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): September 15, 2008

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

Delaware	**001-31553**	**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.

As previously reported, on August 22, 2008, CME Group Inc. ("CME Group") completed its acquisition of NYMEX Holdings, Inc. ("NYMEX Holdings"). CME Group is hereby filing, as Exhibit 99.1 hereto, the unaudited consolidated financial statements of NYMEX Holdings as of June 30, 2008 and for the three and six month periods ended June 30, 2008 and 2007, as previously filed by NYMEX Holdings on its Quarterly Report on Form 10-Q for the period ended June 30, 2008, filed with the Securities and Exchange Commission on August 11, 2008.

Item 9.01 Financial Statements and Exhibits.

(d) 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/ Kathleen M. Cronin
Kathleen M. Cronin
Managing Director, General Counsel
& Corporate Secretary

Date: September 15, 2008

EXHIBIT INDEX

Exhibit No.	Description
99.1	Unaudited Consolidated Financial Statements of NYMEX Holdings, Inc.

Exhibit 99.1

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(in thousands, except for share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Operating Revenues				
Clearing and transaction fees	$ 180,400	$ 137,390	$ 359,451	$ 275,567
Market data fees	26,913	23,363	53,126	46,500
Other	3,495	2,844	7,106	5,756
Total operating revenues	210,808	163,597	419,683	327,823
Operating Expenses				
Direct transaction costs	26,886	24,318	54,969	48,420
Salaries and employee benefits	19,887	20,482	39,863	41,520
Occupancy and equipment	5,893	5,604	11,653	11,547
Depreciation and amortization, net of deferred credit amortization	3,571	3,614	7,029	7,145
General and administrative	4,583	4,945	9,204	9,642
Professional services	5,079	3,922	8,205	8,108
Telecommunications	1,428	1,417	2,678	2,840
Marketing	2,013	1,626	3,363	3,559
Other expenses	2,124	182	10,487	1,843
Total operating expenses	71,464	66,110	147,451	134,624
Operating income	139,344	97,487	272,232	193,199
Non-Operating Income and Expenses				
Investment income, net	3,222	6,133	6,836	12,840
Interest income from securities lending	4,829	31,087	12,597	60,493
Interest expense/fees from securities lending	(4,233)	(30,136)	(10,281)	(59,025)
Interest expense	(1,587)	(1,612)	(3,173)	(3,224)
Gain (losses) from unconsolidated investments	28,616	(28,944)	26,406	(30,587)
Total non-operating income and expenses	30,847	(23,472)	32,385	(19,503)
Income before provision for income taxes	170,191	74,015	304,617	173,696
Provision for income taxes	75,879	32,270	139,120	75,731
Net income	$ 94,312	$ 41,745	$ 165,497	$ 97,965
Earnings per Share				
Basic	$ 0.99	$ 0.44	$ 1.75	$ 1.04
Diluted	$ 0.99	$ 0.44	$ 1.74	$ 1.03
Weighted Average Number of Common Shares Outstanding				
Basic	94,791,000	94,450,000	94,786,000	94,450,000
Diluted	94,947,000	94,798,000	94,981,000	94,784,000

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)

	June 30, 2008 (Unaudited)	December 31, 2007
Assets		
Cash and cash equivalents	$ 2,411	$ 3,296
Collateral from securities lending program	558,367	842,444
Marketable securities, at fair value	633,202	461,142
Clearing and transaction fees receivable, net of allowance for member credits	63,119	38,443
Prepaid expenses	8,962	8,786
Margin deposits and guaranty funds	70,516	170,192
Other current assets	33,124	34,097
Total current assets	1,369,701	1,558,400
Property and equipment, net	173,707	176,471
Goodwill and indefinite-lived intangible asset	307,125	307,125
Long-term investments	117,414	178,036
Other assets	7,115	7,121
Total assets	$ 1,975,062	$ 2,227,153
Liabilities and Stockholders' Equity		
Accounts payable and accrued liabilities	$ 18,188	$ 15,723
Accrued salaries and related liabilities	13,155	17,107
Payable under securities lending program	571,009	847,581
Margin deposits and guaranty funds	70,516	170,192
Income tax payable	7,217	2,704
Other current liabilities	38,337	31,122
Total current liabilities	718,422	1,084,429
Grant for building construction deferred credit	102,949	104,021
Long-term debt	77,464	77,464
Members' retirement obligation	11,884	12,038
Other liabilities	21,636	23,646
Total liabilities	932,355	1,301,598
Commitments and contingencies		
Stockholders' equity		
Common stock, $0.01 par value; 181,909,600 shares authorized, 94,799,009 and 94,769,342 shares issued as of June 30, 2008 and December 31, 2007, respectively; and 94,788,250 and 93,972,289 shares outstanding as of June 30, 2008 and December 31, 2007, respectively	948	948
Additional paid-in capital	837,537	828,227
Retained earnings	220,390	73,851
Accumulated other comprehensive (loss) income, net of tax	(16,168)	22,529
Total stockholders' equity	1,042,707	925,555
Total liabilities and stockholders' equity	$ 1,975,062	$ 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		Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
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	—	—	—	165,497	—	165,497
Foreign currencies translations, net of deferred income taxes of $87	—	—	—	—	(283)	(283)
Postretirement benefits, net of deferred income taxes of $49	—	—	—	—	84	84
Realization of net gain on available-for-sale securities, net of deferred income taxes of $15,427	—	—	—	—	(26,839)	(26,839)
Unrealized loss on available-for-sale securities, net of deferred income taxes of $6,155	—	—	—	—	(11,659)	(11,659)
Total comprehensive income						126,800
Dividends declared:						
Common stock, $0.10/share on February 1, 2008	—	—	—	(9,478)	—	(9,478)
Common stock, $0.10/share on May 1, 2008	—	—	—	(9,480)	—	(9,480)
Share-based compensation amortization	—	—	7,746	—	—	7,746
Exercise of employee stock options	23,500	—	1,387	—	—	1,387
Issuance of restricted stock and stock units	6,167	—	—	—	—	—
Excess net tax benefit related to share-based compensation	—	—	177	—	—	177
Balances at June 30, 2008 (Unaudited)	**94,799,009**	**$ 948**	**$837,537**	**$ 220,390**	**$ (16,168)**	**$1,042,707**

See accompanying notes to the unaudited condensed consolidated financial statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in thousands)

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Cash flows from operating activities		
Net income	$ 165,497	$ 97,965
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,101	8,218
Deferred grant credits	(1,323)	(1,323)
Deferred rental income	(338)	(338)
Deferred rent expense	(95)	(95)
Deferred income taxes	4,021	(13,468)
Excess tax benefit associated with exercise of stock options	(177)	—
Allowance for doubtful accounts and credits	158	328
Share-based compensation	7,746	4,929
Gain on available-for-sale security	(33,869)	—
Other, net	4,363	3,710
Asset impairment and disposition losses	3,247	25,996
Decrease (increase) in operating assets:		
Marketable securities	(172,091)	29,841
Clearing and transaction fees receivable	(24,676)	(14,927)
Prepaid expenses	(176)	(225)
Margin deposits and guaranty fund assets	99,676	8,634
Other current assets	5,623	(7,176)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	2,465	1,816
Accrued salaries and related liabilities	(3,952)	(1,125)
Margin deposits and guaranty fund liabilities	(99,676)	(8,634)
Income tax payable	14,089	2,602
Other current liabilities	8,283	(2,325)
Other liabilities	(455)	437
Members’ retirement obligation	(154)	(401)
Net cash (used in) provided by operating activities	(13,713)	134,439
Cash flows from investing activities		
Maturities and sales of securities lending program investments	2,129,607	54,514,793
Purchases of securities lending program investments	(1,853,035)	(54,298,988)
Purchase of long-term investments	(12,659)	(109,139)
Proceeds of available-for-sale security	49,299	—
Loan to unconsolidated entity	—	(13,700)
Capital expenditures	(5,356)	(3,591)
Decrease in other assets	6	105
Net cash provided by investing activities	307,862	89,480
Cash flows from financing activities		
Direct costs of initial public offering	—	(346)
Proceeds from issuance of capital stock under employee stock plan	1,387	—
Excess tax benefit associated with exercise of stock options	177	—
Decrease in obligation to return collateral under securities lending program	(276,572)	(215,805)
Dividends paid	(20,026)	(9,287)
Net cash used in financing activities	(295,034)	(225,438)
Net decrease in cash and cash equivalents	(885)	(1,519)
Cash and cash equivalents, beginning of period	3,296	18,631
Cash and cash equivalents, end of period	$ 2,411	$ 17,112

See accompanying notes to the unaudited condensed consolidated financial statements.

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

The Company, CME Group Inc. ("CME Group"), CMEG NY Inc., a wholly-owned subsidiary of CME Group, and NYMEX Exchange are parties to an Agreement and Plan of Merger, dated as of March 17, 2008 (the "Merger Agreement") and amended as of June 30, 2008, July 18, 2008 and August 7, 2008, pursuant to which the Company would merge with and into CMEG NY Inc. with CMEG NY Inc. continuing as the surviving company and as a wholly-owned subsidiary of CME Group. If the merger is completed, the Company's stockholders will receive for each issued and outstanding share of NYMEX Holdings common stock they own, at the election of each NYMEX Holdings stockholder, consideration in the form of CME Group Class A common stock or cash, subject to proration if too few or too many stockholders elect to receive cash. The cash consideration per share of NYMEX Holdings common stock for which a valid cash election has been made will be equal to the sum of (a) $36.00 plus (b) the product of (1) 0.1323 and (2) the average closing sale price of CME Group Class A common stock on the Nasdaq Global Select Market, or the "Nasdaq," for the period of ten consecutive trading days ending on the second full trading day prior to the effective time of the merger, referred to as the "Average CME Group Share Price." The stock consideration per share of the Company's common stock for which a valid stock election has been made will be the number of shares of CME Group Class A common stock equal to the cash consideration per share divided by the Average CME Group Share Price. If the merger is consummated, each owner of a NYMEX Class A membership as of the effective time of the merger who executes and delivers a waiver and release within 60 days after consummation of the merger will receive $750,000 per NYMEX Class A membership such member owns of record. Under certain circumstances, if the Merger Agreement is terminated, the Company or CME Group may be required to pay the other party a termination fee and other merger-related expenses. The merger is subject to a number of closing conditions, including, but not limited to, (i) adoption of the Merger Agreement by the stockholders of the Company, (ii) approval by the stockholders of CME Group of

(A) the amended and restated CME Group certificate of incorporation and (B) the issuance of shares of CME Group Class A common stock in connection with the merger, (iii) approval by owners of 75% of the outstanding NYMEX Class A memberships of changes to the certificate of incorporation and bylaws of NYMEX Exchange which eliminate substantially all of the NYMEX Class A members' existing rights and replace them with certain new post-closing trading rights and privileges, (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. On June 16, 2008, CME Group and the Company received a notice of early termination of the HSR Act waiting period from the U.S. Department of Justice and the U.S. Federal Trade Commission, satisfying the condition to the Merger Agreement with respect to receipt of certain regulatory approvals.

Basis of Presentation

The accompanying unaudited condensed 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 June 30, 2008, the Company was not a beneficiary in a VIE. The accompanying unaudited condensed 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 for the three and six months ended June 30, 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 May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* ("SFAS No. 162"). This standard identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP. SFAS No. 162 does not set an explicit mandatory effective date; rather, it will become effective 60 days following approval by the SEC of amendments made by the Public Accounting Oversight Board to AU Section 411, "*The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles*". This standard is not expected to have an impact on the Company's financial statements.

In April 2008, the FASB issued FSP SFAS No. 142-3, *Determination of the Useful Life of Intangible Assets* ("FSP SFAS No. 142-3"). FSP SFAS No. 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets*. The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141 (revised 2007), *Business Combinations*, and other GAAP. FSP SFAS No. 142-3 is effective for the Company on January 1, 2009. The Company is currently evaluating the impact that FSP SFAS No. 142-3 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 condensed consolidated statements of income. Interest income, interest expense and the JPMorgan fees recognized under the securities lending program were $4.8 million, $4.0 million and $0.2 million, respectively, for the three months ended June 30, 2008 compared to $31.1 million, $29.8 million and $0.3 million, respectively, for the second quarter of 2007. Interest income, interest expense and the JPMorgan fees recognized under the securities lending program were $12.6 million, $9.7 million and $0.6 million, respectively, for the six months ended June 30, 2008 compared to $60.5 million, $58.6 million and $0.4 million, respectively, for the six months ended June 30, 2007.

At June 30, 2008, the fair value of the invested collateral was $558.4 million, comprised of $499.7 million in corporate debt securities and $58.7 million in other debt securities. The cost of the corporate debt securities was $512.4 million, resulting in a gross unrealized loss of $12.6 million at June 30, 2008. The fair value of the other debt securities at June 30, 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 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 June 30, 2008, the fair value and cost of corporate debt securities with contractual maturities of one year or less was $480.3 million and $492.9 million, respectively. The fair value and cost of corporate debt securities with contractual maturities of more than one year was $19.4 million and $19.5 million, respectively. At June 30, 2008, corporate debt securities in an unrealized loss position for one year or less had a fair value of $304.6 million and an unrealized loss of $10.0 million. Corporate debt securities in an unrealized loss position for more than one year had a fair value of $195.1 million and an unrealized loss of $2.6 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.

Proceeds from maturities and sales of corporate debt securities, not reinvested in the securities lending program, were $294.4 million and $334.6 million for the three and six months ended June 30, 2008, respectively. The cost of all securities sold is based on the specific identification method. Realized losses from sales amounted to $0.4 million for the three and six months ended June 30, 2008. For the three and six months ended June 30, 2007, proceeds from sales of corporate debt securities were $8.8 million and $439.5 million, respectively. The realized gains for the three and six months ended June 30, 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, which establishes a consistent framework for measuring fair value and expands related disclosures, for all financial instruments accounted for at fair value. 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 (in thousands) 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 June 30, 2008
		(in thousands)		
Money market and time deposits	$ 110,937	$ —	$ —	$ 110,937
U.S. government, agency and municipal securities	432,004	90,261	—	522,265
Marketable securities	$ 542,941	$ 90,261	$ —	$ 633,202
Equity securities[1]	$ 115,726	$ —	$ —	$ 115,726
Corporate debt securities	$ —	$ 464,186	$ 35,576	$ 499,762
Other debt securities	58,605	—	—	58,605
Collateral from securities lending program	$ 58,605	$ 464,186	$ 35,576	$ 558,367

[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 June 30, 2008	Changes in Unrealized Gains (Losses) in Earnings for Level 3 Assets Still Held at June 30, 2008
			(in thousands)		
Corporate debt securities	$ 159,327	$ (123,069)	$ (682)	$ 35,576	$ —

Transfers out represents existing assets that were previously categorized as a lower level and the inputs to the model became observable or securities that fully matured at par.

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 June 30, 2008 and December 31, 2007. The Company believes that the allowances are adequate to cover member credits. The Company also believes that the likelihood of incurring material losses due to non-collectability 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 $533,000 and $404,000 at June 30, 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 $7.2 million and $10.1 million at June 30, 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 $586,000 and $624,000 at June 30, 2008 and December 31, 2007, respectively, to cover potential bad debts and expected credits. Accounts receivable for other revenues, net of the allowance, totaled $181,000 and $226,000 at June 30, 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 condensed 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 June 30, 2008 and December 31, 2007 (in thousands):

	June 30, 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	$ 32,286	$ 230	$ 32,516	$ 616	$ 14,042	$ 14,658
Securities purchased under agreements to resell	38,000	—	38,000	155,534	—	155,534
Total cash and securities	70,286	230	70,516	156,150	14,042	170,192
Cash and securities earning interest for members						
Money market funds	14,190,147	109,198	14,299,345	6,896,885	110,275	7,007,160
U.S. Treasuries	23,069,698	196,147	23,265,845	12,193,040	174,988	12,368,028
Letters of credit	4,184,461	—	4,184,461	2,892,326	—	2,892,326
Total cash and securities	41,444,306	305,345	41,749,651	21,982,251	285,263	22,267,514
Total funds	$ 41,514,592	$ 305,575	$ 41,820,167	$ 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 June 30, 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*, ("SFAS No. 142") 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 Inc. 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 June 30, 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 would have owned a 32.5% economic interest and a 34.21% voting interest in DME Holdings; the Company has agreed with the other shareholders to allocate additional equity to certain market makers and other market participants. The DME continues to implement this plan to provide equity participation which will 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- and six-month periods ended June 30, 2008, the Company incurred losses, attributable to its investment, of approximately $1.8 million and $3.9 million, respectively, as compared to $3.0 million and $4.6 million, respectively, for the three- and six-month periods ended June 30, 2007. These losses are recorded in losses from unconsolidated investments on the condensed consolidated statements of income. As of June 30, 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 accounted 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 reported 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 whereby Montréal Exchange would become a wholly-owned subsidiary of TSX Group Inc. and Montréal Exchange's public stock retired. On May 1, 2008, this combination was completed and, in exchange for the Company's holdings in Montréal Exchange, the Company received approximately $49.3 million in cash and 1.4 million shares of TSX Group Inc. common stock valued at approximately $63.4 million on such date. On June 11, 2008, the shareholders of TSX Group Inc. approved a resolution to change the name of the corporation to TMX Group Inc.

following the completion of their business combination with Montréal Exchange. At June 30, 2008, the fair value of the Company's holdings of TMX Group Inc. common stock was approximately $58.6 million, which represents an unrealized loss position of $4.8 million for less than twelve months.

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 entitled 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 were 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. After further consideration of all available evidence used to evaluate the fair value of Optionable, the Company concluded, that at June 30, 2008, the decline in fair value was other than temporary and wrote down the remaining carrying value to zero.

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 June 30, 2008, the fair value of the securities was approximately $57.1 million, which represents an unrealized loss position of $8.3 million for less than twelve months.

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 June 30, 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 three- and six-month periods ended June 30, 2008 and 2007 is as follows (in thousands, except for share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net income	$ 94,312	$ 41,745	$ 165,497	$ 97,965
Weighted average common shares outstanding:				
Basic	94,791,000	94,450,000	94,786,000	94,450,000
Effect of stock options	116,000	277,000	131,000	266,000
Effect of restricted stock units	40,000	71,000	64,000	68,000
Diluted	94,947,000	94,798,000	94,981,000	94,784,000
Earnings per Share:				
Basic	$ 0.99	$ 0.44	$ 1.75	$ 1.04
Diluted	$ 0.99	$ 0.44	$ 1.74	$ 1.03

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 technology services agreement, dated as of April 6, 2006 (the "Services Agreement"), with CME, a wholly-owned subsidiary of CME Group, 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 Services 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 Services Agreement upon written notice prior to the beginning of the applicable renewal term, or (ii) either party elects to terminate the Services 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 Services 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 Services 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.

Under the terms of the Services Agreement, the Company incurred fees of $18.0 million and $35.0 million for the three- and six-month periods ended June 30, 2008, respectively, as compared to $13.5 million and $25.9 million for the same periods last year. These fees are included in direct transaction costs on the condensed consolidated statements of income.

On July 18, 2008, NYMEX Exchange and CME amended the terms of their Services Agreement (the "Amendment") to extend the terms, at the option of CME, for an additional two years, as discussed in Note 20, "Subsequent Events." In addition, pursuant to the terms of the Amendment, the mid-term termination right provided in the Services Agreement, which allowed either party to terminate the agreement during the time period between June 11, 2011 and June 11, 2012, has been delayed until the time period between June 11, 2012 and June 11, 2013.

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 June 30, 2008 and December 31, 2007, deferred compensation amounted to $2.5 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 June 30, 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 three and six months ended June 30, 2008 and 2007 included the following components (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Service costs	$ 90	$ 110	$ 180	$ 220
Interest costs	102	108	204	216
Amortization of prior service costs	(11)	(14)	(22)	(28)
Amortization of net loss	—	16	—	32
Total net period postretirement benefit cost	**$ 181**	**$ 220**	**$ 362**	**$ 440**

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	(61)
Charges incurred in 2008	—		
Cumulative charges incurred as of June 30, 2008	$ 3,426	Liability at June 30, 2008	$ 817

NOTE 14. Common Stock

At June 30, 2008, the composition of common stock was as follows:

	Authorized[1]	Issued	Outstanding[2]
Common Stock[3]	101,984,800	22,083,309	22,072,550
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	2,115,400
	181,909,600	**94,799,009**	**94,788,250**

[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 180th, 360th and 540th 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.

On July 29, 2008, the Company filed a Certificate of Retirement of its Series A-1 Common Stock, Series A-2 Common Stock, Series A-3 Common Stock, Series B-1 Common Stock, Series B-2 Common Stock and Series B-3 Common Stock (the "Certificate of Retirement") with the State of Delaware, which became effective on the same day. Pursuant to Section 243(b) of the Delaware General Corporation Law, once the Certificate of Retirement became effective, it had the effect of amending the Company's certificate of incorporation so as to reduce the number of authorized shares of the Company's capital stock. Accordingly, the authorized shares of the Company's capital stock was reduced by 79,924,800 shares, such that the total number of authorized shares of the Company's capital stock is now 101,984,800.

NOTE 15. Supplemental Disclosures of Cash Flow Information

Supplemental disclosures of cash flow information for the six months ended June 30, 2008 and 2007 are as follows:

	Six Months Ended June 30,	
	2008	2007
	(in thousands)	
Cash paid for:		
Interest	$ 12,804	$61,856
Income taxes	$118,194	$86,596
Non-cash investing and financing activities:		
Unrealized (loss) gain on available-for-sale securities	$ (17,814)	$35,947
Exchange of available-for-sale security	$ 63,439	$ —

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. On May 20, 2008, approximately 7,000 RSUs were granted to its directors under 2006 LTIP. 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:

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 $4.0 million and $7.7 million for the three and six months ended June 30, 2008, 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 June 30, 2008, the current forfeiture rate for the non-vested NQSOs and RSUs was 8.3% and 9.8%, 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 plan for the three and six months ended June 30, 2008:

	Three Months Ended June 30, 2008		Six Months Ended June 30, 2008	
	Shares (in thousands)	Weighted Average Exercise Price	Shares (in thousands)	Weighted Average Exercise Price
Outstanding at the beginning of the period	1,427.2	$ 77.67	1,066.8	$ 62.83
Granted	—	—	376.1	118.97
Exercised	9.2	59.00	23.5	59.00
Forfeited or expired	4.0	96.48	5.5	86.26
Outstanding at the end of the period	1,414.0	$ 77.73	1,414.0	$ 77.73
Exercisable at the end of the period	49.90	$ 101.36	49.90	$ 135.09

The following table summarizes the changes in RSUs under the 2006 LTIP plan for the three and six months ended June 30, 2008:

	Three Months Ended June 30, 2008		Six Months Ended June 30, 2008	
	Shares (in thousands)	Weighted Average Grant-Date FairValue	Shares (in thousands)	Weighted Average Grant-Date FairValue
Nonvested at the beginning of the period	187.5	$ 76.82	140.5	$ 62.51
Granted	7.0	98.27	56.1	116.38
Vested	4.7	108.43	6.2	111.29
Forfeited or expired	0.7	100.36	1.3	82.99
Nonvested at the end of the period	189.1	$ 76.73	189.1	$ 76.76

At June 30, 2008, there was $40.1 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 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® electronic trading platform. 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.

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

	Three Months Ended June 30, 2008				Three Months Ended June 30, 2007			
	Open Outcry	Electronic Trading & Clearing	Corporate / Other	Total	Open Outcry	Electronic Trading & Clearing	Corporate / Other	Total
Total operating revenues	$46,887	$163,921	$ —	**$210,808**	$41,219	$122,378	$ —	**$163,597**
Direct transaction costs	—	26,886	—	**26,886**	—	24,318	—	**24,318**
Depreciation and amortization	910	2,661	—	**3,571**	1,766	1,848	—	**3,614**
Other operating expenses	15,488	23,604	1,915	**41,007**	16,507	21,671	—	**38,178**
Operating income (loss)	30,489	110,770	(1,915)	**139,344**	22,946	74,541	—	**97,487**
Non-operating income (expense)	—	—	30,847	**30,847**	—	—	(23,472)	**(23,472)**
Income (loss) before provision for income taxes	30,489	110,770	28,932	**170,191**	22,946	74,541	(23,472)	**74,015**
Provision (benefit) for income taxes	13,293	48,296	14,290	**75,879**	10,004	32,500	(10,234)	**32,270**
Net income (loss)	$17,196	$ 62,474	$ 14,642	**$ 94,312**	$12,942	$ 42,041	$ (13,238)	**$ 41,745**

	Six Months Ended June 30, 2008				Six Months Ended June 30, 2007			
	Open Outcry	Electronic Trading & Clearing	Corporate / Other	Total	Open Outcry	Electronic Trading & Clearing	Corporate / Other	Total
Total operating revenues	$95,908	$323,775	$ —	**$419,683**	$87,352	$240,471	$ —	**$327,823**
Direct transaction costs	—	54,969	—	**54,969**	—	48,420	—	**48,420**
Depreciation and amortization	3,253	3,776	—	**7,029**	3,592	3,553	—	**7,145**
Other operating expenses	30,661	44,702	10,090	**85,453**	36,559	42,500	—	**79,059**
Operating income (loss)	61,994	220,328	(10,090)	**272,232**	47,201	145,998	—	**193,199**
Non-operating income (expense)	—	—	32,385	**32,385**	—	—	(19,503)	**(19,503)**
Income (loss) before provision for income taxes	61,994	220,328	22,295	**304,617**	47,201	145,998	(19,503)	**173,696**
Provision (benefit) for income taxes	27,029	96,063	16,028	**139,120**	20,580	63,655	(8,505)	**75,731**
Net income (loss)	$34,965	$124,265	$ 6,267	**$165,497**	$26,621	$ 82,342	$ (10,998)	**$ 97,965**

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 $4.4 million, net of federal tax effect, as of June 30, 2008. The Company believes that changes in the unrecognized tax benefits due to possible settlements in the next 12 months will not have a material impact on the Company's effective tax rate. 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 condensed consolidated statements of income for the six-month period ended June 30, 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 June 30, 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	3,102	5,994	5,783	5,573	4,980	31,233	**56,665**
Services agreements[1]	5,340	10,295	11,571	30,948	—	—	**58,154**
Operating leases—facilities	1,755	3,034	3,306	3,585	2,051	136	**13,867**
Operating leases—equipment	930	1,408	540	—	—	—	**2,878**
Other long-term obligations	917	1,041	967	800	800	5,247	**9,772**
Total contractual obligations	$14,861	$24,589	$24,984	$48,645	$12,740	$ 95,798	**$ 221,617**

[1] Services agreements include required minimum payments in accordance with the Services Agreement (see Note 11). The Services Agreement has a ten-year term from the launch date with rolling three-year extensions. Either party may elect to terminate the Services 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 Services 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 Services Agreement. On July 18, 2008, the Company entered into an amendment to the

Services Agreement in connection with the proposed merger (see Note 20). In addition, the services agreements category includes employment agreements as filed with the SEC.

As previously disclosed in Note 18, the Company has $4.4 million of unrecognized tax benefits as of June 30, 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. Rental expense for facilities and the land lease amounted to $0.6 million and $0.7 million for three months ended June 30, 2008 and 2007, respectively, and $1.3 million for the six months ended June 30, 2008 and 2007. 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 June 30, 2008 and 2007, rents collected from these leases were $2.3 million and $2.2 million, respectively. For the six months ended June 30, 2008 and 2007, rents collected from these leases were $4.6 million and $4.3 million, respectively. Rents collected 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	$ 3,340
2009	4,649
2010	4,461
2011	4,325
2012	4,306
Thereafter	2,409
Total	**$ 23,490**

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 the 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. Space that is subleased 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 June 30, 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 (ii) 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 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 June 30, 2008, there were total seat loan balances of $3.1 million and securities pledged against the seat loan balances of $3.7 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 June 30, 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 June 30, 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:

***In re NYMEX Shareholder Litigation,* C.A. No. 3621-VCN**

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 is captioned *Capozza v. NYMEX Holdings, Inc., et al.*, C.A. No. 3621-VCN, and seeks to enjoin the Company's merger with CME Group (the "Proposed Transaction"), 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, NYMEX Holdings and its directors moved to dismiss the complaint and to stay all discovery pending the disposition of the motion to dismiss. CME Group filed similar motions.

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 purportedly 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).

On May 16, 2008, the Delaware Court of Chancery ordered that the three actions be consolidated under the caption *In re NYMEX Shareholder Litigation*, C.A. No. 3621-VCN, and that all subsequently filed actions concerning the same subject matter be consolidated with them.

On June 20, 2008, Plaintiffs Capozza, Winters and Haedrich ("Plaintiffs") filed an Amended and Consolidated Class Action Complaint (the "Amended Complaint"), along with a Motion for Expedited Proceedings (the "Motion to Expedite"), in anticipation of a motion for a preliminary injunction to enjoin the Special Meetings of the shareholders of NYMEX Holdings and the NYMEX Exchange Class A members relating to the Proposed Transaction (the "Preliminary Injunction Motion"). The Amended Complaint alleges that the Proposed Transaction resulted from an unfair and inadequate process and offers an inadequate price. The Amended Complaint further alleges that the preliminary Form S-4 Registration Statement for the Proposed Transaction (which included a NYMEX Holdings/CME Group joint proxy statement/prospectus (the "Preliminary Proxy")), filed on June 10, 2008 with the Securities and Exchange Commission, was materially incomplete and misleading and omitted or misstated necessary information. By the Amended Complaint, Plaintiffs seek, among other things, an injunction preventing the consummation of the Proposed Transaction.

On June 27, 2008, Plaintiffs filed a Second Consolidated and Amended Class Action Complaint (the "Second Amended Complaint") to correct certain typographical errors in the Amended Complaint and to add CMEG NY Inc., the CME Group merger subsidiary created for purposes of the Proposed Transaction, as a defendant. On July 9, 2008, NYMEX Holdings and its directors moved to dismiss the Second Amended Complaint. CME Group filed a similar motion.

On June 30, 2008, NYMEX Holdings and its directors and CME Group filed oppositions to the Motion to Expedite. On July 11, 2008, the Court granted that motion, and discovery commenced. Subsequent thereto, the Court scheduled a hearing for August 13, 2008 for the Preliminary Injunction Motion.

On August 5, 2008, Plaintiffs agreed not to pursue the Preliminary Injunction Motion and the Court removed the August 13, 2008 hearing from its calendar. This matter is otherwise ongoing. NYMEX Holdings and CME Group intend to defend vigorously against Plaintiffs' allegations.

***Greene v. NYMEX Holdings, Inc., et al.*, C.A. No. 3835-VCN**

On June 16, 2008, Shelby Greene, purportedly a NYMEX Holdings shareholder and a Class A member of NYMEX Exchange, commenced a putative class action in the Delaware Court of Chancery, on behalf of herself and all other Class A members, against NYMEX Holdings, the members of its board of directors and CME Group. Like the Second Amended Complaint in the consolidated proceeding discussed above, the *Greene*

complaint also seeks to enjoin the Proposed Transaction on price, process and disclosure grounds. However, the price claim alleged in the *Greene* complaint focuses on the consideration to be received by the Class A members in connection with their membership interests in NYMEX Exchange. NYMEX Holdings and its directors filed a motion to dismiss the *Greene* complaint on July 17, 2008. CME Group filed a similar motion.

On August 5, 2008, Ms. Greene, like Plaintiffs in the consolidated proceeding discussed above, agreed not to pursue a preliminary injunction to enjoin the Special Meetings of the shareholders of NYMEX Holdings and NYMEX Exchange Class A members relating to the Proposed Transaction, and the Court removed the August 13, 2008 hearing from its calendar. This matter is otherwise ongoing. NYMEX Holdings and CME Group intend to defend vigorously against these allegations.

NOTE 20. Subsequent Events

On July 18, 2008, the Company, CME Group, CMEG NY Inc., a wholly-owned subsidiary of CME Group, and NYMEX Exchange entered into Amendment No. 2 (the "Second Merger Amendment") to the Agreement and Plan of Merger, dated as of March 17, 2008 and amended as of June 30, 2008, by and among such parties, pursuant to which the Company would merge with and into CMEG NY Inc. (the "Merger"), with CMEG NY Inc. continuing as the surviving company and as a wholly-owned subsidiary of CME Group.

Pursuant to the terms of the Second Merger Amendment, each owner of record of a NYMEX Class A membership as of the close of business on the closing date of the Merger who executes and delivers a waiver and release within 60 days following the closing date of the Merger will receive $750,000 with respect to each NYMEX Class A membership owned of record. The exchange ratio and cash consideration offered to the Company's stockholders pursuant to the terms of the Merger Agreement remained unchanged.

The Second Merger Amendment also provides that NYMEX Class A members will retain the right to use or lease their memberships for NYMEX Exchange open outcry and electronic trading purposes, the number of NYMEX Class A memberships will be limited to 816 and the NYMEX Exchange seat market will be preserved. Substantially all other rights of the NYMEX Class A members, including the revenue sharing rights contained in Section 311(G) of the NYMEX Exchange bylaws, will be eliminated and replaced with certain commitments, including (a) maintenance of the NYMEX Exchange trading floor in New York until at least December 31, 2012, (b) maintenance of fee differentials between NYMEX Class A members and non-members and account-based rates and (c) establishment of certain clearing firm requirements. These changes will be implemented pursuant to amendments to NYMEX Exchange's current certificate of incorporation and bylaws, which will require the affirmative vote of owners of 75% of the outstanding NYMEX Class A memberships.

The Second Merger Amendment also provides for the reduction of (a) certain change in control severance payments and tax gross-up payments payable to certain Company executives in connection with the consummation of the Merger pursuant to the Company's Change in Control Severance Plan and (b) certain other merger-related expenses, totaling $30 million in the aggregate.

Also on July 18, 2008, NYMEX Exchange and CME announced that they have amended the terms of their technology services agreement, dated as of April 6, 2006 (the "Services Agreement"). Pursuant to the terms of the amendment (the "Amendment"), the term of the Services Agreement may, at the option of CME, be extended for an additional two years. In addition, the mid-term termination right provided in the Services Agreement, which allowed either party to terminate the agreement during the time period between June 11, 2011 and June 11, 2012, has been delayed until the time period between June 11, 2012 and June 11, 2013.

The Amendment will only be effective (i) following the special meeting of NYMEX Holdings stockholders to be held in connection with the Merger, pursuant to the Merger Agreement, or (ii) in the event that the special meeting of the Company's stockholders to be held in connection with the Merger is not held as a result of a breach of the Merger Agreement by the Company, immediately after such breach.

All other terms of the Services Agreement remain in effect without modification.

On July 31, 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 August 15, 2008 that will be payable on September 15, 2008.