,798	54,921	46,011
Deferred income taxes (benefit)	(6,316)	(11,023)	8,874
Stock-based compensation	2,748	1,774	—
Change in allowance for doubtful accounts	(263)	251	(228)
(Gain) / loss on foreign currency transaction	12	(390)	605
(Gain) / loss on sale or retirement of fixed assets	66	189	155
Minority interest in loss of subsidiary	—	—	(1,050)
Equity in loss of unconsolidated subsidiary	1,710	768	799
Amortization of short term investment discounts	(1,348)	(1,211)	—
Changes in assets and liabilities:			
Accounts receivable	(24,057)	(4,715)	3,923
Income tax receivable / payable	4,677	7,308	9,222
Prepaid expenses	2,393	2,132	(10,155)
Other assets	(1,296)	(577)	(563)
Accounts payable	(9,306)	(90)	(8,825)
Accrued clearing services	4,940	(305)	10,768
Accrued real estate taxes	(257)	107	(683)
Accrued payroll costs	3,508	320	903
Accrued exchange fee rebates	(525)	(1,041)	(2,110)
Accrued employee termination	(2,439)	2,660	(2,172)
Accrued liabilities	(1,384)	1,733	(3,270)
Funds held for deposit and membership transfers	(13,259)	559	8,723
Deferred revenue	(5,010)	4,934	117
Other long-term liabilities	(1,073)	(795)	(569)
Net cash flows from operating activities	180,561	134,052	102,460
Cash flows from investing activities:			
Acquisition of property and equipment	(24,124)	(40,236)	(51,254)
Purchase of short term investments	(751,207)	(294,997)	(14,836)
Proceeds from short term investments	680,032	71,156	—
Restricted cash	13,056	(6,370)	(7,361)
Proceeds from sale of property and equipment	92	10	720
Investment in joint ventures	(1,284)	(3,204)	(498)
Net cash flows used in investing activities	(83,435)	(273,641)	(73,229)
Cash flows from financing activities:			
Repayments of borrowings	(19,359)	(19,535)	(19,790)
Net proceeds from initial public offering	—	169,498	—
Excess tax benefit of stock compensation	79	222	—
Capital contributions from members	—	134	374
Distribution to partners	—	—	(61,890)
Net cash flows from (used in) financing activities	(19,280)	150,319	(81,306)
Net increase (decrease) in cash and cash equivalents	77,846	10,730	(52,075)
Cash and cash equivalents—beginning of period	101,321	90,591	142,666
Cash and cash equivalents—end of period	$ 179,167	$ 101,321	$ 90,591
Cash paid for:			
Interest	$ 1,406	$ 2,427	$ 3,742
Income taxes (net of refunds)	$ 121,239	$ 59,031	$ 13,942
Non-cash activity			
Impact of adoption of FAS 158	$ 14,176	$ —	$ —

See notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2006, 2005, and 2004

1. BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Basis of Presentation—CBOT Holdings, Inc. is a Delaware stock corporation created in April 2005 to be the holding company for the Board of Trade of the City of Chicago, Inc. and its subsidiaries (the "CBOT"). In October 2005, CBOT Holdings, Inc. completed an initial public offering of shares of Class A common stock which trade under the ticker symbol "BOT" on the New York Stock Exchange (see note 4). The accompanying consolidated financial statements include the accounts of CBOT Holdings, Inc., and its direct, wholly owned CBOT subsidiary, and its indirect, wholly owned subsidiary, Electronic Chicago Board of Trade, Inc. ("Electronic CBOT"), which held a controlling general partner interest in Ceres Trading Limited Partnership ("Ceres") (collectively, "CBOT Holdings" or "the Company"). Ceres was dissolved on December 31, 2003 and was liquidated during 2004 (see note 5). CBOT Holdings has a 50% interest in a joint venture called the Joint Asian Derivatives Exchange ("JADE") and also holds an approximate 5% interest in a joint venture called OneChicago, LLC ("OneChicago"). CBOT Holdings accounts for JADE and OneChicago under the equity method (see note 2—*Equity Method Investments*). All significant intercompany balances and transactions have been eliminated in consolidation.

Business—The primary business of CBOT Holdings is the operation through its wholly owned CBOT subsidiary of a marketplace for the trading of interest rate, agricultural, equity index and metals, energy and other futures contracts, as well as options on futures contracts. The CBOT offers side-by-side trading of most of its products across both electronic trading and open-auction platforms. The CBOT's market participants include many of the world's largest banks, investment firms and commodities producers and users. Other market users include financial institutions, such as public and private pension funds, mutual funds, hedge funds and other managed funds, insurance companies, corporations, commercial banks, professional independent traders and retail customers.

The CBOT also engages in extensive regulatory compliance activities, including market surveillance and financial supervision activities, designed to ensure market integrity and provide financial safeguards for users of its markets. Further, the CBOT markets and distributes real-time and historical market data generated from trading activity in its markets to users of its products and related cash and derivative markets and financial information providers. The CBOT also owns and operates three office buildings in the City of Chicago.

On October 17, 2006, CBOT Holdings, the CBOT and the Chicago Mercantile Exchange Holdings Inc. (the "CME") entered into an Agreement and Plan of Merger (the "Agreement") under which the Company will merge with and into the CME, with the CME continuing as the surviving company. The CBOT will become a subsidiary of the CME following the merger. The merger is subject to a number of conditions, including, but not limited to, (i) the approval of the Agreement by the stockholders of both CBOT Holdings and the CME, (ii) the approval of the repurchase of CBOT Holdings' Class B common stock; and the approval of an Amended and Restated Certificate of Incorporation of the CBOT by the Series B-1 and Series B-2 members of the CBOT, voting together as a single class in accordance with the terms of the existing Amended and Restated Certificate of Incorporation and Bylaws of the CBOT and (iii) receipt of certain regulatory approvals. Pending all requisite approvals, this merger is expected to be completed by mid-2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates—The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affected the reported amounts in the financial statements, such as estimates for stock-based compensation, bad debts, exchange fee rebates, real estate taxes and assumptions used for the calculation of pension and other postretirement benefit plan costs. Actual amounts could differ from such estimates.

Prior Year Reclassifications—Certain reclassifications have been made to prior period amounts to conform to current period presentation. The income statement line items titled "Interest income" and "Interest expense" have been reclassified from revenue and operating expense, respectively, to a non-operating income and expense section in the consolidated statements of income. The presentation of these items has been changed to more closely conform to the Securities and Exchange Commission's Article 5 of Regulation S-X.

Revenue Recognition—The largest source of CBOT Holdings' operating revenues is exchange fees, which are assessed on trades made through the CBOT. These fees are recognized as revenue in the same period that the trades are matched and cleared. Exchange fee revenue is a function of three variables: (1) exchange fee rates, determined primarily by contract type, trading venue and membership/customer status, (2) trading volume and (3) transaction mix. Clearing firms designate the membership/customer status for each trade submitted to the CBOT, which determines the exchange fee rate applied to the trade. If clearing firms subsequently identify errors in the designations of the membership/customer status, they may request a rebate for the incorrectly charged exchange fee rate. Previously, clearing firms could submit requests for rebates relating to trading activity during the previous six months. Effective April 1, 2006, the time frame that a clearing firm can request a rebate from previous trading activity was reduced to two months. CBOT Holdings provides an accrual for exchange fee rebates based on pending rebate requests and our historical pattern of rebates processed, and records the liability as a reduction of exchange fee revenue. During 2005, CBOT Holdings experienced refund requests that were less than historical rates and lowered its exchange fee rebate accrual by $1.1 million in the fourth quarter of 2005. During 2006, CBOT Holdings continued to experience refund requests at lower rates compared to prior years. CBOT Holdings regularly analyzes the historical rebate trend and makes adjustments to recorded reserves as appropriate.

The following provides a reconciliation of the accrual for exchange fee rebates as of and for the years ended December 31 (in thousands):

	2006	2005	2004
Accrual for exchange fee rebates—beginning of year	$1,200	$ 2,241	$ 4,351
Provision	406	880	3,683
Payments	(931)	(1,921)	(5,793)
Accrual for exchange fee rebates—end of year	$ 675	$ 1,200	$ 2,241

The CBOT uses the Chicago Mercantile Exchange ("CME") as an external clearing house to guarantee, clear and settle every contract traded. The CBOT receives clearing fees in respect to each side of a trade made in the open auction and electronic trading venues that is cleared by the CME. These fees are recognized as revenue in the same period that the trades are matched and cleared. No clearing fees were received under the arrangement for clearing services provided by the former clearing house provider. The CBOT selected the CME to provide these clearing services through the CME/CBOT Common Clearing Link. The CBOT had discretion in selecting the CME from alternative service providers. The CBOT is the primary obligor in the arrangement, has sole latitude in establishing prices charged to CBOT customers, determines the service specifications and bears the credit risk. As a result, the CBOT accounts for clearing fee revenue and clearing services expense on a gross basis in accordance with Financial Accounting Standards Board Emerging Issue Task Force 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent*.

The CBOT provides to market data vendors real time and delayed market data regarding the prices of the futures and options on futures contracts traded through the CBOT. Fees for market data, based on the number of subscribers, are remitted to the CBOT by market data vendors. CBOT Holdings recognizes revenue for market data based on quotation services provided to market data vendors at the time services are rendered.

Revenues from the rental of office space are recognized over the life of the lease term, utilizing the straight-line method as required by Statement of Financial Accounting Standards ("SFAS") No. 13 *Accounting for Leases*. Under this method, revenue is recorded evenly over the entire term of occupancy for leases with scheduled rent increases or rent abatements. As a result, CBOT Holdings had recognized revenue before it was due under the terms of such leases in the amounts of $3.5 million and $2.9 million as of December 31, 2006 and December 31, 2005, respectively.

Service revenues consist primarily of telecommunication charges, badge fees, booth space rentals, membership application and registration fees and one-time charges to customers for establishing connections between them and the CBOT's electronic trading platform, e-cbot. Service revenues are recognized when the services are provided.

Other revenue relates primarily to fines levied on members and members' firms for rule infractions, as determined by the CBOT's regulatory committees and board of directors, as well as membership processing fees and visitor center sales.

Stock-based Compensation—Effective October 1, 2005, CBOT Holdings elected to adopt SFAS No. 123R *Share-Based Payment* . Under the provisions of SFAS 123R, CBOT Holdings records the fair value of stock awards as compensation expense over the relevant service periods.

Cash and Cash Equivalents—Cash and cash equivalents include highly liquid investments with maturities of 90 days or less from date of purchase.

Cash Held Under Deposit and Membership Transfers—When a membership is sold, CBOT Holdings holds the proceeds of such sale before remitting the amount to the selling member for a specified period of time to allow other members to make claims against the selling member. "Cash held under deposit and membership transfers" consists of funds held by CBOT Holdings from such membership sales. These funds are not restricted as to use and they are included in a liability titled "Funds held for deposit and membership transfers."

Restricted Cash—CBOT Holdings has cash deposits that under their terms cannot be withdrawn without prior notice or penalty. When a membership is sold in conjunction with the shares of Class A common stock that are associated with the membership, the proceeds of such sale are held in escrow for a specified period of time to allow other members to make claims against the selling member. This escrow account and other restricted cash at December 31 consisted of the following (in thousands):

	2006	2005
Escrow for funds held for membership transfers	$ 62	$13,118
Forward contract collateral	913	913
Total	$975	$14,031

Marketable Securities—CBOT Holdings has short-term investments in U.S. Treasury securities and has the ability and the intent to hold them until maturity. These securities are debt securities classified as held-to-maturity and are recorded at amortized cost pursuant to Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Held-to-maturity debt securities with maturities of 90 days or less at the date of purchase are classified as cash and cash equivalents and held-to-maturity debt securities with maturities between 91 days and one year are classified as short-term investments in current assets. Held-to-maturity debt securities classified as short-term investments at December 31 consisted of the following (in thousands):

	2006	2005
Held-to-maturity securities—less than one year maturity:		
Amortized cost	$312,411	$239,888
Gross unrealized holding gains	291	167
Market value	$312,702	$240,055

Accounts Receivable—CBOT Holdings estimates an allowance for doubtful accounts based upon factors related to the credit risk of specific customers. Prior to 2006, CBOT Holdings had been carrying a receivable from a company who had declared bankruptcy, the balance of which was fully reserved for in the allowance for doubtful accounts. During 2006, a final determination was made by the bankruptcy court as to the amount CBOT Holdings would receive and an uncollectible receivable was written off against the allowance in the amount of $3.9 million. The following provides a reconciliation of the allowance for doubtful accounts as of, and for the years ended, December 31 (in thousands):

	2006	2005	2004
Allowance for doubtful accounts—beginning of year	$ 4,603	$4,352	$4,580
Provision	100	383	212
Charge-offs, net of recoveries	(4,237)	(132)	(440)
Allowance for doubtful accounts—end of year	$ 466	$4,603	$4,352

Property and Equipment—Property and equipment, excluding land, are reported at historical cost, net of accumulated depreciation and amortization. Land is reported at cost. In accordance with Statement of Position No. 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*, computer software and systems include purchased software and systems, external costs specifically identifiable to the implementation of new systems and certain payroll and payroll-related costs for employees who are directly associated with and devote time to developing computer software for internal use. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 to 40 years
Building equipment	10 to 20 years
Furnishings and fixtures	3 to 10 years
Computer software and systems	3 to 5 years

Depreciation and amortization expense related to the above assets was $54.5 million, $54.5 million and $45.7 million for the years ended December 31, 2006, 2005 and 2004, respectively.

Other Assets—Other assets consist of deferred rental brokerage and intangible assets (presented net of accumulated amortization), cash surrender values of executive life insurance policies, equity investments and long-term prepaid assets consisting of interest, license fees and service contracts. Amortization is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 10 years. Amortization expense related to these assets was $0.3 million, $0.5 million and $0.4 million for the years ended December 31, 2006, 2005 and 2004, respectively. Accumulated amortization was $19.4 million and $19.1 million at December 31, 2006 and 2005, respectively. The cash surrender values of executive life insurance policies are marked to their fair value. Equity investments are recorded at their initial capital contributions and increased or reduced by the proportionate shares of the entities' accumulated net income or loss. Long-term prepaid assets are expensed using the straight-line method over the duration that the payment relates. The CBOT has a software license agreement with Atos Euronext Market Solutions ("AEMS") for use of the LIFFE CONNECT ® system software. The license fee was prepaid in the amount of 5.0 million pounds sterling ($8.2 million) and is being amortized over the initial term of the license which is from October 2003 through 2008.

Income Taxes—CBOT Holdings and its wholly owned subsidiaries file a consolidated federal income tax return. Income taxes are determined using the asset and liability method. Accordingly, deferred tax assets and liabilities are determined based upon the differences between financial statement carrying amounts and the tax bases of existing assets and liabilities, and are measured at the tax rates expected to be in effect when these differences reverse.

Long-lived Assets—Long-lived assets to be held and used by CBOT Holdings are reviewed to determine whether any events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. CBOT Holdings bases its evaluation on such impairment indicators as the nature of the assets, the future economic benefit of the assets, any historical or future profitability measurements, as well as other external market conditions or factors that may be present. If such impairment indicators are present or other factors exist that would indicate that the carrying amount of the asset may not be recoverable, CBOT Holdings determines whether an impairment has occurred through the use of an undiscounted cash flows analysis of assets at the lowest level for which identifiable cash flows exist. In the event of an impairment, CBOT Holdings recognizes a loss for the difference between the carrying amount and the estimated fair value of the asset as measured using quoted market prices or, in the absence of quoted market prices, a discounted cash flow analysis. CBOT Holdings also periodically analyses the useful lives assigned to long-lived assets to ensure that remaining life is appropriate based on expected asset use and economic benefit.

Equity Method Investments—Equity method investments represent investments in which CBOT Holdings has a 20-50% interest or is able to exercise significant influence. These investments are carried at the initial capital contributions increased or reduced by the proportionate shares of the entities' accumulated net income or loss. Equity method investments are reviewed to determine whether any events or changes in circumstances indicate that the investment may be other than temporarily impaired. CBOT Holdings bases its evaluation on its ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment. In the event of an impairment, CBOT Holdings would recognize a loss for the difference between the carrying amount and the estimated fair value of the equity method investment.

The CBOT is a minority interest holder in the joint venture OneChicago that was created in conjunction with the Chicago Board Options Exchange, Incorporated ("CBOE") and the CME. OneChicago is a for-profit company whose business is to facilitate the electronic trading of single-stock futures. Under the provisions of FASB Interpretation No. 46R ("FIN 46R"), *Consolidation of Variable Interest Entities, an Interpretation of ARB 51 (as Revised December 2003)*, OneChicago is a variable interest entity and the CBOT holds variable interests in OneChicago. The CBOT is not the primary beneficiary of OneChicago and therefore does not consolidate this variable interest entity as would be required under FIN 46R. CBOT Holdings has made $3.5 million in capital contributions to OneChicago. The investment in OneChicago has a carrying value of zero as the losses recognized exceed the total amount invested. While not obligated to make further capital contributions to OneChicago, CBOT Holdings may elect to participate in additional capital requests to maintain its relative ownership in OneChicago.

In December 2005, CBOT Holdings formed a 50/50 joint venture with the Singapore Exchange ("SGX"). The joint venture established a commodities derivatives market known as the Joint Asian Derivatives Exchange ("JADE"). CBOT Holdings contributed $3.0 million to fund the start-up of JADE, which commenced operations at the end of the third quarter of 2006. CBOT Holdings has no future capital obligations related to JADE and it treats JADE as an equity method investment.

Program Costs—Program costs include costs incurred for producing and communicating advertising and other marketing activities. These costs are expensed when incurred.

Comprehensive Income—Comprehensive income consists of net income and other comprehensive income or loss. Other comprehensive income or loss refers to revenues, expenses, gains and losses that are not included in net income, but rather are recorded directly in stockholders' equity. Accumulated other comprehensive loss was $8.4 million at December 31, 2006 and zero at December 31, 2005.

Derivative Instruments Held For Purposes Other Than Trading—CBOT Holdings has from time to time entered into arrangements related to the provision of its electronic trading software that are denominated in pounds sterling. As a result, CBOT Holdings is exposed to movements in foreign currency exchange rates. The primary purpose of CBOT Holdings' foreign currency hedging activities is to manage the volatility associated with foreign currency purchases of materials and services and liabilities created in the normal course of business. CBOT Holdings does not rely on economic hedges to manage risk.

CBOT Holdings enters into forward contracts when the timing of the future payment is certain. When the exact foreign currency amount is known, such as under fixed service agreements, CBOT Holdings treats this as a firm commitment and identifies the hedge instrument as a fair value hedge. When the foreign currency amount is variable, such as under variable service agreements, CBOT Holdings treats this as a forecasted transaction and identifies the hedge instrument as a cash flow hedge. At the time CBOT Holdings enters into a forward contract, the forecasted transaction or firm commitment is identified as the hedged item and the forward contract is identified as the hedge instrument.

CBOT Holdings measures hedge ineffectiveness using the forward rates for hedges at each reporting period. In all forward contracts, the critical terms of the hedging instrument and the hedged item match. At each reporting period CBOT Holdings verifies that the critical terms of the contract continue to be the same. CBOT Holdings will discontinue hedge accounting prospectively if it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item; when the derivative expires or terminates; when the derivative is de-designated as a hedge instrument, because it is probable that the forecasted transaction will not occur; or management determines that designation of the derivative as a hedge instrument is no longer appropriate.

Recent Accounting Pronouncements—In March 2005, the FASB issued Interpretation No. 47 (“FIN 47”), “Accounting for Conditional Asset Retirement Obligations.” FIN 47 clarifies SFAS No. 143, *Accounting for Asset Retirement Obligations*, which states that the fair value of a liability for the conditional asset retirement obligation should be recognized when incurred. FIN 47 states that the term “conditional asset retirement obligation” refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. Thus, the timing and (or) method of settlement may be conditional on a future event. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. One of the three buildings owned by CBOT Holdings contains some asbestos containing materials (“ACM”), primarily in pipe wrap, floor tiles, ceiling tiles and mastic. CBOT Holdings has not recognized a conditional asset retirement obligation related to ACM abatement because it is not possible to make a realistic estimate of the fair value of future ACM removal costs because it is not known where ACM exists since it is typically in a concealed location.

In July 2006, the FASB issued Interpretation No. 48 (“FIN 48”), “Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109,” which clarifies the accounting for uncertainty in tax positions. FIN 48 seeks to reduce the diversity in accounting practices used in regards to uncertain tax positions by prescribing a recognition threshold and measurement criteria for benefits related to income taxes. The provisions of FIN 48 are effective for all reporting periods beginning after December 15, 2006. The impact of the adoption of FIN 48 on CBOT Holdings’ financial position or results of operations is still being evaluated.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which establishes a framework for measuring fair value under other accounting pronouncements that require fair value measurements and expands disclosures about such measurements. SFAS No. 157 does not require any new fair value measurements. Instead, it creates a consistent method for calculating fair value measurements to address non-comparability of financial statements containing fair value measurements utilizing different definitions of fair value. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. It is not anticipated that the adoption of SFAS No. 157 will have a significant impact on CBOT Holdings’ financial position or results of operations.

In September 2006, the FASB issued SFAS No. 158, *Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans,* an amendment of FASB Statements No. 87, 88, 106, and 132(R) , which requires the overfunded or underfunded status of a defined benefit postretirement plan to be recognized in the statement of financial position and changes in that funded status to be recognized in the year of change in comprehensive income. SFAS No. 158 also requires that plan assets and obligations be measured at year-end and requires certain disclosures. CBOT Holdings was required to recognize the funded status of defined benefit postretirement plans and to make required disclosures as of its fiscal year ending December 31, 2006. The requirement to measure plan assets and obligations at year-end is effective for its fiscal years ending December 31, 2008. Upon adopting SFAS No. 158, CBOT Holdings recorded a $14.2 million liability related to the actuarially computed underfunded status of postretirement plans, of which $8.5 million was recorded in other comprehensive income as a reduction to stockholders’ equity and $5.7 million was recorded as a deferred income tax asset.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115*, which permits measurement of financial instruments and other certain items at fair value. SFAS No. 159 does not require any new fair value measurements. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Early adoption is permitted provided that SFAS No. 157 is concurrently adopted. It is not anticipated that the adoption of SFAS No. 159 will have a significant impact on CBOT Holdings’ financial position or results of operations.

3. RESTRUCTURING TRANSACTIONS

On April 22, 2005, the CBOT completed a strategic restructuring that changed the CBOT from a nonstock, not-for-profit company with members to CBOT Holdings, a stock, for-profit company with stockholders, and the CBOT, a nonstock, for-profit exchange subsidiary with members. This type of transaction is sometimes called a demutualization.

As a result of the completion of these restructuring transactions, CBOT Holdings received the sole Class A membership in the CBOT, which entitles CBOT Holdings to the exclusive right to receive all dividends and distributions from the CBOT, including proceeds upon liquidation. CBOT members received an aggregate of 49,359,836 shares of Class A common stock of CBOT Holdings and one of the five series of Class B memberships in the CBOT, which entitled the holder to certain voting rights and trading rights and privileges at the CBOT. CBOT Holdings currently has authorized 200,000,000 shares of Class A common stock, one share of Class B common stock and 20,000,000 shares of preferred stock.

Upon completion of the restructuring, members' equity, which represented cumulative earnings prior to the demutualization, was reclassified to common stock and additional paid-in capital of CBOT Holdings. Earnings subsequent to the demutualization were reflected as retained earnings of CBOT Holdings. Earnings for 2005 were allocated between the pre- and post-restructuring periods based primarily on the number of trading days in each period.

The restructuring transactions were treated similar to a reorganization of entities under common control. Under this method no gain or loss was recognized and the book value of assets and liabilities of the CBOT carried over to the books of CBOT Holdings at their same recorded amounts.

4. INITIAL PUBLIC OFFERING

On October 24, 2005, CBOT Holdings completed an initial public offering of its Class A common stock. CBOT Holdings sold 2,940,486 shares of its Class A common stock and certain selling stockholders sold 251,003 shares of Class A common stock held by them. The initial public offering price was $54.00 per share. In addition, CBOT Holdings also sold 478,723 shares of its Class A common stock pursuant to the exercise in full by the underwriters of their over-allotment option. CBOT Holdings did not receive any of the proceeds from the shares of Class A common stock sold by the selling stockholders. Net proceeds, which are the gross proceeds to CBOT Holdings less underwriting discounts and commissions and direct expenses, from the initial public offering, including shares sold pursuant to the over-allotment option, were approximately $169.5 million. The number of shares of Class A common stock outstanding immediately after this offering was 52,806,929 and included a total of 20,000 shares of non-vested restricted common stock granted to its President and Chief Executive Officer (which are not considered outstanding from an accounting point-of-view) and 7,884 shares of vested restricted common stock granted to its directors and a special advisor to its board of directors in connection with its initial public offering. These grants were awarded under the CBOT Holdings' 2005 Long-Term Equity Incentive Plan.

5. MINORITY INTEREST IN SUBSIDIARIES

Ceres was formed by the CBOT for the purpose of engaging in electronic trading activities related to financial and futures markets. As described below, Ceres was dissolved in 2003 and liquidated during 2004. The CBOT, through Electronic CBOT, as general partner, held a 10% interest in Ceres. Members of the CBOT were limited partners of Ceres. Under the terms of the Ceres partnership agreement, income and losses were allocated to the general partner and limited partners based on their partnership interests. Losses in excess of limited partner capital accounts were allocated to Electronic CBOT, as general partner. The limited partners did not have rights that allowed them to participate in the management of Ceres or rights that limited the CBOT's ability to control the operations of Ceres. Accordingly, the CBOT controlled Ceres and Ceres was accounted for as a consolidated subsidiary of the CBOT.

On November 18, 2003, the Board of Directors of Electronic CBOT, on behalf of Electronic CBOT as general partner of Ceres, agreed to dissolve Ceres when the electronic trading system contractual arrangements with Deutsche Börse AG, the Swiss Stock Exchange and certain of their affiliates (collectively, the Eurex Group) terminated, which occurred on December 31, 2003. The CBOT ceased conducting the electronic trading business through Ceres as of

December 31, 2003. Ceres was dissolved on December 31, 2003 and was subsequently liquidated with its assets distributed to its partners in accordance with the terms of the Ceres limited partnership agreement. As a result of the liquidation of Ceres, the holders of memberships in the CBOT subsidiary no longer participate in the electronic trading business of the CBOT as limited partners of Ceres, but rather as members of the CBOT. In January 2004, $60.3 million was paid to the limited partners of Ceres as a liquidating distribution. In November 2004 a final distribution of $1.6 million was paid to the limited partners thus completing the liquidation of all Ceres assets.

6. STOCK-BASED COMPENSATION

CBOT Holdings has a share-based compensation plan described below. The compensation cost recognized in 2006 and 2005 related to the Plan was $2.7 million and $1.8 million, respectively. The total income tax benefit recognized in the income statement was $1.1 million and $0.7 million in 2006 and 2005, respectively. As of December 31, 2006, there was approximately $6.1 million of total unrecognized compensation cost related to non-vested share-based compensation awards granted under the Plan that has a weighted average remaining life of approximately 3.2 years. Such awards have accelerated vesting provisions upon a change in control.

In 2005, CBOT Holdings adopted a Long-Term Equity Incentive Plan (the “Plan”) under which stock-based awards may be made to certain directors, officers and other key employees or individuals at the discretion of the board of directors. Grants authorized under the Plan include restricted stock, incentive or nonqualified stock options, stock appreciation rights and performance awards. A total of 1.2 million shares, which may come from authorized and unissued shares or from treasury shares, have been approved for use pursuant to the Plan. Nonqualified stock options may not have an exercise price below 100% of the market price of Class A common stock at the date of grant. Incentive stock options may not have an exercise price below 110% of the market price of Class A common stock at the date of grant. The maximum contractual term of any award under the Plan is ten years. Awards totaling 292,428 shares have been granted under the Plan as of December 31, 2006.

Options—During 2005, 170,000 nonqualified stock options were awarded under the Plan with time vesting criteria. These options have graded four year vesting periods and a maximum term of 10 years. Also during 2005, 50,000 nonqualified stock options were awarded under the Plan with market performance vesting criteria and a maximum term of 10 years. These options vested pro rata in thirds upon the occurrence of the ten day average stock price closing above 150%, 175% and 200% of the initial public offering price of Class A common stock, which such criteria was met as of December 31, 2005. During 2006, 32,000 nonqualified stock options were awarded under the Plan with time vesting criteria. These options have graded four year vesting periods and a maximum term of ten years. The following table summarizes options outstanding under the Plan as of December 31, 2006:

	Time Vested Options				Market Performance Options			
Options	Shares (000)	Weighted-Average Exercise Price	Aggregate Intrinsic Value ($000)	Weighted-Average Remaining Term (yrs)	Shares (000)	Weighted-Average Exercise Price	Aggregate Intrinsic Value ($000)	Weighted-Average Remaining Term (yrs)
Outstanding—January 1, 2006	150	$ 54			50	$ 54		
Granted	32	94			—	—		
Exercised	—	—			—	—		
Forfeited or expired	—	—			—	—		
Outstanding—December 31, 2006	182	$ 61	$ 16,473	8.8	50	$ 54	$ 4,874	8.8
Vested or expected to vest—December 31, 2006	175	$ 69	$ 14,348	8.9	50	$ 54	$ 4,874	8.8
Exercisable—December 31, 2006	38	$ 54	$ 3,655	8.8	50	$ 54	$ 4,874	8.8

The weighted-average grant date fair value of options granted in 2006 and 2005 was approximately $43 per share and $24 per share, respectively. The total grant date fair value of options that vested during 2006 and 2005 was approximately $0.9 million and $1.1 million, respectively. The fair value of each option grant was estimated on the date of grant using a lattice-based option valuation model (for time vested options) and a Monte-Carlo valuation model (for market performance options) using the assumptions noted in the following table. Due to a lack of historical activity in the trading of our stock, expected volatilities and terms are based on the historical activity of the stock of peer companies that management considers to be engaged in a business similar to the CBOT. The risk free interest rate is based on the U.S. Treasury yield curve in effect at the time of the option grant. CBOT Holdings has not paid any dividends to date, so the expected dividend yield is set at zero.

Assumption	Lattice 2006	Lattice 2005	Monte-Carlo 2005
Expected volatility	45%	45%	45%
Expected term	6 years	6 years	5-7 years
Risk-free interest rate	4.34 - 5.02%	4.4%	4.34 - 5.02%

Restricted Stock Awards—For the year ended December 31, 2006, 32,544 shares of restricted stock were awarded under the Plan. Restricted stock grants in the amount of 10,877 vested during 2006. The following table summarizes non-vested shares under the Plan as of December 31, 2006:

Non-vested Shares	Shares (000)	Weighted-Average Grant-date Fair Value
Non-vested—beginning of year	20	$ 54
Granted	33	97
Vested	(11)	95
Forfeited	—	—
Non-vested—end of year	42	$ 77

7. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted average number of shares of all Class A common stock outstanding for each reporting period. Diluted earnings per share is computed by reflecting the increase in the outstanding number of shares of Class A common stock if stock options or restricted stock awards were exercised or converted into common stock using the treasury stock method. Income used in the calculation of earnings per share for the year ended December 31, 2005, only includes earnings allocated to the period after April 22, 2005, the date the CBOT completed a restructuring that changed the CBOT from a nonstock, not-for-profit company with members to CBOT Holdings, a stock, for-profit company with stockholders and the CBOT, a nonstock, for-profit exchange subsidiary with members. Weighted average number of shares used in the calculation is based on the average number of shares outstanding after April 22, 2005 rather than the entire reporting period.

Earnings per share are calculated as follows (in thousands, except per share data):

	Year Ended December 31,	
	2006	2005
Net income	$172,247	$ 76,543
Net income allocated to pre-restructuring period	—	(21,824)
Net income allocated to post-restructuring period	$172,247	$ 54,719
Weighted average number of Class A common stock shares:		
Basic	52,792	50,045
Effect of stock options	57	9
Effect of restricted stock grants	12	1
Diluted	52,861	50,055
Earnings per share:		
Basic	$ 3.26	$ 1.09
Diluted	3.26	1.09

Options to purchase 32,000 shares of common stock at a weighted-average price of $94 per share were outstanding during the year ended December 31, 2006 but were not included in the computation of diluted earnings per share because the effect would have been antidilutive.

8. DEBT

Long-term debt at December 31 consisted of the following (in thousands):

	2006	2005
Private placement senior notes, due in annual installments through 2007, at an annual interest rate of 6.81%	$10,716	$21,430
AEMS Financing agreement	—	8,652
Total debt	10,716	30,082
Less current portion	10,716	19,366
Long-term debt	$ —	$10,716

In May of 2003, the CBOT signed a financing agreement with LIFFE Administration and Management ("LIFFE") which allowed the CBOT to finance the costs under a development services agreement signed with LIFFE in March of 2003. Both the financing and development services agreement were subsequently assigned to Atos Euronext Market Solutions ("AEMS"). Under the terms of the financing agreement, the CBOT financed 15.1 million pounds sterling ($26.9 million at December 31, 2003) related to the development services agreement. Repayments of amounts financed began in 2004 and were due in equal annual installments through 2006. Interest was prepaid at the time of the borrowing at an effective rate of approximately 5.6%. Prepaid interest related to the financing agreement of $2.7 million was amortized to interest expense over three years using an effective interest rate method. Obligations under the financing agreement were denominated in pounds sterling but converted into U.S. dollars using currency exchange rates in effect on each balance sheet date. During 2006, final principal repayments of $8.7 million were made on the financing agreement thus terminating the obligations under the financing agreement.

In the first quarter of 2006, an annual principal repayment of $10.7 million was made on the senior notes. A final principal payment in the amount of $10.7 million is required to be made in the first quarter of 2007, the payment of which will terminate the obligations under the senior notes.

At December 31, 2006, CBOT Holdings had an agreement with LaSalle Bank National Association (the “bank”) to provide CBOT Holdings with an unsecured $20.0 million revolving credit facility (the “Revolver”). Interest related to the Revolver was payable monthly at the lower of LIBOR plus 2.25% or the bank’s prime rate. The Revolver allowed for the issuance of letters of credit, up to the unused portion of the $20.0 million line of credit. The Revolver contained certain covenants that CBOT Holdings was required to comply with, which, among other things, required CBOT Holdings to maintain certain equity levels and financial ratios, as well as restricted CBOT Holdings’ ability to incur additional indebtedness, except in certain specified instances. No amounts were borrowed nor outstanding under the Revolver. The Revolver had a maturity date of February 14, 2007 and management of CBOT Holdings determined not to renew the Revolver.

9. INCOME TAXES

The components of income tax expense for 2006, 2005 and 2004 are as follows (in thousands):

	2006	2005	2004
Current:			
Federal	$104,311	$ 55,087	$18,082
State	21,684	11,252	5,533
Total current	125,995	66,339	23,615
Deferred:			
Federal	(5,722)	(9,802)	7,892
State	(594)	(1,221)	982
Total deferred	(6,316)	(11,023)	8,874
Total	$119,679	$ 55,316	$32,489

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. These temporary differences result in taxable or deductible amounts in future years. Differences between financial reporting and tax bases arise most frequently from differences in the timing of expense recognition.

Significant components of CBOT Holdings' deferred tax assets (liabilities) as of December 31 are as follows (in thousands):

	2006	2005
Current deferred tax asset:		
Allowance for bad debts	$ 197	$ 1,949
Exchange fee rebate accrual	117	382
Other	332	471
Total current deferred tax asset	646	2,802
Current deferred tax liability:		
Other	(1,035)	(840)
Total current deferred tax liability	(1,035)	(840)
Net current asset (liability)	$ (389)	$ 1,962
Long-term deferred tax asset:		
Dow Jones license amortization	$ 1,656	$ 1,944
Employee and retiree benefit plans	4,229	70
Stock-based compensation	1,425	571
State income taxes	0	515
Other	1,711	3,042
Total long-term deferred tax asset	9,021	6,142
Long-term deferred tax liability:		
Depreciation	(9,239)	(20,781)
Deferred rent	(1,406)	(1,173)
Capitalized interest	(1,219)	(1,392)
Other	(141)	0
Total long-term deferred tax liability	(12,005)	(23,346)
Net long-term liability	$ (2,984)	$(17,204)

CBOT Holdings has not established a valuation allowance at December 31, 2005 and 2006 as management believes that all deferred tax assets are fully realizable.

A reconciliation of the statutory federal income tax rate to the effective income tax rate is as follows:

	2006	2005	2004
Statutory federal income tax rate	35.0%	35.0%	35.0%
State income tax rate—net of federal income tax effect	4.7	4.9	5.6
Non-deductible corporate restructuring and merger & acquisition costs	1.1	0.6	2.0
Non-deductible litigation settlement	0.0	1.1	1.7
Other non-deductible expenses	0.3	0.4	0.6
Other—net	(0.1)	0.0	(1.3)
Effective income tax rate	41.0%	42.0%	43.6%

10. BENEFIT PLANS

At December 31, 2005, substantially all employees of CBOT Holdings were covered by a non-contributory, defined benefit pension plan (the "Pension Plan"). The benefits payable under the Pension Plan are based primarily on the years of service and the employees' average compensation levels. In December 2005, the board of directors amended the Pension Plan of CBOT Holdings so that employees hired on or after January 1, 2006 are no longer eligible to participate in the Pension Plan, but instead are eligible to participate in a newly created defined contribution pension plan. There were no eligible participants in the defined contribution plan as of December 31, 2006. CBOT Holdings' funding policy for the defined benefit pension plan is to contribute annually the maximum amount that can be deducted for federal income tax purposes, with the maximum funding level not to exceed 115% of the current liability. CBOT Holdings did not contribute to its pension plan during 2006. The plan assets are primarily invested in marketable debt and equity securities. The measurement date of plan assets and obligations is December 31.

The following provides a reconciliation of pension benefit obligation, plan assets, funded status, net periodic benefit expense and amounts recognized in accumulated other comprehensive income as of, and for the years ended, December 31 (in thousands):

	2006	2005
Change in benefit obligation:		
Benefit obligation—beginning of year	$43,917	$37,217
Service cost	2,737	2,557
Interest cost	2,244	2,177
Actuarial (gain) loss	(3,801)	3,635
Benefits paid	(3,231)	(1,669)
Benefit obligation—end of year	$41,866	$43,917
Change in plan assets:		
Fair value of plan assets—beginning of year	$36,336	$35,148
Actual return on plan assets	3,300	2,857
Benefits paid	(3,231)	(1,669)
Fair value of plan assets—end of year	$36,405	$36,336
Funded status:		
Funded status of the plan	$ (5,461)	$ (7,581)
Unrecognized actuarial cost	—	16,839
Unrecognized prior cost	—	26
Net amount recognized	$ (5,461)	$ 9,284
Amounts recognized in consolidated statement of financial condition:		
Current assets	$ —	$ 9,284
Long-term liabilities	(5,461)	—
Net amount recognized	$ (5,461)	$ 9,284
Amounts recognized in accumulated other comprehensive income:		
Unrecognized actuarial loss	$11,962	$ —
Unrecognized prior service cost	23	—
Accumulated other comprehensive income	$11,985	$ —

CBOT Holdings estimates that during the 2007 fiscal year it will amortize from accumulated other comprehensive income into net pension cost a net actuarial loss of $0.6 million.

The components of net periodic benefit cost are as follows (in thousands):

	2006	2005	2004
Service cost	$ 2,737	$ 2,557	$ 2,315
Interest cost	2,244	2,177	1,996
Expected return on plan assets	(3,027)	(2,937)	(2,204)
Net amortization:			
Unrecognized prior service cost	3	3	3
Unrecognized net loss	803	773	830
Net periodic benefit cost	$ 2,760	$ 2,573	$ 2,940

Employer contributions for the year ending December 31, 2007 are expected to approximate $7.0 million and estimated future benefit payments through 2016 are expected to be as follows (in thousands):

2007	$ 1,222
2008	1,576
2009	1,929
2010	2,358
2011	2,364
2012 – 2016	18,510
Total	$27,959

The allocation of plan assets at December 31 by asset category are as follows:

	2006	2005
Actual:		
Equity securities	66%	67%
Debt securities	34	32
Other	—	1
Total	100%	100%
Target:		
Equity securities	65%	65%
Debt securities	35	35
Other	—	—
Total	100%	100%

The investment objectives for CBOT Holdings pension plan, established in conjunction with a comprehensive review of the current projected financial requirements of the plan and its funded status, are defined in the Investment Policy Statement. The objectives stated therein are as follows:

- The primary objective of the plan is to preserve capital in real terms while maintaining the highest probability of ensuring future benefit payments to plan participants.
- The secondary objective is to maximize returns within reasonable and acceptable levels of risk.
- The desired investment objective is a long-term rate of at least 8.5% based upon a five-year investment horizon.
- The investments of the plan are diversified with the intent to minimize the risk of large investment losses.
- The policy is based on the expectation that the volatility of a well-diversified portfolio is similar to that of the markets. Consequently, the volatility of the total portfolio, in aggregate, should be reasonably close to the volatility of a weighted composite of market indices.

The primary focus in developing an asset allocation range for the plan is the assessment of the plan's investment objectives and the acceptable level of risk associated with achieving these objectives. To achieve these goals, the minimum and maximum allocation range for fixed and equity securities are as follows:

	Minimum	Maximum
Fixed	30%	40%
Equity	55%	75

The assumptions used in the measurement of pension benefit obligation and net periodic benefit cost are as follows:

	2006	2005
Pension benefit obligation:		
Discount rate	6.00%	5.50%
Rate of compensation increase	4.50	4.50

	2006	2005	2004
Net periodic benefit cost:			
Discount rate	5.50%	6.00%	6.00%
Expected return on plan assets	8.50	8.50	8.50
Rate of compensation increase	4.50	4.50	4.50

In selecting the expected long-term rate of return on assets, CBOT Holdings considered the average rate of earnings expected on the classes of funds invested or to be invested to provide for the benefits of the plan. This included considering the targeted asset allocation of the trust for the year and the expected returns likely to be earned over the next 20 years. Long-term historical returns of each asset class are considered during the development of the assumptions used for the expected return rate of each class.

CBOT Holdings has a retiree benefit plan which covers all eligible employees. Employees retiring from CBOT Holdings on or after age 55, who have at least ten years of service, or after age 65 with five years of service, are entitled to postretirement medical and life insurance benefits. CBOT Holdings funds benefit costs on a pay as it goes basis. The measurement date of plan obligations is December 31.

The following provides a reconciliation of postretirement obligation, plan assets, funded status and net periodic benefit cost of the plan as of, and for the years ended, December 31 (in thousands):

	2006	2005
Change in benefit obligation:		
Benefit obligation—beginning of year	$ 12,658	$ 12,797
Service cost	601	559
Interest cost	622	648
Plan amendments	(1,007)	—
Actuarial gain	(1,458)	(910)
Benefits paid	(549)	(436)
Benefit obligation—end of year	$ 10,867	$ 12,658
Change in plan assets:		
Fair value of plan assets—beginning of year	$ —	$ —
Company contributions	549	436
Benefits paid	(549)	(436)
Fair value of plan assets—end of year	$ —	$ —
Funded status:		
Funded status of the plan	$(10,867)	$(12,658)
Unrecognized actuarial cost	—	4,037
Unrecognized transition obligation	—	852
Net amount recognized	$(10,867)	$ (7,769)
Components recognized in consolidated statement of financial condition:		
Current liabilities	$ (517)	$ —
Long-term liabilities	(10,350)	(7,769)
Net amount recognized	$(10,867)	$ (7,769)
Amounts recognized in accumulated other comprehensive income:		
Unrecognized actuarial loss	$ 2,476	$ —
Unrecognized prior credit	(1,007)	—
Unrecognized transition obligation	722	—
Accumulated other comprehensive income	$ 2,191	$ —

CBOT Holdings estimates that during the 2007 fiscal year it will amortize from accumulated other comprehensive income into net postretirement cost a net actuarial loss of $0.1 million, prior service cost of $0.1 million and a transitional obligation of $0.1 million.

The components of net periodic benefit cost are as follows (in thousands):

	2006	2005	2004
Service cost	$ 601	$ 559	$ 536
Interest cost	622	648	683
Net amortization:			
Transition liability	103	129	130
Unrecognized net loss	130	124	211
Net periodic benefit cost	$1,456	$1,460	$1,560

The assumptions used in the measurement of the postretirement obligation and the net periodic benefit cost are as follows:

	2006	2005
Postretirement obligation:		
Discount rate	6.00%	5.50%
Rate of compensation increase	4.50	4.50

	2006	2005	2004
Net periodic benefit cost:			
Discount rate	5.50%	6.00%	6.00%
Rate of compensation increase	4.50	4.50	4.50

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation was 9% in 2006 and 2005 (decreasing by 1% per year until a long-term rate of 5% is reached). If the health care cost trend rate assumptions were increased by 1% for each year, the accumulated postretirement benefit obligation as of December 31, 2006 would be increased by 9%. The effect of this change on the sum of the service costs and interest cost would be an increase of 12%. If the health care cost trend rate assumptions were decreased by 1% for each year, the accumulated postretirement benefit obligation as of December 31, 2006 would be decreased by 8%. The effect of this change on the sum of the service costs and interest cost would be a decrease of 10%.

The pension plan and postretirement plan disclosures above are made in accordance with SFAS No. 158 which changed the accounting rules for reporting the funded status of retirement and other postretirement benefits plans. The funded status of such plans is required to be recognized on the balance sheet with a corresponding after-tax adjustment to accumulated other comprehensive income. Retroactive application of this accounting rule is prohibited. Therefore, 2006 data is presented as required by SFAS No. 158 and 2005 data is presented as required under the accounting rules prior to SFAS No. 158. The adoption of SFAS No. 158 in 2006 had no effect on the computation of net periodic benefit expense for pensions and postretirement benefits.

The incremental effect of applying SFAS No. 158 on individual line items on CBOT Holdings' consolidated balance sheet as of December 31, 2006 was as follows (in thousands):

	Before Application of SFAS No. 158	Adjustments	After Application of SFAS No. 158
Current assets	$ 571,021	$ (6,525)	$ 564,496
Total assets	817,855	(6,525)	811,330
Current liabilities	79,764	517	80,281
Other liabilities	12,511	7,134	19,645
Deferred income taxes	8,622	(5,638)	2,984
Total liabilities	100,897	2,013	102,910
Accumulated other comprehensive income (loss)	127	(8,538)	(8,411)
Total stockholders' equity	716,958	(8,538)	708,420
Total liabilities and stockholders' equity	817,855	(6,525)	811,330

On December 8, 2003, the Medicare Act (the "Act") was signed into law. The Act introduced a prescription drug benefit under Medicare (Medicare Part D), as well as federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. In May 2004, the FASB issued Staff

Position ("FSP") No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003," which superseded FSP No. 106-1 of the same name that was issued in January 2004. This FSP provided companies with guidance on the accounting for the effects of the Act for employers that sponsor postretirement health care plans that provide prescription drug benefits. This FSP also requires those employers to provide certain disclosures regarding the effect of the federal subsidy provided by the Act (the "Subsidy"). The guidance applies only to the sponsor of a single-employer defined benefit postretirement health care plan for which (a) the employer has concluded that prescription drug benefits available under the plan are "actuarially equivalent" to Medicare Part D and thus qualify for the Subsidy under the Act and (b) the expected Subsidy will offset or reduce the employer's share of the cost of the underlying postretirement prescription drug coverage on which the Subsidy is based. CBOT Holdings does not offer drug prescription benefits to retirees after age 65. Accordingly, CBOT Holdings has concluded that the prescription drug benefits available under its postretirement plans will not qualify for the Subsidy and that the Act will not have an impact on CBOT Holdings' financial position or results of operations.

CBOT Holdings also maintains a qualified savings plan pursuant to Section 401(k) of the Internal Revenue Code. The plan is a defined contribution plan offered to eligible employees of CBOT Holdings, who meet certain length of service requirements and elect to participate in the plan. CBOT Holdings makes matching contributions to eligible employees based on a formula specified by the plan. The cost of these matching contributions amounted to approximately $1.4 million, $1.5 million and $1.4 million for the years ended December 31, 2006, 2005 and 2004, respectively.

CBOT Holdings also sponsors a nonqualified supplemental pension plan for former officers of CBOT Holdings who elected to participate in the plan. The liability for this nonqualified plan, which amounted to $2.0 million as of December 31, 2006 and as of December 31, 2005, is funded by life insurance policies on the lives of the participating employees. CBOT Holdings has established a trust for the purpose of administering the nonqualified plan.

CBOT Holdings also has a health plan which provides benefits (hospital, surgical, major medical and short-term disability) for full-time salaried employees of CBOT Holdings. The plan is funded by CBOT Holdings as claims are paid. Employees may contribute specified amounts to extend coverage to eligible dependents. At December 31, 2006, CBOT Holdings had an accrual for unprocessed health plan expenses of $0.2 million.

11. COMMITMENTS

Certain office space and data processing and office equipment are leased. Rental expense for the years ended December 31, 2006, 2005 and 2004 was $8.3 million, $11.8 million and $9.9 million, respectively. The future minimum rental payments under non-cancelable leases in excess of one year that were in effect as of December 31, 2006 in the aggregate and for the next five years are as follows (in thousands):

2007	$2,345
2008	233
2009	84
2010	85
2011	58
Total	$2,805

Building revenues relate primarily to the leasing of office and commercial space, generally for periods ranging from one to five years. Certain of these leases contain escalation clauses. Future minimum rentals under non-cancelable leases in effect as of December 31, 2006 in the aggregate and for the next five years are as follows (in thousands):

2007	$17,570
2008	15,094
2009	12,830
2010	9,575
2011	8,512
Thereafter	33,479
Total	$97,060

The CBOT has an agreement to license certain index and trademark rights, including the Dow Jones Industrial Average, the Dow Jones Transportation Average, the Dow Jones Utilities Average, the Dow Jones Global Indices and the Dow Jones U.S. Real Estate Index. The license is a non-transferable and exclusive worldwide license to use these indices as the basis for standardized exchange-traded futures contracts and options on futures contracts. The agreement, which expires December 31, 2007 unless terminated by either party, requires the CBOT to pay Dow Jones annual royalties, based upon the trading volumes, with a minimum annual royalty requirement of $2.0 million. These annual royalty charges, which totaled $4.9 million, $4.7 million and $4.1 million in 2006, 2005 and 2004, respectively, are recorded as contracted license fees expense in the year to which the payment relates.

The CBOT has a managed services agreement with AEMS pursuant to which AEMS provides the CBOT services related to the operation and support of the e-cbot system. The agreement expires on December 31, 2008. The minimum payments due under this agreement are denominated in pounds sterling and are hedged with foreign currency forward contracts (see Note 12). The hedged payments to be made under this agreement amount to $21.7 million and $20.9 million in 2007 and 2008, respectively.

The CBOT has a clearing services agreement with the CME under which the CME provides clearing and related services for all CBOT products. The agreement expires January 10, 2009. The CBOT is responsible for costs associated with the establishment and maintenance of all telecommunications equipment and services required under the agreement. As part of the agreement, the CBOT collects a clearing fee on each side of a trade made on a CBOT platform. A portion of this fee is payable to the CME for its clearing services. This fee varies based on transaction volume and is guaranteed to the CME to be at least $4.5 million per quarter.

12. FOREIGN CURRENCY FORWARD CONTRACTS

CBOT Holdings currently utilizes foreign currency forward contracts that are identified as fair value hedges. These are intended to offset the effect of exchange rate fluctuations on firm commitments for purchases of fixed annual and quarterly services denominated in pounds sterling. These contracts had notional amounts approximating $33.9 million (19.9 million pounds sterling) at December 31, 2006. The fair value of these contracts, which was $4.8 million at December 31, 2006, is recorded in accounts receivable. Gains and losses on these hedge instruments, as well as the gains and losses on the underlying hedged item, offset each other and were therefore zero in 2006. There were no gains or losses recorded on these fair value hedges related to hedge ineffectiveness.

13. SEVERANCE AND RELATED COSTS

In December 2005, CBOT Holdings announced a realignment of technology resources. This realignment included a workforce reduction of approximately 40 full-time staff, or about 5% of the total workforce. CBOT Holdings recorded a $2.1 million charge related to this staff reduction. Also, in December 2005, CBOT Holdings recorded a $0.9 million termination charge related to the departure of its former general counsel. An additional charge of $1.2 million was recorded in 2006 related to the departure of the former general counsel after the separation agreement with the general counsel was finalized. The balance of severance and related costs incurred during the periods presented related to ongoing staff reductions. Severance and related costs in 2006, 2005 and 2004 related to the Exchange Trading segment.

The following table summarizes severance and related costs, the amounts paid and the accrual balances for the years ended December 31 (in thousands):

	2006	2005	2004
Accrued employee termination liability—beginning of year	$ 3,232	$ 403	$ 2,575
Employee termination costs	1,214	3,309	572
Cash payments	(3,667)	(480)	(2,744)
Accrued employee termination liability—end of year	$ 779	$3,232	$ 403

Amounts recognized in the Consolidated Statements of Financial Condition consist of (in thousands):

	2006	2005	2004
Accrued employee termination (current liability)	$624	$3,063	$403
Other liabilities (long-term liability)	155	169	—
Total accrued employee termination liability	$779	$3,232	$403

14. LITIGATION

Litigation with Eurex US : On October 15, 2003, Eurex US filed an antitrust action in federal court against the CBOT and the CME alleging that the companies illegally attempted to block its entrance into the U.S. market and charging the CBOT and the CME with having violated the Sherman Act, among other things, by offering financial inducements, valued at over $100 million, to stockholders of The Clearing Corporation to vote against a proposed restructuring of The Clearing Corporation. Eurex subsequently amended its complaint to make additional charges, including a claim that the CBOT and the CME misrepresented Eurex's qualifications in their lobbying of Congress and the CFTC. Eurex seeks treble damages under the antitrust laws, injunctive relief enjoining the alleged antitrust violations and compensatory and punitive damages for alleged tortious interference with prospective business opportunities.

On December 12, 2003, the CBOT filed in the U.S. District Court for the District of Columbia a motion to dismiss the amended complaint and a motion to transfer the action to the U.S. District Court for the Northern District of Illinois. On September 2, 2004, the United States District Court for the District of Columbia granted the CBOT's motion to transfer the case to the United States District Court for the Northern District of Illinois. The court denied the CBOT's motion to dismiss as moot in light of its ruling on the transfer motion. Eurex filed a second amended complaint in the Northern District of Illinois in late March 2005. In addition to the allegations in Eurex's previous complaints, that complaint alleges, among other things, that the CBOT engaged in predatory pricing and, together with the CME, engaged in a campaign to block regulatory approval of the Eurex proposed Global Clearing Link between the Clearing Corporation, Eurex's U.S. clearing house in Chicago and Eurex Clearing in Frankfurt. On June 6, 2005, the CBOT and CME filed a joint motion to dismiss the second amended complaint, which the court denied on August 22, 2005. On October 5, 2005, the CBOT filed its answer and defenses to the second amended complaint. Currently, the parties are engaged in discovery.

Litigation with Chicago Board Options Exchange, Inc.: On August 23, 2006, CBOT Holdings and CBOT, along with a class consisting of certain CBOT full members, filed a lawsuit in the Court of Chancery of the State of Delaware against the Chicago Board Options Exchange, Inc. ("CBOE"). The lawsuit seeks to enforce and protect certain rights of CBOT's full members ("Exercise Rights") contained in agreements by and among CBOT Holdings, CBOT and CBOE as well as CBOE's charter. The lawsuit alleges that these Exercise Rights allow CBOT's full members who hold them to become full members of CBOE and to participate on an equal basis with other members of CBOE in CBOE's announced plans to demutualize. The lawsuit is consistent with the Company's previously stated intention to vigorously defend the rights of CBOT's full members who are eligible to participate in CBOE's demutualization. On January 4, 2007, the plaintiffs filed a Second Amended Complaint, in which they added a count seeking a declaration that, contrary to the position taken by the CBOE before the SEC, the merger between CBOT Holdings and CME Holdings would not result in the termination of the Exercise Rights. The lawsuit seeks declaratory and injunctive relief as well as recovery of the Company's attorneys' fees. On January 11, 2007, the plaintiffs filed a motion for partial summary judgment. On January 16, 2007, the defendants filed a motion to dismiss the Second Amended Complaint. Both motions are presently pending.

CBOT Holdings is also subject to various other legal actions arising in the normal course of business. CBOT Holdings' management believes that the ultimate outcome of these proceedings will not have a material adverse effect on CBOT Holdings' financial position, although an adverse determination could be material to CBOT Holdings' results of operations or cash flows in any particular period.

15. MEMBERSHIPS

As part of the restructuring transactions (see note 3) there were five series of Class B memberships in the CBOT issued to members, Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM) and Series B-5 (COM), with each series corresponding to one of the five previously existing classes of CBOT membership.

At December 31, 2006, the membership of the CBOT consisted of the following classes and numbers of members:

Former Membership Class	Class B Membership Received in Restructuring	Amount
Full memberships	Series B-1	1,402
Associate memberships	Series B-2	811
Government Instruments Market membership interests ("GIM")	Series B-3	112
Index, Debt and Energy Market membership interests ("IDEM")	Series B-4	641
Commodity Options Market membership interests ("COM")	Series B-5	643

The Class B memberships represent trading rights and privileges in the exchange operated by the CBOT, including, in the case of the Series B-1 (Full) members, the right to exercise and become a member of the Chicago Board Options Exchange without purchasing a membership on such exchange (the "CBOE Exerciser Right").

Class B memberships in the CBOT are freely transferable, subject to any applicable membership requirements of the CBOT. The Class B memberships do not entitle the holders to the right to receive any dividends or distributions, including the proceeds from liquidation, from the CBOT.

The holders of Series B-1 (Full) and B-2 (Associate) memberships have the exclusive right among members (including CBOT Holdings as the Class A member) to vote on any proposals to amend the certificate of incorporation of the CBOT approved by the CBOT board of directors and to initiate and vote on, whether or not approved by the board of directors, any proposals to amend the bylaws of the CBOT.

The board of directors of the CBOT also has the right to amend the bylaws of the CBOT, which include the rules and regulations of the exchange. However, the holders of Series B-1 (Full) and B-2 (Associate) memberships have the exclusive right among members to vote on proposals by the board of directors of the CBOT to amend the bylaws of the CBOT in a manner that would adversely affect certain "core rights."

16. CAPITAL STOCK

Authorized Capital Stock

Structure—The authorized capital structure of CBOT Holdings consists of:

- 200,000,000 authorized shares of Class A common stock, $0.001 par value per share, including shares of restricted Class A common stock designated as Series A-1 common stock, Series A-2 common stock and Series A-3 common stock;
- 1 authorized share of Class B common stock, $0.001 par value per share; and
- 20,000,000 authorized shares of preferred stock, $0.001 par value per share, including 2,000,000 authorized shares of Series A junior participating preferred stock.

Shares Outstanding—As of December 31, 2006, there were issued and outstanding approximately 52,839,500 shares of Class A common stock (consisting of approximately 36,460,300 shares of Class A common stock and 16,379,200 shares of Series A-3, Class A common stock), 1 share of Class B common stock and no shares of preferred stock, all of which are validly issued, fully paid and non-assessable. The total outstanding shares of Class A common stock include approximately 42,000 shares of non-vested restricted common stock grants which are not considered outstanding from an accounting point-of-view.

Common Stock

The Class A common stock represents an equity interest in CBOT Holdings and generally has traditional features of common stock, including, dividend voting and liquidation rights. The Class A common stock may be issued as a single class, without series, or as determined from time to time by the board of directors, either in whole or in part in two or more series.

Subject to the limitations under Delaware corporation law and any preferential dividend rights of outstanding preferred stock, holders of Class A common stock are entitled to receive their pro rata share of such dividends or other distributions as may be declared by the board of directors of CBOT Holdings out of funds legally available therefore. To date no dividends have been declared.

The holder of the sole share of Class B common stock, a subsidiary voting trust, is entitled to vote to elect six subsidiary directors to the board of directors of CBOT Holdings.

Subject to any preferential dividend rights of outstanding preferred stock, upon any liquidation, dissolution or winding up of CBOT Holdings, whether voluntary or involuntary, holders of Class A common stock are entitled to receive pro rate share of such assets as are available for distribution to stockholders.

Preferred Stock

The board of directors of CBOT Holdings is authorized to issue shares of preferred stock in one or more series; to establish from time to time the number of shares to be included in each series; and to fix the rights, preferences and privileges of the shares of each wholly unissued series and any of its qualifications, limitations or restrictions. Furthermore, the board of directors of CBOT Holdings may increase or decrease the number of shares of any series, but not below the number of shares of that series then outstanding, without any further vote or action by the holders of Class A common of CBOT Holdings. At such time, the board of directors of CBOT Holdings may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of Class A common stock.

Transfer Restrictions

Class A Common Stock—The 49,359,836 shares of Class A common stock which were issued to CBOT members in connection with the restructuring transactions were issued in three series: Series A-1, Series A-2 and Series A-3, which were generally subject to a complete restriction on transfer, subject to certain permitted transfers. However, holders of Series A-1, A-2 and A-3 common stock could transfer all, but not less than all, of their shares of Series A-1, A-2 and A-3 common stock if all such shares were transferred together with the Class B membership associated with such shares. The transfer restriction periods applicable to Series A-1 and Series A-2 common stock expired April 22, 2006 and October 19, 2006, respectively. The transfer restriction period applicable to Series A-3 common stock is scheduled to expire on April 17, 2007.

Class B Common Stock—The sole share of Class B common stock of CBOT Holdings is held by a subsidiary voting trust and is generally subject to a complete restriction on transfer. However, the board of directors of CBOT Holdings may authorize the transfer of the share of Class B common stock of CBOT Holdings upon receipt of direction to transfer such share of Class B common stock of CBOT Holdings from the CBOT following approval of such direction by a majority of the Series B-1 (Full) and B-2 (Associate) members of the CBOT.

Ownership Requirements—Trading firms can register as members of the CBOT and become subject to reduced transaction fees. Such firms are required to own a certain number of shares of Class A common stock depending on the type of business that the firm conducts. As of December 31, 2006, the total Class A shares required to be held by member firms pursuant to this requirement was approximately 9.2 million shares.

CBOE Exerciser Right—Although not a restriction on transfer, Series B-1 (Full) members of the CBOT who have exercised (or who intend to exercise) and become members of the Chicago Board Options Exchange, or "CBOE," without purchasing a membership on such exchange may have a disincentive to sell their Class A common stock. Pursuant to agreements between CBOT Holdings, the CBOT and CBOE as well as the CBOT's rules and regulations, Series B-1 (Full) members of the CBOT must hold 27,338 shares of Class A common stock (the number of shares each Series B-1 (Full) member received in the restructuring transactions in respect of each Full Membership) along with the exercise right privilege associated with their Series B-1 (Full) membership in order to exercise, become and remain a member of the CBOE. As of December 31, 2006, approximately 263 Series B-1 (Full) members of the CBOT had exercised and become members of the CBOE. Accordingly, for so long as such Series B-1 (Full) members of the CBOT desire to remain members of the CBOE pursuant to this right, it is expected that approximately 7.2 million shares of Class A common stock would remain unavailable for purchase in any future market for Class A common stock. There can be no assurance that the proportion of the 1,402 Series B-1 (Full) members of the CBOT who exercise and become a member of the CBOE will not increase or decrease, in each case affecting the number of shares of Class A common stock that may be available for purchase at any given point of time.

Stockholder Rights Provisions

On June 24, 2005, a committee of the board of directors of CBOT Holdings adopted a plan creating preferred share purchase rights for holders of Class A common stock. After adoption of the rights plan, one right attached to each outstanding share of Class A common stock. Each right entitles the registered holder to purchase from CBOT Holdings one one-hundredth of a share of Series A junior participating preferred stock, par value $0.001 per share, referred to as a "preferred share," at a purchase price of $155.00 per one one-hundredth of a preferred share, subject to adjustment. In September 2006, the rights plan was amended and restated to increase the purchase price to $600.00 per one one-hundredth of a preferred share, subject to adjustment.

Except as described below:

- if any person or group of affiliated or associated persons, referred to as an "acquiring person," acquires beneficial ownership of 15% or more of the outstanding shares of Class A common stock, each holder of a right (other than rights beneficially owned by the acquiring person, which will thereafter be void) will thereafter have the right to receive upon exercise of each right that number of shares (or, under certain circumstances, other equivalently valued securities or other assets) of Class A common stock having a market value of two times the exercise price of the right; and
- if CBOT Holdings is acquired in a merger or other business combination transaction or 50% or more of its consolidated assets or earning power are sold after a person or group becomes an acquiring person, each holder of a right (other than rights beneficially owned by the acquiring person, which will be void) will thereafter have the right to receive for each right that number of shares of common stock of the acquiring company which at the time of such transaction will have a market value of two times the exercise price of the right.

Immediately prior to the execution of the Agreement and Plan of Merger, dated as of October 17, 2006 (the "Merger Agreement"), among CBOT Holdings, the CBOT and CME, CBOT Holdings amended the rights plan so that, among other things, the execution of the Merger Agreement and the consummation of the merger and the other transactions contemplated by the Merger Agreement will not trigger the rights of CBOT Holdings' stockholders under the rights plan.

17. DEPOSITS OF U.S. TREASURY SECURITIES

The rules and regulations of the CBOT require certain minimum financial requirements for delivery of physical commodities, maintenance of capital requirements and deposits on pending arbitration matters. To satisfy these requirements, member firms have deposited U.S. Treasury securities with the CBOT. These deposits are not considered assets of the CBOT, nor does any interest earned on these deposits accrue to the CBOT; accordingly, they are not reflected in the accompanying financial statements. The aggregate market value of these securities on deposit was $42.5 million and $36.1 million as of December 31, 2006 and 2005, respectively.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash equivalents, accounts receivable and other current assets are carried at amounts which approximate fair value due to their short-term nature. Similarly, liabilities including accounts payable and accrued liabilities, the current portion of long-term debt, funds held for deposit and membership transfers and other liabilities are carried at amounts approximating fair value.

19. OPERATING SEGMENTS

Management has identified two reportable operating segments: exchange trading and real estate operations. The exchange trading segment primarily consists of revenue and expenses from both open-auction trading activities and electronic trading activities, as well as from the sale of related market data to vendors. The real estate operations segment consists of revenue and expenses from renting and managing the real estate owned by CBOT Holdings. CBOT Holdings allocates certain indirect expenses to each operating segment. CBOT Holdings derives revenues from foreign based customers but it is not practicable to calculate the amount of such revenues.

CBOT Holdings evaluates operating segment performance based on revenues and income before income taxes. Intercompany transactions between segments have been eliminated. The accounting principles used for segment reporting are the same as those used for consolidated financial reporting. A summary by operating segment follows for the year ended December 31, 2006, 2005 and 2004 (in thousands):

	Year Ended December 31, 2006			
	Exchange Trading	Real Estate Operations	Eliminations	Totals
Revenues:				
Exchange fees	$373,324			$373,324
Clearing fees	107,923			107,923
Market data	98,608			98,608
Building		23,139		23,139
CBOT space rent		26,433	(26,433)	—
Services	16,246			16,246
Other	1,851			1,851
Total revenues	$597,952	$ 49,572	$ (26,433)	$621,091
Depreciation and amortization	$ 39,235	$ 15,563		$ 54,798
Income before income taxes	$292,397	$ 1,234		$293,631
Total assets	$627,607	$183,723		$811,330
Capital expenditures	$ 12,439	$ 11,685		$ 24,124

	Year Ended December 31, 2005			
	Exchange Trading	Real Estate Operations	Eliminations	Totals
Revenues:				
Exchange fees	$266,957			$266,957
Clearing fees	82,137			82,137
Market data	73,882			73,882
Building		22,161		22,161
CBOT space rent		26,189	(26,189)	—
Services	15,296			15,296
Other	1,040			1,040
Total revenues	$439,312	$ 48,350	$ (26,189)	$461,473
Depreciation and amortization	$ 39,984	$ 14,937		$ 54,921
Income before income taxes	$132,987	$ (360)		$132,627
Total assets	$499,293	$186,574		$685,867
Capital expenditures	$ 26,233	$ 14,003		$ 40,236

	Year Ended December 31, 2004			
	Exchange Trading	Real Estate Operations	Eliminations	Totals
Revenues:				
Exchange fees	$202,881			$202,881
Clearing fees	73,556			73,556
Market data	64,234			64,234
Building		22,428		22,428
CBOT space rent		25,850	(25,850)	—
Services	13,720			13,720
Other	1,525			1,525
Total revenues	$355,916	$ 48,278	$ (25,850)	$378,344
Depreciation and amortization	$ 32,055	$ 13,956		$ 46,011
Income before income taxes	$ 72,678	$ 1,545		$ 74,223
Total assets	$274,791	$185,625		$460,416
Capital expenditures	$ 40,508	$ 10,746		$ 51,254

20. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The board of directors of each of CBOT Holdings and the CBOT include 14 directors (as of December 31, 2006) that are members of the CBOT, and a majority of the Class A common stock of CBOT Holdings is owned by members of the CBOT. Many of the CBOT members derive a substantial portion of their income from their trading or clearing activities on or through the CBOT. In addition, trading privileges on the CBOT have substantial independent value. The amount of income that members of the CBOT derive from their trading or clearing activities and the value of their memberships in the CBOT are in part dependent on the fees they are charged to trade, clear and access our markets and the rules and structure of our markets. CBOT members, many of whom act as floor brokers and floor traders, benefit from trading rules, membership privileges and fee discounts that enhance their open-auction trading opportunities and profits. CBOT members pay fees, which may be substantial, either directly or indirectly, to our exchange in connection with the services we provide. We believe the payments made by directors that are CBOT members are on terms no more favorable than the terms given to similarly situated CBOT members who are not directors.

21. Quarterly Financial Data (unaudited)

The information below sets forth income statement data by quarter for the years ended December 31, 2006 and 2005 (in thousands):

	Year Ended December 31, 2006			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter(1)
Revenues	$140,086	$ 154,123	$ 157,624	$ 169,258
Operating expenses	84,460	85,276	81,866	93,452
Income from operations	55,626	68,847	75,758	75,806
Non-operating income	2,898	3,975	5,078	5,643
Income before income taxes	$ 58,524	$ 72,822	$ 80,836	$ 81,449
Net income	$ 35,103	$ 43,459	$ 48,813	$ 44,867
Earnings per share:				
Basic	$ 0.66	$ 0.82	$ 0.92	$ 0.85
Diluted	$ 0.66	$ 0.82	$ 0.92	$ 0.85
Weighted average number of common stock shares:				
Basic	52,787	52,792	52,794	52,795
Diluted	52,840	52,848	52,865	52,887

	Year Ended December 31, 2005			
	1st Quarter	2nd Quarter(2)	3rd Quarter	4th Quarter
Revenues	$115,743	$ 119,886	$ 111,095	$ 114,749
Operating expenses	79,547	86,061	78,646	86,734
Income from operations	36,196	33,825	32,449	28,015
Non-operating income (expense)	(208)	(95)	440	2,005
Income before income taxes	$ 35,988	$ 33,730	$ 32,889	$ 30,020
Net income	$ 20,788	$ 18,234	$ 19,824	$ 17,697
Earnings per share:(3)				
Basic		$ 0.35	$ 0.40	$ 0.34
Diluted		$ 0.35	$ 0.40	$ 0.34
Weighted average number of common stock shares:(4)(5)				
Basic		49,360	49,360	52,079
Diluted		49,360	49,360	52,116

(1) In the fourth quarter of 2006, CBOT Holdings recorded $9.5 million in merger related expense associated with the proposed merger with the CME.

(2) In the second quarter of 2005, CBOT Holdings recorded $4.0 million in litigation expenses related to the settlement of the lawsuit brought by certain members related to the proposed allocation of equity in the restructuring transactions of the CBOT.

(3) Income used in the calculation of earnings per share only includes earnings allocated to each reported period after April 22, 2005, the date the CBOT demutualized and became a stock, for-profit company. The amount of income

allocated to the period before April 22, 2005 and not included in the calculation of earnings per share was $1.0 million for the quarter ended June 30, 2005 and $21.8 million for the year ended December 31, 2005.

(4) CBOT members received an aggregate of 49.4 million shares of Class A common stock of CBOT Holdings as a result of the demutualization. Weighted average number of shares used in the calculation is based on the average number of shares outstanding after April 22, 2005 rather than the entire reporting period.

(5) On October 24, 2005, CBOT Holdings closed an initial public offering of its Class A common stock. The number of shares of Class A common stock outstanding immediately after this offering was 52.8 million shares.

22. SUBSEQUENT EVENT

On January 3, 2007, 73,100 nonqualified stock options were awarded under the Long-Term Equity Incentive Plan. The awards have a strike price of $151.47, four year graded vesting periods and a maximum term of ten years. The awards have accelerated vesting provisions upon a change in control.

CBOT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited, in thousands, except per share data)

	March 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents:		
Unrestricted	$181,077	$ 177,664
Held under deposit and membership transfers	6,792	1,503
Total cash and cash equivalents	187,869	179,167
Restricted cash	3,115	975
Short term investments	362,366	312,411
Accounts receivable—net of allowance of $493 in 2007 and $466 in 2006	79,280	62,451
Prepaid expenses	15,355	9,492
Total current assets	647,985	564,496
Property and equipment:		
Land	34,234	34,234
Buildings and equipment	345,473	343,271
Furnishings and fixtures	185,854	184,913
Computer software and systems	93,935	93,942
Construction in progress	1,539	1,906
Total property and equipment	661,035	658,266
Less accumulated depreciation and amortization	445,241	433,989
Property and equipment—net	215,794	224,277
Other assets—net	21,618	22,557
Total assets	$885,397	$ 811,330
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 20,256	$ 11,149
Accrued clearing services	18,796	16,226
Accrued real estate taxes	5,500	7,473
Accrued payroll costs	3,996	9,859
Accrued exchange fee rebates	972	675
Accrued employee termination	31	624
Accrued liabilities	10,569	11,007
Funds held for deposit and membership transfers	8,991	1,562
Current portion of long-term debt	—	10,716
Income tax payable	35,371	10,428
Other current liabilities	493	562
Total current liabilities	104,975	80,281
Long-term liabilities:		
Deferred income tax liabilities	97	2,984
Other liabilities	17,110	19,645
Total long-term liabilities	17,207	22,629
Total liabilities	122,182	102,910
Stockholders' equity:		
Common stock, $0.001 par value, 52,798 shares issued and outstanding	53	53
Additional paid-in capital	490,664	489,817
Retained earnings	280,809	226,961
Accumulated other comprehensive loss	(8,311)	(8,411)
Total stockholders' equity	763,215	708,420
Total liabilities and stockholders' equity	$885,397	$ 811,330

See notes to consolidated financial statements.

CBOT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited, in thousands, except per share data)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Revenues:		
Exchange fees	$117,680	$ 83,120
Clearing fees	33,973	23,231
Market data	25,082	23,643
Building	5,915	5,505
Services	4,234	4,236
Other	853	351
Total revenues	187,737	140,086
Expenses:		
Clearing services	21,796	18,023
Contracted license fees	2,119	1,738
Salaries and benefits	20,487	19,102
Depreciation and amortization	11,520	14,086
Professional services	16,654	3,939
General and administrative expenses	4,477	5,076
Building operating costs	6,420	6,603
Information technology services	11,772	12,230
Programs	2,991	2,627
Severance and related costs	(18)	1,036
Operating expenses	98,218	84,460
Income from operations	89,519	55,626
Non-operating income and expense		
Interest income	6,376	3,483
Interest expense	(216)	(585)
Non-operating income	6,160	2,898
Income before income taxes	95,679	58,524
Income taxes		
Current	41,992	25,466
Deferred	(2,122)	(2,291)
Total income taxes	39,870	23,175
Income before equity in unconsolidated subsidiary	55,809	35,349
Equity in loss of unconsolidated subsidiary	(418)	(246)
Net income	$ 55,391	$ 35,103
Earnings per share:		
Basic	$ 1.05	$ 0.66
Diluted	$ 1.05	$ 0.66
Weighted average number of common stock shares		
Basic	52,798	52,787
Diluted	52,900	52,840

See notes to consolidated financial statements.

CBOT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Cash flows from operating activities:		
Net income	$ 55,391	$ 35,103
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	11,520	14,086
Deferred income tax benefit	(2,122)	(2,291)
Stock-based compensation	847	413
Change in allowance for doubtful accounts	27	—
Gain on foreign currency transaction	—	(2)
Loss on sale or retirement of fixed assets	10	7
Equity in loss of unconsolidated subsidiary	418	411
Amortization of short term investment discounts	(1,252)	(1,094)
Changes in assets and liabilities:		
Accounts receivable	(18,065)	(16,654)
Income tax receivable / payable	24,943	18,674
Prepaid expenses	(5,863)	(4,823)
Other assets	418	376
Accounts payable	9,107	(7,490)
Accrued clearing services	2,570	3,737
Accrued real estate taxes	(1,973)	(1,652)
Accrued payroll costs	(5,863)	(3,385)
Accrued exchange fee rebates	297	(541)
Accrued employee termination	(593)	(1,308)
Accrued liabilities	771	(702)
Funds held for deposit and membership transfers	7,429	18,399
Deferred revenue	(13)	(4,751)
Other long-term liabilities	(4,814)	253
Net cash flows from operating activities	73,190	46,766
Cash flows from investing activities:		
Acquisition of property and equipment	(2,929)	(4,195)
Purchase of short term investments	(224,285)	(124,483)
Proceeds from short term investments	175,582	111,486
Restricted cash	(2,140)	(15,172)
Proceeds from sale of property and equipment	—	93
Investment in joint ventures	—	(254)
Net cash flows used in investing activities	(53,772)	(32,525)
Cash flows from financing activities:		
Repayments of borrowings	(10,716)	(10,714)
Net cash flows used in financing activities	(10,716)	(10,714)
Net increase in cash and cash equivalents	8,702	3,527
Cash and cash equivalents—beginning of period	179,167	101,321
Cash and cash equivalents—end of period	$ 187,869	$ 104,848
Cash paid for:		
Interest	$ 377	$ 736
Income taxes (net of refunds)	$ 17,049	$ 6,627

See notes to consolidated financial statements.

CBOT HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
Three Months Ended March 31, 2007 and 2006

1. BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Basis of Presentation—CBOT Holdings, Inc. is a Delaware stock corporation created in April 2005 to be the holding company for the Board of Trade of the City of Chicago, Inc. and its subsidiaries (the "CBOT"). In October 2005, CBOT Holdings, Inc. completed an initial public offering of shares of Class A common stock which trade under the ticker symbol "BOT" on the New York Stock Exchange. The accompanying unaudited consolidated financial statements include the accounts of CBOT Holdings, Inc., and its direct, wholly owned CBOT subsidiary (collectively, "CBOT Holdings" or "the Company"). CBOT Holdings has a 50% interest in a joint venture in Singapore called the Joint Asian Derivatives Pte. Ltd ("JADE") and also holds an approximate 5% interest in a joint venture called OneChicago, LLC ("OneChicago"). CBOT Holdings accounts for JADE and OneChicago under the equity method. All significant intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements have been prepared pursuant to rules and regulations of the Securities and Exchange Commission and, therefore, do not include all information and footnote disclosures normally included in audited financial statements. However, in the opinion of management, all adjustments necessary to present fairly the results of operations, financial position and cash flows of CBOT Holdings as of March 31, 2007 have been made. Results for interim periods are not necessarily indicative of the results that may be expected for the entire year. These interim financial statements should be read in conjunction with the audited financial statements and related notes for the three years ended December 31, 2006 included in CBOT Holdings' Form 10-K for the year ended December 31, 2006.

Business**—**The primary business of CBOT Holdings is the operation through its wholly owned CBOT subsidiary of a marketplace for the trading of interest rate, agricultural, equity index and metals, energy and other futures contracts, as well as options on futures contracts. The CBOT offers side-by-side trading of most of its products across both electronic trading and open-auction platforms. The CBOT's market participants include many of the world's largest banks, investment firms and commodities producers and users. Other market users include financial institutions, such as public and private pension funds, mutual funds, hedge funds and other managed funds, insurance companies, corporations, commercial banks, professional independent traders and retail customers.

The CBOT also engages in extensive regulatory compliance activities, including market surveillance and financial supervision activities, designed to ensure market integrity and provide financial safeguards for users of its markets. Further, the CBOT markets and distributes real-time and historical market data generated from trading activity in its markets to users of its products and related cash and derivative markets and financial information providers. The CBOT also owns and operates three office buildings in the City of Chicago.

On October 17, 2006, CBOT Holdings, the CBOT and Chicago Mercantile Exchange Holdings Inc. (the "CME") entered into an Agreement and Plan of Merger (as amended, the "Agreement") under which CBOT Holdings would merge with and into the CME, with the CME continuing as the surviving company. The CBOT would become a subsidiary of the CME following the merger. The merger is subject to a number of conditions, including, but not limited to, (i) the approval of the Agreement by the stockholders of both CBOT Holdings and the CME, (ii) the approval of the repurchase of CBOT Holdings' Class B common stock and an Amended and Restated Certificate of Incorporation of the CBOT by the Series B-1 and Series B-2 members of the CBOT, voting together as a single class, and (iii) receipt of certain regulatory approvals. Pending all requisite approvals, and subject to developments regarding the unsolicited proposal described below, the merger is expected to be completed by mid-2007.

On March 15, 2007, CBOT Holdings received an unsolicited proposal from IntercontinentalExchange, Inc. ("ICE") to merge with CBOT Holdings. Subsequently, the Company's Board of Directors, after consultation with its legal and financial advisors, authorized CBOT Holdings, on the basis permitted by its merger agreement with CME, to begin discussions and exchange information with ICE relating to ICE's unsolicited proposal. Due to this development, the special meetings of CBOT Holdings stockholders and CBOT members to vote on the merger with CME, which were originally scheduled to occur on April 4, 2007, were rescheduled for July 9, 2007 to give the Board of Directors of CBOT Holdings, its special committees and the Board of Directors of the CBOT sufficient time to complete their review of the unsolicited proposal from ICE.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates**—**The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affected the reported amounts in the financial statements, such as estimates for stock-based compensation, bad debts, exchange fee rebates, real estate taxes and assumptions used for the calculation of pension and other postretirement benefit plan costs. Actual amounts could differ from such estimates.

Prior Year Reclassifications—At December 31, 2006, the Company changed the format of its consolidated income statement and reclassified interest income and interest expense from revenue and operating expense, respectively, to a non-operating income and expense section in the consolidated statements of income. Accordingly, prior period amounts have been reclassified to conform to current period presentation.

Recent Accounting Pronouncements—In July 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109," which clarifies the accounting for uncertainty in tax positions. FIN 48 seeks to reduce the diversity in accounting practices used in regards to uncertain tax positions by prescribing a recognition threshold and measurement criteria for benefits related to income taxes. FIN 48 allows companies to recognize the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the relevant taxing authority on the basis of the technical merits of the positions. The tax benefit recognized represents the largest amount that is greater than 50% likely of being ultimately realized. A liability is required to be recognized for any tax benefit claimed, or expected to be claimed, in a tax return in excess of the benefit recorded in the financial statements, along with any interest and penalty (if applicable) on the excess. The provisions of FIN 48 became effective for all reporting periods beginning after December 15, 2006. Accordingly, CBOT Holdings adopted FIN 48 effective January 1, 2007.

Upon adopting FIN 48, CBOT Holdings recorded a $2.2 million liability for unrecognized tax benefits related to uncertain tax positions, $1.5 million of which reduced the January 1, 2007 balance of retained earnings and $0.7 million of which decreased long-term deferred tax liabilities. As of January 1, 2007, CBOT Holdings had $1.9 million of unrecognized tax benefits and $0.3 million of accrued interest and penalty related to unrecognized tax benefits. CBOT Holdings classifies interest expense and penalties related to unrecognized tax benefits as components of income tax expense. The total amount of unrecognized tax benefits that, if recognized, would affect CBOT Holdings' effective tax rate was $1.5 million. It is reasonably possible that the amount of unrecognized tax benefits will change in the next 12 months; however, based on the information currently available, it is not expected that any change would be significant.

CBOT Holdings files income tax returns in the U.S. Federal jurisdiction and various state, local and foreign jurisdictions. CBOT Holdings' tax returns have been examined by the Internal Revenue Service through calendar year 2003. CBOT Holdings is generally not subject to tax return examination in other jurisdictions prior to calendar year 2003.

In September 2006, the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 157, Fair Value Measurements, which establishes a framework for measuring fair value under other accounting pronouncements that require fair value measurements and expands disclosures about such measurements. SFAS No. 157 does not require any new fair value measurements. Instead, it creates a consistent method for calculating fair value measurements to address non-comparability of financial statements containing fair value measurements utilizing different definitions of fair value. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. It is not anticipated that the adoption of SFAS No. 157 will have a significant impact on CBOT Holdings' financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115, which permits measurement of financial instruments and other certain items at fair value. SFAS No. 159 does not require any new fair value measurements. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Early adoption is permitted provided that SFAS No. 157 is concurrently adopted. It is not anticipated that the adoption of SFAS No. 159 will have a significant impact on CBOT Holdings' financial position or results of operations.

3. STOCK-BASED COMPENSATION

CBOT Holdings has a stock-based compensation plan described below. The compensation cost recognized in the first three months of 2007 and 2006 related to the plan was $0.8 million and $0.4 million, respectively. The total related income tax benefit recognized in the income statement was $0.3 million and $0.2 million in the first three months of 2007 and 2006, respectively. As of March 31, 2007, there was approximately $10.1 million of total unrecognized compensation cost related to non-vested share-based compensation awards granted under the Plan with a weighted average remaining life of approximately 3.8 years. Such awards have accelerated vesting provisions upon a change in control.

In 2005, CBOT Holdings adopted a Long-Term Equity Incentive Plan (the "Plan") under which stock-based awards may be made to certain directors, officers and other key employees or individuals at the discretion of the board of directors. Grants authorized under the Plan include restricted stock, incentive or nonqualified stock options, stock appreciation rights and performance awards. A total of 1.2 million shares, which may come from authorized and unissued shares or from treasury shares, may be issued pursuant to the Plan. Nonqualified stock options may not have an exercise price below 100% of the fair market value of the Class A common stock at the date of grant. Incentive stock options may not have an exercise price below 110% of the fair market value of the Class A common stock at the date of grant. The maximum contractual term of any option award under the Plan is ten years. Awards totaling 364,228 shares have been granted under the Plan as of March 31, 2007.

Options—In the first three months of 2007, nonqualified stock options to purchase 73,100 shares of Class A common stock were awarded under the Plan. These options have graded four year vesting periods, a maximum term of ten years and accelerated vesting provisions upon a change in control. The following table summarizes options outstanding under the Plan as of March 31, 2007:

	Time Vested Options				Market Performance Options			
Options	**Shares (000)**	**Weighted-Average Exercise Price**	**Aggregate Intrinsic Value ($000)**	**Weighted-Average Remaining Term (yrs)**	**Shares (000)**	**Weighted-Average Exercise Price**	**Aggregate Intrinsic Value ($000)**	**Weighted-Average Remaining Term (yrs)**
Outstanding—January 1, 2007	182	$ 61			50	$ 54		
Granted	73	151			—	—		
Exercised	—	—			—	—		
Forfeited or expired	(1)	151			—	—		
Outstanding—March 31, 2007	254	$ 87	$ 24,047	8.9	50	$ 54	$ 6,375	8.6
Vested or expected to vest—March 31, 2007	243	$ 87	$ 23,114	8.9	50	$ 54	$ 6,375	8.6
Exercisable—March 31, 2007	44	$ 60	$ 5,373	8.6	50	$ 54	$ 6,375	8.6

The weighted-average grant date fair value of options granted during the first three months of 2007 and 2006 was approximately $70 per share and $43 per share, respectively. The total grant date fair value of options that vested during the first three months of 2007 was approximately $0.3 million. No options vested during the first three months of 2006. The fair value of options granted during the first quarter of 2007 was estimated on the date of grant using a lattice-based option valuation model that assumes expected volatility of 45%, expected term of 6 years, a risk-free interest rate of 4.61% and a dividend yield of zero. Due to a lack of historical activity in the trading of our stock, expected volatilities and terms are based on the historical activity of the stock of peer companies that management considers to be engaged in a business similar to the CBOT. The risk free interest rate is based on the U.S. Treasury yield curve in effect at the time of the option grant. CBOT Holdings has not paid any dividends to date, so the expected dividend yield is set at zero.

Restricted Stock Awards—In the first quarter of 2007, no shares of restricted stock were awarded under the Plan nor did any restricted stock grants vest. The following table summarizes non-vested shares under the Plan as of March 31, 2007:

Non-vested Shares	**Shares (000)**	**Weighted-Average Grant-date Fair Value**
Non-vested—January 1, 2007	42	$ 77
Granted	—	—
Vested	—	—
Forfeited	—	—
Non-vested—March 31, 2007	42	$ 77

4. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted average number of shares of all Class A common stock outstanding for each reporting period. Diluted earnings per share is computed by reflecting the increase in the outstanding number of shares of Class A common stock if stock options or restricted stock awards were exercised or converted into common stock using the treasury stock method.

Earnings per share are calculated as follows (in thousands, except per share data):

	Three Months Ended March 31,	
	2007	**2006**
Net income	$55,391	$35,103
Weighted average number of Class A common stock shares:		
Basic	52,798	52,787
Effect of stock options	85	46
Effect of restricted stock grants	17	7
Diluted	52,900	52,840
Earnings per share:		
Basic	$ 1.05	$ 0.66
Diluted	1.05	0.66

Options to purchase 71,800 shares of common stock at a weighted-average price of $151 per share were outstanding during the first quarter of 2007, but were not included in the computation of diluted earnings per share because the effect would have been antidilutive. Similarly, options to purchase 27,000 shares of common stock at a weighted-average price of $94 per share were outstanding during the first quarter of 2006, but were not included in the computation of diluted earnings per share because the effect would have been antidilutive.

5. RESTRICTED CASH

CBOT Holdings has cash deposits that under their terms cannot be withdrawn without prior notice or penalty. When a membership is sold in conjunction with the shares of Class A common stock that are associated with the membership, the proceeds of such sale are held in escrow for a specified period of time to allow other members to make claims against the selling member. This escrow account and other restricted cash at March 31, 2007 and December 31, 2006 consisted of the following (in thousands):

	March 31, 2007	December 31, 2006
Escrow for funds held for membership transfers	$ 2,202	$ 62
Forward contract collateral	913	913
Total	$ 3,115	$ 975

6. MARKETABLE SECURITIES

CBOT Holdings has short-term investments in U.S. Treasury securities and has the ability and the intent to hold them until maturity. These securities are debt securities classified as held-to-maturity and are recorded at amortized cost pursuant to Statement of Financial Accounting Standards No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. Held-to-maturity debt securities with maturities of 90 days or less at the date of purchase are classified as cash and cash equivalents and held-to-maturity debt securities with maturities between 91 days and one year are classified as short-term investments in current assets. Held-to-maturity debt securities classified as short-term investments at March 31, 2007 and December 31, 2006 consisted of the following (in thousands):

	March 31, 2007	December 31, 2006
Held-to-maturity securities—less than one year maturity:		
Amortized cost	$362,366	$ 312,411
Gross unrealized holding gains	252	291
Aggregate fair value	$362,618	$ 312,702

7. DEBT

At December 31, 2006, CBOT Holdings had $10.7 million of current debt related to private placement senior notes due in annual installments through 2007 at an annual interest rate of 6.81%. In the first quarter of 2007, the final annual principal repayment of $10.7 million was made on the senior notes, the payment of which terminated the obligations under the senior notes. CBOT Holdings had no outstanding debt obligations as of March 31, 2007.

At December 31, 2006, CBOT Holdings had an agreement with LaSalle Bank National Association (the "bank") to provide CBOT Holdings with an unsecured $20.0 million revolving credit facility (the "Revolver"). Interest related to the Revolver was payable monthly at the lower of LIBOR plus 2.25% or the bank's prime rate. The Revolver allowed for the issuance of letters of credit, up to the unused portion of the $20.0 million line of credit. The Revolver contained certain covenants that CBOT Holdings was required to comply with, which, among other things, required CBOT Holdings to maintain certain equity levels and financial ratios, as well as restricted CBOT Holdings' ability to incur additional indebtedness, except in certain specified instances. No amounts were borrowed nor outstanding under the Revolver. The Revolver had a maturity date of February 14, 2007 and management of CBOT Holdings decided not to renew the Revolver.

8. BENEFIT PLANS

At December 31, 2005, substantially all employees of CBOT Holdings were covered by a non-contributory, defined benefit pension plan (the "Pension Plan"). The benefits payable under the Pension Plan are based on the years of service and the employees' average compensation levels. In December 2005, the board of directors amended the Pension Plan of CBOT Holdings so that employees hired on or after January 1, 2006 are no longer eligible to participate in the Pension Plan, but instead are eligible to participate in a newly created defined contribution pension plan.

CBOT Holdings' funding policy for the Pension Plan is to contribute annually the maximum amount that can be deducted for federal income tax purposes, with the maximum funding level not to exceed 150% of the current liability. CBOT Holdings contributed $5.6 million to the Pension Plan during the first quarter ended March 31, 2007 and does not expect to make any further contributions in 2007. The Pension Plan assets are primarily invested in marketable debt and equity securities. The measurement date of Pension Plan assets and obligations is December 31.

The components of net periodic benefit cost are as follows (in thousands):

	Three Months Ended March 31,	
	2007	2006
Service cost	$ 669	$ 807
Interest cost	549	687
Expected return on plan assets	(740)	(927)
Net amortization:		
Unrecognized prior service cost	1	1
Unrecognized net loss	196	244
Net periodic benefit cost	$ 675	$ 812

CBOT Holdings has a retiree benefit plan which covers all eligible employees. Employees retiring from CBOT Holdings on or after age 55, who have at least ten years of service, or after age 65 with five years of service, are entitled to postretirement medical and life insurance benefits. CBOT Holdings funds benefit costs on a pay as it goes basis. The measurement date of plan obligations is December 31.

The components of net periodic benefit cost are as follows (in thousands):

	Three Months Ended March 31,	
	2007	2006
Service cost	$ 151	$ 150
Interest cost	156	174
Net amortization:		
Transition liability	33	35
Unrecognized net loss	26	33
Net periodic benefit cost	$ 366	$ 392

9. FOREIGN CURRENCY FORWARD CONTRACTS

CBOT Holdings currently utilizes foreign currency forward contracts that are identified as fair value hedges. These are intended to offset the effect of exchange rate fluctuations on firm commitments for purchases of fixed annual and quarterly services denominated in pounds sterling. These contracts had notional amounts approximating $24.3 million (14.3 million pounds sterling) at March 31, 2007. The fair value of these contracts, which was $3.6 million at March 31, 2007, is recorded in accounts receivable. Gains and losses on these hedge instruments, as well as the gains and losses on the underlying hedged item, offset each other and were therefore zero in the first three months of 2007. There were no gains or losses recorded on these fair value hedges related to hedge ineffectiveness.

10. LITIGATION

Litigation with Eurex US : On October 15, 2003, Eurex US filed an antitrust action in federal court against the CBOT and the CME alleging that the companies illegally attempted to block its entrance into the U.S. market and charging the CBOT and the CME with having violated the Sherman Act, among other things, by offering financial inducements, valued at over $100 million, to stockholders of The Clearing Corporation to vote against a proposed restructuring of The Clearing Corporation. Eurex subsequently amended its complaint to make additional charges, including a claim that the CBOT and the CME misrepresented Eurex's qualifications in their lobbying of Congress and the CFTC. Eurex seeks treble damages under the antitrust laws, injunctive relief enjoining the alleged antitrust violations and compensatory and punitive damages for alleged tortious interference with prospective business opportunities.

On December 12, 2003, the CBOT filed in the U.S. District Court for the District of Columbia a motion to dismiss the amended complaint and a motion to transfer the action to the U.S. District Court for the Northern District of Illinois. On September 2, 2004, the United States District Court for the District of Columbia granted the CBOT's motion to transfer the case to the United States District Court for the Northern District of Illinois. The court denied the CBOT's motion to dismiss as moot in light of its ruling on the transfer motion. Eurex filed a second amended complaint in the Northern District of Illinois in late March 2005. In addition to the allegations in Eurex's previous complaints, that complaint alleges, among other things, that the CBOT engaged in predatory pricing and, together with the CME, engaged in a campaign to block regulatory approval of the Eurex proposed Global Clearing Link between the Clearing Corporation, Eurex's U.S. clearing house in Chicago and Eurex Clearing in Frankfurt. On June 6, 2005, the CBOT and CME filed a joint motion to dismiss the second amended complaint, which the court denied on August 22, 2005. On October 5, 2005, the CBOT filed its answer and defenses to the second amended complaint. Currently, the parties are engaged in discovery.

Litigation with Chicago Board Options Exchange, Inc.: On August 23, 2006, CBOT Holdings and CBOT, along with a class consisting of certain CBOT full members, filed a lawsuit in the Court of Chancery of the State of Delaware against the Chicago Board Options Exchange, Inc. ("CBOE"). The lawsuit seeks to enforce and protect certain rights of CBOT's full members ("Exercise Rights") contained in agreements by and among CBOT Holdings, CBOT and CBOE as well as CBOE's charter. The lawsuit alleges that these Exercise Rights allow CBOT's full members who hold them to become full members of CBOE and to participate on an equal basis with other members of CBOE in CBOE's announced plans to demutualize. The lawsuit is consistent with the Company's previously stated intention to vigorously defend the rights of CBOT's full members who are eligible to participate in CBOE's demutualization. On January 4, 2007, the plaintiffs filed a Second Amended Complaint, in which they added a count seeking a declaration that, contrary to the position taken by the CBOE before the SEC, the merger between CBOT Holdings and CME Holdings would not result in the termination of the Exercise Rights. The lawsuit seeks declaratory and injunctive relief as well as recovery of the Company's attorneys' fees. On January 11, 2007, the plaintiffs filed a motion for partial summary judgment. On January 16, 2007, the defendants filed a motion to dismiss the Second Amended Complaint. Both motions are presently pending.

Litigation with LAMPERS: On March 16, 2007, the Louisiana Municipal Police Employees' Retirement System ("LAMPERS") filed a putative class action lawsuit, on behalf of itself and CBOT Holdings' stockholders, in Delaware state court against CBOT Holdings, its directors and the CME. The lawsuit alleges that the directors of CBOT Holdings breached their fiduciary duties in connection with the CME merger agreement by, among other things, failing to consider alternative transactions and obtain the highest price reasonably available consistent with the doctrine set forth by the Delaware court in *Revlon, Inc. v. MacAndrews & Forbes Holdings, Inc.* , agreeing to improper deal protection provisions in the CME merger agreement and omitting material information from the proxy statement for the merger. The CME is alleged to have aided and abetted the breach of fiduciary duties by the directors of CBOT Holdings. The complaint seeks to enjoin CBOT Holdings from taking any action to consummate the merger with the CME until the directors have fully complied with the duties allegedly owed under *Revlon* , and to invalidate the allegedly improper deal protection provisions. The complaint also seeks unspecified compensatory damages, interest and attorneys fees. The court has permitted LAMPERS to undertake limited discovery. CBOT Holdings and the other defendants filed motions to dismiss the lawsuit on April 9, 2007, which are presently pending.

One of the conditions to the closing of the CME merger is that there is no injunction issued by any court prohibiting the consummation of the merger. While CBOT Holdings believes these claims are without merit, no assurance can be given that the purported class action lawsuit will not result in such an injunction being issued, which could prevent or delay a closing of the CME merger.

CBOT Holdings is also subject to various other legal actions arising in the normal course of business. CBOT Holdings' management believes that the ultimate outcome of these proceedings will not have a material adverse effect on CBOT Holdings' financial position, although an adverse determination could be material to CBOT Holdings' results of operations or cash flows in any particular period.

11. OPERATING SEGMENTS

Management has identified two reportable operating segments: exchange trading and real estate operations. The exchange trading segment primarily consists of revenue and expenses from both open-auction trading activities and electronic trading activities, as well as from the sale of related market data to vendors. The real estate operations segment consists of revenue and expenses from renting and managing the real estate owned by CBOT Holdings. CBOT Holdings allocates certain indirect expenses to each operating segment. CBOT Holdings derives revenues from foreign based customers but it is not practicable to calculate the amount of such revenues.

CBOT Holdings evaluates operating segment performance based on revenues and income before income taxes. Intercompany transactions between segments have been eliminated. The accounting principles used for segment reporting are the same as those used for consolidated financial reporting. A summary by operating segment follows for the three months ended March 31, 2007 and 2006 (in thousands):

	Three Months Ended March 31, 2007			
	Exchange Trading	Real Estate Operations	Eliminations	Totals
Revenues:				
Exchange fees	$117,680			$117,680
Clearing fees	33,973			33,973
Market data	25,082			25,082
Building		5,915		5,915
CBOT space rent		6,689	(6,689)	—
Services	4,234			4,234
Other	853			853
Total revenues	$181,822	$ 12,604	$ (6,689)	$187,737
Depreciation and amortization	$ 7,778	$ 3,742		$ 11,520
Income before income taxes	$ 96,483	$ (804)		$ 95,679
Total assets	$704,259	$181,138		$885,397
Capital expenditures	$ 1,510	$ 1,419		$ 2,929

	Three Months Ended March 31, 2006			
	Exchange Trading	Real Estate Operations	Eliminations	Totals
Revenues:				
Exchange fees	$ 83,120			$ 83,120
Clearing fees	23,231			23,231
Market data	23,643			23,643
Building		5,505		5,505
CBOT space rent		6,608	(6,608)	—
Services	4,236			4,236
Other	351			351
Total revenues	$134,581	$ 12,113	$ (6,608)	$140,086
Depreciation and amortization	$ 10,225	$ 3,861		$ 14,086
Income before income taxes	$ 58,749	$ (225)		$ 58,524
Total assets	$545,480	$184,812		$730,292
Capital expenditures	$ 1,953	$ 2,242		$ 4,195