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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## Amendment No. 4

to

### Form S-1

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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## CHICAGO MERCANTILE EXCHANGE HOLDINGS INC.

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of  
Incorporation or Organization)

**6200**

(Primary Standard Industrial  
Classification Code Number)

**36-4459170**

(I.R.S. Employer  
Identification Number)

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**30 South Wacker Drive  
Chicago, Illinois 60606  
(312) 930-1000**

(Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Registrant's Principal Executive Offices)

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**Craig S. Donohue, Esq.  
Executive Vice President and Chief Administrative Officer  
Chicago Mercantile Exchange Holdings Inc.  
30 South Wacker Drive  
Chicago, Illinois 60606  
(312) 930-1000**

(Name, Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Agent For Service)

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**APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:** As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. //

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. //

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. //

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. //

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. //

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### CALCULATION OF REGISTRATION FEE

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| Title of Each Class of<br>Securities to be Registered | Proposed Maximum Aggregate<br>Offering Price(1) | Amount of Registration Fee |
|---|---|----------------------------|
|---|---|----------------------------|

(1) Estimated solely for the purpose of computing the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended.  
 (2) \$13,800 have been previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We and the selling shareholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and neither we nor the selling shareholders are soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)  
 Issued , 2002

4,751,070 Shares



# Chicago Mercantile Exchange Holdings Inc.

CLASS A COMMON STOCK

Chicago Mercantile Exchange Holdings Inc. is offering 3,000,000 shares of Class A common stock and the selling shareholders are offering 1,751,070 shares of Class A common stock. This is our initial public offering, and there has been no organized public market for our Class A common stock. We anticipate that the initial public offering price will be between \$31.00 and \$34.00 per share. Chicago Mercantile Exchange Holdings Inc. will not receive any proceeds from the sale of shares by the selling shareholders.

We have applied to list our Class A common stock on The New York Stock Exchange under the symbol "CME."

Investing in our common stock involves risks. See "Risk Factors" beginning on page 6.

|           | PRICE \$ A SHARE |  |  |                                  |
|-----------|------------------|--|--|----------------------------------|
|           | Price to Public  | Underwriting Discounts and Commissions | Proceeds to Chicago Mercantile Exchange Holdings | Proceeds to Selling Shareholders |
| Per Share | \$               | \$                                     | \$   | \$                               |
| Total     | \$               | \$                                     | \$   | \$                               |

Chicago Mercantile Exchange Holdings Inc. has granted the underwriters the right to purchase up to an additional 712,660 shares to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Morgan Stanley & Co. Incorporated expects to deliver the shares to purchasers on , 2002.

MORGAN STANLEY  
 SALOMON SMITH BARNEY

UBS WARBURG  
 JPMORGAN

WILLIAM BLAIR & COMPANY

, 2002

[INSIDE FRONT COVER]

[Photographic montage of a globe, hand signals and wallboard displays (from our open outcry trading floors) and a computer keyboard (used for electronic trading). The image is captioned "Our futures and options on futures contracts are traded on CME's open outcry trading floors in Chicago, electronically around the world on CME's GLOBEX® platform and through privately negotiated transactions."]

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Our principal executive offices are located at 30 South Wacker Drive, Chicago, Illinois 60606, and our telephone number is (312) 930-1000. In this prospectus, the terms "company," "exchange," "we," "us" and "our" refer to Chicago Mercantile Exchange Holdings Inc. and its subsidiary, Chicago Mercantile Exchange Inc., when the distinction between the two companies is not important to the discussion. When the distinction between the two companies is important to the discussion, we use the term "CME" to refer to Chicago Mercantile Exchange Inc. and "CME Holdings" to refer to Chicago Mercantile Exchange Holdings Inc. On December 3, 2001, we reorganized into a holding company structure. This reorganization was effected through a merger of CME Holdings' wholly owned subsidiary, CME Merger Subsidiary Inc., into CME. Following the merger, CME became a wholly owned subsidiary of CME Holdings. For a more detailed discussion of our reorganization, see the section of this prospectus entitled "Our Reorganization."

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell shares of Class A common stock and seeking offers to buy shares of Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of the Class A common stock.

We have not taken any action to permit a public offering of the shares of Class A common stock outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the shares of Class A common stock and the distribution of this prospectus outside the United States.

Chicago Mercantile Exchange Inc., our logo, CME,<sup>®</sup> GLOBEX,<sup>®</sup> IEF,<sup>®</sup> CLEARING 21<sup>®</sup> and SPAN<sup>®</sup> are our registered trademarks. GLOBEX Trader,<sup>™</sup> Moneychanger,<sup>™</sup> CME E-quotes<sup>™</sup> and E-mini<sup>™</sup> are our service marks. e-miNY<sup>SM</sup> is a service mark of CME and New York Mercantile Exchange, Inc. pursuant to agreement.

S&P, S&P 500, Standard & Poor's 500, S&P/BARRA Growth, S&P/BARRA Value, S&P MidCap 400, S&P/TOPIX 150, Nasdaq-100, Russell 2000, TRAKRS, Total Return Asset Contracts and other trade names, service marks, trademarks and registered trademarks that are not proprietary to us, are the property of their respective owners and are used herein under license. The FORTUNE e-50<sup>™</sup> Index is a trademark of FORTUNE, a division of Time Inc., which is licensed for use by us in connection with futures and options on futures. These products have not been passed on by FORTUNE for suitability for a particular use. The products are not sponsored, endorsed, sold or promoted by FORTUNE. FORTUNE makes no warranty and bears no liability with respect to these products. FORTUNE makes no warranty as to the accuracy and/or completeness of the Index or the data included therein or the results to be obtained by any person from the use of the Index or the data included therein.

## PROSPECTUS SUMMARY

*The following is a summary of some of the information contained in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in our Class A common stock discussed under "Risk Factors" and our consolidated financial statements and notes to those financial statements included elsewhere in this prospectus.*

### Overview

We are the largest futures exchange in the United States and the second largest exchange in the world for the trading of futures and options on futures, as measured by 2001 annual trading volume. In 2001, our customers traded futures and options on futures contracts with a notional dollar value of \$293.9 trillion, making us the world's largest exchange by this measure. We also have the largest futures and options on futures open interest of any exchange in the world. As of November 1, 2002, our open interest record was nearly 22.1 million contracts, set on October 31, 2002.

We bring together buyers and sellers of derivative products on our open outcry trading floors, on the GLOBEX electronic trading platform and through privately negotiated transactions that we clear. We offer market participants the opportunity to trade futures contracts and options on futures for interest rates, stock indexes, foreign exchange and commodities. Our key products include Eurodollar contracts and contracts based on major U.S. stock indexes, including the S&P 500 and the Nasdaq-100. We also offer foreign exchange contracts for the principal foreign currencies and contracts for a number of commodity products, including cattle, hogs and dairy. We believe several of our key products serve as global financial benchmarks. Our Eurodollar contract provides a benchmark for measuring the relative value of U.S. dollar-denominated, short-term fixed-income securities. Similarly, our S&P 500 Index and Nasdaq-100 Index contracts are closely linked to the benchmark indexes for U.S. equity performance.

Our products provide a means for hedging, speculation and asset allocation relating to the risks associated with interest rate sensitive instruments, equity ownership, changes in the value of foreign currency and changes in the prices of commodity products. Our customer base includes professional traders, financial institutions, institutional and individual investors and major corporations, manufacturers, producers, supranational entities and governments.

Our principal source of revenue is from charges for trade execution and clearing that are assessed on each contract traded on our exchange or using our clearing house. In addition, our markets generate valuable data and information regarding pricing and trading activity in our markets that we sell to market participants and others. Our 2001 net revenues were \$387.2 million, an increase of 70.9% from the \$226.6 million recorded during 2000. For the nine months ended September 30, 2002, our net revenues were \$333.8 million, an increase of 18.3% from \$282.2 million for the nine months ended September 30, 2001. For the year ended December 31, 2001, we derived \$292.5 million, or 75.5% of our net revenues, from fees associated with trading and clearing products on or through our exchange. For the nine months ended September 30, 2002, we derived

\$261.4 million, or 78.3% of our net revenues, from such fees. In 2001, we derived approximately 62% of our clearing and transaction fees revenue from open outcry trading, nearly 27% from electronic trading and approximately 11% from privately negotiated transactions. During the first nine months of 2002, approximately 53% of our clearing and transaction fees revenue was generated from open outcry trading, nearly 39% from electronic trading and approximately 8% from privately negotiated transactions. Revenues from market data products totaled \$48.3 million, or 12.5% of our net revenues, in 2001 and \$36.5 million, or 11.0% of our net revenues, in the nine months ended September 30, 2002.

Our net income for 2001 was \$68.3 million, compared to a net loss of \$5.9 million during 2000. Our net income for the nine months ended September 30, 2002 was \$61.0 million, compared to net income of \$54.5 million for the nine months ended September 30, 2001.

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We own our clearing house and are able to guarantee, clear and settle every contract traded through our exchange. During the first nine months of 2002, we processed an average of more than 553,000 clearing transactions per day. We currently have the capacity to clear more than 1.5 million transactions per day. Our systems are scalable and give us the ability to further increase substantially our capacity with very little lead time. As of September 30, 2002, we acted as custodian for approximately \$27.7 billion in collateral. In the first nine months of 2002, we moved an average of \$1.7 billion of settlement funds through our clearing system each day. In addition, 38 exchanges and clearing organizations worldwide have adopted our Standard Portfolio Analysis of Risk, or SPAN, risk evaluation system. The New York Mercantile Exchange, or NYMEX, and Euronext N.V. also use CLEARING 21, our state-of-the-art clearing system.

CME was founded in 1898 as a not-for-profit corporation. In November 2000, CME became the first U.S. financial exchange to demutualize and become a shareholder-owned corporation. As a consequence, we have adopted a for-profit approach to our business, including strategic initiatives aimed at optimizing volume, efficiency and liquidity. We posted record trading volume of more than 411.7 million contracts in 2001, an increase of 78.1% over 2000, which was previously our busiest year. During the first nine months of 2002, we posted trading volume of more than 413.8 million contracts, an increase of 40.0% over the same period in 2001.

Currently, we have strategic alliances with the leading derivative exchanges and clearing organizations in France, Spain, England, Singapore, Japan and Korea. These alliances are intended to extend the market reach of our global derivatives business.

We devote substantial resources to introducing new products based on new markets or securities. For example, last year we formed a joint venture with Chicago Board Options Exchange, or CBOE, and the Chicago Board of Trade, or CBOT, to trade single stock futures and futures on narrow-based stock indexes. The venture is called OneChicago, LLC. OneChicago commenced its trading operations on November 8, 2002. We also recently entered into an agreement with NYMEX to introduce small-sized versions of key NYMEX energy futures contracts for trading on our GLOBEX electronic trading platform. The products, based on our successful E-mini stock index contracts, are called e-miNY energy futures and clear at the NYMEX clearing house.

## Competitive Strengths

Throughout our history, we have established ourselves as a premier global marketplace for financial risk management. We believe our principal competitive strengths are:

**Highly Liquid Markets.** Our deep and liquid markets tend to attract additional customers, which in turn further enhances our liquidity.

**Global Benchmark Products.** We believe our key Eurodollar product serves as a global financial benchmark for measuring the relative value of U.S. dollar-denominated, short-term fixed-income securities. Similarly, our stock index products are closely linked to the benchmark indexes for U.S. equity performance. As a result, our products are increasingly recognized by our customers as efficient tools for managing and hedging their interest rate and equity market risks.

**Diverse Portfolio of Products and Services.** We differentiate ourselves from our competitors by developing and offering to our customers a diverse array of products, as well as a broad range of trade execution and clearing services.

**Wholly Owned Clearing House.** We believe our performance guarantee and capital-efficient clearing systems are major attractions of our markets. In addition, because we own our clearing house and have significant available capacity, we are able to efficiently introduce new products, as well as provide clearing services to other exchanges.

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**Proven and Scalable Technology.** We possess fast, reliable and fully integrated trading and clearing systems that are highly scalable and designed to accommodate additional products with relatively limited modifications and low incremental costs.

**Global Reach.** Our electronic trading services are available around the world approximately 23 hours a day and five days per week.

## Growth Strategy

Globalization, deregulation and advances in technology offer significant opportunities for expanding futures markets, and exchange markets generally. We intend to increase our trading volume, revenues and profitability by implementing the following four strategies:

**Expand Our Current Core Business.** We intend to advance our position as a leader in the futures industry by continually expanding customer access to our markets and services, offering additional trade execution choices and enhancing our market data and information products.

- **Expand Customer Access.** We continue to expand our customer base and trading volume by broadening the access, order routing, trading and clearing solutions we offer to existing and prospective customers.
- **Expand Electronic and Other Trade Execution Choices.** Our strategy is to offer our customers a broad range of trade execution choices, including increased electronic trading, enhanced facilities for privately negotiated transactions and new links with exchanges around the world.
- **Enhance Our Market Data and Information Products.** We intend to leverage the value of our market data and information capabilities by developing enhancements to our existing information products and creating new products.

**Add New Products.** We intend to continue to introduce, either directly or through alliances with other exchanges, new products based on new markets or securities, such as single stock futures and futures on narrow-based stock indexes. In addition, we intend to continue working with emerging cash market trading platforms to jointly develop innovative futures products.

**Provide Transaction Processing and Other Business Services to Third Parties.** We intend to leverage our existing capacity and scalable technology and business processes to offer a broad range of services to other exchanges, clearing organizations and e-marketplaces. We believe that third parties will be attracted by our proven ability to process high volumes of transactions.

**Pursue Select Alliances and Acquisitions.** We plan to supplement our internal growth through the formation of joint ventures or alliances and select acquisitions of businesses or technologies that help us to enter new markets, provide services that we currently do not offer, open access to our markets and advance our technology.

## Corporate Information

We were incorporated in Delaware in August 2001. Our principal executive offices are located at 30 South Wacker Drive, Chicago, Illinois 60606, and our telephone number is (312) 930-1000. Our Web site is <http://www.cme.com>. Information contained in our Web site is not incorporated by reference into this prospectus, and you should not consider information contained in our Web site as part of this prospectus.

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## THE OFFERING

|   |  |
|---|--|
| Class A common stock offered by us                              | 3,000,000 shares   |
| Class A common stock offered by the selling shareholders        | 1,751,070 shares   |
| Common stock to be outstanding immediately after this offering: |  |
| Class A common stock  | 31,817,662 shares  |
| Class B common stock  | 3,138 shares   |
| Use of proceeds   | We intend to use the net proceeds from this offering for development of our technology infrastructure, for capital expenditures, to finance possible acquisitions and investments in technology, businesses, products or services, for working capital and for general corporate purposes. Please see the section of this prospectus entitled "Use of Proceeds." |
| Proposed New York Stock Exchange symbol                         | CME  |

The number of shares of our Class A common stock outstanding immediately after this offering is based on the number of shares outstanding at September 30, 2002. This number does not take into account:

- 68,400 shares of Class A common stock subject to restricted stock awards;
- 1,101,400 shares of Class A common stock issuable upon the exercise of outstanding stock options issued under our stock option plan, with an exercise price of \$22 per share; and
- 2,875,873 shares of Class A common stock issuable upon the exercise of the outstanding stock options issued to our chief executive officer, at a weighted average exercise price of \$18.99 per share, assuming a value of the Class A common stock at September 30, 2002 of \$32.50, the midpoint of the range shown on the cover of this prospectus, and assuming the entire option is exercised for cash and settled in Class A common stock only.

In this prospectus, we refer to our Class A, Class A-1, Class A-2, Class A-3 and Class A-4 common stock collectively as our Class A common stock, and we refer to our Class B-1, Class B-2, Class B-3 and Class B-4 common stock collectively as our Class B common stock.

Unless otherwise indicated, all information in this prospectus (1) reflects the consummation of our reorganization; and (2) assumes the underwriters do not exercise their over-allotment option granted by us. If the underwriters were to exercise the over-allotment option in full, the number of shares of common stock to be outstanding after this offering would be 32,530,322 shares.

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## SUMMARY CONSOLIDATED FINANCIAL DATA

The following summary consolidated financial data with respect to each of the years in the three-year period ended December 31, 2001 have been derived from our audited consolidated financial statements. The financial information provided as of and for the nine months ended September 30, 2001 and 2002 is unaudited, but in the opinion of management contains all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of our results of operations and financial position for such periods. The information set forth below is not necessarily indicative of the results of future operations and should be read in conjunction with "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this prospectus.

The as adjusted balance sheet data below gives effect to the sale by us of 3,000,000 shares of our Class A common stock in this offering at an assumed offering price of \$32.50 per share, the midpoint of the range shown on the cover of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses.

|   | Year Ended December 31,                  |            |            | Nine Months Ended September 30, |            |
|---|--|------------|------------|---------------------------------|------------|
|   | 1999                                     | 2000       | 2001       | 2001                            | 2002       |
|   | (unaudited)                              |            |            |                                 |            |
|   | (in thousands, except per share amounts) |            |            |                                 |            |
| <b>Income Statement Data:</b>                                     |  |            |            |                                 |            |
| Net revenues  | \$ 210,602                               | \$ 226,552 | \$ 387,153 | \$ 282,197                      | \$ 333,789 |
| Total expenses  | 203,958                                  | 234,635    | 272,788    | 191,222                         | 232,541    |
| Limited partners' interest in earnings of PMT Limited Partnership | (2,126)                                  | (1,165)    | —          | —                               | —          |
| Net income (loss)   | 2,663                                    | (5,909)    | 68,302     | 54,481                          | 61,018     |
| Earnings (loss) per share:(1)                                     |  |            |            |                                 |            |
| Basic   | 0.09                                     | (0.21)     | 2.37       | 1.89                            | 2.12       |
| Diluted   | 0.09                                     | —          | 2.33       | 1.86                            | 2.04       |

|   | Actual                        |           | As Adjusted |           |
|---|-------------------------------|-----------|-------------|-----------|
|   | (unaudited)<br>(in thousands) |           |             |           |
| <b>Balance Sheet Data:</b>                      |                               |           |             |           |
| Cash and cash equivalents                       | \$                            | 197,164   | \$          | 285,731   |
| Cash performance bonds and security deposits(2) |                               | 1,920,033 |             | 1,920,033 |
| Securities lending(2)                           |                               | 554,870   |             | 554,870   |
| Total current assets(2)                         |                               | 2,723,747 |             | 2,812,314 |
| Total assets(2)                                 |                               | 2,863,830 |             | 2,952,397 |
| Total current liabilities(2)                    |                               | 2,543,993 |             | 2,543,993 |
| Shareholders' equity                            |                               | 299,570   |             | 388,137   |

|  | Year Ended December 31,                                 |      |      | Nine Months Ended<br>September 30, |      |
|--|---|------|------|------------------------------------|------|
|  | 1999  | 2000 | 2001 | 2001                               | 2002 |
|  | (in thousands, except notional value of trading volume) |      |      |                                    |      |

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
| <b>Other Data:</b>                                   |          |          |          |          |          |
| Total trading volume (round turns, in contracts)(3)  | 200,737  | 231,110  | 411,712  | 295,463  | 413,790  |
| GLOBEX trading volume (round turns, in contracts)(3) | 16,135   | 34,506   | 81,895   | 55,999   | 131,685  |
| Open interest at period-end (contracts)              | 6,412    | 8,021    | 15,039   | 13,938   | 17,618   |
| Notional value of trading volume (in trillions)      | \$ 138.3 | \$ 155.0 | \$ 293.9 | \$ 210.2 | \$ 257.6 |

- Earnings per share is presented as if the common stock issued on December 3, 2001 had been outstanding for all periods presented. Diluted loss per share is not presented for the year ended December 31, 2000, because shares issuable for stock options, which would be included as part of the calculation, would have an anti-dilutive effect.
- Cash performance bonds and security deposits and our securities lending program affects current assets, total assets and current liabilities. See the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for a more detailed discussion of cash performance bonds and security deposits and our securities lending program.
- A round turn represents a matched buy and sell.

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## RISK FACTORS

*You should carefully consider the risks below before making an investment decision. The risks described below are not the only ones facing our company. Additional risks not presently known to us or that we currently deem immaterial may also impair our operations.*

*Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our Class A common stock could decline due to any of these risks, and you may lose all or part of your investment.*

### Risks Related to Our Business

**Our shareholders who own trading and clearing memberships, who may have interests that differ from or conflict with those of shareholders who are not also owners of memberships, currently own substantially all of our voting stock, account for 17 of the 20 directors on our board and, after the offering, will continue to control the election of all directors. Our dependence on the trading and clearing activities of our members, combined with their ability to control the election of directors, will enable them to exert substantial influence over the operation of our business.**

Immediately following this offering, our trading and clearing members will, together, own shares representing approximately % of our outstanding Class A common stock. As a result, they will control all matters submitted to our shareholders for approval, including electing directors and approving changes in control. As of the date of this prospectus, 17 of the 20 directors on our board own or are officers or directors of others that own memberships on our exchange. In addition, we are dependent on the revenues from the trading and clearing activities of our members. This dependence also gives them substantial influence over how we operate our business.

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

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

**Our certificate of incorporation contains provisions granting special rights for holders of Class B common stock, which protect their trading rights and give them special board representation, and requiring that we maintain open outcry trading until volumes are not significant.**

Under the terms of our certificate of incorporation, our Class B shareholders have the ability to protect their rights to trade on our exchange by means of special approval rights over changes to the operation of our markets. In particular, these provisions include a grant to the holders of our Class B common stock of the right to approve any changes to the trading floor rights, access rights and privileges that a member has, the number of memberships in each membership class and the related number of

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authorized shares of each class of Class B common stock and the eligibility requirements to exercise trading rights or privileges. For a more detailed description of the approval rights of our Class B shareholders, see the section of this prospectus entitled "Description of Capital Stock." Our Class B shareholders are also entitled to elect six of the 20 directors on our board. As the transfer restrictions on shares of Class A common stock held by Class B shareholders terminate over time, Class B shareholders will continue to have these board representation rights, even if their Class A share ownership interest is very small.

Our certificate of incorporation also includes a provision requiring us to maintain open outcry floor trading on our exchange for a particular traded product as long as the open outcry market is "liquid." Our certificate of incorporation requires us to maintain a facility for conducting business, disseminating price information, clearing and delivery and to provide reasonable financial support for technology, marketing and research for open outcry markets. Our certificate of incorporation provides specific tests as to whether an open outcry market will be deemed liquid, as measured on a quarterly basis. If a market is deemed illiquid as a result of a failure to meet any of these tests, our board will determine whether or not that market will be closed.

**We only recently began operating as a for-profit company and have a limited operating history as a for-profit company. Accordingly, our historical and recent financial and business results may not be representative of what they may be in the future.**

We have only operated as a for-profit company with private ownership interests since November 13, 2000. We have a limited operating history as a for-profit business on which you can evaluate our management decisions, business strategy and financial results. As a result, our historical and recent financial and business results may not be representative of what they may be in the future. We are subject to risks, uncertainties, expenses and difficulties associated with changing and implementing our business strategy that are not typically encountered by established for-profit companies. The major U.S. futures exchanges have operated historically as mutual, membership organizations, so there is little history or experience in operating an exchange as a for-profit corporation upon which we can draw. As a not-for-profit company, our business strategy and fee structure were designed to provide profit opportunities for our members. We targeted profit levels that provided sufficient levels of working capital. Our for-profit initiatives are designed to increase our revenues, make us profitable, optimize volume and liquidity and create operating efficiencies. These initiatives may not yield the benefits or efficiencies we expect. For example, fee increases, volume and member discounts and new access rules to our markets may not separately result in higher revenues and profits or greater volume or liquidity in our markets. As a result, we may not be able to operate effectively as a for-profit corporation. It is possible that we may incur significant operating losses in the future and that we may not be able to achieve or sustain long-term profitability.

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

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

- economic, political and market conditions;
- broad trends in industry and finance;
- changes in levels of trading activity, price levels and price volatility in the derivatives markets and in underlying fixed-income, equity, foreign exchange and commodity markets;
- legislative and regulatory changes;

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- competition;
  - changes in government monetary policies, foreign exchange rates;
  - consolidation in our customer base and within our industry; and
  - inflation.

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

**Stock-based compensation expense relating to the option granted to our Chief Executive Officer could have a significant impact on our reported earnings that is unrelated to the operating performance of our business.**

Our stock-based compensation expense is a non-cash expense. This expense can fluctuate significantly from quarter-to-quarter based on changes in the value of our Class A common stock and the underlying trading rights on our exchange associated with our Class B common stock. This is because the amount of expense we record for each quarter for the option granted to our CEO is determined using variable accounting. Variable accounting takes into account changes in the value of our Class A common stock and the underlying trading rights on the exchange associated with our Class B common stock from quarter to quarter. As a general matter, if the combined value of our Class A common stock and Class B common stock, including associated trading rights, subject to our CEO's option goes up from the combined value at the end of the previous quarter, we will record additional expense in the amount of the change in combined value. Similarly, if the combined value goes down, we will record a negative expense or credit in the amount of the change in combined value. As a result, our earnings may be subject to significant volatility that is unrelated to the actual operating performance of our business and quarter to quarter or period to period comparisons may not be meaningful. This offering is expected to occur in the fourth quarter of 2002. We expect that our stock-based compensation expense will increase significantly in that quarter based on the expected initial public offering price.

**Our operating results are subject to significant fluctuations due to seasonality and a number of other factors. As a result, you will not be able to rely on our operating results in any particular period as an indication of our future performance.**

A number of factors beyond our control may contribute to substantial fluctuations in our operating results—particularly in our quarterly results. In the three years prior to 2001, we experienced relatively higher volume during the first and second quarters, and we generally expect that the third quarter will have lower trading volume. This trend was not evident in 2001 or 2002 in part because of the volatility of interest rates and U.S. equities in the third quarter in each of those years. As a result of seasonality and the factors described in the preceding risk factors, you will not be able to rely on our operating results in any particular period as an indication of our future performance. If we fail to meet securities analysts' expectations regarding our operating performance, the price of our Class A common stock could decline substantially.

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

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

**The global trend toward electronic trading may divert volume away from our open outcry trading facilities. Our revenue, earnings and stock price will be adversely affected if we experience reductions in our open outcry trading volume that are not offset by increases in our electronic trading volume.**

Both newly formed organizations and established exchanges are increasingly employing electronic trading systems that provide fast, low-cost execution of trades by matching buyers and sellers electronically. These organizations are attracting order flow away from some traditional open outcry trading markets. Many market participants believe that these electronic trading systems represent a threat to the continued viability of the open outcry method of trading. Some major European and Asian futures exchanges have closed their traditional open outcry trading facilities and replaced them entirely with electronic systems. Although we offer an electronic trading system, currently the majority of our revenue is generated by open outcry trading. Reductions in our open outcry trading volume that are not offset by increases in our electronic trading volume would have a material adverse effect on our revenue, earnings and stock price.

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

The future success of our business depends in large part on our ability to create interactive electronic marketplaces in a wide range of derivatives products that have the required functionality, performance, reliability, speed and liquidity to attract and retain customers. While a significant portion of our current overall volume is generated through electronic trading of our E-mini S&P 500 and E-mini Nasdaq-100 products, during the first nine months of 2002, approximately 67% of our volume and approximately 53% of our clearing and transaction fees revenue was generated through our open outcry trading facilities. Most of that open outcry volume is related to trading in Eurodollar contracts. To date, our electronic functionality has not been capable of accommodating the complex trading strategies typically used for trading our Eurodollar contracts. As a result, our electronic trading facilities for these products have met with limited success. We will soon implement a new electronic system upgrade we call the Eagle Project. This software is designed to provide the required functionality to replicate electronically some of the trading strategies used by open outcry Eurodollar traders. We are currently developing additional functionality to accommodate more Eurodollar trading strategies. If we do not complete the development of and successfully implement the required electronic functionality for our Eurodollar marketplace, or if our Eurodollar customers do not accept our electronic trading systems, our ability to increase our electronic Eurodollar trading volume will be adversely affected. In addition, if we are unable to develop our electronic trading systems to include other products and markets, or if our electronic marketplaces do not have the required functionality, performance, reliability, speed and liquidity, we may not be able to compete successfully in a new environment that we expect to be increasingly dominated by electronic trading.

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

At present, we maintain both open outcry trade execution facilities and electronic trade execution facilities. For some products, we maintain side-by-side trading facilities for both open outcry and electronic trading. We are obligated, through the inclusion of provisions in our certificate of incorporation, to maintain the operation of our open outcry trading facilities until the trading volumes in them are not significant. If we continue to operate both trading facilities for the same product, liquidity of markets on

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each may be less than the liquidity of competing markets on a unified trading platform. In addition, it may be expensive to continue operating two trading systems for the same product. Substantial expenses may be incurred and delays may be caused by efforts to create trading links between the separate trading platforms in order to facilitate trading on both systems. Any loss of efficiency or increase in time to market of new or improved products could be detrimental to our business in a highly competitive market. In addition, we may be required to expend resources on the maintenance of our open outcry facilities that could be more efficiently used in developing our capacity and reducing our costs in the increasingly competitive market for electronic trading facilities.

**The development of our electronic trading facilities exposes us to risks inherent in operating in the new and evolving market for electronic transaction services. If we are not able to successfully develop our electronic trading facilities, or if our customers do not accept them, our revenues, profits and stock price will be adversely affected.**

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

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

If we are not successful in developing our electronic trading facilities, or our current or potential customers do not accept them, our revenues, profits and stock price will be adversely affected.

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

Electronic trading systems do not usually impose separate charges for supplying market data to trading terminals. If we do not separately charge for market data supplied to trading terminals, and trading terminals with access to our markets become widely available, we would lose quote fee revenue from those who have access to trading terminals. We would experience a reduction in our revenues if we were unable to recover that lost revenue through terminal usage fees or transaction fees.

**Our change to a for-profit company may cause members to seek alternative trading venues and products and negatively impact the liquidity of our markets and our trading volume.**

The trading activities of our members accounted for over 70% of our trading volume during both 2001 and the first nine months of 2002. When we became a for-profit company, we changed the role of our members in the operation of our business. We eliminated many member-dominated committees or converted them into advisory bodies. We gave our professional staff greater decision-making responsibilities. Subject to the oversight of our board of directors, our management is charged with making

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decisions that are designed to enhance shareholder value, which may lead to decisions or outcomes with which our members disagree. These changes may make us less attractive to our current members and encourage them to conduct their business at, or seek membership in, another exchange or to trade in equivalent products among themselves on a private, bilateral basis. A loss or material decrease in member trading activity would negatively impact liquidity and trading volume in our products and reduce our revenues. A loss or material reduction in the number of our clearing member firms and the capital they provide to guarantee their trades and the trades of their customers would also diminish the strength and attractiveness of our clearing house and our markets.



Despite our governance changes, our dependence on our trading and clearing members gives them substantial influence over how we operate our business. Members could also attempt to use their ownership of Class A and Class B common stock, and ability to elect our board of directors, to change or modify policies or practices of our business with which they do not agree.

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

The success of our business depends, in part, on our ability to maintain and increase our trading volume. To do so, we must maintain and expand our product offerings, our customer base and our alternatives for trade execution facilities. Our success also depends on our ability to offer competitive prices and services in an increasingly price sensitive business. In addition, our success depends on our ability to increase the base of individual customers who trade our products. We cannot assure you that we will be able to continue to expand our product lines, or that we will be able to retain our current customers or attract new customers to our markets, products and services. We also cannot assure you that we will not lose customers to low-cost competitors with comparable or potentially superior products, services or trade execution facilities. If we fail to expand our product offerings or execution facilities, or lose a substantial number of our current customers, or are unable to attract new customers, our business will be adversely affected.

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

The derivatives, securities and financial services industries are highly competitive, and we expect that competition will intensify in the future. Our current and prospective competitors, both domestically and around the world, are numerous and include securities and securities option exchanges, futures exchanges, over-the-counter, or OTC, markets, clearing organizations, market data and information vendors, electronic communications networks, crossing systems and similar entities, consortia of large customers, consortia of some of our clearing member firms and electronic brokerage and dealing facilities. We believe we may also face competition from large computer software companies and media and technology companies. The number of businesses providing Internet-related financial services is rapidly growing, and other companies have entered into or are forming joint ventures or consortia to provide services similar to those provided by us. Others may also acquire the capabilities necessary to compete with us through acquisitions. Recent changes in federal law also allow institutions that have been major participants on our exchange to trade the same or similar products among themselves without utilizing any exchange or trading system. Many of our competitors and potential competitors have greater financial, marketing, technological and personnel resources than we do. These factors may enable them to develop similar products, to provide lower transaction costs and better execution to their customers and to carry out their business strategies more quickly and efficiently than we can. In addition, our competitors may:

- respond more quickly to competitive pressures due to their corporate governance structures, which may be more flexible and efficient than our corporate governance structure;
- develop similar products that are preferred by our customers;
- develop risk transfer products that compete with our products;

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- price their products and services more competitively;
  - develop and expand their network infrastructure and service offerings more efficiently;
  - utilize better, more user-friendly and more reliable technology;
  - take greater advantage of acquisitions, alliances and other opportunities;
  - more effectively market, promote and sell their products and services;
  - better leverage existing relationships with customers and alliance partners or exploit better recognized brand names to market and sell their services; and
  - exploit regulatory disparities between traditional, regulated exchanges and alternative markets that benefit from a reduced regulatory burden and lower-cost business model.

If our products, markets and services are not competitive, our business, financial condition and operating results will be materially harmed. In addition, even if new entrants do not significantly erode our market share, we may be required to reduce our fees significantly to remain competitive, which could have a material adverse effect on our profitability. For more information concerning the competitive nature of our industry and the challenges we face, see the section of this prospectus entitled "Business—Competition."

**The enactment of the Commodities Futures Modernization Act will increase competition and enable many of our customers to trade futures contracts other than on exchanges. These events could result in lower trading volume, revenue and profits.**

Our industry has been subject to several fundamental regulatory changes, including changes in the statute under which we have operated since 1974. The Commodity Exchange Act generally required all futures contracts to be executed on an exchange that has been approved by the CFTC. The exchange trading requirement was modified by CFTC regulations and interpretations to permit privately negotiated swap contracts to be transacted in the OTC market. The CFTC exemption under which the OTC derivatives market operated precluded the OTC market from using exchange-like electronic transaction systems and clearing facilities. These barriers to competition from the OTC market were largely repealed by the Commodity Futures Modernization Act. It is possible that the chief beneficiaries of the Commodity Futures Modernization Act will be OTC dealers and competitors that operate or intend to open electronic trading facilities or to conduct their futures business directly among themselves on a bilateral basis. The customers who may access these trading facilities or engage in bilateral private transactions are the same customers who account for a substantial portion of our trading volume. The Commodity Futures Modernization Act also permits banks, broker-dealers and some of their affiliates to engage in foreign exchange futures transactions for or with retail customers without being subject to regulation under the Commodity Exchange Act.

The Commodity Futures Modernization Act also permits SEC-regulated and bank clearing organizations to clear a broad array of derivatives products in addition to the products that these clearing organizations have traditionally cleared. This allocation of jurisdiction may be advantageous to competing clearing organizations and result in a lower volume of trading cleared through our clearing house.

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

To remain competitive, we must continue to enhance and improve the responsiveness, functionality, accessibility and other features of our software, network distribution systems and technologies. The markets in which we compete are characterized by rapidly changing technology, changes in customer demand and uses of our products and services, frequent product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render our existing technology and systems obsolete. Our future success will depend in part on our ability to anticipate and adapt to technological advancements and changing standards in a timely, cost-efficient and competitive

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manner. We cannot assure you that we will successfully implement new technologies or adapt our technology to customer and competitive requirements or emerging industry standards.

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

We are substantially dependent on trading volume from three product offerings for a significant portion of our clearing and transaction fees revenues and profits. The clearing and transaction fees revenues attributable to transactions in our Eurodollar futures and options on futures contracts, our principal stock index contracts, namely our S&P 500 and Nasdaq-100 contracts, and privately negotiated foreign exchange transactions using our clearing house were approximately 47%, 10%, 2% and 10%, respectively, of our total clearing and transaction fees revenues during 2001 and approximately 42%, 9%, 2% and 7%, respectively, during the nine months ended September 30, 2002. Any significant decline in our trading volume in any of these product offerings would negatively impact our business, financial condition and operating results.

While we believe our Eurodollar product serves as a global financial benchmark, we cannot assure you that, in the future, other products will not serve as a preferred alternative to the Eurodollar contract as a means of managing or speculating on interest rate risk. We also cannot assure you that competitors will not enter the Eurodollar market, or that our members will not trade Eurodollars in privately negotiated bilateral transactions without the use of our clearing house. In either of these events, our trading volume, revenue and profitability would be adversely affected.

Our rights to the Standard & Poor's and Nasdaq products were obtained through licensing arrangements. Our license agreement with Standard & Poor's provides that the S&P 500 Index futures products will be exclusive until December 31, 2008 and non-exclusive from December 31, 2008 until December 31, 2013.

Our license with Nasdaq will be exclusive for each calendar year until expiration, provided the aggregate average daily trading volume in Nasdaq-100 futures contracts and options on Nasdaq-100 futures contracts remains above 5,000 contracts per day. The agreement terminates in April 2006, subject to our mutual agreement to extend the agreement. The agreement does not preclude Nasdaq from allowing Nasdaq-100 futures contracts to be traded on a market owned by Nasdaq or some of its affiliates.

We cannot assure you that either of our Standard & Poor's or Nasdaq license agreements will be renewed when they terminate. In addition, we cannot assure you that others will not succeed in creating stock index futures based on information similar to that which we have obtained by license or that market participants will not increasingly use alternative instruments, including securities and options based on the S&P and Nasdaq indexes, to manage or speculate on U.S. stock risks. We also cannot assure you that Nasdaq will not directly or indirectly offer competitive futures contracts. Currently, Nasdaq LIFFE Markets, or NQLX, offers futures contracts based on an exchange-traded fund called QQQ, which may compete with our Nasdaq-100 futures contracts. Any of these events could have an adverse effect on our trading volume, revenues and profits.

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

Some of our largest clearing firms, which are significant customers and intermediaries in our products, have increasingly stressed the importance to them of centralizing clearing of futures contracts and options on futures in order to maximize the efficient use of their capital, exercise greater control over their value at risk and extract greater operating leverage from clearing activities. Many clearing firms have expressed the

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view that clearing firms should control the governance of clearing houses or that clearing houses should be operated as utilities rather than as for-profit enterprises. Some of these firms, along with the Futures Industry Association, are attempting to cause legislative or regulatory changes to be adopted that would facilitate mechanisms or policies that allow market participants to transfer positions from an exchange-owned clearing house to a clearing house owned and controlled by clearing firms. Our strategy and business plan is to operate a vertically-integrated transaction execution and clearing and settlement business. If clearing firms are successful in getting these legislative or regulatory changes adopted, our strategy and business plan may lead clearing firms to establish, or seek to use, alternative clearing houses for the clearing of positions established on our exchange. Even if they are not successful in their efforts, the factors described above may cause clearing members to limit or stop the use of our products and markets. If any of these events occur, our revenues and profits would be adversely affected.

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

Our clearing house acts as the counterparty to all trades consummated on or through our exchange. As a result, we are exposed to significant credit risk of third parties, including our clearing firms. We are also exposed, indirectly, to the credit risk of customers of our clearing firms. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. A substantial part of our working capital is at risk if a clearing firm defaults on its obligations to our clearing house and its margin and security deposits are insufficient to meet all of its obligations. Although we have policies and procedures to help assure that our clearing firms can satisfy their obligations, these policies and procedures may not succeed in detecting problems or preventing defaults. We also have in place various measures intended to enable us to cover any default and maintain liquidity. However, we cannot assure you that these measures will be sufficient to protect us from a default or that we will not be materially and adversely affected in the event of a significant default. For a more detailed discussion of our clearing house operations, see the section of this prospectus entitled "Business—Clearing."

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

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

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

We cannot assure you that we will not experience systems failures from power or telecommunications failure, acts of God, war or terrorism, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, acts of vandalism or similar events. If any of our systems do not operate properly or are disabled, including as a result of system failure, customer error or misuse of our

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systems, we could suffer financial loss, liability to customers, regulatory intervention or reputational damage that could affect demand by current and potential users of our market.

From time to time, we have experienced system errors and failures that have resulted in some customers being unable to connect to our electronic trading platform or erroneous reporting, such as transactions that were not authorized by any customer or reporting of filled orders as cancelled. In September of this year, we experienced a hardware failure that resulted in a temporary suspension of trading on our GLOBEX platform. The impact of these events has not been material.

Our status as a Commodity Futures Trading Commission, or CFTC, registrant requires that our trade execution and communications systems be able to handle anticipated present and future peak trading volume. Heavy use of our computer systems during peak trading times or at times of unusual market volatility could cause our systems to operate slowly or even to fail for periods of time. We constantly monitor system loads and performance and regularly implement system upgrades to handle estimated increases in trading volume. However, we cannot assure you that our estimates of future trading volume will be accurate or that our systems will always be able to accommodate actual trading volume without failure or degradation of performance. For example, in June and July 2002, the volume on our GLOBEX electronic trading platform repeatedly exceeded one million contracts in a single day. During the initial period of increased GLOBEX trading volume, there were instances of connectivity problems or erroneous reports that affected some users of the platform. System failure or degradation could lead our customers to file formal complaints with industry regulatory organizations, file lawsuits against us or cease doing business with us or could lead the CFTC or other regulators to initiate inquiries or proceedings for failure to comply with applicable laws and regulations.

We will need to continue to upgrade and expand our systems as our business grows. Although many of our systems are designed to accommodate additional volume without redesign or replacement, we will need to continue to make significant investments in additional hardware and software to accommodate increased volume. The inability of our systems to accommodate an increasing volume of transactions could constrain our ability to expand our businesses and could cause us to lose business.

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

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

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

We expect the secure transmission of confidential information over public networks to continue to be a critical element of our operations. Our networks and those of our third party service providers, our member firms and our customers may be vulnerable to unauthorized access, computer viruses and other security problems. Persons who circumvent security measures could wrongfully use our information or cause interruptions or malfunctions in our operations. Any of these events could cause us to lose customers or trading volume. We may be required to expend significant resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by any

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breaches. Although we intend to continue to implement industry-standard security measures, these measures may prove to be inadequate and result in system failures and delays that could cause us to lose customers, lower trading volume and result in significant liabilities.

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

Although the Commodity Futures Modernization Act significantly reduced our regulatory burdens, we remain extensively regulated by the CFTC. Our international operations may be subject to similar regulations in specific jurisdictions. We have registered in the United Kingdom as a recognized foreign exchange. We may be required to register or become subject to regulation in other jurisdictions in order to accept business from customers in those jurisdictions.

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

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

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

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

Demutualization and utilization of electronic trading systems by traders from remote locations will, among other developments, impact our ability to continue the traditional forms of "self-regulation" that have been an integral part of the CFTC regulatory program. The CFTC is reviewing that impact, and it is unclear at this time whether the CFTC will make modifications to its regulations that will have an adverse effect on the way we conduct our business.

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

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

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

market or the registration of any of our officers or employees who violate applicable laws or regulations. Our ability to comply with applicable laws and rules is largely dependent on our establishment and maintenance of compliance, audit and reporting systems, as well as our ability to attract and retain qualified compliance and other risk management personnel. We face the risk of significant intervention by regulatory authorities, including extensive examination and surveillance activity. In the case of non-compliance or alleged non-compliance with applicable laws or regulations, we could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits, including by customers, for damages, which can be substantial. Any of these outcomes would adversely affect our reputation, financial condition and operating results. In extreme cases, these outcomes could adversely affect our ability to conduct our business.

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

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

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

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

There have been a number of highly publicized cases involving fraud or other misconduct by employees of financial services firms in recent years. Misconduct by our employees, including employees of GFX Corporation, or GFX, our wholly owned subsidiary that engages in proprietary trading in foreign exchange futures, could include hiding unauthorized activities from us, improper or unauthorized activities on behalf of customers or improper use of confidential information. Employee misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. It is not always possible to deter employee misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Our employees also may commit errors that could subject us to financial claims for negligence, or otherwise, as well as regulatory actions.

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

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

- difficulties in the assimilation of acquired businesses or technologies;

- diversion of management's attention from other business concerns;
- assumption of unknown material liabilities;
- failure to achieve financial or operating objectives; and
- potential loss of customers or key employees of acquired companies.

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

We also may seek to expand or enhance some of our operations by forming joint ventures or alliances with various strategic partners throughout the world. Entering into joint ventures and alliances also entails risks, including difficulties in developing and expanding the business of newly formed joint ventures, exercising influence over the activities of joint ventures in which we do not have a controlling interest, and potential conflicts with our joint venture or alliance partners. For example, in 2001 we entered into an operating agreement governing OneChicago, our joint venture with CBOE and CBOT, to trade single stock futures and futures based on narrow-based stock indexes. Under the terms of our operating agreement, CBOE and we together own a significant majority interest in the joint venture, and CBOT owns a minority interest. Our ability to control key decisions relating to the operation and development of OneChicago will be limited. In addition, under the terms of our operating agreement, until May 31, 2005, we are restricted from in any way engaging in the business of trading, marketing, regulating, selling, purchasing, clearing or settling transactions in single stock futures other than in conjunction with the joint venture. This restriction on our ability to compete applies whether or not we remain part of the joint venture, but it does not apply to futures based on narrow-based stock indexes. We also recently entered into an agreement with NYMEX to introduce small-sized versions of key NYMEX energy futures contracts, which trade on our GLOBEX electronic trading platform and clear at the NYMEX clearing house. During the term of the agreement and for one year thereafter, we are generally prohibited, other than in cooperation with NYMEX, from providing for or facilitating electronic trading in futures or options on futures contracts on any underlying commodity (or index of commodities) that is also the underlying commodity for a product listed for trading by NYMEX. We cannot assure you that any joint venture or alliance that we have or may enter into will be successful.

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

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

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

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

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

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

- restrictions on the use of trading terminals or the contracts that may be traded;
- becoming subject to extensive regulations and oversight, tariffs and other trade barriers;
- reduced protection for intellectual property rights;
- difficulties in staffing and managing foreign operations; and
- potentially adverse tax consequences.

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

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

We rely primarily on trade secret, copyright, service mark, trademark law and contractual protections to protect our proprietary technology and other proprietary rights. We have not filed any patent applications covering our technology. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise obtain and use our proprietary technology without authorization or otherwise infringe on our rights. We also seek to protect our software and databases as trade secrets and under copyright law. We have copyright registrations for certain of our software, user manuals and databases. The copyright protection accorded to databases, however, is fairly limited. While the arrangement and selection of data generally are protectable, the actual data are not, and others may be free to create databases that would perform the same function. In some cases, including a number of our most important products, there may be no effective legal recourse against duplication by competitors. In addition, in the future, we may have to rely on litigation to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of

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others or defend against claims of infringement or invalidity. Any such litigation, whether successful or unsuccessful, could result in substantial costs to us and diversions of our resources, either of which could adversely affect our business.

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

Patents of third parties may have an important bearing on our ability to offer certain of our products and services. Our competitors as well as other companies and individuals may obtain, and may be expected to obtain in the future, patents related to the types of products and services we offer or plan to offer. We cannot assure you that we are or will be aware of all patents containing claims that may pose a risk of infringement by our products and services. In addition, patent applications in the United States are generally confidential until a patent is issued and, therefore, we cannot evaluate the extent to which our products and services may be covered or asserted to be covered by claims contained in pending patent applications. In general, if one or more of our products or services were to infringe patents held by others, we may be required to stop developing or marketing the products or services, to obtain licenses to develop and market the services from the holders of the patents or to redesign the products or services in such a way as to avoid infringing on the patent claims. In May 1999, we were sued along with other defendants for alleged infringement of Wagner U.S. patent 4,903,201 entitled "Automated Futures Trade Exchange." In August 2002, we settled the lawsuit for \$15 million. Under the terms of the settlement agreement, we are not allowed to process trades for any third party futures exchange, except in specified circumstances. For a more detailed description of the terms of the settlement, see the section of this prospectus entitled "Business—Legal Proceedings." We cannot assess the extent to which we may be required in the future to obtain licenses with respect to patents held by others, whether such licenses would be available or, if available, whether we would be able to obtain such licenses on commercially reasonable terms. If we were unable to obtain such licenses, we may not be able to redesign our products or services to avoid infringement, which could materially adversely affect our business, financial condition and operating results.

**As a holding company, we are totally dependent on dividends from our operating subsidiary to pay dividends and other obligations.**

We are a holding company with no business operations. Our only significant asset is the outstanding capital stock of our subsidiary. As a result, we must rely on payments from our subsidiary to meet our obligations. We intend to pay quarterly dividends to our shareholders beginning in the first quarter of 2003. We currently expect that the earnings and cash flow of our subsidiary will primarily be retained and used by it in its operations, including to service any debt obligations it may have now or in the future. Accordingly, our subsidiary may not be able to generate sufficient cash flow to pay a dividend or distribute funds to us in order to allow us to pay a dividend on or make a distribution in respect of our Class A common stock. Our existing credit facility, as well as future credit facilities, other future debt obligations and statutory provisions, may limit our ability to pay dividends.

**Risks Associated With Purchasing Our Class A Common Stock In This Offering**

**If we settle the option granted to our CEO only in shares of Class A common stock, we could be required to issue substantial additional shares of Class A common stock. In addition, if our Class B shares increase in value relative to our Class A shares, our shareholders will experience additional dilution.**

We granted our CEO an option to purchase our Class A and Class B shares, with two separately exercisable tranches. Each tranche of the option is for 2.5% of each class of our common stock outstanding as of the date of our demutualization, as adjusted for our reorganization. We may settle the exercise of the option with any combination of Class A shares, Class B shares or cash, at our discretion. If the entire option was vested and the exercise price was paid in cash on September 30, 2002 and the option was settled only with Class A common stock, we would have been required to issue 2,875,873 shares of Class A

common stock, assuming an initial public offering price of \$32.50 per share, the midpoint of the range shown on the cover of the prospectus.

The value of our Class A shares is not directly linked to the value of our Class B shares. As a result, if we decide to settle the entire option by issuing only Class A shares, the amount of dilution would increase incrementally if our Class B shares increased in value relative to our Class A shares. As of September 30, 2002, the value of the trading rights associated with our Class B shares had increased by approximately 10% and 120% compared to their value as of December 31, 2001 and December 31, 2000, respectively.

#### **Sales of our Class A common stock may have an adverse impact on the market price of our Class A common stock.**

Sales of a substantial number of shares of our Class A common stock in the public market following this offering, or the perception that large sales could occur, could cause the market price of our Class A common stock to decline. Either of these circumstances could also limit our future ability to raise capital through an offering of equity securities. After completion of this offering, there will be 31,817,662 shares of our Class A common stock issued and outstanding, or 32,530,322 shares if the underwriters exercise their over-allotment option in full. All of the shares of Class A common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act by persons other than our "affiliates" within the meaning of Rule 144 under the Securities Act.

Our currently issued and outstanding shares of Class A common stock are registered under the Securities Act but are subject to significant transfer restrictions. These transfer restrictions will gradually expire over an 18-month period following this offering. Upon expiration, the Class A common stock held by existing shareholders will be freely transferable unless held by "affiliates" within the meaning of Rule 144 under the Securities Act. If our shareholders sell a large number of shares of our Class A common stock upon the expiration of some or all of these restrictions, the market price for our Class A common stock could decline significantly. For a more detailed description of the transfer restrictions imposed on our Class A common stock, see the section of this prospectus entitled "Description of Capital Stock."

#### **SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS**

Some of the statements under "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and elsewhere in this prospectus constitute forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These factors include, among other things, those listed under "Risk Factors" and elsewhere in this prospectus.

In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms or other comparable terminology.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such statements. We are under no duty to update any of the forward-looking statements after the date of this prospectus.

#### **OUR REORGANIZATION**

CME Holdings was incorporated in Delaware in August 2001 to be the holding company for CME and its subsidiaries. On December 3, 2001, our reorganization into a holding company structure was effected through a merger of CME Holdings' wholly owned subsidiary, CME Merger Subsidiary Inc., into CME.

As a result of the merger, CME became a wholly owned subsidiary of CME Holdings, and shareholders of CME became shareholders of CME Holdings. After the merger, these shareholders owned the same percentage of CME Holdings common stock that they previously owned of CME common stock. In connection with our demutualization in 2000, we granted our Class B shareholders the right to approve changes to specified "rights" relating to the trading privileges associated with Class B shares. We maintained these rights after the reorganization through provisions contained in the certificate of incorporation of the holding company. For a more detailed discussion of these rights, see the section of this prospectus entitled "Description of Capital Stock."

CME Holdings operates as a holding company, while CME continues to conduct the business and operations of our exchange. We believe our holding company structure provides us with greater organizational flexibility, facilitates our access to the capital markets, promotes new business opportunities, facilitates future acquisitions and the formation of strategic alliances and creates a framework for future growth. The structure allows us to engage in these activities and maintain our exchange, as a separate and distinct regulated entity. The merger also enabled us to place transfer restrictions on the outstanding shares of CME Holdings common stock issued prior to this offering.

Immediately prior to the merger, CME effected a one-for-four reverse stock split of its Class A common stock reducing the number of outstanding shares to 6,465,150. The reverse stock split was required to facilitate the issuance of four classes of Class A common stock of CME Holdings without increasing the number of outstanding shares of Class A common stock after the merger. In the merger, each outstanding whole share of Class A common stock of CME was converted into four shares of Class A common stock of CME Holdings as follows: one share of Class A-1, one share of Class A-2, one share of Class A-3 and one share of Class A-4. Each class of Class A common stock is identical to the Class A common stock being sold in this offering except that each class is subject to transfer restrictions of specified time duration. There are no restrictions on the shares of Class A common stock being sold in this offering. In the merger, each outstanding share of Class B common stock of CME was divided into two pieces: Class A common stock of CME Holdings in an amount essentially the same as the Class A share equivalents embedded in that Class B share of CME, and one share of Class B common stock of CME Holdings of the same class as the Class B share of CME surrendered in the merger. The Class B common stock of CME represented an aggregate of approximately 10% of the outstanding common equity of CME prior to the merger. Each share of Class B common stock is associated with trading privileges in our exchange. In this prospectus, we refer to Class A, Class A-1, Class A-2, Class A-3 and Class A-4 common stock of CME Holdings collectively as Class A common stock, and we refer to Class B-1, Class B-2, Class B-3 and Class B-4 common stock of CME Holdings collectively as Class B common stock. The following chart depicts the total number of shares of Class A common stock and Class B common stock, by class, received by CME shareholders in the merger.

#### **Converted into Shares of CME Holdings Common Stock Post-Merger**

| <b>Share of CME Common Stock Pre-Merger</b> | <b>Class A common stock, by class</b>  | <b>Class B common stock, by class</b> | <b>Total shares of common stock in CME Holdings</b> |
|---|--|---------------------------------------|---|
| Class A common stock                        | 1 Class A-1 share<br>1 Class A-2 share<br>1 Class A-3 share<br>1 Class A-4 share | None                                  | 4 shares  |

|  |  |                   |              |
|--|--|-------------------|--------------|
| Series B-1 common stock (included 1,800 Class A share equivalents) | 450 Class A-1 shares<br>450 Class A-2 shares<br>450 Class A-3 shares<br>449 Class A-4 shares | 1 Class B-1 share | 1,800 shares |
| Series B-2 common stock (included 1,200 Class A share equivalents) | 300 Class A-1 shares<br>300 Class A-2 shares<br>300 Class A-3 shares<br>299 Class A-4 shares | 1 Class B-2 share | 1,200 shares |
| Series B-3 common stock (included 600 Class A share equivalents)   | 150 Class A-1 shares<br>150 Class A-2 shares<br>150 Class A-3 shares<br>149 Class A-4 shares | 1 Class B-3 share | 600 shares   |
| Series B-4 common stock (included 100 Class A share equivalents)   | 25 Class A-1 shares<br>25 Class A-2 shares<br>25 Class A-3 shares<br>24 Class A-4 shares     | 1 Class B-4 share | 100 shares   |

The shares of Class A common stock and Class B common stock of CME Holdings received in the merger are subject to significant transfer restrictions. The Class A-1, A-2, A-3 and A-4 common stock may not be sold or transferred separately from a share of Class B common stock for specified periods of time following the completion of this offering. The shares of Class B common stock received in the merger may only be transferred in connection with the transfer of the associated membership in our exchange. For a more detailed discussion of the transfer restrictions imposed on our currently outstanding shares of Class A and Class B common stock, see the section of this prospectus entitled "Description of Capital Stock."

#### USE OF PROCEEDS

Our net proceeds from the sale of the shares of Class A common stock in this offering will be approximately \$88.6 million, assuming an initial public offering price of \$32.50, the midpoint of the range shown on the cover of this prospectus. If the underwriters fully exercise their over-allotment option, our net proceeds from the offering will be \$110.1 million. Net proceeds are what we expect to receive after paying the underwriters' discounts and commissions and other expenses of the offering based on the initial public offering price of \$32.50 per share. We will not receive any proceeds from the sale of shares of our Class A common stock by the selling shareholders in this offering.

The principal purposes of this offering are to obtain additional capital, create a public market for our Class A common stock, facilitate our future access to public equity markets and provide increased visibility in a marketplace in which a number of our current and potential competitors are or will be publicly held companies. While, at this time, we have no specific allocations for the use of proceeds from this offering, we intend to use the net proceeds primarily for development of our technology infrastructure, capital expenditures, working capital and other general corporate purposes. We also may use a portion of the proceeds to acquire or invest in businesses, technologies, products or services, although no specific acquisitions are planned and no portion of the net proceeds has been allocated for any acquisition. Our management will have broad discretion over how we use the net proceeds from this offering. Pending such uses, we intend to invest the net proceeds from this offering in short-term, interest-bearing investment grade securities.

#### DIVIDEND POLICY

On June 4, 2002, our board of directors declared a special cash dividend on each outstanding and restricted share of our Class A and Class B common stock in the amount of \$0.60 per share to shareholders of record as of June 17, 2002. The holders of record included members of our exchange, directors and employees with grants of restricted stock, as well as other holders of our Class A common stock. The aggregate amount of the dividend was \$17.3 million, which was paid on June 28, 2002. We did not pay a dividend in 2001.

We intend to pay regular quarterly dividends to our shareholders beginning in the first quarter of 2003. The annual dividend target will be approximately 20% of prior year's cash earnings. The decision to pay a dividend, however, remains within the discretion of our board of directors and may be affected by various factors, including our earnings, financial condition, capital requirements, level of indebtedness and other considerations our board of directors deems relevant.

Our existing credit facility, as well as future credit facilities, other future debt obligations and statutory provisions, may limit our ability to pay dividends.

#### CAPITALIZATION

The following table sets forth our capitalization, as of September 30, 2002, on an actual basis. The as adjusted information reflects the issuance and sale of the 3,000,000 shares of Class A common stock offered by us in the offering at the assumed initial public offering price of \$32.50 per share, the midpoint of the range shown on the cover of this prospectus. The outstanding share information excludes:

- 68,400 shares of Class A common stock subject to restricted stock awards;
- 1,101,400 shares of Class A common stock issuable upon the exercise of outstanding stock options issued under our stock option plan, with an exercise price of \$22 per share; and
- 2,875,873 shares of Class A common stock issuable upon the exercise of the outstanding stock options issued to our chief executive officer, at a weighted average exercise price of \$18.99 per share, assuming a value of the Class A common stock at September 30, 2002 of \$32.50, the midpoint of the range shown on the cover of this prospectus, and assuming the entire option is exercised for cash and settled in Class A common stock only.

The information set forth below should be read in conjunction with "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes included elsewhere in this prospectus.

|   | As of September 30, 2002          |             |
|---|-----------------------------------|-------------|
|   | Actual                            | As Adjusted |
|   | (in thousands, except share data) |             |
| Cash and cash equivalents   | \$ 197,164                        | \$ 285,731  |
| Long-term debt (including current portion)(1)   | \$ 8,221                          | \$ 8,221    |
| <b>Shareholders' equity</b>   |                                   |             |
| Preferred stock, \$.01 par value; 9,860,000 shares authorized; no shares issued and outstanding, actual and as adjusted   | \$ —                              | \$ —        |
| Series A junior participating preferred stock, \$.01 par value; 140,000 shares authorized, no shares issued and outstanding, actual and as adjusted                           | —                                 | —           |
| Class A common stock, \$.01 par value; 138,000,000 shares authorized; 28,817,662 shares issued and outstanding, actual; 31,817,662 shares issued and outstanding, as adjusted | 288                               | 318         |
| Class B common stock, \$.01 par value; 3,138 shares authorized; 3,138 shares issued and outstanding, actual; 3,138 shares issued and outstanding, as adjusted                 | —                                 | —           |
| Additional paid-in capital  | 68,515                            | 157,052     |
| Unearned restricted stock compensation  | (775)                             | (775)       |
| Retained earnings   | 231,542                           | 231,542     |
| Accumulated net unrealized gains on securities  | —                                 | —           |
| Total shareholders' equity  | 299,570                           | 388,137     |
| Total capitalization  | \$ 307,791                        | \$ 396,358  |

(1) Long-term debt consists of capitalized lease obligations.

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#### DILUTION

Purchasers of our Class A common stock in this offering will suffer an immediate and substantial dilution in net tangible book value per share. Dilution is the amount by which the offering price paid by the purchasers of our Class A common stock will exceed the net tangible book value per share of our Class A common stock and Class B common stock after the offering. The net tangible book value per share of our Class A common stock and Class B common stock is determined by subtracting total liabilities from the total book value of the tangible assets and dividing the difference by the number of shares of our Class A common stock and Class B common stock deemed to be outstanding on the date the book value is determined. As of September 30, 2002, we had a net tangible book value of \$299,570,000, or \$10.40 per share of Class A common stock and Class B common stock, excluding this offering. Upon the sale by us of 3,000,000 shares at an assumed offering price of \$32.50 per share, the midpoint of the range shown on the cover of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses, our net tangible book value as of September 30, 2002, would have been \$388,137,000, or \$12.20 per share of Class A common stock and Class B common stock. This represents an immediate increase in net tangible book value to existing shareholders of \$1.80 per share and an immediate dilution to new investors of \$20.30 per share. The following table illustrates this per share dilution:

|  |          |
|--|----------|
| Initial public offering price per share                                    | \$ 32.50 |
| Net tangible book value per share before this offering                     | \$ 10.40 |
| Increase in net tangible book value per share resulting from this offering | \$ 1.80  |
| Net tangible book value per share after this offering                      | \$ 12.20 |
| Dilution per share to new investors  | \$ 20.30 |

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#### SELECTED FINANCIAL DATA

The following selected consolidated financial data with respect to each of the years in the five-year period ended December 31, 2001 have been derived from our audited consolidated financial statements. The financial information provided as of and for the nine months ended September 30, 2001 and 2002 is unaudited, but in the opinion of management contains all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of our results of operations and financial position for such periods. The information set forth below is not necessarily indicative of the results of future operations and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this prospectus.

|  | Year Ended December 31,                  |      |      |      |      | Nine Months Ended September 30, |      |
|--|--|------|------|------|------|---------------------------------|------|
|  | 1997                                     | 1998 | 1999 | 2000 | 2001 | 2001                            | 2002 |
|  | (unaudited)                              |      |      |      |      |                                 |      |
|  | (in thousands, except per share amounts) |      |      |      |      |                                 |      |

#### Income Statement Data:

|                               |            |            |            |            |            |            |            |  |  |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|--|--|
| Revenues                      |            |            |            |            |            |            |            |  |  |
| Clearing and transaction fees | \$ 116,917 | \$ 126,524 | \$ 140,305 | \$ 156,649 | \$ 292,459 | \$ 211,894 | \$ 261,414 |  |  |
| Quotation data fees           | 37,719     | 40,079     | 43,005     | 36,285     | 48,250     | 35,810     | 36,507     |  |  |



|  |                 |                 |                 |                   |                  |                  |                  |
|--|-----------------|-----------------|-----------------|-------------------|------------------|------------------|------------------|
| GLOBEX access fees   | —               | 1,013           | 1,899           | 3,971             | 11,987           | 8,908            | 9,770            |
| Communication fees   | 7,885           | 8,128           | 8,165           | 9,391             | 9,330            | 6,905            | 7,364            |
| Investment income  | 8,178           | 10,117          | 9,091           | 9,736             | 8,956            | 6,796            | 6,098            |
| Securities lending interest income   | —               | —               | —               | —                 | 10,744           | 7,490            | 14,702           |
| Other  | 6,945           | 11,304          | 8,137           | 10,520            | 14,904           | 11,494           | 10,943           |
| <b>Total revenues</b>  | <b>177,644</b>  | <b>197,165</b>  | <b>210,602</b>  | <b>226,552</b>    | <b>396,630</b>   | <b>289,297</b>   | <b>346,798</b>   |
| Securities lending interest expense  | —               | —               | —               | —                 | (9,477)          | (7,100)          | (13,009)         |
| <b>Net revenues</b>  | <b>177,644</b>  | <b>197,165</b>  | <b>210,602</b>  | <b>226,552</b>    | <b>387,153</b>   | <b>282,197</b>   | <b>333,789</b>   |
| <b>Expenses</b>  |                 |                 |                 |                   |                  |                  |                  |
| Salaries and benefits  | 66,873          | 72,386          | 80,957          | 94,067            | 105,227          | 78,338           | 85,222           |
| Stock-based compensation   | —               | —               | —               | 1,032             | 17,639           | 6,643            | 5,748            |
| Occupancy  | 19,779          | 19,702          | 17,773          | 19,629            | 20,420           | 15,145           | 16,970           |
| Professional fees, outside services and licenses   | 16,913          | 28,038          | 28,319          | 23,131            | 27,289           | 18,372           | 24,747           |
| Communications and computer and software maintenance   | 17,197          | 22,731          | 28,443          | 41,920            | 43,598           | 31,365           | 33,816           |
| Depreciation and amortization  | 16,689          | 17,943          | 25,274          | 33,489            | 37,639           | 27,279           | 35,504           |
| Patent litigation settlement   | —               | —               | —               | —                 | —                | —                | 13,695           |
| Public relations and promotion   | 11,175          | 9,586           | 7,702           | 5,219             | 6,326            | 3,424            | 4,398            |
| Other  | 9,960           | 12,586          | 15,490          | 16,148            | 14,650           | 10,656           | 12,441           |
| <b>Total expenses</b>  | <b>158,586</b>  | <b>182,972</b>  | <b>203,958</b>  | <b>234,635</b>    | <b>272,788</b>   | <b>191,222</b>   | <b>232,541</b>   |
| Income (loss) from continuing operations before limited partners' interest in PMT and income taxes | 19,058          | 14,193          | 6,644           | (8,083)           | 114,365          | 90,975           | 101,248          |
| Limited partners' interest in earnings of PMT  | —               | (2,849)         | (2,126)         | (1,165)           | —                | —                | —                |
| Income tax (provision) benefit   | (6,963)         | (4,315)         | (1,855)         | 3,339             | (46,063)         | (36,494)         | (40,230)         |
| <b>Income (loss) from continuing operations</b>  | <b>12,095</b>   | <b>7,029</b>    | <b>2,663</b>    | <b>(5,909)</b>    | <b>68,302</b>    | <b>54,481</b>    | <b>61,018</b>    |
| Discontinued operations, net of tax  | (3,428)         | —               | —               | —                 | —                | —                | —                |
| <b>Net income (loss)</b>   | <b>\$ 8,667</b> | <b>\$ 7,029</b> | <b>\$ 2,663</b> | <b>\$ (5,909)</b> | <b>\$ 68,302</b> | <b>\$ 54,481</b> | <b>\$ 61,018</b> |
| <b>Earnings (loss) per share:(1)</b>   |                 |                 |                 |                   |                  |                  |                  |
| Basic  | \$ 0.30         | \$ 0.24         | \$ 0.09         | \$ (0.21)         | \$ 2.37          | \$ 1.89          | 2.12             |
| Diluted  | 0.30            | 0.24            | 0.09            | —                 | 2.33             | 1.86             | 2.04             |

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|  | <b>As of December 31,</b>                               |             |             |             |             | <b>As of September 30,</b>             |             |
|--|---|-------------|-------------|-------------|-------------|--|-------------|
|  | <b>1997</b>   | <b>1998</b> | <b>1999</b> | <b>2000</b> | <b>2001</b> | <b>2001</b>                            | <b>2002</b> |
|  |   |             |             |             |             |  | (unaudited) |
|  | (in thousands)  |             |             |             |             |  |             |
|  |   |             |             |             |             |  |             |
|  | <b>Year Ended December 31,</b>                          |             |             |             |             | <b>Nine Months Ended September 30,</b> |             |
|  | <b>1997</b>   | <b>1998</b> | <b>1999</b> | <b>2000</b> | <b>2001</b> | <b>2001</b>                            | <b>2002</b> |
|  | (in thousands, except notional value of trading volume) |             |             |             |             |  |             |

**Balance Sheet Data:**

|   |           |           |           |           |           |           |            |
|---|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Cash and cash equivalents                                   | \$ 11,170 | \$ 14,841 | \$ 14,249 | \$ 30,655 | \$ 69,101 | \$ 56,995 | \$ 197,164 |
| Cash performance bonds and security deposits(2)             | 151,081   | 71,803    | 73,134    | 156,048   | 855,227   | 609,904   | 1,920,033  |
| Securities lending(2)                                       | —         | —         | —         | —         | 882,555   | 131,271   | 554,870    |
| Current assets(2)   | 268,081   | 205,186   | 178,401   | 267,432   | 1,946,110 | 923,946   | 2,723,747  |
| Total assets(2)   | 346,732   | 295,090   | 303,467   | 381,444   | 2,068,881 | 1,036,127 | 2,863,830  |
| Current liabilities(2)                                      | 178,210   | 112,555   | 111,717   | 198,294   | 1,801,845 | 796,589   | 2,543,993  |
| Long-term obligations and limited partners' interest in PMT | 8,968     | 15,638    | 23,087    | 19,479    | 16,667    | —         | —          |
| Shareholders' equity  | 159,554   | 166,897   | 168,663   | 163,671   | 250,369   | 226,003   | 299,570    |

**Other Data:**

|  |          |          |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|----------|----------|
| Total trading volume (round turns, in contracts)(3)  | 200,742  | 226,619  | 200,737  | 231,110  | 411,712  | 295,463  | 413,790  |
| GLOBEX trading volume (round turns, in contracts)(3) | 4,388    | 9,744    | 16,135   | 34,506   | 81,895   | 55,999   | 131,685  |
| Open interest at period-end (contracts)              | 6,479    | 7,282    | 6,412    | 8,021    | 15,039   | 13,938   | 17,618   |
| Notional value of trading volume (in trillions)      | \$ 184.6 | \$ 161.7 | \$ 138.3 | \$ 155.0 | \$ 293.9 | \$ 210.2 | \$ 257.6 |

- Earnings per share is presented as if the common stock issued on December 3, 2001 had been outstanding for all periods presented. Diluted loss per share is not presented for the year ended December 31, 2000, because shares issuable for stock options, which would be included as part of the calculation, would have an anti-dilutive effect.
- Increases in cash performance bonds and security deposits, as well as the implementation of our securities lending program in June 2001, affects current assets, total assets and current liabilities. A significant portion of the recent increase in current assets and current liabilities results from these two factors. For example, cash performance bonds and security deposits increased \$699.2 million from December 31, 2000 to December 31, 2001 and securities lending assets and liabilities totaled \$882.6 million at December 31, 2001. See the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for a more detailed discussion of cash performance bonds and security deposits and our securities lending program.
- A round turn represents a matched buy and sell.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*This prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in forward-looking statements for many reasons, including the risks described in "Risk Factors" and elsewhere in this prospectus. You should read the following discussion with "Selected Financial Data" and our financial statements and related notes included elsewhere in this prospectus.*

**Corporate Structure**

We are the largest futures exchange in the United States, as measured by 2001 annual trading volume. Our international marketplace brings together buyers and sellers on our trading floors, as well as through our GLOBEX electronic trading platform and privately negotiated transactions. We offer market participants the opportunity to trade futures contracts and options on futures primarily in four product areas: interest rates, stock indexes, foreign exchange and commodities.

Our exchange was organized in 1898 as a not-for-profit membership organization. On November 13, 2000, we became the first U.S. financial exchange to become a for-profit corporation by converting membership interests into shares of common stock. As a result of our conversion into a for-profit corporation, individuals and entities who, at the time, owned trading privileges on our exchange became the owners of all of the outstanding equity of CME. As part of our demutualization, we also purchased all of the assets and liabilities of P-M-T Limited Partnership, or PMT, an Illinois limited partnership that operated the GLOBEX electronic trading platform.

On December 3, 2001, we completed our reorganization into a holding company structure, as described more fully in the section of this prospectus entitled "Our Reorganization." As a result of the reorganization, CME became a wholly owned subsidiary of CME Holdings. In our reorganization, CME shareholders exchanged their shares for shares of CME Holdings. After the reorganization, these shareholders owned the same percentage of CME Holdings common stock that they previously owned of CME common stock. CME shareholders retained their memberships and trading privileges in CME and continue to own substantially all of our outstanding common stock. Prior to the reorganization, CME Holdings had no significant assets or liabilities. Our financial statements have been prepared as if the holding company structure had been in place for all periods presented.

As a not-for-profit membership organization, our business strategy and fee structure were designed to provide profit opportunities for our members and to limit our profits beyond that necessary to provide for sufficient working capital and infrastructure investment. Membership provided individuals and clearing firms with exclusive direct access to our markets, allowing them to profit from proprietary trading and customer execution. We provided some infrastructure services at a significant discount or as a membership benefit and, on occasion, offered fee holidays or fee rebates. For example, in 1998 we paid a rebate of \$17.6 million to our clearing firms and member brokers, which had a negative impact on our profitability, as did other fee reductions implemented prior to our demutualization. As a result, our financial results for periods prior to our demutualization may not be indicative of such results in subsequent periods. Consequently, comparisons of periods before and after demutualization may not be meaningful.

In conjunction with our demutualization and corporate reorganization, we adopted a new for-profit business strategy that is being integrated into our operations. As part of this integration process, we have examined and will continue to examine the fees we charge for our products in order to increase revenues and profitability, provide incentives for members and non-members to use our markets and enhance the liquidity of our markets. To enhance trading volume and promote new products, we offer discounts, some of which may be significant, to our members and non-members to use our markets. In the fourth quarter of 2000 and first quarter of 2001, we implemented changes to our fee structure. These changes included: increasing clearing fees for some products; increasing the daily maximum on GLOBEX fees for our E-mini products; implementing fees for order routing, delivery of agricultural products and a surcharge for trades

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executed by one firm and cleared by another clearing firm ("give-ups"); increasing fees for access to our trading floor by members and their employees; increasing fees for the use of certain facilities on our trading floor; reducing GLOBEX fees for interest rate products; and implementing reduced clearing fees for customers achieving certain volume levels in our interest rate products. In addition, we increased the number of GLOBEX access choices, altered the pricing for existing GLOBEX access choices, changed the type of market data offered through our non-professional service offering and increased the price of our professional market data service offering. In contrast to the fee rebates and other fee reductions implemented prior to our demutualization, this new approach to fees has had a significant positive impact on our revenues and profitability.

## Overview

As the largest futures exchange in the United States, our revenue is derived primarily from the clearing and transaction fees we assess on each contract traded through our trading venues or using our clearing house. As a result, revenues fluctuate significantly with volume changes, and thus our profitability is tied directly to the trading volume generated. Clearing and transaction fees are assessed based on the product traded, the membership status of the individual executing the trade and whether the trade is completed on our trading floor, through our GLOBEX electronic trading platform or as a privately negotiated transaction. In addition to clearing and transaction fees, revenues include quotation data fees, GLOBEX access fees, communication fees, investment income, including securities lending activities and other revenue. Our securities lending activities generate interest income and related interest expense. We have elected to present securities lending interest expense as a reduction of total revenues on our consolidated statements of income to arrive at net revenues.

Net revenues have increased from \$177.6 million in 1997 to \$387.7 million in 2001 and \$337.8 million for the nine months ended September 30, 2002. As a result of the increase in trading volume during this time period and the fee changes implemented in the fourth quarter of 2000 and the first quarter of 2001, resulting from our demutualization, the percentage of our revenues derived from clearing and transaction fees increased and represented 65.8% and 75.5% of our net revenues in 1997 and 2001, respectively, and 78.3% of our net revenues for the nine months ended September 30, 2002.

While volume has a significant impact on our clearing and transaction fees revenue, there are four other factors that also influence these revenues: rate structure, mix of products traded, method of trade and the percentage of trades executed by customers who are members compared to non-member customers. Our fee structure is complex, and fees vary depending on the type of product traded. Therefore, our revenue increases or decreases if there is a change in trading or usage patterns. Trades executed through GLOBEX are charged fees for using the electronic trading platform in addition to the clearing fees assessed on all transactions executed on our exchange. Trades executed as privately negotiated transactions also incur additional charges beyond the clearing fees assessed on all transactions. In addition, non-member customers are charged higher fees than customers who are members. Our revenue decreases if the percentage of trades executed by customers who are members increases and increases if the percentage of trades executed by non-member customers increases, even when our fee structure remains unchanged. As a result, there are multiple factors that can change over time and these changes all potentially impact our revenue from clearing and transaction fees.

Our quotation data fees represent our second largest source of revenue. Revenue from these fees has increased 27.9% from 1997 to 2001. In 1998, we began to generate revenue from fees assessed for access to our GLOBEX electronic trading platform. These fees currently represent approximately 3% of our net revenues. In June 2001, we began to engage in securities lending activities, which has contributed modestly to our net revenues. Revenues derived from investment income and other revenue have increased in a manner consistent with our net revenues from 1997 to 2001, while communication fees have remained relatively constant during this period.

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Expenses have increased from \$158.6 million in 1997 to \$272.8 million in 2001 and \$232.6 million for the nine months ended September 30, 2002. The rate of increase in expenses has been lower than the rate of increase in revenues. The majority of our expenses fall into three categories: salaries and benefits; communications; and computer and software maintenance and depreciation and amortization. Additional expenses are also incurred for stock-based compensation, occupancy, professional fees, public relations and promotion and other expenses. Also, in the nine months ended September 2002, we incurred expenses related to a patent litigation settlement. Our salaries and benefits expense has increased 57.4% from 1997 to 2001 and currently represents 36.6% of our total expenses. A significant component of the increase in expenses, stock-based compensation, began in 2000 and is a non-cash expense that results primarily from the increase in the value of the option granted to our Chief Executive Officer as well as other stock-based compensation awarded to certain other employees. In addition, in 2000, we incurred \$9.8 million of expenses associated with restructuring of management, our demutualization and the write-off of certain internally developed software that could not be utilized as intended.

With the exception of license fees paid for the trading of our stock index contracts and a component of our trading facility rent that is related to trading volume, expenses do not vary directly with changes in trading volume. The number of transactions processed, rather than the number of contracts traded, tends to impact expenses. A trade

executed on our exchange represents one transaction, regardless of the number of contracts included in that trade. Therefore, total contract trading volume is greater than the number of transactions processed.

## Revenues

Our net revenues have grown from \$177.6 million in 1997 to \$387.2 million in 2001. During the first nine months of 2002, our net revenues were \$333.8 million, an 18.3% increase over the first nine months of 2001.

Our clearing and transaction fees revenues are tied directly to volume and underlying market uncertainty. We attempt to mitigate the downside of unpredictable volume swings through various means, such as increasing clearing fees, creating volume incentives, opening access to new markets and further diversifying the range of products and services we offer. The annual growth in daily trading volume from 1997, when average daily volume was 793,627 contracts, to 2001 is summarized as follows:

|   | 1998                      | 1999      | 2000    | 2001      |
|---|---------------------------|-----------|---------|-----------|
|   | (in round-turn contracts) |           |         |           |
| Average Daily Volume                              | 899,281                   | 793,425   | 917,120 | 1,640,288 |
| Increase (Decrease) from Previous Year            | 105,654                   | (105,856) | 123,695 | 723,168   |
| Percentage Increase (Decrease) from Previous Year | 13.3%                     | (11.8)%   | 15.6%   | 78.9%     |

This represents a compound annual growth rate of 19.9% from 1997 to 2001. Average daily volume increased from 1.6 million contracts per day in the first nine months of 2001 to 2.2 million contracts per day in the same period of 2002, an increase of 39.3%.

Trading volume in our interest rate products increased 97.4% in 2001 over 2000. Trading volume in our equity products rose 64.1% in 2001 over 2000. During 2001, trading volume in our foreign exchange products increased 16.1% over levels in 2000. Our commodity products trading volume rose 7.3% in 2001 over 2000. Volume increased as a result of economic and political factors, enhancements to our product and service offerings and expansion of our electronic and other trade execution choices. Global and national economic and political uncertainty generally results in increased trading activity, as our customers seek to hedge, manage or speculate on the risks associated with fluctuations in interest rates, equities, foreign exchange and commodities. For example, at the time of the terrorist attacks of September 11, our year-to-date 2001 trading volume had increased 71.3% over the same time period in 2000. During the period from September 12, 2001 to December 31, 2001, our trading volume increased 95.2% when compared to the same time period in 2000. In recent periods, our trading volume has been positively

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affected by the increased volatility in the markets for equity and fixed-income securities. Products and services offered also have a significant effect on volume. We built on earlier successes in our standard S&P 500 and Nasdaq-100 stock index contracts by introducing E-mini versions of the S&P 500 contract in 1997 and the Nasdaq-100 contract in 1999. E-mini contracts are one-fifth the size of the standard contract. These E-mini contracts are traded only through GLOBEX, our electronic trading platform. In addition, since 1998, we significantly upgraded our GLOBEX electronic trading platform and, beginning in November 2000, we modified GLOBEX policies to give more users direct access to our markets. A comparison of our average daily trading volume by venue and the related percentage of clearing and transaction fees associated with each venue are illustrated in the table below:

| Method of Trade:     | Average Daily Volume      |           |          | Approximate Percentage of Clearing and Transaction Fees Revenue |      |
|----------------------|---------------------------|-----------|----------|---|------|
|                      | 1997                      | 2001      | Increase | 1997  | 2001 |
|                      | (in round-turn contracts) |           |          |   |      |
| Open Outcry          | 752,273                   | 1,282,147 | 529,874  | 75%   | 62%  |
| GLOBEX               | 17,343                    | 326,274   | 308,931  | 5   | 27   |
| Privately Negotiated | 24,011                    | 31,867    | 7,856    | 20  | 11   |
| Total                | 763,627                   | 1,640,288 | 846,661  | 100%  | 100% |

For the nine months ended September 30, 2002, the percentage of our clearing and transaction fees revenue derived from open outcry trading was approximately 53%, while GLOBEX and privately negotiated transactions represented approximately 39% and 8%, respectively.

While the increase in clearing and transaction fees has generally resulted from increased trading volume, the largest factors contributing to the increase in clearing and transaction fees from 1999 to 2000 were the rate increases and new transaction fees implemented in the fourth quarter of 2000, resulting from our demutualization. Additional revenue was also generated by the 15.1% increase in trading volume and an increase in the percentage of trades executed through GLOBEX. Partially offsetting these increases was a decrease in the percentage of trades attributable to non-member customers, who are charged higher fees than members, and a decrease in the percentage of total volume attributable to our standard equity products from which we earn higher clearing fees than other contracts. By contrast, the increase in clearing and transaction fees from 2000 to 2001 resulted primarily from the increase in trading volume and was augmented by the rate increases and new transaction fees implemented in the fourth quarter of 2000 and first quarter of 2001. Our revenues would have been higher in 2001 if the percentage of trading volume attributable to interest rate products, which are charged lower clearing fees than some of the other products offered through our exchange, had not increased compared to such other products. The increase in trading volume was the primary reason for the increase in clearing and transaction fee revenue in the first nine months of 2002 when compared to the same time period in 2001. Partially offsetting this volume increase was the impact of certain volume discounts, fee limits and a decrease in the percentage of trades executed by non-member customers. Changes in fees, volume discounts, limits on fees and member discounts, including some that may be significant, occur periodically based on management's review of our operations and business environment.

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Our clearing and transaction fees revenues, stated as an average rate per contract, are illustrated in the table below:

| Year Ended December 31,                  |      |      |      |      | Nine Months Ended September 30, |      |
|--|------|------|------|------|---------------------------------|------|
| 1997                                     | 1998 | 1999 | 2000 | 2001 | 2001                            | 2002 |
| (in thousands, except rate per contract) |      |      |      |      |                                 |      |

|                                   |    |         |    |         |    |         |    |         |    |         |    |         |    |         |
|-----------------------------------|----|---------|----|---------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Clearing and Transaction Revenues | \$ | 116,917 | \$ | 126,524 | \$ | 140,305 | \$ | 156,649 | \$ | 292,459 | \$ | 211,894 | \$ | 261,414 |
| Total Contracts Traded            |    | 200,742 |    | 226,619 |    | 200,737 |    | 231,110 |    | 411,712 |    | 295,463 |    | 413,790 |
| Average Rate per Contract         | \$ | 0.582   | \$ | 0.558   | \$ | 0.699   | \$ | 0.678   | \$ | 0.710   | \$ | 0.717   | \$ | 0.632   |

Overall, the average rate per contract has increased since 1997. This increase was attributable primarily to the pricing changes implemented in the fourth quarter of 2000 and first quarter 2001, resulting from our demutualization as well as growth in the percentage of trades executed through GLOBEX. The average rate per contract decreased in 1998 as a result of fee reductions and rebates. Despite the pricing changes in the fourth quarter of 2000, there was a decrease in the average rate per contract in 2000 that resulted primarily from an increase in the percentage of total volume from Euordollar products, as these products have a lower average rate per contract, and a decline in the percentage of trades for non-member customers. The decline in the average rate per contract from the first nine months of 2001 to the first nine months of 2002 resulted primarily from volume discounts on certain products, limits on some fees associated with trading through the GLOBEX platform and a decrease in the percentage of trades attributed to non-members. In addition, in the second quarter of 2002, we established a \$5.0 million reserve relating to our fee adjustment policy and clearing firm account management errors.

Our second largest source of revenue is quotation data fees, which we receive from the sale of our market data. Revenues from market data products represented 12.5% of our net revenues in 2001 and 11.0% of our net revenues for the nine months ended September 30, 2002. In general, our market data service is provided to two types of customers. Since March 2001, our non-professional service has been provided to those customers that typically only require market data provided in one-minute snapshots or on a limited group of products, such as our E-mini products. The fee for this service is relatively nominal and is a flat rate per month. Subscribers to our professional service receive market data on all our products on a real-time streaming basis. Fees for the professional service are higher than the non-professional service. Professional customers pay one price for the first device, or screen, at each physical location displaying our market data and a lower price for each additional screen displaying our market data at the same location. Pricing for our market data services is based on the value of the service provided, our cost structure for the service and the price of comparable services offered by our competitors. The pricing of quotation data services was increased on March 1, 2001 as part of the pricing changes implemented in 2001. Increases or decreases in our quotation data revenue will be influenced by changes in our price structure for existing market data offerings, introduction of new market data services and changes in the number of subscribers. In addition, general economic factors will influence our market data fees. For example, the recent downsizing in the brokerage industry has contributed to a decline in the number of screens displaying our market data and has adversely affected our market data revenue.

At year-end 2001, more than 48,000 subscribers displayed our data on approximately 190,000 screens worldwide. At September 30, 2002, the number of subscribers had increased to nearly 54,000, but the number of screens displaying our data had declined to approximately 180,000. With the exception of 2000, revenues from quotation data fees have grown steadily over the last five years. In 2000, we began to offer a lower-priced non-professional service that increased the number of subscribers but adversely affected revenue as some of our existing customers switched to this lower-priced service. When this service was changed from real-time streaming to one-minute snapshots of market data in 2001, the number of subscribers to this service declined. Partially offsetting this decrease was the effect of some subscribers to our previous non-professional service switching to our professional service to obtain real-time streaming of

market data. In addition, a new non-professional service offering began late in 2001 whereby a subscriber could obtain market data limited to our E-mini products. As of September 30, 2002, there were approximately 14,000 subscribers to this E-mini market data service. The combined effect of these changes was a net decline in the total number of non-professional subscribers from nearly 25,000 at December 31, 2000 to approximately 20,000 at September 30, 2002. In addition, one of the major resellers of our quotes declared bankruptcy in February 2001. This reduced our revenue from quotation data fees by \$1.4 million in 2000 and \$0.5 million in 2001. The pricing of quotation data services was increased on March 1, 2001 as part of the pricing changes implemented in 2001. We began to offer CME E-quotes, an additional market data service utilizing Internet access, in March 2002.

GLOBEX access fees are the connectivity charges to customers of our electronic trading platform. The fee each customer is charged varies depending on the type of connection provided. There is a corresponding communication expense associated with providing these connections that varies based on the type of connection selected by the customer. Increases or decreases in revenue from GLOBEX access fees are influenced by changes in the price structure for our existing GLOBEX access choices, the introduction of new access choices and our ability to attract new users to our electronic trading platform. In addition, GLOBEX access fees are affected by some of the same factors that influence the general level of activity in electronic trading, including the products offered, quality of execution services and general economic conditions affecting our markets.

Communication fees consist of charges to members and firms that utilize our various telecommunications networks and communications services. Revenue from communication fees is dependent on open outcry trading, as a significant portion relates to telecommunications on the trading floor. There is a corresponding variable expense associated with providing these services.

Investment income represents interest income and net realized gains and losses from our marketable securities and from the trading securities in our non-qualified deferred compensation plans as well as income generated by the short-term investment of clearing firms' cash performance bonds and security deposits. Investment income is influenced by our operating results, market interest rates and changes in the levels of cash performance bonds deposited by clearing firms. The total cash performance bonds deposited by clearing firms is a function of the type of collateral used to meet performance bond requirements, the number of open positions held by clearing firms and volatility in our markets. As a result, the amount of cash deposited by clearing firms is subject to significant fluctuation. For example, cash performance bonds and security deposits totaled \$156.0 million at December 31, 2000, compared to \$855.2 million at December 31, 2001 and \$1.9 billion at September 30, 2002. In addition, clearing firms may choose to deposit cash in a foreign currency. Our ability to generate investment income from clearing firms' cash performance bonds and security deposits is impacted by the currency received and the interest rates prevailing in the country for that particular currency. The investment results of our non-qualified deferred compensation plans that are included in investment income do not affect net income as there is an equal and offsetting impact to our salaries and benefits expense.

Beginning late in the second quarter of 2001, we entered into securities lending transactions utilizing a portion of the securities that clearing firms deposited to satisfy their proprietary performance bond requirements. Securities lending interest income is presented separately in the consolidated statements of income. Substantial interest expense is incurred as part of this securities lending activity and is presented as a deduction from total revenues to arrive at net revenues.

Other revenue is composed of fees for trade order routing and various services to members, as well as fees for administering our Interest Earning Facility program, or IEF, which consists of private money market funds managed by third party investment managers. We offer clearing firms the opportunity to invest cash performance bonds in our IEF. These clearing firms receive interest income, and we receive a fee based on total funds on deposit. We recently implemented an addition to our IEF program, called IEF2, which allows clearing firms to invest directly in public money market mutual funds through a special

facility provided by us. Other revenue also includes trading revenue generated by GFX, our wholly owned subsidiary that trades in foreign exchange futures contracts to enhance liquidity in our markets for these products, fines assessed to members for violations of exchange rules and revenue from the sale of our SPAN software. In 2001, we

entered into a joint venture, OneChicago, to trade single stock futures and futures on narrow-based stock indexes. We currently have a 40% ownership interest in the joint venture. Our share of the net loss from this joint venture is included in other revenue.

A substantial portion of our clearing and transaction fees, telecommunications fees and various service charges included in other revenue are billed to the clearing firms of the exchange. The majority of clearing and transaction fees received from clearing firms represent charges for trades executed on behalf of the customers of the various clearing firms. There are currently approximately 70 clearing firms, and one firm, with a significant portion of customer revenue, represented approximately 11% of our net revenues in the first nine months of 2002. Should a clearing firm withdraw from the exchange, we believe the customer portion of that firm's trading activity would likely transfer to another clearing firm of the exchange. Therefore, we do not believe we are exposed to significant risk from the loss of revenue received from any particular clearing firm.

## Expenses

Our expenses have grown from \$158.6 million in 1997 to \$272.8 million in 2001. The increase in total annual expenses since 1997 is illustrated in the table below:

|  | 1998           | 1999       | 2000       | 2001       |
|--|----------------|------------|------------|------------|
|  | (in thousands) |            |            |            |
| Total Expenses                         | \$ 182,972     | \$ 203,958 | \$ 234,635 | \$ 272,788 |
| Total Increase From Previous Year      | \$ 24,386      | \$ 20,986  | \$ 30,677  | \$ 38,153  |
| Percentage Increase From Previous Year | 15.4%          | 11.5%      | 15.0%      | 16.3%      |

Expenses for the nine months ended September 30, 2002 totaled \$232.5 million, a 21.6% increase from the same time period in 2001.

Salaries and benefits expense is our most significant expense and includes employee wages, bonuses, related benefits and employer taxes. Changes in this expense are driven by increases in wages as a result of inflation or labor market conditions, the number of employees, rates for employer taxes and price increases affecting benefit plans. This expense, combined with stock-based compensation, accounted for \$122.9 million, or 45.0% of total expenses, for 2001 and \$91.0 million, or 39.2% of total expenses, for the nine months ended September 30, 2002. Annual bonus payments also vary from year to year and have a significant impact on total salaries and benefits expense. This expense has increased each year for the years 1997 to 2001. The number of employees increased from 865 at December 31, 1997 to 1,118 at September 27, 2002.

Stock-based compensation is a non-cash expense related to stock options and restricted stock grants. The most significant portion of this expense relates to our CEO's stock option, granted in February 2000 for 5% of all classes of our outstanding common stock. For accounting purposes, the option was treated as a stock appreciation right prior to our demutualization. Since the date of demutualization, variable accounting treatment has been required for this option. As a result, this expense increases or decreases from quarter to quarter based on changes between quarters in the value of our Class A shares and the trading rights on our exchange, which are associated with our Class B shares. Currently, there is no independent established trading market for our Class A shares. Since demutualization, shares of Class A common stock can only be sold as part of a bundle with a Class B share and the associated trading right. Therefore, the value of the Class A shares is imputed based on recent transactions in the bundle and transactions involving the trading rights only. As a result of variable accounting for the option, this expense, and ultimately our reported operating results, will be subject to significant fluctuation related to

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volatility in the value of our Class A common stock and the trading rights on our exchange associated with our Class B common stock. This volatility may be unrelated to our operating performance. Stock-based compensation expense totaled \$1.0 million in 2000 and \$17.6 million in 2001 and did not occur prior to 2000. The expense related to our CEO's options was \$16.6 million for the year ended December 31, 2001 and \$5.1 million for the nine months ended September 30, 2002. In the second quarter of 2001, restricted stock grants were awarded to certain employees and fixed accounting treatment was adopted for these grants. The portion of stock-based compensation expense related to stock grants awarded to employees was \$1.0 million for the year ended December 31, 2001 and \$0.6 million for the nine months ended September 30, 2002.

Occupancy costs consist primarily of rent, maintenance and utilities for our offices, trading facilities and remote data center. Our office space is primarily in Chicago, and we have smaller offices in Washington, D.C., London and Tokyo. Occupancy costs are relatively stable, although our trading floor rent fluctuates to a limited extent based on open outcry trading volume.

Professional fees, outside services and licenses expense consists primarily of consulting services provided for major technology initiatives, license fees paid as a result of trading volume in stock index products and legal and accounting fees. This expense fluctuates primarily as a result of changes in requirements for consultants to complete technology initiatives, stock index product trading volume changes that impact license fees and other undertakings that require the use of professional services.

Communications and computer and software maintenance expense consists primarily of costs for network connections with our GLOBEX customers; maintenance of the hardware and software required to support our technology; telecommunications costs of our exchange; and fees paid for access to market data. This expense is affected primarily by the growth of electronic trading. Our computer and software maintenance costs are driven by the number of transactions processed, not the volume of contracts traded. We processed approximately 75% of total transactions electronically in the first nine months of 2002 compared to approximately 65% for the year 2001, which represented approximately 32% and 20%, respectively, of total contracts traded.

Depreciation and amortization expense results from the depreciation of fixed assets purchased, as well as amortization of purchased and internally developed software. This expense increased as a result of significant technology investments in equipment and software that began in late 1998 and led to additional depreciation and amortization in the following years.

Public relations and promotion expense consists primarily of media, print and other advertising expenses, as well as expenses incurred to introduce new products and promote our existing products and services. Also included are seminar, conference and convention expenses for attending trade shows. Expenses of this nature have decreased from \$11.2 million in 1997 to \$6.3 million in 2001. During this time period the emphasis of our promotion efforts shifted from print advertising and brochures to direct contact with our primary customers and Internet availability of our promotional materials and we discontinued certain incentive programs. In 1997 and 1999, additional expenses were incurred to promote the introduction of our E-mini stock index products. Also, we introduced daytime electronic trading in our Eurodollar contracts on a limited basis in 1999. These products were introduced to increase our trading volume as well as to respond to increased competition. We expect these expenses to increase in the near term after our initial public offering.

Other expense consists primarily of travel, staff training, fees incurred in providing product delivery services to customers, stipends for the board of directors, interest for equipment purchased under capital leases, meals and entertainment, fees for our credit facility, supplies, postage and various state and local taxes. Other expense fluctuates, in part, due to changes in demand for our product delivery services and decisions regarding the manner in which to purchase capital equipment. Certain expenses, such as those for travel and entertainment, are more discretionary in nature and can fluctuate from year to year as a result of management decisions.

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## Net Income

Net income for 1997 was \$8.7 million, declined in the next three years to a loss of \$5.9 million in 2000 and rebounded to net income of \$68.3 million in 2001. The decline from 1997 through 2000 resulted from a variety of factors. In 1998, we paid clearing firms a rebate on clearing and transaction fees that totaled \$17.6 million, thus reducing our net income for that year. Trading volume declined from 1998 to 1999, but the percentage of trades executed through GLOBEX continued to increase. A significant portion of the expense increase in 1999 was for depreciation and amortization that resulted from capital expenditures related to our technology. The net loss in 2000 resulted primarily from our management restructuring, demutualization and the write-off of certain internally developed software that could not be used as intended. Increased volume combined with the change in our pricing structure following our demutualization drove the change in operating results in 2001.

Net operating results for 1998 through 2000 were adversely affected by the limited partners' interest in the earnings of PMT. Prior to our demutualization, PMT owned all rights to electronic trading of our products, received the revenue generated from electronic trading and was charged for our services to support electronic trading. The limited partners were entitled to a portion of the income of PMT which totaled \$2.8 million in 1998, \$2.1 million in 1999 and \$1.2 million 2000. We purchased PMT's net assets as part of our demutualization.

## Critical Accounting Policies

The notes to our audited consolidated financial statements include disclosure of our significant accounting policies. In establishing these policies within the framework of U.S. generally accepted accounting principles, management must make certain assessments, estimates and choices that will result in the application of these principles in a manner that appropriately reflects our financial condition and results of operations. Critical accounting policies are those policies that we believe present the most complex or subjective measurements and have the most potential to impact our financial position and operating results. While all decisions regarding accounting policies are important, we believe there are three accounting policies that could be considered critical. These three critical policies, which are presented in detail in the notes to our audited consolidated financial statements, relate to securities lending; stock-based compensation; and clearing and transaction fees.

With respect to securities lending, we have elected to present the interest expense associated with this activity as a reduction of total revenues, and present net revenues in the consolidated statements of income. Due to the nature of securities lending transactions, a substantial amount of interest expense is incurred in relation to the total interest income from this activity. While U.S. generally accepted accounting principles require that interest income and interest expense be disclosed separately, we believe the income statement presentation adopted provides the best insight into our revenues and expenses.

The accounting for stock-based compensation is complex, and under certain circumstances, accounting principles generally accepted in the United States allow for alternative methods. As permitted, we have elected to account for stock-based compensation using the intrinsic value method in accordance with APB Opinion No. 25 rather than the alternative fair value method prescribed in Statement of Financial Accounting Standards (SFAS) No. 123 "Accounting for Stock Based Compensation." Variable accounting was required for the options granted to our CEO as a result of certain provisions of the option agreement. In addition, this option includes both Class A and Class B common stock. The expense related to this option has fluctuated based on the change in the value of our Class A shares and the underlying trading rights on our exchange associated with our Class B common stock. Since our demutualization, there has not been an independent trading market for our Class A shares, and shares of our Class A common stock can only be sold or acquired as part of a bundle with the trading rights on our exchange and the related Class B shares. Therefore, the value of the Class A shares at the end of each reporting period is imputed based on the recent prices for the bundle and recent prices relating to the trading rights only.

Fixed accounting has been adopted for all other stock option and restricted stock grants. We have elected the accelerated method for recognizing the expense related to stock options. As a result of this election and the vesting provisions of our stock grants, a greater percentage of the total expense for all options is recognized in the first years of the vesting period than would be recorded if we elected the straight-line method.

Clearing and transaction fees are recorded as revenue and collected from clearing firms on a monthly basis. Several factors affect the fees charged for a trade, including whether the individual making the trade has trading privileges on our exchange. In the event inaccurate information has resulted in an incorrect fee, the clearing firm has a period of three months following the month in which the trade occurred to submit the correction and have the fee adjusted. When preparing financial statements for a reporting period, an estimate of anticipated fee adjustments applicable to that period is recorded as a liability with a corresponding reduction to clearing and transaction fees revenue. This estimate is based on historical trends for such adjustments. Our estimate of anticipated fee adjustments at year-end 2001 was \$2.2 million.

## Key Statistical Information

The following table presents key information on volume of contracts traded, expressed in round turn contracts, as well as information on open interest and notional value of contracts traded.

|                                     | Year Ended December 31, |                |                |                |                  | Nine Months Ended September 30, |                  |
|-------------------------------------|-------------------------|----------------|----------------|----------------|------------------|---------------------------------|------------------|
|                                     | 1997                    | 1998           | 1999           | 2000           | 2001             | 2001                            | 2002             |
| <b>Average Daily Volume:</b>        |                         |                |                |                |                  |                                 |                  |
| <b>Product Area</b>                 |                         |                |                |                |                  |                                 |                  |
| Interest Rate                       | 522,835                 | 574,829        | 475,023        | 550,810        | 1,091,846        | 1,053,593                       | 1,293,202        |
| Equity                              | 116,801                 | 174,840        | 189,984        | 258,120        | 425,149          | 402,644                         | 779,958          |
| Foreign Exchange                    | 119,429                 | 113,948        | 94,747         | 76,615         | 89,290           | 89,314                          | 97,351           |
| Commodity                           | 34,562                  | 35,664         | 33,671         | 31,575         | 34,003           | 34,466                          | 30,502           |
| <b>Total Average Daily Volume</b>   | <b>793,627</b>          | <b>899,281</b> | <b>793,425</b> | <b>917,120</b> | <b>1,640,288</b> | <b>1,580,017</b>                | <b>2,201,013</b> |
| <b>Method of Trade</b>              |                         |                |                |                |                  |                                 |                  |
| Open Outcry                         | 752,273                 | 830,687        | 698,011        | 754,049        | 1,282,147        | 1,248,824                       | 1,469,037        |
| GLOBEX                              | 17,343                  | 38,668         | 63,782         | 136,928        | 326,274          | 299,459                         | 700,454          |
| Privately Negotiated                | 24,011                  | 29,926         | 31,632         | 26,143         | 31,867           | 31,734                          | 31,522           |
| <b>Total Average Daily Volume</b>   | <b>793,627</b>          | <b>899,281</b> | <b>793,425</b> | <b>917,120</b> | <b>1,640,288</b> | <b>1,580,017</b>                | <b>2,201,013</b> |
| Largest Open Interest (contracts)   | 8,305,804               | 10,174,734     | 8,799,641      | 9,324,154      | 18,900,911       | 15,791,353                      | 20,268,225       |
| Total Notional Value (in trillions) | \$184.6                 | \$161.7        | \$138.3        | \$155.0        | \$293.9          | \$210.2                         | \$257.6          |

The following table sets forth key information on volume of contracts traded, measured based on the number of round turn contracts, by product area presented as a percentage of the total average daily volume for all product areas and by method of trade presented as a percentage of the total average daily volume for all methods of trade.

|                                   | Year Ended December 31, |               |               |               |               | Nine Months Ended September 30, |               |
|-----------------------------------|-------------------------|---------------|---------------|---------------|---------------|---------------------------------|---------------|
|                                   | 1997                    | 1998          | 1999          | 2000          | 2001          | 2001                            | 2002          |
| <b>Average Daily Volume:</b>      |                         |               |               |               |               |                                 |               |
| <b>Product Area</b>               |                         |               |               |               |               |                                 |               |
| Interest Rate                     | 65.9%                   | 63.9%         | 59.9%         | 60.1%         | 66.6%         | 66.7%                           | 58.8%         |
| Equity                            | 14.7                    | 19.4          | 24.0          | 28.1          | 25.9          | 25.5                            | 35.4          |
| Foreign Exchange                  | 15.0                    | 12.7          | 11.9          | 8.4           | 5.5           | 5.6                             | 4.4           |
| Commodity                         | 4.4                     | 4.0           | 4.2           | 3.4           | 2.0           | 2.2                             | 1.4           |
| <b>Total Average Daily Volume</b> | <b>100.0%</b>           | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b>                   | <b>100.0%</b> |
| <b>Method of Trade:</b>           |                         |               |               |               |               |                                 |               |
| Open Outcry                       | 94.8%                   | 92.4%         | 88.0%         | 82.2%         | 78.2%         | 79.0%                           | 66.8%         |
| GLOBEX                            | 2.2                     | 4.3           | 8.0           | 14.9          | 19.9          | 19.0                            | 31.8          |
| Privately Negotiated              | 3.0                     | 3.3           | 4.0           | 2.9           | 1.9           | 2.0                             | 1.4           |
| <b>Total Average Daily Volume</b> | <b>100.0%</b>           | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b>                   | <b>100.0%</b> |

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## Results of Operations

The following tables set forth our consolidated statements of income for the periods presented both in dollar amounts and as a percentage of net revenues:

|   | Year Ended December 31, |                   |                  | Nine Months Ended September 30, |                  |
|---|-------------------------|-------------------|------------------|---------------------------------|------------------|
|   | 1999                    | 2000              | 2001             | 2001                            | 2002             |
| (unaudited)   |                         |                   |                  |                                 |                  |
| (in thousands)  |                         |                   |                  |                                 |                  |
| <b>Revenues:</b>  |                         |                   |                  |                                 |                  |
| Clearing and transaction fees   | \$ 140,305              | \$ 156,649        | \$ 292,459       | \$ 211,894                      | \$ 261,414       |
| Quotation data fees   | 43,005                  | 36,285            | 48,250           | 35,810                          | 36,507           |
| GLOBEX access fees  | 1,899                   | 3,971             | 11,987           | 8,908                           | 9,770            |
| Communication fees  | 8,165                   | 9,391             | 9,330            | 6,905                           | 7,364            |
| Investment income   | 9,091                   | 9,736             | 8,956            | 6,796                           | 6,098            |
| Securities lending interest income                                      | —                       | —                 | 10,744           | 7,490                           | 14,702           |
| Other   | 8,137                   | 10,520            | 14,904           | 11,494                          | 10,943           |
| <b>Total revenues</b>   | <b>210,602</b>          | <b>226,552</b>    | <b>396,630</b>   | <b>289,297</b>                  | <b>346,798</b>   |
| Securities lending interest expense                                     | —                       | —                 | (9,477)          | (7,100)                         | (13,009)         |
| <b>Net revenues</b>   | <b>210,602</b>          | <b>226,552</b>    | <b>387,153</b>   | <b>282,197</b>                  | <b>333,789</b>   |
| <b>Expenses:</b>  |                         |                   |                  |                                 |                  |
| Salaries and benefits   | 80,957                  | 94,067            | 105,227          | 78,338                          | 85,222           |
| Stock-based compensation  | —                       | 1,032             | 17,639           | 6,643                           | 5,748            |
| Occupancy   | 17,773                  | 19,629            | 20,420           | 15,145                          | 16,970           |
| Professional fees, outside services and licenses                        | 28,319                  | 23,131            | 27,289           | 18,372                          | 24,747           |
| Communications and computer and software maintenance                    | 28,443                  | 41,920            | 43,598           | 31,365                          | 33,816           |
| Depreciation and amortization   | 25,274                  | 33,489            | 37,639           | 27,279                          | 35,504           |
| Patent litigation settlement  | —                       | —                 | —                | —                               | 13,695           |
| Public relations and promotion  | 7,702                   | 5,219             | 6,326            | 3,424                           | 4,398            |
| Other   | 15,490                  | 16,148            | 14,650           | 10,656                          | 12,441           |
| <b>Total expenses</b>   | <b>203,958</b>          | <b>234,635</b>    | <b>272,788</b>   | <b>191,222</b>                  | <b>232,541</b>   |
| Income (loss) before limited partners' interest in PMT and income taxes | 6,644                   | (8,083)           | 114,365          | 90,975                          | 101,248          |
| Limited partners' interest in earnings of PMT                           | (2,126)                 | (1,165)           | —                | —                               | —                |
| Income tax (provision) benefit  | (1,855)                 | 3,339             | (46,063)         | (36,494)                        | (40,230)         |
| <b>Net income (loss)</b>  | <b>\$ 2,663</b>         | <b>\$ (5,909)</b> | <b>\$ 68,302</b> | <b>\$ 54,481</b>                | <b>\$ 61,018</b> |

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|                               | Year Ended December 31, |       |       | Nine Months Ended September 30, |       |
|-------------------------------|-------------------------|-------|-------|---------------------------------|-------|
|                               | 1999                    | 2000  | 2001  | 2001                            | 2002  |
| <b>Revenues:</b>              |                         |       |       |                                 |       |
| Clearing and transaction fees | 66.6%                   | 69.1% | 75.5% | 75.1%                           | 78.3% |
| Quotation data fees           | 20.4                    | 16.0  | 12.5  | 12.7                            | 11.0  |
| GLOBEX access fees            | 0.9                     | 1.8   | 3.1   | 3.2                             | 2.9   |

|   |              |               |              |              |              |
|---|--------------|---------------|--------------|--------------|--------------|
| Communication fees  | 3.9          | 4.2           | 2.4          | 2.4          | 2.2          |
| Investment income   | 4.3          | 4.3           | 2.3          | 2.4          | 1.8          |
| Securities lending interest income                                      | —            | —             | 2.8          | 2.6          | 4.4          |
| Other   | 3.9          | 4.6           | 3.8          | 4.1          | 3.3          |
|   | <u>100.0</u> | <u>100.0</u>  | <u>102.4</u> | <u>102.5</u> | <u>103.9</u> |
| Securities lending interest expense                                     | —            | —             | (2.4)        | (2.5)        | (3.9)        |
|   | <u>100.0</u> | <u>100.0</u>  | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> |
| <b>Expenses:</b>  |              |               |              |              |              |
| Salaries and benefits   | 38.4         | 41.5          | 27.2         | 27.8         | 25.6         |
| Stock-based compensation  | —            | 0.5           | 4.6          | 2.3          | 1.7          |
| Occupancy   | 8.4          | 8.7           | 5.3          | 5.4          | 5.1          |
| Professional fees, outside services and licenses                        | 13.4         | 10.2          | 7.0          | 6.5          | 7.4          |
| Communications and computer and software maintenance                    | 13.5         | 18.5          | 11.3         | 11.1         | 10.1         |
| Depreciation and amortization   | 12.0         | 14.8          | 9.7          | 9.7          | 10.7         |
| Patent litigation settlement  | —            | —             | —            | —            | 4.1          |
| Public relations and promotion  | 3.7          | 2.3           | 1.6          | 1.2          | 1.3          |
| Other   | 7.4          | 7.1           | 3.8          | 3.8          | 3.7          |
|   | <u>96.8</u>  | <u>103.6</u>  | <u>70.5</u>  | <u>67.8</u>  | <u>69.7</u>  |
| Income (loss) before limited partners' interest in PMT and income taxes | 3.2          | (3.6)         | 29.5         | 32.2         | 30.3         |
| Limited partners' interest in earnings of PMT                           | (1.0)        | (0.5)         | —            | —            | —            |
| Income tax (provision) benefit  | (0.9)        | 1.5           | (11.9)       | (12.9)       | (12.0)       |
|   | <u>1.3%</u>  | <u>(2.6)%</u> | <u>17.6%</u> | <u>19.3%</u> | <u>18.3%</u> |

### Nine Months Ended September 30, 2002 Compared to Nine Months Ended September 30, 2001

#### Overview

Our operations for the nine months ended September 30, 2002 resulted in net income of \$61.0 million compared to net income of \$54.5 million for the nine months ended September 30, 2001. Our improved operating results were driven by a \$51.6 million, or 18.3%, increase in net revenues that was partially offset by a \$41.3 million, or 21.6%, increase in expenses for the nine months ended September 30, 2002 compared to the nine months ended September 30, 2001. The growth in revenue resulted primarily from a 40.0% increase in total trading volume during the first nine months of 2002 when compared to the same time period in 2001. However, the percentage growth in volume did not result in an equal percentage growth in revenue as volume incentive programs, which include limits on GLOBEX fees for E-mini contracts and volume discounts to benefit large customers trading our Eurodollar products, had a greater impact on clearing and transaction revenue during the first nine months of 2002. Contributing to the overall increase in expenses was the settlement of the Wagner patent litigation in August 2002, resulting in a one-time expense of \$13.7 million. Partially offsetting this increase in expenses was a decrease in stock-based compensation, a non-cash expense, from \$6.6 million for the nine months ended September 30, 2001

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to \$5.7 million for the same time period in 2002. Our operating margin was 30.3% for the first nine months of 2002 compared to 32.2% for the first nine months of 2001. Excluding stock-based compensation, our operating margin would have been 32.1% for the first nine months of 2002 compared to 34.6% for the first nine months of 2001. Excluding both the Wagner patent settlement and stock-based compensation, our operating margin for the nine months ended September 30, 2002, would have increased to 36.2%.

Trading volume for the first nine months of 2002 totaled a record 413.8 million contracts, representing an average daily trading volume of 2.2 million contracts. This was a 40.0% increase over the 295.5 million contracts traded during the first nine months of 2001, representing an average daily trading volume of 1.6 million contracts. Total trading volume through September 30, 2002 exceeded the total 2001 annual trading volume of 411.7 million contracts, which was a record. The third quarter of 2002 represented the seventh consecutive calendar quarter in which new total trading volume records have been established. In the first nine months of 2002, investors traded a record number of interest rate and stock index contracts, in part to protect portfolios against market swings and possible U.S. Federal Reserve Board policy changes. On June 27, 2002, we experienced a new single-day total trading volume record of nearly 4.3 million contracts, surpassing the previous record of 3.5 million contracts that was established on March 7, 2002. In addition, the month of July 2002 represented our busiest month ever when total trading volume was 59.3 million contracts, representing an average daily trading volume of nearly 2.7 million contracts. GLOBEX volume exceeded one million contracts for a single day for the first time on June 12, 2002 and exceeded one million contracts on 21 days through the end of the third quarter of 2002. A new GLOBEX volume record was established on July 24, 2002 when 1.5 million contracts were traded. These GLOBEX volume records exclude the initial launch of TRAKRS<sup>sm</sup> (Total Return Asset Contracts<sup>sm</sup>), a product developed with Merrill Lynch that began trading on July 31, 2002. On the launch date, this product recorded trading volume of 1.3 million contracts, which included orders taken since the product was announced on July 8, 2002. Total GLOBEX volume on July 31, 2002 was 2.2 million contracts, including the TRAKRS volume.

#### Revenues

Total revenues increased \$57.5 million, or 19.9%, from \$289.3 million for the nine months ended September 30, 2001 to \$346.8 million for the nine months ended September 30, 2002. Net revenues increased \$51.6 million, or 18.3%, from \$282.2 million for the nine months ended September 30, 2001 to \$333.8 million for the nine months ended September 30, 2002. The increase in revenues was attributable primarily to a 39.3% increase in average daily trading volume. In the first nine months of 2002, electronic trading represented 31.8% of total trading volume. Electronic trading volume grew 133.9%, to 700,454 contracts per day, when compared to the first nine months of 2001. Increased trading volume levels resulted from continued volatility in U.S. stocks and currencies; the anticipation of possible changes in interest rates; increased customer demand for the liquidity provided by our markets; product offerings that allowed customers to manage their risks; and enhanced access choices to our products. Partially offsetting these volume increases, and the related increase in clearing and transaction fees, was a decline in investment income resulting from a decrease in rates earned on our marketable securities and the short-term investment of clearing firms' cash performance bonds and security deposits; a decrease in the trading revenue generated by our foreign exchange trading subsidiary, GFX; and our share of the net loss from OneChicago, our joint venture in single stock futures and futures on narrow-based stock indexes. OneChicago had not initiated trading of single stock futures or futures on narrow-based stock indexes as of September 30, 2002.

**Clearing and Transaction Fees.** Clearing and transaction fees, which include clearing fees, GLOBEX electronic trading fees and other volume-related charges, increased \$49.5 million, or 23.3%, from \$211.9 million for the nine months ended September 30, 2001 to \$261.4 million for the nine months ended September 30, 2002. A significant portion of the increase was attributable to the 39.3% increase in average daily trading volume combined with the 133.9% increase in average daily trading volume on GLOBEX



during the nine months ended September 30, 2002. For the first nine months of 2002, the additional revenue resulting from these volume increases was partially offset by a reserve of \$5.0 million for a one-time payment to clearing firms relating to our fee adjustment policy and clearing firm account management errors. Finally, the first nine months of 2002 had one more business day than the first nine months of 2001.

Despite the increase in revenue from clearing and transaction fees, the average rate, or revenue, per contract decreased \$0.085 from \$0.717 for the nine months ended September 30, 2001 to \$0.632 for the same period in 2002. Management believes that the fee limits and volume discounts offered to customers contributed to increased overall trading volume but had a negative impact on our average rate per trade. While volume discounts and limits on certain GLOBEX fees were in effect during both 2001 and 2002, the average rate per contract for the first nine months of 2002 was more adversely impacted by these programs as increased trading volume resulted in more trades being executed at the discounted levels. In addition, the volume discounts for our Eurodollar products that were implemented in January 2001 were expanded in the third quarter of 2001. While volume in Eurodollar contracts has grown, the larger volume discounts have partially offset the additional revenue generated by the increased trading volume in Eurodollars. The average rate per contract was also affected by the lower percentage of trades attributed to non-member customers. The percentage of trades for non-members decreased to approximately 22% of total trading volume during the first nine months of 2002 compared to approximately 25% during the same time period in 2001. We believe our lower fee structure for members has resulted in the acquisition of trading rights by parties intending to trade significant volumes on our exchange, creating an increase in member volume. Finally, the \$5.0 million reserve in the second quarter of 2002 relating to our fee adjustment policy and clearing firm account management errors represented \$0.012 of the reduction in our average rate per contract for the nine months ended September 30, 2002.

The following table shows the average daily trading volume in our four product areas, the portion that is traded electronically through the GLOBEX platform, and clearing and transaction fees revenues expressed in total dollars and as an average rate per contract:

| Product Area   | Nine Months Ended<br>September 30, |                  | Percentage<br>Increase/(Decrease) |
|--|------------------------------------|------------------|-----------------------------------|
|  | 2002                               | 2001             |                                   |
| Interest Rate  | 1,293,202                          | 1,053,593        | 22.7%                             |
| Equity   | 779,958                            | 402,644          | 93.7                              |
| Foreign Exchange                                     | 97,351                             | 89,314           | 9.0                               |
| Commodity  | 30,502                             | 34,466           | (11.5)                            |
| <b>Total Volume</b>                                  | <b>2,201,013</b>                   | <b>1,580,017</b> | <b>39.3</b>                       |
| GLOBEX Volume  | 700,454                            | 299,459          | 133.9                             |
| GLOBEX Volume as a Percent of Total Volume           | 31.8%                              | 19.0%            |                                   |
| Clearing and Transaction Fees Revenue (in thousands) | \$ 261,414                         | \$ 211,894       |                                   |
| Average Rate per Contract                            | \$ 0.632                           | \$ 0.717         |                                   |

During the first nine months of 2002, volatility in U.S. equity markets continued. This volatility, combined with increased access choices to our GLOBEX platform and marketing efforts to increase awareness of our product offerings, drove the growth in volume of our equity products. Approximately 80% of our stock index product volume is traded through the GLOBEX platform. While the U.S. Federal Reserve Board left interest rates unchanged during the first nine months of 2002, compared to eight interest rate reductions during the first nine months of 2001, we continued to experience increased volume in our interest rate products. Continued uncertainty over interest rates and volatility in U.S. stocks has led to increased use of interest rate products. With respect to foreign exchange products, the increase in trading volume was attributable to the impact of instituting side-by-side trading of these products on our

GLOBEX platform during open outcry trading hours in April 2001, and additional volatility in the foreign exchange markets during the first nine months of 2002. The decrease in average daily volume for commodity products was primarily the result of a decline in price levels in livestock and dairy products during the first quarter of 2002 that was partially offset by the impact of a drought in much of the United States in the second quarter of 2002.

**Quotation Data Fees.** Quotation data fees increased \$0.7 million, or 2.0%, from \$35.8 million for the nine months ended September 30, 2001 to \$36.5 million for the nine months ended September 30, 2002. The increase principally reflects the effect of fee increases, implemented in March 2001, for the full nine-month period ended September 30, 2002 and an increase in the administrative fee for our quote vendor services in January 2002. In addition, these increases were partially offset by a decline in the number of users of our professional market data service that began in the second quarter of 2002, primarily as a result of recent downsizing at a number of major brokerage firms. As a result, the number of screens displaying our market data decreased from approximately 190,000 screens at December 31, 2001 to approximately 180,000 screens at September 30, 2002. This decline was partially offset by an increase in the number of subscribers from approximately 48,000 at December 31, 2001 to approximately 54,000 at September 30, 2002. The increase in subscribers occurred in our lower-priced non-professional E-mini market data service. Quotation data fees for the first nine months of 2001 were adversely impacted by \$0.5 million as a result of the bankruptcy filing of a vendor that served as a large distributor of our market data. There was no similar adverse event in the first nine months of 2002.

**GLOBEX Access Fees.** GLOBEX access fees increased \$0.9 million, or 9.7%, from \$8.9 million for the nine months ended September 30, 2001 to \$9.8 million for the nine months ended September 30, 2002. This increase resulted primarily from the additional monthly access fees generated from the increase in the number of GLOBEX users from September 30, 2001 to September 30, 2002. Partially offsetting this increase was a \$0.5 million decrease in installation revenue during the first nine months of 2002 when compared to the same time period in 2001. When our pricing structure was changed in February 2001, we increased our installation charges for certain access choices. Many customers elected those access choices when they were first introduced. This resulted in an increase in installation revenue in the second and third quarter of 2001 that was not repeated during the comparable period of 2002. In addition, some new customers in 2002 selected access choices that do not require installation fees, such as our virtual private network access.

**Communication Fees.** Communication fees increased \$0.5 million, or 6.7%, from \$6.9 million for the nine months ended September 30, 2001 to \$7.4 million for the nine months ended September 30, 2002. This increase resulted primarily from modest increases in fees for some of the wireless services we provide and an increase in telecommunication services and equipment provided on our trading floor.

**Investment Income.** Investment income decreased \$0.7 million, or 10.3%, from \$6.8 million for the nine months ended September 30, 2001 to \$6.1 million for the nine months ended September 30, 2002. The decline resulted primarily from a reduction in rates earned on our marketable securities and the investment of clearing firms' cash performance bonds and security deposits. A significant portion of these investments is short-term in nature. Rates earned on these investments declined from approximately 3.2% during the first nine months of 2001 to approximately 2.3% during the first nine months of 2002, representing a decrease in investment income of approximately \$5.1 million. The decrease in rates earned was primarily a result of the actions taken by the Federal Reserve Board in 2001 to lower the Fed funds rate. Another component of

the decrease in investment income was a \$0.5 million decrease in the investment results of our non-qualified deferred compensation plan that is included in investment income but does not affect our net income, as there is an equal decrease in our salaries and benefits expense. Partially offsetting these decreases in investment income was an increase of approximately \$2.6 million in interest income as a result of increased balances in marketable securities and cash performance bonds and security deposits. In addition, in the third quarter of 2002, we changed our investment policy and converted

our marketable securities to short-term investments, resulting in realized gains from the sale of these marketable securities of \$2.7 million.

*Securities Lending Interest Income and Expense.* Securities lending interest income increased \$7.2 million, from \$7.5 million for the nine months ended September 30, 2001 to \$14.7 million for the nine months ended September 30, 2002. Our securities lending activity began late in June 2001. Therefore, relatively modest revenue was generated for the nine months ended September 30, 2001. Our securities lending is limited to a portion of the securities that clearing firms deposit to satisfy their proprietary performance bond requirements. Securities lending interest expense increased \$5.9 million, from \$7.1 million for the nine months ended September 30, 2001 to \$13.0 million for the nine months ended September 30, 2002. This expense is an integral part of our securities lending program and is required to engage in securities lending transactions. Therefore, this expense is presented in the statements of income as a reduction of total revenues.

*Other Revenue.* Other revenue decreased \$0.6 million, or 4.8%, from \$11.5 million for the nine months ended September 30, 2001 to \$10.9 million for the nine months ended September 30, 2002. This decrease is attributed primarily to a \$1.6 million increase in our share of the net loss of OneChicago and a \$1.0 million decrease in trading revenue generated by GFX for the nine months ended September 30, 2002. OneChicago was not formed until August 2001. Therefore, the loss at September 30, 2001 only represented two months of operating results. There was also a modest decrease in revenue from the sale of our SPAN software during the first nine months of 2002 when compared to the same period in 2001. Partially offsetting these decreases was a \$1.9 million increase in fees associated with managing our Interest Earning Facility.

#### *Expenses*

Total operating expenses increased \$41.3 million, or 21.6%, from \$191.2 million for the nine months ended September 30, 2001 to \$232.5 million for the nine months ended September 30, 2002. This increase was primarily attributable to the \$13.7 million expense associated with the settlement of the Wagner patent litigation as well as increases in salaries and benefits, professional fees and depreciation expense. These increases were partially offset by a \$0.9 million decrease in stock-based compensation expense. Excluding stock-based compensation, expenses would have increased \$42.2 million, or 22.9%. Excluding both the Wagner patent settlement and stock-based compensation, expenses would have increased \$28.5 million, or 15.5%.

*Salaries and Benefits Expense.* Salaries and benefits expense increased \$6.9 million, or 8.8%, from \$78.3 million for the nine months ended September 30, 2001 to \$85.2 million for the nine months ended September 30, 2002. There are two significant components to this increase. The average number of employees increased approximately 6%, or 64 employees, from the nine months ended September 30, 2001 to the nine months ended September 30, 2002. This increased headcount resulted in increased salaries and benefits of approximately \$5.2 million. In addition, salaries and benefits increased approximately \$3.6 million as a result of increases in salaries and the related employer taxes, pension and benefits. We had 1,118 employees at September 27, 2002. Partially offsetting these increases was an increase in the capitalization of salaries relating to internally developed software and an increase in the losses experienced in our non-qualified deferred compensation plan during the first nine months of 2002 when compared to the same time period in 2001.

*Stock-Based Compensation Expense.* Stock-based compensation expense decreased \$0.9 million, or 13.5%, from \$6.6 million for the nine months ended September 30, 2001 to \$5.7 million for the nine months ended September 30, 2002. The primary component of this expense relates to the stock option granted to our CEO in February 2000, which included options for both Class A and Class B shares of common stock. The Class B share component of the option includes the value of the trading rights associated with the Class B shares subject to the option. Variable accounting treatment is required for the

option granted to our CEO. Because variable accounting reflects the change in the value of our Class A common stock and the underlying trading rights on the exchange associated with our Class B common stock, there is the possibility for significant variation in this component of stock-based compensation expense. There was a significant increase in the value of the trading rights associated with the Class B shares during the first nine months of 2001. This increase in value was partially offset by a decrease in the imputed value of the Class A shares during the first nine months of 2001. This net increase in value, when combined with the effect of vesting, resulted in \$6.0 million of our stock-based compensation expense for the first nine months of 2001. In the first nine months of 2002, there was also a significant increase in the value of the trading rights associated with the Class B shares. The stock-based compensation for the CEO option was \$5.1 million in the first nine months of 2002. The remainder of the expense relates to restricted stock granted to certain employees in May 2001.

*Occupancy Expense.* Occupancy expense increased \$1.9 million, or 12.1%, from \$15.1 million for the nine months ended September 30, 2001 to \$17.0 million for the nine months ended September 30, 2002. This increase is directly related to additional rent expense incurred in 2002 for a remote data facility leased in the fourth quarter of 2001 and an increase in rent for our trading floors. A portion of the trading floor rent is determined based on open outcry trading volume, which increased 18.3% during the first nine months of 2002 when compared to the same time period in 2001.

*Professional Fees, Outside Services and Licenses Expense.* Professional fees, outside services and licenses expense increased \$6.3 million, or 34.7%, from \$18.4 million for the nine months ended September 30, 2001 to \$24.7 million for the nine months ended September 30, 2002. This increase is attributable primarily to two factors. There was a \$3.4 million increase in legal fees associated with our defense of the Wagner patent litigation during the first nine months of 2002. In the first nine months of 2002, there was also a \$1.6 million increase in license fees resulting from growth in our equity product trading volume. In addition, professional fees for technology initiatives, net of the portion that relates to the development of internal use software and is capitalized rather than expensed, also increased \$0.8 million. New initiatives during the first nine months of 2002 included work on capacity testing of various exchange systems, adaptation of certain systems to accommodate single stock futures transactions and technology work to prepare for our E-quotes market data offering. Additional expenses also were incurred in 2002 for building security in response to the September 11 terrorist attacks. Partially offsetting these increases was a refund for certain legal expenses incurred in 2001 and reduced expenses related to recruiting employees.

*Communications and Computer and Software Maintenance Expense.* Communications and computer and software maintenance expense increased \$2.4 million, or 7.8%, from \$31.4 million for the nine months ended September 30, 2001 to \$33.8 million for the nine months ended September 30, 2002. The increase in 2002 resulted primarily from additional hardware and software maintenance associated with recent technology purchases, telecommunications expense associated with our remote data facility and additional expenses incurred in connection with our E-quotes market data service launch in March 2002. These increases were partially offset by a reduction in communication expenses associated with connections to our GLOBEX platform resulting from the renegotiation of a contract with one of our vendors in the second half of 2001.

*Depreciation and Amortization Expense.* Depreciation and amortization expense increased \$8.2 million, or 30.2%, from \$27.3 million for the nine months ended September 30, 2001 to \$35.5 million for the nine months ended September 30, 2002. This increase was attributable primarily to equipment and software purchased late in 2001 as well as during the first nine months of 2002.

*Patent Litigation Settlement.* Patent litigation settlement expense totaled \$13.7 million for the nine months ended September 30, 2002. This expense represents the August 26, 2002 settlement of the Wagner patent litigation. The settlement required a \$5.0 million payment in September 2002 with five subsequent annual payments of \$2.0 million each beginning in August 2003. The expense recorded in the nine months

ended September 30, 2002 represents the present value of these payments. No similar expense occurred in the nine months ended September 30, 2001.

*Public Relations and Promotions Expense.* Public relations and promotions expense increased \$1.0 million, or 28.5%, from \$3.4 million for the nine months ended September 30, 2001 to \$4.4 million for the nine months ended September 30, 2002. The increase resulted from additional print advertising expenditures in the first nine months of 2002, primarily to promote our foreign exchange and E-mini stock index products. This increase was partially offset by a decrease in charitable contributions. In response to the terrorist attacks of September 11, 2001, we established the Chicago Mercantile Exchange Foundation and made an initial contribution of \$1.0 million in the third quarter of 2001. No similar expense was incurred in the first nine months of 2002.

*Other Expense.* Other expense increased \$1.7 million, or 16.8%, from \$10.7 million for the nine months ended September 30, 2001 to \$12.4 million for the nine months ended September 30, 2002. Bank fees increased \$0.8 million as a result of the fees associated with securities lending that began late in the second quarter of 2001. In addition, fees paid to our board of directors increased during the first nine months of 2002 when compared to the same time period in 2001 due to a change in our board fee structure that became effective July 1, 2001. Partially offsetting these increases was a decrease in fees associated with providing certain delivery services that resulted from a decrease in the utilization of these services by our customers.

*Income Tax Provision*

We recorded a tax provision of \$40.2 million for the nine months ended September 30, 2002 compared to a tax provision of \$36.5 million for the same period in 2001. The effective tax rate was 39.7% for the first nine months of 2002, a modest decline from the 40.1% effective tax rate for the first nine months of 2001.

**Year Ended December 31, 2001 Compared to Year Ended December 31, 2000**

*Overview*

Our operations for the year ended December 31, 2001 resulted in net income of \$68.3 million compared to a net loss of \$5.9 million for the year ended December 31, 2000. Our improved operating results were driven by a \$170.0 million, or 75.1%, increase in total revenues. Net revenues increased \$160.6 million, or 70.9%. This increase in revenues was partially offset by a \$38.2 million, or 16.3%, increase in expenses in 2001 when compared to 2000. Excluding stock-based compensation, which represented a non-cash expense of \$17.6 million, our net income for 2001 would have been \$78.8 million compared to a loss of \$5.3 million for 2000.

During 2001, the U.S. Federal Reserve Board lowered the Fed funds rate on 11 occasions, resulting in a total reduction of 4.75%. The increased need for risk management instruments resulting from this interest rate volatility led to increased volume in our Eurodollar contract. Our Eurodollar contract also became a benchmark for the industry, contributing to its volume growth. Concerns and uncertainty about the global and national economy, interest rates and the performance of U.S. stocks that had resulted in increased trading volume throughout 2001 were magnified after the terrorist attacks of September 11. In addition, opening access to our electronic trading platform and improved performance of that platform, coupled with uncertainty over the economy and interest rates, resulted in increased trading volume in our stock index products.

*Revenues*

Total revenues increased \$170.0 million, or 75.1%, from \$226.6 million for 2000 to \$396.6 million for 2001. Net revenues increased \$160.6 million, or 70.9%, from 2000 to 2001. The increase in revenues was attributable primarily to a 78.9% increase in average daily trading volume in 2001, establishing an

exchange record and making our exchange the largest futures exchange in the United States, based on annual trading volume, for the first time. In 2001, we also experienced record levels of electronic trading that resulted in average daily GLOBEX volume of 326,274 contracts, representing 19.9% of our trading volume and an increase of 138.3% compared to 2000. These increased volume levels resulted from uncertainty over interest rates and volatility in U.S. stocks, a diverse product offering, our new open access policy for GLOBEX and volume discounts available to customers using our markets to manage their financial risk. Finally, a new pricing framework announced in December 2000 that took effect in the first quarter of 2001 resulted in additional revenue.

*Clearing and Transaction Fees.* Clearing and transaction fees and other volume-related charges increased \$135.9 million, or 86.7%, from \$156.6 million in 2000 to \$292.5 million in 2001. Total trading volume increased 78.1% from 231.1 million contracts, our previous trading volume record established in 2000, to 411.7 million contracts for 2001. Many other volume records were established in 2001. Trading volume of 3.3 million contracts on November 15, 2001 established a new single-day trading volume record. Trading volume for the month of November 2001 also established a new monthly record, with 45.3 million contracts traded. This growth in total volume, and the related increase in clearing fees, was compounded by additional GLOBEX transaction fees resulting from a 138.3% increase in electronic trading volume from 2000 to 2001. In addition to increased volume, revenue was favorably impacted by changes to our pricing structure that were implemented in the first quarter of 2001.

In response to the terrorist attacks in the United States, our markets closed early on September 11, 2001, and our exchange remained closed on September 12, 2001. Trading resumed on September 13, 2001. However, equity products did not trade for an additional two business days, until September 17, 2001, when the equity markets in the United States resumed trading.

In addition to the increase in trading volume, the average rate per contract increased \$0.032 from \$0.678 for the year ended December 31, 2000 to \$0.710 for the year ended December 31, 2001. The increase in 2001 reflects increases in pricing, which were partially offset by volume discounts for our Eurodollar products. These discounts were implemented in January 2001 and expanded in the third quarter of 2001. Also, as a result of the limits on certain GLOBEX fees, the additional trading volume generated through GLOBEX has increased clearing fees but has not necessarily resulted in additional GLOBEX fees.

The following table shows the average daily trading volume in our four product areas, the portion that was traded electronically through the GLOBEX platform, and clearing and transaction fees revenues expressed in total dollars and as an average rate per contract:

| Product Area     | Year Ended<br>December 31, |         | Percentage<br>Increase |
|------------------|----------------------------|---------|------------------------|
|                  | 2001                       | 2000    |                        |
| Interest rate    | 1,091,846                  | 550,810 | 98.2%                  |
| Equity           | 425,149                    | 258,120 | 64.7                   |
| Foreign exchange | 89,290                     | 76,615  | 16.5                   |

| Commodity   | 34,003           | 31,575         | 7.7         |
|---|------------------|----------------|-------------|
| <b>Total Volume</b>                                   | <b>1,640,288</b> | <b>917,120</b> | <b>78.9</b> |
| GLOBEX Volume   | 326,274          | 136,928        | 138.3       |
| GLOBEX Volume as a Percent of Total Volume            | 19.9%            | 14.9%          |             |
| Clearing and Transaction Fees Revenues (in thousands) | \$ 292,459       | \$ 156,649     |             |
| Average Rate per Contract                             | \$ 0.710         | \$ 0.678       |             |

While we experienced increased volume in all products, the most significant increases occurred in interest rate and equity products. This increased volume reflected market dynamics in U.S. stocks and interest rates, as well as the effect of volume discounts and increased access to our electronic trading

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platform. These measures were designed to stimulate additional activity in a time of volatility in interest rates and U.S. equities.

**Quotation Data Fees.** Quotation data fees increased \$12.0 million, or 33.0%, from \$36.3 million in 2000 to \$48.3 million in 2001. On March 1, 2001, we implemented a fee increase for professional subscribers. At year-end 2001, more than 48,000 subscribers displayed our data on approximately 190,000 screens worldwide. This represented a modest decrease from year-end 2000 when we had approximately 54,000 subscribers displaying our data on more than 196,000 screens. In addition, while we maintained our non-professional market data offering, the service was changed from real-time streaming to one-minute snapshots of market data. This led some of our subscribers to convert to the higher-priced professional service. In addition, our 2000 revenue was adversely impacted by the bankruptcy filing of one of the larger resellers of our quotes.

**GLOBEX Access Fees.** GLOBEX access fees increased \$8.0 million, or 201.9%, from \$4.0 million in 2000 to \$12.0 million in 2001. This increase was primarily attributable to the growth in the number of GLOBEX connections. Our FIX API connections increased from approximately 60 at December 31, 2000 to approximately 175 at December 31, 2001. These connections generally are used by clearing firms and allow multiple users to access GLOBEX. In addition, our GLOBEX Trader-Internet connections, a new access choice in 2001, grew to approximately 250 connections. Also contributing to the increase in revenue were changes to fees charged for access to GLOBEX in 2001 that were partially offset by a decrease in dedicated terminals accessing GLOBEX.

**Communication Fees.** Communication fees were relatively constant, experiencing a decrease of \$0.1 million, from \$9.4 million in 2000 to \$9.3 million in 2001.

**Investment Income.** Investment income decreased \$0.7 million, or 8.0%, from \$9.7 million in 2000 to \$9.0 million in 2001. The decline resulted primarily from a decrease in interest rates, which had a negative impact on the rate earned on funds invested. Also, there was a \$0.2 million decrease in the investment results of our non-qualified deferred compensation plan, which did not impact our net income as there was an equal reduction to our salaries and benefits expense. Partially offsetting these decreases was investment income generated by additional funds available for investment in marketable securities as a result of our improved financial performance. Also, cash performance bonds deposited by clearing firms increased from 2000 to 2001, resulting in additional investment income in 2001.

**Securities Lending Interest Income and Expense.** Securities lending interest income was \$10.7 million in 2001. There was no similar income for 2000, as our securities lending activity began in June 2001. Securities lending is limited to a portion of the securities that clearing firms deposit to satisfy their proprietary performance bond requirements. Securities lending interest expense was \$9.5 million in 2001. There was no similar expense for 2000. This expense is an integral part of our securities lending program and is required to engage in securities lending transactions. Therefore, this expense is presented in the consolidated statements of income as a reduction of total revenues.

**Other Revenue.** Other revenue increased \$4.4 million, or 41.7%, from \$10.5 million in 2000 to \$14.9 million in 2001. The majority of this increase, or \$2.3 million, was attributable to increased fees associated with managing our IEF. Fees earned are directly related to amounts deposited in each IEF. In addition, the comprehensive pricing changes implemented in the first quarter of 2001 resulted in additional revenue from floor access charges, booth rental on our trading floors and order routing services. Finally, sales of our SPAN software increased by \$0.3 million in 2001 compared to 2000. Partially offsetting these increases was a \$0.6 million decrease in the trading revenue generated by GFX and our share of the net loss of OneChicago, the joint venture established in August 2001 for the trading of single stock futures.

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## Expenses

Total operating expenses increased \$38.2 million, or 16.3%, from \$234.6 million in 2000 to \$272.8 million in 2001. The most significant components of this increase were the increase in non-cash stock-based compensation and, to a lesser extent, the increase in salaries and benefits expense. Excluding the increase resulting from stock-based compensation, expenses increased \$21.5 million, or 9.2%, from 2000 to 2001.

**Salaries and Benefits Expense.** Salaries and benefits expense increased \$11.1 million, or 11.9%, from \$94.1 million in 2000 to \$105.2 million in 2001. Included in this expense in 2000 were \$4.3 million of one-time expenses relating to the restructuring of management that included a sign-on bonus for our new President and CEO hired in February 2000 and expenses related to severance payments to departing executives with employment contracts. Excluding these one-time charges, salaries and benefits increased \$15.5 million, or 17.3%, in 2001, primarily as a result of an increase in overall compensation levels and employee bonus expense, coupled with related increases in pension expense, employment taxes and employee benefits costs. In addition, the average number of employees increased approximately 1% during 2001. This increased headcount resulted in additional salaries and benefits expense of approximately \$1.4 million. These increases were compounded by a reduction in the number of technology staff utilized for internally developed software initiatives in 2001 when compared to 2000. As a result, more employee-related costs were expensed, rather than being capitalized as part of the development of internal use software.

**Stock-Based Compensation Expense.** Stock-based compensation, a non-cash expense, increased \$16.6 million, from \$1.0 million in 2000 to \$17.6 million in 2001. This increase was primarily the result of the increase in value of the trading rights on our exchange associated with the Class B shares included in the stock option granted to our CEO in 2000 and vesting that occurs with the passage of time. Prior to our demutualization in November 2000, the expense relating to this option was recognized as a stock appreciation right using variable accounting as prescribed under Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and related pronouncements. Since the date of demutualization, variable accounting has been required for this option. Because variable accounting reflects the change in the value of our Class A common stock and the underlying trading rights on the exchange associated with our Class B common stock, there is the possibility for significant variation in this component of stock-based compensation expense. This option represented \$16.6 million of our stock-based compensation expense in 2001.

**Occupancy Expense.** Occupancy expense increased \$0.8 million, or 4.0%, from \$19.6 million in 2000 to \$20.4 million in 2001. This is primarily the result of an increase in rent expense related to our trading floors, as a portion of this rent is directly related to increased open outcry trading volume.

**Professional Fees, Outside Services and Licenses Expense.** Professional fees, outside services and licenses increased \$4.2 million, or 18.0%, from \$23.1 million in 2000 to \$27.3 million in 2001. Professional fees for technology-related initiatives, net of the reduction for the portion that relates to the development of internal use software and is capitalized rather than expensed, increased \$4.5 million in 2001 when compared to 2000. Major initiatives in 2001 included improvements to the Application Program Interface (API) to GLOBEX, work on enhancing the ability to execute sophisticated spread trades in GLOBEX and improvements to our Web site. In addition, there was a \$0.9 million increase in license fees resulting from increased stock index product trading volume. We also incurred fees in 2001 relating to our reorganization into a holding company structure. In 2000, we completed our management restructuring and demutualization that resulted in recruiting, legal and other professional fees that were not repeated in 2001.

**Communications and Computer and Software Maintenance Expense.** Communications and computer and software maintenance expense increased \$1.7 million, or 4.0%, from \$41.9 million in 2000 to

\$43.6 million in 2001. As a result of a new contract with our communications provider, communication costs related to GLOBEX connections increased modestly despite the increased number of customers utilizing our electronic trading platform. In addition, our hardware and software maintenance costs increased in 2001 as a result of technology-related purchases.

**Depreciation and Amortization Expense.** Depreciation and amortization expense increased \$4.1 million, or 12.4%, from \$33.5 million in 2000 to \$37.6 million in 2001. This increase was attributable primarily to depreciation of the cost of equipment and software purchased late in 2000, as well as amortization on internally developed software completed in 2001 and the second half of 2000.

**Public Relations and Promotion Expense.** Public relations and promotion expense increased \$1.1 million, or 21.2%, from \$5.2 million in 2000 to \$6.3 million in 2001. In response to the terrorist attacks on September 11, 2001, we established the Chicago Mercantile Exchange Foundation with an initial contribution of \$1.0 million to be distributed to those affected by the events of September 11, 2001. In addition, in 2001 promotion expense was affected by increased spending on direct advertising offset by reduced expenditures for trade shows and specific product promotions.

**Other Expense.** Other expense decreased \$1.4 million, or 9.3%, from \$16.1 million in 2000 to \$14.7 million in 2001. This decrease was due primarily to a \$2.7 million write-off of previously capitalized software development costs during 2000. It was determined that the software would not be utilized as intended. A similar write-off of \$0.3 million occurred in 2001. Other factors affecting these expenses in 2001 included a reduction in travel and entertainment when compared to 2000, offset by the expense associated with the settlement of certain litigation in 2001.

During 2000, the limited partners' interest in the earnings of PMT was \$1.2 million. We purchased the net assets of PMT on November 13, 2000 as part of our demutualization. Therefore, there was no reduction in earnings during 2001 as a result of the sharing of profits with the limited partners of this entity.

#### Income Tax Provision

We recorded a tax provision of \$46.1 million in 2001, compared to a tax benefit of \$3.3 million in 2000. The effective tax rate was 40.3% in 2001 and 36.1% in 2000.

### Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

#### Overview

We experienced a net loss of \$5.9 million in 2000, compared to net income of \$2.7 million in 1999. The change was due primarily to expenses in 2000 relating to management restructuring, demutualization and the write-off of certain internally developed software that could not be used as intended and increased technology-related expenses. As a result, overall expense increases outpaced the growth in revenue.

#### Revenues

Total revenues increased \$16.0 million, or 7.6%, from \$210.6 million in 1999 to \$226.6 million in 2000. The \$16.0 million increase in revenue was the result of several factors. Clearing and transaction fees increased as a result of total volume increasing 15.1% in addition to a new pricing structure implemented in 2000. Our revenue from quotation data fees decreased due to reduced fees charged to non-professional subscribers. GLOBEX access fees increased as a result of a 30% increase in terminals. Our communication fees increased due to rate increases to the users of our telecommunication systems. Investment income increased due to the increase in our cash performance bonds offset by realized losses on net sales of marketable securities. Trading gains of GFX and the increase in revenue from our IEF program resulted in an increase in other revenue.

**Clearing and Transaction Fees.** Clearing and transaction fees accounted for 69.1% of total revenues in 2000. Clearing and transaction fees revenues increased \$16.3 million, or 11.6%, from \$140.3 million in 1999 to \$156.6 million in 2000. This increase was due primarily to a 15.1% increase in total trading volume in 2000 over 1999, setting a new annual volume record at that time of 231.1 million contracts. The increase in trading volume was due primarily to uncertainty over interest rates and the 2000 U.S. presidential election that resulted in strong volume in our interest rate and stock index products as a way to help manage financial risk. Total electronic trading volume on our GLOBEX platform in 2000 rose 113.8% to 34.5 million contracts and accounted for 14.9% of total volume. In addition to the increase in trading volume, clearing and transaction fee revenue rose as a result of a fee increase that went into effect on October 1, 2000. The fee increase was replaced with a new, strategically designed fee structure that went into effect primarily on January 1, 2001. The new pricing structure reflects our business strategy as a for-profit corporation.

The average rate per contract decreased \$0.021 from \$0.699 for the year ended December 31, 1999 to \$0.678 for the year ended December 31, 2000. This decrease was attributable primarily to a lower percentage of trades being executed by non-members, who are charged higher rates than members. While the number of contracts traded by non-members increased from approximately 104 million in 1999 to 113 million in 2000, the percentage of total trading volume attributed to non-members decreased from approximately 26% of total trading volume in 1999 to approximately 24% of total trading volume in 2000. Also contributing to the decrease in the average rate per contract is a decline in volume for our foreign exchange products and the related delivery services.

The following table shows the average daily trading volume in our four product areas, the portion that was traded electronically through the GLOBEX platform, and clearing and transaction fees revenues expressed in total dollars and as an average rate per contract:

| Product Area  | Year Ended December 31, |         | Percentage Increase/(Decrease) |
|---------------|-------------------------|---------|--------------------------------|
|               | 2000                    | 1999    |                                |
| Interest Rate | 550,810                 | 475,023 | 16.0%                          |
| Equity        | 258,120                 | 189,984 | 35.9                           |

|   |                |                |             |
|---|----------------|----------------|-------------|
| Foreign Exchange                                      | 76,615         | 94,747         | (19.1)      |
| Commodity   | 31,575         | 33,671         | (6.2)       |
| <b>Total Volume</b>                                   | <b>917,120</b> | <b>793,425</b> | <b>15.6</b> |
| <br>  |                |                |             |
| GLOBEX Volume   | 136,928        | 63,782         | 114.7       |
| GLOBEX Volume as a Percent of Total Volume            | 14.9%          | 8.0%           |             |
| <br>  |                |                |             |
| Clearing and Transaction Fees Revenues (in thousands) | \$ 156,649     | \$ 140,305     |             |
| Average Rate per Contract                             | \$ 0.678       | \$ 0.699       |             |

**Quotation Data Fees.** Quotation data fees decreased \$6.7 million, or 15.6%, from \$43.0 million in 1999 to \$36.3 million in 2000. The decrease was a result of lower promotional fees charged to non-professional subscribers. This special promotional fee was eliminated in 2001. While the total number of subscribers increased from 1999 to 2000, a portion of our existing subscribers switched to the new non-professional service at a lower monthly fee. In addition, the likelihood of collecting certain receivables outstanding at December 31, 2000 appeared questionable. The resulting reserve against receivables reduced revenue in 2000 by \$1.4 million.

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**GLOBEX Access Fees.** GLOBEX access fees increased \$2.1 million, or 109.1%, from \$1.9 million in 1999 to \$4.0 million in 2000. The total number of GLOBEX terminals increased more than 30% during 2000, resulting in additional revenue.

**Communication Fees.** Communication revenue increased \$1.2 million, or 15.0%, from \$8.2 million in 1999 to \$9.4 million in 2000. The increase was a result of rate increases to users of our telecommunications system.

**Investment Income.** Investment income increased \$0.6 million, or 7.1%, from \$9.1 million in 1999 to \$9.7 million in 2000. Investment income generated by increased cash performance bonds was partially offset by realized losses on net sales of marketable securities.

**Other Revenue.** Other revenue increased \$2.4 million, or 29.3%, from \$8.1 million in 1999 to \$10.5 million in 2000. Trading gains of GFX increased by \$2.0 million in 2000 compared to 1999, and there was an increase in fees generated as a result of our IEF program. Partially offsetting these increases was a decline in consulting revenue generated for work completed by us for ParisBourse<sup>SBF</sup>SA. Since this consulting arrangement was concluded in 1999, there was no similar revenue in 2000.

#### Expenses

Total operating expenses increased \$30.6 million, or 15.0%, from \$204.0 million in 1999 to \$234.6 million in 2000. Excluding approximately \$9.8 million of expenses in 2000 relating to management restructuring, demutualization and the write-off of certain internally developed software that could not be used as intended, the increase was \$20.8 million, or 10.2%. Technology-related expenses of \$100.1 million increased \$23.2 million as we continued to invest in trading and clearing systems. In electronic trading, we made significant capacity and performance enhancements to GLOBEX to support our new open access policy approved in 2000. As a result, telecommunication, software licenses and maintenance, as well as hardware maintenance and depreciation costs, increased for our technology division. These increases were partially offset by a reduction in the use of consultants for technology initiatives in 2000 compared to 1999. We continued to upgrade our clearing technology and made advances in furthering alliances with other exchanges. Clearing infrastructure enhancements enabled us to launch the world's first cross-border, cross-margining program with the London Clearing House. Other enhancements included an upgraded real-time mutual offset system with Singapore Exchange Derivatives Trading Limited, or Singapore Derivatives Exchange, improved asset management capabilities for exchange customers and a more flexible and streamlined clearing process. Seeking new growth opportunities by leveraging our established clearing house expertise, we explored opportunities in the e-business market in 2000 and incurred \$0.9 million in related expenses.

**Salaries and Benefits Expense.** Salaries and benefits expense increased \$13.1 million, or 16.2%, from \$81.0 million in 1999 to \$94.1 million in 2000. There are three significant components to this increase. Salaries and benefits expense increased \$8.8 million as a result of increases in overall compensation levels and the related employer taxes, pension and benefits. In January 2000, we entered into an employment agreement with our new President and CEO that stipulated payment of a sign-on bonus of \$2 million. In addition, three executives with employment contracts resigned during the first quarter of 2000. The payments required by these contracts and increases in headcount accounted for the remainder of the increase in salaries and benefits.

**Stock-based Compensation Expense.** Stock-based compensation expense of \$1.0 million resulted from the expense relating to the stock option granted to our CEO in 2000. Variable accounting treatment was required for the option under APB Opinion 25, "Accounting for Stock Issued to Employees," as of the date of demutualization.

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**Occupancy Expense.** Occupancy costs increased \$1.8 million, or 10.4%, from \$17.8 million in 1999 to \$19.6 million in 2000. In 1999, reductions in real estate taxes, combined with credits from the landlord for operating expenses, resulted in one-time savings and represented the majority of the variance between 1999 and 2000.

**Professional Fees, Outside Services and Licenses Expense.** Professional fees, outside services and licenses decreased \$5.2 million, or 18.3%, from \$28.3 million in 1999 to \$23.1 million in 2000. The decrease resulted primarily from a \$3.7 million decline in professional fees relating to some technology initiatives that were substantially completed in 1999. Additional savings resulted from a \$0.8 million reduction in recruiting costs, a \$0.4 million reduction in ongoing legal and accounting fees and a decrease in the use of temporary employees. Also, in 1999, certain professional fees were incurred for projects that were concluded the same year, including \$0.9 million in professional fees relating to the development of our strategic plan, \$0.9 million for services associated with the launch of side-by-side electronic trading of our Eurodollar products and \$0.7 million in professional fees for certain enhancements to GLOBEX. These savings were partially offset by a \$1.3 million increase in legal costs and professional fees associated with our demutualization and a \$0.9 million increase in license fees incurred as a result of increased trading volume in our equity products in 2000 when compared to 1999.

**Communication and Computer and Software Maintenance Expense.** Communication and computer and software maintenance expense increased \$13.5 million, or 47.4%, from \$28.4 million in 1999 to \$41.9 million in 2000. Communication costs rose \$9.1 million, or 38.9%, as a result of additional GLOBEX electronic trading subscribers. The number of GLOBEX terminals increased more than 30.0% in 2000. In addition, software and related maintenance costs increased by \$3.3 million in 2000 compared to 1999 as a result of technology initiatives.

**Depreciation and Amortization Expense.** Depreciation and amortization increased \$8.2 million, or 32.5%, from \$25.3 million in 1999 to \$33.5 million in 2000. The increase was due to the amortization of completed capitalized software development, additional depreciation expense resulting from software and computer equipment purchases made in 2000 and late in 1999 and the change in depreciable lives of such software and computer equipment from five years to four years.

**Public Relations and Promotion Expense.** Public relations and promotion expense decreased \$2.5 million, or 32.2%, from \$7.7 million in 1999 to \$5.2 million in 2000, due primarily to the elimination or reduction of certain incentive programs related to specific contracts offered on our exchange.

**Other Expense.** Other expense increased \$0.6 million, or 4.2%, from \$15.5 million in 1999 to \$16.1 million in 2000. The increase resulted from a \$2.7 million write-off during the second quarter of 2000 of previously capitalized software development costs. It was determined that the software would not be utilized as intended. Partially offsetting this were decreases in travel and entertainment expenses as well as in various state and local taxes.

The limited partners' interest in the earnings of PMT was \$1.2 million for the period January 1, 2000 through November 13, 2000, the date of the sale of PMT's net assets to us as part of our demutualization, compared to \$2.1 million in 1999. A decline in the operating results of PMT, and the corresponding decline in the limited partners' interest in the earnings of PMT in 2000, was due to higher operating costs associated with electronic trading. The fact that PMT operated for less than a full year also reduced its profits compared to 1999. The impact of these factors was partially offset by an increase in the net income of GFX in 2000, a portion of which was allocated to PMT.

#### Income Tax Provision

A benefit for income taxes of \$3.3 million was recorded for the twelve months ended December 31, 2000 as a result of operating losses during this period. The effective income tax rate for the period was 36.1%. The benefit will be realized through a tax loss carryback to offset a prior year's taxable income.

### Quarterly Results of Operations

Quarterly results have varied significantly as a result of the following:

- trading volume;
- changes in and limits and volume discounts on fees;
- one-time expenses relating to demutualization;
- changes in our business strategy and fee structure as a result of our conversion from a non-profit into a for-profit corporation;
- stock-based compensation expense resulting from stock options granted to our CEO;
- amount and timing of capital expenditures; and
- growth in GLOBEX.

The following tables set forth certain unaudited consolidated quarterly income statement data, both in dollar amounts and as a percentage of net revenues for the 11 quarters ended September 30, 2002. In our opinion, this unaudited information has been prepared on substantially the same basis as the financial statements appearing elsewhere in this prospectus and includes all adjustments (consisting of normal recurring adjustments) necessary to present fairly the unaudited quarterly data. The unaudited quarterly data should be read together with the financial statements and related notes included elsewhere in this prospectus. The results for any quarter are not necessarily indicative of results for any future period.

|   | Quarter Ended                            |                   |                   |                 |                  |                  |                  |                  |                  |                  |                  |
|---|--|-------------------|-------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | Mar. 31, 2000                            | June 30, 2000     | Sept. 30, 2000    | Dec. 31, 2000   | Mar. 31, 2001    | June 30, 2001    | Sept. 30, 2001   | Dec. 31, 2001    | Mar. 31, 2002    | June 30, 2002    | Sept. 30, 2002   |
|   | (in thousands, except per share amounts) |                   |                   |                 |                  |                  |                  |                  |                  |                  |                  |
| <b>Revenues:</b>  |  |                   |                   |                 |                  |                  |                  |                  |                  |                  |                  |
| Clearing and transaction fees   | \$ 40,046                                | \$ 35,643         | \$ 32,282         | \$ 48,678       | \$ 70,938        | \$ 68,266        | \$ 72,690        | \$ 80,565        | \$ 77,885        | \$ 84,274        | \$ 99,255        |
| Quotation data fees   | 9,883                                    | 8,568             | 9,028             | 8,806           | 10,225           | 13,582           | 12,003           | 12,440           | 12,465           | 11,925           | 12,117           |
| GLOBEX access fees  | 701                                      | 918               | 1,109             | 1,243           | 2,347            | 3,557            | 3,004            | 3,079            | 3,130            | 3,278            | 3,362            |
| Communication fees  | 2,242                                    | 2,403             | 2,442             | 2,304           | 2,256            | 2,350            | 2,299            | 2,425            | 2,405            | 2,506            | 2,453            |
| Investment income   | 2,148                                    | 2,236             | 2,296             | 3,056           | 2,573            | 2,496            | 1,727            | 2,160            | 1,617            | 1,304            | 3,177            |
| Securities lending interest income  | —  | —                 | —                 | —               | —                | 605              | 6,885            | 3,254            | 3,514            | 6,275            | 4,913            |
| Other   | 2,569                                    | 2,560             | 2,324             | 3,067           | 3,831            | 4,411            | 3,252            | 3,410            | 3,053            | 3,518            | 4,372            |
| <b>Total revenues</b>   | <b>57,589</b>                            | <b>52,328</b>     | <b>49,481</b>     | <b>67,154</b>   | <b>92,170</b>    | <b>95,267</b>    | <b>101,860</b>   | <b>107,333</b>   | <b>104,069</b>   | <b>113,080</b>   | <b>129,649</b>   |
| Securities lending interest expense   | —  | —                 | —                 | —               | —                | (569)            | (6,531)          | (2,377)          | (2,977)          | (5,548)          | (4,484)          |
| <b>Net revenues</b>   | <b>57,589</b>                            | <b>52,328</b>     | <b>49,481</b>     | <b>67,154</b>   | <b>92,170</b>    | <b>94,698</b>    | <b>95,329</b>    | <b>104,956</b>   | <b>101,092</b>   | <b>107,532</b>   | <b>125,165</b>   |
| <b>Expenses:</b>  |  |                   |                   |                 |                  |                  |                  |                  |                  |                  |                  |
| Salaries and benefits   | 26,724                                   | 22,153            | 22,290            | 22,899          | 25,059           | 25,147           | 28,132           | 26,889           | 29,227           | 28,349           | 27,646           |
| Stock-based compensation  | 1,521                                    | 957               | (370)             | (1,075)         | 3,473            | 4,394            | (1,224)          | 10,996           | (5,191)          | 4,383            | 6,556            |
| Occupancy   | 5,022                                    | 5,106             | 4,874             | 4,627           | 5,257            | 4,796            | 5,092            | 5,275            | 5,781            | 5,308            | 5,881            |
| Professional fees, outside services and licenses  | 5,858                                    | 4,702             | 4,823             | 7,748           | 6,018            | 5,538            | 6,816            | 8,917            | 7,261            | 8,377            | 9,109            |
| Communications and computer and software maintenance  | 9,417                                    | 10,675            | 11,147            | 10,681          | 9,988            | 10,141           | 11,236           | 12,233           | 10,308           | 11,325           | 12,183           |
| Depreciation and amortization   | 8,302                                    | 8,294             | 8,622             | 8,271           | 8,888            | 9,146            | 9,245            | 10,360           | 10,814           | 12,337           | 12,353           |
| Patent litigation settlement  | —  | —                 | —                 | —               | —                | —                | —                | —                | —                | —                | 13,695           |
| Public relations and promotion  | 1,120                                    | 942               | 1,397             | 1,760           | 581              | 788              | 2,055            | 2,902            | 1,563            | 1,354            | 1,481            |
| Other   | 3,445                                    | 6,064             | 2,815             | 3,824           | 2,990            | 3,631            | 4,035            | 3,994            | 3,429            | 5,007            | 4,005            |
| <b>Total expenses</b>   | <b>61,409</b>                            | <b>58,893</b>     | <b>55,598</b>     | <b>58,735</b>   | <b>62,254</b>    | <b>63,581</b>    | <b>65,387</b>    | <b>81,566</b>    | <b>63,192</b>    | <b>76,440</b>    | <b>92,909</b>    |
| <b>Income (loss) before limited partners' interest in (earnings)/loss of PMT and income taxes</b> | <b>(3,820)</b>                           | <b>(6,565)</b>    | <b>(6,117)</b>    | <b>8,419</b>    | <b>29,916</b>    | <b>31,117</b>    | <b>29,942</b>    | <b>23,390</b>    | <b>37,900</b>    | <b>31,092</b>    | <b>32,256</b>    |
| Limited partners' interest in (earnings)/loss of PMT  | (988)                                    | (194)             | 21                | (4)             | —                | —                | —                | —                | —                | —                | —                |
| Income tax (provision) benefit  | 1,924                                    | 2,703             | 2,438             | (3,726)         | (11,975)         | (12,353)         | (12,166)         | (9,569)          | (15,178)         | (12,150)         | (12,902)         |
| <b>Net income (loss)</b>  | <b>\$ (2,884)</b>                        | <b>\$ (4,056)</b> | <b>\$ (3,658)</b> | <b>\$ 4,689</b> | <b>\$ 17,941</b> | <b>\$ 18,764</b> | <b>\$ 17,776</b> | <b>\$ 13,821</b> | <b>\$ 22,722</b> | <b>\$ 18,942</b> | <b>\$ 19,354</b> |
| <b>Earnings (loss) per share:(1)</b>  |  |                   |                   |                 |                  |                  |                  |                  |                  |                  |                  |
| Basic   | \$ (0.10)                                | \$ (0.14)         | \$ (0.13)         | \$ 0.16         | \$ 0.62          | \$ 0.65          | \$ 0.62          | \$ 0.48          | \$ 0.79          | \$ 0.66          | \$ 0.67          |

|         |   |   |   |      |      |      |      |      |      |    |      |    |      |
|---------|---|---|---|------|------|------|------|------|------|----|------|----|------|
| Diluted | — | — | — | 0.16 | 0.62 | 0.64 | 0.60 | 0.46 | 0.76 | \$ | 0.64 | \$ | 0.65 |
|---------|---|---|---|------|------|------|------|------|------|----|------|----|------|

(1) Earnings per share is presented as if the common stock issued on December 3, 2001 had been outstanding for all periods presented. Diluted loss per share is not presented for the first three quarters of 2000 because shares issuable for stock options, which would be included as part of the calculation, would have an anti-dilutive effect.

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|   | Quarter Ended                     |                  |                   |                  |                  |                  |                   |                  |                  |                  |                   |
|---|-----------------------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|
|   | Mar. 31,<br>2000                  | June 30,<br>2000 | Sept. 30,<br>2000 | Dec. 31,<br>2000 | Mar. 31,<br>2001 | June 30,<br>2001 | Sept. 30,<br>2001 | Dec. 31,<br>2001 | Mar. 31,<br>2002 | June 30,<br>2002 | Sept. 30,<br>2002 |
|   | (as a percentage of net revenues) |                  |                   |                  |                  |                  |                   |                  |                  |                  |                   |
| <b>Revenues:</b>  |                                   |                  |                   |                  |                  |                  |                   |                  |                  |                  |                   |
| Clearing and transaction fees   | 69.5%                             | 68.1%            | 65.3%             | 72.5%            | 77.0%            | 72.1%            | 76.3%             | 76.8%            | 77.0%            | 78.4%            | 79.3%             |
| Quotation data fees   | 17.2                              | 16.4             | 18.3              | 13.1             | 11.1             | 14.3             | 12.6              | 11.9             | 12.3             | 11.1             | 9.7               |
| GLOBEX access fees  | 1.2                               | 1.8              | 2.2               | 1.9              | 2.5              | 3.8              | 3.2               | 2.9              | 3.1              | 3.1              | 2.8               |
| Communication fees  | 3.9                               | 4.6              | 4.9               | 3.4              | 2.4              | 2.5              | 2.4               | 2.3              | 2.4              | 2.3              | 1.9               |
| Investment income   | 3.7                               | 4.3              | 4.6               | 4.6              | 2.8              | 2.6              | 1.8               | 2.1              | 1.6              | 1.2              | 2.5               |
| Securities lending interest income  | —                                 | —                | —                 | —                | —                | 0.6              | 7.2               | 3.1              | 3.5              | 5.8              | 3.9               |
| Other   | 4.5                               | 4.8              | 4.7               | 4.5              | 4.2              | 4.7              | 3.4               | 3.2              | 3.0              | 3.3              | 3.5               |
| <b>Total revenues</b>   | <b>100.0</b>                      | <b>100.0</b>     | <b>100.0</b>      | <b>100.0</b>     | <b>100.0</b>     | <b>100.6</b>     | <b>106.9</b>      | <b>102.3</b>     | <b>102.9</b>     | <b>105.2</b>     | <b>103.6</b>      |
| Securities lending interest expense   | —                                 | —                | —                 | —                | —                | (0.6)            | (6.9)             | (2.3)            | (2.9)            | (5.2)            | (3.6)             |
| <b>Net revenues</b>   | <b>100.0</b>                      | <b>100.0</b>     | <b>100.0</b>      | <b>100.0</b>     | <b>100.0</b>     | <b>100.0</b>     | <b>100.0</b>      | <b>100.0</b>     | <b>100.0</b>     | <b>100.0</b>     | <b>100.0</b>      |
| <b>Expenses:</b>  |                                   |                  |                   |                  |                  |                  |                   |                  |                  |                  |                   |
| Salaries and benefits   | 46.4                              | 42.3             | 45.0              | 34.1             | 27.2             | 26.6             | 29.6              | 25.6             | 28.9             | 26.4             | 22.1              |
| Stock-based compensation  | 2.6                               | 1.8              | (0.7)             | (1.6)            | 3.8              | 4.6              | (1.3)             | 10.5             | (5.1)            | 4.1              | 5.2               |
| Occupancy   | 8.7                               | 9.8              | 9.9               | 6.9              | 5.7              | 5.1              | 5.3               | 5.0              | 5.7              | 4.9              | 4.7               |
| Professional fees, outside services and licenses  | 10.2                              | 9.0              | 9.8               | 11.6             | 6.5              | 5.8              | 7.1               | 8.5              | 7.2              | 7.8              | 7.3               |
| Communications and computer and software maintenance  | 16.4                              | 20.4             | 22.5              | 15.9             | 10.8             | 10.7             | 11.8              | 11.7             | 10.2             | 10.5             | 9.7               |
| Depreciation and amortization   | 14.4                              | 15.8             | 17.4              | 12.3             | 9.7              | 9.7              | 9.7               | 9.9              | 10.7             | 11.5             | 9.9               |
| Patent litigation settlement  | —                                 | —                | —                 | —                | —                | —                | —                 | —                | —                | —                | 10.9              |
| Public relations and promotion  | 1.9                               | 1.8              | 2.8               | 2.6              | 0.6              | 0.8              | 2.2               | 2.8              | 1.5              | 1.3              | 1.2               |
| Other   | 6.0                               | 11.6             | 5.7               | 5.7              | 3.3              | 3.8              | 4.2               | 3.8              | 3.4              | 4.7              | 3.2               |
| <b>Total expenses</b>   | <b>106.6</b>                      | <b>112.5</b>     | <b>112.4</b>      | <b>87.5</b>      | <b>67.6</b>      | <b>67.1</b>      | <b>68.6</b>       | <b>77.8</b>      | <b>62.5</b>      | <b>71.2</b>      | <b>74.2</b>       |
| <b>Income (loss) before limited partners' interest in (earnings)/loss of PMT and income taxes</b> | <b>(6.6)</b>                      | <b>(12.5)</b>    | <b>(12.4)</b>     | <b>12.5</b>      | <b>32.4</b>      | <b>32.9</b>      | <b>31.4</b>       | <b>22.2</b>      | <b>37.5</b>      | <b>28.8</b>      | <b>25.8</b>       |
| Limited partners' interest in (earnings)/loss of PMT  | (1.7)                             | (0.4)            | —                 | —                | —                | —                | —                 | —                | —                | —                | —                 |
| Income tax (provision) benefit  | 3.3                               | 5.2              | 4.9               | (5.5)            | (13.0)           | (13.0)           | (12.8)            | (9.1)            | (15.0)           | (11.3)           | (10.3)            |
| <b>Net income (loss)</b>  | <b>(5.0)%</b>                     | <b>(7.7)%</b>    | <b>(7.5)%</b>     | <b>7.0%</b>      | <b>19.4%</b>     | <b>19.9%</b>     | <b>18.6%</b>      | <b>13.1%</b>     | <b>22.5%</b>     | <b>17.5%</b>     | <b>15.5%</b>      |

Although individual expense categories may vary, our total ongoing expenses, with the exception of stock-based compensation, have proven to be relatively fixed in nature. During 2000, our professional fees also fluctuated as a result of our demutualization, which resulted in \$1.3 million of expense during the year and represented approximately \$0.4 million of expense in each of the first three quarters of 2000. We do not expect recurring expenses of this nature. We expect that salaries and benefits expense will continue to account for the largest portion of our expenses. In addition, we expect that communications and computer and software maintenance expense will continue to increase in absolute dollars as our electronic trading volume increases. We expect that occupancy expense; professional fees, outside services and licenses; and public relations and promotions expense will remain relatively fixed.

We believe that our operating margins will also be affected by several factors including trading volume, the mix of fees generated from the trading of different products, changes in our pricing policies, migration from open outcry to electronic trading, our ability to leverage capital expenditures related to our electronic infrastructure and new product introductions. Our trading volume is directly affected by domestic and international factors that are beyond our control, including economic, political and market conditions, broad trends in industry and finance, changes in levels of trading activity, price levels and price volatility in the derivatives markets and in underlying fixed-income, equity, foreign exchange and commodity markets, legislative and regulatory changes, competition, changes in government monetary policies, foreign exchange rates, consolidation in our customer base or within our industry and inflation. Our business is also subject to seasonality. In the three years prior to 2001, we experienced relatively higher volume during the first and second quarters, and we generally expect that the third quarter will have

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lower trading volume. This historical trend was not evident in 2001 or 2002 in part because of the volatility of interest rates and U.S. equities in the third quarter of each of those years.

Due to all of the foregoing factors, period-to-period comparisons of our revenues, expenses and operating results are not necessarily meaningful, and these comparisons cannot be relied upon as indicators of future performance. Also, with the exception of the most recent seven quarters, all of our results reflect operating as a mutual not-for-profit corporation.

## Liquidity and Capital Resources

Cash and cash equivalents totaled \$197.2 million at September 30, 2002 compared to \$69.1 million at December 31, 2001 and \$30.7 million at December 31, 2000. The \$128.1 million increase from December 31, 2001 to September 30, 2002 resulted primarily from the change in our investment policy to convert our marketable securities to more short-term investments. Our revised investment policy, implemented in the third quarter of 2002, allows us to invest in institutional money market funds with a fund balance over \$1.0 billion and certain U.S. Treasury and Government agency securities, provided these securities will mature at par value within seven days of purchase. This new policy resulted in a \$128.3 million increase in the balances invested in money market funds and securities that are treated as cash equivalents. In addition, our operations for the nine months ended September 30, 2002 contributed to the increase in cash and cash equivalents since December 31, 2001. Partially offsetting these increases was the June 28, 2002 payment of a \$17.3 million dividend to owners of our common stock. In addition, during the first nine months of 2002, the payment of certain short-term liabilities required the use of cash and is reflected on the consolidated balance sheets as a reduction in accounts payable during the same time period. The increase from December 31, 2000 to December 31, 2001 resulted primarily from improved operating performance. In addition, at December 31, 2001, a larger portion of our marketable



securities were held in short-term instruments, and considered to be a cash equivalent, when compared to December 31, 2000. During 2000 and 2001, the balance retained in cash and cash equivalents was a function of anticipated or possible short-term cash needs, prevailing interest rates and alternative investment choices.

Other current assets readily convertible into cash include marketable securities as well as accounts receivable. When combined with cash and cash equivalents, these assets represented 62.7% of our total assets at September 30, 2002, excluding cash performance bonds and security deposits and investment of securities lending proceeds, compared to 60.9% at December 31, 2001 and 45.9% at December 31, 2000. The increase at September 30, 2002 compared to year-end 2001 resulted primarily from cash generated by operations during the nine months ended September 30, 2002 that was partially offset by purchases of capital assets and the dividend payment. The improvement in 2001 is a result of improved operating results that increased cash, receivables and marketable securities from year-end 2000 levels. Cash performance bonds and security deposits, as well as investment of securities lending proceeds, are excluded from total assets and total liabilities for purposes of this comparison.

Each clearing firm is required to deposit and maintain a specified performance bond based on the number of open contracts at the end of each trading day. Performance bond requirements can be satisfied with cash, U.S. Government securities, bank letters of credit or other approved investments. Cash performance bonds and security deposits are included in our consolidated balance sheets and fluctuate due to the investment choices available to clearing firms and the change in the amount of deposits required. Our securities lending transactions utilize a portion of the securities that clearing firms have deposited to satisfy their proprietary performance bond requirements. The balance in our securities lending activity fluctuates based on the amount of securities that clearing firms have deposited and the demand for securities lending activity in the particular securities available to us. As a result of these factors, the balances in cash performance bonds and security deposits as well as the balances in our securities lending program may fluctuate significantly over time. In general, the balance of cash performance bonds and security deposits has increased in recent years. Our securities lending program began in June 2001. Since

that time, our securities lending balances have, as of the end of each quarter, ranged from a low of approximately \$131 million at September 30, 2001 to a high of \$882.6 million at December 31, 2001.

Cash performance bonds and security deposits and securities lending proceeds consisted of the following at December 31, 2001 and September 30, 2002:

|  | December 31,<br>2001 | September 30,<br>2002 |
|--|----------------------|-----------------------|
| (in thousands)   |                      |                       |
| Cash Performance Bonds   | \$ 848,391           | \$ 1,913,180          |
| Cash Security Deposits   | 6,836                | 6,853                 |
| <b>Total Cash Performance Bonds and Security Deposits</b>                          | <b>\$ 855,227</b>    | <b>\$ 1,920,033</b>   |
| Proceeds from Securities Lending and Payable Under Securities Lending Arrangements | 882,555              | 554,870               |
| <b>Total Cash Performance Bonds and Securities Lending</b>                         | <b>\$ 1,737,782</b>  | <b>\$ 2,474,903</b>   |

As discussed above, clearing firms may also deposit U.S. Government securities and other approved investments, including deposits in our IEF program, to satisfy their performance bond and security deposit requirements. With the exception of the portion of securities deposited that are utilized in our securities lending program, assets of this nature are not included on our consolidated balance sheets. We are required under the Commodity Exchange Act to segregate cash and securities deposited by clearing firms on behalf of customers. In addition, our exchange rules require a segregation of all funds and securities deposited by clearing firms from exchange operating funds and securities. As with cash performance bonds and security deposits, these balances will fluctuate due to the investment choices available to clearing firms and the change in the amount of total deposits required. Securities and IEF deposits consisted of the following at December 31, 2001 and September 30, 2002:

|  | December 31,<br>2001 | September 30,<br>2002 |
|--|----------------------|-----------------------|
| (in thousands)   |                      |                       |
| <b>Securities and IEF Funds for:</b>                                   |                      |                       |
| Performance Bonds  | \$ 27,208,994        | \$ 26,467,515         |
| Security Deposits  | 694,323              | 852,299               |
| Cross-margin Securities Held Jointly with Options Clearing Corporation | 422,996              | 348,043               |
| <b>Total</b>   | <b>\$ 28,326,313</b> | <b>\$ 27,667,857</b>  |

Historically, we have met our funding requirements from operations. Net cash provided by operating activities was \$101.6 million for the nine months ended September 30, 2002 compared to \$77.4 million for the nine months ended September 30, 2001, an increase of \$24.2 million. This increase resulted primarily from the increase in net income and increases in non-cash items, such as depreciation and the loss on our investment in OneChicago, as well as reduced growth in our accounts receivable during the first nine months of 2002. Partially offsetting these increases was the utilization of cash to achieve a \$7.1 million reduction in accounts payable from September 30, 2001 to September 30, 2002. Net cash provided by operating activities was \$120.6 million for 2001 and \$33.0 million for 2000. The cash provided by operations increased in 2001 as a result of our improved operating results. The increase in net cash provided by operating activities exceeded our net income in 2001 primarily as a result of increases in non-cash expenses, such as depreciation and stock-based compensation, that do not adversely impact our cash flow. Stock-based compensation totaled \$17.6 million in 2001, compared to \$1.0 million in 2000.

Cash provided by investing activities was \$48.1 million for the nine months ended September 30, 2002 compared to cash used in investing activities of \$48.3 million for the nine months ended September 30, 2001. The increase of \$96.4 million is primarily due to the \$119.8 million of proceeds received from the sale

of marketable securities in excess of purchases of marketable securities as a result of the change in our investment policy to convert marketable securities to short-term investments that are considered cash equivalents. Cash used to acquire property and software increased \$20.3 million, from \$22.2 million for the first nine months of 2001 to \$42.5 million for the same time period in 2002. Purchases of software and equipment in the first nine months of 2002 included \$11.6 million for our remote data center, which

became operational in September 2002, and \$5.3 million to accommodate trading in single stock futures. An additional investment in OneChicago of \$3.1 million was made in the first nine months of 2002. We continue to fund capital expenditures from current operating funds.

For the year ended December 31, 2001, net cash used in investing activities was \$78.2 million, compared to \$13.0 million for 2000. As a result of our improved operating results in 2001, purchases of marketable securities that required the use of cash exceeded sales and maturities by \$46.5 million. This is in contrast to 2000, when sales and maturities of our marketable securities that generated cash exceeded purchases by \$16.4 million. In addition, in 2001, purchases of property increased \$5.1 million when compared to 2000. In 2000, cash used in investing activities was increased by the \$4.2 million payment to the limited partners of PMT to complete the purchase of PMT.

Cash used in financing activities was \$21.6 million for the nine months ended September 30, 2002 and \$2.8 million for the nine months ended September 30, 2001. The 2002 increase resulted from a cash dividend of \$0.60 per share on Class A and Class B shares of common stock that was declared by our board of directors on June 4, 2002 for shareholders of record on June 17, 2002. The dividend was paid on June 28, 2002 and totaled \$17.3 million. In addition, cash used in financing activities for both periods includes regularly scheduled payments on long-term debt related to our capital lease obligations. Net cash used in financing activities was \$3.9 million for 2001 and \$3.6 million for 2000, representing scheduled payments on capital leases.

We intend to pay regular quarterly dividends to our shareholders beginning in the first quarter of 2003. The annual dividend target will be approximately 20% of prior year's cash earnings. The decision to pay a dividend, however, remains within the discretion of our board of directors and may be affected by various factors, including our earnings, financial condition, capital requirements, level of indebtedness and other considerations our board of directors deems relevant.

We maintain a \$500.0 million line of credit with a consortium of banks to be used in certain situations, such as a disruption in the domestic payments system that would delay settlement between our exchange and our clearing firms or in the event of a clearing firm default. The line of credit has never been utilized. On October 18, 2002, at the annual renewal date, the line of credit was renewed for the same amount and with substantially the same terms. The credit agreement continues to be collateralized by clearing firm security deposits held by us in the form of U.S. Treasury or agency securities, as well as security deposit funds in IEF2.

In addition, as of September 30, 2002, we were contingently liable on irrevocable letters of credit totaling \$68.0 million in connection with our mutual offset system with Singapore Derivatives Exchange. We also guarantee the principal for funds invested in the first IEF facility, which had a balance of \$471.2 million as of September 30, 2002.

On August 26, 2002, the lawsuit relating to Wagner patent 4,903,201 entitled "Automated Futures Trade Exchange" was settled for \$15.0 million. The settlement required an initial payment of \$5.0 million in September 2002 and requires five subsequent annual payments of \$2.0 million each beginning in August 2003. The entire expense related to this settlement was recognized in the third quarter of 2002, at its present value of \$13.7 million.

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Capital expenditures, which includes expenditures for purchased and internally developed software as well as equipment acquired utilizing capital leases, have varied significantly from 1999 through the first nine months of 2002, as demonstrated in the table below:

|                            | Year Ended December 31,           |         |         | Nine Months Ended September 30, |         |
|----------------------------|-----------------------------------|---------|---------|---------------------------------|---------|
|                            | 1999                              | 2000    | 2001    | 2001                            | 2002    |
|                            | (in millions, except percentages) |         |         |                                 |         |
| Total Capital Expenditures | \$ 63.2                           | \$ 27.1 | \$ 36.5 | \$ 21.1                         | \$ 43.1 |
| Technology                 | 50.8                              | 21.6    | 32.3    | 18.7                            | 39.0    |
| Percent for Technology     | 80.2%                             | 79.9%   | 88.3%   | 88.3%                           | 90.4%   |

This highlights our commitment to continual enhancements to the technology we employ. The significant expenditures in 1999 included \$31.2 million for additional equipment and upgrades to our data center, expenditures for hardware and software required for year 2000 compliance and an improvement to our back-up recovery capabilities. Capital expenditures in 1999 also were made in connection with an upgrade to GLOBEX, which represented a significant portion of the \$15.3 million of capitalized costs for staff and consultants who completed work on internally developed software. In 2001, capital expenditures for technology included \$13.9 million for purchased and internally developed software, as well as \$17.3 million in equipment purchases for our data centers. These purchases were attributable primarily to increased capacity requirements of our electronic platform as a result of increased trading volume. This necessitated increased equipment and software licenses. Continued capital expenditures for technology are anticipated as our electronic trading platform is expanded and we continue to improve the technology utilized as part of our open outcry facilities.

Other than technology, significant expenditures in 1999 include an upgrade to our telecommunications systems at a cost of \$2.4 million and exchange-wide purchases that were required in anticipation of the new millennium. Each year capital expenditures are also incurred for improvements to our trading floor facilities, offices, telecommunications capabilities and other operating equipment.

If operations do not provide sufficient funds to complete capital expenditures, our marketable securities or short-term investments can be reduced to provide the needed funds or assets can be acquired through capital leases.

We expect to use our available cash, combined with the proceeds from this offering and cash anticipated to be available from future operations, primarily for general corporate purposes. We believe these funds will enable us to meet our working capital requirements for the foreseeable future. We may also use a portion of our available cash to acquire or invest in technologies or business ventures or products that are complementary to our business. We have not determined the amounts we plan to spend on any of the uses described above or the timing of these expenditures. Our future liquidity and capital requirements will depend on numerous factors, including product development, new business opportunities and the development and maintenance of our technology systems. If capital requirements vary materially from those currently planned, we may require additional financing sooner than anticipated. Any additional equity financing may be dilutive to our stockholders and debt financing, if available, may involve restrictive covenants with respect to dividends, raising capital and other financial and operational matters that could restrict our operations.

#### Quantitative and Qualitative Disclosures About Market Risk

Market risk represents interest rate risk relating to the marketable securities that are available for sale, as well as derivatives trading risk associated with GFX. With respect to interest rate risk, a change in market interest rates would impact interest income from temporary cash investments, cash performance bonds and security deposits, variable rate marketable securities and new purchases of marketable

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securities. Changes in market interest rates also would have an effect on the fair value of marketable securities. However, as a result of our new investment policy that was effective in the third quarter of 2002, we invest only in cash equivalents comprised primarily of money market mutual funds and obligations of the U.S. Government and its agencies with maturities of seven days or less. Prior to the recent change in our investment policy, we monitored interest rate risk by completing regular reviews of our marketable securities portfolio and its sensitivity to changes in the general level of interest rates, commonly referred to as a portfolio's duration. We controlled the duration of the portfolio primarily through the purchase of individual marketable securities having a duration consistent with our overall investment policy. In addition, under our prior investment policy, we would generally hold marketable securities to maturity, which acted as a further mitigating factor with respect to interest rate risk. GFX engages in the purchase and sale of our foreign exchange futures contracts to promote liquidity in our products and subsequently enters into offsetting transactions using futures contracts or spot foreign exchange transactions to limit market risk. Any potential impact on earnings from a change in foreign exchange rates would not be significant. Net position limits are established for each trader and currently amount to \$12.0 million in aggregate notional value.

#### *Interest Rate Risk*

Interest income from marketable securities, temporary cash investments, cash performance bonds and security deposits was \$4.5 million in the first nine months of 2002. Our marketable securities experienced net realized and unrealized gains of \$2.2 million in the nine months ended September 30, 2002 compared to net realized and unrealized gains of \$1.4 million in the nine months ended September 30, 2001. At September 30, 2002, our marketable securities included one variable rate security for \$0.1 million maturing in October 2002. As a result of a change in our investment policy, marketable securities previously owned were sold during the third quarter of 2002. The proceeds from the sale of these securities have been invested in other short-term liquid investments, primarily an institutional money market mutual fund and U.S. Government agency securities that mature within seven days of purchase. Interest income from marketable securities, temporary cash investments and cash performance bonds and security deposits was \$8.9 million in 2001. Net realized and unrealized gains (losses) from our marketable securities totaled \$0.7 million in 2001, \$0.6 million in 2000 and (\$1.4) million in 1999.

#### *Derivatives Trading Risk*

At September 30, 2002, GFX held futures positions with a notional value of \$67.5 million, offset by a similar amount of spot foreign exchange positions. All positions are marked to market through a charge or credit to other revenue on a daily basis. Net trading gains were \$2.3 million for the nine months ended September 30, 2002 and \$3.3 million for the nine months ended September 30, 2001.

At December 31, 2001, futures positions held by GFX had a notional value of \$102.3 million, offset by a similar amount of spot foreign exchange positions, resulting in a zero net position. Net trading gains were \$3.8 million in 2001, \$4.4 million in 2000 and \$2.4 million in 1999.

### **Accounting Matters**

#### *Recent Accounting Pronouncements*

At this time, we do not believe that any recently issued accounting standards which require adoption in the future will have a material impact on our financial condition or operating results. However, on October 4, 2002 the Financial Accounting Standards Board (FASB) issued an Exposure Draft "Accounting for Stock-Based Compensation—Transition and Disclosure" that would amend SFAS No. 123, "Accounting for Stock-Based Compensation." Currently, we account for stock options in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations, and accordingly, variable accounting is required for our CEO's option. We are now evaluating the impact of adopting the fair value

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method of accounting for stock options as provided for in SFAS No. 123. Adoption of SFAS No. 123, as amended, could result in changes in the way we account for our past and future option grants. In particular, adoption could potentially result in a fixed expense for our CEO's option. If the Exposure Draft is adopted by the FASB as it is currently written and certain changes are made to our CEO's option, we believe our adoption of SFAS No. 123 and the application of the fair value method of accounting will result in a fixed expense for this option, instead of the current variable expense. We cannot assure you that our board of directors will authorize adoption of SFAS No. 123 or that our board and our CEO will authorize changes to our CEO's option.

#### *Change in Independent Public Accountants*

On May 15, 2002, our board of directors adopted the recommendation of its audit committee that Arthur Andersen LLP be dismissed as our independent public accountants. Effective May 15, 2002, the board of directors, based upon a recommendation of its audit committee, retained Ernst & Young LLP as the independent public accountants to audit our consolidated financial statements for the year ending December 31, 2002, as well as each of the three years in the period ended December 31, 2001.

During the two most recent fiscal years ended December 31, 2001, and through May 15, 2002, there were no disagreements between us and Arthur Andersen on any matter of accounting principles, financial statement disclosure or auditing scope or procedure which, if not resolved to Arthur Andersen's satisfaction, would have caused Arthur Andersen to make reference to the matter of the disagreement in connection with their reports. The audit reports of Arthur Andersen on our consolidated financial statements as of and for the years ended December 31, 2001 and 2000 did not contain any adverse opinion or disclaimer of opinion, nor were these opinions qualified or modified as to uncertainty, audit scope or accounting principles.

During our two most recent fiscal years ended December 31, 2001, and through May 15, 2002, there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

During our two most recent fiscal years ended December 31, 2001, and during the interim period through May 15, 2002, we did not consult with Ernst & Young LLP regarding any of the matters or events set forth in Item 304(a)(2)(i) and (ii) of Regulation S-K.

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## **INDUSTRY OVERVIEW**

### **Introduction**

A futures contract is a derivatives product that provides the means for hedging, speculation and asset allocation and is used in nearly all sectors of the global economy. Those who trade futures essentially trade contracts to buy or sell an underlying commodity or financial instrument at a specific date in the future—usually within a few months or less. Futures contracts are generally traded through a centralized auction or computerized matching process, with all bids and offers on each contract made public. Through this process, a prevailing market price is reached for each contract, based primarily on the laws of supply and demand. Futures markets are rarely used to actually buy or sell the physical commodity or financial instrument being traded. Rather, they are used for price estimation, risk management and, for some people, investment and profit.

Dating back to the 1800s, futures initially were developed to help agricultural producers and commercial users manage the price risks they faced as a result of the various factors that affect the supply of, and demand for, crops. The futures industry still serves those markets, but has broadened beyond its agricultural origins. Today, for example, futures serve as risk management tools related to interest rates, government and other securities, stock indexes, foreign exchange and non-agricultural as well as agricultural

commodities. The customer base includes professional traders, financial institutions, institutional and individual investors, as well as major corporations, manufacturers, producers, supranational entities and governments.

Notwithstanding the rapid growth and diversification of futures markets, their primary purpose remains the same—to provide an efficient mechanism for the management of price risks. Futures markets attract two kinds of market participants: hedgers, or those who seek to minimize and manage price risk, and speculators, or those who are willing to take on risk in the hope of making a profit. By buying and selling futures contracts, hedgers seek to protect themselves from adverse price changes. For example, a producer hedger wants to transfer the risk that prices will decline by the time a sale is made. By contrast, a consumer hedger wants to transfer the risk that prices will increase before a purchase is made. Speculators buy when they anticipate rising prices and sell when they anticipate declining prices. The interaction of hedgers and speculators helps to provide active, liquid and competitive markets. Other market participants utilize futures as a method of asset allocation and a means to achieve greater diversification and a potentially higher overall rate of return on their investments. These market participants attempt to assure that at least a portion of their investment portfolio is allocated to an asset class that has the potential to perform well when other portions of the portfolio are underperforming.

A futures contract is different from a share of stock, or equity, that is traded on a stock exchange. A share of stock represents an ownership interest in a corporation. A futures contract does not itself represent a direct interest in an underlying commodity or financial instrument. Rather, it is an agreement between a buyer and a seller to consummate a transaction in that commodity or financial instrument at a predetermined time in the future at a price agreed on today. One of the main attractions of futures is the leverage they provide. With relatively little initial outlay, usually just a small percentage of the contract's value, buyers and sellers are able to participate in the price movement of the full contract. As a result, the leverage can lead to substantial returns on the original investment. However, it can also lead to substantial losses. The risks associated with futures can be significant.

### **Industry Growth**

According to the Futures Industry Association, the total number of futures contracts traded worldwide on reporting futures exchanges grew from approximately 475 million in 1990 to approximately 1.8 billion in 2001, representing a compound annual growth rate of approximately 13%. In the United States, the total number of futures contracts traded on futures exchanges increased from approximately 277 million in 1990 to approximately 629 million in 2001. In Europe, the total number of futures contracts traded on futures

exchanges grew from approximately 76 million in 1990 to approximately 778 million in 2001, and in Asia this number grew from 109 million in 1990 to 241 million in 2001.

The substantial recent growth in global futures trading volume is attributable to a number of factors. Increasing awareness of the importance of risk management has significantly expanded the demand for risk management tools in all economic sectors. Greater price volatility in key market sectors, such as in the fixed-income sector, has increased the need for these tools. Greater access to futures markets through technological innovation and the relaxation of regulatory barriers has also expanded the market reach of futures exchanges and the customer base for these products. Growing awareness of the opportunities to obtain or hedge market exposure through the use of futures contracts at a lower cost than the cost of obtaining or hedging comparable market exposure by purchasing or selling the underlying financial instrument or commodity has also contributed to increased customer interest in the use of futures contracts.

At year-end 2001, there were 52 futures exchanges located in 27 countries, including nine futures exchanges in the United States. Major futures exchanges in the United States include us, CBOT, NYMEX and the New York Board of Trade. Major futures exchanges outside the United States include Eurex, which is a part of Deutsche Börse Group and the Swiss Exchange; Euronext N.V., which recently acquired a controlling interest in the London International Financial Futures and Options Exchange, or LIFFE, and announced plans to integrate their derivatives markets; Mercado Oficial de Futuros y Opciones Financieros in Spain, or MEFF; Singapore Derivatives Exchange; and the Tokyo Stock Exchange.

### **Methods of Trading**

Trading in futures products at futures exchanges has traditionally occurred primarily on physical trading floors in arenas called "pits" through an auction process known as "open outcry". Open outcry trading is face-to-face trading, with each trader serving as his own auctioneer. The traders stand in the pit and make bids and offers to one another, via shouting or flashed hand signals, to buy and sell contracts. Only members owning or leasing a seat on the exchange may trade in the pit, and orders from individual and institutional traders are sent to these members on the trading floor, usually through a broker. The rules of many exchanges also permit block trading, which involves the private negotiation of large purchases and sales away from the trading floor, but which are settled and cleared through the exchange's clearing facilities. Futures exchanges also offer privately negotiated exchange-for-physical, or EFP, transactions and exchange basis facility, or EBF, transactions. An EFP transaction is a privately negotiated and simultaneous exchange of a futures position for a corresponding cash position, outside of the public auction market, in the context of a non-interest rate contract. An EBF is essentially an EFP trade that is transacted in the context of interest rate contracts. EFPs and EBFs are also sometimes referred to as "cash for futures transactions."

In order to expand access to their markets, most futures exchanges, either exclusively or in combination with open outcry trading facilities, provide electronic trading platforms that allow subscribing customers to obtain real-time information about bid and ask prices and trading volume and enter orders directly into the platform's centralized order book, subject to the agreement of a clearing member to accept responsibility for clearing resulting transactions on behalf of the customer. The emergence of electronic trading has been enabled by the ongoing development of sophisticated electronic order routing and matching systems, as well as advances in communications networks and protocols. Examples of electronic trading platforms include the GLOBEX system, the a/c/e platform, LIFFE Connect™ and the eSpeed platform, which supports the Cantor Exchange.

### **Liquidity of Markets**

Liquidity of markets is a key component to attracting customers and ensuring the success of a market. Liquidity is important because it means a contract is easy to buy or sell quickly with minimal price

disturbance. Liquidity is a function of the number of participants making a market or otherwise trading in a contract, the size, or notional value, of the positions participants are willing to accommodate and the prevailing spread between the levels at which bids and offers are quoted for the relevant contract. As a result, the volume of contracts or transactions executed on an exchange is a widely recognized indicator of liquidity on the exchange. Volume is stated in round turn trades, which represent matched buy and sell orders. In addition, the daily total of positions outstanding on an exchange, or open interest, and notional values of contracts traded are widely recognized indicators of the level of customer interest in a specific contract.

A neutral, transparent and relatively anonymous trading environment, as well as a reputation for market integrity, are critical to the establishment and maintenance of a liquid market. In addition, a successful exchange must provide cost-effective execution and have access to an advanced technology infrastructure that enables reliable and efficient trade execution as well as dependable clearing and settlement capabilities.

## Clearing and Settlement

Transactions executed on futures exchanges are settled through an entity called a clearing house that acts as a central counterparty to the clearing member on each side of the transaction. When a futures transaction has been executed in the pit or on an electronic platform and matched, the clearing house facilitates the consummation of the transaction by substituting itself as the counterparty to both the clearing member that is or represents the buyer and the clearing member that is or represents the seller in the transaction. By interposing itself between two transacting parties, a clearing house guarantees the contractual obligations of the transaction. A clearing house also can provide clearing services for transactions that occur outside the pit or electronic platform, such as block trades, EFPs and EBFs.

The measures used to evaluate the strength and efficiency of a clearing house include the number of transactions that are processed per day, the amount of settlement payments that are handled per day and the amount of collateral deposits managed by the clearing house. The major clearing houses for futures products include the CME Clearing House, which we own, the Board of Trade Clearing Corporation, the London Clearing House, Eurex Clearing AG, Singapore Exchange Derivatives Clearing Limited and Clearnet.

## Trends in the Industry

Globalization, deregulation and recent advances in technology are changing the way both the futures and broader commodities and financial exchange markets operate.

**Globalization.** In recent years, the world's financial markets, as well as the exchanges and marketplaces that serve them, have experienced an accelerating pace of globalization. The emphasis on greater geographic diversification of investments, investment opportunities in emerging markets and expanded cross-border commercial activities are leading to increasing levels of cross-border trading and capital movements. In response to these trends, financial exchanges within particular geographic regions, notably in Europe, are both expanding access to their markets across borders and consolidating.

**Deregulation.** Deregulation of the financial services industry in the United States, Europe and Asia has increased customer access to products and markets, reduced regulatory barriers to product innovation and encouraged consolidation.

- **United States.** Many regulatory barriers to product development were largely repealed by the enactment of the Commodity Futures Modernization Act in the United States. The adoption of the Commodity Futures Modernization Act creates a more flexible regulatory framework for exchanges, clearing houses and other financial institutions. Among other developments, the Commodity Futures Modernization Act authorized the trading of new products, such as futures

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contracts on individual stocks and narrow-based stock indexes, which were prohibited under prior law. The Commodity Futures Modernization Act also enabled regulated exchanges to self-certify new contracts and rules, without the delays occasioned by regulatory review and approval, permitting quicker product launch and modification.

- **Europe and Asia.** We believe deregulation and competition will continue to pressure European exchanges to consolidate across borders to gain operating efficiencies necessary to compete for customers and intermediaries. We also believe there will be continued efforts in Europe and Asia to consolidate cash markets (or markets that directly trade financial instruments, such as securities, or commodities on a current or forward basis) and derivatives markets on single exchange platforms. Singapore Derivatives Exchange, the Tokyo Stock Exchange, Deutsche Börse Group, which owns a controlling interest in Eurex, and Euronext N.V. are major securities exchanges in addition to being futures exchanges, highlighting the growing convergence between cash and derivatives markets. Euronext N.V., which resulted from the merger of the Amsterdam Exchanges N.V., Paris Bourse<sup>SBF</sup> SA and Societe de la Bourse de Valeurs Mobilieres de Bruxelles S.A. (the Brussels Exchange), has recently acquired a controlling interest in LIFFE and announced plans to integrate their derivatives markets.

**Technological Advances.** Technological advances have led both to the decentralization of exchanges and the introduction of alternative trading systems, or ATs.

- **Decentralization.** Exchanges are no longer required to operate in specific geographic locations, and customers no longer need to act through local financial services intermediaries in some markets. Market participants around the world are now able to trade certain products nearly 24 hours a day through electronic platforms.
- **ATs.** Advances in electronic trading technology have also led to the emergence of ATs. These systems bring together the orders of buyers and sellers of financial instruments and have the capacity both to route orders to exchanges as well as to internalize customer order flow within their own order book. ATs have not yet emerged, however, in the U.S. futures markets, although a number of successful electronic trading systems offering financial derivatives that are economically similar to futures contracts operate today, particularly in the foreign exchange and fixed-income markets. It is not yet clear how these trading systems will continue to evolve in and outside the United States.

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## BUSINESS

### Overview

We are the largest futures exchange in the United States and the second largest exchange in the world for the trading of futures and options on futures, as measured by 2001 annual trading volume. In 2001, our customers traded futures and options on futures contracts with a notional dollar value of \$293.9 trillion, making us the world's largest exchange by this measure. We also have the largest futures and options on futures open interest of any exchange in the world. As of November 1, 2002, our open interest record was nearly 22.1 million contracts, set on October 31, 2002.

We bring together buyers and sellers of derivatives products on our open outcry trading floors, on the GLOBEX electronic trading platform and through privately negotiated transactions that we clear. We offer market participants the opportunity to trade futures contracts and options on futures on interest rates, stock indexes, foreign exchange and commodities. Our key products include Eurodollar contracts and contracts based on major U.S. stock indexes, including the S&P 500 and the Nasdaq-100. We also offer foreign exchange contracts for the principal foreign currencies and contracts for a number of commodity products, including cattle, hogs and dairy. We believe several of our key products serve as global financial benchmarks. Our Eurodollar contract provides a benchmark for measuring the relative value of U.S. dollar-denominated, short-term fixed-income securities. Similarly, our S&P 500 Index and Nasdaq-100 Index contracts are closely linked to the benchmark indexes for U.S. equity performance.

Our products provide a means for hedging, speculation and asset allocation relating to the risks associated with interest rate sensitive instruments, equity ownership, changes in the value of foreign currency and changes in the prices of commodity products. Our customer base includes professional traders, financial institutions, institutional and individual investors and major corporations, manufacturers, producers, supranational entities and governments.

We own our clearing house and are able to guarantee, clear and settle every contract traded through our exchange. During the first nine months of 2002, we processed an average of more than 553,000 clearing transactions per day. We currently have the capacity to clear more than 1.5 million transactions per day. Our systems are scalable and

give us the ability to further increase substantially our capacity with very little lead time. As of September 30, 2002, we acted as custodian for approximately \$27.7 billion in collateral. In the first nine months of 2002, we moved an average of \$1.7 billion of settlement funds through our clearing system each day. In addition, 38 exchanges and clearing organizations worldwide have adopted our SPAN risk evaluation system. NYMEX and Euronext N.V. also use CLEARING 21, our state-of-the-art clearing system, although we do not generate material revenue from the adoption of these systems by other exchanges.

We have a demonstrated history of innovation in our industry. In the 1960s, we introduced the first livestock futures contract that resulted in the physical delivery of live cattle. In 1972, we introduced the world's first financial futures contracts when we launched seven foreign exchange futures contracts. That innovation fundamentally changed the nature and scope of futures markets, transforming them from agricultural hedging mechanisms to hedging and risk management markets applied to financial instruments and financial risks. We also developed the first cash-settled futures in 1981 with the introduction of Eurodollar futures, which is now the world's most actively traded futures contract. Cash settlement also enabled us to introduce in 1982 the first successful stock index futures contract, the S&P 500 futures. In 1987, we pioneered the concept of global electronic trading of derivatives contracts, and we subsequently launched the GLOBEX platform in 1992. Today, most of our products trade electronically in addition to our open outcry trading floors. In 1997, we introduced the first of our E-mini stock index products, which are smaller sized electronically traded versions of our successful benchmark stock index futures contracts.

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CME was founded in 1898 as a not-for-profit corporation. In November 2000, we became the first U.S. financial exchange to demutualize and become a shareholder-owned corporation. As a consequence, we have adopted a for-profit approach to our business, including strategic initiatives aimed at optimizing volume, efficiency and liquidity. We posted record trading volume of more than 411.7 million contracts in 2001, an increase of 78.1% over 2000, which was previously our busiest year. During the first nine months of 2002, we posted trading volume of more than 413.8 million contracts, an increase of 40.0% over the same period in 2001.

Trading on our open outcry trading floors is conducted exclusively by our members. Prior to our demutualization, direct access to our markets, whether on our open outcry trading floors or through the GLOBEX platform, was limited to members, clearing members and those with an exchange permit who met specified qualifications. In connection with our demutualization, we opened access to our markets by allowing unlimited, direct access to the GLOBEX platform for all market participants. Today, any individual or institutional customer guaranteed by a clearing member is able to obtain direct access to the GLOBEX platform. We have further opened access to our markets by expanding the range of member and non-member customer choices for alternative execution procedures, such as block trading and privately negotiated EFP transactions. While our members benefit from market information advantages that may accrue from their proximity to activity on the trading floors, as a result of the increased access to our markets, all market participants now have the ability to view bids and offers in the market. Generally, member customers are charged lower fees than our non-member customers. In the first nine months of 2002, our members were responsible for approximately 78% of our total trading volume.

We devote substantial resources to introducing new products based on new markets or securities. For example, last year we formed OneChicago, our joint venture with CBOE and CBOT, to trade single stock futures and futures on narrow-based stock indexes. OneChicago commenced its trading operations on November 8, 2002. We also recently entered into an agreement with NYMEX to introduce small-sized versions of key NYMEX energy futures contracts for trading on our GLOBEX electronic trading platform. The products, based on our successful E-mini stock index contracts, are called e-miNY energy futures and clear at the NYMEX clearing house.

## Competitive Strengths

Since our exchange was organized in 1898, we have established ourselves as a premier global marketplace for financial risk management. We believe our principal competitive strengths are:

- highly liquid markets;
- global benchmark products;
- diverse portfolio of products and services;
- wholly owned clearing house;
- proven and scalable technology; and
- global reach.

**Highly Liquid Markets.** The liquidity in our markets is a key factor in attracting and retaining customers. We have the largest futures and options on futures open interest of any exchange in the world. As of October 15, 2002, our open interest record was nearly 20.3 million contracts, set on September 12, 2002. Before 2001, our open interest record was 10.2 million positions set in 1998. During 2001, we posted record trading volume of more than 411.7 million contracts, an increase of 78.1% over 2000, making us the most active exchange in the United States and the second most active in the world for the trading of futures and options on futures during that period. During the first nine months of 2002, we posted trading volume of more than 413.8 million contracts, an increase of 40.0% over the same period in 2001. By

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notional value, we are the largest futures exchange in the world, with \$293.9 trillion traded in 2001. Our deep and liquid markets tend to attract additional customers, which in turn further enhances our liquidity.

**Global Benchmark Products.** We believe our key products serve as global benchmarks for valuing and pricing risk. Our Eurodollar contract is increasingly referenced as the global benchmark for measuring the relative value of U.S. dollar-denominated short-term fixed-income securities. Similarly, the S&P 500 and Nasdaq-100 indexes are considered primary tools for benchmarking investment performance against U.S. equity market exposure. Our Eurodollar, S&P 500 and Nasdaq-100 contracts, which are based on these benchmarks, are increasingly recognized by our customers as efficient tools for managing and hedging their interest rate and equity market risks.

**Diverse Portfolio of Products and Services.** We differentiate ourselves from our competitors by developing and offering to our customers a diverse array of products, as well as a broad range of trade execution and clearing services. We have a long history of developing innovative interest rate, stock index, foreign exchange and commodity products designed to appeal to institutional and individual customers. We offer both open outcry auction trading and electronic order-matching services, and we provide facilities to clear privately negotiated transactions. Our markets provide important risk management tools to our customers, which include leading global and financial institutions around the world. We work closely with our customers to create markets and products that meet their needs. These relationships help us to anticipate and lead industry changes.

**Wholly Owned Clearing House.** We own our clearing house, which guarantees, clears and settles every contract traded through our exchange. During the first nine months of 2002, we processed an average of more than 553,000 clearing transactions per day. We currently have the capacity to clear more than 1.5 million transactions per day,

and our scalable systems give us the ability to further increase our capacity substantially, with very little lead time. As of September 30, 2002, we acted as custodian for approximately \$27.7 billion in collateral and, in the first nine months of 2002, moved an average of \$1.7 billion of settlement funds through our clearing system each day. We believe our performance guarantee is a major attraction of our markets, particularly compared to OTC markets, because it substantially reduces counterparty risk. Our clearing system permits more efficient use of capital for our customers by allowing netting of long and short positions in a single type of contract and providing risk offset and cross-margining arrangements with several other leading clearing houses. In addition, ownership of our clearing house enables us to more quickly and efficiently bring new products to market through coordination of our clearing functions with our product development, technology, market regulation, other risk management and additional activities. Our current capacity ensures that we are able to service peak volumes, introduce new products with high volume potential and provide clearing services to other exchanges in the future.

**Proven and Scalable Technology.** We believe our ability to use technology effectively has been a key factor in the successful development of our business. As a result of significant investments in our technology asset base, we possess fast, reliable and fully integrated trading and clearing systems. Our highly scalable systems are designed to accommodate additional products with relatively limited modifications and low incremental costs. The core components of our system infrastructure for trading, clearing and risk management are becoming widely adopted throughout the futures industry, resulting in common interfaces and efficiencies for intermediaries and customers. For example, our SPAN risk evaluation system, which is used to determine the appropriate performance bond requirements for trading portfolios, has been adopted by 38 exchanges and clearing organizations worldwide. In addition, CLEARING 21, our state-of-the-art clearing system, is being used by NYMEX and Euronext N.V.

**Global Reach.** Globalization of financial markets is expanding the customer base for futures products beyond traditional boundaries. Our electronic trading services, which are available approximately 23 hours a day and five days per week, position us to take advantage of this development. We have established strategic relationships with other exchanges and clearing houses around the world to enable our customers to gain further capital and execution efficiencies. Currently, we have or are developing strategic

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relationships with the leading exchanges and clearing houses in Singapore, England, France, Spain, Japan and Korea. These relationships are intended to extend the market reach of our global derivatives business. We received \$5.6 million and \$4.4 million in clearing and transaction fees from these relationships during the year ended December 31, 2001 and the nine months ended September 30, 2002, respectively.

### Growth Strategy

Globalization, deregulation and advances in technology offer significant opportunities for expanding futures markets, and exchange markets generally. We intend to increase our trading volume, revenues and profitability by capitalizing on these opportunities through implementation of the following four strategies:

- expand our current core business;
- add new products;
- provide transaction processing services to third parties; and
- pursue select alliances and acquisitions.

**Expand Our Current Core Business.** We intend to advance our position as a leader in the futures industry by continually expanding customer access to our markets and services, offering additional trade execution choices and enhancing our market data and information products.

- **Expand Customer Access.** We continue to expand our customer base and trading volume by broadening the access, order routing, trading and clearing solutions we offer to existing and prospective customers. We were the first U.S. exchange to allow all customers to view the book of prices, where they can see the five best bids and offers in the central limit order book and directly execute transactions in our electronically traded products. This expanded access further increases the transparency of our markets by giving our customers valuable trading information. We provide our customers with flexibility to access our markets in the most cost-effective manner for them. Our customers can use their own proprietary trading software or third party software connected to our trading environment through a suite of application programming interfaces, or APIs, that we have developed. We also provide front-end trading terminal software solutions for a fee, including a cost-efficient Web-based virtual private network solution, which we call GLOBEX Trader-Internet, for our lower volume customers. In addition to our standard marketing activities, we have implemented two programs to increase our customer base. We have offered promotional pricing to European users to expand our presence in Europe. We are also actively seeking to increase the number of independent software vendors that offer interfaces to our systems. Increasing the number of these vendor relationships enables us to access a broader network of customers.
- **Expand Electronic and Other Trade Execution Choices.** Our strategy is to offer our customers a broad range of trade execution choices, including increased electronic trading, enhanced facilities for privately negotiated transactions and new links with exchanges around the world. We believe offering multiple execution alternatives will enable us to attract new customers and increase our overall volume. We offer daytime electronic trading in most of our major product lines. We traded more than 81.9 million contracts electronically in 2001, an increase of 137.3% over the total electronic trading volume in 2000 of 34.5 million contracts. In the first nine months of 2002, electronic trading volume was more than 131.7 million contracts, an increase of 135.2% from the same period of 2001. We introduced daytime electronic trading in our Eurodollar contracts on a limited basis during 1999. We are developing new electronic functionality to accommodate complex trading strategies that are utilized in trading Eurodollar contracts to facilitate the expanded use of this market. In addition, we intend to capture further volume through enhancements to our privately negotiated block trading facilities in our Eurodollar, S&P 500 and Nasdaq-100 futures contracts and by allowing block trading of other contracts. Our block trading facilities enable institutional customers to trade large positions efficiently and economically and gain the benefits of

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our clearing house guarantee and capital efficiencies. Currently, block transactions are typically negotiated telephonically and prices are reported to us, also telephonically, within five minutes of execution, or 15 minutes in the case of Eurodollar futures and options transactions. The parties to these transactions then transmit the transactions to our clearing house to be cleared and settled. Some users have informed us that the block trading reporting process can be cumbersome. The enhancements we intend to make will allow users to input trade details and prices in a single electronic transmission to us. We believe this will streamline the trade reporting process, thereby allowing for greater efficiencies and increased trading.

- **Enhance Our Market Data and Information Products.** Our markets and trading activities generate valuable information regarding prices and trading activity in our products. We intend to leverage the value of our market data and information capabilities by developing enhancements to our existing information products and creating new products. Revenues from the sale of our market data represented 12.5% of our net revenues during 2001. We sell our market data, which include information about bids, offers and trade size, to banks, broker-dealers, pension funds, investment companies, mutual funds, insurance companies, other financial services companies and individual investors. We believe we can enhance our market data and information product offerings by packaging the basic data

we have traditionally offered with advanced, analytical data and information, and developing partnerships with other content and service providers to create information products with value-added services.

**Add New Products.** We develop new products and product line extensions based on research and development in collaboration with our customers and financial services firms. We have created modified versions of some of our existing products in order to attract new types of customers. For example, in 1997 and 1999, respectively, we introduced E-mini versions of our larger open outcry-traded S&P 500 and Nasdaq-100 futures contracts. By creating smaller-sized products and offering electronic trading services in them, we have successfully expanded our customer base and overall volume. We introduced E-mini Russell 2000 futures contracts in October 2001, and in January 2002, we initiated trading in E-mini S&P MidCap 400 futures contracts, another smaller scale version of one of our larger contracts that offers exposure to small- and medium-sized capitalization company stocks. In July 2002, we launched TRAKRS, a private label index product developed with Merrill Lynch & Co., Inc. TRAKRS, which stands for Total Return Asset Contracts, are a new series of non-traditional futures contracts licensed exclusively to us for North America, and the first broad-based index product traded on a U.S. futures exchange that can be sold by securities brokers. TRAKRS are designed to enable customers to track an index of stocks, bonds, currencies or other financial instruments. Long-Short Technology TRAKRS are the first in this new product line. TRAKRS differ from traditional futures contracts in that most non-institutional customers who purchase these contracts are required to post 100% of the TRAKRS market value at the time of purchase. As a result, these customers will not be subject to margin calls or any requirement to make any additional payments throughout the life of their TRAKRS positions.

In September 2002, we began to introduce futures contracts based on industry sectors within the S&P 500 Index. We also intend to continue expanding our derivatives product lines by introducing contracts based on new markets or securities, such as single stock futures and futures on narrow-based stock indexes. We believe these products offer significant opportunities to generate new business and capture business from other markets. We believe our joint venture, OneChicago, with CBOE and CBOT to trade single stock futures and futures on narrow-based stock indexes will position us to take advantage of opportunities in this market. OneChicago expects to introduce more than 80 single stock futures and 15 narrow-based stock index contracts in the fourth quarter of 2002. In addition, we intend to continue working with emerging cash market trading platforms to jointly develop innovative futures products.

**Provide Transaction Processing and Other Business Services to Third Parties.** We intend to leverage our existing capacity, scalable technology and business processes to provide a broad range of services to other exchanges, clearing organizations and e-marketplaces. We intend to offer services, including clearing and

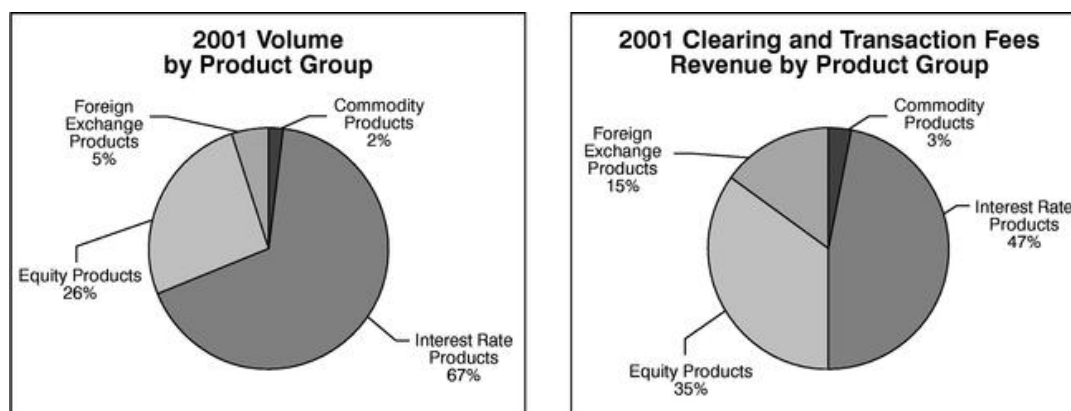
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settlement processing and risk management, market structuring, product structuring and trade execution platforms. We believe we can differentiate ourselves from our competitors by offering some or all of these services on a cost-effective basis in combination with the potential to access our broad distribution and customer base and to access our experienced liquidity providers. Users of our clearing services also have the potential to gain substantial capital and collateral efficiencies for their member firms.

**Pursue Select Alliances and Acquisitions.** We plan to supplement our internal growth through the formation of joint ventures or alliances and select acquisitions of businesses or technologies. We will seek alliances and acquisitions that help us to enter new markets, provide services that we currently do not offer, open access to our markets or advance our technology. For example, we recently entered into an agreement with NYMEX to introduce small-sized versions of key NYMEX energy futures contracts for trading on our GLOBEX electronic trading platform. The products, based on our successful E-mini stock index contracts, are called e-miNY energy futures and clear at the NYMEX clearing house. The first of these products, e-miNY crude oil and natural gas futures contracts, began trading on June 17, 2002. We believe we can achieve significant potential economies of scale through the consolidation of exchange transaction processing services, either directly through acquisition, or indirectly through the provision of these services to others.

## Products

Our broad range of products includes futures contracts and options on futures contracts based on interest rates, stock indexes, foreign exchange and commodities. Our products are traded through our open outcry auction markets, through the GLOBEX electronic trading platform or in privately negotiated transactions. For the year ended December 31, 2001, we derived \$292.5 million, or 75.5% of our net revenues from fees associated with trading and clearing products on or through our exchange. For the nine months ended September 30, 2002, we derived \$261.4 million, or 78.3% of our net revenues, from such fees. These fees include per contract charges for trade execution, clearing and GLOBEX fees. Fees are charged at various rates based on the product traded, the method of trade and the exchange trading privileges of the customer making the trade. Generally, members are charged lower fees than non-members. Our customers benefit from volume discounts and limits on fees as part of our effort to encourage increased liquidity in our markets. Our markets also generate valuable data and information regarding pricing and trading activity in our markets. Revenues from market data products totaled \$48.3 million, or 12.5% of our net revenues, in 2001 and \$36.5 million, or 11.0% of our net revenues, in the nine months ended September 30, 2002. The following charts depict the percentage of our total volume represented by each product group and the percentage of our total clearing and transaction fees revenues generated from each product group, in each case for the year ended December 31, 2001. Volume is measured based on the number of round turn contracts, with each round turn representing a matched buy and sell of one contract.



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We identify new products by monitoring economic trends and their impact on the risk management and speculative needs of our existing and prospective customers. Historically, we have successfully introduced a variety of new futures products. We pioneered the trading of foreign exchange futures in 1972 and Eurodollar futures, the first cash-settled futures contracts listed for trading, in 1981. In 1982, we were the first to introduce a successful stock index futures contract, the S&P 500 Index futures contract, and in 1996 we introduced the Nasdaq-100 Index futures contract. We believe the S&P 500 Index and the Nasdaq-100 Index are the global benchmarks for managing exposure to the U.S. stock markets, and our futures contracts based on them are among the most successful products in our industry. The smaller, electronically traded versions of these contracts, the E-mini S&P 500 Index futures and the E-mini Nasdaq-100 futures, were introduced in 1997 and 1999, respectively, and are the fastest growing futures contracts in the history of our exchange.



The following table shows the total notional value and average daily volume of contracts traded in our four principal product groups for the years ended 2001 and 2000.

| Product Group    | Principal Underlying Instruments  | Total Notional Value (in billions) |            | Average Daily Contract Volume (in thousands) |       |
|------------------|---|------------------------------------|------------|--|-------|
|                  |   | Year Ended December 31,            |            | Year Ended December 31,                      |       |
|                  |   | 2000                               | 2001       | 2000   | 2001  |
| Interest Rate    | Eurodollar, LIBOR, Euroyen  | \$ 141,000                         | \$ 279,100 | 551  | 1,092 |
| Equity           | S&P 500, Nasdaq-100, S&P MidCap 400, S&P 500/BARRA Growth and Value Indexes, Nikkei Stock Average, Russell 2000 | \$ 12,000                          | \$ 12,600  | 258  | 425   |
| Foreign Exchange | Euro, Japanese yen, British pound, Swiss franc, Canadian dollar   | \$ 1,800                           | \$ 2,000   | 77   | 89    |
| Commodity        | Cattle, hogs, pork bellies, lumber, dairy   | \$ 200                             | \$ 200     | 31   | 34    |

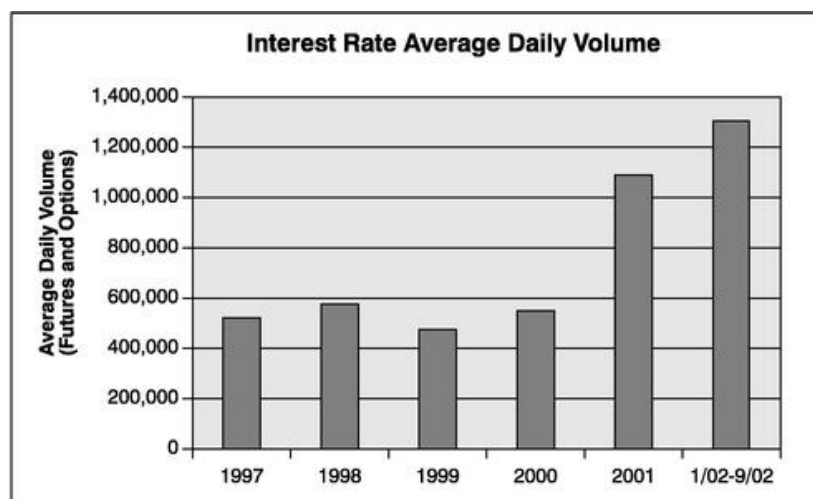
**Interest Rate Products.** Our interest rate products include our global benchmark Eurodollar futures contracts. Eurodollars are U.S. dollar bank deposits outside the United States. Eurodollar futures contracts are a short-term interest rate product and constitute one of the most successful products in our industry and the most actively traded futures contract in the world during 2001. Open interest on Eurodollar futures and options on futures contracts traded on our exchange was 13.3 million contracts on December 31, 2001, representing a notional value of \$13.3 trillion. We also trade contracts based on other short-term interest rates, such as one-month LIBOR, which stands for the London Interbank Offered Rate, and Euroyen. Interest rate products represented 66.6% of our trading volume during 2001, an average of approximately 1.1 million contracts per day, and 58.8% of our trading volume during the first nine months of 2002, an average of approximately 1.3 million contracts per day.

The growth of our Eurodollar futures market has been driven by the general acceptance of the U.S. dollar as the principal reserve currency for financial institutions throughout the world. As a result, Eurodollar deposits have significance in the international capital markets. Participants in our Eurodollar futures market are generally major domestic and international banks and other financial institutions that face interest rate risks from their lending and borrowing activities, their activities as dealers in OTC interest rate swaps and structured derivatives products and their proprietary trading activities. Many of these participants use our Eurodollar and other interest rate contracts to hedge or arbitrage their money market swaps or convert their interest rate exposure from a fixed rate to a floating rate or a floating rate to a fixed rate. Asset managers also use our interest rate products to lengthen the effective maturity of short-term investment assets by buying futures contracts, or shorten the effective maturity by selling futures. Our contracts are an attractive alternative when physical restructuring of a portfolio is not possible or when futures transaction costs are lower than the cash market transaction costs. In 1999, we initiated simultaneous, side-by-side electronic trading in our Eurodollar contracts. Trading in our Eurodollar

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contracts often involves complex trading strategies that we believe cannot be fully accommodated by existing electronic trading platforms. Accordingly, electronic trading in our Eurodollar contracts has achieved only limited market acceptance. We are developing new electronic functionality to accommodate trading strategies required for electronic trading of Eurodollar contracts to accelerate. For example, we intend to launch the "Eagle Project" to bring new electronic functionality to many of the complex strategies now used in trading Eurodollar contracts on our trading floor. Initially, the new functionality will allow market professionals to see new bids and offers in individual quarterly contracts and calendar spreads, as derived from outright bids and offers in monthly contracts and pre-defined calendar spreads. We intend to introduce more functionality next year that will accommodate other complex trading strategies electronically. The new technology closely replicates Eurodollar trading conventions employed in open outcry and is designed to help maintain our leadership in Eurodollar futures.

As shown below, our interest rate product trading volume has grown significantly over the last five years, with total 2001 trading volume up 97.4% over 2000. The increase is due primarily to the volatility of short-term interest rates, monetary policy of the U.S. Federal Reserve Board and a decline in the issuance of U.S. Treasury securities. With less availability of U.S. Treasury securities, swap dealers, who represent a significant group of our customers, have increasingly turned to our Eurodollar contract as a benchmark for valuing fixed-income obligations and as a tool for managing dollar-denominated interest rate exposure. Volume is measured based on the number of round turn contracts, with each round turn representing a matched buy and sell of one contract.



We intend to increase our revenues from our interest rate product sector by increasing trading volume, optimizing pricing of existing products and introducing new products such as the swap futures we launched in April 2002. We have been active in adopting new policies and practices that are closely aligned with customer demand and designed to promote enhanced market penetration. We also increased institutional trading of Eurodollar futures by expanding privately negotiated transaction alternatives. Privately negotiated transactions include block trades, EFP transactions and EBF transactions and are executed apart from the public auction market. See the section of this prospectus entitled "Business—Execution" for a description of types of trading alternatives. These trading opportunities are particularly attractive to large-scale institutional traders. We have recently extended EBF trading to all Eurodollar futures contracts. Block trading was originally introduced in late 2000 in a limited number of Eurodollar futures contracts. As of July 2001, block trading has been extended to all Eurodollar futures contracts using a revised and more competitive fee schedule.

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**Equity Products.** We have been a leader in stock index futures since we began offering these products in 1982 and remain the largest exchange in the world for trading stock index futures. Stock index futures products permit investors to obtain exposure, for hedging or speculative purposes, to a change in the weighting of one or more equity market sectors more efficiently than by buying or selling the underlying securities. We offer trading in futures contracts based upon the S&P 500 and Nasdaq-100 stock indexes, as well as other small-, medium- and large-capitalization indexes based on both domestic and foreign equity markets. We currently have approximately a 95% market share in all U.S. listed stock index futures, based on the number of contracts traded.

Our trading volume for stock index products rose 64.1% in 2001, to 106.7 million contracts, from 65.0 million contracts in 2000. Trading in stock index futures products represented 25.9% of our trading volume during 2001, an average of more than 425,000 contracts per day, and 35.4% of our trading volume during the first nine months of 2002, an average of nearly 780,000 contracts per day. In 2001, 98% of our stock index product trading volume was based on the S&P 500 Index and the Nasdaq-100 Index. The total notional value of S&P 500 futures and options on futures contracts traded on our exchange was approximately \$10.2 trillion during 2001, compared to the approximately \$10.5 trillion value of stock traded on the New York Stock Exchange. In addition, the notional value of our stock index futures contracts is significantly larger than the comparable exchange-traded fund, which is a basket of securities designed to track an index but trade on a securities exchange or electronic communications network like a single stock. In 2001, the total notional value of our S&P 500 futures contracts was more than \$8.9 trillion, compared with approximately \$397.4 billion for S&P 500 Depository Receipts, or SPDRs. In 2001, the total notional value of our Nasdaq-100 futures contracts was approximately \$2.0 trillion, compared with approximately \$729.5 billion for the QQQs, which is the Nasdaq-100 Index tracking stock.

Standard & Poor's designed and maintains the S&P 500 Index to be a proxy for a diversified equity portfolio representing a broad cross-section of the U.S. equity market. The index is based on the stock prices of 500 large-capitalization companies. We have an exclusive license with Standard & Poor's Corporation until 2008. The Nasdaq-100 Index is based on the 100 largest non-financial stocks listed on the Nasdaq National Market. We have a license with Nasdaq that allows us to offer the Nasdaq-100 Index contract exclusively, other than as to Nasdaq and some of its affiliates, until 2006. For a more detailed discussion of these license agreements, see the section of this prospectus entitled "Business—Licensing Agreements." Our standard S&P and Nasdaq products are traded through our open outcry facilities during regular trading hours and on GLOBEX after the close of open outcry trading.

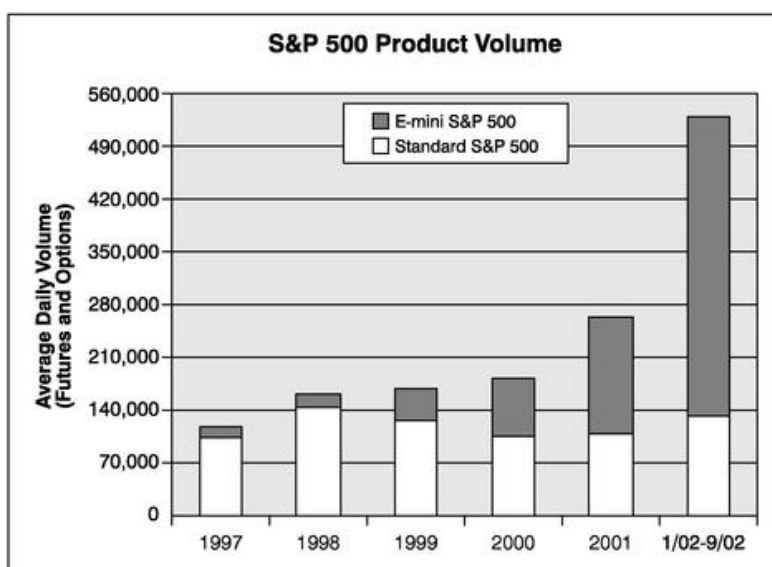
We also offer futures on the S&P MidCap 400, the S&P/BARRA Growth and Value Indexes, which are based on data compiled by S&P and BARRA, Inc., the Nikkei Stock Average, the Russell 2000 Stock Price Index and the FORTUNE e-50 Index. In July 2002, we launched TRAKRS, a private label index product developed with Merrill Lynch & Co., Inc. TRAKRS are a new series of non-traditional futures contracts licensed exclusively to us for North America, and the first broad-based index product traded on a U.S. futures exchange that can be sold by securities brokers. TRAKRS are designed to enable customers to track an index of stocks, bonds, currencies or other financial instruments. Long-Short Technology TRAKRS are the first in this new product line. TRAKRS differ from traditional futures contracts in that most non-institutional customers who purchase these contracts are required to post 100% of the TRAKRS market value at the time of purchase. As a result, these customers will not be subject to margin calls or any requirement to make any additional payments throughout the life of their TRAKRS positions. In September 2002, we introduced futures contracts based on subsets of the S&P 500 Index: Technology and Financial. Each contract is sized at \$125 times the respective index price, making the contract size comparable to the E-mini stock index contracts. We intend to introduce other futures contracts based on additional S&P 500 sector indexes, based on an April 2002 agreement we signed with Standard & Poor's.

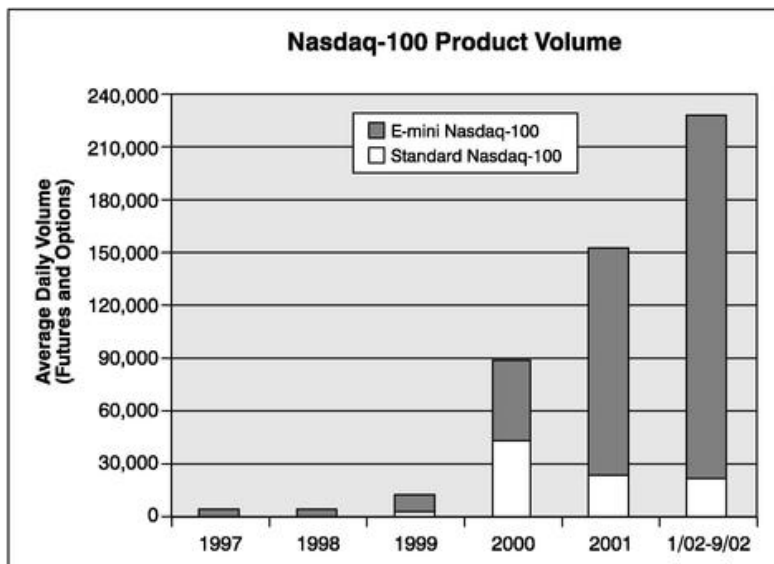
We believe the variety of our stock index futures products appeals to a broad group of equity investors. These investors include public and private pension funds, investment companies, mutual funds,

insurance companies and other financial services companies that benchmark their investment performance to different segments of the equity markets.

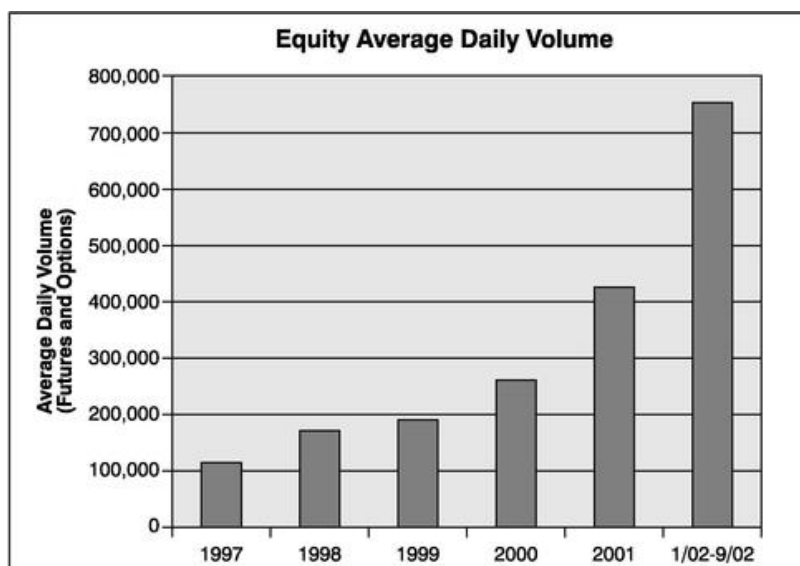
In 1997, we launched our E-mini S&P 500 futures contracts. We followed this highly successful new product offering with the introduction of E-mini Nasdaq-100 futures contracts in 1999. E-mini contracts are traded exclusively on our electronic GLOBEX platform and are one-fifth the size of our standard size S&P 500 and Nasdaq-100 futures contracts. These products are designed to address the growing demand for stock index derivatives and electronically traded products from individual traders and small institutions. Since their introduction, trading volumes in these products have grown rapidly, achieving new volume and open interest records on a regular basis during 2001 and during the first nine months of 2002. This growth is attributable to the benefits of stock index futures, electronic market access and significant volatility in the U.S. equity markets. In October 2001, we also introduced E-mini Russell 2000 Index futures. In January 2002, we introduced an E-mini version of our S&P MidCap 400 futures contract.

The following charts depict the average trading volume in our S&P 500 and Nasdaq-100 products during the five-year period ending in 2001 and the nine months ended September 30, 2002. Volume is measured based on the number of round turn contracts, with each round turn representing a matched buy and sell of one contract. E-mini S&P 500 and E-mini Nasdaq-100 contracts are one-fifth the size of their standard-size counterparts.





Our stock index product trading volume has increased substantially, more than doubling from 1999 to 2001. Trading volume for the five-year period ending in 2001 and the nine months ended September 30, 2002 is shown below. Volume is measured based on the number of round turn contracts, with each round turn representing a matched buy and sell of one contract. Volume has been affected significantly by the volatility of the U.S. equity markets, particularly during the last two years. We believe our leading market position in equity products is a result of the liquidity of our markets, the status of the S&P 500 Index and the Nasdaq-100 Index as two of the principal U.S. financial standards for benchmarking stock market returns and the appeal to investors and traders of our E-mini products and GLOBEX. We believe future growth in our stock index products will come from expanding customer access to our electronic markets, as well as further educating the marketplace on the benefits of these products. For example, we expect that adding direct connections to a number of customers that provide brokerage services to day traders will contribute to continued growth of our E-mini equity products in 2003.



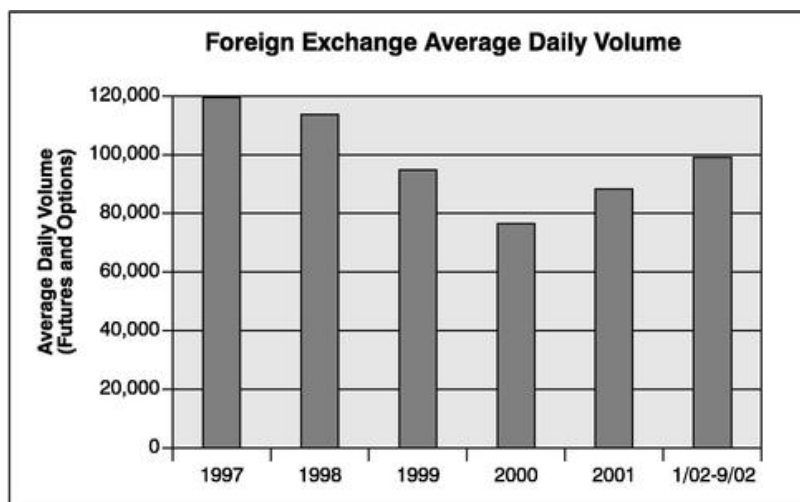
Other equity product growth opportunities are expected to come from the introduction of single stock futures and futures on narrow-based stock indexes. Recent industry deregulation will permit futures and securities exchanges to offer single stock futures and futures contracts on narrow-based stock indexes. Single stock futures allow investors to obtain exposure, for hedging or speculative purposes, that is economically equivalent to owning or shorting an individual stock without actually buying or selling the stock. They are designed to offer leverage, ease of trading and less expensive, more customized risk management strategies than equity options, equity swaps and stock lending transactions. In 2001, we entered into an operating agreement governing OneChicago, our joint venture with CBOE and CBOT, to trade single stock futures contracts on stocks trading worldwide as well as futures on narrow-based stock indexes. Under the terms of our operating agreement, CBOE and we own a significant majority interest in OneChicago, and CBOT owns a minority interest. We believe the joint venture will reduce the costs and risks associated with the start-up of trading in a new futures product and increase our chances of success by combining the customer bases and resources of our exchanges. In particular, we believe the collective marketing and distribution channels of CME, CBOE and CBOT will create significant liquidity that will allow the joint venture to become a market leader in single stock futures. On November 8, 2002, OneChicago commenced its trading operations.

The launch of trading in OneChicago's products is subject to some contingencies, including, among others, receiving final SEC approval of OneChicago's customer margin rules. We expect that OneChicago will be able to introduce single stock futures and narrow-based stock indexes in the fourth quarter of 2002. Under the terms of our operating agreement, until May 31, 2005 we are restricted from in any way, directly or indirectly, engaging in the business of trading, marketing, regulating, selling, purchasing, clearing or settling transactions in single stock futures other than in conjunction with the joint venture. This restriction on our ability to compete applies whether or not we remain part of the joint venture, but it does not apply to futures based on narrow-based stock indexes.

**Foreign Exchange Products.** We became the first exchange to introduce financial futures when we launched foreign exchange futures in 1972. Since that time we have built a strong presence in foreign exchange futures. Institutions such as banks, hedge funds, commodity trading advisors, corporations and individual customers use these products to manage their risks associated with, or speculate on, fluctuations in foreign exchange rates. Foreign exchange products represented 5.5% of our trading volume in 2001, an average of more than 89,000 contracts per day, and 4.4% of our trading volume during the first nine

months of 2002, an average of more than 97,000 contracts per day. Volume is measured based on the number of round turn contracts, with each round turn representing a matched buy and sell of one contract. We offer futures and options on futures contracts on major currencies, including the Euro, Japanese yen, British pound, Swiss franc, Canadian dollar, Mexican peso, Australian dollar, Brazilian real, New Zealand dollar and South African rand.

As shown below, our trading volume for foreign exchange futures products rose in 2001 following a decline during the previous five years when overall industry-wide foreign exchange trading volume had been flat. During 2001, our total trading volume increased 16.1% over levels in 2000. Previously, our volume was impacted by the introduction of the Euro and subsequent phasing out of many of the major European currencies, the continuing consolidation in the financial institutions sector, increased use of internal netting mechanisms by our customers and wide use of electronic trading for foreign exchange transactions by competing markets. We have begun improving the performance of this product sector by expanding electronic trading in our foreign exchange products and permitting wider use of block trading and EFPs through our markets. We introduced side-by-side electronic and open outcry trading of foreign exchange futures in April 2001. We believe this change has helped facilitate the increase in volume in these products. In 2001, electronically traded foreign exchange futures volume increased 174.4% over 2000, from approximately 1.3 million contracts to nearly 3.5 million contracts, and open outcry trading also increased 4.8%. The growth in privately negotiated transactions that we accept, settle and guarantee through our clearing house offset a portion of the revenue impact from the lower trading volume in recent years. Our per transaction revenues for these trades are higher than other means of trade execution.

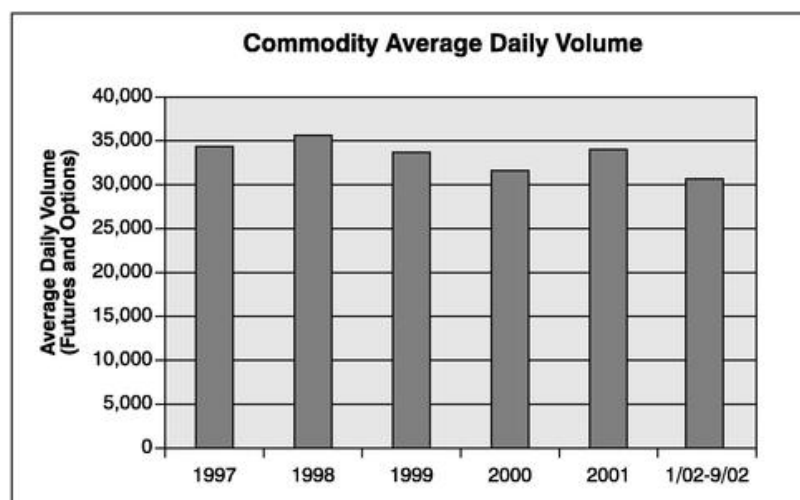


In May 2002, we introduced 13 new foreign exchange futures contracts, including two U.S. dollar based contracts and 11 non-dollar based contracts.

We expect the potential for growth in our foreign exchange product line will come from further transitioning to electronic trading in this market that will allow us to compete more effectively for electronic volume. The foreign exchange spot market is heavily reliant on electronic trading, with the majority of trades estimated to be brokered online. We continue to increase both functionality and distribution and are in discussions to add electronic interfaces with OTC market electronic trading platforms. We believe these interfaces, if successfully implemented, will position us to increase our foreign exchange futures volume and expand our product offerings.

**Commodity Products.** Commodity products were our only products when our exchange first opened for business. We have maintained a strong franchise in our commodity products, including futures contracts based on cattle, hogs, pork bellies, lumber and dairy products. Commodity products accounted for 2.0% of our trading volume during 2001, an average of approximately 34,000 contracts per day, and 1.4% of our trading volume in the first nine months of 2002, an average of approximately 30,500 contracts per day. Volume is measured based on the number of round turn contracts, with each round turn representing a matched buy and sell of one contract. These products provide hedging tools for our customers who deal in tangible physical commodities, including agricultural producers of commodities and food processors. Our commodity products are traded through our open outcry and electronic trading execution facilities. In the first quarter of 2002, we introduced side-by-side electronic and open outcry trading of lean hog, live cattle and feeder cattle futures and announced plans to trade dairy products side-by-side.

As shown below, trading volume for our commodity products has been relatively stable in recent years. We believe continuing consolidation and restructuring in the agricultural sector, coupled with the reduction or elimination of government subsidies and the resulting increase in demand for risk management in this sector, could create growth in our commodity markets as more producers and processors adopt formal hedging and risk management programs.



We intend to leverage our experience in trading futures on physical commodities to jointly develop new commodity products with operators of electronic, cash and derivatives trading platforms. For example, we recently entered into an agreement with NYMEX to introduce small-sized versions of key NYMEX energy futures contracts for trading on our GLOBEX electronic trading platform. The products, based on our successful E-mini stock index contracts, are called e-miNY energy futures and clear at the NYMEX clearing house. The first of these products, e-miNY crude oil and natural gas futures contracts, began trading on June 17, 2002.

**Market Data and Information Products.** Our markets generate valuable information regarding prices and trading activity in our products. The market data we supply are central to trading activity in our products and to trading activity in related cash and derivatives markets. We sell our market data, which include information about bids, offers, trades and trade size, to banks, broker-dealers, pension funds, investment companies, mutual funds, insurance companies, individual investors and other financial services companies or organizations that use our markets or monitor general economic conditions. We sell our market data directly to our electronic trading customers as part of their access to our markets through our electronic facilities. We also sell market data via dedicated networks to approximately 170 worldwide quote vendors who consolidate our market data with that from other exchanges, other third party data providers and news services, and then resell their consolidated data. As of September 30, 2002, nearly 54,000 of their subscribers displayed our data on approximately 180,000 screens. Revenues from market data products totaled \$48.3 million, or 12.5% of our net revenues, in 2001 and \$36.5 million, or 11.0% of our net revenues, in the nine months ended September 30, 2002.

We have begun enhancing our current market data and information product offerings by packaging the basic data we have traditionally offered with advanced analytical data and information. We have created marketing programs to increase the use of our market data, and we have started to develop new business relationships with companies that develop value-added computer-based applications that process our market data to provide specific insights into the dynamics of trading activity in our products. In March 2002, we expanded the scope of our market data offerings by providing CME E-quotes, direct, real-time price quotes, to the trading community over the Internet, through our Web site. The new service enables users to integrate interactive charting and news services with market data, building customized packages of data, charting and news that fit their particular needs. In June 2002, enhancements to our market data interface software reduced customers' bandwidth requirements by 65% to 70%. In August 2002, we introduced CME E-history to automate the process of supplying users with historical price data for our futures and options on futures.

## Execution

Our trade execution facilities consist of our open outcry trading pits and the GLOBEX electronic trading platform. Both of these execution facilities offer our customers immediate trade execution, anonymity and price transparency and are state-of-the-art trading environments supported by substantial infrastructure and technology for order routing, trade reporting, market data dissemination and market surveillance and regulation. In addition, trades can be executed through privately negotiated transactions that are cleared and settled through our clearing house. The chart below shows the range of trade execution choices we provide our customers in some of our key products.

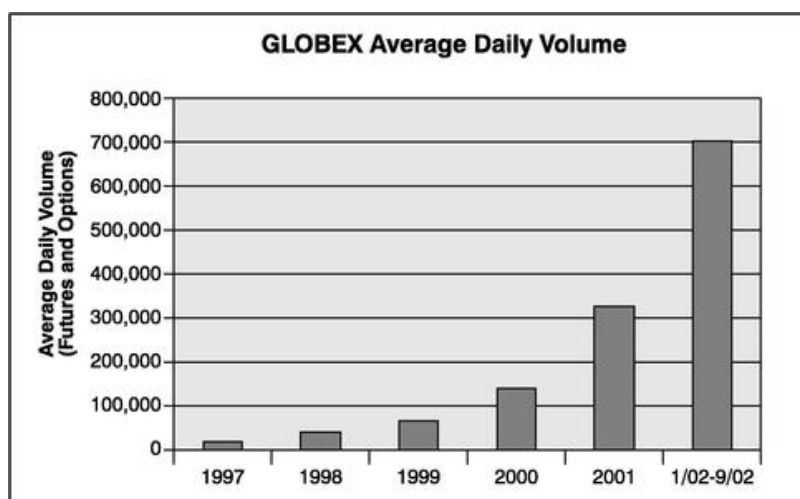
| Product             | Open Outcry | GLOBEX Daytime | GLOBEX Nighttime | Privately Negotiated Transactions |
|---------------------|-------------|----------------|------------------|-----------------------------------|
| Eurodollar          | X           | X              | X                | X                                 |
| Standard S&P 500    | X           | —              | X                | X                                 |
| Standard Nasdaq-100 | X           | —              | X                | X                                 |
| E-mini S&P 500      | —           | X              | X                | —                                 |
| E-mini Nasdaq-100   | —           | X              | X                | —                                 |
| Foreign Exchange    | X           | X              | X                | X                                 |
| Commodity           | X           | X              | —                | X                                 |

**Open Outcry Trading.** Open outcry trading represented 78.2% of our total trading volume in 2001, and 66.8% of our trading volume in the first nine months of 2002. The pits are the centralized meeting place for floor traders and floor brokers representing customer orders to trade contracts. The trading floors, covering approximately 70,000 square feet, have tiered booths surrounding the pits from which clearing firm personnel can communicate with customers regarding current market activity and prices and receive orders either electronically or by telephone. In addition, our trading floors display current market information and news on electronic wallboards hung above the pits. During 2001 and the first nine months of 2002, approximately 62% and 53%, respectively, of our clearing and transaction fee revenues were derived from open outcry trading.

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**GLOBEX Electronic Trading.** We began electronic trading in 1992 using a system developed in partnership with Reuters. Our second generation electronic trading platform was introduced in 1998, and is based on the Nouveau Système de Cotation, or NSC, owned and licensed to us by Euronext-Paris, a subsidiary of Euronext N.V. GLOBEX maintains an electronic, centralized order book and trade execution algorithm for futures contracts and options on futures contracts and allows users to enter orders directly into the order book. Initially, these systems were used to offer our products to customers after the close of our regular daytime trading sessions. Today, however, we trade some of our most successful products on the GLOBEX platform nearly 23 hours a day, five days a week. In 2001, 19.9% of our trading volume was executed using GLOBEX, compared to 14.9% in 2000. During the first nine months of 2002, GLOBEX accounted for 31.8% of our total trading volume, compared to 19.0% during the first nine months of 2001. Our electronic volume has grown rapidly during the last five years. Electronic trading volume has increased from nearly 4.4 million contracts in 1997 to more than 81.9 million contracts in 2001 and more than 131.7 million contracts for the first nine months of 2002. In July 2002, GLOBEX volume was a record 23.3 million contracts, a 272.4% increase from July 2001 levels. GLOBEX volume exceeded one million contracts for a single day for the first time on June 12, 2002. As of October 15, 2002, GLOBEX had achieved 31 days of volume higher than one million contracts, including the volume attributable to TRAKRS, a product developed with Merrill Lynch that began trading on July 31, 2002. On the launch date, TRAKRS recorded trading volume of 1.3 million contracts, which included orders taken since the product was announced on July 8, 2002. On October 7, 2002, GLOBEX volume exceeded open outcry volume for the first time. During 2001 and the first nine months of 2002, approximately 27% and 39%, respectively, of our clearing and transaction fees were derived from electronic trading.

The following chart depicts the average daily volume for electronic trading for the five-year period from 1997 to 2001 and the nine months ended September 30, 2002. Volume is measured based on the number of round turn contracts, with each round turn representing a matched buy and sell of one contract.



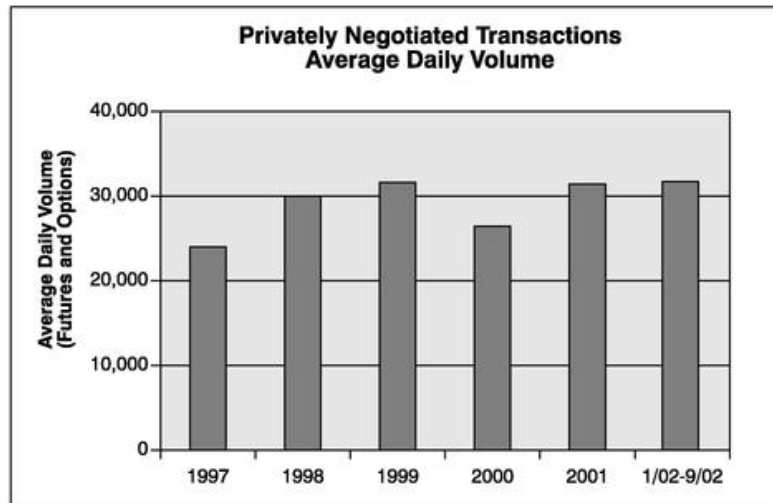
**Privately Negotiated Transactions.** In addition to offering traditional open outcry and electronic trading through the GLOBEX platform, we permit qualified customers to trade our products by entering into privately negotiated EFP and EBF transactions and block trades, which are reported and included in the market data we distribute. We also clear, settle and guarantee these transactions through our clearing house. Some market participants value privately negotiated transactions as a way to ensure that large transactions can be completed at a single price or in a single transaction while preserving their ability to effectively complete a hedging, risk management or other trading strategy. During 2001 and the first nine

months of 2002, approximately 11% and 8%, respectively, of our clearing and transaction fees revenues were derived from this type of trading.

EFP and EBF transactions involve a privately negotiated exchange of a futures contract for a cash position or other qualified instrument. While EFP capabilities have been available for many years, and constitute a significant and profitable segment of our foreign exchange futures trading, EFPs have been offered on a restricted basis in other CME markets. Recently, we have taken steps to liberalize our trading policies, including extending EBF capabilities to all Eurodollar futures contracts.

A block trade is the privately negotiated purchase and sale of futures contracts. Block trading was introduced on our exchange in late 2000, and volume has been limited to date. We believe block trading provides an important new source of access designed to appeal to large-scale institutional traders. Originally, these transactions were limited to a certain number of contracts and required high minimum quantity thresholds along with a fee surcharge. More recently, we implemented new pricing and trading rules designed to increase customer participation.

The following chart depicts the average daily volume for privately negotiated transactions for the five-year period ending in 2001 and the nine months ended September 30, 2002. Volume is measured based on the number of round turn contracts, with each round turn representing a matched buy and sell of one contract.



We intend to continue to enhance the utility of EFP and block transactions while maintaining an appropriate balance with the transactions conducted within the open outcry and electronic trading environments.

## Clearing

We operate our own clearing house that clears, settles and guarantees the performance of all transactions matched through our execution facilities. By contrast, many derivatives exchanges, including CBOT, CBOE and LIFFE, do not provide clearing services for trades conducted using their execution facilities, relying instead on outside clearing houses to provide these services. Ownership and control of our own clearing house enables us to capture the revenue associated with both the trading and clearing of our products. This is particularly important for trade execution alternatives such as block trades, where we can derive a higher per trade clearing fee compared to other trades. By owning our clearing house, we also control the cost structure and the technology development cycle for our clearing services. We believe

having an integrated clearing function provides significant competitive advantages. It helps us manage our new product initiatives without being dependent on an outside entity.

During the first nine months of 2002, we processed an average of more than 553,000 clearing transactions per day, with an average transaction size of 8.8 contracts. We maintain the largest futures and options on futures open interest of any exchange in the world. As of October 31, 2002, our open interest record was more than 22.1 million contracts, set on September 12, 2002. As of September 30, 2002, we acted as custodian for approximately \$27.7 billion in performance bond assets deposited by our clearing firms and, during the first nine months of 2002, we moved an average of approximately \$1.7 billion a day in settlement funds through our clearing system. In addition, our clearing house guarantees the performance of our contracts with a financial safeguards package of approximately \$3.3 billion.

The clearing function provides three primary benefits to our markets: efficient, high-volume transaction processing; cost and capital efficiencies; and a reliable credit guarantee. The services we provide can be broadly categorized as follows:

- transaction processing and position management;
- cross-margining;
- market protection and risk management;
- settlement, collateral and delivery; and
- investment.

**Transaction Processing and Position Management.** We developed a state-of-the-art clearing system, CLEARING 21, in conjunction with NYMEX to provide high quality clearing services. This system processes reported trades and positions on a real-time basis, providing users with instantaneous information on trades, positions and risk exposure. CLEARING 21 is able to process trades in futures and options products, securities and cash instruments. CLEARING 21 can also support complex new product types including combinations, options on combinations, options on options, swaps, repurchase and reverse repurchase agreements, and other instruments. Through CLEARING 21 user interfaces, our clearing firms can electronically manage their positions, exercise options, enter transactions related to foreign exchange deliveries, manage collateral posted to meet performance bond requirements and access all of our other online applications. Together with our order routing and trade matching services, we offer straight-through electronic processing of transactions in which an order is electronically routed, matched, cleared and made available to the clearing firm's back-office systems for further processing.

**Cross-Margining and Mutual Offset Services.** We have led the derivatives industry in establishing cross-margining agreements with other leading clearing houses. Cross-margining arrangements reduce capital costs for clearing firms and our customers. These agreements permit an individual clearing house to recognize a clearing firm's open positions at other participating clearing houses, and clearing firms are able to offset risks of positions held at one clearing house against those held at other participating clearing houses. This reduces the need for collateral deposits by the clearing firm. For example, our cross-margining program with the Options Clearing Corporation reduces performance bond requirements for our members by approximately \$284.0 million a day. We have implemented cross-margining arrangements with the Government Securities Clearing Corporation, the Board of Trade Clearing Corporation and the London Clearing House. We also will implement a cross-margining arrangement with NYMEX in connection with the agreement we entered into with that exchange to offer newly created smaller-sized versions of key NYMEX energy futures. In addition, we have a mutual offset agreement with Singapore Derivatives Exchange, which has been in place since 1984, that allows a clearing firm of either exchange initiating trades in some interest rate products on either exchange to execute after-hours trades at the other exchange in those products, then transfer them back to the originating exchange. This mutual offset system enables firms to seamlessly execute trades at either exchange virtually 24 hours per day.

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**Market Protection and Risk Management.** Our clearing house guarantee of performance is a significant attraction, and an important part of the functioning, of our exchange. Because of this guarantee, our customers do not need to evaluate the credit of each potential counterparty or limit themselves to a selected set of counterparties. This flexibility increases the potential liquidity available for each trade. Additionally, the substitution of our clearing house as the counterparty to every transaction allows our customers to establish a position with one party and then to offset the position with another party. This contract netting process provides our customers with significant flexibility in establishing and adjusting positions.

In order to ensure performance, we establish and monitor financial requirements for our clearing firms. We also set minimum performance bond requirements for our traded products. Our clearing house uses our proprietary SPAN software, which determines the appropriate performance bond requirements by simulating the gains and losses of complex portfolios. We typically hold performance bond collateral to cover at least 95% of price changes for a given product within a given historical period. Performance bond requirements for a clearing firm's or customer's overall portfolio are calculated using SPAN.

At each settlement cycle, our clearing house values at the market price prevailing at the time, or marks to market, all open positions and requires payments from clearing firms whose positions have lost value and makes payment to clearing firms whose positions have gained value. Our clearing house marks to market all open positions at least twice a day, and more often if market volatility warrants. Marking-to-market provides both participants in a transaction with an accounting of their financial obligations under the contract.

Conducting a mark-to-market a minimum of two times a day helps protect the financial integrity of our clearing house, our clearing firms and market participants. This allows our clearing house to identify quickly any clearing firms that may not be able to satisfy the financial obligations resulting from changes in the prices of their open contracts before those financial obligations become exceptionally large and jeopardize the ability of our clearing house to ensure performance of their open positions.

In the unlikely event of a payment default by a clearing firm, we would first apply assets of the clearing firm to cover its payment obligation. These assets include security deposits, performance bonds and any other available assets, such as the proceeds from the sale of Class A and Class B common stock and memberships of the clearing firm at our exchange owned by or assigned to the clearing firm. Thereafter, if the payment default remains unsatisfied, we would use our surplus funds, security deposits of other clearing firms and funds collected through an assessment against all other solvent clearing firms to satisfy the deficit. We have a secured, committed \$500.0 million line of credit with a consortium of banks in order to provide additional liquidity to address a clearing firm payment default. The credit agreement requires us to pledge all clearing firm security deposits held by us in the form of U.S. Treasury or agency securities, as well as security deposit funds in our IEF2 program. This line of credit may also be utilized if there is a temporary disruption with the domestic payments system that would delay settlement payments between our clearing house and clearing firms.

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The following shows the available assets of our clearing house at September 30, 2002 in the event of a payment default by a clearing firm:

**CME Clearing House Available Assets  
(in millions)**

|   |           |                |
|---|-----------|----------------|
| Aggregate Performance Bond Deposits by All Clearing Firms                 | \$        | 27,675.0       |
| Market Value of Pledged Shares/Memberships (minimum requirement per firm) | \$        | 3.8            |
| CME Surplus Funds   |           | 149.2          |
| Security Deposits of Clearing Firms                                       |           | 784.8          |
| Limited Assessment Powers   |           | 2,158.2        |
| <b>Minimum Total Assets Available for Default</b>                         | <b>\$</b> | <b>3,096.0</b> |

**Settlement, Collateral and Delivery Services.** We manage final settlement in all of our contracts, including cash settlement, physical delivery of selected commodities, and option exercises and assignments. Because some initial and maintenance performance bonds from clearing firms, as well as mark-to-market obligations on some of our contracts, are denominated in various foreign currencies, we offer multi-currency margin and settlement services. We also offer the Moneychanger Service to our clearing firms. This service provides members with access to overnight funds in various foreign currencies at competitive bid/ask spreads free of charge to satisfy the terms of a foreign currency denominated futures contract.

Although more than 95% of all futures contracts are liquidated before the expiration of the contract, the underlying financial instruments or commodities for the remainder of the contracts must be delivered. We act as the delivery agent for all contracts, ensuring timely delivery by the seller of the exact quality and quantity specified in a contract and full and timely payment by the buyer.

In order to administer its system of financial safeguards efficiently, our clearing house has developed banking relationships with a network of major U.S. banks and banking industry infrastructure providers, such as the Society for Worldwide Interbank Financial Telecommunications, or SWIFT. Among the key services provided to our clearing house by these banks and service providers are a variety of custody, credit and payment services that support the substantial financial commitments and processes backing the guarantee of our clearing house to market participants.

**Investment Services.** In order to achieve collateral efficiencies for our clearing firms, we have also established our IEF program, private money market funds managed by third party investment managers, to allow clearing firms to enhance the yields they receive on their performance bond collateral deposited with our clearing house. The first IEF was organized in 1997 as two limited liability companies. Interest earned, net of expenses, is passed on to participating clearing firms. The principal of the first IEF is guaranteed by us. The investment portfolio of these facilities is managed by two of the exchange's approved settlement banks, and eligible investments include U.S. Treasury bills and notes, U.S. Treasury strips, reverse repurchase agreements and repurchase agreements. The maximum average portfolio maturity is 90 days, and the maximum maturity for an individual security is 13 months. We believe that the market risk exposure relating to our guarantee is not material to the financial statements taken as a whole. As of September 30, 2002, clearing firms had approximately \$471.2 million in balances in the first IEF. In 2001, IEF2 was organized. IEF2 offers clearing firms the opportunity to invest cash performance bonds in shares of approved money market mutual funds. Dividends earned on these shares, net of fees, are solely for the account of the clearing firm on whose behalf the shares were purchased. The principal of IEF2 is not guaranteed by us. As of September 30, 2002, clearing firms had more than \$9.5 billion in balances in IEF2 funds. Our clearing house earns fee income in return for providing this value-added service to our clearing firms.

Our clearing house launched a securities lending program in 2001 using a portion of certain securities deposited to meet the proprietary performance bond requirements of our clearing firms. Under this securities lending program, we lend a security to a third party and receive collateral in the form of cash. The majority of the cash is then invested on an overnight basis to generate interest income. The related interest expense represents payment to the borrower of the security for the cash collateral retained during the duration of the lending transaction. Securities on loan are marked to market daily and compared to collateral received. The securities lending activity utilizes some of the securities deposited by clearing firms, one of which is a subsidiary of the bank used for executing this securities lending program. Proceeds from securities lending at December 31, 2001 were invested in a money market mutual fund administered by a subsidiary of this same bank or held in the form of cash.

**Technology**

Our operation of both trading facilities and a clearing house has influenced the design and implementation of the technologies that support our operations.

**Trading Technology.** We have a proven track record of operating successful open outcry and electronic markets by developing and integrating multiple, evolving technologies that support a growing and substantial trading volume. The integrated suite of technologies we employ to accomplish this has been designed to support a significant expansion of our current business and provides us with an opportunity to leverage our technology base into new markets, products and services.

As electronic trading activity expands, we continue to provide greater match engine functionality unique to various markets, market models and product types. We have adopted a modular approach to technology development and engineered an integrated set of solutions that support multiple specialized markets. We continually monitor and upgrade our capacity requirements and have designed our systems to handle at least twice our peak transactions in our highest volume products. Significant investments in production planning, quality assurance and certification processes have enhanced our ability to expedite the delivery of the system enhancements that we develop for our customers.

Speed, reliability, scalability, capacity and functionality are critical performance criteria for electronic trading platforms. A substantial portion of our operating budget is dedicated to system design, development and operations in order to achieve high levels of overall system performance. For example, to respond to customer requests and bring down the cost of trading for our European customers, we established a telecommunications hub in London in early 2002. In late September 2002, we also launched a remote data center to provide additional system capacity and a third point of redundancy for our trading and clearing technology. The remote data center features an entirely new network to enhance data base and order routing servers and to improve overall system performance and functionality. Our data centers support our customer interfaces, trading and execution systems, as well as clearing and settlement operations.

The technology systems supporting our trading operations can be divided into four major categories:

|   |   |
|---|---|
| <b>Distribution</b>                           | Technologies that support the ability of customers to access our trading systems from terminals through network access to our trading floor and/or electronic trading environments. |
| <b>Order routing/<br/>order management</b>    | Technologies that control the flow of orders to the trading floor or electronic trading systems and that monitor the status of and modify submitted orders.                         |
| <b>Trade matching<br/>(electronic market)</b> | Technologies that aggregate submitted orders and electronically match buy and sell orders when their trade conditions are met.  |
| <b>Trading floor operations</b>               | Technologies that maximize market participants' ability to capitalize on opportunities present in both the trading floor and electronic markets that we operate.                    |

The GLOBEX electronic trading platform includes distribution, order routing, order management and trade matching technology. The modularity and functionality of GLOBEX enable us to selectively add products with unique trading characteristics onto the trading platform with minimal additional investment.

The distribution technologies we offer differentiate our platform and bring liquidity and trading volume to our execution facilities. As of September 30, 2002, more than 1,300 customers connected directly with us, and thousands more connected with us through 17 independent software vendors and data centers, as well as 25 clearing firms that have interfaces with our systems. Many of these customers connect through a dedicated private frame-relay network that is readily available, has wide distribution and provides fast connections in the Americas, Europe and Asia. Over the past year, we initiated efforts to provide additional access choices to customers, and in early 2001, implemented a Web-based, virtual private network solution, GLOBEX Trader-Internet, for our lower-volume customers. This added a low-cost alternative that was the first of its kind among major exchanges. In its first year of operations, we attracted about 275 users.

In order routing and management, we offer a range of mechanisms, and were among the first U.S. derivatives exchanges to fully implement the FIX 4.2 protocol—the standard order routing protocol used within the securities industry. In addition, our order routing and order management systems are capable of supporting multiple electronic trading match engines. This functionality gives us great latitude in the types of markets that we choose to serve.

Several key technology platforms and standards are used to support these activities, including fault-tolerant Tandem and IBM mainframes, Sun Microsystems servers, Compaq and Dell PCs, Oracle and DB2 databases, Unix, Windows NT, Novell, Unicenter TNG software systems, TIBCO middleware and multi-vendor frame relay and virtual private network solutions.



Our match engine is based upon the computerized trading and match software known as the NSC. We have a long-term license from Euronext-Paris, under which we have the ability to modify and upgrade the performance of the basic NSC system to optimize its performance to suit our needs. We have a fully trained development team that maintains, upgrades and customizes our version of the NSC system. For example, despite our dramatic increase in trading volume, we reduced the average customer response time from 2.3 seconds at the beginning of 2001 to 1.2 seconds at year-end, allowing trades to be executed more quickly and consistently. We reduced that time even further by September 30, 2002 to 0.3 seconds. The customized enhancements that we have developed address the unique trading demands of each marketplace that we serve. We continue to focus on performance features of the match engine and presently have multiple enhancements under development.

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**Clearing Technology.** CLEARING 21, our clearing and settlement software, and SPAN, our margining and risk management software, form the core of our clearing technology.

CLEARING 21 is a system for high-volume, high-capacity clearing and settlement of exchange-based transactions that we developed jointly with NYMEX. The system offers clearing firms improved efficiency and reduced costs. CLEARING 21's modular design gives us the ability to rapidly introduce new products. The software can be customized to meet the unique needs of specialized markets.

SPAN is our sophisticated margining and risk management software. SPAN has now been adopted by 38 exchanges and clearing organizations worldwide. This software simulates the effects of changing market conditions on a complex portfolio and uses standard options pricing models to determine a portfolio's overall risk. SPAN then generates a performance bond requirement that typically covers 95% of price changes within a given historical period.

## Alliances

**Tokyo Stock Exchange.** In October 2000, we signed a non-binding letter of intent to pursue a global alliance with the Tokyo Stock Exchange, with the goal of further developing our respective fixed-income and equity derivatives markets. In March 2002, we introduced S&P/TOPIX 150 stock index futures on our electronic GLOBEX platform during the hours they are not available on the Tokyo Stock Exchange.

**Mercado Oficial de Futuros y Opciones Financieros.** In 2000, we established an alliance with MEFF in an effort to expand our successful equity index franchise globally. MEFF is the futures and options Spanish official market. Through this partnership, derivatives on the European S&P index products are listed for trading on MEFF's electronic trading platform and cleared at our clearing house. By allowing MEFF to join our clearing house as a clearing firm, both CME and MEFF market participants can leverage their existing clearing relationships through participation in this product market.

**New York Mercantile Exchange.** We recently entered into an agreement with NYMEX to introduce small- sized versions of key NYMEX energy futures contracts for trading on our GLOBEX electronic trading platform. The products, based on our successful E-mini stock index contracts, are called e-miNY energy futures and clear at the NYMEX clearing house. The first of these products, e-miNY crude oil and natural gas futures contracts, began trading on June 17, 2002. As part of the agreement, we now offer a cross-margining program, creating capital efficiencies for market professionals and proprietary accounts by calculating performance bond requirements based on specified positions in both markets. In addition, GLOBEX terminals are available to NYMEX market participants on the NYMEX trading floor, and other market participants are able to connect to GLOBEX through a variety of access channels. During the term of the agreement and for one year thereafter, we are generally prohibited, other than in cooperation with NYMEX, from providing for or facilitating electronic trading in futures or options on futures contracts on any underlying commodity (or index of such commodities) that is also the underlying commodity for a product listed for trading by NYMEX.

**Korea Futures Exchange.** In October 2002, we signed a non-binding memorandum of understanding with the Korea Futures Exchange to pursue joint business development initiatives in derivatives products.

**London Clearing House & Euronext.liffe.** We have implemented a cross-margining arrangement with the London Clearing House and Euronext.liffe. This cross-margining arrangement allows an individual clearing house to recognize a clearing firm's open positions at other participating clearing houses, and clearing firms are able to offset risks of positions held at one clearing house against those held at other participating clearing houses. Through this relationship, we provide costs savings to clearing firms and their affiliates who have positions in our Eurodollar contract and Euronext.liffe's Euribor futures and options on futures contracts.

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**Singapore Derivatives Exchange Ltd.** In 1984, we entered into a mutual offset agreement with the Singapore Derivatives Exchange. This relationship allows a clearing firm of either exchange initiating trades in some interest rate products on either exchange to execute after-hours trades at the other exchange in those products, then transfer them back to the originating exchange.

Revenues generated from the alliances described above are or will be recorded as clearing and transaction fees.

## Marketing Programs and Advertising

Our marketing programs primarily target institutional customers and, to a lesser extent, individual traders. Our marketing programs for institutional customers aim to inform traders, portfolio managers, corporate treasurers and other market professionals about novel uses of our products, such as new hedging and risk management strategies. We also strive to educate these users about changes in product design, margin requirements and new clearing services. We participate in major domestic and international trade shows and seminars regarding futures and options and other derivatives products. In addition, we sponsor educational workshops and marketing events designed to educate market users about our new products. Through these relationships and programs, we attempt to understand the needs of our customer base and use information provided by them to drive our product development efforts.

We advertise our products and our brand name to increase our trading volume. Our advertising strategy is twofold: to maintain awareness and familiarity among our institutional target customers and to generate awareness among our growing retail audience. Our primary method of advertising is through print media, using both monthly trade magazines and daily business publications.

## Competition

Until the passage of the Commodity Futures Modernization Act, futures trading was generally required to take place on or subject to the rules of a federally designated contract market. The costs and difficulty of obtaining contract market designation, complying with applicable regulatory requirements, establishing efficient execution facilities and liquidity pools and attracting customers created significant barriers to entry. The Commodity Futures Modernization Act has eroded the historical dominance by the exchanges of futures trading in the United States by, among other things, permitting private transactions in most futures contracts and similar products and authorizing the use of electronic trading systems to conduct both private and public futures transactions. For a more detailed description of the regulation of our industry and the regulatory changes brought on by the Commodity Futures Modernization Act, see the section of this prospectus entitled "Business—Regulatory Matters."

These changing market dynamics have led to increasing competition in all aspects of our business and from a number of different domestic and international sources of varied size, business objectives and resources. We now face competition from other futures, securities and securities option exchanges; OTC markets and clearing organizations; consortia formed by our members and large market participants; alternative trade execution facilities; technology firms, including market data distributors and electronic trading system developers; and other competitors.

At year-end 2001, there were 52 futures exchanges located in 27 countries, including nine futures exchanges in the United States. Because equity futures contracts are alternatives to underlying stocks and a variety of equity option and other contracts for obtaining exposure to the equity markets, we also compete with securities and options exchanges, including the New York Stock Exchange and CBOE, dealer markets such as Nasdaq and alternative trading systems such as Instinet.

OTC markets for foreign exchange and fixed-income derivatives products also compete with us. The largest foreign exchange markets are operated primarily as electronic trading systems. Two of the largest of these, operated by Electronic Broking Services and Reuters plc, respectively, serve primarily professional

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foreign exchange trading firms. Additional electronic platforms designed to serve corporate foreign exchange users are beginning to emerge. Two of these are operated by consortia of interdealer and interbank market participants. A third is a proprietary trading system. These systems present significant potential competitive challenges to the growth of our foreign exchange futures markets.

The OTC fixed-income derivatives market is by far the largest fixed-income derivatives marketplace. The OTC market consists primarily of interbank and interdealer market participants. There is currently no single liquidity pool in the OTC fixed-income derivatives market that is comparable to our Eurodollar markets. The OTC market for fixed-income derivatives products has traditionally been limited to more customized products, and the large credit exposures created in this market and the absence of clearing facilities have limited participation to the most creditworthy institutional participants. However, the size of this market and technology-driven developments in electronic trading and clearing facilities, as well as regulatory changes implemented by the Commodity Futures Modernization Act, increase the likelihood that one or more substantial liquidity pools will emerge in the future in the OTC fixed-income derivatives market.

Other emerging competitors include consortia owned by firms that are members of our exchange, and large market participants also may become our competitors. For example, BrokerTec Global LLC, or BrokerTec, an electronic interdealer fixed-income broker whose members include Citigroup, Credit Suisse First Boston, Deutsche Bank AG, Goldman Sachs Group, J.P. Morgan Chase, Lehman Brothers, Merrill Lynch & Co., Morgan Stanley and UBS Warburg, is a significant intermediary in the market for U.S. Treasury securities, Euro-denominated sovereign debt and other fixed-income securities and repurchase transactions involving those securities. In addition, BrokerTec has recently launched an electronic futures exchange and clearing house for futures contracts on U.S. Treasury securities and may list futures on other fixed-income instruments in the future. All of the members of BrokerTec are currently our member firms or affiliates of our member firms and include many of the most significant participants in our Eurodollar and S&P 500 futures markets.

Alternative trade execution facilities that currently specialize in the trading of equity securities have electronic trade execution and routing systems that also can be used to trade products that compete with our products. While these firms generally may lack overall market liquidity and distribution capability, typically, they have advanced electronic and Internet technology, significant capitalization and competitive pricing. In addition, while there is currently relatively little electronic trading of OTC equity derivatives and the greatest portion of this market is conducted through privately negotiated transactions, it is likely that one or more OTC equity derivatives markets will emerge in the future.

Technology companies, market data and information vendors and front-end software vendors also represent potential competitors because, as purveyors of market data, these firms typically have substantial distribution capabilities. As technology firms, they also have access to trading engines that can be connected to their data and information networks. Additionally, technology and software firms that develop trading systems, hardware and networks that are otherwise outside of the financial services industry may be attracted to enter our markets.

We also face a threat of trading volume loss if a significant number of our traditional participants decide to trade futures or similar products among themselves without using any exchange or specific trading system. The Commodity Futures Modernization Act allows nearly all of our largest customers to transact futures or similar products directly with each other. While those transactions raise liquidity and credit concerns, they may be attractive based on execution costs, flexibility of terms, negotiability of margin or collateral deposits, or other considerations. Additionally, changes under the Commodity Futures Modernization Act permitting the establishment of stand-alone clearing facilities for futures and OTC derivatives transactions will facilitate the mitigation of credit-risk concentrations arising from such transactions.

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We believe competition in the derivatives and securities businesses is based on a number of factors, including, among others:

- depth and liquidity of markets and related benefits;
- transaction costs;
- breadth of product offerings and rate and quality of new product development;
- transparency, reliability and anonymity in transaction processing;
- connectivity;
- technological capability and innovation;
- efficient and secure settlement, clearing and support services; and
- reputation.

We believe that we compete favorably with respect to these factors, and that our deep, liquid markets; breadth of product offerings; rate and quality of new product development; and efficient, secure settlement, clearing and support services distinguish us from our competitors. We believe in order to maintain our competitive position, we must continue to develop new and innovative products; enhance our technology infrastructure, including its reliability; and maintain liquidity and low transaction costs.

We expect competition in our businesses to intensify as potential competitors expand into our markets, particularly as a result of technological advances and the Commodity Futures Modernization Act and other changes introduced by the CFTC that have reduced the regulatory requirements for the development and entry of products and markets that are competitive with our own. Additional factors that may intensify competition in the future include: an increase in the number of for-profit exchanges; the

consolidation of our customer base or intermediary base; an increased acceptance of electronic trading and electronic order routing by our customer base; and the increasing ease and falling cost of other exchanges leveraging their technology investment and electronic distribution to enter new markets and list the products of other exchanges.

In addition to the competition we face in our derivatives business, we face a number of competitors in our business services and transaction processing business, including:

- other exchanges and clearing houses seeking to leverage their infrastructure; and
- technology firms, including front-end developers, back-office processing systems firms and match engine developers.

We believe competition in the business service and transaction processing market is based on, among other things, the cost of the services provided, quality and reliability of the services, timely delivery of the services, reputation and value of linking with existing products, markets and distribution.

## Regulatory Matters

The Commodity Exchange Act the scope of which was significantly expanded in 1974, subjected us to comprehensive regulation by the CFTC. Under the 1974 amendments, the CFTC was granted exclusive jurisdiction over futures contracts (and options on such contracts and on commodities). Such contracts were generally required to be traded on regulated exchanges known as contract markets. The Commodity Exchange Act placed our business in a heavily regulated environment but imposed significant barriers to unregulated competition.

Between 1974 and December 2000, the barriers against unregulated competitors were eroded. The Commodity Exchange Act's exchange trading requirement was modified by CFTC regulations and interpretations to permit privately negotiated swap contracts meeting specified requirements to be

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transacted in the OTC market. At December 31, 2001, according to data from the Bank for International Settlements, the total estimated notional amount of outstanding OTC derivatives contracts was nearly \$111.0 trillion compared to nearly \$23.5 trillion for exchange-traded futures and options contracts. The CFTC exemption and interpretations under which the OTC derivatives market operated precluded the OTC market from using exchange-like electronic transaction systems and clearing facilities.

The Commodity Futures Modernization Act, which became effective on December 21, 2000, significantly altered the regulatory landscape and may have important competitive consequences. This legislation greatly expanded the freedom of regulated markets, like ours, to innovate and respond to competition. It also permits us to offer a previously prohibited set of products—single stock futures and futures on narrow-based indexes of securities. The provisions that permit us to trade these security futures products require a novel sharing of jurisdiction between the CFTC and the SEC. Exchange trading of these security futures products is subject to more burdensome regulation than our other futures products. For example, in order to trade these products, we are required to "notice register" with the SEC as a special purpose national securities exchange solely for the purpose of trading security futures products, and the SEC is authorized to review some of our rules relating to these security futures products. Our members trading those products are subject to registration requirements and duties and obligations to customers under the securities laws that do not pertain to their other futures business.

The Commodity Futures Modernization Act excluded or exempted many of the activities of our non-exchange competitors from regulation under the Commodity Exchange Act. The Commodity Futures Modernization Act created broad exclusions and exemptions from the Commodity Exchange Act that permit derivatives contracts, which may serve the same or similar functions as the contracts we offer, to be sold in the largely unregulated OTC market, including through electronic trading facilities.

Additionally, the Commodity Futures Modernization Act permits SEC-regulated and bank clearing organizations to clear a broad array of derivatives products in addition to the products that such clearing organizations have traditionally cleared. The Commodity Futures Modernization Act also permits banks and broker-dealers, and some of their affiliates, to offer and sell foreign exchange futures to retail customers without being subject to regulation under the Commodity Exchange Act.

The Commodity Futures Modernization Act created a new flexible regulatory framework for us in our capacity as a CFTC registrant, and eliminated many prescriptive requirements of the Commodity Exchange Act and CFTC in favor of more flexible core principles. For instance, CFTC-regulated exchanges may now list new contracts and adopt new rules without prior CFTC approval under self-certification procedures, permitting more timely product launch and modification.

For regulated markets, the Commodity Futures Modernization Act creates a new three-tiered regulatory structure. The degree of regulation is related to the characteristics of the product and the type of customer that has direct or indirect access to the market, with retail customer markets being subject to greater regulation. The new three-tiered regulatory structure is as follows:

- Designated contract markets with retail customer participation are subject to the highest level of regulation;
- Derivatives transaction execution facilities with access limited to institutional traders and others trading through members that meet specified capital and other requirements and products limited to contracts that are less susceptible to manipulation (including single stock futures) will be subject to a lesser degree of regulation; and
- Exempt boards of trade subject to the least regulation are characterized by products without cash markets or that are highly unlikely to be susceptible to manipulation and by the participation only of institutional traders and others that meet specified asset requirements.

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Our existing market, which trades a broad range of products and permits intermediaries to represent unsophisticated customers, is subject to the most thorough oversight as a designated contract market. The Commodity Futures Modernization Act permits us to organize markets that are subject to lesser regulation depending on the types of products traded and the types of traders. Markets can be organized that trade only products that are unlikely to be susceptible to manipulation and permit direct trading only among institutional participants in order to achieve a less intrusive degree of oversight.

The Commodity Futures Modernization Act also provides for regulation of derivatives clearing organizations (DCOs), like our clearing house, separately from the exchanges for which they clear contracts and permits DCOs to clear a range of OTC-traded products in addition to products traded on an exchange. The Commodity Futures Modernization Act requires a DCO that clears for a registered futures exchange to register with the CFTC. However, our clearing house was deemed to be registered by reason of its activities prior to enactment of the Commodity Futures Modernization Act. A DCO may accept for clearing any new contract or may adopt any new rule or rule amendment by providing to the CFTC a written certification that the new contract, rule or rule amendment complies with the Commodity Exchange Act. Alternatively, the DCO may request that the CFTC grant prior approval to any contract, rule or rule amendment, and the CFTC must grant approval within 75 days unless the CFTC finds that the proposed contract, rule, or rule amendment would violate the Commodity Exchange Act.

From time to time it is proposed in Congress that federal financial markets regulators should be consolidated, including a possible merger between the CFTC and the SEC. While those proposals have not been adopted to date, the perceived convergence of product lines offered on the securities and commodity exchanges could make adoption more

likely. To the extent the regulatory environment following such consolidation is less beneficial for us, our business, financial condition and operating results could be negatively affected.

From time to time it is proposed in the President's budget that a transaction tax be imposed on futures and options on futures transactions. While those proposals have not been adopted to date, except for a per-contract fee on single stock futures and futures on narrow-based stock indexes, the imposition of any such tax could increase the cost of using our products and, consequently, our business, financial condition and operating results could be negatively affected.

## Our Shareholders and Members

As a result of our conversion into a for-profit corporation in the fall of 2000, individuals and entities who, at the time, owned trading privileges on our exchange became the owners of all of the outstanding equity of CME. In our reorganization into a holding company structure, CME shareholders exchanged their shares for shares of CME Holdings. CME shareholders retained their memberships and trading privileges in CME. CME members continue to own substantially all of our outstanding common stock. CME members can execute trades for their own accounts or for the accounts of customers of clearing firms. Members who trade for their own account, including those who lease trading privileges, qualify for lower transaction fees in recognition of the market liquidity that their trading activity provides. These members also benefit from market information advantages that may accrue from their proximity to activity on the trading floors. Generally, member customers are charged lower fees than our non-member customers. In the first nine months of 2002, our members were responsible for approximately 78% of our total trading volume. There are four divisions of membership at our exchange: the Chicago Mercantile Exchange, or CME, division; the International Monetary Market, or IMM, division; the Index and Option Market, or IOM, division; and the Growth and Emerging Markets, or GEM, division. Each membership division has different trading privileges. Membership applicants planning to access the trading floor are subject to a review and approval process prior to obtaining trading privileges. We also have individual members and clearing firms. For a more detailed discussion of our exchange membership interests, see the section of this prospectus entitled "Description of Capital Stock."

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## Other Business Relationships and Subsidiaries

**GFX Corporation.** GFX Corporation, a wholly owned subsidiary of CME, was established in 1997 for the purpose of maintaining and creating liquidity in our foreign exchange futures contracts. GFX accounted for 2.4%, 1.0% and 0.7% of our consolidated net revenues in 2000, 2001 and the nine months ended September 30, 2002, respectively. Experienced foreign exchange traders employed by GFX buy and sell our foreign exchange futures contracts using our GLOBEX system. They limit risk from these transactions through offsetting transactions using futures contracts or spot foreign exchange transactions with approved counterparties in the interbank market.

**CME Trust.** The Chicago Mercantile Exchange Trust, or the CME Trust, was established in 1969 to provide financial assistance, on a discretionary basis, to customers of any clearing firm that becomes insolvent. We funded the CME Trust through tax-deductible contributions until June 1996. The CME Trust had approximately \$57.5 million, \$55.4 million and \$52.0 million in net assets as of September 30, 2002, December 31, 2001 and 2000, respectively, as a result of contributions, investment income and the absence of any distributions. Trustees of the CME Trust, who are also members of our board of directors, have discretion to use the CME Trust to satisfy customer losses in the event a clearing firm fails to or is in such severe financial condition that it cannot meet a customer's obligations, provided that the customer's losses are related to transactions in our contracts. No outside parties have any residual interest in the assets of the CME Trust.

## Licensing Agreements

**Standard & Poor's.** We have had a licensing arrangement with Standard & Poor's Corporation since 1980. In 1997, all of our previous licensing agreements with Standard & Poor's were consolidated into one agreement that terminates on December 31, 2013 and includes a clause to renegotiate potential extensions in good faith. Under the terms of the agreement, S&P granted us a license to use certain S&P stock indexes and the related trade names, trademarks and service marks in connection with the creation, marketing, trading, clearing and promoting of futures and/or options contracts that are indexed to certain S&P stock indexes. The license is exclusive until December 31, 2008 for S&P stock indexes licensed to us and listed by us prior to September 24, 1997. For contracts granted before September 24, 1997 but not listed before September 24, 1997, the licenses are exclusive for one year with possible extensions, and, once listed, the license will be exclusive upon meeting a certain minimum average trading volume or payment of a fee by us. For contracts granted and listed after September 24, 1997, and upon which we have listed indexed contracts for trading within one year of the grant date, the licenses are exclusive for two years after listing, after which they may be made exclusive for the remainder of the term of the agreement upon meeting a certain minimum average trading volume or payment of a fee by us. These licenses become non-exclusive in the event we and S&P do not agree on an extension or we list certain competitive contracts. We have a right of first refusal for stock indexes not licensed under the license agreement as of September 24, 1997 and that are developed solely by S&P before and during the term of the license agreement. We pay S&P a per trade fee and have made certain lump sum payments in accordance with the terms of our agreement. If S&P discontinues compilation and publication of any license or index, we may license, on a non-exclusive and royalty-free basis, the information regarding the list of companies, shares outstanding and divisors for that index or terminate the obligations regarding the index.

**Nasdaq.** We have had a licensing arrangement with The Nasdaq Stock Market, Inc. since 1996 to license the Nasdaq-100 Index and related trade names, trademarks and service marks. The license was exclusive for the first three-and-a-half years after trading of the Nasdaq-100 futures contracts began on April 10, 1996, and remains exclusive subject to the maintenance of certain trading volumes in the Nasdaq-100 futures contracts and options on those contracts. The exclusivity of the license means that Nasdaq will not grant a license to use the Nasdaq-100 Index in connection with the trading, marketing and promotion of futures contracts and options on those contracts that would be traded on any commodity exchange between 9:30 a.m. and 4:15 p.m. Eastern Standard Time or any time during the day on a

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commodity exchange located in the Western Hemisphere. The exclusivity is also subject to the ability of Nasdaq to allow Nasdaq-100 futures contracts to be traded on any markets that it owns or operates. We have paid a lump sum fee to Nasdaq and pay per trade fees as well. Our Nasdaq-100 license agreement will continue until April 10, 2006, with five-year extensions unless either party gives notice of termination at least 120 days prior to the end of the current period.

**NSC.** Our license agreement for the NSC software was signed with Paris Bourse<sup>SBF</sup> SA in 1997, and it continues until 2022. The agreement was assigned by Paris Bourse<sup>SBF</sup> SA to Euronext N.V. in 1997. Under the terms of the agreement, Euronext N.V. granted us a nonexclusive license to use the NSC software for the trading of our products and the products of certain other exchanges. The agreement also allows us to specify modifications and enhancements to the NSC software prior to delivery to be made by Paris Bourse<sup>SBF</sup> SA. In addition, we have the right to use our GLOBEX trademark in conjunction with our operation of the electronic trading system based on NSC software. In consideration for the license of the NSC software, we granted Euronext N.V. a license to use and modify CLEARING 21. We also had a maintenance and development agreement with Euronext N.V., which expired at the end of 2001, under which we paid annual amounts and per day fees for certain services.

## Intellectual Property

We regard substantial elements of our brand name, marketing elements and logos, products, market data, software and technology as proprietary. We attempt to protect these elements by relying on trademark, service mark, copyright and trade secret laws, restrictions on disclosure and other methods. For example, with respect to trademarks, we have registered marks in more than 20 countries. We have not filed any patent applications to protect our technology. Our rights to stock indexes for our futures products

principally derive from license agreements that we have obtained from Standard & Poor's, Nasdaq, and other exchanges and institutions. For a more detailed discussion of these licenses, see the section of this prospectus entitled "Business—Licensing Agreements."

We regularly review our intellectual property to identify property that should be protected, the extent of current protection for that property and the availability of additional protection. We believe our various trademarks and service marks have been registered or applied for where needed. We also seek to protect our software and databases as trade secrets and under copyright law. We have copyright registrations for certain of our software, user manuals, and databases. Recent legal developments allowing patent protection for methods of doing business hold the possibility of additional protection, which we are examining.

Patents of third parties may have an important bearing on our ability to offer certain of our products and services. It is possible that, from time to time, we may face claims of infringement that could interfere with our ability to use technology or other intellectual property that is material to our business.

## Legal Proceedings

From time to time, we are involved in legal proceedings and litigation arising in the ordinary course of business. As of the date of this prospectus, we are not a party to or threatened with any litigation or other legal proceeding that, in our opinion, could have a material adverse effect on our business, operating results or financial condition.

On May 5, 1999, we, CBOT, NYMEX and Cantor Fitzgerald, L.P. were sued by Electronic Trading Systems, Inc. in the U.S. District Court for the Northern District of Texas (Dallas Division) for alleged infringement of Wagner U.S. patent 4,903,201, entitled "Automated Futures Trade Exchange." The patent relates to a computerized exchange system for transacting sales of a futures contract wherein bids to purchase or offers to sell the contract are made through remote terminals and a computer automatically matches offers and bids to complete the transaction. On March 29, 2001, eSpeed, Inc., an affiliate of Cantor Fitzgerald, acquired certain rights to the patent. On August 26, 2002, we, along with CBOT,

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entered into a settlement agreement to resolve the litigation. Although we do not believe that our current electronic trading system infringes the Wagner patent, the settlement was structured as a license in order to facilitate final disposition of the litigation. Under the terms of the settlement agreement, eSpeed granted us a worldwide, non-exclusive, non-transferable paid-up license to make, have made and use an electronic marketplace matching bids and offers, together with associated clearing and compliance functions, in each case as defined in the Wagner patent, for the life of the patent. As a condition to the license, we must pay \$15 million to eSpeed over a five year period. Under the terms of the agreement, we were required to make an initial payment of \$5 million within thirty days of the effective date of the settlement and we are required to make five subsequent annual payments of \$2 million. Except for the e-miNY energy futures contracts that are traded on the GLOBEX electronic trading platform as of the date of the settlement agreement plus one additional e-miNY energy futures offering, the license does not allow us to process trades for any third party futures exchange unless eSpeed has granted a license to the third party futures exchange. As part of the agreement, all companies are released from the legal claims brought against each other without admitting liability on the part of any company.

We are currently engaged in a dispute with Euronext-Paris, our licensor of the NSC software, regarding indemnification for our costs, fees and settlement payment associated with the litigation described above. In connection with the litigation, we invoked the indemnification provision of our license agreement with Euronext-Paris. While Euronext-Paris initially hired and paid the fees and expenses of a law firm to defend and contest the litigation, it reserved its rights under the license agreement in the event that any modifications we made to the licensed system were the cause of the alleged infringement. On June 25, 2001, Euronext-Paris wrote to disclaim responsibility for defense of the litigation, requested that we reimburse it for all legal expenses and other costs incurred to date and asked that we assume full responsibility for defending the litigation and all costs associated with our defense. Though we rejected that demand, we subsequently agreed with Euronext-Paris to share responsibility for defense of the litigation, utilizing new lead defense counsel selected by us, and to share equally the costs and expenses of the new counsel as of January 1, 2002. Neither we nor Euronext-Paris waived any rights with respect to the indemnification provision of the license agreement. We have requested that Euronext-Paris reimburse us for all litigation expenses, including the settlement amount, totaling an estimated \$18.5 million. On September 11, 2002, Euronext-Paris again disclaimed any indemnification obligation and gave notice that it was seeking reimbursement of its expenses in the litigation, totaling an estimated \$5.5 million. If we are unable to resolve our dispute, we expect the matter will be submitted to arbitration in accordance with the terms of the license agreement.

## Properties and Facilities

Our trading facilities and corporate headquarters are located at 30 South Wacker Drive in Chicago, Illinois. We occupy approximately 430,000 square feet of office space under two leases that both expire in 2003 and 70,000 square feet of trading floor space under a lease with the CME Trust that expires in 2005. We have an option under each of the current office space leases that will allow us to renew those leases until November 2013. On November 1, 1998, we entered into an extension of our lease with the CME Trust, and we have an option on three additional extensions that will allow us to continue to occupy this trading facility until October 2026. We maintain backup facilities for our electronic systems in separate office towers at 10 and 30 South Wacker Drive, and we opened a remote data center in a Chicago suburb that became operational in the third quarter of 2002. We also lease administrative office space in Washington, D.C., and Tokyo, Japan and both administrative and communication equipment space in London, England. We believe our facilities are adequate for our current operations and that additional space can be obtained if needed.

## Employees

As of September 27, 2002, we had 1,118 employees. We consider relations with our employees to be good. We have never experienced a work stoppage. None of our employees are represented by a collective bargaining agreement. However, since 1982, we have had an understanding with the International Union of Operating Engineers, Local 399, AFL-CIO, relating to building engineers at our corporate headquarters building. Currently, there are seven employees to whom this understanding applies.

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## MANAGEMENT

### Directors, Executive Officers and Key Advisors

The following table sets forth the directors, executive officers and key advisors of CME Holdings and CME and their ages and positions as of October 31, 2002:

| Name                    | Age | Position  |
|-------------------------|-----|---|
| James J. McNulty(1)     | 51  | President, Chief Executive Officer and Director           |
| Terrence A. Duffy(1)(2) | 44  | Director and Chairman of the Board                        |
| Craig S. Donohue        | 41  | Executive Vice President and Chief Administrative Officer |
| Phupinder Gill          | 42  | Managing Director and President, Clearing House Division  |
| David G. Gomach         | 44  | Managing Director and Chief Financial Officer             |
| Scott L. Johnston       | 38  | Managing Director and Chief Information Officer           |

|                          |    |  |
|--------------------------|----|--|
| James R. Krause          | 54 | Managing Director, Operations and Enterprise Computing |
| Satish Nandapurkar       | 38 | Managing Director, Products and Services               |
| Nancy W. Goble           | 49 | Managing Director and Chief Accounting Officer         |
| Timothy R. Brennan       | 61 | Director   |
| John W. Croghan(3)       | 72 | Director   |
| Martin J. Gepsman(1)(2)  | 50 | Director and Secretary of the Board                    |
| Daniel R. Glickman(2)    | 57 | Director   |
| Scott Gordon(1)          | 50 | Director   |
| Yra G. Harris            | 49 | Director   |
| Bruce F. Johnson         | 60 | Director   |
| Gary M. Katler           | 56 | Director   |
| Patrick B. Lynch(1)(3)   | 36 | Director and Treasurer of the Board                    |
| Leo Melamed(1)           | 70 | Director, Chairman Emeritus and Senior Policy Advisor  |
| John D. Newhouse         | 57 | Director   |
| James E. Oliff(1)        | 54 | Director and Vice Chairman of the Board                |
| William G. Salatich, Jr. | 51 | Director   |
| John F. Sandner(1)(3)    | 60 | Director and Special Policy Advisor                    |
| Myron S. Scholes         | 61 | Director   |
| Verne O. Sedlacek(3)     | 48 | Director   |
| William R. Shepard(1)(2) | 55 | Director and Second Vice Chairman of the Board         |
| Howard J. Siegel         | 46 | Director   |

- (1) Member of the executive committee.
- (2) Member of the compensation committee.
- (3) Member of the audit committee.

*James J. McNulty* has served as President and Chief Executive Officer of CME since February 2000 and of CME Holdings since its formation on August 2, 2001. He has served as an appointed director of the boards of CME Holdings and CME since April 2002 and previously served as a non-voting member of the board of CME from February 2000 to April 2002 and of CME Holdings from its inception on August 2, 2001 to April 2002. Mr. McNulty has over 26 years of experience in global financial markets. Prior to joining us, he served as Managing Director and Co-Head of the Corporate Analysis and Structuring Team in the Corporate Finance Division at Warburg Dillon Read, an investment banking firm now known as UBS Warburg. He was a General Partner with O'Connor and Associates, a futures and options trading organization and a pioneer in sophisticated risk management technology, from 1987 to 1992. From 1984 to 1987 he was the founder and President of Hayes & Griffith Futures, Inc. He is currently on the boards of directors of OneChicago, the National Futures Association and World Business Chicago. Mr. McNulty is also a member of the board of visitors of the University of Illinois at Chicago College of Liberal Arts and Sciences. Mr. McNulty's terms on the CME Holdings and CME boards expire in April 2003.

*Terrence A. Duffy* has served as Chairman of CME Holdings' and CME's boards since April 2002, has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 1995 and has been a member of our exchange for more than 20 years. Mr. Duffy served as Vice Chairman of CME Holdings' board from its formation on August 2, 2001 until April 2002 and of CME's board from 1998 until April 2002. Mr. Duffy has served as President of T.D.A. Trading, Inc. since 1981. Mr. Duffy's terms on the CME Holdings and CME boards expire in April 2003.

*Craig S. Donohue* has served as Executive Vice President and Chief Administrative Officer, Office of the CEO, of CME Holdings and of CME since October 9, 2002. Prior to that, he served as Managing Director and Chief Administrative Officer of CME Holdings from its formation on August 2, 2001 and of CME from April 2001, when his title was changed from Managing Director, Business Development and Corporate/Legal Affairs of CME, which he had held since March 2000. He also previously served as Senior Vice President and General Counsel from October 1998 to March 2000. Prior to that, Mr. Donohue served as Vice President of the Division of Market Regulation from 1997 to 1998 and Vice President and Associate General Counsel from 1995 to 1997.

*Phupinder Gill* has served as Managing Director and President of CME's Clearing House Division and GFX since March 2000. Prior to that, he served as President of CME's Clearing House Division from July 1998 to March 2000, Senior Vice President of the Clearing House Division from May 1997 to July 1998 and Vice President from May 1994 to May 1997. Mr. Gill has held numerous other positions with us since 1988.

*David G. Gomach* has served as Managing Director and Chief Financial Officer of CME Holdings since its formation on August 2, 2001 and of CME since March 2000. He previously served as Senior Vice President and Chief Financial Officer of CME from December 1997 to March 2000, as Vice President, Administration and Finance and Chief Financial Officer of CME from June 1997 to December 1997 and as Vice President, Administration and Finance of CME from December 1996 to June 1997. Mr. Gomach is a certified public accountant.

*Scott L. Johnston* has served as Managing Director and Chief Information Officer of CME since April 2000. Prior to joining us, he served as Managing Director in the Information Technology Division at UBS Warburg, an investment banking firm, from 1998 to 2000. Mr. Johnston also served as that firm's Executive Director in the Foreign Exchange/Interest Rate Technology Division from 1996 to 1997 and as Director in the Foreign Exchange Division from 1994 to 1996.

*James R. Krause* has served as Managing Director, Operations and Enterprise Computing of CME since April 2001. He previously served as Managing Director, Enterprise Computing from March 2000 to April 2001. Prior to that, he served as Senior Vice President, Enterprise Computing from January 1999 to March 2000, Senior Vice President, Systems Development from May 1998 to January 1999 and Vice President, Systems Development from August 1990 to May 1998.

*Satish Nandapurkar* has served as Managing Director, Products and Services of CME since April 2001, when his title was changed from Managing Director, e-Business of CME, which he had held since March 2000. Prior to joining us, Mr. Nandapurkar served as Head of Strategic Solutions for OptiMark Technologies. He also served as Managing Director and Global Head of Foreign Exchange Options for the Bank of America in Chicago from 1997 to 1999, Managing Director and Head of Structured Equity Products Trading at Deutsche Bank Morgan Grenfell from 1996 to 1997, and Managing Director and Global Head of Exotic Options and Quantitative Methodologies for Swiss Bank Corporation in London from 1994 to 1996.

*Nancy W. Goble* has served as Managing Director and Chief Accounting Officer of CME Holdings and CME since February 2002. She previously served as Director and Controller of CME Holdings from its formation on August 2, 2001 to February 2002, Director and Controller of CME from July 2000 to February 2002 and as Associate Director and Assistant Controller of CME from October 1997 to July 2000. Prior to that, she served as Senior Vice President and Chief Financial Officer with Richard Ellis Inc., a commercial real estate firm, from 1993 until 1997. Ms. Goble is a certified public accountant.

*Timothy R. Brennan* has served as a director of CME Holdings since its formation on August 2, 2001, a director of CME since 1990 and has been a member of our exchange for more than 26 years. Mr. Brennan has been a floor broker and trader since 1974 and has also served as Executive Vice President of RB&H Financial Services, L.P., one of our clearing firms, for more than six years. Mr. Brennan's terms on the CME Holdings and CME boards expire in April 2004.

*John W. Croghan* has served as a director of CME Holdings since its formation on August 2, 2001, a director of CME since 2001 and has been a member of our exchange for more than one year. He is also a director of Republic Services, Inc. and Schwarz Paper Co. Previously, Mr. Croghan was founder and Chairman of Lincoln Capital Management and President of Lincoln Partners. Mr. Croghan's terms on the CME Holdings and CME boards expire in April 2003.

*Martin J. Gepsman* has served as Secretary of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 1998, has served as a director of CME since 1994 and has been a member of our exchange for more than 17 years. Mr. Gepsman has also been an independent floor broker and trader since 1985. Mr. Gepsman's terms on the CME Holdings and CME boards expire in April 2004.

*Daniel R. Glickman* has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 2001. Since August 5, 2002, Mr. Glickman has served as Director of the Institute of Politics at Harvard University's John F. Kennedy School of Government and has been a Senior Advisor and Consultant in the law firm of Akin, Gump, Strauss, Hauer & Feld, where he was a Partner from February 2001. Mr. Glickman previously served as U.S. Secretary of Agriculture from March 1995 through January 2001 and as a member of the U.S. Congress, representing a district in Kansas, from January 1977 through January 1995. Mr. Glickman's terms on the CME Holdings and CME boards expire in April 2003.

*Scott Gordon* has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 1982 and has been a member of our exchange for more than 24 years. Mr. Gordon served as Chairman of CME Holdings from its formation on August 2, 2001 until April 2002 and as Chairman of CME from 1998 to April 2002, as Vice Chairman from 1995 to 1997 and as Secretary from 1984 to 1985 and 1988 to 1994. Mr. Gordon served as CME's acting Chief Executive Officer from April 1999 until February 2000. He has been President, Chief Operating Officer and director since 1999 of Tokyo-Mitsubishi Futures (USA), Inc., a clearing firm of our exchange, wholly owned by The Bank of Tokyo-Mitsubishi, Ltd. He previously served as that firm's Executive Vice President and director. He is also a member of the CFTC's Global Markets Advisory Committee and the Advisory Committee to the Illinois Institute of Technology Center for the Study of Law and Financial Markets. Mr. Gordon is a director of the

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Institute for Financial Markets. Mr. Gordon's terms on the CME Holdings and CME boards expire in April 2004.

*Yra G. Harris* has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 1997 and has been a member of our exchange for more than 23 years. Mr. Harris has been an independent floor trader since 1977. Mr. Harris' terms on the CME Holdings and CME boards expire in April 2003.

*Bruce F. Johnson* has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 1998 and has been a member of our exchange for more than 30 years. Mr. Johnson has served as President, Director and part owner of Packers Trading Company, Inc., a futures commission merchant and former clearing firm, since 1969. He is also a director of Eco Technology Inc., Nettle Creek Standard Bred Farm, Inc. and Smoke Rise Ranch Co. Mr. Johnson's terms on the CME Holdings and CME boards expire in April 2004.

*Gary M. Katler* has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 1993 and has been a member of our exchange for more than 14 years. He is currently Vice President of O'Connor & Company LLC. Previously, Mr. Katler was Head of the Professional Trading Group of Fimat USA from November 2000 to April 2002. Prior to that, Mr. Katler served as Senior Vice President of ING Barings Futures and Options Inc. Mr. Katler's terms on the CME Holdings and CME boards expire in April 2003.

*Patrick B. Lynch* has served as Treasurer of CME Holdings' and CME's boards since April 2002 and as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 2000. He has been a member of our exchange for more than 12 years and has been an independent floor trader since 1990. Mr. Lynch's terms on the CME Holdings and CME boards expire in April 2004.

*Leo Melamed* has served as an elected director of CME Holdings' and CME's boards since April 2002. Mr. Melamed previously served as a non-voting director and Senior Policy Advisor of CME Holdings' board since its formation on August 2, 2001 and as Chairman Emeritus, Senior Policy Advisor and a non-voting director of CME. Mr. Melamed previously served as an elected and appointed board member for 26 years. He served as Chairman of CME from 1969 until 1972 and founding Chairman of the International Monetary Market from 1972 until its merger with our exchange in 1977. Mr. Melamed served as Special Counsel to CME's board from 1977 until 1991 and Chairman of our exchange's Executive Committee from 1985 until 1991. He has been a member of our exchange for more than 45 years. From 1993 to 2001, he served as Chairman and Chief Executive Officer of Sakura Dellsler, Inc., a clearing firm of our exchange, and he currently serves as Chairman and Chief Executive Officer of Melamed & Associates, a global consulting group. Mr. Melamed currently serves on the board of directors of OneChicago. He is also a member of the CFTC's Global Markets Advisory Committee. Mr. Melamed's terms on the CME Holdings and CME boards expire in April 2004.

*John D. Newhouse* has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 1996 and also previously served as a director of CME from 1980 to 1985 and 1987 to 1988. Mr. Newhouse has been a member of our exchange for more than 26 years and a floor broker and trader since 1975. He is currently President of John F. Newhouse & Company, and he also served as President of Euro Spread Brokers, a broker association filling orders in Eurodollars, from 1981 to 2000. He currently trades for his own account. He is a director of John F. Newhouse & Company and Gator Trading Company. Mr. Newhouse's terms on the CME Holdings and CME boards expire in April 2004.

*James E. Oliff* has served as Vice Chairman of CME Holdings' and CME's boards since April 2002, as a director of CME since 1994 and has been a member of our exchange for more than 24 years. Mr. Oliff served as Second Vice Chairman of CME Holdings' board from its formation on August 2, 2001 until April

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2002 and of CME's board from 1998 until April 2002. He previously served on CME's board from 1982 to 1992. Mr. Oliff has served as President and Chief Executive Officer of FFast Trade U.S., LLC, since December 2001, as Chief Operating Officer of FFastFill Inc., an organization that provides trading and risk management software solutions, since December 2001, as Executive Director of International Futures and Options Associates since 1996 and as President of FILO Corp., a floor brokerage business, since 1982. He also served as President of LST Commodities, LLC (an introducing broker), now known as FFast Trade U.S. LLC, from 1999 until January 2002. He currently serves on the board of directors of OneChicago. Mr. Oliff is a visiting lecturer in financial market ethics at the Lemberg School of International Finance and Economics at Brandeis University, Waltham, Massachusetts. Mr. Oliff's terms on the CME Holdings and CME boards expire in April 2003.

*William G. Salatich, Jr.* has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 1997 and has been a member of our exchange for more than 26 years. Mr. Salatich has been an independent floor broker and trader since 1975. Mr. Salatich's terms on the CME Holdings and CME boards expire in April 2003.

*John F. Sandner* has served as Special Policy Advisor and as a director of CME Holdings' board since its formation on August 2, 2001. Mr. Sandner has been Special Policy Advisor to CME since 1998, a member of CME's board since 1978 and a member of our exchange for more than 28 years. Previously, he served as Chairman of CME's board for 13 years. Mr. Sandner has served as President and Chief Executive Officer of RB&H Financial Services, L.P., a futures commission merchant and one of our clearing firms, since 1985. He was also Chairman and Chief Executive Officer of FreeDrive.com, an Internet business, from 1998 until 2001. Mr. Sandner currently serves on the board of directors of Click Commerce, Inc. and as a member of that company's audit committee. He also currently serves on the board of directors of the National Futures Association. Mr. Sandner's terms on the CME Holdings and CME boards expire in April 2003.

*Myron S. Scholes* has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 2000. He is Chairman of Oak Hill Platinum Partners and Managing Partner of Oak Hill Capital Management. Mr. Scholes is the Frank E. Buck Professor of Finance, Emeritus, at Stanford University's Graduate School of Business and a 1997 Nobel Laureate in Economics. He was formerly a limited partner and principal of Long Term Capital Management from 1993 until 1998. Currently, Mr. Scholes is also a director of Dimensional Fund Advisors Mutual Funds, the American Century Mutual Funds and Intelligent Markets. Mr. Scholes' terms on the CME Holdings and CME boards expire in April 2004.

*Verne O. Sedlacek* has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 1997. Mr. Sedlacek also has been Executive Vice President and Chief Operating Officer of Commonfund Group since January 2002. Mr. Sedlacek served as President and Chief Operating Officer of John W. Henry & Company, Inc., a commodity trading advisor, from 1998 through January 2002 and as Executive Vice President and Chief Financial Officer of the Harvard Management Company, Inc., a 501(c)(3) investment advisor and a wholly owned subsidiary of Harvard University from 1983 to 1998. He is currently a director of the Futures Industry Association and Common Fund Capital Inc. He is also a member of the Global Markets Advisory Committee of the CFTC. Mr. Sedlacek's terms on the CME Holdings and CME boards expire in April 2003.

*William R. Shepard* has served as Second Vice Chairman of CME Holdings' and CME's boards since April 2002 and as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 1997 and has been a member of our exchange for more than 28 years. Mr. Shepard is founder and President of Shepard International, Inc., a futures commission merchant. Mr. Shepard's terms on the CME Holdings and CME boards expire in April 2004.

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*Howard J. Siegel* has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 2000 and has been a member of our exchange for more than 24 years. Mr. Siegel has been a floor trader since 1977. Mr. Siegel's terms on the CME Holdings and CME boards expire in April 2004.

## **Election of Directors**

Our certificate of incorporation provides that our board of directors be composed of 20 members. The board of directors is divided into two classes, each of whose members serve for a staggered two-year term. Messrs. Duffy, Croghan, Glickman, Harris, Katler, McNulty, Oliff, Salatich, Sandner and Sedlacek serve in the class whose term expires at the annual meeting of shareholders in 2003, and Messrs. Brennan, Gepsman, Gordon, Johnson, Lynch, Melamed, Newhouse, Scholes, Shepard and Siegel serve in the class whose term expires at the annual meeting of shareholders in 2004. Upon the expiration of the term of a class of directors, directors in that class will be elected for two-year terms at the annual meeting of shareholders in the year in which that term expires.

Holders of our Class B-1, B-2 and B-3 common stock have the right to elect six directors to the board. The remaining directors are elected by the holders of the Class A and Class B common stock, voting together as a class. The nominating committee, composed of members of the board of directors, nominates the slate of candidates to be elected by the holders of the Class A common stock and Class B common stock, voting together. This committee is responsible for assessing the qualifications of candidates as well as ensuring that regulatory requirements with respect to the composition of the board are met. The holders of the Class B-1, B-2 and B-3 common stock have the right to elect members of nominating committees for their respective class, which are responsible for nominating candidates for election by their class. Each committee is responsible for assessing the qualifications of candidates to serve as directors to be elected by that class. Our certificate of incorporation requires that director candidates for election by a class of Class B common stock own, or be recognized under our rules as a permitted transferee of, at least one share of that class.

CME's certificate of incorporation requires that the board of directors of CME be the same as the board of directors of CME Holdings.

## **Board Committees**

The following are the five principal committees of the board of directors:

**Audit committee.** The audit committee of our board consists of Messrs. Croghan, Lynch, Sandner and Sedlacek. The audit committee's primary responsibilities include engaging independent accountants; appointing the chief internal auditor; approving independent audit fees; reviewing quarterly and annual financial statements; reviewing audit results and reports, including management comments and recommendations; reviewing our system of controls and policies, including those covering conflicts of interest and business ethics; evaluating reports of actual or threatened litigation; considering significant changes in accounting practices and examining improprieties or suspected improprieties. Mr. Croghan is Chairman of the audit committee.

**Compensation committee.** The compensation committee of our board consists of Messrs. Duffy, Gepsman, Glickman and Shepard. The compensation committee's primary responsibilities include making recommendations to the board concerning salaries and incentive compensation for our officers, determining employee compensation policy and administering our employee benefit plans. Mr. Shepard is Chairman of the compensation committee.

**Executive committee.** The executive committee of our board consists of Messrs. Duffy, Gepsman, Gordon, Lynch, McNulty, Melamed, Oliff, Sandner and Shepard. The executive committee of our board has and may exercise the authority of the board of directors, when the board is not in session, except in

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cases where action of the entire board is required by the charter, the bylaws or applicable law. Mr. Duffy is chairman of the executive committee.

**Nominating committee.** The nominating committee of our board consists of Messrs. Gepsman, Melamed, Scholes, Shepard and Siegel. The nominating committee reviews the qualifications of potential candidates and proposes nominees for the 14 positions on the board of directors that are nominated by the board. This committee is composed of five directors selected by the board. The board strives to have a nominating committee that reflects the diversity of the board. This committee will consider nominees recommended by shareholders if the recommendations are submitted in writing and accompanied by a description of the proposed nominee's qualifications and other relevant biographical information and evidence of the consent of the proposed nominee. Under our bylaws, nominations may not be made at the annual meeting.

**Board steering committee.** The board steering committee of our board consists of Messrs. Duffy, Gepsman, Gordon, Harris, Lynch, McNulty, Melamed, Oliff, Sandner and Shepard. The board steering committee reviews management recommendations regarding strategic, business, legislative and regulatory policy determinations, reviews goals and priorities for the Chief Executive Officer and Executive Vice President and Chief Administrative Officer and monitors performance against previously set objectives.



**Governance committee.** The governance committee of our board consists of Messrs. Duffy, Gepsman, Glickman, Gordon, Katler, Melamed and Sandner. The governance committee develops and recommends to the board of directors a set of governance principles and oversees our policies, practices and procedures in the area of corporate governance. On November 7, 2002, the board of directors adopted corporate governance principles based on the recommendations of the governance committee.

The board also has the following committees: electronic transition committee, governance committee, marketing and public relations advisory committee and strategic implementation committee.

## Director Compensation

Each director receives an annual stipend of \$25,000, plus a meeting attendance fee of \$1,500 for each regular meeting of the board that he or she attends, excluding special administrative meetings. Directors also receive an attendance fee of \$1,000 for each committee meeting. In addition, directors receive an attendance fee of \$1,000 for each meeting of special board hearing committees which are appointed as needed. Directors also receive a \$1,000 fee for attendance at each functional committee meeting, including the arbitration, business conduct, market regulation oversight, membership, probable cause, pit supervision and trading floor operations committees. Directors also receive reimbursement of expenses for travel to board meetings. Our Chairman, Mr. Duffy, receives an annual stipend of \$350,000, plus reimbursement of other board-related expenses. Our Chairman Emeritus and Senior Policy Advisor, Mr. Melamed, and our Special Policy Advisor, Mr. Sandner, each receive an annual stipend of \$200,000, plus reimbursement of other board-related expenses. Our Chairman Emeritus and Senior Policy Advisor is also entitled to reimbursement of up to \$150,000 annually for non-travel expenses.

## Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is an executive officer or employee of our company. With the exception of Mr. McNulty, none of our executive officers serves as a current member of our board of directors or as a member of the compensation committee of any entity that has one or more executive officers serving on our compensation committee.

## Compensation of Executive Officers

The following table sets forth information on compensation earned by our Chief Executive Officer and each of the next four most highly compensated executive officers during the year ended December 31, 2001.

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**Summary Compensation Table**

| Name and Principal Position   | Year | Annual Compensation |            | Long-Term Compensation Awards - Securities Underlying Options/SARs(#) | All Other Compensation(1) |
|---|------|---------------------|------------|---|---------------------------|
|   |      | Salary              | Bonus      |   |                           |
| James J. McNulty<br>President and Chief Executive Officer                     | 2001 | \$ 1,000,000        | \$ 892,500 | 0   | \$ 268,462                |
|   | 2000 | 865,385             | 1,000,000  | 1,438,734(2)  | 2,100,500                 |
|   | 1999 | —                   | —          | —   | —                         |
| Phupinder S. Gill<br>Managing Director and President, Clearing House Division | 2001 | 417,600             | 700,000    | 100,000   | 107,344                   |
|   | 2000 | 416,923             | 200,000    | 0   | 101,616                   |
|   | 1999 | 400,000             | 160,000    | 0   | 80,914                    |
| Scott L. Johnston<br>Managing Director and Chief Information Officer          | 2001 | 250,000             | 775,000    | 100,000   | 102,751                   |
|   | 2000 | 162,185             | 800,000    | 0   | 16,904                    |
|   | 1999 | —                   | —          | —   | —                         |
| Craig S. Donohue<br>Managing Director and Chief Administrative Officer        | 2001 | 250,000             | 500,000    | 100,000   | 96,500                    |
|   | 2000 | 249,654             | 350,000    | 0   | 67,473                    |
|   | 1999 | 210,622             | 175,000    | 0   | 43,938                    |
| James R. Krause<br>Managing Director, Operations and Enterprise Computing     | 2001 | 224,500             | 500,000    | 100,000   | 68,757                    |
|   | 2000 | 211,538             | 135,000    | 0   | 59,783                    |
|   | 1999 | 198,846             | 96,000     | 0   | 49,153                    |

(1) All Other Compensation details for 2001:

|              | 401 (k) Contribution | Pension Contribution | Supplemental Plan(3) | SERP Contribution(4) | Total      |
|--------------|----------------------|----------------------|----------------------|----------------------|------------|
| Mr. McNulty  | \$ 8,500             | \$ 13,600            | \$ 86,362            | \$ 160,000           | \$ 268,462 |
| Mr. Gill     | 8,500                | 10,200               | 39,236               | 49,408               | 107,344    |
| Mr. Johnston | 8,500                | 5,263                | 4,988                | 84,000               | 102,751    |
| Mr. Donohue  | 8,500                | 10,200               | 29,800               | 48,000               | 96,500     |
| Mr. Krause   | 8,500                | 13,600               | 17,897               | 28,760               | 68,757     |

(2) Gives effect to our reorganization as if it occurred on December 31, 2000. As a result of the reorganization, additional Class A shares were issued in an amount approximately equal to the Class A share equivalents previously embedded in the Class B shares. Accordingly, the number of Class A shares included in the option was increased.

(3) Supplemental Plan includes 401(k) make-whole, pension make-whole, and discretionary bonus make-whole. The 401(k) make-whole is a company paid contribution for highly compensated individuals who have exceeded statutory limits imposed by the provisions of our qualified 401(k) savings plan. The pension make-whole is a company paid contribution for highly compensated individuals who have exceeded statutory limits imposed by our qualified pension plan. The discretionary bonus make-whole is a company paid contribution of up to 2% of the employee's annual salary, for highly compensated individuals who have exceeded the compensation limit identified in Section 401A of the Internal Revenue Code.

(4) SERP Contribution refers to our Supplemental Executive Retirement Plan, a non-qualified defined contribution plan for highly compensated senior officers.

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## Option/SAR Grants in 2001

|                      |                  |  |
|----------------------|------------------|--|
| Number of Securities | Percent of Total | Potential Realizable Value at Assumed Rates of Stock Price |
|----------------------|------------------|--|

| Name         | Underlying Options/SARs Granted(#) | Options/SARs Granted to Employees in Fiscal Year | Exercise or Base Price Per Share | Expiration Date | Appreciation for Option Term (10 Years)(1) |             |             |
|--------------|------------------------------------|--|----------------------------------|-----------------|--|-------------|-------------|
|              |                                    |  |                                  |                 | 5%   | 10%         |             |
| Mr. Gill     | 100,000                            |  | 8.5%                             | \$22            | May 7, 2011                                | \$1,147,378 | \$3,130,141 |
| Mr. Johnston | 100,000                            |  | 8.5                              | 22              | May 7, 2011                                | 1,147,378   | 3,130,141   |
| Mr. Donohue  | 100,000                            |  | 8.5                              | 22              | May 7, 2011                                | 1,147,378   | 3,130,141   |
| Mr. Krause   | 100,000                            |  | 8.5                              | 22              | May 7, 2011                                | 1,147,378   | 3,130,141   |

(1) These amounts represent assumed rates of appreciation required to be shown under Securities and Exchange Commission rules. Actual gains, if any, on stock option exercises are dependent on the future performance of our stock. We cannot assure you that the amounts reflected in these columns will be achieved or, if achieved, will exist at the time of any option exercise.

### Option Values at December 31, 2001<sup>(1)</sup>

|                 | Tranche   | Number of Securities Underlying Unexercised Options at Fiscal Year End Exercisable/Unexercisable(#) | Value of Unexercised In-the-Money Options at Fiscal Year End Exercisable/Unexercisable |  |
|-----------------|-----------|---|--|--|
|                 |           |   |  |  |
| Mr. McNulty(2)  | Tranche A | 287,747/431,620   | \$6,151,890/\$9,227,836  |  |
|                 | Tranche B | 287,747/431,620   | \$1,751,785/\$2,627,677  |  |
| Mr. Gill(3)     |           | 0/100,000   | \$0/\$50,000   |  |
| Mr. Johnston(3) |           | 0/100,000   | \$0/\$50,000   |  |
| Mr. Donohue(3)  |           | 0/100,000   | \$0/\$50,000   |  |
| Mr. Krause(3)   |           | 0/100,000   | \$0/\$50,000   |  |

(1) No options were exercised during 2001.

(2) Mr. McNulty's stock option is divided into two tranches. Each tranche of the option entitles Mr. McNulty to purchase up to 2.5% of all classes of our common stock that were issued upon demutualization. Mr. McNulty's option was vested with respect to 40% and 60% of the shares covered by the option as of December 31, 2001 and September 30, 2002, respectively. On February 7 in each of 2003 and 2004, Mr. McNulty's option will vest with respect to an additional 20% of the shares covered by the option, subject to acceleration or termination in certain circumstances. For more information regarding the terms of Mr. McNulty's stock option, please see the section of this prospectus entitled "Management—McNulty Employment Agreement."

(3) Messrs. Gill, Johnston, Donohue and Krause were granted their options on May 7, 2001. These options vest over a four-year period, with 40% vesting one year after the grant date and 20% vesting on that same date in each of the following three years, subject to acceleration or termination in certain circumstances. As of September 30, 2002, these options were each 40% vested.

### McNulty Employment Agreement

In February 2000, we entered into an employment agreement with Mr. McNulty to serve as our President and Chief Executive Officer. In connection with the agreement, Mr. McNulty received a sign-on bonus of \$2.0 million. Under the agreement, Mr. McNulty will receive a minimum annual base salary of \$1.0 million. He is also eligible for an annual incentive bonus based upon the achievement of goals set by our board of directors, which bonus may not exceed the lesser of \$1.5 million or 10% of our net income. The agreement provides that Mr. McNulty will be eligible to participate in the benefit plans available generally to our senior officers. We paid Mr. McNulty an aggregate of \$3,965,885 and \$2,160,962 in compensation during 2000 and 2001, respectively. In addition to Mr. McNulty's salary and bonuses, these figures include amounts received as contributions from us under our 401(k) plan, pension plan, senior management supplemental deferred savings plan and supplemental executive retirement plan. We have paid Mr. McNulty \$769,231 in salary through the first nine months of 2002.

Mr. McNulty also has been granted a non-qualified stock option, which is designed to reward him for increasing our value after the commencement of his employment. Our total value on February 7, 2000 was estimated to be approximately \$874 million. This was calculated by multiplying the average sale price in the

previous six months for each membership class by the number of memberships in each class. Exchange memberships were used to determine the value of the exchange as it was anticipated that these memberships would be converted to stock as part of the planned demutualization. Mr. McNulty's option is divided into two tranches, each representing 2.5% of each class of our common stock at the time of our demutualization. If our total value increases, upon exercise, Tranche A of the option would enable Mr. McNulty to realize 2.5% of the increase above our valuation on February 7, 2000, and Tranche B would enable him to realize 2.5% of any increase in excess of 150% of our valuation on February 7, 2000. Mr. McNulty may exercise one tranche independent of the other. The aggregate number of shares covered by the option is 1,438,578 Class A shares and 156 Class B shares, as specified below. The aggregate exercise price of the option is \$54.6 million. We may elect to issue solely shares of our common stock or cash upon any exercise of the option by Mr. McNulty. The option expires and is no longer exercisable following the date that is the earlier of (a) the ten-year anniversary of the grant date, (b) the date on which Mr. McNulty is notified of his termination for cause, (c) in the event of death, following payment to Mr. McNulty's estate in accordance with the terms of the employment agreement, or (d) 180 days after Mr. McNulty terminates his employment without good reason. The option may be exercised only as to the portion of the option that has vested. The option vested with respect to 40% of the shares subject thereto on February 7, 2001 and with respect to an additional 20% on February 7, 2002. The option will vest with respect to an additional 20% on February 7, 2003, and will be completely vested on February 7, 2004, subject to acceleration in the event of the following: (i) a termination by us of the employment agreement without cause or due to Mr. McNulty's death or permanent disability, (ii) a termination of the employment agreement by Mr. McNulty for "good reason", (iii) upon the expiration of the original term of the employment agreement or (iv) upon a change in control and termination as described below. The option is non-transferable except with the written consent of the compensation committee of our board of directors.

At September 30, 2002, the intrinsic value of Mr. McNulty's option, assuming the option was fully vested, was approximately \$25.0 million and was composed of the following:

| Class of Stock        | Number of Shares(1) | Estimated Value | Intrinsic Value |
|-----------------------|---------------------|-----------------|-----------------|
| (dollars in millions) |                     |                 |                 |
| <b>Tranche A:</b>     |                     |                 |                 |
| Class A               | 719,289             | \$ 16.5         |                 |
| Class B-1             | 16                  | 6.3             |                 |
| Class B-2             | 20                  | 7.9             |                 |
| Class B-3             | 32                  | 8.8             |                 |
| Class B-4             | 10                  | 0.3             |                 |
|                       |                     | \$ 39.8         |                 |
| Less: Exercise Price  |                     | (21.8)          |                 |
|                       |                     |                 | \$ 18.0         |
| <b>Tranche B:</b>     |                     |                 |                 |
| Class A               | 719,289             | \$ 16.5         |                 |

|                      |    |                |
|----------------------|----|----------------|
| Class B-1            | 16 | 6.3            |
| Class B-2            | 20 | 7.9            |
| Class B-3            | 32 | 8.8            |
| Class B-4            | 10 | 0.3            |
|                      |    | 39.8           |
| Less: Exercise Price |    | (32.8)         |
|                      |    | 7.0            |
| <b>Total</b>         |    | <b>\$ 25.0</b> |

(1) The number of shares has been rounded to reflect whole numbers.

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Each tranche of the option is for 2.5% of each class of common stock outstanding as of the date of the demutualization as adjusted for the reorganization. Since demutualization, there has not been an independent established trading market for Class A shares, and shares of Class A common stock can only be sold or acquired as part of a bundle with the trading rights in CME and the related Class B share. Therefore, the value of the Class A shares at September 30, 2002 is imputed based on the recent prices for the bundle and recent prices relating to the trading rights only. At September 30, 2002, the per share estimated value of each class is as follows: Class A \$22.87; Class B-1 \$405,000; Class B-2 \$387,500; Class B-3 \$275,000; Class B-4 \$29,500. The intrinsic value of the vested portion (60%) of Mr. McNulty's option at September 30, 2002 was approximately \$15.0 million.

Mr. McNulty may exercise the option by delivering to us written notice of the percentage of shares covered by the option with respect to which the option is being exercised, accompanied by full payment of the exercise price of such shares. The exercise price of the shares purchased must be paid in full by any of the following methods, or any combination thereof, selected by Mr. McNulty: (i) in cash; (ii) in Class A common stock valued at its fair market value on the date of exercise; (iii) in Class B common stock valued at its fair market value on the date of exercise; (iv) in cash by a broker-dealer to whom Mr. McNulty has submitted an exercise notice consisting of a fully-endorsed option (in which case, we will pay all brokerage fees in connection with the exercise); (v) by agreeing to surrender a portion of the option then exercisable, valued at the fair market value of the shares covered by the option, minus the exercise price for such shares; or (vi) by directing us to withhold such number of shares otherwise issuable upon exercise of the option having an aggregate fair market value on the date of exercise equal to the exercise price of the option.

The agreement terminates on December 31, 2003, unless sooner terminated by us or Mr. McNulty. We may terminate the agreement pursuant to its terms due to Mr. McNulty's death or disability, or with or without cause. In addition, Mr. McNulty may terminate the agreement at any time after one year upon 90 days written notice. He may also terminate the agreement for "good reason" if our principal place of business is relocated outside of the Chicago metropolitan area, if we fail, after notice, to pay the agreed-upon compensation or benefits or if he is demoted or his responsibilities are significantly diminished. The agreement provides that, in the event of a termination without cause by us, Mr. McNulty shall be entitled to receive his base salary for the remainder of the original term plus one-third of the maximum annual incentive bonus he would have received during such time. The agreement also provides that, in the event that Mr. McNulty terminates his employment after the first year on less than 90 days written notice, other than following one of the matters previously described as "good reason," we may set off against any amounts otherwise owed to him a sum equal to his daily salary for each day his notice of termination is less than 90 days. If Mr. McNulty's employment is terminated because of his death or disability, he or his beneficiary will continue to receive the base salary for six months following that termination. In the event of his death or disability, his option will vest and, in the event of his death, be paid in cash.

The agreement also provides that, if within two years of a "change in control" (as defined in the agreement), Mr. McNulty is terminated by us or he terminates the agreement as a result of the occurrence of one of the matters described previously as "good reason," any unvested portion of his non-qualified stock option would immediately vest and generally become exercisable for a one-year period following termination of employment. In addition, in such event, Mr. McNulty will be entitled to a payment equal to two times his base salary plus one and one-third times the maximum incentive bonus for which he would have been eligible for the remaining term of the agreement, provided that the severance payments may not exceed \$8 million. The payments due to Mr. McNulty would be subject to reduction to the extent that a reduction would increase the net, after-tax amount of the payment retained by Mr. McNulty giving effect to the application of the excess parachute excise tax imposed by Section 4999 of the Internal Revenue Code.

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In reaching the agreement with Mr. McNulty, we considered information drawn from a variety of sources, such as published survey data, information supplied by consultants and our own experience in recruiting and retaining executives. Mr. McNulty's base pay and bonus awards are designed to provide a competitive market salary and rewards based on his level of responsibility and performance. The option awarded to Mr. McNulty, like all of our long-term, equity-based compensation awards, is designed to align Mr. McNulty's interests with shareholder interests and to balance short- and long-term rewards.

#### Benefit Plans with Change in Control Provisions

##### Omnibus Stock Plan

| Age      | Employer Contribution Percentage |
|----------|----------------------------------|
| Under 30 | 3%                               |
| 30-34    | 4                                |
| 35-39    | 5                                |
| 40-44    | 6                                |
| 45-49    | 7                                |
| 50-54    | 8                                |
| Over 54  | 9                                |

The individuals named below have projected annual retirement benefits, based on current accumulated balances, a future annual interest credit rate of 6% and future service to age 65 at current salary levels, as follows: Mr. McNulty, \$40,702; Mr. Gill, \$103,662; Mr. Johnston, \$95,684; Mr. Donohue, \$109,078; and Mr. Krause, \$52,770.

Several of our directors serve as officers or directors of clearing member firms. These clearing member firms pay substantial fees to our clearing house in connection with services we provide. We believe that the services provided to these clearing firms are on terms no more favorable to those firms than terms given to unaffiliated persons.

### PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth information regarding beneficial ownership of CME Holdings' common stock as of October 23, 2002 by:

- each of our directors;
- each of our named executive officers;
- all directors and executive officers as a group;
- each selling shareholder; and
- all selling shareholders as a group.

Beneficial ownership is determined according to the rules of the SEC, and generally means that person has beneficial ownership of a security if he or she possesses sole or shared voting or investment power of that security, and includes options that are currently exercisable or exercisable within 60 days. Each director, officer or 5% or more shareholder, as the case may be, has furnished us with information with respect to beneficial ownership. Except as otherwise indicated, we believe that the beneficial owners of common stock listed below, based on the information each of them has given to us, have sole investment and voting power with respect to their shares, except where community property laws may apply.

This table lists applicable percentage ownership based on 28,817,662 shares of Class A common stock (not including 68,400 shares of Class A common stock subject to restricted stock awards as of October 23, 2002) and 3,138 shares of Class B common stock outstanding as of October 23, 2002, and also lists applicable percentage ownership based on 31,817,662 shares of Class A common stock outstanding after completion of this offering. Options to purchase shares of our Class A common stock that are exercisable within 60 days of October 23, 2002, are deemed to be beneficially owned by the persons holding these options for the purpose of computing percentage ownership of that person, but are not treated as outstanding for the purpose of computing any other person's ownership percentage.

| Beneficial Owner                 | Shares of Common Stock<br>Beneficially Owned Prior to This Offering |       |                     |                     |       |                     | Shares of Class A<br>Common Stock<br>Offered Hereby |       | Shares of Class A<br>Common Stock<br>Beneficially Owned<br>After This Offering |       |                     |  |
|----------------------------------|---|-------|---------------------|---------------------|-------|---------------------|---|-------|--|-------|---------------------|--|
|                                  | Class A   |       |                     | Class B             |       |                     | Number of<br>Shares                                 | Class | Number of<br>Shares  | Class | Percent<br>of Class |  |
|                                  | Number of<br>Shares   | Class | Percent<br>of Class | Number of<br>Shares | Class | Percent<br>of Class |   |       |  |       |                     |  |
| <b>Directors &amp; Officers:</b> |   |       |                     |                     |       |                     |   |       |  |       |                     |  |
| James J. McNulty(1)              | 215,813   | A-1   | 2.91%               | 19                  | B-1   | 2.91%               | —   | A-1   | 215,813  | A-1   | 3.00%               |  |
|                                  | 215,813   | A-2   | 2.91                | 24                  | B-2   | 2.91                | —   | A-2   | 215,813  | A-2   | 3.01                |  |
|                                  | 215,807   | A-3   | 2.91                | 39                  | B-3   | 2.91                | —   | A-3   | 215,807  | A-3   | 3.10                |  |
|                                  | 215,713   | A-4   | 2.91                | 12                  | B-4   | 2.91                | —   | A-4   | 215,713  | A-4   | 3.27                |  |
| Terrence A. Duffy(2)             | 4,525   | A-1   | *                   | 1                   | B-1   | *                   | —   | A-1   | 4,525  | A-1   | *                   |  |
|                                  | 4,525   | A-2   | *                   | —                   | B-2   | *                   | —   | A-2   | 4,525  | A-2   | *                   |  |
|                                  | 4,525   | A-3   | *                   | —                   | B-3   | *                   | —   | A-3   | 4,525  | A-3   | *                   |  |
|                                  | 4,523   | A-4   | *                   | 1                   | B-4   | *                   | —   | A-4   | 4,523  | A-4   | *                   |  |
| Timothy R. Brennan(3)            | 6,025   | A-1   | *                   | 1                   | B-1   | *                   | —   | A-1   | 6,025  | A-1   | *                   |  |
|                                  | 6,025   | A-2   | *                   | —                   | B-2   | *                   | —   | A-2   | 6,025  | A-2   | *                   |  |
|                                  | 6,025   | A-3   | *                   | 1                   | B-3   | *                   | —   | A-3   | 6,025  | A-3   | *                   |  |
|                                  | 6,022   | A-4   | *                   | —                   | B-4   | *                   | —   | A-4   | 6,022  | A-4   | *                   |  |
| John W. Croghan(4)               | 4,500   | A-1   | *                   | 1                   | B-1   | *                   | —   | A-1   | 4,500  | A-1   | *                   |  |
|                                  | 4,500   | A-2   | *                   | —                   | B-2   | *                   | —   | A-2   | 4,500  | A-2   | *                   |  |
|                                  | 4,500   | A-3   | *                   | —                   | B-3   | *                   | —   | A-3   | 4,500  | A-3   | *                   |  |
|                                  | 4,499   | A-4   | *                   | —                   | B-4   | *                   | —   | A-4   | 4,499  | A-4   | *                   |  |
| Martin J. Gepsman(5)             | 1,525   | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 1,525  | A-1   | *                   |  |
|                                  | 1,525   | A-2   | *                   | —                   | B-2   | *                   | —   | A-2   | 1,525  | A-2   | *                   |  |
|                                  | 1,525   | A-3   | *                   | 1                   | B-3   | *                   | —   | A-3   | 1,525  | A-3   | *                   |  |
|                                  | 1,523   | A-4   | *                   | 1                   | B-4   | *                   | —   | A-4   | 1,523  | A-4   | *                   |  |

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|                    |        |     |   |   |     |   |   |     |        |     |   |
|--------------------|--------|-----|---|---|-----|---|---|-----|--------|-----|---|
| Daniel R. Glickman | —      | A-1 | * | — | B-1 | * | — | A-1 | —      | A-1 | * |
|                    | —      | A-2 | * | — | B-2 | * | — | A-2 | —      | A-2 | * |
|                    | —      | A-3 | * | — | B-3 | * | — | A-3 | —      | A-3 | * |
|                    | —      | A-4 | * | — | B-4 | * | — | A-4 | —      | A-4 | * |
| Scott Gordon(6)    | 21,025 | A-1 | * | 2 | B-1 | * | — | A-1 | 21,025 | A-1 | * |
|                    | 21,025 | A-2 | * | 2 | B-2 | * | — | A-2 | 21,025 | A-2 | * |
|                    | 21,025 | A-3 | * | 2 | B-3 | * | — | A-3 | 21,025 | A-3 | * |
|                    | 21,017 | A-4 | * | 1 | B-4 | * | — | A-4 | 21,017 | A-4 | * |
| Yra G. Harris(7)   | 7,500  | A-1 | * | — | B-1 | * | — | A-1 | 7,500  | A-1 | * |
|                    | 7,500  | A-2 | * | 2 | B-2 | * | — | A-2 | 7,500  | A-2 | * |
|                    | 7,500  | A-3 | * | 1 | B-3 | * | — | A-3 | 7,500  | A-3 | * |
|                    | 7,497  | A-4 | * | — | B-4 | * | — | A-4 | 7,497  | A-4 | * |
| Bruce F. Johnson   | 4,525  | A-1 | * | 1 | B-1 | * | — | A-1 | 4,525  | A-1 | * |
|                    | 4,525  | A-2 | * | — | B-2 | * | — | A-2 | 4,525  | A-2 | * |
|                    | 4,525  | A-3 | * | — | B-3 | * | — | A-3 | 4,525  | A-3 | * |
|                    | 4,523  | A-4 | * | 1 | B-4 | * | — | A-4 | 4,523  | A-4 | * |
| Gary M. Katler(8)  | 1,525  | A-1 | * | — | B-1 | * | — | A-1 | 1,525  | A-1 | * |

|                              |        |     |   |   |     |   |   |     |        |     |   |
|------------------------------|--------|-----|---|---|-----|---|---|-----|--------|-----|---|
|                              | 1,525  | A-2 | * | — | B-2 | * | — | A-2 | 1,525  | A-2 | * |
|                              | 1,525  | A-3 | * | 1 | B-3 | * | — | A-3 | 1,525  | A-3 | * |
|                              | 1,523  | A-4 | * | 1 | B-4 | * | — | A-4 | 1,523  | A-4 | * |
| Patrick B. Lynch             | 3,000  | A-1 | * | — | B-1 | * | — | A-1 | 3,000  | A-1 | * |
|                              | 3,000  | A-2 | * | 1 | B-2 | * | — | A-2 | 3,000  | A-2 | * |
|                              | 3,000  | A-3 | * | — | B-3 | * | — | A-3 | 3,000  | A-3 | * |
|                              | 2,999  | A-4 | * | — | B-4 | * | — | A-4 | 2,999  | A-4 | * |
| Leo Melamed                  | 3,000  | A-1 | * | — | B-1 | * | — | A-1 | 3,000  | A-1 | * |
|                              | 3,000  | A-2 | * | 1 | B-2 | * | — | A-2 | 3,000  | A-2 | * |
|                              | 3,000  | A-3 | * | — | B-3 | * | — | A-3 | 3,000  | A-3 | * |
|                              | 2,999  | A-4 | * | — | B-4 | * | — | A-4 | 2,999  | A-4 | * |
| John D. Newhouse(9)          | 10,525 | A-1 | * | — | B-1 | * | — | A-1 | 10,525 | A-1 | * |
|                              | 10,525 | A-2 | * | 3 | B-2 | * | — | A-2 | 10,525 | A-2 | * |
|                              | 10,525 | A-3 | * | 1 | B-3 | * | — | A-3 | 10,525 | A-3 | * |
|                              | 10,520 | A-4 | * | 1 | B-4 | * | — | A-4 | 10,520 | A-4 | * |
| James E. Oliff(10)           | 3,025  | A-1 | * | — | B-1 | * | — | A-1 | 3,025  | A-1 | * |
|                              | 3,025  | A-2 | * | 1 | B-2 | * | — | A-2 | 3,025  | A-2 | * |
|                              | 3,025  | A-3 | * | — | B-3 | * | — | A-3 | 3,025  | A-3 | * |
|                              | 3,023  | A-4 | * | 1 | B-4 | * | — | A-4 | 3,023  | A-4 | * |
| William G. Salatich, Jr.(11) | 4,525  | A-1 | * | 1 | B-1 | * | — | A-1 | 4,525  | A-1 | * |
|                              | 4,525  | A-2 | * | — | B-2 | * | — | A-2 | 4,525  | A-2 | * |
|                              | 4,525  | A-3 | * | — | B-3 | * | — | A-3 | 4,525  | A-3 | * |
|                              | 4,523  | A-4 | * | 1 | B-4 | * | — | A-4 | 4,523  | A-4 | * |
| John F. Sandner              | 25,525 | A-1 | * | 3 | B-1 | * | — | A-1 | 25,525 | A-1 | * |
|                              | 25,525 | A-2 | * | 2 | B-2 | * | — | A-2 | 25,525 | A-2 | * |
|                              | 25,525 | A-3 | * | 4 | B-3 | * | — | A-3 | 25,525 | A-3 | * |
|                              | 25,515 | A-4 | * | 1 | B-4 | * | — | A-4 | 25,515 | A-4 | * |
| Myron S. Scholes             | —      | A-1 | * | — | B-1 | * | — | A-1 | —      | A-1 | * |
|                              | —      | A-2 | * | — | B-2 | * | — | A-2 | —      | A-2 | * |
|                              | —      | A-3 | * | — | B-3 | * | — | A-3 | —      | A-3 | * |
|                              | —      | A-4 | * | — | B-4 | * | — | A-4 | —      | A-4 | * |
| Verne O. Sedlacek            | —      | A-1 | * | — | B-1 | * | — | A-1 | —      | A-1 | * |
|                              | —      | A-2 | * | — | B-2 | * | — | A-2 | —      | A-2 | * |
|                              | —      | A-3 | * | — | B-3 | * | — | A-3 | —      | A-3 | * |
|                              | —      | A-4 | * | — | B-4 | * | — | A-4 | —      | A-4 | * |

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|  |         |     |       |    |     |       |       |     |         |     |       |
|--|---------|-----|-------|----|-----|-------|-------|-----|---------|-----|-------|
| William R. Shepard(12)                                       | 9,025   | A-1 | *     | 1  | B-1 | *     | —     | A-1 | 9,025   | A-1 | *     |
|  | 9,025   | A-2 | *     | 1  | B-2 | *     | —     | A-2 | 9,025   | A-2 | *     |
|  | 9,025   | A-3 | *     | 1  | B-3 | *     | —     | A-3 | 9,025   | A-3 | *     |
|  | 9,021   | A-4 | *     | 1  | B-4 | *     | —     | A-4 | 9,021   | A-4 | *     |
| Howard J. Siegel   | 10,500  | A-1 | *     | 2  | B-1 | *     | —     | A-1 | 10,500  | A-1 | *     |
|  | 10,500  | A-2 | *     | —  | B-2 | *     | —     | A-2 | 10,500  | A-2 | *     |
|  | 10,500  | A-3 | *     | 1  | B-3 | *     | —     | A-3 | 10,500  | A-3 | *     |
|  | 10,497  | A-4 | *     | —  | B-4 | *     | —     | A-4 | 10,497  | A-4 | *     |
| Craig Donohue(13)  | 10,000  | A-1 | *     | —  | B-1 | *     | —     | A-1 | 10,000  | A-1 | *     |
|  | 10,000  | A-2 | *     | —  | B-2 | *     | —     | A-2 | 10,000  | A-2 | *     |
|  | 10,000  | A-3 | *     | —  | B-3 | *     | —     | A-3 | 10,000  | A-3 | *     |
|  | 10,000  | A-4 | *     | —  | B-4 | *     | —     | A-4 | 10,000  | A-4 | *     |
| Phupinder Gill(13)   | 10,000  | A-1 | *     | —  | B-1 | *     | —     | A-1 | 10,000  | A-1 | *     |
|  | 10,000  | A-2 | *     | —  | B-2 | *     | —     | A-2 | 10,000  | A-2 | *     |
|  | 10,000  | A-3 | *     | —  | B-3 | *     | —     | A-3 | 10,000  | A-3 | *     |
|  | 10,000  | A-4 | *     | —  | B-4 | *     | —     | A-4 | 10,000  | A-4 | *     |
| Scott Johnston(13)   | 10,000  | A-1 | *     | —  | B-1 | *     | —     | A-1 | 10,000  | A-1 | *     |
|  | 10,000  | A-2 | *     | —  | B-2 | *     | —     | A-2 | 10,000  | A-2 | *     |
|  | 10,000  | A-3 | *     | —  | B-3 | *     | —     | A-3 | 10,000  | A-3 | *     |
|  | 10,000  | A-4 | *     | —  | B-4 | *     | —     | A-4 | 10,000  | A-4 | *     |
| James Krause(13)   | 10,000  | A-1 | *     | —  | B-1 | *     | —     | A-1 | 10,000  | A-1 | *     |
|  | 10,000  | A-2 | *     | —  | B-2 | *     | —     | A-2 | 10,000  | A-2 | *     |
|  | 10,000  | A-3 | *     | —  | B-3 | *     | —     | A-3 | 10,000  | A-3 | *     |
|  | 10,000  | A-4 | *     | —  | B-4 | *     | —     | A-4 | 10,000  | A-4 | *     |
| Directors and Executive Officers as a group (27 persons)(14) | 396,463 | A-1 | 5.30% | 32 | B-1 | 4.93% | —     | A-1 | 396,463 | A-1 | 5.46% |
|  | 396,463 | A-2 | 5.30  | 37 | B-2 | 4.47  | —     | A-2 | 396,463 | A-2 | 5.49  |
|  | 396,457 | A-3 | 5.30  | 52 | B-3 | 3.89  | —     | A-3 | 396,457 | A-3 | 5.64  |
|  | 396,313 | A-4 | 5.30  | 22 | B-4 | 5.26  | —     | A-4 | 396,313 | A-4 | 5.95  |
| Selling Shareholders(15):                                    |         |     |       |    |     |       |       |     |         |     |       |
| Robert S. Alpert(16)   | 1,500   | A-1 | *     | —  | B-1 | *     | —     | A-1 | 1,500   | A-1 | *     |
|  | 1,500   | A-2 | *     | —  | B-2 | *     | —     | A-2 | 1,500   | A-2 | *     |
|  | 1,500   | A-3 | *     | 1  | B-3 | *     | 1,500 | A-3 | —       | A-3 | *     |
|  | 1,499   | A-4 | *     | —  | B-4 | *     | 1,499 | A-4 | —       | A-4 | *     |
| Steven Y. Amiel  | 1,500   | A-1 | *     | —  | B-1 | *     | —     | A-1 | 1,500   | A-1 | *     |
|  | 1,500   | A-2 | *     | —  | B-2 | *     | —     | A-2 | 1,500   | A-2 | *     |
|  | 1,500   | A-3 | *     | 1  | B-3 | *     | —     | A-3 | 1,500   | A-3 | *     |
|  | 1,499   | A-4 | *     | —  | B-4 | *     | 1,499 | A-4 | —       | A-4 | *     |
| Edwin L. Apel  | 4,525   | A-1 | *     | 1  | B-1 | *     | —     | A-1 | 4,525   | A-1 | *     |
|  | 4,525   | A-2 | *     | —  | B-2 | *     | —     | A-2 | 4,525   | A-2 | *     |
|  | 4,525   | A-3 | *     | —  | B-3 | *     | —     | A-3 | 4,525   | A-3 | *     |
|  | 4,523   | A-4 | *     | 1  | B-4 | *     | 4,000 | A-4 | 523     | A-4 | *     |
| Burton Arenson(17)   | 1,500   | A-1 | *     | —  | B-1 | *     | 1,500 | A-1 | —       | A-1 | *     |
|  | 1,500   | A-2 | *     | —  | B-2 | *     | 1,500 | A-2 | —       | A-2 | *     |
|  | 1,500   | A-3 | *     | 1  | B-3 | *     | 1,500 | A-3 | —       | A-3 | *     |
|  | 1,499   | A-4 | *     | —  | B-4 | *     | 1,499 | A-4 | —       | A-4 | *     |
| Michael S. Arenson   | 1,500   | A-1 | *     | —  | B-1 | *     | —     | A-1 | 1,500   | A-1 | *     |
|  | 1,500   | A-2 | *     | —  | B-2 | *     | —     | A-2 | 1,500   | A-2 | *     |
|  | 1,500   | A-3 | *     | 1  | B-3 | *     | —     | A-3 | 1,500   | A-3 | *     |
|  | 1,499   | A-4 | *     | —  | B-4 | *     | 1,000 | A-4 | 499     | A-4 | *     |
| Jerome D. Arkin  | 1,500   | A-1 | *     | —  | B-1 | *     | —     | A-1 | 1,500   | A-1 | *     |
|  | 1,500   | A-2 | *     | —  | B-2 | *     | 1     | A-2 | 1,499   | A-2 | *     |
|  | 1,500   | A-3 | *     | 1  | B-3 | *     | 1,500 | A-3 | —       | A-3 | *     |
|  | 1,499   | A-4 | *     | —  | B-4 | *     | 1,499 | A-4 | —       | A-4 | *     |

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|                                       |        |     |   |   |     |   |        |     |        |     |   |
|---------------------------------------|--------|-----|---|---|-----|---|--------|-----|--------|-----|---|
| Gregory W. Baird                      | 33,725 | A-1 | * | 2 | B-1 | * | 33,725 | A-1 | —      | A-1 | * |
|                                       | 33,725 | A-2 | * | 2 | B-2 | * | 33,725 | A-2 | —      | A-2 | * |
|                                       | 33,725 | A-3 | * | 1 | B-3 | * | 33,725 | A-3 | —      | A-3 | * |
|                                       | 33,712 | A-4 | * | 1 | B-4 | * | 33,712 | A-4 | —      | A-4 | * |
| Arnold I. Bakal(18)                   | 3,000  | A-1 | * | — | B-1 | * | —      | A-1 | 3,000  | A-1 | * |
|                                       | 3,000  | A-2 | * | — | B-2 | * | —      | A-2 | 3,000  | A-2 | * |
|                                       | 3,000  | A-3 | * | 2 | B-3 | * | 3,000  | A-3 | —      | A-3 | * |
|                                       | 2,998  | A-4 | * | — | B-4 | * | 2,998  | A-4 | —      | A-4 | * |
| Sara Barach(19)                       | 10,515 | A-1 | * | 1 | B-1 | * | —      | A-1 | 10,515 | A-1 | * |
|                                       | 10,515 | A-2 | * | 1 | B-2 | * | 2      | A-2 | 10,513 | A-2 | * |
|                                       | 10,515 | A-3 | * | 2 | B-3 | * | 10,515 | A-3 | —      | A-3 | * |
|                                       | 10,511 | A-4 | * | — | B-4 | * | 10,511 | A-4 | —      | A-4 | * |
| Kevin G. Battle                       | 1,500  | A-1 | * | — | B-1 | * | —      | A-1 | 1,500  | A-1 | * |
|                                       | 1,500  | A-2 | * | — | B-2 | * | 1,500  | A-2 | —      | A-2 | * |
|                                       | 1,500  | A-3 | * | 1 | B-3 | * | 1,500  | A-3 | —      | A-3 | * |
|                                       | 1,499  | A-4 | * | — | B-4 | * | 1,499  | A-4 | —      | A-4 | * |
| Larry C. Beck                         | 1,500  | A-1 | * | — | B-1 | * | —      | A-1 | 1,500  | A-1 | * |
|                                       | 1,500  | A-2 | * | — | B-2 | * | —      | A-2 | 1,500  | A-2 | * |
|                                       | 1,500  | A-3 | * | 1 | B-3 | * | —      | A-3 | 1,500  | A-3 | * |
|                                       | 1,499  | A-4 | * | — | B-4 | * | 1,499  | A-4 | —      | A-4 | * |
| Phillip H. Becker                     | 1,500  | A-1 | * | — | B-1 | * | —      | A-1 | 1,500  | A-1 | * |
|                                       | 1,500  | A-2 | * | — | B-2 | * | —      | A-2 | 1,500  | A-2 | * |
|                                       | 1,500  | A-3 | * | 1 | B-3 | * | —      | A-3 | 1,500  | A-3 | * |
|                                       | 1,499  | A-4 | * | — | B-4 | * | 999    | A-4 | 500    | A-4 | * |
| Tyler K. Belnap(20)                   | 4,500  | A-1 | * | — | B-1 | * | —      | A-1 | 4,500  | A-1 | * |
|                                       | 4,500  | A-2 | * | — | B-2 | * | —      | A-2 | 4,500  | A-2 | * |
|                                       | 4,500  | A-3 | * | — | B-3 | * | —      | A-3 | 4,500  | A-3 | * |
|                                       | 4,499  | A-4 | * | — | B-4 | * | 4,499  | A-4 | —      | A-4 | * |
| David M. Berg                         | 1,500  | A-1 | * | — | B-1 | * | 1      | A-1 | 1,499  | A-1 | * |
|                                       | 1,500  | A-2 | * | — | B-2 | * | 1,500  | A-2 | —      | A-2 | * |
|                                       | 1,500  | A-3 | * | 1 | B-3 | * | 1,500  | A-3 | —      | A-3 | * |
|                                       | 1,499  | A-4 | * | — | B-4 | * | 1,499  | A-4 | —      | A-4 | * |
| Lawrence Berland                      | 4,500  | A-1 | * | — | B-1 | * | —      | A-1 | 4,500  | A-1 | * |
|                                       | 4,500  | A-2 | * | — | B-2 | * | —      | A-2 | 4,500  | A-2 | * |
|                                       | 4,500  | A-3 | * | 3 | B-3 | * | 1,502  | A-3 | 2,998  | A-3 | * |
|                                       | 4,497  | A-4 | * | — | B-4 | * | 4,497  | A-4 | —      | A-4 | * |
| Robert L. Berland                     | 3,000  | A-1 | * | — | B-1 | * | —      | A-1 | 3,000  | A-1 | * |
|                                       | 3,000  | A-2 | * | 1 | B-2 | * | —      | A-2 | 3,000  | A-2 | * |
|                                       | 3,000  | A-3 | * | — | B-3 | * | —      | A-3 | 3,000  | A-3 | * |
|                                       | 2,999  | A-4 | * | — | B-4 | * | 2,999  | A-4 | —      | A-4 | * |
| Joseph M. Bertucci(21)                | 3,000  | A-1 | * | — | B-1 | * | —      | A-1 | 3,000  | A-1 | * |
|                                       | 3,000  | A-2 | * | — | B-2 | * | —      | A-2 | 3,000  | A-2 | * |
|                                       | 3,000  | A-3 | * | 1 | B-3 | * | —      | A-3 | 3,000  | A-3 | * |
|                                       | 2,999  | A-4 | * | — | B-4 | * | 1,000  | A-4 | 1,999  | A-4 | * |
| Judith K. Block & Stanley N. Katz(22) | 4,500  | A-1 | * | 1 | B-1 | * | —      | A-1 | 4,500  | A-1 | * |
|                                       | 4,500  | A-2 | * | — | B-2 | * | —      | A-2 | 4,500  | A-2 | * |
|                                       | 4,500  | A-3 | * | — | B-3 | * | 4,500  | A-3 | —      | A-3 | * |
|                                       | 4,499  | A-4 | * | — | B-4 | * | 4,499  | A-4 | —      | A-4 | * |
| Steven R. Block                       | 1,500  | A-1 | * | — | B-1 | * | —      | A-1 | 1,500  | A-1 | * |
|                                       | 1,500  | A-2 | * | — | B-2 | * | —      | A-2 | 1,500  | A-2 | * |
|                                       | 1,500  | A-3 | * | 1 | B-3 | * | 500    | A-3 | 1,000  | A-3 | * |
|                                       | 1,499  | A-4 | * | — | B-4 | * | 1,499  | A-4 | —      | A-4 | * |

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|                     |       |     |   |   |     |   |       |     |       |     |   |
|---------------------|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| Alan M. Booge       | 1,503 | A-1 | * | — | B-1 | * | 1,503 | A-1 | —     | A-1 | * |
|                     | 1,503 | A-2 | * | — | B-2 | * | 1,503 | A-2 | —     | A-2 | * |
|                     | 1,502 | A-3 | * | 1 | B-3 | * | 1,502 | A-3 | —     | A-3 | * |
|                     | 1,501 | A-4 | * | — | B-4 | * | 1,501 | A-4 | —     | A-4 | * |
| Judd E. Brody       | 3,025 | A-1 | * | — | B-1 | * | —     | A-1 | 3,025 | A-1 | * |
|                     | 3,025 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,025 | A-2 | * |
|                     | 3,025 | A-3 | * | — | B-3 | * | 3,025 | A-3 | —     | A-3 | * |
|                     | 3,023 | A-4 | * | 1 | B-4 | * | 3,023 | A-4 | —     | A-4 | * |
| Timothy J. Bromagen | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                     | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                     | 1,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                     | 1,499 | A-4 | * | — | B-4 | * | 1,200 | A-4 | 299   | A-4 | * |
| Rick E. Brooks      | 2,850 | A-1 | * | — | B-1 | * | 2,850 | A-1 | —     | A-1 | * |
|                     | 2,850 | A-2 | * | — | B-2 | * | 2,850 | A-2 | —     | A-2 | * |
|                     | 2,850 | A-3 | * | 1 | B-3 | * | 2,850 | A-3 | —     | A-3 | * |
|                     | 2,849 | A-4 | * | — | B-4 | * | 2,849 | A-4 | —     | A-4 | * |
| Jeffrey J. Bryk     | 1,500 | A-1 | * | — | B-1 | * | 1,500 | A-1 | —     | A-1 | * |
|                     | 1,500 | A-2 | * | — | B-2 | * | 1,500 | A-2 | —     | A-2 | * |
|                     | 1,500 | A-3 | * | — | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                     | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Raymond H. Burchett | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                     | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                     | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                     | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Norman B. Byster    | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                     | 3,000 | A-2 | * | 1 | B-2 | * | 1     | A-2 | 2,999 | A-2 | * |
|                     | 3,000 | A-3 | * | — | B-3 | * | 3,000 | A-3 | —     | A-3 | * |
|                     | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Charles J. Campbell | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                     | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                     | 1,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                     | 1,499 | A-4 | * | — | B-4 | * | 1,000 | A-4 | 499   | A-4 | * |
| Robert J. Caras     | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                     | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                     | 1,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                     | 1,499 | A-4 | * | — | B-4 | * | 700   | A-4 | 799   | A-4 | * |
| Jack J. Carl        | 5,625 | A-1 | * | 1 | B-1 | * | —     | A-1 | 5,625 | A-1 | * |
|                     | 5,625 | A-2 | * | 1 | B-2 | * | —     | A-2 | 5,625 | A-2 | * |
|                     | 5,625 | A-3 | * | — | B-3 | * | —     | A-3 | 5,625 | A-3 | * |

|                    |        |     |   |    |     |   |        |     |        |     |   |
|--------------------|--------|-----|---|----|-----|---|--------|-----|--------|-----|---|
|                    | 5,623  | A-4 | * | —  | B-4 | * | 5,000  | A-4 | 623    | A-4 | * |
| Carr Futures, Inc. | 42,050 | A-1 | * | 2  | B-1 | * | —      | A-1 | 42,050 | A-1 | * |
|                    | 42,050 | A-2 | * | 6  | B-2 | * | 2,143  | A-2 | 39,907 | A-2 | * |
|                    | 42,050 | A-3 | * | 10 | B-3 | * | 24,025 | A-3 | 18,025 | A-3 | * |
|                    | 42,030 | A-4 | * | 2  | B-4 | * | 24,012 | A-4 | 18,018 | A-4 | * |
| Mark D. Carriere   | 1,500  | A-1 | * | —  | B-1 | * | —      | A-1 | 1,500  | A-1 | * |
|                    | 1,500  | A-2 | * | —  | B-2 | * | 1      | A-2 | 1,499  | A-2 | * |
|                    | 1,500  | A-3 | * | 1  | B-3 | * | 1,500  | A-3 | —      | A-3 | * |
|                    | 1,499  | A-4 | * | —  | B-4 | * | 1,499  | A-4 | —      | A-4 | * |
| Lee S. Casty       | 3,000  | A-1 | * | —  | B-1 | * | 3,000  | A-1 | —      | A-1 | * |
|                    | 3,000  | A-2 | * | 1  | B-2 | * | 3,000  | A-2 | —      | A-2 | * |
|                    | 3,000  | A-3 | * | —  | B-3 | * | 3,000  | A-3 | —      | A-3 | * |
|                    | 2,999  | A-4 | * | —  | B-4 | * | 2,999  | A-4 | —      | A-4 | * |

(continued on following page)

|                               | Shares of Common Stock<br>Beneficially Owned Prior to This Offering |       |                     |                     |       |                     | Shares of Class A<br>Common Stock<br>Offered Hereby |       | Shares of Class A<br>Common Stock<br>Beneficially Owned<br>After This Offering |       |                     |
|-------------------------------|---|-------|---------------------|---------------------|-------|---------------------|---|-------|--|-------|---------------------|
|                               | Class A   |       |                     | Class B             |       |                     | Number of<br>Shares                                 | Class | Number of<br>Shares  | Class | Percent<br>of Class |
|                               | Number of<br>Shares   | Class | Percent<br>of Class | Number of<br>Shares | Class | Percent<br>of Class |   |       |  |       |                     |
| Frank D. Catizone             | 3,005   | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 3,005  | A-1   | *                   |
|                               | 3,005   | A-2   | *                   | —                   | B-2   | *                   | —   | A-2   | 3,005  | A-2   | *                   |
|                               | 3,005   | A-3   | *                   | 1                   | B-3   | *                   | 1,496   | A-3   | 1,509  | A-3   | *                   |
|                               | 3,004   | A-4   | *                   | —                   | B-4   | *                   | 3,004   | A-4   | —  | A-4   | *                   |
| Estate of William Chapman(23) | 10  | A-1   | *                   | —                   | B-1   | *                   | 10  | A-1   | —  | A-1   | *                   |
|                               | 10  | A-2   | *                   | —                   | B-2   | *                   | 10  | A-2   | —  | A-2   | *                   |
|                               | 10  | A-3   | *                   | —                   | B-3   | *                   | 10  | A-3   | —  | A-3   | *                   |
|                               | 10  | A-4   | *                   | —                   | B-4   | *                   | 10  | A-4   | —  | A-4   | *                   |
| Seymour Chelemsky             | 3,000   | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 3,000  | A-1   | *                   |
|                               | 3,000   | A-2   | *                   | 1                   | B-2   | *                   | —   | A-2   | 3,000  | A-2   | *                   |
|                               | 3,000   | A-3   | *                   | —                   | B-3   | *                   | —   | A-3   | 3,000  | A-3   | *                   |
|                               | 2,999   | A-4   | *                   | —                   | B-4   | *                   | 1,999   | A-4   | 1,000  | A-4   | *                   |
| Bradley P. Cohen              | 1,528   | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 1,528  | A-1   | *                   |
|                               | 1,528   | A-2   | *                   | —                   | B-2   | *                   | —   | A-2   | 1,528  | A-2   | *                   |
|                               | 1,527   | A-3   | *                   | 1                   | B-3   | *                   | —   | A-3   | 1,527  | A-3   | *                   |
|                               | 1,525   | A-4   | *                   | 1                   | B-4   | *                   | 1,523   | A-4   | 2  | A-4   | *                   |
| Richard C. Cohen              | 4,500   | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 4,500  | A-1   | *                   |
|                               | 4,500   | A-2   | *                   | 1                   | B-2   | *                   | —   | A-2   | 4,500  | A-2   | *                   |
|                               | 4,500   | A-3   | *                   | 1                   | B-3   | *                   | 4,500   | A-3   | —  | A-3   | *                   |
|                               | 4,498   | A-4   | *                   | —                   | B-4   | *                   | 4,498   | A-4   | —  | A-4   | *                   |
| Peter J. Corrigan             | 3,025   | A-1   | *                   | 1                   | B-1   | *                   | —   | A-1   | 3,025  | A-1   | *                   |
|                               | 3,025   | A-2   | *                   | —                   | B-2   | *                   | —   | A-2   | 3,025  | A-2   | *                   |
|                               | 3,025   | A-3   | *                   | —                   | B-3   | *                   | 2,977   | A-3   | 48   | A-3   | *                   |
|                               | 3,023   | A-4   | *                   | 1                   | B-4   | *                   | 3,023   | A-4   | —  | A-4   | *                   |
| Benjamin H. Cox               | 3,000   | A-1   | *                   | —                   | B-1   | *                   | 2,001   | A-1   | 999  | A-1   | *                   |
|                               | 3,000   | A-2   | *                   | 1                   | B-2   | *                   | 3,000   | A-2   | —  | A-2   | *                   |
|                               | 3,000   | A-3   | *                   | —                   | B-3   | *                   | 3,000   | A-3   | —  | A-3   | *                   |
|                               | 2,999   | A-4   | *                   | —                   | B-4   | *                   | 2,999   | A-4   | —  | A-4   | *                   |
| Credit Agricole Indosuez      | 3,005   | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 3,005  | A-1   | *                   |
|                               | 3,005   | A-2   | *                   | 1                   | B-2   | *                   | 10  | A-2   | 2,995  | A-2   | *                   |
|                               | 3,005   | A-3   | *                   | —                   | B-3   | *                   | 3,005   | A-3   | —  | A-3   | *                   |
|                               | 3,004   | A-4   | *                   | —                   | B-4   | *                   | 3,004   | A-4   | —  | A-4   | *                   |
| Lorraine O. Daker             | 1,503   | A-1   | *                   | —                   | B-1   | *                   | 1,503   | A-1   | —  | A-1   | *                   |
|                               | 1,503   | A-2   | *                   | —                   | B-2   | *                   | 1,503   | A-2   | —  | A-2   | *                   |
|                               | 1,502   | A-3   | *                   | 1                   | B-3   | *                   | 1,502   | A-3   | —  | A-3   | *                   |
|                               | 1,501   | A-4   | *                   | —                   | B-4   | *                   | 1,501   | A-4   | —  | A-4   | *                   |
| Scott L. Davis                | 1,500   | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 1,500  | A-1   | *                   |
|                               | 1,500   | A-2   | *                   | —                   | B-2   | *                   | —   | A-2   | 1,500  | A-2   | *                   |
|                               | 1,500   | A-3   | *                   | 1                   | B-3   | *                   | 1,500   | A-3   | —  | A-3   | *                   |
|                               | 1,499   | A-4   | *                   | —                   | B-4   | *                   | 1,499   | A-4   | —  | A-4   | *                   |
| Dennis T. Davoren             | 3,000   | A-1   | *                   | 1                   | B-1   | *                   | —   | A-1   | 3,000  | A-1   | *                   |
|                               | 3,000   | A-2   | *                   | —                   | B-2   | *                   | —   | A-2   | 3,000  | A-2   | *                   |
|                               | 3,000   | A-3   | *                   | —                   | B-3   | *                   | —   | A-3   | 3,000  | A-3   | *                   |
|                               | 2,999   | A-4   | *                   | —                   | B-4   | *                   | 2,000   | A-4   | 999  | A-4   | *                   |
| Robert Decker                 | 3,000   | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 3,000  | A-1   | *                   |
|                               | 3,000   | A-2   | *                   | 1                   | B-2   | *                   | —   | A-2   | 3,000  | A-2   | *                   |
|                               | 3,000   | A-3   | *                   | —                   | B-3   | *                   | —   | A-3   | 3,000  | A-3   | *                   |
|                               | 2,999   | A-4   | *                   | —                   | B-4   | *                   | 1,999   | A-4   | 1,000  | A-4   | *                   |
| Henry C. DeGroh, Jr.          | 1,500   | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 1,500  | A-1   | *                   |
|                               | 1,500   | A-2   | *                   | —                   | B-2   | *                   | —   | A-2   | 1,500  | A-2   | *                   |
|                               | 1,500   | A-3   | *                   | 1                   | B-3   | *                   | —   | A-3   | 1,500  | A-3   | *                   |
|                               | 1,499   | A-4   | *                   | —                   | B-4   | *                   | 1,499   | A-4   | —  | A-4   | *                   |

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|                     |       |     |   |   |     |   |       |     |       |     |   |
|---------------------|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| Richard R. Dempsey  | 4,500 | A-1 | * | 1 | B-1 | * | 4,500 | A-1 | —     | A-1 | * |
|                     | 4,500 | A-2 | * | — | B-2 | * | 4,500 | A-2 | —     | A-2 | * |
|                     | 4,500 | A-3 | * | — | B-3 | * | 4,500 | A-3 | —     | A-3 | * |
|                     | 4,499 | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |
| William L. Denicolo | 1,503 | A-1 | * | — | B-1 | * | 1,503 | A-1 | —     | A-1 | * |
|                     | 1,503 | A-2 | * | — | B-2 | * | 1,503 | A-2 | —     | A-2 | * |
|                     | 1,502 | A-3 | * | 1 | B-3 | * | 1,502 | A-3 | —     | A-3 | * |
|                     | 1,501 | A-4 | * | — | B-4 | * | 1,501 | A-4 | —     | A-4 | * |
| Philip S. Derkacy   | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                     | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                     | 1,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                     | 1,499 | A-4 | * | — | B-4 | * | 1,000 | A-4 | 499   | A-4 | * |

|                             |        |     |   |   |     |   |        |     |        |     |   |
|-----------------------------|--------|-----|---|---|-----|---|--------|-----|--------|-----|---|
| Deutsche Bank AG            | 4,505  | A-1 | * | 1 | B-1 | * | 4,505  | A-1 | —      | A-1 | * |
|                             | 4,505  | A-2 | * | — | B-2 | * | 4,505  | A-2 | —      | A-2 | * |
|                             | 4,505  | A-3 | * | — | B-3 | * | 4,505  | A-3 | —      | A-3 | * |
|                             | 4,504  | A-4 | * | — | B-4 | * | 4,504  | A-4 | —      | A-4 | * |
| Deutsche Bank Futures, Inc. | 37,550 | A-1 | * | 3 | B-1 | * | 19,525 | A-1 | 18,025 | A-1 | * |
|                             | 37,550 | A-2 | * | 6 | B-2 | * | 19,525 | A-2 | 18,025 | A-2 | * |
|                             | 37,550 | A-3 | * | 4 | B-3 | * | 19,525 | A-3 | 18,025 | A-3 | * |
|                             | 37,535 | A-4 | * | 2 | B-4 | * | 19,517 | A-4 | 18,018 | A-4 | * |
| Robert S. Dickey            | 3,000  | A-1 | * | — | B-1 | * | 1,001  | A-1 | 1,999  | A-1 | * |
|                             | 3,000  | A-2 | * | 1 | B-2 | * | 3,000  | A-2 | —      | A-2 | * |
|                             | 3,000  | A-3 | * | — | B-3 | * | 3,000  | A-3 | —      | A-3 | * |
|                             | 2,999  | A-4 | * | — | B-4 | * | 2,999  | A-4 | —      | A-4 | * |
| Lane S. Dickinson, Jr.      | 3,000  | A-1 | * | — | B-1 | * | —      | A-1 | 3,000  | A-1 | * |
|                             | 3,000  | A-2 | * | — | B-2 | * | —      | A-2 | 3,000  | A-2 | * |
|                             | 3,000  | A-3 | * | 2 | B-3 | * | —      | A-3 | 3,000  | A-3 | * |
|                             | 2,998  | A-4 | * | — | B-4 | * | 2,998  | A-4 | —      | A-4 | * |
| Daryl E. Dinkla             | 4,500  | A-1 | * | — | B-1 | * | —      | A-1 | 4,500  | A-1 | * |
|                             | 4,500  | A-2 | * | — | B-2 | * | —      | A-2 | 4,500  | A-2 | * |
|                             | 4,500  | A-3 | * | — | B-3 | * | —      | A-3 | 4,500  | A-3 | * |
|                             | 4,499  | A-4 | * | — | B-4 | * | 4,499  | A-4 | —      | A-4 | * |
| Janet A. Disteldorf, Ltd.   | 4,500  | A-1 | * | 1 | B-1 | * | —      | A-1 | 4,500  | A-1 | * |
|                             | 4,500  | A-2 | * | — | B-2 | * | —      | A-2 | 4,500  | A-2 | * |
|                             | 4,500  | A-3 | * | — | B-3 | * | 4,500  | A-3 | —      | A-3 | * |
|                             | 4,499  | A-4 | * | — | B-4 | * | 4,499  | A-4 | —      | A-4 | * |
| Stephen T. Divito           | 1,500  | A-1 | * | — | B-1 | * | —      | A-1 | 1,500  | A-1 | * |
|                             | 1,500  | A-2 | * | — | B-2 | * | —      | A-2 | 1,500  | A-2 | * |
|                             | 1,500  | A-3 | * | 1 | B-3 | * | —      | A-3 | 1,500  | A-3 | * |
|                             | 1,499  | A-4 | * | — | B-4 | * | 1,499  | A-4 | —      | A-4 | * |
| Andrea R. Dorn              | 1,500  | A-1 | * | — | B-1 | * | —      | A-1 | 1,500  | A-1 | * |
|                             | 1,500  | A-2 | * | — | B-2 | * | —      | A-2 | 1,500  | A-2 | * |
|                             | 1,500  | A-3 | * | 1 | B-3 | * | 1      | A-3 | 1,499  | A-3 | * |
|                             | 1,499  | A-4 | * | — | B-4 | * | 1,499  | A-4 | —      | A-4 | * |
| Howard B. Dubnow            | 4,500  | A-1 | * | — | B-1 | * | —      | A-1 | 4,500  | A-1 | * |
|                             | 4,500  | A-2 | * | 1 | B-2 | * | —      | A-2 | 4,500  | A-2 | * |
|                             | 4,500  | A-3 | * | 1 | B-3 | * | —      | A-3 | 4,500  | A-3 | * |
|                             | 4,498  | A-4 | * | — | B-4 | * | 4,498  | A-4 | —      | A-4 | * |
| Denis P. Duffey             | 4,500  | A-1 | * | — | B-1 | * | 3,000  | A-1 | 1,500  | A-1 | * |
|                             | 4,500  | A-2 | * | 1 | B-2 | * | 3,000  | A-2 | 1,500  | A-2 | * |
|                             | 4,500  | A-3 | * | 1 | B-3 | * | 3,000  | A-3 | 1,500  | A-3 | * |
|                             | 4,498  | A-4 | * | — | B-4 | * | 2,999  | A-4 | 1,499  | A-4 | * |

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|                                |        |     |   |   |     |   |       |     |       |     |   |
|--------------------------------|--------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| Peter D. Dunne                 | 4,500  | A-1 | * | — | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                                | 4,500  | A-2 | * | 1 | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                                | 4,500  | A-3 | * | 1 | B-3 | * | —     | A-3 | 4,500 | A-3 | * |
|                                | 4,498  | A-4 | * | — | B-4 | * | 4,000 | A-4 | 498   | A-4 | * |
| Calvin Eisenberg(24)           | 1,500  | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                                | 1,500  | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                                | 1,500  | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                                | 1,499  | A-4 | * | — | B-4 | * | 999   | A-4 | 500   | A-4 | * |
| Gerald H. Elbin                | 1,500  | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                                | 1,500  | A-2 | * | — | B-2 | * | 1     | A-2 | 1,499 | A-2 | * |
|                                | 1,500  | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                                | 1,499  | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Bruce S. Elman                 | 3,000  | A-1 | * | — | B-1 | * | 2,900 | A-1 | 100   | A-1 | * |
|                                | 3,000  | A-2 | * | 1 | B-2 | * | 3,000 | A-2 | —     | A-2 | * |
|                                | 3,000  | A-3 | * | — | B-3 | * | 3,000 | A-3 | —     | A-3 | * |
|                                | 2,999  | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Raymond L. Elster Trust(25)    | 4,503  | A-1 | * | 1 | B-1 | * | 4,503 | A-1 | —     | A-1 | * |
|                                | 4,503  | A-2 | * | — | B-2 | * | 4,503 | A-2 | —     | A-2 | * |
|                                | 4,502  | A-3 | * | — | B-3 | * | 4,502 | A-3 | —     | A-3 | * |
|                                | 4,501  | A-4 | * | — | B-4 | * | 4,501 | A-4 | —     | A-4 | * |
| Todd R. Emoff                  | 1,500  | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                                | 1,500  | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                                | 1,500  | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                                | 1,499  | A-4 | * | — | B-4 | * | 1,000 | A-4 | 499   | A-4 | * |
| Marc B. Fine                   | 3,000  | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                                | 3,000  | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                                | 3,000  | A-3 | * | — | B-3 | * | 2,000 | A-3 | 1,000 | A-3 | * |
|                                | 2,999  | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Paul J. Finkel                 | 3,000  | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                                | 3,000  | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                                | 3,000  | A-3 | * | — | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|                                | 2,999  | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Steven C. Firestone            | 3,000  | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                                | 3,000  | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                                | 3,000  | A-3 | * | — | B-3 | * | 3,000 | A-3 | —     | A-3 | * |
|                                | 2,999  | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| First Options of Chicago, Inc. | 10,525 | A-1 | * | 1 | B-1 | * | 1,500 | A-1 | 9,025 | A-1 | * |
|                                | 10,525 | A-2 | * | 1 | B-2 | * | 1,500 | A-2 | 9,025 | A-2 | * |
|                                | 10,525 | A-3 | * | 2 | B-3 | * | 1,500 | A-3 | 9,025 | A-3 | * |
|                                | 10,520 | A-4 | * | 1 | B-4 | * | 1,499 | A-4 | 9,021 | A-4 | * |
| Ted Lee Fisher                 | 4,500  | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                                | 4,500  | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                                | 4,500  | A-3 | * | — | B-3 | * | 2,801 | A-3 | 1,699 | A-3 | * |
|                                | 4,499  | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |
| Ronald J. Fishman              | 3,000  | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                                | 3,000  | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                                | 3,000  | A-3 | * | — | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|                                | 2,999  | A-4 | * | — | B-4 | * | 2,499 | A-4 | 500   | A-4 | * |
| Richard D. Fowler              | 2,700  | A-1 | * | — | B-1 | * | —     | A-1 | 2,700 | A-1 | * |
|                                | 2,700  | A-2 | * | — | B-2 | * | —     | A-2 | 2,700 | A-2 | * |
|                                | 2,700  | A-3 | * | — | B-3 | * | 300   | A-3 | 2,400 | A-3 | * |
|                                | 2,700  | A-4 | * | — | B-4 | * | 2,700 | A-4 | —     | A-4 | * |

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|                        |       |     |   |   |     |   |       |     |       |     |   |
|------------------------|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| Sidney S. Frank        | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                        | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                        | 1,500 | A-3 | * | 1 | B-3 | * | 501   | A-3 | 999   | A-3 | * |
|                        | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Gerald E. Franks(26)   | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                        | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                        | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                        | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Jerrold Friedman(27)   | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                        | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                        | 1,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                        | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Christopher P. Gaffney | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                        | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                        | 1,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                        | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Charles G. Gallo       | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                        | 1,500 | A-2 | * | — | B-2 | * | 1,000 | A-2 | 500   | A-2 | * |
|                        | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                        | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Howard B. Garber       | 25    | A-1 | * | — | B-1 | * | 25    | A-1 | —     | A-1 | * |
|                        | 25    | A-2 | * | — | B-2 | * | 25    | A-2 | —     | A-2 | * |
|                        | 25    | A-3 | * | — | B-3 | * | 25    | A-3 | —     | A-3 | * |
|                        | 24    | A-4 | * | 1 | B-4 | * | 24    | A-4 | —     | A-4 | * |
| Thomas V. Gariti       | 3,000 | A-1 | * | — | B-1 | * | 3,000 | A-1 | —     | A-1 | * |
|                        | 3,000 | A-2 | * | 1 | B-2 | * | 3,000 | A-2 | —     | A-2 | * |
|                        | 3,000 | A-3 | * | — | B-3 | * | 3,000 | A-3 | —     | A-3 | * |
|                        | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| John C. Garrity(28)    | 9,025 | A-1 | * | 1 | B-1 | * | 1,500 | A-1 | 7,525 | A-1 | * |
|                        | 9,025 | A-2 | * | — | B-2 | * | 1,500 | A-2 | 7,525 | A-2 | * |
|                        | 9,025 | A-3 | * | 3 | B-3 | * | 1,500 | A-3 | 7,525 | A-3 | * |
|                        | 9,020 | A-4 | * | 1 | B-4 | * | 6,499 | A-4 | 2,521 | A-4 | * |
| Howard H. Gartzman     | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                        | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                        | 3,000 | A-3 | * | — | B-3 | * | 2,001 | A-3 | 999   | A-3 | * |
|                        | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| G. C. George           | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                        | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                        | 3,000 | A-3 | * | — | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|                        | 2,999 | A-4 | * | — | B-4 | * | 1,200 | A-4 | 1,799 | A-4 | * |
| Steve G. Gersten(29)   | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                        | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                        | 4,500 | A-3 | * | — | B-3 | * | —     | A-3 | 4,500 | A-3 | * |
|                        | 4,499 | A-4 | * | — | B-4 | * | 3,000 | A-4 | 1,499 | A-4 | * |
| Joseph H. Gibbons      | 4,525 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,525 | A-1 | * |
|                        | 4,525 | A-2 | * | — | B-2 | * | —     | A-2 | 4,525 | A-2 | * |
|                        | 4,525 | A-3 | * | — | B-3 | * | —     | A-3 | 4,525 | A-3 | * |
|                        | 4,523 | A-4 | * | 1 | B-4 | * | 4,499 | A-4 | 24    | A-4 | * |
| Charles E. Gilchrist   | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                        | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                        | 4,500 | A-3 | * | — | B-3 | * | —     | A-3 | 4,500 | A-3 | * |
|                        | 4,499 | A-4 | * | — | B-4 | * | 3,000 | A-4 | 1,499 | A-4 | * |

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|                       |        |     |   |    |     |   |        |        |        |        |     |   |
|-----------------------|--------|-----|---|----|-----|---|--------|--------|--------|--------|-----|---|
| Joel P. Glickman      | 1,500  | A-1 | * | —  | B-1 | * | —      | A-1    | 1,500  | A-1    | *   |   |
|                       | 1,500  | A-2 | * | —  | B-2 | * | —      | A-2    | 1,500  | A-2    | *   |   |
|                       | 1,500  | A-3 | * | 1  | B-3 | * | —      | A-3    | 1,500  | A-3    | *   |   |
|                       | 1,499  | A-4 | * | —  | B-4 | * | 1,499  | A-4    | —      | A-4    | *   |   |
| Lionel M. Godow, Inc. | 4,500  | A-1 | * | 1  | B-1 | * | —      | A-1    | 4,500  | A-1    | *   |   |
|                       | 4,500  | A-2 | * | —  | B-2 | * | —      | A-2    | 4,500  | A-2    | *   |   |
|                       | 4,500  | A-3 | * | —  | B-3 | * | —      | A-3    | 4,500  | A-3    | *   |   |
|                       | 4,499  | A-4 | * | —  | B-4 | * | 900    | A-4    | 3,599  | A-4    | *   |   |
| Teri A. Goldberg      | 1,525  | A-1 | * | —  | B-1 | * | 1,426  | A-1    | 99     | A-1    | *   |   |
|                       | 1,525  | A-2 | * | —  | B-2 | * | 1,525  | A-2    | —      | A-2    | *   |   |
|                       | 1,525  | A-3 | * | 1  | B-3 | * | 1,525  | A-3    | —      | A-3    | *   |   |
|                       | 1,523  | A-4 | * | 1  | B-4 | * | 1,523  | A-4    | —      | A-4    | *   |   |
| Goldman Sachs & Co.   | 57,090 | A-1 | * | 2  | B-1 | * | 39,065 | A-1    | 18,025 | A-1    | *   |   |
|                       | 57,090 | A-2 | * | 14 | B-2 | * | 1.72%  | 39,065 | A-2    | 18,025 | A-2 | * |
|                       | 57,090 | A-3 | * | 4  | B-3 | * | 39,065 | A-3    | 18,025 | A-3    | *   |   |
|                       | 57,067 | A-4 | * | 3  | B-4 | * | 39,049 | A-4    | 18,018 | A-4    | *   |   |
| Alan S. Gould         | 1,500  | A-1 | * | —  | B-1 | * | —      | A-1    | 1,500  | A-1    | *   |   |
|                       | 1,500  | A-2 | * | —  | B-2 | * | —      | A-2    | 1,500  | A-2    | *   |   |
|                       | 1,500  | A-3 | * | 1  | B-3 | * | 1      | A-3    | 1,499  | A-3    | *   |   |
|                       | 1,499  | A-4 | * | —  | B-4 | * | 1,499  | A-4    | —      | A-4    | *   |   |
| Charles H. Granat     | 1,500  | A-1 | * | —  | B-1 | * | —      | A-1    | 1,500  | A-1    | *   |   |
|                       | 1,500  | A-2 | * | —  | B-2 | * | —      | A-2    | 1,500  | A-2    | *   |   |
|                       | 1,500  | A-3 | * | 1  | B-3 | * | —      | A-3    | 1,500  | A-3    | *   |   |
|                       | 1,499  | A-4 | * | —  | B-4 | * | 500    | A-4    | 999    | A-4    | *   |   |
| Victor Grevious       | 4,500  | A-1 | * | 1  | B-1 | * | 4,500  | A-1    | —      | A-1    | *   |   |
|                       | 4,500  | A-2 | * | —  | B-2 | * | 4,500  | A-2    | —      | A-2    | *   |   |
|                       | 4,500  | A-3 | * | —  | B-3 | * | 4,500  | A-3    | —      | A-3    | *   |   |
|                       | 4,499  | A-4 | * | —  | B-4 | * | 4,499  | A-4    | —      | A-4    | *   |   |
| George Groner         | 3,000  | A-1 | * | —  | B-1 | * | —      | A-1    | 3,000  | A-1    | *   |   |
|                       | 3,000  | A-2 | * | 1  | B-2 | * | —      | A-2    | 3,000  | A-2    | *   |   |
|                       | 3,000  | A-3 | * | —  | B-3 | * | 3,000  | A-3    | —      | A-3    | *   |   |
|                       | 2,999  | A-4 | * | —  | B-4 | * | 2,999  | A-4    | —      | A-4    | *   |   |
| Mark C. Groover       | 6,000  | A-1 | * | 1  | B-1 | * | —      | A-1    | 6,000  | A-1    | *   |   |
|                       | 6,000  | A-2 | * | —  | B-2 | * | —      | A-2    | 6,000  | A-2    | *   |   |
|                       | 6,000  | A-3 | * | 1  | B-3 | * | —      | A-3    | 6,000  | A-3    | *   |   |
|                       | 5,998  | A-4 | * | —  | B-4 | * | 3,999  | A-4    | 1,999  | A-4    | *   |   |

|                      |       |     |   |   |     |   |       |     |       |     |   |
|----------------------|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| Richard E. Groover   | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                      | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                      | 1,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                      | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Jeremiah A. Hallahan | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                      | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                      | 3,000 | A-3 | * | — | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|                      | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Eugene F. Halleran   | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                      | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                      | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                      | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Matthew T. Halverson | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                      | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                      | 1,500 | A-3 | * | 1 | B-3 | * | 501   | A-3 | 999   | A-3 | * |
|                      | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |

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|                                  |       |     |   |   |     |   |       |     |       |     |   |
|----------------------------------|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| Barry J. Hammer                  | 4,350 | A-1 | * | — | B-1 | * | 1,350 | A-1 | 3,000 | A-1 | * |
|                                  | 4,350 | A-2 | * | 1 | B-2 | * | 1,350 | A-2 | 3,000 | A-2 | * |
|                                  | 4,350 | A-3 | * | — | B-3 | * | 1,350 | A-3 | 3,000 | A-3 | * |
|                                  | 4,349 | A-4 | * | — | B-4 | * | 1,350 | A-4 | 2,999 | A-4 | * |
| George P. Hanley                 | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                                  | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                                  | 4,500 | A-3 | * | — | B-3 | * | 1,501 | A-3 | 2,999 | A-3 | * |
|                                  | 4,499 | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |
| David E. Harris                  | 4,508 | A-1 | * | — | B-1 | * | —     | A-1 | 4,508 | A-1 | * |
|                                  | 4,508 | A-2 | * | 1 | B-2 | * | —     | A-2 | 4,508 | A-2 | * |
|                                  | 4,507 | A-3 | * | 1 | B-3 | * | 2,495 | A-3 | 2,012 | A-3 | * |
|                                  | 4,505 | A-4 | * | — | B-4 | * | 4,505 | A-4 | —     | A-4 | * |
| Kenneth L. Hase Living Trust(30) | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                                  | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                                  | 4,500 | A-3 | * | — | B-3 | * | —     | A-3 | 4,500 | A-3 | * |
|                                  | 4,499 | A-4 | * | — | B-4 | * | 750   | A-4 | 3,749 | A-4 | * |
| Christopher J. Heeren            | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                                  | 1,500 | A-2 | * | — | B-2 | * | 1,387 | A-2 | 113   | A-2 | * |
|                                  | 1,500 | A-3 | * | — | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                                  | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Gregory J. Heraty                | 1,500 | A-1 | * | — | B-1 | * | 1,500 | A-1 | —     | A-1 | * |
|                                  | 1,500 | A-2 | * | — | B-2 | * | 1,500 | A-2 | —     | A-2 | * |
|                                  | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                                  | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Allen E. Hilder                  | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                                  | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                                  | 1,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                                  | 1,499 | A-4 | * | — | B-4 | * | 1,000 | A-4 | 499   | A-4 | * |
| Allan J. Hirsch                  | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                                  | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                                  | 4,500 | A-3 | * | — | B-3 | * | —     | A-3 | 4,500 | A-3 | * |
|                                  | 4,499 | A-4 | * | — | B-4 | * | 2,000 | A-4 | 2,499 | A-4 | * |
| Gerald Hirsch                    | 9,000 | A-1 | * | 2 | B-1 | * | —     | A-1 | 9,000 | A-1 | * |
|                                  | 9,000 | A-2 | * | — | B-2 | * | 1     | A-2 | 8,999 | A-2 | * |
|                                  | 9,000 | A-3 | * | — | B-3 | * | 9,000 | A-3 | —     | A-3 | * |
|                                  | 8,998 | A-4 | * | — | B-4 | * | 8,998 | A-4 | —     | A-4 | * |
| Mitchel Hirsh                    | 1,350 | A-1 | * | — | B-1 | * | —     | A-1 | 1,350 | A-1 | * |
|                                  | 1,350 | A-2 | * | — | B-2 | * | —     | A-2 | 1,350 | A-2 | * |
|                                  | 1,350 | A-3 | * | — | B-3 | * | —     | A-3 | 1,350 | A-3 | * |
|                                  | 1,350 | A-4 | * | — | B-4 | * | 1,350 | A-4 | —     | A-4 | * |
| William B. Holway                | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                                  | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                                  | 1,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                                  | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Howard T. Horberg                | 6,000 | A-1 | * | 1 | B-1 | * | —     | A-1 | 6,000 | A-1 | * |
|                                  | 6,000 | A-2 | * | — | B-2 | * | —     | A-2 | 6,000 | A-2 | * |
|                                  | 6,000 | A-3 | * | — | B-3 | * | —     | A-3 | 6,000 | A-3 | * |
|                                  | 5,998 | A-4 | * | — | B-4 | * | 5,998 | A-4 | —     | A-4 | * |
| Wilfred Hom                      | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                                  | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                                  | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                                  | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |

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|                      |       |     |   |   |     |   |       |     |       |     |   |
|----------------------|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| Intrade, LLC         | 1,500 | A-1 | * | — | B-1 | * | 1,500 | A-1 | —     | A-1 | * |
|                      | 1,500 | A-2 | * | — | B-2 | * | 1,500 | A-2 | —     | A-2 | * |
|                      | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                      | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Patrick V. Italia    | 1,650 | A-1 | * | — | B-1 | * | —     | A-1 | 1,650 | A-1 | * |
|                      | 1,650 | A-2 | * | 1 | B-2 | * | —     | A-2 | 1,650 | A-2 | * |
|                      | 1,650 | A-3 | * | — | B-3 | * | —     | A-3 | 1,650 | A-3 | * |
|                      | 1,649 | A-4 | * | — | B-4 | * | 999   | A-4 | 650   | A-4 | * |
| Mark A. Jackson      | 4,500 | A-1 | * | 1 | B-1 | * | 4,500 | A-1 | —     | A-1 | * |
|                      | 4,500 | A-2 | * | — | B-2 | * | 4,500 | A-2 | —     | A-2 | * |
|                      | 4,500 | A-3 | * | — | B-3 | * | 4,500 | A-3 | —     | A-3 | * |
|                      | 4,499 | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |
| Daniel R. Jesser(31) | 4,500 | A-1 | * | — | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                      | 4,500 | A-2 | * | 1 | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                      | 4,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 4,500 | A-3 | * |
|                      | 4,498 | A-4 | * | — | B-4 | * | 4,000 | A-4 | 498   | A-4 | * |
| Patrick G. Jones     | 1,500 | A-1 | * | — | B-1 | * | 500   | A-1 | 1,000 | A-1 | * |
|                      | 1,500 | A-2 | * | — | B-2 | * | 1,500 | A-2 | —     | A-2 | * |
|                      | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |

|                                      |       |     |   |   |     |   |       |     |       |     |   |
|--------------------------------------|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
|                                      | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Martin I. Julius                     | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                                      | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                                      | 3,000 | A-3 | * | — | B-3 | * | 2,000 | A-3 | 1,000 | A-3 | * |
|                                      | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Jeffrey Holden Kaplan                | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                                      | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                                      | 3,000 | A-3 | * | — | B-3 | * | 1,000 | A-3 | 2,000 | A-3 | * |
|                                      | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Margaret M. Kaspar                   | 4,508 | A-1 | * | — | B-1 | * | —     | A-1 | 4,508 | A-1 | * |
|                                      | 4,508 | A-2 | * | 1 | B-2 | * | —     | A-2 | 4,508 | A-2 | * |
|                                      | 4,507 | A-3 | * | 1 | B-3 | * | —     | A-3 | 4,507 | A-3 | * |
|                                      | 4,505 | A-4 | * | — | B-4 | * | 4,505 | A-4 | —     | A-4 | * |
| Richard W. Kasper                    | 7,510 | A-1 | * | 1 | B-1 | * | —     | A-1 | 7,510 | A-1 | * |
|                                      | 7,510 | A-2 | * | — | B-2 | * | —     | A-2 | 7,510 | A-2 | * |
|                                      | 7,510 | A-3 | * | 2 | B-3 | * | —     | A-3 | 7,510 | A-3 | * |
|                                      | 7,507 | A-4 | * | — | B-4 | * | 7,507 | A-4 | —     | A-4 | * |
| Etta Katz(32)                        | 1,500 | A-1 | * | — | B-1 | * | 1,500 | A-1 | —     | A-1 | * |
|                                      | 1,500 | A-2 | * | — | B-2 | * | 1,500 | A-2 | —     | A-2 | * |
|                                      | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                                      | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Andrew H. Katznelson                 | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                                      | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                                      | 4,500 | A-3 | * | — | B-3 | * | —     | A-3 | 4,500 | A-3 | * |
|                                      | 4,499 | A-4 | * | — | B-4 | * | 4,000 | A-4 | 499   | A-4 | * |
| Carl Keeshin                         | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                                      | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                                      | 4,500 | A-3 | * | — | B-3 | * | 501   | A-3 | 3,999 | A-3 | * |
|                                      | 4,499 | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |
| Lonnie Klein                         | 9,025 | A-1 | * | 1 | B-1 | * | —     | A-1 | 9,025 | A-1 | * |
|                                      | 9,025 | A-2 | * | 1 | B-2 | * | —     | A-2 | 9,025 | A-2 | * |
|                                      | 9,025 | A-3 | * | 1 | B-3 | * | —     | A-3 | 9,025 | A-3 | * |
|                                      | 9,021 | A-4 | * | 1 | B-4 | * | 2,000 | A-4 | 7,021 | A-4 | * |
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|                                      |        |     |   |   |     |   |        |     |       |     |   |
|--------------------------------------|--------|-----|---|---|-----|---|--------|-----|-------|-----|---|
| Knight Financial Products, LLC       | 4,500  | A-1 | * | — | B-1 | * | 4,500  | A-1 | —     | A-1 | * |
|                                      | 4,500  | A-2 | * | 1 | B-2 | * | 4,500  | A-2 | —     | A-2 | * |
|                                      | 4,500  | A-3 | * | 1 | B-3 | * | 4,500  | A-3 | —     | A-3 | * |
|                                      | 4,498  | A-4 | * | — | B-4 | * | 4,498  | A-4 | —     | A-4 | * |
| Richard D. Kohn                      | 10,525 | A-1 | * | 1 | B-1 | * | 10,525 | A-1 | —     | A-1 | * |
|                                      | 10,525 | A-2 | * | 2 | B-2 | * | 10,525 | A-2 | —     | A-2 | * |
|                                      | 10,525 | A-3 | * | — | B-3 | * | 10,525 | A-3 | —     | A-3 | * |
|                                      | 10,521 | A-4 | * | 1 | B-4 | * | 10,521 | A-4 | —     | A-4 | * |
| Victoria M. Kohn                     | 1,500  | A-1 | * | — | B-1 | * | 1,500  | A-1 | —     | A-1 | * |
|                                      | 1,500  | A-2 | * | — | B-2 | * | 1,500  | A-2 | —     | A-2 | * |
|                                      | 1,500  | A-3 | * | 1 | B-3 | * | 1,500  | A-3 | —     | A-3 | * |
|                                      | 1,499  | A-4 | * | — | B-4 | * | 1,499  | A-4 | —     | A-4 | * |
| Patrick H. Kulisek                   | 8,625  | A-1 | * | 1 | B-1 | * | —      | A-1 | 8,625 | A-1 | * |
|                                      | 8,625  | A-2 | * | — | B-2 | * | —      | A-2 | 8,625 | A-2 | * |
|                                      | 8,625  | A-3 | * | — | B-3 | * | —      | A-3 | 8,625 | A-3 | * |
|                                      | 8,623  | A-4 | * | — | B-4 | * | 2,000  | A-4 | 6,623 | A-4 | * |
| Sheldon Langer                       | 3,000  | A-1 | * | — | B-1 | * | —      | A-1 | 3,000 | A-1 | * |
|                                      | 3,000  | A-2 | * | 1 | B-2 | * | —      | A-2 | 3,000 | A-2 | * |
|                                      | 3,000  | A-3 | * | — | B-3 | * | —      | A-3 | 3,000 | A-3 | * |
|                                      | 2,999  | A-4 | * | — | B-4 | * | 2,999  | A-4 | —     | A-4 | * |
| Donald J. Lanphere Jr.               | 7,500  | A-1 | * | 1 | B-1 | * | —      | A-1 | 7,500 | A-1 | * |
|                                      | 7,500  | A-2 | * | 1 | B-2 | * | —      | A-2 | 7,500 | A-2 | * |
|                                      | 7,500  | A-3 | * | — | B-3 | * | 502    | A-3 | 6,998 | A-3 | * |
|                                      | 7,498  | A-4 | * | — | B-4 | * | 7,498  | A-4 | —     | A-4 | * |
| Gary T. Lark                         | 4,500  | A-1 | * | 1 | B-1 | * | —      | A-1 | 4,500 | A-1 | * |
|                                      | 4,500  | A-2 | * | — | B-2 | * | —      | A-2 | 4,500 | A-2 | * |
|                                      | 4,500  | A-3 | * | — | B-3 | * | —      | A-3 | 4,500 | A-3 | * |
|                                      | 4,499  | A-4 | * | — | B-4 | * | 4,200  | A-4 | 299   | A-4 | * |
| Robert F. Lassandrello               | 4,525  | A-1 | * | 1 | B-1 | * | —      | A-1 | 4,525 | A-1 | * |
|                                      | 4,525  | A-2 | * | — | B-2 | * | —      | A-2 | 4,525 | A-2 | * |
|                                      | 4,525  | A-3 | * | — | B-3 | * | —      | A-3 | 4,525 | A-3 | * |
|                                      | 4,523  | A-4 | * | 1 | B-4 | * | 4,000  | A-4 | 523   | A-4 | * |
| John F. Lawler                       | 4,500  | A-1 | * | 1 | B-1 | * | —      | A-1 | 4,500 | A-1 | * |
|                                      | 4,500  | A-2 | * | — | B-2 | * | —      | A-2 | 4,500 | A-2 | * |
|                                      | 4,500  | A-3 | * | — | B-3 | * | —      | A-3 | 4,500 | A-3 | * |
|                                      | 4,499  | A-4 | * | — | B-4 | * | 2,000  | A-4 | 2,499 | A-4 | * |
| Michael A. Lazarus                   | 3,000  | A-1 | * | — | B-1 | * | —      | A-1 | 3,000 | A-1 | * |
|                                      | 3,000  | A-2 | * | 1 | B-2 | * | —      | A-2 | 3,000 | A-2 | * |
|                                      | 3,000  | A-3 | * | — | B-3 | * | 1,000  | A-3 | 2,000 | A-3 | * |
|                                      | 2,999  | A-4 | * | — | B-4 | * | 2,999  | A-4 | —     | A-4 | * |
| Carl D. Leaven                       | 7,500  | A-1 | * | 1 | B-1 | * | —      | A-1 | 7,500 | A-1 | * |
|                                      | 7,500  | A-2 | * | 1 | B-2 | * | —      | A-2 | 7,500 | A-2 | * |
|                                      | 7,500  | A-3 | * | — | B-3 | * | —      | A-3 | 7,500 | A-3 | * |
|                                      | 7,498  | A-4 | * | — | B-4 | * | 1,500  | A-4 | 5,998 | A-4 | * |
| Marc D. Leibovitz                    | 3,000  | A-1 | * | — | B-1 | * | —      | A-1 | 3,000 | A-1 | * |
|                                      | 3,000  | A-2 | * | 1 | B-2 | * | —      | A-2 | 3,000 | A-2 | * |
|                                      | 3,000  | A-3 | * | — | B-3 | * | —      | A-3 | 3,000 | A-3 | * |
|                                      | 2,999  | A-4 | * | — | B-4 | * | 2,999  | A-4 | —     | A-4 | * |
| Fred H. Leinweber, Jr.               | 3,000  | A-1 | * | — | B-1 | * | —      | A-1 | 3,000 | A-1 | * |
|                                      | 3,000  | A-2 | * | 1 | B-2 | * | —      | A-2 | 3,000 | A-2 | * |
|                                      | 3,000  | A-3 | * | — | B-3 | * | 3,000  | A-3 | —     | A-3 | * |
|                                      | 2,999  | A-4 | * | — | B-4 | * | 2,999  | A-4 | —     | A-4 | * |
| <i>(continued on following page)</i> |        |     |   |   |     |   |        |     |       |     |   |

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|                                      |                     |       |                     |                     |       |                     | Shares of Class A<br>Common Stock<br>Offered Hereby |       | Common Stock<br>Beneficially Owned<br>After This Offering |       |                     |
|--------------------------------------|---------------------|-------|---------------------|---------------------|-------|---------------------|---|-------|---|-------|---------------------|
|                                      | Class A             |       |                     | Class B             |       |                     | Number of<br>Shares                                 | Class | Number of<br>Shares                                       | Class | Percent<br>of Class |
|                                      | Number of<br>Shares | Class | Percent<br>of Class | Number of<br>Shares | Class | Percent<br>of Class |   |       |   |       |                     |
| William G. Lerch                     | 4,375               | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 4,375   | A-1   | *                   |
|                                      | 4,375               | A-2   | *                   | 1                   | B-2   | *                   | 251   | A-2   | 4,124   | A-2   | *                   |
|                                      | 4,375               | A-3   | *                   | —                   | B-3   | *                   | 1,375   | A-3   | 3,000   | A-3   | *                   |
|                                      | 4,373               | A-4   | *                   | 1                   | B-4   | *                   | 1,374   | A-4   | 2,999   | A-4   | *                   |
| Jeffrey N. Levant                    | 3,003               | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 3,003   | A-1   | *                   |
|                                      | 3,003               | A-2   | *                   | 1                   | B-2   | *                   | —   | A-2   | 3,003   | A-2   | *                   |
|                                      | 3,002               | A-3   | *                   | —                   | B-3   | *                   | —   | A-3   | 3,002   | A-3   | *                   |
|                                      | 3,001               | A-4   | *                   | —                   | B-4   | *                   | 2,500   | A-4   | 501   | A-4   | *                   |
| Sander D. Levin                      | 4,525               | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 4,525   | A-1   | *                   |
|                                      | 4,525               | A-2   | *                   | 1                   | B-2   | *                   | —   | A-2   | 4,525   | A-2   | *                   |
|                                      | 4,525               | A-3   | *                   | 1                   | B-3   | *                   | —   | A-3   | 4,525   | A-3   | *                   |
|                                      | 4,522               | A-4   | *                   | 1                   | B-4   | *                   | 99  | A-4   | 4,423   | A-4   | *                   |
| Mark A. Levy                         | 300                 | A-1   | *                   | —                   | B-1   | *                   | 300   | A-1   | —   | A-1   | *                   |
|                                      | 300                 | A-2   | *                   | 1                   | B-2   | *                   | 300   | A-2   | —   | A-2   | *                   |
|                                      | 300                 | A-3   | *                   | —                   | B-3   | *                   | 300   | A-3   | —   | A-3   | *                   |
|                                      | 299                 | A-4   | *                   | —                   | B-4   | *                   | 299   | A-4   | —   | A-4   | *                   |
| Stephan R. Levy                      | 3,000               | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 3,000   | A-1   | *                   |
|                                      | 3,000               | A-2   | *                   | 1                   | B-2   | *                   | —   | A-2   | 3,000   | A-2   | *                   |
|                                      | 3,000               | A-3   | *                   | —                   | B-3   | *                   | 3,000   | A-3   | —   | A-3   | *                   |
|                                      | 2,999               | A-4   | *                   | —                   | B-4   | *                   | 2,999   | A-4   | —   | A-4   | *                   |
| Cort I. Lewis                        | 6,000               | A-1   | *                   | 1                   | B-1   | *                   | —   | A-1   | 6,000   | A-1   | *                   |
|                                      | 6,000               | A-2   | *                   | —                   | B-2   | *                   | —   | A-2   | 6,000   | A-2   | *                   |
|                                      | 6,000               | A-3   | *                   | 1                   | B-3   | *                   | 2,002   | A-3   | 3,998   | A-3   | *                   |
|                                      | 5,998               | A-4   | *                   | —                   | B-4   | *                   | 5,998   | A-4   | —   | A-4   | *                   |
| Barry J. Lind(33)                    | 10,550              | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 10,550  | A-1   | *                   |
|                                      | 10,550              | A-2   | *                   | 1                   | B-2   | *                   | —   | A-2   | 10,550  | A-2   | *                   |
|                                      | 10,550              | A-3   | *                   | 2                   | B-3   | *                   | 1,455   | A-3   | 9,095   | A-3   | *                   |
|                                      | 10,544              | A-4   | *                   | 2                   | B-4   | *                   | 10,544  | A-4   | —   | A-4   | *                   |
| Robert S. Lisberg                    | 1,500               | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 1,500   | A-1   | *                   |
|                                      | 1,500               | A-2   | *                   | —                   | B-2   | *                   | 1,001   | A-2   | 499   | A-2   | *                   |
|                                      | 1,500               | A-3   | *                   | 1                   | B-3   | *                   | 1,500   | A-3   | —   | A-3   | *                   |
|                                      | 1,499               | A-4   | *                   | —                   | B-4   | *                   | 1,499   | A-4   | —   | A-4   | *                   |
| Jordan R. Lisitza                    | 1,500               | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 1,500   | A-1   | *                   |
|                                      | 1,500               | A-2   | *                   | —                   | B-2   | *                   | —   | A-2   | 1,500   | A-2   | *                   |
|                                      | 1,500               | A-3   | *                   | 1                   | B-3   | *                   | 500   | A-3   | 1,000   | A-3   | *                   |
|                                      | 1,499               | A-4   | *                   | —                   | B-4   | *                   | 1,499   | A-4   | —   | A-4   | *                   |
| Philip Mayster(34)                   | 4,500               | A-1   | *                   | —                   | B-1   | *                   | 1,500   | A-1   | 3,000   | A-1   | *                   |
|                                      | 4,500               | A-2   | *                   | 1                   | B-2   | *                   | 4,500   | A-2   | —   | A-2   | *                   |
|                                      | 4,500               | A-3   | *                   | 1                   | B-3   | *                   | 4,500   | A-3   | —   | A-3   | *                   |
|                                      | 4,498               | A-4   | *                   | —                   | B-4   | *                   | 4,498   | A-4   | —   | A-4   | *                   |
| J. Carey McDonald                    | 1,500               | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 1,500   | A-1   | *                   |
|                                      | 1,500               | A-2   | *                   | —                   | B-2   | *                   | —   | A-2   | 1,500   | A-2   | *                   |
|                                      | 1,500               | A-3   | *                   | 1                   | B-3   | *                   | 1,500   | A-3   | —   | A-3   | *                   |
|                                      | 1,499               | A-4   | *                   | —                   | B-4   | *                   | 1,499   | A-4   | —   | A-4   | *                   |
| Peter S. McDonnell                   | 1,500               | A-1   | *                   | —                   | B-1   | *                   | —   | A-1   | 1,500   | A-1   | *                   |
|                                      | 1,500               | A-2   | *                   | —                   | B-2   | *                   | 1,001   | A-2   | 499   | A-2   | *                   |
|                                      | 1,500               | A-3   | *                   | 1                   | B-3   | *                   | 1,500   | A-3   | —   | A-3   | *                   |
|                                      | 1,499               | A-4   | *                   | —                   | B-4   | *                   | 1,499   | A-4   | —   | A-4   | *                   |
| Mitchell A. McKay                    | 4,500               | A-1   | *                   | 1                   | B-1   | *                   | —   | A-1   | 4,500   | A-1   | *                   |
|                                      | 4,500               | A-2   | *                   | —                   | B-2   | *                   | —   | A-2   | 4,500   | A-2   | *                   |
|                                      | 4,500               | A-3   | *                   | —                   | B-3   | *                   | —   | A-3   | 4,500   | A-3   | *                   |
|                                      | 4,499               | A-4   | *                   | —                   | B-4   | *                   | 2,000   | A-4   | 2,499   | A-4   | *                   |
| <i>(continued on following page)</i> |                     |       |                     |                     |       |                     |   |       |   |       |                     |

|  |       |     |   |   |     |   |       |     |       |     |   |
|--|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| Trust A Marital Fund Under the Will of John F. McKerr D/T/D 12/22/91(35) | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|  | 1,500 | A-2 | * | — | B-2 | * | 1,001 | A-2 | 499   | A-2 | * |
|  | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|  | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Norma G. Means(36)   | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|  | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|  | 3,000 | A-3 | * | — | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|  | 2,999 | A-4 | * | — | B-4 | * | 1,999 | A-4 | 1,000 | A-4 | * |
| Paul S. Mermel(37)   | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|  | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|  | 3,000 | A-3 | * | — | B-3 | * | 3,000 | A-3 | —     | A-3 | * |
|  | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Lawrence Mermelstein   | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|  | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|  | 4,500 | A-3 | * | — | B-3 | * | —     | A-3 | 4,500 | A-3 | * |
|  | 4,499 | A-4 | * | — | B-4 | * | 1,799 | A-4 | 2,700 | A-4 | * |
| Richard A. Mesirow   | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|  | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|  | 3,000 | A-3 | * | — | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|  | 2,999 | A-4 | * | — | B-4 | * | 1,499 | A-4 | 1,500 | A-4 | * |
| Lester A. Messinger  | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|  | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|  | 4,500 | A-3 | * | — | B-3 | * | —     | A-3 | 4,500 | A-3 | * |
|  | 4,499 | A-4 | * | — | B-4 | * | 3,499 | A-4 | 1,000 | A-4 | * |
| Harry Michas   | 1,350 | A-1 | * | — | B-1 | * | —     | A-1 | 1,350 | A-1 | * |
|  | 1,350 | A-2 | * | — | B-2 | * | —     | A-2 | 1,350 | A-2 | * |
|  | 1,350 | A-3 | * | — | B-3 | * | —     | A-3 | 1,350 | A-3 | * |
|  | 1,350 | A-4 | * | — | B-4 | * | 600   | A-4 | 750   | A-4 | * |
| Joseph Morris Miller(38)   | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|  | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|  | 4,500 | A-3 | * | — | B-3 | * | —     | A-3 | 4,500 | A-3 | * |
|  | 4,499 | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |

|                             |        |     |   |   |     |   |       |     |        |     |   |
|-----------------------------|--------|-----|---|---|-----|---|-------|-----|--------|-----|---|
| Kathryn Kent Miller(39)     | 3,000  | A-1 | * | — | B-1 | * | —     | A-1 | 3,000  | A-1 | * |
|                             | 3,000  | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000  | A-2 | * |
|                             | 3,000  | A-3 | * | — | B-3 | * | —     | A-3 | 3,000  | A-3 | * |
|                             | 2,999  | A-4 | * | — | B-4 | * | 2,999 | A-4 | —      | A-4 | * |
| Mary C. Miller              | 1,503  | A-1 | * | — | B-1 | * | 1,503 | A-1 | —      | A-1 | * |
|                             | 1,503  | A-2 | * | — | B-2 | * | 1,503 | A-2 | —      | A-2 | * |
|                             | 1,502  | A-3 | * | 1 | B-3 | * | 1,502 | A-3 | —      | A-3 | * |
|                             | 1,501  | A-4 | * | — | B-4 | * | 1,501 | A-4 | —      | A-4 | * |
| Mizuho Securities USA, Inc. | 27,025 | A-1 | * | 3 | B-1 | * | 9,000 | A-1 | 18,025 | A-1 | * |
|                             | 27,025 | A-2 | * | 5 | B-2 | * | 9,000 | A-2 | 18,025 | A-2 | * |
|                             | 27,025 | A-3 | * | 4 | B-3 | * | 9,000 | A-3 | 18,025 | A-3 | * |
|                             | 27,014 | A-4 | * | 1 | B-4 | * | 8,996 | A-4 | 18,018 | A-4 | * |
| Gary S. Morrow              | 3,003  | A-1 | * | — | B-1 | * | —     | A-1 | 3,003  | A-1 | * |
|                             | 3,003  | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,003  | A-2 | * |
|                             | 3,002  | A-3 | * | — | B-3 | * | —     | A-3 | 3,002  | A-3 | * |
|                             | 3,001  | A-4 | * | — | B-4 | * | 3,000 | A-4 | 1      | A-4 | * |
| Jonathan G. Murlas          | 6,000  | A-1 | * | 1 | B-1 | * | —     | A-1 | 6,000  | A-1 | * |
|                             | 6,000  | A-2 | * | — | B-2 | * | —     | A-2 | 6,000  | A-2 | * |
|                             | 6,000  | A-3 | * | 1 | B-3 | * | —     | A-3 | 6,000  | A-3 | * |
|                             | 5,998  | A-4 | * | — | B-4 | * | 1,400 | A-4 | 4,598  | A-4 | * |

(continued on following page)

|   |       |     |   |   |     |   |       |     |       |     |   |
|---|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| Sy Nagorsky   | 1,500 | A-1 | * | — | B-1 | * | 1,500 | A-1 | —     | A-1 | * |
|   | 1,500 | A-2 | * | — | B-2 | * | 1,500 | A-2 | —     | A-2 | * |
|   | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|   | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Myron A. Neims                                      | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|   | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|   | 3,000 | A-3 | * | — | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|   | 2,999 | A-4 | * | — | B-4 | * | 1,200 | A-4 | 1,799 | A-4 | * |
| Steven G. Newcom                                    | 9,025 | A-1 | * | 2 | B-1 | * | —     | A-1 | 9,025 | A-1 | * |
|   | 9,025 | A-2 | * | — | B-2 | * | —     | A-2 | 9,025 | A-2 | * |
|   | 9,025 | A-3 | * | — | B-3 | * | 9,025 | A-3 | —     | A-3 | * |
|   | 9,022 | A-4 | * | 1 | B-4 | * | 9,022 | A-4 | —     | A-4 | * |
| Carol P. Norton(40)                                 | 7,525 | A-1 | * | 1 | B-1 | * | —     | A-1 | 7,525 | A-1 | * |
|   | 7,525 | A-2 | * | — | B-2 | * | —     | A-2 | 7,525 | A-2 | * |
|   | 7,525 | A-3 | * | 2 | B-3 | * | —     | A-3 | 7,525 | A-3 | * |
|   | 7,521 | A-4 | * | — | B-4 | * | 2,999 | A-4 | 4,522 | A-4 | * |
| Scott Norton  | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|   | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|   | 3,000 | A-3 | * | — | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|   | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Barbara Piolet Odner(41)                            | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|   | 1,500 | A-2 | * | — | B-2 | * | 1,000 | A-2 | 500   | A-2 | * |
|   | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|   | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| William C. O'Donnell Jr.                            | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|   | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|   | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|   | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Adelle R. Oliff(42)                                 | 7,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 7,500 | A-1 | * |
|   | 7,500 | A-2 | * | 1 | B-2 | * | —     | A-2 | 7,500 | A-2 | * |
|   | 7,500 | A-3 | * | — | B-3 | * | —     | A-3 | 7,500 | A-3 | * |
|   | 7,498 | A-4 | * | — | B-4 | * | 6,000 | A-4 | 1,498 | A-4 | * |
| Hershel Oliff(43)                                   | 7,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 7,500 | A-1 | * |
|   | 7,500 | A-2 | * | 1 | B-2 | * | —     | A-2 | 7,500 | A-2 | * |
|   | 7,500 | A-3 | * | — | B-3 | * | —     | A-3 | 7,500 | A-3 | * |
|   | 7,498 | A-4 | * | — | B-4 | * | 6,000 | A-4 | 1,498 | A-4 | * |
| Gerald Ordman Declaration of Trust Dated 8/2/99(44) | 7,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 7,500 | A-1 | * |
|   | 7,500 | A-2 | * | 1 | B-2 | * | —     | A-2 | 7,500 | A-2 | * |
|   | 7,500 | A-3 | * | 2 | B-3 | * | 2,503 | A-3 | 4,997 | A-3 | * |
|   | 7,497 | A-4 | * | — | B-4 | * | 7,497 | A-4 | —     | A-4 | * |
| Thomas A. Owens(45)                                 | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|   | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|   | 1,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|   | 1,499 | A-4 | * | — | B-4 | * | 1,000 | A-4 | 499   | A-4 | * |
| Thomas F. Pace                                      | 4,500 | A-1 | * | — | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|   | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|   | 4,500 | A-3 | * | 3 | B-3 | * | 500   | A-3 | 4,000 | A-3 | * |
|   | 4,497 | A-4 | * | — | B-4 | * | 4,497 | A-4 | —     | A-4 | * |
| Raymond E. Page(46)                                 | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|   | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|   | 3,000 | A-3 | * | — | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|   | 2,999 | A-4 | * | — | B-4 | * | 1,999 | A-4 | 1,000 | A-4 | * |

(continued on following page)

|                   |       |     |   |   |     |   |       |     |       |     |   |
|-------------------|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| Ford H. Palmer    | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                   | 3,000 | A-2 | * | — | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                   | 3,000 | A-3 | * | — | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|                   | 2,999 | A-4 | * | — | B-4 | * | 2,000 | A-4 | 999   | A-4 | * |
| Lesley A. Palmer  | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                   | 3,000 | A-2 | * | — | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                   | 3,000 | A-3 | * | 2 | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|                   | 2,998 | A-4 | * | — | B-4 | * | 2,200 | A-4 | 798   | A-4 | * |
| Mark L. Palmer    | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                   | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                   | 4,500 | A-3 | * | — | B-3 | * | —     | A-3 | 4,500 | A-3 | * |
|                   | 4,499 | A-4 | * | — | B-4 | * | 2,000 | A-4 | 2,499 | A-4 | * |
| Thomas G. Pandola | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |

|                                      |       |     |   |   |     |   |       |     |       |     |   |
|--------------------------------------|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
|                                      | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                                      | 1,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                                      | 1,499 | A-4 | * | — | B-4 | * | 1,200 | A-4 | 299   | A-4 | * |
| Mark G. Papadopoulos(47)             | 50    | A-1 | * | — | B-1 | * | 50    | A-1 | —     | A-1 | * |
|                                      | 50    | A-2 | * | — | B-2 | * | 50    | A-2 | —     | A-2 | * |
|                                      | 50    | A-3 | * | — | B-3 | * | 50    | A-3 | —     | A-3 | * |
|                                      | 48    | A-4 | * | 2 | B-4 | * | 48    | A-4 | —     | A-4 | * |
| Angelo G. Papadourakis               | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                                      | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                                      | 1,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                                      | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Stella W. Parz(48)                   | 4,505 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,505 | A-1 | * |
|                                      | 4,505 | A-2 | * | — | B-2 | * | —     | A-2 | 4,505 | A-2 | * |
|                                      | 4,505 | A-3 | * | — | B-3 | * | —     | A-3 | 4,505 | A-3 | * |
|                                      | 4,504 | A-4 | * | — | B-4 | * | 4,000 | A-4 | 504   | A-4 | * |
| Terry Pasquale                       | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                                      | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                                      | 3,000 | A-3 | * | — | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|                                      | 2,999 | A-4 | * | — | B-4 | * | 2,000 | A-4 | 999   | A-4 | * |
| Bradford I. Pearl(49)                | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                                      | 1,500 | A-2 | * | — | B-2 | * | 1,001 | A-2 | 499   | A-2 | * |
|                                      | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                                      | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Timothy J. Peters                    | 2,725 | A-1 | * | — | B-1 | * | —     | A-1 | 2,725 | A-1 | * |
|                                      | 2,725 | A-2 | * | 1 | B-2 | * | 450   | A-2 | 2,275 | A-2 | * |
|                                      | 2,725 | A-3 | * | — | B-3 | * | 2,725 | A-3 | —     | A-3 | * |
|                                      | 2,724 | A-4 | * | 1 | B-4 | * | 2,724 | A-4 | —     | A-4 | * |
| Michael J. Pietrzak                  | 4,500 | A-1 | * | 1 | B-1 | * | 4,500 | A-1 | —     | A-1 | * |
|                                      | 4,500 | A-2 | * | — | B-2 | * | 4,500 | A-2 | —     | A-2 | * |
|                                      | 4,500 | A-3 | * | — | B-3 | * | 4,500 | A-3 | —     | A-3 | * |
|                                      | 4,499 | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |
| Robert J. Prosi(50)                  | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                                      | 1,500 | A-2 | * | — | B-2 | * | 1,001 | A-2 | 499   | A-2 | * |
|                                      | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                                      | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Steven R. Prosniewski                | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                                      | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                                      | 4,500 | A-3 | * | — | B-3 | * | —     | A-3 | 4,500 | A-3 | * |
|                                      | 4,499 | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |
| <i>(continued on following page)</i> |       |     |   |   |     |   |       |     |       |     |   |

|                                      |        |     |   |   |     |   |       |     |       |     |   |
|--------------------------------------|--------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| Michael W. Pure                      | 4,500  | A-1 | * | — | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                                      | 4,500  | A-2 | * | 1 | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                                      | 4,500  | A-3 | * | 1 | B-3 | * | —     | A-3 | 4,500 | A-3 | * |
|                                      | 4,498  | A-4 | * | — | B-4 | * | 2,000 | A-4 | 2,498 | A-4 | * |
| R.C.G. Investments, LP               | 4,500  | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                                      | 4,500  | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                                      | 4,500  | A-3 | * | — | B-3 | * | 1,500 | A-3 | 3,000 | A-3 | * |
|                                      | 4,499  | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |
| Ravinia Investors, LLC               | 12,000 | A-1 | * | 1 | B-1 | * | 3,000 | A-1 | 9,000 | A-1 | * |
|                                      | 12,000 | A-2 | * | 2 | B-2 | * | 3,000 | A-2 | 9,000 | A-2 | * |
|                                      | 12,000 | A-3 | * | 1 | B-3 | * | 3,000 | A-3 | 9,000 | A-3 | * |
|                                      | 11,996 | A-4 | * | — | B-4 | * | 2,999 | A-4 | 8,997 | A-4 | * |
| Raymond Resnick                      | 3,000  | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                                      | 3,000  | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                                      | 3,000  | A-3 | * | — | B-3 | * | 3,000 | A-3 | —     | A-3 | * |
|                                      | 2,999  | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Polly J. Richter                     | 1,500  | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                                      | 1,500  | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                                      | 1,500  | A-3 | * | 1 | B-3 | * | 500   | A-3 | 1,000 | A-3 | * |
|                                      | 1,499  | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Barry R. Rifkin                      | 4,500  | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                                      | 4,500  | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                                      | 4,500  | A-3 | * | — | B-3 | * | 4,500 | A-3 | —     | A-3 | * |
|                                      | 4,499  | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |
| Diane P. Robinson                    | 1,500  | A-1 | * | — | B-1 | * | 1,500 | A-1 | —     | A-1 | * |
|                                      | 1,500  | A-2 | * | — | B-2 | * | 1,500 | A-2 | —     | A-2 | * |
|                                      | 1,500  | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                                      | 1,499  | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Bernard Rosenberg Trust(51)          | 1,503  | A-1 | * | — | B-1 | * | —     | A-1 | 1,503 | A-1 | * |
|                                      | 1,503  | A-2 | * | — | B-2 | * | —     | A-2 | 1,503 | A-2 | * |
|                                      | 1,502  | A-3 | * | 1 | B-3 | * | 1,502 | A-3 | —     | A-3 | * |
|                                      | 1,501  | A-4 | * | — | B-4 | * | 1,501 | A-4 | —     | A-4 | * |
| Michael H. Rosenbloom                | 4,500  | A-1 | * | — | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                                      | 4,500  | A-2 | * | 1 | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                                      | 4,500  | A-3 | * | 1 | B-3 | * | 3,502 | A-3 | 998   | A-3 | * |
|                                      | 4,498  | A-4 | * | — | B-4 | * | 4,498 | A-4 | —     | A-4 | * |
| Richard Rovnick                      | 675    | A-1 | * | 1 | B-1 | * | —     | A-1 | 675   | A-1 | * |
|                                      | 675    | A-2 | * | — | B-2 | * | —     | A-2 | 675   | A-2 | * |
|                                      | 675    | A-3 | * | — | B-3 | * | 675   | A-3 | —     | A-3 | * |
|                                      | 675    | A-4 | * | — | B-4 | * | 675   | A-4 | —     | A-4 | * |
| Holly S. Rozner                      | 1,500  | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                                      | 1,500  | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                                      | 1,500  | A-3 | * | 1 | B-3 | * | 501   | A-3 | 999   | A-3 | * |
|                                      | 1,499  | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Ben Rubin                            | 1,500  | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                                      | 1,500  | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                                      | 1,500  | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                                      | 1,499  | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Richard A. Rumick(52)                | 6,000  | A-1 | * | 1 | B-1 | * | —     | A-1 | 6,000 | A-1 | * |
|                                      | 6,000  | A-2 | * | — | B-2 | * | —     | A-2 | 6,000 | A-2 | * |
|                                      | 6,000  | A-3 | * | 1 | B-3 | * | —     | A-3 | 6,000 | A-3 | * |
|                                      | 5,998  | A-4 | * | — | B-4 | * | 3,000 | A-4 | 2,998 | A-4 | * |
| <i>(continued on following page)</i> |        |     |   |   |     |   |       |     |       |     |   |

|  |        |     |   |   |     |   |        |     |        |     |   |
|--|--------|-----|---|---|-----|---|--------|-----|--------|-----|---|
| Bonnie Sacks                           | 4,500  | A-1 | * | 1 | B-1 | * | —      | A-1 | 4,500  | A-1 | * |
|  | 4,500  | A-2 | * | — | B-2 | * | —      | A-2 | 4,500  | A-2 | * |
|  | 4,500  | A-3 | * | — | B-3 | * | —      | A-3 | 4,500  | A-3 | * |
|  | 4,499  | A-4 | * | — | B-4 | * | 2,999  | A-4 | 1,500  | A-4 | * |
| Michael P. Savoca                      | 4,500  | A-1 | * | 1 | B-1 | * | —      | A-1 | 4,500  | A-1 | * |
|  | 4,500  | A-2 | * | — | B-2 | * | —      | A-2 | 4,500  | A-2 | * |
|  | 4,500  | A-3 | * | — | B-3 | * | —      | A-3 | 4,500  | A-3 | * |
|  | 4,499  | A-4 | * | — | B-4 | * | 1,800  | A-4 | 2,699  | A-4 | * |
| J. Brian Schaeer                       | 1,500  | A-1 | * | — | B-1 | * | 1,500  | A-1 | —      | A-1 | * |
|  | 1,500  | A-2 | * | — | B-2 | * | 1,500  | A-2 | —      | A-2 | * |
|  | 1,500  | A-3 | * | 1 | B-3 | * | 1,500  | A-3 | —      | A-3 | * |
|  | 1,499  | A-4 | * | — | B-4 | * | 1,499  | A-4 | —      | A-4 | * |
| Joy Scher(53)                          | 4,500  | A-1 | * | — | B-1 | * | —      | A-1 | 4,500  | A-1 | * |
|  | 4,500  | A-2 | * | 1 | B-2 | * | —      | A-2 | 4,500  | A-2 | * |
|  | 4,500  | A-3 | * | 1 | B-3 | * | 4,002  | A-3 | 498    | A-3 | * |
|  | 4,498  | A-4 | * | — | B-4 | * | 4,498  | A-4 | —      | A-4 | * |
| James S. Schmitt                       | 1,500  | A-1 | * | — | B-1 | * | —      | A-1 | 1,500  | A-1 | * |
|  | 1,500  | A-2 | * | — | B-2 | * | —      | A-2 | 1,500  | A-2 | * |
|  | 1,500  | A-3 | * | 1 | B-3 | * | 750    | A-3 | 750    | A-3 | * |
|  | 1,499  | A-4 | * | — | B-4 | * | 1,499  | A-4 | —      | A-4 | * |
| Andrew J. Schreiber                    | 3,000  | A-1 | * | — | B-1 | * | —      | A-1 | 3,000  | A-1 | * |
|  | 3,000  | A-2 | * | 1 | B-2 | * | —      | A-2 | 3,000  | A-2 | * |
|  | 3,000  | A-3 | * | — | B-3 | * | —      | A-3 | 3,000  | A-3 | * |
|  | 2,999  | A-4 | * | — | B-4 | * | 1,200  | A-4 | 1,799  | A-4 | * |
| Jack Schulte(54)                       | 9,000  | A-1 | * | 2 | B-1 | * | —      | A-1 | 9,000  | A-1 | * |
|  | 9,000  | A-2 | * | — | B-2 | * | —      | A-2 | 9,000  | A-2 | * |
|  | 9,000  | A-3 | * | — | B-3 | * | —      | A-3 | 9,000  | A-3 | * |
|  | 8,998  | A-4 | * | — | B-4 | * | 6,000  | A-4 | 2,998  | A-4 | * |
| Robert L. and Elizabeth J. Schulte(55) | 4,500  | A-1 | * | 1 | B-1 | * | —      | A-1 | 4,500  | A-1 | * |
|  | 4,500  | A-2 | * | — | B-2 | * | —      | A-2 | 4,500  | A-2 | * |
|  | 4,500  | A-3 | * | — | B-3 | * | —      | A-3 | 4,500  | A-3 | * |
|  | 4,499  | A-4 | * | — | B-4 | * | 900    | A-4 | 3,599  | A-4 | * |
| Harold A. Schwartz(56)                 | 4,500  | A-1 | * | 1 | B-1 | * | —      | A-1 | 4,500  | A-1 | * |
|  | 4,500  | A-2 | * | — | B-2 | * | —      | A-2 | 4,500  | A-2 | * |
|  | 4,500  | A-3 | * | — | B-3 | * | —      | A-3 | 4,500  | A-3 | * |
|  | 4,499  | A-4 | * | — | B-4 | * | 1,999  | A-4 | 2,500  | A-4 | * |
| Gary M. Segal                          | 3,000  | A-1 | * | — | B-1 | * | —      | A-1 | 3,000  | A-1 | * |
|  | 3,000  | A-2 | * | 1 | B-2 | * | —      | A-2 | 3,000  | A-2 | * |
|  | 3,000  | A-3 | * | — | B-3 | * | —      | A-3 | 3,000  | A-3 | * |
|  | 2,999  | A-4 | * | — | B-4 | * | 1,200  | A-4 | 1,799  | A-4 | * |
| Susan M. Serota(57)                    | 10,525 | A-1 | * | 1 | B-1 | * | —      | A-1 | 10,525 | A-1 | * |
|  | 10,525 | A-2 | * | 1 | B-2 | * | —      | A-2 | 10,525 | A-2 | * |
|  | 10,525 | A-3 | * | 2 | B-3 | * | —      | A-3 | 10,525 | A-3 | * |
|  | 10,520 | A-4 | * | 1 | B-4 | * | 10,000 | A-4 | 520    | A-4 | * |
| Kevin M. Shape                         | 1,500  | A-1 | * | — | B-1 | * | 1,500  | A-1 | —      | A-1 | * |
|  | 1,500  | A-2 | * | — | B-2 | * | 1,500  | A-2 | —      | A-2 | * |
|  | 1,500  | A-3 | * | 1 | B-3 | * | 1,500  | A-3 | —      | A-3 | * |
|  | 1,499  | A-4 | * | — | B-4 | * | 1,499  | A-4 | —      | A-4 | * |
| Merry N. Sharp                         | 3,000  | A-1 | * | — | B-1 | * | —      | A-1 | 3,000  | A-1 | * |
|  | 3,000  | A-2 | * | 1 | B-2 | * | —      | A-2 | 3,000  | A-2 | * |
|  | 3,000  | A-3 | * | — | B-3 | * | —      | A-3 | 3,000  | A-3 | * |
|  | 2,999  | A-4 | * | — | B-4 | * | 1,199  | A-4 | 1,800  | A-4 | * |

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|                       |       |     |   |   |     |   |       |     |       |     |   |
|-----------------------|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| Burton L. Shender(58) | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                       | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                       | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                       | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Michael L. Sidel      | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                       | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                       | 3,000 | A-3 | * | — | B-3 | * | 3,000 | A-3 | —     | A-3 | * |
|                       | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Jerald H. Siegel      | 3,000 | A-1 | * | — | B-1 | * | 3,000 | A-1 | —     | A-1 | * |
|                       | 3,000 | A-2 | * | — | B-2 | * | 3,000 | A-2 | —     | A-2 | * |
|                       | 3,000 | A-3 | * | 1 | B-3 | * | 3,000 | A-3 | —     | A-3 | * |
|                       | 2,998 | A-4 | * | — | B-4 | * | 2,998 | A-4 | —     | A-4 | * |
| Brian P. Sindler      | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                       | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                       | 1,500 | A-3 | * | 2 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                       | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Donald J. Skrzymowski | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                       | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                       | 1,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                       | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| SLS Securities, Co.   | 4,500 | A-1 | * | 1 | B-1 | * | 4,500 | A-1 | —     | A-1 | * |
|                       | 4,500 | A-2 | * | — | B-2 | * | 4,500 | A-2 | —     | A-2 | * |
|                       | 4,500 | A-3 | * | — | B-3 | * | 4,500 | A-3 | —     | A-3 | * |
|                       | 4,499 | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |
| Nathan H. Slutsky     | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                       | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                       | 4,500 | A-3 | * | — | B-3 | * | —     | A-3 | 4,500 | A-3 | * |
|                       | 4,499 | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |
| Scott Slutsky         | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                       | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                       | 3,000 | A-3 | * | — | B-3 | * | 1,001 | A-3 | 1,999 | A-3 | * |
|                       | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Michael J. Small      | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                       | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                       | 4,500 | A-3 | * | — | B-3 | * | 3,500 | A-3 | 1,000 | A-3 | * |
|                       | 4,499 | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |

|                    |       |     |   |   |     |   |       |     |       |     |   |
|--------------------|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| B. Perry Smith     | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                    | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                    | 3,000 | A-3 | * | — | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|                    | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Scott Sohn(59)     | 1,503 | A-1 | * | — | B-1 | * | —     | A-1 | 1,503 | A-1 | * |
|                    | 1,503 | A-2 | * | — | B-2 | * | —     | A-2 | 1,503 | A-2 | * |
|                    | 1,502 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,502 | A-3 | * |
|                    | 1,501 | A-4 | * | — | B-4 | * | 1,499 | A-4 | 2     | A-4 | * |
| Robert L. Solomon  | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                    | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                    | 3,000 | A-3 | * | — | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|                    | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Robert L. Sonshine | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                    | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                    | 3,000 | A-3 | * | — | B-3 | * | 2,001 | A-3 | 999   | A-3 | * |
|                    | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |

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|                             |       |     |   |   |     |   |       |     |       |     |   |
|-----------------------------|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| Spear Leeds & Kellogg       | 3,005 | A-1 | * | — | B-1 | * | 3,005 | A-1 | —     | A-1 | * |
|                             | 3,005 | A-2 | * | 1 | B-2 | * | 3,005 | A-2 | —     | A-2 | * |
|                             | 3,005 | A-3 | * | — | B-3 | * | 3,005 | A-3 | —     | A-3 | * |
|                             | 3,004 | A-4 | * | — | B-4 | * | 3,004 | A-4 | —     | A-4 | * |
| Peter S. Stavros Jr.(60)    | 4,525 | A-1 | * | — | B-1 | * | —     | A-1 | 4,525 | A-1 | * |
|                             | 4,525 | A-2 | * | 1 | B-2 | * | —     | A-2 | 4,525 | A-2 | * |
|                             | 4,525 | A-3 | * | 1 | B-3 | * | —     | A-3 | 4,525 | A-3 | * |
|                             | 4,522 | A-4 | * | 1 | B-4 | * | 4,000 | A-4 | 522   | A-4 | * |
| Jeremiah S. Steinberger(61) | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                             | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                             | 1,500 | A-3 | * | 1 | B-3 | * | 200   | A-3 | 1,300 | A-3 | * |
|                             | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Stephen R. Stewart          | 3,000 | A-1 | * | — | B-1 | * | 1     | A-1 | 2,999 | A-1 | * |
|                             | 3,000 | A-2 | * | 1 | B-2 | * | 3,000 | A-2 | —     | A-2 | * |
|                             | 3,000 | A-3 | * | — | B-3 | * | 3,000 | A-3 | —     | A-3 | * |
|                             | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Todd T. Stewart             | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                             | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                             | 1,500 | A-3 | * | 1 | B-3 | * | 501   | A-3 | 999   | A-3 | * |
|                             | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Steven R. Sukenik(62)       | 3,275 | A-1 | * | — | B-1 | * | —     | A-1 | 3,275 | A-1 | * |
|                             | 3,275 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,275 | A-2 | * |
|                             | 3,275 | A-3 | * | — | B-3 | * | —     | A-3 | 3,275 | A-3 | * |
|                             | 3,274 | A-4 | * | — | B-4 | * | 3,000 | A-4 | 274   | A-4 | * |
| Steven Sylvan(63)           | 3,000 | A-1 | * | — | B-1 | * | 3,000 | A-1 | —     | A-1 | * |
|                             | 3,000 | A-2 | * | 1 | B-2 | * | 3,000 | A-2 | —     | A-2 | * |
|                             | 3,000 | A-3 | * | — | B-3 | * | 3,000 | A-3 | —     | A-3 | * |
|                             | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| R. Todd Tabachka            | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                             | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                             | 3,000 | A-3 | * | — | B-3 | * | 1,501 | A-3 | 1,499 | A-3 | * |
|                             | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| Marlene K. Tambourine       | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                             | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                             | 1,500 | A-3 | * | 1 | B-3 | * | —     | A-3 | 1,500 | A-3 | * |
|                             | 1,499 | A-4 | * | — | B-4 | * | 1,200 | A-4 | 299   | A-4 | * |
| Marsha Temple               | 4,505 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,505 | A-1 | * |
|                             | 4,505 | A-2 | * | — | B-2 | * | 4,505 | A-2 | —     | A-2 | * |
|                             | 4,505 | A-3 | * | — | B-3 | * | 4,505 | A-3 | —     | A-3 | * |
|                             | 4,504 | A-4 | * | — | B-4 | * | 4,504 | A-4 | —     | A-4 | * |
| Mark S. Van Keirsbilck      | 4,500 | A-1 | * | 1 | B-1 | * | 4,500 | A-1 | —     | A-1 | * |
|                             | 4,500 | A-2 | * | — | B-2 | * | 4,500 | A-2 | —     | A-2 | * |
|                             | 4,500 | A-3 | * | — | B-3 | * | 4,500 | A-3 | —     | A-3 | * |
|                             | 4,499 | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |
| Jeffrey Walden(64)          | 3,000 | A-1 | * | — | B-1 | * | 2,000 | A-1 | 1,000 | A-1 | * |
|                             | 3,000 | A-2 | * | 1 | B-2 | * | 3,000 | A-2 | —     | A-2 | * |
|                             | 3,000 | A-3 | * | — | B-3 | * | 3,000 | A-3 | —     | A-3 | * |
|                             | 2,999 | A-4 | * | — | B-4 | * | 2,999 | A-4 | —     | A-4 | * |
| John H. Waldock(65)         | 7,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 7,500 | A-1 | * |
|                             | 7,500 | A-2 | * | — | B-2 | * | —     | A-2 | 7,500 | A-2 | * |
|                             | 7,500 | A-3 | * | 2 | B-3 | * | —     | A-3 | 7,500 | A-3 | * |
|                             | 7,497 | A-4 | * | — | B-4 | * | 4,497 | A-4 | 3,000 | A-4 | * |

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|                      |       |     |   |   |     |   |       |     |       |     |   |
|----------------------|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
| J. Walsh, Inc.       | 1,503 | A-1 | * | — | B-1 | * | —     | A-1 | 1,503 | A-1 | * |
|                      | 1,503 | A-2 | * | — | B-2 | * | 606   | A-2 | 897   | A-2 | * |
|                      | 1,502 | A-3 | * | 1 | B-3 | * | 1,502 | A-3 | —     | A-3 | * |
|                      | 1,501 | A-4 | * | — | B-4 | * | 1,501 | A-4 | —     | A-4 | * |
| Patrick J. Weber(66) | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                      | 1,500 | A-2 | * | — | B-2 | * | 500   | A-2 | 1,000 | A-2 | * |
|                      | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                      | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Donald J. Weil       | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                      | 3,000 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                      | 3,000 | A-3 | * | — | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|                      | 2,999 | A-4 | * | — | B-4 | * | 1,000 | A-4 | 1,999 | A-4 | * |
| Lawrence P. Weinberg | 3,005 | A-1 | * | — | B-1 | * | —     | A-1 | 3,005 | A-1 | * |
|                      | 3,005 | A-2 | * | 1 | B-2 | * | —     | A-2 | 3,005 | A-2 | * |
|                      | 3,005 | A-3 | * | — | B-3 | * | 3,005 | A-3 | —     | A-3 | * |
|                      | 3,004 | A-4 | * | — | B-4 | * | 3,004 | A-4 | —     | A-4 | * |
| Norman M. Weitzman   | 4,500 | A-1 | * | 1 | B-1 | * | —     | A-1 | 4,500 | A-1 | * |
|                      | 4,500 | A-2 | * | — | B-2 | * | —     | A-2 | 4,500 | A-2 | * |
|                      | 4,500 | A-3 | * | — | B-3 | * | —     | A-3 | 4,500 | A-3 | * |



|                       |       |     |   |   |     |   |       |     |       |     |   |
|-----------------------|-------|-----|---|---|-----|---|-------|-----|-------|-----|---|
|                       | 4,499 | A-4 | * | — | B-4 | * | 3,000 | A-4 | 1,499 | A-4 | * |
| Eugene S. Werman      | 1,500 | A-1 | * | — | B-1 | * | 300   | A-1 | 1,200 | A-1 | * |
|                       | 1,500 | A-2 | * | — | B-2 | * | 1,500 | A-2 | —     | A-2 | * |
|                       | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                       | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Donald L. Wheeler     | 4,500 | A-1 | * | 1 | B-1 | * | 4,500 | A-1 | —     | A-1 | * |
|                       | 4,500 | A-2 | * | — | B-2 | * | 4,500 | A-2 | —     | A-2 | * |
|                       | 4,500 | A-3 | * | — | B-3 | * | 4,500 | A-3 | —     | A-3 | * |
|                       | 4,499 | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |
| James A. White, Jr.   | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                       | 1,500 | A-2 | * | — | B-2 | * | 500   | A-2 | 1,000 | A-2 | * |
|                       | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                       | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Stuart Roger Wilk(67) | 6,000 | A-1 | * | 1 | B-1 | * | —     | A-1 | 6,000 | A-1 | * |
|                       | 6,000 | A-2 | * | — | B-2 | * | —     | A-2 | 6,000 | A-2 | * |
|                       | 6,000 | A-3 | * | 1 | B-3 | * | —     | A-3 | 6,000 | A-3 | * |
|                       | 5,998 | A-4 | * | — | B-4 | * | 3,000 | A-4 | 2,998 | A-4 | * |
| Steven E. Wollack     | 3,000 | A-1 | * | — | B-1 | * | —     | A-1 | 3,000 | A-1 | * |
|                       | 3,000 | A-2 | * | — | B-2 | * | —     | A-2 | 3,000 | A-2 | * |
|                       | 3,000 | A-3 | * | 2 | B-3 | * | —     | A-3 | 3,000 | A-3 | * |
|                       | 2,998 | A-4 | * | — | B-4 | * | 1,998 | A-4 | 1,000 | A-4 | * |
| Laurence B. Woznicki  | 5,850 | A-1 | * | 1 | B-1 | * | 2,452 | A-1 | 3,398 | A-1 | * |
|                       | 5,850 | A-2 | * | — | B-2 | * | 5,850 | A-2 | —     | A-2 | * |
|                       | 5,850 | A-3 | * | — | B-3 | * | 5,850 | A-3 | —     | A-3 | * |
|                       | 5,848 | A-4 | * | 1 | B-4 | * | 5,848 | A-4 | —     | A-4 | * |
| Jerome I. Wright      | 1,500 | A-1 | * | — | B-1 | * | —     | A-1 | 1,500 | A-1 | * |
|                       | 1,500 | A-2 | * | — | B-2 | * | —     | A-2 | 1,500 | A-2 | * |
|                       | 1,500 | A-3 | * | 1 | B-3 | * | 1,500 | A-3 | —     | A-3 | * |
|                       | 1,499 | A-4 | * | — | B-4 | * | 1,499 | A-4 | —     | A-4 | * |
| Ralph Wysocki         | 4,500 | A-1 | * | 1 | B-1 | * | 3,500 | A-1 | 1,000 | A-1 | * |
|                       | 4,500 | A-2 | * | — | B-2 | * | 4,500 | A-2 | —     | A-2 | * |
|                       | 4,500 | A-3 | * | — | B-3 | * | 4,500 | A-3 | —     | A-3 | * |
|                       | 4,499 | A-4 | * | — | B-4 | * | 4,499 | A-4 | —     | A-4 | * |

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|   |           |     |        |     |     |       |         |     |         |     |        |
|---|-----------|-----|--------|-----|-----|-------|---------|-----|---------|-----|--------|
| Ronald M. Yermack Revocable Trust Dated 8/29/91(68) | 9,000     | A-1 | *      | 2   | B-1 | *     | —       | A-1 | 9,000   | A-1 | *      |
|   | 9,000     | A-2 | *      | —   | B-2 | *     | —       | A-2 | 9,000   | A-2 | *      |
|   | 9,000     | A-3 | *      | —   | B-3 | *     | —       | A-3 | 9,000   | A-3 | *      |
|   | 8,998     | A-4 | *      | —   | B-4 | *     | 3,600   | A-4 | 5,398   | A-4 | *      |
| Arnold Yusim(69)                                    | 1,500     | A-1 | *      | —   | B-1 | *     | —       | A-1 | 1,500   | A-1 | *      |
|   | 1,500     | A-2 | *      | —   | B-2 | *     | —       | A-2 | 1,500   | A-2 | *      |
|   | 1,500     | A-3 | *      | 1   | B-3 | *     | 501     | A-3 | 999     | A-3 | *      |
|   | 1,499     | A-4 | *      | —   | B-4 | *     | 1,499   | A-4 | —       | A-4 | *      |
| Mitchell J. Zale                                    | 1,500     | A-1 | *      | —   | B-1 | *     | —       | A-1 | 1,500   | A-1 | *      |
|   | 1,500     | A-2 | *      | —   | B-2 | *     | —       | A-2 | 1,500   | A-2 | *      |
|   | 1,500     | A-3 | *      | 1   | B-3 | *     | 501     | A-3 | 999     | A-3 | *      |
|   | 1,499     | A-4 | *      | —   | B-4 | *     | 1,499   | A-4 | —       | A-4 | *      |
| Michael S. Zimmerman                                | 4,500     | A-1 | *      | 1   | B-1 | *     | —       | A-1 | 4,500   | A-1 | *      |
|   | 4,500     | A-2 | *      | —   | B-2 | *     | —       | A-2 | 4,500   | A-2 | *      |
|   | 4,500     | A-3 | *      | —   | B-3 | *     | 3,500   | A-3 | 1,000   | A-3 | *      |
|   | 4,499     | A-4 | *      | —   | B-4 | *     | 4,499   | A-4 | —       | A-4 | *      |
| Selling Shareholders as a group (257 persons)       | 1,043,284 | A-1 | 14.48% | 90  | B-1 | 14.4% | 224,032 | A-1 | 819,252 | A-1 | 11.73% |
|   | 1,043,284 | A-2 | 14.48  | 119 | B-2 | 14.6  | 261,189 | A-2 | 782,095 | A-2 | 11.26  |
|   | 1,043,271 | A-3 | 14.48  | 165 | B-3 | 12.8  | 453,205 | A-3 | 590,066 | A-3 | 8.74   |
|   | 1,042,854 | A-4 | 14.48  | 32  | B-4 | 7.8   | 812,644 | A-4 | 230,210 | A-4 | 3.60   |

\* Represents beneficial ownership of less than 1%.

- (1) Mr. McNulty's total represents shares that Mr. McNulty could acquire if he exercised the vested portion of an option he received in February 2000. The number of shares is presented to the nearest whole number that could be exercised. The option was vested with respect to 60% of the shares subject thereto as of February 2002. The option vests with respect to an additional 20% of the shares subject thereto in each of February 2003 and 2004. The terms of the option are described in the section of this prospectus entitled "Management—McNulty Employment Agreement." As of October 23, 2002, Mr. McNulty had not exercised the option.
- (2) Includes 25 Class A-1, 25 Class A-2, 25 Class A-3, and 24 Class A-4 shares and one Class B-4 share as to which Mr. Duffy shares joint ownership and has voting power.
- (3) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held through Brennan Enterprises, an S Corporation of which Mr. Brennan is the owner. Also includes 25 Class A-1, 25 Class A-2, 25 Class A-3, and 24 Class A-4 shares and one Class B-4 share as to which Mr. Brennan shares joint ownership, but over which he does not have voting power.
- (4) Includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,499 Class A-4 shares and one Class B-1 share held in a trust over which Mr. Croghan exercises voting and investment power.
- (5) Includes 25 Class A-1, 25 Class A-2, 25 Class A-3, and 24 Class A-4 shares and one Class B-4 share as to which Mr. Gepsman shares joint ownership and has voting power.
- (6) Includes 3,000 Class A-1, 3,000 Class A-2, 3,000 Class A-3 and 2,999 Class A-4 shares held in a trust over which Mr. Gordon has investment and voting power. Also includes 18,025 Class A-1, 18,025 Class A-2, 18,025 Class A-3, 18,018 Class A-4, two Class B-1, two Class B-2 and two Class B-3 shares and one Class B-4 share which are owned by Tokyo-Mitsubishi Futures (USA), Inc. over which he exercises voting power. Mr. Gordon disclaims beneficial ownership of the shares owned by Tokyo-Mitsubishi Futures (USA), Inc.
- (7) Includes 3,000 Class A-1, 3,000 Class A-2, 3,000 Class A-3, and 2,999 Class A-4 shares and one Class B-2 share which are not owned by Mr. Harris, but which are held in his name and over which he exercises voting power.
- (8) Includes 1,525 Class A-1, 1,525 Class A-2, 1,525 Class A-3 and 1,523 Class A-4 shares and one Class B-3 share owned by O'Connor & Company LLC as to which Mr. Katler has no voting power. Mr. Katler disclaims beneficial ownership of the shares owned by O'Connor & Company LLC.
- (9) Includes 25 Class A-1, 25 Class A-2, 25 Class A-3, and 24 Class A-4 shares and one Class B-4 share as to which Mr. Newhouse shares joint ownership and has voting power. Also includes 10,500 Class A-1, 10,500 Class A-2, 10,500 Class A-3 and 10,496 Class A-4 shares, three Class B-2 shares and one Class B-3 share owned by John F. Newhouse & Company, which is owned by Mr. Newhouse.

(footnotes continued on following page)

- (10) Includes 25 Class A-1, 25 Class A-2, 25 Class A-3, and 24 Class A-4 shares and one Class B-4 share as to which Mr. Oliff shares joint ownership, but over which he does not have voting power. Excludes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,499 Class A-4 shares and one Class B-1 share and 3,000 Class A-1, 3,000 Class A-2, 3,000 Class A-3 and 2,999 Class A-4 shares and one Class B-2 share held through two trusts in the names of each of his parents. Mr. Oliff has no voting or ownership power over these trusts, and he disclaims beneficial ownership for the shares held in trust.
- (11) Includes 25 Class A-1, 25 Class A-2, 25 Class A-3, and 24 Class A-4 shares and one Class B-4 share as to which Mr. Salatch shares joint ownership, but over which he does not have voting power.
- (12) Includes 25 Class A-1, 25 Class A-2, 25 Class A-3, and 24 Class A-4 shares and one Class B-4 share as to which Mr. Shepard shares joint ownership and has voting power.
- (13) Messrs. Donohue's, Gill's, Johnston's and Krause's totals represent shares that each of them could acquire if they exercised the vested portion of the option each of them received in May 2001.
- (14) Includes an aggregate of 286,113 Class A-1 shares, 286,113 Class A-2 shares, 286,107 Class A-3 shares, 286,103 Class A-4 shares, 19 Class B-1 shares, 24 Class B-2 shares, 39 Class B-3 shares and 12 Class B-4 shares that could be acquired upon the exercise of the vested portions of options held by members of the group and 100 restricted Class A-1 shares, 100 restricted Class A-2 shares, 100 restricted Class A-3 shares and 100 restricted Class A-4 shares held by a member of the group.
- (15) As indicated in the table, almost all of the selling shareholders own shares of Class B common stock, which are associated with trading privileges on our exchange. These shareholders may derive a substantial portion of their income from trading and clearing activities on our exchange.

- (16) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held in a trust over which Mr. Alpert exercises voting and investment power.
- (17) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held in a trust over which Mr. Arenson exercises voting and investment power.
- (18) Includes 3,000 Class A-1, 3,000 Class A-2, 3,000 Class A-3 and 2,998 Class A-4 shares and two Class B-3 shares held in a trust over which Mr. Bakal exercises voting and investment power.
- (19) Includes 10,515 Class A-1, 10,515 Class A-2, 10,515 Class A-3 and 10,511 Class A-4 shares and one Class B-1, one Class B-2 and two Class B-3 shares held in a trust over which Ms. Barach exercises voting and investment power.
- (20) Includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,499 Class A-4 shares held in a trust over which Mr. Belnap exercises voting and investment power.
- (21) Includes 3,000 Class A-1, 3,000 Class A-2, 3,000 Class A-3 and 2,999 Class A-4 shares and one Class B-3 share held in a trust over which Mr. Bertucci exercises voting and investment power.
- (22) Includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,499 Class A-4 shares and one Class B-1 share that Ms. Block and Mr. Katz own as tenants-in-common.
- (23) The Estate of William Chapman is controlled by Bruce Rohde and P.J. Morgan as co-personal representatives.
- (24) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held in a trust over which Mr. Eisenberg exercises voting and investment power.
- (25) Includes 4,503 Class A-1, 4,503 Class A-2, 4,502 Class A-3 and 4,501 Class A-4 shares and one Class B-1 share held in a trust controlled by Raymond E. Elster as a successor trustee.
- (26) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held in a trust over which Mr. Franks exercises voting and investment power.
- (27) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held in a trust over which Mr. Friedman exercises voting and investment power.
- (28) Includes 7,525 Class A-1, 7,525 Class A-2, 7,525 Class A-3 and 7,521 Class A-4 shares and one Class B-1, two Class B-3 and one Class B-4 shares held in a trust over which Mr. Garrity exercises voting and investment power. Also includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held by the John C. Garrity Pension Plan over which Mr. Garrity exercises voting and investment power.
- (29) Includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,499 Class A-4 shares and one Class B-1 share held in a trust over which Mr. Gersten exercises voting and investment power.
- (30) Includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,499 Class A-4 shares and one Class B-1 share held in a trust controlled by Charlotte F. Hase as a successor trustee.
- (31) Includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,498 Class A-4 shares and one Class B-2 share and one Class B-3 share held in a trust over which Mr. Jesser exercises voting and investment power.

(footnotes continued on following page)

- (32) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held in a trust over which Ms. Katz shares with Ernest Katz voting and investment power.
- (33) Includes 6,050 Class A-1, 6,050 Class A-2, 6,050 Class A-3 and 6,045 Class A-4 shares and one Class B-2, two Class B-3 and two Class B-4 shares held in a trust over which Mr. Lind exercises voting and investment power. Also includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,499 Class A-4 shares and one Class B-1 share owned by Lind Family Investments LP, of which Mr. Lind is general partner.
- (34) Includes 3,000 Class A-1, 3,000 Class A-2, 3,000 Class A-3 and 2,999 Class A-4 shares and one Class B-2 share held in a trust over which Mr. Mayster exercises voting and investment power.
- (35) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held in a trust controlled by Helen J. McKerr.
- (36) Includes 3,000 Class A-1, 3,000 Class A-2, 3,000 Class A-3 and 2,999 Class A-4 shares and one Class B-2 share held in a trust over which Ms. Means exercises voting and investment power.
- (37) Includes 3,000 Class A-1, 3,000 Class A-2, 3,000 Class A-3 and 2,999 Class A-4 shares and one Class B-2 share held in a trust over which Mr. Mermel shares with Donna A. Mermel voting and investment power.
- (38) Includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,499 Class A-4 shares and one Class B-1 share held in a trust over which Mr. Miller exercises voting and investment power.
- (39) Includes 3,000 Class A-1, 3,000 Class A-2, 3,000 Class A-3 and 2,999 Class A-1 shares and one Class B-2 share held in a trust over which Ms. Miller exercises voting and investment power.
- (40) Includes 7,525 Class A-1, 7,525 Class A-2, 7,525 Class A-3, 7,521 Class A-4 shares and one Class B-1 and two Class B-3 shares held in a trust over which Ms. Norton exercises voting and investment power.
- (41) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held in a trust over which Ms. Odner has voting and investment power.
- (42) Includes 3,000 Class A-1, 3,000 Class A-2, 3,000 Class A-3 and 2,999 Class A-4 shares and one Class B-2 share held in a trust over which Ms. Oliff exercises voting and investment power. Also includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,499 Class A-4 shares and one Class B-1 share held in a trust over which Hershel Oliff, Ms. Oliff's husband, exercises voting and investment power. The number of shares offered by Ms. Oliff includes 2,400 Class A-4 shares held in the trust over which she exercises voting and investment power and 3,600 Class A-4 shares being offered by Mr. Oliff.
- (43) Includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,499 Class A-4 shares and one Class B-1 share held in a trust over which Mr. Oliff exercises voting and investment power. Also includes 3,000 Class A-1, 3,000 Class A-2, 3,000 Class A-3 and 2,999 Class A-4 shares and one Class B-2 share held in a trust over which Adelle Oliff, Mr. Oliff's wife, exercises voting and investment power. The number of shares offered by Mr. Oliff includes 3,600 Class A-4 shares held in the trust over which he exercises voting and investment power and 2,400 Class A-4 shares being offered by Ms. Oliff.
- (44) Includes 7,500 Class A-1, 7,500 Class A-2, 7,500 Class A-3 and 7,497 Class A-4 shares and one Class B-1, one Class B-2 and two Class B-3 shares held in a trust over which Burton Kaplan exercises voting and investment power.
- (45) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3, and 1,499 Class A-4 shares and one Class B-3 share held in a trust over which Mr. Owens has voting and investment power.
- (46) Includes 3,000 Class A-1, 3,000 Class A-2, 3,000 Class A-3 and 2,999 Class A-4 shares and one Class B-2 share held in a trust over which Mr. Page exercises voting and investment power.
- (47) Mr. Papadopoulos served as a member of CME Holdings' board from its formation on August 2, 2001 until March 2002 and of CME's board from 2000 until March 2002.
- (48) Includes 4,505 Class A-1, 4,505 Class A-2, 4,505 Class A-3 and 4,504 Class A-4 shares and one Class B-1 share held in a trust controlled by Paula J. Golembiewski and Arthur Parz as co-trustees.
- (49) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held in a trust over which Mr. Pearl exercises voting and investment power.
- (50) Mr. Prosi served as a member of CME Holdings' board from its formation on August 2, 2001 until March 2002 and of CME's board from 1988 until March 2002.
- (51) Includes 1,503 Class A-1, 1,503 Class A-2, 1,502 Class A-3 and 1,501 Class A-4 shares and one Class B-3 share held in a trust over which Elaine Rosenberg and Alan Garland exercise voting and investment power.
- (52) Includes 6,000 Class A-1, 6,000 Class A-2, 6,000 Class A-3 and 5,998 Class A-4 shares and one Class B-1 and one Class B-3 share held in a trust over which Mr. Rumick exercises voting and investment power.
- (53) Includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,498 Class A-4 shares and one Class B-2 and one Class B-3 share held in a trust over which Ms. Scher exercises voting and investment power.

(footnotes continued on following page)

- (54) Includes 9,000 Class A-1, 9,000 Class A-2, 9,000 Class A-3 and 8,998 Class A-4 shares and two Class B-1 shares held in a trust over which Mr. Schulte exercises voting and investment power.
- (55) Includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,499 Class A-4 shares and one Class B-1 share held in a trust over which Mr. Schulte and Ms. Schulte share voting and investment power.
- (56) Includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,499 Class A-4 shares and one Class B-1 share held in a trust over which Mr. Schwartz exercises voting and investment power.
- (57) Includes 10,525 Class A-1, 10,525 Class A-2, 10,525 Class A-3 and 10,520 Class A-4 shares and one Class B-1, one Class B-2, two Class B-3 and one Class B-4 shares held in a trust over which Ms. Serota exercises voting and investment power.
- (58) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held in a trust controlled by Marjorie A. Shender as trustee.
- (59) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held in a trust over which Mr. Sohn exercises voting and investment power.
- (60) Includes 4,525 Class A-1, 4,525 Class A-2, 4,525 Class A-3 and 4,522 Class A-4 and one Class B-2, one Class B-3 and one Class B-4 share held in a trust over which Mr. Stavros exercises voting and investment power.
- (61) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held in a trust over which Mr. Steinberger exercises voting and investment power.
- (62) Includes 3,275 Class A-1, 3,275 Class A-2, 3,275 Class A-3 and 3,274 Class A-4 shares and one Class B-2 share held in a trust over which Mr. Sukenik exercises voting and investment power.
- (63) Includes 3,000 Class A-1, 3,000 Class A-2, 3,000 Class A-3 and 2,999 Class A-4 shares and one Class B-2 share held in a trust over which Mr. Sylvan exercises voting and investment power.
- (64) Includes 3,000 Class A-1, 3,000 Class A-2, 3,000 Class A-3 and 2,999 Class A-4 shares and one Class B-2 share held in a trust over which Mr. Walden shares joint ownership and has voting power.
- (65) Includes 7,500 Class A-1, 7,500 Class A-2, 7,500 Class A-3 and 7,497 Class A-4 shares and one Class B-1 and two Class B-3 shares held in a trust over which Mr. Waldock exercises voting and investment power.
- (66) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held in a trust over which Mr. Weber exercises voting and investment power.
- (67) Includes 6,000 Class A-1, 6,000 Class A-2, 6,000 Class A-3 and 5,998 Class A-4 shares and one Class B-1 and one Class B-3 share held in a trust over which Mr. Wilk exercises voting and investment power.
- (68) Includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,499 Class A-4 shares and one Class B-1 share held in a trust over which Mr. Yermack exercises voting and investment power. Also includes 4,500 Class A-1, 4,500 Class A-2, 4,500 Class A-3 and 4,499 Class A-4 shares and one Class B-1 share held in a trust controlled by Mr. Yermack.
- (69) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held in a trust over which Mr. Yusim exercises voting and investment power.

## DESCRIPTION OF CAPITAL STOCK

Our authorized capital structure consists of

- 100,000,000 authorized shares of Class A common stock;
- 9,500,000 authorized shares of Class A-1 common stock;
- 9,500,000 authorized shares of Class A-2 common stock;
- 9,500,000 authorized shares of Class A-3 common stock;
- 9,500,000 authorized shares of Class A-4 common stock;
- 625 authorized shares of Class B-1 common stock;
- 813 authorized shares of Class B-2 common stock;
- 1,287 authorized shares of Class B-3 common stock;
- 413 authorized shares of Class B-4 common stock; and
- 10,000,000 authorized shares of preferred stock, including 140,000 authorized shares of Series A Junior Participating Preferred Stock.

Upon the closing of this offering, there will be 4,751,070 shares of Class A common stock, 6,981,344 shares of Class A-1, 6,944,087 shares of Class A-2, 6,751,869 shares of Class A-3, 6,389,292 shares of Class A-4, 625 shares of Class B-1, 813 shares of Class B-2, 1,287 shares of Class B-3 and 413 shares of Class B-4 issued and outstanding. We have no shares of our preferred stock issued and outstanding, nor will any shares of our preferred stock be issued and outstanding upon the closing of this offering.

### Common Stock

With the exception of the matters reserved to holders of our Class B common stock, holders of common stock vote together on all matters for which a vote of common shareholders is required. In these votes, each holder of shares of our Class A or Class B common stock has one vote per share. Matters reserved to the holders of our Class B common stock, votes applicable to each class of Class B common stock in these matters and certain voting restrictions on holders of our Class B common stock are described below under "Additional Provisions of Class B Common Stock."

Holders of our common stock are entitled to receive proportionately such dividends, if any, as may be declared by our board of directors, subject to any preferential dividend rights of outstanding preferred stock. Holders of our common stock have no conversion, preemptive or subscription rights. All outstanding shares of our common stock are, and the shares of our Class A common stock to be sold in this offering when issued and paid for will be, validly issued, fully paid and nonassessable. In the event of any liquidation, dissolution or winding-up of our affairs, and subject to the rights of any outstanding series of our preferred stock, holders of our Class A and Class B common stock are entitled to receive a distribution of the remaining assets on a pro rata basis.

### Preferred Stock

We are authorized to issue up to 10 million shares of preferred stock. Our certificate of incorporation authorizes our board to issue these shares in one or more series; to establish from time to time the number of shares to be included in each series; and to fix the rights, preferences and privileges of the shares of each wholly unissued series and any of its qualifications, limitations or restrictions. Our board may increase or decrease the number of shares of any series, but not below the number of shares of that series then outstanding, without any further vote or action by our shareholders. Our board may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other

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rights of the holders of our common stock. We currently have no plans to issue any shares of preferred stock other than pursuant to the rights plan described below.

### Additional Provisions of Class B Common Stock

Our authorized shares of Class B common stock are divided into four classes, with the following characteristics:

| Class | Maximum Number of Shares | Associated Exchange Membership                 | Number of Directors Class Can Elect | Number of Votes Per Share on "Core Rights" |
|-------|--------------------------|--|-------------------------------------|--|
| B-1   | 625                      | Chicago Mercantile Exchange ("CME") Division   | 3                                   | 6  |
| B-2   | 813                      | International Monetary Market ("IMM") Division | 2                                   | 2  |
| B-3   | 1,287                    | Index and Option Market ("IOM") Division       | 1                                   | 1  |
| B-4   | 413                      | Growth and Emerging Markets ("GEM") Division   | 0                                   | 1/6  |

**Associated Exchange Membership.** Each series of CME Class B common stock was issued in conjunction with a membership in a specific division of the exchange. CME's rules provide exchange members with access to the trading floor of the exchange and the GLOBEX platform for the contracts assigned to that membership and the ability to use or lease their trading privileges. In CME's demutualization, shares of Class B common stock were issued to members of the exchange in order to provide those members with representation on CME's board of directors and provide for an orderly transition to a for-profit company. Membership interests are maintained at CME and are not part of or evidenced by the Class B common stock of CME Holdings. The Class B common stock of CME Holdings is intended only to ensure that the former Class B shareholders of CME retain board representation rights and approval rights with respect to Core Rights described below.

**Commitment to Open Outcry.** Our certificate of incorporation includes a commitment to maintain open outcry floor trading on our exchange for a particular traded product as long as the open outcry market is "liquid." The commitment requires us to maintain a facility for conducting business, for disseminating price information, for clearing and delivery and to provide reasonable financial support for technology, marketing and research for open outcry markets. An open outcry market will be deemed liquid for these purposes if it meets any of the following tests on a quarterly basis:

- if a comparable exchange-traded product exists, our open outcry market has maintained at least 30% of the average daily volume of the comparable product (including, for calculation purposes, volume from EFPs in the open outcry market);

- if a comparable exchange-traded product exists and our product trades exclusively by open outcry, our open outcry market has maintained at least 30% of the open interest of the comparable product;
- if no comparable exchange-traded product exists, our open outcry market has maintained at least 40% of the average quarterly volume in that market in 1999 (including, for calculation purposes, volume from EFPs in the open outcry market); or
- if no comparable exchange-traded product exists and our product trades exclusively by open outcry, our open outcry market has maintained at least 40% of the average open interest in that market in 1999.

If a market is deemed illiquid as a result of a failure to meet any of the foregoing tests, our board will make commercial decisions consistent with the best interests of our shareholders.

**Voting on Core Rights.** Holders of shares of our Class B common stock have the right to approve changes to specified "rights" relating to the trading privileges associated with those shares. These "Core Rights" consist of:

- the allocation of products which a membership class is permitted to trade on our exchange facilities;
- the trading floor access rights and privileges which a member has;
- the number of memberships in each membership class and the number of authorized and issued shares of Class B common stock associated with that class; and
- the eligibility requirements to exercise trading rights or privileges.

Votes on changes to Core Rights are weighted by class. Each class of Class B common stock has the following number of votes on matters relating to Core Rights: Class B-1, six votes per share; Class B-2, two votes per share; Class B-3, one vote per share, and Class B-4, 1/6th of one vote per share. The approval of a majority of the votes cast by the holders of shares of Class B common stock is required in order to approve any changes to Core Rights. Holders of shares of Class A common stock do not have the right to vote on changes to Core Rights.

Under Delaware law, changes to the number of authorized shares of a class also require the approval of the holders of a majority of the outstanding shares of that class. Otherwise, changes may be effected upon the approval of a majority of the votes cast by the holders of shares of our Class B common stock. This means that, because of our weighted voting mechanism, a change to Core Rights may be effected by the approval of the holders of the Class B-1 shares, even though the holders of the other classes voted against the change.

**Election of Directors.** Our certificate of incorporation provides for a board composed of 20 members. Holders of Class B-1, Class B-2 and Class B-3 common stock have the right to elect six directors to our board, of which three are elected by Class B-1 shareholders, two are elected by Class B-2 shareholders and one is elected by Class B-3 shareholders. The remaining 14 directors are elected by the holders of the Class A and Class B common stock, voting together as a class. The nominating committee, composed of members of our board of directors, nominates the slate of candidates to be elected by the holders of the Class A and Class B common stock, voting together. This committee is responsible for assessing the qualifications of candidates, as well as ensuring that any regulatory requirements for the composition of our board are met. The holders of the Class B-1, Class B-2 and Class B-3 common stock have the right to elect members of nominating committees for their respective class, which are responsible for nominating candidates for election by their class. Each committee is responsible for assessing the qualifications of candidates to serve as directors to be elected by that class. Our certificate of incorporation requires that director candidates for election by a class of Class B common stock own, or be recognized under our rules as a permitted transferee of, at least one share of that class.

**Voting Restrictions.** Our certificate of incorporation provides that, with respect to any election of directors or Core Rights, any person or group that beneficially owns 15% or more of any class of Class B common stock may, for so long as such person or group owns such percentage, vote only the number of shares of that class of Class B common stock for which it owns an equivalent percentage of Class A common stock.

## Transfer Restrictions

### **Class A Common Stock**

Currently issued and outstanding shares of our Class A common stock have been issued in four classes: Class A-1, Class A-2, Class A-3 and Class A-4. Each class is subject to significant transfer restrictions pursuant to our certificate of incorporation. The Class A common stock being sold in this offering is identical to the other classes of Class A common stock except that it is not subject to transfer

restrictions. The periods during which sales or transfers of shares of Class A-1, Class A-2, Class A-3 and Class A-4 common stock are not permitted vary depending on the class of common stock. Transfers include sales, pledges and other transfers of ownership.

The transfer restriction periods will expire:

- 180 days after we close our IPO in the case of Class A-1 common stock;
- 360 days after we close our IPO in the case of Class A-2 common stock; and
- 540 days after we close our IPO in the case of Class A-3 and Class A-4 common stock.

Subject to our right to engage in the guided selling process and the related provisions described below, when the restriction period applicable to a class of shares expires, the class of shares will automatically convert into unrestricted Class A common stock. See the section of this prospectus entitled "Shares Eligible for Future Sale" below for limitations on sales by affiliates under the securities laws. Holders of restricted Class A common stock are also able to transfer their shares prior to such expiration and conversion in connection with a "permitted transfer."

"Permitted transfers" include:

- conversion transfers, which have the effect of allowing the shares transferred to convert into shares of unrestricted Class A common stock; and
- non-conversion transfers, which have the effect of retaining the transfer restrictions for the shares transferred.

In conversion transfers, shares of restricted Class A common stock, regardless of whether they represent Class A-1, Class A-2, Class A-3 or Class A-4 common stock, will be converted into shares of unrestricted Class A common stock. Conversion transfers include:

- transfers to us;
- shares sold in a guided sale process or in our IPO;
- transfers to satisfy exchange claims or under exchange rules; and
- transfers approved as conversion transfers by our board of directors.

In non-conversion transfers, shares of restricted Class A common stock, regardless of whether they represent Class A-1, Class A-2, Class A-3 or Class A-4 common stock, will not convert into shares of unrestricted Class A common stock, and the transferred shares will remain subject to the transfer restrictions. Non-conversion transfers include:

- transfers in connection with a transfer of a share of Class B common stock;
- transfers to and among family members of a holder and entities (including trusts, partnerships and limited liability companies) established for estate planning or education purposes for the holder or the holder's immediate family;
- bona fide pledges to a commercial bank, a savings and loan institution or any other lending or financial institution as security for indebtedness of the holder incurred to acquire a membership interest in our exchange;
- pledges as collateral to clearing firms; and
- transfers approved as non-conversion transfers by the board of directors of CME Holdings.

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The number of shares of restricted Class A common stock that may be transferred with an associated share of Class B common stock in a permitted transfer is limited to the amounts set forth below, with respect to each class of restricted Class A common stock.

| Class B Share | Number of Class A Shares That May Be Transferred By Class |           |           |           |
|---------------|---|-----------|-----------|-----------|
|               | Class A-1   | Class A-2 | Class A-3 | Class A-4 |
| Class B-1     | 4,500   | 4,500     | 4,500     | 4,499     |
| Class B-2     | 3,000   | 3,000     | 3,000     | 2,999     |
| Class B-3     | 1,500   | 1,500     | 1,500     | 1,499     |
| Class B-4     | 25  | 25        | 25        | 24        |

#### **Guided Selling Process**

Our certificate of incorporation grants us the right to guide secondary sales of each class of Class A common stock when the transfer restriction period applicable to that class is scheduled to expire. The purpose of this right is to promote a more orderly distribution of our Class A shares into the market, taking into account current market conditions and the desire of existing holders to sell. If we elect to guide the sale process, no shares of the class that is scheduled for release or of any other class that is subject to transfer restrictions may be sold during the applicable transfer restriction period, except as part of the guided sale process or in a permitted transfer.

We must provide holders of restricted shares with a written notice of our election to guide the sale of the class of stock that is scheduled for release at least 60 days prior to the expiration of the applicable transfer restriction period. A holder has 20 days following receipt of that notice to provide us with written notice of his or her intent to participate in the guided sale process. Holders of restricted shares may request that all or a portion of their shares of the class scheduled for release plus any other shares which remain subject to transfer restrictions be included in the guided sale process. The actual number of shares that holders of restricted shares may sell in a guided sale will depend on market conditions, investor demand and the requirements of any underwriters or placement agents and may be fewer than the aggregate number requested by shareholders to be included in the sale. In that event, there will be a reduction in the number of shares that individual holders may sell based on a "cut-back" formula to be adopted by our board. In the event of a "cut back," priority will be given to shares of the class then scheduled to be released. The guided selling process may take the form of an underwritten secondary offering, a private placement of shares to one or more purchasers, a repurchase of shares by us or a similar process selected by our board. If a holder of restricted shares elects not to include all of his or her shares of the class that is scheduled to expire in the related guided sale process, the shares that he or she does not elect to include will remain subject to transfer restrictions and may not be transferred, other than in a permitted transfer (as described above), until the expiration of the final transfer restriction period unless:

- we elect not to guide the selling process applicable to the expiration of a later transfer restriction period;
- we do not complete a guided sale process within the applicable time period; or
- we do not sell in any subsequent guided selling process the number of shares of the class scheduled to be released that were requested to be included in the sale process.

We may proceed with the sale of fewer than all of the shares that had been requested to be included in a guided sale process, including less than all of the shares of the class scheduled for release at the expiration of the related transfer restriction period. Additionally, there is no obligation on us to complete the selling process.

However, if we sell less than all of the shares of the class scheduled to be released that a holder requested be sold in the related guided sale process, that holder will be able to sell, on the 61st day after

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the expiration of the related transfer restriction period (or the last day of the transfer restriction period, if it relates to the final transfer period), those shares that were not sold. In addition, on such date, any shares of any class that were scheduled for release at the expiration of an earlier transfer restriction period, but that remain subject to the transfer restrictions because a shareholder elected not to include them in the related guided sale process, will become freely transferable.

Our certificate of incorporation requires that any guided selling process must be completed no later than 60 days after the expiration date of the related transfer restriction period. However, any guided selling process undertaken in conjunction with the final release date must be completed no later than the final expiration date (*i.e.*, 540 days after the IPO). If the guided sale process is not completed within those time frames, any shares of the class that would have been released at the expiration of the related transfer restriction period, but for the guided sale process, will automatically convert into unrestricted Class A common stock on the 61st day after the expiration of the related transfer restriction period, except with respect to the last transfer restriction period, in which case the conversion will take place on the last day of the period. In addition, any shares of any class that remain subject to transfer restrictions because a shareholder elected not to include those shares in the guided sale process when those shares were scheduled to be released also will convert on that day.

If we elect not to guide the sale process at the time of any scheduled release date for a class of stock, the shares of that class scheduled to be released will convert into unrestricted Class A common stock at the expiration of the applicable transfer restriction period. In addition, any shares of any class that remain subject to transfer restrictions because a shareholder elected not to include those shares in the guided sale process when those shares were scheduled to be released also will convert on that date.

#### **Class B Common Stock**

Shares of Class B common stock are also subject to transfer restrictions contained in our certificate of incorporation. These transfer restrictions prohibit the sale or transfer of any shares of our Class B common stock separate from the sale of the associated membership interest in our exchange. No membership in our exchange may be sold unless the purchaser also acquires the associated share of Class B common stock.

#### **Indemnification of Directors and Executive Officers and Limitation of Liability**

Section 145 of the Delaware General Corporation Law authorizes a corporation's board of directors to grant indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act.

As permitted by Delaware law, our certificate of incorporation includes a provision that eliminates the personal liability of our directors for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to us or our shareholders; (2) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (3) under Section 174 of the Delaware General Corporation Law regarding unlawful dividends and stock purchases; or (4) for any transaction from which the director derived an improper personal benefit.

As permitted by Delaware law, our certificate of incorporation and our bylaws provide that (1) we are permitted to indemnify our directors, officers and other employees to the fullest extent permitted by Delaware law; (2) we are permitted to advance expenses, as incurred, to our directors, officers and other employees in connection with defending a legal proceeding if we have received an undertaking by the person receiving such advance to repay all amounts advanced if it should be determined that he or she is not entitled to be indemnified by us; and (3) the rights conferred in the certificate of incorporation are not exclusive.

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#### **Other Certificate of Incorporation and Bylaw Provisions**

Our certificate of incorporation and bylaws include a number of anti-takeover provisions that may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with our board of directors rather than pursue non-negotiated takeover attempts. These provisions include:

**Classified Board of Directors; Removal for Cause; Filling Vacancies.** Our certificate of incorporation provides for a board of directors divided into two classes, with one class to be elected each year to serve for a two-year term. The terms of the classes of directors will terminate on the date of the annual meetings of shareholders in April 2003 and 2004. As a result, two annual meetings of shareholders could be required for the shareholders to change a majority of the board. Directors elected by Class A and Class B shareholders may be removed for cause only by the affirmative vote of the holders of not less than two-thirds of the outstanding votes entitled to vote in the election of the director to be removed. Vacancies resulting from that removal or for any other reason shall be filled by the board of directors, but any Class B vacancies must be filled from the candidates who ran in the previous election for the directorship with the candidates being selected to fill the vacancy in the order of the aggregate number of votes received in the previous election. The classification of directors and the inability of shareholders to remove directors without cause and to fill vacancies on the board will make it more difficult to change the composition of the board, but will promote a continuity of existing management.

**Advance Notice Requirements.** Our bylaws establish advance notice procedures with regard to shareholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of shareholders. These procedures provide that notice of shareholder proposals must be timely and given in writing to the Secretary of our company prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not fewer than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. The notice must contain the information required by the bylaws, including information regarding the proposal and the proponent.

**Special Meetings of Shareholders.** Our certificate of incorporation and bylaws deny shareholders the right to call a special meeting of shareholders. Our certificate of incorporation and bylaws provide that only the chairman of our board or a majority of the board of directors may call special meetings of the shareholders.

**No Written Consent of Shareholders.** Our certificate of incorporation requires all shareholder actions to be taken by a vote of the shareholders at an annual or special meeting, and does not permit the shareholders to act by written consent, without a meeting.

**Amendment of Bylaws and Certificate of Incorporation.** Our certificate of incorporation generally requires the approval of not less than two-thirds of the voting power of all outstanding shares of common stock entitled to vote to amend any bylaws by shareholder action or the certificate of incorporation provisions described in this section. Only our Class B shareholders may amend provisions of our certificate of incorporation relating to the Core Rights described above.

**Rights Plan Provisions.** Our certificate of incorporation authorizes our board of directors to create and issue rights entitling our shareholders to purchase shares of our stock or other securities. Those rights might be used to affect the ability of a third party to initiate a transaction designed to take over our company. Our board has adopted a plan creating these rights.

From and after the effective date of the merger consummated to effect our reorganization, one right attached to each share of our common stock issued in the merger and, except in certain circumstances, will attach to each share issued after the merger. Each right entitles the registered holder to purchase from us a unit consisting of one one-thousandth of a share of Series A Junior

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Participating Preferred Stock, par value \$.01 per share, at a purchase price of \$105 per unit, subject to adjustment. The description and terms of the rights are set forth in the rights agreement, dated November 30, 2001, between us and Mellon Investor Services LLC, a national banking association, as rights agent.

Initially, the rights attached to all our outstanding shares of common stock, and no separate rights certificates were distributed. The rights will separate from our common stock upon the earlier of (i) 10 days following a public announcement that a person or group of affiliated or associated persons, referred to as an acquiring person, has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding shares of either (a) our common stock or (b) our Class A common stock (this date is referred to as the stock acquisition date) or (ii) 10 business days following the commencement of a tender offer or exchange offer for our common stock that would result in a person or group becoming an acquiring person (the earlier of (i) and (ii) is referred to as the distribution date). Until the distribution date, (i) the rights will be evidenced by shares of our common stock and will be transferred with and only with our shares of common stock, (ii) shares of our common stock issued in the merger or new shares issued after the effective date of the merger will contain a notation incorporating the rights agreement by reference and (iii) the surrender for transfer of any of our outstanding shares of common stock will also constitute the transfer of the rights associated with the common stock.

The rights are not exercisable until the distribution date and will expire at the close of business on December 3, 2011 unless earlier redeemed or exchanged by us as described below. At no time will the rights have any voting power.

As soon as practicable after the distribution date, our rights agent will adjust the book-entry accounts of each holder of record of the common stock as of the close of business on the distribution date and, thereafter, the rights will be independently evidenced. Except as otherwise determined by the board of directors, only shares of common stock outstanding prior to the distribution date will be issued with rights.

In the event that a person becomes an acquiring person (unless such acquisition is made pursuant to a tender or exchange offer for all of our outstanding shares, at a price and on terms determined by a majority of the independent directors who are not representatives, nominees, affiliates or associates of an acquiring person, with advice from one or more investment banking firms, determined to be fair to and otherwise in the best interests of our company and our shareholders, which is referred to as a qualifying offer), each holder of a right will thereafter have the right to receive, upon exercise, Class A common stock (or, in certain circumstances, cash, property or other securities of our company), having a value equal to two times the exercise price of the right. The exercise price is the purchase price times the number of shares of Class A common stock associated with each right (initially, one). Notwithstanding this, following the occurrence of any of the events set forth in this paragraph, referred to as the flip-in events, all rights that are, or (under certain circumstances specified in the rights agreement) were, beneficially owned by any acquiring person will be null and void. However, rights are not exercisable following the occurrence of any of the flip-in events set forth above until such time as the rights are no longer redeemable by us as set forth below.

In the event that following the stock acquisition date, (i) we engage in a merger or business combination transaction in which we are not the surviving corporation, (ii) we engage in a merger or business combination transaction in which we are the surviving corporation and our common stock is changed or exchanged, or (iii) 50% or more of our assets or earning power is sold or transferred ((i), (ii) and (iii) are referred to as flip-over events), each holder of a right (except rights which have previously been voided as set described above) shall thereafter have the right to receive, upon exercise of the right, Class A common stock of the acquiring company having a value equal to two times the exercise price of the right. A flip-over event will not be deemed to have occurred if the transaction is

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consummated pursuant to a qualifying offer, the price offered in the transaction is not less than that paid in the tender or exchange offer and the type of consideration paid in the transaction is the same as in the tender or exchange offer.

The purchase price payable, and the number of units of preferred stock or other securities or property issuable upon exercise of the rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the preferred stock, (ii) if holders of the preferred stock are granted certain rights or warrants to subscribe for preferred stock or convertible securities at less than the current market price of the preferred stock, or (iii) upon the distribution to holders of the preferred stock of evidences of indebtedness or assets (excluding regular quarterly cash dividends) or of subscription rights or warrants (other than those referred to above).

With certain exceptions, no adjustments in the purchase price will be required until cumulative adjustments amount to at least 1% of the purchase price. No fractional units will be issued and, in lieu thereof, an adjustment in cash will be made based on the market price of the preferred stock on the last trading date prior to the date of exercise.

At any time until 10 days following the stock acquisition date, we may redeem the rights in whole, but not in part, at a price of \$.01 per right. Immediately upon the action of the board of directors ordering redemption of the rights, the rights will terminate and the only right of the holders of rights will be to receive the \$.01 redemption price.

Until a right is exercised, the holder thereof, as such, will have no rights as a shareholder of our company, including, without limitation, the right to vote or to receive dividends. While the distribution of the rights will not be taxable to shareholders or to us, shareholders may, depending upon the circumstances, recognize taxable income in the event that the rights become exercisable for Class A common stock (or other consideration) of our company as set forth above.

Any of the provisions of the rights agreement may be amended by our board of directors prior to the distribution date. After the distribution date, the provisions of the rights agreement may be amended by the board of directors in order to cure any ambiguity, to correct or supplement any defective or inconsistent provision, to make changes which do not adversely affect the interests of holders of rights (excluding the interest of any acquiring person), or to shorten or lengthen any time period under the rights agreement; provided, however, among other things, that no amendment to adjust the time period governing redemption may be made when as the rights are not redeemable.

The rights have certain anti-takeover effects. The rights will cause substantial dilution to a person or group that attempts to acquire our company in certain circumstances. Accordingly, the existence of the rights may deter certain acquirors from making takeover proposals or tender offers. However, the rights are not intended to prevent a takeover, but rather are designed to enhance the ability of the board of directors to negotiate with a potential acquiror on behalf of all of the shareholders.

#### **Delaware Takeover Statute**

We are subject to Section 203 of the Delaware General Corporation Law. Subject to exceptions set forth in that section, Section 203 prohibits a Delaware corporation from engaging in any business combination with any interested shareholder for a period of three years following the time that such shareholder became an interested shareholder, unless:

- prior to such time, the board of directors of the corporation approved either the business combination or the transaction that resulted in the shareholder becoming an interested shareholder;

- upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (x) by persons who are directors and also officers and (y) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of shareholders, and not by written consent, by the affirmative vote of at least 66<sup>2</sup>/3% of the outstanding voting stock that is not owned by the interested shareholder.

Section 203 defines a business combination to include generally:

- any merger or consolidation involving the corporation and the interested shareholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested shareholder;
- any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested shareholder except upon the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of such composition, upon a merger of a parent and a subsidiary, or upon an exchange offer by the corporation to purchase stock made on the same terms to all holders of said stock;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested shareholder; or
- the receipt by the interested shareholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested shareholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by such entity or person.

### Transfer Agent

The Transfer Agent and Registrar for our Class A common stock is Computershare Investor Services, LLC.

## SHARES ELIGIBLE FOR FUTURE SALE

Future sales of substantial amounts of our Class A common stock, including shares issued upon exercise of outstanding options, in the public market after this offering could adversely affect market prices prevailing from time to time and could impair our ability to raise capital through the sale of our equity securities.

Upon completion of this offering, we will have outstanding 31,817,662 shares of Class A common stock, consisting of 4,751,070 shares of Class A common stock, 6,981,344 shares of Class A-1 common stock, 6,944,087 shares of Class A-2 common stock, 6,751,869 shares of Class A-3 common stock and 6,389,292 shares of Class A-4 common stock. The amount of shares outstanding upon completion of this offering assumes no exercise of the underwriters' over-allotment option and no exercise of outstanding options. All of the shares sold in this offering will be freely tradable without restriction under the Securities Act unless purchased by one of our affiliates as that term is defined in Rule 144 under the Securities Act, which generally includes directors, officers or 10% shareholders.

Our currently issued and outstanding shares of Class A common stock are registered under the Securities Act but are subject to significant transfer restrictions. The transfer restriction periods will expire:

- 180 days after we close our IPO in the case of Class A-1 common stock;
- 360 days after we close our IPO in the case of Class A-2 common stock; and
- 540 days after we close our IPO in the case of Class A-3 and Class A-4 common stock.

These transfer restrictions do not restrict the sale of shares of each series of Class A common stock together with a share of Class B common stock. For a more detailed discussion of these transfer restrictions, see the section of this prospectus entitled "Description of Capital Stock."

We and our directors and officers have agreed not to offer or sell any shares of our Class A common stock, subject to exceptions, for a period of 180 days after the date of this prospectus, without the prior written consent of the representatives of the underwriters. For more information relating to these restrictions, please see the section of this prospectus entitled "Underwriters."

### Rule 144

In general, under Rule 144 as currently in effect, a person, or persons whose shares are aggregated, who has beneficially owned restricted shares for at least one year, including the holding period of any prior owner except an affiliate, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, which will equal approximately 318,176 shares immediately after this offering; or
- the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of a Form 144 with respect to the sale.

Sales under Rule 144 also are subject to manner of sale provisions and notice requirements and to the availability of current public information about us. Under Rule 144(k), a person who is not deemed to have been our affiliate at any time during the three months preceding a sale and who has beneficially owned the shares proposed to be sold for at least two years, including the holding period of any prior owner except an affiliate, is entitled to sell those shares without complying with the manner of sale, public information, volume limitation and notice provisions of Rule 144.

### Rule 701



Rule 701 permits resales of shares in reliance on Rule 144 but without compliance with specified restrictions of Rule 144. Any employee, officer or director of or consultant to the company who purchased his or her shares under a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell those shares in reliance on Rule 144 without having to comply with the holding period, public information, volume limitation or notice provisions of Rule 144.

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## MATERIAL U.S. FEDERAL TAX CONSEQUENCES TO NON-U.S. SHAREHOLDERS

The following is a general summary of some United States federal income and estate tax consequences expected to result under current law from the purchase, ownership and taxable disposition of shares of our Class A common stock by a Non-U.S. Shareholder, which for the purpose of this discussion is a person or entity who is not

- an individual who is a citizen or resident of the United States;
- a corporation or partnership created or organized under the laws of the United States or any state or political subdivision thereof;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust that (i) is subject to the primary supervision of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust, or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary does not address all of the United States federal income tax and estate tax considerations that may be relevant to a Non-U.S. Shareholder in light of its particular circumstances or to Non-U.S. Shareholders that may be subject to special treatment under United States federal income tax laws. Furthermore, this summary does not discuss any aspects of state, local or foreign taxation. This summary is based on current provisions of the Internal Revenue Code of 1986, as amended, Treasury regulations, judicial opinions, published positions of the Internal Revenue Service and other applicable authorities, all of which are subject to change, possibly with retroactive effect. Each prospective purchaser of our Class A common stock is advised to consult its tax adviser with respect to the tax consequences of acquiring, holding and disposing of our Class A common stock.

### Dividends

If we pay a dividend, any dividend paid to a Non-U.S. Shareholder of our Class A common stock generally will be subject to withholding of United States federal income tax at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty) unless the dividend is effectively connected with the conduct of a trade or business of the Non-U.S. Shareholder within the United States, in which case the dividend will be taxed at ordinary United States federal income tax rates. If the Non-U.S. Shareholder is a corporation, such effectively connected income may also be subject to an additional "branch profits tax."

### Sale or Disposition of Common Stock

A Non-U.S. Shareholder generally will not be subject to United States federal income tax on any gain realized upon the sale or other disposition of our Class A common stock unless (i) such gain is effectively connected with a United States trade or business of the Non-U.S. Shareholder, (ii) the Non-U.S. Shareholder is an individual who holds our Class A common stock as a capital asset and who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which such sale or disposition occurs and certain other conditions are met or (iii) the Non-U.S. Shareholder is subject to tax under the provisions of United States federal income tax law applicable to certain United States expatriates. In addition, if we are or have been a "United States real property holding corporation" for United States federal income tax purposes, a Non-U.S. Shareholder who is otherwise not subject to United States federal income tax on gain realized on a sale or other disposition of our Class A common stock would not be subject to such taxation, but only if our common stock continues to be "regularly traded on an established securities market" for United States federal income tax purposes and such Non-U.S. Shareholder does not own, directly or indirectly, at any time during the five-year period ending on the date

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of disposition or such shorter period the shares were held, more than 5% of the outstanding shares of our Class A common stock. We do not believe that we are or will become a United States real property holding corporation for United States federal income tax purposes.

### Backup Withholding and Information Reporting

Generally, dividends paid to Non-U.S. Shareholders that are subject to the 30% federal income tax withholding described above under "Dividends" are not subject to backup withholding. We must report annually to the Internal Revenue Service and to each Non-U.S. Shareholder the amount of dividends paid to such shareholder and the amount, if any, of tax withheld with respect to such dividends. This information may also be made available to the tax authorities in the Non-U.S. Shareholder's country of residence.

The payment of the proceeds of the sale or other taxable disposition of our Class A common stock to or through the United States office of a broker is subject to information reporting and backup withholding unless the Non-U.S. Shareholder properly certifies its non-United States status under penalties of perjury or otherwise establishes an exemption. Generally, a Non-U.S. Shareholder will provide such certification on Internal Revenue Service Form W-8BEN. Information reporting requirements, but not backup withholding, will also generally apply to payments of the proceeds of a sale of our Class A common stock by foreign offices of United States brokers or foreign brokers with certain types of relationships to the United States unless the Non-U.S. Shareholder establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from payments made to a shareholder may be refunded or credited against such shareholder's United States federal income tax liability, if any, provided that the required information is furnished to the Internal Revenue Service.

### Estate Tax

An individual Non-U.S. Shareholder who owns shares of our Class A common stock at the time of his death or who made certain lifetime transfers of an interest in our Class A common stock will be required to include the value of such Class A common stock in his gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

## UNDERWRITERS

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below for whom Morgan Stanley & Co. Incorporated, UBS Warburg LLC, Salomon Smith Barney Inc., J.P. Morgan Securities Inc. and William Blair & Company, L.L.C. are acting as representatives, have severally agreed to purchase and we and the selling shareholders have agreed to sell to them severally, the number of shares of our Class A common stock indicated below:

| Name                              | Number of Shares |
|-----------------------------------|------------------|
| Morgan Stanley & Co. Incorporated |                  |
| UBS Warburg LLC                   |                  |
| Salomon Smith Barney Inc.         |                  |
| J.P. Morgan Securities Inc.       |                  |
| William Blair & Company, L.L.C.   |                  |
|                                   |                  |
|                                   |                  |
|                                   |                  |
|                                   |                  |
|                                   |                  |
| Total                             | 4,751,070        |

The underwriters are offering the shares of Class A common stock subject to their acceptance of the shares from us and the selling shareholders and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of our Class A common stock offered by this prospectus are subject to the approval of legal matters by their counsel and to some other conditions. The underwriters are obligated to take and pay for all of the shares of our Class A common stock offered by this prospectus, if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the shares of Class A common stock directly to the public at the public offering price listed on the cover page of this prospectus and part to securities dealers at a price that represents a concession not in excess of \$ \_\_\_\_\_ a share under the public offering price. After the initial offering of the shares of our Class A common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of 712,660 additional shares of our Class A common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of our Class A common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to limited conditions, to purchase about the same percentage of the additional shares of our Class A common stock as the number listed opposite the underwriter's name in the preceding table bears to the total number of shares of our Class A common stock listed opposite the names of all underwriters in the preceding table. If the underwriters' option is exercised in full, the total price to the public would be \$ \_\_\_\_\_, the total underwriters' discounts and commissions would be \$ \_\_\_\_\_, the total proceeds to us would be \$ \_\_\_\_\_ and the total proceeds to the selling shareholders would be \$ \_\_\_\_\_.

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The following table shows the per share and total underwriting discounts and commissions to be paid by us and the selling shareholders assuming no exercise and full exercise of the over-allotment option.

| Underwriting discounts and commissions to be paid by | Per Share   |               | Total       |               |
|--|-------------|---------------|-------------|---------------|
|  | No Exercise | Full Exercise | No Exercise | Full Exercise |
| Us   | \$ _____    | \$ _____      | \$ _____    | \$ _____      |
| Selling shareholders                                 | \$ _____    | \$ _____      | \$ _____    | \$ _____      |

We and our directors and officers have agreed, subject to certain exceptions, that, without the prior written consent of the representatives, we and they will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, our Class A common stock or any security convertible into or exercisable or exchangeable for our Class A common stock or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Class A common stock,

whether any such transaction described above is to be settled by delivery of Class A common stock or such other securities, in cash or otherwise.

The restrictions described in the previous paragraph do not apply to:

- the sale of the shares of our Class A common stock to the underwriters;
- the issuance of options under our stock option plans;
- the issuance of shares in connection with any acquisitions, mergers or strategic investments that we enter into, subject to the requirement that parties receiving shares in such transactions agree to be bound by the same restrictions as those set forth in the previous paragraph for the remainder of the 180-day period; or
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the issuance by us of shares of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing.

We have applied to have our Class A common stock approved for listing on the New York Stock Exchange under the trading symbol "CME." In order to meet one of the requirements for listing our Class A common stock on the New York Stock Exchange, the underwriters have undertaken to sell a sufficient number of lots of 100 or more shares so that there are a minimum of 2,000 beneficial holders of such lots.

In order to facilitate the offering of our Class A common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our Class A common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position in our Class A common stock for their own account. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are convinced that there may be downward

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pressure on the price of our Class A common stock in the open market after pricing that could adversely affect investors who purchase in the offering. In addition, in order to cover any over-allotments or to stabilize the price of our Class A common stock, the underwriters may bid for, and purchase, shares of our Class A common stock in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing our Class A common stock in this offering, if the syndicate repurchases previously distributed shares of our Class A common stock to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of our Class A common stock above independent market levels. The underwriters are not required to engage in these activities and may end any of these activities at any time.

From time to time, some of the underwriters and their affiliates have provided, and may continue to provide, investment banking and general financing and banking services to us and our affiliates, including advice in connection with our demutualization and rights plan, for which they have in the past received, and may in the future receive, customary fees. Some of the underwriters or their affiliates also own memberships on our exchange and, as part of their exchange membership, own shares of our Class A and Class B common stock in amounts that do not exceed, individually, 5% of the outstanding shares of such common stock.

We, the selling shareholders and the underwriters, have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

#### **Directed Share Program**

At our request, the underwriters have reserved for sale, at the initial offering price, up to 300,000 shares of our Class A common stock for our directors, employees and shareholders. The number of shares of our Class A common stock available for sale to the general public will be reduced to the extent our directors, employees and shareholders purchase such reserved shares. Any reserved shares which are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus.

#### **Pricing of the Offering**

Prior to this offering, there has been no organized public market for our Class A common stock. The initial public offering price will be determined by negotiations between us and the representatives. Among the factors to be considered in determining the initial public offering price will be our future prospects and those of our industry in general, our sales, operating income and other financial and operating information in recent periods, and the price-earnings ratios, price-revenues ratios, market prices of securities and financial and operating information of companies engaged in activities similar to ours. The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors.

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### **LEGAL MATTERS**

The validity of the shares of our Class A common stock offered by this prospectus will be passed upon for Chicago Mercantile Exchange Holdings Inc. by Skadden, Arps, Slate, Meagher & Flom (Illinois), Chicago, Illinois, and for the underwriters by Cleary, Gottlieb, Steen & Hamilton, New York, New York.

### **EXPERTS**

The consolidated financial statements of CME Holdings and its subsidiaries at December 31, 2001 and 2000, and for each of the three years in the period ended December 31, 2001, appearing in this prospectus and registration statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

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### **WHERE YOU CAN FIND ADDITIONAL INFORMATION**

We have filed with the SEC a registration statement on Form S-1 under the Securities Act for the shares of our Class A common stock being offered by this prospectus. This prospectus, which is part of the registration statement, does not contain all of the information included in the registration statement and the exhibits. For further information about us and the Class A common stock offered by this prospectus, you should refer to the registration statement and its exhibits to read that information. References in this prospectus to any of our contracts or other documents are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. Prior to our reorganization, CME filed reports and other information with the SEC. You may read and copy the registration statement, the related exhibits, reports and other information that we and CME have filed or will file with the SEC at the SEC's public reference room located at 450 Fifth Street, N.W., Washington, D.C. 20549. You can also request copies of those documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. The SEC also maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file with the SEC. That site is [www.sec.gov](http://www.sec.gov). You may also request a copy of these filings, at no cost, by writing or telephoning us as follows: Shareholder Relations and Membership Services, Chicago Mercantile Exchange Holdings Inc., 30 South Wacker Drive, Chicago, Illinois 60606, Attention: Shareholder

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**REPORT OF INDEPENDENT AUDITORS**

**TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF  
CHICAGO MERCANTILE EXCHANGE HOLDINGS INC.:**

We have audited the accompanying consolidated balance sheets of Chicago Mercantile Exchange Holdings Inc. (a Delaware corporation) and subsidiaries (the Company), as of December 31, 2001 and 2000, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. Our audits also included the financial statement schedules listed in the index at Item 16(b). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Chicago Mercantile Exchange Holdings Inc. and subsidiaries at December 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

Chicago, Illinois  
August 30, 2002

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

|  | At December 31,     |                   |
|--|---------------------|-------------------|
|  | 2001                | 2000              |
| <b>ASSETS</b>  |                     |                   |
| <b>Current Assets:</b>                                     |                     |                   |
| Cash and cash equivalents                                  | \$ 69,101           | \$ 30,655         |
| Proceeds from securities lending activities                | 882,555             | —                 |
| Marketable securities                                      | 91,570              | 44,326            |
| Accounts receivable, net of allowance of \$962 and \$1,700 | 40,986              | 28,526            |
| Other current assets                                       | 6,671               | 7,877             |
| Cash performance bonds and security deposits               | 855,227             | 156,048           |
| <b>Total current assets</b>                                | <b>1,946,110</b>    | <b>267,432</b>    |
| Property, net of accumulated depreciation and amortization | 100,991             | 102,626           |
| Other assets   | 21,780              | 11,386            |
| <b>TOTAL ASSETS</b>  | <b>\$ 2,068,881</b> | <b>\$ 381,444</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                |                     |                   |
| <b>Current Liabilities:</b>                                |                     |                   |

|   |                     |                   |
|---|---------------------|-------------------|
| Accounts payable  | \$ 23,834           | \$ 11,897         |
| Payable under securities lending agreements   | 882,555             | —                 |
| Other current liabilities   | 40,229              | 30,349            |
| Cash performance bonds and security deposits  | 855,227             | 156,048           |
| <b>Total current liabilities</b>  | <b>1,801,845</b>    | <b>198,294</b>    |
| Long-term debt  | 6,650               | 6,063             |
| Other liabilities   | 10,017              | 13,416            |
| <b>Total liabilities</b>  | <b>1,818,512</b>    | <b>217,773</b>    |
| <b>Shareholders' Equity:</b>  |                     |                   |
| Preferred stock, \$0.01 par value, 9,860,000 shares authorized, none issued and outstanding                             | —                   | —                 |
| Series A junior participating preferred stock, \$0.01 par value, 140,000 shares authorized, none issued and outstanding | —                   | —                 |
| Class A common stock, \$0.01 par value, 138,000,000 shares authorized, 28,771,562 shares issued and outstanding         | 288                 | 288               |
| Class B common stock, \$0.01 par value, 3,138 shares authorized, issued and outstanding                                 | —                   | —                 |
| Additional paid-in capital  | 63,451              | 43,882            |
| Unearned restricted stock compensation  | (1,461)             | —                 |
| Retained earnings   | 187,814             | 119,512           |
| Accumulated net unrealized gains (losses) on securities   | 277                 | (11)              |
| <b>Total shareholders' equity</b>   | <b>250,369</b>      | <b>163,671</b>    |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>   | <b>\$ 2,068,881</b> | <b>\$ 381,444</b> |

See accompanying notes to audited consolidated financial statements.

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

|   | Year Ended December 31, |                   |                 |
|---|-------------------------|-------------------|-----------------|
|   | 2001                    | 2000              | 1999            |
| <b>REVENUES</b>   |                         |                   |                 |
| Clearing and transaction fees   | \$ 292,459              | \$ 156,649        | \$ 140,305      |
| Quotation data fees   | 48,250                  | 36,285            | 43,005          |
| GLOBEX access fees  | 11,987                  | 3,971             | 1,899           |
| Communication fees  | 9,330                   | 9,391             | 8,165           |
| Investment income   | 8,956                   | 9,736             | 9,091           |
| Securities lending interest income                                      | 10,744                  | —                 | —               |
| Other   | 14,904                  | 10,520            | 8,137           |
| <b>TOTAL REVENUES</b>   | <b>396,630</b>          | <b>226,552</b>    | <b>210,602</b>  |
| Securities lending interest expense                                     | (9,477)                 | —                 | —               |
| <b>NET REVENUES</b>   | <b>387,153</b>          | <b>226,552</b>    | <b>210,602</b>  |
| <b>EXPENSES</b>   |                         |                   |                 |
| Salaries and benefits   | 105,227                 | 94,067            | 80,957          |
| Stock-based compensation  | 17,639                  | 1,032             | —               |
| Occupancy   | 20,420                  | 19,629            | 17,773          |
| Professional fees, outside services and licenses                        | 27,289                  | 23,131            | 28,319          |
| Communications and computer and software maintenance                    | 43,598                  | 41,920            | 28,443          |
| Depreciation and amortization   | 37,639                  | 33,489            | 25,274          |
| Public relations and promotion  | 6,326                   | 5,219             | 7,702           |
| Other   | 14,650                  | 16,148            | 15,490          |
| <b>TOTAL EXPENSES</b>   | <b>272,788</b>          | <b>234,635</b>    | <b>203,958</b>  |
| Income (loss) before limited partners' interest in PMT and income taxes | 114,365                 | (8,083)           | 6,644           |
| Limited partners' interest in earnings of PMT                           | —                       | (1,165)           | (2,126)         |
| Income tax (provision) benefit  | (46,063)                | 3,339             | (1,855)         |
| <b>NET INCOME (LOSS)</b>  | <b>\$ 68,302</b>        | <b>\$ (5,909)</b> | <b>\$ 2,663</b> |
| <b>EARNINGS (LOSS) PER COMMON SHARE:</b>                                |                         |                   |                 |
| Basic   | \$ 2.37                 | \$ (0.21)         | \$ 0.09         |
| Diluted   | \$ 2.33                 | —                 | \$ 0.09         |
| <b>Weighted average number of common shares outstanding:</b>            |                         |                   |                 |
| Basic   | 28,774,700              | 28,774,700        | 28,774,700      |
| Diluted   | 29,330,320              | —                 | 28,774,700      |

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

|  | Class A<br>Common<br>Stock | Class B<br>Common<br>Stock | Common<br>Stock and<br>Additional<br>Paid-In<br>Capital | Unearned<br>Restricted<br>Stock<br>Compensation | Retained<br>Earnings | Accumulated<br>Net<br>Unrealized<br>Securities<br>Gains<br>(Losses) |
|--|----------------------------|----------------------------|---|---|----------------------|---|
|  | Shares                     | Shares                     | Amount  |   |                      |   |
| BALANCE, DECEMBER 31, 1998   | —                          | —                          | \$ 43,605   | \$ —  | \$ 122,758           | \$ 534  |
| Comprehensive income:  |                            |                            |   |   |                      |   |
| Net income   |                            |                            |   |   | 2,663                |   |
| Change in net unrealized loss on securities, net of tax benefit of \$597 |                            |                            |   |   |                      | (897)   |
| Total comprehensive income   |                            |                            |   |   |                      |   |
| BALANCE, DECEMBER 31, 1999   | —                          | —                          | \$ 43,605   | \$ —  | \$ 125,421           | \$ (363)  |
| Comprehensive income:  |                            |                            |   |   |                      |   |
| Net loss   |                            |                            |   |   | (5,909)              |   |
| Change in net unrealized gain on securities, net of tax of \$234         |                            |                            |   |   |                      | 352   |
| Total comprehensive income   |                            |                            |   |   |                      |   |
| Stock-based compensation   |                            |                            | 565   |   |                      |   |
| Issuance of Class A common stock   | 28,771,562                 |                            |   |   |                      |   |
| Issuance of Class B common stock   |                            | 3,138                      |   |   |                      |   |
| BALANCE, DECEMBER 31, 2000   | 28,771,562                 | 3,138                      | \$ 44,170   | \$ —  | \$ 119,512           | \$ (11)   |
| Comprehensive income:  |                            |                            |   |   |                      |   |
| Net income   |                            |                            |   |   | 68,302               |   |
| Change in net unrealized gain on securities, net of tax of \$192         |                            |                            |   |   |                      | 288   |
| Total comprehensive income   |                            |                            |   |   |                      |   |
| Stock-based compensation   |                            |                            | 17,134  |   |                      |   |
| Grant of 117,000 shares of restricted Class A common stock               |                            |                            | 2,435   | (2,435)   |                      |   |
| Amortization of unearned restricted Class A common stock                 |                            |                            |   | 974   |                      |   |
| BALANCE, DECEMBER 31, 2001   | 28,771,562                 | 3,138                      | \$ 63,739   | \$ (1,461)                                      | \$ 187,814           | \$ 277  |

See accompanying notes to audited consolidated financial statements.

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

|  | Year Ended December 31, |            |          |
|--|-------------------------|------------|----------|
|  | 2001                    | 2000       | 1999     |
| CASH FLOWS FROM OPERATING ACTIVITIES:  |                         |            |          |
| Net income (loss)  | \$ 68,302               | \$ (5,909) | \$ 2,663 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                         |            |          |
| Loss on investment in joint venture  | 281                     | —          | —        |
| Limited partners' interest in earnings of PMT  | —                       | 1,165      | 2,126    |
| Deferred income tax provision (benefit)  | (8,878)                 | 811        | 5,087    |
| Stock-based compensation   | 17,639                  | 1,032      | —        |
| Depreciation and amortization  | 37,639                  | 33,489     | 25,274   |
| Loss (gain) on sale of marketable securities   | (226)                   | 14         | (135)    |
| Loss on disposal of fixed assets   | —                       | —          | 7        |
| Write-off of internally developed software   | 262                     | 2,739      | —        |
| Increase (decrease) in allowance for doubtful accounts                                   | (738)                   | 1,350      | 215      |
| Decrease (increase) in accounts receivable   | (11,722)                | (8,307)    | 3,468    |
| Decrease (increase) in other current assets  | 1,206                   | 1,416      | (3,227)  |
| Decrease (increase) in other assets  | (415)                   | 859        | (1,563)  |
| Increase (decrease) in accounts payable  | 11,937                  | (3,821)    | (3,983)  |

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| Increase (decrease) in other current liabilities            | 8,213            | 7,120            | (931)            |
| Increase (decrease) in other liabilities                    | (2,931)          | 1,011            | 2,160            |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>            | <b>120,569</b>   | <b>32,969</b>    | <b>31,161</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                |                  |                  |                  |
| Purchases of property, net                                  | (30,367)         | (25,171)         | (55,295)         |
| Capital contributions to joint venture                      | (1,316)          | —                | —                |
| Purchases of marketable securities                          | (94,008)         | (43,116)         | (41,938)         |
| Proceeds from sales and maturities of marketable securities | 47,470           | 59,518           | 68,144           |
| Purchase of limited partners' interest in PMT               | —                | (4,183)          | —                |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                | <b>(78,221)</b>  | <b>(12,952)</b>  | <b>(29,089)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                |                  |                  |                  |
| Payments on long-term debt                                  | (3,902)          | (3,611)          | (2,664)          |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                | <b>(3,902)</b>   | <b>(3,611)</b>   | <b>(2,664)</b>   |
| Net increase (decrease) in cash and cash equivalents        | 38,446           | 16,406           | (592)            |
| Cash and cash equivalents, beginning of year                | 30,655           | 14,249           | 14,841           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>               | <b>\$ 69,101</b> | <b>\$ 30,655</b> | <b>\$ 14,249</b> |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>    |                  |                  |                  |
| Interest paid   | \$ 627           | \$ 892           | \$ 705           |
| Income taxes paid (refunded)                                | 49,062           | (5,471)          | (265)            |
| Capital leases—asset additions and related obligations      | 6,156            | 1,907            | 7,940            |

See accompanying notes to audited consolidated financial statements.

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## CHICAGO MERCANTILE EXCHANGE HOLDINGS INC. AND SUBSIDIARIES

### NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Basis of Presentation and Description of Business

Chicago Mercantile Exchange Holdings Inc. (CME Holdings) is a Delaware stock corporation organized in August 2001 to be the holding company for Chicago Mercantile Exchange Inc. and its subsidiaries (CME or the exchange). CME became a wholly owned subsidiary of CME Holdings through a merger of a subsidiary of CME Holdings with and into CME that was completed on December 3, 2001. At that time, existing shareholders received stock in CME Holdings for stock in CME (note 14). The consolidated financial statements include Chicago Mercantile Exchange Inc. and its controlled subsidiaries, which include P-M-T Limited Partnership (PMT) and GFX Corporation (GFX) as well as the holding company, CME Holdings (collectively, the company). All intercompany transactions have been eliminated in consolidation.

The merger of CME into CME Holdings was accounted for as a pooling of interests because of the common owners before and after the transaction. These financial statements have been prepared as if the current holding company structure had been in place for all periods presented. CME Holdings has no assets or liabilities, other than its investment in CME.

CME is a designated contract market for the trading of futures and options on futures contracts. Trades are executed through open outcry, an electronic trading platform and privately negotiated transactions. Through its in-house Clearing House Division, CME clears, settles, nets and guarantees performance of all matched transactions in its products.

CME resulted from the completion of a demutualization process whereby Chicago Mercantile Exchange, an Illinois not-for-profit membership organization, became a Delaware for-profit stock corporation. The transaction resulted in the conversion of membership interests in the Illinois corporation into stock ownership in the Delaware corporation and was completed on November 13, 2000. When the membership of the exchange approved the demutualization process, the holders of the units of PMT also approved the cash purchase of the assets and business of PMT by the exchange (note 16).

In the ordinary course of business, a significant portion of accounts receivable and revenues are from the shareholders of CME Holdings.

#### 2. Summary of Significant Accounting Policies

*Cash and Cash Equivalents.* Cash equivalents consist of highly liquid investments with maturities of three months or less when purchased.

*Marketable Securities.* Marketable securities generally have been classified as available for sale and are carried at fair value based on quoted market prices, with net unrealized gains and losses reported net of tax as a component of shareholders' equity. Interest on marketable securities is recognized as income when earned and includes accreted discount less amortized premium. Realized gains and losses are calculated using specific identification.

Additional securities held in connection with non-qualified deferred compensation plans have been classified as trading securities. These securities are included in other assets in the accompanying consolidated balance sheets at fair value, and net unrealized gains and losses are reflected in investment income.

*Fair Value of Financial Instruments.* Statement of Financial Accounting Standards (SFAS) No. 107, "Disclosures about Fair Value of Financial Instruments," requires disclosure of the fair value of financial instruments. The carrying values of financial instruments included in assets and liabilities in the accompanying consolidated balance sheets are reasonable estimates of their fair values.

*Performance Bonds and Security Deposits.* Performance bonds and security deposits held by the exchange for clearing firms may be in the form of cash or securities. Cash performance bonds and security deposits are reflected in the accompanying consolidated balance sheets. Cash received may be invested, and any interest received accrues to the exchange. These investments are overnight transactions in U.S. Government securities acquired through and held by a broker-dealer of a subsidiary of a bank.

Securities deposited by clearing firms consist primarily of short-term U.S. Treasury securities and are not reflected in the accompanying consolidated balance sheets. These securities are held in safekeeping, although a portion of the clearing firms' proprietary performance bond deposits may be utilized in securities lending transactions. Interest and gain or loss on securities deposited to satisfy performance bond and security deposit requirements accrues to the clearing firm.

*Property.* Property is stated at cost less accumulated depreciation and amortization. Depreciation on furniture, fixtures and equipment is provided on the straight-line method over the estimated useful lives of the assets, generally three to seven years. In 2000, the company reduced the depreciable lives of newly purchased equipment from five years to four years. Leasehold improvements are amortized over the lesser of their estimated useful lives or the remaining term of the applicable leases. Maintenance and repair items as well as certain minor purchases are charged to expense as incurred. Renewals and betterments are capitalized.

*Software.* The company adopted the American Institute of Certified Public Accountants Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" (SOP 98-1) on January 1, 1999, and accordingly, began capitalizing certain costs of developing internal use software that otherwise would have been expensed under its previous accounting policy. Capitalized costs generally are amortized over three years, commencing with the completion of the project. In 2000, the depreciable life for newly purchased software was reduced from five years to four years.

*Impairment of Assets.* The company reviews its long-lived assets and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

*Revenue Recognition.* The Securities and Exchange Commission has issued Staff Accounting Bulletin No. 101 on revenue recognition. The company's revenue recognition policies comply with the requirements of that Bulletin.

*Clearing and Transaction Fees.* Clearing and transaction fees include per contract charges for trade execution, clearing and GLOBEX fees. Fees are charged at various rates based on the product traded, the method of trade and the exchange trading privileges of the customer making the trade. Clearing and transaction fees are recognized as revenue when a buy and sell order are matched and the trade is cleared. Therefore, cancelled buy and sell orders have no impact on revenue recognition. On occasion, the customer's exchange trading privileges may not be properly entered by the clearing firm and incorrect fees are charged for the transactions in the affected accounts. When this information is corrected within the time period allowed by the exchange, a fee adjustment is provided to the clearing firm. An accrual is established for estimated fee adjustments to reflect corrections to customer exchange trading privileges. The accrual is based on the historical pattern of adjustments processed. CME believes the allowances are adequate to cover potential adjustments. Exposure to losses on receivables for clearing and transaction fees is principally dependent on each clearing firm's financial condition as Class B shares collateralize fees owed to the exchange. The exchange retains the right to liquidate a Class B share to satisfy its receivable.

*Quotation Data Fees.* Quotation data fees represent revenue received for the dissemination of market information. Revenues are accrued each month based on the number of subscribers reported by vendors. CME conducts periodic audits of the information provided. An allowance is established to cover uncollectible receivables from the market data vendors.

*GLOBEX Access Fees.* GLOBEX access fees represent fees for connections to the electronic trading platform and include line charges, license fees for GLOBEX software and hardware rental charges. The fees vary depending on the type of connection provided. An additional installation fee may be charged depending on the type of service requested and a disconnection fee may also be charged if certain conditions are met. Revenue is recognized monthly as the service is provided. An allowance is established to cover uncollectible receivables relating to GLOBEX access fees.

*Communication Fees.* Communication fees consist of equipment rental and usage charges to members and firms that utilize the various telecommunications networks and services in the Chicago facility. Revenue is billed and recognized on a monthly basis.

*Stock-Based Compensation.* As permitted by SFAS No. 123, "Accounting for Stock Based Compensation," the company accounts for its stock-based compensation using the intrinsic value method in accordance with Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. As required, pro forma disclosure of net income (loss) under SFAS No. 123 is presented. The company has elected to recognize expense relating to stock-based compensation on an accelerated basis. As a result, the expense associated with each vesting date within a stock grant is recognized over the period of time that each portion of the grant vests.

*Marketing Costs.* Marketing costs are incurred for production and communication of advertising as well as other marketing activities. These costs are expensed when incurred.

*Income Taxes.* Deferred income taxes are determined in accordance with SFAS No. 109, "Accounting for Income Taxes," and arise from temporary differences between amounts reported for income tax and financial statement purposes. A valuation allowance is recognized if it is anticipated that some or all of a deferred tax asset may not be realized.

*Use of Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the financial statements, as well as the amounts of revenues and expenses reported during the period, and to disclose contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates.

*Reclassifications.* Certain reclassifications have been made to the consolidated financial statements to provide consistent presentation for all periods presented.

### 3. Securities Lending

Securities lending transactions utilize a portion of the securities that clearing firms have deposited to satisfy their proprietary performance bond requirements. Under this securities lending program, CME lends a security to a third party and receives collateral in the form of cash. The majority of the cash is then invested on an overnight basis to generate interest income. The related interest expense represents payment to the borrower of the security for the cash collateral retained during the duration of the lending transaction. Securities on loan are marked to market daily and compared to collateral received. At December 31, 2001, the fair value of securities on loan was \$882.6 million. The average daily amount of securities on loan from commencement of the program on June 18, 2001 to December 31, 2001 was \$632.6 million.

The securities lending activity utilized some of the securities deposited by one clearing firm, which is a subsidiary of the bank used for executing this securities lending program. Proceeds from securities lending at December 31, 2001 were invested in a money market mutual fund administered by a subsidiary of this same bank or held in the



form of cash.

#### 4. Marketable Securities

Marketable securities included in current assets have been classified as available for sale. The amortized cost and fair value of these securities at December 31, 2001 and 2000, were as follows:

|                        | 2001             |                  | 2000             |                  |
|------------------------|------------------|------------------|------------------|------------------|
|                        | Amortized Cost   | Fair Value       | Amortized Cost   | Fair Value       |
|                        | (in thousands)   |                  |                  |                  |
| U.S. Treasury          | \$ —             | \$ —             | \$ 109           | \$ 109           |
| U.S. Government agency | 26,507           | 26,818           | 13,284           | 13,286           |
| State and municipal    | 57,231           | 57,390           | 30,952           | 30,931           |
| Corporate debt         | 7,371            | 7,362            | —                | —                |
| <b>TOTAL</b>           | <b>\$ 91,109</b> | <b>\$ 91,570</b> | <b>\$ 44,345</b> | <b>\$ 44,326</b> |

Net unrealized gains (losses) on marketable securities classified as available for sale are reported as a component of comprehensive income and included in the accompanying consolidated statements of shareholders' equity. The amortized cost and fair value of these marketable securities at December 31, 2001, by contractual maturity, were as follows:

|                                     | Amortized Cost   | Fair Value       |
|-------------------------------------|------------------|------------------|
|                                     | (in thousands)   |                  |
| Maturity of one year or less        | \$ 7,414         | \$ 7,432         |
| Maturity between one and five years | 75,822           | 76,265           |
| Maturity greater than five years    | 7,873            | 7,873            |
| <b>TOTAL</b>                        | <b>\$ 91,109</b> | <b>\$ 91,570</b> |

#### 5. Other Current Assets

Other current assets consisted of the following at December 31:

|                             | 2001            | 2000            |
|-----------------------------|-----------------|-----------------|
|                             | (in thousands)  |                 |
| Refundable income taxes     | \$ 1,215        | \$ 4,568        |
| Prepaid expenses            | 3,226           | 1,806           |
| Accrued interest receivable | 1,637           | 1,503           |
| Other                       | 593             | —               |
| <b>TOTAL</b>                | <b>\$ 6,671</b> | <b>\$ 7,877</b> |

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#### 6. Performance Bonds and Security Deposits

The exchange is a designated contract market for futures and options on futures, and clears and guarantees the settlement of all contracts traded in its markets. In its guarantor role, the exchange has precisely equal and offsetting claims to and from clearing firms on opposite sides of each contract. CME bears counterparty credit risk in the event that future market movements create conditions that could lead to clearing firms failing to meet their obligations to the exchange. CME reduces its exposure through a risk management program that includes rigorous initial and ongoing financial standards for designation as a clearing firm, initial and maintenance performance bond requirements and mandatory security deposits. Each clearing firm is required to deposit and maintain specified margin in the form of cash, U.S. Government securities, bank letters of credit or other approved investments. All obligations and non-cash margin deposits are marked to market on a daily basis, and haircuts are applied for margin and risk management purposes. Cash performance bonds and security deposits are included in the consolidated balance sheets and may fluctuate due to the investment choices available to clearing firms and the change in the amount of deposits required. As a result, these assets may vary significantly over time.

The exchange maintains a line of credit with a consortium of banks to provide liquidity and capacity to pay settlement variation to all clearing firms, even if a clearing firm may have failed to meet its financial obligations to CME, or in the event of a temporary disruption with the domestic payments system that would delay payment of settlement variation between the exchange and its clearing firms. Prior to October 19, 2001, the line of credit was in the amount of \$350.0 million and was unsecured. On October 19, 2001, the time of the annual renewal, the facility was increased to \$500.0 million and it became a secured line of credit (note 17).

Clearing firms, at their option, may instruct CME to invest cash on deposit for performance bond purposes in a portfolio of securities that is part of the Interest Earning Facility (IEF) program. The first IEF was organized in 1997 as two limited liability companies. Interest earned, net of expenses, is passed on to participating clearing firms. The principal of the first IEF totaled \$739.5 million at December 31, 2001 and is guaranteed by the exchange. The investment portfolio of these facilities is managed by two of the exchange's approved settlement banks, and eligible investments include U.S. Treasury bills and notes, U.S. Treasury strips and reverse repurchase agreements. The maximum average portfolio maturity is 90 days, and the maximum maturity for an individual security is 13 months. Management believes that the market risk exposure relating to its guarantee is not material to the consolidated financial statements taken as a whole. In 2001, IEF2 was organized. IEF2 offers clearing firms the opportunity to invest cash performance bonds in shares of CME-approved money market mutual funds. Dividends earned on these shares, net of fees, are solely for the account of the clearing firm on whose behalf the shares were purchased. The principal of IEF2 funds is not guaranteed by the exchange. The total principal in all IEF programs was approximately \$8.3 billion and \$1.8 billion at December 31, 2001 and 2000, respectively. The exchange earned fees under the IEF program in the amount of \$3,289,000, \$946,000 and \$932,000 during 2001, 2000 and 1999, respectively. These fees are included as other revenue.

Under an agreement between CME and the Board of Trade Clearing Corporation (BOTCC), firms that are clearing members of both CME and BOTCC may place required performance bonds in one common bank account and designate the portion allocable to each clearing organization. CME and Options Clearing Corporation (OCC) have a cross-margin arrangement, whereby a common clearing firm may maintain a cross-margin account in which the clearing firm's positions in certain CME futures and options on futures are combined with certain positions cleared by OCC for purposes of calculating performance bond requirements. The performance bond deposits are held jointly by CME and OCC. In addition, a cross-margin agreement with the London Clearing House (LCH) became effective in March 2000, whereby offsetting positions with CME and LCH are subject to reduced margin requirements.

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Each clearing firm also is required to deposit and maintain specified security deposits in the form of cash or approved securities. In the event that performance bonds and security deposits of a defaulting clearing firm are inadequate to fulfill that clearing firm's outstanding financial obligation, the entire security deposit fund is available to cover potential losses after first utilizing operating funds of the exchange in excess of amounts needed for normal operations (surplus funds). Clearing firm security deposits received in the form of U.S. Treasury or agency securities, or in money market funds purchased through IEF2, are used to collateralize the secured line of credit.

The exchange is required under the Commodity Exchange Act to segregate cash and securities deposited by clearing firms on behalf of their customers. In addition, exchange rules require a segregation of all funds deposited by clearing firms from exchange operating funds.

Cash and securities held as performance bonds and security deposits at December 31 were as follows:

|  | 2001              |                          | 2000              |                          |
|--|-------------------|--------------------------|-------------------|--------------------------|
|  | Cash              | Securities and IEF Funds | Cash              | Securities and IEF Funds |
|  | (in thousands)    |                          |                   |                          |
| Performance bonds                              | \$ 848,391        | \$ 27,208,994            | \$ 150,051        | \$ 25,271,341            |
| Security deposits                              | 6,836             | 694,323                  | 5,997             | 398,786                  |
| Cross-margin securities, held jointly with OCC | —                 | 422,996                  | —                 | 1,012,515                |
| <b>TOTAL</b>                                   | <b>\$ 855,227</b> | <b>\$ 28,326,313</b>     | <b>\$ 156,048</b> | <b>\$ 26,682,642</b>     |

With the exception of amounts jointly held with OCC under cross-margin agreements, these performance bonds are available to meet only the financial obligations of that clearing firm to the exchange.

In addition to cash and securities, irrevocable letters of credit may be used as performance bond deposits. At December 31, these letters of credit, which are not included in the accompanying consolidated balance sheets, were as follows:

|                                | 2001                | 2000                |
|--------------------------------|---------------------|---------------------|
|                                | (in thousands)      |                     |
| Performance bonds              | \$ 908,250          | \$ 1,335,000        |
| Cross-margin accounts          | 144,000             | 151,700             |
| <b>TOTAL LETTERS OF CREDIT</b> | <b>\$ 1,052,250</b> | <b>\$ 1,486,700</b> |

7. Property

A summary of the property accounts as of December 31 is presented below:

|  | 2001              | 2000              |
|--|-------------------|-------------------|
|  | (in thousands)    |                   |
| Furniture, fixtures and equipment              | \$ 157,997        | \$ 148,846        |
| Leasehold improvements                         | 90,174            | 88,530            |
| Software and software development costs        | 49,691            | 35,888            |
| Total property                                 | 297,862           | 273,264           |
| Less accumulated depreciation and amortization | (196,871)         | (170,638)         |
| <b>PROPERTY, net</b>                           | <b>\$ 100,991</b> | <b>\$ 102,626</b> |

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Included in property are assets that were acquired through capital leases in the amount of \$22.1 million and \$16.0 million (net of accumulated amortization of \$8.9 million and \$4.9 million) at December 31, 2001 and 2000, respectively. Depreciation for these assets is included in depreciation and amortization expense.

8. Other Assets

Other assets consisted of the following at December 31:

|                              | 2001           | 2000     |
|------------------------------|----------------|----------|
|                              | (in thousands) |          |
| Deferred compensation assets | \$ 6,574       | \$ 5,910 |

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Net deferred tax asset        | 13,509           | 4,823            |
| Investment in OneChicago, LLC | 1,035            | —                |
| Other                         | 662              | 653              |
| <b>TOTAL</b>                  | <b>\$ 21,780</b> | <b>\$ 11,386</b> |

On August 28, 2001, CME entered into a joint venture, OneChicago, LLC, with the Chicago Board Options Exchange and the Chicago Board of Trade (CBOT) to trade single stock futures and futures on narrow-based stock indexes. As of December 31, 2001, CME owns a 42% interest in the joint venture, and the investment is reflected in the consolidated financial statements using the equity method of accounting. The investment balance at December 31, 2001 represents CME's initial capital contribution of \$1.3 million reduced by its proportionate share of the joint venture's net loss for the period from August 28, 2001 to December 31, 2001. The net loss is included in other revenue. The maximum total capital contributions CME is obligated to fund by the operating agreement, without dilution of its ownership interest, are approximately \$4.4 million and may be requested periodically at the discretion of the joint venture.

Deferred compensation assets consist primarily of trading securities held in connection with a non-qualified deferred compensation plan. The net unrealized gains (losses) relating to the non-qualified deferred compensation plans' trading securities are included in investment income and totaled \$(304,000), \$(723,000) and \$469,000 for the years ended December 31, 2001, 2000 and 1999, respectively.

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## 9. Income Taxes

The provision (benefit) for income taxes is composed of the following:

|   | 2001             | 2000              | 1999            |
|---|------------------|-------------------|-----------------|
|   | (in thousands)   |                   |                 |
| <b>Current:</b>                                   |                  |                   |                 |
| Federal   | \$ 45,031        | \$ (3,544)        | \$ (2,721)      |
| State   | 9,910            | (606)             | (511)           |
| <b>Total</b>                                      | <b>54,941</b>    | <b>(4,150)</b>    | <b>(3,232)</b>  |
| <b>Deferred:</b>                                  |                  |                   |                 |
| Federal   | (7,316)          | 784               | 4,166           |
| State   | (1,562)          | 27                | 921             |
| <b>Total</b>                                      | <b>(8,878)</b>   | <b>811</b>        | <b>5,087</b>    |
| <b>TOTAL PROVISION (BENEFIT) FOR INCOME TAXES</b> | <b>\$ 46,063</b> | <b>\$ (3,339)</b> | <b>\$ 1,855</b> |

Reconciliation of the statutory U.S. federal income tax rate to the effective tax rate is as follows:

|   | 2001         | 2000           | 1999         |
|---|--------------|----------------|--------------|
| Statutory U.S. federal tax rate               | 35.0%        | (35.0)%        | 35.0%        |
| State taxes, net of federal benefit           | 4.7          | (3.8)          | 5.9          |
| Tax-exempt interest income                    | (0.6)        | (5.3)          | (15.0)       |
| Nondeductible expenses                        | 0.7          | 12.1           | 21.1         |
| Other, net                                    | 0.5          | (4.1)          | (5.9)        |
| <b>EFFECTIVE TAX RATE—PROVISION (BENEFIT)</b> | <b>40.3%</b> | <b>(36.1)%</b> | <b>41.1%</b> |

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

|                                     | 2001           | 2000          |
|-------------------------------------|----------------|---------------|
|                                     | (in thousands) |               |
| <b>Deferred Tax Assets:</b>         |                |               |
| Depreciation and amortization       | \$ 7,730       | \$ 5,724      |
| Deferred compensation               | 2,678          | 2,331         |
| Accrued expenses                    | 1,755          | 3,622         |
| Stock-based compensation            | 7,407          | 410           |
| Other                               | 218            | —             |
| Net unrealized losses on securities | —              | 7             |
| <b>Subtotal</b>                     | <b>19,788</b>  | <b>12,094</b> |
| Valuation allowance                 | —              | —             |
| <b>Deferred Tax Assets</b>          | <b>19,788</b>  | <b>12,094</b> |
| <b>Deferred Tax Liabilities:</b>    |                |               |
| Software development costs          | (5,664)        | (6,593)       |
| Net unrealized gains on securities  | (184)          | —             |
| Other                               | (431)          | (678)         |

|                          |           |          |
|--------------------------|-----------|----------|
| Deferred Tax Liabilities | (6,279)   | (7,271)  |
| NET DEFERRED TAX ASSET   | \$ 13,509 | \$ 4,823 |

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## 10. Other Current Liabilities

Other current liabilities consisted of the following at December 31:

|  | 2001             | 2000             |
|--|------------------|------------------|
|  | (in thousands)   |                  |
| Accrued salaries and benefits          | \$ 23,331        | \$ 16,550        |
| Accrued fee adjustments                | 2,241            | 5,215            |
| Current portion of long-term debt      | 5,294            | 3,627            |
| Accrued operating expenses             | 4,413            | 2,526            |
| Accrued federal and state income taxes | 4,943            | —                |
| Other                                  | 7                | 2,431            |
| <b>TOTAL</b>                           | <b>\$ 40,229</b> | <b>\$ 30,349</b> |

## 11. Commitments

The exchange has commitments under operating and capital leases for certain facilities and equipment that are accounted for in accordance with SFAS No. 13, "Accounting for Leases." Lease commitments for office space at the main location in Chicago expire in the year 2003, with annual minimum rentals of approximately \$7.9 million. The exchange leases trading facilities from the Chicago Mercantile Exchange Trust through October 2005, with annual minimum rentals of approximately \$1.3 million, and has an option to extend the term of the lease through October 2026 with three successive seven-year extensions. Minimum annual rent for these extensions begins at \$738,000 for the period from November 2005 through October 2012 and declines to \$202,000 for the last extension from November 2019 through October 2026. Additional rental expense is incurred in connection with the trading facilities based on annual trading volume. This expense totaled \$1,016,000, \$560,000 and \$565,000 for the years ended December 31, 2001, 2000 and 1999, respectively. Leases for other locations where the exchange maintains offices expire at various times through the year 2012 with annual minimum rentals that will not exceed \$772,000 in any year. Total rental expense was approximately \$18.5 million in 2001, \$17.4 million in 2000 and \$15.1 million in 1999.

Future obligations under commitments in effect at December 31, 2001, including the minimum for operating leases, were as follows:

|                                   | Capitalized<br>Leases | Operating<br>Leases |
|-----------------------------------|-----------------------|---------------------|
|                                   | (in thousands)        |                     |
| 2002                              | \$ 5,907              | \$ 10,772           |
| 2003                              | 4,782                 | 9,873               |
| 2004                              | 2,206                 | 2,245               |
| 2005                              | —                     | 1,712               |
| 2006                              | —                     | 621                 |
| Thereafter                        | —                     | 3,906               |
| Total minimum payments            | 12,895                | 29,129              |
| Less sublease commitments         | —                     | (531)               |
| Less amount representing interest | (950)                 | —                   |
| <b>TOTAL</b>                      | <b>\$ 11,945</b>      | <b>\$ 28,598</b>    |

## 12. Long-Term Debt

Long-term debt consists of the long-term portion of capitalized lease obligations.

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## 13. Employee Benefit Plans

**Pension Plan.** The exchange maintains a noncontributory defined benefit cash balance pension plan for eligible employees. Employees who have completed a continuous twelve-month period of employment and have reached the age of 21 are eligible to participate. The plan provides for an age-based contribution to the cash balance account and includes salary and cash bonuses in the definition of earnings. Participant cash balance accounts receive an interest credit equal to the greater of the one-year U.S. Treasury bill rate or 4%. Participants become vested in their accounts after five years. The exchange's policy is to currently fund required pension costs by the due dates specified under the Employee Retirement Income Security Act.

A reconciliation of beginning and ending balances of the benefit obligation and fair value of plan assets, the funded status of the plan, certain actuarial assumptions and the components of pension cost are indicated below:

|   | 2001           | 2000      |
|---|----------------|-----------|
|   | (in thousands) |           |
| <b>CHANGE IN BENEFIT OBLIGATION:</b>    |                |           |
| Benefit obligation at beginning of year | \$ 16,101      | \$ 13,468 |

|   |           |               |                   |
|---|-----------|---------------|-------------------|
| Service cost                                    |           | 2,483         | 2,235             |
| Interest cost                                   |           | 1,393         | 1,207             |
| Actuarial loss                                  |           | 1,080         | 748               |
| Benefits paid                                   |           | (1,491)       | (1,557)           |
| <b>BENEFIT OBLIGATION AT END OF YEAR</b>        | <b>\$</b> | <b>19,566</b> | <b>\$ 16,101</b>  |
| <b>CHANGE IN PLAN ASSETS:</b>                   |           |               |                   |
| Fair value of plan assets at beginning of year  | \$        | 13,968        | \$ 15,168         |
| Actual return on plan assets                    |           | (708)         | 357               |
| Employer contribution                           |           | 6,129         | —                 |
| Benefits paid                                   |           | (1,491)       | (1,557)           |
| <b>FAIR VALUE OF PLAN ASSETS AT END OF YEAR</b> | <b>\$</b> | <b>17,898</b> | <b>\$ 13,968</b>  |
| <b>FUNDED STATUS AT DECEMBER 31:</b>            |           |               |                   |
| Plan assets less than benefit obligation        | \$        | (1,668)       | \$ (2,133)        |
| Unrecognized transition asset                   |           | (187)         | (261)             |
| Unrecognized prior service cost (credit)        |           | (125)         | (176)             |
| Unrecognized net actuarial loss (gain)          |           | 1,265         | (1,674)           |
| <b>ACCRUED BENEFIT COST</b>                     | <b>\$</b> | <b>(715)</b>  | <b>\$ (4,244)</b> |

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|   | 2001            | 2000            | 1999            |
|---|-----------------|-----------------|-----------------|
| <b>ACTUARIAL ASSUMPTIONS AS OF DECEMBER 31:</b> |                 |                 |                 |
| Discount rate                                   | 7.25%           | 7.50%           | 7.75%           |
| Rate of compensation increase                   | 5.00%           | 5.00%           | 5.00%           |
| Expected return on plan assets                  | 9.00%           | 8.00%           | 8.00%           |
| <b>COMPONENTS OF PENSION COST:</b>              |                 |                 |                 |
| Service cost                                    | \$ 2,483        | \$ 2,235        | \$ 2,052        |
| Interest cost                                   | 1,393           | 1,207           | 988             |
| Expected return on plan assets                  | (1,145)         | (1,017)         | (925)           |
| Amortization of prior service cost              | (51)            | (51)            | (51)            |
| Amortization of transition asset                | (74)            | (74)            | (74)            |
| <b>NET PENSION COST</b>                         | <b>\$ 2,606</b> | <b>\$ 2,300</b> | <b>\$ 1,990</b> |

*Savings Plan.* The exchange maintains a savings plan pursuant to Section 401(k) of the Internal Revenue Code, whereby all employees are participants and have the option to contribute to this plan. The exchange matches employee contributions up to 3% of the employee's base salary and makes an additional discretionary contribution of up to 2% of salary. Prior to 2001, this additional contribution was based on increases in annual trading volume. Total expense for the savings plan amounted to \$2.6 million, \$2.1 million and \$1.3 million in 2001, 2000 and 1999, respectively.

*Non-Qualified Plans.* The following non-qualified plans, under which participants may make assumed investment choices with respect to amounts contributed on their behalf, are maintained by the exchange. Although not required to do so, the exchange invests such contributions in assets which mirror the assumed investment choices. The balances in these plans are subject to the claims of general creditors of the exchange, and totaled approximately \$6.6 million and \$5.9 million at December 31, 2001 and 2000, respectively.

*Supplemental Plan*—The exchange maintains a non-qualified supplemental plan to provide benefits for certain officers who have been impacted by statutory limits under the provisions of the qualified pension and savings plans. Total expense for the supplemental plan was \$333,000, \$267,000 and \$319,000 in 2001, 2000 and 1999, respectively.

*Deferred Compensation Plan*—A deferred compensation plan is maintained by the exchange, under which eligible officers and members of the Board of Directors may contribute a percentage of their compensation and defer income taxes thereon until the time of distribution.

*Supplemental Executive Retirement Plan*—The exchange maintains a non-qualified defined contribution plan for senior officers. Under this plan, the exchange makes an annual contribution of 8% of salary and bonus for eligible employees. Contributions made after 1996 are subject to a vesting schedule, under which each annual contribution begins to vest after three years and is fully vested after five years. Unvested contributions are returned to the exchange if a participant leaves the employment of the exchange. Total expense for the plan, net of any forfeitures, was \$545,000, \$42,000 and \$461,000 in 2001, 2000 and 1999, respectively.

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## 14. Capital Stock

On November 7, 2001, a special meeting of the shareholders of Chicago Mercantile Exchange Inc. was held. At that time, the shareholders approved the reorganization of CME into a holding company structure. The reorganization was accomplished through a merger of CME into a subsidiary of a newly formed holding company, CME Holdings. The merger was completed on December 3, 2001. As a result, CME became a wholly owned subsidiary of CME Holdings, and CME shareholders became shareholders of CME Holdings.

In the merger, shares of Class A common stock of CME were converted into four classes of Class A common stock of CME Holdings, with each class representing approximately 25% of the previously issued number of shares of Class A common stock of CME. In addition, each outstanding share of Class B common stock of CME was

converted into two pieces: (1) Class A common stock of CME Holdings in an amount of shares essentially the same as the Class A share equivalents that were embedded in the Class B share of CME, and (2) one share of Class B common stock of CME Holdings that corresponds to the series of Class B share of CME surrendered in the merger, as shown below:

| Share of CME Common Stock Pre-Merger                               | Converted into Shares of CME Holdings Common Stock Post-Merger                               |                                |  | Number of Votes on "Core Rights" Per Class B Share |
|--|--|--------------------------------|--|--|
|  | Class A common stock, by class   | Class B common stock, by class | Total shares of common stock in CME Holdings |  |
| Series B-1 common stock (included 1,800 Class A share equivalents) | 450 Class A-1 shares<br>450 Class A-2 shares<br>450 Class A-3 shares<br>449 Class A-4 shares | 1 Class B-1 share              | 1,800 shares                                 | 6  |
| Series B-2 common stock (included 1,200 Class A share equivalents) | 300 Class A-1 shares<br>300 Class A-2 shares<br>300 Class A-3 shares<br>299 Class A-4 shares | 1 Class B-2 share              | 1,200 shares                                 | 3  |
| Series B-3 common stock (included 600 Class A share equivalents)   | 150 Class A-1 shares<br>150 Class A-2 shares<br>150 Class A-3 shares<br>149 Class A-4 shares | 1 Class B-3 share              | 600 shares                                   | 1  |
| Series B-4 common stock (included 100 Class A share equivalents)   | 25 Class A-1 shares<br>25 Class A-2 shares<br>25 Class A-3 shares<br>24 Class A-4 shares     | 1 Class B-4 share              | 100 shares                                   | 1/6  |

The trading rights associated with the Class B shares of CME were retained by the holders of the Class B shares of CME Holdings. Holders of Class A and Class B common stock of CME Holdings participate equally in dividends based on the number of shares outstanding.

As part of the demutualization of CME, the Board of Directors has been reduced from the original composition of 39 directors in 1999 to 20 in 2002. Following the completion of the reduction to 20 directors, the holders of Class A and B shares have the right to vote together in the election of 14 directors to the 20-member Board of Directors of CME Holdings. The remaining six directors are elected by the holders of shares of Class B-1, B-2 and B-3 common stock.

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**Core Rights.** Holders of Class B shares have the right to approve changes in specified rights relating to the trading privileges associated with those shares. These core rights include allocation of products which a holder of a class of Class B shares is permitted to trade through the exchange; the circumstances under which CME can determine that an existing open outcry product will no longer be traded by means of open outcry; the number of authorized and issued shares of any class of Class B shares; and eligibility requirements to exercise trading rights associated with Class B shares. Votes on changes to these core rights are weighted by class, as indicated in the table above. Holders of Class A shares do not have the right to vote on changes to these core rights.

**Shares Outstanding and Transfer Restrictions.** Upon the completion of the reorganization, four series of Class A common stock of CME Holdings were outstanding, representing a total of 28,771,562 shares. Classes A-1, A-2, A-3 and A-4 of common stock are subject to transfer restrictions, as summarized in the table below. The timing of the expiration of the transfer restrictions is determined by the possible completion of an initial public offering (IPO) by CME Holdings, but will begin to expire no later than December 16, 2002 if an IPO is not completed by December 15, 2002. Until these transfer restrictions lapse, the Class A-1, A-2, A-3 and A-4 common stock may not be sold or transferred separately from a share of Class B common stock, subject to limited exceptions specified in the Certificate of Incorporation of CME Holdings.

|                                 | Shares Outstanding | Transfer Restrictions Expire: |                                |
|---------------------------------|--------------------|-------------------------------|--------------------------------|
|                                 |                    | After IPO                     | If No IPO by December 15, 2002 |
| Class A-1                       | 7,193,776          | 180 days                      | December 16, 2002              |
| Class A-2                       | 7,193,776          | 360 days                      | March 16, 2003                 |
| Class A-3                       | 7,193,574          | 540 days                      | June 16, 2003                  |
| Class A-4                       | 7,190,436          | 540 days                      | September 16, 2003             |
| <b>TOTAL SHARES OUTSTANDING</b> | <b>28,771,562</b>  |                               |                                |

If an IPO is completed, the expiration of the transfer restrictions on Class A-1 and A-2 stock may be extended an additional 60 days to allow for the completion of a secondary sale of company stock, provided notice is given within the required time period. Under certain circumstances, transfer restrictions for Class A-1 and A-2 stock may continue until the final expiration date if a shareholder elects not to participate in a successful secondary sale.

As part of the reorganization, four classes of Class B common stock were issued. Upon completion of the reorganization, a total of 3,138 Class B common shares of CME Holdings were outstanding as indicated in the table below. The shares of Class B common stock received in the reorganization may only be transferred in connection with the transfer of the associated CME trading right.

|                                 | Shares Outstanding |
|---------------------------------|--------------------|
| Class B-1                       | 625                |
| Class B-2                       | 813                |
| Class B-3                       | 1,287              |
| Class B-4                       | 413                |
| <b>TOTAL SHARES OUTSTANDING</b> | <b>3,138</b>       |

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**Shareholder Rights Provisions.** The Board of Directors of CME Holdings has adopted a plan creating rights that entitle CME Holdings' shareholders to purchase shares of CME Holdings stock in the event that a third party initiates a transaction designed to take over the company. This rights plan is intended to encourage persons seeking to acquire control of CME Holdings to engage in arms-length negotiations with the Board of Directors and management. The rights are attached to all outstanding shares of CME Holdings common stock, and each right entitles the shareholder to purchase one one-thousandth of a share of Series A Junior Participating Preferred Stock at a purchase price of \$105 per unit. The rights will separate from the common stock of the company (1) 10 days after a person or group seeks to acquire CME Holdings through a public announcement by such person or group that they have acquired 15% or more of the outstanding shares of CME Holdings; or (2) 10 business days after the commencement of a tender offer by such person or group. If either of these two events occur, each holder of a right shall receive, upon exercise, Class A common stock having a value equal to two times the exercise price of the right.

**Omnibus Stock Plan.** An Omnibus Stock Plan has been adopted under which stock-based awards may be made to employees. A total of 2.7 million Class A shares have been reserved for awards under the plan. Awards totaling 2.7 million shares have been made under this plan (note 15).

## 15. Stock Options

On February 7, 2000, an option was granted to the President and Chief Executive Officer, James J. McNulty, to purchase 5% of the common stock of the company, as represented by an equivalent percentage of all Class A and Class B common stock issued at the date of demutualization. One-half of the option (Tranche A), or 2.5% of all common stock, has an aggregate exercise price of \$21.8 million, which was estimated to be 2.5% of the fair value of the exchange at the grant date. Since demutualization had not been completed at the grant date, the fair value of CME was calculated based on the average value of all exchange memberships. The option for the remaining 2.5% of all common stock (Tranche B) has an aggregate exercise price of \$32.8 million, or 3.75% of the fair value of the exchange at the grant date. As a result of the reorganization into a holding company structure, the Class A share equivalents previously embedded in the Class B shares of CME were converted into Class A shares of CME Holdings. Since the stock option for the CEO is for 5% of all classes of stock outstanding and additional Class A shares were issued in the reorganization, the total number of Class A shares in the CEO option increased by 145,453 shares. At December 31, 2001, the CEO's option includes 1,438,578 Class A and 156 Class B shares with a total exercise price of \$54.6 million.

The CEO option vests over a four-year period, with 40% vesting one year after the grant date and 20% vesting on that same date in each of the following three years. The term of the option is 10 years. As of December 31, 2001, all of the option remains outstanding. Under the option agreement, the exercise of the option can be settled with any combination of shares of Class A or Class B common stock or cash, at the discretion of the company. Although the option is for all classes of common stock outstanding, any exercise of the option must be for all or a portion of the option that is vested at the date of exercise. The CEO cannot elect to exercise the option for only certain classes of stock included in the option. In the event of the CEO's death or disability, the option will vest and, in the event of his death, be paid in cash.

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Pursuant to SFAS Statement No. 123, the exchange has elected to account for stock options under APB Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations. From the grant date until the date of demutualization, or November 13, 2000, CME accounted for the option to the CEO in a manner similar to a stock appreciation right in accordance with Financial Accounting Standards Board (FASB) Interpretation No. 28, "Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans (An Interpretation of APB Opinions No. 15 and 25)." Since the date of demutualization, variable accounting has been required for the option. As a result, the expense related to the option has fluctuated based on the change in the value of the Class A shares and the underlying trading rights on the exchange associated with Class B common stock. Since demutualization there has not been an independent established trading market for Class A shares, and shares of Class A common stock can only be sold or acquired as part of a bundle with the trading rights in CME and the related Class B share. Therefore, the value of the Class A shares at the end of each reporting period is imputed based on the recent prices for the bundle and recent prices relating to the trading rights only. The CEO option represented \$16.6 million of stock-based compensation expense in 2001.

In 2001, CME granted stock options to various employees under the Omnibus Stock Plan. The options vest over a four-year period, with 40% vesting one year after the grant date and 20% vesting on that same date in each of the following three years. The options have a 10-year term. No compensation expense has been recognized on these stock options, as the exercise price exceeded the value of the stock at the date of grant. Restricted stock grants of 117,000 shares were also awarded to certain executives in 2001 that have the same vesting provisions as the stock options. Compensation expense relating to restricted stock of \$2.4 million will be recognized over the vesting period.

With the exception of the option granted to the CEO, fixed accounting treatment has been elected under the provisions of APB Opinion No. 25 and related interpretations for all eligible stock options and awards. Had compensation cost for all stock options been recognized using the minimum value approach to the fair value method prescribed by SFAS No. 123, net income for the year ended December 31, 2001 would have increased by approximately \$2.7 million (or a basic earnings per share increase of \$0.09) and the net loss for the year ended December 31, 2000 would have increased by approximately \$133,000 (with no effect on the basic loss per share). The fair value of the Chief Executive Officer's option was \$14.4 million, measured at the demutualization date under the minimum value method. Significant assumptions used to calculate fair value included: risk-free interest rate of 5.11%, expected life equal to the maximum term of the option and no expected dividends. The fair value of the option granted to employees was \$4.2 million, measured at the grant date under the minimum value method. A risk-free interest rate of 5.40% was used over a period of five years with no expected dividends.

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The following table summarizes stock option activity for the two-year period ended December 31, 2001:

|                               | Number of Shares |         |
|-------------------------------|------------------|---------|
|                               | Class A          | Class B |
| BALANCE AT DECEMBER 31, 1999  | —                | —       |
| Granted                       | 1,293,035        | 156     |
| Exercised                     | —                | —       |
| Cancelled                     | —                | —       |
| BALANCE AT DECEMBER 31, 2000  | 1,293,035        | 156     |
| Granted                       | 1,176,500        | —       |
| Adjustment for reorganization | 145,543          | —       |
| Exercised                     | —                | —       |
| Cancelled                     | (3,750)          | —       |
| BALANCE AT DECEMBER 31, 2001  | 2,611,328        | 156     |

Total stock options outstanding and the portion of each option that can be exercised at December 31, 2001 are as follows:

|                            |                | Total Options<br>Outstanding | Exercisable<br>Shares | Date Shares<br>Exercisable |
|----------------------------|----------------|------------------------------|-----------------------|----------------------------|
| <b>CEO Option:</b>         |                |                              |                       |                            |
| Tranche A:                 | Class A shares | 719,289                      | 287,716               | February 7, 2001           |
|                            | Class B shares | 78                           | 31                    |                            |
| Tranche B:                 | Class A shares | 719,289                      | 287,716               | February 7, 2001           |
|                            | Class B shares | 78                           | 31                    |                            |
| <b>Employee Options:</b>   |                |                              |                       |                            |
|                            | Class A shares | 1,172,750                    | 0                     |                            |
| <b>TOTAL STOCK OPTIONS</b> |                | <b>2,611,484</b>             | <b>575,494</b>        |                            |

Employee options all have an exercise price of \$22.00 per share. The CEO option has a total exercise price of \$54.6 million for 5% of all classes of CME Holdings common stock outstanding. The CEO option was 40% vested at December 31, 2001 at a total exercise price of \$21.8 million.

## 16. P-M-T Limited Partnership

CME was the general partner, and members and clearing firms of CME were limited partners, in P-M-T Limited Partnership, an Illinois limited partnership. PMT was formed in 1987 to initiate the development of the GLOBEX global electronic trading platform. Since December 1998, the current version of this system has been operated by the exchange using electronic trading software licensed from ParisBourse<sup>SBF</sup>SA (now Euronext-Paris). CME charged PMT for services provided.

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The limited partners of PMT approved the sale of all of the assets and business of PMT to the exchange as part of the demutualization process. The sale was effective November 13, 2000. The purchase price was \$5.1 million and was based on an independent appraisal of PMT. Total distribution to the partners of PMT was the purchase price plus interest of 1% over prime from the date of sale to the date of distribution, and included a payment to CME as general partner of \$1.1 million. The transaction was recorded using the purchase method of accounting and was effected at an amount approximately equal to the net assets of PMT. As a result, no goodwill or adjustment to the carrying value of assets was required.

PMT reported net income of \$1.4 million for the period from January 1, 2000 to November 13, 2000 and \$2.6 million for the year ended December 31, 1999. If the assets and business of PMT had been purchased by the exchange as of January 1, 2000, the net operating loss of CME for 2000 would have been reduced by approximately \$615,000, or a reduction of the basic loss per share of \$0.02.

## 17. Credit Facility

On October 19, 2001, the exchange renewed its committed line of credit with a consortium of banks. The line of credit was increased to \$500.0 million and became a secured credit facility. This new line of credit replaced the \$350.0 million unsecured line of credit that had been in place since 1988. The secured credit agreement is collateralized by clearing firm security deposits held by CME in the form of U.S. Treasury or agency securities, as well as security deposit funds in IEF2. The amount held as collateral at December 31, 2001 was \$620.7 million. The facility, which has never been used, may be utilized in certain situations, such as a temporary disruption of the domestic payments system that would delay settlement between the exchange and its clearing firms, or in the event of a clearing firm default. Under the terms of the credit agreement, there are a number of covenants with which CME must comply. Among these covenants, CME is required to submit quarterly reports to the participating banks and maintain at all times a tangible net worth of not less than \$90.0 million. Interest on amounts borrowed is calculated at the Fed Funds Rate plus 45/100 of 1% per annum. Commitment fees for the line of credit were \$521,000, \$519,000 and \$516,000 for the years ended December 31, 2001, 2000 and 1999, respectively.

## 18. Contingencies

*Legal Matters.* In May 1999, a suit for alleged infringement of Wagner patent 4,903,201 entitled "Automated Futures Trade Exchange" was brought against CME, CBOT, New York Mercantile Exchange (NYMEX) and Cantor Fitzgerald LP by Electronic Trading Systems, Inc. The patent relates to a system and method for implementing a computer-automated futures exchange. CME informed Euronext-Paris, the licensor of the software utilized in the GLOBEX electronic trading system, in conformity with the indemnification provision of the license agreement, of the receipt of a summons in that proceeding. Through December 31, 2001, Euronext-Paris hired and paid the fees and expenses of a law firm to defend and contest this litigation. Euronext-Paris reserved its rights under that agreement in the event that any modifications to the licensed system made by the exchange result in liability. On June 25, 2001, Euronext-Paris wrote to disclaim responsibility for defense of this litigation and requested that CME reimburse it for all legal expenses and other costs incurred to date. It asked that the exchange take over full responsibility for defense of this litigation and assume all costs associated with CME's defense. CME rejected this demand. Subsequently, CME and Euronext-Paris have agreed to share responsibility for defense of this litigation, utilizing new lead defense counsel selected by CME, and to share equally the costs and expenses of such new lead defense counsel as of January 1, 2002. As part of this agreement, neither CME nor Euronext-Paris has waived any rights with respect to the indemnification provision of the license agreement.

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On August 26, 2002, the lawsuit relating to the Wagner patent was settled for \$15 million. The settlement requires an initial payment of \$5 million in September 2002 and five subsequent annual payments of \$2 million each.

In addition, the exchange is a defendant in, and is threatened with, various other legal proceedings arising from its regular business activities. While the ultimate results of such proceedings against the exchange cannot be predicted with certainty, management believes that the resolution of these matters will not have a material adverse effect on the consolidated financial position or results of operations.

*Employment-Related Agreement.* The exchange has an employment agreement with James J. McNulty, as its President and Chief Executive Officer, through December 31, 2003, subject to renewal by mutual agreement of the parties. In the event of a termination without cause by the exchange, Mr. McNulty shall be entitled to receive his base salary plus one-third of the maximum annual incentive bonus for the remainder of the original term. Mr. McNulty's base salary for the year ended December 31, 2001 was \$1.0 million. The annual bonus may not exceed the lesser of \$1.5 million or 10% of CME's net income. In addition, the unvested portion of the stock options granted to Mr. McNulty would become fully vested.

If, within two years of a "change in control" of the exchange, Mr. McNulty is terminated by the exchange or he terminates the agreement as a result of the occurrence of one of the matters defined in the agreement as "good reason," he shall be entitled to two times his base salary plus one and one-third times the maximum annual incentive bonus for which he would have been eligible, provided that the severance payments do not exceed \$8.0 million. The payment would be subject to reduction to the extent that it would otherwise result in the payment of tax under Section 4999 of the Internal Revenue Code. Also, the unvested portion of Mr. McNulty's stock options would become fully vested.



**Mutual Offset System.** At December 31, 2001, CME was contingently liable on irrevocable letters of credit totaling \$41.0 million that relate to the mutual offset agreement between CME and Singapore Exchange Derivatives Trading Ltd. (SGX). This mutual offset agreement allows a clearing firm of either exchange to execute after-hours trades at the other exchange. When a clearing firm of CME executes an after-hours trade at SGX, the resulting trade is transferred from SGX to CME and CME assumes the financial obligation to SGX for the transferred trade. A similar obligation occurs when a clearing firm of SGX executes a trade at CME. The net position of each exchange to the other is marked-to-market daily based on the settlement prices of the applicable exchange and settlement is made between the exchanges in cash. Since settlement prices at each exchange may differ on any given day and Singapore is 13 to 14 hours ahead of Chicago, there may be a difference between the two settlement amounts and there will be a difference in the timing of the settlement. To allow for adequate and timely funding of the settlement, CME and SGX each maintain irrevocable standby letters of credit payable to the other exchange.

**GFX Letter of Credit.** CME guarantees a \$2.5 million standby letter of credit for GFX. The beneficiaries of the letter of credit are the clearing firm that is used by GFX to execute and maintain its foreign currency futures position. The letter of credit will be drawn on in the event that GFX defaults in meeting requirements to its clearing firm.

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## 19. GFX Derivatives Transactions

GFX Corporation engages in the purchase and sale of CME foreign exchange futures contracts. GFX posts bids and offers in these products on the GLOBEX electronic trading platform to maintain a market and promote liquidity in CME's foreign exchange futures products. It limits risk from these transactions through offsetting transactions using futures contracts or spot foreign exchange transactions with approved counterparties in the interbank market. Formal trading limits have been established. Futures transactions are cleared by an independent clearing member. Any residual open positions are marked to market on a daily basis, and all net realized and unrealized gains (losses) are included in other revenue in the accompanying consolidated statements of income. Net trading gains amounted to \$3.8 million in 2001, \$4.4 million in 2000 and \$2.4 million in 1999. At December 31, 2001, futures positions held by GFX had a notional value of \$102.3 million, offset by a similar amount of spot foreign exchange positions, resulting in a zero net position.

## 20. Earnings per Share

Basic earnings per share is computed by dividing net income (loss) by the weighted average number of all classes of common stock outstanding each year. Shares outstanding are calculated as if the current holding company structure was in place for all periods presented. Diluted earnings per share is computed in a manner similar to basic earnings per share, except that the weighted average shares outstanding is increased to include additional shares from restricted stock grants and the assumed exercise of stock options, if dilutive. The number of additional shares is calculated assuming that outstanding stock options with an exercise price less than the current market price of that class of stock would be exercised, and that proceeds from such exercises would be used to acquire shares of common stock at the average market price during the reporting period. At December 31, 2001, only the option granted to the CEO had an exercise price less than the current value of the option. The dilutive effect of this option was calculated as if the entire CEO option, including the Class A share and Class B share portions of the option, was satisfied through the issuance of Class A shares.

|   | 2001  | 2000       | 1999       |
|---|---|------------|------------|
|   | (in thousands, except share and per share data) |            |            |
| Net Income (Loss)                           | \$ 68,302                                       | \$ (5,909) | \$ 2,663   |
| Weighted Average Common Shares Outstanding: |   |            |            |
| Basic                                       | 28,774,700                                      | 28,774,700 | 28,774,700 |
| Effect of stock options                     | 534,523   | —          | —          |
| Effect of restricted stock grants           | 21,097  | —          | —          |
| Diluted                                     | 29,330,320                                      | —          | 28,774,700 |
| Earnings (Loss) per Share:                  |   |            |            |
| Basic                                       | \$ 2.37   | \$ (0.21)  | \$ 0.09    |
| Diluted                                     | \$ 2.33   | \$ —       | \$ 0.09    |

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## 21. Segment Reporting

The company has two reportable operating segments: Chicago Mercantile Exchange Inc. (a designated contract market and clearing house), and GFX Corporation (a wholly owned trading subsidiary). A summary by business segment follows:

|  | CME            | GFX      | Eliminations | Total      |
|--|----------------|----------|--------------|------------|
|  | (in thousands) |          |              |            |
| Year Ended December 31, 2001:            |                |          |              |            |
| Total revenues from external customers   | \$ 373,171     | \$ 3,759 | \$ —         | \$ 376,930 |
| Investment and securities lending income | 19,603         | 97       | —            | 19,700     |
| Depreciation and amortization            | 37,487         | 152      | —            | 37,639     |
| Operating profit (loss)                  | 114,740        | (375)    | —            | 114,365    |
| Total assets                             | 2,066,358      | 5,320    | (2,797)      | 2,068,881  |
| Capital expenditures                     | 30,340         | 27       | —            | 30,367     |
| Year Ended December 31, 2000:            |                |          |              |            |
| Total revenues from external customers   | \$ 212,385     | \$ 4,431 | \$ —         | \$ 216,816 |
| Intersegment revenues                    | 57             | 700      | (757)        | —          |
| Investment income                        | 9,540          | 196      | —            | 9,736      |
| Depreciation and amortization            | 33,338         | 151      | —            | 33,489     |
| Operating profit (loss)                  | (8,110)        | 608      | (581)        | (8,083)    |
| Total assets                             | 380,125        | 6,535    | (5,216)      | 381,444    |
| Capital expenditures                     | 25,138         | 33       | —            | 25,171     |
| Year Ended December 31, 1999:            |                |          |              |            |

|  |    |         |    |       |    |         |    |         |
|--|----|---------|----|-------|----|---------|----|---------|
| Total revenues from external customers | \$ | 199,119 | \$ | 2,392 | \$ | —       | \$ | 201,511 |
| Intersegment revenues                  |    | 139     |    | 1,190 |    | (1,329) |    | —       |
| Investment income                      |    | 8,781   |    | 310   |    | —       |    | 9,091   |
| Depreciation and amortization          |    | 25,141  |    | 133   |    | —       |    | 25,274  |
| Operating profit (loss)                |    | 6,674   |    | (675) |    | 645     |    | 6,644   |
| Total assets                           |    | 302,814 |    | 8,139 |    | (7,486) |    | 303,467 |
| Capital expenditures                   |    | 55,194  |    | 101   |    | —       |    | 55,295  |

CME considers and manages its open outcry and electronic trading of its various products as a reportable segment. PMT was previously reported as a segment for the year ending December 31, 1999. As a result of the purchase of the partnership in 2000, PMT is no longer a reportable operating segment. Information for 1999 has been reclassified to include PMT in the CME segment.

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## 22. Quarterly Information (restated and unaudited)

|                                       | First<br>Quarter | Second<br>Quarter | Third<br>Quarter | Fourth<br>Quarter | Total      |
|---------------------------------------|------------------|-------------------|------------------|-------------------|------------|
| (in thousands, except per share data) |                  |                   |                  |                   |            |
| <b>YEAR ENDED DECEMBER 31, 2001:</b>  |                  |                   |                  |                   |            |
| Net revenues                          | \$ 92,170        | \$ 94,698         | \$ 95,329        | \$ 104,956        | \$ 387,153 |
| Income before income taxes            | 29,916           | 31,117            | 29,942           | 23,390            | 114,365    |
| Net income                            | 17,941           | 18,764            | 17,776           | 13,821            | 68,302     |
| Earnings per share:                   |                  |                   |                  |                   |            |
| Basic                                 | 0.62             | 0.65              | 0.62             | 0.48              | 2.37       |
| Diluted                               | 0.62             | 0.64              | 0.60             | 0.46              | 2.33       |
| <b>YEAR ENDED DECEMBER 31, 2000:</b>  |                  |                   |                  |                   |            |
| Net revenues                          | \$ 57,589        | \$ 52,328         | \$ 49,481        | \$ 67,154         | \$ 226,552 |
| Income (loss) before income taxes     | (4,808)          | (6,759)           | (6,096)          | 8,415             | (9,248)    |
| Net income (loss)                     | (2,884)          | (4,056)           | (3,658)          | 4,689             | (5,909)    |
| Earnings (loss) per share:            |                  |                   |                  |                   |            |
| Basic                                 | (0.10)           | (0.14)            | (0.13)           | 0.16              | (0.21)     |
| Diluted(1)                            | —                | —                 | —                | 0.16              | —          |

(1) For the first three quarters of 2000, diluted loss per share is not presented since shares issuable for stock options would be anti-dilutive.

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### CHICAGO MERCANTILE EXCHANGE HOLDINGS INC. AND SUBSIDIARIES UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET (in thousands, except share data)

|  | September 30,<br>2002 |
|--|-----------------------|
| <b>ASSETS</b>  |                       |
| Current Assets:  |                       |
| Cash and cash equivalents                                  | \$ 197,164            |
| Proceeds from securities lending activities                | 554,870               |
| Marketable securities                                      | 100                   |
| Accounts receivable, net of allowance of \$1,189           | 46,691                |
| Other current assets                                       | 4,889                 |
| Cash performance bonds and security deposits               | 1,920,033             |
| Total current assets                                       | 2,723,747             |
| Property, net of accumulated depreciation and amortization | 108,839               |
| Other assets   | 31,244                |
| <b>TOTAL ASSETS</b>  | <b>\$ 2,863,830</b>   |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                |                       |
| Current Liabilities:                                       |                       |
| Accounts payable   | \$ 16,218             |
| Payable under securities lending agreements                | 554,870               |
| Other current liabilities                                  | 52,872                |
| Cash performance bonds and security deposits               | 1,920,033             |
| Total current liabilities                                  | 2,543,993             |
| Long-term debt   | 3,232                 |
| Other liabilities  | 17,035                |
| Total liabilities  | 2,564,260             |

|   |                     |
|---|---------------------|
| Shareholders' Equity:   |                     |
| Preferred stock, \$0.01 par value, 9,860,000 shares authorized, none issued and outstanding                             | —                   |
| Series A junior participating preferred stock, \$0.01 par value, 140,000 shares authorized, none issued and outstanding | —                   |
| Class A common stock, \$0.01 par value, 138,000,000 shares authorized, 28,817,662 shares issued and outstanding         | 288                 |
| Class B common stock, \$0.01 par value, 3,138 shares authorized, issued and outstanding                                 | —                   |
| Additional paid-in capital  | 68,515              |
| Unearned restricted stock compensation  | (775)               |
| Retained earnings   | 231,542             |
| Accumulated net unrealized gains on securities  | —                   |
| Total shareholders' equity  | 299,570             |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>   | <b>\$ 2,863,830</b> |

See accompanying notes to unaudited interim consolidated financial statements.

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**CHICAGO MERCANTILE EXCHANGE HOLDINGS INC. AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except share and per share data)

|  | Nine Months Ended<br>September 30, |                  |
|--|------------------------------------|------------------|
|  | 2002                               | 2001             |
| <b>REVENUES</b>                                      |                                    |                  |
| Clearing and transaction fees                        | \$ 261,414                         | \$ 211,894       |
| Quotation data fees                                  | 36,507                             | 35,810           |
| GLOBEX access fees                                   | 9,770                              | 8,908            |
| Communication fees                                   | 7,364                              | 6,905            |
| Investment income                                    | 6,098                              | 6,796            |
| Securities lending interest income                   | 14,702                             | 7,490            |
| Other  | 10,943                             | 11,494           |
| <b>TOTAL REVENUES</b>                                | <b>346,798</b>                     | <b>289,297</b>   |
| Securities lending interest expense                  | (13,009)                           | (7,100)          |
| <b>NET REVENUES</b>                                  | <b>333,789</b>                     | <b>282,197</b>   |
| <b>EXPENSES</b>                                      |                                    |                  |
| Salaries and benefits                                | 85,222                             | 78,338           |
| Stock-based compensation                             | 5,748                              | 6,643            |
| Occupancy  | 16,970                             | 15,145           |
| Professional fees, outside services and licenses     | 24,747                             | 18,372           |
| Communications and computer and software maintenance | 33,816                             | 31,365           |
| Depreciation and amortization                        | 35,504                             | 27,279           |
| Patent litigation settlement                         | 13,695                             | —                |
| Public relations and promotion                       | 4,398                              | 3,424            |
| Other  | 12,441                             | 10,656           |
| <b>TOTAL EXPENSES</b>                                | <b>232,541</b>                     | <b>191,222</b>   |
| Income before income taxes                           | 101,248                            | 90,975           |
| Income tax provision                                 | (40,230)                           | (36,494)         |
| <b>NET INCOME</b>                                    | <b>\$ 61,018</b>                   | <b>\$ 54,481</b> |
| <b>EARNINGS PER SHARE:</b>                           |                                    |                  |
| Basic  | \$ 2.12                            | \$ 1.89          |
| Diluted  | \$ 2.04                            | \$ 1.86          |
| Weighted average number of common shares:            |                                    |                  |
| Basic  | 28,798,301                         | 28,774,700       |
| Diluted  | 29,838,181                         | 29,254,085       |

See accompanying notes to unaudited interim consolidated financial statements.

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

|  | Class A<br>Common<br>Stock | Class B<br>Common<br>Stock | Common<br>Stock and<br>Additional<br>Paid-in<br>Capital | Unearned<br>Restricted<br>Stock<br>Compensation | Retained<br>Earnings | Accumulated<br>Net<br>Unrealized<br>Securities<br>Gains<br>(Losses) | Total<br>Shareholders'<br>Equity |
|--|----------------------------|----------------------------|---|---|----------------------|---|----------------------------------|
|  | Shares                     | Shares                     | Amount  |   |                      |   |                                  |
| BALANCE, DECEMBER 31, 2001                                       | 28,771,562                 | 3,138                      | \$ 63,739   | \$ (1,461)                                      | \$ 187,814           | \$ 277  | \$ 250,369                       |
| Comprehensive income:  |                            |                            |   |   |                      |   |                                  |
| Net income   |                            |                            |   |   | 61,018               |   | 61,018                           |
| Change in net unrealized gain on securities net of tax of \$184  |                            |                            |   |   |                      | (277)   | (277)                            |
| Total comprehensive income                                       |                            |                            |   |   |                      |   | 60,741                           |
| Exercise of stock options  | 100                        |                            | 2   |   |                      |   | 2                                |
| Cash dividend on common stock of \$0.60 per share                |                            |                            |   |   | (17,290)             |   | (17,290)                         |
| Vesting of issued restricted Class A common stock                | 46,000                     |                            |   |   |                      |   |                                  |
| Stock-based compensation   |                            |                            | 5,062   |   |                      |   | 5,062                            |
| Amortization of unearned restricted stock compensation           |                            |                            |   | 686   |                      |   | 686                              |
| BALANCE, SEPTEMBER 30, 2002                                      | 28,817,662                 | 3,138                      | \$ 68,803   | \$ (775)  | \$ 231,542           | \$ 0  | \$ 299,570                       |
| BALANCE, DECEMBER 31, 2000                                       | 28,771,562                 | 3,138                      | \$ 44,170   | \$ —  | \$ 119,512           | \$ (11)   | \$ 163,671                       |
| Comprehensive income:  |                            |                            |   |   |                      |   |                                  |
| Net income   |                            |                            |   |   | 54,481               |   | 54,481                           |
| Change in net unrealized gain on securities, net of tax of \$493 |                            |                            |   |   |                      | 739   | 739                              |
| Total comprehensive income                                       |                            |                            |   |   |                      |   | 55,220                           |
| Stock-based compensation   |                            |                            | 6,509   |   |                      |   | 6,509                            |
| Issuance of 119,000 shares of restricted Class A common stock    |                            |                            | 2,435   | (2,435)   |                      |   | 0                                |
| Amortization of unearned restricted stock compensation           |                            |                            |   | 603   |                      |   | 603                              |
| BALANCE, SEPTEMBER 30, 2001                                      | 28,771,562                 | 3,138                      | \$ 53,114   | \$ (1,832)                                      | \$ 173,993           | \$ 728  | \$ 226,003                       |

See accompanying notes to unaudited interim consolidated financial statements.

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

|   | Nine Months Ended<br>September 30, |               |
|---|------------------------------------|---------------|
|   | 2002                               | 2001          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                                    |               |
| Net income  | \$ 61,018                          | \$ 54,481     |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                    |               |
| Loss on investment in joint venture   | 1,710                              | 92            |
| Deferred income tax benefit   | (6,786)                            | (2,398)       |
| Stock-based compensation  | 5,748                              | 6,643         |
| Depreciation and amortization   | 35,504                             | 27,279        |
| Gain on sale of marketable securities   | (2,658)                            | (147)         |
| Increase in allowance for doubtful accounts                                       | 227                                | 1,572         |
| Increase in accounts receivable   | (5,932)                            | (16,523)      |
| Decrease (increase) in other current assets                                       | 1,781                              | (2,610)       |
| Increase in other assets  | (1,397)                            | (1,467)       |
| Decrease in accounts payable  | (7,616)                            | (501)         |
| Increase in other current liabilities   | 12,949                             | 13,911        |
| Increase (decrease) in other liabilities  | 7,018                              | (2,905)       |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                                  | <b>101,566</b>                     | <b>77,427</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                                    |               |
| Purchases of property, net  | (42,529)                           | (22,166)      |

|   |                   |                  |
|---|-------------------|------------------|
| Capital contribution to joint venture                       | (3,071)           | —                |
| Purchases of marketable securities                          | (43,956)          | (114,108)        |
| Proceeds from sales and maturities of marketable securities | 137,623           | 88,000           |
| <b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>  | <b>48,067</b>     | <b>(48,274)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |                   |                  |
| Payments on long-term debt                                  | (4,282)           | (2,813)          |
| Cash dividends  | (17,290)          | —                |
| Proceeds from exercised stock options                       | 2                 | —                |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                | <b>(21,570)</b>   | <b>(2,813)</b>   |
| Net increase (decrease) in cash and cash equivalents        | 128,063           | 26,340           |
| Cash and cash equivalents, beginning of period              | 69,101            | 30,655           |
| <b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>             | <b>\$ 197,164</b> | <b>\$ 56,995</b> |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>     |                   |                  |
| Interest paid   | \$ 474            | \$ 472           |
| Income taxes paid   | \$ 46,140         | \$ 33,673        |
| Leased asset additions and related obligations              | \$ 558            | \$ —             |

See accompanying notes to unaudited interim consolidated financial statements.

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## CHICAGO MERCANTILE EXCHANGE HOLDINGS INC. AND SUBSIDIARIES

### NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Basis of Presentation

The accompanying interim consolidated financial statements have been prepared by Chicago Mercantile Exchange Holdings Inc. (CME Holdings) without audit. Certain notes and other information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted. In the opinion of management, the accompanying consolidated financial statements include all adjustments necessary to present fairly the financial position of CME Holdings as of September 30, 2002 and the results of its operations and cash flows for the periods indicated.

On December 3, 2001, the reorganization of Chicago Mercantile Exchange Inc. (CME) into a holding company structure was completed. The reorganization was completed by merging CME into a wholly owned subsidiary of a newly formed holding company, Chicago Mercantile Exchange Holdings Inc. In the merger, CME shareholders exchanged their equity interests in CME for similar equity interests in CME Holdings. Prior to the reorganization, CME Holdings had no significant assets or liabilities. These consolidated financial statements have been prepared as if the holding company structure had been in place for all periods presented.

The accompanying unaudited interim consolidated financial statements should be read in connection with the audited consolidated financial statements and notes thereto included in this prospectus. Quarterly results are not necessarily indicative of results for any subsequent period.

Certain reclassifications have been made to the 2001 financial statements to conform to the presentation in 2002.

#### 2. Performance Bonds and Security Deposits

Each firm that clears futures and options on futures contracts traded on the exchange is required to deposit and maintain specified performance bonds in the form of cash, U.S. Government securities or bank letters of credit. These performance bonds are available only to meet the financial obligations of that clearing firm to the exchange. Cash performance bonds and security deposits may fluctuate due to the investment choices available to clearing firms and the change in the amount of deposits required. As a result, these assets may vary significantly over time. See Note 6 of Notes to Audited Consolidated Financial Statements included in this prospectus.

#### 3. Wagner Patent Litigation

On August 26, 2002, the lawsuit relating to the Wagner patent was settled for \$15.0 million. The settlement required CME to make an initial \$5.0 million payment in September 2002 and five subsequent annual payments of \$2.0 million each beginning in August 2003. The present value of the settlement, or \$13.7 million, was recorded as an expense in the third quarter of 2002.

CME is currently engaged in a dispute with Euronext-Paris, the licensor of the software utilized in the GLOBEX electronic trading system that was the subject of the Wagner patent litigation, regarding indemnification for the costs, fees and settlement payment associated with the litigation. In connection with the litigation, CME invoked the indemnification provision of the license agreement with Euronext-Paris, and through December 31, 2001, Euronext-Paris hired and paid the fees and expenses of a law firm to defend and contest the litigation. Euronext-Paris reserved its rights under that agreement in the event that any modifications to the licensed system made by the exchange resulted in liability. On June 25, 2001, Euronext-Paris wrote to disclaim responsibility for defense of this litigation and requested that CME reimburse it for all legal expenses and other costs incurred to date. It asked that CME take over full

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responsibility for defense of the litigation and assume all costs associated with CME's defense. Though the demand was rejected, CME subsequently agreed with Euronext-Paris to share responsibility for defense of the litigation, utilizing new lead defense counsel selected by CME, and to share equally the costs and expenses of the new counsel as of January 1, 2002. As part of this agreement, neither CME nor Euronext-Paris waived any rights with respect to the indemnification provision of the license agreement. CME has requested that Euronext-Paris reimburse the exchange for all litigation expenses, including the settlement amount, totaling an estimated \$18.5 million. On September 11, 2002, Euronext-Paris again disclaimed any indemnification obligation and gave notice that it is seeking reimbursement of its expenses in the litigation, totaling an estimated \$5.5 million. If CME is unable to resolve the dispute, it is expected that the matter will be submitted to arbitration in accordance with the terms of the license agreement.

#### 4. Subsequent Event

On October 18, 2002, the secured committed line of credit with a consortium of banks was renewed by CME at the annual renewal date. The credit facility remained at \$500.0 million and was renewed on terms similar to the expiring line of credit.

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[INSIDE BACK COVER]

[Exterior photograph of our Chicago headquarters, a building complex that also houses the exchange's two trading floors. The photograph is captioned "Chicago Mercantile Exchange Holdings Inc., 30 South Wacker Drive, Chicago, Illinois."]



## PART II

### INFORMATION NOT REQUIRED IN PROSPECTUS

#### ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale of common stock being registered. All amounts, other than the SEC registration fee and the NASD filing fee, are estimates.

|  |    |           |
|--|----|-----------|
| SEC registration fee                           | \$ | 17,091    |
| NASD filing fee                                |    | 19,077    |
| New York Stock Exchange listing fee            |    | 186,000   |
| Printing and engraving expenses                |    | 300,000   |
| Legal fees and expenses                        |    | 890,000   |
| Accounting fees and expenses                   |    | 417,000   |
| Blue sky fees and expenses                     |    | 0         |
| Transfer agent and registrar fees and expenses |    | 70,000    |
| Miscellaneous fees and expenses                |    | 216,000   |
|  |    | <hr/>     |
| Total  | \$ | 2,115,168 |
|  |    | <hr/>     |

#### ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of Delaware General Corporation Law authorizes a court to award or a corporation's board of directors to grant indemnity to directors and officers in terms sufficiently broad to permit such indemnification under some circumstances for liabilities arising under the Securities Act and to provide for the reimbursement of expenses incurred.

As permitted by the Delaware law, Article XI of our certificate of incorporation and Article IX of our bylaws provide that (1) we are permitted to indemnify our directors, officers and other employees to the fullest extent permitted by Delaware law; (2) we are permitted to advance expenses, as incurred, to our directors, officers and other employees in connection with defending a legal proceeding if we have received in advance an undertaking by the person receiving such advance to repay all amounts advanced if it should be determined that he or she is not entitled to be indemnified by us; and (3) the rights conferred in the bylaws are not exclusive. As permitted by the Delaware General Corporation Law, our certificate of incorporation includes a provision that eliminates the personal liability of our directors for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to us or our shareholders; (2) for acts of omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (3) under Section 174 of the Delaware General Corporation Law (regarding payments of dividends; stock purchases or redemptions which are unlawful); or (4) for any transaction from which the director derived an improper personal benefit. This provision in the certificate of incorporation does not eliminate the directors' fiduciary duty, and in appropriate circumstances equitable remedies such as injunctive or other forms of non-monetary relief will remain available under Delaware law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to us for acts or omissions not in good faith or involving intentional misconduct, for knowing violations of law, for actions leading to improper personal benefit to the director and for payment of dividends or approval of stock repurchases or redemptions that are unlawful under Delaware law. The provision also does not affect a director's responsibilities under any other law, such as the federal securities laws or state or federal environmental laws.

The Underwriting Agreement, contained in Exhibit 1.1 hereto, contains provisions indemnifying our officers and directors against some types of liabilities.

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#### ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

None.

**ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.**

- (a) The following documents are exhibits to the Registration Statement.

| <b>Exhibit Number</b> | <b>Description of Exhibit</b>   |
|-----------------------|---|
| 1.1*                  | Form of Underwriting Agreement.   |
| 2.1                   | Agreement and Plan of Merger, dated as of October 1, 2001, between Chicago Mercantile Exchange Inc., Chicago Mercantile Exchange Holdings Inc. and CME Merger Subsidiary Inc. (incorporated by reference to Exhibit 2.1 to Chicago Mercantile Exchange Holdings Inc.'s Form S-4, filed with the SEC on August 7, 2001, File No. 33-66988).  |
| 3.1                   | Amended and Restated Certificate of Incorporation of Chicago Mercantile Exchange Holdings Inc. (incorporated by reference to Exhibit 3.1 to Chicago Mercantile Exchange Holdings Inc.'s Current Report on Form 8-K, filed with the SEC on December 4, 2001, File No. 0-33379).  |
| 3.2                   | Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Chicago Mercantile Exchange Holdings Inc. (incorporated by reference to Exhibit 3.2 to Chicago Mercantile Exchange Holdings Inc.'s Current Report on Form 8-K, filed with the SEC on May 16, 2002, File No. 0-33379).  |
| 3.3                   | Second Amended and Restated Bylaws of Chicago Mercantile Exchange Holdings Inc. (incorporated by reference to Exhibit 3.3 to Chicago Mercantile Exchange Holdings Inc.'s Current Report on Form 8-K, filed with the SEC on May 16, 2002, File No. 0-33379).   |
| 4.1                   | Rights Agreement, dated as of November 30, 2001, between Chicago Mercantile Exchange Holdings Inc. and Mellon Investor Services LLC (incorporated by reference to Exhibit 4.1 to Chicago Mercantile Exchange Holdings Inc.'s Form 8-A, filed with the SEC on December 4, 2001).   |
| 5.1*                  | Opinion of Skadden, Arps, Slate, Meagher & Flom (Illinois), special counsel to Chicago Mercantile Exchange Holdings Inc.  |
| 10.1                  | Chicago Mercantile Exchange Holdings Inc. Amended and Restated Omnibus Stock Plan, amended and restated effective as of April 23, 2002 (incorporated by reference to Exhibit 10.1 to Chicago Mercantile Exchange Holdings Inc.'s Post-Effective Amendment No. 1 to Form S-8, filed with the SEC on July 31, 2002, File No. 33-60266).   |
| 10.2                  | Chicago Mercantile Exchange Inc. Senior Management Supplemental Deferred Savings Plan, including First Amendment thereto, dated December 14, 1994, Second Amendment thereto, dated December 8, 1998 and Administrative Guidelines thereto (incorporated by reference to Exhibit 10.2 to Chicago Mercantile Exchange Inc.'s Form S-4, filed with the SEC on February 24, 2000, File No. 33-95561).   |
| 10.3                  | Chicago Mercantile Exchange Inc. Directors' Deferred Compensation Plan, including First Amendment thereto, dated December 8, 1998 (incorporated by reference to Exhibit 10.3 to Chicago Mercantile Exchange Inc.'s Form S-4, filed with the SEC on February 24, 2000, File No. 33-95561).   |
| II-2                  |   |
| 10.4                  | Chicago Mercantile Exchange Inc. Supplemental Executive Retirement Plan, including First Amendment thereto, dated December 31, 1996, Second Amendment thereto, dated January 14, 1998 and Third Amendment thereto, dated December 1998 (incorporated by reference to Exhibit 10.4 to Chicago Mercantile Exchange Inc.'s Form S-4, filed with the SEC on February 24, 2000, File No. 33-95561).  |
| 10.5                  | Chicago Mercantile Exchange Inc. Supplemental Executive Retirement Trust, including First Amendment thereto, dated September 7, 1993 (incorporated by reference to Exhibit 10.5 to Chicago Mercantile Exchange Inc.'s Form S-4, filed with the SEC on February 24, 2000, File No. 33-95561).  |
| 10.6                  | Agreement, dated February 7, 2000, between Chicago Mercantile Exchange Holdings Inc. and James J. McNulty.  |
| 10.7**                | License Agreement, effective as of September 24, 1997, between Standard & Poor's, a Division of The McGraw-Hill Companies, Inc., and Chicago Mercantile Exchange Inc. (incorporated by reference to Exhibit 10.13 to Chicago Mercantile Exchange Inc.'s Form S-4, filed with the SEC on March 10, 2000, File No. 33-95561).   |
| 10.8**                | License Agreement, effective as of April 3, 1996, including First Amendment thereto, dated May 5, 1996, between The Nasdaq Stock Market, Inc., a subsidiary of National Association of Securities Dealers, Inc., and Chicago Mercantile Exchange Inc. (incorporated by reference to Exhibit 10.9 to Chicago Mercantile Exchange Holdings Inc.'s Form S-4, filed with the SEC on August 7, 2001, File No. 33-66988).   |
| 10.9**                | Central Services System (NSC) Software License and Development Agreement, effective June 5, 1997, including First Amendment thereto, effective February 24, 1998, Second Amendment thereto, effective July 13, 1998, and Third Amendment thereto, effective January 30, 2001, between SBF Bourse de Paris and Chicago Mercantile Exchange Inc. (incorporated by reference to Exhibit 10.10 to Chicago Mercantile Exchange Holdings Inc.'s Form S-4, filed with the SEC on August 7, 2001, File No. 33-66988). |
| 10.10**               | CLEARING 21 Software Marketing and Distribution Agreement Restatement, effective January 30, 2001, between Societe Des Bourses Francaises, and its successor, Euronext-Paris, and Chicago Mercantile Exchange Inc. and New York Mercantile Exchange Inc. (incorporated by reference to Exhibit 10.12 to Chicago Mercantile Exchange Holdings Inc.'s Form S-4, filed with the SEC on August 7, 2001, File No. 33-66988).   |
| 10.11                 | Lease, dated as of November 11, 1983, between Chicago Mercantile Exchange Trust (successor to CME Real Estate Co. of Chicago, Illinois) and Chicago Mercantile Exchange Inc., including amendment thereto, dated as of December 6, 1989 (incorporated by reference to Exhibit 10.14 to Chicago Mercantile Exchange Inc.'s Form S-4 dated February 24, 2000, File No. 33-95561).   |
| 10.12                 | Lease, dated March 31, 1988, between EOP—10 & 30 South Wacker, L.L.C., as beneficiary of a land trust, dated October 1, 1997, and known as American National Bank and Trust Company of Chicago Trust No. 123434 (as successor in interest to American National Bank and Trust Company of Chicago, not individually but solely as trustee under Trust Agreement dated June 2, 1981 and known as Trust No. 51234) and Chicago Mercantile  |

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- 10.13 Lease, dated May 11, 1981, between EOP—10 & 30 South Wacker, L.L.C., as beneficiary of a land trust, dated October 1, 1997, and known as American National Bank and Trust Company of Chicago Trust No. 123434-06 (as successor in interest to American National Bank and Trust Company of Chicago, not individually but solely as trustee under Trust Agreement dated March 20, 1980 and known as Trust No. 48268) and Chicago Mercantile Exchange Inc. relating to 30 South Wacker Drive, including First Amendment thereto, dated as of February 1, 1982, Second Amendment thereto, dated as of April 26, 1982, Third Amendment thereto, dated as of June 29, 1982, Fourth Amendment thereto, dated as of July 28, 1982, Fifth Amendment thereto, dated as of October 7, 1982, Sixth Amendment thereto, dated as of July 5, 1983, Seventh Amendment thereto, dated as of September 19, 1983, Eighth Amendment thereto, dated as of October 17, 1983, Ninth Amendment thereto, dated as of December 3, 1984, Tenth Amendment thereto, dated as of March 16, 1987, Eleventh Amendment thereto, dated as of January 1, 1999, Twelfth Amendment thereto, dated as of June 30, 1999 (incorporated by reference to Exhibit 10.16 to Chicago Mercantile Exchange Inc.'s Form S-4, filed with the SEC on February 24, 2000, File No. 33-95561).
- 10.14 Credit Agreement, dated as of October 18, 2002, among Chicago Mercantile Exchange Inc., each of the banks from time to time party thereto and the Bank of New York, as collateral agent.
- 16.1 Letter from Arthur Andersen to the SEC dated May 17, 2002 (incorporated by reference to Exhibit 16.1 to Chicago Mercantile Exchange Holdings Inc.'s Current Report on Form 8-K, filed with the SEC on May 17, 2002, File No. 0-33379).
- 21.1 List of Subsidiaries of Chicago Mercantile Exchange Holdings Inc. (incorporated by reference to Exhibit 21.1 to Chicago Mercantile Exchange Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2001).
- 23.1 Consent of Ernst & Young LLP.
- 23.2\* Consent of Skadden, Arps, Slate, Meagher & Flom (Illinois) (included in Exhibit 5.1).

\* To be filed by amendment.

\*\* Confidential treatment pursuant to Rule 406 of the Securities Act has been previously granted by the SEC.

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- (b) The following financial statement schedules are filed as part of the Registration Statement:

|  |     |
|--|-----|
| Schedule I—Condensed Financial Information of Registrant | S-1 |
| Schedule II—Valuation and Qualifying Accounts            | S-1 |

All other schedules have been omitted because the information required to be set forth in those schedules is not applicable or is shown in the consolidated financial statements or notes thereto.

#### ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the Underwriting Agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.
- (2) For the purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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#### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 4 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on November 12, 2002.



By: /s/ JAMES J. MCNULTY

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James J. McNulty  
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 4 to Registration Statement has been signed by the following persons in the capacities indicated below on November 12, 2002.

| Signature          | Title  |
|--------------------|--|
| *                  |  |
| James J. McNulty   | President and Chief Executive Officer and Director |
| *                  |  |
| Terrence A. Duffy  | Chairman of the Board and Director                 |
| *                  |  |
| David G. Gomach    | Managing Director and Chief Financial Officer      |
| *                  |  |
| Nancy W. Goble     | Managing Director and Chief Accounting Officer     |
| *                  |  |
| Timothy R. Brennan | Director   |
| *                  |  |
| John W. Croghan    | Director   |
| *                  |  |
| Martin J. Gepsman  | Director   |
| *                  |  |
| Daniel R. Glickman | Director   |
|                    | II-6   |
| *                  |  |
| Scott Gordon       | Director   |
| *                  |  |
| Yra G. Harris      | Director   |
| *                  |  |
| Bruce F. Johnson   | Director   |
| *                  |  |
| Gary M. Katler     | Director   |
| *                  |  |
| Patrick B. Lynch   | Director   |
| *                  |  |
| Leo Melamed        | Director   |
| *                  |  |
| John D. Newhouse   | Director   |
| *                  | Director   |

James E. Oliff

\*

William G. Salatich, Jr.

Director

\*

John F. Sandner

Director

Myron S. Scholes

Director

Verne O. Sedlacek

Director

\*

William R. Shepard

Director

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\*

Howard J. Siegel

Director

/s/ CRAIG S. DONOHUE

\*By: Craig S. Donohue as attorney-in-fact

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**Chicago Mercantile Exchange Holdings Inc. and Subsidiaries**  
**Schedule I—Condensed Financial Information of Registrant**  
**For the Year Ended December 31, 2001**

Chicago Mercantile Exchange Holdings Inc., the registrant, has only one asset, its investment in its wholly owned subsidiary, Chicago Mercantile Exchange Inc., or CME, in the amount of \$250,369,000 at December 31, 2001. Net income from this investment on the equity basis of accounting amounted to \$68,302,000 for the year ended December 31, 2001. Net income is reflected as if the registrant had been in existence for the entire year even though it was formed during the year and became the parent of CME through a reorganization of entities under common control as described in Note 1 to the audited annual consolidated financial statements. The registrant has no liabilities, material contingencies or guarantees. The registrant has received no cash dividends from CME.

CME renewed its committed line of credit with a consortium of banks on October 19, 2001. The line of credit is a secured credit facility in the amount of \$500.0 million. Under the terms of the credit agreement, CME is required to maintain at all times a tangible net worth of not less than \$90.0 million, which is 35.9% of the net assets of CME.

**Chicago Mercantile Exchange Holdings Inc. and Subsidiaries**  
**Schedule II—Valuation and Qualifying Accounts**  
**For the Years Ended December 31, 2001, 2000 and 1999**  
**(in thousands)**

| Description                     | Balance at Beginning of Period | Charged to Costs and Expenses | Charged to Revenues | Deductions(1) | Balance at End of Period |
|---------------------------------|--------------------------------|-------------------------------|---------------------|---------------|--------------------------|
| Year ended December 31, 2001:   |                                |                               |                     |               |                          |
| Allowance for doubtful accounts | \$ 1,700                       | \$ 1,733                      | \$ —                | \$ (2,471)    | \$ 962                   |
| Accrued fee adjustments         | 5,215                          | —                             | 12,149              | (15,123)      | 2,241                    |
| Year ended December 31, 2000:   |                                |                               |                     |               |                          |
| Allowance for doubtful accounts | \$ 350                         | —                             | \$ 1,350            | \$ —          | \$ 1,700                 |
| Accrued fee adjustments         | 1,615                          | —                             | 9,494               | (5,894)       | 5,215                    |
| Year ended December 31, 1999:   |                                |                               |                     |               |                          |
| Allowance for doubtful accounts | \$ 135                         | —                             | \$ 326              | \$ (111)      | \$ 350                   |
| Accrued fee adjustments         | 1,885                          | —                             | 5,343               | (5,613)       | 1,615                    |

(1) Includes write-offs of doubtful accounts and payments for fee adjustments.

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**EXHIBIT INDEX**

Exhibit  
Number

Description of Exhibit

- 1.1\* Form of Underwriting Agreement.
- 2.1 Agreement and Plan of Merger, dated as of October 1, 2001, between Chicago Mercantile Exchange Inc., Chicago Mercantile Exchange Holdings Inc. and CME Merger Subsidiary Inc. (incorporated by reference to Exhibit 2.1 to Chicago Mercantile Exchange Holdings Inc.'s Form S-4, filed with the SEC on August 7, 2001, File No. 33-66988).
- 3.1 Amended and Restated Certificate of Incorporation of Chicago Mercantile Exchange Holdings Inc. (incorporated by reference to Exhibit 3.1 to Chicago Mercantile Exchange Holdings Inc.'s Current Report on Form 8-K, filed with the SEC on December 4, 2001, File No. 0-33379).
- 3.2 Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Chicago Mercantile Exchange Holdings Inc. (incorporated by reference to Exhibit 3.2 to Chicago Mercantile Exchange Holdings Inc.'s Current Report on Form 8-K, filed with the SEC on May 16, 2002, File No. 0-33379).
- 3.3 Second Amended and Restated Bylaws of Chicago Mercantile Exchange Holdings Inc. (incorporated by reference to Exhibit 3.3 to Chicago Mercantile Exchange Holdings Inc.'s Current Report on Form 8-K, filed with the SEC on May 16, 2002, File No. 0-33379).
- 4.1 Rights Agreement, dated as of November 30, 2001, between Chicago Mercantile Exchange Holdings Inc. and Mellon Investor Services LLC (incorporated by reference to Exhibit 4.1 to Chicago Mercantile Exchange Holdings Inc.'s Form 8-A, filed with the SEC on December 4, 2001.)
- 5.1\* Opinion of Skadden, Arps, Slate, Meagher & Flom (Illinois), special counsel to Chicago Mercantile Exchange Holdings Inc.
- 10.1 Chicago Mercantile Exchange Holdings Inc. Amended and Restated Omnibus Stock Plan, amended and restated effective as of April 23, 2002 (incorporated by reference to Exhibit 10.1 to Chicago Mercantile Exchange Holdings Inc.'s Post-Effective Amendment No. 1 to Form S-8, filed with the SEC on July 31, 2002, File No. 33-60266).
- 10.2 Chicago Mercantile Exchange Inc. Senior Management Supplemental Deferred Savings Plan, including First Amendment thereto, dated December 14, 1994, Second Amendment thereto, dated December 8, 1998 and Administrative Guidelines thereto (incorporated by reference to Exhibit 10.2 to Chicago Mercantile Exchange Inc.'s Form S-4, filed with the SEC on February 24, 2000, File No. 33-95561).
- 10.3 Chicago Mercantile Exchange Inc. Directors' Deferred Compensation Plan, including First Amendment thereto, dated December 8, 1998 (incorporated by reference to Exhibit 10.3 to Chicago Mercantile Exchange Inc.'s Form S-4, filed with the SEC on February 24, 2000, File No. 33-95561).
- 10.4 Chicago Mercantile Exchange Inc. Supplemental Executive Retirement Plan, including First Amendment thereto, dated December 31, 1996, Second Amendment thereto, dated January 14, 1998 and Third Amendment thereto, dated December 1998 (incorporated by reference to Exhibit 10.4 to Chicago Mercantile Exchange Inc.'s Form S-4, filed with the SEC on February 24, 2000, File No. 33-95561).
- 10.5 Chicago Mercantile Exchange Inc. Supplemental Executive Retirement Trust, including First Amendment thereto, dated September 7, 1993 (incorporated by reference to Exhibit 10.5 to Chicago Mercantile Exchange Inc.'s Form S-4, filed with the SEC on February 24, 2000, File No. 33-95561).
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- 10.6 Agreement, dated February 7, 2000, between Chicago Mercantile Exchange Holdings Inc. and James J. McNulty.
- 10.7\*\* License Agreement, effective as of September 24, 1997, between Standard & Poor's, a Division of The McGraw-Hill Companies, Inc., and Chicago Mercantile Exchange Inc. (incorporated by reference to Exhibit 10.13 to Chicago Mercantile Exchange Inc.'s Form S-4, filed with the SEC on March 10, 2000, File No. 33-95561).
- 10.8\*\* License Agreement, effective as of April 3, 1996, including First Amendment thereto, dated May 5, 1996, between The Nasdaq Stock Market, Inc., a subsidiary of National Association of Securities Dealers, Inc., and Chicago Mercantile Exchange Inc. (incorporated by reference to Exhibit 10.9 to Chicago Mercantile Exchange Holdings Inc.'s Form S-4, filed with the SEC on August 7, 2001, File No. 33-66988).
- 10.9\*\* Central Services System (NSC) Software License and Development Agreement, effective June 5, 1997, including First Amendment thereto, effective February 24, 1998, Second Amendment thereto, effective July 13, 1998, and Third Amendment thereto, effective January 30, 2001, between SBF Bourse de Paris and Chicago Mercantile Exchange Inc. (incorporated by reference to Exhibit 10.10 to Chicago Mercantile Exchange Holdings Inc.'s Form S-4, filed with the SEC on August 7, 2001, File No. 33-66988).
- 10.10\*\* CLEARING 21 Software Marketing and Distribution Agreement Restatement, effective January 30, 2001, between Societe Des Bourses Francaises, and its successor, Euronext-Paris, and Chicago Mercantile Exchange Inc. and New York Mercantile Exchange Inc. (incorporated by reference to Exhibit 10.12 to Chicago Mercantile Exchange Holdings Inc.'s Form S-4, filed with the SEC on August 7, 2001, File No. 33-66988).
- 10.11 Lease, dated as of November 11, 1983, between Chicago Mercantile Exchange Trust (successor to CME Real Estate Co. of Chicago, Illinois) and Chicago Mercantile Exchange Inc., including amendment thereto, dated as of December 6, 1989 (incorporated by reference to Exhibit 10.14 to Chicago Mercantile Exchange Inc.'s Form S-4 dated February 24, 2000, File No. 33-95561).
- 10.12 Lease, dated March 31, 1988, between EOP—10 & 30 South Wacker, L.L.C., as beneficiary of a land trust, dated October 1, 1997, and known as American National Bank and Trust Company of Chicago Trust No. 123434 (as successor in interest to American National Bank and Trust Company of Chicago, not individually but solely as trustee under Trust Agreement dated June 2, 1981 and known as Trust No. 51234) and Chicago Mercantile Exchange Inc. relating to 10 South Wacker Drive, including First Amendment thereto, dated as of November 1, 1999 (incorporated by reference to Exhibit 10.15 to Chicago Mercantile Exchange Inc.'s Form S-4, filed with the SEC on February 24, 2000, File No. 33-95561).
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- 10.13 Lease, dated May 11, 1981, between EOP—10 & 30 South Wacker, L.L.C., as beneficiary of a land trust, dated October 1, 1997, and known as American National Bank and Trust Company of Chicago Trust No. 123434-06 (as successor in interest to American National Bank and Trust Company of Chicago, not individually but solely as trustee under Trust Agreement dated March 20, 1980 and known as Trust No. 48268) and Chicago Mercantile Exchange Inc. relating to 30 South Wacker Drive, including First Amendment thereto, dated as of February 1, 1982, Second Amendment thereto, dated as of April 26, 1982, Third Amendment thereto, dated as of June 29, 1982, Fourth Amendment thereto, dated as of July 28, 1982, Fifth Amendment thereto, dated as of October 7, 1982, Sixth Amendment thereto, dated as of July 5, 1983, Seventh Amendment thereto, dated

as of September 19, 1983, Eighth Amendment thereto, dated as of October 17, 1983, Ninth Amendment thereto, dated as of December 3, 1984, Tenth Amendment thereto, dated as of March 16, 1987, Eleventh Amendment thereto, dated as of January 1, 1999, Twelfth Amendment thereto, dated as of June 30, 1999 (incorporated by reference to Exhibit 10.16 to Chicago Mercantile Exchange Inc.'s Form S-4, filed with the SEC on February 24, 2000, File No. 33-95561).

- 10.14 Credit Agreement, dated as of October 18, 2002, among Chicago Mercantile Exchange Inc., each of the banks from time to time party thereto and the Bank of New York, as collateral agent.
- 16.1 Letter from Arthur Andersen to the SEC dated May 17, 2002 (incorporated by reference to Exhibit 16.1 to Chicago Mercantile Exchange Holdings Inc.'s Current Report on Form 8-K, filed with the SEC on May 17, 2002, File No. 0-33379).
- 21.1 List of Subsidiaries of Chicago Mercantile Exchange Holdings Inc. (incorporated by reference to Exhibit 21.1 to Chicago Mercantile Exchange Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2001).
- 23.1 Consent of Ernst & Young LLP.
- 23.2\* Consent of Skadden, Arps, Slate, Meagher & Flom (Illinois) (included in Exhibit 5.1).

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\* To be filed by amendment.

\*\* Confidential treatment pursuant to Rule 406 of the Securities Act has been previously granted by the SEC.

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## AGREEMENT

THIS AGREEMENT, made and entered into this 7th day of February, 2000, by and between THE CHICAGO MERCANTILE EXCHANGE ("Employer"), an Illinois not for profit corporation, having its principal place of business at 30 South Wacker Drive, Chicago, Illinois, and James J. McNulty ("Employee").

## R E C I T A L S:

WHEREAS, Employer wishes to retain the services of Employee in the capacity of president and chief executive officer upon the terms and conditions hereinafter set forth and Employee wishes to accept such employment;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties mutually agree as follows:

1. EMPLOYMENT. Subject to the terms of the Agreement, Employer hereby agrees to employ Employee during the Agreement Term as president and chief executive officer and Employee hereby accepts such employment. Employee shall report to the Employer's Board of Directors, or any successor to the Board of Directors (hereinafter, "Board" shall mean the Board of Directors of Employer and/or any successor thereto). The duties of Employee as president and chief executive officer shall include, but not be limited to, the performance of all duties associated with the management and operation of Employer, including the execution of all policies formulated by the Board, the selection and hiring of personnel for the various divisions and departments, the training and establishing of duties and responsibilities of supervisory personnel, and improvements in organization, accounting procedures and financial policy for Employer. Further, and without limiting the generality of the foregoing, Employee, pursuant to the direction of the Board, shall be expected to successfully oversee and implement the "demutualization" of

Employer, defined herein as the change of Employer from a member-owned not for profit corporation to a stockholder-owned for-profit corporation. Employee shall devote his full time, ability and attention to the business of Employer during the Agreement Term, subject to the direction of the Board.

Notwithstanding anything to the contrary contained herein, nothing in the Agreement shall preclude Employee from participating in the affairs of any governmental, educational or other charitable institution, engaging in professional speaking and writing activities, and serving as a member of the board of directors of a publicly held corporation (except for a competitor of Employer), as long as the Board does not determine that such activities interfere with or diminish Employee's obligations under the Agreement. Employee shall be entitled to retain all fees, royalties and other compensation derived from such activities, in addition to the compensation and other benefits payable to him under the Agreement, but shall disclose such fees to Employer.

2. AGREEMENT TERM. Employee shall be employed hereunder for a term commencing on February 7, 2000 and expiring on December 31, 2003, unless sooner terminated as herein provided ("Agreement Term"). The Agreement Term may be extended or renewed by the mutual written agreement of the parties.

## 3. COMPENSATION.

(a) SIGN-ON BONUS. Within thirty (30) days of Employee's commencement of employment with Employer, Employer shall pay to Employee, in a single lump sum, a sign-on bonus of two million dollars (\$2,000,000), less applicable deductions and withholdings, to compensate Employee for the loss of benefits from Employee's previous employment.

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(b) ANNUAL BASE SALARY. During the Agreement Term, Employee shall receive an Annual Base Salary of one million dollars (\$1,000,000) payable semi-monthly. Employer shall annually review the Annual Base Salary and, at its sole discretion, may increase it from the level then in effect; in no event shall the Annual Base Salary be reduced during the Agreement Term from the level specified herein.

(c) ANNUAL INCENTIVE BONUS. Employee shall have the opportunity for an Annual Incentive Bonus for each calendar year during the Agreement Term based on Employee's attainment of pre-established goals, as follows:

(i) The goals for the first calendar year of the Agreement Term have been mutually agreed-upon by the parties, and are attached hereto as EXHIBIT A and are incorporated herein by reference. During the remainder of the Agreement Term, the goals for each coming calendar year shall be determined solely by the Board, and shall be communicated, in writing, to Employee at least thirty (30) days prior to the start of each calendar year.

(ii) The Annual Incentive Bonus shall not exceed the lesser of

one and one-half million dollars (\$1,500,000) or, following demutualization, ten percent (10%) of the Employer's Net Income, determined in accordance with generally accepted accounting practices by the Employer's regular outside certified public accountants.

(iii) The amount of the Annual Incentive Bonus for each calendar year shall be as determined by the Board, in its sole discretion, based on the Board's evaluation of Employee's attainment of the pre-established goals. Prior to payment of an Annual Incentive Bonus to Employee, the Board shall certify in writing that the pre-established goals, and any other terms deemed material by the Board, have been attained.

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(iv) Payment to Employee of any Annual Incentive Bonus determined by the Board, shall be made in a single lump sum during the first calendar quarter following the end of the calendar year.

(d) NON-QUALIFIED STOCK OPTION AND LONG TERM INCENTIVE AWARD. As of the date of Employee's commencement of employment with Employer, Employer shall grant to Employee a Non-Qualified Stock Option and Long-Term Incentive Award ("collectively referred to herein as the "Non-Qualified Stock Option") in accordance with SUPPLEMENT A attached hereto and incorporated herein by reference.

(e) BENEFITS AND BENEFIT PROGRAMS. Employee shall be eligible to, and shall, participate in all benefits and benefit programs offered from time to time to the senior executives of Employer. This shall include, without limitation, all insurance programs (e.g., medical, dental, vision, life, accidental death and dismemberment and disability), paid holidays and 5 weeks annual vacation, and pension, savings, cash balance, 401(k) and other retirement plan or plans, all as may be in effect from time to time. In addition, at Employer's expense, Employee shall be entitled to: (1) an annual physical examination; (2) parking space at the principal location of Employer, and (3) the amount of legal fees expended by Employee in connection with the negotiation and execution of this Agreement, not to exceed thirty-five thousand dollars (\$35,000).

(f) CEO PERQUISITES. Employee shall be eligible for such other perquisites, paid for or reimbursed by Employer, that are customary for the chief executive officer of a major financial institution, such as club memberships, automobile allowance and reimbursement for professional services. All such perquisites are subject to the approval of the Board's Compensation Committee, or its designate or successor, which approval shall not be unreasonably

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withheld, and shall not exceed fifty thousand dollars (\$50,000) for each calendar year of the Agreement Term.

(g) BUSINESS EXPENSES. Employer agrees to pay or promptly reimburse Employee for all reasonable expenses incurred by Employee in furtherance of, or in connection with, the transaction of the business of Employer hereunder, subject to proper accounting by Employee and approval by Employer.

#### 4. DISABILITY.

(a) In the event Employee is permanently disabled, as hereinafter defined, for a continuous period of 6 months, Employer, in its sole discretion, may terminate Employee's employment under the Agreement upon written notice to Employee. In such event, Employee's Annual Base Salary shall continue as provided in subparagraph (a) of paragraph 5.

(b) Employee, for the purposes hereof, shall be deemed to be "permanently disabled" when a mutually selected physician determines that as a result of bodily injury or disease or mental disorder, he is so disabled that he is prevented from performing the principal duties of his employment with or without reasonable accommodation.

#### 5. TERMINATION.

Employer may terminate the employment of Employee under the Agreement in the event that Employee shall die, or become permanently disabled, or for "Cause" or "without Cause" as hereinafter defined, or upon expiration of the Agreement Term, as set forth in subparagraphs (b) and (c) of this paragraph, and Employee may terminate employment under the Agreement with or without Good Reason, as hereinafter defined, as set forth in subparagraph (d) of this paragraph. Except as set forth in the last sentence of this Section, Employee's and his dependents' health,

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dental and vision insurance shall be continued on the terms then in effect (or as thereafter changed generally for the senior management of Employer) until the earlier of (a) the end of the period of continuation of Employee's Annual Base

Salary, or (b) the date Employee obtains other employment and becomes eligible for coverage under such employer's health insurance program. To the extent applicable, continuation of group health insurance coverage for Employee and his dependents pursuant to the provisions of Section 4980B of the Internal Revenue Code of 1986, as amended, and Sections 6.02 through 6.07 of the Employee Retirement Income Security Act of 1974, as amended ("COBRA") shall commence after expiration of the health insurance coverage provided above. In the event of termination of Employee for Cause, or termination by Employee other than for Good Reason, or termination upon expiration of the Agreement, Employee's and his dependents' sole right to continued health insurance coverage shall be pursuant to COBRA.

(a) DEATH OR DISABILITY. In the event of termination of Employee's employment hereunder due to death or Employee becoming permanently disabled, Employer shall, for a period of six (6) months following such termination, continue to pay Employee's Annual Base Salary, as then in effect. Payments pursuant to this subparagraph (a) shall be made to Employee, or to his estate or designated beneficiary in the event of his death.

Any portion of the Non-Qualified Stock Option that is not vested prior to termination on account of Employee's death or permanent disability shall immediately vest on such termination. In the event of permanent disability, during the remainder of the ten year period following the Grant Date (defined in Supplement A), Employee shall be permitted to exercise any unexercised portion of the Non-Qualified Stock Option. Any portion of the Non-Qualified Stock Option that has not been exercised on the ten year anniversary of the Grant Date shall be forfeited. As soon

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as practicable following death, Employer shall pay to Employee's estate or designated beneficiary cash equal to the excess of the fair market value of the Covered Shares (referred to in Supplement A) subject to such exercise over the aggregate exercise price for such Shares.

(b) CAUSE OR EXPIRATION OF AGREEMENT TERM. If Employee's employment hereunder is terminated by Employer for Cause, or upon expiration of the Agreement Term, Employer shall pay to Employee in a single lump sum, as soon as practicable after such termination or expiration, any and all accrued but unused vacation pay and, accrued but unpaid Annual Base Salary, and other amounts that have been earned but not paid to Employee as of the date of such termination or expiration. If Employee is terminated for Cause, the entire Non-Qualified Stock Option that has not been exercised by the date of notice of termination for Cause shall be forfeited unless the Board, in its sole discretion, determines otherwise. Upon expiration of the Agreement Term, Employee shall be permitted to exercise any unexercised portion of the Non-Qualified Stock Option during the ten year period following the Grant Date. Any portion of the Non-Qualified Stock Option that has not been exercised by the ten year anniversary of the Grant Date shall be forfeited.

For purposes of this Agreement, "Cause" shall be deemed to exist if, and only if:

(i) Employee shall engage, during the performance of his duties hereunder, in acts or omissions constituting dishonesty, intentional breach of fiduciary obligation or intentional wrongdoing or malfeasance;

(ii) Employee shall intentionally disobey or disregard a lawful and proper direction of the Board or Employer; or

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(iii) Employee shall materially breach the Agreement and such breach by its nature is either incapable of being cured, or if capable of being cured, remains uncured for more than thirty (30) days following receipt by Employee of written notice from Employer specifying the nature of the breach and demanding the cure thereof. For purposes of this clause (iii), a material breach of the Agreement that involves inattention by Employee to his duties shall be deemed a breach capable of cure.

Without limiting the generality of the foregoing, the following shall not constitute Cause for termination of Employee or the modification or diminution of any of his authority hereunder: (a) any personal or policy disagreement between Employee and Employer or any member of Employer or its Board, or (b) any action taken by Employee in connection with his duties hereunder or any failure to act, if Employee acted, or failed to act, in good faith and in a manner Employee reasonably believed to be in and not opposed to the best interest of Employer and Employee has no reasonable cause to believe his conduct was unlawful.

In the event of termination for Cause, Employer shall give Employee at least thirty (30) days prior written notice, specifying in reasonable detail the reason or reasons for Employee's termination.

(c) WITHOUT CAUSE. Employee's employment may be terminated by Employer at any time during the Agreement Term, at Employer's discretion and without Cause, upon ninety (90) days advance written notice of same to Employee.

In this event, Employee shall continue to receive (1) his Annual Base Salary for the remainder of the Agreement Term, and (2) one-third (1/3) of the maximum Annual Incentive Bonus, payable semi-monthly, for the remainder of the Agreement Term. Any portion of the Non-Qualified Stock Option that is not vested prior to such

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termination shall immediately vest on termination. During the ten year period following the Grant Date, Employee shall be permitted to exercise any unexercised portion of the Non-Qualified Stock Option. Any portion of the Non-Qualified Stock Option that has not been exercised by the ten year anniversary of the Grant Date shall be forfeited.

(d) BY EMPLOYEE. Employee's employment with Employer may be terminated by Employee at any time, after the first anniversary of this Agreement, by the giving of ninety (90) days advance written notice of same to Employer. In the event Employee terminates after the first anniversary of this Agreement, Employer shall pay to Employee, as soon as practicable after such termination, in a single lump sum, any and all Annual Base Salary, and accrued but unused vacation pay, that have been earned but not paid to Employee as of the date of termination. Employee shall forfeit the Annual Incentive Bonus for the year during which he resigns, and he shall forfeit any portion of the Non-Qualified Stock Option that is not vested prior to termination. During the one hundred eighty (180) day period following such termination, Employee shall be permitted to exercise any portion of the Non-Qualified Stock Option that was vested prior to termination. Any portion of the Non-Qualified Stock Option that has not been exercised by the one hundred eighty first (181st) day following termination shall be forfeited. In the event Employee attempts to terminate his employment prior to the first anniversary of the Agreement, such act shall be treated as a material breach of the Agreement by Employee under paragraph 5(b)(iii).

In the event Employee terminates the Agreement pursuant to the above after its first anniversary date with less than ninety (90) days advance written notice of same to Employer, the parties acknowledge that Employer will be damaged thereby, but that such damages will be

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difficult to calculate. Accordingly, Employee will promptly pay to Employer, or allow Employer to set off against any monies it may then owe to Employee, as liquidated damages a sum equal to Employee's Annual Base Salary, on the date of termination divided by 260 for each day Employee's notice of termination hereunder is less than ninety (90) days.

A termination by Employee for Good Reason shall entitle Employee to those payments applicable to a termination without Cause, as set forth in subparagraph (c) of this paragraph. For purposes of this paragraph, "Good Reason" shall be deemed to exist if, and only if:

- (i) The Employee's principal place of business is relocated outside of the Chicago metropolitan area;
- (ii) Employer fails to pay to Employee the agreed-upon compensation or benefits;
- (iii) There is a demotion or significant diminution in Employee's responsibilities or authorities under the Agreement sufficient to constitute a constructive termination as presently defined by Illinois law.

The conditions set forth in (ii) and (iii) above shall constitute Good Reason if such conditions remain uncured for more than thirty (30) days following Employer's receipt of written notice from Employee advising of such condition and demanding the cure thereof.

#### 6. "WALKAWAY" OPTION.

In the event Employer has not demutualized by December 31, 2000, the Agreement may, within thirty (30) days thereafter, be terminated by either Employee, if such failure is not the result of an intentional act by Employee, or by Employer, by written notice of same to the other; provided, however, that if Employer certifies in writing to Employee on or before January 31,

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2001, that demutualization has been delayed solely because a necessary government action or ruling has not been received, and that Employer believes in good faith that it will be received within ninety (90) days of the date of Employer's certification hereunder, Employee shall not terminate hereunder unless demutualization is not completed within such ninety (90) day period. For purposes of the Agreement, the "Walkaway Period" shall mean the foregoing period of time prior to demutualization, including the specified extensions thereof, during which either party may, pursuant to this paragraph 6, terminate the Agreement.



In the event of termination of the Agreement under this paragraph, Employee shall be paid the Annual Base Salary in effect prior to such termination plus one-third (1/3) of the maximum Annual Incentive Bonus, payable semi-monthly, for the remainder of the Agreement Term. Such payments shall cease if and when Employee becomes employed by or becomes a consultant to any organization engaged in trade execution and/or trade clearing. Notwithstanding the preceding sentence, such payments shall not cease if Employee becomes a member of the board of directors of any organization that is not in direct competition with Employer. For purposes of this provision, all stock exchanges shall be deemed to be in direct competition with Employer.

During the Walkaway Period, Employee shall not exercise any portion of the Non-Qualified Stock Option that has vested. In the event of termination of the Agreement under this paragraph by either Employer or Employee, the entirety of the Non-Qualified Stock Option, regardless of whether otherwise vested or unvested, shall be forfeited.

7. CHANGE IN CONTROL. For purposes of the Agreement, the term "Change in Control" means the occurrence, of the events described in any of subsections (i), (ii), or (iii) below:

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(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of any voting securities of the Employer entitled to vote generally in the election of directors ("Voting Securities") if, immediately after such acquisition, such Person beneficially owns fifty percent (50%) or more of the combined voting power of the outstanding Voting Securities (the "Outstanding Employer Voting Securities"). The foregoing provisions of this subsection (i) shall be subject to the following:

- (A) The following shall not constitute a "Change in Control": (I) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by Employer or any entity controlled by Employer (an "Employer Plan"); (II) any acquisition by an underwriter temporarily holding securities pursuant to an offering of such securities; or (III) any acquisition by any Person pursuant to a transaction which complies with subsections (ii)(A) and (ii)(B) of this definition.
- (B) For purposes of the foregoing provisions of this subsection (i), the following shall not be deemed to constitute an "acquisition" by any Person: (I) any acquisition directly from Employer (excluding any acquisition resulting from the exercise of an exercise, conversion, or exchange privilege unless the security being so exercised, converted, or exchanged was acquired directly from Employer); and (II) any acquisition by Employer of Voting Securities.

(ii) Consummation of (I) a reorganization, merger, consolidation, or other business combination involving Employer or (II) the sale or other disposition of more than fifty percent (50%) of the

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operating assets of Employer (determined on a consolidated basis), other than in connection with a sale-leaseback or other arrangement resulting in the continued utilization of such assets (or the operating products of such assets) by Employer (any transaction described in part (I) or (II) being referred to as a "Corporate Transaction"); excluding, however, a Corporate Transaction pursuant to which each of subsections (A) and (B) below are applicable:

- (A) All or substantially all of the individuals and entities who are the beneficial owners, respectively, of the Outstanding Employer Voting Securities immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then Outstanding Employer Voting Securities entitled to vote generally in the election of directors of the ultimate parent entity resulting from such Corporate Transaction (including, without limitation, an entity which, as a result of such transaction, owns Employer or all or substantially all of the assets of Employer either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Employer Voting Securities, as the case may be.
- (B) No Person (other than Employer, any Employer Plan or related trust, the corporation resulting from such Corporate Transaction, and any Person which beneficially owned, immediately prior to such Corporate Transaction, directly or indirectly, fifty percent (50%) or more of the Outstanding Employer Voting Securities) will beneficially own, directly or indirectly, fifty percent (50%) or more of the then combined voting power of the then outstanding voting securities of such entity.

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(iii) Approval by the shareholders of Employer of a plan of complete liquidation or dissolution of the Employer.

If during the Agreement Term there is both a Change in Control, and Employee's employment is terminated by Employer, or by Employee for Good Reason, during the two (2) years following such Change in Control, Employee shall be entitled to the following:

(a) A single lump sum severance payment to be paid by Employer equal to the aggregate of (1) two (2) times the Annual Base Salary in effect prior to such termination that would have been due Employee but for his termination pursuant to this paragraph 7, plus (2) one and one-third (1 1/3) times the maximum Annual Incentive Bonus that Employee would have been eligible to receive but for his termination pursuant to this paragraph 7, for the remainder of the Agreement Term; provided, however, that such severance payment shall not exceed eight million dollars (\$8,000,000), and may be reduced to a lesser amount to the extent provided in subparagraph (b) next below. This severance payment shall be made within ninety (90) days of the date of such termination pursuant to this paragraph.

(b) If:

(i) any payment or benefit to which the Employee is entitled from Employer, any affiliate, or trusts established by Employer or by any affiliate (the "Payments," which shall include, without limitation, the vesting of an option or other non-cash benefit or property) are more likely than not to be subject to the tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended ("Code") or any successor provision to that section; and

(ii) reduction of the Payments to the amount necessary to avoid the application of such tax would result in Employee retaining an amount that is greater than the

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amount he would retain if the Payments were made without such reduction but after the application of such tax;

The Payments shall be reduced to the extent required to avoid application of such tax. The Employee shall be entitled to select the order in which Payments are to be reduced in accordance with the preceding sentence. Determination of whether Payments would result in the application of the tax under Code Section 4999, and the amount of reduction that is necessary so that no such tax is applied, shall be made by the mutual agreement of the parties or, in the absence of such agreement, by a mutually selected independent certified public accounting firm, retained at Employer's expense.

(c) Any portion of the Non-Qualified Stock Option that is not then vested shall immediately vest. If the securities that Employee would receive upon the exercise of the Non-Qualified Stock Option are of a class that is not registered under Section 12 of the Securities Exchange Act of 1934, then the Non-Qualified Stock Option shall be exercisable by Employee until the three-year anniversary of Employee's termination of employment with Employer; provided that in no event shall the Non-Qualified Stock Option be exercisable later than the ten-year anniversary of the Grant Date. If the securities that Employee would receive upon the exercise of the Non-Qualified Stock Option are of a class that is registered under Section 12 of the Securities Exchange Act of 1934, then Employer shall file a Securities Exchange Commission Form S-8 with respect to the sale of all of the securities that would be deliverable to Employee upon the exercise of the Non-Qualified Stock Option (in whole or in part) (the "Required Form S- 8") before, or as soon as practicable after the termination of Employee's employment with

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Employer, and the Non-Qualified Stock Option shall be exercisable by Employee until the latest to occur of:

- (i) the one-year anniversary of Employee's termination of employment with Employer;
- (ii) the one-year anniversary of the date on which the Required Form S-8 becomes effective with respect to the exercise of the Non-Qualified Stock Option; or
- (iii) the one-year anniversary of the date on which counsel to Employer renders an opinion to Employer and Employee that Employee is not an "affiliate" (as that term is defined in Rule 144 under the Securities Act of 1933) with respect to Employer or, if later, the date specified in such opinion as the date on which Employee will cease to be an "affiliate";

provided that in no event shall the Non-Qualified Stock Option be exercisable later than the ten-year anniversary of the Grant Date. Any portion of the Non-Qualified Stock Option that has not been exercised prior to the end of the period of exercisability set forth in this paragraph (c) shall be forfeited.

(a) Employee acknowledges that Employer may disclose certain confidential information to Employee during the Agreement Term to enable him to perform his duties hereunder, and Employee hereby covenants and agrees that, subject to subparagraph (b) of this Section, he will not, without the prior written consent of Employer, during the Agreement Term (except in connection with the proper performance of his duties hereunder) or at any time thereafter, disclose or permit to be disclosed to any third party by any method whatsoever any of the confidential information of Employer. For purposes of the Agreement, "confidential information" shall include, but not be limited to, any and all records, notes, memoranda, data,

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writings, research, personnel information, customer information, clearing members' information, Employer's financial information and plans in the possession or control of Employer that have not been published or disclosed to the general public or the commodities futures industry. If Employee fails to comply with any provisions of this paragraph, which failure (i) is inadvertent or unintentional, or (ii) occurs notwithstanding Employee's good faith effort to comply with paragraph, or (iii) does not, and is not likely to, result in material loss to Employer, then such failure shall not constitute a violation of any provision, covenant or agreement of this paragraph, for any purposes of this Agreement.

(b) Clause (a), above, shall not be applicable if and to the extent Employee is required to testify in a legislative, judicial or regulatory proceeding pursuant to an order of Congress, any state or local legislature, a judge, or an administrative law judge issued after Employee and his legal counsel have, by all legal means, resisted such order. Employee will promptly notify Employer, so that Employer will have sufficient time to intervene or otherwise protect its interests, of the commencement of a proceeding or action which might result in an order requiring the disclosure of confidential information by Employee.

9. INDEMNITY. Except as precluded by law or regulation, Employer shall indemnify, protect, defend and save Employee harmless from and against any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative, in which Employee is made a party by reason of the fact that Employee is an officer, employee or agent of Employer, or any judgment, amount paid in settlement (with the consent of Employer), fine, loss, expense, cost, damage and reasonable attorney's fees incurred by reason of the fact that Employee is an officer, employee or agent of Employer, provided, however, that Employee acted

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in good faith and in a manner he reasonably believed to be in the best interests of Employer, and had no reasonable cause to believe his conduct was unlawful. Employer, at its expense, shall have the right to purchase and maintain insurance or fidelity bonds on behalf of Employee against any liability asserted against him and incurred by him in his capacity as an officer, employee or agent of Employer.

10. ARBITRATION; EQUITABLE REMEDIES. Any controversy or claim arising out of or relating to the Agreement or the validity, interpretation, enforceability or breach thereof, which is not settled by agreement of the parties, shall be settled by arbitration conducted in the City of Chicago, in accordance with the Labor Rules and Procedures of the American Arbitration Association ("Association"), and judgment upon the award rendered in such arbitration may be entered in any court having jurisdiction. The arbitration shall be conducted before a single arbitrator selected by the parties. In the event the parties cannot agree on any arbitrator, then the Association will supply both parties with a list of seven (7) names. The parties will alternatively strike one name until only one remains. First choice will be determined by a coin toss, the winning party having the option of striking first or second. All expenses of arbitration shall be borne equally by the parties, except that each party shall bear its own attorney's fees. The arbitrator shall have no power to amend, alter, add to or delete from the Agreement.

Employee acknowledges that Employer would be irreparably injured by a violation of paragraph 8 and Employee agrees that Employer, in addition to any other remedies available to it for such breach or threatened breach, shall be entitled to a preliminary injunction, temporary restraining order, or other equivalent relief, restraining Employee from any actual or threatened breach of paragraph 8 pending, and in aid of, arbitration of the dispute. If a bond is required to be

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posted in order for Employer to secure an injunction or other equitable remedy, the parties agree that such bond need not be more than a nominal sum.

11. RETURN OF PROPERTY. Upon Employee's last day of active work, Employee hereby agrees to immediately turn over to Employer any keys, credit cards, passes, and all notes, memoranda, records, documents, computer disks, and all

other information, no matter how produced or reproduced, kept by Employee or in his possession or control, used in or pertaining to the business of Employer, it being hereby acknowledged that all of said items are the sole and exclusive property of Employer.

12. DEFENSE OF CLAIMS. During the period of his employment by Employer, and continuing after the termination of his employment for a period of three (3) years, Employee shall reasonably cooperate with Employer at its request in the defense or prosecution of any claim that may be made by or against Employer. Such cooperation shall include, without limitation, serving as a witness at trial or hearing, being deposed, and preparation for same or otherwise cooperating with Employer as determined to be necessary by Employer at its sole discretion, for the defense or prosecution of a claim. For the period after Employee terminates his employment with Employer, Employer shall reimburse Employee for all reasonable expenses in connection therewith, including travel expenses, and shall compensate him at a daily rate equal to his Annual Base Salary on the date his employment with Employer terminated, divided by 260, with days used for preparation, travel and other related matters being included for purposes of determining the compensation due to Employee. Less than full days shall be paid for by the hour, determined by dividing the daily rate by eight. To the extent reasonably practicable, Employer shall provide Employee with notice at least ten (10) days prior to the date on which any such travel is required.

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13. WAIVER OF BREACH. No waiver of either party hereto of a breach of any provision of the Agreement by the other party, or of compliance with any condition or provision of the Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party or any similar or dissimilar provisions and conditions at the same or any prior or subsequent time. The failure of either party to take any action by reason of such breach will not deprive such party of the right to take action at any time while such breach continues.

14. ENTIRE AGREEMENT. The Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior and contemporaneous agreements, if any, between the parties relating to the subject matter hereof.

15. COUNTERPARTS. The Agreement may be signed in multiple counterparts, each of which shall be deemed to be an original for all purposes.

16. ACKNOWLEDGMENT BY EMPLOYEE. Employee represents that he is knowledgeable and sophisticated as to business matters, including the subject matter of the Agreement, that he has read the Agreement and that he understands its terms. Employee acknowledges that, prior to assenting to the terms of the Agreement, he has been given reasonable time to review it, to consult with counsel of his choice, and to negotiate at arm's length with Employer as to the contents. Employee and Employer agree that the language used in the Agreement is the language chosen by the parties to express their mutual intent, and that no rule of strict construction is to be applied against either party hereto.

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17. ASSIGNMENT, SURVIVAL OF AGREEMENT.

(a) This Agreement is personal to Employee and shall not be assigned.

(b) Employer may assign the Agreement without the consent of Employee to any other entity who in connection with such assignment acquires all or substantially all of the assets of Employer, or acquires a majority of the voting rights of Employer, or into or with which Employer is merged or consolidated. In the event of a merger, sale, reorganization or other Change in Control (as defined in paragraph 7) of Employer, the Agreement shall be binding upon, and inure to the benefit of, any successor to Employer.

(c) Except as otherwise expressly provided in this Agreement, the rights and obligations of the parties to the Agreement shall survive the termination of Employee's employment with Employer.

18. NOTICE. All notices and communications required hereunder shall be in writing and shall be deemed to have been given on the day of delivery if personally delivered or sent by facsimile, or two (2) days after mailing if mailed, postage prepaid, certified or registered, return receipt requested, to the following addresses:

IF TO EMPLOYEE: James J. McNulty  
6 Kent Road  
Winnetka, Illinois 60093

WITH A COPY TO: John Adams  
Schiff Hardin & Waite  
233 S. Wacker Drive  
Chicago, Illinois 60606

IF TO EMPLOYER: Chicago Mercantile Exchange

WITH A COPY TO

Jerrold E. Salzman  
Freeman, Freeman & Salzman  
401 N. Michigan Avenue, Suite 3200  
Chicago, Illinois 60611

or to such other addresses as the respective parties may hereafter designate.

19. SEVERABILITY. If any clause, phrase, provision or portion of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable under any applicable law, such event shall not affect or render invalid or unenforceable the remainder of this Agreement, and shall not affect the application to any clause, provision or portion hereof to other persons or circumstances.

20. BENEFIT. The provisions of this Agreement shall be binding upon and inure to the benefit of Employer, its successors and assigns and upon and to Employee, his heirs, personal representatives and successors, including without limitation, the estate of Employee and the executors, administrators or trustees of such estate.

21. RELEVANT LAW: This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois without regard to that State's conflict of laws.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and date first above written.

EMPLOYER:

EMPLOYEE:

CHICAGO MERCANTILE EXCHANGE,  
an Illinois not for profit  
corporation

By: /s/ Scott Gordon

/s/ James J. McNulty

-----  
[Name]

Its:  
-----

SUPPLEMENT A

As of the date of employment (the "Grant Date"), Employer grants to Employee this Non-Qualified Stock Option ("Option") upon the terms and conditions set forth in this Supplement A. The Option may only be exercised if Employer converts from an Illinois not-for-profit corporation to a for-profit corporation. If Employer does not convert, Employee shall be entitled to appreciation rights in lieu of the Option. The Option rewards Employee for helping to increase the Value of Employer. The Option allows Employee to acquire a basket of up to 2.5% of all classes of the Employer's common stock, as of the date that Employer converts, for an exercise price equal to 2.5% of the Value of the Employer on the Grant Date and to acquire a basket of up to 2.5% of all classes of the Employer's common stock, as of the date that Employer converts, for an exercise price equal to 3.75% of the Value of the Employer on the Grant Date. The number of shares of each class will be computed when the conversion becomes final and a Rider showing the results of such computation will be attached to and become a part of this Agreement. The number of shares and exercise price of a class of common stock subject to the Option shall be adjusted as a result of an equity restructuring to maintain the economic value of the Option. For purposes of this Supplement A, an equity restructuring is a nonreciprocal transaction between the Company and its shareholders, such as a stock dividend, spin-off, stock split, reverse stock split, rights offering, or recapitalization through a special, large nonrecurring dividend that causes the market value per share of the stock underlying the Option to decrease or increase.

The Option shall be a non-qualified stock option, not granted in accordance with Section 422 of the Internal Revenue Code of 1986, as amended, to purchase an indivisible package including each class of shares issued by the Employer (the "Covered Shares").

1. The Option provides that, upon exercise with respect to the Covered Shares elected by Employee, Employee shall receive shares of Class A common stock, Class B common stock, cash, or a combination thereof, as determined by Employer in its sole discretion (except Employer shall not distribute more class B common stock than the amount included in the indivisible package

comprising the Covered Shares elected by Employee), with an aggregate Fair Market Value equal to the Fair Market Value of the Covered Shares to which he would otherwise have been entitled upon exercise.

2. The Options will be divided into two tranches, referred to as Tranche A and Tranche B. Each of Tranche A and Tranche B will include an equal number of the Covered Shares granted hereunder, that is, each tranche shall include a basket equal to 2.5% of each class of Employer's common stock.
3. The exercise price with respect to all of the Covered Shares under Tranche A shall be 2.5% of the Value of Employer on the Grant Date. The exercise price with respect to all of the Covered Shares under Tranche B shall be 3.75% of the Value of Employer on the Grant Date. If fewer than all the Covered Shares in a Tranche are exercised, the exercise price will be proportionately reduced.
4. The "Value of Employer on the Grant Date" shall be equal to the sum of the prices for all memberships, with the price for any category of membership to be determined based on the average price of all actual transactions for that category of membership which took place during the six months prior to the Grant Date.
5. Each Installment of Covered Shares of Tranche A and each installment of Covered Shares of Tranche B shall be exercisable on and after the Vesting Date for such Installment as described in the following schedule (but only if Employee's date of termination with Employer has not occurred before the Vesting Date):

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| INSTALLMENT           | VESTING DATE APPLICABLE TO<br>INSTALLMENT |
|-----------------------|---|
| 40% of Covered Shares | One year anniversary of the Grant Date    |
| 20% of Covered Shares | Two year anniversary of the Grant Date    |
| 20% of Covered Shares | Three year anniversary of the Grant Date  |
| 20% of Covered Shares | Four year anniversary of the Grant Date   |

6. Notwithstanding the foregoing provisions of paragraph 5, the Option shall become fully vested and exercisable under the following circumstances: (i) the termination of Employee's employment with Employer by reason of the Employee's death or permanent disability pursuant to subparagraph 5(a) of the Agreement, (ii) termination by Employer without Cause pursuant to subparagraph 5(c) of the Agreement, (iii) termination by Employee for Good Reason pursuant to subparagraph 5(d) of the Agreement, and (iv) a Change in Control and termination as defined in paragraph 7(a) of the Agreement.
7. At any time that a portion of the Option is exercisable, Employee may exercise such portion in whole or in part by filing a written notice with Employer accompanied by payment of the exercise price in accordance with Paragraph 13 of this Supplement A.
8. The Option may be exercised on or after Employee's date of termination with Employer only as to those Covered Shares for which it was exercisable immediately prior to Employee's date of termination with Employer, or becomes exercisable on Employee's date of termination with Employer.

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9. Upon exercise of the Option, Employer shall distribute to Employee the Covered Shares subject to the exercise, or in lieu of the Covered Shares, shares of Class A common stock, Class B common stock, cash, or a combination thereof, as determined by Employer in its sole discretion (except Employer shall not distribute more class B common stock than the amount included in the indivisible package comprising the Covered Shares elected by Employee). Such payment of cash and/or shares of common stock shall be equal to the aggregate Fair Market Value of the Covered Shares subject to the exercise notice on the date of exercise. The Fair Market Value for the Class A and Class B Stock included in the Covered Shares, as of any date, shall be determined in the following manner:
  - (i) If traded on an established exchange, Fair Market Value shall be the closing prices of such Stock on such exchange as of such date;
  - (ii) If such Stock is not traded on an established exchange as of such date, Fair Market Value shall be the average of the bid and ask prices for such Stock, where quoted for such Stock, as of the applicable date;
  - (iii) If no applicable price is available pursuant to clauses (i) or (ii) above, or if, in the mutual opinion of Employer and Employee, either or both of Class A and Class B Stock are thinly traded, an outside expert, mutually selected by Employer and Employee,

shall establish the Fair Market Value of either or both.

10. The Option shall not be exercisable after Employer's close of business on the last business day that occurs prior to the Expiration Date. The "Expiration Date" shall be the earlier to occur of: (i) the ten-year anniversary of the Grant Date or (ii) the date on which Employee is notified by Employer of Employee's termination for Cause; or (iii) the applicable date

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following Employee's death, permanent disability or other termination pursuant to paragraphs 5 or 7 of the Agreement.

11. The Options and all rights thereunder will be non-transferable except with the written consent of the Compensation Committee of the Board.
12. Shares of Class A Stock of Employer distributed pursuant to the exercise of the Option shall be transferable by Employee, subject to Employee being required to hold shares of such Stock, with a Fair Market Value equal to not less than three times Employee's Annual Base Salary, while employed by Employer as its Chief Executive Officer, subject to any applicable legal requirements, and subject to any lockup restrictions specified by Employer's banker.
13. The Option may be exercised by Employee, by a legatee or legatees of the Option under Employee's last will, or by his executors, personal representatives or distributees, by delivering to the Secretary of Employer written notice of the percentage of Covered Shares with respect to which the Option is being exercised, accompanied by full payment to Employer of the exercise price of the Covered Shares being purchased under the Option. The exercise price of the Covered Shares purchased shall be paid in full by any of the following methods, or any combination thereof, selected by Employee, or his legatee or legatees, executors, personal representatives or distributees: (i) in cash, (ii) in Class A Stock valued at its Fair Market Value on the date of exercise, (iii) in Class B Stock valued at its Fair Market Value on the date of exercise, (iv) in cash by a broker-dealer to whom the holder of the Option has submitted an exercise notice consisting of a fully-endorsed Option (in such case, Employer shall pay all brokerage fees in connection with the exercise), (v) by agreeing to surrender a portion of the Option then exercisable,

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valued at the Fair Market Value of the Covered Shares minus the exercise price for such Covered Shares, or (vi) by directing Employer to withhold such number of shares of Covered Shares otherwise issuable upon exercise of the Option having an aggregate Fair Market Value on the date of exercise equal to the exercise price of the Option. The election by Employee pursuant to the preceding sentence must be made on or prior to the date of exercise of the Option and shall be irrevocable.

14. As soon as reasonably practicable after exercise of the Option, and payment of the exercise price as provided above, Employer shall issue, in the name of Employee (or if applicable his legatees, executors, personal representatives or distributees) stock certificates representing the total number of Covered Shares or shares of common stock issuable pursuant to the exercise of the Option, provided that any Stock purchased by Employee through a broker-dealer shall be delivered to such broker-dealer in accordance with applicable government regulations.
15. If Employer has not demutualized at the date that Employee gives notice of exercise, Employee shall receive appreciation rights in lieu of the Covered Shares to which he would have been entitled. In such case, no payment of the exercise price shall be due from Employee under paragraphs 7 and 13 of this Supplement A, and no distribution shall be made to Employee in accordance with paragraphs 1, 9 and 14 of this Supplement A or otherwise. Instead, Employee shall be entitled to a cash payment equal to the excess of (i) the Fair Market Value (determined in accordance with paragraph 4 as of the date of exercise) of the percentage of Employer that would have been represented by Covered Shares subject to the exercise over (ii) the exercise price applicable to the Covered Shares

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that would have been subject to the exercise notice. The amount of such cash distribution (together with interest at the rate of LIBOR plus one) shall be made in three substantially equal installments on each of the one-year anniversary, the two-year anniversary, and the three-year anniversary of the exercise date.

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Pursuant to paragraph 3(c)(i) of the Agreement, Employer and Employee have mutually agreed upon the goals for Employee for the year 2000, which are as follows:

1. Complete an evaluation of selected alliance partner relationships and the strategic implications of each for the Employer.

2. Evaluate Clearing 21 capabilities with recommendations for enhancements.

3. Lead staff effort in the completion of S-4 filing with SEC regarding demutualization.

4. Complete an evaluation of the current technology, including, without limitation, GLOBEX trade matching engine capabilities, and evaluate alternatives.

5. Prepare an employee stock option plan that aligns the objectives of employees to those of shareholders.

6. Complete an analysis of existing senior management team.

7. Assess the ongoing needs of the Employer with respect to personnel, staffing levels and real estate needs, and possible adjustments thereto.

8. Assist in the regulatory and legislative processes on matters that affect the Employer.

9. Establish and maintain strong communications with the Employer's Board of Directors, and endeavor to obtain the Board's cooperation and support in the ongoing planning process.



[Chicago Mercantile Exchange Inc. Logo]

CHICAGO MERCANTILE EXCHANGE INC.

CREDIT AGREEMENT

DATED AS OF OCTOBER 18, 2002

AMONG THE

CHICAGO MERCANTILE EXCHANGE INC.,

EACH OF THE BANKS FROM TIME TO TIME PARTY HERETO

AND

THE BANK OF NEW YORK, AS COLLATERAL AGENT

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This Credit Agreement, dated as of October 18, 2002 is among Chicago Mercantile Exchange Inc., a Delaware corporation (together with its successors and assigns, "CME" or the "COMPANY") and a wholly owned subsidiary of Chicago Mercantile Exchange Holdings Inc. (together with its successors and assigns, "HOLDINGS") the Banks and The Bank of New York, as Collateral Agent.

In consideration of the mutual agreements herein contained, the parties hereto hereby agree as follows:

## ARTICLE I

### DEFINITIONS

The parties hereto agree as follows:

As used in this Agreement:

"ACCELERATED TERMINATION DATE" has the meaning set forth in SECTION 11.9(d).

"ACCELERATED TERMINATION NOTICE" has the meaning set forth in SECTION 2.7.2.

"ADDITIONAL AMOUNT" has the meaning set forth in SECTION 11.4(a).

"ADVANCE" means a borrowing hereunder consisting of the aggregate amount of the several Loans made to the Company by the Banks at the same time and having the same maturity date.

"AGGREGATE COMMITMENT" means the aggregate of the Commitments of all the Banks hereunder.

"AGREEMENT" means this Credit Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time.

"AGREEMENT ACCOUNTING PRINCIPLES" means generally accepted principles of accounting in effect at the time of the preparation of the financial statements referred to in SECTION 6.4, applied in a manner consistent with that used in preparing such statements.

"ARTICLE" means an article of this Agreement unless another document is specifically referenced.

"ASSIGNMENT AGREEMENT" has the meaning set forth in SECTION 11.1(c).

"BANKS" means the banks and other financial institutions listed on the signature pages of this Agreement and their respective successors and assigns and any other financial institution that becomes a party hereto as a Bank in accordance with SECTION 9.2(b).

"BORROWING BASE" means, at any time, an amount equal to the sum of:

(a) 99.25% of the aggregate market value at such time of all Security Deposits in the form of United States Treasury Bills, plus

(b) 98% of the aggregate market value at such time of all Security Deposits in the form of United States Treasury Notes with maturities of 2 years or less, plus

(c) 97% of the aggregate market value at such time of all Security Deposits that are United States Treasury Notes with maturities greater than 2 years and all Security Deposits in the form of United States Treasury Bonds, plus

(d) 96% of the aggregate market value at such time of all Security Deposits that are United States Agency obligations, plus

(e) 98% of the aggregate market value at such time of all Security Deposits that are Money Fund Shares,

excluding, however, in each case, any Security Deposits that are not subject to a first priority perfected Lien in favor of the Collateral Agent, for the ratable benefit of the Banks, pursuant to the Collateral Documents, free and clear of any other Lien other than Liens permitted by subsection (a), (b) or (c) of SECTION 7.8. It is understood and agreed that the market value of all Security Deposits as of any date shall be determined by the Collateral Agent in accordance with its usual and customary practices.

"BORROWING DATE" means a date on which an Advance is made hereunder.

"BUSINESS DAY" means any day other than a Saturday, Sunday or other day on which commercial banks in Chicago, Illinois or New York, New York are authorized or required by law to close.

"CLEARING HOUSE" means the department of the Company through which all futures and options on futures trades on or subject to the rules of the exchange

are reconciled, settled, adjusted and cleared.

"CLEARING MEMBER" means a firm qualified to clear trades through the Clearing House.

"CME" has the meaning set forth in the preamble hereto.

"CME RULES" means the rules of the Company as amended and in effect from time to time and includes any interpretations thereof. "CME RULE" shall refer to any specifically designated rule.

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"COLLATERAL" means any and all rights and interests in or to the Security Deposits, in which a Lien is created or purported to be created pursuant to the Collateral Documents, all as more particularly described in the Security and Pledge Agreement.

"COLLATERAL AGENT" means The Bank of New York, in its capacity as collateral agent for the Banks pursuant to Article X or any successor collateral agent hereunder, together with their respective successors and assigns.

"COLLATERAL DOCUMENTS" means the Security and Pledge Agreement, the Control Agreement and each document executed in connection therewith.

"COLLATERAL NOTICE" has the meaning set forth in SECTION 10.8.

"COMMITMENT" means, for each Bank, the obligation of such Bank to make Loans to the Company in an aggregate amount not exceeding the amount set forth opposite its signature below, as such amount may be modified from time to time as provided herein.

"COMPANY" has the meaning set forth in the preamble hereto.

"CONSOLIDATED TANGIBLE NET WORTH" means at any date the consolidated shareholders' equity of the Company and its consolidated Subsidiaries determined in accordance with Agreement Accounting Principles, less their consolidated Intangible Assets, all determined as of such date. For purposes of this definition "INTANGIBLE ASSETS" means the amount (to the extent reflected in determining such consolidated shareholders' equity) of (i) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of assets of a going concern business made within twelve months after the acquisition of such business) subsequent to December 31, 2000 in the book value of any asset owned by the Company or a consolidated Subsidiary, (ii) all investments in unconsolidated Subsidiaries and all equity investments in Persons which are not Subsidiaries and (iii) all unamortized debt discount and expense, unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, organization or developmental expenses and other intangible items.

"CONTROL AGREEMENT" means that certain Securities Account Control Agreement, dated as of October 18, 2002, by and among the Clearing Members party thereto, the Company, The Bank of New York, as Securities Intermediary (as defined therein) and the Collateral Agent, substantially in the form of Exhibit H, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"CONTROLLED GROUP" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Company, are treated as a single employer under Section 414(b) or 414(c) of the Internal Revenue Code.

"DEFAULT" means an event described in Article VIII.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

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"EXCESS AVAILABILITY" means, as of any date, the lesser of (a) the excess, if any, of the Aggregate Commitment minus the aggregate principal of all Loans outstanding and (b) the excess, if any, of the Borrowing Base minus the aggregate principal of all Loans outstanding.

"EXCLUDED TAXES" means, with respect to any and all payments to the Collateral Agent, any Bank or any recipient of any payment to be made by or on account of any obligation of the Company under the Loan Documents, net income taxes, branch profits taxes, franchise and excise taxes (to the extent imposed in lieu of net income taxes), and all interest, penalties and liabilities with respect thereto, imposed on the Collateral Agent or any Bank.

"FED FUNDS RATE" means for any period, a fluctuating interest rate per annum for each day during such period equal to (a) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the preceding Business Day) by the Federal Reserve Bank of New York in the Composite Closing Quotations for U.S.

Government Securities; or (b) if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:30 a.m. (Chicago time) for such day on such transactions received by the Collateral Agent from three federal funds brokers of recognized standing selected by it.

"FOREIGN BANK" has the meaning set forth in SECTION 11.4 (f).

"GFX(TM)" means that Wholly-Owned Subsidiary of the Company known as the GFX(TM) Corporation.

"GFX(TM) GUARANTY" means certain Guaranties by the Company issued to counterparties of GFX(TM) related to over-the-counter foreign exchange transactions entered into by GFX(TM), or certain Guaranties by the Company issued to a banking institution that has provided performance bond collateral, or met performance bond or variation margin obligations on behalf of GFX(TM), related to transactions in futures.

"GUARANTY" of a Person means any agreement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes liable upon, the obligation of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement or take-or-pay contract and shall include, without limitation, the contingent liability of such Person in connection with any application for a letter of credit.

"IEF(TM) GUARANTY" means the guaranty by the Company that a Clearing Member participating in the IEF(TM) Program shall receive upon redemption one (\$1) U.S. dollar for each IEF(TM) unit invested in the IEF(TM) Program. An IEF(TM) unit (or fraction thereof) represents an equity interest in the CME Interest Earning Facility for Customer-Segregated Funds, L.L.C. or the CME Interest Earning Facility for Proprietary Funds, L.L.C. credited to a Clearing Member for each \$1.00 (or fraction thereof) invested by that Clearing Member.

"IEF(TM) PROGRAM" means a program in which performance bond cash deposited with the CME's Clearing House by Clearing Members participating in the IEF(TM) Program is

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pooled and invested in U.S. Government securities and under repurchase and reverse repurchase agreements. The IEF(TM) Program consists of two limited liability companies (CME Interest Earning Facility for Customer-Segregated Funds, L.L.C. and CME Interest Earning Facility for Proprietary Funds, L.L.C.) of which the CME is the manager.

"INCREASED COST NOTICE" has the meaning set forth in SECTION 11.9(b).

"INDEBTEDNESS" of a Person means such Person's (i) obligations for borrowed money (other than a daylight overdraft incurred by the Company in the course of effecting daily settlements with Clearing Members), (ii) obligations representing the deferred purchase price of property other than accounts payable arising in the ordinary course of such Person's business on terms customary in the trade, (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from property (other than futures and options contracts held in a cross-margin account at the Company) now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) capitalized lease obligations, (vi) obligations for which such Person is obligated pursuant to a Guaranty (other than the guarantee provided by the Clearing House to Clearing Members in the ordinary course of business for their obligations to one another, or the GFX(TM) and IEF(TM) Guaranties) and (vii) reimbursement obligations with respect to letters of credit; provided, however, that "INDEBTEDNESS" shall not include (a) obligations of the Company to a Cross-Margining Clearing Organization (as such term is defined in the CME Rules) arising out of the liquidation of one or more pairs of cross-margin accounts held at the Clearing House and at such Cross-Margining Clearing Organization and (b) obligations of the Company to a pledgee arising out of the liquidation of one or more pairs of cross-margin pledge accounts held at the Clearing House and at a Cross-Margining Clearing Organization.

"INDEMNIFIED AMOUNTS" has the meaning set forth in SECTION 11.9(a).

"INDEMNIFIED PARTY" has the meaning set forth in SECTION 11.9(a).

"INDEMNIFIED TAXES" means Taxes other than Excluded Taxes.

"LIEN" of a Person means any security interest, mortgage, pledge, lien, claim, charge, encumbrance, title retention agreement, lessor's interest under a capitalized lease or analogous instrument, in, of or on any property of such Person.

"LOAN" means, with respect to a Bank, such Bank's portion of any Advance.

"LOAN DOCUMENTS" means this Agreement, the Notes and the Collateral Documents.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on the Company's financial position or the Company's ability to perform its obligations in the ordinary course of business as they become due.

"MEMBER ATTORNEY-IN-FACT" means CME in its capacity as attorney-in-fact for the Clearing Members pursuant to the power of attorney authorized in CME Rule 816.

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"MONEY FUND SHARES" has the meaning set forth in the Security and Pledge Agreement.

"MONEY GRIDLOCK SITUATION" means (1) a disruption in the clearing and settlement operations of the Clearing House due to temporary problems or delays in obtaining or making settlement payments due to delays, overuse or other similar problems with the Fed Wire or similar money transfer systems, (2) the failure of a Cross-Margining Clearing Organization to approve one or more withdrawals by the Clearing House from a cross-margining bank account held either by the Company and such Cross-Margining Clearing Organization jointly, or by a Clearing Member cross-margining its positions at the Clearing House with its own or an affiliate's positions at such Cross-Margining Clearing Organization, or (3) the failure of a Common Banking and Settlement Clearing Organization (as such term is defined in the CME Rules) to approve one or more withdrawals by the Clearing House from a common banking and settlement bank account held either by the Company and such Common Banking and Settlement Clearing Organization jointly or by a Clearing Member participating in common banking and settlement with such Common Banking and Settlement Clearing Organization.

"MULTIEMPLOYER PLAN" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which the Company or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"NEW LENDING OFFICE" has the meaning set forth in SECTION 11.4 (f).

"NON-TERMINATING BANK" has the meaning set forth in SECTION 2.7.2.

"NOTE" means a promissory note in substantially the form of Exhibit A hereto, duly executed and delivered to each of the Banks by the Company and payable to the order of each Bank in the amount of such Bank's Commitment, including any amendment, modification, renewal or replacement of such promissory note.

"OBLIGATIONS" means all unpaid principal of, and accrued and unpaid interest on, the Notes, all accrued and unpaid commitment fees and all other obligations of the Company to the Collateral Agent or any Bank arising under the Loan Documents.

"OTHER TAXES" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

"PARTICIPANTS" has the meaning set forth in SECTION 11.1(b).

"PBGC" means the Pension Benefit Guaranty Corporation and its successors and assigns.

"PERSON" means any corporation, natural person, firm, joint venture, partnership, limited liability company, trust, unincorporated organization, enterprise, government or any department or agency of any government.

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"PLAN" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code as to which the Company or any Subsidiary may have any liability.

"PRINCIPAL BANK" has the meaning set forth in SECTION 4.5.

"PURCHASERS" has the meaning set forth in SECTION 11.1(c).

"REGULATION U" means Regulation U of the Board of Governors of the Federal Reserve System from time to time in effect and shall include any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"REPORTABLE EVENT" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such Section, with respect to a Plan, excluding, however, such events as to which the PBGC by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of

the occurrence of such event (provided that a failure to meet the minimum funding standard of Section 412 of the Internal Revenue Code and of Section 302 of ERISA shall be a reportable event regardless of the issuance of any such waivers in accordance with Section 412(d) of the Internal Revenue Code).

"REQUIRED BANKS" means the Banks holding at least 75% of the aggregate unpaid principal amount of the outstanding Advance(s), or, if no Advance(s) are outstanding, Banks having at least 75% of the Aggregate Commitment.

"RESTRUCTURING" has the meaning set forth in SECTION 11.9(c).

"RESTRUCTURING NOTICE" has the meaning set forth in SECTION 11.9(c).

"REVOLVING CREDIT TERMINATION DATE" means, October 17, 2003 or any earlier date on which the Aggregate Commitment is terminated pursuant to this Agreement.

"SECTION" means a numbered section of this Agreement, unless another document is specifically referenced.

"SECURITIES ACCOUNT" has the meaning set forth in the Security and Pledge Agreement.

"SECURITY AND PLEDGE AGREEMENT" means that certain Security and Pledge Agreement, dated as of October 18, 2002, by and among the Clearing Members party thereto, the Company and the Collateral Agent, substantially in the form of Exhibit I, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"SECURITY DEPOSITS" means the amounts required to be deposited with the Clearing House by each Clearing Member as security for its obligations to the Clearing House pursuant to CME Rule 816.

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"SERVICING BANK" means each Bank designated as a Servicing Bank in accordance with SECTION 4.5.

"SINGLE EMPLOYER PLAN" means a Plan maintained by the Company or any member of the Controlled Group for employees of the Company or any member of the Controlled Group.

"SUBSIDIARY" means any corporation more than 50% of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by the Company or by one or more Subsidiaries or by the Company and one or more Subsidiaries, or any similar business organization which is so owned or controlled.

"SURPLUS FUNDS" means funds in excess of those needed for normal operations in the Clearing House Accounts and the General Accounts as referenced in CME Rule 802.B.

"SURVIVOR" has the meaning set forth in SECTION 11.9(c).

"TAXES" means any and all present or future taxes, levies, imposts, duties, fees, deductions, charges or withholdings imposed by any governmental authority.

"TERMINATED COMMITMENT" has the meaning set forth in SECTION 2.7.2.

"TERMINATION NOTICE" has the meaning set forth in SECTION 11.9(c).

"2.7.2 EFFECTIVE DATE" has the meaning set forth in SECTION 2.7.2.

"2.7.2 NOTICE" has the meaning set forth in SECTION 2.7.2.

"UNFUNDED LIABILITIES" means, (i) in the case of Single Employer Plans, the amount (if any) by which the present value of all vested nonforfeitable benefits under such Plan exceeds the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, and (ii) in the case of Multiemployer Plans, the withdrawal liability of the Company and Subsidiaries.

"UNMATURED DEFAULT" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"WHOLLY-OWNED SUBSIDIARY" means any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by the Company or one or more Wholly-Owned Subsidiaries, or by the Company and one or more Wholly-Owned Subsidiaries, or any similar business organization which is so owned or controlled.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

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## THE CREDIT

Section 2.1 REVOLVING CREDIT LOANS. Through and including the Revolving Credit Termination Date, each Bank severally agrees, on the terms and conditions set forth in this Agreement and in its Note, to make Loans to the Company from time to time in amounts not to exceed in the aggregate at any one time outstanding the amount of its Commitment; provided, however, that if any unmatured Advances are outstanding at the effective date of a change in any Bank's Commitment pursuant to SECTION 2.7, each Bank instead severally agrees, on the terms and conditions set forth in this Agreement, to make Loans from time to time prior to the maturity of such unmatured Advances in amounts not to exceed in the aggregate for all such Loans of such Bank the amount of such Bank's ratable share (determined in proportion to its respective Commitment, as so changed) of the excess of (i) the amount of the Aggregate Commitment, over (ii) the aggregate principal outstanding amount of all such unmatured Advances of the Banks (assuming for purposes of this clause (ii) that all other such Banks' shares of such unmatured Advances were made and have not been disproportionately prepaid); and provided, further that no Loan shall be made if, after giving effect thereto, the aggregate outstanding principal of all Loans would exceed the lesser of (A) the Aggregate Commitment or (B) the Borrowing Base. Subject to the terms of this Agreement, the Company may borrow, repay and reborrow at any time through the Revolving Credit Termination Date. The obligations of any Bank to make Loans hereunder shall cease at 4:01 p.m. (Chicago time) on the Revolving Credit Termination Date.

Section 2.2 RATABLE LOANS. Each Advance hereunder shall consist of Loans made from the several Banks, ratably in proportion to the amounts of their respective Commitments on the date of such Advance.

Section 2.3 PAYMENT ON LAST DAY OF INTEREST PERIOD. Each Advance and accrued and unpaid interest thereon shall be due and payable 30 days after such Advance is made.

Section 2.4 REBORROWING OF ADVANCES. No Loans may be made hereunder to repay Advances without the consent of all of the Banks.

Section 2.5 OPTIONAL PRINCIPAL PAYMENTS. The Company may from time to time prepay, without premium or penalty, all or a portion of any outstanding Advance, pro rata among the Banks, in accordance with their respective shares of such Advance by giving notice of such prepayment by 10:00 a.m. (Chicago time) on the date of such payment to each Bank. Repayment of principal pursuant to this SECTION 2.5 shall be applied to prepay the outstanding Loans, pro rata, and shall be accompanied by accrued and unpaid interest thereon.

Section 2.6 MANDATORY PRINCIPAL PAYMENTS. On any day on which the aggregate outstanding principal of the Loans exceeds the Borrowing Base or the Aggregate Commitment, such excess shall be immediately due and payable without the necessity of any notice or demand. Repayment of such excess amounts shall be applied to prepay the outstanding Loans, pro rata, and shall be accompanied by accrued and unpaid interest thereon.

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Section 2.7 ADJUSTMENTS OF COMMITMENTS.

Section 2.7.1 ADJUSTMENTS BY THE COMPANY. The Company may permanently reduce the Aggregate Commitment, in whole or in part ratably among the Banks, in proportion to the amounts of their respective Commitments in integral multiples of \$1,000,000, upon at least ten Business Days' written notice to the Banks, which shall specify the amount of any such reduction; provided, however, that, subject to SECTIONS 2.7.2, 11.9(b) and 11.9(c), the amount of the Aggregate Commitment may not be reduced below the outstanding principal amount of the Advance(s), and provided further that a reduction by the Company of the Aggregate Commitment to zero shall terminate this Agreement as of the effective date of such reduction. All accrued and unpaid commitment fees shall be payable on the effective date of such termination.

Section 2.7.2 ADJUSTMENTS BY BANKS FOR ACCELERATED TERMINATION. If the Commitment of a Bank hereunder is terminated pursuant to SECTION 11.9(b) or 11.9(c), the Company shall immediately notify each remaining Bank ("NON-TERMINATING BANK"), in writing of such termination ("ACCELERATED TERMINATION NOTICE") and shall state the amount of such terminating Bank's Commitment ("TERMINATED COMMITMENT") in the Accelerated Termination Notice. Each Non-Terminating Bank shall notify the Company, in writing, on or before the 5th Business Day after the date of the Accelerated Termination Notice, if and by what amount such Bank is willing to increase its Commitment, which amount shall be equal to all or some portion of the Terminated Commitment (each, a "2.7.2 NOTICE"). Any Non-Terminating Bank that fails to so notify the Company on or before such 5th Business Day, shall be deemed to have declined to increase its Commitment. If offers to increase Commitments are made by two or more Non-Terminating Banks in an aggregate amount greater than the aggregate amount of the Terminated Commitment, such Non-Terminating Banks and the Company hereby agree that such offers shall be allocated as nearly as possible in proportion to the aggregate amount of such offers, so that the aggregate amount thereof will not exceed the amount of the Terminated Commitment. On or before the 6th



Business Day after the date of the Accelerated Termination Notice, the Company shall notify each Non-Terminating Bank of the amount by which each such Non-Terminating Bank's Commitment has been increased, which amount shall not exceed the amount of such Non-Terminating Bank's offer to increase its Commitment in such Bank's 2.7.2 Notice. All increases of Commitments by the Banks, under this SECTION 2.7.2 shall become effective on the terminating Bank's Accelerated Termination Date ("2.7.2 EFFECTIVE DATE"). The Company shall promptly, and in no event later than the 2.7.2 Effective Date, deliver to each Bank whose Commitment has been increased pursuant to this SECTION 2.7.2 a new Note reflecting such Bank's new Commitment amount and each such Bank shall promptly, after repayment of all Advances outstanding on the 2.7.2 Effective Date, return to the Company such Bank's superseded Note. On the 2.7.2 Effective Date, the Commitments shall be adjusted to reflect any such increases.

Section 2.8 COMMITMENT FEE. From the date hereof to and including the Revolving Credit Termination Date, the Company agrees to pay to each Bank a commitment fee of 77/100 of 1% per annum (on the basis of a year consisting of 360 days and for actual days elapsed) on the daily amount of such Bank's ratable share (determined in proportion to its respective Commitment) of the excess of (i) the amount of the Aggregate Commitment over (ii) the aggregate principal amount of all outstanding Advances of the Banks, payable on the last day

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of each November, February, May and August hereafter and on the Revolving Credit Termination Date, commencing on the first of such dates to occur after the date hereof.

#### Section 2.9 COLLATERAL.

(a) All Obligations of the Company under this Agreement, the Notes and all other Loan Documents shall be secured by the Collateral in accordance with the Collateral Documents.

(b) So long as no Default shall have occurred and be continuing, the Company may from time to time replace any security credited to the Securities Account or any Money Fund Shares subject to the Lien of the Security and Pledge Agreement with another security of a type described in CME Rule 816 that has a market value equal to or greater than the market value of the replaced security, determined as of the date of replacement by the Collateral Agent in accordance with its usual and customary practices.

(c) So long as no Default shall have occurred and be continuing, the Company may from time to time direct the Collateral Agent to (and the Collateral Agent shall upon the request of the Company) liquidate any securities credited to the Securities Account and any Money Fund Shares and apply the proceeds thereof and any other amounts credited to the Securities Account to repay any outstanding Loans, provided that after giving effect to such liquidation and the repayment of such Loans, the aggregate principal amount of all remaining Loans outstanding as of the date of such removal shall not exceed the Borrowing Base as of the date of such removal.

(d) Upon any replacement or liquidation of Collateral pursuant to subsection (b) or (c) above, the Lien of the Collateral Agent on the replaced or liquidated Collateral, as applicable, shall be deemed released without further consent of the Collateral Agent or any Bank.

### ARTICLE III

#### FUNDING THE CREDITS

Section 3.1 METHOD OF BORROWING. The Company shall give the Collateral Agent, each Bank and each Servicing Bank notice not later than 3:15 p.m. (Chicago time) on the Borrowing Date of each Advance, specifying the amount of such Advance, each Bank's pro rata share thereof and the bank and the account to which the proceeds of such Advance are to be disbursed. Following such notice from the Company, the Collateral Agent shall determine the aggregate market value of the Collateral and the Borrowing Base in accordance with the terms hereof and promptly, but in any event, not later than 3:45 p.m. (Chicago time), provide each Bank with a Collateral Notice. Subject to satisfaction of the applicable conditions precedent set forth in Article V, not later than 4:45 p.m. (Chicago time) on each Borrowing Date, each Bank severally shall make available to the Company, its pro rata share of the full amount of each Advance in immediately available funds, at such Bank's address specified pursuant to Article XIII. Further, if applicable, not later than 4:45 p.m. (Chicago time) on each Borrowing Date, each Servicing Bank shall make available to the Company, on behalf of the Bank or Banks that it

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services, such serviced Bank's or Banks' pro rata share of the full amount of each Advance in immediately available funds, at such Servicing Bank's address specified pursuant to Article XIII.

Section 3.2 MINIMUM AMOUNT OF EACH ADVANCE. Each Advance shall be in the minimum amount of \$10,000,000 (and in integral multiples of \$250,000 if in excess thereof), provided, however, that any Advance may be in the aggregate

amount of the Excess Availability.

Section 3.3 RATE BEFORE AND AFTER MATURITY. Prior to maturity, Advances shall bear interest at the Fed Funds Rate plus 45/100 of 1% per annum. Any Advance not paid at maturity, whether by acceleration or otherwise, shall bear interest until paid in full at a rate per annum equal to the Fed Funds Rate plus 2.4% per annum. In the event that a change in the Fed Funds Rate is announced or published at the time a Loan is outstanding, such change shall become effective at the time it is announced or published.

Section 3.4 METHOD OF PAYMENT. All payments (including prepayments) of principal, interest, commitment fees and other amounts payable hereunder by the Company shall be made in immediately available funds to the Banks (or, if applicable, the related Servicing Banks) at the addresses specified pursuant to Article XIII. All such payments shall be applied to principal, interest, fees, expenses and other amounts due and payable hereunder in the following order: first, to amounts payable hereunder other than principal, interest and commitment fees; second, to commitment fees (in chronological order in accordance with the dates such fees became due and payable); and third, to principal of, and interest on, the Advances (in chronological order in accordance with the dates such Advances were made; and as to any single Advance, first to interest thereon and second to principal thereof). Subject to the provisions of SECTION 4.4 and, except with respect to payments made to a Bank whose Commitment is terminated (or whose commitment fee is revised) pursuant to SECTION 11.9(b) or (c), (a) all payments of principal of, and interest on, the Advances shall be made to the Banks (or, if applicable, the related Servicing Banks) ratably among the Banks, in proportion to the outstanding principal amount of their respective Loans constituting part of such Advance and (b) all payments of commitment fees and other amounts payable hereunder to the Banks shall be made to the Banks (or, if applicable, the related Servicing Banks on behalf of the applicable Banks, if applicable) ratably among the Banks, in proportion to the amounts of their respective Commitments on the date such payment is made.

Section 3.5 NOTES; TELEPHONIC NOTICES. Each Bank shall maintain in accordance with its usual and customary practices an account or accounts evidencing the Loans made by such Bank from time to time, including the amounts of principal and interest payable and paid to such Bank from time to time under this Agreement and the Notes; and each Bank is hereby authorized to record the principal amount of each of its Loans and each repayment on the schedule attached to its Note or in its books and records; provided, however, that the failure to so record shall not affect the Company's obligations under such Note. The records kept by each Bank shall be presumed to be accurate and shall be binding upon the Company absent manifest error. The Company hereby authorizes the Banks and the Servicing Banks to extend Advances based on telephonic notices made by any Persons any such Bank or Servicing Bank in good faith believes to be acting on behalf of the Company. The Company agrees to deliver promptly to each Bank and Servicing Bank a written confirmation of each telephonic notice signed by an authorized signatory. If the written confirmation differs in any material respect from the action

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taken by a Bank or Servicing Bank, as applicable, the records of such Bank or Servicing Bank, as applicable, shall govern absent manifest error.

Section 3.6 INTEREST PAYMENT DATES; INTEREST BASIS. Interest accrued on each Advance prior to maturity shall be payable to the Banks (or, if applicable, the related Servicing Banks) on the date on which the Advance is paid or prepaid, whether due to acceleration or otherwise. Interest accrued on each Advance after maturity shall be payable on demand. Interest and commitment fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time at the place of payment). If any payment of principal of, or interest on, an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

#### ARTICLE IV

##### BANKS' SERVICING ARRANGEMENT

Section 4.1 NOTICE TO AND PAYMENT BY THE BANKS. Promptly after receiving notice from the Company of each Advance requested pursuant to SECTION 3.1, the Servicing Banks shall notify each of the applicable Banks by telephone (which may, at the option of the Servicing Banks, be accompanied by facsimile transmission), of each Advance, which notice shall state: (a) the dollar amount of such Advance; (b) each Bank's ratable share of such Advance; (c) the date and time when such Advance is to be made; and (d) the Servicing Bank to which the applicable Bank's ratable share of such Advance shall be sent. Except as hereinafter provided, promptly after receipt of such notice from the applicable Servicing Bank and, in any event, before the time specified in such notice as the time when such Advance is to be made to the Company, each applicable Bank shall transfer its ratable share of such Advance to the appropriate Servicing Bank by Federal Reserve wire transfer or, in the event of a failure of the Federal Reserve wire transfer system, in other immediately available funds.

Section 4.2 PAYMENT BY BANKS TO SERVICING BANKS. If a Servicing Bank fails to receive a transfer from any of the applicable Banks by the time required pursuant to SECTION 4.1, such Servicing Bank shall advance such amount for and on behalf of such Bank, provided that, notwithstanding the foregoing, such Bank shall, in any event, transfer to the Servicing Bank, by the means set forth in SECTION 4.1, its ratable share of the relevant Advance not later than 10:00 a.m. (Chicago time) the next Business Day after the Servicing Bank provides such Bank with the notice specified in SECTION 4.1. In the event a Servicing Bank advances funds overnight to the Company pursuant to the immediately preceding sentence, the Bank on whose behalf such funds are advanced shall reimburse the Servicing Bank for the Servicing Bank's cost of overnight funds, for the period from the time the Servicing Bank advances such funds to the Company for and on behalf of such Bank to the time of the Servicing Bank's receipt of such Bank's transfer of its ratable share of the relevant Advance. Such Servicing Bank shall promptly provide such Bank with notice of the amount of its cost of overnight funds for such period and such amount shall thereupon become immediately due and payable from such Bank to such Servicing Bank,

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and shall be paid by such Bank to such Servicing Bank upon receipt of such notice without further notice from or demand by such Servicing Bank.

Section 4.3 DISTRIBUTION OF PAYMENTS. Whenever a Servicing Bank receives from, or on behalf of the Company, or any other person or party, a payment of principal, interest or commitment fees or other amount payable in connection with the Loans with respect to any of which the applicable Banks are entitled to receive a share, such Servicing Bank shall promptly pay to such Banks, in lawful money of the United States of America and in the kind of funds so received by such Servicing Bank, the amount due each of such Banks as determined pursuant to this Agreement; provided, however, that the amount of such distribution shall be adjusted to the extent that amounts are owed by any Bank to such Servicing Bank pursuant to SECTION 4.2 or are required to be returned to such Servicing Bank pursuant to SECTION 4.4. If any payment of principal, interest or commitment fees or other amount payable in connection with the Loans is received from or on behalf of the Company by a Servicing Bank before 10:00 a.m. (Chicago time) on any Business Day, that Servicing Bank shall use reasonable efforts to wire transfer the appropriate portion of the same to the applicable Banks that same Business Day, but in any event shall wire the same to each of such Banks before the end of the next Business Day. In the event that a Servicing Bank receives any such payment from or on behalf of the Company before 10:00 a.m. (Chicago time) on any Business Day and does not transfer to the applicable Banks the appropriate portion of such payment on that day, the Company shall, promptly upon receipt of notice from any such Bank, pay directly to such Bank an amount equal to the interest on such portion, at the Fed Funds Rate or, with respect to any payment of principal on a Loan, at the rate set forth in SECTION 3.3, for the period commencing on the day such Servicing Bank receives such payment up to but not including the following Business Day.

Section 4.4 RESCISSION OF PAYMENTS BY THE COMPANY. If all or part of any payment made by the Company to a Servicing Bank of principal, interest or commitment fees or other amount payable in connection with the Loans is rescinded or must otherwise be returned for any reason and if a Servicing Bank has paid to any of the Banks such Bank's ratable share therein, such Bank shall, upon telephone notice from such Servicing Bank, forthwith pay to such Servicing Bank, on the date of such telephone notice (if notice is received by such Servicing Bank at or prior to 10:00 a.m. Chicago time) or on the next Business Day (if notice is received by such Servicing Bank after 10:00 a.m. Chicago time), an amount equal to such Bank's ratable interest in the amount that was rescinded or that must be so returned by the Servicing Bank. A Servicing Bank shall promptly return to the Company each such amount (or any lesser amount) that is received from each Bank. A Servicing Bank shall have no obligation to the Company for any amount that the Servicing Bank paid to any Bank and that is not repaid by such Bank, provided that the Servicing Bank did in fact provide such Bank with the notice described above to the effect that such payment was rescinded or must be returned.

Section 4.5 POWERS GRANTED TO THE SERVICING BANKS. The Company and one or more Banks (each a "PRINCIPAL BANK") may, upon mutual agreement, from time to time request another Bank to act as a Servicing Bank for the purpose of administering and servicing the Loans of the Principal Banks. Upon the acceptance of the offer to service by the proposed Servicing Bank (which shall be in the sole discretion of such proposed Servicing Bank), such Bank shall be a Servicing Bank hereunder and as administrator of the Loans of the Principal Banks for which it acts (and not as an agent, employee or fiduciary), shall be entitled to exercise

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all such powers as are incidental to the powers to receive and collect funds from the Principal Banks and the Company as provided for in this Agreement, and to take such other actions with respect to such Loans as are provided hereby or as may be from time to time agreed by such Servicing Bank and the Principal Banks. In acting under this Agreement, each Servicing Bank agrees to exercise the same degree of care in administering such Loans as it would use in managing its own loans; provided, however, that this sentence shall not make any

Servicing Bank a fiduciary to any Principal Bank. The Principal Banks and the Company hereby agree and acknowledge that (i) in performing the duties provided for in this Agreement, the Servicing Banks are acting solely for the benefit of the Principal Banks and are in no way to be construed to be acting as agent for the Company; and (ii) the servicing arrangement provided for herein is not intended to constitute, and shall not be construed to establish, a partnership or joint venture between the Servicing Banks and the Principal Banks, or between the Servicing Banks and the Company.

Section 4.6 RESIGNATION OR TERMINATION OF SERVICING BANK. A Servicing Bank may resign its position as such at any time upon thirty (30) day's prior written notice to the Company and the Principal Banks for which it acts, and the Company and the applicable Principal Banks acting together may terminate a Servicing Bank's role as such at any time upon thirty (30) day's prior written notice to such Servicing Bank. Subsequent to the effective date of such resignation or termination, the resigned or terminated (as applicable) Servicing Bank shall have no further obligations in that capacity under this Agreement, and unless and until a successor servicing bank is appointed by the Company and the applicable Principal Banks acting together, (i) the services performed by such Servicing Bank hereunder shall be performed by the individual Principal Banks and the Company, each on its own behalf, and (ii) any payments or communications made by the Company to such Servicing Bank hereunder shall be made directly to the applicable individual Principal Banks.

Section 4.7 NON-RELIANCE REPRESENTATION. Each of the Banks acknowledges and represents that it has, independently of and without reliance upon the Servicing Banks, and based solely upon its own expertise (and the expertise of its agents and independent advisors, if any) and upon financial statements and other information deemed appropriate by it, made its own credit analysis of the Company and made its own decision to enter into this Agreement. Each of the Banks further acknowledges and represents that it will, independently of and without reliance upon the Servicing Banks, and based solely upon its own expertise (and the expertise of its agents and independent advisors, if any) and upon such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis of the Company and its own decisions with respect to this Agreement.

Section 4.8 EXCULPATION. No Servicing Bank nor any of its shareholders, directors, officers, employees or agents shall be liable to the Banks, or any of them individually, for any obligation, undertaking, act or judgment of the Company or any other Person, or for any error of judgment or any action taken or omitted to be taken by such Servicing Banks or any other Servicing Bank (except and to the extent that the same arises from gross negligence or willful misconduct on the part of such Servicing Bank), or be bound to ascertain or inquire as to the performance or observance of any term of any of the Loan Documents. Without limiting the generality of the foregoing, the Servicing Banks: (a) may consult with legal counsel selected by the Servicing Banks and shall not be liable for any action taken or omitted to be taken in good

faith by the Servicing Banks in accordance with the advice of such counsel; (b) makes no warranty or representation and shall not be responsible for any warranty or representation made in or in connection with any of the Loan Documents, or for the financial condition of the Company or any other Person, or for the observance or performance of any obligations of the Company or any other Person, or for the truth or accuracy of any document provided to the Banks that the Servicing Banks have initially received from, or that the Servicing Banks have prepared based upon information received from, the Company or any other Person; (c) make no warranty or representation and shall not be responsible for the due execution, validity, enforceability, sufficiency or collectibility of any of the Loan Documents; (d) shall incur no liability under or in respect of any such agreement or document by acting upon any notice (by telephone or otherwise), or writing (including telex and telegraphic communication) believed by the Servicing Banks in good faith to be genuine and to be signed or sent by the proper party or Person; and (e) make no warranty or guarantee as to: (i) future payments by the Company or any other obligor or guarantor of the Loans, (ii) the Company's future compliance with or performance of any of the terms and conditions contained in the Loan Documents, or (iii) the collectibility of the Loans.

## ARTICLE V

### CONDITIONS PRECEDENT

#### Section 5.1 CONDITIONS PRECEDENT.

(a) CONDITIONS TO CLOSING. This Agreement shall become effective as of the date hereof upon the execution and delivery of a counterpart hereto by each party hereto.

(b) CONDITIONS TO INITIAL ADVANCE. No Bank shall be required to make the initial Advance hereunder unless the Company has furnished to such Bank:

(i) A certificate of good standing with respect to the Company, certified by the Secretary of State of

Delaware.

(ii) A copy, certified by the Secretary or Assistant Secretary of the Company, of CME's Board of Directors' resolutions authorizing the execution of the Loan Documents.

(iii) An incumbency certificate, in substantially the form of Exhibit G hereto, executed by the Secretary or Assistant Secretary of the Company, which shall identify by name and title and bear the signature of the officers of the Company authorized to sign the Loan Documents and to make borrowings hereunder, including telephonic borrowings, upon which certificate the Banks shall be entitled to rely until informed of any change in writing by the Company.

(iv) A certificate, signed by the president & CEO, managing director & president of the Clearing House division, managing director and chief administrative officer, or managing director

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& chief financial officer of the Company or his delegate, in substantially the form of Exhibit B hereto. Such certificate may be furnished by the Company by any means set forth in SECTION 13.1 hereof, and shall be deemed given to such Bank as provided therein.

(v) A written opinion of the Company's counsel, addressed to the Banks (or upon which the Banks may rely), covering the matters set forth in Exhibit C hereto.

(vi) A Note, duly executed and delivered by the Company and payable to the order of such Bank.

(vii) A copy of the Security and Pledge Agreement, duly executed and delivered by the Company, for itself and as Member Attorney-in-Fact on behalf of each grantor named therein and the Collateral Agent.

(viii) A copy of the Control Agreement, duly executed and delivered by the Company, for itself and as Member Attorney-in-Fact on behalf of each grantor named therein, The Bank of New York, as Securities Intermediary (as defined therein) and the Collateral Agent.

Section 5.2 EACH ADVANCE. No Bank shall be required to make any Advance (including the initial Advance), unless on the applicable Borrowing Date:

(a) There exists no Default or Unmatured Default.

(b) The representations and warranties contained in Article VI are true and correct in all material respects as of such Borrowing Date except for changes in the Schedules hereto reflecting transactions permitted by this Agreement.

(c) The Company has furnished to such Bank a certificate, substantially in the form of EXHIBIT D, which sets forth in reasonable detail the intended use of the proceeds of such Advance (which shall comply with SECTION 7.2 hereof) and confirms that such proceeds will not be used to repay maturing Advances except as permitted pursuant to SECTION 2.4 hereof. Such certificate may be furnished by Company by any means set forth in SECTION 13.1 hereof, and shall be deemed delivered to such Bank as provided therein.

(d) The Collateral Agent has furnished to such Bank a Collateral Notice in accordance with SECTION 3.1 indicating the aggregate market value of the Collateral on such date.

(e) The aggregate outstanding principal of all Loans, after giving effect to the Loans to be made on such Borrowing Date, does not exceed the lesser of (i) the Aggregate Commitment and (ii) the Borrowing Base as of such date.

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The Company's receipt of the proceeds of any Loan hereunder shall constitute a representation and warranty by the Company that the conditions contained in SECTIONS 5.2(a) and (b) have been satisfied.

#### ARTICLE VI

##### REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Banks, as of the date of each Advance, that:

Section 6.1 CORPORATE EXISTENCE AND STANDING. Each of the Company

and the Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted and where the failure to have such authority would reasonably be expected to have a Material Adverse Effect.

#### Section 6.2 AUTHORIZATION AND VALIDITY.

(a) The Company has the corporate power and authority and legal right to execute and deliver the Loan Documents and to perform its obligations thereunder. The execution and delivery by the Company of the Loan Documents and the performance of its obligations thereunder have been duly authorized by proper corporate proceedings. The Company has duly executed and delivered the Loan Documents, and the Loan Documents constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (whether enforcement is considered in a proceeding at law or in equity).

(b) The Company has the authority pursuant to CME Rule 816 to execute and deliver, as Member Attorney-in-Fact on behalf of the applicable Clearing Members, the Collateral Documents and to cause the Security Deposits to be subject to the Lien of the Collateral Documents to secure the Obligations. CME Rules 816 and 913.B have been duly adopted and are in full force and effect.

Section 6.3 COMPLIANCE WITH LAWS AND CONTRACTS. Neither the execution and delivery by the Company of the Loan Documents, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Company or any Subsidiary or the Company's or any Subsidiary's articles of incorporation or by-laws or the provisions of any material indenture, instrument or agreement to which the Company or any Subsidiary is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, that has not been obtained is required to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents as against the Company.

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Section 6.4 FINANCIAL STATEMENTS. The most recent annual, audited consolidated financial statements of Holdings and its subsidiaries (which include the Company and the Subsidiaries) heretofore delivered to the Banks were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present in all material respects the consolidated financial condition and operations of Holdings and its subsidiaries at such date and the consolidated results of their operations for the period covered thereby.

Section 6.5 MATERIAL ADVERSE CHANGE. No material adverse change in the business, financial condition, or results of operations of the Company and the Subsidiaries has occurred since the date of the financial statements referred to in SECTION 6.4; provided, however, that in the event the Company utilizes its own funds to repay all or any portion of an Advance, and such repayment results in such a material adverse change, then such material adverse change shall not be deemed to have occurred until the thirty-first consecutive day that such material adverse change continues.

Section 6.6 SUBSIDIARIES. Schedule I contains an accurate list of all of the presently existing Subsidiaries of the Company, setting forth their respective jurisdictions of incorporation and the percentage of their respective capital stock owned by the Company or other Subsidiaries. All of the issued and outstanding shares of capital stock of such Subsidiaries have been duly authorized and issued and are fully paid and non-assessable.

Section 6.7 ACCURACY OF INFORMATION. No written information, exhibit or report furnished by the Company or any Subsidiary to any Bank in connection with the negotiation of the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not materially misleading in light of the circumstances existing at the time furnished.

Section 6.8 MARGIN REGULATIONS. Margin Stock (as defined in Regulation U) constitutes less than 25% of those assets of the Company and its Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder. No proceeds of any Loans will be used to "purchase" or "carry" any "margin stock" (each as defined in Regulation U), or for any purpose that violates the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect.

Section 6.9 TAXES. The Company and its Subsidiaries have filed all United States federal tax returns and all other material tax returns which are required to be filed by any of them and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Company or any such

Subsidiary, except such taxes, if any, as are being contested in good faith. To the best of the Company's knowledge, no tax liens have been filed and no claims are being asserted with respect to any such taxes other than those taxes that are being contested in good faith. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of any taxes or other governmental charges are adequate.

Section 6.10 LITIGATION. Except as set forth in Schedule II attached hereto, there is no litigation or proceeding before any governmental authority pending or, to the knowledge of any of their officers, threatened, against or affecting the Company or any Subsidiary of the

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Company which might materially adversely affect the business, financial condition or results of operations of the Company or the ability of the Company to perform its obligations under the Loan Documents.

Section 6.11 ERISA. No Plan has Unfunded Liabilities in excess of \$1,000,000. Each Plan complies in all material respects with all applicable requirements of law and regulations, no Reportable Event has occurred with respect to any Plan, neither the Company nor any of its Subsidiaries has withdrawn from any Plan or initiated steps to do so, and no steps have been taken to terminate any Plan.

## ARTICLE VII

### COVENANTS

During the term of this Agreement and thereafter as long as any Advances remain outstanding hereunder, unless the Required Banks shall otherwise consent in writing:

Section 7.1 FINANCIAL REPORTING. The Company will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Banks:

(a) Within 120 days after the close of each of its fiscal years, an unqualified audit report certified by independent certified public accountants, acceptable to the Required Banks, prepared in accordance with Agreement Accounting Principles on a consolidated basis for Holdings and its subsidiaries (including the Company), including balance sheets as of the end of such period, and statements of income, changes in shareholders' equity and a statement of cash flows for the year then ended, accompanied by any management letter prepared by said accountants and by a certificate of said accountants in substantially the form of Exhibit E hereto, or if, in the opinion of such accountants, such certificate is not applicable, a description of any Default or Unmatured Default relating to accounting matters that in their opinion exists, stating the nature and status thereof.

(b) Within 120 days after the close of each of its fiscal years, for the Company and its Subsidiaries, an unaudited consolidated balance sheet as at the end of such period and unaudited consolidated statements of income, changes in shareholders' equity and a statement of cash flow for the year then ended, each prepared in a manner consistent with the preparation of Holdings' year-end statements and in accordance with Agreement Accounting Principles (other than the absence of footnotes).

(c) Within 45 days after the close of the first three quarterly periods of each of its fiscal years, for the Company and its Subsidiaries, an unaudited consolidated balance sheet as at the close of each such period and unaudited consolidated statements of income, changes in shareholders' equity and cash flows from the beginning of such fiscal year to the end of such quarter, each prepared in a manner consistent with the preparation of the Company's year-end statements and in accordance with Agreement Accounting Principles (other than the absence of footnotes and subject to normal year-end adjustments).

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(d) Within 45 days after the close of the first three quarterly periods of each of the Company's fiscal years and within 120 days after the close of each of the Company's fiscal years, a report of (i) current Surplus Funds and (ii) the aggregate amount of Security Deposits being held by the Company including a breakdown of the manner in which Security Deposits are held (cash, money market mutual funds or treasury securities) and the location thereof.

(e) Within the time periods set forth herein for the furnishing of the financial statements required hereunder, a certificate signed by its managing director & chief financial officer or another managing director, in substantially the form of Exhibit F hereto, (i) certifying that, to the knowledge of such officer or director, no Default or Unmatured Default has occurred during the period covered by such financial statements or (ii) if any Default or Unmatured Default exists, showing the calculations set forth in Exhibit F as well as setting forth a description of the nature and status of

such Default or Unmatured Default.

(f) Within 120 days after the close of each fiscal year, a statement of the Unfunded Liabilities of each Plan, signed by the managing director & chief financial officer of the Company or another managing director, or, in the event there are no Unfunded Liabilities, a certificate signed by its managing director & chief financial officer or another managing director to that effect.

(g) As soon as possible and in any event within 10 days after the Company knows that any Reportable Event has occurred with respect to any Plan, a statement, signed by the managing director & chief financial officer of the Company or another managing director, describing said Reportable Event and the action which the Company proposes to take with respect thereto.

(h) Such other information (including non-financial information) as any Bank may from time to time reasonably request.

Section 7.2 USE OF PROCEEDS. The Company will only use the proceeds of the Advances to provide temporary liquidity in circumstances where CME is entitled to use the Security Deposits of its Clearing Members as provided in the CME Rules and in circumstances where a Money Gridlock Situation exists. Additionally, the Company may use the proceeds of the Advances to fulfill its obligations under the GFX(TM) Guaranty, provided, however, that the Company may use the proceeds for such purposes only up to the amount of Surplus Funds on any given day. The Company will not, nor will it permit any Subsidiary to, use any of the proceeds of the Loans to "purchase" or "carry" any "margin stock" (each as defined in Regulation U) or for any purpose that violates the provisions of Regulation T, U or X of the Board of the Federal Reserve System as now and from time to time hereafter in effect.

Section 7.3 NOTICE OF DEFAULT. The Company will, and will cause each Subsidiary to, give prompt notice in writing to the Banks of the occurrence of any Default or Unmatured Default and of any other development, financial or otherwise, which would reasonably be expected to materially adversely affect its business, properties or affairs or the ability of the Company to repay the Obligations.

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Section 7.4 CONDUCT OF BUSINESS. The Company will, and will cause each Subsidiary to, carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and to do all things necessary to remain duly incorporated, validly existing and in good standing as a domestic corporation in its jurisdiction of incorporation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted and where the failure to have such authority would reasonably be expected to have a Material Adverse Effect.

Section 7.5 COMPLIANCE WITH LAWS. The Company will, and will cause each Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply would not reasonably be expected to have a Material Adverse Effect.

Section 7.6 INSPECTION. The Company will, and will cause each Subsidiary to, permit the Collateral Agent or its representatives and agents, to inspect any of the properties, corporate books and financial records of the Company and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Company and each Subsidiary, and to discuss the affairs, finances and accounts of the Company and each Subsidiary (the foregoing activities, an "AUDIT") with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Collateral Agent may designate; provided that so long as no Default has occurred and is continuing the Company shall only be responsible for the costs and expenses of one Audit per 12-month period.

Section 7.7 TANGIBLE NET WORTH. The Company will maintain at all times a Consolidated Tangible Net Worth of not less than \$90,000,000.

Section 7.8 LIENS. The Company will not, nor will it permit any Subsidiary to, create or incur any Lien in, of or on the Collateral, except:

(a) Liens in favor of the Collateral Agent.

(b) Liens in favor of the Company, which Liens are subordinated to the Liens in favor of the Collateral Agent in accordance with Article XV hereof.

(c) Liens arising out of repurchase agreements or reverse repurchase agreements entered into by the Company or any Subsidiary.

(d) Liens arising out of judgments or awards against the Company or any Subsidiary, in an amount of not more than \$5,000,000 in the aggregate, which judgment or award is vacated, discharged, satisfied or stayed or bonded pending appeal within 60 days from the entry thereof.



Section 7.9 ADDITIONAL CLEARING MEMBERS. Promptly upon any Person becoming a Clearing Member of CME, the Company will execute and deliver, as Member Attorney-in-Fact, a supplement to the Security and Pledge Agreement, substantially in the form of Exhibit A thereto, joining such Clearing Member as a party to the Security and Pledge Agreement and a supplement to the Control Agreement, substantially in the form of Exhibit B thereto, joining such Clearing Member as a party to the Control Agreement.

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Section 7.10 CME RULE CHANGES. The Company will not, without the prior written consent of the Banks, amend, revoke, or rescind any CME Rule in any manner that would have a materially adverse effect on the Lien granted to the Collateral Agent in the Collateral or the ability of the Collateral Agent to enforce any of its rights under the Collateral Documents.

Section 7.11 TAXES. The Company will, and will cause each Subsidiary to, pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or property, except those (i) which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside on the books of the Company or such Subsidiary, as applicable, or (ii) as to which the failure to pay would not reasonably be expected to have a Material Adverse Effect.

Section 7.12 INSURANCE. The Company will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies insurance on all their property in such amounts and covering such risks as is consistent with sound business practice in the industry, and the Company will furnish to any Bank upon request full information as to the insurance carried.

## ARTICLE VIII

### DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

Section 8.1 REPRESENTATIONS AND WARRANTIES. Any representation or warranty made or deemed made by or on behalf of the Company or any Subsidiary to the Banks in this Agreement or in any certificate or written information delivered in connection with this Agreement or any other Loan Document shall be materially false as of the date on which made or deemed to have been made.

Section 8.2 PAYMENT DEFAULTS. Nonpayment of the principal of any Note when due, nonpayment of interest upon any Note within five days after the same becomes due or nonpayment of any commitment fee or other obligation under any of the Loan Documents within 10 days after the same becomes due.

Section 8.3 CERTAIN COVENANT DEFAULTS. (i) Any breach by the Company of any of the terms required to be observed by it under Section 7.1, which continues unremedied for 10 days after the Company receives written notice of such breach from any Bank; (ii) any breach by the Company of any of the terms required to be observed by it under Section 7.2, 7.7, 7.8 or 7.10; or (iii) any material breach by the Company of any of the other terms or provisions required to be observed by it under Article VII.

Section 8.4 OTHER COVENANT DEFAULTS. The breach by the Company (other than a breach which constitutes a Default under Section 8.1, 8.2 or 8.3) of any of the terms or provisions of this Agreement which is not remedied within five days after written notice from any Bank.

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Section 8.5 OTHER INDEBTEDNESS. Failure of the Company or any Subsidiary to pay any Indebtedness in an aggregate amount in excess of \$5,000,000 when due; or the default by the Company or any Subsidiary in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, which results in such Indebtedness being accelerated or declared to be due and payable or required to be prepaid (other than by a regularly scheduled repayment or mandatory prepayment) prior to its stated maturity.

Section 8.6 BANKRUPTCY, ETC. The Company or any Subsidiary shall (a) have an order for relief entered with respect to it under the federal bankruptcy code, (b) not pay, or admit in writing its inability to pay, its debts generally as they become due, (c) make an assignment for the benefit of creditors, (d) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (e) institute any proceeding seeking an order for relief under the federal bankruptcy code or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (f) take any corporate action to authorize or effect any of the foregoing actions set forth in this Section 8.6 or (g) fail to contest in good faith any appointment or proceeding

described in Section 8.7.

Section 8.7 INVOLUNTARY BANKRUPTCY, ETC. Without the application, approval or consent of the Company or any Subsidiary, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Company or any Subsidiary or any substantial part of its property, or a proceeding described in Section 8.6(e) shall be instituted against the Company or any Subsidiary and such appointment continues undischarged or such proceeding continues undismitted or unstayed for a period of 45 consecutive days.

Section 8.8 CONDEMNATION. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of all or any substantial portion of the property of the Company or any Subsidiary.

Section 8.9 JUDGMENTS. The Company or any Subsidiary shall fail to pay, bond or otherwise discharge, within 30 days of the entry thereof, any judgment or order for the payment of money in excess of \$250,000, which is not stayed on appeal or otherwise being appropriately contested in good faith.

Section 8.10 SECURITY INTEREST; VALIDITY. The Collateral Agent, for the ratable benefit of the Banks, shall cease to have a valid and perfected first priority security interest in the Collateral other than any Money Fund Shares that have not been included in the Borrowing Base and other than in connection with any release of Collateral contemplated hereby or by any other Loan Document; or the Company shall assert the invalidity of any such security interest or the invalidity or unenforceability of any Collateral Document; or any Collateral Document shall be terminated without the Collateral Agent's written consent.

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Section 8.11 CFTC DESIGNATION. The Commodity Futures Trading Commission (or its successor) shall revoke or suspend the designation of the Company as a contract market under the Commodity Exchange Act, as amended for any futures contract other than for reasons of dormancy or low volume in such contract or for reasons of disruptions in the underlying market for such contract.

#### ARTICLE IX

##### ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

Section 9.1 ACCELERATION. If any Default described in SECTION 8.6 or 8.7 occurs, the obligations of the Banks to make Loans hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of any Bank. If any other Default occurs, the Required Banks may terminate or suspend the Commitments of the Banks to make Loans hereunder, or declare the Obligations to be due and payable, or both, whereupon such Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Company hereby expressly waives. In addition, at any time after which the Obligations have become due and payable and the obligations of the Banks to make Loans hereunder have terminated in accordance with this SECTION 9.1, the Collateral Agent may, with the consent of the Required Banks (or shall, upon the direction of the Required Banks), enforce any and all rights and interest created under the Collateral Documents or the UCC, including, without limitation, foreclosing the security interests created pursuant to the Collateral Documents by any available judicial procedure, and exercise all other rights and remedies of the Collateral Agent otherwise available under any other provision of this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved and all of which rights shall be cumulative.

Section 9.2 AMENDMENTS. Subject to the provisions of this SECTION 9.2, the Required Banks and the Company may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Banks or the Company hereunder or waiving any Default hereunder; provided, however, that:

(a) the consent of the Company and all of the Banks shall be required to (i) reduce the percentage specified in the definition of Required Banks, (ii) reduce the principal amount of or extend the maturity date for any Advance or reduce the rate or change the time of payment of interest thereon, (iii) reduce the rate or change the time of payment of any commitment fee, (iv) adjust the amount of the Commitment of any Bank except as otherwise permitted herein, (v) amend SECTION 2.7, 2.8, 5.2 or this SECTION 9.2, (vi) extend the Revolving Credit Termination Date, (vii) permit the Company to assign its rights under this Agreement, (viii) amend the definition of "BORROWING BASE" or (ix) release any of the Collateral from the Lien granted pursuant to the Collateral Documents other than as permitted by this Agreement or any other Loan Document; and

(b) the Company may add a new Bank(s) under the terms of this Agreement, provided, however, that each such new Bank shall agree in writing to be bound by

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the terms of this Agreement.

Section 9.3 PRESERVATION OF RIGHTS. No delay or omission of the Banks to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of a Default or the inability of the Company to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Banks required pursuant to SECTION 9.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Banks until the Obligations have been paid in full and the Commitments have been terminated.

## ARTICLE X

### COLLATERAL AGENT

Section 10.1 DECLARATION AND ACCEPTANCE OF APPOINTMENT; NO FIDUCIARY DUTIES. Subject to the terms and conditions hereof, each Bank hereby appoints and authorizes The Bank of New York to act as its collateral agent hereunder and under each of the Collateral Documents and other Loan Documents, with such powers as are expressly delegated to the Collateral Agent by the terms of this Agreement, the Collateral Documents, and the other Loan Documents, together with such other powers as are reasonably incidental thereto. The Bank of New York, by its execution hereof, hereby accepts the appointment made under this SECTION 10.1. The Collateral Agent shall not have any duties or responsibilities except those expressly set forth in this Agreement, the Collateral Documents and the other Loan Documents, or be a trustee for, or have any fiduciary obligation to, any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Collateral Agent shall be read into this Agreement or any other Loan Document or otherwise exist for the Collateral Agent. In performing its functions and duties hereunder and under the other Loan Documents, the Collateral Agent shall act solely as agent for the Banks and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Company or any of its successors or assigns. The Collateral Agent shall not be required to take any action that exposes the Collateral Agent to personal liability or that is contrary to this Agreement, any other Loan Document or applicable law. The appointment and authority of the Collateral Agent hereunder shall terminate upon the indefeasible payment in full of all Obligations and the termination of the Commitments. Each Bank hereby authorizes the Collateral Agent to execute each of the Collateral Documents on behalf of such Bank (the terms of which shall be binding on such Bank).

Section 10.2 RELIANCE BY COLLATERAL AGENT. The Collateral Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or

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conversation believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Company), independent accountants and other experts selected by the Collateral Agent and acceptable to the Required Banks. The Collateral Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Company or the Required Banks (or, if required, all of the Banks), as applicable, as it deems appropriate and it shall first be indemnified to its satisfaction by the Banks, provided that unless and until the Collateral Agent shall have received such advice, the Collateral Agent may take or refrain from taking any action, as the Collateral Agent shall deem advisable and in the best interests of the Banks. The Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of the Company or the Required Banks or all of the Banks, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks.

Section 10.3 REIMBURSEMENT AND INDEMNIFICATION. The Banks severally agree to reimburse and indemnify the Collateral Agent and its officers, directors, employees, representatives and agents ratably in proportion to the amounts of their respective Commitments, to the extent not paid or reimbursed by the Company (i) for any amounts for which the Collateral Agent, acting in its capacity as Collateral Agent, is entitled to reimbursement by the Company hereunder or under any other Loan Document and (ii) for any other actual out-of-pocket expenses incurred by the Collateral Agent, in its capacity as Collateral Agent and acting on behalf of the Banks, in connection with the administration and enforcement of this Agreement and the other Loan Documents, except in each case, for any amounts or expenses that arise as a result of the gross negligence or willful misconduct of the Collateral Agent.

Section 10.4 COLLATERAL AGENT IN ITS INDIVIDUAL CAPACITY. The Collateral Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Company or any affiliate of the Company as though the Collateral Agent were not the Collateral Agent hereunder. With respect to the making of Loans pursuant to this Agreement, the Collateral Agent shall have the same rights and powers under this Agreement in its individual capacity as any Bank and may exercise the same as though it were not the Collateral Agent, and the terms "BANK," and "BANKS" shall include the Collateral Agent in its individual capacity.

Section 10.5 RESIGNATION OR TERMINATION OF COLLATERAL AGENT. The Collateral Agent may resign its position as such at any time upon ninety (90) days' prior notice to the Company and the Banks. The Collateral Agent may be terminated by 100% of the Banks (excluding any Bank then acting as Collateral Agent) at any time upon thirty (30) days' prior notice to the Company, the Collateral Agent and the other Banks. The Required Banks, with the consent of the Company (such consent not to be unreasonably withheld), shall appoint a successor Collateral Agent to succeed any Collateral Agent that resigns or its terminated pursuant to this SECTION 10.5. Subsequent to the effective date of such resignation or termination, the resigning or terminated (as applicable) Collateral Agent shall have no further obligations in that capacity under this Agreement. If no successor Collateral Agent shall have been appointed by the Company and the Required Banks and shall have accepted such appointment prior to the effective date of the resignation or termination of the then acting Collateral Agent, the resigning

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or terminated Collateral Agent may appoint a successor Collateral Agent, which shall be a bank or trust company organized under the laws of the United States of America or any State thereof, having a combined capital and surplus of at least \$500,000,000.

Section 10.6 NON-RELIANCE REPRESENTATION. Each of the Banks acknowledges and represents that it has, independently of and without reliance upon the Collateral Agent, and based solely upon its own expertise (and the expertise of its agents and independent advisors, if any) and upon financial statements and other information deemed appropriate by it, made its own credit analysis of the Company and made its own decision to enter into this Agreement. Each of the Banks further acknowledges and represents that it will, independently of and without reliance upon the Collateral Agent, and based solely upon its own expertise (and the expertise of its agents and independent advisors, if any) and upon such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis of the Company and its own decisions with respect to this Agreement.

Section 10.7 EXCULPATION. Neither the Collateral Agent nor any of its shareholders, directors, officers, employees or agents shall be liable to the Banks, or any of them individually, for any obligation, undertaking, act or judgment of the Company or any other Person, or for any error of judgment or any action taken or omitted to be taken by the Collateral Agent (except and to the extent that the same arises from gross negligence or willful misconduct on the part of the Collateral Agent), or be bound to ascertain or inquire as to the performance or observance of any term of any of the Loan Documents. Without limiting the generality of the foregoing, the Collateral Agent: (a) may consult with legal counsel selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel; (b) makes no warranty or representation and shall not be responsible for any warranty or representation made in or in connection with any of the Loan Documents by any Person other than the Collateral Agent, or for the financial condition of the Company or any other Person, or for the observance or performance of any obligations of the Company or any other Person other than the Collateral Agent, or for the truth or accuracy of any document provided to the Collateral Agent that the Collateral Agent has initially received from, or that the Collateral Agent has prepared based upon information received from, the Company or any other Person, except for the Collateral Agent's responsibility under SECTION 10.8; (c) makes no warranty or representation and shall not be responsible for the due execution, validity, enforceability, sufficiency or collectibility of any of the Loan Documents; (d) shall incur no liability under or in respect of any such agreement or document by acting upon any notice (by telephone or otherwise), or writing (including telex and telegraphic communication) believed by it in good faith to be genuine and to be signed or sent by the proper party or Person; and (e) makes no warranty or guarantee as to: (i) future payments by the Company or any other obligor or guarantor of the Loans, (ii) the Company's future compliance with or performance of any of the terms and conditions contained in the Loan Documents, or (iii) the collectibility of the Loans.

Section 10.8 COLLATERAL VALUATION. The Collateral Agent shall monitor the market value of the Collateral. On each Borrowing Date, promptly after receiving notice from the Company of a proposed borrowing, and on the last day of each calendar month (or, if such day is not a Business Day, the next succeeding Business Day), commencing with the first such date to occur after the date hereof, the Collateral Agent shall determine the aggregate market value of all Collateral on and as of such date in accordance with its usual and customary

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practices and shall advise and notify (which may be by telephone) each Bank thereof (each a, "COLLATERAL NOTICE").

## ARTICLE XI

### GENERAL PROVISIONS

#### Section 11.1 SUCCESSORS AND ASSIGNS.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Company may not assign or otherwise transfer any of its rights under this Agreement.

(b) Any Bank may, in accordance with applicable law, at any time sell to one or more banks, financial institutions or other entities ("PARTICIPANTS") participating interests in any Loan owing to such Bank, any Note held by such Bank, any Commitment of such Bank or any other interest of such Bank hereunder. In the event of any such sale by a Bank of participating interests to a Participant, such Bank's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Bank shall remain solely responsible for the performance thereof and the Company and the Collateral Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement and the other Loan Documents. In no event shall a Bank that sells a participating interest be obligated to the Participant to take or refrain from taking any action hereunder or under any of the other Loan Documents except that such Bank may agree that it will not, without the consent of such Participant, agree to (A) reduce the principal of, or interest payable on (or reduce the rate of interest applicable to), the Loans of such Bank or any fees or other amounts payable to such Bank hereunder which, in each case, are related to the participation sold to such Participant or, (B) postpone the date fixed for any payment of the principal of, or interest on, the Loans of such Bank or other amounts payable to such Bank hereunder which, in each case, are related to the participation sold to such Participant.

(c) Any Bank may (or in accordance with SECTION 11.4(h) shall), in accordance with applicable law, and with the consent of the Company (such consent not to be unreasonably withheld), at any time sell to any financial institution (all such purchasers, collectively, "PURCHASERS") all or any part of its rights and obligations under this Agreement and the Note held by it pursuant to an assignment agreement (an "ASSIGNMENT AGREEMENT"), executed by such Purchaser and such Bank and delivered to the Company and the Collateral Agent; provided that the consent of the Company to any such assignment shall not be required if (A) an Event of Default has occurred and is continuing, (B) the assignment is by a Bank to an affiliate of such Bank or another existing Bank or (C) the assignment (including any pledge) is by any Bank of its Notes and its rights hereunder with respect thereto to any Federal Reserve Bank. Upon such execution and delivery of an Assignment Agreement, from and after the effective date as specified therein, (x) the Purchaser thereunder shall be a party hereto and shall be bound by the provisions hereto and, to the extent provided in such Assignment Agreement, shall have the rights and obligations of a Bank hereunder, with its Commitment as set forth in such Assignment Agreement, and (y) the transferor Bank thereunder shall, to the extent provided

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in such Assignment Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment Agreement covering all or the remaining portion of a transferor Bank's rights and obligations under this Agreement, such transferor Bank shall cease to be a party hereto). Upon delivery of the Assignment Agreement to the Company and the Collateral Agent, the Company, the Collateral Agent and the Banks may treat the Purchaser as the owner of the Loans recorded therein for all purposes of this Agreement.

(d) On the effective date specified in any Assignment Agreement, or as soon as possible thereafter, the Company shall execute and deliver to the applicable Purchaser, a new Note to the order of such Purchaser reflecting the Commitment and outstanding Loans obtained by it pursuant to such Assignment Agreement and, if the transferor Bank has retained a Commitment and Loans hereunder, a new Note in exchange for the Note held by the transferor Bank (which existing Note shall be surrendered to the Company) to the order of the transferor Bank reflecting the Commitment and outstanding Loans retained by it hereunder. Such new Notes shall be dated the effective date of the Assignment Agreement as specified therein and shall otherwise be in the form of the Note replaced thereby. The Note surrendered by the transferor Bank shall be returned by the transferor Bank to the Company marked "canceled".

(e) The Company authorizes each Bank to disclose to any Participant or Purchaser and any prospective Participant or Purchaser any and all financial and other information in such Bank's possession concerning the Company which has been delivered to such Bank by or on behalf of the Company pursuant to this Agreement; provided that such Participant or Purchaser or prospective Participant or Purchaser agrees to be bound by the confidentiality provisions contained in SECTION 11.12.

(f) If, pursuant to this SECTION 11.1, any interest in this

Agreement or any Note is transferred to any Purchaser which is organized under the laws of any jurisdiction other than the United States or any state thereof, such Purchaser, concurrently with the effectiveness of such transfer and becoming a party to this Agreement pursuant to the applicable Assignment Agreement shall, (i) represent to the transferor Bank (for the benefit of the transferor Bank, the Collateral Agent and the Company) that under applicable law and treaties then in effect no United States federal taxes will be required to be withheld by the Collateral Agent, the Company or the transferor Bank with respect to any payments to be made to such Purchaser hereunder, (ii) furnish to the Company the documentation described in SECTION 11.4(f), (wherein such Purchaser claims entitlement to complete exemption from U.S. federal withholding tax on all payments hereunder) and (iii) agree to otherwise comply with the terms of SECTION 11.4(f).

Section 11.2 SURVIVAL OF REPRESENTATIONS. All representations and warranties of the Company contained in this Agreement shall survive delivery of the Notes and the making of the Loans herein contemplated.

Section 11.3 GOVERNMENTAL REGULATION. Anything contained in this Agreement to the contrary notwithstanding, no Bank shall be obligated to extend credit to the Company in violation of any limitation or prohibition provided by any applicable statute or regulation.

Section 11.4 TAXES.

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(a) All payments to any Bank with respect to the Loans shall be made free and clear of, and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Company shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased by the amount (the "ADDITIONAL AMOUNT") necessary so that after making all required deductions (including deductions applicable to additional sums described in this paragraph) such Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Company shall make such deductions and (iii) the Company shall pay the full amount deducted to the relevant governmental authority in accordance with applicable law. In addition, to the extent not paid in accordance with the preceding sentence, the Company shall pay any Other Taxes to the relevant governmental authority in accordance with applicable law.

(b) Subject to subsections (g) and (h) below, the Company shall indemnify each Bank for Indemnified Taxes and Other Taxes paid by such Bank, provided, however, that the Company shall not be obligated to make payment to any Bank in respect of penalties, interest and other similar liabilities attributable to such Indemnified Taxes or Other Taxes if such penalties, interest or other similar liabilities are attributable to the gross negligence or willful misconduct of such Bank.

(c) If a Bank shall become aware that it is entitled to claim a refund from a governmental authority in respect of Indemnified Taxes or Other Taxes paid by the Company pursuant to this SECTION 11.4, including Indemnified Taxes or Other Taxes as to which it has been indemnified by the Company, or with respect to which the Company has paid Additional Amounts pursuant hereto, it shall promptly notify the Company of the availability of such refund claim and, if such Bank determines in good faith that making a claim for refund will not have a material adverse effect on its taxes or business operations, shall, within 30 days after receipt of a request by the Company, make a claim to such governmental authority for such refund at the Company's expense. If a Bank receives a refund in respect of any Indemnified Taxes or Other Taxes paid by the Company pursuant hereto, it shall within 30 days from the date of such receipt pay over such refund to the Company (but only to the extent of Indemnified Taxes or Other Taxes paid pursuant to hereto, including indemnity payments made or Additional Amounts paid, by the Company under this SECTION 11.4 with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all out of pocket expenses of such Bank and without interest (other than interest paid by the relevant governmental authority with respect to such refund).

(d) If any Bank is or becomes eligible under any applicable law, regulation, treaty or other rule to a reduced rate of taxation, or a complete exemption from withholding, with respect to Indemnified Taxes or Other Taxes on payments made to it by the Company, such Bank shall, upon the request, and at the cost and expense, of the Company, complete and deliver from time to time any certificate, form or other document requested by the Company, the completion and delivery of which are a precondition to obtaining the benefit of such reduced rate or exemption, provided that the taking of such action by such Bank, would not, in the reasonable judgment of such Bank be disadvantageous or prejudicial to such Bank or inconsistent with its internal policies or legal or regulatory restrictions. For any period with respect to which a Bank has failed to provide any such certificate, form or other document requested by the Company, such Bank shall not be entitled to any payment under this SECTION

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11.4 in respect of any Indemnified Taxes or Other Taxes that would not have been imposed but for such failure.

(e) Each Bank organized under the laws of a jurisdiction in the United States, any State thereof or the District of Columbia (other than Banks that are corporations or otherwise exempt from United States backup withholding Tax) shall (i) deliver to the Company, upon execution hereof (or, with respect to Persons becoming Banks hereunder by assignment, upon execution of the relevant assignment agreement), two original copies of United States Internal Revenue Form W-9 or any successor form, properly completed and duly executed by such Bank, certifying that such Bank is exempt from United States backup withholding Tax on payments of interest made under the Loan Documents and (ii) thereafter, at each time it is so reasonably requested in writing by the Company, deliver within a reasonable time two original copies of an updated Form W-9 or any successor form thereto.

(f) Each Bank that is organized under the laws of a jurisdiction other than the United States, any State thereof or the District of Columbia (each such Bank, a "FOREIGN BANK") that is entitled to an exemption from or reduction of withholding Tax under the laws of the jurisdiction in which the Company is located, or any treaty to which such jurisdiction is a party, with respect to payments under the Loan Documents shall deliver to the Company, upon execution hereof (or, with respect to Persons becoming Banks hereunder by assignment, upon execution of the relevant assignment agreement), such properly completed and duly executed documentation prescribed by applicable law or reasonably requested by the Company as will permit such payments to be made without withholding or at a reduced rate, unless in the good faith opinion of the Foreign Bank such documentation would expose the Foreign Bank to any material adverse consequences or risk. Such documentation shall be delivered by each Foreign Bank on or before the date it becomes a Bank and on or before the date, if any, such Foreign Bank changes its applicable lending office by designating a different lending office with respect to its Loans (a "NEW LENDING OFFICE"). In addition, each Foreign Bank shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Foreign Bank. Each Bank (and, in the case of a Foreign Bank, its lending office), represents that on the date hereof, payments made hereunder by the Company to it would not be subject to United States Federal withholding tax.

(g) Notwithstanding the provisions of subsection (a) and (b) above, the Company shall not be required to indemnify any Foreign Bank, or to pay any Additional Amounts to any Foreign Bank, in respect of United States Federal withholding tax pursuant to subsection (a) or (b) above, (A) to the extent that the obligation to withhold amounts with respect to United States Federal withholding tax existed on the date such Foreign Bank became a Bank; (B) with respect to payments to a New Lending Office with respect to a Loan, but only to the extent that such withholding tax exceeds any withholding tax that would have been imposed on such Bank had it not designated such New Lending Office; (C) with respect to a change by such Foreign Bank of the jurisdiction in which it is organized, incorporated, controlled or managed, or in which it is doing business, from the date such Foreign Bank changed such jurisdiction, but only to the extent that such withholding tax exceeds any withholding tax that would have been imposed on such Bank had it not changed the jurisdiction in which it is organized, incorporated, controlled or managed, or in which it is doing business; or (D) to the extent that the obligation to

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pay such indemnity payment or Additional Amounts would not have arisen but for a failure by such Foreign Bank to comply with the provisions of SECTION 11.4(f).

(h) If any Bank requests compensation under this SECTION 11.4, or if the Company is required to pay any additional amount to any governmental authority for the account of any Bank pursuant to this SECTION 11.4, then such Bank shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates with the object of avoiding or eliminating the amounts payable pursuant to this SECTION 11.4, provided that such designation or assignment shall be on such terms that such Bank and its lending office, in such Bank's sole judgment, suffer no economic, legal, regulatory or other disadvantage and would not otherwise be disadvantageous to such Bank. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Bank in connection with any such designation or assignment.

If Bank requests compensation under this SECTION 11.4, or if the Company is required to pay any additional amount to any governmental authority for the account of any Bank pursuant to this SECTION 11.4, then the Company may, at its sole expense and effort, upon notice to such Bank, require such Bank to assign and delegate, without recourse, in accordance with and subject to the restrictions contained in SECTION 11.1, all of such Bank's interests, rights and obligations under this Agreement to one or more assignees that shall assume such obligations (which assignee or assignees may be one or more other Banks); provided, that (i) such Bank shall have received payment of an amount equal to the outstanding principal of its Loans, accrued and unpaid interest thereon, accrued and unpaid fees and all other amounts payable to it hereunder from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts) and (ii) such assignment will result in a reduction in such compensation or payments. A Bank shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Bank or otherwise, the circumstances entitling the

Company to require such assignment and delegation cease to apply.

A certificate of the relevant Bank setting forth the basis for any amounts (and the calculation thereof and methodology in calculating, each in reasonable detail) claimed under this SECTION 11.4 shall be delivered to the Company and shall be conclusive absent manifest error. Failure or delay on the part of a Bank to demand compensation of any amount under this Section shall not constitute a waiver of such Bank's right to demand such compensation; provided that the Company shall not be required to compensate any such Bank for any amounts claimed under this Section that are incurred more than 90 days prior to the date that such Bank notifies the Company of the circumstances giving rise to such amounts and such Bank's intention to claim compensation therefor; provided, further, that if the circumstances giving rise to such amounts have retroactive effect, then the 90-day period referred to above shall be extended to include the period of retroactive effect thereof.

(i) Any payment required to be made by the Company to any Bank under this SECTION 11.4 shall be deemed an Obligation and be secured by the Collateral.

Section 11.5 CHOICE OF LAW; JURISDICTION. The Loan Documents (other than those containing a contrary express choice of law provision) shall be construed in accordance with the laws of the State of Illinois (excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State), but giving

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effect to federal laws applicable to national banks. The Company and the Banks hereby irrevocably submit to the non-exclusive jurisdiction of any United States federal or Illinois state court sitting in Chicago, Illinois in any action or proceedings arising out of or relating to any Loan Documents and the Company and the Banks hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in any such court.

Section 11.6 HEADINGS. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

Section 11.7 ENTIRE AGREEMENT. The Loan Documents embody the entire agreement and understanding among the Company and the Banks and supersede all prior agreements and understandings among the Company and the Banks relating to the subject matter thereof.

Section 11.8 SEVERAL OBLIGATIONS. The respective obligations of the Banks hereunder are several and not joint and no Bank shall be the partner or agent of any other. The failure of any Bank to perform any of its obligations hereunder shall not relieve any other Bank from any of its obligations hereunder.

Section 11.9 EXPENSES; INDEMNIFICATION.

(a) The Company shall reimburse the Collateral Agent and each Bank for any reasonable costs, internal charges and out-of-pocket expenses (including reasonable attorneys' fees and time charges of attorneys, which attorneys may be employees of the Collateral Agent or such Bank, as applicable) paid or incurred by the Collateral Agent or such Bank, as applicable, in connection with the collection, liquidation and enforcement of the Loan Documents and/or the Collateral. The Company further agrees to indemnify the Collateral Agent, each Bank and their respective directors, officers and employees (each an "INDEMNIFIED PARTY") against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Loan hereunder (all of the foregoing being collectively referred to as "INDEMNIFIED AMOUNTS"), excluding, however, in all of the foregoing instances, Indemnified Amounts arising from the gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification and Indemnified Amounts consisting of taxes imposed on or measured by the overall net income of the Indemnified Party seeking indemnification.

(b) If, after the date hereof, any law or any governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) is adopted, or there is any change in the interpretation thereof, or the compliance of any Bank with such, which, in any case, affects the amount of capital required or expected to be maintained by such Bank or any corporation controlling such Bank, and such Bank reasonably determines the amount of capital required is increased by or based upon the existence of this Agreement or its Commitment hereunder and such increased capital results in increased costs to such Bank, then, such Bank shall notify the Company of such fact and shall provide a reasonably detailed

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description of such increased costs in the notice ("INCREASED COST NOTICE"),



together with documentation from the relevant regulatory body setting forth such increased capital requirement, and within 15 days of the Company's receipt of such Increased Cost Notice, the Company shall, in its sole discretion, determine whether to terminate such Bank's Commitment and obligation to make Loans hereunder, or to attempt to negotiate with such Bank a revised commitment fee (which revision shall not constitute an amendment to SECTION 2.8 hereof for the purposes of SECTION 9.2) and any other reimbursements provided for hereunder which reflect such Bank's increased costs. In the event that the Company determines to terminate such Bank's Commitment and obligation to make Loans hereunder, the Company shall send written notice to such Bank within 15 days of the Company's receipt of the Increased Cost Notice specifying a date at least 30 days thereafter on which such Bank's Commitment and obligation to make Loans hereunder shall be terminated. In the event that the Company determines to attempt to negotiate with such Bank a revised commitment fee and other reimbursements, and the Company and such Bank are unable to agree, within 30 days of the date of the Increased Cost Notice, upon such revised fees and other reimbursements, such Bank may send written notice to the Company, or the Company may send written notice to such Bank specifying a date at least 30 days thereafter on which the Bank's Commitment and obligation to make Loans hereunder shall be terminated. Any payment required to be made by the Company under this SECTION 11.9(b) shall be deemed an Obligation and be secured by the Collateral.

(c) At least 45 days prior to the proposed consummation date of any merger or consolidation of the Company with or into any other Person in which the Company shall not be the surviving entity (such transaction, a "RESTRUCTURING"), the Company will give written notice thereof to each Bank (a "RESTRUCTURING NOTICE"), which notice shall set forth the material terms and conditions of such Restructuring, including the identity of the surviving entity of such Restructuring (the "SURVIVOR"). Upon receipt of a Restructuring Notice, a Bank may elect, in its sole discretion, to terminate its Commitment hereunder by notifying the Company thereof, which may be by telephone (a "TERMINATION NOTICE") within 15 days of such Bank's receipt of the Restructuring Notice, which termination shall become effective no sooner than 30 days after the Company's receipt of the Termination Notice. Any Bank that fails to deliver a Termination Notice within 15 days after its receipt of a Restructuring Notice shall be deemed to have elected to terminate its Commitment.

(d) The effective date of any termination of a Bank's Commitment hereunder pursuant to subsection (b) or (c) above is referred to herein as such Bank's "ACCELERATED TERMINATION DATE". Any such termination shall not accelerate the maturity of any Loans outstanding to such Bank; commitment fees to such Bank shall cease to accrue as of its Accelerated Termination Date; and the Company shall be responsible for any and all Obligations and accrued and unpaid costs (including increased costs), fees and expenses incurred with respect to such Bank prior to its Accelerated Termination Date. The obligations of the Company under this SECTION 11.9 shall survive the termination of this Agreement.

Section 11.10 ACCOUNTING. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles.

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Section 11.11 SEVERABILITY OF PROVISIONS. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

Section 11.12 CONFIDENTIALITY. Each of the Banks and the Collateral Agent agrees to maintain the confidentiality of the Company Information, except that Company Information may be disclosed (a) to its affiliates, directors, officers, employees and agents, including accountants, legal counsel and other advisors who have a need to know such information (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Company Information and agree to keep such Company Information confidential on terms substantially similar to this SECTION 11.12), (b) to any governmental agency or representative thereof, provided that prior to such disclosure, the disclosing party shall, to the extent practicable, promptly inform the Company of such potential disclosure, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process or to the extent reasonably required in connection with any litigation relating to this Agreement or the Collateral to which such Bank or the Collateral Agent, as applicable, is a party, (d) subject to an agreement containing provisions substantially the same as those described in this SECTION 11.12, to any Purchaser or Participant or any prospective Purchaser or Participant, (e) with the consent of the Company or (f) to the extent such Company Information becomes publicly available other than as a result of a breach of its confidentiality obligations as described in this SECTION 11.12.

As used in this Section, "COMPANY INFORMATION" means all information received from the Company or any of its Subsidiaries or Affiliates relating to Holdings or any of its subsidiaries (including the Company) or any of their respective affiliates, or their businesses, other than any such information that is

available to the Collateral Agent or any Bank, as applicable, on a non-confidential basis prior to disclosure by the Company.

Section 11.13 WAIVER OF TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.

## ARTICLE XII

### SETOFF; RATABLE PAYMENTS

#### Section 12.1 SETOFF; RATABLE PAYMENTS.

(a) In addition to, and without limitation of, any rights of the Banks under applicable law, if the Company becomes insolvent, however evidenced, or any Default occurs and is continuing, any indebtedness from any Bank to the Company (including all account balances, whether provisional or final and whether or not collected or available but excluding any accounts designated as or representing "customer segregated funds" accounts and any accounts pledged to such Bank to secure an overdraft facility to ensure the settlement of foreign

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currency futures and options contracts traded on the Company) may be offset and applied toward the payment of the Obligations owing to such Bank, whether or not the Obligations, or any part thereof, shall then be due.

(b) If any Bank, whether by setoff or otherwise, has payment made to it upon any Loan in a greater proportion than that received by any other Bank upon any Loan constituting a portion of the same Advance, such Bank (or, if applicable, such Bank's Servicing Bank) shall distribute to all the other Banks (or, if applicable, such other Banks' Servicing Banks) an amount equal to their pro rata share of such payment. Such payment shall be distributed ratably between the Banks in proportion to each Bank's respective share of the total Obligations outstanding under this Agreement. Any payment distributed pursuant to this subsection (b) to a Servicing Bank shall be distributed by the Servicing Banks to the applicable Banks in accordance with the provisions of this Agreement.

(c) If any Bank, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for any category of its Obligations or such amounts which may be subject to setoff, in any case, in excess of its pro rata share thereof, such Bank agrees, promptly upon demand, to take such action necessary such that all Banks share in the benefits of such collateral ratably in proportion to their Obligations of the same category. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

(d) The Company agrees that any holder of a participation in a Loan may, to the fullest extent permitted by law, exercise all its rights of payment with respect to such participation as if such holder were the direct creditor of the Company in the amount of the participation.

## ARTICLE XIII

### NOTICES

Section 13.1 GIVING NOTICE. Except as otherwise herein provided, any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed, given (i) when delivered if sent by an overnight courier service, or (ii) when sent by facsimile, telex or SWIFT message, in each case, addressed to the Company and the Banks at the addresses or transmission numbers indicated below their signatures to the Agreement or otherwise notified to the Company or the Banks, as applicable.

Section 13.2 CHANGE OF ADDRESS. The Company and any Bank may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

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## ARTICLE XIV

### COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Company and the Banks.

## ARTICLE XV

### SUBORDINATION

The Company hereby subordinates its Lien on the Collateral to the Lien therein granted to the Collateral Agent pursuant to the Collateral Documents, and, except as permitted by SECTION 2.9, the Company shall not take any action of any nature whatsoever to enforce its Lien until all of the Obligations have been paid in full and the Commitments have been terminated.

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IN WITNESS WHEREOF, the Company and the Banks have executed this Agreement as of the date first above written.

CHICAGO MERCANTILE EXCHANGE INC.  
(A Delaware Corporation)

By: /s/ James J. McNulty  
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Name: James J. McNulty  
Title: President & CEO

Date: October 18, 2002

30 South Wacker Drive  
Chicago, Illinois 60606  
Fax: (312) 930-3187  
S.W.I.F.T.: XCMEUS4C

Attention: Managing Director & President,  
Clearing House Division

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Commitments

\$40,000,000

THE BANK OF NEW YORK,  
individually and as Collateral Agent

By: /s/ Joshua Feldman  
-----

Name: Joshua Feldman  
Title: Vice President

One Wall Street, 42nd Floor  
New York, New York 10286  
Fax: (212) 635-6615

Attention: Theresa Foran/Wendy Forrest  
References: Chicago Mercantile Exchange  
Inc., Borrowings, Payments, Interest, Etc.

S-2

\$40,000,000

BANK OF AMERICA, N.A.

By: /s/ Brad Lustig  
-----

Name: Brad Lustig  
Title: Managing Director

101 North Tryon Street  
Charlotte, North Carolina 28255  
Fax: (704) 409-0058

Attention: Nora Moss/Edna Reganess

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\$ 20,000,000

BROWN BROTHERS HARRIMAN & CO.

By: /s/ John C. Santos Jr.  
-----

Name: John C. Santos, Jr.  
Title: Managing Director

59 Wall Street  
New York, New York 10005  
Fax: (212) 493-8065  
S.W.I.F.T.: BBHCUS33

Attention: Senior Credit Officer

S-4

\$ 40,000,000

JPMORGAN CHASE BANK

By: /s/ Dolores Walsh  
-----

Name: Dolores Walsh  
Title: Vice President

2 Chase Manhattan Plaza - 13th Floor  
New York, New York 10081  
Fax: (212) 552-1020  
S.W.I.F.T.: CHASUS33

Attention: Commercial Loan Services - Dept  
#9420

S-5

\$ 40,000,000

BANK ONE, NA

By: /s/ Andrea S. Kantor  
-----

Name: Andrea S. Kantor  
Title: Director

1 Bank One Plaza  
Chicago, Illinois 60670  
Fax: (312) 732-3537

Attention: Victoria Kobierski

S-6

\$ 40,000,000

HARRIS TRUST AND SAVINGS BANK

By: /s/ Linda C. Haven  
-----

Name: Linda C. Haven  
Title: Managing Director

111 West Monroe Street  
Chicago, Illinois 60603  
Fax: (312) 765-8201  
S.W.I.F.T.: HARTRUS44

Attention: Gary Shafer

S-7

\$ 40,000,000

THE BANK OF TOKYO-MITSUBISHI, LTD.

By: /s/ Shinichiro Muncchika  
-----

Name: Shinichiro Muncchika  
Title: Deputy General Manager

Chicago Branch  
227 West Monroe Street, Suite 2300  
Chicago, Illinois 60606  
Fax: (312) 696-4532  
S.W.I.F.T.: BOTKUS4C

Attention: Loan Administration

S-8

\$ 40,000,000

CITIBANK, N.A.

By: /s/ Michael Mauerstein  
-----

Name: Michael Mauerstein  
Title: Managing Director

388 Greenwich Street, 22nd Floor  
New York, New York 10013  
Fax: (212) 816-4141

Attention: Lee Ocasio

S-9

\$ 25,000,000

HSBC BANK USA

By: /s/ Paul Lopez

-----  
Name: Paul Lopez  
Title: First Vice President

1 HSBC Center, 26th Floor  
Buffalo, New York 14203  
Fax: (716) 841-0269

Attention: Donna L. Riley & Maria Mendez-Tadak

S-10

\$ 15,000,000

THE NORTHERN TRUST COMPANY

By: /s/ Tracy J. Toulouse

-----  
Name: Tracy J. Toulouse  
Title: Vice President

50 South LaSalle Street  
11th Floor  
Chicago, Illinois 60675  
Fax: (312) 630-6062

Attention: Barbara B. Tuszynska

S-11

\$ 25,000,000

U.S. BANK NATIONAL ASSOCIATION

By: /s/ R. Michael Newton

-----  
Name: R. Michael Newton  
Title: Vice President

777 E. Wisconsin Avenue  
Milwaukee, Wisconsin 53201  
Mail Loc. MK-WI-TGCB  
Fax: (920) 237-7993

Attention: Connie Sweeney

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\$ 30,000,000

UBS, AG STAMFORD BRANCH

By: /s/ Patricia O'Kicki

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Name: Patricia O'Kicki  
Title: Director  
Banking Products Services

By: /s/ Wilfred V. Saint

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Name: Wilfred V. Saint  
Title: Associate Director  
Banking Products Services US

677 Washington Boulevard  
Stamford, Connecticut 06901  
Fax: (203) 719-3888

Attention: Marie Haddad

S-13

\$ 25,000,000

SVENSKA HANDELSBANKEN

By: /s/ H.N. Bacon /s/ Niclas Fjalltoft

-----  
Name: H.N. Bacon Niclas Fjalltoft  
Title: Vice President Assistant Vice President

153 East 53rd Street - 37th Floor  
New York, New York 10022  
Fax: (212) 326-5151  
S.W.I.F.T.: HAND US33

Attention: Sophia Ng

S-14

\$ 40,000,000

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Sebastian Rocco

-----  
Name: Sebastian Rocco  
Title: Senior Vice President

1301 6th Avenue  
New York, New York 10019  
Fax: (212) 261-7794

Attention: Ray Rodriguez

S-15

\$ 40,000,000

NATIONAL AUSTRALIA BANK LIMITED,  
A.C.N. 004044937

By: /s/ Barbara Perry

-----  
Name: Barbara Perry  
Title: Vice President

200 Park Avenue, 34th Floor  
New York, New York 10166  
Fax: (212) 490-8087

Attention: Judith Esposito/Loan Services

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EXHIBIT A

NOTE

\$(AMOUNT)  
[MONTH] [DAY], [YEAR]

Chicago Mercantile Exchange Inc., a Delaware corporation (the "COMPANY"), promises to pay to the order of \_\_\_\_\_ (the "BANK") the lesser of the principal sum of \_\_\_\_\_ and 00/100 Dollars or the aggregate unpaid principal amount of all Loans made by the Bank to the Company pursuant to SECTION 2.1 of the Credit Agreement, dated as of October 18, 2002, among the Company, the Banks party thereto and The Bank of New York, as Collateral Agent (as amended, restated, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"), whichever is less, in immediately available funds at the office of \_\_\_\_\_ in [city], [state], together with interest on the unpaid principal amount hereof until maturity at a rate per annum equal to the sum of the Fed Funds Rate, plus 45/100 of 1% per annum from time to time in effect. After maturity and until paid in full, the Loans shall bear interest at a rate per annum equal to the sum of the Fed Funds Rate, plus 2.4% per annum. Interest shall be calculated on the basis of a 360 day year for actual number of days elapsed. The Company shall pay each Loan in full thirty days after such Loan is made. Interest prior to maturity shall be payable on the date on which the relevant Loan is paid or prepaid, whether due to acceleration or otherwise. Interest after maturity shall be payable on demand.

The Bank shall, and is hereby authorized to, record on the schedule attached hereto, or to otherwise record in accordance with its usual practice, the date and amount of each Loan and the date and amount of each principal payment hereunder. The records of the Bank shall be presumed to be accurate and shall be binding upon the Company absent manifest error.

This Note is one of the Notes issued pursuant to, and is entitled to the benefits of, the Credit Agreement and the other Loan Documents, to which Credit Agreement and Loan Documents reference is hereby made for a statement of the terms and conditions under which this Note may be prepaid or its maturity date accelerated. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Credit Agreement.

CHICAGO MERCANTILE EXCHANGE INC.  
(A Delaware corporation)

By

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Title:  
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CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated August 30, 2002, in Amendment No. 4 to the Registration Statement (Form S-1 No. 333-90106) of Chicago Mercantile Exchange Holdings Inc. dated November 12, 2002.

/s/ ERNST & YOUNG LLP

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ERNST & YOUNG LLP

Chicago, Illinois  
November 11, 2002