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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
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FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2003

OR

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

FOR THE TRANSITION PERIOD FROM TO

NYMEX HOLDINGS, INC.  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE  
(STATE OR OTHER JURISDICTION OF  
INCORPORATION OR ORGANIZATION)

333-30332  
(COMMISSION FILE NUMBER)

13-4098266  
(I.R.S. EMPLOYER  
IDENTIFICATION NUMBER)

ONE NORTH END AVENUE,  
WORLD FINANCIAL CENTER,  
NEW YORK, NEW YORK  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

10282-1101  
(ZIP CODE)

(212) 299-2000  
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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

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

As of May 15, 2003, 816 shares of the registrant's common stock, par value \$0.01 per share, were outstanding.

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PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
AND RETAINED EARNINGS  
THREE MONTHS ENDED MARCH 31, 2003 AND 2002  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNT)

2003	2002	-----	-----	OPERATING REVENUES: Clearing and transaction fees, net of member fee rebates.....	\$
		39,391	\$ 32,931	Market data	
		fees.....	8,394		
			8,312	Other, net of	
		rebates.....	1,840	1,446	
			-----	-----	
				Total operating	
		revenues.....	49,625	42,689	-----
		-----	-----	OPERATING EXPENSES: Salaries and employee benefits.....	
			12,894	11,372	
				Occupancy and equipment.....	
			7,038	5,847	
		Depreciation and amortization of property and equipment, net of deferred credit amortization.....			
			4,717	4,416	
		administrative.....	4,048		
			3,302	Professional	
		services.....	4,010	3,795	
		Telecommunications.....			
			1,332	2,486	
		Loss on disposition of property and equipment.....	940	677	
		Marketing and other.....	2,482	1,819	
			-----	-----	
				Total operating	
		expenses.....	37,461	33,714	-----
			-----	-----	
				INCOME FROM	
		OPERATIONS.....	12,164		
		8,975	OTHER INCOME (EXPENSES): Investment income, net.....	686	809
			expense.....	(1,822)	
		(1,874)	-----	-----	
				INCOME BEFORE PROVISION FOR INCOME TAXES.....	
			11,028	7,910	
		PROVISION FOR INCOME TAXES.....	5,273		
			3,955	-----	-----
				NET	
		INCOME.....	5,755	3,955	
				Retained earnings, beginning of period.....	
			8,223	924	-----
				Retained earnings, end of period.....	
			\$ 13,978	\$ 4,879	
		=====	=====	=====	=====
				Basic and diluted net income per share (based on 816 shares).....	
			\$ 7,053	\$ 4,847	=====

The accompanying notes are an integral part of these statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2003 AND DECEMBER 31, 2002  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

2003	2002	ASSETS	
equivalents.....		\$ 2,988	\$
1,014 Securities purchased under agreements to resell.....	48,378	40,760	Marketable securities, at market (cost of \$66,225 at March 31, 2003 and \$65,285 at December 31, 2002).....
	67,503	66,976	
Clearing and transaction fees receivable, net.....	15,864	13,884	Segregated and guaranty funds.....
	137,634	75,327	Other current assets.....
	13,589	14,748	----- Total current assets.....
	285,956	212,709	
Property and equipment, net.....	219,290	223,878	
Other assets.....	29,427	26,168	----- TOTAL
ASSETS.....	\$534,673	\$462,755	=====
			===== LIABILITIES AND STOCKHOLDERS' EQUITY
accrued liabilities.....	\$ 16,200	\$ 16,036	LIABILITIES: Accounts payable and Income taxes payable.....
	13,740		4,335
Accrued interest payable.....	3,629	1,815	
Segregated and guaranty funds.....	137,634	75,327	Other current liabilities.....
	18,562	22,184	----- Total current liabilities.....
	189,765	119,697	
Notes payable.....	91,551	91,551	Deferred credit -- grant for building construction.....
	114,209	114,745	Deferred income taxes.....
	5,833	9,622	Other non-current liabilities.....
	14,892	14,567	Subordinated commitment -- COMEX members' retention program.....
	11,133	11,038	----- Total liabilities.....
	427,383		361,220
			----- COMMITMENTS AND CONTINGENCIES
STOCKHOLDERS' EQUITY: Common stock, at \$0.01 par value, 816 shares authorized, issued and outstanding.....	--	--	
Additional paid-in capital.....	93,312	93,312	
Retained earnings.....	13,978	8,223	----- Total stockholders' equity.....
	107,290	101,535	-----
			----- TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY.....
	\$534,673	\$462,755	=====
			=====

The accompanying notes are an integral part of these statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2003 AND 2002  
(IN THOUSANDS)

2003	2002	
----- CASH FLOWS FROM OPERATING		
ACTIVITIES: Net		
income.....		
\$ 5,755	\$ 3,955	Adjustments to reconcile net income to
net cash provided by operating activities:		
Depreciation and amortization of property and		
equipment, net of deferred credit amortization.....		
4,717	4,416	Deferred income
taxes.....	(4,140)	1,852
Loss on disposition of property and		
equipment.....	940	677
Increase in: Segregated		
and guaranty fund assets..... (62,307)		
(18,390) Income taxes		
payable.....	9,405	2,404
Segregated and guaranty fund liabilities.....		
62,307	18,390	Increase in other current
liabilities.....	1,378	1,169
Net changes in		
other operating assets and		
liabilities.....		
1,401	(10,198)	----- Net cash provided by
operating activities.....	19,456	4,275
----- CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in securities purchased under agreements to		
resell.....		
(7,618)	(4,000)	Capital
expenditures.....		
(1,605)	(2,053)	(Increase) decrease in other
assets.....	(3,259)	87
---- Net cash used in investing		
activities.....	(12,482)	(5,966)
----- CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends		
paid.....		
(5,000)	--	----- Cash used in financing
activities.....	(5,000)	----
----- NET INCREASE (DECREASE) IN CASH AND CASH		
EQUIVALENTS..... 1,974 (1,691) CASH AND CASH		
EQUIVALENTS, BEGINNING OF YEAR..... 1,014		
5,680	-----	----- CASH AND CASH EQUIVALENTS, END
OF PERIOD.....	\$ 2,988	\$ 3,989
=====		
=====		

The accompanying notes are an integral part of these statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES  
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2003 AND MARCH 31, 2002

1. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**NATURE OF BUSINESS** -- The Company exists principally to provide facilities for buying and selling energy and precious and base metals 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 in the over-the-counter ("OTC") market. These services facilitate price discovery, hedging, and liquidity in the energy and metals markets. Transactions executed on the Exchange mitigate the risk of counter-party default because the Exchange clearinghouse acts as the counter-party to every trade. Trading and clearing on the Exchange is regulated by the Commodity Futures Trading Commission. To manage risk of financial nonperformance, the Exchange requires members to post margin. (See Note 5.)

**BASIS OF PRESENTATION** -- The accompanying unaudited condensed consolidated financial statements of NYMEX Holdings and subsidiaries have been prepared in accordance with Accounting Principles Board Opinion No. 28 and Rule 10-01 of Regulation S-X promulgated by the Securities and Exchange Commission (the "SEC"). These are unaudited condensed consolidated financial statements and do not include all necessary disclosures required for complete financial statements.

In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the Company's financial position, results of operations and cash flows for the dates and interim periods covered. Interim period operating results may not be indicative of the operating results for a full year. This information should be read in conjunction with the audited consolidated financial statements and notes thereto as of December 31, 2002 and 2001 and for each year in the three-year period ended December 31, 2002.

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

Certain reclassifications have been made to the prior year amounts to conform to the current presentation. All inter-company balances and transactions have been eliminated in consolidation.

For a summary of significant accounting policies and additional information, see note 1 to the audited December 31, 2002 financial statements, which were filed with the SEC in the Company's Form 10-K on March 6, 2003.

2. RECENT ACCOUNTING PRONOUNCEMENTS

The Company adopted Statement of Financial Accounting Standard ("SFAS") No. 145, which recinds SFAS No. 4, Reporting Gains and Losses from Extinguishment of Debt, SFAS No. 44, Accounting for Intangible Assets of Motor Carriers, and SFAS No. 64, Extinguishment of Debt Made to Satisfy Sinking-Fund Requirement ("SFAS 145"). SFAS No. 145 also amends SFAS No. 13, Accounting for Leases, to

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. As a result of the rescission of SFAS No. 64, the criteria in Accounting Principles Board ("APB") No. 30 will be used to classify gains and losses from debt extinguishment. SFAS No. 145 also amends other existing authoritative pronouncements to make various technical corrections, clarify meaning, or describe their applicability under changed conditions. SFAS No. 145 became effective for the Company as of January 1, 2003. The adoption of SFAS No. 145 had no impact on the Company's consolidated results of operations, financial position, or cash flows.

The Company adopted SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activity, effective January 1, 2003. SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities, and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring), which previously governed the accounting treatment for restructuring activities. SFAS No. 146 applies to costs associated with an exit activity covered by SFAS No. 144. Those costs include, but are not limited to, the following: (1) termination benefits under the terms of a benefit arrangement that, in substance, is not an ongoing benefit arrangement or an individual deferred-compensation contract, (2) costs to terminate a contract that is not a capital lease, and (3) costs to consolidate facilities to relocate employees. SFAS No. 146 does not apply to costs associated with the retirement of long-lived assets covered by SFAS No. 143. The adoption of SFAS No. 146 had no impact on the Company's consolidated results of operations, financial position or cash flows.

The Company adopted Financial Accounting Interpretation ("FIN") No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, effective January 1, 2003. FIN No. 45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees, and standby letters of credit. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair market value of the obligations it assumes under that guarantee and must disclose that information in its interim and annual financial statements. The initial recognition and measurement provisions of FIN No. 45 were applied prospectively to guarantees issued or modified after December 31, 2002. The adoption of FIN No. 45 had no impact on the Company's condensed consolidated results of operations, financial position or cash flows. (See Note 7.)

### 3. COLLATERALIZATION

At March 31, 2003 and December 31, 2002, the Company accepted collateral in the form of United States Treasury bills that it is permitted by contract or industry practice to sell or repledge, although it is not the Company's policy to do so. This collateral was received in connection with reverse repurchase agreements with, and are held in custody by, the Company's banks. The fair value of such collateral at March 31, 2003 and December 31, 2002 was approximately \$48.4 million and \$40.8 million, respectively.

### 4. REVENUE REBATE AND FEE REDUCTION PROGRAM

The Company has a fee rebate program, which substantially reduces clearing fees for the NYMEX Division members. Rebates under this program totaled \$4.7 million and \$1.0 million for the three months ended March 31, 2003 and March 31, 2002, respectively. Clearing and transaction fees are presented in the unaudited condensed consolidated statements, net of these rebates.

The Company has several incentive programs for members for the purpose of reducing various operating costs. These incentive programs totaled \$443,558 and \$470,933 for the three months ended March 31, 2003

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

and March 31, 2002, respectively. Other revenues are presented in the unaudited condensed consolidated statements, net of fee reductions related to these programs.

5. SEGREGATED AND GUARANTY FUNDS

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

Each clearing member firm is required to maintain a security deposit, in the form of cash or U.S. Treasury securities, ranging from \$100,000 to \$2.0 million, depending upon such clearing member firm's reported regulatory capital, in a fund known as a "Guaranty Fund". Separate and distinct Guaranty Funds, held by the Company, are maintained for the NYMEX and COMEX Divisions. These funds may be used, by the respective divisions, for any loss sustained by the Company as a result of the failure of a clearing member firm to discharge its obligations.

The Company is entitled to earn interest on certain cash balances. Only those balances, which earn interest that the Company is entitled to retain, are included in the accompanying consolidated condensed financial statements. At March 31, 2003 and December 31, 2002 a total of \$8.1 billion and \$5.2 billion was held in segregated and guaranty funds, respectively. The following table below reflects segregated and guaranty fund balances held by the Company on behalf of clearing members at March 31, 2003 and December 31, 2002, respectively.

MARCH 31, 2003

(IN THOUSANDS) CASH AND MONEY MARKET			
FUNDS, RESALE U.S. TREASURIES & AGREEMENTS			
LETTERS OF CREDIT TOTAL -----			
----- Segregated Funds:			
NYMEX.....			
	\$125,118	\$6,736,764	\$6,861,882
COMEX.....			
11,595	1,073,625	1,085,220	Guaranty Funds:
NYMEX.....			
	105	75,116	75,221
COMEX.....			
816	71,010	71,826	-----
-----			
Total.....			
	\$137,634	\$7,956,515	\$8,094,149 =====
	=====	=====	



NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

DECEMBER 31, 2002

(IN THOUSANDS) CASH AND MONEY MARKET FUNDS, RESALE U.S. TREASURIES & AGREEMENTS LETTERS OF CREDITS TOTAL -----

----- Segregated Funds:			
NYMEX.....			
	\$66,275	\$3,958,906	\$4,025,181
COMEX.....			
	8,030	998,460	1,006,490
	Guaranty Funds:		
NYMEX.....			
	105	79,721	79,826
COMEX.....			
	917	74,437	75,354
-----			
Total.....			
	\$75,327	\$5,111,524	\$5,186,851
	=====	=====	=====

6. 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 which are traded on the trading floor of the Exchange. Electronic Trading and Clearing consists of trades which are executed and/or cleared through the NYMEX ACCESS(R), NYMEX Clearport(SM) Trading and NYMEX Clearport(SM) Clearing systems.

Financial information relating to these business segments is set forth below:

ELECTRONIC TRADING OPEN OUTCRY AND CLEARING TOTAL (\$ IN THOUSANDS) -----			
----- Three			
Months Ended March 31, 2003: Operating			
Revenues.....			
	\$43,758	\$5,867	\$49,625
Operating expenses.....			
	35,931	1,530	37,461
Operating income.....			
	7,827	4,337	12,164
Investment income, net.....			
		686	-- 686
Interest expense.....			
	1,822	-- 1,822	
Depreciation and amortization, net.....			
		4,189	528
Income tax expense.....			
			3,209
Net income.....			
	2,064	5,273	
Three Months ended			
March 31, 2002			
Operating Revenues.....			
	\$38,955	\$3,734	\$42,689
Operating expenses.....			
	30,086	3,628	33,714
Operating income.....			
	8,869	106	8,975
Investment income, net.....			
		809	-- 809
Interest expense.....			
	1,874	-- 1,874	
Depreciation and amortization, net.....			
		2,994	1,422
Income tax expense.....			
			3,902
Net income.....			
	53	3,955	
Three Months ended			
March 31, 2002			
Operating			
Revenues.....			
	\$ 3,902	\$ 53	\$ 3,955

7. COMMITMENTS AND CONTINGENCIES

From time to time, the Company is involved in legal proceedings and litigation arising in the ordinary course of business. Set forth below are descriptions of legal proceedings and litigation to which the Company is a party as of March 31, 2003. Although there can be no assurance as to the ultimate outcome, the Company has denied, or believes it has a meritorious defense and will deny, liability in all significant cases pending against it including the matters described below, and intends to defend vigorously each such case. While the ultimate result of the proceedings against the Company cannot be predicted with certainty, it is the opinion of management, after consultation with outside legal counsel, that the resolution of these matters, in excess of amounts already recognized, will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

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

eSpeed, Inc. and Electronic Trading Systems Corporation. v. New York Mercantile Exchange. This action was originally filed in the United States District Court for the Northern District of Texas (Dallas Division) and is now pending in United States District Court for the Southern District of New York. NYMEX Exchange was served with a summons and complaint on or about May 10, 1999. This is a patent infringement case, in which the plaintiff alleges that it is the owner of United States Patent No. 4,903,201 entitled "Automated Futures Trade Exchange" and that NYMEX Exchange is infringing this patent through use of its electronic trading system. The plaintiff seeks an unspecified amount of royalties. The Markman hearing was held on April 18, 2002. On June 26, 2002, the Court issued a decision in which it construed more broadly the meaning of certain elements of the patent claims than those constructions proposed by the Exchange. This decision may limit the scope of the arguments that the Exchange may have respecting non-infringement.

Enrique Rivera and Edith Rivera v. New York Mercantile Exchange, Mark Kessloff, Les Faison, Brian Bartichek and John Does "1-10." This action is pending in New York State Supreme Court (Bronx County). NYMEX Exchange was served with the summons and complaint on or about April 22, 1999. This is an ethnic discrimination case, in which the plaintiff alleges that throughout his employment with NYMEX Exchange he was subjected to a hostile work environment and discrimination regarding his ethnic origin. Plaintiff seeks an unspecified amount of compensatory and punitive damages. The plaintiff filed a Note of Issue on or about September 27, 2002.

New York Mercantile Exchange v. IntercontinentalExchange, Inc. On November 20, 2002, NYMEX Exchange commenced an action in United States District Court for the Southern District of New York against IntercontinentalExchange, Inc. ("ICE"). NYMEX Exchange alleges claims for (a) copyright infringement by ICE arising out of ICE's uses of certain NYMEX Exchange settlement prices; (b) service mark infringement by reason of use by ICE of the service marks NYMEX and NEW YORK MERCANTILE EXCHANGE, (c) violation of trademark anti-dilution statutes, and (d) interference with contractual relationships. On January 6, 2003, ICE served an Answer and Counterclaims, in which ICE makes five counterclaims against NYMEX Exchange principally alleging violations of U.S. antitrust laws, including those relating to monopolistic behavior based upon access to NYMEX Exchange settlement prices, restraint of trade and tying of trade execution and clearing services. The counterclaims request damages and trebled damages in amounts not specified yet by ICE in addition to injunctive and declaratory relief. NYMEX Exchange's response to the counterclaims was served on February 26, 2003. On March 31, 2003, NYMEX's motion to dismiss the counterclaims was submitted to the Court.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Financial Guarantees

The Company adopted FIN 45, effective January 1, 2003. The Company has certain guarantee arrangements in its clearing process as well as other financial guarantees related to its seat-financing program as discussed below.

The Company serves a clearinghouse function, standing as a financial intermediary on every open futures and option transaction cleared. Specifically, through its clearinghouses, the Exchange maintains a system of guarantees for performance of obligations owed to buyers and sellers. As such, in the case of a customer or clearing member financial default, to the extent that funds are not otherwise available to the Exchange to satisfy the obligations under the applicable contract, the Exchange may perform the financial obligations. As of March 31, 2003, there were no clearing members in default.

The Company has provided financial guarantees and pledged collateral with one of its banks relating to a membership seat-financing program. Under this program, members may borrow up to a specified percentage of the purchase price of their seats. The Company guarantees all loans under this program and must hold collateral, in the form of pledged securities, at the bank in an amount equal to 118% of the outstanding loan balances. As of March 31, 2003 and December 31, 2002 the amounts of outstanding guarantees under this program were \$4.3 million and \$5.0 million, respectively.

There were no events of default during the first quarter of 2003 in either arrangement in which a liability should be recognized in accordance with FIN 45. As such, the adoption of this pronouncement had no impact on the Company's condensed consolidated results of operations, financial position, or cash flows, during the first quarter of 2003.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
(IN THOUSANDS, EXCEPT PER SHARE AND STATISTICAL DATA)

Introduction

This discussion summarizes the significant factors affecting the results of operations and financial condition of the Company during the three months ended March 31, 2003. This discussion is provided to increase the understanding of, and should be read in conjunction with, the unaudited condensed consolidated financial statements, accompanying notes and tables included in this quarterly report.

Forward Looking and Cautionary Statements and Factors That May Affect Future Results

Certain information in this report (other than historical data and information) constitutes forward-looking statements regarding events and trends that may affect the Company's future operating results and financial position. The words "estimate," "expect," "intend" and "project," as well as other words or expressions of similar meaning, are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this quarterly report on Form 10-Q. These statements are based on current expectations. Assumptions are inherently uncertain and are subject to risks that should be viewed with caution. Actual results and experience may differ materially from forward-looking statements as a result of many factors, including: changes in general economic, political and industry conditions in various markets in which the Company's contracts are traded, increased competitive activity, fluctuations in prices of the underlying commodities as well as for trading floor administrative expenses related to trading and clearing contracts, the ability to control costs and expenses, changes to legislation or regulations, protection and validity of our intellectual property rights and rights licensed from others, and other unanticipated events and conditions. It is not possible to foresee or identify all such factors. The Company assumes no obligation to update publicly any forward-looking statements.

Business Overview

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 that was established in 1872. The two principal operating subsidiaries of NYMEX Holdings are the New York Mercantile Exchange, Inc. ("NYMEX Exchange" or "NYMEX Division") and the Commodity Exchange, Inc. ("COMEX" or "COMEX Division"), which is organized as a wholly-owned subsidiary of NYMEX Division. Where appropriate, each NYMEX Exchange operating division, NYMEX Division and COMEX Division, will be discussed separately, and collectively will be referred to as the "Exchange." When discussing NYMEX Holdings together with its subsidiaries, reference is being made to the "Company."

The Company facilitates the buying and selling of energy and metal commodities for future delivery under rules intended to protect the interests of market participants. The Company provides liquid marketplaces where physical commodity market participants can manage future price risk and, through the Company's clearing operations, mitigate counter-party credit risk. Through real-time and delayed dissemination of its transaction prices, the Company provides price discovery and transparency to market participants, further enhancing liquidity in the energy and metals markets. To enhance its markets and provide market participants additional mechanisms to manage risk, the Company continuously offers new products, distribution services and clearing services. The Company does not own commodities, trade for its own account, or otherwise engage in market activities.

The Company's NYMEX Division provides a marketplace for trading energy futures and options. Its COMEX Division provides a marketplace for trading precious and base metals futures and options. The NYMEX Division's principal markets include crude oil, natural gas, heating oil and unleaded gasoline products. The COMEX Division's principal markets include gold, silver and high grade copper products. The Company provides the physical facilities for an open-outcry auction market. The open outcry market operates during regular business hours, and trading activities in this market are, for purposes of this management discussion, referred to as floor trading. Through its NYMEX ACCESS(R) and NYMEX ClearPort(SM) Trading technology, the Company provides market participants the ability to conduct after-hours and electronic



FUTURES OPTIONS TOTAL			
FUTURES OPTIONS TOTAL -----			
-----			
-----			
-----			
Gold.....			
3,255,376	833,348	4,088,724	
2,064,431	492,890	2,557,321	
	58%	69%	60%
Silver.....			
917,517	128,446	1,045,963	
700,964	168,645	869,609	31%
	-24%	20%	High Grade
Copper.....		752,033	
7,161	759,194	616,049	7,250
	623,299	22%	-1% 22%

Results of Operations

In the first quarter of 2003, the Company reported net income of \$5.8 million, compared to net income of \$3.9 million the same period a year ago. Basic and diluted earnings per share were \$7,053 in the first quarter of 2003 and \$4,847 in 2002.

## Revenues

The Company's principal sources of revenues are clearing and transaction fees derived from trades executed on its exchanges and market data fees from the dissemination of the Company's futures and options contract price information. Total operating revenues for the first quarter of 2003 of \$49.6 million were 16% higher than the first quarter of 2002 due primarily to higher clearing and transaction fees.

Clearing and transaction fees are primarily dependent upon the volume of trading activity conducted on the Company's exchanges and cleared by the Company's clearinghouse. Clearing and transaction fees increased 20% in the first quarter of 2003, due primarily to a 21% increase in the number of futures and options contracts executed through the Company's floor trading and electronic trading venues, and revenues from the over-the-counter transactions cleared through NYMEX ClearPort(SM) Clearing Services. Average clearing and transaction fee revenue per contract was \$1.02 in the first quarter of 2003 compared to \$1.03 in the first quarter of 2002. The Company charges higher fees for electronic trading than for floor trading and provides liquidity incentives to members by rebating a portion of member clearing transaction fees. During the first quarter of 2003, the Company increased the level of member fee rebates. This increase offset the growth in average revenue per contract that resulted from higher levels of electronic trading.

## Market Data

Market data revenues were \$8.4 million in the first quarter of 2003 compared to \$8.3 million in the first quarter of 2002. Market data revenues consist primarily of fees charged to market data subscribers for the use of the Company's futures and options contract information. These fees are charged on a per-subscriber basis and fluctuate as the number of subscribers change. During the first quarter of 2003, an increase in market data revenue related to audit recovery was partially offset by a decline in subscriber fees related to a decrease in the number of market data subscribers.

## Other Revenues

Other revenues increased 27% in the first quarter of 2003 due primarily to increased rental income. During the first quarter of 2003, the Company began recording rental income from the New York Board of Trade ("NYBOT"). The Company and NYBOT signed a lease that became effective in 2002. Under the terms of the lease, which expires in 2013, NYBOT leases from the Company certain office and trading floor space at the Company's headquarters and data center. As the full terms of the lease become effective, the Company expects the rental income from this lease to increase revenues in 2003.

## Operating Expenses

Total operating expenses of \$37.5 million for the first quarter of 2003 were 11% higher than the first quarter of 2002.

Salaries and employee benefits for the first quarter of 2003 increased by 13% from the first quarter of 2002. Increased employment levels and higher health insurance premiums were partially offset by lower severance-related costs.

Occupancy and equipment expenses increased 20% for the first quarter 2003 due primarily to higher rent expense for the Company's business recovery site.

Depreciation and amortization of property and equipment, net of deferred credit amortization, increased by 7% in the first quarter of 2003, due primarily to amortization of leasehold improvements at the Company's business recovery site, which was partially offset by lower amortization of capitalized software development costs. During 2002, in conjunction with the new electronic trading strategy, the Company wrote off capitalized computer software that management deemed to have no meaningful remaining useful life.

Professional services increased by 6% in the first quarter of 2003, due primarily to the Company's involvement in certain ongoing litigation. Partially offsetting this increase was a decline in consulting expenses.

The Company incurred significant consulting fees in the first quarter of 2002 to support the continued development of a disaster recovery center.

General and administrative expenses increased by 23% in the first quarter of 2003, due primarily to an increase in litigation-related expenses and higher insurance costs related to increases in property insurance premiums, which were driven by a weakened insurance market subsequent to the September 11, 2001, terrorist attacks.

Telecommunications decreased 46% in the first quarter of 2003 due primarily to charges recorded in the first quarter of 2002 related to the termination of telecommunications services. These services supported direct customer connectivity to the NYMEX ACCESS(R) platform, which became internet-based and no longer required direct connectivity. An increase in data communications expense, related to the Company's new business recovery site, partially offset the reduction in telecommunication.

Marketing and other expenses increased by 36% in the first quarter of 2003 due primarily to expanded member benefits and higher member benefit premium rates which became effective in the fourth quarter of 2002.

Other Income

Investment income, net of investment advisory fees, decreased 15%, in the first quarter of 2003, due primarily to net unrealized losses in the Company's fixed income portfolio. The Company's investment portfolio is invested principally in municipal bonds, the market value of which was unfavorably impacted by higher interest rates at the end of the quarter.

Provision for Income Taxes

The Company's effective tax rate was 47.8% and 50.0% in the first quarter of 2003 and 2002, respectively. The effective tax rate declined in 2003 due to the effect that permanent differences have on higher levels of pre-tax book income, as well as changes in estimates.

FINANCIAL CONDITION AND CASH FLOWS

Liquidity and Capital Resources

The Company has made, and expects to continue to make, significant investments in technology to fund its future growth and increase shareholder value. Capital expenditures were \$1.6 million during the first quarter of 2003 primarily to develop and enhance its electronic trading system technology and other initiatives. Future cash flows will benefit from the occupancy of a major new tenant in the Company's headquarters building in the second quarter of this year. The Company had \$118.9 million in cash, cash equivalents, reverse repurchase agreements and marketable securities at March 31, 2003. On April 14, 2003, the Exchange received a long-term AA+ and a short-term A-1+ counter-party credit ratings from Standard & Poor's Rating Services ("S&P").

Cash Flow

	AS OF MARCH 31, 2003	AS OF MARCH 31, 2002	(\$ IN THOUSANDS)
Net cash provided by (used in) Operating activities.....	\$ 19,456	\$ 4,275	
Investing activities.....	(12,482)	(5,966)	
Financing activities.....	(5,000)		
Net increase (decrease) in cash and cash equivalents.....	\$ 1,974	\$(1,691)	=====



Net cash provided by operating activities was \$19.5 million, driven by net income before non-cash depreciation expense, capital asset disposition losses and the provision for income taxes.

Investing activities included the ongoing investment of operating cash flows in the Company's investment portfolio and the acquisition of certain assets of TradinGear.com ("TG"), a trading software development and licensing company. The primary asset purchased was TG's trade-matching engine, which the Company had been licensing from TG. The Company intends to use this software as the foundation for its electronic trading strategy, NYMEX ClearPort(SM) Trading. In January 2003, the Company distributed to its shareholders the \$5 million dividend it had declared in December 2002.

#### Working Capital

(IN THOUSANDS)	----- AT	
MARCH 31, AT DECEMBER 31, 2003	2003	2002
	----- Current	
assets.....	\$285,956	\$212,709
liabilities.....	189,765	119,697
capital.....	\$ 96,191	\$ 93,012
ratio.....	1.51	1.78

Current assets at March 31, 2003 increased by 34%, from year-end 2002 primarily as a result of the increase in securities purchased under agreements to resell, and increases in segregated and guaranty funds. Segregated and guaranty funds represent the cash component of clearing member deposits into the guarantee funds, which provide capital for the Company's clearing business, and the cash component of customer margin deposits held in custody by clearing members and posted with the Company's clearinghouse. The Company may invest this cash, subject to significant restrictions, for its own benefit and, therefore, reflects these funds as current income-producing assets with the equivalent offsetting liabilities to the respective clearing members.

Current liabilities at March 31, 2003 increased by 59%, from year-end 2002, primarily due to the increases in segregated and guaranty funds and income taxes payable, partially offset by the \$5 million dividend payment made in January.

#### Future Cash Requirements

As of March 31, 2003, the Company had long-term debt of \$91.6 million and short-term debt of \$2.8 million. This debt consisted of the following:

- \$25.4 million of 7.48% notes, of which \$2.8 million is short term, with a remaining ten-year principal payout,
- \$54 million of 7.75% notes with an eleven-year principal payout beginning in 2011, and
- \$15 million of 7.84% notes with a five-year principal payout beginning in 2022.

The Company would incur a redemption premium should it choose to pay off any debt series prior to its maturity. Management believes that in the current economic and interest rate environment, the economic benefit from refinancing at a lower rate would be offset by the redemption penalty incurred. These notes contain certain limitations on the Company's ability to incur additional indebtedness.

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

A summary of the Company's future cash payments associated with its contractual cash obligations outstanding as of March 31, 2003 as well as an estimate of the timing in which these commitments are expected to expire are set forth on the following table below, which is presented in thousands:

PAYMENTS DUE BY PERIOD -----				
-----				
	----- LESS THAN		AFTER	
CONTRACTUAL OBLIGATION	1 YEAR	1-3 YEARS	4-5 YEARS	5 YEARS TOTAL
-----	-----	-----	-----	-----
-----				
Long-term debt				
Principal.....	\$ 2,817	\$		
5,634	\$ 5,634	\$ 80,281	\$ 94,366	
Debt				
interest.....				
7,258	13,885	13,042	59,768	93,953
Operating				
leases.....	4,333			
5,859	5,312	10,729	26,233	Other
long-term obligations(1).....	732			
1,853	2,401	6,879	11,865	-----
-----				
Total.....				
\$15,140	\$27,231	\$26,389	\$157,657	
\$226,417	=====	=====	=====	
	=====	=====		

(1) Subordinated commitment -- COMEX Members' Retention Program.

The table above does not include the Company's financial guaranties under the "Seat Financing Program" since the Company has the right to liquidate the member's interests in case the member defaults on the loan.

The Company and NYBOT entered into a lease that became effective on November 20, 2002. The rent commencement date for the trading floor space is the earlier of occupancy or July 1, 2003. The rent commencement date for the office space was March, 2003.

The Company believes that its cash flows from operations and existing working capital will be sufficient to meet its needs for the foreseeable future, including capital and operating expenditures associated with the development of its electronic trading strategy and other initiatives. In addition, the Company has the ability, and may seek, to raise capital through issuances of debt or equity in the private and public capital markets.

#### CRITICAL ACCOUNTING POLICIES

##### REVENUE RECOGNITION

###### Clearing and Transaction Revenues

The largest source of the Company's operating revenues are clearing and transaction fees. These fees are recognized as revenue in the same period that trades are effectuated on the Company's exchanges. Clearing and transaction fees receivable are monies due the Company from clearing member firms. Exposure to losses on receivables is principally dependent on each member firm's financial condition. Members' equity interests collateralize fees owed to the Company. At the end of March 31, 2003 and December 31, 2002, no clearing and transaction fees receivable balance was greater than the member's equity interests. Management does not believe that a concentration of credit risk exists from these receivables. The Company retains the right to liquidate a member's equity interests in order to satisfy its receivable.

Clearing and transaction fees receivable are carried net of allowances for member credits, which are based upon expected billing adjustments. Allowances for member credits of \$500,000 were recorded as a reductions of clearing and transaction fees receivable at March 31, 2003 and December 31, 2002, respectively. The Company believes the allowances are adequate to cover member credits. The Company also believes the likelihood of incurring material losses due to collectibility is remote and, therefore, no allowance for doubtful accounts is necessary.

###### Market Data Revenue

The Company provides real time information to subscribers regarding prices

of futures and options contracts traded on the Exchange. In accordance with industry practice, fees are remitted to the Exchange by market data vendors on behalf of subscribers. Revenues are accrued for the current month based on the last month reported. The Company conducts periodic audits of the information provided, and assesses, where appropriate based on audit findings, additional fees.

## Capitalization of Internally-Developed Software

The costs incurred for the development of computer software are evaluated on a project-by-project basis and capitalized in accordance with Statement of Position 98-1. Projects are amortized over two to five year periods.

## Deferred Credits

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

In 2002, the Company entered into an agreement and received a \$5 million grant from the Empire State Development Corporation. This agreement requires the company to maintain certain annual employment levels, and the grant is subject to recapture amounts, on a declining scale, over time. The grant will be recognized in income ratably in accordance with a recapture schedule.

## Recent Accounting Pronouncements

The Company adopted Statement of Financial Accounting Standard ("SFAS") No. 145, which rescinds SFAS No. 4, Reporting Gains and Losses from Extinguishment of Debt, SFAS No. 44, Accounting for Intangible Assets of Motor Carriers, and SFAS No. 64, Extinguishment of Debt Made to Satisfy Sinking-Fund Requirement ("SFAS 145"). SFAS No. 145 also amends SFAS No. 13, Accounting for Leases, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. As a result of the rescission of SFAS No. 64, the criteria in Accounting Principles Board ("APB") No. 30 will be used to classify gains and losses from debt extinguishment. SFAS No. 145 also amends other existing authoritative pronouncements to make various technical corrections, clarify meaning, or describe their applicability under changed conditions. SFAS No. 145 became effective for the Company as of January 1, 2003. The adoption of SFAS No. 145 had no impact on the Company's consolidated results of operations, financial position, or cash flows.

The Company adopted SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activity, effective January 1, 2003. SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities, and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring), which previously governed the accounting treatment for restructuring activities. SFAS No. 146 applies to costs associated with an exit activity covered by SFAS No. 144. Those costs include, but are not limited to, the following: (1) termination benefits under the terms of a benefit arrangement that, in substance, is not an ongoing benefit arrangement or an individual deferred-compensation contract, (2) costs to terminate a contract that is not a capital lease, and (3) costs to consolidate facilities to relocate employees. SFAS No. 146 does not apply to costs associated with the retirement of long-lived assets covered by SFAS No. 143. The adoption of SFAS No. 146 had no impact on the Company's consolidated results of operations, financial position or cash flows.

The Company adopted Financial Accounting Interpretation ("FIN") No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, effective January 1, 2003. FIN No. 45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees, and standby letters of credit. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair market value of the obligations it assumes under that guarantee and must disclose that information in its interim and annual financial statements. The initial recognition and measurement provisions of FIN No. 45 were applied prospectively to guarantees issued or modified after December 31, 2002. The adoption of FIN No. 45 had no impact on the Company's consolidated results of operations, financial position or cash flows.

## BUSINESS HIGHLIGHTS

On April 14, 2003, the Exchange received a long-term AA+ and a short-term A-1+ counter-party credit rating from Standard & Poor's Rating Services ("S&P"). S&P noted the Exchange's strong operating cash flow coverage, solid capital base, highly liquid balance sheet, and the role it plays as the largest physical commodity market in the world, based upon 133 million contracts traded in 2002.

On March 18, 2003, the stockholders of NYMEX Holdings, elected eight (8) directors at the annual meeting. The following individuals were elected to the Company's board of directors and won with the following number of affirmative votes: Stephen Ardizzone (252), David Greenberg (321), John McNamara (440), Jesse Harte (325), Scott Hess (455), Joel Faber (496), John Conheeneey (456), and E. Bulkeley Griswold (427). The following directors' terms of office continued after the annual meeting: Vincent Viola, Mitchell Steinhouse, Richard Schaeffer, Gary Rizzi, Eric Bolling, Madeline Boyd, Joseph Cicchetti, Melvyn Falis, Stephen Forman, Kenneth Garland, A. George Gero, Steven Karvellas, Harley Lippman, Michel Marks, Kevin McDonnell, Gordon Rutledge and Robert Steele.

On April 29, 2003, a NYMEX Division seat sold for a record \$1,350,000. Ownership of a seat on the NYMEX Division also represents a share of common stock in NYMEX Holdings, as well as a Class A membership on NYMEX Exchange.

### Electronic Trading and Trade Clearing -- NYMEX ClearPort(SM)

In 2002, the Company developed the NYMEX ClearPort(SM) initiative, which is designed to provide an array of services beyond those provided by open outcry trading. There are two major components of this initiative at this time. NYMEX ClearPort(SM) Trading provides a trade execution system for certain energy futures products, which are based on commonly traded OTC instruments. The system was launched in January 2003. The Company anticipates that, assuming the system provides the anticipated reliability, flexibility and scalability, NYMEX ClearPort(SM) Trading will become the mechanism through which all electronic trading on the Exchange will be conducted. NYMEX ClearPort(SM) Clearing is the mechanism by which individually negotiated off-exchange trades are submitted to the Exchange for clearing for specified products. This includes clearing for the products that are part of the OTC clearing initiative launched in May 2002 as well as the interface used to submit Exchange of Futures for Physical ("EFP") and Exchange of Futures for Swaps ("EFS") transactions for energy futures traded as part of NYMEX ClearPort(SM) Trading and a limited number of NYMEX ACCESS(R) products.

In January 2003, the Company through a wholly-owned subsidiary Tradingear Acquisition LLC, entered into an Asset Purchase Agreement with TradinGear.com ("TG") and its parent company TGFIN Holdings, Inc. to purchase certain of the assets of TG. The Company closed the transaction on March 31, 2003. The primary asset purchased was a trade-matching engine, which was being licensed from TG prior to the purchase. As part of this transaction, certain of TG's existing employees became employees of the Company. The Company believes that ownership of this proprietary trade matching software will provide it with strategic flexibility to pursue its own electronic trading strategy.

## RESPONSIBILITY FOR FINANCIAL REPORTING

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The table below provides information about the Company's marketable securities, excluding equity securities, and long term debt including expected principal cash flows for the years 2003 through 2008 and thereafter (in thousands).

PRINCIPAL AMOUNTS BY EXPECTED MATURITY  
AT MARCH 31, 2003

WEIGHTED AVERAGE YEAR	PRINCIPAL AMOUNT	INTEREST RATE	- - - - -
----- ASSETS MUNICIPAL BONDS			
2003.....	\$ 1,847	3.89%	
2004.....	2,160	5.55%	
2005.....	3,902	4.99%	
2006.....	10,039	4.23%	
2007.....	9,699	4.52%	2008 and
thereafter.....		4.62%	----- 34,289
Total.....	\$ 61,936	N/A	Fair
Value.....	64,259	N/A	\$
----- LIABILITIES CORPORATE DEBT			
2003.....	\$ 2,817	7.69%	
2004.....	2,817	7.71%	
2005.....	2,817	7.71%	
2006.....	2,817	7.72%	
2007.....	2,817	7.73%	2008 and
thereafter.....		7.74%	----- 80,281
Total.....	\$ 94,366	N/A	Fair
Value.....	\$122,549	N/A	

Interest Rate Risk

Current Assets. In the normal course of business, the Company invests primarily in fixed income securities. Marketable securities bought by the Company are typically held for the purpose of selling them in the near term and are classified as trading securities. Unrealized gains and losses are included in earnings. For the three months ended March 31, 2003 and the year ended December 31, 2002, the Company had net investment income of \$686,000 and \$5.7 million, respectively. Accordingly, a substantial portion of the Company's income depends upon its ability to continue to invest monies in these instruments at prevailing interest rates and market prices. The fair value of these securities at March 31, 2003 and December 31, 2002 were \$67.5 million and \$67.0 million, respectively. The change in fair value, using a hypothetical 10% decline in prices, is estimated to be \$6.8 million for March 31, 2003 and \$6.7 million for December 31, 2002, respectively. The Company also invests in U.S. government securities and reverse repurchase agreements and maintains interest-bearing balances in its trading accounts with its investment managers. Financial instruments with maturities of three months or less when purchased are classified as cash equivalents in the condensed consolidated balance sheets.

Debt. The interest rate on the Company's long-term indebtedness is a weighted average fixed rate of 7.69%. The Company's fixed rate debt is exposed to the risk that the fair market value of its debt will increase in a declining interest rate environment. This would result in the Company paying a redemption premium if it

should choose to refinance this debt. Management has not deemed it necessary to employ any interest rate risk management strategies, such as interest rate swap agreements. In the future, as the Company pursues its market strategy, it may become subject to a higher degree of interest rate sensitivity if it is required to borrow at higher or at variable rates. This could significantly increase the Company's future sensitivity to interest rate fluctuations and materially affect, in a negative manner, the Company's future financial position and results of operations. There have been no material changes in the Company's outstanding debt since December 31, 2002.

#### Credit Risk

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

The Exchange, as a self-regulatory organization, has instituted detailed risk-management policies and procedures to guard against default risk with respect to contracts traded on the Exchange. The Exchange also has extensive surveillance and compliance operations and procedures to monitor and to enforce compliance with rules pertaining to the trading, position sizes and financial condition of Members. As described herein, the Exchange has powers and procedures designed to backstop contract obligations in the event that a contract default occurs on the Exchange including authority to levy assessments on each of the NYMEX Clearing Members if, after a default by another NYMEX Clearing Member, there are insufficient funds available to cover a deficit. The maximum assessment on each NYMEX Clearing Member is the lesser of \$15 million or 40% of such NYMEX Clearing Member's capital. The Board of Directors of COMEX Clearing Association, which serves as the Clearinghouse for COMEX, has substantially similar authority in the case of a default by a COMEX Clearing Member.

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

Moreover, despite the risk mitigation techniques adopted by, and the other powers and procedures implemented by the Exchange, which are designed to, among other things, minimize the potential risks associated with the occurrence of contract defaults on the Exchange, there can be no assurance that these powers and procedures will prevent contract defaults or will otherwise function to preserve the liquidity of the Exchange. In the case of a contract default, to the extent that funds are not otherwise available to the Exchange or the Clearinghouse to satisfy the obligations under such contract, as a result of the clearinghouse's role as buyer to every seller and seller to every buyer of futures and options contracts traded on the Exchange, the clearinghouse would be obligated to perform such obligations.

#### ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures. Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as such term is

defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"). Based upon such evaluation, such officers have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to the Company that is required to be included in our periodic filings under such Exchange Act.

(b) Changes in Internal Controls. Since the Evaluation Date, there have not been any significant changes in our internal controls or in other factors that could significantly affect such controls.



PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On May 7, 2003, NYMEX Exchange and GlobalView Software, Inc., entered into a complete settlement agreement in a previously disclosed litigation.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Not applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On March 18, 2003, the stockholders of NYMEX Holdings, elected eight (8) directors at the annual meeting. The following individuals were elected to the Company's board of directors and won with the following number of affirmative votes: Stephen Ardizzone (252), David Greenberg (321), John McNamara (440), Jesse Harte (325), Scott Hess (455), Joel Faber (496), John Conheeney (456), and E. Bulkeley Griswold (427). The following directors' terms of office continued after the annual meeting: Vincent Viola, Mitchell Steinhouse, Richard Schaeffer, Gary Rizzi, Eric Bolling, Madeline Boyd, Joseph Cicchetti, Melvyn Falis, Stephen Forman, Kenneth Garland, A. George Gero, Steven Karvellas, Harley Lippman, Michel Marks, Kevin McDonnell, Gordon Rutledge, and Robert Steele.

ITEM 5. OTHER INFORMATION

Not applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

EXHIBITS

10.14 Employment Agreement between NYMEX Holdings, Inc., and Samuel H. Gaer.

On March 6, 2003, NYMEX Holdings, Inc., filed a Form 8-K with the Securities and Exchange Commission disclosing that the annual report on Form 10-K for the year ended December 31, 2002 was accompanied by certifications of the Company's Chairman (i.e., its Principal Executive Officer) and its Chief Financial Officer, as required by 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. The certifications were in the form required by such Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned; thereunto duly authorized, on the 15th day of May, 2003.

NYMEX HOLDINGS, INC.

BY: /s/ LEWIS A. RAIBLEY, III

-----  
Name: Lewis A. Raibley, III  
Title: Duly Authorized Officer and  
Principal Financial Officer  
(Chief Financial Officer)

CERTIFICATIONS

I, Vincent Viola, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NYMEX Holdings, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
  - a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ VINCENT VIOLA

-----  
Name: Vincent Viola  
Title: Chairman

Date: May 14, 2003

CERTIFICATIONS

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

1. I have reviewed this quarterly report on Form 10-Q of NYMEX Holdings, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
  - a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ LEWIS A. RAIBLEY, III

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

May 14, 2003

## EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT dated as of March 31, 2003, by and between NYMEX HOLDINGS, INC. and NEW YORK MERCANTILE EXCHANGE, INC, which have their principal place of business at One North End Avenue, New York, New York 10282 (collectively, the "Company"), and SAMUEL GAER (the "Executive").

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

NOW, THEREFORE, the parties agree as follows:

1. Term. The Company hereby employs the Executive, and the Executive hereby accepts such employment, for a term commencing as of March 31, 2003 and ending on March 30, 2006, unless sooner terminated in accordance with the provisions of Section 4 or Section 5 (the "Initial Term"); with such employment to continue thereafter for successive one-year periods (each an "Extension Term") in accordance with the terms of this Agreement (subject to termination as aforesaid) unless either party notifies the other party of non-renewal in writing prior to 30 days before the expiration of the Initial Term or an Extension Term, as applicable (the period during which the Executive is employed hereunder, including the Initial Term and each Extension Term, being hereinafter referred to as the "Term").

2. Duties. During the Term, the Executive shall be employed by the Company as Chief Information Officer of the Company, and, as such, the Executive shall faithfully perform for the Company the duties of said office and shall perform such other duties of an executive, managerial or administrative nature, consistent with his office, as shall be specified and designated from time to time by the Board of Directors of the Company (the "Board"). The Executive shall devote substantially all of his business time and effort to the performance of his duties hereunder. Company acknowledges that Executive shall continue to be employed by TGFIN Holdings, Inc. and TradinGear.com as a non-executive Chairman for a limited period in order to effect any outstanding administrative issues and shall continue to serve on the board of directors of TGFIN Holdings, Inc. and TradinGear.com for a limited period.

3. Compensation.

3.1 Salary. The Company shall pay the Executive during the Term a salary at the rate of \$360,000 per year (the "Annual Salary"). For each Extension Term, the Annual Salary shall be equal to the product of (x) \$360,000, multiplied by (y) a fraction, the numerator of which is the CPI Index (as hereinafter defined) most recently published prior to the first day of the Extension Term and the denominator of which is the CPI Index most recently published prior to the date of this Agreement. As used in this Agreement, the "CPI Index" means the Consumer Price Index for All Urban Consumers, all items index (1982-84=100), U.S. city average, published by the U.S. Bureau of Labor Statistics, or any successor index; provided, however, that the adjustment provided for in this sentence shall not be made if it otherwise would result in a reduction of the Annual Salary. The Annual Salary shall be payable in accordance with the customary payroll practices of the Company applicable to its senior executives.

3.2 Bonus.

(a) In addition to the Annual Salary, for each calendar year ending during the Initial Term, the Executive shall have the opportunity to receive an annual bonus (the "Annual Bonus") in an amount to be determined by the Board, but in no event less than \$100,000 per year. The Executive's minimum bonus entitlement for the year ending December 31, 2003 shall be \$100,000 and shall not be prorated. The Executive's minimum bonus entitlement for the 1/1/06 to 3/31/06 period shall be \$25,000.

(b) The Annual Bonus shall be deemed first earned and accrued on, but shall be payable not later than, December 31 of each year during the Term.

### 3.3 Benefits.

(a) The Executive shall be permitted during the Term to participate in any group life, hospitalization or disability insurance plans, health programs, retirement plans, fringe benefit programs and similar benefits that may be available to other senior executives of the Company generally, on the same terms as such other executives, in each case to the extent that the Executive is eligible under the terms of such plans or programs.

(b) Notwithstanding the provisions of Section 3.3(a):

(i) the Company shall provide a maximum of \$4,000 per year towards the cost of term life insurance coverage to be obtained by the Executive (providing for aggregate payments in the event of the Executive's death to the beneficiaries named by the Executive of approximately \$3,000,000), payable when the Executive provides satisfactory evidence of such coverage and the cost thereof;

(ii) the Executive shall be entitled to first class air travel when traveling at the Company's request, but, if requested by the Company, the Executive shall be required to use upgrades and similar cost control techniques, if available;

(iii) the Executive shall be permitted to be accompanied by family members when travelling on the Company's business so long as the cost of the Executive's travel and accommodations is not thereby rendered more expensive for the Company, in which case the Executive shall bear such additional expense; and

(iv) the Company shall provide a maximum of \$2,500 per year toward the cost of disability insurance coverage to be obtained by the Executive, payable when the Executive provides satisfactory evidence of such coverage and the cost thereof.

(c) the Executive shall be entitled to such vacation and other leave policies which shall be comparable to that applicable to other officers and executives of the Company of comparable position.

### 3.4 Grant of Option.

(a) In the future, the Company may seek to pursue an initial public offering (or private placement) of equity securities. The Executive acknowledges that an initial public offering (or private placement) might not be completed, and the Company has not promised that either will in fact occur. The Company reserves the right to change its plans in this regard at any time and will incur no liability to the Executive if it does so.

(b) If and when the Company completes an initial public offering or private placement of its equity securities, effective not later than the closing of the initial public offering or

private placement, the Executive shall be granted an option (the "Option"), subject to such terms and conditions (including without limitation provisions relating to method of exercise and payment, vesting, withholding, limited periods after termination of employment within which the Option may be exercised, nontransferability and rights of repurchase and first refusal) as may be determined by the Board of Directors (or comparable governing body) of the entity granting the Option, which shall be comparable to the provisions of options granted to other officers and executives of the Company of comparable position.

3.5 Expenses. The Company shall pay or reimburse the Executive for all ordinary and reasonable out-of-pocket expenses actually incurred (and, in the case of reimbursement, paid) by the Executive during the Term in the performance of the Executive's services under this Agreement; provided that the reimbursement requests are in compliance with expense reimbursement policies adopted from time to time by the Board.

4. Termination upon Death or Disability. If the Executive dies during the Term, the Term shall terminate as of the date of death, and the obligations of the Company to or with respect to the Executive shall terminate in their entirety upon such date except as otherwise provided under this Section 4. If the Executive by virtue of ill health or other disability is unable (including with reasonable accommodation) to perform substantially and continuously the duties assigned to him for more than 180 consecutive or non-consecutive days out of any consecutive 12-month period, the Company shall have the right, to the extent permitted by law, to terminate the employment of the Executive upon notice in writing to the Executive. Upon termination of employment due to death or disability, in addition to any insurance benefits that may be payable, (i) the Executive (or the Executive's estate or beneficiaries in the case of the death of the Executive) shall be entitled to receive any Annual Salary and other benefits earned and accrued under this Agreement prior to the date of termination (and reimbursement under this Agreement for expenses incurred prior to the date of termination), (ii) in the case of disability, the outstanding, unvested options that are due to vest in that calendar year shall vest and become immediately exercisable, and (iii) the Executive (or, in the case of his death, his estate and beneficiaries) shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights hereunder.

#### 5. Certain Terminations of Employment.

##### 5.1 Termination for Cause; Voluntary Termination of Employment by the Executive.

- (a) For purposes of this Agreement, "Cause" shall mean the Executive's:
- (i) conviction of a felony, or conviction of any other crime that involves dishonesty or breach of trust;
  - (ii) violation involving dishonesty, breach of trust or bad faith of any statute, regulation or rule in the areas of commodities or securities regulation that results in sanctions against the Executive or the Company;
  - (iii) deliberate misconduct, willful dereliction of duty, fraud, misappropriation or embezzlement;
  - (iv) failure to devote substantially all of his business time and efforts to the Company in accordance with this Agreement and failure to cure such breach within ten business days following the Executive's receipt of written notice from the Company specifying such breach;

(v) material breach of any of the provisions of Section 6; or

(vi) breach in any material respect of the terms and provisions of this Agreement and failure to cure such breach within ten business days following the Executive's receipt of written notice from the Company specifying such breach;

provided, that any termination pursuant to clauses (iv) through (vi) above must be by written notice given to the Executive not more than 90 days following (x) the occurrence of any of the events described in clauses (iv) through (vi) above or (y) if later and arising out of the Executive's bad faith, willful misconduct or dishonesty, the Board's knowledge thereof.

(b) The Company may terminate the Executive's employment hereunder for Cause at any time.

(c) The Executive may terminate his employment, for Good Reason or otherwise, on at least 30 days' and not more than 60 days' written notice given to the Company. For purposes of this Agreement, "Good Reason" shall mean:

(i) relocation by the Company of the Executive's principal place of employment by more than 50 miles; or

(ii) a material breach by the Company of the terms of this Agreement and failure to cure such breach within ten business days following the Company's receipt of written notice from the Executive specifying such breach.

(d) If the Company terminates the Executive for Cause, or upon any other termination not covered by Section 4 or Section 5.2 (including voluntary termination by the Executive other than for Good Reason), (i) the Executive shall be entitled to receive Annual Salary and other benefits (but, in all events, and without increasing the Executive's rights under any other provision hereof, excluding any bonuses not yet paid) earned and accrued under this Agreement prior to the termination of employment (and reimbursement under this Agreement for expenses incurred prior to the termination of employment); and (ii) the Executive shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights hereunder.

#### 5.2 Termination by the Company without Cause; Termination by the Executive for Good Reason.

(a) The Company may terminate the Executive's employment at any time for any reason or no reason. If the Company terminates the Executive's employment (including by giving notice of non-renewal of the Term pursuant to Section 1) other than for Cause, or if the Executive terminates his employment for Good Reason in accordance with Section 5.1(c), and in either such case the termination is not covered by Section 4, (i) the Executive shall receive Annual Salary and other benefits earned and accrued under this Agreement prior to the termination of employment (and reimbursement under this Agreement for expenses incurred prior to the termination of employment); (ii) the Executive shall receive (A) a cash payment equal to 200% of the sum of (x) the Executive's Annual Salary and (y) the Executive's minimum Annual Bonus and of this cash payment, one-third will be payable within five business days after the date of termination; one-third will be payable in equal bi-weekly installments through the applicable Restricted Period; and one-third will be payable within five business days following the end of the applicable Restricted Period; and (B) for a period equal to the shortest of (i) twelve months after termination of employment, (ii) until the Executive commences full-time employment and then or subsequently receives health insurance benefits or (iii) until 90 days after the Executive commences full-time employment, such continuing coverage under the group health plans as



the Executive would have received under this Agreement (and at such costs to the Executive) as would have applied in the absence of such termination; (iii) all outstanding unvested options held by the Executive shall vest and become immediately exercisable, and the Executive shall become fully vested in any pension or other deferred compensation other than pension or deferred compensation under a plan intended to be qualified under Section 401(a) or 403(a) of the Internal Revenue Code of 1986, as amended; and (iv) the Executive shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights hereunder.

(b) Nothing herein shall restrict the ability of the Company to amend or terminate the plans and programs referred to in Section 5.2(a)(ii)(B) from time to time in its sole discretion, and the Company shall in no event be required to provide any benefits otherwise required by such clause 5.2(a)(ii)(B) after such time as the Executive becomes entitled to receive benefits of the same type from another employer or recipient of the Executive's services (such entitlement being determined without regard to any individual waivers or other similar arrangements). The Executive's right to the payments and other benefits described in this Section 5.2 is conditioned on his continued compliance with the provisions of Section 6, whether or not those provisions otherwise are enforceable.

## 6. Covenants of the Executive.

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

(a) By and in consideration of the salary and benefits to be provided by the Company hereunder, including the severance arrangements set forth herein, and further in consideration of the Executive's exposure to the proprietary information of the Company, the Executive covenants and agrees that, during the applicable Restricted Period (as hereinafter defined), he shall not in the continental United States, directly or indirectly, (i) engage in any material element of the Business, (ii) render any services to any person, corporation, partnership or other entity (other than the Company or its affiliates) engaged in any material element of the Business, or (iii) become interested in any such person, corporation, partnership or other entity (other than the Company or its affiliates) as a partner, shareholder, principal, agent, employee, consultant or in any other relationship or capacity. Notwithstanding the foregoing, this provision shall not preclude Executive during the applicable Restricted Period from being employed as a trader (except to the extent that the entity on whose behalf Executive traded would be engaged in the Business). As used in this Agreement, the "Restricted Period" means the period beginning on the date of this Agreement and ending (x) if the Executive's employment is terminated by the Company for Cause, six months after the date of termination; and (y) if the Executive's employment is terminated voluntarily by him, by Executive for Good Reason or if the Executive's employment is terminated by the Company without Cause, one year after the date of termination.

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

(c) From the date hereof and for a period of one year after the termination of the Executive's employment with the Company, the Executive shall not, without the Company's prior written consent, directly or indirectly, (i) solicit or encourage to leave the employment or other service of the Company, or any of its affiliates, any employee or independent contractor thereof or (ii) hire (on behalf of the Executive or any other person or entity) any employee or independent contractor who has left the employment or other service of the Company or any of its affiliates within the one-year period which follows the termination of such employee's or independent contractor's employment or other service with the Company and its affiliates. From the date hereof and for a period of one year after the termination of the Executive's employment with the Company, the Executive will not, whether for his own account or for the account of any other person, firm, corporation or other business organization, intentionally interfere with the Company's or any of its affiliates' relationship with, or endeavor to entice away from the Company or any of its affiliates, any person who during the Term is or was a customer or client of the Company or any of its affiliates. During the Restricted Period, the Executive shall not publish any statement or make any statement under circumstances reasonably likely to become public that is critical of the Company or any of its affiliates, or in any way adversely affecting or otherwise maligning the Business or reputation of the Company or any of its affiliates.

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

## 6.2 Rights and Remedies upon Breach.

The Executive acknowledges and agrees that any breach by him of any of the provisions of Section 6.1 (the "Restrictive Covenants") would result in irreparable injury and harm for which money damages would not provide an adequate remedy. Therefore, if the Executive breaches, or threatens to commit a breach of, any of the provisions of Section 6.1, the Company and its affiliates shall have the following rights and remedies, each of which rights and remedies shall be independent of the others and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company and its affiliates under law or in equity (including, without limitation, the recovery of damages):

(i) The right and remedy to have the Restrictive Covenants specifically enforced (without the need to prove damages) by any court having equity jurisdiction, including, without limitation, the right to an entry against the Executive of restraining orders and

injunctions (preliminary, mandatory, temporary and permanent) against violations, threatened or actual; and

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

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

## 7. Other Provisions.

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

7.2 Duration and Scope of Covenants. If any court or other decision-maker of competent jurisdiction determines that any of the Executive's covenants contained in this Agreement, including, without limitation, any of the Restrictive Covenants, or any part thereof, is unenforceable because of the duration or geographical scope of such provision, then, after such determination has become final and unappealable, the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced.

7.3 Enforceability; Jurisdiction. The Company and the Executive intend to and hereby confer jurisdiction to enforce the Restrictive Covenants set forth in Section 6 any Federal or State court sitting in the State of New York. The parties hereby agree to waive any right to a trial by jury for any and all disputes hereunder (whether or not relating to the Restricted Covenants).

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

(i) If to the Company, to:

New York Mercantile Exchange  
One North End Avenue  
New York, New York 10282  
Attention: General Counsel

(ii) If to the Executive, to him at:

c/o Michael Karsch, Esq.  
Sachs, Sax & Klein, P.A.  
Northern Trust Plaza, Suite 4150  
301 Yamato Road  
Boca Raton, FL 33431

Any such person may by notice given in accordance with this Section 7.4 to the other parties hereto designate another address or person for receipt by such person of notices hereunder.

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

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

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

7.8 Assignment. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive; any purported assignment by the Executive in violation hereof shall be null and void. In the event of any sale, transfer or other disposition of all or substantially all of the Company's assets or business, whether by merger, consolidation or otherwise, the Company may assign this Agreement and its rights hereunder.

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

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

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

7.12 Survival. Anything contained in this Agreement to the contrary notwithstanding, the provisions of Section 6, 7.3 and 7.9, and the other provisions of this Section 7 (to the extent necessary to effectuate the survival of Sections 6, 7.3 and 7.9), shall survive termination of this Agreement and any termination of the Executive's employment hereunder.

7.13 Existing Agreements. The Executive represents to the Company that he is not subject or a party to any employment or consulting agreement, non-competition covenant or other

agreement, covenant or understanding which might prohibit him from executing this Agreement or limit his ability to fulfill his responsibilities hereunder.

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

7.15 Parachutes. If all, or any portion, of the payments provided under this Agreement, either alone or together with other payments and benefits which the Executive receives or is entitled to receive from the Company or an affiliate, would constitute an excess "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the payments and benefits provided under this Agreement shall be reduced to the extent necessary so that no portion thereof shall fail to be tax-deductible under Section 280G of the Code.

7.16 Costs of Litigation. In any legal proceeding brought for enforcement or interpretation of this Agreement, each party shall bear its own costs and expenses, including legal fees and expenses incurred in the proceeding, and the costs of investigation and preparation.

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

NYMEX HOLDINGS, INC.

By: /s/ J. Robert Collins, Jr.

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J. Robert Collins, Jr., President

NEW YORK MERCANTILE EXCHANGE, INC.

By: /s/ J. Robert Collins, Jr.

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J. Robert Collins, Jr., President

EXECUTIVE

/s/ Samuel Gaer

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Samuel Gaer