Q208 Earnings Call Prepared Remarks
July 22, 2008

Important Merger Information
In connection with the merger transaction involving CME Group and NYMEX Holdings, CME Group has filed a registration statement on Form S-4 with the Securities and Exchange Commission ("SEC") on July 21, 2008 containing a final joint proxy statement/prospectus. Investors and security holders are urged to read the final prospectus/proxy statement and any other such documents, when available, which will contain important information about the proposed transaction. The final prospectus/proxy statement and other documents filed or to be filed by CME Group with the SEC are or will be available free of charge at the SEC's Web site (http://www.sec.gov/) or from CME Group Inc., Attention: Shareholder Relations, 20 S. Wacker Drive, Chicago, Illinois 60606 , (312) 930-1000 or NYMEX Holdings, Inc., Attention: Investor Relations, at One North End Avenue, World Financial Center, New York, New York 10282, (212) 299-2000.

CME Group and NYMEX Holdings and their respective directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from CME Group and NYMEX Holdings shareholders in respect of the proposed transaction. Information regarding CME Group and NYMEX Holdings' directors and executive officers is available in their respective proxy statements for their 2008 annual meeting of stockholders. Additional information regarding the interests of such potential participants is included in the joint proxy statement/prospectus and the other relevant documents filed with the SEC when they become available. This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Thank you for joining us. Craig Donohue, our CEO, and Jamie Parisi, our CFO, will spend a few minutes outlining the highlights of the second quarter, and then we will open up the call for your questions. Terry Duffy, our Executive Chairman, Rick Redding, our head of products and services, and Kim Taylor, our head of clearing, have also joined us this morning and will participate in the Q&A session.

Before they begin, I'll read the safe harbor language. Statements made on this call, and in the accompanying slides on our Web site, that are not historical facts are forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied in any forward-looking statements. More detailed information about factors that may affect our performance may be found in our filings with the SEC, including our most recent Form 10-Q, which is available in the Investor Relations section of the CME Group Web site.

During this call, we will refer to GAAP and non-GAAP pro forma results. A reconciliation is available in our press release, and there is an accompanying file on the investor relations portion of our Web site that provides detailed quarterly information on a GAAP and Pro forma basis.

Now, I would like to turn the call over to Craig.

Craig

Thank you for joining us this morning. I will be covering several topics today. First, I will provide some commentary on our second quarter results. Then, I will discuss some of our current efforts within our core business, as well as our longer-term growth initiatives, and finally, I'll make a few comments regarding the NYMEX transaction.

- ♦ During the first half of 2008, volume growth was 20 percent compared to the prior year. While we have seen reduced activity in some product areas, which I will touch on, we are bolstered by strong volume activity in other product areas. Over the long run, we believe derivatives exchanges with considerable size and scale and product diversity will be best positioned for continued growth. We are pleased with trading activity in July thus far. In what is normally a slower trading period, and in a non-roll month, July volumes are averaging more than 12 million contracts per day, up about 1 million contracts per day from Q2.

- ♦ Total CME Group average daily volume for the second quarter was 11.1 million contracts, up 7 percent on a pro forma basis compared with the prior year.
    - CME Group's diverse product base saw multiple records in the second quarter. We realized record FX volume in Q2 and June, with record average notional value of $107 billion during June, up 35 percent from the prior year. CME FX is now firmly established as the second largest source of liquidity in global FX markets.

- In June, we achieved record commodities average daily volumes of 1.1M and strong equities volume growth of 19% versus the prior year.
- While we experienced double-digit growth rates in equities, FX and commodities, current market conditions, stemming from the ongoing credit crisis, have impacted certain interest rate trading strategies. We view this as a cyclical slow down, rather than a long-term issue. As we have discussed over the last few months, multiple factors have affected short-term interest rate and treasury products:
    - For example, interest rate markets continue to reflect dislocations between Eurodollars and overnight rates. As a consequence, Eurodollar options were down 26% in the second quarter, however, Eurodollar futures were up 11%.
    - The shorter end of the treasury yield curve has been more active, with 2-year Note futures up 30% and 5-year Note futures up 21%, but, similar to Eurodollar options activity, 10- and 30-year treasury futures are down 23% and 21% respectively.
    - This trend of greater activity in shorter-term instruments versus longer-term instruments is also highly evident in both cash treasuries and other sovereign debt products such as the Bund, the Bobl and the Schatz traded at Deutsche Boerse.
- Although these cyclical factors are affecting some interest rate product trading strategies, participation from core customers continues to be in-line with historical average percentages, with banks at 15-20% and buyside customers at 80-85%.
- While macroeconomic factors remain out of our control, our main focus is on understanding the effects of those factors on our customers. To that end, we are constantly looking at ways to innovate within all of our product lines, to expand our distribution and to enhance our speed and functionality.

- CME has a number of new interest rate products in various stages of development, specifically designed to meet customer needs.
  - Just yesterday, we announced that CME Cleared Swaps, the first centrally cleared, OTC interest rate swap to offer all market participants the balance sheet and operational efficiencies of futures, will launch on September 2nd
  - We have also announced that implied, intercommodity spreads for Treasury futures and Swap futures will launch on Globex in Q4. These new products and trading functionality will facilitate the execution of weighted Treasury curve spreads as well as Treasury versus Swap spreads involving intercommodity spreads between 2-, 5- and 10-year Treasury note futures and 30-year Treasury Bond futures, as well as between 5-, 10- and 30-year Treasury versus Swap Futures spreads.
  - Options on Eurodollar futures calendar spreads, designed to help market participants better manage risk exposures specifically tied to the slope of the Eurodollar rate curve, will be available in mid-August.
  - 7-year Swap futures are planned for late September.
  - In the first half of 2009, we expect to launch the Treasury – Eurodollar spreads, referred to as the TED spread.
  - Also, we are currently planning to expand our Fed Funds product offering to potentially offer new trading opportunities for our clients. We will provide more information about that in the near future.

- In addition to planned product launches to capitalize on core business and secular growth opportunities, we continue to focus on the fundamental growth drivers that we believe will provide ongoing value to our shareholders. We will pursue near term value creation through mergers and acquisitions where appropriate. We will leverage our robust and scalable Globex platform to provide value-added transaction processing for partners. Finally, we have multiple exciting, long-term, non-core growth opportunities that we are actively pursuing to meet customers' needs and strengthen our position in the exchange space.

- ♦ Moving on to transaction processing, NYMEX transaction processing continues to rise, with Q2 volumes up 46% from the same period last year.
  - Additionally, we have seen the NYMEX WTI contract capturing market share from the ICE WTI contract, with ICE's market share of volume in July dropping from an average of 27% to 25% during the first half of the year.

- ♦ Additionally, we remain on track with our BM&F timeline.
  - CME-to-BMF order routing, which will allow Globex participants to trade BM&F products with existing software and connectivity, will launch in September, in conjuction with our new Sao Paulo telecommunications hub. Following that initial phase implementation, the BMF-to-CME order routing will be available in October.
  - CME's products and services team is working closely with BM&F team members to educate customers in preparation for the upcoming launch.
  - During the second quarter, we had a number of joint customer events and meetings with CME's customers related to BM&F products, and with customers in Brazil, where we highlighted CME's broad suite of products.

- ♦ Next, I'd like to take a moment to talk about how pleased and proud we are to have reached a number of very important milestones towards the successful completion of the NYMEX acquisition.
  - On June 16th, the Department of Justice granted us clearance to proceed with the acquisition without conditions.
  - In the meantime, during the second quarter, our integration teams made tremendous progress on our integration plans.

- On July 18th, CME Group and NYMEX Holdings, Inc. agreed to best and final revised terms which reflect our disciplined and yet pragmatic approach to successfully completing this transaction.
- On Monday, we filed the revised Registration Statement on Form S-4, which was declared effective by the SEC, and announced that we mailed a definitive joint proxy statement to shareholders of record as of the close of business on July 18, 2008.
- To reiterate the revised terms:
    - ♦ We will maintain our original exchange ratio and cash consideration per share.
    - ♦ We have increased the consideration payable to members to $750,000 per seat from $612,000 per seat, while permitting the 816 NYMEX members to retain their core trading and membership leasing rights, similar to CME and CBOT members. Importantly, the revenue sharing rights contained in Section 311 (G) of the NYMEX bylaws will be eliminated, as provided for in our earlier agreement.
    - ♦ Additionally, and based on feedback from both NYMEX's leadership and the NYMEX community, we have revised our agreement so that:
        - ♦ CME has committed to maintain the trading floor in New York through 2012, regardless of profitability, and thereafter, as long as profitability and revenue thresholds are met;
        - ♦ We have also committed that NYMEX members will receive differentiated, lower pricing versus non-members on existing products for so long as CME and CBOT members receive such differentiated pricing in CME and CBOT products.
    - ♦ In addition, the NYMEX senior management team has agreed to reduce their severance benefits and obtained savings with respect to other merger costs by $30 million. Therefore, the net increase from CME amounts to $82 million in cash, which includes the increased

consideration. We have consistently stated that we will be disciplined in this transaction, and this adjustment is consistent with our message to our shareholders.

  - ♦ Finally, as part of our revised offer for NYMEX, we amended our existing ASP Agreement to defer the mutual early termination right by one year – until the sixth versus the fifth anniversary of the original agreement; and we extended the term of our original 10-year transaction processing agreement by an additional two years, from 2016 to 2018.

- As we have highlighted before, the major strategic benefits of this deal include the diversification of our product offerings, enhanced OTC opportunities for the combined company, and the opportunity to leverage CME Group's size and scale to achieve higher growth in both NYMEX and COMEX products. The deal is also financially compelling, with approximately $60 million of expected cost synergies and additional potential growth opportunities.
- In particular, we believe the combined company will be well positioned to continue to capitalize on the global derivatives growth trend. CME Group and NYMEX have each been developing significant new joint ventures and commercial relationships on a global basis, enhancing our ability as a combined company to jointly market and cross-sell our diverse products across an even broader customer base around the globe. While CME Group has been active in the US, Europe, Latin America and Asia, NYMEX has been actively pursuing growth in the Europe and the Middle East.
- This combination of CME Group and NYMEX will also provide direct benefits to our highly valued customers and clearing member firms. Customers will benefit from simplified and streamlined access to a more diverse set of highly liquid products. Clearing firms will also realize direct benefits through reduced costs associated with the combination of the clearing operations and other operational and development savings. Additionally, our clearing member firms will benefit significantly from combined shareholder requirements that will reduce the number of equity shares needed to maintain clearing privileges.

- We have scheduled the shareholder and NYMEX member votes on August 18th. Assuming a favorable vote, the transaction would close shortly thereafter. Based on the feedback that we are getting, we believe that we will be able to successfully complete this transaction, thereby realizing significant new cost synergies and facilitating substantial new revenue and growth opportunities for our combined shareholders.

♦ With that let me turn the call over to Jamie.

Jamie

♦ Thank you Craig.

♦ I am happy to report that CME Group posted another solid quarter financially.

♦ The **GAAP results** for the second quarter were outlined in detail in the press release. In summary, we delivered net income of $201 million or $3.67 per share. Included within these results were $6.7 million of CBOT merger-related operating expenses, $13.2 million of costs related primarily to changes in the fair value of the company's FX hedge associated with our investment in BM&F BOVESPA, and a $3.6 million increase in non-operating expense related to the CBOE ERP guarantee. We provided a reconciliation between GAAP and pro forma results in the back of the press release, and we have also posted both GAAP and pro forma historical quarterly income statements on our Web site.

♦ As I move on to the details of the income statement, please note that the comparisons I reference are based on the **pro forma results**.

♦ Our **total pro forma revenue** rose 10 percent to $563 million in the second quarter. **Average daily volume** was up 7 percent, led by strong equity volume and record FX volume, each of which were up over 25 percent versus last year. At the same time, the **average rate per contract** was up 1.4 percent to 64.8 cents in Q2, and up from 63.0 cents in the first quarter of 2008. The sequential increase was due primarily to a higher non-member mix. Additionally, FX and commodities volume grew faster than other products, positively impacting the product mix.

- **Quotation data fees** were $60 million for the quarter, up 23 percent from Q2 of 2007, due in part to the addition of CMA revenue to this line and to the $5 per terminal price increase instituted this year. At the end of the quarter, we had approximately 293,000 users who subscribed for the base devices, down approximately 6,000 compared to last quarter.

- Our second-quarter **processing services revenue** was $19 million, up 32 percent versus last year and up 2 percent from the first quarter. In Q208, NYMEX volume on CME Globex averaged over one million contracts per day, up 46 percent from last year, and revenue related to NYMEX totaled $18 million, which averaged 27 cents per contract.

- I'll now take a few minutes to review **expenses**.

    - **Total pro forma operating expenses** for Q2 were $213 million, up 1 percent versus Q2 last year, and slightly lower sequentially despite the addition of expense related to our acquisition of CMA. Expenses came in below the guidance we had previously provided for the second quarter. The primary drivers of the positive variance relative to guidance were approximately $2 million of **one-time** benefits during the quarter, primarily in the legal and technology expense lines, lower than expected deferred compensation in Q2 due to declining equity markets in June, and a reduction of discretionary expenses during the quarter.

    - We mentioned in our second-quarter volume release in the third and fourth quarters of 2008, we expect to realize merger-related synergies associated with expiration of the e-cbot trading platform contract, which will reduce expenses by approximately $8 million per quarter. Additionally, we currently expect full-year 2008 pro forma operating expenses to be closer to the bottom end of the previously stated guidance range of $855 to $870 million, excluding our pending acquisition of NYMEX. Partially offsetting the savings from the expiration of the e-cbot platform contract are the following: increased depreciation related to higher capex in the second half of the year, which I will discuss in greater detail; the full impact of our June stock option grants in the second half; and higher marketing expenses. As we mentioned last quarter, we also intend to continue adding staff in order to execute on our global and OTC strategies.

- **Total compensation-related expense** was down $3 million compared to Q2 of 2007, and remained relatively constant compared with the first quarter of this year, totaling $74 million. There are three components of this expense: salaries and benefits, bonus and stock-based compensation. Salaries and benefits totaled $58 million, up $1.7 million sequentially. As of June 30th, the CME Group headcount stood at 1,950, down 40 since the end of the first quarter. Next, our employee bonus accrual totaled $8.6 million, which was $1.6 million lower than Q1. And finally, the stock-based portion of compensation was $6.6 million, which was up $250,000 relative to the prior quarter due to our annual grant in mid-June.
- **Operating margin** was 62 percent on a pro forma basis, up from 59 percent in Q2 2007**.**
- **Non-operating income** was down in Q2 vs. Q1. This resulted primarily from the suspension of the securities lending program during the entire second quarter, as well as lower rates of return on invested funds. We made a decision to reinstate the securities lending program on July 7th, and are currently participating on a limited basis.
- As a reminder, we also stated in our second-quarter volume release that our pro forma results for the first and second quarters, as well as going forward, exclude the impact of our FX hedge related to our BM&F BOVESPA investment. We are excluding this

because the offsetting impact of changes in the value of the underlying investment due to FX fluctuations do not flow through the income statement. Year-to-date, these changes more than offset the impact of the hedge. Looking back, excluding the $2.2 million impact of our hedge in the first quarter would have increased Q1 pro forma diluted EPS by about three cents.

- ♦ Our pro-forma **pre-tax income** was $357 million in Q2, up 10 percent from the second quarter last year. **Net income** for the quarter was up 11 percent at $215 million and **diluted pro forma EPS** was up 12 percent to $3.93.

- ♦ Moving on to the **balance sheet**:

- ♦ As of June 30th, we had $1.2 billion of cash and marketable securities, and short-term debt of $165 million, resulting in a net cash position of approximately $1.0 billion. Cash earnings for the quarter totaled $207 million.

- ♦ **Capital expenditures**, net of leasehold improvement allowances, totaled $44 million in the second quarter driven by $36 million of technology investments, including $13 million of construction related to data centers. The remainder of the spend was for construction related to staff space and merger integration efforts. Year-to-date, our capital expenditures total $77 million, and we still expect capital expenditures in 2008 to total $225 to $235 million, driven by long-term oriented initiatives. Our spending in the second half will include efforts to enhance the speed, functionality and capacity of our Globex platform, the ongoing build-out of our new data center, and construction at our various locations.

- ♦ So far in July, we are averaging 12.0 million contracts per day, up approximately 7 percent compared to the full month of July last year.

- ♦ Now, turning to other matters,

- ♦ At the end of June, we announced that our board had authorized a share buyback program of up to $1.1 billion over the next 18 months.
    - We have been restricted from purchasing our shares due to our normal earnings blackout, and we are currently restricted based on mailing our revised proxy. However, we expect to begin the buyback following the close of the NYMEX transaction.
    - In addition, we intend to declare a special dividend of $5 per share following the resolution of the NYMEX transaction, which would be paid to CME Group shareholders regardless of the outcome.
    - Our new capital structure initiatives reflect the high operating efficiency and relatively low capital requirements inherent in our business model.

- ♦ Finally, as an update on financing the NYMEX transaction, I am pleased to announce we have received committed financing from Bank of America and UBS totaling $3.2 billion, providing us the financing necessary to complete the merger. Additionally, we've been working closely with the rating agencies and have received a counterparty credit rating of AA from S&P and a reaffirmation of our short-term ratings from both S&P and Moody's of A-1+ and P-1, respectively. These ratings take into account the effects of the NYMEX transaction.

- ♦ With that, we would now like to open up the call for your questions.