SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 2006

OR

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

Commission File Number 000-33379

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Delaware	**36-4459170**
(State or Other Jurisdiction of Incorporation or Organization)	**(IRS Employer Identification No.)**
20 South Wacker Drive, Chicago, Illinois	**60606**
(Address of Principal Executive Offices)	**(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title Of Each Class	**Name Of Each Exchange On Which Registered**
Class A Common Stock, Class A, $0.01 par value (including rights to acquire Series A Junior Participating Preferred Stock pursuant to our rights plan)	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: Class B common stock, Class B-1, $0.01 par value; Class B common stock, Class B-2, $0.01 par value; Class B common stock, Class B-3, $0.01 par value; and Class B common stock, Class B-4, $0.01 par value (in each case, including rights to acquire Series A Junior Participating Preferred Stock pursuant to our rights plan).

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained herein, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2006, was approximately $17.0 billion (based on the closing price per share of Chicago Mercantile Exchange Holdings Inc. Class A common stock on the New York Stock Exchange on such date). The number of shares outstanding of each of the registrant's classes of common stock as of February 15, 2007 was as follows: 34,845,717 shares of Class A common stock, $0.01 par value; 625 shares of Class B common stock, Class B-1, $0.01 par value; 813 shares of Class B common stock, Class B-2, $0.01 par value; 1,287 shares of Class B common stock, Class B-3, $0.01 par value; and 413 shares of Class B common stock, Class B-4, $0.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE:

Documents	Form 10-K Reference
Portions of the Company's Proxy Statement for the 2007 Annual Meeting of Shareholders	Parts II and III

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC.
ANNUAL REPORT ON FORM 10-K
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PART I

In this Annual Report on Form 10-K, we refer to Chicago Mercantile Exchange Holdings Inc. as "CME Holdings" and to Chicago Mercantile Exchange Inc. as "CME." The terms "we," "us" and "our" refer to CME Holdings and its subsidiaries.

From time to time, in written reports and oral statements, we discuss our expectations regarding future performance. For example, these "forward-looking statements" are included in this Annual Report on Form 10-K in "Item 1. Business," "Item 1A. Risk Factors" and in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," among other places. Forward-looking statements are based on currently available competitive, financial and economic data, current expectations, estimates, forecasts and projections about the industries in which we operate and management's beliefs and assumptions. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied in any forward-looking statements. We want to caution you not to place undue reliance on any forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Among the factors that might affect our performance are:

- our ability to obtain the required approvals for our proposed merger with CBOT Holdings, Inc., or "CBOT Holdings," and our ability to realize the anticipated benefits, control the costs of the proposed transaction and successfully integrate the businesses;
- increasing foreign and domestic competition, including increased competition from new entrants into our markets;
- our ability to keep pace with rapid technological developments, including our ability to complete the development and implementation of the enhanced functionality required by our customers;
- our ability to continue introducing competitive new products and services on a timely, cost-effective basis, including through our electronic trading capabilities, and our ability to maintain the competitiveness of our existing products and services;
- our ability to adjust our fixed costs and expenses if our revenues decline;
- our ability to continue to generate revenues from our processing services provided to third parties;
- our ability to maintain existing customers and attract new ones;
- our ability to expand and offer our products in foreign jurisdictions;
- changes in domestic and foreign regulations;
- changes in government policy, including policies relating to common or directed clearing;
- the costs associated with protecting our intellectual property rights and our ability to operate our business without violating the intellectual property rights of others;
- our ability to generate revenue from our market data that may be reduced or eliminated by the growth of electronic trading;
- changes in our rate per contract due to shifts in the mix of the products traded, the trading venue and the mix of customers (whether the customer receives member or non-member fees or participates in one of our various incentive programs) and the impact of our tiered pricing structures;
- the ability of our financial safeguards package to adequately protect us from the credit risks of our clearing members and the clearing members of the Board of Trade of the City of Chicago, Inc., or "CBOT";
- changes in price levels and volatility in the derivatives markets and in underlying fixed income, equity, foreign exchange and commodities markets;

- economic, political and market conditions;
- our ability to accommodate increases in trading volume and order transaction traffic without failure or degradation of performance of our systems;
- our ability to execute our growth strategy and maintain our growth effectively;
- our ability to manage the risks and control the costs associated with our acquisition, investment and alliance strategy;
- industry and customer consolidation;
- decreases in trading and clearing activity;
- the imposition of a transaction tax on futures and options on futures transactions; and
- the seasonality of the futures business.

For a detailed discussion of these and other factors that might affect our performance, see the section of this Annual Report on Form 10-K entitled “Item 1A. Risk Factors.”

TRAKRS, Total Return Asset Contracts, are exchange-traded, non-traditional futures contracts designed to provide market exposure to various market-based indexes which trade electronically on the CME Globex electronic platform. Clearing and transaction fees on these products are immaterial relative to other CME products. Unless otherwise noted, disclosures of trading volume and average rate per contract exclude our TRAKRS products.

CME economic derivatives are options and forwards geared to key U.S. and European economic indicators that trade in an auction format on the CME Auction Markets platform. Clearing and transaction fees on these products are based on notional values rather than volume and are immaterial relative to other CME products. Unless otherwise noted, disclosures of trading volume and average rate per contract exclude these products.

In August 2006, we acquired Swapstream, a London-based electronic trading platform for interest rate swaps. Unless otherwise noted, disclosures of trading volume and average rate per contract exclude these products.

ITEM 1. BUSINESS

General

We are the largest futures exchange in the United States for the trading of futures contracts and options on futures contracts, often called derivatives, as measured by 2006 annual trading volume. For the second consecutive year, our annual trading volume surpassed one billion contracts. We posted record trading volume of 1.3 billion contracts in 2006, an increase of 28% over 2005, which was previously our busiest year. In 2006, our customers, who include our members, traded futures contracts and options on futures contracts with an underlying value of $824 trillion. As of December 31, 2006, our open interest record was 52.5 million contracts set on September 14, 2006. Open interest is the number of outstanding contracts at the close of the trading day at the exchange and is a leading indicator of liquidity. Liquidity of markets, or the ability of a market to quickly and efficiently absorb the execution of large purchases or sales, is key to attracting customers and contributing to a market's success.

Futures and options on futures provide a way to protect against – and potentially profit from – price changes in financial instruments and physical commodities. Futures contracts are legally binding agreements to buy or sell something in the future, such as livestock or foreign currency. The buyer and seller of a futures contract agree on a price today for a product to be delivered and paid for in the future. Each contract specifies the quantity of the item and the time of delivery or payment. An option on a futures contract is a right, but not an obligation, to sell or buy a futures contract at a specified price on or before a certain expiration date.

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

As a marketplace for global risk management, our exchange brings together buyers and sellers of derivatives products, which trade on our CME Globex electronic trading platform, on our trading floors through open outcry and via privately negotiated transactions that we clear. We offer market participants the opportunity to trade futures contracts and options on futures contracts on interest rates, equities, foreign exchange, commodities and alternative investments. Our key products include CME Eurodollar contracts and contracts based on major U.S. stock indexes, such as the S&P 500, NASDAQ-100 and Russell 2000. We also offer contracts for the principal foreign currencies and for a number of commodity products, including cattle, hogs and dairy.

We own our clearing house, which is the largest derivatives clearing operation in the world for futures and options on futures, and we clear, settle and guarantee every contract traded through our exchange. Our integrated clearing function is designed to ensure the safety and soundness of our markets and helps differentiate us from our competitors. Our clearing house serves as counterparty to every trade – becoming the buyer to each seller of a futures contract and the seller to each buyer. This process substantially reduces credit risk. Performance bond (collateral) deposits are required at each level in the clearing process – customer to broker, broker to clearing firm, clearing firm to our clearing house. The performance bond is a good-faith deposit that represents the minimum amount of protection against potential losses. As of December 31, 2006, we acted as custodian for approximately $47.4 billion in performance bond collateral, including approximately $6.5 billion in deposits for non-CME products. 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 and other risk management activities. Our goal is to design our system to service historical peak volumes, provide clearing services to CBOT and other exchanges and clear new products.

CME was founded in 1898 as a not-for-profit corporation. In November 2000, we demutualized and became a shareholder-owned corporation. As a consequence, we adopted a for-profit approach to our business, including strategic initiatives aimed at optimizing trading volume, efficiency and liquidity. In December 2002, CME Holdings completed its initial public offering of its Class A common stock and became the first U.S. financial exchange to be publicly traded.

In connection with our demutualization, we opened access to our markets by allowing unlimited, direct access to the CME Globex platform for all market participants. Today, any individual or institutional customer guaranteed by a clearing firm is able to obtain direct access to the CME Globex platform. 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. Certain of our customers benefit from volume discounts and limits on fees as part of our effort to encourage increased liquidity in our markets. In 2006, volume on the CME Globex electronic trading platform represented 71% of our trading volume compared with 70% in 2005.

In 2006, we entered into an agreement with the New York Mercantile Exchange, or "NYMEX," to become the exclusive electronic trading service provider for NYMEX's energy futures and options contracts and for metals products listed on its COMEX Division. This builds upon our successful clearing processing arrangement with CBOT, which was fully implemented in January 2004. The addition of energy contracts onto CME Globex further diversifies our product offerings and creates the first electronic derivatives trading environment that offers global access to all major asset classes – interest rates, stock indexes, foreign exchange, agricultural commodities, and now, energy. We also recently announced our proposed merger with CBOT Holdings to establish the world's most diverse global exchange. The combined company, to be named CME Group Inc., or "CME Group," is expected to create operational and cost efficiencies for market users as well as value for our shareholders.

Our principal executive offices are located at 20 South Wacker Drive, Chicago, Illinois 60606, and our telephone number is 312-930-1000.

Competitive Strengths

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. As of December 31, 2006, our open interest record was 52.5 million contracts set on September 14, 2006. During 2006, we posted record trading volume of 1.3 billion contracts, an increase of 28% over 2005, making us the largest exchange in the United States and the second largest in the world for the trading of futures contracts and options on futures contracts during that period based on annual trading volume.

Global Benchmark Products. We believe our key products serve as global benchmarks for valuing and managing risk. Our CME Eurodollar futures contract serves as a global benchmark for measuring the relative value of U.S. dollar-denominated short-term, fixed-income securities. Similarly, the S&P 500, NASDAQ-100 and Russell indexes are considered primary tools for benchmarking investment performance against U.S. equity market exposure. Our S&P 500, NASDAQ-100 and Russell index contracts, which are based on these benchmarks, are recognized by our customers as efficient tools for managing and hedging their equity 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 products based on interest rates, equities, foreign exchange, commodities and alternative investments designed to appeal to institutional and individual customers. We offer both electronic order-matching services and open outcry auction trading, and we provide facilities to clear privately negotiated transactions. Our markets provide important risk management tools to our customers. 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 clears, settles and guarantees every contract traded through our exchange, and futures and options on futures contracts traded through CBOT. In 2006, our clearing house cleared an average of 8.6 million contracts daily and 2.1 billion contracts overall. As of December 31, 2006, we acted as custodian for approximately $47.4 billion in performance bond collateral, including approximately $6.5 billion in deposits for non-CME products, and, in 2006, 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 to our markets, particularly compared to the over-the-counter, or "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.

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 goal is to design our highly scalable systems to accommodate additional products with relatively limited modifications. On June 8, 2006, we processed a record of approximately 3.3 million transactions. 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 CME SPAN risk evaluation system has been adopted by more than 50 exchanges and clearing organizations worldwide.

Global Reach. Globalization of financial markets is expanding the customer base for futures products beyond traditional boundaries. Our electronic trading services, which are available nearly 24 hours a day and five days per week, position us to take advantage of this development. We have seven international telecommunications hubs in Europe and Asia. These hubs reduce connectivity costs and house direct electronic connections between the foreign customer and CME Globex, our electronic trading platform. In the fall of 2006, to better serve our customers in Asia, we opened our Asia office in Hong Kong and established an additional telecommunications hub in Singapore. We also have international offices in London, Tokyo and Sydney. As a result of our efforts to target global customers, including our international incentive programs, we now have direct customer access to our exchange in over 70 countries.

Growth Strategy

Our record revenues and annual trading volume in 2006 reflect our focus on strategic advancement through the execution of our growth strategy. We have expanded our core business organically, added innovative new products for global markets, provided trading-related services more broadly and undertaken significant acquisitions and alliances to leverage our core strength and grow our business non-organically. We intend to continue to grow our business by:

- generating organic growth;
- providing trading-related services;
- leveraging our technology; and
- advancing new business opportunities.

Generating Organic Growth. We intend to advance our position as a leader in the futures industry by generating organic growth by launching new products and expanding into the OTC market.

- ***Add New Products.*** We create products and product line extensions based on research and development in collaboration with our customers. In 2006, we increased the number of our derivatives contracts to nearly 100, including internationally focused CME S&P Asia 50 futures, CME MSCI EAFE futures and Chinese renminbi and Korean won contracts. We also introduced new futures and options on U.S. housing indexes, which created an opportunity for investors to hedge the $23 trillion U.S. housing market for the first time.
- ***Expanding in the OTC Market.*** In response to the rapid increase in popularity of foreign exchange as an asset class and the advances in electronic trading, we formed a joint venture with Reuters Group PLC, or “Reuters,” to create the first centrally cleared, global OTC foreign exchange marketplace. Based in London, FXMarketSpace is scheduled to launch in early 2007. This strategic relationship complements our foreign exchange futures and options products and represents an opportunity for us to expand into the $2 trillion per day OTC foreign exchange marketplace.

  In August 2006, we completed our acquisition of Swapstream, a leading electronic trading platform for interest rate swaps. Swapstream offers advanced functionality for trading interest rate swaps that provides dealers with the flexibility to interact with one or more banks, one or more brokers, or any combination of these to build their own marketplace and distribute their liquidity. The platform also features a sophisticated permission-based system that allows market participants to publish customized prices and pricing curves based on both credit and counterparty considerations. We will provide Swapstream users with greater financial and operational efficiencies by leveraging the capabilities of Clearing 360, a new initiative that offers a comprehensive clearing solution for OTC market participants.

Providing Trading-Related Services. Providing third-party transaction processing, clearing and related services is a key element of our strategy, and in 2006 we generated $90 million in revenues from this source. It accounted for 8% of total revenues. Approximately $76 million came from the services that we provide to CBOT through our transaction process agreement initiated in 2003. This strategic relationship generates positive returns and increased efficiencies for CME, CBOT and market users worldwide.

In April 2006, we became the exclusive electronic trading service provider for NYMEX's energy futures and options contracts and for metals products listed on its COMEX Division. Initial trading of NYMEX products under this agreement began in June. Side-by-side electronic trading during regular trading hours began in early September, followed by the launch of COMEX metals products in early December. This relationship accounted for $14 million of our processing services revenue in 2006.

We believe we can differentiate ourselves from our competitors by offering these services on a cost-effective basis in combination with the potential to access our broad distribution, customer base and experienced liquidity providers.

Leveraging Our Technology. Technology remains a key component of our growth strategy. We made significant enhancements to improve the speed, functionality and reliability of our CME Globex platform. In 2006, we expanded the range of products available to market users on the CME Globex platform; thereby making our markets easier and less expensive to access. In 2006, 956 million contracts traded electronically on our CME Globex platform, an increase of 31% over the total electronic trading volume in 2005 of 730 million contracts.

Our commitment to grow electronic options volume remains strong. In 2005, we integrated our enhanced options system for trading CME Eurodollar options into our CME Globex electronic trading platform. This enhanced functionality is designed to facilitate trading of complex combination and spread trades typically used with short-term interest rate options on futures, within a fully transparent and competitive execution environment. In 2006, we also added mass quoting functionality and new market maker programs to increase the liquidity of our options market. In 2006, electronic trading in our options contracts increased to 31.0 million contracts from 11.7 million in 2005. We plan to significantly enhance our functionality with the addition of more user-defined spreads for Eurodollar options in the first quarter of 2007.

We also continue to expand our customer base and increase our trading volume by broadening the access, order routing, trading and clearing solutions we offer to existing and prospective customers. We provide our customers with the flexibility to access our markets in the most cost-effective manner for them. In the fourth quarter of 2006, we provided our customer firms the opportunity to connect their co-located trading servers to our network over high-speed fiber optic connections. These server connections are expected to decrease network latency times for order entry to the CME Globex trading platform to less than one millisecond.

Advancing New Business Opportunities. We have consistently said that we would focus our merger and acquisition efforts on infrastructure cost savings opportunities in order to create value for our customers and shareholders. To that end, in October 2006, we announced that we had entered into a definitive merger agreement with CBOT Holdings and CBOT. The merger is expected to close by mid-year 2007, subject to a number of approvals, including shareholder, CBOT member and regulatory approvals, as well as completion of customary closing conditions. The combined company is expected to create operational and cost efficiencies for market users. Among other things, we expect the merger to allow us to leverage each company's distinct product lines for the benefit of customers around the world. We also expect that the merger will result in the extension of our global distribution and customer reach, particularly in Europe and Asia where we already have a significant presence and where we see growth potential. We expect annual expense savings of more than $125 million in the second year following the close. The bulk of the synergies result from reducing technology and administrative costs, and creating more efficient trading floor operations.

Products

Our broad range of products includes futures contracts and options on futures contracts based on interest rates, equities, foreign exchange, commodities and alternative investments. Our products are traded through the CME Globex electronic trading platform, our open outcry auction markets or through privately negotiated transactions that we clear. For the year ended December 31, 2006, we derived $866.1 million, or 79% of our total revenues, from fees associated with trading and clearing our products. These fees include per contract charges for trade execution, clearing and CME Globex fees. Fees are charged at various rates based on the product traded, the method of trade and the trading privileges of the customer making the trade. Generally, members are charged lower fees than non-members. Certain of our customers benefit from volume discounts and limits on fees as part of our efforts to encourage increased liquidity in our markets. Our markets also generate valuable data and information regarding pricing and trading activity in our products. We identify new products by monitoring economic trends and their impact on the risk management and speculative needs of our existing and prospective customers.

The following table shows the average daily volume of contracts traded in our four principal product lines for the years ended December 31, 2006, 2005 and 2004:

CME Product Line	Examples of Underlying Instruments	Average Daily Contract Volume per Product Line		
		2006	2005	2004
			(in thousands)	
Interest Rates	Eurodollar, LIBOR, Euroyen	3,078	2,380	1,705
Equities[1]	S&P 500, NASDAQ-100, S&P MidCap 400, Nikkei 225, Russell 1000 and Russell 2000 indexes	1,734	1,389	1,161
Foreign Exchange	Euro, Japanese yen, British pound, Swiss franc, Canadian dollar	453	334	202
Commodities and Alternative Investments[1]	Cattle, hogs, pork bellies, lumber, dairy, weather	78	55	43

(1) CME weather and Goldman Sachs Commodity Index products are included in commodities and alternative investments rather than equities beginning in 2006. Prior period amounts have been adjusted to conform to this presentation.

Interest Rate Products. CME interest rate products enable banks and other financial institutions worldwide to hedge interest rate risks, and in turn help to reduce the overall cost of borrowing and financing. Our interest rate products include our global benchmark CME Eurodollar futures contract, which celebrated its 25th anniversary in December 2006. When launched on December 9, 1981, CME Eurodollar futures, which are based on U.S. dollars on deposit in commercial banks located outside the United States, were the world's first cash-settled futures contract. During 2006, CME Eurodollar futures had an average daily volume of 2.0 million contracts which was 37% of our overall average daily trading volume. Eurodollar futures contracts are used by financial institutions to manage interest rate risks primarily out through five years. We also offer contracts based on other short-term interest rates, such as one-month LIBOR, which stands for the London Interbank Offered Rate, and Euroyen. In October 2006, we launched CME Eurodollar Five-Year E-mini Bundles. The contract is designed to create a more cost effective means of providing exposure for interest rate derivative market participants to the critical five-year point on the U.S. interest rate swap/CME Eurodollar futures curve. Interest rate products represented 58% of our trading volume during 2006, an average of 3.1 million contracts per day.

We continue to develop and implement new electronic functionality to accommodate trading strategies required for electronic trading of CME Eurodollar contracts. In July 2006, we launched user-defined covered spreads for options. User-defined spreads provide our customers with a high degree of flexibility as they create unique spread combinations. This new functionality is designed for traders who commonly use volatility strategies to trade Eurodollar options. In 2006, average daily volume of CME Eurodollars traded electronically increased to 1.8 million contracts from 1.3 million in 2005. Since the 2004 launch of our enhanced options system, which was integrated onto CME Globex in 2005, over 25 million CME Eurodollar options have traded electronically. On June 15, 2006, we had record electronic trading in CME Eurodollar options with over 490,000 contracts trading on CME Globex. We intend to continue to introduce functionality that will accommodate other complex trading strategies electronically. For example, we plan to significantly enhance our functionality with the addition of more user-defined spreads for Eurodollar options in the first quarter of 2007. In 2006, we also implemented an incentive program designed to expand electronic trading of Eurodollar options under which owners and lessees of exchange memberships who trade at least 30% of their total CME Eurodollar option volume electronically will be entitled to a discounted fee.

We intend to increase our revenues from our interest rate product line by continuing to optimize pricing of existing products, introducing new products to increase our trading volume and enhancing the functionality of our CME Globex electronic platform to increase the electronic trading volume of our options on futures contracts. We have adopted new policies and practices that are closely aligned with customer demand and designed to promote enhanced market penetration.

Equity Products. Our equity 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. By allowing investors to effectively manage stock market risks, CME equity products increase investor confidence and overall participation in these important markets. We offer trading in futures contracts based upon the S&P 500 Index, NASDAQ-100 Index, certain Russell indexes, including the Russell 2000, and other small-, medium- and large-capitalization domestic indexes and indexes on foreign equity markets. Our total trading volume for equity products rose 24% in 2006, to 435 million contracts, from 350 million contracts in 2005. Trading in these products represented 32% of our total trading volume during 2006, an average of over 1.7 million contracts per day.

We have a license agreement with Standard & Poor's Corporation to use certain S&P stock indexes and the related intellectual property. The license is exclusive through December 31, 2016 and non-exclusive from that date through December 31, 2017 with some exceptions. We also have a license agreement with The Nasdaq Stock Market, Inc., or "NASDAQ," that allows us to offer futures and options on futures contracts based on the NASDAQ-100 and the NASDAQ Composite indexes exclusively until October 2012 and based on the NASDAQ Biotechnology index provided certain performance criteria are met. We also have a license agreement with Frank Russell Company that allows us to offer futures and options contracts based on certain Russell indexes, including the Russell 2000. For a more detailed discussion of these license agreements, see the section of this Annual Report on Form 10-K entitled "Item 1. Business—Licensing Agreements." In 2006, 98% of our equity products trading volume was based on the S&P 500 Index, the NASDAQ-100 Index and the Russell 2000 Index.

We also offer TRAKRS contracts, which are a series of non-traditional futures contracts developed with Merrill Lynch & Co., Inc. and licensed exclusively to us for North America. These contracts are the first broad-based index products 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.

We also offer E-mini contracts, which trade exclusively on our CME Globex platform and are one-fifth the size of their standard counterparts. These products are designed to address the growing demand for equity derivatives and electronically traded products.

We believe our leading market position in equity index products is a result of the liquidity of our markets, the status of the S&P 500 and the NASDAQ-100 indexes 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 other equity products and our CME Globex platform. 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.

We believe future growth in our equity products will come from the introduction of electronically traded options on our existing equity index products, including our E-minis, expanding customer access to our electronic markets, enhancing the functionality of our CME Globex electronic platform to increase the electronic trading volume of our options on futures contracts as well as further educating the marketplace on the benefits of these products.

Foreign Exchange Products. CME is the largest regulated market for foreign exchange trading. We became the first exchange to introduce financial futures when we launched foreign exchange futures in 1972. Our foreign exchange market serves as an effective and efficient means of risk transfer for the global foreign exchange market, bringing together a broad array of client segments by offering investment as well as risk management opportunities. Our customers benefit from dealing anonymously in a fully transparent market, where large and small customers have equal access to the same prices and deep pool of liquidity. Our foreign exchange products provide the tools and resources to hedge foreign exchange risk, facilitating cross-border trade and commerce while mitigating the risks to profitability due to fluctuations in the foreign exchange market. Our foreign exchange market attracts both buy- and sell-side investors, including commercial and investment banks, hedge funds, commodity trading advisors, proprietary trading firms and individual investors. Roughly 88% of our foreign exchange products are traded electronically on the CME Globex platform, ensuring that business is transacted quickly with maximum operational efficiency.

Today, we offer more than 40 foreign exchange futures and more than 30 foreign exchange options on futures products, covering major as well as a broad array of emerging market currency pairs in the following currencies: Euro, Japanese yen, British pound, Swiss franc, Canadian dollar, Australian dollar, New Zealand dollar, Mexican peso, Brazilian real, Norwegian krone, Swedish krona, Czech koruna, Hungarian forint, Polish zloty, Russian ruble, South African rand, Israeli shekel, Korean won, and Chinese renminbi.

In 2006, we saw an average daily volume of 453,000 contracts per day, with a notional value of $55 billion a day. On December 8, 2006, foreign exchange volume reached a record of 1.3 million contracts, reflecting a record notional value of $158 billion. Our total foreign exchange trading volume increased 35% in 2006, with a total of 114 million contracts traded in 2006, versus 84 million in 2005. Trading in our foreign exchange products represented nearly 8.5% of our total trading volume in 2006. In 2006, electronically traded foreign exchange volume increased 46% over 2005, from 68.1 million contracts to 99.5 million contracts. Open outcry trading decreased 26%, from 7.9 million contracts in 2005 to 5.8 million contracts in 2006.

We believe future growth in our foreign exchange product line will come from expanding and diversifying our product suite and customer base, as well as the global footprint of our foreign exchange products. We are expanding our foreign exchange options product suite to appeal to a broader array of customer segments, and we expect continued strong growth in the electronic execution of foreign exchange options on CME Globex in 2007. We are also exploring the addition of new currency pairs to our product suite, following the launch of our Israeli shekel, Korean won, and Chinese renminbi contracts in 2006. As we expand our global footprint in the foreign exchange market, we expect increased trading volume from customers outside of the United States.

Commodity and Alternative Investment Products. CME commodity and alternative investment products help establish benchmark prices and play an important role in risk management for the agricultural community. These products provide hedging tools for our customers who deal in tangible physical commodities, including agricultural producers of commodities and food processors. 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. We also created a weather derivative market which enables businesses that could be adversely affected by unanticipated temperature swings or unusually high snowfall, to transfer such risks. Commodity and alternative investment products accounted for 1.5% of our trading volume during 2006, an average of more than 78,000 contracts per day and an increase of 41% from 2005. On September 13, 2006, we had our highest volume day ever with 156,000 contracts traded.

We continue to execute our strategy of growing our customer base and providing side-by-side access to our commodity markets. For example, in December 2006, we launched electronic trading of options on CME Live Cattle and Lean Hog futures. We also added new functionality for our Dairy Class III Milk futures to enable customers to hedge their dairy positions for longer durations with a single trade execution. We believe the changing perception of commodities as an asset class provides an opportunity for growth in our markets.

Market Data and Information Products. Our markets generate valuable information regarding prices and trading activity in our products. The market data we supply is a key component to making trading decisions. We sell our market data, which includes 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 distribute our market data directly to our electronic trading customers as part of their access to our markets through our electronic facilities. We also distribute market data via dedicated networks to 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. Revenues from market data products totaled $80.8 million, or 7% of our total revenues, in 2006.

We continue to enhance our current market data and information product offerings by packaging the basic data we have traditionally offered with advanced analytical data and information. For example, in September 2006, we announced an upgrade option to our market data offerings to include top five price levels of bids and offers for any electronically-traded CME futures product as part of each CME market data package. Previously this was only available as an add-on service. The expanded data set offered in each package will provide CME data subscribers a deeper view of the market, including price, volume and liquidity beginning in January 2007.

As part of our market data and information products business we also supply services to OneChicago and S&P in connection with the usage reporting, contract administration and associated billing and revenue collection for the display and integration of their market data into our standard market data distribution.

Execution

Our primary trade execution facilities consist of our CME Globex electronic trading platform and our open outcry trading floors. Both of these execution facilities offer our customers immediate trade execution and price transparency and are 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 following chart shows the range of trade execution choices we provide our customers in some of our key products.

CME Product	Open Outcry	CME Globex Daytime	CME Globex Nighttime	Privately Negotiated Transactions
Eurodollar	☒	☒	☒	☒
Standard S&P 500	☒	—	☒	☒
Standard NASDAQ-100	☒	—	☒	☒
E-mini S&P 500	—	☒	☒	☒
E-mini NASDAQ-100	—	☒	☒	☒
Foreign Exchange	☒	☒	☒	☒
Commodity	☒	☒	☒	☒

CME Globex Electronic Trading Platform. The CME Globex electronic trading platform 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, our electronic trading platform was 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 CME Globex platform nearly 24 hours a day, five days a week. In 2006, 71% of our trading volume was executed using CME Globex, compared with 70% in 2005. During 2006, approximately 74% of our clearing and transaction fees revenue was derived from electronic trading. On December 1, 2006, CME Globex volume set a new single-day record of 8.0 million contracts traded.

Open Outcry Trading. Open outcry trading represented 28% of our total trading volume in 2006. The trading floors 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 2006, approximately 21% of our clearing and transaction fees revenue was derived from open outcry trading.

Privately Negotiated Transactions. In addition to offering traditional open outcry and electronic trading through the CME Globex platform, we permit qualified customers to trade our products by entering into privately negotiated transactions, 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 2006, approximately 5% of our clearing and transaction fees revenue was derived from this type of trading.

Other Trading Platforms. CME economic derivatives trade on the CME Auction Markets platform. The auctions are conducted using a patented process of mutualized order-filling developed and operated by Longitude LLC, an International Securities Exchange company. Additionally, as a result of our acquisition of Swapstream, we now offer the ability to trade the euro- and Swiss franc-denominated medium-term and long-term interest rate swaps and spread trading on the Swapstream platform. Future plans for enhancing the platform include the addition of the launch of short-term maturities, U.S. dollar-and the British pound-denominated swaps.

Clearing

We operate our own clearing house that clears, settles and guarantees the performance of all transactions matched through our execution facilities and futures contracts and options on futures contracts traded through CBOT. In 2006, our clearing house cleared an average of 8.6 million contracts daily and 2.1 billion contracts overall. Many derivatives exchanges do not provide clearing services for trades matched through 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 privately negotiated block trades, where we can derive a higher clearing fee for each contract traded compared to other trades. By owning our clearing house, we also control the cost structure and the technology development cycle for our clearing services. It also helps us manage our new product initiatives without being dependent on an outside entity. We believe having an integrated clearing function provides significant competitive advantages. Additionally, owning our own clearing house allows us to generate additional revenue by providing clearing services to other exchanges, such as CBOT.

As of December 31, 2006, our open interest stood at 35.1 million contracts and our open interest record was 52.5 million contracts set on September 14, 2006. As of December 31, 2006, we acted as custodian for approximately $47.4 billion in performance bond collateral deposited by our clearing firms and, during 2006, 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 $4.6 billion. Open interest in CBOT products cleared by our clearing house on December 31, 2006 was 14.9 million contracts.

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 and mutual offset services;
- market protection and risk management;
- settlement, collateral and delivery services; and
- investment services.

Transaction Processing and Position Management. Our CLEARING 21 system developed with NYMEX in the early 1990s 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 on-line 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 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 arrangement reduces the need for collateral deposits by the clearing firm. For example, our cross-margining program with the Options Clearing Corporation reduced performance bond requirements for our members by approximately $2.0 billion a day in 2006. We have implemented cross-margining arrangements with NYMEX, the Fixed Income Clearing Corporation and LCH.Clearnet Group for positions at the London International Financial Futures and Options Exchange that are cleared through LCH.Clearnet Group. In addition, our mutual offset agreement with the Singapore Derivatives Exchange allows a clearing firm of either exchange initiating trades in certain products on either exchange to execute after-hours trades at the other exchange in those products and then transfer them back to the originating exchange. This mutual offset arrangement enables firms to execute trades at either exchange virtually 24 hours per day. This arrangement has been in place since 1984 and was renewed in October 2006 for an additional three year term with automatic renewals for one year each unless terminated by either party.

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 offsetting process provides our customers with flexibility in establishing and adjusting positions and provides for performance bond efficiencies.

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 CME 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 CME SPAN.

At each settlement cycle, our clearing house values, at the market price prevailing at that time, or marks-to-market, all open positions and requires payments from clearing firms whose positions have lost value and makes payments 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.

Having a mark-to-market cycle of 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 trading rights of the clearing firm at our exchange owned by or assigned to the clearing firm. In addition, we would make a demand for payment pursuant to any applicable guarantee provided to the exchange by the parent of a 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 maintain a committed $800 million 364-day revolving line of credit with a consortium of banks. We increased the facility from $750 million to $800 million in 2006 in connection with its annual renewal. We have the option to increase the facility from $800 million to $1 billion, subject to approval by the participating banks. We are required to post additional collateral in connection with any such increase. 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. The credit agreement requires us to pledge 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 second Interest Earning Facility program, called "IEF2," to the line of credit custodian prior to drawing on the line. Performance bond collateral of a defaulting clearing firm may also be used to secure a draw on the line.

The following shows the available assets of our clearing house at December 31, 2006 in the event of a payment default by a CME clearing firm:

CME Clearing House Available Assets
(in millions)

Aggregate Performance Bond Deposits by All Clearing Firms[1]	$ 47,432
Market Value of CME Pledged Shares/Trading Rights (minimum requirement per firm)[2]	$ 10
CME Surplus Funds[3]	154
Security Deposits of Clearing Firms[4]	1,193
Limited Assessment Powers[5]	3,281
Minimum Total Assets Available for Default[6]	$ 4,638

(1) Aggregate performance bond deposits by all clearing firms includes cash performance bond deposits of $506 million and the value assigned by our exchange for securities deposited to satisfy performance bond requirements. This assigned value for securities is generally less than the market value of the securities deposited.

(2) The market value of CME pledged shares/trading rights represents the minimum number of specified trading rights, shares of our Class B common stock associated with those trading rights and the 15,000 shares of our Class A common stock required to be pledged to our clearing house by a firm clearing only CME products as of December 31, 2006. The market value of the trading rights is based on the average of the bid and offer for the trading rights and associated Class B shares at December 29, 2006. The market value of the Class A shares is based on the closing price of $509.75 on the New York Stock Exchange on December 29, 2006. Effective as of February 1, 2007, the requirement to pledge shares of our Class A common stock was decreased from 15,000 to 8,000 for new clearing firms. For existing clearing firms on or before February 1, 2007, the number of Class A shares that must be pledged to us was decreased incrementally by approximately 2,300 shares per month over a three-month period. This decrease represents our third decrease in the requirement since 2004. In addition, we have a first priority lien on CBOT membership interests and shares of Class A common stock of CBOT Holdings pledged to us by clearing members of the CBOT. As of December 31, 2006, the market value of the minimum requirement of pledged membership interests/shares per CBOT clearing member was $4.7 million. The market value of the pledged memberships was based on the average of the bid and offer for such membership interests on December 29, 2006. The market value of the pledged shares of Class A common stock of CBOT Holdings was based upon the closing price of $151.47 on the New York Stock Exchange on December 29, 2006.

(3) CME surplus funds represent the amount of our working capital reduced by an amount necessary to support our short-term operations.

(4) Security deposits of clearing firms include security deposits required of clearing firms, but do not include any excess deposits held by our exchange at the direction of the clearing firms.

(5) In the event of a clearing firm default, if a loss continues to exist after the utilization of the assets of the defaulted firm, our surplus funds and the security deposits of non-defaulting firms, we have the right to assess all non-defaulting clearing members up to 2.75 times their existing security deposit requirements.

(6) Represents the aggregate minimum resources available to satisfy any obligations not met by a defaulting firm able to clear both CME and CBOT products subsequent to the liquidation of the defaulting firm's performance bond collateral.

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 performance bond and settlement services. We also offer the Moneychanger function 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.

Generally, 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 CME 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.

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. 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 established a number of collateral programs under the designation Interest Earning Facility, or "IEF." Under this program, our clearing firms may select from four different IEF programs to meet their individual needs. The programs are designed to enable our clearing firms to make optimal use of the demand deposit cash accounts and security accounts they have established to satisfy our performance bond requirements. We earn fee income in return for providing these value-added services 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.

Technology

Our operation of both electronic and open outcry 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 electronic and open outcry 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. Our goal is to design our systems to handle at least one and a half times our historical 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. We will continue to need to expand and upgrade our technology and systems to respond to increases in trading volume and order transaction traffic.

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. In 2006, we enhanced our CME Globex platform, including our market data platform that now uses 50% less bandwidth than legacy systems. We also plan to significantly enhance our functionality with the addition of more user-defined spreads for CME Eurodollar options in the first quarter of 2007. User-defined spreads provide our customers with a high degree of flexibility as they create unique spread combinations. We also have two remote data facilities to provide additional system capacity and redundancy for our trading and clearing technology. Our data centers support our customer interfaces, trading and execution systems, as well as clearing and settlement operations. Additionally, in the fourth quarter of 2006, we provided our customer firms the opportunity to connect their co-located trading servers to our network over high-speed fiber optic connections. These server connections are expected to decrease network latency times for order entry to the CME Globex trading platform to less than one millisecond.

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

Distribution	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.
Order routing/order management	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.
Trade matching (electronic market)	Technologies that aggregate submitted orders and electronically match buy and sell orders when their trade conditions are met.
Market data	Technologies that distribute order information to our end user customers under the CME market data platform.
Trading floor operations	Technologies that maximize market participants' ability to capitalize on opportunities present in both the trading floor and electronic markets that we operate.

The CME Globex electronic trading platform includes the distribution, order routing, order management, trade matching and market data technology. CME Globex's modularity and functionality enable us to selectively add products with unique trading characteristics onto the trading platform.

The distribution technologies we offer differentiate our platform and bring liquidity and trading volume to our execution facilities. As of December 31, 2006, we had more than 1,100 direct connections with our systems. Many of these customers connect through a dedicated private network that is readily available, has wide distribution and provides fast connections in the Americas, Europe and Asia. We have also established telecommunications hubs in Amsterdam, Dublin, Gibraltar, London, Milan, Paris and Singapore to respond to customer requests and reduce the cost of trading for our foreign customers. We now have direct customer access to our exchange in over 70 countries.

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 Non-Stop (Tandem systems), IBM mainframes, Sun Microsystems and Hewlett Packard servers, Hewlett Packard and Dell PCs, Oracle and DB2 databases, LINUX, UNIX, Novell, TIBCO middleware and multi-vendor network solutions. In 2006, we integrated Hewlett Packard's new Integrity NonStop Servers that incorporate Intel Itanium processors into CME Globex. This has improved response time to between 20 and 40 milliseconds while accommodating significantly higher trading volume.

Our futures match engine is based upon the computerized trading and match software known as the NSC system. 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. 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.

Our options match engine was designed and built at CME with focus on the speed of matching buy and sell orders and fault tolerance for 24-hour trading. We work on continuous enhancements to build a fully-functional electronic marketplace for options where our customers can offset their risk with as much ease as in our open outcry trading facilities. We also offer user-defined functionality for customers to create and trade customized spreads of instruments.

Clearing Technology. CLEARING 21, our clearing and settlement software, and CME 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 in the early 1990s. 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.

CME SPAN is our sophisticated margining and risk management software. CME SPAN has now been adopted by more than 50 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. CME SPAN then generates a performance bond requirement that typically covers 95% of price changes within a given historical period.

Strategic Relationships

Chicago Board of Trade. Pursuant to an agreement entered into in April 2003, we have been providing clearing processing services to CBOT since November 2003. In providing services to CBOT, our clearing house clears, settles and guarantees all CBOT transactions, using the full resources of our clearing processes and financial safeguards package. We cleared 806 million contracts for CBOT in 2006. Open interest for CBOT contracts was 14.9 million contracts at December 31, 2006. The initial term of the agreement is until January 2009. Upon the expiration, CBOT may in its sole discretion renew the agreement for an additional one-year term.

On October 17, 2006, we entered into an agreement and plan of merger with CBOT Holdings relating to the merger of CBOT Holdings into CME Holdings. Pursuant to the terms of the agreement and subject to the conditions thereof, CBOT Holdings stockholders will have the right to receive 0.3006 shares of CME Holdings Class A common stock per share of CBOT Holdings Class A common stock (the exchange ratio) or to elect an amount in cash per share equal to the value of the exchange ratio based on a ten day average of closing prices of our Class A common stock at the time of the merger. The cash portion of the consideration is subject to a $3 billion aggregate limit and will be subject to proration if total cash elections by CBOT shareholders exceed that limitation. Subject to an affirmative vote by CME Holdings and CBOT Holdings stockholders and CBOT members, normal regulatory approvals and other closing conditions, the transaction is expected to close by mid-year 2007.

Longitude. In 2005, we partnered with Goldman Sachs to provide a clearing solution for its auction markets through the launch of CME economic derivatives. The patented technology used to fill orders for auction products is supplied by Longitude. CME economic derivatives provide a way of hedging and initiating portfolio risk on macro-economic events and are based on key U.S. and European economic indicators, including the U.S. initial jobless claims. These products are traded in CME Auction Markets. In 2006, we made these products available on our CME Globex platform. In 2006, Goldman Sachs terminated its relationship with Longitude and us with respect to auction markets. We continue to distribute and clear CME Auction Markets pursuant to an agreement with International Securities Exchange, the owner of Longitude.

New York Mercantile Exchange. On April 6, 2006, we entered into a definitive technology services agreement with NYMEX pursuant to which we became the exclusive electronic trading service provider for NYMEX's energy futures and options contracts and for metals products listed on its COMEX Division. The agreement has a ten-year term from the launch date with rolling three-year extensions unless either party elects not to renew the agreement upon written notice prior to the beginning of the applicable renewal term. For our services, we will receive a minimum annual payment or per trade fees based on average daily volume, whichever is greater. During the term of the agreement, we are prohibited from listing products that are competitive contracts (as defined in the agreement) to the NYMEX products that are listed on the CME Globex platform provided minimum trading volumes are met. NYMEX remains responsible for clearing its contracts listed on CME Globex and for the performance of all related regulatory oversight functions. The agreement may be terminated: (i) for a material default, (ii) in the event of bankruptcy, (iii) for legal impairment, (iv) for failure to meet specified launch dates, (v) by either party between the fifth and sixth year anniversary of the first launch date upon written notice and payment of a termination fee, (vi) for force majeure or (vii) in the event of an acquisition of a competitor or the listing of competitive products by us. Since launching NYMEX products on CME Globex on June 11, 2006, we averaged 248,000 NYMEX contracts per day in 2006.

OneChicago. OneChicago is our joint venture with the Chicago Board Options Exchange, or "CBOE," and CBOT for the trading of single stock futures and futures based on narrow-based stock indexes. OneChicago develops, lists for trading, markets, regulates, clears and settles transactions in single-stock, as well as futures on exchange traded funds and on narrow-based indices. On March 15, 2006, Interactive Brokers Group LLC made an investment for a 40% interest in OneChicago. As a result, our ownership in the joint venture decreased from approximately 40% to 24%.

Reuters. In May 2006, we entered into an agreement with Reuters to create FXMarketSpace Limited, the first centrally-cleared, global foreign exchange marketplace, through a joint venture owned 50% each by CME Holdings and Reuters. Through the joint venture, expected to launch in early 2007, we will combine our expertise in data dissemination, distribution, trade matching and central counterparty clearing services. We will provide the joint venture with trade matching, central counterparty clearing and market regulation services. Reuters will provide the joint venture with graphical user interface access, data distribution and trade notification services. FXMarketSpace will offer market solutions to capitalize on the growing demand for broader access to the foreign exchange market, the emergence of foreign exchange as an asset class, the growth of non-bank financial institutions in global foreign exchange markets and the growth of electronic and algorithmic trading. FXMarketSpace is expected to operate alongside existing electronic transactional systems including Reuters Dealing 3000 for interbank trading, Reuters Trading for Foreign Exchange for dealer to buyside connectivity and our foreign exchange futures and options markets on our CME Globex platform.

Singapore Derivatives Exchange Ltd. In October 2006, we renewed our mutual offset agreement with the Singapore Derivatives Exchange for an additional three year term. This relationship allows a clearing firm of either exchange initiating trades in certain products on either exchange to execute after-hours trades at the other exchange in those products, then transfer them back to the originating exchange.

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, performance bond requirements and new clearing services. We participate in major domestic and international trade shows and seminars regarding futures contracts and options on futures contracts and other derivatives products. In addition, we sponsor educational workshops and marketing events designed to educate market users about our 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.

Our advertising strategies seek to increase awareness and strengthen perceptions of CME among our institutional and retail customers, as well as support an increase in our trading volume. In September 2006, we launched a new global brand advertising campaign. The print campaign, “Smart People, Great Results,” prominently features testimonials from some of our leading global customers – fund managers, financial advisors and professional traders – showing how our benchmark futures and options products improve the way markets work and enable them to achieve positive financial results. We also engaged VSA Partners, Inc. as our agency of record in December 2006 to create an integrated marketing program to reflect our evolution and role in the world economy. Our primary method of advertising has been through print media, utilizing trade magazines and newsletters as well as daily business publications. However, we also use on-line, television sponsorship and other targeted advertisements to reach our target audiences.

In July 2005, we launched CME Magazine, a publication designed to keep customers up-to-date on developments at CME that can enhance their participation in the derivatives industry. CME Magazine features customer case histories, trend stories, editorials and news briefs. The magazine is published several times a year and is available on our Web site.

Competition

Prior to the passage of the Commodity Futures Modernization Act of 2000, or the “CFMA,” 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 for competing exchanges. The CFMA eroded the historical dominance by the exchanges of futures trading in the United States by, among other things, eliminating uncertainty with respect to the enforceability of private transactions in most futures contracts and similar products, authorizing the use of electronic trading systems to conduct both private and public futures transactions, and lowering or eliminating entry barriers for new exchanges. For a more detailed description of the regulation of our industry and the regulatory changes brought on by the CFMA, see the section of this Annual Report on Form 10-K entitled “Item 1. Business—Regulatory Matters.”

The CFMA and other changing market dynamics have led to increasing competition in all aspects of our business 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 2006, there were 57 futures exchanges located in 30 countries, including nine futures exchanges in the United States. The global derivatives industry has grown increasingly competitive. Exchanges, intermediaries, and even end users are consolidating, and OTC and unregulated entities are constantly evolving. For example, in response to growing competition, many marketplaces in both Europe and the United States have demutualized to provide greater flexibility for future growth. CBOT and the IntercontinentalExchange, Inc., or “ICE,” completed their initial public offerings in 2005 and NYMEX went public in 2006. In September 2006, ICE and the New York Board of Trade, or “NYBOT,” entered into a merger agreement pursuant to which NYBOT will become a wholly-owned subsidiary of ICE and ICE will obtain NYBOT’s clearing house. In December 2006, shareholders of NYSE Group and Euronext approved the merger of equals between the companies that was announced in June 2006. Additionally,

because equity futures contracts are alternatives to underlying stocks and a variety of equity option and other contracts provide an alternative means of obtaining exposure to the equity markets, we also compete with the NYSE and other securities and options exchanges, dealer markets such as NASDAQ and alternative trading systems in this product line.

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 Brokering Services and Reuters, serve primarily professional foreign exchange trading firms. Additional electronic platforms designed to serve corporate foreign exchange users have emerged. Two of these are operated by consortia of interdealer and interbank market participants. A third is a proprietary trading system. In addition, certain provisions of the CFMA have led to an increase in unregulated electronic and brokerage trading systems in the foreign exchange market.

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 market. 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 CFMA, increase the likelihood that one or more substantial liquidity pools will emerge in the future in the OTC fixed-income derivatives market.

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.

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 CFMA 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 CFMA 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.

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

- depth and liquidity of markets;
- 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 that in order to maintain our competitive position, we must continue to develop new and innovative products; enhance our technology infrastructure, including its reliability and functionality; and maintain liquidity and low transaction costs.

Our business is highly competitive. We expect competition to continue to intensify, particularly as a result of technological advances and the CFMA and other changes introduced by the Commodity Futures Trading Commission, or “CFTC,” which 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: the growth of recently-formed for-profit exchanges; the consolidation of exchanges, customers or intermediaries; an increased acceptance of electronic trading and electronic order routing by our customer base; and the ability 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 transaction processing and other business services, 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 transaction processing and business services 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.

In 2000, the CFMA significantly altered the regulatory landscape and has had 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 Securities and Exchange Commission, or 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 CFMA excluded or exempted many of the activities of our non-exchange competitors from regulation under the Commodity Exchange Act. The CFMA 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 CFMA 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 CFMA 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 CFMA created a 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 broad and 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 timelier product launch and modification.

For regulated markets, the CFMA created a 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 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.

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 CFMA 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. For example, in 2005, we created CME Alternative Marketplace Inc., a wholly-owned subsidiary of CME and an exempt board of trade registered with the CFTC for the trading of CME economic derivatives.

The CFMA also provides for regulation of derivatives clearing organizations, or "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 CFMA 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 CFMA. Our clearing house is required to comply with a separate set of flexible core principles that specifically apply to clearing houses. 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.

CME is a self-regulatory organization responsible for ensuring market integrity and financial security for all transactions in its products. Our integrated compliance and market surveillance functions allow detailed tracking of all trading and clearing activities. In addition, our markets are subject to oversight by the CFTC. Our regulatory processes are reviewed and audited by the CFTC. Demutualization and the increasing utilization of electronic trading systems by traders from remote locations may, among other developments, impact our ability to continue the traditional form of "self-regulation" that has been an integral part of the CFTC regulatory program. On February 1, 2007, the CFTC issued recommendations as to an appropriate means for designated contract markets to comply with the core principle requiring self-regulatory organizations to mitigate potential conflicts of interest. The recommendations require at least 35% of the board of directors of a designated contract market to be directors with no material relationship with the exchange, including memberships on the exchange. If an exchange were not in compliance with this safe harbor, it would be required to demonstrate to the CFTC how it otherwise met the requirements of the core principle. Currently, 35% of our Board of Directors have no industry affiliation other than service on our Board although we have not yet completed our assessment as to whether such directors would be considered to have no material relationship with the exchange for purposes of the CFTC recommendation. The safe harbor also requires that such exchanges have in place a regulatory oversight committee comprised solely of non-industry directors. In April 2004, we became the first futures exchange to appoint a board-level committee devoted to self-regulatory oversight. The Committee is called the Market Regulation Oversight Committee and is comprised solely of independent, non-industry directors. The committee provides independent oversight of the policies and programs of our Market Regulation Department to ensure effective administration of the exchange's self-regulatory responsibilities.

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.

The CFTC is subject to reauthorization every five years, which was scheduled to be completed in 2005. This process is still ongoing and could result in legislation that may have a negative impact on the way we operate our exchange, including our ability to operate our self-regulatory functions or effectively compete with new entrants into our market place.

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 Members

Our members are individual traders, as well as most of the world's largest banks, brokerages and investment houses. Trading on our open outcry trading floors is conducted exclusively by our members. Prior to the introduction of our electronic trading platform, our members traded only on our open outcry trading floors and through privately negotiated transactions. Today, our members are able to conduct trading on our open outcry trading floors, electronically on the CME Globex platform and through privately negotiated transactions that we clear. In 2006, our members were responsible for nearly 80% of our total trading volume. Members can execute trades for their own accounts, for clearing firm accounts, for the accounts of other members or for the accounts of customers of clearing firms. Members who trade for their own account, including those who lease trading rights, 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. 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 rights. Membership applicants planning to access the trading floor are subject to a review and approval process prior to becoming members and obtaining trading rights. We have individual trading members, corporate members and clearing firms. As of December 31, 2006, there were approximately 85 clearing firms.

Membership in our exchange entitles members to appear on the floor of the exchange during business hours and act as a floor broker and/or floor trader executing trades in the contracts that are eligible within their membership division. Applicants for membership on our exchange are required to be of good moral character, reputation and business integrity. They must also have adequate financial resources and credit to assume the responsibilities and privileges of membership. All members must understand the rules and regulations of our exchange and agree to abide by them. Additionally, they must comply with the provisions of the Commodity Exchange Act and the rules and regulations issued by the CFTC.

Our exchange is a self-regulatory organization subject to the oversight of the CFTC. Members submit to the jurisdiction of our exchange rules. Our Market Regulation Department is the investigative and enforcement arm of our exchange with regard to our exchange rules. Members who are found to have violated a rule can be subject to sanctions such as fines, trading suspensions and/or expulsion from our exchange.

Under the terms of our certificate of incorporation, our members, as 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 and are entitled to elect six of the 20 directors on our Board. In particular, our certificate of incorporation grants the holders of our Class B common stock 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 authorized shares in each class of Class B common stock and the eligibility requirements to exercise trading rights or privileges. Class B shareholders must approve any changes to these special rights.

Our Shareholder Relations and Membership Services Department maintains an auction market for individual trading rights. Prospective purchasers sign and file with the department a "Bid to Purchase" form which must be guaranteed by either a clearing firm or accompanied by a certified or cashier's check. Prospective sellers sign and file with the department an "Offer to Sell" form. The department posts bids, offers and last trade prices for the purchase of trading rights.

Subsidiaries

CME Alternative Marketplace Inc. CME Alternative Marketplace Inc., a wholly-owned subsidiary of CME, was established in September 2005 as an exempt board of trade registered with the CFTC. Currently, CME economic derivatives are the only products traded through this subsidiary. CME Alternative Marketplace accounted for less than 1% of our consolidated total revenues in 2006 and 2005.

CME FX Marketplace Inc. CME FX Marketplace Inc., a wholly-owned subsidiary of CME Holdings, was established in May 2006 in connection with our joint venture with Reuters to form FXMarketSpace Limited. CME FX Marketplace holds a 50% interest in the joint venture.

CME Global Marketplace Inc. CME Global Marketplace Inc., a wholly-owned subsidiary of CME, was established in November 2006 in connection with CME's growth initiatives in Asia.

GFX Corporation. GFX Corporation, or "GFX," a wholly-owned subsidiary of CME, was established in 1997 for the purpose of maintaining and creating liquidity in our electronically traded foreign exchange futures contracts. Experienced foreign exchange traders employed by GFX buy and sell our foreign exchange contracts using our CME Globex system. They limit risk from these transactions through offsetting transactions using forward contracts and spot foreign exchange transactions with approved counterparties in the interbank market. On occasion, GFX has also engaged in the trading of CME Eurodollars and equity index contracts. GFX accounted for 0.7%, 0.9% and 1.1% of our consolidated total revenues in 2006, 2005 and 2004, respectively.

Swapstream Subsidiaries. In August 2006, we completed the acquisition of Swapstream, an inter-dealer electronic trading platform for euro- and Swiss franc-denominated interest rate swaps. In connection with the transaction, CME Holdings created a wholly-owned subsidiary, CME Swaps Marketplace Ltd, a U.K. limited liability company, which acquired 100% of the outstanding stock of the following Swapstream entities: Special Technology Investments Limited, Swapstream Limited, Swapstream Operating Services Limited and IT4F. In 2006, the Swapstream entities accounted for less than 1.0% of our consolidated total revenues. Our strategy is to increase the distribution and customer base for the Swapstream platform and further expand the range of products offered, including U.S. dollar-denominated interest rate swaps later in 2007.

Licensing Agreements

Standard & Poor's. We have had a licensing arrangement with Standard & Poor's Corporation since 1980. In September 2005, all of our previous licensing agreements with Standard & Poor's were consolidated into one agreement that terminates on December 31, 2017. Under the terms of the agreement, as amended, 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 contracts and/or options on futures contracts that are indexed to certain S&P stock indexes. The license is exclusive through December 31, 2016 and non-exclusive from that date through December 31, 2017 with some exceptions. Our license for the S&P 500 Index remains exclusive through December 31, 2008, after which we will retain our exclusive rights through December 31, 2016 so long as certain minimum average trading volume is met or other circumstances exist that relate to the reduction in trading volume. We may pay an additional fee to retain the exclusivity if the minimum average trading volume is not met. For certain products based on S&P stock indexes that we list after the effective date of the amended and restated agreement, we will have an exclusive license for two or three years depending upon the nature of the index, after which we will retain our exclusive rights so long as certain minimum average trading volumes are met. Under the agreement, we maintain our right of first refusal for new stock indexes developed by S&P during the term of the agreement. S&P also retains the right to terminate the license based on new S&P stock indexes or to terminate the exclusivity of that license in the event we fail to launch a product based on the index within a one year period, subject to some consideration for regulatory delays. In exchange for the license, we pay S&P a per trade fee. 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. The licenses become non-exclusive in the event we list certain competitive products.

NASDAQ. We have had a licensing arrangement with NASDAQ since 1996 to license the NASDAQ-100 Index and related trade names, trademarks and service marks. The license was extended and expanded in October 2003 to license us both the NASDAQ-100 Index and the NASDAQ Composite Index and in April 2005 to add the NASDAQ Biotechnology Index for trading futures and options on futures contracts that are based on the indexes. The license for these indexes is exclusive through October 9, 2007 with an automatic renewal until October 9, 2012. With respect to the NASDAQ Composite Index, as of October 27, 2005 and on each subsequent anniversary, NASDAQ may terminate the exclusivity or the entire license if trading volume fails to meet certain performance criteria. During the applicable period of exclusivity, NASDAQ will not grant a license to use the indexes in connection with the trading, marketing and promotion of futures contracts and options on those futures contracts that are based on an index that is exclusive to us. We pay per trade fees to NASDAQ under the license. We have a right of first refusal for new NASDAQ indexes that are licensed for futures products where the index is substantially equivalent to an index licensed to us or is a subset of an index licensed to us.

The Frank Russell Company. We have maintained a licensing arrangement with the Frank Russell Company since 1992 to license the Russell 2000 Index and related trade names, trademarks and service marks. The license was extended and expanded in 2002 to also add the Russell 1000, Russell 1000 Value and Russell 100 Growth indexes. The license for these Russell indexes is non-exclusive and automatically renews on an annual basis. In exchange for this license, we pay Russell a per trade fee.

NSC. Our license agreement for the NSC software was signed with Paris Bourse SA in 1997, and it continues until 2022. The agreement was assigned by Paris Bourse SA to Euronext N.V. in 1997. Under the terms of the agreement, Euronext N.V. granted us a non-exclusive license to use the NSC software for the trading of our products and the products of certain other exchanges. In addition, we have the right to use our CME 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. In December 2002, we acquired the right to offer application service provider services to third parties using the NSC software.

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 25 countries. We have filed numerous patent applications in the United States and internationally to protect our technology. On December 19, 2006, the United States Patent and Trademark Office granted CME its first patent. Our rights to stock indexes for our futures products principally derive from license agreements that we have obtained from Standard & Poor's, NASDAQ and others. For a more detailed discussion of these licenses, see the section of this Annual Report on Form 10-K entitled "Item 1. 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. Legal developments allowing patent protection for methods of doing business hold the possibility of additional protection, which we are pursuing.

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.

Employees

As of December 31, 2006, we had 1,430 employees. We consider relations with our employees to be good. We have never experienced a work stoppage. We are not a party to any collective bargaining agreement. However, we employ six engineers who are associated with the International Union of Operating Engineers, Local 399, AFL-CIO.

Available Information

Our Web site is *www.cme.com*. Information made available on our Web site does not constitute part of this document. We make available on our Web site our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials to the SEC. Our corporate governance materials, including our Corporate Governance Principles, Director Conflict of Interest Policy, Board of Directors Code of Ethics, Categorical Independence Standards, Employee Code of Conduct and the charters for all the standing committees of our Board, may also be found on our Web site. Copies of these materials are also available to shareholders free of charge upon written request to Shareholder Relations and Membership Services, Attention Ms. Beth Hausoul, Chicago Mercantile Exchange Holdings Inc., 20 South Wacker Drive, Chicago, Illinois 60606.

ITEM 1A. RISK FACTORS

In addition to the other information contained in this Annual Report on Form 10-K, the following risk factors should be considered carefully in evaluating us and our business.

Risks Relating to Our Business

Shareholders who own trading rights or are officers or directors of firms who own trading rights on our exchange account for 12 of the 20 directors on our Board. These shareholders may have interests that differ from or conflict with those of shareholders who are not also members. Our dependence on the trading and clearing activities of our members, combined with their rights to elect directors, may enable them to exert substantial influence over the operation of our business.

As of April 26, 2006, the date of our most recent Annual Meeting of Shareholders, 12 of the 20 directors on our Board owned or were officers or directors of firms who owned trading rights on our exchange. We are dependent on the revenues from the trading and clearing activities of our members. This dependence may give them substantial influence over how we operate our business.

Many of our members and clearing firms derive a substantial portion of their income from their trading or clearing activities on or through our exchange. In addition, trading rights on our exchange have substantial independent value. The amount of income that members derive from their trading, brokering and clearing activities and the value of their trading rights are, in part, dependent on the fees they are charged to trade, broker, clear and access our markets and the rules and structure of our markets. Our trading members, many of whom 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 other incentives targeted at increasing electronic trading volume. These benefits 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.

The Board representation rights of our members, in combination with the 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 grants special rights to holders of Class B common stock, which protect their trading rights and give them special Board representation, and require 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 trading floor. 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 authorized shares of each class of Class B common stock; and
- the eligibility requirements to exercise trading rights or privileges.

Our Class B shareholders are also entitled to elect six of the 20 directors on our Board, even if their Class A share ownership interest is very small or non-existent.

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 may determine whether such market should be closed.

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

We generate revenues primarily from our clearing and transaction fees and our processing services provided to third parties. 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 and in the markets we provide processing services. 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 price levels and 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;
- 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 operating results and trading volume tend to increase during periods of economic uncertainty. This is because our customers seek to hedge or manage the risks associated with or speculate on volatility in the U.S. equity markets, fluctuations in interest rates and price changes in the foreign exchange and commodity 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 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.

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

Our cost structure is largely fixed. We base our cost structure 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 success of our markets will depend on our ability to complete development of and successfully implement electronic trading systems that have the functionality, performance, reliability and speed required by our 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 and speed to attract and retain customers. A significant portion of our current overall volume is generated through electronic trading on our CME Globex electronic platform. However, during 2006, 28% of our volume and approximately 21% of our clearing and transaction fees revenue was generated through our open outcry trading facilities. Most of our open outcry volume is related to trading in options on our futures contracts. Our electronic functionality may not be capable of accommodating all of the complex trading strategies typically used for trading options on futures contracts. We continue to develop and implement new electronic functionality to accommodate trading strategies required for electronic trading of Eurodollar options contracts. In August 2005, we integrated our enhanced options system for trading CME Eurodollar options into our CME Globex electronic trading platform. This enhanced functionality is designed to facilitate trading of complex combination and spread trades typically used with short-term interest rate options on futures, within a fully transparent and competitive environment. In July 2006, we also launched user-defined covered spreads. We intend to continue to introduce functionality that will accommodate other complex trading strategies electronically. However, we may not complete the development of, or successfully implement, the required electronic functionality for our options on futures contracts. Moreover, our customers who trade options may not accept our electronic trading systems. In either event, our ability to increase trading volume of options on futures contracts on the CME Globex platform would 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 trading systems do not have the required functionality, performance, reliability and speed, we may not be able to compete successfully in an environment that is increasingly dominated by electronic trading.

The enhancement of our electronic trading platform exposes us to risks inherent in operating in the evolving market for electronic transaction services. If we do not successfully enhance our electronic trading platform, or if our customers do not accept it, our revenues and profits will be adversely affected.

We must continue to enhance our electronic trading platform 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 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;
- 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 enhance our electronic trading platform.

If we do not successfully enhance our electronic trading platform, or our current or potential customers do not accept it, our revenues and profits will be adversely affected.

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 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 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 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.

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

The derivatives, securities and financial services industries are highly competitive. We expect that competition will continue to intensify in the future. Our current and prospective competitors, both domestically and around the world, are numerous. They include securities and securities option exchanges, futures exchanges, 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 firms and electronic brokerage and dealing facilities. At December 31, 2006, there were 57 futures exchanges located in 30 countries, including nine futures exchanges in the United States. The global derivatives industry has grown increasingly competitive. Exchanges, intermediaries, and even end users are consolidating, and OTC and unregulated entities are constantly evolving. For example, in response to growing competition, many marketplaces in both Europe and the United States have demutualized to provide greater flexibility for future growth. CBOT and ICE completed their initial public offerings in 2005 and NYMEX went public in 2006. In September 2006, ICE and the NYBOT entered into a merger agreement pursuant to which NYBOT will become a wholly-owned subsidiary of ICE and ICE will obtain NYBOT's clearing house. In December 2006, shareholders of NYSE Group and Euronext approved the merger of equal between the companies that was announced in June 2006.

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. Other companies have entered into or are forming joint ventures or consortia to provide services similar to those provided by us. Others may become competitive with us through acquisitions. Changes in federal law 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 products that are preferred by our customers;
- develop risk transfer products that compete with our products;
- 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.

Our average rate per contract is subject to fluctuation due to a number of factors. As a result, you will not be able to rely on our average rate per contract in any particular period as an indication of our future average rate per contract.

Our average rate per contract, which impacts our operating results, is subject to fluctuation due to shifts in the mix of products traded, the trading venue and the mix of customers (whether the customer receives member or non-member fees or participates in one of our various incentive programs) and the impact of our tiered pricing structure. For example, we earn a higher rate per contract for trades executed on the CME Globex electronic trading platform. In addition, our members and participants in our various incentive programs generally are charged lower fees than our non-member customers. Each of these factors is difficult to predict and will have an impact on our average rate per contract in the particular period. For example, our average rate per contract decreased to $0.645 for the year ended December 31, 2006 from $0.664 for the same period in 2005. Because of this fluctuation, you may not be able to rely on our average rate per contract in any particular period as an indication of our future average rate per contract. If we fail to meet securities analysts' expectations regarding our operating results, the price of our Class A common stock could decline substantially.

Our quarterly operating results fluctuate due to seasonality. As a result, you will not be able to rely on our operating results in any particular quarter as an indication of our future performance.

Generally, we have experienced relatively higher trading volume during the first and second quarters and sequentially lower trading volume in the third and fourth quarters. As a result of this seasonality, 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 results, the price of our Class A common stock could decline substantially.

The CFMA has reduced the barriers of entry into our markets which has led to increased competition and enabled many of our customers to trade futures contracts other than on exchanges. These changes may adversely affect our 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 had 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 repealed by the CFMA. One of the chief beneficiaries of the CFMA has been 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 CFMA 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. These customers are the same customers who might otherwise use CME foreign exchange products. In the future, our industry may become subject to new regulations or changes in the interpretation or enforcement of existing regulations. We cannot predict the extent to which any future regulatory changes may adversely impact our business, including our ability to compete with enterprises, which offer off-exchange trading and which benefit from a reduced regulatory burden and lower-cost business model.

The CFMA also permits bank clearing organizations and clearing organizations regulated by the SEC 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.

Our trading volume, and consequently our revenues and profits, would 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 trade execution alternatives. Our success also depends on our ability to maintain our trading volume and to offer competitive prices and services in an increasingly price sensitive business. 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. For example, the majority of the clearing and transaction fees we receive from our clearing firms represent charges for trades executed on behalf of their customers. We believe that in the event one of our clearing firms discontinues operations, the customer portion of that firm's trading activity would likely transfer to another clearing firm. However, we cannot guarantee you that the discontinuation of any clearing firm would not result in our loss of customers which could have an adverse effect on our trading volumes or revenues. We also cannot assure you that we will not lose customers to low-cost competitors with comparable or superior products, services or trade execution facilities. If we fail to maintain our trading volume, to expand our product offerings or execution facilities, or we lose a substantial number of our current customers, or are unable to attract new customers, our business will be adversely affected.

Any significant decline in the trading volume of our CME Eurodollar or S&P 500 futures and options on futures contracts would adversely affect our revenues and profitability.

We are substantially dependent on trading volume from two product offerings for a significant portion of our clearing and transaction fee revenues and profits. The clearing and transaction fees revenue attributable to transactions in CME Eurodollar contracts and all our contracts based on the S&P 500 (including CME E-mini products) approximated 46% and 26%, respectively, of our total clearing and transaction fees revenue during the year ended December 31, 2006 and 44% and 25%, respectively, during the year ended December 31, 2005. Any significant decline in our trading volume in any of these products would negatively impact our business, financial condition and operating results.

We believe our CME Eurodollar futures contract serves as a global financial benchmark, but we cannot assure you that, in the future, other products will not become preferred alternatives to our CME 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. For example, in March 2004, Euronext.liffe began listing and trading Eurodollar futures contracts. Our members may also elect to trade Eurodollars in privately negotiated bilateral transactions without the use of our clearing house. In either of these events, our trading volume, revenues and profitability could be adversely affected.

Our license agreement with Standard & Poor's provides that the S&P 500 Index futures products will be exclusive through December 31, 2008, after which we will retain our exclusive rights through December 31, 2016 so long as certain minimum average trading volume is met or other circumstances exist that relate to the reduction in trading volume.

We cannot assure you that we will be able to maintain the exclusivity of our licensing agreement with S&P. 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 other instruments, including securities and options based on the S&P indexes, to manage or speculate on U.S. stock risks. Parties may also succeed in offering indexed products that are similar to our licensed products without being required to obtain a license or in countries that are beyond the jurisdictional reach of us and/or our licensors.

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 or on third-party exchanges for which we provide processing services. 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. We cannot guarantee you that one of our clearing

firms will not default on its obligations in the future. A substantial part of our surplus funds is at risk if a clearing firm defaults on its obligations to our clearing house and its performance bond and security deposits are insufficient to meet its obligations. Although we have policies and procedures to help ensure 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. Additionally, the default of any one of our clearing firms could cause our customers to lose confidence in our markets and the guarantee of our clearing house, which would have an adverse affect on our business.

We generate significant revenue by providing processing services to third parties. If we are unable to continue to realize the benefits of these agreements, our revenues will be adversely impacted.

We have entered into agreements with third parties to provide processing services for which we receive significant revenue. We have an agreement with CBOT to provide processing services for its futures and options on futures contracts. The initial term of the CBOT agreement expires in January 2009. Upon expiration, CBOT may, in its sole discretion, extend the agreement for an additional one-year term. We also entered into an agreement with NYMEX in April 2006 to be the exclusive electronic trading service provider for NYMEX's energy futures and options contracts and certain of their other products on our CME Globex platform. The initial term of the NYMEX agreement is for ten years from the date of launch with rolling three-year extensions. In 2006, 2005 and 2004, we generated $90.1 million, $68.7 million and $55.9 million, respectively, in processing services revenue primarily from our agreement with CBOT. Our future revenues from providing these processing services will be dependent on CBOT's trading volume and NYMEX's electronic trading volume, which is subject to a number of factors beyond their control. As futures exchanges, their ability to maintain or expand their trading volume and operate their business is subject to the same types of risks to which we are subject. Any significant decrease in CBOT's and/or NYMEX's trading volume will result in a corresponding decrease in our realized benefits from our processing services agreements. Our net income from the processing services we provide will also depend on our ability to control our costs associated with providing such services.

The terms of our processing agreements also provide that both we and the other party may terminate the agreement in some circumstances. Under the terms of our agreement with NYMEX, either party between the fifth and sixth anniversary of the first launch date may terminate the contract by providing notice and paying the other party a termination fee. We cannot assure you that these agreements will not be terminated prior to the end of their term or that the agreements will be renewed after their initial term or that any renewal will be on terms as favorable to us. Any such event could have an adverse effect on our revenues.

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

We sell our market data to individuals and organizations that use our markets or monitor general economic conditions. Revenues from our market data totaled $80.8 million, representing 7% of our total revenues, and $71.7 million, or 8% of our total revenues, during the years ended December 31, 2006 and 2005, respectively. 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 could lose market data fees from those who have access to trading terminals. We will experience a reduction in our revenues if we are unable to recover that lost quote fee revenue through terminal usage fees or transaction fees.

If we experience systems failures or capacity constraints, our ability to conduct our operations and execute our business strategy could 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;
- security breaches;

- litigation or other customer claims;
- loss of customers; 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, employee or customer error or misuse of our 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. For example, we have experienced technical failures that resulted in a temporary suspension of trading on the CME Globex platform, including our most recent incident on April 26, 2005. The impact of these events has not been material. However, we cannot assure you that if we experience system errors or failures in the future that they will not be material.

Our status as a CFTC registrant generally 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 and order messaging traffic will be accurate or that our systems will always be able to accommodate actual trading volume and order messaging traffic without failure or degradation of performance. Increased CME Globex trading volume and order messaging traffic may result in connectivity problems or erroneous reports that may affect users of the platform. System failure or degradation could lead our customers to file formal complaints with industry regulatory organizations, to file lawsuits against us or to 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, expand and increase the capacity of our systems as our business grows and we execute our business strategy. Our goal is to design our systems to handle at least one and a half times our peak historical transactions in our highest volume products. As volume of transactions grow, the ability of our systems to meet this goal on an ongoing basis depends on our ability to increase our system capacity on a timely basis while maintaining system reliability. Although many of our systems are designed to accommodate additional volume and products and services without redesign or replacement, we will need to continue to make significant investments in additional hardware and software to accommodate the increases in volume of transactions and order transaction traffic and to provide processing services to third parties. If we cannot increase the capacity and capabilities of our systems to accommodate an increasing volume of transactions and to execute our business strategy, our ability to maintain or expand our businesses would be adversely affected.

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 have sought, and may seek in the future, 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 stressed the importance to them of centralizing clearing of futures contracts and options on futures contracts 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 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, have sought, and may seek in the future, 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 strategic business plan is to operate a vertically integrated transaction execution, clearing and settlement business. If these legislative or regulatory changes are adopted, our strategy and business plan may lead clearing firms to establish, or seek to use, alternative clearing houses for clearing positions established on our exchange. Even if they are not successful in their efforts, the factors described above may cause clearing firms to limit or stop the use of our products and markets. If any of these events occur, our revenues and profits would be adversely affected.

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 that 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 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 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, experience lower trading volume and incur significant liabilities.

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

Although the CFMA 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 are registered in a number of countries outside the United States. In some cases, our registrations are subject to annual review and such reviews may subject us to additional requirements in the future. We may also 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 are also subject to oversight by the 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;
- maintaining a fair and orderly market;
- 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 designations as a contract market and derivatives clearing organization. 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, employees and affiliates 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 the increasing utilization of electronic trading systems by traders from remote locations may, among other developments, impact our ability to continue the traditional form of “self-regulation” that has been an integral part of the CFTC regulatory program. On February 1, 2007, the CFTC issued recommendations as to an appropriate means for designated contract markets to comply with the core principle requiring self-regulatory organizations to mitigate potential conflicts of interest. The recommendations require at least 35% of the board of directors of a designated contract market to be directors with no material relationship with the exchange, including memberships on the exchange. Currently, 35% of our Board of Directors have no industry affiliation other than service on our Board although we have not yet completed our assessment as to whether such directors would be considered to have no material relationship with the exchange for purposes of the CFTC recommendation. We cannot guarantee that our Board will be in compliance with the recommendations. To the extent we are not in compliance, we will be required to demonstrate to the CFTC how we otherwise met the requirements of the core principle.

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.

The CFTC is subject to reauthorization every five years, which was scheduled to be completed in 2005. This process is still ongoing and could result in legislation that may have a negative impact on the way we operate our exchange, including our ability to operate our self-regulatory functions or effectively compete with new entrants into our market place.

From time to time, the President's budget includes a proposal 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.

Generally, the CFTC has broad enforcement powers to censure, fine, issue cease-and-desist orders, prohibit us from engaging in some of our businesses or suspend or revoke our designation as a contract 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 significant. 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 a result of failures or malfunctions of our systems and services we provide. 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, our wholly-owned subsidiary that primarily engages in proprietary trading in foreign exchange futures, could include hiding unauthorized activities from us, improper or unauthorized activities on behalf of CME 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, as well as regulatory actions. For example,

employees of GFX Corporation enter into transactions to promote liquidity in CME foreign exchange contracts on the CME Globex platform and subsequently enter into offsetting transactions using futures contracts or spot foreign exchange transactions with approved counterparties in the interbank market to limit market risk. In the event the offsetting transaction is not entered into or is not timely or properly executed, we could be exposed to substantial market risk.

We may have difficulty executing our growth strategy and maintaining our growth effectively.

We have experienced significant growth in our business. Continued growth may require additional investment in personnel, facilities, information technology infrastructure and financial and management systems and controls and may place a significant strain on our management and resources. We may not be successful in implementing all of the processes that are necessary to support our growth organically or as described in the following risk factor through acquisitions or other strategic alliances. Unless our growth results in an increase in our revenues that is proportionate to the increase in our costs associated with our growth, our future profitability could be adversely affected, and we may have to incur significant expenditures to address the additional operational and control requirements as a result of our growth.

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;
- difficulties in implementing adequate compliance and risk management methods for new operations;
- 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. See "Additional Risks Relating to the Proposed Merger with CBOT Holdings" for additional risks.

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. We cannot assure you that any joint venture or alliance that we have entered into or may enter into in the future, will be successful.

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 CFMA 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 customers outside the United States and by relying on distribution systems established by our current and future strategic alliance partners. We currently have direct customer access in more than 70 countries. 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;

- difficulties in staffing and managing foreign operations;
- general economic and political conditions in the countries from which our markets are accessed, which may have an adverse effect on our volume from those countries; and
- potentially adverse tax consequences.

In addition, as a result of our expanding global operations, we may become subject to the laws and regulations of foreign governmental and regulatory authorities. 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 and patent law and contractual protections to protect our proprietary technology and other proprietary rights. We have filed several patent applications covering our technology in the United States and certain other jurisdictions. 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 afforded to databases, however, is fairly limited. While the arrangement and selection of data generally are protectable, the actual data may not be, 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 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, our products and 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, some patent applications in the United States are 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. These claims of infringement are not uncommon in our industry.

In general, if one or more of our products or services were to infringe on 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. 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.

We may be at greater risk from terrorism than other companies.

Given our position as the largest futures exchange in the United States, as measured by annual trading volume, we may be more likely than other companies to be a direct target of, or an indirect casualty of, attacks by terrorists or terrorist organizations.

It is impossible to predict the likelihood or impact of any terrorist attack on the derivatives industry generally or on our business. In the event of an attack or a threat of an attack, our security measures and contingency plans may be inadequate to prevent significant disruptions in our business, technology or access to the infrastructure necessary to maintain our business. Damage to our facilities due to terrorist attacks may be significantly in excess of any amount of insurance received, or we may not be able to insure against such damage at a reasonable price or at all. The threat of terrorist attacks may also negatively affect our ability to attract and retain employees. Any of these events could have a material adverse effect on our business, financial condition and operating results.

Additional Risks Relating to the Proposed Merger with CBOT Holdings

We may fail to realize all of the anticipated benefits of the proposed merger with CBOT Holdings.

The success of the merger will depend, in part, on our ability to achieve the anticipated cost synergies and other strategic benefits from combining the businesses of CME Holdings and CBOT Holdings. We expect CME Group to benefit from operational synergies resulting from the consolidation of capabilities and elimination of redundancies as well as greater efficiencies from increased scale, market integration and more automation. However, to realize these anticipated benefits, we must successfully combine the businesses of CME Holdings and CBOT Holdings. If we are not able to achieve these objectives, the anticipated cost synergies and other strategic benefits of the merger may not be realized fully or at all or may take longer to realize than expected. We may fail to realize some or all of the anticipated benefits of the transaction in the amounts and times projected for a number of reasons, including that the integration may take longer than anticipated, be more costly than anticipated or have unanticipated adverse results relating to CME Holdings' or CBOT Holdings' existing businesses.

The failure to integrate successfully the businesses and operations of CME Holdings and CBOT Holdings in the expected time frame may adversely affect CME Group's future results.

Historically, CME Holdings and CBOT Holdings have operated as independent companies, and they will continue to do so until the completion of the merger. The management of CME Group may face significant challenges in consolidating the functions of CME Holdings and CBOT Holdings and their subsidiaries, integrating their technologies, organizations, procedures, policies and operations, as well as addressing differences in the business cultures of the two companies and retaining key personnel. In connection with the merger, CME Group expects to integrate certain operations of CME and CBOT, including consolidating the two trading floors, transitioning CBOT's electronic trading to CME's Globex platform, consolidating their market data services and consolidating regulatory functions. The integration will be complex and time consuming, and require substantial resources and effort. The integration process and other disruptions resulting from the merger may also disrupt each company's ongoing businesses or cause inconsistencies in standards, controls, procedures and policies that adversely affect our relationships with members of CME and CBOT and other market participants, employees, regulators and others with whom we have business or other dealings. In addition, difficulties in integrating the businesses or regulatory functions of CME Holdings and CBOT Holdings could harm the reputation of CME Group.

CME Holdings and CBOT Holdings will incur transaction, integration and restructuring costs in connection with the merger.

CME Holdings and CBOT Holdings expect to incur significant costs associated with transaction fees, professional services and other costs related to the merger. Specifically, CME Holdings and CBOT Holdings expect to incur approximately $62 million for transaction costs related to the merger. CME Group also will incur integration and restructuring costs following the completion of the merger as CME Group integrates the business of CBOT Holdings with that of CME Holdings. Although CME Holdings and CBOT Holdings expect that the realization of efficiencies related to the integration of the businesses will offset incremental transaction, merger-related and restructuring costs over time, this net benefit may not be achieved in the near term, or at all.

Completion of the merger is subject to the receipt of consents and approvals from, or the making of filings with, government entities that could delay completion of the merger or impose conditions that could have a material adverse effect on CME Group or that could cause abandonment of the merger.

The merger is subject to review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, by either the Antitrust Division of the U.S. Department of Justice or the U.S. Federal Trade Commission. Under this statute, CME Holdings and CBOT Holdings are required to make pre-merger notification filings and to await the expiration of the statutory waiting period prior to completing the merger. On December 1, 2006, CME Holdings and CBOT Holdings each received requests for additional information, or a "Second Request," regarding the merger from the Department of Justice. The Second Request extends the initial waiting period under the statute during which the Department of Justice is permitted to review a proposed transaction until 30 days after the parties have substantially complied with the Second Request, unless that period is terminated earlier by the Department of Justice or, if the Department of Justice objects to the merger, it obtains an injunction from a court.

We cannot assure you that a challenge to the merger on antitrust grounds will not be made or, if such a challenge is made, that any such challenge will not be successful. Any such challenge may seek to impose a preliminary or permanent injunction, conditions on the completion of the merger or require changes to the terms of the merger. While we do not currently expect that any such preliminary or permanent injunction, conditions or changes would be imposed, we cannot assure you that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on us or limiting the revenues of CME Group following the merger, any of which might have a material adverse effect on CME Group following the merger. Neither CME Holdings nor CBOT Holdings is obligated to complete the merger if any such conditions, individually or in the aggregate, would reasonably be expected to result in (i) a material adverse effect on the expected benefits of the merger or (ii) a material adverse effect on CME Holdings, CBOT Holdings or CME Group following the merger.

CME Holdings may incur significant indebtedness in order to finance the merger, which may limit CME Group's operating flexibility.

In order to finance the cash portion of the merger consideration, CME Holdings expects to incur incremental borrowings of up to $2.0 billion, depending on the elections made by CBOT Holdings Class A stockholders with respect to the merger consideration. We have not obtained any commitments for the financing. As of September 30, 2006, on a pro forma basis after giving effect to the merger, assuming that CME Holdings pays the maximum amount of cash available to CBOT Holdings Class A stockholders of $3.0 billion, CME Group would have had $2.0 billion in indebtedness outstanding. This level of indebtedness may:

- require CME Group to dedicate a significant portion of its cash flow from operations to payments on its debt, thereby reducing the availability of cash flow to fund capital expenditures, to pursue other acquisitions or investments in new technologies, to pay dividends and for general corporate purposes;
- increase CME Group's vulnerability to general adverse economic conditions, including increases in interest rates if the borrowings bear interest at variable rates; and
- limit CME Group's flexibility in planning for, or reacting to, changes in or challenges relating to its business and industry.

In addition, to the extent that the credit ratings of CME Group are below ratings we would have been able to obtain as a stand-alone company, borrowing costs may increase, and to the extent that the credit ratings are below investment grade, the terms of the financing obligations could include restrictions, such as affirmative and negative covenants, conditions to borrowing, subsidiary guarantees and stock pledges. A failure to comply with these restrictions could result in a default under the financing obligations or could require CME Group to obtain waivers from its lenders for failure to comply with these restrictions. The occurrence of a default that remains uncured or the inability to secure a necessary consent or waiver could have a material adverse effect on CME Group's business, financial condition or results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our trading facilities and corporate headquarters are located at 20 South Wacker Drive in Chicago, Illinois. As of December 31, 2006, we occupied approximately 450,000 square feet of office space pursuant to a lease that expires in 2008 at our corporate headquarters. We also occupy approximately 70,000 square feet of trading floor space under a lease with the CME Trust with a term that expires in 2009. We have an option to extend the term of the lease to 2012 with an option for two successive seven-year extensions through 2019 and 2026. In 2006, we leased additional office space at 550 West Washington for approximately 220,000 square feet of office space on a phased-in basis through 2011 pursuant to a lease that expires in 2023. As of December 31, 2006, we maintained backup facilities for our electronic systems in separate office towers at 10 and 30 South Wacker Drive, and we have two remote data centers. We also lease administrative office space in Washington, D.C., Tokyo, Japan, Hong Kong, China and Sydney, Australia 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.

ITEM 3. 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 Annual Report on Form 10-K, we are not a party to or, to our knowledge, 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 October 14, 2003, the U.S. Futures Exchange, L.L.C., or "Eurex U.S.," and U.S. Exchange Holdings, Inc., filed suit against CBOT and CME in the United States District Court for the District of Columbia. The suit alleges that CBOT and CME violated the antitrust laws and tortiously interfered with the business relationship and contract between Eurex U.S. and The Clearing Corporation. Eurex U.S. and U.S. Exchange Holdings, Inc. are seeking a preliminary injunction and treble damages. On December 12, 2003, CBOT and CME filed separate motions to dismiss or, in the event the motion to dismiss is denied, to move the venue to the United States District Court for the Northern District of Illinois. On September 2, 2004, the judge granted CBOT's and CME's motion to transfer venue to the Northern District of Illinois. In light of that decision, the judge did not rule on the motions to dismiss. On March 25, 2005, Eurex U.S. filed a second amended complaint in the United States District Court for the Northern District of Illinois. On June 6, 2005, CME and CBOT filed a motion to dismiss the complaint. On August 25, 2005, the judge denied the joint CME/CBOT motion to dismiss. The parties are currently engaged in discovery. Based on its investigation to date and advice from legal counsel, we believe this suit is without merit and we intend to vigorously defend against these charges.

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

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Class A Common Stock

Our Class A common stock is listed on the NYSE and the NASDAQ Global Select Market Inc. under the ticker symbol "CME." As of February 15, 2007, there were 516 holders of record of our Class A common stock.

The following table sets forth the high and low sales prices per share of our Class A common stock on a quarterly basis, as reported on the NYSE.

2006	High	Low	2005	High	Low
First Quarter	$457.50	$354.51	First Quarter	$229.50	$183.50
Second Quarter	503.94	417.90	Second Quarter	307.75	163.80
Third Quarter	508.78	425.79	Third Quarter	340.00	264.13
Fourth Quarter	557.97	464.70	Fourth Quarter	396.90	287.05

Class B Common Stock

Our Class B common stock is not listed on a national securities exchange or traded in an organized OTC market. Each class of our Class B common stock is associated with a membership in a specific division of our exchange. CME's rules provide exchange members with trading rights and the ability to use or lease these trading rights. Each share of our Class B common stock can be transferred only in connection with the transfer of the associated trading rights. The memberships by class are CME (Chicago Mercantile Exchange), IMM (International Monetary Market), IOM (Index and Option Market) and GEM (Growth and Emerging Markets).

Class B shares and the associated trading rights are bought and sold through our Shareholder Relations and Membership Services Department. In addition, trading rights may be leased through the department. Trading rights sales are reported on our Web site at *www.cme.com*. Although our Class B shareholders have special voting rights, because our Class B shares have the same equitable interest in our earnings and the same dividend payments as our Class A shares, we expect that the market price of our Class B common stock, if reported separately from the associated trading rights, would be determined by the value of our Class A common stock. As of February 15, 2007, there were 1,950 holders of record of our Class B common stock.

Dividends

The following table sets forth the dividends we paid on our Class A and Class B common stock in the last two years:

Record Date	Dividend per Share	Record Date	Dividend per Share
March 10, 2006	$0.63	March 10, 2005	$0.46
June 9, 2006	0.63	June 10, 2005	0.46
September 8, 2006	0.63	September 9, 2005	0.46
December 8, 2006	0.63	December 9, 2005	0.46

We intend to pay regular quarterly dividends to our shareholders. 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, including any debt we may incur in connection with our proposed merger with CBOT Holdings, and statutory provisions may limit our ability to pay dividends. Additionally, our merger agreement with CBOT Holdings provides that we may not declare or pay dividends except quarterly dividends consistent with past practice. On January 31, 2007, the board of directors declared a regular quarterly dividend of $0.86 per share, representing a 37% increase over the prior quarter, to be paid on March 26, 2007, to shareholders of record on March 9, 2007.

PERFORMANCE GRAPH

The following graph compares the total return on our Class A common stock with the Standard & Poor's 500 Stock Index, the peer group of companies used on our proxy statement last year (the "Former Peer Group") and a new group of companies (the "New Peer Group") for the period from December 6, 2002 (the date of our initial public offering) through December 31, 2006. The figures presented below assume an initial investment of $100 in common stock at the closing prices on December 6, 2002 and in the Standard & Poor's 500 Stock Index on November 30, 2002 and the reinvestment of all dividends into shares of common stock. We compiled the New Peer Group to more closely reflect our competitors in our industry. We believe the New Peer Group provides a more meaningful basis for comparison of our stock performance.

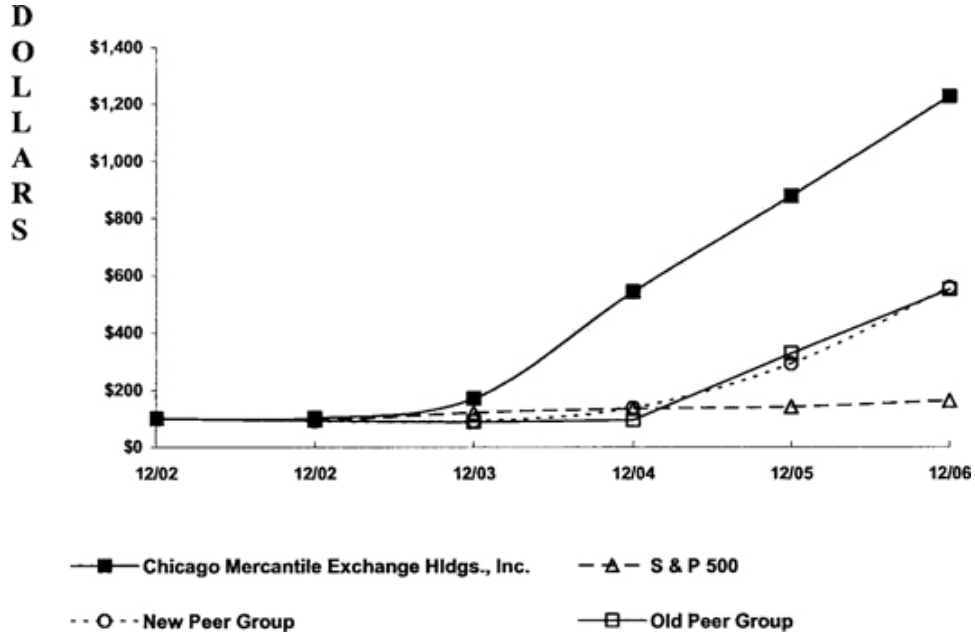
The New Peer Group consists of:

- CBOT Holdings, Inc.
- InterContinentalExchange, Inc.
- International Securities Exchange, Inc.
- The Nasdaq Stock Market, Inc.
- NYSE Group, Inc.

The Former Peer Group consisted of:

- Archipelago Holdings Inc.
- CBOT Holdings, Inc.
- InterContinentalExchange, Inc.
- International Securities Exchange, Inc.
- Nasdaq Stock Market, Inc.

CUMULATIVE TOTAL RETURN SINCE DECEMBER 6, 2002



	12/06/02	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06
Chicago Mercantile Exchange Holdings Inc.	$100.00	$101.77	$170.46	$542.97	$878.70	$1,225.58
S&P 500	100.00	94.13	121.12	134.30	140.90	163.16
New Peer Group	100.00	90.99	91.41	137.60	292.82	556.98
Former Peer Group	100.00	93.46	88.32	95.33	328.79	551.80

Issuer Purchases of Equity Securities

Period	(a) Total Number of Class A Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Trading Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 to October 31	—	$ —	—	—
November 1 to November 30	—	$ —	—	—
December 1 to December 31	74	$ 529.50	—	—
Total	74	$ 529.50	—	—

All of the share amounts set forth in the above table represent shares of the Company's Class A common stock that were surrendered to the Company in order to fulfill tax withholding obligations of an employee upon the vesting of restricted stock on December 15, 2006.

ITEM 6. SELECTED FINANCIAL DATA

The following selected income statement and balance sheet data was derived from the consolidated financial statements of Chicago Mercantile Exchange Holdings Inc. and subsidiaries and should be read in conjunction with the audited financial statements, related notes and other financial information included elsewhere herein.

	Year Ended or At December 31				
(in millions, except per share data)	2006	2005	2004	2003	2002
Income Statement Data:					
Total revenues	$1,089.9	$ 889.8	$ 721.6	$ 531.0	$ 446.1
Operating income	620.9	477.6	355.4	201.1	147.2
Non-operating income and expense	50.8	30.8	12.2	5.0	7.1
Income before income tax	671.7	508.4	367.7	206.1	154.3
Net income	407.3	306.9	219.6	122.1	94.1
Earnings per share:					
Basic	$ 11.74	$ 8.94	$ 6.55	$ 3.74	$ 3.24
Diluted	11.60	8.81	6.38	3.60	3.13
Cash dividends per share	2.52	1.84	1.04	0.63	0.60
Balance Sheet Data:					
Total assets	$4,306.5	$3,969.4	$2,857.5	$4,872.6	$3,355.0
Shareholders' equity	1,519.1	1,118.7	812.6	563.0	446.1

The following table presents key statistical information on the volume of contracts traded, expressed in round turn trades and excluding our TRAKRS, auction-traded and Swapstream products, as well as information on notional value of contracts traded:

(in thousands, except notional value)	Year Ended or At December 31 2006	2005	2004	2003	2002
Average Daily Volume:					
Product Lines:					
Interest rates	3,078	2,380	1,705	1,234	1,226
Equities[1]	1,734	1,389	1,161	1,055	824
Foreign exchange	453	334	202	135	96
Commodities and alternative investments[1]	78	55	43	37	31
Total Average Daily Volume	5,343	4,158	3,111	2,461	2,177
Method of Trade:					
Open outcry	1,483	1,214	1,281	1,382	1,398
CME Globex	3,808	2,895	1,786	1,041	747
Privately negotiated	52	49	44	38	32
Total Average Daily Volume	5,343	4,158	3,111	2,461	2,177
Other Data:					
Total Notional Value (in trillions)	$ 824	$ 638	$ 463	$ 334	$ 329
Total Trading Volume	1,341,111	1,047,909	787,186	620,289	548,667
Open Interest at Year End (contracts)	35,107	30,083	22,478	16,301	12,483

(1) CME weather and Goldman Sachs Commodity Index products are included in commodities and alternative investments rather than equities beginning in 2006. Prior period amounts have been adjusted to conform to the current year presentation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is organized as follows:

Overview: Includes a discussion of our business structure; current economic and industry-wide trends relevant to our business; the strategy we utilize to address opportunities, challenges and risks; and the primary sources of revenue as well as expenditures required to generate that revenue.

Critical Accounting Policies: Provides an explanation of accounting estimates and assumptions material to our financial results.

Recent Accounting Pronouncements: Includes an evaluation of recent accounting pronouncements and their potential impact on our financial results.

Results of Operations for 2006 Compared with 2005

Results of Operations for 2005 Compared with 2004

Liquidity and Capital Resources: Includes a discussion of our future cash requirements, capital resources and expenditures and financing arrangements.

References in this discussion and analysis to “we” and “our” are to Chicago Mercantile Exchange Holdings Inc. and its consolidated subsidiaries, collectively. References to our “exchange” are to Chicago Mercantile Exchange Inc. and its subsidiaries, collectively.

OVERVIEW

Business Structure

Chicago Mercantile Exchange Holdings Inc. (CME Holdings), a Delaware stock corporation, is the holding company for Chicago Mercantile Exchange Inc. (CME), its primary wholly-owned subsidiary, and its other subsidiaries. The holding company structure is designed to provide strategic and operational flexibility. CME Holdings’ Class A common stock is listed on the New York Stock Exchange and The Nasdaq Global Select Market under the ticker symbol “CME.”

CME, which was organized in 1898, is a designated contract market for the trading of futures and options on futures contracts. We are the largest futures exchange in the United States and the second largest in the world for the trading of futures and options on futures contracts, as measured by 2006 annual trading volume. For the second consecutive year, our annual trading volume for the year surpassed one billion contracts.

Futures contracts and options on futures contracts provide investors with vehicles for protecting against, and potentially profiting from, price changes in financial instruments and physical commodities. Futures contracts are legally binding standardized agreements to buy or sell a financial instrument or commodity, specifying quantity and quality at a set price on a future date. Certain futures contracts, such as commodities and foreign exchange products, may result in physical delivery of the product traded. Other futures contracts, including those for equity index and interest rate products, are cash settled and do not involve physical delivery. To provide additional flexibility to the investment community, we also offer trading in options on futures contracts. These contracts offer the customer the right, but not the obligation, to buy or sell an underlying futures contract at a particular price by a particular time.

We are a global exchange with customer access available in more than 70 countries. Our customers consist of professional traders, financial institutions, individual and institutional investors, major corporations, manufacturers, producers and governments. Customers include both members of the exchange and non-members.

We offer our customers the opportunity to trade futures contracts and options on futures contracts on a range of products including those based on interest rates, equities, foreign exchange, commodities and alternative investments. Our products provide a means for hedging, speculating and allocating assets. We identify new products by monitoring economic trends and their impact on the risk management and speculative needs of our existing and prospective customers.

Our major product lines are traded through our CME Globex electronic trading platform and our open outcry trading floors. Both of these execution facilities offer our customers immediate trade execution and price transparency. In addition, trades can be executed through privately negotiated transactions that are cleared and settled through our clearing house. We also offer trading in CME economic derivatives, which are available on the CME Auction Markets platform, and euro- and Swiss franc-denominated interest rate swaps, which are traded on the Swapstream platform.

Our clearing house clears, settles and guarantees every futures and options on futures contract traded through our exchange as well as those traded by the Chicago Board of Trade (CBOT). Ownership and control of our own clearing house enables us to capture the revenue associated with both the trading and clearing of our products. Ownership also 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 and risk management activities.

Our clearing house performance guarantee is an important function 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 offsetting process provides our customers with flexibility in establishing and adjusting positions and provides for performance bond efficiencies.

To ensure performance of counterparties, we establish and monitor financial requirements for our clearing firms and mark-to-market their positions at least twice a day. We also set minimum performance bond requirements for our traded products. 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 pledged Class A and Class B common stock and associated trading rights of the clearing firm at our exchange that are owned by or assigned to the clearing firm. In addition, we would make a demand for payment pursuant to any applicable guarantee provided to the exchange by the parent company of a clearing firm. Thereafter, if the payment default remains unsatisfied, we would use, in order, CME's surplus funds, security deposits of other clearing firms and funds collected through an assessment against all other solvent clearing firms to satisfy the deficit.

Industry Trends

Derivatives exchanges that provide markets for futures and options on futures have become a global growth industry, with a compound annual growth rate of 43% from 2002 through June 2006, based on notional value. By comparison, the over-the-counter (OTC) derivatives markets have grown at a compound annual growth rate of 33% during that same period. There are a number of secular trends that we believe will continue to drive growth and innovation in our industry. They include:

- A greater need for risk management and hedging tools in an increasingly uncertain global, political and economic climate;
- Growing investor sophistication regarding derivatives and risk transfer markets;
- A shift in asset management strategies away from passive buy-and-hold equity investment strategies towards more active strategies including those involving alternative investments and asset classes; and
- Growth in hedge funds and managed funds as alternative investment vehicles designed to generate more trading-based returns than investing on the basis of other market strategies. These types of alternative investment vehicles often utilize exchange-traded derivatives contracts.

Changing market dynamics have also led to increasing competition in all aspects of our business from both domestic and international sources. We 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; and technology firms, including market data distributors and electronic trading system developers.

We expect competition to continue to intensify, particularly as a result of technological advances and reductions in the regulatory requirements for the development of products and markets that are competitive with our own. Additional factors that may intensify competition in the future include:

- The growth of recently-formed for-profit exchanges;
- The consolidation of exchanges, customers or intermediaries;
- An increased demand for electronic trading and electronic order routing services; and
- The increased ability of other exchanges to leverage their technology investment and electronic distribution to enter new markets and list products that compete with our own.

Strategy

Our current strategy specifically focuses on leveraging our benchmark products, scalable infrastructure and clearing and trade matching technologies to benefit customers. This strategy will enable us to continue to evolve into a more broadly diversified financial exchange that offers trading and clearing solutions across additional products and asset classes. Our strategy includes coordinated efforts to:

- Grow our existing business by expanding customer access to our markets and services, enhancing and offering additional trade execution choices, and improving our market data products;
- Broaden our product range through innovative new products and optimization of existing products, based on research and development in collaboration with customers;
- Provide third-party transaction processing, clearing and related services; and
- Explore new business opportunities such as joint ventures, alliances and selective business combinations such as our recently announced merger with CBOT Holdings, Inc.

Primary Sources of Operating Revenue

Clearing and transaction fees. A majority of our revenue is derived from clearing and transaction fees, which include CME Globex electronic trading fees, surcharges for privately-negotiated transactions and other volume-related charges for contracts executed through our trading venues. Because clearing and transaction fees are assessed on a per-contract basis, revenues and profitability fluctuate with volume changes. In addition to the secular trends noted earlier, our revenues and trading volume tend to increase during periods of economic and geopolitical uncertainty. This is because our customers seek to manage their exposure to, or speculate on, the market volatility resulting from uncertainty. In addition, our volume is seasonal and we typically experience higher sequential volume during the first and second quarters followed by decreases in the third and fourth quarters of the calendar year. However, these patterns may be altered by the impact of economic and political events, the launch of new products, and other factors.

While volume has a significant impact on our clearing and transaction fees revenue, there are four other factors that also influence this source of revenue:

- Rate structure;
- Mix of products traded;
- Trading venue; and
- The percentage of trades executed by customers who are members compared with non-member customers.

Rate structure. Customers benefit from volume discounts and limits on fees as part of our effort to increase liquidity in certain products. We may periodically change fees, volume discounts, limits on fees and member discounts, perhaps significantly, based on our review of operations and the business environment.

As a result of their rate structure, Total Return Asset Contracts (TRAKRS), auction-traded products and Swapstream products are excluded from disclosures of trading volume and average rate per contract in this discussion and analysis. Clearing and transaction fees on these products are immaterial relative to other CME products. TRAKRS are exchange-traded non-traditional futures contracts that trade electronically on the CME Globex electronic platform. Swapstream offers euro- and Swiss franc-denominated interest rate swap products through its inter-dealer electronic trading platform. Auction-traded products, which include CME economic derivatives, were introduced in September 2005 and are traded on the CME Auction Markets platform.

Product mix. We offer trading of futures and options on futures contracts on a wide-ranging set of products based on interest rates, equities, foreign exchange, commodities and alternative investments. Rates are varied by product in order to optimize revenue on existing products and support introduction of new products to encourage trading volume.

Trading venue. Our exchange is an international marketplace that brings together buyers and sellers mainly through our CME Globex electronic trading platform as well as through open outcry trading on our trading floors and privately negotiated transactions. Any customer guaranteed by a clearing firm is able to obtain direct access to our CME Globex platform. Open outcry trading is conducted exclusively by our members, who may execute trades on behalf of customers or for themselves.

Typically, customers executing trades through CME Globex are charged fees for using the electronic trading platform in addition to the clearing fees assessed on all transactions executed on our exchange. Customers entering into privately negotiated transactions also incur additional charges beyond the clearing fees assessed on all transactions.

Member/non-member mix. Generally, member customers are charged lower fees than our non-member customers. Holding all other factors constant, revenue decreases if the percentage of trades executed by members increases, and increases if the percentage of non-member trades increases.

Processing services. To further diversify the range of services we offer, we have entered into clearing and transaction processing agreements with other exchanges. This revenue will fluctuate as the trading volume of these exchanges fluctuates.

The most significant portion of this revenue is derived from our agreement with CBOT. In April 2003, we entered into an agreement to provide clearing and related services for CBOT futures and options on futures contracts. We began to provide these services for some products in November 2003, and as of January 2004, we began to clear all CBOT products. The current agreement expires in January 2009.

The remaining portion of this revenue includes fees for listing energy and metal futures products on the CME Globex platform for the New York Mercantile Exchange (NYMEX). Although trading under a prior agreement with NYMEX ended in November 2005, trading under a new 10-year agreement began on June 11, 2006. We also collect fees for processing single stock futures trades for certain CME clearing firms that execute trades at OneChicago, LLC (OneChicago), our joint venture in single stock futures and futures on narrow-based stock indexes that initiated trading in November 2002.

Quotation data fees. We receive quotation data fees from the dissemination of our market data to subscribers for business and private use. Our market data services are provided primarily through third-party distributors.

Subscribers can obtain access to real-time, delayed and end-of-day quotation, trade and market summary data for our products. Users of our basic service receive real-time quotes and pay a flat monthly fee for each screen, or device, displaying our market data. Alternatively, customers can subscribe to market data provided on a limited group of products. The fee for this service is a relatively nominal flat rate per month.

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. Increases or decreases in our quotation data fees revenue is 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. General economic factors that affect the financial services industry, which constitutes our primary customer base, also influence revenue from our market data fees.

Other sources. Other sources of revenue include access fees, communication fees and revenue from various services related to our operations.

- Access fees are the connectivity charges to customers of our CME Globex platform, to our market data vendors and to direct market data customers. The fee each customer is charged varies depending on the type of connection provided.
- Communication fees consist of charges to members and clearing firms that utilize our various telecommunications networks and communications services. Revenue from communication fees is largely dependent on open outcry trading, as a significant portion relates to telecommunications on the trading floor.

- Other revenue is composed of fees for administering our Interest Earning Facility (IEF) program, trade order routing, and various services to members. We offer clearing firms the opportunity to invest cash performance bonds in our various IEF offerings. These clearing firms receive interest income, and we receive a fee based on total funds on deposit. In addition, other revenue includes trading gains and losses generated by GFX Corporation (GFX), our wholly-owned subsidiary that trades primarily in foreign exchange futures contracts to enhance liquidity in our electronic markets for these products.

Primary Operating Expenses

With the exception of license fees paid for the trading of our equity index contracts and a component of our trading facility rent that is related to open outcry trading volume, most of our expenses do not vary directly with changes in our trading volume.

Compensation and benefits. Compensation and benefits expense is our most significant expense and includes employee wages, bonuses, stock-based compensation, benefits and employer taxes. Changes in this expense are driven by fluctuations in the number of employees, increases in wages as a result of inflation or labor market conditions, rates for employer taxes and other cost increases affecting benefit plans. In addition, this expense is affected by the composition of our work force, which includes a growing percentage of technology-related employees. The expense associated with our bonus and stock-based compensation plans can also have a significant impact on this expense category and may vary from year to year.

The bonus component of our compensation and benefits expense is based on our financial performance. Under the performance criteria of our annual incentive plan, the bonus funded under the plan would be the “target” level if we achieve the cash earnings target established by the Compensation Committee of our Board of Directors. Cash earnings are defined as net income excluding depreciation and amortization expense and tax-effected stock-based compensation expense less capital expenditures. Under the plan, if our actual cash earnings equal 80% of the established target for a given year, the bonus will be reduced by approximately 50% of the target bonus amount. There will be no bonus if our cash earnings are less than 80% of the cash earnings target, other than for non-exempt employees who may receive a bonus under our discretionary bonus program. If our actual cash earnings equal 120% of the target or higher, the bonus would be increased by approximately 50% from the targeted bonus amount, which is the maximum amount that is allowed under the plan. If our performance is between the threshold performance level of 80% of the cash earnings target and the maximum performance level of 120% of the cash earnings target, the bonus will be calculated based on the level of performance achieved. The Compensation Committee may adjust the cash earnings calculation and the target level of performance for material, unplanned revenue, expense or capital expenditures to meet intermediate to long-term growth opportunities. Beginning in 2007, the cash earnings calculation for bonus purposes will exclude investment income and target levels will be adjusted accordingly.

Stock-based compensation is a non-cash expense related to stock options and restricted stock grants. Effective January 1, 2006, we adopted Statement of Financial Accounting Standards (SFAS) No. 123(R), “Share-Based Payment.” SFAS No. 123(R) requires the use of the fair value method of accounting for share-based payments, which we previously adopted in 2002 under SFAS No. 123, “Accounting for Stock-Based Compensation.” SFAS 123(R) also requires that we estimate expected forfeitures of stock grants instead of the previous practice of accounting for forfeitures as they occurred. Furthermore, as of January 1, 2006, the excess tax benefit related to employee option exercises and restricted stock vesting has been reflected in accordance with SFAS No. 123(R) as part of cash flows from financing activities for all periods presented rather than the previous classification as part of cash flows from operating activities. Stock-based compensation varies depending on the quantity and fair value of options granted. Fair value is derived using the Black-Scholes model with assumptions about our dividend yield, the expected volatility of our stock price based on an analysis of implied and historical volatility, the risk-free interest rate and the expected life of the options granted.

Depreciation and amortization. Depreciation and amortization expense results from the depreciation of property purchased, as well as the amortization of purchased and internally developed software. This expense has increased consistently from year to year due to significant technology investments in equipment and software. Depreciable useful lives have remained relatively consistent since January 1, 2004.

Other expenses. We incur additional expenses for communications, technology support services and various other activities necessary to support our operations.

- Communications expense consists primarily of costs for network connections to the CME Globex platform and some market data customers; telecommunications costs of our exchange; and fees paid for access to external market data. This expense is affected primarily by the growth of electronic trading, our capacity requirements and by changes in telecommunications hubs and connections which allow customers outside the United States to access the CME Globex platform directly.
- Technology support services consist of costs related to maintenance of the hardware and software required to support our technology. Our technology support services costs are driven by the number of transactions processed as well as the number of bid and offer quotes received and reflected in the order book for electronic trading, rather than the number of contracts traded.
- Professional fees and outside services expense includes costs of consulting services provided for major technology initiatives and legal and accounting fees. This expense fluctuates primarily as a result of changes in the number of consultants needed to complete technology initiatives as well as other undertakings that require the use of professional services.
- Occupancy expense consists mostly of rent, maintenance and utilities costs for our domestic and international offices, our trading facility in Chicago and our remote data centers. Our office space is located primarily in Chicago with smaller offices located in London, Hong Kong, Sydney, Tokyo and Washington, D.C. Occupancy costs are relatively stable, although our trading floor rent fluctuates to a limited extent based on open outcry trading volume.
- Licensing and other fee arrangements expense consists primarily of license fees paid as a result of trading volume in equity index products. This expense fluctuates as a result of changes in equity index product trading volume and fee structure changes that affect license fees. In addition, in 2004 we began to incur expense under an agreement with Singapore Exchange Limited (SGX) whereby revenue sharing expense fluctuates based on our percentage of electronically traded CME Eurodollar contracts. Under the terms of our current agreement, this expense cannot exceed $0.3 million per month. We recently renewed this agreement, and effective February 5, 2007, the revenue sharing provisions of the agreement will terminate and the expense will be eliminated.
- Marketing, advertising and public relations expense consists primarily of media, print and other advertising expenses, expenses incurred as part of various brand campaigns as well as the promotion of new and existing products and services.

Non-Operating Income and Expense

Investment income, securities lending interest income and expense, and equity in losses of unconsolidated subsidiaries were reclassified from revenues to non-operating income and expense in the consolidated statements of income during 2006. Equity in losses of unconsolidated subsidiaries was previously included as part of other revenues. All other items appeared separately in revenues. The presentation of these items has been changed to more closely conform to the Securities and Exchange Commission's Article 5 of Regulation S-X.

- Investment income represents income generated by the short-term investment of our excess cash balances and clearing firms' cash performance bonds and security deposits; interest income and net realized gains and losses from our marketable securities; and gains and losses on trading securities in our non-qualified deferred compensation plans. The investment results of our non-qualified deferred compensation plans do not affect our net income as there is an equal impact in our compensation and benefits expense. Investment income is influenced by the amount of funds generated by operations that is available for investment, market interest rates and changes in the levels of cash performance bonds deposited by clearing firms. Investment income also included earnings from our first IEF program until its discontinuance in December 2005.
- Securities lending transactions utilize a portion of the securities that clearing firms deposit to satisfy their proprietary performance bond requirements. Substantial interest expense is also incurred as part of this securities lending activity.

- Equity in losses of unconsolidated subsidiaries includes losses from our investments in FXMarketSpace Limited (FXMS) and OneChicago.

CRITICAL ACCOUNTING POLICIES

The notes to our consolidated financial statements include disclosure of our significant accounting policies. In establishing these policies within the framework of accounting principles generally accepted in the United States, 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 affect our financial position and operating results. While all decisions regarding accounting policies are important, there are certain accounting policies that we consider to be critical. These critical policies, which are presented in detail in the notes to our consolidated financial statements, relate to revenue recognition, income taxes, internal use software costs, stock-based compensation, and goodwill and intangible assets.

Revenue recognition. Our revenue recognition policies comply with Staff Accounting Bulletin No. 101 on revenue recognition. Our revenue is derived primarily from the clearing and transaction fees we assess on each contract executed through our trading venues and cleared through our clearing house. Clearing and transaction fees are recognized as revenue when a buy and sell order are matched and when the trade is cleared. 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 as well as specific adjustment requests. Occasionally, market data customers will pay for services in a lump sum payment. When these circumstances occur, revenue is recognized as services are provided.

Income taxes. Calculation of the income tax provision includes an estimate of the income taxes that will be paid for the current year as well as an estimate of income tax liabilities or benefits deferred into future years, as determined in accordance with SFAS No. 109, "Accounting for Income Taxes." As required by the provisions of SFAS No. 109, our deferred tax assets are reviewed to determine if all assets will be realized in future periods. To the extent it is determined that some deferred tax assets may not be fully realized, the assets must be reduced by a valuation allowance. The calculation of our tax provision involves dealing with uncertainties in the application of complex tax regulations. We recognize potential liabilities for anticipated tax audit issues in the United States and other applicable tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes may be due. If payment of these amounts varies from our estimate, our income tax provision would be reduced or increased at the time that determination is made. This determination may not be known for several years. Past tax audits have not resulted in tax adjustments that would result in a material change to the income tax provision in the year the audit was completed. The effective tax rate, defined as the income tax provision as a percentage of income before income taxes, will vary from year to year based on changes to tax rates and regulations. In addition, the effective tax rate will vary with changes to income that are not subject to income tax, such as municipal interest income, and changes in expenses or losses that are not deductible, such as the utilization of foreign net operating losses.

Internal use software costs. Certain costs for employees and consultants that are incurred in connection with work on development or implementation of software for our internal use are capitalized in accordance with the American Institute of Certified Public Accountants Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Costs capitalized are for application development or implementation, as required by SOP 98-1, for software projects that will result in significant new functionality and that are generally expected to cost in excess of $0.5 million. The amount capitalized is determined based on the time spent by the individuals completing the eligible software-related activity and the compensation and benefits or consulting fees incurred for these activities. Projects are monitored during the development cycle to assure that they continue to meet the capitalization criteria of SOP 98-1 and that the project will be completed and placed in service as intended. Any previously capitalized costs are expensed at the time a decision is made to abandon a software project. Completed internal use software projects, as well as work-in-progress projects, are included as part of property in the consolidated balance sheets. Once
completed, the accumulated costs for a particular software project are amortized over the anticipated life of the software, generally three years. Costs capitalized for internal use software will vary from year-to-year based on our technology-related business requirements.

Stock-based compensation. We expense stock options using the fair value method under the provisions of SFAS No. 123(R), "Share-Based Payment." We have elected the accelerated method for recognizing the expense related to stock grants. Due to this election and the vesting provisions of our stock grants, a greater percentage of the total expense is recognized in the first and second years of the vesting period than would be recorded if we used the straight-line method. Upon adoption of SFAS No. 123(R) on January 1, 2006, we began to include an estimate of expected forfeitures of stock grants in our expense recognition calculations instead of the previous practice of accounting for forfeitures as they occur.

Goodwill and intangible assets. We review goodwill and intangible assets with indefinite lives for impairment on an annual basis and whenever events or circumstances indicate its carrying value may not be recoverable in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." The provisions of SFAS No. 142 require that a two-step impairment test be performed on goodwill. In the first step, the fair value of each reporting unit is compared to its carrying amount. If the fair value of the reporting unit exceeds the carrying amount, no impairment exists and we are not required to perform further testing. If the carrying amount exceeds its fair value, the second step must be performed to determine the implied fair value of the reporting unit's goodwill. If the carrying value of the reporting unit's goodwill exceeds its implied fair value, then an impairment loss is recorded in an amount equal to that excess. Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. Intangible assets subject to amortization are also evaluated for impairment, when indicated by a change in circumstances, pursuant to SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The impairment testing requires management to estimate the fair value of the assets and record an impairment loss for the excess of the carrying value over the fair value. The estimate of the fair value of the assets is generally determined on the basis of discounted future cash flows. In estimating the fair value, management must make assumptions and projections regarding such items as future cash flows, future revenues, future earnings and other factors. Such assumptions are subject to change as a result of changing economic and competitive conditions.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109." FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes that a company should use a more-likely-than-not recognition threshold based on the technical merits of the tax position taken or expected to be taken. The interpretation also provides guidance on recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN No. 48 is effective for fiscal years beginning after December 15, 2006, with any cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. We will adopt FIN No. 48 effective January 1, 2007. We expect no material impact on our financial statements upon initial adoption.

RESULTS OF OPERATIONS FOR 2006 COMPARED WITH 2005

2006 Financial Highlights

- Total revenues grew by 22% in 2006 primarily as a result of increased clearing and transaction fees, and to a lesser extent higher revenue from processing services and quotation data fees.
- Total expenses increased by 14% in 2006 when compared with 2005. The increase was primarily due to higher compensation and benefits costs as well as increased technology spending resulting from capacity expansion and processing speed enhancements. Higher rates on licensed Standard & Poor's (S&P) and The Nasdaq Stock Market, Inc. (NASDAQ) products and increased professional and outside services fees also contributed to the increase in expenses.
- Operating margin, which we define as operating income expressed as a percentage of total revenues, increased to 57% in 2006 from 54% in 2005 as the growth of operating revenue outpaced increases in operating expenses.
- Cash earnings increased by approximately $111.0 million to $402.8 million for 2006 compared with 2005. We have included a reconciliation of cash earnings, a non-GAAP measure, in Liquidity and Capital Resources.

Revenues

(dollars in millions)	2006	2005	Increase (Decrease)
Clearing and transaction fees	$ 866.1	$696.2	24%
Processing services	90.1	68.7	31
Quotation data fees	80.8	71.7	13
Access fees	20.2	18.9	7
Communication fees	8.6	9.0	(4)
Other	24.1	25.3	(4)
Total Revenues	$1,089.9	$889.8	22

Revenue Highlights. Revenues grew in 2006 primarily due to the following:

- Enhanced technology, growing distribution, uncertainty surrounding interest rates and occasional daily volatility in the equity market contributed to growth in trading volume in all product lines resulting in a 24% increase in clearing and transaction fees during 2006;
- Greater trading volumes at CBOT and our new agreement to list NYMEX products on the CME Globex platform resulted in increased processing services revenue; and
- Increased monthly subscriber fees, which became effective January 1, 2006, contributed to an increase in quotation data fees for the year.

Clearing and Transaction Fees. The increase was due to trading volume growth partially offset by a decrease in the average rate per contract. The following table summarizes average daily trading volume (in thousands) and revenue. All amounts exclude TRAKRS, CME Auction Markets and Swapstream products.

	2006	2005	Increase
CME Product Line Volume:			
Interest rate	3,078	2,380	29%
Equity[(1)]	1,734	1,389	25
Foreign exchange	453	334	35
Commodity and alternative investment [(1)]	78	55	41
Total Average Daily Volume	5,343	4,158	28
CME Globex Volume	3,808	2,895	31
CME Globex Volume as a Percentage of Total Volume	71%	70%	
Clearing and Transaction Fees (in millions)	$864.4	$695.7	
Average Rate per Contract	$0.645	$0.664	

(1) CME weather and Goldman Sachs Commodity Index products are included in commodities and alternative investments rather than equities beginning in 2006. Prior period amounts have been adjusted to conform to the current year presentation.

- *Volume*

  In 2006, our volume surpassed one billion contracts traded for the second consecutive year driven by growth of 25% or more in all product lines. Technology enhancements, including the migration of our CME Globex trading platform to new Hewlett Packard Integrity NonStop servers that incorporate Intel Itanium processors, significantly increased trade-matching speed which reduced our average response time on transactions and resulted in increased usage by automated trading systems. Growth in hedge funds, interest rate uncertainty and occasional daily volatility in equity markets also contributed to trading volume growth.

Interest Rate Products

Interest rate product volume increased in 2006 primarily due to uncertain market expectations surrounding interest rates, including those created by changes in Federal Reserve monetary policy, expansion in the use of our electronic trading platform as a result of technological enhancement and increased use of automated trading systems. The volume of interest rate products traded electronically increased by 34% to 1.8 million contracts per day in 2006. Secular trends favoring the trading of derivative products also contributed to the increase in volume.

The average daily volume of CME Eurodollar options, which are traded predominantly through open outcry, increased by 44% to 1.1 million contracts in 2006. In conjunction with the increase in Eurodollar options volume, the average daily volume of CME Eurodollar options traded electronically also increased to 77,000 contracts in 2006 from 28,000 contracts in 2005. In April 2006, we launched a new incentive program to increase electronic trading of CME Eurodollar options. The program, which was initially effective through December 2006, has been extended through June 2007. The program provides a reduced fee schedule for customers meeting percentage thresholds for electronic trading of CME Eurodollar options.

Equity Products

The increase in equity product volume for the year was primarily due to technological enhancements, increased usage of equity option products, occasional significant daily fluctuations in stock market volatility, as measured by the CBOE Volatility Index, and efforts to attract new customers.

Average daily volume of our E-mini equity products increased by 25% to 1.6 million contracts in 2006 compared with 2005. In particular, E-mini S&P 500 volume increased 27% to 1.1 million contracts. Volume for our electronically traded E-mini equity options increased to 45,000 contracts per day in 2006 from 18,000 contracts per day in 2005.

Foreign Exchange Products

In December 2006, foreign exchange volume set a monthly volume record with 621,000 contracts traded per day. The increase in trading of foreign exchange products resulted from the previously mentioned technological enhancements which facilitated faster execution of trades, additional liquidity and fee incentive programs, including those specifically targeted to attract commodity trading advisors and large hedge funds. In 2006, 88% of our foreign exchange volume traded through the CME Globex platform compared with 81% during 2005.

Commodity and Alternative Investment Products

Trading in commodity and alternative investment products increased as a result of the growing appeal of commodities as an asset class, which has attracted additional trading activity in live cattle and lean hog products.

- Average Rate Per Contract

The impact of the 28% increase in average daily trading volume during 2006 was partially offset by a decrease in the average rate, or revenue, per contract. In 2006, the average rate per contract decreased 3%, to $0.645 from $0.664 in 2005, primarily due to the following factors:

- Incentives and discounts increased as a result of volume growth, reducing the average rate per contract by $0.021;
- The number of inactive clearing firms and trading volume from automated trading systems that receive lower-priced member rates increased resulting in a slight rise in the percentage of trades executed by member customers to 80% of total volume from 79% in 2005;
- Higher-priced privately negotiated trades, as a percentage of total volume, decreased to 1.0% during 2006 compared with 1.2% in 2005; and

- The average daily volume of CME Eurodollar options traded through open outcry, one of our lowest priced products, increased by 38%. This represented 19% of total volume in 2006 compared with 17% in 2005. Clearing and transaction fees from CME Eurodollar options traded through open outcry averaged $0.33 per contract in 2006 and 2005.

These decreases were partially offset by broad-based pricing increases implemented in August 2005, which contributed incremental revenue of approximately $13.0 million when compared with 2005. Additionally, the rate per contract was favorably impacted by a higher percentage of trades executed through the CME Globex platform for which additional fees are assessed.

A substantial portion of our clearing and transaction fees are billed to our clearing firms. The majority of clearing and transaction fees received from clearing firms represent charges for trades executed on behalf of their customers. We currently have approximately 85 clearing firms. No one firm represented 10% or more of clearing and transaction fees revenue in 2006. Should a clearing firm discontinue operations, 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 earned from any particular firm.

Processing Services. Revenue increased primarily as a result of increased trading volume at CBOT and higher volume executed on the CME Globex platform under our new agreement with NYMEX.

CBOT's average daily trading volume was 3.2 million contracts for 2006, an increase of 20% over the 2.7 million contracts traded in 2005. Increased volume at CBOT generated incremental revenue of $11.6 million in 2006.

Revenue from services provided to NYMEX increased by $9.8 million in 2006 when compared with 2005. Our prior agreement with NYMEX ended in November 2005. Trading under our new 10-year agreement began in June 2006. The new agreement added metals futures products and expanded the number of energy futures products, including the addition of physically delivered WTI futures products, which we now list for NYMEX on the CME Globex platform. As a result, the average daily volume of NYMEX electronic trading increased significantly on our platform during 2006.

Quotation Data Fees. The growth in revenue resulted primarily from a fee increase that was implemented on January 1, 2006. Users of our basic service paid $40 per month for each market data screen, or device in 2006. The monthly charge in effect during 2005 was $35. This higher rate contributed to a $10.4 million increase in subscriber fees for 2006 compared with 2005 and was partially offset by a $1.5 million decrease in assessments, which result from our periodic audits of usage data previously provided by our customers.

During 2006, approximately 55% of our quotation data fees revenue was generated from the two largest resellers of our market data. Despite this concentration, we do not believe we are exposed to a significant risk of revenue loss. In the event one of these vendors no longer subscribed to our market data, we believe the majority of the vendor's customers would likely subscribe to our market data through another reseller.

Effective January 1, 2007, users of our basic service will pay $50 per month for each market data screen, or device.

Access Fees. Growth in revenue resulted from the expiration, in July 2006, of an incentive program to encourage our customers to switch to a higher bandwidth connection.

Expenses

(dollars in millions)	2006	2005	Increase
Compensation and benefits	$203.0	$179.6	13%
Communications	31.6	31.1	2
Technology support services	31.2	26.8	16
Professional fees and outside services	34.3	26.8	28
Depreciation and amortization	72.8	64.9	12
Occupancy	29.6	28.5	4
Licensing and other fee agreements	25.7	18.0	43
Marketing, advertising and public relations	16.7	13.3	26
Other	24.2	23.1	5
Total Expenses	$469.1	$412.1	14

Expense Highlights. Increases in total expenses for 2006 were primarily driven by the following factors:

- Compensation and benefits expense increased due to growth in average headcount as well as annual salary raises and the rising costs of related benefits, incentive pay and stock-based compensation;
- Depreciation and amortization, as well as greater technological support services expense, grew as a result of ongoing investments in equipment and software to expand our infrastructure and improve processing speed;
- Licensing rates increased due to the full year impact of our exclusive licensing agreements with NASDAQ and S&P, which were renegotiated and extended in 2005. These rate increases combined with volume growth in these licensed products resulted in increased licensing fees; and
- Professional fees associated with additional exploration of business expansion opportunities and ongoing litigation resulted in increased expenses of this nature. Various technology initiatives also contributed to an increase in professional fees.

In 2007, we expect operating expenses to total $530.0 to $540.0 million. This includes Swapstream-related expenditures, merger-related planning costs, and costs associated with agreements to provide various services to FXMS.

Compensation and Benefits. The increase in compensation and benefits expense during 2006 relative to 2005 consisted primarily of the following:

(dollars in millions)	Increase (Decrease)
Average headcount	$ 9.8
Net annual salary increases and changes in benefits and employer taxes	7.4
Bonus	4.3
Stock-based compensation	3.8
Capitalization for software development and reimbursable design costs	(3.6)

- Average headcount increased by 7%, or 87 employees, in 2006 compared with 2005 primarily as a result of increased hiring to support technology initiatives. Our acquisition of Swapstream, which was completed in August 2006, also contributed to the increase in average headcount for the year. As of December 31, 2006, we had 1,430 employees.
- Bonus expense accrued under the provisions of our annual incentive plan increased primarily due to growth in our employee headcount and salary increases for existing employees.
- Stock-based compensation increased primarily as a result of additional expense from options granted in June 2006 and the full impact in 2006 of the expense related to the June 2005 grant. In addition, the fair value per share of options granted in June 2006 increased when compared with the fair value of options granted in June 2005.

- Increases were partially offset by increased capitalization of compensation and benefits expense relating to software development. The increase in capitalized software costs resulted primarily from development needed to provide trading and other services to FXMS, our new joint venture with Reuters Group PLC.

Technology Support Services. We experienced growth of 20% in the average number of transactions processed electronically during 2006 when compared with 2005. As a result of the continued growth in transactions processed, additional maintenance and service contracts were required to support increases in hardware and software purchases.

Professional Fees and Outside Services. Legal fees increased $4.1 million in 2006 when compared with 2005 due primarily to the structuring and establishment of FXMS and litigation costs related to the ongoing antitrust lawsuit filed by Eurex U.S. in 2003.

In addition, other professional fees increased $3.4 million in 2006 primarily due to the use of consulting services to support several clearing and trading systems projects as well as enhancements to the CME Globex platform's functionality, including its ability to execute complex options trading strategies. During the fourth quarter, merger-related integration planning also contributed to an increase in professional fees. We expect merger-related integration planning to continue throughout 2007.

Depreciation and Amortization. During the second quarter of 2006, we began an 18-month process of migrating the electronic trading of products to new Hewlett Packard Integrity NonStop servers that incorporate Intel Itanium processors. As a result of the migration, we reassessed and shortened the estimated useful lives on our existing processors which resulted in additional depreciation expense of $1.9 million in 2006 when compared with 2005. In addition, depreciation and amortization of 2005 and 2006 property additions exceeded the depreciation and amortization of assets that have become fully depreciated or retired since January 1, 2005, resulting in an increase in 2006 depreciation and amortization expense.

Property additions for 2006 and 2005 are summarized below. Technology-related assets include purchases of computers and related equipment, software, the cost of developing internal use software and costs associated with the expansion of our data centers.

(dollars in millions)	2006	2005
Total property additions	$88.2	$87.6
Technology-related assets as a percentage of total additions	90%	91%

Occupancy. We entered into two new leases for additional space in Chicago and London during 2006. The Chicago lease, which began in August 2006, will provide us with an opportunity to reorganize and maximize the utilization of our facilities in the downtown area. The London lease, which began in November 2006, will allow us to consolidate our existing London office with Swapstream's facilities. The new leases resulted in additional rent expense of $1.1 million in 2006.

Licensing and Other Fee Agreements. A large portion of the increase in this expense was attributable to an increase in licensing rates for S&P E-mini products and, to a lesser extent, NASDAQ E-mini products. Rate increases went into effect in June 2005 for NASDAQ products and September 2005 for S&P products in return for extending our exclusive rights to offer these products. Renegotiated licensing rates resulted in $6.5 million of incremental expense compared with 2005. Also, higher average daily trading volume for licensed products resulted in additional expense of $2.4 million in 2006. Higher volumes were primarily attributable to S&P 500 and NASDAQ 100 E-mini products.

These increases in expense were partially offset by a $0.9 million decrease in fees paid to market maker program participants. The reduction in market maker fees was primarily due to the expiration of the Russell 1000 program in December 2005.

Effective February 5, 2007, our Eurodollar fee sharing agreement with SGX will terminate resulting in an estimated decrease in expense of approximately $3.3 million in 2007.

Marketing, Advertising, and Public Relations. In 2006, this expense increased primarily as a result of the preparation for and launch of a new global brand advertising campaign. The promotion of new products and production of CME's quarterly magazine, which launched in the third quarter of 2005, also contributed to an increase in expense.

Non-Operating Income and Expense

(dollars in millions)	2006	2005	Increase
Investment income	$ 55.8	$ 31.4	77%
Securities lending interest income	94.0	58.7	60
Securities lending interest expense	(92.1)	(56.8)	62
Equity in losses of unconsolidated subsidiaries	(6.9)	(2.6)	162
Total Non-Operating	$ 50.8	$ 30.7	65

Investment Income. Rising market interest rates as well as increased funds available for investment resulted in increased investment income in 2006 when compared with 2005. Increases in investment income were partially offset by an increase in tax-advantaged investments, as a percentage of the total portfolio, during 2006. The annualized average rate of return and average investment balance indicated in the table below include short-term investments classified as cash and cash equivalents, marketable securities and clearing firms' cash performance bonds and security deposits, but exclude the first IEFs and our non-qualified deferred compensation plan. Non-qualified deferred compensation plan earnings are excluded from this analysis as there is an equal and offsetting amount in compensation and benefits expense.

(dollars in millions)	2006	2005	Increase
Annualized average rate of return	4.28%	2.99%	1.29%
Average investment balance	$1,258	$ 952	$ 306
Increase in investment income due to rate change			$ 16.2
Increase in investment income due to balance change			9.2

Increases due to rate and balance changes were partially offset by a decrease of $1.9 million resulting from the discontinuance of the first IEFs in December 2005.

Securities Lending Interest Income and Expense. The average daily balance of funds available for lending increased during 2006 relative to 2005. This was primarily the result of a policy change effective October 1, 2005 that increased the amount of securities available for lending to 70% from 50% of total eligible securities.

(dollars in billions)	2006	2005	Increase (Decrease)
Average daily balance of funds invested	$ 1.9	$ 1.8	$ 0.1
Annualized average rate earned	5.01%	3.34%	1.67%
Annualized average rate paid	4.91	3.23	1.68
Net earned from securities lending	0.10	0.11	(0.01)

Equity in Losses of Unconsolidated Subsidiaries. This includes $6.1 million of losses from our investment in FXMS, which was formed in July 2006, as well as our proportionate share of losses from OneChicago.

Income Tax Provision

In 2006, the effective tax rate decreased from 39.6% to 39.4% when compared with 2005. The decrease is due primarily to increased investments in tax-advantaged securities, the impact of which was partially offset by the effect of a valuation allowance for the net operating losses generated by our Swapstream operations subsequent to the acquisition in August 2006.

RESULTS OF OPERATIONS FOR 2005 COMPARED WITH 2004

2005 Financial Highlights

- Total revenues increased by 23% to $889.8 million driven primarily by increases in clearing and transaction fees, processing services and quotation data fees.
- Total expenses increased by 13% to $412.1 million due primarily to technology spending related to additional functionality and capacity.
- Growth in revenues exceeded increases in expenses resulting in an increase in our operating margin to 54% from 49% in 2004. Operating margin is defined as operating income expressed as a percentage of total revenues.
- Total property additions increased to $87.6 million primarily due to continued investments in capacity related to transaction growth and additional functionality.
- Working capital, defined as current assets less current liabilities, grew by $280.9 million.

Revenues

(dollars in millions)	2005	2004	Increase (Decrease)
Clearing and transaction fees	$696.2	$553.0	26%
Processing services	68.7	55.9	23
Quotation data fees	71.7	60.9	18
Access fees	18.9	16.4	15
Communication fees	9.0	10.0	(11)
Other	25.3	25.4	—
Total Revenues	$889.8	$721.6	23

Revenue Highlights. Total revenues increased by 23% primarily as a result of the following factors:

- Clearing and transaction fees increased by $143.2 million due primarily to a 34% increase in average daily trading volume.
- Trading volume executed through CME Globex increased for all major product lines.
- Processing services totaled $68.7 million, an increase of $12.7 million, primarily due to volume increases at CBOT and NYMEX.
- Quotation data fees increased by $10.8 million primarily as a result of a fee increase.

Clearing and Transaction Fees. A significant portion of the increase in clearing and transaction fees in 2005 was attributable to the 34% increase in average daily trading volume. In 2005, we set annual volume records in our four major product lines and, for the first time ever, the total annual volume of our products surpassed one billion contracts compared with our previous record of 787 million contracts in 2004. In addition, there was an increase in the percentage of trading volume executed through the CME Globex platform. In 2005, CME Globex volume was 70% of average daily trading volume, compared with 57% during 2004. All of our product lines experienced growth in CME Globex volume during 2005 when compared with 2004.

The following table summarizes average daily trading volume (in thousands) and revenue. All amounts exclude TRAKRS and auction-traded products.

	2005	2004	Increase
CME Product Line Volume:			
Interest rate	2,380	1,705	40%
Equity[1]	1,389	1,161	20
Foreign exchange	334	202	65
Commodity and alternative investment [1]	55	43	29
Total Average Daily Volume	4,158	3,111	34
CME Globex Volume	2,895	1,786	62
CME Globex Volume as a Percentage of Total Volume	70%	57%	
Clearing and Transaction Fees (in millions)	$695.7	$552.6	
Average Rate per Contract	$0.664	$0.702	

(1) CME weather and Goldman Sachs Commodity Index products are included in commodities and alternative investments rather than equities beginning in 2006. Prior period amounts have been adjusted to conform to the current year presentation.

- *Volume*

Interest Rate Products

We experienced an increase in our interest rate volume in 2005 compared with 2004 due to the following factors:

- Expansion in the use of our electronic trading platform as a result of technological enhancements;
- Rising short-term interest rates and periods of heightened volatility in the equity markets, although overall implied volatility was lower than in 2004;
- Increased volume by European market participants due to higher relative volatility in the U.S. compared to the Eurozone;
- Increased utilization of competitive fee programs designed to encourage the participation of market makers and global proprietary trading firms; and
- The appeal of tiered pricing provided to high volume traders.

The average daily volume of interest rate products traded electronically increased from 594,000 contracts in 2004 to 1.3 million contracts in 2005 with 57% of interest rate volume executed on the CME Globex platform compared with 35% in 2004.

Equity Products

Trading volume for our equity products increased primarily as a result of the continued growth in our CME E-mini products due to increased distribution to new users. This was achieved despite volatility in the U.S. equity markets that was 17% lower in 2005 when compared with 2004 as measured by the CBOE Volatility Index. During 2005, average daily volume of CME E-mini products increased by 21% to 1.3 million contracts when compared with 2004. The strongest growth in average daily volume occurred in CME E-mini S&P 500 futures, which increased by 0.2 million contracts, CME E-mini Russell 2000 futures and CME E-mini S&P MidCap 400 futures. We also experienced growth in our E-mini equity option products.

Foreign Exchange Products

Our foreign exchange volume has benefited from increased demand from automated trading systems, driven primarily by technology enhancements that allow faster execution. We also experienced volume growth from commodity trading advisors and large hedge funds as a result of initiatives implemented in 2005. Fee incentive programs initiated during the second quarter of 2004 also resulted in increased trading on the CME Globex platform. In 2005, 81% of our foreign exchange volume was executed through CME Globex compared with 66% in 2004.

- *Average Rate Per Contract*

Partially offsetting the impact of the increase in trading volume on revenue was a decrease in the average rate, or revenue, per contract. The average rate per contract decreased to $0.664 for 2005 from $0.702 in 2004 primarily due to the following factors:

- An increase in the percentage of trades by member customers reduced the rate per contract. As a result of a decrease in the capital investment required to become a clearing firm, which became effective October 1, 2004, there was an increase in the number of inactive clearing firms that are charged member rates. During 2005, we also implemented a program to allow multiple hedge funds within the same fund group to receive member rates.
- Growth in interest rate, equity and foreign exchange trading volume, as a result of the appeal of our competitive fee programs, as well as increased participation of market makers, resulted in higher incentives and discounts, which further reduced the average rate per contract by $0.037 in 2005.
- Our mutual offset agreement with SGX, whereby there is a net settlement for trades executed by the originating exchange but transferred to the other exchange, had an unfavorable impact on the average rate per contract of $0.005 in 2005.
- These decreases were partially offset by the higher percentage of trades on the CME Globex platform for all product lines, for which additional fees are assessed.
- Finally, rate increases effective August 1, 2005, contributed additional revenue of approximately $7.0 million and resulted in a modest increase to the overall average rate per contract of $0.007, which partially offset other factors that resulted in the lower average rate per contract in 2005.

In addition to the change in the rate structure in 2005, we also extended the European and Asian incentive programs and the electronic corporate membership program through December 31, 2006. In 2005, we implemented two one-year incentive programs designed to attract large hedge funds and commodity trading advisors to our foreign exchange markets. We also launched a new emerging markets partner program to support the geographic expansion of European and U.S.-based proprietary trading firms and trading arcades into developing trading centers. This two-year program provides fee waivers for new users of our electronic markets in qualified regions around the world.

Processing Services. The increase was primarily the result of increased volume at CBOT as well as the expiration of lower initial pricing for that service that was in effect during much of 2004. We cleared 675 million CBOT contracts during 2005 compared with 600 million contracts during 2004. In addition, we earned $3.8 million in incremental revenue from our agreement with NYMEX due to increased trading volume and related increased fees for these trades. Trading volume related to NYMEX increased to 5.2 million contracts in 2005 from 0.9 million contracts in 2004. Our agreement with NYMEX expired and we stopped listing NYMEX products on the CME Globex platform as of November 18, 2005. We entered into a new agreement with NYMEX in June 2006.

Quotation Data Fees. The increase in quotation data fees resulted primarily from the rate change that was implemented on January 1, 2005. Users of our basic service pay $35 per month for each market data screen, or device, an increase from the $30 per month charge that was in effect during 2004. In addition, there was an increase of $0.9 million related to assessments resulting from our periodic audits of the usage data provided by our customers.

Access Fees. The increase in access fees was attributed primarily to CME Globex users converting to higher bandwidth connections, at a higher fee beginning in the third quarter of 2004.

Communication Fees. Communication fees decreased primarily as a result of reduced demand for communication devices and services on the trading floor accompanied by a decrease in demand by our building tenants.

Expenses

(dollars in millions)	2005	2004	Increase (Decrease)
Compensation and benefits	$179.6	$164.8	9%
Communications	31.1	27.0	15
Technology support services	26.8	21.3	26
Professional fees and outside services	26.8	25.0	8
Depreciation and amortization	64.9	53.4	22
Occupancy	28.5	27.2	5
Licensing and other fee agreements	18.0	12.2	47
Marketing, advertising and public relations	13.3	11.0	21
Other	23.1	24.2	(5)
Total Expenses	$412.1	$366.1	13

Expense Highlights. While there was a 23% increase in total revenues in 2005, total expenses increased by 13% driven primarily by the following factors:

- Compensation and benefits increased as a result of annual salary and related benefit increases, a 3% increase in average headcount and increases in stock-based compensation.
- We renegotiated and extended the exclusivity of our licensing agreements with NASDAQ and S&P. As a result, expenses for licensing and other fee arrangements increased primarily due to the increased fees payable under these agreements.
- A 39% increase in transactions processed electronically resulted in increased technology support services expense.
- We continued to add to and improve our data centers resulting in an increase in depreciation and amortization of $11.5 million over 2004.
- Initiatives to expand product-specific marketing and to rebrand existing marketing and advertising materials contributed to an increase in marketing, advertising and public relations.

Compensation and Benefits. Although there are a number of factors that affected compensation and benefits, the primary drivers of the increase were:

- Annual salary increases and related increases in employer taxes and benefits resulted in approximately $7.2 million of additional expense during 2005 when compared with 2004.
- The average number of employees increased approximately 3%, or by 42 employees, to 1,296 in 2005 from 1,254 in 2004. We had 1,321 employees at December 31, 2005. This increased headcount resulted in additional compensation and benefits, excluding bonuses, of approximately $4.6 million.
- Stock-based compensation increased $4.8 million to $12.6 million in 2005 from $7.8 million in 2004. This increase resulted primarily from an increase in the fair value per share of options granted in 2005. The higher fair value was driven primarily by the increase in our stock price.
- We experienced a $1.5 million increase in capitalized compensation and benefits that relates to development of internal use software, thereby reducing the amount of compensation and benefits that was expensed in 2005.

Communications. During 2005, we experienced greater communications expense of $4.4 million. This increase is related to a number of items including, but not limited to, expansion of our international communications hubs in Europe and Asia. We now have seven hubs in Europe and one in Asia. In addition, our bandwidth upgrades for customers, increased connections for new CME Globex users and additional bandwidth now provided between our main location and our remote data centers also contributed to the increase in communications expense.

Technology support services. The number of transactions we processed electronically increased approximately 39% in 2005. As a result, additional capital purchases were required to accommodate this growth and our expenses for software, software maintenance and hardware maintenance increased $5.1 million when compared with 2004.

Professional Fees and Outside Services. We incurred $2.5 million in additional professional fees, net of amounts capitalized for internally developed software, that related primarily to our technology initiatives, including integration of enhanced options trading functionality onto the CME Globex platform and implementation of new mass quoting functionality for certain foreign exchange and equity option products. Partially offsetting this increase was a decrease of $0.7 million in other professional fees and outside services, primarily due to reduced legal fees and recruiting expenses.

Depreciation and Amortization. This increase was the result of depreciation and amortization of 2005 asset acquisitions exceeding the depreciation and amortization of assets that have become fully depreciated or retired since December 31, 2004. The main components of the 2005 asset additions were technology equipment and leasehold improvements to our remote data centers. Also, a greater portion of our fixed assets are now depreciating over shorter lives. This change became effective January 1, 2004 when the estimated useful lives of new technology equipment purchases were reduced from four to three years and new personal computer purchases were reduced from three to two years.

Property additions for 2005 and 2004 are summarized below. Technology-related assets include purchases of computers and related equipment, software, the cost of developing internal use software and costs associated with the build-out of our data centers.

(dollars in millions)	2005	2004
Total property additions	$87.6	$67.5
Technology-related assets as a percentage of total additions	91%	86%

Licensing and Other Fee Agreements. The increase resulted primarily from $3.5 million in additional license fees in 2005 when compared with 2004 as a result of increased licensing rates for certain of our equity products and increased trading volume. The NASDAQ and S&P licensing agreements were renegotiated in April 2005 and September 2005, respectively. Rates increased for these licensing agreements as a result of the renegotiations in return for an extension of exclusivity. Additionally, we incurred $2.3 million of incremental expense related to our revenue sharing agreements with SGX and market makers designated for certain products. The SGX increase resulted from the growth in electronic trading of CME Eurodollar contracts after our regular floor trading hours.

Marketing, Advertising and Public Relations. The increase in marketing, advertising and public relations expense is attributable to increased product-specific marketing especially for our foreign exchange products, the launch of *CME Magazine* and rebranding of brochures and direct marketing materials. During 2005, we also incurred $0.4 million of expense related to a donation for hurricane relief. There was no similar expense in 2004.

Non-Operating Income and Expense

(dollars in millions)	2005	2004	Increase (Decrease)
Investment income	$ 31.4	$ 14.5	117%
Securities lending interest income	58.7	20.3	n.m.
Securities lending interest expense	(56.8)	(19.0)	n.m.
Equity in losses of unconsolidated subsidiaries	(2.6)	(3.6)	(27)
Total Non-Operating	$ 30.7	$ 12.2	151

n.m. not meaningful

Investment Income. The increase is primarily a result of interest rate increases in the marketplace. Also, funds available for investment continued to increase in large part due to growth in net income.

(dollars in millions)	2005	2004	Increase
Annualized average rate of return	2.99%	1.63%	1.36%
Average investment balance	$ 952	$ 689	$ 263
Increase in investment income due to rate change			$ 12.9
Increase in investment income due to balance change			4.4

Offsetting these increases was a $0.4 million decrease in IEF interest income and other investment income. The first IEFs were included in our consolidated financial statements until they were discontinued in December 2005.

Securities Lending Interest Income and Expense. In October 2005, we increased the amount of eligible securities available for lending to 70% from 50%. In addition, throughout 2005 the balance of firm securities held that were eligible for securities lending increased. Both of these items, as well as the continued increase in interest rates by the Federal Open Market Committee of the Federal Reserve, had a significant impact on securities lending interest year over year.

(dollars in billions)	2005	2004	Increase
Average daily balance of funds invested	$ 1.8	$ 1.4	$ 0.4
Annualized average rate earned	3.34%	1.46%	1.88%
Annualized average rate paid	3.23	1.37	1.86
Net earned from securities lending	0.11	0.09	0.02

Income Tax Provision

The effective tax rate was 39.6% for 2005 compared with 40.3% for 2004. The effective tax rate declined as a result of an increase in tax-advantaged investments and the favorable resolution of certain tax audit issues.

LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Historically, we have met our funding requirements from operations. If operations do not provide sufficient funds to meet capital expenditure requirements, cash and cash equivalents or marketable securities can be reduced to provide the needed funds, assets can be acquired through capital leases, or we can issue debt. In addition, we believe we can fund any pending or potential future acquisitions with internally available cash, debt financing or the issuance of equity securities.

On October 17, 2006, we entered into an agreement and plan of merger with CBOT Holdings, Inc. This proposed merger is subject to an affirmative vote by CME Holdings' and CBOT Holdings' stockholders and CBOT members, normal regulatory approvals and other closing conditions. Pursuant to the terms of the agreement, CBOT Holdings' shareholders will have the right to receive 0.3006 shares of CME Holdings Class A common stock per share of CBOT Holdings Class A common stock or to elect an amount in cash equal to the value of the exchange ratio based on a ten day average of closing prices of our Class A common stock at the time of the merger. However, the maximum amount of cash available for all CBOT Holdings' shareholders is $3.0 billion. Upon the closing of the transaction, which is expected to occur in mid-2007, we will need up to approximately $3.1 billion to purchase the shares of CBOT Holdings' shareholders electing to receive cash and to pay estimated fees and expenses related to the transaction. We expect to fund the transaction with cash and cash equivalents, proceeds from expected maturities of our marketable securities and various short- and long-term debt facilities as needed based on the amount of the cash election made by CBOT Holdings' shareholders. If either CME Holdings or CBOT Holdings were to terminate the merger agreement, the terminating party may be required to pay the other party a termination fee of $240.0 million and to reimburse the other party for expenses up to $6.0 million.

Cash will also be required for operating leases and non-cancelable purchase obligations as well as commitments reflected as liabilities on our consolidated balance sheet at December 31, 2006. These commitments are as follows (in thousands):

Year	Operating Leases	Purchase Obligations	Other Liabilities	Total
2007	$ 14,270	$ 25,975	$ 2,085	$ 42,330
2008-2009	24,301	12,892	—	37,193
2010-2011	15,637	5,015	—	20,652
Thereafter	67,972	10,407	—	78,379
Total	$122,180	$ 54,289	$ 2,085	$178,554

Future operating lease commitments at December 31, 2006 increased from year-end 2005 primarily as a result of two new operating leases to obtain additional office space in Chicago and London.

Future capital expenditures for technology are anticipated as we continue to invest in increased system capacity and performance and pursue technological initiatives on our electronic trading platform, such as: implementation of additional functionality for CME Eurodollar and foreign exchange options; increased functionality for more user defined spreads; and other facilitation of options and futures trading. Each year capital expenditures are incurred for improvements throughout our central location and our remote data centers. Capital expenditures also are incurred for improvements to our trading floor facilities, offices, telecommunications capabilities and other operating equipment. We expect 2007 capital expenditures to total approximately $110.0 million, excluding leasehold improvements for our new office space that will be funded with landlord allowances. Anticipated capital expenditures for 2007 include approximately $20.0 million of data center build-out costs related to our pending merger with and integration of CBOT Holdings.

We intend to continue to pay regular quarterly dividends to our shareholders. In 2006, our annual dividend target remained at approximately 30% of the 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. On January 31, 2007, the Board of Directors declared a regular quarterly dividend of $0.86 per share payable on March 26, 2007 to shareholders of record on March 9, 2007. Assuming no changes in the number of shares outstanding, the March 2007 dividend payment will total approximately $30.0 million.

Sources and Uses of Cash

Net cash provided by operating activities was $471.7 million for 2006 and $348.2 million for 2005. The net cash provided by operations increased primarily as a result of our improved operating results. This increase was partially offset by an increase in accounts receivable and deferred taxes. The net cash provided by operating activities exceeded our net income in 2006 and 2005 primarily as a result of non-cash expenses, such as depreciation and amortization, which do not adversely affect our cash flow.

Cash used in investing activities was $85.9 million for 2006 compared with $82.3 million for 2005. Even though there was a reduction of $40.4 million in the purchases of marketable securities in 2006, additional cash was used for the purchase of Swapstream and the investment in FXMS, which were $17.7 million and $13.9 million, respectively. These factors resulted in a slight increase in cash used of $3.5 million.

Property additions include capital expenditures of purchased and internally developed software and leasehold improvements, including those acquired with lease allowances. Property additions in 2006 include leasehold improvements of $8.0 million related to the expansion of our remote data centers, $7.3 million related to the remodeling of the office space at our main location and $0.5

million related to remodeling of our new office space in Chicago. Property additions in 2005 included leasehold improvements of $22.8 million related to the expansion of our remote data centers and $5.8 million related to the remodeling of the office space at our main location.

Technology-related assets include purchases of computers and related equipment software, the cost of developing internal use software and costs associated with the build-out and expansion of our data centers. Technology-related additions increased $0.2 million to $79.7 million in 2006 from $79.5 million in 2005. These additions related primarily to expanding capacity to accommodate the growth in electronic trading on the CME Globex platform, clearing trades for CBOT, listing trades for NYMEX, improving speed and reliability in our systems and implementing other system enhancements.

Cash used in financing activities was $27.2 million in 2006 compared with $12.6 million in 2005. The increase was primarily due to the $24.2 million increase in dividends paid. Dividends totaled $87.5 million in 2006 compared with $63.3 million in 2005. The increase resulted primarily from our improved prior year's cash earnings, which is the basis used to determine the amount of the current year's dividend. Partially offsetting this increase was an increase of $8.5 million in proceeds from options exercised.

Debt Instruments

We maintain a line of credit with a consortium of banks to be used in certain situations, such as disruption in the domestic payment system that would delay settlement between our exchange and our clearing firms or in the event of a clearing firm default. In order to ensure that the facility would operate as intended, CME periodically draws down nominal amounts of funds against the letter of credit, and immediately repays the amounts borrowed. On October 13, 2006, the line of credit was renewed and the amount of the revolving line of credit was increased from $750.0 million to $800.0 million, with terms substantially the same as the expiring line of credit. We have the option to request an increase to the facility from $800.0 million to $1.0 billion at the time of a draw, subject to the approval of the participating banks. 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 and any performance bond deposits of the defaulting firm. The line of credit can only be drawn on to the extent it is collateralized. Collateral available and on deposit was $1.2 billion at December 31, 2006.

In October 2005, we approved the use of CME-owned U.S. Treasury securities as performance bond collateral in lieu of, or in combination with, irrevocable letters of credit for our mutual offset agreement with SGX. We can pledge U.S. Treasury securities up to a maximum of $100.0 million measured as the aggregate fair value at the time of the most recent collateral adjustment. At December 31, 2006, we were contingently liable on irrevocable letters of credit totaling $19.0 million and had pledged securities with a fair value of $100.7 million.

CME also guarantees a $5.0 million standby letter of credit for GFX. The beneficiary of the letter of credit is the clearing firm that is used by GFX to execute and maintain its futures positions. The letter of credit will be utilized in the event that GFX defaults in meeting performance bond requirements to its clearing firm. In the unlikely event of a payment default by GFX, GFX's performance bond deposits would first be used to cover any deficit. If this amount is not sufficient, the letter of credit would be used, and finally CME would guarantee the remaining deficit, if any.

Off-Balance Sheet Arrangements

As of December 31, 2006, we did not have any significant off-balance sheet arrangements as defined by the regulations of the Securities and Exchange Commission.

Liquidity and Cash Management

Cash and cash equivalents totaled $969.5 million at December 31, 2006 compared with $610.9 million at December 31, 2005. The balance retained in cash and cash equivalents was a function of anticipated or possible short-term cash needs, prevailing interest rates, our investment policy, alternative investment choices and any dividends that we pay.

Current net deferred tax assets of $7.2 million and $6.4 million are included in other current assets at December 31, 2006 and 2005, respectively. At December 31, 2006 and 2005, non-current net deferred tax assets, which are included in other assets, were $30.9 million and $8.5 million, respectively. Net deferred tax assets result primarily from depreciation and amortization, stock-based compensation and pension costs. Under current tax laws, foreign net operating losses acquired from Swapstream of £4.2 million ($8.0 million as of December 31, 2006) may only be used to offset Swapstream's future taxable income. Total accumulated net operating losses related to Swapstream were valued at $9.2 million as of December 31, 2006. Based on our assessment at December 31, 2006, we do not believe that we are more-likely-than-not to realize the value of acquired and accumulated foreign net operating losses in the future. As a result, the deferred tax benefit arising from these net operating losses has been fully reserved.

Each clearing firm is required to deposit and maintain a specified performance bond balance, which is determined by parameters established by the risk management department of the clearing house and may fluctuate over time. Performance bond requirements can be satisfied with a variety of approved investments and cash. Cash performance bonds and security deposits are included in our consolidated balance sheets. With the exception of the portion of securities deposited that are utilized in our securities lending program, clearing firm deposits, other than those retained in the form of cash, are not included in our consolidated balance sheets. Securities lending transactions utilize a portion of the securities that clearing firms have deposited to satisfy their proprietary performance bond requirements. 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.

Cash performance bonds and security deposits and collateral from securities lending consisted of the following at December 31:

(in millions)	2006	2005
Cash performance bonds	$ 506.0	$ 579.0
Cash security deposits	15.1	12.5
Cross-margin arrangements	0.1	0.6
Total Cash Performance Bonds and Security Deposits	521.2	592.1
Collateral from securities lending activities and payable under securities lending agreements	2,130.2	2,160.9
Total	$2,651.4	$2,753.0

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 marketable 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 total deposits required. Securities, at fair value, and IEF funds were deposited for the following purposes at December 31:

(in millions)	2006	2005
Performance bonds	$47,270.6	$45,809.8
Security deposits	1,250.5	1,236.2
Cross-margin arrangements	273.7	531.7
Total	$48,794.8	$47,577.7

Cash Earnings

Cash earnings, a non-GAAP measure, is the primary metric used by us to measure our financial performance. It is the basis for calculating dividends to shareholders and annual incentive payments to employees. It is calculated as net income plus depreciation and amortization expense, plus tax-effected stock-based compensation, including employee discounts on stock plan purchases, less capital expenditures. The cash earnings amount is calculated as follows (in millions):

(in millions)	2006	2005
Net income	$407.3	$306.9
Depreciation and amortization	72.8	64.9
Stock-based compensation, net of tax of $6.5 million and $5.0 million in 2006 and 2005, respectively	10.0	7.6
Capital expenditures	(87.3)	(87.6)
Cash Earnings	$402.8	291.8

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to various market risks, including those caused by changes in interest rates and foreign currency exchange rates.

Interest Rate Risk. Our investment policy is to preserve principal and liquidity while maximizing return through the investment of available funds. Investments typically include money market mutual funds, municipal securities, and U.S. Treasury and government agency securities with fixed or variable rate terms. Under our investment policy, we monitor 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 control the duration of the portfolio primarily through the purchase of individual marketable securities having a duration consistent with our overall investment policy. In addition, we will generally hold marketable securities to maturity, which will act as a further mitigating factor to interest rate risk. Under our investment policy, the aggregate portfolio duration cannot exceed 24 months.

A change in market interest rates would affect interest income as well as the fair value of investments. All of our investments are carried at fair value. Interest income from short-term cash investments, marketable securities, and cash performance bonds and security deposits was $53.8 million and $28.5 million in 2006 and 2005, respectively. Our marketable securities portfolio experienced a decrease in net unrealized losses of $2.1 million in 2006 and an increase in net unrealized losses of $2.1 million in 2005. There were no realized gains or losses from sales of marketable securities in either period.

Expected maturities and interest coupon rates for marketable securities, all of which were fixed-rate securities, were as follows at December 31, 2006 (dollars in thousands):

Year	Principal Cash Flows	Weighted Average Interest Rate
2007	$173,517	3.77%
2008	80,410	2.34
Total	$253,927	3.32
Fair Value	$250,718	

The 2008 expected maturities include $26.7 million in principal amount of zero coupon marketable securities. Excluding zero coupon securities, the 2008 weighted average interest rate would be 3.51% and the total weighted average interest rate would be 3.71%.

Foreign Exchange Risk. GFX engages primarily in the purchase and sale of our foreign exchange futures contracts on the CME Globex platform to provide additional liquidity in these products. GFX subsequently enters into offsetting transactions using futures contracts or spot foreign exchange transactions with approved counterparties in the interbank market to limit its market risk. Any potential impact on the earnings of GFX from a change in foreign exchange rates would not be significant. Net intraday position limits, which are established for each trader, totaled $12.0 million in aggregate notional value as of December 31, 2006.

At December 31, 2006, GFX held futures positions with a notional value of $111.8 million, offset by a similar amount of spot foreign exchange positions. The notional value of futures positions at December 31, 2005 totaled $106.6 million. All positions are marked to market on a daily basis using our foreign exchange settlement prices, with resulting gain or loss reflected in other revenues. Net trading gains were $7.0 million and $7.6 million for the years ended December 31, 2006 and 2005, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 31, 2006	December 31, 2005
Assets		
Current Assets:		
Cash and cash equivalents	$ 969,504	$ 610,891
Collateral from securities lending	2,130,156	2,160,893
Marketable securities available for sale, including pledged securities of $100,729 and $70,165	250,718	292,862
Accounts receivable, net of allowance of $552 and $828	121,128	84,974
Other current assets	37,566	41,675
Cash performance bonds and security deposits	521,180	592,127
Total current assets	4,030,252	3,783,422
Property, net of accumulated depreciation and amortization of $346,531 and $293,543	168,755	153,329
Other assets	107,498	32,643
Total Assets	$4,306,505	$3,969,394
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	$ 25,552	$ 23,553
Payable under securities lending agreements	2,130,156	2,160,893
Other current liabilities	78,466	53,354
Cash performance bonds and security deposits	521,180	592,127
Total current liabilities	2,755,354	2,829,927
Other liabilities	32,059	20,783
Total Liabilities	2,787,413	2,850,710
Shareholders' Equity:		
Preferred stock, $0.01 par value, 9,860,000 shares authorized, none issued or outstanding	—	—
Series A junior participating preferred stock, $0.01 par value, 140,000 shares authorized, none issued or outstanding	—	—
Class A common stock, $0.01 par value, 138,000,000 shares authorized, 34,835,588 and 34,544,719 shares issued and outstanding as of December 31, 2006 and 2005, respectively	348	345
Class B common stock, $0.01 par value, 3,138 shares authorized, issued and outstanding	—	—
Additional paid-in capital	405,514	324,848
Retained earnings	1,116,209	796,398
Accumulated other comprehensive loss	(2,979)	(2,907)
Total Shareholders' Equity	1,519,092	1,118,684
Total Liabilities and Shareholders' Equity	$4,306,505	$3,969,394

See accompanying notes to consolidated financial statements.

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Year Ended December 31,		
	2006	2005	2004
Revenues			
Clearing and transaction fees	$ 866,089	$696,201	$552,953
Processing services	90,148	68,730	55,882
Quotation data fees	80,836	71,741	60,940
Access fees	20,154	18,866	16,393
Communication fees	8,588	8,964	10,035
Other	24,132	25,264	25,351
Total Revenues	1,089,947	889,766	721,554
Expenses			
Compensation and benefits	202,966	179,594	164,843
Communications	31,580	31,098	27,006
Technology support services	31,226	26,837	21,258
Professional fees and outside services	34,290	26,850	24,955
Depreciation and amortization	72,783	64,917	53,408
Occupancy	29,614	28,529	27,193
Licensing and other fee agreements	25,733	17,982	12,245
Marketing, advertising and public relations	16,740	13,278	10,973
Other	24,160	23,054	24,252
Total Expenses	469,092	412,139	366,133
Operating Income	620,855	477,627	355,421
Non-Operating Income and Expense			
Investment income	55,792	31,441	14,520
Securities lending interest income	94,028	58,725	20,320
Securities lending interest expense	(92,103)	(56,778)	(19,013)
Equity in losses of unconsolidated subsidiaries	(6,915)	(2,636)	(3,592)
Total Non-Operating	50,802	30,752	12,235
Income before Income Taxes	671,657	508,379	367,656
Income tax provision	264,309	201,522	148,101
Net Income	$ 407,348	$306,857	$219,555
Earnings per Weighted Average Common Share:			
Basic	$ 11.74	$ 8.94	$ 6.55
Diluted	11.60	8.81	6.38
Weighted Average Number of Common Shares:			
Basic	34,696	34,315	33,545
Diluted	35,124	34,839	34,411

See accompanying notes to consolidated financial statements.

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands, except share and per share data)

	Class A Common Stock (Shares)	Class B Common Stock (Shares)	Common Stock and Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Gain (Loss)	Total Shareholders' Equity
Balance at December 31, 2003	32,922,061	3,138	$ 194,610	$ 368,312	$ 73	$ 562,995
Comprehensive income:						
Net income				219,555		219,555
Change in net unrealized gain on securities, net of tax of $1,135					(1,668)	(1,668)
Total comprehensive income						217,887
Cash dividends on common stock of $1.04 per share				(35,066)		(35,066)
Exercise of stock options	1,152,255		6,049			6,049
Excess tax benefits from option exercises and restricted stock vesting			52,982			52,982
Vesting of issued restricted Class A common stock	24,307					
Stock-based compensation			7,750			7,750
Balance at December 31, 2004	34,098,623	3,138	$ 261,391	$ 552,801	$ (1,595)	$ 812,597
Comprehensive income:						
Net income				306,857		306,857
Change in net unrealized loss on securities, net of tax of $833					(1,312)	(1,312)
Total comprehensive income						305,545
Cash dividends on common stock of $1.84 per share				(63,260)		(63,260)
Exercise of stock options	417,471		6,956			6,956
Excess tax benefits from option exercises and restricted stock vesting			43,361			43,361
Vesting of issued restricted Class A common stock	25,268					
Shares issued to Board of Directors	2,233		476			476
Shares issued under the Employee Stock Purchase Plan	1,124		373			373
Stock-based compensation			12,636			12,636
Balance at December 31, 2005	34,544,719	3,138	$ 325,193	$ 796,398	$ (2,907)	$ 1,118,684
Comprehensive income:						
Net income				407,348		407,348
Change in net unrealized loss on securities, net of tax of $842					1,276	1,276
Change in foreign currency translation adjustment, net of tax of $284					431	431
Total comprehensive income						409,055
Adjustment to initially adopt SFAS No. 158, net of tax of $1,174					(1,779)	(1,779)
Cash dividends on common stock of $2.52 per share				(87,537)		(87,537)
Sale of membership shares by OneChicago, LLC, net of tax of $1,717			2,603			2,603
Exercise of stock options	278,741		15,422			15,422
Excess tax benefits from option exercises and restricted stock vesting			43,882			43,882
Vesting of issued restricted Class A common stock	6,852					
Shares issued to Board of Directors	3,187		1,393			1,393
Shares issued under the Employee Stock Purchase Plan	2,089		1,010			1,010
Stock-based compensation			16,359			16,359
Balance at December 31, 2006	34,835,588	3,138	$ 405,862	$ 1,116,209	$ (2,979)	$ 1,519,092

See accompanying notes to consolidated financial statements.

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2006	2005	2004
Cash Flows from Operating Activities:			
Net income	$407,348	$306,857	$219,555
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	72,783	64,917	53,408
Stock-based compensation	16,359	12,636	7,750
Amortization of shares issued to Board of Directors	998	318	—
Change in deferred income taxes	(24,847)	(3,245)	4,263
Equity in losses of unconsolidated subsidiaries	6,915	2,636	3,592
Amortization of net premiums on marketable securities	275	2,254	3,159
Amortization of purchased intangibles	1,267	732	361
Loss on disposal of fixed assets	—	676	930
Change in allowance for doubtful accounts	(276)	(261)	223
Change in accounts receivable	(35,878)	(11,634)	(21,922)
Change in other current assets	6,001	(13,727)	1,811
Change in other assets	(10,275)	(5,239)	(781)
Change in accounts payable	1,621	508	(1,645)
Change in other current liabilities	18,129	(9,368)	7,540
Change in other liabilities	11,276	172	(2,420)
Net Cash Provided by Operating Activities	471,696	348,232	275,824
Cash Flows from Investing Activities:			
Purchases of property, net	(87,810)	(85,627)	(67,496)
Proceeds from maturities of marketable securities	73,668	75,231	68,329
Purchases of marketable securities	(29,681)	(70,063)	(120,182)
Acquisition of Swapstream, net of cash received	(17,651)	—	—
Capital contribution to FXMarketSpace Limited	(13,876)	—	—
Merger-related transaction costs	(6,715)	—	—
Acquisition and contingent consideration for Liquidity Direct Technology, LLC	(2,580)	(1,030)	(4,867)
Capital contributions to OneChicago, LLC	(1,215)	(844)	(1,620)
Net Cash Used in Investing Activities	(85,860)	(82,333)	(125,836)
Cash Flows from Financing Activities:			
Cash dividends	(87,537)	(63,260)	(35,066)
Excess tax benefits related to employee option exercises and restricted stock vesting	43,882	43,361	52,982
Proceeds from exercise of stock options	15,422	6,956	6,049
Proceeds from Employee Stock Purchase Plan	1,010	373	—
Payments on long-term debt	—	—	(1,515)
Net Cash (Used in) Provided by Financing Activities	(27,223)	(12,570)	22,450
Net change in cash and cash equivalents	358,613	253,329	172,438
Cash and cash equivalents, beginning of year	610,891	357,562	185,124
Cash and Cash Equivalents, End of Year	$969,504	$610,891	$357,562

Supplemental Disclosure of Cash Flow Information:			
Interest paid (excluding interest for securities lending)	$ —	$ 717	$ 2,096
Income taxes paid	235,886	169,375	84,877
Non-cash investing activities:			
Change in unrealized securities gains (losses)	2,118	(2,145)	(2,803)
Sale of membership shares by OneChicago, LLC	4,320	—	—
Foreign currency translation adjustment	715	—	—
Merger-related transaction costs	5,924	—	—

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 is a designated contract market for the trading of futures and options on futures contracts. Trades are executed through the CME Globex electronic trading platform, open outcry and privately negotiated transactions. Through its in-house Clearing Division, CME clears, settles, nets and guarantees performance of all matched transactions in its products and products for which it provides third-party clearing services.

In 2006, CME Holdings established two additional wholly-owned subsidiaries, CME FX Marketplace Inc. and CME Swaps Marketplace Ltd. CME FX Marketplace Inc. was created to hold an investment in FXMarketSpace Ltd. (FXMS), a joint venture with Reuters Group PLC. CME FX Marketplace Inc. holds a 50% interest in FXMS which is accounted for using the equity method and is included in other assets in the consolidated balance sheets. CME Swaps Marketplace Ltd. was established to hold the Swapstream group of companies acquired in August 2006.

Principles of Consolidation. The consolidated financial statements include the holding company, CME Holdings, and its subsidiaries (collectively, the company). All intercompany transactions have been eliminated in consolidation.

The assets of CME Holdings consist primarily of cash, marketable securities, investments in its subsidiaries, and deferred costs directly related to the pending merger with CBOT Holdings. CME Holdings' liabilities consist primarily of amounts due to CME for income taxes arising from investment income and other expenses.

Reclassifications. Beginning with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, the following income statement categories were reclassified from revenue to non-operating income and expense in the consolidated statements of income: investment income; securities lending interest income and expense; and equity in losses of unconsolidated subsidiaries. The equity in losses of unconsolidated subsidiaries was previously included as part of other revenue. All other items previously appeared separately in the income statement. The presentation of these items has been changed to more closely conform to the Securities and Exchange Commission's Article 5 of Regulation S-X. Certain other reclassifications have been made to the prior years' financial statements to conform to the presentation in 2006.

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 as of 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.

Cash and Cash Equivalents. Cash equivalents consist of money market mutual funds and highly liquid investments with maturities of three months or less at the time of purchase.

Marketable Securities. Marketable securities 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 in accumulated other comprehensive income (loss). 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 realized and unrealized gains and losses as well as dividend income 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.

Accounts Receivable. In the ordinary course of business, a significant portion of accounts receivable and revenues are from clearing firms that are also required to be shareholders of the company. Exposure to losses on receivables for clearing and transaction fees and other amounts owed by clearing firms is dependent on each clearing firm’s financial condition as well as the Class A and Class B shares that collateralize fees owed to the exchange. The exchange retains the right to liquidate shares to satisfy a clearing firm’s receivable.

Performance Bonds and Security Deposits. Performance bonds and security deposits held by the exchange for clearing firms may be in the form of cash, securities or deposits in one of the Interest Earning Facilities (IEFs). Cash performance bonds and security deposits are reflected in the consolidated balance sheets. Cash received may be invested by the exchange. These investments are primarily overnight transactions in U.S. Government securities acquired through and held by a broker-dealer subsidiary of a bank. Any interest earned on these investments accrues to the exchange and is included in investment income in the consolidated statements of income.

Securities deposited by clearing firms consist primarily of short-term U.S. Treasury and U.S. government agency 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 equipment, furniture and fixtures is recorded on the straight-line method over the estimated useful lives of the assets, generally two to seven years. Leasehold improvements are amortized over the lesser of their estimated useful lives or the remaining term of the applicable leases. Leasehold improvements funded by landlord allowances are capitalized in the consolidated balance sheets. Maintenance and repair items as well as certain minor purchases are charged to expense as incurred.

All leases are accounted for as operating leases under SFAS No. 13 “Accounting for Leases.” Landlord allowances are recorded as a reduction to rent expense on a straight-line basis over the term of the lease.

Software. The company capitalizes certain costs of developing internal use software in accordance with 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.” Capitalized costs generally are amortized over three years, commencing when the software is placed in service. Purchased software is amortized over four years.

Impairment of Long-lived and Intangible Assets. The company reviews its long-lived assets and amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable based on an examination of undiscounted cash flows. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Goodwill and indefinite-lived intangible assets are reviewed for impairment on an annual basis and whenever events or circumstances indicate that their carrying values may not be recoverable. Impairment is recorded if the carrying amount exceeds fair value.

Employee Benefit Plans. During 2006, the exchange adopted SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans.” As required, the exchange recognized the funded status of its pension plan as an asset in its consolidated balance sheet at December 31, 2006 and recorded a one-time adjustment to accumulated other comprehensive income. The exchange will recognize future changes in actuarial gains and losses and prior service costs in the year in which the changes occur through other comprehensive income (loss).

Foreign Currency Translation. Revenues and expenses of foreign subsidiaries are translated from their functional currencies into U.S. dollars using weighted-average exchange rates while their assets and liabilities are translated into U.S. dollars using period-end exchange rates. Gains or losses resulting from foreign currency translations are charged or credited to other comprehensive income (loss).

Revenue Recognition. The company’s revenue recognition policies comply with Staff Accounting Bulletin (SAB) No. 101 on revenue recognition. On occasion, customers will pay for services in a lump sum payment. When these circumstances occur, revenue is recognized as services are provided. Revenue recognition policies for specific sources of revenue are discussed below.

Clearing and Transaction Fees. Clearing and transaction fees include per contract charges for trade execution, clearing, trading on the CME Globex platform and other 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, unfilled or cancelled buy and sell orders have no

impact on revenue. 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. When this information is corrected within the time period allowed by the exchange, a fee adjustment is provided to the clearing firm. A reserve is established for estimated fee adjustments to reflect corrections to customer exchange trading privileges on a transaction basis. The reserve is based on the historical pattern of adjustments processed as well as specific adjustment requests. CME believes the allowances are adequate to cover potential adjustments.

Processing Services. Processing services primarily includes revenues accrued in the time period earned based on contract terms for providing clearing and settlement services to the Chicago Board of Trade (CBOT) and electronic trading on the CME Globex platform for the New York Mercantile Exchange (NYMEX). Although trading under the prior agreement with NYMEX ended in November 2005, trading under a new 10-year agreement began on June 11, 2006.

Quotation Data Fees. Quotation data fees represent revenue earned for the dissemination of market information. Revenues are accrued each month based on the number of devices reported by vendors. CME conducts periodic audits of the information provided and assesses additional fees as necessary. An allowance is established to cover uncollectible receivables from market data vendors.

Access Fees. Access fees are the connectivity charges to customers of CME's electronic trading platform that are also used by market data vendors and customers. They include line charges, access fees for CME Globex platform 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 access fees.

Communication Fees. Communication fees consist of equipment rental and usage charges to customers and firms that utilize the various telecommunications networks and services in the Chicago facility. Revenue is billed and recognized on a monthly basis.

Concentration of Revenue. At December 31, 2006, there were approximately 85 clearing firms. No one firm represented more than 10% of our clearing and transaction fees revenue in 2006 or 2005. In 2004, one firm with a significant portion of customer revenue represented approximately 11% of clearing and transaction fees revenue. Should a clearing firm withdraw from the exchange, management believes the customer portion of that firm's trading activity would likely transfer to another clearing firm. Therefore, management does not believe the company is exposed to significant risk from the loss of revenue received from a particular clearing firm.

The two largest resellers of CME market data represented approximately 55% of quotation data fees revenue in 2006, 53% in 2005 and 56% in 2004. Should one of these vendors no longer subscribe to CME market data, management believes the majority of that firm's customers would likely subscribe to the market data through another reseller. Therefore, management does not believe the company is exposed to significant risk from a loss of revenue received from any particular market data reseller.

Stock-Based Payments. The company accounts for stock-based payments under the fair value recognition provisions of SFAS No. 123(R), "Share-Based Payment." All periods presented reflect stock-based compensation expense in accordance with the provisions of the effective guidance applied to all options granted to employees during the periods presented. The company recognizes 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 that grant vests. Effective January 1, 2006, SFAS No. 123(R) requires the company to estimate expected forfeitures of stock grants instead of the previous practice of accounting for forfeitures as they occur.

Marketing Costs. Marketing costs are incurred for the production and communication of advertising as well as other marketing activities. These costs are expensed when incurred, except for costs related to the production of broadcast advertising, which are expensed when the first broadcast occurs.

Income Taxes. Deferred income taxes are determined in accordance with SFAS No. 109, "Accounting for Income Taxes," and arise from temporary differences between the tax basis and book basis of assets and liabilities. A valuation allowance is recognized if it is anticipated that some or all of a deferred tax asset may not be realized.

Segment Reporting. Based on materiality, CME Auction Markets, and GFX Corporation (GFX), both subsidiaries of CME, and Swapstream are not reportable segments and, as a result, there is no disclosure of segment information.

Recent Accounting Pronouncements. In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109." FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes that a company should use a more-likely-than-not recognition threshold based on the technical merits of the tax position taken or expected to be taken. The interpretation also provides guidance on recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN No. 48 is effective for fiscal years beginning after December 15, 2006, with a cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. CME will adopt FIN No. 48 effective January 1, 2007.

The initial application of the interpretation is not expected to have a material impact on the financial statements.

2. SECURITIES LENDING

Securities lending transactions utilize a portion of the securities that clearing firms have deposited to satisfy their proprietary performance bond requirements. At December 31, 2006, the securities lending program utilized some of the securities deposited by 15 clearing firms. Effective October 1, 2005, CME's policy allows lending of up to 70% of total securities available from these firms. At December 31, 2006 and 2005, the par value of securities available totaled $7.6 billion and $7.4 billion, respectively.

Under its securities lending program, CME lends a security to a third party on an overnight basis and receives collateral in the form of cash. The cash is then invested on an overnight basis to generate interest income. At December 31, 2006, collateral from securities lending was invested in a bank money market mutual fund or overnight repurchase agreement. 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, 2006 and 2005, the fair value of securities on loan was $2.1 billion and $2.2 billion, respectively. The average daily balance of securities on loan for the years ended December 31, 2006, 2005 and 2004 was $1.9 billion, $1.8 billion and $1.4 billion, respectively.

3. MARKETABLE SECURITIES

Marketable securities have been classified as available for sale. The amortized cost and fair value of marketable securities at December 31 were as follows:

	2006		2005	
(in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. Treasury	$ 205,552	$ 203,419	$ 221,608	$ 218,238
U.S. Government agency	20,596	20,322	37,883	37,107
State and municipal	27,278	26,977	38,196	37,517
Total	$ 253,426	$ 250,718	$ 297,687	$ 292,862

Net unrealized gains (losses) on marketable securities classified as available for sale are reported as a component of comprehensive income (loss) and included in the accompanying consolidated statement of shareholders' equity. The fair value and the continuous duration of gross unrealized losses on marketable securities with unrealized losses that are not deemed to be other-than-temporarily impaired, at December 31, 2006 and 2005, were as follows:

	2006					
	Less than 12 Months		12 Months or Greater		Total	
(in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury	$ —	$ —	$ 173,550	$ 2,146	$ 173,550	$ 2,146
U.S. Government agency	—	—	20,322	274	20,322	274
State and municipal	—	—	21,869	327	21,869	327
Total	$ —	$ —	$ 215,741	$ 2,747	$ 215,741	$ 2,747

	2005					
	Less than 12 Months		12 Months or Greater		Total	
(in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury	$ 87,819	$ 302	$ 130,419	$ 3,068	$ 218,238	$ 3,370
U.S. Government agency	—	—	37,107	776	37,107	776
State and municipal	2,444	46	35,073	633	37,517	679
Total	$ 90,263	$ 348	$ 202,599	$ 4,477	$ 292,862	$ 4,825

These unrealized losses were caused by increases in interest rates that occurred after the marketable securities were purchased. The company has the ability and intent to hold these marketable securities until a recovery of fair value, which may be maturity, and therefore does not consider these investments to be other-than-temporarily impaired at December 31, 2006 or 2005. Unrealized gains on marketable securities totaled $38,000 at December 31, 2006. There were no unrealized gains at December 31, 2005.

The amortized cost and fair value of marketable securities at December 31, 2006, by contractual maturity, were as follows:

(in thousands)	Amortized Cost	Fair Value
Maturity of one year or less	$ 164,923	$ 164,162
Maturity between one and five years	80,754	78,860
Maturity between five and ten years	5,658	5,630
Maturity of greater than ten years	2,091	2,066
Total	$ 253,426	$ 250,718

In October 2005, CME approved the use of its U.S. Treasury securities as performance bond collateral in lieu of, or in combination with, irrevocable letters of credit for the mutual offset agreement with the Singapore Exchange Limited (SGX) (note 17). CME's policy allows the exchange to pledge U.S. Treasury securities up to a maximum of $100.0 million measured as the aggregate fair value at the time of any collateral adjustment. The exchange retains the earnings on the securities and may substitute letters of credit for these securities at its discretion. The aggregate fair value of pledged securities was $100.7 million and $70.2 million at December 31, 2006 and 2005, respectively. Pledged securities are included within marketable securities in the consolidated balance sheets.

CME maintains additional investments in marketable securities as part of its non-qualified deferred compensation plan. These are classified as trading securities and are included in other assets in the consolidated balance sheets (note 7).

4. OTHER CURRENT ASSETS

Other current assets consisted of the following at December 31:

(in thousands)	2006	2005
Prepaid maintenance	$ 7,346	$ 7,577
Net deferred income taxes (note 9)	7,196	6,419
Due from broker	6,074	3,806
Accrued interest receivable	4,523	4,695
Prepaid expenses	3,592	1,551
Prepaid insurance	3,444	3,547
Prepaid software agreements	2,725	1,607
Refundable income taxes	640	5,810
Prepaid pension	—	5,500
Other	2,026	1,163
Total	$37,566	$41,675

5. PERFORMANCE BONDS

The exchange is a designated contract market for futures and options on futures contracts, and clears and guarantees the settlement of CME 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, standing as an intermediary on every open futures and options on futures contract cleared. Additionally, CME began clearing CBOT products in November 2003. CME acts as a guarantor for products traded at CBOT, but cleared by CME. For CBOT products cleared by CME, CME combines those positions with that clearing firm's CME positions to create a single portfolio for which performance bond and security deposit requirements are calculated. To the extent that funds are not otherwise available to the exchange to satisfy an obligation under the applicable 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 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 balances in the form of cash, U.S. Government securities, bank letters of credit or other approved investments to satisfy security deposit and performance bond requirements. All obligations and non-cash deposits are marked-to-market on a daily basis. Cash performance bonds and security deposits are included in the consolidated balance sheets, and these balances may fluctuate significantly over time due to the investment choices available to clearing firms and any change in the amount of deposits required.

Clearing firms, at their option, may instruct CME to deposit the cash or securities held by the exchange into the IEF program. In 2001, IEF2 was organized. IEF2 offers clearing firms the opportunity to invest cash performance bonds and security

deposits 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. In 2003, IEF3 was organized. IEF3 offers clearing firms the opportunity to manage performance bond collateral by allowing firms to pledge securities, such as corporate notes and municipal bonds, to CME on an overnight basis in exchange for cash previously deposited. Also in 2003, CME organized the IEF4 program. Similar in nature to the IEF3, IEF4 affords participating clearing firms the ability to pledge securities such as corporate notes and municipal bonds to CME, but under IEF4 the securities are under CME's control until such time as CME releases them to the control of the pledging firm or until the securities mature. In 2004, CME organized the IEF5 program, which allows participating clearing firms the ability to invest cash in an interest-bearing bank account, maintained at selected banks, to earn a cash benefit. The principal of IEF2, IEF3 and IEF4, as well as the principal and accrued benefit of IEF5, is not guaranteed by CME. The first IEFs were organized in 1997 as two limited liability companies and were subsequently discontinued in the fourth quarter of 2005, at which time investments were liquidated, balances returned to participants and CME's guarantee of the balances in IEF1 terminated. The total principal in all IEF programs was $15.8 billion at December 31, 2006 and $19.6 billion at December 31, 2005. The consolidated income statements reflect earned management fees under the IEF programs of $8.4 million, $8.6 million and $8.0 million during 2006, 2005 and 2004, respectively. These fees are included in other revenues.

CME and the 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 (note 17). Cross-margin cash, securities and letters of credit jointly held with OCC under the cross-margin agreement are reflected at 50% of the total, or CME's proportionate share per that agreement. In addition, CME has cross-margin agreements with LCH.Clearnet Group (LCH), the Fixed Income Clearing Corporation (FICC) and NYMEX whereby the clearing firms' offsetting positions with CME and LCH, CME and FICC, or CME and NYMEX, as applicable, are subject to reduced performance bond requirements. Clearing firms maintain separate performance bond deposits with each clearing house, but depending on the net offsetting positions between CME and LCH, CME and FICC, or CME and NYMEX, as applicable, each clearing house may reduce that firm's performance bond requirements.

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). Surplus funds totaled $153.6 million at December 31, 2006.

The exchange maintains a secured 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 (note 16). The amounts available under the line of credit totaled $800.0 million at December 31, 2006 and $750.0 million at December 31, 2005. Clearing firm security deposits received in the form of U.S. Treasury or Government agency securities, or in money market mutual funds purchased through IEF2, as well as the performance bond assets of any firm that may default on its obligations to CME, can be 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 fair value at December 31 were as follows:

(in thousands)	2006 Cash	2006 Securities and IEF Funds	2005 Cash	2005 Securities and IEF Funds
Performance bonds	$ 505,964	$ 47,270,561	$ 578,983	$ 45,809,757
Security deposits	15,148	1,250,497	12,557	1,236,229
Cross-margin arrangements	68	273,726	587	531,725
Total	$ 521,180	$ 48,794,784	$ 592,127	$ 47,577,711

Cash performance bonds may include intraday settlement, if any, that is owed to the clearing firms and paid the following business day. The balance of intraday settlements was $42.0 million at December 31, 2006 and $78.0 million at December 31, 2005. These amounts are invested on an overnight basis and are offset by an equal liability owed to clearing firms.

In addition to cash and securities, irrevocable letters of credit may be used as performance bond deposits and security deposits. At December 31, these letters of credit, which are not included in the accompanying consolidated balance sheets, were as follows:

(in thousands)	2006	2005
Performance bonds	$ 1,453,070	$ 605,945
Security deposits	30,000	45,000
Cross-margin arrangements	—	18,500
Total Letters of Credit	$ 1,483,070	$ 669,445

All cash, securities and letters of credit are only available to meet the financial obligations of that clearing firm to the exchange.

On October 17, 2005, Refco LLC, a regulated futures entity and CME clearing firm, filed for bankruptcy. At December 31, 2005, CME retained $71.7 million in securities and IEF2 security deposits to satisfy claims of the exchange, its clearing firms and members against Refco LLC. In January 2006, CME returned $67.5 million of security deposits held to satisfy these claims to the bankruptcy trustee. On October 2, 2006, the United States Bankruptcy Court for Southern District of New York issued two final consent orders, which represented the final resolution of all outstanding claims against Refco LLC. As a result, all outstanding claims against Refco LLC were settled and the remaining security deposits held by CME were returned to the bankruptcy trustee on behalf of the Refco LLC estate.

6. PROPERTY

A summary of the property accounts at December 31 is presented below:

(in thousands)	2006	2005
Furniture, fixtures and equipment	$ 222,111	$ 197,121
Leasehold improvements	154,546	135,727
Software and software development costs	138,629	114,024
Total property	515,286	446,872
Accumulated depreciation and amortization	(346,531)	(293,543)
Property, net	$ 168,755	$ 153,329

Amortization expense related to capitalized software and software development costs totaled $9.2 million, $8.2 million and $8.5 million in 2006, 2005, and 2004, respectively. The unamortized cost of capitalized software development was $21.7 million and $15.7 million at December 31, 2006 and 2005, respectively.

7. OTHER ASSETS

Other assets consisted of the following at December 31:

(in thousands)	2006	2005
Net deferred income taxes (note 9)	$ 30,941	$ 8,498
Non-qualified deferred compensation plans (note 13)	18,798	14,176
Merger-related transaction costs	12,639	—
Intangible assets	12,776	4,803
Goodwill	11,496	—
Investment in FXMS (note 8)	7,796	—
Investment in OneChicago (note 8)	4,826	126
FXMS deferred development costs (note 8)	3,204	—
Other	5,022	5,040
Total	$ 107,498	$ 32,643

Merger-related transaction costs represent capitalized expenses directly related to the pending merger with CBOT Holdings.

In August 2006, CME Holdings acquired Swapstream. In connection with the acquisition, CME Holdings recorded $6.5 million of identifiable intangible assets. Intangible assets acquired, which primarily included customer relationships and technology-related intellectual property, had a weighted average estimated useful life of 6.4 years. Intangible assets also include contractual market making and non-compete agreements of Liquidity Direct Technology, LLC, a private trading technology firm whose assets were acquired in 2004. The firm developed technology to facilitate the trading of complex combinations and spreads typically used with options.

Intangible assets consisted of the following at December 31, 2006:

(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology-related intellectual property	$ 4,100	$ (245)	$ 3,855
Market making agreement	7,282	(1,595)	5,687
Customer relationships	1,700	(113)	1,587
Other	2,296	(649)	1,647
Total Intangible Assets	$15,378	$(2,602)	$12,776

At December 31, 2005, intangible assets consisted of market-making and non-compete agreements with gross carrying amounts of $5.0 million and $0.9 million, respectively, and net carrying amounts of $4.2 million and $0.6 million, respectively. Other intangible assets consist primarily of a non-compete agreement, trade names and foreign currency translation adjustments related to the assets acquired.

Total amortization expense for intangible assets was $1.4 million, $0.7 million and $0.4 million for the years ended December 31, 2006, 2005 and 2004, respectively. As of December 31, 2006, the future estimated amortization expense for the next five years related to amortizable intangible assets will be $2.4 million annually for 2007 through 2009, $2.2 million in 2010, and $1.8 million in 2011.

In addition to identifiable intangible assets, CME Holdings recorded $11.5 million of goodwill in 2006 as a result of its acquisition of Swapstream.

8. INVESTMENTS IN JOINT VENTURES AND RELATED PARTY TRANSACTIONS

CME accounts for its interest in OneChicago, a joint venture, under the equity method of accounting. OneChicago is not a variable interest entity as defined under FIN No. 46(R), "Consolidation of Variable Interest Entities." On March 15, 2006, Interactive Brokers Group LLC made an investment for a 40% interest in OneChicago. As a result, CME's ownership decreased from approximately 40% to 24%. The investment balance of $4.8 million at December 31, 2006 represents CME's total capital contributions of $15.7 million and an increase in the investment of $4.3 million resulting from Interactive Brokers Group LLC's investment, reduced by CME's proportionate share of the joint venture's net loss. The net loss is included in equity in losses of unconsolidated subsidiaries in the consolidated statements of income and totaled $0.8 million, $2.6 million and $3.6 million for the years ended December 31, 2006, 2005 and 2004, respectively. CME provides certain communications and regulatory services to OneChicago, fees from which are included in other revenues, and earned $0.9 million, $2.2 million and $2.7 million in revenue for these services in 2006, 2005 and 2004, respectively.

In May 2006, CME Holdings and its wholly-owned subsidiaries, CME and CME FX Marketplace Inc., entered into an agreement with Reuters Group PLC and its wholly-owned subsidiaries, Reuters Holdings Limited and Reuters Limited (Reuters), to create FXMS, the world's first centrally-cleared, global foreign exchange marketplace, through a joint venture owned 50% each by CME Holdings and Reuters. The FXMS investment is recorded using the equity method of accounting. It is not a variable interest entity under FIN No. 46(R). The investment balance at December 31, 2006 was $7.8 million. The net loss is included in equity in losses of unconsolidated subsidiaries in the consolidated statements of income and totaled $6.1 million for the year ended December 31, 2006.

CME will provide trading, clearing, regulatory, and billing services to FXMS pursuant to the terms of servicing and licensing agreements with FXMS. In connection with these services, FXMS is paying CME an upfront fee for certain system development and implementation costs incurred in advance of commencement of these services. In 2006, CME's billing to FXMS totaled $10.2 million, of which $4.9 million is outstanding as of December 31, 2006 and is included in accounts receivable in the consolidated balance sheets. Also included in accounts receivable are $2.4 million of reimbursable operating costs paid on behalf of FXMS by CME. Deferred revenue related to future services totaled $10.2 million as of December 31, 2006 and is included in other current liabilities and other liabilities. Deferred revenue will be recognized straight-line over the term of service which is expected to begin in early 2007. Deferred revenue related to trading, clearing and regulatory services will be recognized over five years. Deferred revenue related to billing services will be recognized over three years. CME has also entered into a sublease agreement to lease a portion of its office space in London to FXMS (note 11).

In February 2007, CME made an additional capital contribution to FXMS of $12.5 million under the terms of the joint venture agreement.

9. INCOME TAXES

The provision for income taxes is composed of the following:

(in thousands)	2006	2005	2004
Current:			
Federal	$235,573	$166,575	$117,701
State	53,583	38,192	26,137
Total	289,156	204,767	143,838
Deferred:			
Federal	(20,284)	(1,974)	3,754
State	(4,563)	(1,271)	509
Total	(24,847)	(3,245)	4,263
Total Provision for Income Taxes	$264,309	$201,522	$148,101

Reconciliation of the statutory U.S. federal income tax rate to the effective tax rate is as follows:

	2006	2005	2004
Statutory U.S. federal tax rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	4.7	4.7	4.7
Federal tax-exempt interest income	(0.6)	(0.3)	(0.1)
Non-deductible expenses	0.1	0.1	0.4
Valuation reserve for Swapstream losses	0.2	—	—
Other, net	—	0.1	0.3
Effective Tax Rate	39.4%	39.6%	40.3%

Net deferred tax assets are included in both other current assets and other assets. At December 31, the components of these deferred taxes were as follows:

(in thousands)	2006	2005
Current Deferred Tax Assets:		
Stock-based compensation	$ 4,921	$ 2,521
Net unrealized losses on securities	1,076	1,918
Accrued expenses	2,180	4,693
Other	—	184
Subtotal	8,177	9,316
Valuation allowance	—	—
Current Deferred Tax Assets	8,177	9,316
Current Deferred Tax Liabilities:		
Other	(981)	(2,897)
Current Deferred Tax Liabilities	(981)	(2,897)
Net Current Deferred Tax Assets	$ 7,196	$ 6,419
Non-Current Deferred Tax Assets:		
Depreciation and amortization	$ 25,758	$ 6,868
Swapstream losses	9,203	—
Stock-based compensation	6,523	4,799
Deferred compensation	6,356	4,592
FXMS losses	2,416	—
Long-term liabilities	1,748	2,713
Other	477	1,035
Subtotal	52,481	20,007
Valuation allowance	(9,203)	—
Non-Current Deferred Tax Assets	43,278	20,007
Non-Current Deferred Tax Liabilities:		
Software development costs	(10,825)	(9,026)
Pension	(219)	(2,467)
Other	(1,293)	(16)
Non-Current Deferred Tax Liabilities	(12,337)	(11,509)
Net Non-Current Deferred Tax Assets	$ 30,941	$ 8,498

A valuation allowance is recorded when it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of the deferred tax assets depends on the ability to generate sufficient taxable income of the appropriate character in the future and in the appropriate taxing jurisdictions. A valuation allowance has been provided as of December 31, 2006 for net operating loss carryforwards obtained through the acquisition of Swapstream and for net operating loss carryforwards generated by those operations subsequent to the acquisition. Subsequent reversal of the valuation allowance reserved for acquired net operating losses will reduce goodwill and not income tax expense. No valuation allowance was required at December 31, 2005.

10. OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following at December 31:

(in thousands)	2006	2005
Accrued employee bonus	$33,974	$29,413
Accrued operating expenses	18,902	10,077
Accrued salaries and benefits	8,228	5,966
Accrued income taxes	6,852	2,593
Accrued fee adjustments	2,321	1,228
Unearned revenue	4,068	598
Other	4,121	3,479
Total	$78,466	$53,354

11. COMMITMENTS

Leases. CME has commitments under operating leases for certain facilities 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 2008, with annual minimum rentals of $9.5 million in 2007 and $8.9 million in 2008. In August 2006, CME entered into an operating lease for additional office space in Chicago. The initial lease term, which became effective on August 10, 2006, terminates on November 30, 2023. The lease contains two 5-year renewal options beginning in 2023. Annual minimum rentals for this lease range from $0.4 million to $5.6 million.

CME leases trading facilities from the Chicago Mercantile Exchange Trust (CME Trust). CME established the CME Trust yet does not maintain any residual interest in any of its assets. The trading facilities are leased through October 2009, with annual minimum rentals between approximately $0.7 million and $0.8 million, with options to extend the term of the lease through October 2012 and two successive seven-year extensions through October 2019 and October 2026. Minimum annual rent for these extensions begins at $0.7 million for the period from November 2009 through October 2012 and declines to $0.2 million for the last extension from November 2019 through October 2026. Additional rental expense is incurred in connection with these trading facilities based on annual open outcry trading volume. This expense totaled $0.7 million, $0.6 million and $0.9 million for the years ended December 31, 2006, 2005 and 2004, respectively. Currently, annual rent paid to CME Trust cannot exceed $2.0 million.

CME also entered into an operating lease for additional office space in London which became effective on November 3, 2006. The lease will terminate on March 1, 2019. However, CME has an option to terminate the lease without penalty on December 25, 2011. Annual minimum rentals range from $0.3 million to $1.3 million. If CME does not exercise the option to terminate the lease on December 25, 2011, annual minimum rental payments will be $1.3 million after 2011. In conjunction with this lease, CME entered into an agreement to sublease a portion of this space to FXMS. Annual minimum rent revenues from the sublease, which terminates on February 26, 2019, range from $0.1 million to $0.6 million. The sublease will terminate if CME exercises the option to terminate the lease between itself and the landlord on December 25, 2011.

Leases for other locations where CME maintains space expire at various times from 2009 to 2023 with annual minimum rentals that will not exceed $3.8 million in any year.

Total rental expense, including equipment rental, was $24.7 million in 2006, $23.3 million in 2005 and $22.5 million in 2004.

Commitments. Commitments include long-term liabilities as well as contractual obligations that are non-cancelable. These contractual obligations totaled $58.9 million at December 31, 2006 and relate primarily to software licenses and maintenance as well as telecommunication services that are expensed as the related services are used.

Future minimum obligations under non-cancelable purchase obligations, operating leases and other liabilities in effect at December 31, 2006 are payable as follows:

Year	Operating Leases	Purchase Obligations	Other Liabilities	Total
2007	$ 14,270	$ 30,550	$ 2,085	$ 46,905
2008	15,921	9,448	—	25,369
2009	8,380	3,444	—	11,824
2010	7,680	2,691	—	10,371
2011	7,957	2,324	—	10,281
Thereafter	67,972	10,407	—	78,379
Total	$122,180	$ 58,864	$ 2,085	$183,129

Licensing Agreements. CME has various licensing agreements including agreements with Standard & Poor's (S&P) and The Nasdaq Stock Market (NASDAQ) relating to certain equity index products. The license agreement with S&P provides that the S&P 500 Index futures and options on futures will be exclusive through December 31, 2008, after which CME will retain the exclusive rights through December 31, 2016 so long as certain volume requirements are met. The license agreement with NASDAQ is exclusive with respect to futures and options on futures contracts based on certain NASDAQ indexes through October 9, 2007 with an automatic renewal until October 9, 2012.

Asset Purchase Agreement. In 2004, CME acquired the intellectual property and operating assets of Liquidity Direct Technology, LLC. The purchase agreement required an initial payment of $5.3 million with additional payments for a three-year period ending in the third quarter of 2007, not to exceed $16.8 million, based on revenue generated when this electronic platform was implemented. The platform was implemented in the third quarter of 2004 and additional payments and obligations totaled $3.0 million in 2006, $1.1 million in 2005 and $0.1 million in 2004. These amounts are capitalized and amortized over the remaining life of the acquired assets.

Swapstream contingent payments. On August 25, 2006, CME Holdings completed its acquisition of Swapstream. Additional cash purchase consideration of up to $20.2 million is payable contingent upon meeting specific performance conditions during the first five years of operations. Contingent consideration will be recorded as additional purchase price and will increase goodwill.

12. OTHER LIABILITIES

Other liabilities consisted of the following at December 31:

(in thousands)	2006	2005
Non-qualified deferred compensation plans (note 13)	$18,798	$14,176
Deferred rent	4,608	3,366
Litigation settlement payable	—	1,801
Unearned revenue	7,465	1,165
Other	1,188	275
Total	$32,059	$20,783

13. EMPLOYEE BENEFIT PLANS

Pension Plan. The exchange maintains a non-contributory defined benefit cash balance pension plan for eligible employees. Employees who have completed a continuous 12-month period of employment and have reached the age of 21 are eligible to participate. The plan provides for a contribution to the cash balance account based on age and earnings 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 constant maturity yield for U.S. Treasury notes or 4%. Participants become vested in their accounts after five years of service. Effective January 1, 2007, full vesting will occur after three years of service. The measurement date used for the plan is December 31.

Information regarding the status and activity of the plan is indicated below:

(in thousands)	2006	2005
Change in Projected Benefit Obligation:		
Benefit obligation at beginning of year	$44,102	$35,450
Service cost	5,671	4,960
Interest cost	2,665	2,344
Actuarial loss (gain)	(1,194)	2,960
Benefits paid	(1,518)	(1,612)
Plan amendments	191	—
Projected Benefit Obligation at End of Year	$49,917	$44,102

The accumulated benefit obligation at December 31, 2006 and 2005 was $38.9 million and $34.0 million, respectively.

(in thousands)	2006	2005	2004
Changes in Plan Assets:			
Fair value of plan assets at beginning of year	$44,645	$36,712	$32,582
Actual return on plan assets	4,740	2,045	3,542
Employer contributions	2,600	7,500	2,500
Benefits paid	(1,518)	(1,612)	(1,912)
Fair Value of Plan Assets at End of Year	$50,467	$44,645	$36,712

At December 31, 2006 and 2005, the fair value of pension plan assets exceeded the projected benefit obligation by $0.6 million and $0.5 million, respectively. As of December 31, 2006, this excess is recorded as a non-current pension asset due to the adoption of SFAS No. 158.

The funding goal for CME is to have its pension plan 100% funded at each year end on a projected benefit obligation basis, while also satisfying any minimum required and maximum deductible contribution requirements. Year-end 2006 assumptions have been used to project the liabilities and assets from December 31, 2006 to December 31, 2007. The result of this projection is that estimated liabilities would exceed the fair value of plan assets at December 31, 2007 by approximately $5.0 million. Accordingly, it is estimated that a $5.0 million contribution in 2007 will allow CME to meet its funding goal for the pension plan.

The components of net pension expense and the assumptions used to determine end of year projected benefit obligation and net pension expense are indicated below:

(in thousands)	2006	2005	2004
Components of Net Pension Expense:			
Service cost	$ 5,671	$ 4,960	$ 4,149
Interest cost	2,665	2,344	2,064
Expected return on plan assets	(3,162)	(2,586)	(2,304)
Amortization of prior service cost	6	6	(19)
Amortization of transition asset	—	—	(38)
Recognized net actuarial loss	206	97	—
Net Pension Expense	$ 5,386	$ 4,821	$ 3,852

	2006	2005
Assumptions Used to Determine End of Year Benefit Obligations:		
Discount rate	5.80%	5.50%
Rate of compensation increase	5.00	5.00
Cash balance interest crediting rate	4.00	4.00

	2006	2005	2004
Assumptions Used to Determine Net Pension Expense:			
Discount rate	5.50%	5.75%	6.25%
Rate of compensation increase	5.00	5.00	5.00
Expected return on plan assets	7.50	7.50	7.50
Interest crediting rate	4.00	4.00	4.25

The discount rate is determined based on an interest rate yield curve pursuant to Emerging Issues Task Force Topic No. D-36, “Selection of Discount Rates Used for Measuring Defined Benefit Pension Obligations and Obligations of Post Retirement Benefit Plans Other Than Pensions.” The yield curve is comprised of bonds with a rating of Aaa and Aa and maturities between zero and thirty years. The expected annual benefit cash flows for the exchange’s pension plan are discounted to develop a single-point discount rate by matching the plan’s expected payout structure to such yield curve.

The basis for determining the expected rate of return on plan assets is comprised of three components: historical returns, industry peers and forecasted returns. The plan’s total return is expected to equal the composite performance of the security markets over the long term. The security markets are represented by the returns on various domestic and international stock, bond and commodity indexes. These returns are weighted according to the allocation of plan assets to each market and measured individually.

The component of the investment policy for the plan that has the most significant impact on returns is the asset mix. The asset mix has a minimum and maximum range depending on asset class. The plan assets are diversified to minimize the risk of large losses by any one or more individual assets. Such diversification is accomplished, in part, through the selection of asset mix and investment management. The asset allocation for the plan, by asset category, at December 31 was as follows:

	2006	2005
Equity securities	59%	57%
Debt securities	36	38
Other investments	5	5

The target asset allocation for the plan will remain unchanged in 2007.

During 2006, the exchange adopted SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans.” Under SFAS No. 158, the funded status of the pension plan was recognized as an asset on the consolidated balance sheet and a one-time adjustment to accumulated other comprehensive income was recorded. The incremental effect on the consolidated balance sheet of adopting SFAS No. 158 as of December 31, 2006 is as follows:

(in thousands)	Before Adoption of SFAS No. 158	Adjustments	After Adoption of SFAS No. 158
Current prepaid pension asset	$ 3,503	$ (3,503)	$ —
Non-current pension asset	—	550	550
Deferred income tax asset (liability)	(1,393)	1,174	(219)
Total assets	4,308,284	(1,779)	4,306,505
Accumulated other comprehensive loss	(1,200)	(1,779)	(2,979)
Total shareholders’ equity	1,520,871	(1,779)	1,519,092

Due to the adoption of SFAS No. 158, prior service costs of $0.2 million and actuarial losses of $2.7 million were recognized in accumulated other comprehensive loss as of December 31, 2006. The company expects to amortize $22,000 of prior service costs from accumulated other comprehensive loss into net periodic benefit cost in 2007.

At December 31, 2006, anticipated benefit payments from the plan in future years are as follows (in thousands):

Year	
2007	$ 3,692
2008	4,234
2009	5,000
2010	5,698
2011	6,082
2012-2016	38,775

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 may make additional discretionary contributions of up to 2% of base salary. In conjunction with various changes to its retirement benefits strategy, the exchange did not make a discretionary contribution in 2006. Total expense for the savings plan amounted to $3.0 million, $4.5 million and $4.4 million in 2006, 2005 and 2004, respectively.

London-based employees are eligible to participate in one of two defined contribution plans. Both plans provide for age-based contributions and do not have any vesting requirements. Salary and cash bonuses paid are included in the definition of earnings. The contribution structure for both plans is currently being reviewed in order to comply with the Employment Equality Regulations released in 2006. Total expense for the London defined contribution benefit plans was $0.3 million, $0.2 million and $0.2 million in 2006, 2005 and 2004, 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 that mirror the assumed investment choices. The balances in these plans are subject to the claims of general creditors of the exchange and totaled $18.8 million and $14.2 million at December 31, 2006 and 2005, respectively. Although the value of the plans is recorded as an asset in the consolidated balance sheets, there is an equal and offsetting liability. The investment results of these plans have no impact on net income as the investment results are recorded in equal amounts to both investment income and compensation and benefits expense.

Supplemental Plan – The exchange maintains a supplemental plan to provide benefits for employees who have been impacted by statutory limits under the provisions of the qualified pension and savings plans. All employees hired prior to January 1, 2007 are immediately vested in their supplemental plan benefits. All employees hired on or after January 1, 2007 will be subject to the vesting requirements of the underlying qualified plans. Total expense for the supplemental plan was $0.8 million, $0.7 million and $0.6 million in 2006, 2005 and 2004, 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 defined contribution plan for senior officers. Under this plan prior to 2006, the exchange made an annual contribution of a percentage of salary and bonus for eligible employees. The Supplemental Executive Retirement Plan was frozen to new entrants on December 31, 2005 and further contributions for current participants were suspended. Contributions made in 2003, 2004 and 2005 vest after five years of service from the officer's date of hire. Unvested contributions are returned to the exchange if a participant leaves the employment of the exchange. Total expense (credit) for the plan, reduced by any forfeitures, was $0.2 million and ($0.1) million in 2005 and 2004, respectively.

14. CAPITAL STOCK

Shares Outstanding. As of December 31, 2006, 34,835,588 shares of Class A common stock, 625 shares of Class B-1 common stock, 813 shares of Class B-2 common stock, 1,287 shares of Class B-3 common stock and 413 shares of Class B-4 common stock were issued and outstanding. CME Holdings has no shares of preferred stock issued and outstanding.

Associated Trading Rights. Each class of CME Holdings Class B common stock is associated with a membership in a specific division of the exchange. CME's rules provide exchange members with trading rights and the ability to use or lease these trading rights. Trading rights 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 Class B shareholders of CME retain rights with respect to representation on the Board of Directors and approval rights with respect to the core rights described below.

Core Rights. Holders of Class B common 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 that a holder of trading rights is permitted to trade through the exchange; the trading floor access rights and privileges of members; 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 eligibility requirements to exercise trading rights associated with Class B shares. Votes on changes to these 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.

Voting Rights. With the exception of the matters reserved to holders of CME Holdings 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 Class A or Class B common stock of CME Holdings has one vote per share.

Transfer Restrictions. Each class of CME Holdings Class B common stock is subject to transfer restrictions contained in the Certificate of Incorporation of CME Holdings. These transfer restrictions prohibit the sale or transfer of any shares of Class B common stock separate from the sale of the associated trading rights.

Election of Directors. The CME Holdings Board of Directors is composed of 20 members. Holders of Class A and Class B common stock have the right to vote together in the election of 14 directors. Holders of Class B-1, Class B-2 and Class B-3 common stock have the right to elect the remaining six directors, 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.

Dividends. Holders of Class A and Class B common stock of CME Holdings are entitled to receive proportionately such dividends, if any, as may be declared by the CME Holdings Board of Directors.

Ownership Requirements. As of December 31, 2006, each clearing firm was required to own 15,000 shares of Class A common stock in addition to Class B common stock of CME Holdings. The total Class A common stock held by our clearing firms pursuant to this requirement was 1.3 million shares at December 31, 2006. Effective February 1, 2007, the ownership requirement has been reduced to 8,000 shares of Class A common stock.

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 $1,000 per unit. The rights should not interfere with any merger or other business combination approved by the Board of Directors since the rights may be amended to permit such acquisition or redeemed by the Company under the terms of the plan. In the event the rights become exercisable, 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. CME Holdings has adopted an Omnibus Stock Plan under which stock-based awards may be made to employees. A total of 4.0 million Class A shares have been reserved for awards under the plan. Awards totaling 3.1 million shares have been granted and are outstanding or have been exercised under this plan at December 31, 2006 (note 15).

2005 Director Stock Plan. CME Holdings has adopted a Director Stock Plan under which awards are made to non-executive directors as part of their annual compensation. A total of 25,000 Class A shares have been reserved under this plan, and 5,420 shares have been awarded through December 31, 2006 (note 15).

Employee Stock Purchase Plan. CME Holdings has adopted an Employee Stock Purchase Plan (ESPP) under which employees may purchase Class A shares at 90% of the market value of the shares using after-tax payroll deductions. A total of 40,000 Class A shares have been reserved under this plan, of which 3,213 shares have been purchased through December 31, 2006 (note 15).

15. STOCK-BASED PAYMENTS

CME Holdings adopted an Omnibus Stock Plan under which stock-based awards may be made to employees. A total of 4.0 million Class A shares have been reserved for awards under the plan. Awards totaling 3.1 million shares have been granted and are outstanding or have been exercised under the plan as of December 31, 2006. Awards granted since 2003 generally vest over a five-year period, with 20% vesting one year after the grant date and on that same date in each of the following four years.

Effective January 1, 2006, the company adopted SFAS No. 123(R), "Share-Based Payment." SFAS No. 123(R) requires the use of the fair value method of accounting for share-based payments, which the company previously adopted in 2002 and applied retroactively to January 1, 2000. SFAS No. 123(R) also requires that the company estimate expected forfeitures of stock grants instead of the previous practice of accounting for forfeitures as they occur.

Total compensation expense for stock-based payments was $16.4 million for the year ended December 31, 2006, $12.6 million for the year ended December 31, 2005, and $7.8 million for the year ended December 31, 2004. The total income tax benefit recognized in the consolidated statements of income for stock-based payment arrangements was $6.5 million, $5.0 million, and $3.1 million for the years ended December 31, 2006, 2005 and 2004, respectively.

Excluding estimates of future forfeitures, at December 31, 2006, there was $34.1 million of total unrecognized compensation expense related to share-based compensation arrangements that had not yet vested. That expense is expected to be recognized over a weighted average period of 2.5 years.

Employee Options. In 2006, the company granted employees stock options totaling 136,040 shares under the plan. The options have a ten-year term with exercise prices ranging from $430 to $530, the closing market prices on the day prior to each grant. The fair value of these options totaled $26.7 million, measured at the grant dates using the Black-Scholes valuation model.

The Black-Scholes fair value of each option grant was calculated using the following assumptions:

	Year of Grant		
	2006	2005	2004
Dividend yield	0.5% – 0.6%	0.5% – 0.9%	0.5% – 1.1%
Expected volatility	31.8% – 37.9%	33.6% – 42.8%	29.4% – 36.4%
Risk-free interest rate	4.5% – 5.0%	3.9% – 4.4%	3.4% – 4.3%
Expected life	6.5 years	6 – 6.5 years	6 years

The dividend yield was calculated by dividing the current year's expected dividend by the market price of the stock at the date of grant. Expected volatility was determined using a weighted-average implied volatility of traded options on the company's stock. Historical volatility was evaluated, but it was determined that implied volatility was a better measure due to the limited history of the company's publicly traded stock. The risk-free rate was based on the U.S. Treasury yield in effect at the time of the grant. Since 2005, the expected life of options granted has been determined using the simplified method outlined in SAB No. 107 guidance on share-based payments.

The following table summarizes stock option activity for the year ended December 31, 2006:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2005	1,077,091	$107
Granted	136,040	443
Exercised	(278,741)	58
Cancelled	(24,217)	192
Outstanding at December 31, 2006	910,173	169
Exercisable at December 31, 2006	290,233	79

The weighted average grant date fair value of options granted during the years 2006, 2005, and 2004 was $196, $100 and $45, respectively. The total intrinsic value of options exercised during the years ended December 31, 2006, 2005 and 2004, was $113.2 million, $107.8 million, and $29.6 million, respectively. Stock options outstanding at December 31, 2006 had a weighted average remaining contractual life of 7.3 years and an aggregate intrinsic value of $312.7 million. Stock options exercisable at December 31, 2006 had a weighted average remaining contractual life of 6.1 years and an aggregate intrinsic value of $126.0 million.

Employee Restricted Stock. In 2006, the company also granted 4,080 shares of restricted Class A common stock that have the same vesting provisions as the stock options granted during the year. The fair value related to these grants is $1.8 million, which will be recognized as compensation expense on an accelerated basis over the vesting period.

The following table summarizes restricted stock activity for the period:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2005	22,630	$ 138
Granted	4,080	450
Vested	(6,852)	123
Cancelled	(608)	131
Outstanding at December 31, 2006	19,250	210

The total fair value of restricted stock that vested during the years ended December 31, 2006, 2005 and 2004, was $3.2 million, $5.9 million, and $2.9 million, respectively.

Employee Stock Purchase Plan. Eligible employees may acquire shares of CME Holdings Class A common stock using after-tax payroll deductions made during consecutive offering periods of approximately six months in duration. Shares are purchased at the end of each offering period at a price of 90% of the closing price of the Class A common stock as reported on the New York Stock Exchange. Compensation expense is recognized on the date of purchase for the discount from the closing price. In 2006 and 2005, a total of 2,089 and 1,124 shares respectively of Class A common stock were issued to participating employees at a 10% discount. These shares are subject to a six-month holding period. Expense of $100,958 and $41,509 for the purchase discount was recognized in 2006 and 2005.

Director Share Payments. In 2005, CME Holdings added an equity component to its compensation for non-executive members of the Board of Directors. Under the original terms of the 2005 Director Stock Plan, non-executive directors received 100 shares of Class A common stock annually. Directors were also permitted to elect to receive some or all of the $17,500 cash portion of their annual stipend in shares of stock based on the closing price at the date of distribution. In August of 2006, the cash portion of the annual stipend increased to $25,000. Non-executive directors may continue to elect to receive some or all of the cash portion of their annual stipend in shares of stock based on the closing price at the date of distribution. Additionally, each non-executive director now receives an annual award of Class A common stock with a value equal to $75,000. As a result, CME Holdings issued 3,187 and 2,233 shares of Class A common stock to its non-executive directors during 2006 and 2005, respectively. These shares are not subject to any vesting restrictions. Expense of $1.0 million and $0.3 million related to these stock-based payments was recognized for the years ended December 31, 2006 and 2005, respectively.

16. CREDIT FACILITY

On October 13, 2006, CME renewed its secured committed line of credit with a consortium of banks. At renewal, the revolving credit facility was increased from $750.0 million to $800.0 million. The secured credit agreement, which expires on October 12, 2007, is collateralized by clearing firm security deposits held by the exchange in the form of U.S. Treasury or agency securities, security deposit funds in IEF2 and performance bond deposits of the defaulting firm, if any. The amount held as available security deposit collateral at December 31, 2006 was $1.2 billion. The line of credit can only be drawn on to the extent that it is collateralized and 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. CME periodically utilizes the facility by drawing nominal amounts of funds against the letter of credit, and immediately repaying these amounts, to ensure that the facility would operate as intended.

Under the terms of the credit agreement, there are a number of covenants with which the exchange must comply. Among these covenants, the exchange is required to submit quarterly reports to the participating banks and maintain at all times a consolidated tangible net worth of not less than $96.0 million. Interest on amounts borrowed before maturity is calculated at the U.S. federal funds rate plus 0.45% per annum and after maturity at the U.S. federal funds rate plus 2.40% per annum. Commitment and agency fees for

the line of credit were $0.6 million for each of the years ended December 31, 2006, 2005 and 2004. Under the terms of the 2006 agreement, CME has the option to request an increase in the facility from $800.0 million to $1.0 billion at the time of a draw, subject to the approval of the participating banks.

17. CONTINGENCIES AND GUARANTEES

Legal Matters. On October 14, 2003, the U.S. Futures Exchange, L.L.C. and U.S. Exchange Holdings, Inc. (collectively, Eurex U.S.), filed suit against CBOT and CME in the United States District Court for the District of Columbia. The suit alleges that CBOT and CME violated the antitrust laws and tortiously interfered with the business relationship and contract between Eurex U.S. and The Clearing Corporation. Eurex U.S. is seeking a preliminary injunction and treble damages. On December 12, 2003, CBOT and CME filed separate motions to dismiss or, in the event the motion to dismiss was denied, to move the venue to the United States District Court for Northern Illinois. On September 2, 2004, the judge granted CBOT's and CME's motion to transfer venue to the Northern District of Illinois. In light of that decision, the judge did not rule on the motions to dismiss. On March 25, 2005, Eurex U.S. filed a second amended complaint in the United States District Court for the Northern District of Illinois. On June 6, 2005, CME and CBOT filed a motion to dismiss the complaint. On August 25, 2005, the judge denied the joint CME/CBOT motion to dismiss. The parties are currently engaged in discovery. Based on its investigation to date and advice from outside legal counsel, CME believes this suit lacks factual or legal foundation and intends to vigorously defend itself against these charges.

In addition, the company is a defendant in, and has potential for, various other legal proceedings arising from its regular business activities. While the ultimate results of such proceedings against the company cannot be predicted with certainty, the company believes that the resolution of any of these matters will not have a material adverse effect on its consolidated financial position or results of operations.

Employment-related Agreements. The exchange has employment agreements and other retention arrangements with Terrence A. Duffy, Executive Chairman; Craig S. Donohue, Chief Executive Officer; Phupinder S. Gill, President and Chief Operating Officer; and John P. Davidson III, Managing Director and Chief Corporate Development Officer.

Effective November 1, 2006, Mr. Duffy became the Executive Chairman, an executive officer of the company. For his service, Mr. Duffy receives as annual base salary of $1.0 million. Pursuant to a resolution approved by the Compensation Committee and the Board of Directors, Mr. Duffy is entitled to a retention payment in the amount of his annual base salary, if at the end of his term as Executive Chairman he is willing and able to serve another term as Executive Chairman and is not nominated for reelection to the Board and/or is not reelected to the position of Executive Chairman by the members of the Board, if he is eligible to serve on the Board, subject to certain conditions.

Mr. Donohue's agreement is through January 1, 2009, subject to renewal by mutual written agreement. Under the terms of the agreement, Mr. Donohue's annual base salary will be at least $0.9 million. In the event of a termination without cause, as defined in the agreement, Mr. Donohue is entitled to a one-time lump sum severance payment equal to two times his current base salary and will automatically vest in any outstanding equity awards that would have vested during the remaining term of the agreement. In the event Mr. Donohue voluntarily terminates the agreement for good reason, as defined in the agreement, Mr. Donohue is entitled to a one-time lump sum severance payment equal to two times his current base salary and will automatically vest in any outstanding equity awards.

Mr. Gill's agreement, as extended, is through December 31, 2010, subject to renewal by mutual written agreement of the parties. Under the terms of the agreement, Mr. Gill's annual base salary will not be less than $0.6 million. In the event of a termination without cause by CME, as defined in the agreement, Mr. Gill is entitled to a one-time lump sum severance payment equal to two times his base salary as of the date of termination for the remaining term of the agreement, if any, not to exceed 24 months of base salary.

Mr. Davidson's agreement is through February 6, 2009, subject to renewal by mutual agreement of the parties. Under the terms of the agreement, Mr. Davidson's annual base salary will not be less than $0.6 million and his bonus for fiscal year 2006 will not be less than $0.4 million. CME has also agreed to pay Mr. Davidson a retention payment of $0.9 million payable in two installments on February 6, 2007 and February 6, 2008 provided Mr. Davidson has not voluntarily ended his employment with CME or been

terminated for cause by CME, as defined in the agreement. In the event of a termination without cause by CME, as defined in the agreement, Mr. Davidson is entitled to a one-time lump sum severance payment equal to two times his base salary as of the date of termination pro-rated for the remaining term of his agreement.

The employment agreements also provide that these executive officers are eligible to participate in CME's benefit plans and programs, including the equity program and annual incentive plan, commensurate with their position in accordance with CME's policies for executives in effect from time to time.

Mutual Offset Agreement. CME and SGX have a mutual offset agreement that has been extended through October 2009. When a clearing firm of CME chooses to execute an after-hours trade in an eligible product at SGX, the resulting trade can be transferred from SGX to CME, and CME assumes the financial obligation to SGX for the transferred trade. A similar obligation can occur when a clearing firm of SGX chooses to execute a trade in an eligible product 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 at the end of 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 and in the unlikely event of a payment default by a clearing firm, CME and SGX each maintain collateral payable to the other exchange. CME can maintain collateral in the form of U.S. Treasury securities or irrevocable letters of credit. At December 31, 2006, CME was contingently liable to SGX on irrevocable letters of credit totaling $19.0 million and had pledged securities with a fair value of $100.7 million. Regardless of the collateral, CME guarantees all cleared transactions submitted through SGX and would initiate procedures designed to satisfy these financial obligations in the event of a default, such as the use of security deposits and performance bonds of the defaulting clearing firm.

Cross-Margin Agreements. CME and 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 contracts 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. If a participating firm defaults, the gain or loss on the liquidation of the firm's open position and the proceeds from the liquidation of the cross-margin account are split 50% each to CME and OCC.

A cross-margin agreement with LCH became effective in March 2000, whereby clearing firms' offsetting positions with CME and LCH are subject to reduced margin requirements. Similar cross-margin agreements exist with FICC and NYMEX whereby clearing firms' offsetting positions with CME and FICC or CME and NYMEX are subject to reduced margin requirements. Clearing firms maintain separate performance bond deposits with each clearing house, but depending on the net offsetting positions between CME and LCH, CME and FICC, or CME and NYMEX, as applicable, each clearing house may reduce the firm's performance bond requirement. In the event of a firm default, the total liquidation net gain or loss on the firm's offsetting open positions and the proceeds from the liquidation of the performance bond collateral held by each clearing house's supporting offsetting positions are split evenly between CME and LCH, CME and FICC, or CME and NYMEX, as applicable.

Additionally, for the LCH, FICC, and NYMEX cross-margin agreements, if, after liquidation of all the positions and collateral of the defaulting firm at each respective clearing organization, and taking into account any cross-margining loss sharing payments, any of the participating clearing organizations has a remaining liquidating surplus, and any other participating clearing organization has a remaining liquidating deficit, any additional surplus from the liquidation will be shared with the other clearing houses to the extent that they have a remaining liquidating deficit. Any remaining surplus funds will be passed to the bankruptcy trustee.

GFX Letter of Credit. CME guarantees a $5.0 million standby letter of credit for GFX. The beneficiary of the letter of credit is the clearing firm that is used by GFX to execute and maintain its futures positions. The letter of credit will be drawn on in the event that GFX defaults in meeting requirements to its clearing firm. Per exchange requirements, GFX is required to place performance bond deposits with its clearing firm. In the unlikely event of a payment default by GFX, GFX's performance bond would first be used to cover the deficit. If this amount is not sufficient, the letter of credit would be used and finally, CME would guarantee the remaining deficit, if any.

Intellectual Property Indemnifications. Some agreements with customers accessing the Swapstream electronic trading platform or the CME Globex platform; utilizing market data services; and licensing CME SPAN software contain indemnifications from intellectual property claims that may be made against them as a result of their use of these products and services. The potential future claims relating to these indemnifications cannot be estimated and, therefore, in accordance with FIN No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Guarantees of Indebtedness of Others," no liability has been recorded.

18. GFX DERIVATIVES TRANSACTIONS

GFX engages primarily in the purchase and sale of CME foreign exchange futures contracts. GFX posts bids and offers in these products on the CME Globex electronic trading platform to maintain a market and promote additional liquidity in these products. GFX 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 firm. Any residual open positions are marked-to-market on a daily basis and all realized and unrealized gains and losses are included in other revenues in the accompanying consolidated statements of income. Net trading gains totaled $7.0 million in 2006, $7.6 million in 2005 and $7.7 million in 2004. At December 31, 2006, futures positions held by GFX had a notional value of $111.8 million, offset by a similar amount of spot foreign exchange positions, resulting in a zero net position.

19. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted average number of all classes of common stock outstanding during each year. Diluted earnings per share reflects the increase in shares using the treasury stock method to reflect the impact of an equivalent number of shares of common stock if stock options and restricted stock awards were exercised or converted into common stock. The option granted to the former CEO in 2000 was fully exercised as of June 2004. Prior to that date, the dilutive effect of this option was calculated as if the entire option, including the Class A share and Class B share portions of the option, was satisfied through the issuance of Class A shares. The diluted weighted average number of common shares outstanding for the years ended December 31, 2006, 2005, and 2004 exclude the incremental effect related to 137,300, 218,900, and 320,800 outstanding stock options, respectively, that would be anti-dilutive.

(in thousands, except per share data)	2006	2005	2004
Net Income	$ 407,348	$ 306,857	$ 219,555
Weighted Average Common Shares Outstanding:			
Basic	34,696	34,315	33,545
Effect of stock options	418	509	840
Effect of restricted stock grants	10	15	26
Diluted	35,124	34,839	34,411
Earnings per Weighted Average Common Share:			
Basic	$ 11.74	$ 8.94	$ 6.55
Diluted	11.60	8.81	6.38

20. QUARTERLY INFORMATION (UNAUDITED)

(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Year Ended December 31, 2006:					
Total revenues	$ 251,717	$ 282,209	$ 274,705	$ 281,316	$ 1,089,947
Operating income	138,842	166,796	156,962	158,255	620,855
Non-operating income and expense	11,659	13,098	13,552	12,493	50,802
Income before income taxes	150,501	179,894	170,514	170,748	671,657
Net income	91,413	109,533	103,800	102,602	407,348
Earnings per weighted average common share:					
Basic	$ 2.64	$ 3.16	$ 2.99	$ 2.95	$ 11.74
Diluted	2.61	3.12	2.95	2.91	11.60
Year Ended December 31, 2005:					
Total revenues	$ 209,019	$ 232,500	$ 225,706	$ 222,541	$ 889,766
Operating income	112,971	129,583	119,686	115,387	477,627
Non-operating income and expense	5,171	6,621	8,605	10,355	30,752
Income before income taxes	118,142	136,204	128,291	125,742	508,379
Net income	70,885	82,226	77,466	76,280	306,857
Earnings per weighted average common share:					
Basic	$ 2.07	$ 2.40	$ 2.25	$ 2.21	$ 8.94
Diluted	2.04	2.36	2.22	2.18	8.81

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. The company's internal control system has been designed to provide reasonable assurance to management and the Board of Directors regarding the preparation and fair presentation of published financial statements.

Management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2006. Management based this assessment on criteria for effective internal control over financial reporting described in Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included evaluating the design of the company's internal control over financial reporting and testing the operational effectiveness of the company's internal control over financial reporting. The results of its assessment were reviewed with the Audit Committee of the Board of Directors.

Based on this assessment, management believes that, as of December 31, 2006, the company's internal control over financial reporting is effective. The company's independent auditors have audited this assessment of the company's internal control over financial reporting, as stated in their report that is included herein.

REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors and Shareholders of Chicago Mercantile Exchange Holdings Inc.

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Chicago Mercantile Exchange Holdings Inc. maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Chicago Mercantile Exchange Holdings Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Chicago Mercantile Exchange Holdings Inc. maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Chicago Mercantile Exchange Holdings Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of December 31, 2006 and 2005, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2006 of Chicago Mercantile Exchange Holdings Inc. and our report dated February 16, 2007 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Chicago, Illinois
February 16, 2007

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, 2006 and 2005, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2006. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the 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, 2006 and 2005, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Chicago Mercantile Exchange Holdings Inc.'s internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 16, 2007 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Chicago, Illinois
February 16, 2007

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is included in CME Holdings' Proxy Statement under the headings "Nominees for Equity Directors," "Nominees for Class B-1 Director," "Nominees for Class B-2 Director," Nominees for Class B-3 Director, "Members of Our Board Not Standing for Election This Year," "Executive Officers," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Meetings of Our Board and Board Committees — Audit," and is incorporated herein by reference, pursuant to General Instruction G(3).

We have adopted a written code of conduct applicable to all of our employees, including our Chief Executive Officer, Chief Financial Officer and other senior financial officers. In accordance with SEC rules and regulations, our Code of Conduct is available on our Web site at *www.cme.com* under the "Investor Relations—Corporate Governance" link. We intend to disclose promptly on our Web site any substantive amendments to our Code of Conduct and waivers granted to our executive officers. You may also obtain a copy of our Code of Conduct by following the instructions in the section of this Annual Report on Form 10-K entitled "Item 1. Business — Available Information."

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is included in CME Holdings' Proxy Statement under the headings "Compensation Discussion and Analysis," "Executive Compensation," "Director Compensation," "Compensation Interlocks and Insider Participation" and "Compensation Committee Report" and is incorporated herein by reference, pursuant to General Instruction G(3); provided, however, that the Compensation Committee Report contained in the Proxy Statement is not incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The information required by this Item relating to the security ownership of certain beneficial owners and management is included in CME Holdings' Proxy Statement under the headings "Security Ownership of Directors and Executive Officers" and "Security Ownership by Certain Owners" and is incorporated herein by reference, pursuant to General Instruction G(3).

The disclosure regarding CME Holdings equity compensation plans is included in CME Holdings' Proxy Statement under the heading "Compensation Discussion and Analysis—Equity Compensation Plan Information" and is incorporated by reference, pursuant to General Instruction G(2).

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this Item is included in CME Holdings' Proxy Statement under the heading "Certain Business Relationships," "Audit Committee Policy for Approval of Related Party Transactions" and "Director Independence" and is incorporated herein by reference, pursuant to General Instruction G(3).

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is included in CME Holdings' Proxy Statement under the heading "Principal Accountant Fees and Services" and "Audit Committee Policy for Approval of Audit and Permitted Non-Audit Services" and is incorporated herein by reference, pursuant to General Instruction G(3).

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements, Financial Statement Schedules and Exhibits

(1) Financial Statements

The following Consolidated Financial Statements and related Notes, together with the Reports of Independent Registered Public Accounting Firm with respect thereto, appearing on pages 54 through 83 of CME Holdings' annual report to shareholders are included in Exhibit 13.1 hereto and are incorporated by reference herein:

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets at December 31, 2006 and 2005

Consolidated Statements of Income for the Years Ended December 31, 2006, 2005 and 2004

Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2006, 2005 and 2004

Consolidated Statements of Cash Flows for the Years Ended December 31, 2006, 2005 and 2004

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules

The following Financial Statement Schedules are filed as part of this Annual Report on Form 10-K:

Schedule II Valuation and Qualifying Accounts of Chicago Mercantile Exchange Holdings Inc. and Subsidiaries for the Years Ended December 31, 2006, 2005 and 2004

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.

(3) Exhibits

See (b) Exhibits below

Chicago Mercantile Exchange Holdings Inc. and Subsidiaries
Schedule II - Valuation and Qualifying Accounts
For the Years Ended December 31, 2006, 2005 and 2004
(dollars in thousands)

Description	Balance at Beginning of Year	Charged (Credited) to Costs and Expenses	Charged to Revenues	Deductions (1)	Balance at End of Year
Year ended December 31, 2006:					
Allowance for doubtful accounts	$ 828	$ (132)	$ —	$ (144)	$ 552
Accrued fee adjustments	1,228	—	17,104	(16,011)	2,321
Year ended December 31, 2005:					
Allowance for doubtful accounts	$ 1,089	$ (129)	$ —	$ (132)	$ 828
Accrued fee adjustments	3,113	—	12,637	(14,522)	1,228
Year ended December 31, 2004:					
Allowance for doubtful accounts	$ 866	$ 343	$ —	$ (120)	$ 1,089
Accrued fee adjustments	1,986	—	17,362	(16,235)	3,113

(1) Includes write-offs of doubtful accounts and payments for fee adjustments.

(b) Exhibits

Exhibit Number	Description of Exhibit
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. 333-66988).
2.2	Agreement and Plan of Merger, dated as of October 17, 2006, among Chicago Mercantile Exchange Holdings Inc., CBOT Holdings, Inc. and Board of Trade of the City of Chicago, Inc. (incorporated by reference to Exhibit 2.1 to Chicago Mercantile Exchange Holdings Inc.'s Form 8-K filed with the Securities and Exchange Commission on October 19, 2006, File No. 000-33379).
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. 333-66988).
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. 000-33379).
3.3	Third Amended and Restated Bylaws of Chicago Mercantile Exchange Holdings Inc., as amended March 2, 2005 (incorporated by reference to Exhibit 99.1 to Chicago Mercantile Exchange Holdings Inc.'s Current Report on Form 8-K, filed with the SEC on March 4, 2005, File No. 001-31553).
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 Holding's Inc.'s Form 8-A, filed with the SEC on December 4, 2001, File No. 000-33379), including First Amendment thereto, dated as of November 13, 2002, between Chicago Mercantile Exchange Holdings Inc., Mellon Investor Services, LLC and Computershare Investor Services, LLC (incorporated by reference to Exhibit 5 to Chicago Mercantile Exchange Holdings Inc.'s Form 8-A, filed with the SEC on November 29, 2002, File No. 001-31553); Second Amendment thereto, dated October 26, 2005, by and between Chicago Mercantile Exchange Holdings Inc. and Computershare Investor Services, LLC (incorporated by reference to Exhibit 4.1 to Chicago Mercantile Exchange Holdings Inc.'s Form 8-K filed with the SEC on October 27, 2005, File No. 001-31553).
10.1 **	Chicago Mercantile Exchange Holdings Inc. Amended and Restated Omnibus Stock Plan, amended and restated effective as April 23, 2002 and as further amended on February 5, 2003 (incorporated by reference to Exhibit 10.1 to Chicago Mercantile Exchange Holdings Inc.'s Registration Statement on Form S-8, filed with the SEC on May 14, 2003, File No. 333-105236).
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. 333-95561).
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. 333-95561) and the Second Amendment thereto, effective as of November 5, 2003 and the Third Amendment thereto, dated December 23, 2003 (both of which are incorporated by reference to Exhibit 10.3 to Chicago Mercantile Exchange Holdings Inc.'s Form 10-K, filed with the SEC on March 10, 2005, File No. 001-31553).
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. 333-95561); Fourth Amendment thereto, dated December 31, 2003 (incorporated by reference to Exhibit 10.4 to Chicago Mercantile Exchange Holdings Inc.'s Form 10-K, filed with the SEC on March 10, 2005, File No. 001-31553).
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. 333-95561).
10.6**	Form of Equity Grant Letter for Executive Officers (incorporated by reference to Exhibit 10.1 to Chicago Mercantile Exchange Holdings Inc.'s Form 10-Q, filed with the SEC on November 9, 2004, File No. 001-31553).
10.7	Amended and Restated License Agreement, effective as of September 20, 2005, by and between Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and Chicago Mercantile Exchange Inc. (incorporated by reference to Exhibit 10.1 to Chicago Mercantile Exchange Holdings Inc. Form 10-Q, filed with the SEC on November 4, 2005, File No. 000-33379),* including the Letter Agreement, dated March 30, 2006, amending the Amended and Restated License Agreement between Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. and Chicago Mercantile Exchange Inc. (incorporated by reference to Exhibit 10.3 to Chicago Mercantile Exchange Holdings Inc. Form 10-Q, filed with the SEC on May 8, 2006, File No. 000-33379),* the Letter Amendment, dated September 22, 2006 (incorporated by reference to Exhibit 10.3 to Chicago Mercantile Exchange Inc. Form 10-Q filed with the SEC on November 6, 2006, File No. 000-33379)*** and the Letter Amendment, dated September 28, 2006 (incorporated by reference to Exhibit 10.4 to Chicago Mercantile Exchange Holdings Inc. Form 10-Q filed with the SEC on November 6, 2006, File No. 000-33379).***
10.8***+	Services Agreement by and between Chicago Mercantile Exchange Inc. and New York Mercantile Exchange, Inc. effective as of April 6, 2006.
10.9*	License Agreement, effective as of October 9, 2003, between The Nasdaq Stock Market, Inc., a subsidiary of National Association of Securities Dealers, Inc., and Chicago Mercantile Exchange Inc. (incorporated by reference to Chicago Mercantile Exchange Holdings Inc.'s Form 10-K, filed with the SEC on March 11, 2004, File No. 001-31553), including the amendment dated April 26, 2005 (incorporated by reference to Exhibit 10.1 to Chicago Mercantile Exchange Holdings Inc.'s Form 10-Q, filed with the SEC on August 4, 2005, File No. 001-31553) and the amendment dated June 22, 2005 (incorporated by reference to Exhibit 10.2 to Chicago Mercantile Exchange Holdings Inc.'s Form 10-Q, filed with the SEC on August 4, 2005, File No. 001-31553).
10.10*	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. 333-66988).
10.11*	Amendment, dated December 26, 2002, to the Central Services System (NSC) Software License and Development Agreement, effective June 5, 1997, between SBF Bourse de Paris and Chicago Mercantile Exchange Inc. (incorporated by reference to Exhibit 10.11 to Chicago Mercantile Exchange Holdings Inc. Form 10-K, filed with the SEC on March 21, 2003, File No. 001-31553).
10.12*	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 October 1, 2001, File No. 333-66988).
10.13*	Non-Termination Agreement, effective December 26, 2002, Regarding the 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. and Amendment No. 1, dated December 26, 2002, to the 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 10.13 to Chicago Mercantile Exchange Holdings Inc. Form 10-K, filed with the SEC on March 21, 2003, File No. 001-31553).
10.14	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. (incorporated by reference to Exhibit 10.14 to Chicago Mercantile

	Exchange Inc.'s Form S-4 dated February 24, 2000, File No. 333-95561), first 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. 333-95561) and second amendment thereto made as of October 7, 2004 (incorporated by reference to Exhibit 99.1 to Chicago Mercantile Exchange Holdings Inc.'s Form 8-K, filed with the SEC on October 19, 2004, File No. 001-31553).
10.15	Intentionally Omitted
10.16	Intentionally Omitted
10.17	Credit Agreement, dated as of October 13, 2006, between Chicago Mercantile Exchange Inc. and each of the banks from time to time party thereto and the Bank of Montreal, as administrative agent, the Bank of New York, as collateral agent, and BMO Capital Markets, as lead arranger (incorporated by reference to Exhibit 10.1 to Chicago Mercantile Exchange Holdings Inc.'s Form 8-K filed with the Securities and Exchange Commission on October 16, 2006, File No. 000-33379).
10.18**	Employment Agreement, dated April 3, 2006, between Chicago Mercantile Exchange Inc. and Craig S. Donohue (incorporated by reference to Exhibit 10.1 to the Chicago Mercantile Exchange Holdings Inc.'s Form 8-K, filed with the SEC on April 3, 2006, File No. 000-33379).
10.19**	Agreement, dated November 7, 2003 between Chicago Mercantile Exchange Inc. and Phupinder Gill (incorporated by reference to Exhibit 10.19 to Chicago Mercantile Exchange Holdings Inc.'s Form 10-K, filed with the SEC on March 11, 2004), including the First Amendment thereto, effective as of December 20, 2005 (incorporated by reference to Exhibit 10.1 to Chicago Mercantile Exchange Holdings Inc.'s Form 8-K, filed with the SEC on December 23, 2005, File No. 000-33379).
10.20**	Chicago Mercantile Exchange Holdings Inc. Annual Incentive Plan (incorporated by reference to Exhibit 10.1 to Chicago Mercantile Exchange Holdings Inc.'s Form 10-Q, filed with the SEC on August 11, 2003, File No. 001-31553).
10.21*+	Clearing Services Agreement, dated April 16, 2003, between Chicago Mercantile Exchange Inc. and The Board of Trade of the City of Chicago, Inc. and the first amendment thereto, dated as of March 1, 2004 (incorporated by reference to Exhibit 10.1 to the Chicago Mercantile Exchange Holdings Inc.'s 10-Q, filed with the SEC on May 5, 2004, File No. 001-31553) and the second amendment thereto (incorporated by reference to Section 6.17 of Exhibit 2.2 hereof).
10.22**	Consulting Agreement between Chicago Mercantile Exchange Holdings Inc. and Jack Sandner, dated October 10, 2005 (incorporated by reference to Exhibit 10.4 to Chicago Mercantile Exchange Holdings Inc.'s Form 10-Q, filed with the SEC on November 4, 2005, File No. 000-33379).
10.23**	Agreement, dated November 21, 2003, between Chicago Mercantile Exchange Inc. and James Krause (incorporated by reference to Exhibit 10.23 to Chicago Mercantile Exchange Holdings Inc.'s Form 10-K, filed with the SEC on March 11, 2004, File No. 001-31553), including the First Amendment thereto, effective on June 1, 2004 (incorporated by reference to Exhibit 10.23 to Chicago Mercantile Exchange Holdings Inc.'s Form 10-K filed with the SEC on March 6, 2006, File No. 000-33379).
10.24**	Consulting Agreement between Chicago Mercantile Exchange Holdings Inc. and Leo Melamed, dated January 31, 2005 (incorporated by reference to Exhibit 99.1 to Chicago Mercantile Exchange Holdings Inc.'s Form 8-K, filed with the SEC on February 3, 2005, File No. 001-31553).
10.25**	2005 Director Stock Plan (incorporated by reference to Exhibit 99.1 to Chicago Mercantile Exchange Holdings Inc.'s Form 8-K, filed with the SEC on April 28, 2005, File No. 001-31553).
10.26**	Form of Equity Stipend Grant Letter for Non-Executive Directors (incorporated by reference to Exhibit 99.2 to Chicago Mercantile Exchange Holdings Inc.'s Form 8-K, filed with the SEC on April 28, 2005, File No. 001-31553).
10.27**	Employee Stock Purchase Plan (incorporated by reference to Exhibit 99.3 to Chicago Mercantile Exchange Holdings Inc.'s Form 8-K, filed with the SEC on April 28, 2005, File No. 001-31553).
10.28**	Consulting Agreement between Chicago Mercantile Exchange Holdings Inc. and Leo Melamed, dated November 14, 2005 (incorporated by reference to Exhibit 10.28 to Chicago Mercantile Exchange Holdings Inc.'s Form 10-K filed with the SEC on March 6, 2006, File No. 000 - 33379).

10.29**	Employment Agreement, dated February 3, 2006, between Chicago Mercantile Exchange Inc. and John P. Davidson III (incorporated by reference to Exhibit 10.1 to the Chicago Mercantile Exchange Holdings Inc.'s Form 8-K, filed with the SEC on February 8, 2006, File No. 000-33379).
10.30***	Shareholders Agreement dated May 4, 2006 and amended and restated on July 20, 2006 by and between Reuters Holdings Limited, CME FX Marketplace Inc., FXMarketSpace Limited (f/k/a RCFX Limited), Reuters Group PLC, Reuters Limited, the Company and Chicago Mercantile Exchange Inc. (incorporated by reference to Exhibit 10.2 to Chicago Mercantile Exchange Holdings Inc. Form 10-Q, filed with the SEC on August 7, 2006, File No. 000-33379).
21.1	List of Subsidiaries of Chicago Mercantile Exchange Holdings Inc.
23.1	Consent of Ernst & Young LLP.
31.1	Section 302 Certification – Craig S. Donohue, Chief Executive Officer.
31.2	Section 302 Certification – James E. Parisi– Managing Director and Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Confidential treatment pursuant to Rule 406 of the Securities Act has been previously granted by the SEC.

** Management contract or compensatory plan or arrangement.

*** Portions of this exhibit have been omitted and filed separately with the SEC pursuant to a request for confidential treatment pursuant to Rule 24b-2 of the Exchange Act.

\+ This exhibit, which was previously granted confidential treatment, is being re-filed with omissions that conform to the filings of the counterparties to the agreement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago and State of Illinois on the 28th day of February, 2007.

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC.

By: /s/ James E. Parisi
James E. Parisi
Managing Director and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 28, 2007

Signature	Title
/s/ Craig S. Donohue Craig S. Donohue	Chief Executive Officer and Director
/s/ Terrence A. Duffy Terrence A. Duffy	Chairman of the Board and Director
/s/ James E. Parisi James E. Parisi	Managing Director and Chief Financial Officer
/s/ Nancy W. Goble Nancy W. Goble	Managing Director and Chief Accounting Officer
/s/ Dennis H. Chookaszian Dennis H. Chookaszian	Director
/s/ Martin J. Gepsman Martin J. Gepsman	Director
/s/ Daniel R. Glickman Daniel R. Glickman	Director
/s/ Elizabeth Harrington Elizabeth Harrington	Director
/s/ Bruce F. Johnson Bruce F. Johnson	Director
/s/ Gary M. Katler Gary M. Katler	Director
/s/ Patrick B. Lynch Patrick B. Lynch	Director
/s/ Leo Melamed Leo Melamed	Director

/s/ William P. Miller II William P. Miller II	Director
/s/ James E. Oliff James E. Oliff	Director
/s/ Alex J. Pollock Alex J. Pollock	Director
/s/ William G. Salatich, Jr. William G. Salatich, Jr.	Director
/s/ John F. Sandner John F. Sandner	Director
/s/ Terry L. Savage Terry L. Savage	Director
/s/ Myron S. Scholes Myron S. Scholes	Director
/s/ William R. Shepard William R. Shepard	Director
/s/ Howard J. Siegel Howard J. Siegel	Director
/s/ David J. Wescott David J. Wescott	Director

Exhibit 10.8

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

SERVICES AGREEMENT

EFFECTIVE THIS 6th DAY OF APRIL, 2006

BETWEEN

CHICAGO MERCANTILE EXCHANGE INC., a business corporation organized under the laws of the State of Delaware and having its principal office situated at 20 South Wacker Drive, Chicago, Illinois 60606 U.S.A., duly represented by its Chairman of the Board, Mr. Terrence Duffy, and by its Chief Executive Officer, Mr. Craig S. Donohue, (hereinafter referred to as "CME"),

AND

NEW YORK MERCANTILE EXCHANGE, INC., a Delaware corporation having an office at One North End Avenue, World Financial Center, New York, New York 10282 U.S.A., duly represented by its Chairman of the Board, Mr. Mitchell Steinhause, and by its President, Mr. James E. Newsome, (together with its Affiliates, hereinafter referred to as "NYMEX").

RECITALS:

WHEREAS, CME is registered with the Commodity Futures Trading Commission (the "CFTC") as a "designated contract market" and a "derivatives clearing organization" within the meaning of the Commodity Exchange Act, as amended (the "CEA"), and lists for trading futures contracts and options on futures contracts based on various financial and commodity products;

WHEREAS, New York Mercantile Exchange, Inc. is registered with the CFTC as a "designated contract market" and a "derivatives clearing organization" within the meaning of the CEA, and lists for trading futures contracts and options on futures contracts based on various commodity products;

WHEREAS, NYMEX and CME wish to enter into an arrangement pursuant to which certain NYMEX products will be traded on Globex;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and with the intent to be legally bound, the parties hereby agree as follows:

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

1. INTERPRETATION

1.1. Definitions. In this Agreement, unless the context otherwise requires:

1.1.1. "ADV" means the average daily trading volume, in contracts (composed of both a buy-side and a sell-side), measured by dividing the total number of contracts traded during a specified period by the total number of trading days during such period.

1.1.2. "Affiliates" means, with respect to any specified Person, any other Person that, directly or indirectly, controls, is under common control with, or is controlled by, such specified Person. A Person shall be deemed to control another Person if it owns more than 50% of the capital stock or other equity interests of such other Person or possesses, directly or indirectly, the power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of such other Person. In the case of NYMEX, Affiliates as of the Effective Date include but are not limited to NYMEX Holdings, Inc. and COMEX. For purposes of this Agreement, however, Affiliates of NYMEX shall not include (i) NYMEX Europe, unless and until this Agreement is amended to so provide, or (ii) DME, unless and until NYMEX increases its ownership or economic interest in, or control over, DME.

1.1.3. "Business Day" means Mondays through Fridays, excluding any days that are identified by NYMEX as holidays pursuant to Section 7.1.3.

1.1.4. "CEA" has the meaning set forth in the recitals.

1.1.5. "CME Documentation" has the meaning set forth in Section 10.4.

1.1.6. "CME Marks" has the meaning set forth in Section 9.2.1.

1.1.7. "CME Policies" has the meaning set forth in Section 6.3.

1.1.8. "CME Globex Contracts" means the electronically traded products for which CME is the DCM and the derivatives clearing organization under the CEA that are traded on Globex.

1.1.9. "CME Messaging Policies" has the meaning set forth in Section 6.10.1.

1.1.10. "CME Services" has the meaning set forth in Section 6.1.

1.1.11. "CME Systems" has the meaning set forth in Section 6.3.

1.1.12. "COMEX" means the Commodity Exchange Inc., which merged with NYMEX on August 3, 1994. Following the COMEX merger, NYMEX established two divisions of membership, the NYMEX Division and the COMEX Division.

1.1.13. "COMEX Products" means all futures and futures options products listed for trading by COMEX. COMEX Products are a subset of NYMEX Products.

1.1.14. "Competitive Contract" has the meaning set forth in Section 3.4.2.

1.1.15. "Customer Connection Agreement" means the agreement, including all relevant attachments, that CME requires to be executed and delivered to CME before a Person may access Globex for trading. CME may modify the Customer Connection Agreement from time to time and may in its discretion periodically require market participants to execute revised versions of the agreement.

1.1.16. "DCM" means a designated contract market under the CEA (or corresponding designation under the laws of any non-U.S. jurisdiction).

1.1.17. "DME" means DME Holdings Limited and Dubai Mercantile Exchange Limited, collectively or individually as the context requires.

1.1.18. "Effective Date" means April 6, 2006.

1.1.19. "Eligible Participant" has the meaning set forth in Section 5.1.1.

1.1.20. "Error Trade Policy" has the meaning set forth in Section 8.7.

1.1.21. "Fees" has the meaning set forth in Section 11.1.

1.1.22. "Force Majeure Event" has the meaning set forth in Article 18.

1.1.23. "Globex" means the CME Globex® electronic trade execution system, including any licensed software that is a part of it from time to time, and any successor electronic trading system thereto.

1.1.24. "Globex Control Center" or "GCC" means the Globex Control Center™, a technical support center established and maintained by CME to provide technical support and control over the operations of Globex and related systems utilized by CME for trading CME Globex Contracts.

1.1.25. "Globex Marketing Materials" has the meaning set forth in Section 9.2.2.

1.1.26. "Globex Site" has the meaning set forth in Section 5.1.2.

1.1.27. "Launch Date" and "Launch Dates" means any or all of Launch Date 1, 2 and 3, as the context requires.

1.1.28. "Launch Date 1" means the date on which the required NYMEX Mini Contracts and NYMEX Big Contracts (as set forth in Section 3.1.1) are first listed for trading on Globex (excluding any testing period that precedes live trading). Launch Date 1 is generally expected to be in May or June of 2006.

1.1.29. "Launch Date 2" means the first date on which NYMEX ACCESS Contracts are listed for trading on Globex (excluding any testing period that precedes live trading). Launch Date 2 is generally expected to be in June or July of 2006.

1.1.30. "Launch Date 3" means the date on which required implied inter-commodity "crack" spreading functionality, as determined by the parties in accordance with Section 4.1, is available for use in live trading (excluding any testing period that precedes live trading). Launch Date 3 is generally expected to be before the end of 2006, depending upon the requirements for the implied inter-commodity spread functionality described in Section 6.5.2.

1.1.31. "Losses" means, with respect to any party's indemnification obligations hereunder, any and all losses, liabilities, damages and claims, and all related costs and expenses (including without limitation reasonable attorneys' fees).

1.1.32. "Market Data" has the meaning set forth in Section 9.3.1.

1.1.33. "Mass Quoting Functionality" means functionality that would allow designated Globex users to submit to Globex both bids and offers across multiple strike-price futures options instruments, but within a single series (meaning a specific expiration date), using a single message.

1.1.34. "NYMEX ACCESS" means the NYMEX ACCESS® electronic trade execution system. For purposes of this Agreement, the term NYMEX ACCESS shall also be deemed to include any electronic trading system that is a successor to NYMEX ACCESS.

1.1.35. "NYMEX ACCESS Contracts" means NYMEX Products that are listed by NYMEX for trading on NYMEX ACCESS prior to Launch Date 2.

1.1.36. "NYMEX Big Contracts" means the NYMEX Globex Contracts that are futures contracts that are full-sized versions of NYMEX futures contracts traded on the NYMEX trading floor.

1.1.37. "NYMEX ClearPort" means the NYMEX ClearPort® electronic trade execution system. For purposes of this Agreement, the term NYMEX ClearPort shall also be deemed to include any electronic trading system that is a successor to NYMEX ClearPort.

1.1.38. "NYMEX Core Commodities" means the energy and metals commodities underlying NYMEX Products (including both a commodity and an index of prices of such commodity if settlement of a futures contract to that index can be used as a substitute for a futures contract that is settled by delivery of the commodity).

1.1.39. "NYMEX Europe" means NYMEX Europe Limited and NYMEX Europe Exchange Holdings Limited, collectively or individually as the context requires.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

1.1.40. "NYMEX Globex Contracts" means all NYMEX Products that are listed by NYMEX for trading on Globex. NYMEX Globex Contracts refers only to the products actually listed on Globex and not to any other NYMEX Product, even though it may be identical as to contract specifications but for the mode of trading.

1.1.41. "NYMEX Marketing Materials" has the meaning set forth in Section 9.2.1.

1.1.42. "NYMEX Marks" has the meaning set forth in Section 9.2.2.

1.1.43. "NYMEX Mini Contracts" means the NYMEX Globex Contracts that are futures contracts that are smaller-sized versions of NYMEX Products that are futures contracts traded on the NYMEX trading floor.

1.1.44. "NYMEX Products" means all futures and futures options products listed for trading by NYMEX as to which NYMEX is the DCM (and all OTC Look-Alike versions of such products), including products traded on NYMEX's trading floor, COMEX Products, NYMEX ACCESS Products, products traded on NYMEX ClearPort and the NYMEX Globex Contracts, and futures or futures options products (or OTC Look-Alike products) traded by any NYMEX Affiliate or any entity that NYMEX acquires or with which NYMEX merges.

1.1.45. "OTC Look-Alike" means, with respect to a traded product, a standardized instrument that mimics a futures or futures option product that is listed for trading by NYMEX, which instrument is traded by means of the facilities of a trading system that is not a DCM. Neither the size of the OTC contract nor the form of delivery shall be relevant to whether the contract is an OTC Look-Alike.

1.1.46. "Performance Standards" has the meaning set forth in Section 6.2.

1.1.47. "Person" means an individual, partnership, limited partnership, corporation, limited liability company, joint stock company, unincorporated organization or association, trust or joint venture, or any other similar entity as the context reasonably permits.

1.1.48. "Prior Year's Fees" means the actual Fees payable under Exhibit B for a period of 12 full calendar months that precedes any reference date given in this Agreement, provided that if the actual Fees for such period are less than the applicable annual minimum payment, as described in Exhibit B, then the annual minimum payment shall be the Prior Year's Fees. For purposes of determining an annual minimum payment to compare to an amount of Fees that were payable, the annual minimum payment shall be calculated hypothetically for any 12-month period that does not align to an annual period specified in Exhibit B. For example, if Year 1 under Exhibit B is July 1, 2006 through June 30, 2007, and Prior Year's Fees must be measured for a reference date of April 15, 2008, the applicable twelve month period would be April 1, 2007 through March 30, 2008, and the hypothetical annual

minimum payment would be $ **[***Redacted***]** $ **[***Redacted***]** + $ **[***Redacted***]**

1.1.49. "Project Plans" has the meaning set forth in Section 8.1.

1.1.50. "Proprietary Business Information" has the meaning set forth in Section 17.1.

1.1.51. "Qualifying NYMEX Contract" means a NYMEX Globex Contract listed during regular trading hours (i) that is identical in specifications to the applicable version of the product that is traded on the NYMEX trading floor, including physical delivery of the product, such that a long contract of such product traded on Globex automatically offsets a short contract of such product traded on the NYMEX trading floor (and vice-versa), (ii) where at least 4 contract months of such product are listed on Globex at all times (with five available during the roll period), (iii) where implied calendar spreading is permitted during all Trading Hours, (iv) where pricing is comparable, meaning that the pricing structure does not discourage electronic trading, and (v) where trading rules (other than rules relating to credit and similar limits imposed on users of electronic systems on the basis of such users' particular characteristics) are identical in all material respects and not structured to discourage electronic trading. A NYMEX Globex Contract that fully replaces the version of the product that is traded on the NYMEX trading floor shall also qualify as a Qualifying NYMEX Contract, regardless of whether it is physically delivered or cash-settled. Additionally, if a NYMEX Big Contract that is cash-settled becomes the dominant product for a particular underlying commodity, CME shall negotiate in good faith as to whether it qualifies as a Qualifying NYMEX Contract, even if the physically-delivered version of the product continues to be traded on the NYMEX trading floor.

1.1.52. "Specifications Intellectual Property" has the meaning set forth in Section 3.4.6.

1.1.53. "System Malfunction" has the meaning set forth in Section 6.6.1.

1.1.54. "Term" has the meaning set forth in Article 2.

1.1.55. "TPS" means transactions per second, calculated by determining the average number of order entry, order modification, order cancel, request for quote messages and other similar messages received by the match engine per second.

1.1.56. "Trading Hours" has the meaning set forth in Section 7.1.1.

1.2. References. Unless something in the subject matter or context is inconsistent with the resulting interpretation, all references to Sections, Paragraphs, Articles and Exhibits are to Sections, Paragraphs, Articles and Exhibits of this Agreement. The words "hereto", "herein", "of this Agreement", "under this Agreement" and similar expressions mean and refer to this Agreement.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

1.3. Headings. The inclusion of headings in this Agreement is for convenience of reference only and does not affect the construction or interpretation of this Agreement.

1.4. Interpretation. The use of any term herein in the singular shall, where appropriate, include the plural and vice versa. The word "include", "includes" and "including" will be deemed to be followed by the words "without limitation". "Futures", "futures options," "products" and "contracts", as used herein, encompass the listing of multiple contract months for delivery; a new contract month, for example, is not a new or different product for purposes of this Agreement. However, a futures product is a different product or contract from a futures options product or contract, even though the futures options product may settle into the futures contract, and both are economically linked to the same underlying commodity.

1.5. Exhibits. The Exhibits forming part of this Agreement are as follows:

Exhibit A CME Services
Exhibit B Fees
Exhibit C NYMEX Market Maker Agreements
Exhibit D Information Sharing Agreement
Exhibit E Cross Margining Agreement

2. TERM

This Agreement shall commence on the Effective Date and, unless sooner terminated in accordance with Article 12 below, shall terminate on the 10th anniversary of Launch Date 1. Upon expiration of the initial term, this Agreement shall automatically renew for successive three-year renewal terms unless either (i) NYMEX notifies the CME in writing at least twelve (12) months prior to the beginning of the applicable renewal term of its decision not to renew or (ii) CME notifies NYMEX in writing at least eighteen (18) months prior to the beginning of the applicable renewal term of its decision not to renew. The initial term and the renewal terms, if any, shall collectively be referred to herein as the "Term".

3. NYMEX GLOBEX CONTRACTS; NON-COMPETE

3.1. NYMEX Globex Contracts.

3.1.1. *Required NYMEX Mini Contracts*. NYMEX Mini Contracts on light, sweet crude oil, natural gas, heating oil, gasoline shall be listed for trading on Globex on Launch Date 1. Each of the foregoing NYMEX Mini Contracts (i) must be listed during both daytime and night-time trading hours, and (ii) shall continue to be listed for trading on Globex during the Term unless and until a Qualifying NYMEX Contract on the same underlying commodity is listed for trading on Globex (at which point NYMEX may but need not delist the NYMEX Mini Contract).

3.1.2. *Required NYMEX Big Contracts*. NYMEX Big Contracts on light, sweet crude oil, natural gas, heating oil and gasoline shall be listed for trading during regular

trading hours on Globex on Launch Date 1. Each of the foregoing NYMEX Big Contracts must be listed during both daytime and night-time trading hours. NYMEX shall determine in its discretion whether a NYMEX Big Contract will be settled on a cash basis or by physical delivery, *except that*, beginning on **[***Redacted***],** physically-delivered NYMEX Big Contracts must be listed for trading during night-time trading hours, even if cash-settled NYMEX Big Contracts are also listed. If a NYMEX Big Contract is settled by physical delivery, it must be considered to be the same product for clearing purposes as the related version of the product that is traded on NYMEX's trading floor such that positions of the NYMEX Big Contract automatically offset positions of that product that are traded on the trading floor. If a NYMEX Big Contract is cash-settled, any NYMEX Mini Contract that is based on the same underlying commodity must be fungible at the clearing level with cash-settled NYMEX Big Contracts of equivalent total notional value, meaning that NYMEX shall establish an administrative process by which NYMEX Mini Contract positions may offset NYMEX Big Contract positions upon request and without charge.

3.1.3. *NYMEX ACCESS Contracts.* All NYMEX ACCESS Contracts (except for NYMEX ACCESS Contracts that are COMEX Products, as further set forth in and subject to Section 4.4) shall be listed for trading as NYMEX Globex Contracts on Launch Date 2. NYMEX ACCESS Contracts that are listed as NYMEX Globex Contracts must be listed during night-time trading hours at a minimum, and must be considered to be the same products for clearing purposes as any related version that is traded on NYMEX's trading floor such that positions of the NYMEX Globex Contract automatically offset positions of that product that are traded on the trading floor. As used throughout this Section 3.1, "daytime" trading hours means at least the same hours as apply for trading on NYMEX's trading floor, and "night-time" trading hours means at least the trading hours during which NYMEX ACCESS Products were available for trading, in either case only to the extent that CME can support such hours as described in Section 7.1.1.

3.1.4. *NYMEX ClearPort.* With respect to NYMEX Products permitted to be listed for trading on NYMEX ClearPort in accordance with Section 3.3.2, if any such NYMEX Product achieves an ADV of **[***Redacted***]** or more contracts in any rolling **[***Redacted***]**-month period following the **[***Redacted***]**, NYMEX shall promptly add such NYMEX Product to Globex by providing the notice described in Section 3.2.1 and shall delist the NYMEX Product from NYMEX ClearPort for trading upon its listing for trading on Globex.

3.1.5. *COMEX Products.* NYMEX shall use commercially reasonable efforts to persuade the COMEX Governors Committee to approve the listing of NYMEX Mini Contracts and NYMEX Big Contracts on gold, silver and copper during daytime trading hours; in support of this effort NYMEX shall facilitate meetings among CME senior management and members of the COMEX Board.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

3.1.6. *Other NYMEX Products.* NYMEX may in its discretion include additional NYMEX Products to be listed on Globex on Launch Date 1 or Launch Date 2, subject to the requirements of Article 4. Thereafter, NYMEX may from time to time add other NYMEX Products to Globex as set forth more fully in Section 3.2.

3.1.7. *Options Products.* By the **[***Redacted***]** of the **[***Redacted***]**, NYMEX shall have listed options, with a reasonable number of strikes and expirations, on each NYMEX Globex Contract that is functionally equivalent to a NYMEX Product on which NYMEX listed futures options for trading (whether electronically or on NYMEX's trading floor) as of the Effective Date. Functionally equivalent, as used above, means having identical or near identical specifications, including as to size or notional value, but excluding distinctions between cash-settlement and settlement by physical delivery. For the avoidance of doubt, nothing in this Section 3.1.7 will obligate COMEX Products that are futures contracts to be listed for trading during daytime trading hours.

3.2. New Products, Changes to Products or Contract Specifications.

3.2.1. *Generally.* NYMEX shall be responsible for determining the products on which the NYMEX Globex Contracts will be based and the specifications for such contracts. NYMEX may, in its discretion, from time to time add or withdraw NYMEX Globex Contracts and/or modify any of the specifications for the NYMEX Globex Contracts, provided that any addition, withdrawal or modification does not effectively contravene any provision of this Agreement, and subject to Section 6.8 with respect to any new functionality that may be required to support such change or a new NYMEX Globex Contract. NYMEX shall, as soon as reasonably practicable, provide the GCC advance written notice of any addition or withdrawal of a NYMEX Globex Contract or modification of the specifications for a NYMEX Globex Contract.

3.2.2. *CME Obligations and Objections*. Following receipt of a notice specified in Section 3.2.1 above, CME shall (i) promptly effectuate the addition, deletion or modification to specifications (generally within 30 Business Days, absent unusual circumstances such as a systems freeze that also limit the listing of new CME Globex Contracts), or (ii) within ten (10) Business Days of GCC's receipt of such notice, notify NYMEX that CME has determined in its reasonable discretion that a proposed addition of a NYMEX Globex Contract or modification to specifications for an existing NYMEX Globex Contract (A) would materially increase CME's costs of providing the CME Services or (B) would require modifications to the CME Systems that would materially impair functionality or materially increase operational costs. Upon receipt of such notice from CME, NYMEX shall (1) withdraw its proposed addition or modification to specifications, or (2) work with CME to revise the proposed addition or modification such that any CME objections are remedied and submit a change request to CME in accordance with Section 6.8.

3.2.3. *Spread Trading*. Without limiting the generality of Section 3.2.1, NYMEX shall be responsible for determining the extent to which spread trading shall be permitted among NYMEX Globex Contracts or between NYMEX Globex Contracts and other products listed for trading on Globex, and CME shall use reasonable commercial efforts to enforce such decisions within the limits of the CME Systems. Consistent with this requirement, (i) NYMEX may determine whether to allow Eligible Participants to include NYMEX Globex Contracts within user-defined spreads after CME launches user-defined spreading functionality (NYMEX understands that the CME may not be able to limit the functionality such that it would allow user-defined spreading only within the universe of NYMEX Globex Contracts), and (ii) if an Eligible Participant registers to connect an automated trading system to Globex and indicates an intention to automatically trade spreads between NYMEX Globex Contracts and other products listed for trading on Globex, CME shall reject such registration or application. Notwithstanding the foregoing, NYMEX understands and agrees that CME's ability to enforce limitations on inter-commodity spread trading by users is limited. Furthermore, CME may in its sole discretion modify or eliminate altogether any requirement that users of Globex register or seek approval for automated trading systems.

3.2.4. *Withdrawal.* Notwithstanding the foregoing, a NYMEX Globex Contract shall be withdrawn from trading if either party notifies the other party that it (i) has determined in its reasonable discretion, upon consultation with competent counsel in the relevant jurisdiction, that initiating or continuing trading of such product pursuant to this Agreement would violate any applicable law, regulation or order, and (ii) is unable, after reasonably diligent efforts, to secure appropriate relief. The party giving notice shall notify the other party as soon as reasonably practicable after determining that initiating or continuing trading of a NYMEX Globex Contract may violate any applicable law, regulation or order, and each party shall provide reasonable cooperation to the other in efforts undertaken to secure appropriate relief.

3.3. Exclusive Arrangement.

3.3.1. *Exclusivity.* Globex shall be the exclusive platform for electronic trading of NYMEX Products during the Term, except as set forth in Section 3.3.2 or Section 4.4.3.

3.3.2. *Limited Exception for NYMEX ClearPort.* Notwithstanding the foregoing, NYMEX shall be entitled to list NYMEX Products for trading on NYMEX ClearPort rather than on Globex only if such products are listed for clearing on NYMEX ClearPort and only if listing of the product for trading is required for regulatory purposes, provided that if any such NYMEX Product listed on NYMEX ClearPort Trading achieves an ADV of **[***Redacted***]** contracts or greater in any rolling **[***Redacted***]**-month period following the Effective Date, NYMEX shall promptly add such NYMEX Product to Globex by providing the notice described in Section 3.2.1 and shall delist the NYMEX Product from NYMEX ClearPort Trading upon its listing on Globex.

3.3.3. *Dubai Mercantile Exchange.* Following the Effective Date, CME and NYMEX shall engage in good faith negotiations concerning the inclusion of products listed for trading by DME in the service arrangement set forth in this Agreement. Neither party shall be bound to any particular outcome of such negotiations, except that CME shall be obligated at the request of NYMEX and DME to include DME products in this Agreement on the same terms as if they were NYMEX Products.

3.3.4. *NYMEX Europe*. NYMEX shall use its commercially reasonable efforts to encourage NYMEX Europe to become a party to this Agreement, in which case NYMEX Europe shall be deemed an Affiliate, pursuant to the terms of an amendment to be mutually agreed among CME, NYMEX and NYMEX Europe. Notwithstanding anything herein to the contrary, neither NYMEX nor NYMEX Europe shall have any obligation to list products of NYMEX Europe on Globex unless and until appropriate regulatory approvals are obtained.

3.4. Non-Compete. The following restrictions shall apply to CME during the Term:

3.4.1. *Generally.* CME shall not list any Competitive Contract for trading on Globex and shall not allow another Person to make any Competitive Contract available for trading through Globex, provided that the following conditions shall apply:

(1) Between **[***Redacted***]**, CME may not list (or announce that it will list for trading) any new CME Globex Contract that *would be* a Competitive Contract to a NYMEX Globex Contract that NYMEX indicates it will list for trading on either Launch Date 1 or Launch Date 2 (as described in Section 4.1).

(2) Beginning on **[***Redacted***]**, CME may not list for trading any new Competitive Contract to a NYMEX Globex Contract (i) during the first year of trading of such NYMEX Globex Contract and (ii) after the first year of trading of such NYMEX Globex Contract provided that it achieves and maintains an ADV of **[***Redacted***]** contracts**,** measured over the three-month period immediately preceding the first anniversary of the launch of such NYMEX Globex Contract and on a rolling 3-month basis thereafter.

(3) Notwithstanding paragraph (2), beginning on **[***Redacted***],** CME may list for trading or continue to list for trading any Competitive Contract that CME had (i) listed for trading or (ii) publicly announced that it would list for trading with a date certain 90 days or less after the announcement (with any appropriate regulatory filings prior to or simultaneous with the announcement), in either case prior to NYMEX notifying CME that it would list a new NYMEX Globex Contract as to which the Competitive Contract would be competitive. For the avoidance of doubt and

notwithstanding anything to the contrary in this Agreement, no restrictions under this Section 3.3.1 shall apply to CME Globex Contracts that were listed for trading prior to the Effective Date.

(4) With respect to COMEX Products specifically, and notwithstanding anything else in this Agreement to the contrary: (i) between the **[***Redacted***]** and the **[***Redacted***]** anniversary of **[***Redacted***]**, CME may not list for trading any new CME Globex Contract that *would be* a Competitive Contract to a COMEX Product (regardless of the fact that no NYMEX Globex Contract has yet been listed based on such COMEX Product), and (ii) beginning on the **[***Redacted***]]** anniversary of **[***Redacted***]**, CME may list Competitive Contracts to any COMEX Product, unless that COMEX Product is (a) listed as NYMEX Globex Contracts with open access to trading for all Eligible Participants, *and* (b) listed as a NYMEX Globex Contract that has at the time and maintains thereafter an ADV of **[***Redacted***]** contracts, measured on a rolling 3-calendar month basis thereafter. At such time as all of the NYMEX Globex Contracts that are based on COMEX Products are listed with open access for trading by all Eligible Participants, the provisions of this paragraph shall no longer apply and such products will fall under the general provisions of this Section 3.3.1, including paragraphs (1) through (3) above.

3.4.2. *Competitive Contracts.* "Competitive Contract" means a futures contract, an option on futures contract or an OTC Look-Alike product that has**[***Redacted***]**. Competitive Contract also includes a futures contract, a futures option contract or an OTC Look-Alike product that has **[***Redacted***]** provided that (i) each of the relevant NYMEX Globex Contracts (a) is in its first year of trading as a NYMEX Globex Contract or (b) achieved and has maintained **[***Redacted***]**, measured over the three-month period immediately preceding the first anniversary of the launch of such NYMEX Globex Contract and on a rolling 3-month basis thereafter, and (ii) the specifications (exclusive of size or notional value) for the proposed CME Globex Contract are similar enough to the relevant NYMEX Globex Contracts to be an effective economic substitute for trading those contracts individually.

3.4.3. *NYMEX Europe and DME*. The restrictions on CME under Section 3.4.1 shall not apply with respect to any CME Globex Contract that is based on an underlying commodity that is the same underlying commodity as a product listed for trading by NYMEX Europe or DME unless and until NYMEX Europe or DME, as applicable, becomes a party to this Agreement, in which case products of NYMEX Europe or DME, as applicable, shall be deemed NYMEX Products within the meaning of this Agreement.

3.4.4. *CME Mergers or Acquisitions; NYMEX Termination Rights.* If CME acquires or merges with an entity that, at the time of acquisition or merger, is engaged in trading

Competitive Contracts, CME shall not be deemed to be in violation of Section 3.4.3 simply by virtue of ownership or interests acquired through the acquisition or merger. However, if CME acquires such an entity, the following provisions shall apply: (i) NYMEX shall have **[***Redacted***]** months following announcement of the acquisition or merger to terminate this Agreement and delist the NYMEX Globex Contracts; (ii) if NYMEX has not elected to terminate under clause (i) above (whether or not the **[***Redacted***]**-month period has passed) and CME proposes to move the acquired entity's Competitive Contracts to Globex, CME shall provide NYMEX **[***Redacted***]** years' advance written notice, and NYMEX shall have **[***Redacted***]** months from receipt of the notice to elect to terminate this Agreement, in which case the NYMEX Globex Contracts shall be delisted by the end of the **[***Redacted***]** –year notice period. For the avoidance of doubt, CME may deliver the notice described in clause (ii) simultaneously with the closing of the acquisition or merger. If NYMEX does not terminate this Agreement, Section 3.4.3 shall be inapplicable during the remainder of the Term with respect to the products listed for trading by the acquired entity as of the closing of the acquisition.

3.4.5. *Other Services Permitted.* For the avoidance of doubt, providing services that are distinct from electronic trade matching and order routing (such as clearing services, market surveillance and related regulatory services, marketing services and billing services) shall not be deemed a violation by CME of Section 3.4.3; provided that CME shall not, without the express written consent of NYMEX, provide cross-margining, portfolio margining, spread credits or other similar forms of margin or performance bond reductions based on NYMEX Globex Contracts and other contracts or products traded on Globex or cleared by CME, subject to the terms of the Cross-Margining Agreement.

3.4.6. *Licensing of Specifications.* NYMEX agrees to license any right, title or interest it may have in the specifications or settlement prices for the futures contracts it lists for trading in NYMEX Products as of the Effective Date ("Specifications Intellectual Property") to CME, without further consideration, if and to the extent that such licensing is deemed to be necessary for purposes of fulfilling the terms of this Agreement.

3.4.7. *NYMEX Mergers or Acquisitions.* If NYMEX acquires or merges with an entity that, at the time of acquisition or merger, operates a trading execution system for futures or futures options products (or OTC Look-Alike versions of such products), electronic trading of such products shall be subject to the exclusivity requirement in Section 3.3.1, and all electronic trading of such products by the acquired entity shall be transitioned to Globex within two years following closing of the acquisition or merger. The foregoing requirement to transition the acquired entity's electronically-traded products shall be subject to the prior approval of Globex by the applicable regulatory authority, if necessary, and/or any other necessary regulatory approvals, and CME and NYMEX will use commercially reasonable efforts to secure any such regulatory approvals in a timely manner.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

4. LAUNCH DATES

4.1. Launch Dates for NYMEX Globex Contracts. Within 30 days after the Effective Date, CME and NYMEX shall mutually agree upon (i) target dates for the Launch Dates, (ii) the list of NYMEX Products that will be listed as NYMEX Globex Contracts on Launch Date 1 and Launch Date 2, in accordance with the requirements of Section 3.2 and considering the impact that the inclusion of additional products may have upon the target launch dates, if any, and (ii) develop the initial Project Plan or plans for the Launch Dates, as further described in Section 8.1.1. Launch Date 1 shall include only futures products and not futures options products; Launch Date 2 may include futures options products if NYMEX so desires. Nothing in this Section 4.1 is intended to limit NYMEX's ability to request listing of additional NYMEX Globex Contracts between Launch Date 1 and Launch Date 2 pursuant to Section 3.2.1, except that NYMEX may not require the listing of futures options products sooner than may be agreed upon between the parties in the Project Plan or plans for the Launch Dates.

4.2. Requirements for Launch Date 1. The parties shall use commercially reasonable efforts to meet all requirements and resolve all issues necessary to launch the NYMEX Mini Contracts and the NYMEX Big Contracts on Globex by the target date for Launch Date 1, but either party may require a delay of Launch Date 1 upon reasonable advance notice to the other party specifying the reason that the delay is necessary or appropriate. However, if Launch Date 1 is delayed by 45 or more days past the target date and the delay is primarily due to the fault or failure of one party, the party at fault shall owe the other party liquidated damages equal to **[***Redacted***]** % of the Fees payable for the first year after Launch Date 1; if the launch is delayed by 3 months or more, the liquidated damages level increases to **[***Redacted***]** %. In any event, Launch Date 1 must precede Launch Date 2.

4.3. Requirements and Penalties for Launch Date 2 and Launch Date 3. The parties shall use commercially reasonable efforts to meet all requirements and resolve all issues necessary to launch the NYMEX ACCESS Contracts on Globex by the target date for Launch Date 2, and to launch required implied inter-commodity spread trading functionality (as described in Section 6.5.2) by Launch Date 3, including the completion of specifications and functional requirements for inter-commodity crack spreads and the development of the Project Plan or plans immediately following the Effective Date that shall specify requirements and obligations for both parties. Both parties shall use commercially reasonable efforts to comply with the elements of the Project Plan or plans, but either party may require a delay of Launch Date 2 or 3 upon reasonable advance notice to the other party specifying the reason that the delay is necessary or appropriate. However, if either Launch Date is delayed by 3 months or more past the target date and the delay is primarily due to the fault or failure of one party, the party at fault shall owe the other party liquidated damages equal to **[***Redacted***]** % of the Fees payable for the first year after the applicable Launch Date; if the launch is delayed by 6 months or more, the liquidated damages level increases to **[***Redacted***]** % and the party not at fault shall also have the option to continue the Agreement or terminate the Agreement, in either case receiving the **[***Redacted***]** % liquidated damages payment from the

party at fault. In any event, Launch Date 2 must precede Launch Date 3, and if liquidated damages described in this Section with respect to Launch Date 2 apply, the target date for Launch Date 3 shall be extended by the amount of time by which Launch Date 2 is delayed, such that liquidated damages payments cannot be compounded (or repeated, with respect to the right to terminate) unless a delay of Launch Date 3 is generated independently.

4.4. COMEX Products. Within **[***Redacted***]** days following the **[***Redacted***]** NYMEX shall determine whether the NYMEX ACCESS Contracts that are based on COMEX Products will be listed for trading on Globex with open access for all Eligible Participants or with closed access in which trading on Globex is limited to NYMEX Members that are members of the COMEX Division. If open access is selected, then the products shall be listed for trading on Launch Date 2. If closed access is selected, the following provisions shall apply:

4.4.1. *Project Plan*. Promptly following NYMEX's notice to CME of its decision, the parties shall cooperate to create a Project Plan for developing functionality to support closed access, provided that the manner of developing and implementing this functionality shall be left largely to CME's discretion.

4.4.2. *Launch Date*. The Project Plan shall include a target launch date for the functionality, which shall be determined by CME in its sole discretion, subject only to the following requirements: (i) CME will use commercially reasonable efforts to identify an approach that will allow the target date to be the same target date as applies for Launch Date 2, and (ii) the target date will not be any later than **[***Redacted***]**, unless the reason for a later launch date is based upon material information or requirements that were not disclosed by NYMEX to CME prior to the Effective Date. CME in its discretion may thereafter delay the launch date by establishing a new target date that is no later than **[***Redacted***]** upon reasonable advance notice to NYMEX.

4.4.3. *COMEX Products on NYMEX ACCESS*. Notwithstanding Section 3.3.1, NYMEX may continue to list COMEX Products on NYMEX ACCESS until the closed access functionality is launched.

4.4.4. *Delay by NYMEX*. If the launch date is delayed for reasons that are primarily the fault or failure of NYMEX, including by reason of information or requirements that were not disclosed by NYMEX to CME before the initial target date was determined, then NYMEX shall pay CME Fees for all volume traded in COMEX Products on NYMEX ACCESS as if such trading had occurred on Globex, beginning on the initial target date. If the launch date is delayed beyond **[***Redacted***]**, primarily due to the fault or failure of NYMEX**,** NYMEX shall owe CME liquidated damages equal to **[***Redacted***]**% of the Fees payable for the **[***Redacted***]** after the launch occurs, and CME shall also have the option to terminate the Agreement **[***Redacted***]**.

4.4.5. *Delay by CME*. If the launch date is delayed beyond **[***Redacted***]**, primarily due to the fault or failure of CME, CME shall owe NYMEX liquidated damages equal to **[***Redacted***]**% of the Fees payable for the **[***Redacted***]** after the **[***Redacted***]** occurs, and NYMEX shall also have the option to terminate the Agreement in such case still receiving the **[***Redacted***]**% liquidated damages payment.

4.4.6. *Cost of Modifications*. NYMEX shall reimburse CME for its fully-loaded costs of making the modifications described in this section, up to a maximum of **[***Redacted***]** in the aggregate. CME shall bear any costs above this amount, except to the extent that the excess cost fairly may be attributed to information or requirements that were not disclosed by NYMEX to CME before the initial target date was determined, or material requirements other than the requirement that access to trading in COMEX Products be available only to COMEX Division members.

4.5. Liquidated Damages Payments. The amounts described above for liquidated damages shall be calculated on the basis of Fees payable for the twelve full calendar months immediately following the applicable launch date, calculated using the method described in the definition of Prior Year's Fees in Section 1.1.48, and any liquidated damages owed shall be paid within 30 days after notice of the amount owed is submitted to the payor by the payee. Additionally, if one party is primarily at fault for an initial period of delay but the other party is primarily at fault for a second period of delay, the damages shall be considered equal and shall cancel each other, without any right of termination. As used in this Article 4, "primarily due to the fault or failure of one party" means that the delay was proximately caused by factors within the party's reasonable control, and material mistakes or failures by the other party did not so substantially contribute to the delay that it likely could have avoided. The parties agree that the liquidated damages described in this Article 4 represent a reasonable measure of damages. The parties agree that calculating the actual measure of damages to either party under the circumstances in which a Launch Date is delayed would be extremely difficult given the complexities of the business arrangements, the uncertainty of the revenues to be earned by either party through the arrangements set forth in this Agreement, and the uncertainty of the value of the opportunities that will have been lost by the terminating party if this Agreement is terminated as a result of any such delay. Amounts paid as liquidated damages under this Article 4 shall not be applied against the limits on liability set forth in Article 19. Notwithstanding the foregoing, if this Agreement is terminated by either party under Section 4.3 as a result of the willful misconduct of the other party, then the terminating party shall be entitled to seek actual damages in lieu of the liquidated damages penalty specified above.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

5. ACCESS ARRANGEMENTS; CME MARKET MAKERS

5.1. Access to NYMEX Globex Contracts.

5.1.1. *Generally.* All Persons shall be eligible to execute transactions in NYMEX Globex Contracts, provided that such Persons (i) are authorized by CME to execute transactions on Globex and (ii) have established a relationship with a NYMEX clearing member for the purpose of clearing such transactions ("Eligible Participants" upon satisfaction of both requirements). CME shall grant Eligible Participants access to electronic trading of NYMEX Globex Contracts on the same terms that apply to CME members generally with respect to access to Globex, other than with respect to fees or any different terms that may result from regulatory requirements that are not subject to waiver.

5.1.2. *Process.* Eligible Participants may obtain such access in their discretion from time to time during the Term through a Globex access mechanism, including any access interface (each, a "Globex Site"). CME shall provide access to Globex for transactions in NYMEX Globex Contracts from a Globex Site only upon CME's receipt of (i) a Customer Connection Agreement and any applicable schedules, exhibits or appendices thereto required by CME and (ii) written confirmation from NYMEX that such Globex Site is approved for Globex access for the purpose of executing transactions in NYMEX Globex Contracts.

5.1.3. *Connectivity Fees.* Eligible Participants that are NYMEX members shall be required to pay the same fees, if any, for access to trading on Globex as apply to CME members. Eligible Participants that are neither CME members nor NYMEX members shall pay the same fees without regard to what products they desire to trade. Globex access fees are subject to change from time to time by CME in its sole discretion and may vary depending upon the means or type of access.

5.2. CME Members Trading NYMEX Globex Contracts. Without limitation of the preferential fees that may apply to market makers designated by CME as set forth in Section 5.3, (i) Eligible Participants that are CME members but not NYMEX members or otherwise subject to NYMEX disciplinary jurisdiction apart from the arrangements set forth in this Agreement shall be deemed customers by NYMEX when trading NYMEX Globex Contracts, and shall not be subject to NYMEX disciplinary jurisdiction, except with respect to NYMEX's authority to terminate any such Eligible Participant's access for violations of NYMEX's rules; and (ii) Eligible Participants that are CME members may intermediate the execution of trades in NYMEX Globex Contracts on behalf of customers, provided that such Eligible Participants are otherwise legally entitled to do so under applicable law.

5.3. CME Market Maker Program for NYMEX Globex Contracts.

5.3.1. *Generally*. CME shall establish a special market maker program for the NYMEX Globex Contracts. CME shall determine the terms for the market maker program

and select the Persons to be named as market makers in its sole discretion, except that the following terms shall apply: (i) the selected market makers shall be entitled to trade NYMEX Globex Contracts at NYMEX member rates, (ii) if the market maker is an entity rather than a natural person, multiple traders may execute trades, but only trades for that entity's proprietary account shall qualify for NYMEX member rates, and (iii) if a selected market maker owns or leases a NYMEX membership, the market maker must maintain that membership status in order to continue as a market maker under the program. The program shall apply for **[***Redacted***]** years, measured from the beginning of the month after Launch Date 1. During the first year, CME may designate up to **[***Redacted***]** market makers at any given time. During each of the **[***Redacted***]** and **[***Redacted***]** years, CME may designate up to **[***Redacted***]** market makers at any given time. During the **[***Redacted***]** year, CME may designate up to [***Redacted***] market makers at any given time. CME may add, remove or replace designated market makers in its discretion at any time during the program, subject only to the maximum numbers above. For the avoidance of doubt, nothing in this Section 5.3 shall entitle the designated market makers to trade the pit-traded NYMEX Products at NYMEX member rates by virtue of participation in the market maker program. In the event NYMEX elects to eliminate all existing market maker programs (described below in Section 5.3.3.) prior to Launch Date 1, then the CME market maker program shall apply for only **[***Redacted***]** years, measured from the beginning of the month after Launch Date 1. During the first of the **[***Redacted***]** years, CME may designate up to **[***Redacted***]** market makers at any given time; during each of the following years, CME may designate up to **[***Redacted***]** market makers at any given time.

5.3.2. *Simultaneous NYMEX Market Maker Programs*. During the period of the CME special market maker program for the NYMEX Globex Contracts, NYMEX shall not implement or maintain any market maker program (or maintain any benefits under a past market maker program) for any NYMEX Globex Product, except as may be mutually agreed upon in writing between the Parties in a formal agreement that refers specifically to this section of this Agreement, except as specifically described and subject to the requirements of Sections 5.3.3, 5.3.4 and 5.3.5 below. A NYMEX market maker program, as used in this Section 5.3.2, shall not include any program that involves purely financial incentives directly to the market maker (such as waived fees or separate payments), without priority trading rights or other trading-related privileges or benefits that could impact the market.

5.3.3. *Existing Market Maker Programs.* NYMEX represents and warrants that (i) Exhibit C contains a true and complete list of all market maker programs currently in effect that will apply to any NYMEX Globex Product (the "Market Maker Agreements") and an accurate summary of the critical terms, including expiration date, if any, and priority trading rights and other trading-related

privileges or benefits that could impact the market, (ii) the agreements identified on Exhibit C accurately and completely reflect all material terms of each market maker program, and (iii) an accurate copy of each agreement has been provided to CME.

5.3.4. *Undertaking to Modify Existing Market Maker Program in Light Sweet Crude Oil*. Prior to Launch Date 1, the Market Maker Agreement for light sweet crude oil shall be amended such that (i) from Launch Date until the first anniversary of Launch Date 1, the market maker priority trading right does not exceed **[***Redacted***]**%, (ii) from the first anniversary until the fourth anniversary of Launch Date 1, the market maker priority trading right does not exceed **[***Redacted***]**%, and (iii) no other priority trading rights or other trading-related privileges or benefits shall be granted beyond those rights, privileges and benefits outlined in the applicable Market Maker Agreement.

5.3.5. *Undertaking to Modify Other Existing Market Maker Programs*. Prior to Launch Date 1, each of the Market Maker Agreements in heating oil, gasoline, and natural gas will be (i) amended such that (A) the aggregate priority trading right to all market makers does not exceed **[***Redacted***]**%, (B) no other priority trading rights or other trading-related privileges or benefits shall be granted beyond those rights, privileges and benefits outlined in the applicable Market Maker Agreements, and (C) the Market Maker Agreements will terminate no later than the second anniversary of the original execution of the agreements described in Exhibit C, or (ii) terminated. Notwithstanding clause (i) (C) above, if the volume threshold for the Market Maker Agreements in natural gas was met in March 2006, then those agreements may extend until the expiration date that is specified therein.

6. CME OBLIGATIONS AND ONGOING OPERATIONS

6.1. Services Provided. During the Term, CME shall provide the services described in Part I of Exhibit A hereto (such services, the "CME Services") with respect to the NYMEX Globex Contracts.

6.2. Performance Parameters. CME shall provide the CME Services in accordance with and subject to the performance standards (the "Performance Standards") set forth in Part II of Exhibit A.

6.3. CME Systems and Policies.

6.3.1. *Generally*. The systems utilized by CME in connection with providing the CME Services and its other obligations hereunder, including, without limitation, Globex and the various other systems used by CME for order-routing and market data delivery and all other activities relating to electronic trading, are referred to herein collectively as the "CME Systems". CME's established policies and procedures relating to the CME Systems and electronic trading generally, which shall generally

(but not exclusively) be policies and procedures of the type described in CME's rules, interpretations and other similar documents, are referred to herein collectively as "CME Policies".

6.3.2. *Application of CME Policies.* Except as specifically set forth elsewhere in this Agreement, the CME Policies shall apply to the trading of the NYMEX Globex Contracts.

6.3.3. *Licensing Charges and Other Fees.* Except as specifically set forth elsewhere in this Agreement, CME shall be responsible for the payment of all costs, license fees, royalties, use charges or other payments associated with the intellectual property and technology utilized by CME in connection with the CME Systems. CME shall use reasonable and prudent means to ensure that no computer viruses, worms, software bombs, or similar items are introduced into the CME Systems.

6.4. Performance of Services. CME shall provide the CME Services and perform its other obligations hereunder in a timely and professional manner, and with proper and reasonable care by personnel possessing the skills, experience, qualifications and knowledge sufficient to perform those tasks they are assigned in connection with providing the CME Services in accordance with this Agreement. In addition to satisfying the Performance Standards, the quality of the CME Services generally shall be comparable on average in all material respects to the services CME provides as to the CME Globex Contracts, except for any differences that result from (i) differences in the specifications of the NYMEX Globex Contracts, the nature of the underlying commodities, applicable regulatory requirements or other matters not within CME's reasonable control, or (ii) upgrades in services or technology (excluding capacity upgrades that apply equally to the NYMEX Globex Contracts and to CME Globex Contracts) the application of which to the NYMEX Globex Contracts would (A) result in material increases in CME's operational costs as to the NYMEX Globex Contracts or (B) violate any of the conditions described in clauses (i) through (iii) of Section 6.5.1.

6.5. Systems Modifications.

6.5.1. *Generally*. Subject to the Performance Standards and the requirements set forth above, CME may make modifications to the CME Services, the CME Systems and the CME Policies on its own initiative and at its own expense as it may reasonably deem necessary or desirable, provided that such modifications do not (i) materially reduce the scope or quality of the CME Services, (ii) require NYMEX, NYMEX members or NYMEX customers with access to Globex to make material changes to systems, software, or equipment other than (A) changes made in the ordinary course of business, or (B) changes that CME members or customers are also required to make with respect to any CME Globex Contracts; or (iii) otherwise impose upon NYMEX any material increase in costs. If CME desires to make any change that would violate the conditions described in clauses (i) through (iii) above, CME may make such change only after obtaining NYMEX's written consent. Any costs associated with capacity upgrades necessary to maintain the quality of the CME

Services and compliance with the Performance Standards shall be borne by CME. NYMEX acknowledges and agrees that material changes that will significantly increase the message traffic associated with NYMEX Globex Contracts may require development work, the installation and testing of new hardware and software, and testing with NYMEX and other parties. Consequently, any such material changes shall be subject to an implementation plan and schedule to be determined by the parties. Notwithstanding the foregoing, the CME Systems shall have sufficient capacity for CME to perform the CME Services in accordance with the Performance Standards for trading of NYMEX Globex Contracts following Launch Date 1 and Launch Date 2, and increases in message traffic associated with these product launches shall be managed at CME's expense.

6.5.2. *Implied "Crack" Spreads*. Promptly following the Effective Date, CME and NYMEX shall work cooperatively to define the scope for implied inter-commodity spreading functionality to be available for Launch Date 2 (expected to include 1:1 crack spreads) and Launch Date 3 (expected to include 3:2:1 crack spreads and 5:3:2 crack spreads). The addition of this implied inter-commodity spreading functionality shall not be deemed a change request by NYMEX pursuant to Section 6.8.

6.5.3. *Communications*. Following the Effective Date, information technology personnel at CME and NYMEX shall cooperate to develop procedures for sharing information as to material modifications to the CME Systems or CME Policies that are likely to materially affect trading in the NYMEX Globex Contracts.

6.6. System Malfunction; Notification to NYMEX.

6.6.1. *Generally*. CME shall promptly report to NYMEX's Chief Information Officer or any other individual designated by NYMEX: (i) any and all material malfunctions in or any delay or interruption of the CME Services or the CME Systems as relates to the NYMEX Globex Contracts (including, without limitation, any material slowdowns of the CME Systems) (each, a "System Malfunction"), as and when such System Malfunction is discovered by CME or CME otherwise becomes aware of it; (ii) any knowledge of circumstances that could reasonably result in any System Malfunction; and (iii) CME's proposed solution to any of the circumstances described in clauses (i) and (ii), if any. NYMEX's CIO and other key personnel shall subscribe to CME's Globex notification service, and notification over such service shall satisfy the requirements of this provision except with respect to extreme circumstances or circumstances that affect NYMEX Globex Contracts in a different manner from CME Globex Contracts.

6.6.2. *Process*. CME shall use good faith efforts to remedy any such System Malfunction (to the extent the System Malfunction is capable of being remedied) and keep NYMEX reasonably informed of its progress in resolving such System Malfunction. Designated NYMEX personnel shall be registered in CME's emergency contact system. If any such condition persists for longer than

[*Redacted***]** hour, CME operations and technical staff shall inform CME's Managing Director, Operations (or in such person's absence or unavailability, CME's Managing Director, Trading Operations or any Managing Director on CME's Management Team), who shall personally oversee efforts to restore full services and provide NYMEX's Chief Information Officer regular progress updates. If such condition persists for longer than **[***Redacted***]** hours, CME's Chief Executive Officer shall be informed, and such Chief Executive Officer shall then maintain regular contact with NYMEX's President or his or her designee until the System Malfunction is resolved or this Agreement is terminated pursuant to Article 13.

6.6.3. *Breach of Contract*. NYMEX understands and agrees that System Malfunctions may occur from time to time and that such temporary conditions shall not be deemed a material breach of this Agreement by CME unless (i) where CME Globex Contracts are similarly affected, CME fails to restore affected services as to the NYMEX Globex Contracts on the same general schedule as it restores such services as to the CME Globex Contracts (except in the case of a malfunction that affects only the NYMEX Globex Contracts), (ii) in any event, CME fails to restore affected services within **[***Redacted***]** Business Days, or (iii) where a persistent and recurring System Malfunction has damaged or is reasonably likely to damage trading in the NYMEX Globex Contracts despite notice from NYMEX of the seriousness of the System Malfunction and a reasonable opportunity to cure. If any condition set forth in the preceding sentence occurs, NYMEX may declare CME in material default of this Agreement, without application of any cure period under Section 13.1 except as described in clause (iii), and may thereafter exercise its rights set forth in Article 13 below. Notwithstanding the foregoing and without regard to whether NYMEX exercises its right, if any, to declare CME in material breach of this Agreement, in any case in which a System Malfunction persists for longer than **[***Redacted***]** hours, NYMEX shall be given a credit against Fees as follows: (x) for outage periods in which trading is halted because of the System Malfunction, a credit of **[***Redacted***]** % of the average daily Fees for the month in which the outage occurs, multiplied by **[***Redacted***]**, or (y) for periods in which trading is affected by the System Malfunction but not halted, a credit of **[***Redacted***]**% of the average daily Fees for the month in which the outage occurs, multiplied by **[***Redacted***]**. Notwithstanding the foregoing, this Section 6.6.3 shall not apply with respect to any System Malfunction that results from changes in market conditions or in trading behavior rather than malfunctions or performance problems within the CME Systems. For example, System Malfunction as used in this Section 6.6.3 shall not include a slowdown that results from market conditions generating an increase in message volume that causes TPS as to the NYMEX Globex Contracts to exceed the thresholds set forth in Part II of Exhibit A.

6.6.4. *Communications*. Following the Effective Date, information technology personnel at CME and NYMEX shall cooperate to develop procedures for sharing

information as to System Malfunctions that are likely to materially affect trading in the NYMEX Globex Contracts, including (i) the identification of communication escalation procedures to supplement the procedures described in Section 6.6.2, and (ii) the identification of procedures whereby the NYMEX Chief Information Officer may participate in formal communications relating to the System Malfunction (i.e., conference calls, email notifications, etc.) that involve third parties.

6.7. Backup and Disaster Recovery. CME shall provide, as a part of the CME Services, such backup and disaster recovery services, procedures and functions with respect to the NYMEX Globex Contracts as CME provides with respect to the CME Globex Contracts. CME shall modify its disaster recovery communication plan to include the NYMEX CEO, the NYMEX CIO and the NYMEX Business Continuity Coordinator. CME may make newly introduced disaster recovery systems gradually available to the CME Globex Contracts and the NYMEX Globex Contracts. If a disaster, system outage or similar event affects services as to both the NYMEX Globex Contracts and any CME Globex Contracts, CME shall give equal priority to restoring services to the NYMEX Globex Contracts. Notwithstanding the foregoing, NYMEX shall be solely responsible for determining and administering any emergency procedures to facilitate trading of NYMEX Globex Contracts through other means during any extended Globex outage, such as facilitating trading through open outcry or on NYMEX ACCESS or permitting "bundling" of orders in NYMEX Globex Contracts into orders in related NYMEX Products traded on NYMEX's trading floor, provided that nothing in this Section shall be deemed to require NYMEX to establish such procedures. CME shall not be deemed to violate its obligations under this Agreement by having facilitated trading of CME Globex Contracts through alternate means during any such extended Globex outage.

6.8. NYMEX Change Requests. CME shall respond to requests from NYMEX concerning modifications or enhancements to the CME Services or the CME Systems by evaluating the request, including the cost of the requested change and the impact of the requested change upon the CME Systems, and providing a response in accordance with this Section to NYMEX concerning such request within thirty (30) days of CME's receipt of such request (unless the complexity of such request reasonably requires a longer period, in which case CME shall provide an initial response).

6.8.1. *No material concerns.* If CME reasonably determines in its sole judgment that the requested change will not materially impair functionality or materially increase operational costs to CME or CME members, CME shall submit to NYMEX a reasonably detailed proposal for implementing the change, which need not be binding, and which shall include an estimate of the amount to be paid to CME for any requested change.

6.8.2. *Material concerns*. If CME reasonably determines in its sole judgment that the requested change will materially impair functionality or materially increase operational costs to CME or CME members, CME may, but shall not be required to,

submit to NYMEX a reasonably detailed proposal for implementing the change, including cost estimates, which need not be binding.

6.8.3. *Negotiations in good faith.* In any case, the parties shall negotiate in good faith as to any requested change and the terms of CME's proposal, if any. Any change implemented by CME pursuant to this Section shall be made, unless otherwise agreed, at the sole expense of NYMEX at a commercially reasonable fee or other financial basis to be agreed upon between the parties. Such financial arrangement may include upfront fees and/or modifications to the fee structure set forth in Exhibit B.

6.9. Investigations and Complaints; Notice to NYMEX. CME shall inform NYMEX of (i) any inquiry it receives from any governmental or regulatory authority concerning trading irregularities in the NYMEX Globex Contracts, to the extent that notification to NYMEX would not violate any confidentiality requirements imposed upon CME by any governmental or regulatory authority, and (ii) any formal complaint it receives from any Person concerning trading systems, rules or procedures as relates to the NYMEX Globex Contracts. For purposes of clause (ii), a "formal complaint" shall generally be in writing, directed to a responsible official at CME, and shall relate specifically to the NYMEX Globex Contracts, and not to Globex generally. Formal complaints shall not include oral complaints, questions or comments registered with GCC.

6.10. CME Messaging Policies.

6.10.1. *Generally.* CME may in its discretion impose policies and procedures designed to limit the amount of message traffic (typically measured in TPS) submitted by Globex users on an overall basis or on a product-specific basis ("CME Messaging Policies"). CME Messaging Policies may include, without limitation, registration requirements, rules prohibiting certain trading practices, requirements that users limit message traffic or pay penalties for excess message traffic and cancellation of a user's access to trading on Globex for repeated violations. CME may add, cancel or modify any CME Messaging Policy in its sole discretion. Notwithstanding the foregoing, CME Messaging Policies shall apply to all Globex users, including users trading NYMEX Globex Contracts, provided that (i) users trading NYMEX Globex Contracts and users trading CME Globex Contracts must be treated equally on a per-category basis (i.e., NYMEX members treated equally to CME members, options market makers designated by NYMEX treated equally to those designated by CME) and (ii) as to any CME Messaging Policies that apply on a per-product basis, the CME Messaging Policy must be determined and applied on even-handed basis as to the NYMEX Globex Contracts based on those products' characteristics. For example, the ratios to which Globex users would be limited for NYMEX Globex Contracts under the 2005 Messaging Policy (as defined below) would be based upon the actual ratios for NYMEX Globex Contracts, even though actual ratios for NYMEX Globex Contracts may be higher or lower than actual ratios for CME Globex Contracts from time to time during the Term.

6.10.2. *2005 Messaging Policy; Capacity Upgrades.* As of the Effective Date, CME applies a CME Messaging Policy (the "2005 Messaging Policy") that limits Globex users to a maximum ratio of TPS to contracts executed for each CME Product, which ratio is equal to the overall ratio of TPS to contracts executed in such product and is periodically re-set based on actual experience. The applicable ratios for the NYMEX Globex Contracts shall be set on the basis of the first three full calendar months of trading, which ratios will be re-set from time to time based on actual experience on the same basis as ratios are re-set for the CME Globex Contracts. Notwithstanding anything to the contrary in Section 6.10.1, if CME continues to apply the 2005 Messaging Policy and the actual ratios experienced for any NYMEX Globex Contract increase by more than 50% during any rolling period of twelve calendar months or less, measured on a monthly basis and compared against the twelve ratios for the prior twelve calendar months, then CME may in its discretion require NYMEX to either (i) pay for the direct hardware and software costs for capacity upgrades necessary to support the excess message traffic or (ii) take steps to limit message traffic so as to reduce the overall ratio to less than the maximum. The remedy shall be at NYMEX's option as between approach (i) or (ii) after receiving a binding estimate of costs in writing from CME as to approach (i). If NYMEX selects approach (ii), CME shall cooperate with NYMEX to provide any data necessary in order for NYMEX to limit message traffic.

6.11. No Obligations as to Transactions Following Match. Without limitation of CME's obligations to comply with Section 8.6 and notwithstanding anything to the contrary in this Agreement, upon matching by CME of a transaction in NYMEX Globex Contracts as provided for under the terms of this Agreement, CME shall not be responsible or liable to the parties to such transaction, or their qualifying clearing member firms, with respect to any clearing guarantee associated with the performance of such contracts. Nothing in this Section 6.11, however, is intended to limit CME's obligations with respect to "phantom orders", as described in Section 8.6, or impose upon NYMEX any obligations with respect to phantom orders, except as described in Section 8.6.

6.12. SAS Certification. CME shall provide, on an annual basis, a SAS70 report, either "Type I" or "Type II" as requested by NYMEX and completed by CME's independent auditors, provided that CME shall provide only a Type I report in respect of calendar year 2006.

7. NYMEX OBLIGATIONS

7.1. Designated Contract Market; Market Operations. NYMEX shall be the DCM with respect to the NYMEX Globex Contracts. As the DCM, NYMEX shall be responsible for market operations functions as described below and generally shall perform all other obligations assigned to NYMEX in this Agreement.

7.1.1. *Trading Hours.* The daily trading period for each NYMEX Globex Contract shall be as determined by NYMEX in its discretion from time to time (the "Trading Hours"), provided that the Trading Hours shall not extend into any period during

which Globex is not available as to CME Globex Contracts, which periods are subject to change by CME in its discretion. If NYMEX determines to modify the Trading Hours as to any NYMEX Globex Contract, NYMEX shall provide the GCC at least five (5) Business Days advance notice. If CME determines to modify the daily trading period during which Globex is available as to CME Globex Contracts and such change impacts the NYMEX Globex Contracts, CME shall provide NYMEX notice of such determination at least five (5) Business Days in advance of effecting such change. Notwithstanding the foregoing, where special market conditions exist NYMEX may determine to extend the trading period for a particular day and CME shall use commercially reasonable efforts to implement such extension upon NYMEX's notification to GCC, provided that (A) NYMEX must provide a minimum of one (1) hour of advance notice of such extension (before the regularly-scheduled close) and (B) CME shall not be obligated to extend the Trading Hours later than 4:30 p.m. Chicago time (or such other time as may begin the daily maintenance shutdown for the CME Systems, if any), unless NYMEX has provided sufficient advance notice to CME to permit CME to perform daily maintenance.

7.1.2. *Pre-Opening Procedures.* NYMEX shall be responsible for determining the pre-opening period as to the NYMEX Globex Contracts, provided that such period must be thirty (30) seconds or longer, and, subject to Section 6.8, may modify such period at any time, by providing GCC at least five (5) Business Days' advance notice.

7.1.3. *Holidays.* NYMEX shall provide the GCC an annual list of holidays as to NYMEX Products and shall provide the GCC at least five (5) Business Days advance notice of any change thereto during the course of the year. For the avoidance of doubt, CME shall operate Globex as necessary for the trading of NYMEX Globex Contracts pursuant to this Section even on days when CME Globex Contracts are not available for trading on Globex due to a CME holiday (but subject to the limits of Section 7.1.1 with respect to CME's daily or weekly operational and maintenance cycles). NYMEX understands and agrees that, in such event, required operational functions, including GCC functions, may be performed by a comparatively small number of CME employees.

7.1.4. *Trading Halts; Emergencies*. NYMEX shall be responsible for determining, with respect to any NYMEX Globex Contract, (i) when a trading halt, delayed opening or other suspension of trading is required and (ii) when trading should resume or open, as a result of regulatory requirements, market conditions or other emergencies. In such event, NYMEX shall provide the GCC as much advance notice of the halt, delay, or suspension, and of the time when trading shall resume, as is practicable under the circumstances, and CME shall use commercially reasonable efforts to control trading in accordance with such instructions. Additionally, NYMEX shall promptly inform CME if at any time during normal trading hours any relevant pit on NYMEX's trading floor is closed for any reason, as applicable with respect to a corresponding NYMEX Globex Contract, even if

NYMEX does not elect to halt trading in such NYMEX Globex Contract. NYMEX will provide CME a list of persons that may authorize a trading halt.

7.1.5. *Matching Algorithm*. NYMEX shall determine the matching algorithm or algorithms that will apply to the NYMEX Globex Contracts, provided that NYMEX shall make reasonable efforts to consult with CME as to any change in the matching algorithm from the price-time priority algorithm originally selected by NYMEX. NYMEX may modify any such algorithm in its discretion, subject to Section 3.2 and Section 6.8 with respect to algorithms not supported by CME. NYMEX shall provide the GCC at least five (5) Business Days advance notice if it elects to use an alternate, existing algorithm as to which programming and other technical development work is complete. Otherwise, NYMEX shall request the implementation within the CME Systems of a new algorithm pursuant to a change request under Section 6.8, and subject to any agreement between the parties as described in Section 10.2.

7.1.6. *Market Maker Programs*. Except as described in Section 5.3, NYMEX shall be solely responsible for determining the market maker programs, if any, that will apply to the NYMEX Globex Contracts. NYMEX may establish and modify any such market maker program in its discretion, subject to Section 6.8. NYMEX shall consult with CME prior to implementing or making material changes to any such program, and shall provide the GCC such notice of the implementation or modification as may be required for CME to effectuate necessary changes. "Market maker program," as used in this Section, refers to programs that grant one or more designated Persons particular benefits, such as a guaranteed portion of order flow, in exchange for such Person's agreement to satisfy certain market making obligations that do not apply to other market participants. Notwithstanding the foregoing, with respect to futures options products, NYMEX may designate no more than five (5) market makers per futures option product, which market makers shall be entitled to use Mass Quoting Functionality in order to quote markets in the products as to which they are designated market makers, subject only to any message traffic limits as may be imposed by CME from time to time with respect to market makers using mass quoting functionality in CME futures options products.

7.1.7. *"No Bust" Ranges.* NYMEX shall specify the "no bust" ranges that will apply to the NYMEX Globex Contracts under the error trade policy that applies to the NYMEX Globex Contracts, which ranges may be modified from time to time by NYMEX in its discretion, provided, however, that CME may reject or require NYMEX to modify a no bust range where CME reasonably concludes that the range selected by NYMEX (i) imposes or is likely to impose undue burdens upon GCC, or (ii) threatens or is likely to threaten market integrity.

7.1.8. *Daily Product Files*. With respect to all NYMEX Globex Contracts, NYMEX shall be responsible for producing and delivering to CME on a daily basis, at a mutually agreeable time, a file containing the NYMEX Globex Contracts and a

settlement file for such contracts, both in the electronic file format specified by CME.

7.2. Regulatory Responsibility.

7.2.1. *Generally.* Except as otherwise specified in this Agreement, NYMEX shall bear all responsibility and perform all regulatory obligations imposed upon NYMEX in its capacity as the DCM or the derivatives clearing organization by any applicable governmental or regulatory authority with respect to the NYMEX Globex Contracts. NYMEX shall perform all required or appropriate regulatory and compliance functions with respect to the NYMEX Globex Contracts with the same care and promptness as to which it performs such services with respect to other NYMEX Products. Such functions include, without limitation, conducting market surveillance, investigation and disciplinary proceedings, securing any necessary regulatory approvals, and conducting all required financial supervision, sales practice and audit functions.

7.2.2. *Notification to CME.* NYMEX shall keep CME reasonably informed of regulatory developments or regulatory issues of which NYMEX is aware that relate specifically to the NYMEX Globex Contracts (as opposed to general regulatory issues of which CME would ordinarily be aware in the course of its own business). This notification requirement applies, without limitation, to any investigation or audit by NYMEX or by any governmental or regulatory authority concerning trading irregularities in the NYMEX Globex Contracts, to the extent that notification to CME would not violate any confidentiality requirements imposed upon NYMEX by any governmental or regulatory authority.

7.2.3. *Trading Rules.* Subject to Article 14, NYMEX shall be responsible for developing, adopting and enforcing trading rules concerning the NYMEX Globex Contracts (including without limitation rules as to price limits, price banding, and order size limits, if any), provided, however, that such trading rules may not (i) require CME or CME members to make material changes to systems, software or equipment other than changes made in the ordinary course of business, (ii) otherwise impose upon CME any material increase in costs or increase in service obligations hereunder, (iii) conflict with any term set forth in this Agreement, or (iv) violate any applicable law, regulation or order. NYMEX shall discuss in advance with CME any new trading rule or modification to an existing trading rule that would require modifications to the CME Systems, and any such changes shall be subject to the provisions of Section 6.8.

7.3. Derivatives Clearing Organization.

7.3.1. *Generally.* NYMEX shall be the derivatives clearing organization under the CEA (or any corresponding designation under the laws of any non-U.S. jurisdiction) with respect to the NYMEX Globex Contracts, and shall be responsible for clearing

matched trades in such transactions in accordance with applicable regulatory requirements.

7.3.2. *Acceptance of Matched Trades.* Without limitation of CME's obligations to comply with Section 8.6, NYMEX shall accept for clearing and shall clear pursuant to its rules, policies and procedures all matched trades in NYMEX Globex Contracts that are submitted to it by CME under this Agreement, except that NYMEX may reject any transaction in NYMEX Globex Contracts executed through a Globex Site that was not authorized for trading by NYMEX pursuant to Section 5.1.2. NYMEX agrees that it shall have rules allocating responsibility for trades.

7.3.3. *Clearing System Malfunctions; Notice to CME.* NYMEX shall promptly report to the GCC: (i) any and all material malfunctions in its clearing systems or any delay or interruption of its clearing services, as and when discovered by NYMEX; (ii) any knowledge of circumstances that could reasonably result in any such material malfunction, substantial delay or interruption; and (iii) NYMEX's proposed solution to any of the circumstances described in clauses (i) and (ii), if any. NYMEX shall keep the GCC reasonably informed of its progress in resolving any such malfunction. CME understands and agrees that such malfunctions may occur from time to time and such temporary conditions shall not be deemed a material breach of this Agreement by NYMEX unless (1) where other NYMEX Products are similarly affected, NYMEX fails to restore affected services as to the NYMEX Globex Contracts on the same general schedule as it restores such services as to other NYMEX Products or (2) in all cases, NYMEX fails to restore affected services within five (5) Business Days. If either condition set forth in the preceding sentence occurs, CME may declare NYMEX in material default of this Agreement, without application of any cure period under Section 13.1, and may thereafter exercise its rights set forth in Article 13 below.

8. COOPERATION BETWEEN THE PARTIES; PROJECT PLAN

8.1. Project Plans.

8.1.1. *Generally.* The parties acknowledge and agree that, prior to the Launch Dates and for a reasonable period thereafter, they will be engaged in substantial development work to create or modify systems and develop appropriate policies and procedures as necessary for each party effectively to perform its obligations as to the NYMEX Globex Contracts. To aid the parties in implementing the arrangements set forth in this Agreement, the parties shall work together to create a detailed implementation and testing plan or plans ("Project Plans"). The parties shall create a Project Plan or Project Plans to prepare for Launch Dates 1, 2 and 3 within 30 days following the Effective Date, and for launching NYMEX Globex Contracts that are based on COMEX Products if closed access is selected, as described in Section 4.4. Project Plans shall include the identification of Acceptance Criteria (as defined in Section 8.2.2).

8.1.2. *Modifications.* Project Plans may be modified from time to time by mutual agreement of the individuals working on the project implementation, who need not be officers with signing authority, provided that (i) approval by responsible officers of each party shall be required for modifications that would materially alter the terms of services to be provided by one or both parties or that would substantially delay any of the Launch Dates, and (ii) no modification of a Project Plan shall be deemed to amend or modify the terms of this Agreement.

8.1.3. *Compliance with Terms.* The parties shall use commercially reasonable efforts to adhere to the tasks and schedule set forth in any Project Plan. Nonetheless, a party's failure to adhere to a Project Plan with respect to any particular task or element of the schedule shall not be deemed a material breach of this Agreement. However, if a party fails to adhere to a Project Plan in any material respect and such failure (i) was due to factors within such party's reasonable control, and (ii) (A) impairs the other party's ability to comply with its obligations or (B) threatens to delay any Launch Date beyond that proposed in the Project Plan, then the party responsible for such failure shall be obligated to correct such failure at its own expense as expeditiously as possible, using external consultants if necessary and reimburse the other party for any additional costs or expenses that it incurs as a result of such failure.

8.2. Testing and Acceptance Criteria.

8.2.1. *Testing*. The parties shall cooperate to conduct testing of the systems employed by NYMEX and CME to perform their respective obligations under this Agreement with regard to listing NYMEX Globex Contracts and processing, clearing, and billing trades for NYMEX Globex Contracts, including, without limitation, the CME Systems (collectively, the "Tested Systems").

8.2.2. *Acceptance Criteria*. The Project Plan or Project Plans shall also identify acceptance criteria ("Acceptance Criteria") for the testing to be performed, each party shall, in its sole discretion, assess whether the Tested Systems of the other party conform in all material respects to the Acceptance Criteria.

8.2.3. *Material Conformance*. If a party determines that Tested Systems of the other party conform in all material respects to the Acceptance Criteria, it shall notify the other of its acceptance.

8.2.4. *Non-Conformance*. If a party determines that Tested Systems of the other party fail to conform to the Acceptance Criteria in one or more material respects (each, a "Defect"), then the party refusing acceptance shall provide the other party a report identifying each such Defect. Thereafter, the parties shall cooperate to allocate responsibility for remedying each such Defect and each party shall, as applicable in accordance with such allocation, (i) use good faith efforts to promptly remedy the Defect(s), and (ii) notify the other party once it reasonably believes such Defect(s) has (have) been remedied.

8.2.5. *Re-Testing*. Following receipt of notification that each Defect identified has been remedied, the parties shall cooperate to re-test the Tested Systems and shall, unless otherwise agreed, repeat the procedures set forth in Sections 8.2.2, 8.2.3 and 8.2.4 until the earlier of (i) acceptance of the Tested Systems pursuant to Section 8.2.3 or (ii) notice of termination of this Agreement is given pursuant to Article 13.

8.2.6. *Launch Dates*. No Launch Date shall occur unless the Tested Systems (if any) identified in the applicable Project Plan for such Launch Date are accepted. Notwithstanding the foregoing, at any time following identification of any Defect(s), the party refusing acceptance may elect to accept the Tested Systems despite the existence of such Defect and proceed with a launch provided that (i) a workaround acceptable to such party exists for each Defect and (ii) unless otherwise agreed by the parties, the parties create a mutually agreed upon detailed plan for remedying each Defect and shall cooperate to execute such plan and remedy the Defect(s) within ten (10) Business Days following the proposed date for the applicable launch.

8.2.7. *Failure to Accept*. In the event a party refuses to accept Tested Systems in accordance with this Section 8.2, any delay of a Launch Date resulting from such decision shall not preclude such party from exercising any right to terminate the Agreement pursuant to Section 13.1 unless such delay is caused by other factors within the refusing party's reasonable control (e.g., failure to remedy Defects within those systems operated by the refusing party).

8.3. Ongoing Technical Cooperation. Each party acknowledges that during the Term the other party may have to incorporate new equipment into or modify its technical systems, policies or procedures in connection with fulfilling its obligations under this Agreement, including, without limitation, its obligations under the Cross Margining Agreement. The parties acknowledge that such changes may require significant development work and testing from time to time. Each party acknowledges that, in implementing and testing such new equipment or modifications, it may require the technical assistance and cooperation of the other, and each party agrees to provide such reasonable assistance and cooperation to the other upon request, provided that the party requesting assistance shall reimburse the party providing such assistance with respect to any extraordinary expenses for matters falling outside the normal course of ongoing operations or development work for exchange systems. For the avoidance of doubt, employee time and/or independent contractor time and access to various systems (including testing, certification and production environments) will periodically be required, including on weekends and holidays when pre-production testing is generally performed, and such expenses shall generally not be subject to reimbursement.

8.4. Assistance with Regulatory Matters. Each party agrees to cooperate with the other as reasonable or necessary with respect to any regulatory matters that relate to the NYMEX Globex Contracts or the cross margining arrangement, and each agrees to make available sufficient human and technical resources as necessary to assist the responsible party with any submissions or presentations to, or meetings or discussions with, the staff of the

CFTC or any other governmental or regulatory body with jurisdiction. If a party reasonably determines that its active participation in such submissions, presentations, meetings or discussions could result in the disclosure of confidential or proprietary information, the party requesting such assistance shall provide assistance in securing appropriate nondisclosure and confidentiality commitments from the CFTC or other governmental or regulatory authority prior to any such disclosure.

8.5. Information Sharing. Without limiting the generality of Section 8.4, the parties shall simultaneously herewith enter into the Information Sharing Agreement attached as Exhibit D hereto.

8.6. Management of Negligence Claims and Phantom Orders.

8.6.1. *Generally.* The parties agree that (i) Eligible Participants shall be entitled to file against CME claims alleging negligence by GCC personnel or CME employees with respect to transactions in NYMEX Globex Contracts, which claims shall be filed in accordance with and subject to applicable CME Policies, procedures and rules including CME Rule 578 and, with respect to claims alleging negligence involving order statusing, CME Rule 579; and (ii) CME shall respond to "phantom orders" as to NYMEX Globex Contracts under CME Rule 587 in a substantially similar manner as it would to phantom orders as to CME Globex Contracts. The limitation of liability amount set forth in CME Rule 578 shall apply jointly and in the aggregate to claims involving CME Globex Contracts and NYMEX Globex Contracts.

8.6.2. *Amendment of Rules.* CME shall amend its Rules to the extent necessary or appropriate to permit the procedures outlined in this Section 8.6 and to permit CME members and NYMEX members to participate in any procedures set forth in such Rules on the same basis. NYMEX shall also amend its Rules to the extent necessary or appropriate to permit the procedures outlined in this Section 8.6.

8.6.3. *Administration.* CME shall administer claims under CME Rule 578 and Rule 579, and responses to phantom orders under CME Rule 587, in respect of transactions or orders in NYMEX Globex Contracts in accordance with the policies and procedures that it follows with respect to such matters with respect to CME Globex Contracts, provided that (i) CME shall notify NYMEX of any claim filed under CME Rule 578 or Rule 579 with respect to transactions in NYMEX Globex Contracts promptly after such claim is filed (ii) CME shall notify NYMEX of any phantom order transactions in NYMEX Globex Contracts promptly after such issue is identified, and (iii) CME shall use reasonable efforts to involve NYMEX representatives in the process of resolving such negligence claim or phantom order issue, upon NYMEX's request. Additionally, NYMEX shall use reasonable efforts to assist CME with respect to any proceeding relating to any such claim or phantom order transactions upon CME's request, including the provision of relevant trading records and other trading data, provided that CME shall reimburse NYMEX for any reasonable travel expenses or other reasonable out-of-pocket costs incurred by

NYMEX employees or by independent contractors of NYMEX in connection with such assistance.

8.7. Error Trade Policy Administration and Arbitration of Claims.

8.7.1. *Generally.* NYMEX shall adopt the CME's error trade policy, as included in CME's Rulebook and subject to amendment from time to time by CME in its discretion, as the error trade policy for the NYMEX Globex Contracts, provided that NYMEX shall specify the no bust ranges for NYMEX Globex Contracts in accordance with Section 7.1.7 (the "Error Trade Policy"). CME shall promptly notify NYMEX of any changes to the Error Trade Policy, provided that such notice may be delivered via any rule change notification service utilized by CME, to which appropriate NYMEX personnel shall subscribe.

8.7.2. *Administration.* GCC shall administer the Error Trade Policy in the same manner as it administers CME's error trade policy as to CME Globex Contracts.

8.7.3. *Error Trade Dispute Arbitrations.* Notwithstanding the foregoing, any arbitration under the Error Trade Policy between any Person and any Eligible Participant shall be administered by NYMEX under its arbitration policies and procedures. CME shall use reasonable efforts to assist NYMEX with respect to any such arbitration or related proceeding upon NYMEX's request, provided that NYMEX shall reimburse CME for any reasonable travel expenses or other reasonable out-of-pocket costs incurred by CME employees or independent contractors of CME in connection with such assistance.

8.7.4. *Amendment of Rules.* NYMEX shall amend its Rules to the extent necessary or appropriate to permit the procedures outlined in this Section 8.7 and to permit CME Members and NYMEX Members to participate in any procedures set forth in such Rules on the same basis. CME shall also amend its Rules to the extent necessary or appropriate to permit the procedures outlined in this Section 8.7.

9. MARKETING & MARKET DATA

9.1. Marketing.

9.1.1. *Globex Marketing.* CME shall have sole responsibility for marketing Globex to potential users, provided that CME shall update its marketing materials, where appropriate, to include descriptions of the NYMEX Globex Contracts as products available for trading through Globex. Notwithstanding the foregoing, NYMEX will be entitled to market Globex to its clearing firms, members and existing or potential customers. CME and NYMEX shall cooperate to develop NYMEX marketing materials describing trading on Globex for the NYMEX Globex Contracts. NYMEX shall have primary responsibility for developing such materials, which shall be subject to review with respect to the CME Marks and CME standard usage, as described in Section 9.2.3.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

9.1.2. *Product Marketing and Brand Names for NYMEX Globex Contracts.* NYMEX shall have sole responsibility for marketing the NYMEX Globex Contracts to potential users. Notwithstanding the foregoing, CME will be entitled to market the NYMEX Globex Contracts to its clearing firms, members and existing or potential customers. NYMEX shall determine the brand names for the NYMEX Globex Contracts, which names NYMEX may change from time to time in its discretion provided that NYMEX must provide CME reasonable advance notice of any such change. CME agrees that (i) NYMEX may use the term "miNY" (without an "e" or "E" preceding such term) with respect to NYMEX Products both during and after the Term, (ii) CME shall not at any time attempt to prevent or otherwise hinder NYMEX in any effort by NYMEX to use "miNY" as a brand name or as a component of a brand name for any NYMEX product or in any effort by it to register "miNY" as a trademark or service mark in the United States or in any other jurisdiction, and (iii) NYMEX shall own any and all right, title and interest in and to the term "miNY" that may arise as the result of NYMEX's usage or registration of such term or any brand name comprised of such term. For the avoidance of doubt, the foregoing clause (iii) does not apply to uses or registrations of "e-miNY" or "E-miNY".

9.1.3. *Joint Marketing Committee.* NYMEX and CME shall work in good faith to establish a joint marketing committee composed of senior product and marketing staff from each exchange. The joint marketing committee will be charged with overseeing product marketing efforts, provided that the committee shall make recommendations and oversee the relationship between NYMEX and CME as to product marketing, without having any direct authority with respect to the marketing of the NYMEX Globex Contracts, except as NYMEX may allow from time to time.

9.2. Trade Names and Marks; Review Process.

9.2.1. *CME Trade Names and Marks.* CME authorizes NYMEX to use such trade names and marks as it may specify (the "CME Marks") in connection with appropriate marketing materials, including printed materials and on NYMEX's web site located at www.nymex.com (collectively, the "NYMEX Marketing Materials"). In addition to any additional CME Marks that CME may specify during the Term, CME authorizes NYMEX to use "CME®", "CME Globex®" and "Globex Trader℠". In each instance in which NYMEX uses any of the CME Marks in NYMEX Marketing Materials, NYMEX shall use such CME Mark (i) in accordance with any CME trademark usage guidelines, as amended from time to time and provided to NYMEX by CME and (ii) in any style and format prescribed by CME to NYMEX, including, without limitation, by employing as a superscript at the end of the CME Mark any designation(s) of registration or ownership prescribed by CME (e.g., the symbol "®" for marks registered in the United States, and the notices "TM" or "SM", as appropriate). In addition, NYMEX shall include with each usage of any CME Mark that is a trademark or service mark a footnote indicating that the identified term is (1) for registered marks, a trademark or service mark (as appropriate) of CME registered with the United States Patent and

Trademark Office and/or other applicable jurisdiction(s); or (2) for nonregistered marks, a trademark or service mark (as appropriate) of CME. In connection with its permitted use of the CME Marks, NYMEX (A) shall use commercially reasonable efforts to protect the goodwill and reputation of CME and the CME Marks; (B) shall not in any manner represent that it has any ownership interest in any of the CME Marks; (C) shall not sublicense the rights granted in this Section; and (D) specifically acknowledges that NYMEX's permitted use of the CME Marks shall not create with respect to NYMEX any rights, title or interest in or to any CME Mark.

9.2.2. *NYMEX Trade Names and Marks.* NYMEX authorizes CME to use such trade names and marks as it may specify (the "NYMEX Marks") in connection with appropriate marketing materials, including printed materials and on CME's web site located at www.cme.com (collectively, the "Globex Marketing Materials"). In addition to any additional NYMEX Marks that NYMEX may specify during the Term, NYMEX authorizes CME to use "COMEX", "NYMEX", "NYMEX ACCESS®", "NYMEX ClearPort®" and "New York Mercantile Exchange". In each instance in which CME uses any of the NYMEX Marks in Globex Marketing Materials, CME shall use such NYMEX Mark (i) in accordance with any NYMEX trademark usage guidelines, as amended from time to time and provided to CME by NYMEX and (ii) in any style and format prescribed by NYMEX to CME, including, without limitation, by employing as a superscript at the end of the NYMEX Mark any designation(s) of registration or ownership prescribed by NYMEX (e.g., the symbol "®" for marks registered in the United States, and the notices "TM" or "SM", as appropriate). In addition, CME shall include with each usage of any NYMEX Mark that is a trademark or service mark a footnote indicating that the identified term is (1) for registered marks, a trademark or service mark (as appropriate) of NYMEX registered with the United States Patent and Trademark Office and/or other applicable jurisdiction(s); or (2) for nonregistered marks, a trademark or service mark (as appropriate) of NYMEX. In connection with its permitted use of the NYMEX Marks, CME (A) shall use commercially reasonable efforts to protect the goodwill and reputation of NYMEX and the NYMEX Marks; (B) shall not in any manner represent that it has any ownership interest in any of the NYMEX Marks; (C) shall not sublicense the rights granted in this Section; and (D) specifically acknowledges that CME's permitted use of the NYMEX Marks shall not create with respect to CME any rights, title or interest in or to any NYMEX Mark.

9.2.3. *Prior Review and Approval*. Each party shall provide the other party representative samples of any CME Marketing Materials or NYMEX Marketing Materials, as applicable, or other documents, such as press releases, that refer to the arrangement described in this Agreement or use the other party's marks, for the other party's review and approval (which shall not unreasonably be withheld) prior to their release. This right of review and approval shall relate to use of the CME Marks or NYMEX Marks, as applicable, and to materials describing the

arrangement set forth in this Agreement, and not to the marketing materials generally. The reviewing party shall make good faith efforts to notify the other party of its approval or request for modification of each representative sample within three (3) Business Days of receipt of such sample, provided, however, that if the reviewing party fails to do so within such period, the sample shall be deemed approved. If modifications are requested, the originating party may not release the sample without making modifications and securing approval or eliminating the reference requiring approval. Notwithstanding the foregoing, prior review or approval shall not be required for routine releases or product descriptions the form of which has previously been approved.

9.2.4. *Changes to Trade Names, Trademarks or Brand Names for NYMEX Globex Contracts.* If either party makes a material change to any of its Marks, or the guidelines for use of the Marks, it shall use reasonable efforts to inform the other party of the change, and the other party shall use reasonable efforts to update all Marketing Materials and other documents as necessary to reflect the change. CME shall similarly use reasonable efforts to update its Marketing Materials with respect to any change in the brand names or contract specifications for the NYMEX Globex Contracts. The obligation to update materials in accordance with this Section shall be reasonably balanced against the cost of such updates, in view of the significance of the change and the likelihood of confusion of market participants or the general public.

9.3. Market Data.

9.3.1. *Generally.* NYMEX shall be the exclusive distributor of market data concerning the NYMEX Globex Contracts ("Market Data"), and shall provide for the distribution of Market Data in a substantially similar manner as NYMEX distributes market data concerning other NYMEX Products. As between CME and NYMEX, NYMEX is and shall remain the sole owner of all right, title and interest in and to Market Data, except that CME shall have a perpetual royalty-free license to use aggregated historical Market Data in creating and distributing information relating to the performance of Globex is derived from such Market Data (e.g., with respect to record Globex volume or number of transactions processed).

9.3.2. *Distribution over Globex Network.* CME shall be authorized to make Globex Market Data, as defined in Exhibit A, available over Globex to market participants that receive market data through Globex on the same basis as CME makes available other Globex market data as to CME Globex Contracts.

9.3.3. *Display on CME Trading Floor.* CME shall be authorized in its discretion to display Market Data, as well as market data showing prices in related NYMEX products (i.e., physically delivered NYMEX Products traded on NYMEX's trading floor as to which related cash-settled NYMEX Globex Contracts are listed), on wallboards over its trading floors and on MercQuote, CME's closed circuit television system.

9.3.4. *Publication in CME Daily Bulletin.* CME shall be authorized in its discretion to print summary Market Data in its "Daily Bulletin" (in hard copy and/or on CME's web site), provided that CME shall state in such publication that such Market Data is the property of NYMEX and that commercial redistribution of such Market Data and use of such Market Data other than in connection with trading the NYMEX Globex Contracts are prohibited.

9.3.5. *CME Web Site*. NYMEX authorizes CME to display Market Data on CME's Internet site, including aggregated and real-time or substantially real-time Market Data and historical Market Data.

9.3.6. *NYMEX Market Data Protection*. The parties shall cooperate to agree upon measures designed to protect NYMEX's rights in the Market Data (i) with respect to the use of real-time or substantially real-time Market Data on CME's Web Site, and (ii) by ensuring that NYMEX Market Data is protected to the same degree as market data in the CME Globex Contracts by including NYMEX Market Data appropriately in the Customer Connection Agreement and in any agreements that CME has with clearing firms or ISVs relating to market data distribution over Globex that is under the control of any such clearing firm or ISV.

10. INTELLECTUAL PROPERTY

10.1. CME Ownership. Subject to any different agreement between the parties pursuant to a change request or as otherwise specified in this Section 10, CME and its licensors, as applicable, shall have sole and exclusive ownership of all right title and interest in and to the intellectual property ("IP") and technology developed or used by CME in connection with providing the CME Services, including all IP in the CME Systems. Except as provided in Sections 6.5.1 and 6.5.2, no provision of this Agreement shall be construed to bind or obligate CME in any way to develop, make further enhancements to or maintain any current or future version of Globex or of any of the related exchange systems or services, provided that this sentence is not intended to limit or modify in any other respect CME's obligations under this Agreement to provide the CME Services in accordance with and subject to the Performance Standards.

10.2. NYMEX Change Requests. NYMEX may request in writing to retain some or all IP rights in the functionality, processes, or other features disclosed in a change request submitted pursuant to Section 6.8. Any such request to retain IP rights shall be made prior to written approval by authorized representatives of both parties of any change order based on such change request. In the absence of such a written approval, CME and/or its licensors, as applicable, shall own all right, title and interest in any IP created by the parties in connection with such change order. Notwithstanding the foregoing, NYMEX shall retain any IP rights that it may have in **[***Redacted***]** specified by NYMEX in a change order. To the extent that NYMEX claims such IP rights to **[***Redacted***]**, NYMEX shall notify CME of such in the change request and indicate the scope of rights it is granting to CME to **[***Redacted***]**.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

10.3. Patent License.

10.3.1. *Mutual Release.* As of the Effective Date, each party and its Affiliates hereby releases, acquits and forever discharges the other party and its Affiliates, from any and all claims or liability for infringement (direct, indirect or contributory) of any patent owned by the parties that arose prior to the Effective Date, to the extent such infringement would have been licensed under the license granted in this Section 10 if such license had been in existence at the time of such infringing activity.

10.3.2. *NYMEX Patent License*. CME hereby grants, for the duration of the Term, NYMEX and its Affiliates a non-exclusive, non-transferable, worldwide, royalty-free license, without the right to sublicense, **[***Redacted***]**.

10.3.3. *CME Patent License*. NYMEX hereby grants, for the duration of the Term, CME and its Affiliates a non-exclusive, non-transferable, worldwide, royalty-free license, without the right to sublicense, **[***Redacted***]**.

10.3.4. *Joint Inventions.* CME and NYMEX agree to mutually determine whether to apply for any patent(s) for invention(s) jointly developed and jointly owned ("Joint Inventions") and, if so, the procedures by which they will prepare and prosecute any such patent application(s). The parties agree to cooperate and to provide reasonable assistance in the prosecution of such patent applications. The costs for such applications shall be equally shared unless the parties otherwise agree. Any patent issuing from such a patent application shall be jointly owned by the parties and the parties may grant licenses to third parties under such patent without obtaining the permission of the other party or accounting to the other party for royalties or other consideration in connection with such license. Neither party shall transfer or assign a jointly held patent or patent application without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delay.

10.4. CME Documentation; Intellectual Property Data. NYMEX shall have a limited right during the Term to use, modify, and make copies of all manuals and written policies and procedures provided by CME to NYMEX in the course of providing the CME Services ("CME Documentation"). Upon the expiration or earlier termination of this Agreement, NYMEX shall return to CME any and all copies of CME Documentation or destroyed all CME Documentation in its possession, except that NYMEX may retain copies of the CME Documentation for archival purposes and for its appropriate regulatory and surveillance purposes. Upon CME's request, NYMEX shall certify such return or destruction. Marketing materials and other CME Documentation that have been made publicly available shall not be subject to the return or destroy provision of this Section 10.4.

10.5. NYMEX Data.

10.5.1. *Generally.* As between NYMEX and CME, any and all trading data, Market Data, surveillance records, investigation reports and other similar data or information

created, generated, collected, or processed by CME in the performance of the CME Services or its other obligations hereunder ("NYMEX Data") is and shall remain the sole property of NYMEX, and CME will and hereby does, without additional consideration, assign to NYMEX any and all right, title and interest that CME may now or hereafter possess in and to the NYMEX Data. Except as provided in Section 9.3 and in this Article 10, NYMEX Data shall not be utilized by CME for any purpose other than the performance of the CME Services under this Agreement and shall not be sold, assigned, leased or otherwise transferred, disposed of or provided to third parties by CME or commercially exploited by or on behalf of CME.

10.5.2. *Return Upon Termination.* CME shall promptly retrieve and deliver to NYMEX a copy of all NYMEX Data (or such portions as are specified by NYMEX), in the format and on the media reasonably prescribed by NYMEX, at NYMEX's reasonable request from time to time, including (i) upon the effective date of termination of this Agreement or (ii) at the completion of any requested Transition Services. Upon the effective date of termination or at the completion of any requested Transition Services (whichever is later), if requested by NYMEX, CME shall destroy or securely erase all copies of the NYMEX Data in CME's possession or under CME's control, except that CME may retain copies of such NYMEX Data for archival purposes and for its appropriate regulatory and surveillance purposes. CME shall certify such destruction or secure erasure upon NYMEX's request.

10.5.3. *Security of Data.* In order to safeguard and maintain the security and confidentiality of the NYMEX Data, CME shall employ all such measures to protect NYMEX Data as CME employs to protect its own such data, and in no event shall CME employ less than reasonable measures: (i) to preserve the security of the NYMEX Data; (ii) to prevent unauthorized access to or modification of any NYMEX Data; and (iii) to establish and maintain environmental, safety, facility and data security procedures and other safeguards against destruction, loss, alteration or theft of, or unauthorized access to, any NYMEX Data.

10.5.4. *CME Use*. Notwithstanding NYMEX's ownership of NYMEX Data as described above but subject to Article 17, NYMEX hereby grants CME a limited, royalty-free license to use the NYMEX Data (i) as described in Section 9.3; (ii) in connection with performing the CME Services; and (iii) in satisfying any applicable regulatory or other legal requirements during the Term, and any period following the Term during which CME is providing Transition Services.

11. FEES FOR SERVICES

11.1. Generally. No later than the 23rd day of each calendar month, NYMEX shall pay to CME the aggregate fees owed to CME under Exhibit B with respect to matched transactions for the prior calendar month ("Fees"). The payment of Fees shall be made by electronic wire transfer pursuant to instructions that CME shall provide to NYMEX from time to time. Prior to or simultaneously with the delivery of such payment, NYMEX shall provide CME a written statement detailing the calculation of Fees, in

such electronic or paper copy form as NYMEX may reasonably select. NYMEX shall also calculate and pay CME any amount that is owed under an annual minimum payment, as described in Exhibit B, no later than the 23rd day of the calendar month following the applicable annual period.

11.2. Interest for Late Payments. Without regard to whether CME exercises its rights under Section 11.3, any amounts due and payable by NYMEX to CME pursuant to Section 11.1 that remain unpaid more than seven (7) days after the date upon which such payment was due shall accrue simple interest at a 9% per annum rate for the period from, but excluding, the date upon which such payment originally was due until, and including, the date upon which payment is delivered. Any such interest amounts shall be pro rated on a daily basis.

11.3. Delay in Payment. If CME does not receive any Fees owed to it in accordance with Section 11.1, CME shall provide written notice to NYMEX of such failure, and if NYMEX fails to pay such Fees within thirty (30) days of NYMEX's receipt of such notice, CME may declare NYMEX in material default of this Agreement, without application of any cure period under Section 13.1, and may thereafter exercise its rights set forth in Article 13 below.

11.4. Electronic Fund Transfer. With respect to any payments to be made by electronic fund transfer, if the final Business Day upon which payment may be made is a bank holiday for either the transferring or receiving bank, the period during which payment may be made shall be extended to the next day upon which such transfer may be effectuated.

11.5. Fees Following Termination. If this Agreement is not renewed or is terminated for any reason, NYMEX agrees to pay Fees for services through and including the last day on which any NYMEX Globex Contract is traded, without regard to or limitation of any other payments or penalties that may be owed under other provisions of this Agreement.

12. TELECOMMUNICATIONS CONNECTION BETWEEN CME AND NYMEX

12.1. Globex Routers; Telecommunication Services. CME shall maintain an appropriate Globex router or routers and/or switch gear at NYMEX's main facility and at NYMEX's disaster recovery site, as applicable, for the purposes of (i) connecting to NYMEX for clearing purposes, (ii) connecting to the NYMEX training facility, (iii) delivering data to NYMEX for clearing purposes, (iv) exchanging data between the parties for cross-margining purposes, and (v) connecting Globex access from the NYMEX floor, if NYMEX so desires. CME additionally shall maintain appropriate telecommunications circuits between NYMEX and CME as necessary to handle message flow and data delivery as set forth above. NYMEX shall provide computer room floor space and inside wiring for such routers and shall provide CME or any telecommunications provider with which it contracts for such services reasonable access for maintenance and testing purposes. The parties shall use CME recommended configurations for communication between primary and backup sites.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

12.2. Outsourcing Permitted. CME may fulfill its obligation to establish and maintain the routers and telecommunications circuits described in Section 12.1 through appropriate contractual arrangements with telecommunications service providers and/or other technology service providers.

12.3. Financial Terms. NYMEX shall be responsible for paying, via reimbursement to CME or direct billing, all third party or other direct costs (not to include CME employee or CME independent contractor time) associated with the telecommunications circuits, switches and routers described in Section 12.1, provided that (i) where CME has a negotiated rate with an applicable telecommunications provider, CME shall attempt to secure for NYMEX any preferential rate available under such contract, and (ii) in no event shall the amounts paid by NYMEX under this Section exceed the published tariff rate of the applicable telecommunications provider. Unless CME arranges for NYMEX to be billed directly by the applicable telecommunications provider, CME shall submit to NYMEX an invoice for reimbursement of fees or other third-party costs actually paid by CME, and NYMEX shall pay CME such amounts no later than the thirty (30) days following the month in which CME invoices NYMEX. Any failure by NYMEX to pay amounts due and payable under this Section shall be subject to the interest and default provisions set forth in Sections 11.2 and 11.3.

12.4. Waived Installation Fees. The parties understand and agree that certain installation fees as to the circuits and routers installed pursuant to Section 12.1 will be waived by the applicable telecommunications providers, and that such waived fees will become due and payable if the installed circuits and routers are cancelled in less than one year. NYMEX agrees that it shall reimburse CME for any such waived installation fees that become due and payable unless the circuits and routers are cancelled because of termination of this Agreement by NYMEX pursuant to Section 13.1, Section 13.3 or Section 13.7, in which case CME shall be solely responsible for such fees.

12.5. Telecommunications Hub. The Project Plans shall include a timeline and obligations for both CME and NYMEX with respect to establishing telecommunications hubs (the "CME Hubs") at NYMEX's primary and backup data center facilities. The CME Hubs will use such equipment and conform to such standards as CME may determine in its sole discretion, provided that the CME Hubs shall be reasonably comparable to telecommunications hubs that CME has established in other remote locations. CME shall cover the costs of purchasing, installing, configuring and maintaining the equipment at the Hub. During the Term and for a transition period of up to one year thereafter, NYMEX shall provide at its cost adequate and appropriate data center space for all CME equipment necessary for the CME Hubs. NYMEX shall also provide for 24-hour access for CME's employees or agents for maintenance purposes. CME shall operate the CME Hubs in a manner that is reasonably comparable to CME operations for its other telecommunications hubs. For the avoidance of doubt, CME may use the CME Hubs for purposes unrelated to this Agreement, including, without limitation, for connecting ISVs, clearing firms, customers and other distribution channel partners to Globex.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

13. TERMINATION

13.1. Default. Either party may terminate this Agreement by written notice to the other party in the event that the other party is in material default with respect to any of the terms of this Agreement. Except as may otherwise be specified in this Agreement with respect to particular circumstances, the non-defaulting party shall provide the defaulting party with notice of a material breach prior to exercising its termination right hereunder and the defaulting party shall have thirty (30) days from receipt of such notice to cure such breach, if it can be cured. If the defaulting party cures such breach within such 30-day period, then termination shall not occur and the defaulting party shall not be subject to any further remedy or liability in respect of such breach, except as may otherwise be specified in this Agreement. Notwithstanding the foregoing, a party shall not be found in material default by reason of a failure to perform its obligations hereunder where such failure was proximately caused by an act, or failure to act, of the other party in violation of this Agreement or any other agreement between the parties that relates to this Agreement.

13.2. Bankruptcy. Either party may terminate this Agreement immediately upon the occurrence of any of the following events affecting the other party:

13.2.1. *Demonstrated Insolvency.* The other party admits its inability to pay its debts generally as they become due, or makes an assignment of substantially all of its assets for the benefit of its creditors;

13.2.2. *Bankruptcy Proceeding Filed.* A proceeding in bankruptcy or for the reorganization of the other party or for the readjustment of its debts, under the United States Bankruptcy Code or any other State or Federal law for the relief of debtors now or hereafter existing, is commenced by or against the other party and is not dismissed within sixty (60) days of commencement; or

13.2.3. *Receivership.* A receiver or trustee is appointed in a bankruptcy proceeding for the other party or for any substantial part of its assets, or any proceedings are instituted for the dissolution or the full or partial liquidation of such party, and such receiver or trustee is not discharged within sixty (60) days of his or her appointment or such proceedings are not discharged within sixty (60) days of their commencement, as the case may be.

13.3. Legal Impairment. Either party may terminate this Agreement, upon written notice to the other party, in the event that any statute, rule, regulation, court order, or other judicial, administrative agency or legislative decree materially impairs either its or the other party's ability to perform its obligations hereunder.

13.4. Failure to Launch. If Launch Date 2 or Launch Date 3 does not occur **[***Redacted***]** or less from the target date for such launch, as described in Section 4.3, the party not at fault may terminate this Agreement in accordance with such section.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

13.5. Mid-Term Termination. During the one-year period between the fifth and sixth anniversaries of Launch Date 1, either NYMEX or CME may terminate this Agreement by providing written notice to the other party during such period. If NYMEX provides notice, NYMEX must delist the NYMEX Globex Contracts within 6 months after delivery of the notice. If CME provides notice, NYMEX must delist the NYMEX Globex Contracts within 12 months after delivery of the notice. In either case, the terminating party must pay the non-terminating party a termination fee equal to **[***Redacted***]** payable by NYMEX to CME under Exhibit B for the period of **[***Redacted***]** full calendar months immediately preceding the month in which the notice is delivered, with **[***Redacted***]**% of the fee payable within **[***Redacted***]** Business Days following delivery of the notice and **[***Redacted***]**% payable within 10 Business Days following the date on which the NYMEX Globex Contracts have been delisted.

13.6. Force Majeure Event. In the event of a Force Majeure Event that endures for thirty (30) days or longer, this Agreement may be terminated upon written notice to the other party by (i) the nonaffected party or (ii) where both parties are similarly impaired in their performance of their obligations hereunder, either party.

13.7. Acquisition of Competitor or Competitive Products on Globex. If CME provides the notice described in Section 3.4.4, NYMEX may in its discretion terminate this Agreement by providing written notice to CME in accordance with Section 3.4.4.

13.8. NYMEX Europe. If NYMEX Europe does not become a party to this Agreement with appropriate regulatory approvals to list products for trading on Globex by December 31, 2006, then CME shall have the option to terminate this Agreement upon 3 months' advance written notice to NYMEX (providing NYMEX an opportunity to persuade NYMEX Europe to become a party and/or complete necessary regulatory approval processes), which option shall continue throughout the Term even if not initially exercised by CME until such time as NYMEX Europe does become a party to this Agreement; provided, however, that CME shall not have the right to terminate in the event that NYMEX Europe is unable to become a party to this Agreement because it was not able to obtain the required regulatory approvals after reasonable diligent efforts to do so and consultation with CME.

14. EXCHANGE RULES

14.1. Generally. Within 30 days following the Effective Date, CME and NYMEX shall determine the rule changes required to be made at each exchange to support the arrangement contemplated by this Agreement. Without limiting the generality of the foregoing, each of CME and NYMEX shall adopt rule amendments naming the other party in its limitation of liability rule. To the extent practicable, any new rules shall conform to rules previously adopted by the parties in connection with the prior agreement between them for NYMEX e-miNY products. CME and NYMEX shall adopt the agreed upon rules and shall cooperate as necessary to obtain any required regulatory certifications or approvals.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

14.2. Amendment of Rules. The parties acknowledge that it may be appropriate for either party to make changes in the future to rules that relate to or may impact the arrangement set forth in this Agreement. The parties shall use reasonable efforts to discuss any such changes prior to implementation. The parties shall also use reasonable efforts to negotiate in good faith as to changes to shared rules. Notwithstanding any obligation to negotiate that may apply, (i) CME may in its discretion change any CME rules that directly relate to the CME Systems, the operation of Globex and the GCC generally, and all rules that directly relate to CME Globex Contracts, and (ii) NYMEX may in its discretion change any NYMEX rules that directly relate to the NYMEX Products, including the NYMEX Globex Contracts, subject to Section 6.8 with respect to changes to the CME Services or CME Systems that may be necessary to support such change. Notwithstanding the foregoing, at all times during the Term, CME and NYMEX shall maintain a rule for limitation of liability that limits liability to the other party equally with the party issuing the rule.

15. CROSS-MARGINING ARRANGEMENT

In order to provide capital and margin efficiencies for market participants trading certain NYMEX Products and CME Globex Contracts, the parties shall enter into the Cross Margining Agreement attached as Exhibit E hereto.

16. TRANSITION ASSISTANCE

16.1. CME to Provide Assistance. Following the termination of this Agreement for any reason after the Launch Date, CME shall reasonably assist NYMEX in transitioning the services provided by CME as CME Services to another entity in an orderly manner if requested by NYMEX prior to the effective date of termination. Specifically, CME shall, if and as requested by NYMEX, provide the services described in Sections 16.2 and 16.3 (the "Transition Services").

16.2. Transition Plan. CME and NYMEX shall cooperate to prepare a transition plan setting forth the respective tasks to be accomplished by each party in connection with the transition and a schedule pursuant to which such tasks are to be completed.

16.3. Relevant Information. CME shall provide NYMEX with all data and other information maintained by CME necessary to transfer responsibility for providing the CME Services to another entity and all hardcopy records of NYMEX Data maintained by CME, except that CME may retain copies of such data and other information for appropriate archival, regulatory and surveillance purposes. Such data and other information shall be provided to NYMEX on magnetic tape or such other storage medium, and in such format, reasonably acceptable to NYMEX.

16.4. Costs. NYMEX shall pay or reimburse CME for any and all costs ("Transition Costs") reasonably and actually incurred by CME that are directly attributable to providing Transition Services in accordance with this Article 16 (with the rates for any CME employees used to perform such CME Services reasonably reflecting CME's

fully-loaded costs with respect to such employees, plus a commercially reasonable profit margin); provided that CME shall act in good faith and use commercially reasonable efforts to minimize and mitigate any Transition Costs.

17. CONFIDENTIALITY

17.1. Proprietary Business Information.

17.1.1. *Generally.* NYMEX and CME each acknowledges that it will receive during the term of this Agreement confidential or proprietary information of the other party relating to such party's performance of its obligations or exercise of its rights hereunder, other non-public information regarding the other party or its business, and confidential information of third parties that the disclosing party has a duty to maintain as confidential. (All such information, together with the terms of this Agreement and all material correspondence or other information or materials exchanged between the parties in connection with the negotiation of this Agreement and any development work relating to the arrangement described herein, is collectively referred to in this Agreement as "Proprietary Business Information.") Materials embodying such information and within the scope of this Section 17.1 shall bear reasonable legends to such effect to the extent appropriate. Each party agrees to take reasonable steps to maintain the confidentiality of the Proprietary Business Information of the other party, and each party agrees to use such information only in connection with the performance of its obligations and the exercise of its rights under this Agreement and for appropriate regulatory and surveillance purposes. In the event that this Agreement is terminated for any reason, each party agrees that it shall use reasonable efforts to return to the other party or destroy all Proprietary Business Information of the other party in its possession in tangible form and that it shall not knowingly retain any copies thereof, except that each party may retain copies of the other party's Proprietary Business Information for archival purposes and for its appropriate regulatory and surveillance purposes.

17.1.2. *Exclusions*. In no event shall the provisions of this Section 17.1 apply to any information that: (i) was rightfully known to the receiving party prior to its receipt from the disclosing party, or becomes rightfully known to the receiving party other than as a result of the relationship between the parties pursuant to this Agreement; (ii) is or becomes public knowledge through no fault of the receiving party; (iii) is disclosed to the receiving party by a third party with the right to disclose the information without restriction or subject to restrictions to which the receiving party has conformed; or (iv) is independently developed by the receiving party without use of any confidential or proprietary information of the disclosing party.

17.2. Disclosure Required by Law. Notwithstanding anything in this Article 17 to the contrary, each party may disclose any Proprietary Business Information received by it to the extent required by subpoena or other order of court, law or other regulation, or required or requested by any governmental or regulatory authority having jurisdiction or

required pursuant to an information sharing agreement, rule, or policy with another self-regulatory body, to furnish such Proprietary Business Information to any third party, or as otherwise permitted in this Agreement; provided that, in any such case, the party required or requested to disclose the information shall promptly notify the other party of such requirement or request, and shall use good faith efforts, in consultation with the other party, to secure confidential treatment of the relevant Proprietary Business Information or seek an appropriate protective order, as applicable.

17.3. Disclosures in Violation of Obligations. NYMEX and CME each agree that any breach of the obligations set forth in this Article 17 would not be adequately compensated by monetary damages. As such, in the event of actual or threatened breach of this Article, the party neither breaching nor threatening to breach shall, without limitation of any other remedies that may be available, be entitled to injunctive relief, without proving monetary damages or posting a bond or other security.

18. FORCE MAJEURE

Notwithstanding any other provision of this Agreement to the contrary, each party shall be excused from performance under this Agreement and shall have no liability to the other party to the extent that, and for any period during which, it is prevented from performing any of its obligations hereunder by an act of God, floods, war, civil disturbance, act of terrorism, court order or other cause beyond its reasonable control (including, without limitation, failures or fluctuations in the electrical or mechanical equipment, communication lines, heat, light or telecommunications, in each case to the extent beyond the relevant party's reasonable control) (each a "Force Majeure Event"), provided, however that (i) in such event, the other party also shall be excused from performing any corresponding obligations hereunder as appropriate under the circumstances; (ii) the party suffering the Force Majeure Event shall notify the other party of such Force Majeure Event as soon as practicable and shall, to the extent practicable, use good faith efforts to mitigate the effects of the Force Majeure Event; and (iii) this Agreement may be terminated pursuant to Section 13.6 where such Force Majeure Event endures for thirty (30) days or longer.

19. LIMITATION ON LIABILITY

19.1. CME Limited Liability. In any action brought by NYMEX against CME, whether in contract, tort or otherwise, CME's aggregate liability to NYMEX shall be limited as follows: (i) with respect to claims related to NYMEX's termination of this Agreement under Section 13.1, to a maximum of $ **[***Redacted***]**, and (ii) with respect to all other claims, to a maximum of **[***Redacted***]** % of the Prior Year's Fees per claim or set of related claims, not to exceed **[***Redacted***]** % of the Prior Year's Fees during any rolling 12-month period, provided however, that the following claims shall not be subject to the foregoing limitations:

19.1.1. CME's indemnification obligations pursuant to Section 20.1;

19.1.2. Liability for gross negligence, willful misconduct and fraud;

19.1.3. Willful breach of Section 3.3 (after receiving notice of such willful breach and failing to cure); or

19.1.4. Breach of the confidentiality provision set forth in Article 17,.

19.2. NYMEX Limited Liability. In any action brought by CME against NYMEX, whether in contract, tort or otherwise, NYMEX's aggregate liability to CME under this Agreement shall be limited as follows: (i) with respect to claims related to CME's termination of this Agreement under Section 13.1, to a maximum of **[***Redacted***]** % of the Prior Year's Fees, and (ii) with respect to all other claims, to a maximum of **[***Redacted***]**% of the Prior Year's Fees per claim or set of related claims, not to exceed **[***Redacted***]**% of the Prior Year's Fees during any rolling 12-month period, provided however, that the following claims shall not be subject to the foregoing limitations:

19.2.1. NYMEX's indemnification obligations pursuant to Section 20.2;

19.2.2. Liability for gross negligence, willful misconduct and fraud;

19.2.3. Willful breach of Section 3.3 (after receiving notice of such willful breach and failing to cure);

19.2.4. Breach of the confidentiality provision set forth in Article 17; or

19.2.5. Any liability of NYMEX to CME arising out of failure by NYMEX to pay fees or to reimburse amounts to CME as required by this Agreement.

20. INDEMNIFICATION

20.1. By CME. CME shall indemnify, defend and hold harmless NYMEX and its directors, officers, employees and agents from and against Losses arising from third party claims as a result of (i) gross negligence or the willful misconduct on the part of CME, its directors, officers, employees or agents and (ii) any claim that the CME Systems or any other system operated by CME in connection with the performance of its obligations under this Agreement, any portion of either of the foregoing, or any of the CME Marks, infringe(s) or otherwise violate(s) the patent, trademark, service mark, copyright or other intellectual property of any third Person, (iii) any claim that is based upon CME's failure to properly match trades in NYMEX Globex Contracts pursuant to this Agreement (or any improper matching of trades by CME in violation of this Agreement), or (iv) any claim based upon CME's breach of this Agreement.

20.2. By NYMEX. NYMEX shall indemnify, defend and hold harmless CME and its directors, officers, employees and agents from and against Losses arising from arising from third party claims as a result of (i) gross negligence or the willful misconduct on the part of NYMEX, its directors, officers, employees or agents and (ii) any claim that any system operated by NYMEX in connection with the performance of its obligations under this Agreement, or any portion of such a system, or any of the NYMEX Marks,

infringe(s) or otherwise violate(s) the patent, trademark, service mark, copyright or other intellectual property of any third Person, (iii) any claim arising out of any transaction in NYMEX Globex Contracts that was properly matched by CME pursuant to the terms of this Agreement but that NYMEX declined to clear pursuant to its rules or otherwise failed to clear or accept for clearing pursuant to Section 7.3, provided, however, that NYMEX shall not be obligated to so indemnify CME to the extent of any increase in the amount of such Losses that resulted from CME's failure to timely deliver the relevant matched trade information to NYMEX due to reasons within CME's reasonable control, or (iv) any claim based upon NYMEX's breach of this Agreement.

20.3. Notification. If any third party notifies either party (the "Indemnified Party") with respect to any matter which may give rise to a claim for indemnification against the other party (the "Indemnifying Party"), then the Indemnified Party shall promptly notify the Indemnifying Party thereof; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any liability or obligation hereunder, except to the extent (if any) that the Indemnifying Party is damaged by such delay.

20.4. Defense of Claim. If the Indemnifying Party notifies the Indemnified Party that it is assuming the defense of any claim:

(a) The Indemnifying Party shall defend the Indemnified Party against such claim with counsel of its choice reasonably satisfactory to the Indemnified Party;

(b) the Indemnified Party may retain separate co-counsel at its sole cost and expense (except that the Indemnifying Party shall be responsible for the fees and expenses of the separate co-counsel to the extent that the Indemnified Party concludes reasonably that the counsel the Indemnifying Party has selected has a conflict of interest);

(c) the Indemnified Party shall not, without foregoing the benefits of this Section (a), consent to the entry of any judgment or enter into any settlement with respect to such claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed; and

(d) the Indemnifying Party shall not consent to the entry of any judgment with respect to the matter or enter into any settlement which does not include a provision whereby the plaintiff or claimant releases the Indemnified Party from any and all responsibility and liability with respect to such claim, without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed.

21. CONSEQUENTIAL AND PUNITIVE DAMAGES

Excluding each party's respective indemnification obligations pursuant to Section 20.1 and Section 20.2 and respective liability for gross negligence, willful misconduct, fraud, or breach of

the confidentiality provision set forth in Article 17, in no event shall either party be liable for, nor shall the measure of damages include, any indirect, consequential, punitive or special damages or amounts for loss of income or profits, even if such damages were foreseeable. Notwithstanding the foregoing, with respect to any willful breach by NYMEX of Section 3.3.1 or willful breach by CME of Section 3.4 (in either case, after receiving notice of such willful breach and failing to cure), the non-breaching party shall be entitled to seek damages for actual lost profits as a result of such breach.

22. REPRESENTATIONS AND WARRANTIES

22.1. By CME.

22.1.1. CME is a for-profit corporation duly formed, validly existing and in good standing under the laws of the State of Delaware, and has the corporate power and all necessary registrations and authorizations to carry on its business as now being conducted. CME has the full right, power and authority to enter into this Agreement and perform its obligations hereunder.

22.1.2. The execution and delivery of this Agreement by CME and performance of its obligations hereunder have been duly authorized, and this Agreement has been duly executed and delivered by CME. This Agreement constitutes the valid and binding obligation of CME, enforceable in accordance with its terms, subject only to applicable bankruptcy, insolvency or similar laws affecting the rights of creditors generally.

22.1.3. There is no charter, by-law or capital stock provision of CME or any of its parents, subsidiaries or other related entities, nor is there any agreement, statute, rule or regulation or any judgment, decree or order of any court or agency, binding on CME, that would be contravened by the execution and delivery or performance by CME of this Agreement.

22.1.4. CME has all necessary rights, as owner or licensee, to any intellectual property or other property and technology, including the CME Systems, that CME will use in connection with performing the CME Services and its other obligations hereunder.

22.1.5. CME is not subject to any contractual provision, and is not aware of any law, regulation or order, that would be violated by the performance of its obligations hereunder with respect to the NYMEX Globex Contracts expected to be listed for trading under this Agreement.

22.1.6. CME shall comply in all material respects with all laws, rules and regulations applicable to its provision of the CME Services and the performance of its obligations under this Agreement.

22.2. By NYMEX.

22.2.1. NYMEX is a for-profit corporation duly formed, validly existing and in good standing under the laws of the State of Delaware, and has the corporate power and all necessary registrations and authorizations to carry on its business as now being conducted. NYMEX has the full right, power and authority to enter into this Agreement.

22.2.2. The execution and delivery of this Agreement by NYMEX and performance of its obligations hereunder have been duly authorized, and this Agreement has been duly executed and delivered by NYMEX. This Agreement constitutes the valid and binding obligation of NYMEX, enforceable in accordance with its terms, subject only to applicable bankruptcy, insolvency or similar laws affecting the rights of creditors generally.

22.2.3. There is no charter, by-law or capital stock provision of NYMEX, or any of its parents, subsidiaries or other related entities, nor is there any agreement, statute, rule or regulation or any judgment, decree or order of any court or agency, binding on NYMEX, that would be contravened by the execution and delivery or performance by NYMEX of this Agreement.

22.2.4. NYMEX has all necessary rights, as owner or licensee, to any intellectual property or other property and technology that NYMEX will use in connection with performing its obligations hereunder.

22.2.5. CME shall comply in all material respects with all laws, rules and regulations applicable to its provision of the CME Services and the performance of its obligations under this Agreement.

22.3. Intellectual Property Claims. Notwithstanding the representations set forth in Sections 22.1.4 and 22.2.4, and without limiting the indemnification obligations set forth in Article 20, if either party shall be subject to any claim of unlawful use or infringement in connection with intellectual property used by such party in performing its obligations hereunder, such party may, at its own expense, (i) secure appropriate rights to continue to use such intellectual property, or (ii) modify or replace such intellectual property with compatible, functionally equivalent intellectual property, such that its performance of its obligations hereunder are not materially impaired. If such party fails to secure such rights or modify or replace such intellectual property and its performance of its obligations hereunder is materially impaired, the other party may terminate this Agreement for material default pursuant to Section 13.1 (subject to the cure period set forth therein, unless the reason for termination falls within a section of this Agreement that specifies that no cure period shall apply).

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

23. MISCELLANEOUS

23.1. Benefits of Agreement. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors. Except to the extent provided in Article 20 above with respect to the directors, officers, employees and agents of NYMEX and CME, respectively, nothing in this Agreement, express or implied, shall give to any other Person any benefit or any legal or equitable right or remedy. Without limiting the generality of the foregoing, the parties expressly agree that this Agreement shall not confer any rights upon the members or clearing members of either exchange or any other market participant as third-party beneficiaries of this Agreement.

23.2. Waiver. Except as expressly provided herein, neither party shall, by mere lapse of time, without giving notice or taking any other action, be deemed to have waived any breach by the other party of any of the provisions of this Agreement.

23.3. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois (other than the laws thereof that would require reference to the laws of any other jurisdiction).

23.4. Dispute Resolution. A party shall not commence a litigation proceeding against the other party unless that party first gives written notice to the other party setting forth the nature of the dispute ("Dispute Notice"). The parties shall attempt in good faith to resolve the dispute by mediation with a mediator selected by mutual agreement of the parties. If the parties cannot agree on the selection of a mediator within thirty (30) days after delivery of the Dispute Notice, or if the dispute has not been resolved by mediation as provided by this Section 23.4 within sixty (60) days after the delivery of the Dispute Notice, then either party may commence litigation. The Illinois state courts located in Cook County, Illinois and the United States District Court for the Northern District of Illinois shall have the exclusive jurisdiction over any and all litigated claims arising out of or relating to this Agreement or the subject matter hereof that are initiated by NYMEX. The New York state courts located in New York, New York, and the United States District Court for the Southern District of New York shall have the exclusive jurisdiction over any and all litigated claims arising out of or relating to this Agreement or the subject matter hereof that are initiated by CME. Each of the parties hereby irrevocably (i) submits to the personal jurisdiction of such courts over such party in connection with any litigation, proceeding or other legal action arising out of or in connection with this Agreement or the subject matter hereof, (ii) waives to the fullest extent permitted by law any objection to the venue of any such litigation, proceeding or action which is brought in any such court, and (iii) agrees to the mailing of service of process to the address specified below for such party as an alternative method of service of process in any legal proceeding brought in any such court.

23.5. Notices. Except as expressly set forth in this Agreement as to particular notices, all communications or notices required or permitted to be given under this Agreement shall be sufficiently given for all purposes hereunder if given in writing and (i) delivered personally, (ii) deposited in the United States mail, postage prepaid and return receipt

requested, (iii) delivered by a recognized document overnight delivery service or (iv) sent by telecopy, facsimile or other electronic transmission service (provided a confirmation of delivery is received). All notices delivered in accordance with this Section shall be sent to the appropriate address or facsimile number set forth below, or to such other address or facsimile number or to the attention of such other person as the recipient party may have specified by prior written notice to the sending party.

CME Contact	**NYMEX Contact**
Mr. Craig Donohue Chief Executive Officer Chicago Mercantile Exchange Inc. 20 South Wacker Drive Chicago, Illinois 60606 Facsimile No.: 312-930-3209	Mr. James E. Newsome President New York Mercantile Exchange, Inc. One North End Avenue New York, New York 10282 Facsimile No.: (212) 299-2299
With copies to:	*With copies to:*
Ms. Kathleen Cronin Managing Director, General Counsel Chicago Mercantile Exchange Inc. 20 South Wacker Drive Chicago, Illinois 60606 Facsimile No.: 312-930-3323	Mr. Christopher K. Bowen General Counsel and Chief Administrative Officer New York Mercantile Exchange, Inc. One North End Avenue New York, New York 10282 Facsimile No.: (212) 299-2299
Mr. James R. Krause Managing Director & Chief Information Officer Chicago Mercantile Exchange Inc. 20 South Wacker Drive Chicago, Illinois 60606 Facsimile No.: 312-634-8652	Chief Information Officer New York Mercantile Exchange, Inc. One North End Avenue New York, New York 10282 Facsimile No.: (212) 301-4555

23.6. Severability. If any provision of this Agreement is deemed to be illegal or unenforceable by any court of competent jurisdiction, (i) such provision shall be deemed to be severable from the remainder of this Agreement, (ii) the effect of such determination shall be limited to such provision to the extent reasonably practicable, and (iii) the validity, legality and enforceability of such provision in any other jurisdiction shall not in any way be affected or impaired thereby.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

23.7. Amendments. No provision of this Agreement may be amended, modified, supplemented or waived, except by an agreement in writing executed and delivered by authorized representatives of both parties.

23.8. Entire Agreement. This Agreement, including the Exhibits hereto, constitutes the entire agreement and understanding, and supersedes any and all prior agreements and understandings, whether written or oral, between the parties with respect to the subject matter hereof.

23.9. Counterparts. This Agreement may be executed in one or more counterparts, each of which when so executed shall be an original, but all of which together shall constitute but one and the same instrument.

23.10. Assignment and Successors. This Agreement may not be assigned in whole or in part by either party hereto without the prior written consent of the other party hereto; provided, however, that NYMEX may assign this Agreement and its rights and obligations hereunder, in their entirety, to an entity to which NYMEX sells all or substantially all of its assets without the prior written consent of CME, and CME may assign this Agreement and its rights and obligations hereunder, in their entirety, to an entity to which CME sells all or substantially all of its assets without the prior written consent of NYMEX. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, by merger, purchase, consolidation or otherwise, and their respective Affiliates.

23.11. Survival. Following any expiration or termination of this Agreement in accordance with its terms and the expiration of the post-termination obligations of CME pursuant to Article 16 hereof, all obligations hereunder of each party to the other shall terminate. Notwithstanding the foregoing, however, the provisions of Sections 6.6.3, 6.12, 8.4, 8.6, 8.7, 9.1.2, 9.3.1, 12.4 and 12.5, Articles 10, 16, 17, 19, 20, 21 and 23, and all other relevant definitions, cross-references and the like necessary to effectuate the intent of this Article shall survive and remain in effect following any expiration or termination of this Agreement.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

CHICAGO MERCANTILE EXCHANGE INC.

By: /s/ Craig S. Donohue
Name: Craig S. Donohue
Title: Chief Executive Officer

NEW YORK MERCANTILE EXCHANGE, INC.

By: /s/ James E. Newsome
Name: James E. Newsome
Title: President

EXHIBIT A

I. CME SERVICES:

1. Match Engine

The NYMEX Globex Contracts will be listed on a software instance of the Globex match engine that CME uses for **[***Redacted***]** as of the Effective Date. CME will add contract months on a listing schedule specified by NYMEX.

Globex will receive bids and offers and other related messages (such as cancellations and/or mass quotes from designated market makers) from Eligible Participants and will register or modify active orders in the Globex order book for matching. Globex will delete an active order or mass quote registered in the Globex order book upon receipt of a cancellation message by the Globex match engine. Globex will acknowledge the receipt of orders/mass quotes and related messages for NYMEX Globex Contracts. Active orders registered in the Globex order book will be matched **[***Redacted***]** as selected by NYMEX. Globex will notify an Eligible Participant upon the partial or complete execution of an active order.

The market will be operated in accordance with a schedule to be established by NYMEX, subject to any scheduling constraints that apply generally as to all markets operated on Globex, except as otherwise specified in the Agreement (e.g., with respect to holidays under Section 7.1.3).

2. Market Data Feed

CME will deliver in real-time Globex Market Data over the Globex network and to the NYMEX for their electronic trading network.

"Globex Market Data" as used in this section will include, with respect to each contract month listed for each NYMEX Globex Contract, dynamic updates as to the last price and size of any executed transaction, best five bids and size of bids, best five offers and size of offers (including implied quantities as described and limited in the design specifications), and (for the given trading period) highest price executed, lowest price executed, and volume.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

[*Redacted***]**

"Quote Vendor Market Data" as used in this section will include, with respect to each contract month listed for each NYMEX Globex Contract, dynamic updates as to the best bid and size, the best offer and size, the last price and size of any executed transaction, and (for the given trading period) the opening price, and market condition messages, such as market open messages. For implied trading, the size includes both the actual and the implied totaled together.

3. Front-ends

CME will provide **[***Redacted***]** and any interfaces that succeed them (collectively, the "APIs") to allow for order management and for the delivery of Globex Market Data (data in NYMEX futures options will only be available via **[***Redacted***]).** The APIs will support the functionality set forth above with respect to the matching engine and delivery of market data. Additionally, the APIs will support the transmission of trader ids (as were in place for the NYMEX e-miNY products under the prior agreement between the parties) for use by NYMEX. CME and NYMEX will notify users that intend to access the NYMEX Globex Contracts of the trader id submission requirements for particular APIs.

CME will provide support for approved individuals, firms and ISVs with respect to the connection to and usage of the respective APIs. CME will maintain contractual and technology processes for the certification of individuals, firms and ISVs as approved API users. CME will notify NYMEX of material changes in these processes.

CME will provide at its discretion a Globex Trader front-end to Eligible Participants for entering orders into Globex and the display of Globex Market Data. In addition to displaying Globex Market Data, the Globex Trader software maintains and displays a log of order entries, cancels and executions. CME will be responsible for providing software installation support for Globex Trader users, including those connecting through the NYMEX electronic trading network. CME will offer VPN connectivity through the use of the CME front end. Nothing in this Agreement, however, shall require CME to maintain or continue to offer Globex Trader or any other proprietary front-end.

CME will provide network connectivity for Globex to approved sites using the APIs or for Globex Trader software to the NYMEX electronic trading network to trade NYMEX Globex Contracts and CME Globex Contracts on Globex. Customers are responsible for the local connection per the normal CME rate schedule. Upon CME's reasonable request and NYMEX's written consent, NYMEX shall allow CME to install, at NYMEX's offices in New York, Market Data dissemination servers (either SLC or MDP) to support market participants trading on the NYMEX electronic trading network and to control bandwidth usage costs. NYMEX will also permit the installation of communications gears and switches to provide this connectivity.

4. Clearing Data Feed

CME will deliver trade data necessary for clearing and billing purposes to NYMEX, in real-time or as requested by NYMEX, over one or more dedicated telecommunications circuits described in Article 12 as follows:

(1) CME will deliver in real time to NYMEX **[***Redacted***]** for each executed transaction in the NYMEX Globex Contracts. The **[***Redacted***]** format is attached as Schedule 1 hereto.

(2) CME will deliver to NYMEX on a daily basis a database file in a mutually agreed upon format that specifies **[***Redacted***]** for use by NYMEX in connection with clearing and calculating transaction fees for executed transactions in NYMEX Globex Contracts (the "Translation Table"). CME will provide a copy of the Translation Table format promptly following the Effective Date.

5. Regulatory Data Feed

CME will create an "Audit Trail File" that will be compiled from trade data of NYMEX Globex Contracts into an electronic file. The Audit Trail File will be delivered to NYMEX on a weekly basis. The Audit Trail File will include data required by NYMEX to perform its regulatory obligations, including, but not limited to, records of order messages (whether or not executed) and acknowledgments of executed transactions for the relevant period. CME will provide a copy of the Audit Trail File format promptly following the Effective Date.

6. Globex Control Center

CME maintains a Globex Control Center which monitors the operation of Globex market and system and network performance, administers market operation procedures and provides market participant support. CME will make available to NYMEX members and other personnel that are registered as "contacts" with the GCC the services of the GCC for assistance with orders, trades and Globex systems problems **[***Redacted***]**. Specifically, GCC will (i) respond to inquiries concerning the status of orders or executed transactions, (ii) cancel an existing, unexecuted order if the user is unable to do so, (iii) respond to inquiries and requests concerning error trades in accordance with CME's Error Trade Policy and, with respect to the NYMEX Globex Contracts, NYMEX's error trade policy, and (iv) respond to other inquiries concerning Globex system problems. Additionally, GCC personnel will work with NYMEX technical or operations staff to support the orderly trading of the NYMEX Globex Contracts and CME Globex Contracts from the workstations connected to the NYMEX electronic trading network, if NYMEX elects to connect its network to Globex.

All services of the GCC will be performed in accordance with and subject to the policies and procedures established by CME for GCC operations, which are subject to change from time to time in CME's sole discretion, provided that (i) no such change shall limit CME's obligations as specified elsewhere in this Agreement and (ii) no such change shall discriminate against NYMEX members or the NYMEX Globex Contracts.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

II. PERFORMANCE PARAMETERS

For the purpose of assessing the performance of CME Systems, the minimum "Performance Standards" to be achieved by CME Systems, with respect to the "Performance Measures," each calendar week following the Launch Date are:

Performance Measure	Minimum Performance Standard
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]

Performance Measure	Definition
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]
[***Redacted***]	[***Redacted***]

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

The Performance Measures calculated on a daily basis. Availability measures will be calculated on a monthly basis.

On a **[***Redacted***]** basis or as otherwise agreed to between the parties, CME will provide to NYMEX a confidential written report of the Performance Measures calculated by CME. Such report will be in a format agreed upon by the parties.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

EXHIBIT B

FEES

I. Basic Fees. NYMEX will pay CME service fees based upon the following schedule with respect to NYMEX Globex Contracts traded on Globex. As used below, "contract" means in round turns (i.e., both a buy-side and a sell-side).

[*Redacted***]**

In determining the Fees to be paid by NYMEX to CME under Section 11.1, ADV will be totaled for each calendar month with respect for all transactions matched on Globex in all NYMEX Globex Contracts during such calendar month (or partial calendar month, with respect to months in which there is not at least one NYMEX Globex Contract listed on each trading day). The aggregate amount of Fees to be paid to CME will be determined by multiplying the per contract fees specified in either the basic schedule or the enhanced schedule, as applicable, against the total number of contracts traded in NYMEX Globex Contracts, with any lower per-contract fee applying only to the volume above the threshold for such lower fee.

For example, if 5,880,000 contracts are traded in NYMEX Globex Contracts in the aggregate over the 21 trading days in June 2007, then Fees for June 2007 would be payable to CME as follows:

ADV = 280,000 contracts [5,880,000 contracts / 21 days]
Fees = $**[***Redacted***]**

II. Enhanced Fees. If NYMEX does not list Qualifying NYMEX Contracts on light sweet crude oil, natural gas, gasoline and heating oil by the end of the **[***Redacted***]** month following **[***Redacted***]**, the basic fee schedule will be replaced with the enhanced fee schedule below:

[*Redacted***]**

If the enhanced fee schedule is imposed, it will begin as of the **[***Redacted***]** day of the calendar month immediately following the **[***Redacted***]** anniversary of [***Redacted***]and continue to apply until the last day of the calendar month in which the Qualifying NYMEX Contracts specified above have been listed; thereafter the basic fee schedule will resume.

III. Annual Minimum Fee. If Fees during any **[***Redacted***]**-year period following the launch date are less than the annual minimum fee specified below, NYMEX will pay CME the difference between the actual Fees paid for such period and the specified minimum. Each

1-year period will be 12 full calendar months, running consecutively from the **[***Redacted***]** day of the calendar month following **[***Redacted***]** until the last calendar month in the Term (without reducing or pro-rating the annual minimum payment to account for any trading days of such final calendar month in which there are no NYMEX Globex Contracts listed). The annual minimum fees are:

Year 1	$[***Redacted***]
Year 2	$[***Redacted***]
Year 3	$[***Redacted***]
Year 4	$[***Redacted***]
Year 5	$[***Redacted***]
Year 6	$[***Redacted***]
Year 7	$[***Redacted***]
Year 8	$[***Redacted***]
Year 9	$[***Redacted***]
Year 10	$[***Redacted***]

If the Term extends beyond the initial term, the annual minimum payment for each 1-year period during the remainder of the Term shall be determined by increasing the Year 10 annual minimum by **[***Redacted***]**% per year.

IV. Fee Adjustments. Fees will be adjusted under the following circumstances:

1. *Inflation Adjustments.* In any 1-year period during the Term in which the year-over-year increase in the **[***Redacted***]**equals or exceeds **[***Redacted***]**%, the Fee schedules above will be increased by the percentage amount of the year-over-year increase. Inflation adjustments, if any, will apply only to the per-contract Fees and not to the annual minimum payments. For purposes of this calculation: (i) the 1-year periods will be 12 full calendar months, beginning with the first calendar month following **[***Redacted***]**, (ii) the year-over-year **[***Redacted***]** increase will be rounded to the nearest **[***Redacted***]**of a percent, (iii) any increase to Fees will be rounded to the nearest **[***Redacted***]** of a cent, (iv) any increased Fee schedule will begin to apply with respect to transactions in NYMEX Globex Contracts executed in the first calendar month following the end of the applicable 1-year period.

   For example, if Launch Date 1 is June 2006 and year-over-year **[***Redacted***]** increases are less than **[***Redacted***]**% between July 2006 and June 2007, and July 2007 and June 2008, there will be no increases to Fees. However, if in July 2009, the **[***Redacted***]** issued for June 2009 is **[***Redacted***]** and the **[***Redacted***]** for July 2008 was **[***Redacted***]**, there would be an increase because the year-over-year increase is **[***Redacted***]**% **[***Redacted***]**. Accordingly, each per-contract fee within the fee schedules above will increased by **[***Redacted***]**%, rounded to the nearest **[***Redacted***]** of a cent. The resulting new fee schedules will begin to apply with respect to transactions executed in July 2009

and will continue to apply until the calculated increase in CPI-U again exceeds **[***Redacted***]**% (if ever), subject only to periodic reductions as described below.

[*Redacted***]**

[*Redacted***]**

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

EXHIBIT C

[*Redacted***]**

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

EXHIBIT D

AMENDED AND RESTATED INFORMATION SHARING AGREEMENT BETWEEN THE NEW YORK MERCANTILE EXCHANGE, INC. AND CHICAGO MERCANTILE EXCHANGE INC.

The New York Mercantile Exchange, Inc. ("NYMEX"), a Delaware corporation having an office at One North End Avenue, World Financial Center, New York, New York 10282 U.S.A. and Chicago Mercantile Exchange Inc., ("CME"), a business corporation organized under the laws of the State of Delaware and having its principal office situated at 20 South Wacker Drive, Chicago, Illinois 60606 U.S.A. (each an "Exchange" and collectively "the Exchanges"), in anticipation of certain NYMEX products being listed for trading on Globex®, and the corresponding need to administer and enforce the rules of their respective Exchanges, desire to amend and restate their existing Information Sharing Agreement, dated as of June 6, 2002, and have reached the following understanding:

NOW, THEREFORE, in consideration of the premises and mutual covenants stated herein, it is hereby agreed as follows:

(1) The following are definitions of certain terms as they appear in this Amended and Restated Information Sharing Agreement:

(A) "Designated Regulator" shall be defined as the Exchange with primary regulatory oversight responsibility for a product listed and traded on Globex.;

(B) "Member or Member Firm" shall be defined as a Person with trading rights at the Designated Regulator's Exchange who is under the disciplinary jurisdiction of the Designated Regulator;

(C) "Customer" of an Exchange shall be defined as a Person with the ability to trade products listed by an Exchange on Globex who is not a Member or Member Firm of the Exchange on which the product is listed;

(D) "Person" for the purposes of this Agreement, shall include, but not be limited to, a natural person, unincorporated association, corporation, partnership or body corporate, government or political subdivision, agency or instrumentality of a government.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

I. Scope

1. (1) The Exchanges will provide the fullest mutual assistance to each other, within the framework of this Information Sharing Agreement and the respective laws and their respective rules to which they are subject. Such assistance will be provided to facilitate the administration and enforcement of the laws of the United States of America and the rules of each Exchange.

(2) When requested, the Exchanges agree to promptly share information concerning their respective Members, Member Firms or Persons within their jurisdiction. Assistance available under this Information Sharing Agreement may include:

(a) providing access to information regarding trading on the Globex markets it regulates, including trading by Customers, contained in the files of the Exchange from which the information is requested ("requested Exchange");

(b) taking the testimony and statements of persons pertaining to trading on Globex;

(c) obtaining information and documents from persons regarding trading on Globex; and

(d) conducting compliance inspections or examinations of futures businesses, futures processing businesses and futures markets related to trading on Globex.

(3) The Exchanges have entered into this Information Sharing Agreement for the purpose of establishing procedures for the provision of mutual assistance as provided herein. Nothing in this Agreement is intended to limit the right of an Exchange otherwise to obtain information in accordance with applicable law.

II. Requests for Assistance

1. Requests for assistance will be made in writing and addressed to the Exchange's contact officer listed in Appendix A.

2. A request for assistance as it pertains to trading on Globex and the corresponding need to administer and enforce the rules of their respective Exchanges as Designated Regulator will specify the following:

(a) a general description of both the subject matter of the request and the purpose for which the information and/or testimony is sought;

(b) a general description of the assistance, information, documents or testimony of persons sought;

(c) information in the possession of the requesting Exchange that might assist the requested Exchange in identifying the persons or entities believed by the requesting Exchange to possess the information sought, or the places where such information may be obtained;

(d) the legal provisions pertaining to the matter that is the subject of the request;

(e) the desired time period for the reply; and

(f) information in the possession of the requesting Exchange that supports an inference that the subject matter of the request concerns a breach of the law administered by the requesting Exchange or the rules of such Exchange.

3. In urgent circumstances, a request for assistance and a reply to such a request may be effected by summary procedures or by means of communication other than the exchange of letters, provided that they are confirmed in the manner prescribed in this Section.

III. Execution of Requests Subject to the Limitations in Section I Clause 1 Above

1. Access to information held in the files of the requested Exchange will be provided upon the request of the requesting Exchange.

2. The requested Exchange will, in response to a request, interview the persons involved, directly or indirectly, in the activities underlying the request, or holding information that may assist in carrying out the request. In the event an interview is sought, the requesting Exchange, in its discretion, may:

(a) request that specific person(s) be interviewed;

(b) request that a representative of the requesting Exchange be permitted to be present during such interview(s);

(c) supply a list of questions to be asked.

(d) specify specific books and records to be inspected in connection with the interview; and

(e) provide a description of the specific issues relevant to the requested interview.

The requested Exchange also may require the production of other evidence from any other person or persons designated by the requesting Exchange.

3. The interview of persons will be taken in accordance with the rules of the requested Exchange. Any person providing information or evidence as a result of a request made under this Information Sharing Agreement will be entitled to all of the rights and protections of the rules of the requested Exchange.

4. When requested by the requesting Exchange, an inspection or examination will be conducted of the books and records of a Member or other person or entity authorized to do business on the Exchange.

IV. Permissible Use of Information

The requesting Exchange may use the information furnished pursuant to this Information Sharing Agreement solely:

(a) for the purposes stated in the request, including ensuring compliance with or enforcement of the rules of the requesting Exchange specified in the request, and related provisions; or

(b) for any other related regulatory purposes, including assisting in or conducting a civil or administrative enforcement proceeding, assisting in or conducting a self-regulatory enforcement proceeding, conducting or assisting in a criminal prosecution, or assisting in or conducting any investigation related thereto for any general charge applicable to the violation of the provision specified in the request.

V. Confidentiality of Requests

1. To the extent permitted by law or as otherwise necessary for the furtherance of the request or for the enforcement of Exchange rules:

(a) each Exchange will keep confidential requests made under this Information Sharing Agreement, the contents of such requests, and any other matters arising during the operation of this Information Sharing Agreement; and

(b) the requesting Exchange will keep confidential any information received pursuant to this Information Sharing Agreement.

2. The requesting Exchange, to the extent permitted by law, will notify the requested Exchange of any legally enforceable demand for information prior to complying with the demand and will assert such appropriate legal exemptions or privileges with respect to such information as may be available.

3. In response to a request by the requested Exchange and to the extent permitted by law, as soon as the requesting Exchange has terminated the matter for which assistance has been requested under this Information Sharing Agreement, it will return to the requested Exchange all documents and copies thereof not already disclosed in proceedings referred to in Section III. and other material disclosing the contents of such documents, other than material generated as part of the deliberative or internal analytical processes of the requesting Exchange, which may be retained.

VI. Consultations Regarding Mutual Assistance Pursuant to this Information Sharing Agreement

1. The Exchanges will keep the operation of this Information Sharing Agreement under continuous review and will consult with a view to improving its operation and resolving any matters which may arise. In particular, the Exchanges will consult upon request in the event of:

   (a) a denial by one Exchange of, or opposition by one Exchange to, a request or proposal made by the other Exchange pursuant to this Information Sharing Agreement; or

   (b) a change in market or business conditions, or in the laws and regulations of the State of either Exchange, or any other development which makes it necessary to amend or extend this Information Sharing Agreement in order to achieve its purposes.

   The Exchanges may determine such practical measures as may be necessary to facilitate the implementation of this Information Sharing Agreement.

2. Any of the terms of this Information Sharing Agreement may be amended, relaxed or waived by mutual written agreement. In the event that the provisions of this Agreement are amended, the Exchanges agree that NYMEX and CME will notify the Commodity Futures Trading Commission of such amendment.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

VII. Indemnification

Each Party agrees to indemnify and hold harmless any Party and its directors, officers, employees, and agents, from and against any and all losses, claims, damages, liabilities and expenses (including costs of investigation or defending the same and reasonable counsel fees incurred in connection therewith) incurred or threatened against the indemnified Party and arising as a result of or in connection with any misuse by the indemnifying Party of any information provided to the indemnifying Party pursuant to this Agreement. Any use of provisions of this Agreement shall be deemed to be a "misuse" of such information.

VIII. Limitation of Liability

Except with respect to liability, loss or damage suffered by a Party and caused directly by an intentional wrongful act or intentional wrongful omission committed in bad faith by another party, its directors, officers or employees, neither the Party nor any of its directors, officers or employees shall be liable to the other Party, to any of its directors, officers or employees, or to any other person, for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to any information shared by, or to have been shared by a Party hereunder, or with respect to the performance by a Party of any term or condition of this Agreement. No Party nor any of its directors, officers or employees shall be liable to any or all of the other Parties or to any other person for the non-performance or delay or interruption in the performance of any term or condition of this Agreement due to acts of God, war, riot, public disturbances, civil insurrection, directives, orders, or acts of any court or governmental agency or authority, delays in performing or failure to perform by any public utility, fires explosions, the elements, epidemics, quarantines, strikes, labor disputes, embargoes, and other causes of a similar nature.

IX. Assignment

Neither this Agreement nor any of the rights or obligations of any party hereto may be assigned, licensed or otherwise transferred by any party hereto without the prior written consent of each other party hereto.

X. Effective Date

This Information Sharing Agreement will be effective from the date of its signature by the Exchanges.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

XI. Termination

This Information Sharing Agreement will continue in effect until the date of termination of the Services Agreement between the New York Mercantile Exchange and the Chicago Mercantile Exchange Inc., dated April 4, 2006. This Information Sharing Agreement will continue to have effect with respect to all requests for assistance that were made before the effective date of notification until the requesting Exchange terminates the matter for which assistance was requested.

SIGNED this 4th day of April, 2006

FOR:

NEW YORK MERCANTILE EXCHANGE, INC.

/s/ James E. Newsome

James E. Newsome
President

SIGNED this 4th day of April, 2006

FOR:

CHICAGO MERCANTILE EXCHANGE INC.

/s/ Craig S. Donohue

Craig S. Donohue
Chief Executive Officer

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

APPENDIX A

EXCHANGE CONTACT OFFICERS

1. CHICAGO MERCANTILE EXCHANGE INC.

Eric Wolff
Managing Director-Regulatory Affairs
Chicago Mercantile Exchange
20 S. Wacker Drive
Chicago, IL 60606

2. NEW YORK MERCANTILE EXCHANGE

Thomas LaSala
Senior Vice President – Compliance and Risk Management
New York Mercantile Exchange
One North End Avenue
New York, New York 10282-1101

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

EXHIBIT E

AMENDED AND RESTATED CME/NYMEX
CROSS-MARGINING AGREEMENT

This Amended and Restated Cross-Margining Agreement (the "Agreement") is entered into this 4th day of April, 2006, between:

CHICAGO MERCANTILE EXCHANGE INC., a business corporation organized under the laws of the State of Delaware and having its principal office situated at 20 South Wacker Drive, Chicago, Illinois 60606 U.S.A., duly represented by its Chairman of the Board, Mr. Terrence Duffy, and by its Chief Executive Officer, Mr. Craig S. Donohue, (hereinafter referred to at times as "CME")

AND

NEW YORK MERCANTILE EXCHANGE, INC., a Delaware corporation having an office at One North End Avenue, World Financial Center, New York, New York 10282 U.S.A., duly represented by its Chairman of the Board, Mr. Mitchell Steinhaus, and by its President, Mr. James E. Newsome, (hereinafter referred to at times as "NYMEX").

Each of NYMEX and CME is referred to herein as a "Clearing Organization" and collectively as "Clearing Organizations."

RECITALS

A. CME is a "derivatives clearing organization" and acts as the clearing organization for certain futures contracts and options on futures contracts that are traded on one or more markets that are "designated contract markets." CME is regulated by the Commodity Futures Trading Commission (the "CFTC") pursuant to the Commodity Exchange Act, as amended (the "CEA").

B. NYMEX is a "derivatives clearing organization" and acts as the clearing organization for certain futures contracts and options on futures contracts that are traded on one or more markets that are "designated contract markets." NYMEX is regulated by the CFTC pursuant to the CEA.

C. CME and NYMEX desire to amend and restate their existing Cross-Margining Arrangement originally executed on June 6th, 2002 to cross-margin products whose price volatility is sufficiently closely correlated that long and short positions in such products offset

one another to some degree (as will be determined under this Agreement) for purposes of determining margin requirements.

D. CME and NYMEX desire to enter into this Agreement whereby (i) entities that are Clearing Members of both CME and NYMEX, or (ii) Clearing Members of one Clearing Organization that have an Affiliate that is a Clearing Member of the other such Clearing Organization, may elect to become Cross-Margining Participants and to have their margin obligations in respect of positions in futures contracts and options on futures contracts in Eligible Products in their proprietary accounts at CME offset against their margin obligations in respect of positions in futures contracts and options on futures contracts in Eligible Products in their proprietary accounts at NYMEX, and vice versa, to the extent permitted under this Agreement.

E. In order to facilitate such a Cross-Margining Arrangement, CME and NYMEX desire to establish procedures whereby CME will guarantee certain obligations of a Cross-Margining Participant to NYMEX, and NYMEX will guarantee certain obligations of a Cross-Margining Participant to CME, such guaranties to be collateralized pursuant to the Guarantor's Rules by the positions and Margin of the Cross-Margining Participant held by the Guarantor.

F. It is understood that CME is currently a party to other cross-margining and loss sharing agreements that are listed on Appendix A hereto, and that CME may enter into additional cross-margining and loss sharing agreements in the future (which may include Eligible Products) that shall be added to Appendix A upon written notice thereof by CME to NYMEX as provided herein. It is further understood that NYMEX, while not currently party to any such other agreements, may enter into one or more cross-margining or loss sharing agreements in the future (which may include Eligible Products) that shall be added to Appendix A upon written notice thereof by NYMEX to CME as provided herein. Such other agreements shall not affect the obligations of the parties to this Agreement. Except as otherwise required under this Agreement, any deficiency of Margin attributable to any such agreement or other agreements shall not remove, reduce or increase payment obligations under this Agreement nor trigger payment obligations under this Agreement.

AGREEMENTS

In consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Definitions. In addition to the terms defined above, certain other terms used in this Agreement shall be defined as follows:

"Affiliate" means, when used in respect of a particular Clearing Member, a Clearing Member of the other Clearing Organization which is wholly owned by the particular Clearing Member or which shares a common parent which wholly owns both Clearing Members,

subject to any other definition jointly agreed to by the Clearing Organizations as provided in section 2 of this Agreement.

"Business Day" means, a day on which trading in an Eligible Product is conducted and on which CME or NYMEX conduct money settlements or any other day as may be agreed upon from time to time by the parties.

"Clearing Member" means any firm which is a clearing member of NYMEX or a clearing member of CME.

"Clearing Organization" means either CME or NYMEX.

"Cross Margin Spread" shall have the meaning given to that term in Section 4 of this Agreement.

"Cross Margin Spread Credit Rate" shall have the meaning given to that term in Section 4 of this Agreement.

"Cross-Margining Affiliate," as used in respect of a Cross-Margining Participant of a particular Clearing Organization, means an Affiliate of such Cross-Margining Participant that is a Cross-Margining Participant of the other Clearing Organization.

"Cross-Margining Arrangement" means the arrangement between CME and NYMEX as set forth in this Agreement.

"Cross-Margining Participant" means a Clearing Member that has become a participant in the Cross-Margining Arrangement as between CME and NYMEX under the terms of this Agreement. The term "Cross-Margining Participant" shall, where the context requires, refer collectively to the Cross-Margining Participant and its Cross-Margining Affiliate, if any.

"Cross-Margining Reduction" means the amount by which a Cross-Margining Participant's margin requirement at one Clearing Organization may be reduced as a result of the Cross-Margining Arrangement.

"Defaulting Member" shall have the meaning given to that term in Section 7(a) of this Agreement.

"Effective Date" shall mean the date established pursuant to Section 15(j) of this Agreement.

"Eligible Position" means an amount of a particular Eligible Product held by a Cross-Margining Participant in net long or net short futures and options on futures contracts.

"Eligible Product" means certain CME futures contracts or options on futures contracts traded on and cleared by CME, and certain NYMEX futures contracts or options on

futures contracts traded on NYMEX and cleared by NYMEX, as identified on Appendix B hereto and any other products mutually agreed to in the future between the parties by amendment to Appendix B.

"Guaranty" means the obligation of CME to NYMEX, or of NYMEX to CME, as in effect at a particular time with respect to a particular Cross-Margining Participant as set forth in Sections 8A and 8B of this Agreement. The term "Cross-Guaranties" refers to both the Guaranty of CME to NYMEX and the Guaranty of NYMEX to CME.

"Guaranty Fund" means a fund maintained by NYMEX consisting of required contributions by Clearing Members that is maintained for the purpose of securing the obligations of the depositing Clearing Member to NYMEX (in relation to the Guaranty Fund) and ensuring the financial integrity of NYMEX. The term "Guaranty Fund" shall include, for such purposes, any right or recourse of NYMEX to assess its Clearing Members, any insurance cover, guarantee or analogous arrangement. For the avoidance of doubt, "Guaranty Fund" shall not include a Clearing Member's ownership of the stock issued by NYMEX.

"Guaranty Payment" means the amount that is determined by applying the loss sharing principles set forth in Section 7(d) of this Agreement.

"Last Paid Margin Cycle" means the last margin cycle (variation and/or settlement) run by a Clearing Organization in which the Cross-Margining Participant met in full all of its payment obligations to the Clearing Organization.

"Margin" means initial or original margin ("Performance Bond") or other collateral, whether in the form of cash, securities, letters of credit or other assets, required to be held or actually held by a Clearing Organization to secure the obligations of a Cross-Margining Participant to it, whether in respect of Eligible Positions or otherwise.

"Mark-to-Market Payment" as used in respect of an Eligible Position means a "variation" payment or other payment made by a Clearing Member to a Clearing Organization or vice versa representing the difference between (i) either the current market price of such Eligible Position or, if the Eligible Position has been closed out, the price(s) at which it was closed out, and (ii) either the price of the Eligible Position upon which the most recent Mark to-Market Payment was based or, if there was none, the price at which the Eligible Position was entered into.

"Maximization Payment" shall mean the additional payment(s), if any, that are required to be made by CME to NYMEX, or vice versa, pursuant to section 8C of this Agreement after payments are made under the Guaranty.

"Net Loss" means any loss suffered or incurred by a Clearing Organization on the liquidation of a Cross-Margining Participant's Offsetting Positions held with the Clearing Organization and application of Offsetting Margin as determined in accordance with Section 7 of this Agreement.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

"Net Surplus" means any surplus realized by a Clearing Organization after the liquidation of a Cross-Margining Participant's Offsetting Positions held by the Clearing Organization and application of Offsetting Margin as determined in accordance with Section 7 of this Agreement.

"Offsetting Margin" means that amount of Margin which supports Offsetting Positions. In the case of either of CME or NYMEX, "Offsetting Margin" shall not include funds or property to the extent that such funds or property may not lawfully be applied by such Clearing Organization to reduce a Net Loss or increase a Net Surplus (as such terms are defined in Section 7 below) without violating any law or regulation by which such Clearing Organization is legally bound.

"Offsetting Position" means an amount of Eligible Position held by a Cross-Margining Participant that has been recognized by a Clearing Organization in the calculation of the Cross-Margining Reduction.

"Proprietary Account Deficit" means any deficit realized by a Clearing Organization on the liquidation of all of a Cross-Margining Participant's Proprietary Portfolio, after the application of Margin and taking into account any surplus or deficit attributable to the effect of other cross-margining or loss sharing agreements (but before taking into account the effect of any "maximization payment" under such other cross-margining or loss sharing agreements as such term is used in a manner similar to its definition under this Agreement).

"Proprietary Account Surplus" means any surplus realized on the liquidation of all of a Cross-Margining Participant's Proprietary Portfolio and after the application of Margin and taking into account any surplus or deficit attributable to other cross-margining or loss sharing agreements (but before taking into account the effect of any "maximization payment" under such other cross-margining or loss sharing agreements as such term is used in a manner similar to its definition under this Agreement) to the extent such surplus may be applied without violating any law or regulation by which such Clearing Organization is legally bound.

"Proprietary Portfolio" means all of a Cross-Margining Participant's proprietary positions both cross-margined and non-cross-margined held with a Clearing Organization.

"Reimbursement Obligation" means the obligation, as set forth in Section 7(f), of a Cross-Margining Participant to a Clearing Organization that is obligated to make a payment on behalf of such Cross-Margining Participant or its Cross-Margining Affiliate pursuant to such Clearing Organization's Guaranty.

"Remaining Account Surplus" means, when used with respect to the liquidation of a Cross-Margining Participant, the amount of any surplus at a Clearing Organization remaining after all obligations of the Defaulting Member to the Clearing Organization have been fully satisfied and includes the sum of any Proprietary Account Surplus after deducting any Return of Guaranty Payment pursuant to Section 7(e) plus the Defaulting Member's portion of

the Guaranty Fund (when determining whether NYMEX has a Remaining Account Surplus) or the Security Deposit Fund (when determining whether CME has a Remaining Account Surplus).

"Return of Guaranty Payment" means the amount, if any, that is determined pursuant to Section 7(e) of this Agreement.

"Rules" means the By-Laws, Policies, Procedures and Rules of CME ("CME Rules"), the By-Laws, Regulations, Rules, Procedures, Policies and Resolutions of NYMEX ("NYMEX Regulations") as they may be in effect from time to time.

"Security Deposit Fund" means a fund maintained by CME consisting of required contributions by Clearing Members and other funds that is maintained for the purpose of securing the obligations of the depositing Clearing Member to CME (in relation to the Security Deposit Fund) and ensuring the financial integrity of the CME. The term "Security Deposit Fund" shall include, for such purposes, any right or recourse of CME to assess its Clearing Members, any insurance cover, guarantee or analogous arrangement. For the avoidance of doubt, "Security Deposit Fund" shall not include a Clearing Member's ownership of the stock issued by CME.

2. Participation. (a) CME and NYMEX shall determine which of its Clearing Members is eligible to become a Cross-Margining Participant; provided that in order to become a Cross-Margining Participant, a Clearing Member of either CME or NYMEX must be, or have an Affiliate that is, a Clearing Member of the other Clearing Organization that such other Clearing Organization has determined to be eligible to be a Cross-Margining Participant. A common member of CME and NYMEX shall become a Cross-Margining Participant upon acceptance by CME and NYMEX of an agreement in the form of Appendix C hereto. A member of CME and its Affiliate that is a member of NYMEX shall become Cross-Margining Participants and Cross-Margining Affiliates of one another upon acceptance by CME and NYMEX of an agreement in the form of Appendix D hereto. Either CME or NYMEX may require a Cross-Margining Participant to provide an opinion of counsel as to the enforceability of the provisions of this Agreement and the Rules of the applicable Clearing Organization with respect to such Cross-Margining Participant and its Cross-Margining Affiliate, if any, and where such opinion is provided it shall be shared with the other Clearing Organization.

(b) CME and NYMEX may terminate the participation under this Cross-Margining Agreement of a particular Cross-Margining Participant (and its Cross-Margining Affiliate, if any) upon two Business Days' prior written notice to the other parties and such Cross-Margining Participant (and its Cross-Margining Affiliate, if any). A Cross-Margining Participant may terminate its participation under this Cross-Margining Agreement (and that of its Cross-Margining Affiliate, if any) upon two Business Days' prior written notice to CME and NYMEX, if applicable; provided, however, that no such termination shall be effective so long as any Cross-Margining Reduction or Guaranty with respect to that Cross-Margining Participant or its Cross-Margining Affiliate is outstanding between and CME and NYMEX.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

3. Positions Subject to Cross-Margining. All positions in Eligible Products maintained by a Cross-Margining Participant in its proprietary account(s) at CME and all positions in Eligible Products maintained by a Cross-Margining Participant in its proprietary account(s) at NYMEX shall be deemed to be Eligible Positions for purposes of this Agreement. Upon receipt of any required regulatory approval, the parties hereto agree to include positions in Eligible Products maintained by Cross-Margining Participants in their respective customer accounts at CME and NYMEX to be deemed to be Eligible Positions for purposes of this Agreement.

4. Inter-Commodity Spread Credit and Spread Priorities. For purposes of calculating the Cross-Margining Reduction for Eligible Positions at CME and NYMEX in accordance with Section 5 of this Agreement, CME and NYMEX shall jointly agree to the inter-commodity spread credit(s) applicable to Eligible Products and shall apply that credit in their margining of Cross-Margining Participants (such agreed upon credit is referred to herein as the "Cross Margin Spread Credit Rate"). A review of the currently applicable Cross Margin Spread Credit Rate(s) shall take place not less than each quarter or at the request of either Clearing Organization. In the event of a difference of view concerning the Cross Margin Spread Credit Rate, the lower of the Cross Margin Spread Credit Rates proposed by the Clearing Organizations shall be applied. The Clearing Organizations shall give the Eligible Products the spread priorities which are consistent with the general approach to such priorities in their respective margining programs. The initial spread priorities between Eligible Products for purposes of this Cross-Margining Agreement (referred to herein as the "Cross Margin Spread") are set forth in Appendix B to this Agreement. Modifications to the Cross Margin Spread Credit Rate(s) and/or the Cross Margin Spread(s) will be discussed and agreed to by the Clearing Organizations and notification of any such modifications will be sent to Cross-Margining Participants.

5. Calculation of the Cross-Margining Reduction. (a) On each Business Day on and after the Effective Date, CME and NYMEX shall each run one or more margin cycles as each Clearing Organization's business needs require. Such margin cycles need not occur simultaneously. At the conclusion of a specified margin cycle(s) (as set forth in Appendix F hereto) the Clearing Organizations will each calculate a total Cross-Margining Reduction with respect to each Cross-Margining Participant's Offsetting Positions using the Cross Margin Spread Credit Rate(s) and Cross Margin Spread(s) as described in Section 4 of the Agreement. With respect to the agreed upon Cross Margin Spread(s), the Clearing Organizations shall calculate the outright margin requirement currently required by each Clearing Organization on its leg of the Cross Margin Spread. For each recognized Cross Margin Spread, the amount of the Cross-Margining Reduction shall be limited to the agreed upon Cross Margin Spread Credit Rate times the lower of (a) CME's outright margin requirement on its leg of the Cross Margin Spread or (b) NYMEX's outright margin requirement on its leg of the Cross Margin Spread. The sum of the Cross-Margining Reductions for each recognized Cross Margin Spread shall be the total Cross-Margining Reduction on the Offsetting Positions. The CME shall use its SPAN® margining program and NYMEX shall also use the SPAN® margining program or some other agreed upon method to make such calculations. Both CME and NYMEX shall promptly inform each other of changes to the margin rates applicable to the Eligible Products.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

Attached as Appendix E are non-exhaustive examples that illustrate how the Cross-Margining Reduction will be calculated. In the event of inconsistency between Appendix E and the provisions of the main part of this Agreement, the main part of the Agreement shall control.

If an Eligible Product is cross-marginable with more than one other contract across more than one other clearing organization, a particular Eligible Position may only be allocated to a single clearing organization (including the other Clearing Organization to this Agreement). Allocation of Eligible Positions shall, where possible, be accomplished in a manner that maximizes the cross-margin benefits for Cross-Margining Participants. In making a request for payment under the terms of this Agreement, either Clearing Organization shall demonstrate the impact of any other agreement or agreements in respect of the Eligible Products on its Net Loss.

Notwithstanding any other provision of this Agreement, each of CME and NYMEX may unilaterally determine, on any Business Day, to reduce (including to reduce to zero) the Eligible Positions allocated to the other Clearing Organization for cross-margining with respect to any individual Cross-Margining Participant or with respect to all Cross-Margining Participants. A Clearing Organization that makes such a unilateral determination shall promptly notify the other Clearing Organization that it has done so.

CME shall inform NYMEX, and NYMEX shall inform CME, of the exact method used to calculate the amount of Eligible Positions and the Margin requirements with respect thereto. CME shall inform NYMEX, and NYMEX shall inform CME, of any non-emergency changes in such calculations no less than 30 days prior to implementation of such change, with the understanding that this obligation to provide advance notice of changes in such method shall not limit either Clearing Organization's rights under the preceding paragraph or its right under Section 5(c) below to determine its actual Margin requirements with respect to a Cross-Margining Participant's Eligible Positions. CME shall inform NYMEX, and NYMEX shall inform CME, in advance (and to the extent practicable, not less than 30 calendar days in advance) of any non-emergency change to the contract specifications of their respective Eligible Products. Each Clearing Organization shall inform the other as soon as reasonably practicable of any emergency change to either the method used to calculate Eligible Positions or the Margin requirements with respect thereto, or to contract specifications of any Eligible Product.

(b) The CME and NYMEX agree to reduce a Cross-Margining Participant's actual Margin requirement with respect to the Eligible Positions in an amount equal to the Cross-Margining Reduction. The CME and NYMEX agree to jointly monitor the relative size of the Cross-Margining Reductions and agree to work together in good faith to modify the calculation in the event of any significant disparity between the Clearing Organizations' Cross-Margining Reductions. Notwithstanding the foregoing provisions of this paragraph, the CME shall require an additional amount of actual Margin (the "Supplemental Margin") with respect to the Eligible Positions of each Cross-Margining Participant it margins to take into account risks that may be associated with certain CME Eligible Products that contain components that are not-related to any NYMEX Eligible Product. The amount of the Supplemental Margin required by the CME shall be computed according to the method mutually agreed upon by CME and NYMEX.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

(c) Notwithstanding any other provision of this Agreement, each Clearing Organization may unilaterally determine its Margin requirements in respect of a Cross-Margining Participant's Eligible Positions taking into consideration market conditions, the financial condition of a Cross-Margining Participant (or its Cross-Margining Affiliate), the size of positions carried by a Cross-Margining Participant (or its Cross-Margining Affiliate) or any other factor or circumstance deemed by it to be relevant. CME and NYMEX shall each determine to its own satisfaction that the Margin it requires in respect of a Cross-Margining Participant's Eligible Positions, together with the Guaranty of the other Clearing Organization, is adequate to protect itself. In general, any such unilateral determination of a Clearing Organization's Margin requirements with respect to a Cross-Margining Participant's Eligible Positions may only result in an increase to a Cross-Margining Participant's Margin requirement. However, if a Clearing Organization makes a unilateral determination to increase the amount of Cross-Margining Reduction given to a Cross-Margining Participant on its Offsetting Positions, then the amount of such "Additional Cross-Margining Reduction" shall be added to the calculation of the amount of proceeds from the liquidation of Margin collateral that is associated with the Offsetting Positions when determining whether the Defaulting Member has a Net Surplus or Net Loss in accordance with Section 7 of this Agreement. In the event that a Margin requirement with respect to a Cross-Margining Participant's Eligible Positions is unilaterally modified by a Clearing Organization, such Clearing Organization shall promptly provide notice of the change to the other Clearing Organization.

Absent gross negligence or willful misconduct, neither Clearing Organization shall have liability to the other Clearing Organization or to any other person based solely upon an allegation or the fact that any information given or calculated pursuant to Section 5 of this Agreement was inaccurate or inadequate. Any calculation of a Cross-Margining Reduction provided for in Section 5 of this Agreement shall not result in any guarantee to any Cross-Margining Participant that such calculation will yield any, or the highest possible, Cross-Margining Reduction.

6. Daily Procedures for Exchange of Cross-Margining Data. (a) All daily settlements of funds and securities, including Margin payments, with respect to Eligible Positions and transactions relating to Eligible Positions shall be conducted on each Business Day in accordance with the ordinary settlement procedures of each Clearing Organization; provided, however, that CME and NYMEX shall establish procedures, including time frames, to exchange on each Business Day such information as may reasonably be required in order to calculate the Cross-Margining Reduction for each Cross-Margining Participant and to ensure that both CME and NYMEX are informed of the amount of such Cross-Margining Reduction. CME and NYMEX agree that each will include in such exchange of information such other settlement information as the other Clearing Organization may reasonably request in relation to the Cross-Margining Arrangement. The initial procedures and time frames for such exchange of information are set forth on Appendix F to this Agreement.

In addition to the time frames set forth in Appendix F, the Clearing Organizations may release excess Margin or Guaranty Fund or Security Deposit Fund collateral, as applicable, to Cross-Margining Participants in accordance with such Clearing Organization's normal

procedures. In the event that a Clearing Organization is unable to exchange the information necessary for the other Clearing Organization to calculate the Cross-Margining Reduction due to systems or operational malfunctions, the Clearing Organizations shall use the information last received from the other Clearing Organization to calculate the Cross-Margining Reduction; provided that, in accordance with Section 5(c) of this Agreement, a Clearing Organization shall have the discretion unilaterally to determine its Margin requirements in respect of a Cross-Margining Participant's Eligible Positions. Notwithstanding the foregoing, neither CME nor NYMEX shall make payment to a Cross-Margining Participant with respect to any Mark-to-Market payment, original margin, initial margin, Security Deposit Fund or Guaranty Fund payment, as applicable, or other margin or settlement payment due to such Cross-Margining Participant with respect to Eligible Positions prior to the times specified in Appendix G on any Business Day. Notwithstanding any other provision of this Agreement other than the preceding sentence, neither CME nor NYMEX shall be prevented from conducting any margin cycle (including intraday settlement variation cycles).

In the event that either CME or NYMEX is notified prior to such time on any Business Day that a Cross-Margining Participant or its Cross-Margining Affiliate has failed to make any Margin or settlement payment due to the other Clearing Organization, then the Clearing Organization receiving such notice shall withhold any such Margin or settlement payment (or other releases of "excess" collateral) otherwise due to (or requested by) its Cross-Margining Participant until such time as the Clearing Organization receiving the notice has determined whether or not to suspend its Cross-Margining Participant or liquidate such Cross-Margining Participant's positions. If the Clearing Organization receiving such notice determines to suspend or liquidate as referred to above, such Margin or settlement payment shall be applied by the Clearing Organization in accordance with its Rules and with this Agreement.

(b) On any day that is a Business Day for CME and not for NYMEX or vice versa, the Clearing Organization that is open for business shall use the information last received from the other Clearing Organization to calculate the Cross-Margining Reduction; provided that, in accordance with Section 5(c) of this Agreement, a Clearing Organization shall have the discretion unilaterally to determine its Margin requirements in respect of a Cross-Margining Participant's Eligible Positions. Days that are holidays and therefore not Business Days for CME or for NYMEX are set forth on Appendix H.

7. Suspension and Liquidation of a Cross-Margining Participant. (a) Either CME or NYMEX may at any time exercise any rights under its Rules to terminate, suspend or otherwise cease to act for or limit the activities of a Cross-Margining Participant (a "Defaulting Member") and to liquidate the positions and Margin of such Cross-Margining Participant. Upon such event, the terminating or suspending Clearing Organization shall immediately by telephone or in person, and thereafter in writing, notify the other Clearing Organization of such event and the other Clearing Organization shall exercise any rights under its Rules to terminate, suspend or otherwise cease to act for or limit the activities of the Defaulting Member. Both such Clearing Organizations shall promptly liquidate to the extent permitted by applicable law (through market transactions or other commercially reasonable means) the Eligible Products and Margin of such Defaulting Member (or its Cross-Margining Affiliate, as the case may be) at such Clearing

Organizations except to the extent that CME and NYMEX mutually agree to delay liquidation of some or all of such Eligible Products and Margin or except to the extent that either determines unilaterally not to do so as provided below. CME and NYMEX shall use reasonable efforts to coordinate the liquidation of Eligible Products so that offsetting or hedged positions at CME and NYMEX can be closed out simultaneously.

Any funds received by a Clearing Organization as a result of the liquidation of positions and Margin of a Cross-Margining Participant pursuant to this Section 7 shall be applied in accordance with the following paragraphs of this Section and the Rules of the Clearing Organization.

(b) In order to establish whether a Guaranty Payment must be made by one Clearing Organization to the other, the Clearing Organizations shall determine if a Net Surplus or Net Loss on Offsetting Positions exists. The Clearing Organizations shall first determine if a Net Surplus or Net Loss exists with respect to Offsetting Positions by liquidating the positions in Eligible Products and Margin of the Defaulting Member (and its Affiliate). Net Surplus or Net Loss on Offsetting Positions shall be determined in the following manner:

(i) Proceeds from Liquidation of Offsetting Positions:

- Proceeds from the liquidation of the long side of market positions (long futures, long calls and short puts) shall be computed separately from the short side of market positions (short futures, short calls and long puts). When positions are liquidated as spread transactions (*e.g.*, as a calendar spread or an option spread such as a straddle), a fair market price will be attributed to each leg of the spread to prevent unduly shifting gains or losses from one side of the market to the other.
- Only the proceeds from the side of market that was offset pursuant to this Agreement at the Last Paid Margin Cycle will be allocated to determine Net Surplus or Net Loss.
- For options (calls and puts), only the net change in value from the Last Paid Margin Cycle to the liquidation value shall be used to calculate the proceeds attributable to the liquidation of Eligible Products. The value of the options from the Last Paid Margin Cycle will be used to establish a liquidation of Margin collateral value (in the case of long option value) or a liability (in the case of short option value).
- The portion of the proceeds from the liquidation of the Eligible Positions that will be allocated to the Offsetting Positions will be the portion determined by multiplying the liquidation proceeds (as determined above) by the percentage that the number of "futures equivalent" Offsetting Positions are to the total number of "futures equivalent" Eligible Positions on the side of the market that was

offset. Where "futures equivalent" means the measure of the size of a portfolio containing futures and/or options on futures, in terms of an equivalent standard full size futures contract.

(ii) Proceeds from the liquidation of Margin collateral associated with Offsetting Positions:

- All Margin collateral held in support of the Defaulting Member's account will be liquidated (this includes options in Eligible Products, but may or may not include options in non-Eligible Products). The value of the options at the Last Paid Margin Cycle will be used to establish a Margin collateral or liability value.
- The portion of the proceeds from the liquidation of collateral that will be allocated to the Offsetting Positions, will be the ratio that the Offsetting Positions contributed to the total SPAN risk requirement at the Last Paid Margin Cycle. Any Supplemental Margin collected or other unilateral decrease in the amount of Cross-Margining Reduction given to the Defaulting Member at the Last Paid Margin Cycle will be considered as an increase in the SPAN risk requirement.
- In the event that a Clearing Organization unilaterally gave the Defaulting Member an "Additional Cross-Margining Reduction" as allowed pursuant to Section 5(c) of this Agreement, then such additional amount shall be added to both the numerator and the denominator of the above ratio of Offsetting Positions to the total SPAN risk requirement at the Last Paid Margin Cycle.

(iii) Net Surplus or Net Loss on Offsetting Positions will be the sum of the 7(b)(i) and (ii). In the event that the sum is a positive number, a Net Surplus will result. In the event that the above result is a negative number, a Net Loss will result.

Attached as Appendix I are non-exhaustive examples that illustrate how the above Net Surplus/Net Loss calculation will operate. In the event of inconsistency between Appendix I and the provisions of the main part of this Agreement, the main part of this Agreement shall control.

For purposes of the foregoing determination of whether a Clearing Organization has a Net Surplus or Net Loss, a Clearing Organization that has elected unilaterally not to liquidate any of the Eligible Products and Margin of the Defaulting Member or its Cross-Margining Affiliate shall be deemed to have a Net Surplus equal to the Net Loss of the Clearing Organization that liquidated its Defaulting Member. A Clearing Organization that has elected to liquidate a portion, but not all, of the Eligible Products of the Defaulting Member or its Cross-

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Margining Affiliate (a "Partially Liquidating CO") shall be deemed to have a Net Surplus or Net Loss equal to the gain or loss on the liquidated portion (determined after application of all Offsetting Margin) plus a gain equal to a pro rated amount of the Net Loss of the Clearing Organization that liquidated its Defaulting Member, pro rated based on the portion of the Eligible Products that the Partially Liquidating CO did not liquidate.

(c) A Guaranty Payment between the Clearing Organizations shall be "triggered" in the circumstances set forth in section 7(d) below. If each Clearing Organization cross-margins more than one Eligible Product with the other Clearing Organization, Offsetting Positions between such Eligible Products shall be separately calculated to determine the Guaranty Payment, if any. If applicable, the Clearing Organizations shall net Guaranty Payments among Offsetting Positions. In liquidating positions and Margin of their respective Cross-Margining Participant(s), CME and NYMEX shall each determine as soon as practicable but in any event within seven (7) Business Days following a suspension or termination, the Net Loss or Net Surplus on Offsetting Positions at that Clearing Organization. The calculation of the Net Loss or Net Surplus on Offsetting Positions by CME and NYMEX shall be independent of, and not include, any other cross-margining or loss sharing programs either Clearing Organization is currently participating in or may in the future participate in. CME shall notify NYMEX and NYMEX shall notify CME of the amount of its own Net Loss or Net Surplus on Offsetting Positions and, in such detail as may reasonably be requested, the means by which such Net Loss or Net Surplus on Offsetting Positions was calculated.

(d) Guaranty Payment. If CME and NYMEX each have a Net Loss or a Net Surplus on Offsetting Positions, or one Clearing Organization has a Net Loss and the other Clearing Organization has a Net Surplus on Offsetting Positions, or one Clearing Organization has either a Net Loss or a Net Surplus on Offsetting Positions and the other Clearing Organization has neither a Net Loss nor a Net Surplus on Offsetting Positions, a Guaranty Payment shall be made between the Clearing Organizations that will equalize the Net Loss or Net Surplus on Offsetting Positions between the Clearing Organizations. If the Clearing Organizations have equal Net Losses or equal Net Surpluses, then no payment will be made between the Clearing Organizations (except that a "Maximization Payment" under Section 8C below may be made). The Clearing Organization receiving a payment shall be the "Beneficiary" and the Clearing Organization making the payment shall be the "Guarantor." The Guarantor shall make such Guaranty Payment promptly by Fed wire transfer to the designated account of the Beneficiary and in any event not later than the second Business Day next following such determination. If at any time within six months following the suspension or termination of a Cross-Margining Participant, either Clearing Organization determines that any amount paid to the other Clearing Organization in respect of a Guaranty was incorrect (including any possible return of Guaranty Payment as determined below in Section 7(e)) either because of errors in calculation at the time or because new information relevant to the determination of such amount was discovered after the determination of such amount, the Clearing Organizations shall cooperate with one another to recalculate the appropriate amount of any Guaranty payments to be made and shall make any necessary payments by Fed wire

transfer to one another to correct the error within two Business Days following completion of such recalculation.

Attached as Appendix J are non-exhaustive examples that illustrate how the above loss-sharing provisions will operate. In the event of inconsistency between Appendix J and the provisions of the main part of this Agreement, the main part of this Agreement shall control.

(e) Possible Return of Guaranty Payment. A Beneficiary may be required to return all or a portion of the Guaranty Payment it received under the circumstances set forth in this paragraph. In order to establish whether the Guaranty Payment shall be returned, in whole or in part, to the Guarantor, the Beneficiary shall promptly determine whether it has a Proprietary Account Surplus or Proprietary Account Deficit. If the Beneficiary has a Proprietary Account Surplus, it shall make a payment to the Guarantor, in respect of a Guaranty, known as the "Return of Guaranty Payment" and equal to the lesser of: (i) the Beneficiary's Proprietary Account Surplus or (ii) the amount of the initial Guaranty Payment. Such "Return of Guaranty Payment" shall be made promptly and in no event later than the third business day following the calculation of the Proprietary Account Surplus by the Beneficiary. Such payment shall be made in immediately available funds.

A Clearing Organization making a Return of Guaranty Payment pursuant to this Agreement shall not pay out any Proprietary Account Surplus that it is legally prohibited from paying. Each Clearing Organization may, in its discretion, apply internally, Proprietary Account Surpluses to the Defaulting Member's customer or client deficits prior to making a Return of Guaranty Payment where permitted by applicable law, and shall do so, if required by applicable law.

(f) In the event that a Guarantor becomes obligated to make a Guaranty Payment to the Beneficiary in respect of the obligation of a Defaulting Member or its Cross-Margining Affiliate to the Beneficiary, the Defaulting Member and such Affiliate, shall thereupon immediately be obligated, whether or not the Guarantor has then made the Guaranty payment to the Beneficiary, to reimburse the Guarantor for the amount of the Guaranty payment as determined by the Guarantor, and the Guarantor shall be subrogated to all of the rights, if any, of the Beneficiary against the Defaulting Member or its Cross-Margining Affiliate. Such obligation (the "Reimbursement Obligation") shall be due immediately upon a demand by the Guarantor to the Defaulting Member or its Cross-Margining Affiliate specifying the amount of such obligation. In the event that the final amount of the Guaranty Payment is greater or less than the amount originally determined, the Reimbursement Obligation shall be adjusted accordingly and payment of the difference shall be made between the Guarantor and the Defaulting Member or its Cross-Margining Affiliate, as appropriate.

It is understood and agreed that any payment between the Guarantor or its Cross-Margining Participant and the Beneficiary with respect to the Guaranty, and any payment between the Defaulting Member or its Cross-Margining Affiliate and the Guarantor, is a "margin payment" as defined in Section 761 of the Bankruptcy Code. In the event that the Guarantor had a Proprietary Account Surplus or a Remaining Account Surplus in respect of the Defaulting Member or its Cross-Margining Affiliate, such surplus shall constitute "cash, securities, or other

property held by or due from" the Guarantor within the meaning of Section 362 of the Bankruptcy Code, and the Reimbursement Obligation of the Defaulting Member or its Cross-Margining Affiliate shall be netted and set off against such surplus, and any remaining surplus shall be returned to the Defaulting Member or its representative or otherwise disposed of in accordance with the Rules of the Guarantor.

For purposes of Title IV, Subtitle A of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 USC 4401-4407), this Agreement shall be deemed to be a "netting contract" and all payments made or to be made hereunder, including payments made in accordance with this Agreement in connection with the liquidation of a Cross-Margining Participant shall be deemed to be "covered contractual payment obligations" or "covered contractual payment entitlements," as the case may be, as well as "covered clearing obligations."

8A. Guaranty of CME to NYMEX. (a) CME hereby unconditionally guaranties the prompt payment when due (whether at maturity, by declaration, by demand or otherwise), and at any and all times thereafter, of all indebtedness and other obligations of every kind and nature of each Cross-Margining Participant or its Cross-Margining Affiliate (hereafter referred to, in either case, as NYMEX's Debtor) to NYMEX, direct or indirect, absolute or contingent, due or to become due whether new or hereafter existing, arising from or related to, but limited to the amount determined under Section 7 of this Agreement (such indebtedness being hereinafter called the "Indebtedness to NYMEX"). CME further agrees to pay any and all reasonable costs and expenses (including, without limitation, counsel fees and expenses) incurred by NYMEX in enforcing its rights against CME under this Section 8A.

(b) The liability of CME under this Guaranty shall be unconditional and irrespective of (i) any lack of enforceability of any Indebtedness to NYMEX or any guaranty thereof; (ii) any change of the time, manner or place of payment, or any other term, of any Indebtedness to NYMEX or any guaranty thereof; (iii) any taking, exchange, subordination, release or non-perfection of any collateral securing payment of any Indebtedness to NYMEX; (iv) the acceptance of additional parties or the release of anyone primarily or secondarily liable on the Indebtedness to NYMEX; (v) any law, rule, regulation or order of any jurisdiction or any governmental, regulatory or administrative authority of any kind, whether now or hereafter in effect, affecting any term of any Indebtedness to NYMEX or any guaranty or security therefor or NYMEX's rights with respect thereto; and (vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, NYMEX's Debtor or a guarantor. CME waives promptness, diligence, and notices with respect to any Indebtedness to NYMEX and this Guaranty and any requirement that NYMEX exhaust any right or take any action against NYMEX's Debtor or any other person or entity or with respect to any guaranty or collateral security therefor and any duty on NYMEX's part to disclose to CME any matter, fact or thing related to the business, operations or conditions (financial or otherwise) of NYMEX's Debtor or its affiliates or its property, whether now or hereafter known by NYMEX. CME acknowledges that this Guaranty is a guaranty of payment not collection and that CME has made and will continue to make its own investigations with respect to all matters regarding NYMEX's Debtor.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

(c) In the event that CME makes any payment to NYMEX under this Guaranty, and to the extent such payment is not returned to CME in whole or in part pursuant to Section 7(e) of this Agreement, CME shall be subrogated to the rights of NYMEX against the Cross-Margining Participant or its Cross-Margining Affiliate in respect of whose Indebtedness to NYMEX such Guaranty payment was made and to the rights of NYMEX against any other guarantor or other third party with respect to such Indebtedness to NYMEX. However, notwithstanding the CME's subrogation rights hereunder, the Defaulting Member is directly required under the CME Rules to satisfy its Reimbursement Obligation to the CME. NYMEX shall not be liable for any payment to be made by CME under this Agreement, including, without limitation, any Guaranty Payment or Maximization Payment.

(d) All of NYMEX's rights and remedies provided for herein or otherwise available to CME at law or otherwise, and all of the CME's direct legal rights against the Defaulting Member and its Affiliate, shall be cumulative to the extent permitted by law.

8B. Guaranty of NYMEX to CME. (a) NYMEX hereby unconditionally guaranties the prompt payment when due (whether at maturity, by declaration, by demand or otherwise), and at any and all times thereafter, of all indebtedness and other obligations of every kind and nature of each Cross-Margining Participant or its Cross-Margining Affiliate (hereafter referred to, in either case, as CME's Debtor) to CME, direct or indirect, absolute or contingent, due or to become due whether new or hereafter existing, arising from or related to, but limited to the amount determined under Section 7 of this Agreement (such indebtedness being hereinafter called the "Indebtedness to CME"). NYMEX further agrees to pay any and all reasonable costs and expenses (including, without limitation, counsel fees and expenses) incurred by CME in enforcing its rights against NYMEX under this Section 8B.

(b) The liability of NYMEX under this Guaranty shall be unconditional and irrespective of (i) any lack of enforceability of any Indebtedness to CME or any guaranty thereof; (ii) any change of the time, manner or place of payment, or any other term, of any Indebtedness to CME or any guaranty thereof; (iii) any taking, exchange, subordination, release or non-perfection of any collateral securing payment of any Indebtedness to CME; (iv) the acceptance of additional parties or the release of anyone primarily or secondarily liable on the Indebtedness to CME; (v) any law, rule, regulation or order of any jurisdiction or any governmental, regulatory or administrative authority of any kind, whether now or hereafter in effect, affecting any term of any Indebtedness to CME or any guaranty or security therefor or CME's rights with respect thereto; and (vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, CME's Debtor or a guarantor. NYMEX waives promptness, diligence, and notices with respect to any Indebtedness to CME and this Guaranty and any requirement that CME exhaust any right or take any action against CME's Debtor or any other person or entity or with respect to any guaranty or collateral security therefor and any duty on CME's part to disclose to NYMEX any matter, fact or thing related to the business, operations or conditions (financial or otherwise) of CME's Debtor or its affiliates or its property, whether now or hereafter known by CME. NYMEX acknowledges that this Guaranty is a guaranty of payment not collection and that NYMEX has made and will continue to make its own investigations with respect to all matters regarding CME's Debtor.

(c) In the event that NYMEX makes any payment to CME under this Guaranty, and to the extent such payment is not returned to NYMEX in whole or in part pursuant to Section 7(e) of this Agreement, NYMEX shall be subrogated to the rights of CME against the Cross-Margining Participant or its Cross-Margining Affiliate in respect of whose Indebtedness to CME such Guaranty payment was made and to the rights of CME against any other guarantor or other third party with respect to such Indebtedness to CME. However, notwithstanding NYMEX's subrogation rights hereunder, the Defaulting Member is directly required under the NYMEX Rules to satisfy its Reimbursement Obligation to NYMEX. CME shall not be liable for any payment to be made by NYMEX under this Agreement, including, without limitation, any Guaranty Payment or Maximization Payment.

(d) All of CME's rights and remedies provided for herein or otherwise available to NYMEX at law or otherwise, and all of the NYMEX's direct legal rights against the Defaulting Member and its Affiliate, shall be cumulative to the extent permitted by law.

8C. Maximization Payment.

(a) If, after payment is made under the Guaranty referred to in Sections 8A and 8B of this Agreement, CME has a Remaining Account Surplus, CME shall distribute such surplus among NYMEX and the other clearing organizations with which CME has similar cross-margining arrangements in proportion to the Cross-Margining Reduction amounts (or comparable amounts under such other cross-margining agreements) most recently calculated prior to the suspension or termination of the Defaulting Member pursuant to their applicable cross-margining agreements until either (i) all the Defaulting Member's (or its Cross-Margining Affiliate's) obligations to such clearing organizations are fully satisfied or (ii) CME's Remaining Account Surplus has been used up.

(b) If, after payment is made under the Guaranty referred to in Sections 8A and 8B of this Agreement, NYMEX has a Remaining Account Surplus, NYMEX shall distribute such surplus among CME and the other clearing organizations with which NYMEX has similar cross-margining arrangements in proportion to the Cross-Margining Reduction amounts (or comparable amounts under such other cross-margining agreements) most recently calculated prior to the suspension or termination of the Defaulting Member pursuant to their applicable cross-margining agreements until either (i) all the Defaulting Member's (or its Cross-Margining Affiliate's) obligations to such clearing organizations are fully satisfied or (ii) NYMEX's Remaining Account Surplus has been used up.

(c) A Clearing Organization making a Maximization Payment pursuant to this Agreement shall not pay out any Remaining Account Surplus that it is legally prohibited from paying. Each Clearing Organization may, in its discretion, apply internally, Remaining Account Surpluses to the Defaulting Member's customer or client deficits prior to making a Maximization Payment where permitted by applicable law, and shall do so, if required by applicable law.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

9. Confidentiality. (a) Except as expressly authorized in this Agreement, each party shall maintain in confidence, and shall not disclose to any individual or entity that is not a party to this Agreement, any information obtained by it from the other Clearing Organization in connection with this Agreement or the transactions or activities contemplated herein with respect to any party or the positions, transactions or financial condition of any Clearing Member ("Confidential Information"). The foregoing shall not apply to: (i) any information which is or becomes generally known to the public, other than through an action or failure to act by such party or Clearing Member, or (ii) the disclosure of Confidential Information to a third party to whom such information was previously known. This Section 9 shall not prohibit any party from furnishing Confidential Information to the CFTC, or pursuant to any surveillance agreement or similar arrangement to which such party is a party, to any "self-regulatory organization" within the meaning of the CEA or to any other government or regulatory body, or to a Representative of such Clearing Organization with a "need to know" the Confidential Information who has been instructed to maintain the confidentiality of such Confidential Information in accordance with the provisions of this Agreement and who has agreed to do so. The term "Representative" shall mean, with respect to a Clearing Organization, such Clearing Organization's directors, officers, employees, agents, consultants and professional advisers.

(b) In the event that any party is required by subpoena, or by any other order of court, law or regulation to disclose any Confidential Information in the possession of such party, it is agreed that the party which is subject to such requirement shall provide the other party with prompt notice of such requirement so that the other party may seek an appropriate protective order and/or waive compliance with the provisions of this Section with respect to such required disclosure. In the event that such other party determines to seek a protective order, the party subject to the requirement shall cooperate to the extent reasonably requested by the other. It is further agreed that if in the absence of a protective order or the receipt of a waiver hereunder, the party subject to the requirement is nonetheless, in the reasonable opinion of its counsel, compelled to disclose such Confidential Information to any tribunal or regulatory agency or else stand liable for contempt or suffer other censure or penalty, such party may produce such Confidential Information without liability under this Section 9.

10. Indemnification. (a) Each of the parties (each, individually an "Indemnitor") shall indemnify, defend and hold harmless the other, its directors, officers, employees, agents and each person, if any, who controls the indemnified party (each an "Indemnified Party") against any Claims and Losses (as defined below) incurred by an Indemnified Party as the result, or arising from allegations, of any act or failure to act by the Indemnitor in connection with this Agreement if such act or failure to act constitutes either (i) gross negligence or willful misconduct on the part of the Indemnitor; or (ii) a material breach of this Agreement, or any obligation undertaken in connection with this Agreement, any Rule of the Indemnitor (except to the extent that such Rule is inconsistent with the provisions of this Agreement), or any law or governmental regulation applicable to the Indemnitor.

(b) As used in this Section 10, the term "Claims and Losses" means any and all losses, damages and expenses whatsoever arising from claims of third parties including, without limitation, liabilities, judgments, damages, costs of investigation, reasonable attorney's

fees and other expenses and amounts paid in settlement (pursuant to consent of the Indemnitor, which consent shall not be unreasonably withheld) in connection with any action, suit, litigation, claim or proceeding to which an Indemnified Party is made a party defendant, or is threatened to be made such a party.

(c) Promptly after receipt by an Indemnified Party of notice of the commencement of any action or the assertion of any claim against such Indemnified Party, such Indemnified Party shall, if a claim in respect thereof is to be made against the Indemnitor, notify the Indemnitor in writing of the commencement of such action or assertion of such claims, but the omission so to notify the Indemnitor will not relieve the Indemnitor from any liability which it may have to any Indemnified Party except to the extent that the Indemnitor has been prejudiced by the lack of prompt notice and shall in any event not relieve the Indemnitor of any liability which it may have to an Indemnified Party otherwise than under this Section 10. In case any such action is brought against any Indemnified Party, and such party promptly notifies the Indemnitor of the commencement thereof, the Indemnitor will be entitled to participate in, and, to the extent that it may wish, to assume and control the defense thereof, with counsel chosen by it, and, after notice from the Indemnitor to such Indemnified Party of its election so to assume the defense thereof, the Indemnitor will not be liable to such Indemnified Party under this Section 10 for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation, but the Indemnified Party may, at its own expense, participate in such defense by counsel chosen by it, without, however, impairing the Indemnitor's control of the defense. In any action in which the named parties include the Indemnitor and one or more Indemnified Parties, the Indemnitor shall have the right to assume control of any legal defenses that are available to it and any of the Indemnified Parties. Notwithstanding the foregoing, in any action in which the named parties include both the Indemnitor and an Indemnified Party and in which the Indemnified Party shall have been advised by its counsel that there may be legal defenses available to the Indemnified Party that are different from or additional to those available to the Indemnitor, the Indemnitor shall not have the right to assume such different or additional legal defenses, and provided further that the Indemnitor shall not, in connection with one action or separate but substantially similar actions arising out of the same general allegations or circumstances, be liable for more than the reasonable fees and disbursements of one separate firm of attorneys for all of the Indemnified Parties for the purpose of conducting such different or additional legal defenses. The Indemnitor may negotiate a compromise or settlement of any such action or claim provided that such compromise or settlement does not require a contribution by, or otherwise adversely affect the rights of, the Indemnified Party.

11. Rules of the Clearing Organizations. CME and NYMEX each shall propose and use all reasonable efforts to obtain any necessary regulatory approval necessary to adopt and maintain in effect such provisions in its Rules as are reasonably necessary to implement the provisions of this Agreement. Without limiting the generality of the foregoing, such Rules shall provide in effect that Cross-Margining Participants of the Clearing Organization shall be bound by the provisions of this Agreement (as amended from time to time) and that the Clearing Organization may use its Security Deposit Fund or Guaranty Fund, as applicable, including any

rights of assessments against its Clearing Members, to make payment under any Guaranty given by such Clearing Organization pursuant to Section 8A or 8B of this Agreement.

CME and NYMEX shall give each other reasonable notice of the intended effectiveness of any Rule or Rule amendment (other than an emergency rule or rule amendment, as to which notice shall be given promptly) adopted by such Clearing Organization if such Rule or Rule amendment relates in a material way to such Clearing Organization's Security Deposit Fund or Guaranty Fund, as applicable, contributions to capital, or rights of assessment against its Clearing Members.

12. Representations and Warranties. (a) Each Party represents and warrants to the others, as of the date hereof and as of the Effective Date, and which representations and warranties shall be deemed to be repeated each day during the term of the Agreement, as follows:

(i) Good Standing. It is a company duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, has the power and authority to own its assets and to transact the business in which it is now engaged or proposed to be engaged and is duly qualified and authorized to do business as a foreign corporation and is in good standing under the laws of each jurisdiction in which failure to so qualify could have a material adverse effect on its financial condition, business or operations.

(ii) Corporate Power and Authority. It has all requisite corporate power and authority to enter into this Agreement and the agreements referenced in this Agreement, as applicable, and full power and authority to take all actions required of it pursuant to such agreements. This Agreement will constitute, when executed and delivered, valid and binding obligations of such party, and the execution, delivery and performance of all of its obligations under this Agreement have been duly authorized by all necessary corporate action on the part of such Party.

(iii) No Violation. Except for provisions as to which waivers have been obtained, and except to the extent representations made hereunder as of the date hereof may be subject to the regulatory approvals referred to in paragraph (b) hereof, the execution and delivery of this Agreement by the Clearing Organization and the performance of its obligations under this Agreement: (i) do not result in a violation or breach of, do not conflict with or constitute a default under, and will not accelerate or permit the acceleration of performance required by, any of the terms and provisions of its certificate or articles of incorporation, by-laws, rules or other governing documents, any note, debt instrument, or any other agreement to which it is a party or to which any of its assets or properties is subject, and will not be an event which after notice or lapse of time or both will result in any such violation, breach, conflict, default or acceleration; and (ii) do not result in a violation or breach of any law, judgment, decree, order, rule or regulation of any governmental authority or court, whether federal, state or local, at law or in equity, applicable to it or any of its assets or properties.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

(b) Each party represents and warrants to the others, as of the Effective Date that all authorizations, permits, approvals or consents required to be obtained from, and all notifications and filings required to be made with, all governmental authorities and regulatory bodies and third parties to permit such party to place into effect this Agreement and to perform its obligations under this Agreement have been obtained.

13. Termination. (a) Each party may terminate this Agreement without cause by delivering written notice of termination to the other party specifying a termination date not less than 30 days following the date on which such notice is sent. Unless the parties otherwise agree, this Agreement shall terminate on the same date as the termination of that certain Services Agreement between the parties dated April 4th, 2006.

(b) In the event that any party fails to perform any material obligation under this Agreement and such failure is not promptly rectified after written notice thereof is sent to such party, the non-defaulting party may terminate this Agreement by delivering written notice of such termination to the other party specifying a termination date not less than five Business Days following the date on which such notice of termination is sent.

(c) In the event that a termination date is established under paragraphs (a), or (b) above, each party shall promptly notify all of its Cross-Margining Participants. Each party shall cooperate fully in exchanging all necessary data, records, computer files and other information, and in executing documents and taking other action necessary or appropriate to effect transfers, releases, etc. in order to effect termination of the Cross-Margining Arrangement as to the terminating parties. In the event that a liquidation of a Cross-Margining Participant is pending on the termination date, the provisions of this Agreement pertaining to such liquidation shall survive the termination until such liquidation has been completed and any Guaranty Payment, possible Return of Guaranty Payment and Maximization Payment that may be due from one Clearing Organization to the other in respect of such liquidation have been paid.

(d) All obligations arising under this Agreement prior to the termination thereof that remain unsatisfied shall survive the termination of this Agreement including any rights of subrogation under Sections 8A and 8B of this Agreement. In addition, the provisions of Section 9 shall survive the termination of this Agreement to the extent that they apply to Confidential Information received by a party prior to the termination of this Agreement, and the provisions of Section 10 shall survive the termination of this Agreement to the extent that the event giving rise to an obligation of indemnification occurs prior to the termination of this Agreement.

14. Information Sharing. (a) CME and NYMEX hereby agree to provide one another with the following information regarding their respective Cross-Margining Participants:

(i) If either Clearing Organization applies any special surveillance procedures to a Cross-Margining Participant or places such Cross-Margining Participant on

"remedial action status", "high risk status" or higher as provided in such Clearing Organization's Rules, such Clearing Organization will inform the other Clearing Organization of that fact.

(ii) If either Clearing Organization requires more frequent reporting of financial information by a Cross-Margining Participant, that Clearing Organization will inform the other Clearing Organization of that fact and the period of reporting.

(iii) If either Clearing Organization increases the capital requirement for any Cross-Margining Participant, that Clearing Organization will notify the other Clearing Organization of that fact, the amount of the additional capital required and the deadline for meeting the requirement.

(iv) If either Clearing Organization imposes higher Margin requirements with respect to a particular Cross-Margining Participant, or issues a special intra-day call for Margin or settlement variation in respect of a Cross-Margining Participant, that Clearing Organization shall notify the other Clearing Organization of that fact and the amount of the additional Margin required.

(v) Each Clearing Organization shall, upon request by the other Clearing Organization, promptly furnish to such other Clearing Organization the following information with respect to each account carried by a Cross-Margining Participant with the Clearing Organization from whom the information is requested: (A) Margin required and on deposit in respect of such account, and (B) the dollar amount of any current settlement obligations owed to or by the Cross-Margining Participant that have been determined for such account in respect of variation margin, premiums, option exercises and any other settlements.

(vi) CME and NYMEX shall each promptly notify the other of any actions, disciplinary or otherwise, taken against a Cross-Margining Participant which it reasonably believes would prevent such Cross-Margining Participant from fulfilling its obligations under this Agreement.

(vii) Each Clearing Organization shall promptly notify the other in the event that the notifying Clearing Organization learns of any major processing difficulties (including, but not limited to, back-office or bank computer problems) or any major operational errors of a Cross-Margining Participant.

(viii) Each Clearing Organization agrees to notify the other Clearing Organization immediately in the event that a Cross-Margining Participant defaults materially in any settlement obligation (other than routine delays of not more than forty-eight hours in the physical delivery of underlying interests) or if either Clearing Organization suspends, terminates, ceases to act for, or liquidates any Clearing Member.

(ix) In the case of any notice given pursuant to paragraphs (i), (ii), (iii), (iv), (vii), or (viii) above, the Clearing Organization giving such notice shall also notify the recipient when the condition giving rise to such notice is terminated.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

(b) CME agrees to inform NYMEX, and NYMEX agrees to inform CME, as requested, of the total size of or a material change in the total size of, and aggregate amount of required contributions to, such Clearing Organization's Guaranty Fund or Security Deposit Fund, as applicable.

(c) Each Clearing Organization shall notify the other Clearing Organization of any material fine, penalty, disciplinary action, regulatory surveillance or other action taken against a Cross-Margining Participant by its Designated Self-Regulatory Organization or any other agency or body that has regulatory oversight over such Cross-Margining Participant.

(d) Any notice required to be given pursuant to this Section shall be given by telephone and facsimile promptly upon the occurrence of the event giving rise to the requirement of notification. Each such notice shall be directed as follows:

If to NYMEX:

Arthur McCoy
Vice President; Financial Surveillance
New York Mercantile Exchange, Inc.
One North End Avenue
New York, New York 10282
Telephone: 212-299-2928
Fax: 212-301-4712

Charles Bebel
Vice President; Clearing Operations
New York Mercantile Exchange, Inc.
One North End Avenue
New York, New York 10282
Telephone: 212-299-2130
Fax: 212-301-4506

Christopher Bowen
Chief Administrative Officer
New York Mercantile Exchange, Inc.
One North End Avenue
New York, New York 10282
Telephone: 212-299-2200
Fax: 212-299-2299

and

If to CME:

Ms. Kim Taylor
Managing Director and President, Clearing House Division
Chicago Mercantile Exchange
Telephone: (312) 930-3156
Fax: (312) 634-1553

Mr. Timothy Doar
Managing Director, Risk Management
Chicago Mercantile Exchange
Telephone: (312) 930-3162
Fax: (312) 930-1553

Either Clearing Organization may amend or supplement the notice information set forth above by fax notice to the other Clearing Organization containing the name and telephone number of any different or additional individual designated by such Clearing Organization pursuant to the preceding sentence.

(d) In the event that notification is given by a Clearing Organization pursuant to this Section, such Clearing Organization shall furnish to the other upon request such additional information or documents relating to the circumstances leading to the notification as may reasonably be requested by it. Notices shall be deemed given when received.

15. General Provisions.

(a) Further Assurances. Each party agrees, without additional consideration, to execute and deliver such instruments and take such other actions as shall be reasonably required or as shall be reasonably requested by the other party in order to carry out the transactions, agreements and covenants contemplated by this Agreement.

(b) Amendment, Modification and Waiver. Unless otherwise expressly provided herein, this Agreement may be permanently modified, amended or supplemented only by mutual written agreement of the parties. A party may temporarily waive or modify any condition intended to be for its benefit provided such waiver shall be in writing signed by the party or parties to be charged. Any delay or failure of a party hereto at any time to require performance by the other party of any provision of this Agreement shall in no way affect the right of such party to require future performance of that or any other provision of this Agreement and shall not be construed as a waiver of any subsequent breach of any provision, a waiver of

this provision itself or a waiver of any other right under this Agreement. The parties shall inform their respective Cross-Margining Participants of any amendments or modifications made to this Agreement.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the laws (without regard to principles of conflicts of laws) of the State of Illinois.

(d) Notices. Unless otherwise expressly provided in this Agreement, all notices to be given by any party under this Agreement shall be in writing and shall be given by facsimile, hand delivery, recognized courier delivery service, or by confirmed telecopy, to the other parties at the following addresses (or such other addresses as any party may furnish to the others in writing for such purpose):

If to NYMEX:

Arthur McCoy
Vice President; Financial Surveillance
New York Mercantile Exchange, Inc.
One North End Avenue
New York, New York 10282
Telephone: 212-299-2928
Fax: 212-301-4712

Charles Bebel
Vice President; Clearing Operations
New York Mercantile Exchange, Inc.
One North End Avenue
New York, New York 10282
Telephone: 212-299-2130
Fax: 212-301-4506

Christopher Bowen
Chief Administrative Officer
New York Mercantile Exchange, Inc.
One North End Avenue
New York, New York 10282
Telephone: 212-299-2200
Fax: 212-299-2299

If to CME: Chicago Mercantile Exchange
20 South Wacker Drive, 6 South
Chicago, IL 60606
Attention: President, Clearing House Division
Fax: 312-634-1553

Copy to: Chicago Mercantile Exchange
20 South Wacker Drive, 7 North
Chicago, IL 60606
Attention: General Counsel
Fax: 312-930-3323

All notices given pursuant to this Agreement shall be effective upon receipt.

(e) Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either party hereto without the prior written consent of the other party, except that such other party's consent shall not be required in the case of an assignment to an affiliate of such party. Nothing in this Agreement is intended to confer any rights or remedies upon any person except the parties hereto.

(f) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) Headings. The section and paragraph headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not affect in any way the meaning or interpretation of this Agreement.

(h) Entire Agreement. Except as set forth expressly herein or in another instrument in writing signed by the party to be bound thereby which makes reference to this Agreement, this Agreement, including the appendices hereto, embodies the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein, and no other restrictions, promises, representations, warranties, covenants, or undertakings in relation thereto exist among the parties. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

(i) Invalid Provision. In the event that any provision, or any portion of any provision, of this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision, or any other portion of any provision, of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(j) Effective Date. This Agreement shall become effective on a date mutually agreed to by CME and NYMEX, which date shall be not earlier than the date on which all necessary regulatory and board approvals have been received by CME and NYMEX, if any.

(k) Force Majeure. Notwithstanding any other provision of this Agreement, no party hereto shall be liable for any failure to perform or delay in performing its obligations hereunder if such failure or delay is caused by fire, flood, strike, power failure, riot or other civil commotion, act of war or terrorism, acts of nature, acts of international, federal, state or municipal public authorities, governmentally ordered business or banking moratoria or orders to refrain from using power (whether or not such moratoria or orders are legally authorized), or any other condition or event beyond the reasonable control of the party whose performance is prevented or delayed. Each party agrees to notify the other promptly upon learning that any such condition or event has occurred and shall cooperate with the other, upon request, in arranging alternative procedures and in otherwise taking reasonable steps to mitigate the effects of any inability to perform or any delay in performing.

16. Arbitration. (a) Any controversy or claim arising out of or relating to this Agreement, as it may be amended or modified from time to time, including any claim or controversy arising out of or relating to the alleged breach, termination or invalidity thereof and any claim based on federal or state statute, shall be settled by arbitration in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association (the "AAA") to the extent that such Rules do not conflict with any provisions of this section. The parties do not, however, appoint the AAA as administrator of the arbitration.

(b) The arbitration shall be held at a mutually agreed place or at the offices of AAA in the city of the party who is the Respondent if no agreement is reached. It shall be held before a panel of three arbitrators: one appointed by each Clearing Organization and one neutral arbitrator to be appointed by agreement of the party-appointed arbitrators. Each neutral arbitrator shall be an attorney with not less than an aggregate of 12 years of experience in legal practice, legal teaching or adjudication. The neutral arbitrator shall act as chairman.

(c) A party (the "Claimant") may initiate arbitration under this Agreement by sending to the other party or parties ("Respondents"), by overnight courier, a written demand for arbitration containing a description in reasonable detail of (i) the nature of the claim, dispute or controversy it desires to arbitrate, and (ii) the remedy or remedies sought including Claimant's best current information as to the amount of money, if any, sought to be recovered. The arbitration shall be deemed commenced on the date Respondent receives the demand (the "Commencement Date").

(d) Within seven Business Days after the Commencement Date, Respondent may send to Claimant any written responsive statement to the demand it wishes. Within that time period, Respondent shall send to Claimant or Claimant's counsel, by overnight courier, return receipt requested, a written demand for arbitration of any claims Respondent then wishes to arbitrate against Claimant, containing the same information as in an initial demand.

(e) Claimants and Respondents may freely amend, restate, clarify or supplement their claims in writing until a reasonable time, not less than 21 Business Days, prior

to the first arbitration hearing, except that no wholly new claim may be submitted after selection of the arbitrators without the arbitrators' consent.

(f) Any award, order or judgment pursuant to such arbitration shall be deemed final and may be entered and enforced in any state or federal court of competent jurisdiction located in the State of New York or Illinois. Each party agrees to submit to the jurisdiction of any such court for purposes of the enforcement of any such award, order or judgment.

(g) Any award of damages pursuant to such arbitration shall be included in a written decision which shall state the reasons upon which the award was based, including all the elements involved in the calculation of any award of damages.

(h) Any arbitration proceeding hereunder shall be conducted on a confidential basis.

(i) Notwithstanding any other provision of this Agreement, each party shall have the right to apply to any court of competent jurisdiction for temporary injunctive or other preliminary relief.

(j)(1) There shall be no pre-hearing written interrogatories, written requests for admission, or discovery depositions. The arbitrators may require the parties to respond to limited and reasonable requests for production of documents from the opposing party.

(2) In considering the extent of pre-hearing document discovery to be permitted, the arbitrators shall consider that reduced time, expense and burden are principal reasons the parties have chosen to resolve their disputes through arbitration rather than court proceedings, and shall require pre-hearing document production only where necessary to avoid injustice. The arbitrators shall require that a party requesting pre-hearing production of documents shall reimburse the producing party for the costs of copying and for the time and fees of the producing party's employees and attorneys in locating, reviewing, organizing and copying requested documents.

(3) With the approval of the arbitrators, evidence depositions may be taken of witnesses who cannot be subpoenaed to testify at the hearing. The arbitrators may require advance disclosure by the parties of evidence to be offered at the hearing in order to avoid unfair surprise.

(k) No arbitration arising out of or relating to this Agreement shall include, by consolidation, joinder or in any other manner, any additional person not a party to this Agreement except by written consent containing a specific reference to this Agreement and signed by the Clearing Organizations. Any such written consent to arbitration involving an additional person or persons shall not constitute consent to arbitration of any dispute not described therein or with any person not named or described therein.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

[Signature Page Follows]

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

By: /s/ Craig S. Donohue
Craig S. Donohue
Chief Executive Officer

NEW YORK MERCANTILE EXCHANGE, INC.

By: /s/ James E. Newsome
James E. Newsome
President

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

APPENDIX A

Cross-Margining or Other Loss Sharing Arrangements of CME:

Agreement	**Includes Eligible Products?**
CME/BOTCC Cross-Margining Agreement dated April 15, 1999	No
CME/GSCC Cross-Margining Agreement dated July 24, 2001	No
CME/LCH Cross-Margining Agreement dated March 24, 2000	No
CME/OCC/NYCC Cross-Margining Agreement dated June 7, 1993	No

Cross-Margining or Other Loss Sharing Arrangements of NYMEX:

NONE.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

APPENDIX B

ELIGIBLE PRODUCTS

(CROSS MARGIN SPREADS)

CME	NYMEX
100 CME Goldman Sachs Commodity Index futures contracts**	50 Crude Oil futures contracts
	13 Natural Gas futures contracts
	13 Heating Oil futures contracts
	12 Unleaded Gas futures contracts**

In addition to the CME Products listed above, additional CME Products available for cross margining pursuant to the terms of this Agreement include CME Weather Contracts, CME GSCI Excess Return Contract and CME Rogers TRAKRS Contract.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

** References to "futures contracts" includes options on futures contracts.

** CME and NYMEX shall, on an annual basis (or more frequently if agreed to by CME and NYMEX), reevaluate the composition of the Goldman Sachs Commodity Index ("GSCI") based upon updates (if any) made to the GSCI by Goldman Sachs and shall modify the Cross Margin Spread set forth above as applicable based on such evaluation.

** "Eligible Products" shall also include NYMEX Mini Contracts as defined in the Cooperation Agreement between CME and NYMEX dated June 6, 2002 and that are listed for trading on GLOBEX® pursuant to the Cooperation Agreement. NYMEX Mini Contracts that become Eligible Products shall be used in this Cross-Margining Agreement as part of the spread priorities set forth above to the extent that the aggregate amount of the NYMEX Mini Contracts in any one commodity is equal to a full-sized standard futures contract in such commodity (e.g., Assume a Cross-Margining Participant is long 48 full sized Crude Oil futures contracts and is long 5 "Mini" Crude Oil futures contracts (where the ratio of "Minis" to full sized contracts is 5:2). In this example, the 5 "Minis" (the equivalent of 2 full sized Crude Oil contracts) will be aggregated with the 48 full sized Crude Oil contracts and the Cross-Margining Participant will be considered to be long 50 full sized Crude Oil contracts).

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

APPENDIX C

CHICAGO MERCANTILE EXCHANGE INC./

NEW YORK MERCANTILE EXCHANGE INC.
CROSS-MARGINING PARTICIPANT AGREEMENT
(COMMON MEMBER)

The undersigned ("Member") is a Clearing Member of the New York Mercantile Exchange, Inc. ("NYMEX") and a Clearing Member of the Chicago Mercantile Exchange Inc. ("CME"). The term "Clearing Organization" means either CME or NYMEX. Member hereby elects to become a Cross-Margining Participant in the Cross-Margining Arrangement between NYMEX and CME. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Member agrees to be bound by the NYMEX Rules and the CME Rules applicable to Cross-Margining Participants and by the provisions of the Cross-Margining Agreement between NYMEX and CME (the "Cross-Margining Agreement"), as any of the foregoing may be in effect from time to time, a copy of each of which Member has reviewed.

Without limiting the generality of the foregoing, Member agrees that all of its positions, margin deposits, investment property (as defined by the Uniform Commercial Code), and other property in the possession or subject to the control of NYMEX shall be subject to the security interest of NYMEX as set forth in NYMEX's Rules and in the Cross-Margining Agreement. Member further agrees that all of its positions, margin deposits, investment property (as defined by the Uniform Commercial Code), and other property in the possession or subject to the control of CME shall be subject to the security interest of CME as set forth in CME's Rules and in the Cross-Margining Agreement. Member unconditionally promises immediate payment of any Reimbursement Obligation to a Clearing Organization as set forth in the Cross-Margining Agreement.

Member further agrees that, if a Clearing Organization has suspended, terminated or otherwise declared the Member to be in default under its Rules, then the other Clearing Organization may suspend, terminate or otherwise declare the Member to be in default under its Rules.

Member agrees that Clearing Data (as hereinafter defined) regarding the Member may be disclosed by CME to NYMEX and by NYMEX to CME. Clearing Data means transactions and other data that is received by CME or NYMEX in its clearance and/or settlement processes, and such data, reports or summaries thereof which may be produced as a result of processing such data, including regarding Member's positions, margin requirements and deposits.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

Neither CME nor NYMEX guarantees to Member that the calculation of the Cross-Margining Reduction pursuant to the Cross-Margining Agreement will yield any, or the highest possible, Cross-Margining Reduction.

Member represents and warrants to and for the benefit of the Clearing Organizations that: (i) it has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (ii) its execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all requisite action; (iii) all authorizations of and exemptions, actions, approvals and consents by, and all notices to or filings with, any governmental or other authority or other persons that are necessary to enable it to execute and deliver this Agreement and to perform its obligations hereunder have been obtained or made and are in full force and effect, and it has complied with all of the conditions thereof; (iv) this Agreement has been duly executed and delivered by it; (v) this Agreement is a legal, valid and binding obligation on its part, enforceable against it in accordance with its terms; and (vi) its execution, delivery and performance of this Agreement do not violate or conflict with any law, regulation, rule of a self-regulatory organization or judicial or government order or decree to which it is subject, any provision of its constitutional or governing documents, or term of any agreement or instrument to which it is a party, or by which its property or assets is bound or affected.

This agreement shall be effective, when accepted by both CME and NYMEX. This agreement may be terminated by the Member upon two Business Days' notice to CME and NYMEX and such termination shall be effective upon written acknowledgement by both CME and NYMEX. Either CME or NYMEX may terminate this Agreement immediately upon notice to the Member. Notwithstanding the previous two sentences, the Member's obligations under this Agreement and the Cross Margining Agreement shall survive the termination of this Agreement. Capitalized terms used in this Agreement that are not otherwise defined shall have the meanings given to them in the Cross-Margining Agreement.

This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

(i) NYMEX/CME MEMBER

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

Firm Name: _____

By: _____
(Print Name)

Title: _____

Date: _____

Accepted By:

New York Mercantile Exchange, Inc.

By: _____
(Print name)

Title: _____

Date: _____

Accepted By:

Chicago Mercantile Exchange Inc.

By: _____
(Print name)

Title: _____

Date: _____

This Agreement is effective as of _____
[To be filled in upon acceptance of CME and NYMEX.]

3.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

APPENDIX D

CHICAGO MERCANTILE EXCHANGE INC./

NEW YORK MERCANTILE EXCHANGE, INC.

CROSS-MARGINING PARTICIPANT AGREEMENT
(AFFILIATED MEMBERS)

The undersigned "NYMEX Member" is a Clearing Member of the New York Mercantile Exchange, Inc. ("NYMEX"). The undersigned "CME Member" is a Clearing Member of the Chicago Mercantile Exchange Inc. ("CME"). The term "Clearing Organization" means either CME or NYMEX. NYMEX Member hereby elects to become a Cross-Margining Participant of NYMEX, and CME Member hereby elects to become a Cross-Margining Participant of CME, for purposes of the Cross-Margining Arrangement between NYMEX and CME. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, NYMEX Member agrees to be bound by the NYMEX Rules applicable to Cross-Margining Participants; CME Member agrees to be bound by the CME Rules applicable to Cross-Margining Participants; and NYMEX Member and CME Member both agree to be bound by the provisions of the Cross-Margining Agreement between NYMEX and CME (the "Cross-Margining Agreement"), as any of the foregoing may be in effect from time to time, a copy of each of which Member has reviewed. Without limiting the generality of the foregoing, NYMEX Member agrees that all of its positions, margin deposits, investment property (as defined by the Uniform Commercial Code), and other property in the possession or subject to the control of NYMEX shall be subject to the security interest of NYMEX as set forth in NYMEX's Rules and in the Cross-Margining Agreement; and CME Member agrees that all of its positions, margin deposits, investment property (as defined by the Uniform Commercial Code), and other property in the possession or subject to the control of CME shall be subject to the security interest of CME as set forth in CME's Rules and in the Cross-Margining Agreement.

NYMEX Member and CME Member each unconditionally promises immediate payment of any Reimbursement Obligation to a Clearing Organization as set forth in the Cross-Margining Agreement.

CME Member and NYMEX member each further agree that, (i) if CME has suspended, terminated or otherwise declared the CME Member to be in default under its Rules, then NYMEX may suspend, terminate or otherwise declare the NYMEX Member to be in default under its Rules and (ii) if NYMEX has suspended, terminated or otherwise declared the NYMEX Member to be in default under its Rules, then CME may suspend, terminate or otherwise declare the CME Member to be in default under its Rules.

NYMEX Member and CME Member each represent and warrant to NYMEX and CME that they are Affiliates of one another as defined in the Cross-Margining Agreement. NYMEX Member and CME Member acknowledge and agree that they will be treated as Cross-Margining

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Affiliates for purposes of the Cross-Margining Arrangement and that, as a result, a default by NYMEX Member to NYMEX may result in a loss to CME Clearing Member, and a default by CME Clearing Member to CME may result in a loss to NYMEX Member.

NYMEX Member and CME Member agree that Clearing Data (as hereinafter defined) regarding such members may be disclosed by CME to NYMEX and by NYMEX to CME. Clearing Data means transactions and other data that is received by CME or NYMEX in its clearance and/or settlement processes, and such data, reports or summaries thereof which may be produced as a result of processing such data, including regarding a NYMEX Member's or CME Member's positions, margin requirements and deposits.

Neither CME nor NYMEX guarantees to NYMEX Member or CME Member that the calculation of the Cross-Margining Reduction pursuant to the Cross-Margining Agreement will yield any, or the highest possible, Cross-Margining Reduction for either NYMEX Member or CME Member.

Each of NYMEX Member and CME Member represents and warrants to and for the benefit of the Clearing Organizations that: (i) it has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (ii) its execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all requisite action; (iii) all authorizations of and exemptions, actions, approvals and consents by, and all notices to or filings with, any governmental or other authority or other persons that are necessary to enable it to execute and deliver this Agreement and to perform its obligations hereunder have been obtained or made and are in full force and effect, and it has complied with all of the conditions thereof; (iv) this Agreement has been duly executed and delivered by it; (v) this Agreement is a legal, valid and binding obligation on its part, enforceable against it in accordance with its terms; and (vi) its execution, delivery and performance of this Agreement do not violate or conflict with any law, regulation, rule of a self-regulatory organization or judicial or government order or decree to which it is subject, any provision of its constitutional or governing documents, or term of any agreement or instrument to which it is a party, or by which its property or assets is bound or affected.

This Agreement shall be effective, when accepted by both CME and NYMEX. This agreement may be terminated by the NYMEX Member or CME Member upon two Business Days' notice to CME and NYMEX and such termination shall be effective upon written acknowledgement by both CME and NYMEX. Either CME or NYMEX may terminate this Agreement immediately upon notice to the NYMEX Member and CME Member. Notwithstanding the previous two sentences, the NYMEX Member's and CME Member's obligations under this Agreement and the Cross Margining Agreement shall survive the termination of this Agreement. Capitalized terms used in this Agreement that are undefined shall have the meanings given to them in the Cross-Margining Agreement.

This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

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4. CME CLEARING

MEMBER		**NYMEX CLEARING MEMBER**	
Firm Name:	_____	**Firm Name:**	_____
By:	_____	**By**	_____
	(Print Name)		**(Print Name)**
Title	_____	**Title:**	_____
Date:	_____	**Date:**	_____
Accepted By:		**Accepted By:**	
Chicago Mercantile Exchange Inc.		**New York Mercantile Exchange, Inc.**	
By:	_____	**By:**	_____
	(Print name)		**(Print name)**
Title:	_____	**Title:**	_____
Date:	_____	**Date:**	_____

This Agreement is effective as of _____.

[To be filled in upon acceptance of CME and NYMEX.]

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

APPENDIX E

CROSS-MARGINING REDUCTION CALCULATION EXAMPLE

Cross Margin Spread	CME leg(s)	Outright Margin Per Contract	Outright Requirement	NYMEX leg(s)	Outright Margin Per Contract	Outright Requirement
1)	100 GI	$ 1,500	$ 150,000	50 CL	$ 2,000	$ 100,000
				13 NG	$ 4,000	$ 52,000
				13 HO	$ 2,000	$ 26,000
				12 HU	$ 2,500	$ 30,000
Total			$ 150,000			$ 208,000

If the Cross Margin Spread Credit Rate for the 100 GI vs 50 CL, 13 NG, 13 HO, 12 HU (NYMEX Basket) is agreed at 80% then the applicable Cross Margin Reduction for each clearing organization would be the lower of the outright requirements for the CME leg(s) or the outright requirements for the NYMEX leg(s) times 80%.

= $150,000 * .80 = $120,000

CME would apply $120,000 credit for the CME legs of 100 GI and NYMEX would limit its Cross Margin Reduction to $120,000 for the NYMEX legs (NYMEX Basket) of this spread.

The following is an example of how the Cross Margin Reduction would apply over hypothetical positions over a number of margin cycles.

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Additional Assumptions (on a normal Business Day):

1) CME Supplemental Margin is zero. Neither CME nor NYMEX make any unilateral increase or decrease in the amount of the Cross-Margining Reduction
2) CME will send its available Eligible Positions to NYMEX once a day after its RTH cycle
3) NYMEX will send its Eligible Positions to CME once a day (its prior day's RTH "morning modified" positions) after its ITD cycle.
4) CME will run its twice a day margining and settlement cycle (ITD & RTH) and will recalculate its Cross-Margining Reduction twice a day.
5) NYMEX will run settlement twice a day (RTH & ITD), but will remargin only once a day at its ITD cycle.
6) For simplicity, NYMEX positions will be denoted as NYMEX Basket positions and will be in the ratio of 50 CL, 13 NG, 13 HO and 12 HU contracts. CME GI positions will be denoted in 100 contracts bundles
7) End of Day 0 portfolios. CME GI: Long 25; NYMEX Baskets Short 45.

APPENDIX E (CONT.)

Day	Cycle	Current CME pos. (1 = 100 GI contracts)	NYMEX Baskets available to CME (1 = NYMEX basket)	CME Outright Requirement ($150,000 / 100 contracts)	CME Cross Margin Reduction ($120,000 / spread)	Current NYMEX position (1 = NYMEX basket)	CME GI positions available to NYMEX (1 = 100 GI contracts)	NYMEX Outright Requirement ($208,000 / NYMEX basket)	NYMEX Cross Margin Reduction ($120,000 per spread)	Eligible Position File Transfer
0	RTH	2	NA			-4				
1	ITD	3	NA	$ 450,000	NA	-2	NA	$ 416,000	NA	NYMEX to CME short 2 eligible baskets
	RTH	4	-2	$ 600,000	$240,000	-3	NA	$ 416,000	NA	CME to NYMEX 4 long GI contracts
2	ITD	3	-2	$ 450,000	$240,000	-1	4	$ 208,000	$120,000	NYMEX to CME short 1 basket
	RTH	2	-1	$ 300,000	$120,000	2	4	$ 208,000	$120,000	CME to NYMEX 2 long GI contracts
3	ITD	3	-1	$ 450,000	$120,000	3	2	$ 624,000	0	NYMEX to CME long 3 baskets
	RTH	1	3	$ 150,000	0	2	2	$ 624,000	0	CME to NYMEX 1 long GI contracts
4	ITD	-2	3	$ 300,000	$240,000	1	1	$ 208,000	0	NYMEX to CME long 1 basket
	RTH	-3	1	$ 450,000	$120,000	4	1	$ 208,000	0	CME to NYMEX short 3 GI contracts
5	ITD	-4	1	$ 600,000	$120,000	5	-3	$1,040,000	$360,000	NYMEX to CME long 5 baskets
	RTH	-4	5	$ 600,000	$480,000	6	-3	$1,040,000	$360,000	CME to NYMEX short 4 GI contracts
6	ITD	2	5	$ 300,000	0	2	-4	$ 416,000	$240,000	NYMEX to CME long 2 baskets
	RTH	3	2	$ 450,000	0	-1	-4	$ 416,000	$240,000	CME to NYMEX long 3 GI contracts
7	ITD	4	2	$ 600,000	0	-3	3	$ 624,000	$360,000	NYMEX to CME short 3 baskets
	RTH	5	-3	$ 750,000	$360,000	0	3	$ 624,000	$360,000	CME to NYMEX long 5 GI contracts

]

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APPENDIX F

On normal Business Days, CME will transfer data following its RTH cycle to the NYMEX. The normal time for the file transfer will be approximately 11:00 p.m. Chicago time for the RTH file. NYMEX will utilize the data received from CME for purposes of calculating a Cross-Margining Reduction during its ITD margin cycle.

On normal Business Days, NYMEX will transfer data following its ITD cycle to the CME (these positions will be based on NYMEX's prior day's RTH positions as reflected in NYMEX's "morning modified" position file). The normal time for that file transfer will be approximately 12:00 p.m. New York time. CME will utilize the data received from NYMEX for purposes of calculating a Cross-Margining Reduction during its ITD and RTH cycles.

The following information will be contained in each file transferred for each Clearing Member Participant:

The firm #

Origin #

Eligible Products

Current Margin Requirement with respect to each Eligible Product

Total Net Eligible Positions

Available Eligible Positions

Cross-Margining Reduction (from current margin cycle)

Spreads formed

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The following information may, at the option of each Clearing Organization, be contained in each file transferred for such Clearing Organization's Clearing Member Participant:

Offsetting Positions associated with Cross-Margining Reduction (from current margin cycle)

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by **"[***Redacted***]"**, and the omitted text has been filed separately with the Securities and Exchange Commission.

APPENDIX G

CME ITD settlement bank notification—12:40 p.m. Chicago time

CME RTH settlement bank notification—11:30 p.m. Chicago time

NYMEX RTH settlement bank notification—8:30 a.m. New York time

NYMEX ITD settlement bank notification—12:00 p.m. New York time

In addition to the settlement times set forth above, either Clearing Organization may run additional Margin cycles as needed based upon market volatility. In the event that a Clearing Organization runs an additional Margin cycle, it shall provide reasonable notification to the other Clearing Organization.

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APPENDIX H

* Good Friday: CME open if it is 1st Friday of the Month.

CME Holidays

Date	Day	Holiday Name
1/2/2006	Monday	New Year's Day
1/16/2006	Monday	Martin Luther King Jr. Day
1/20/2006	Monday	President's Day
4/14/2006	Friday	Good Friday
5/29/2006	Monday	Memorial Day
7/3/2006	Monday	July 3rd *
7/4/2006	Tuesday	Independence Day
9/4/2006	Monday	Labor Day
11/23/2006	Thursday	Thanksgiving Day
11/24/2006	Friday	Friday after Thanksgiving****
12/25/2006	Monday	Christmas Day
1/1/2007	Monday	New Year's Day

NYMEX Holidays

Date	Day	Holiday Name
1/2/2006	Monday	New Year's Day
1/16/2006	Monday	Martin Luther King Jr. Day
1/20/2006	Monday	President's Day
4/14/2006	Friday	Good Friday
5/29/2006	Monday	Memorial Day
7/3/2006	Monday	July 3rd* *
7/4/2006	Tuesday	Independence Day
9/4/2006	Monday	Labor Day
11/23/2006	Thursday	Thanksgiving Day
11/24/2006	Friday	Friday after Thanksgiving
12/25/2006	Monday	Christmas Day
1/1/2007	Monday	New Year's Day

* CME – Monday, July 3, 2006 – Weather Closed
** NYMEX – Monday, July 3, 2006 – Electronic Trading Closed Sunday and Monday July 2 & 3, reopens 7:00p.m. on July 4)
*** CME – Monday, October 9, 2006 – Columbus Day – Foreign Exchange & Interest Rates Closed; Commodities, GSCI & Weather – Normal Day
**** CME – Friday, November 24, 2006 – Weather and Dairy Closed.

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APPENDIX I

CALCULATION OF NET SURPLUS OR NET LOSS FOR LOSS SHARING PURPOSES

The calculation of Net Surplus or Net Loss for loss sharing purposes is in two steps: 1) an allocation of the proceeds from the liquidation of positions and 2) an allocation of the proceeds from liquidation of Margin collateral. The principal concept is to allocate such proceeds to the Offsetting Positions in an equitable manner.

Written Description of Net Surplus/Net Loss Calculation – Section 7(b) of Cross-Margining Agreement

(b) . . . Net Surplus or Net Loss on Offsetting Positions shall be determined in the following manner:

(i) Proceeds from Liquidation of Offsetting Positions:

- Proceeds from the liquidation of the long side of market positions (long futures, long calls and short puts) shall be computed separately from the short side of market positions (short futures, short calls and long puts). When positions are liquidated as spread transactions (*e.g.*, as a calendar spread or an option spread such as a straddle), a fair market price will be attributed to each leg of the spread to prevent unduly shifting gains or losses from one side of the market to the other.
- Only the proceeds from the side of market that was offset pursuant to this Agreement at the Last Paid Margin Cycle will be allocated to determine Net Surplus or Net Loss.
- For options (calls and puts), only the net change in value from the Last Paid Margin Cycle to the liquidation value shall be used to calculate the proceeds attributable to the liquidation of Eligible Products. The value of the options from the Last Paid Margin Cycle will be used to establish a liquidation of Margin collateral value (in the case of long option value) or a liability (in the case of short option value).
- The portion of the proceeds from the liquidation of the Eligible Positions that will be allocated to the Offsetting Positions will be the portion determined by multiplying the liquidation proceeds (as determined above) by the percentage that the number of "futures equivalent" Offsetting Positions are to the total number of "futures equivalent" Eligible Positions on the side of the market that was offset. Where "futures equivalent" means the measure of the size of a portfolio containing futures and/or options on futures, in terms of an equivalent standard full size futures contract.

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(ii) Proceeds from the liquidation of Margin collateral associated with Offsetting Positions:

- All Margin collateral held in support of the Defaulting Member's account will be liquidated (this includes options in Eligible Products, but may or may not include options in non-Eligible Products). The value of the options at the Last Paid Margin Cycle will be used to establish a Margin collateral or liability value.
- The portion of the proceeds from the liquidation of collateral that will be allocated to the Offsetting Positions, will be the ratio that the Offsetting Positions contributed to the total SPAN risk requirement at the Last Paid Margin Cycle. Any Supplemental Margin collected or other unilateral decrease in the amount of Cross-Margining Reduction given to the Defaulting Member at the Last Paid Margin Cycle will be considered as an increase in the SPAN Risk requirement.
- In the event that a Clearing Organization unilaterally gave the Defaulting Member an "Additional Cross-Margining Reduction" as allowed pursuant to Section 5(c) of this Agreement, then such additional amount shall be added to both the numerator and the denominator of the above ratio of Offsetting Positions to the total SPAN risk requirement at the Last Paid Margin Cycle.

(iii) Net Surplus or Net Loss on Offsetting Positions will be the sum of the 7(b)(i) and (ii). In the event that the sum is a positive number, a Net Surplus will result. In the event that the above result is a negative number, a Net Loss will result.

CME Numerical Example

A Defaulting Member has the following portfolio at CME: 200 Long GSCI deltas were offset through cross margining with a spread credit of 80%.

Item	Price @ Last Paid Margin Cycle	Value and Delta @ Last Paid Margin Cycle	Average Liquidation Price	Net Gain/<Loss>
Long 100 June/02 S&P 500	1072.00		1077.20	100 * 5.2 * 250 = $130,000
Short 300 Aug/02 Live Cattle	63.20		63.77	-300 * 0.57 * 400 = <$68,400>
Long 500 Jun/02 GSCI Futures	199.50		203.80	500 * 4.3 * 250 = $573,500
Long 100 May/02 GSCI 200 Call Options	1.70	0.5 delta $42,500	4.00	100 * 2.3 * 250 = $57,500
Short 100 May/02 GSCI Futures	200.80		203.90	-100 * 3.1 * 250 = <$77,500>

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Allocation of Proceeds from Liquidation of Positions

Using only proceeds from the liquidation of the long side of market positions for GSCI, allocate proceeds to the 200 GSCI positions spread with NYMEX basket of energies.

$$\frac{\text{Number of Deltas Cross Margin Spread}}{\text{Total Number of Deltas on Side of Market that was Cross Margin Spread}}$$

$$= \frac{200}{550} = 36.4\%$$

Surplus or Loss of Long Side of Market Positions for GSCI = Gain on Long 500 Jun/02 GSCI Futures Plus Gain on Long May/02 200 GI Calls.

= $573,500 + $57,500 = $631,000

Proceeds from liquidation of positions allocated to Cross Margin Gain or Loss = $631,000 * 36.4% = $229,684

Allocation of Proceeds from Liquidation of Collateral

$$\frac{\text{Offsetting Position Contribution to Risk Requirement + any unilateral increase by CME in the amount of Cross-Margining Reduction}}{\text{Total Risk Requirement + any unilateral increase by CME in the amount of Cross-Margining Reduction}}$$

"Offsetting Position Contribution to Risk Requirement" =

(The Number of Deltas Offset * FPSR) – (Cross Margining Reduction) + Supplemental Margin + (any unilateral decrease in the amount of Cross-Margining Reduction) – (any unilateral increase in the amount of Cross-Margining Reduction)

Where FPSR = SPAN Futures Price Scan Range

Item	Charge or Credit	FPSR or charge per spread	Subtotal	Note
Long 100 SP	Scan Risk Charge	$15,750	$1,575,000	
Short 300 LC	Scan Risk Charge	$600	$180,000	
450 GI deltas	Charge	$1,430[1]	$643,500	Net of 100 short May plus 50 deltas from the options
100 GI Intra spreads	Charge	$500	$50,000	
Cross Margining Reduction on 200 GI vs NYMEX basket	(Credit)	$1,430 * 80% = $1,144	($228,800)	
Total Risk Requirement			$2,219,700	

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In this example, the Offsetting Position Contribution to the Risk Requirement would be calculated as follows:

= (200 * $1,430) – (200 * $1,430 * 0.80) + 0 + 0 – 0
=286,000 – 228,800
= $57,200

The proportion of the Total Risk Requirement contributed by Cross Margin Offsetting Positions would be:
$57,200 = 2.6%
$2,219,700

As a result 2.6% of the proceeds from the liquidation of margin collateral would be allocated to the Cross Margined positions. If Margin Collateral were liquidated to $2,200,000, the allocation to Cross Margin spread positions would be $57,200. Note: The collateral value of $2,200,000 includes the Long Option Value of $42,500 from the long 100 May/02 GSCI 200 Call Options.

Net Surplus (or Net Loss) allocated to 200 GSCI deltas Cross Margin spread with NYMEX

= Allocation of Proceeds from Liquidation of Positions + Allocation of Proceeds from Liquidation of Collateral

= $229,684 + $57,200

= $286,884 Net Surplus

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[1] $1,430 is lower than $1,500 outright margin requirement on a futures position because the cross-margined positions contain long options.

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NYMEX Numerical Example

Two short NYMEX Baskets (100 CL, 26 NG, 26 HO, 24 HU) are offset with Long 200 CME GI contracts. Cross Margin Reduction is capped at $120,000 per basket. NYMEX has given Cross Margin Reduction of $240,000 plus reduced requirements on the two baskets an additional $92,800 which additional reduction is not guaranteed by CME.

Item	Price @ Last Paid Margin Cycle	Value and Delta @ Last Paid Margin Cycle	Average Liquidation Price	Net Gain/<Loss>
Short 200 June/02 CL	27.11		27.29	-200 * 0.18 * 1000 = <$36,000>
Short 100 June/02 NG	3.372		3.795	-100 * 0.423 * 10,000 = <$423,000>
Short 50 June/02 HO	68.19		69.19	-50 * 1.00 * 420 = <$21,000>
Short 25 June/02 HU	81.52		81.32	-25 * -0.20 * 420 = $2,100
Total				<$477,900>

Allocation of Proceeds from Liquidation of Positions

Using only proceeds from the liquidation of the short side of market positions for NYMEX Basket, allocate proceeds to NYMEX Basket spread with the 200 GI positions.

Number of Deltas Cross Margin Spread
Total Number of Deltas on Side of Market that was Cross Margin Spread

Item	Total Position Delta	Delta used in Cross Margin Spread	Ratio	Total Loss for Commodity on Side of Market that was Spread	Loss Allocated to Cross Margin Positions
Short 200 June/02 CL	200	100	50%	<$36,000>	<$18,000>
Short 100 June/02 NG	100	26	26%	<$423,000>	<$109,980>
Short 50 June/02 HO	50	26	52%	<$21,000>	<$10,920>
Short 25 June/02 HU	25	24	96%	$2,100	$2,016
Total				<477,900>	<136,884>

Total Net Loss for Eligible Products for side of market that was spread = $477,900 Loss

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Allocation of proceeds from liquidation of positions allocated to Cross Margin Gain or Loss = $136,884 Loss

Allocation of Proceeds from Liquidation of Collateral

Allocation=

$$\frac{\text{Offsetting Position Contribution to Risk Requirement + any unilateral increase by NYMEX in the amount of Cross-Margining Reduction}}{\text{Total Risk Requirement + any unilateral increase by NYMEX in the amount of Cross-Margining Reduction}}$$

"Offsetting Position Contribution to Risk Requirement" =

Sum for all basket legs (The Number of Deltas Offset * FPSR) – Cross Margining Reduction + (any unilateral decrease in the amount of Cross-Margining Reduction) – (any unilateral increase in the amount of Cross-Margining Reduction)

Where FPSR = SPAN® Futures Price Scan Range

Item	Futures Price Scan Range	Total Delta Position	Initial Risk Requirement*	Deltas Cross Margin Spread	Risk Requirement Attributable to Cross Margin Positions
CL	$ 2,000	-200	$ 400,000	100	$ 200,000
NG	$ 4,000	-100	$ 400,000	26	$ 104,000
HO	$ 2,000	-50	$ 100,000	26	$ 52,000
HU	$ 2,500	-25	$ 62,500	24	$ 60,000
Total			$ 962,500*		$ 416,000

*Total Risk Requirement = $962,500 – $240,000 (Cross Margining Reduction) – $92,800 (increase in Cross-Margining Reduction not guaranteed by CME)
= $629,700

The Offsetting Positions Contribution to the Total Risk Requirement would be calculated as follows:

Sum for all basket legs (The Number Deltas Offset * FPSR) – (Cross Margining Reduction) + (any unilateral decrease in the amount of Cross-Margining Reduction) – (any unilateral increase in the amount of Cross-Margining Reduction)

= $416,000 – $240,000 + 0 – $92,800

= $83,200

The proportion of the Total Risk Requirement contributed by Cross Margin Offset positions would be calculated as follows:

= (83,200 + 92,800) / (629,700 + 92,800)

= 176,000 / 722,500

= 24.36%

As a result 24.36% of the proceeds from the liquidation of margin collateral would be allocated to the Cross Margined positions. If Margin collateral were liquidated to $1,000,000 the allocation to Cross Margin spread positions would be $240,360.

Net Surplus (or Loss) allocated to 2 NYMEX baskets spread with CME GI

= Allocation of Proceeds from Liquidation of Positions + Allocation of Proceeds from Liquidation of Collateral

= <$136,884> + $240,360

= $103,476 Net Surplus

Cross-Margining Equalization Payment (see also Appendix J)

CME Surplus = $286,884
NYMEX Surplus = $103,476

CME pays NYMEX $91,704, resulting in a equal surplus of $195,180 for each Clearing Organization.

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APPENDIX J

Loss Sharing Scenarios

Example:

Loss Scenarios	CME Net Surplus or Net Loss on Offsetting Positions	NYMEX Net Surplus or Net Loss on Offsetting Positions	Loss Sharing Under Loss Equalization	CME resulting gain or loss under equalization	NYMEX resulting gain or loss under equalization
1)	Gain 500k	Gain 600k	NYMEX pays CME 50k to equalize gain of 550k	550k gain	550k gain
2)	Lose 500k	Gain 600k	NYMEX pays CME 550k to equalize gain of 50k	50K gain	50K gain
3)	Lose 500k	Gain 400k	NYMEX pays CME 450k to equalize loss of 50k	50k loss	50k loss
4)	Lose 500k	Gain 1,400k	NYMEX pays CME 950k to equalize gain of 450k	450k gain	450k gain
5)	lose 1,100k	gain 400k	NYMEX pays CME 750k to equalize loss of 350k	350k loss	350k loss
6)	lose 500k	lose 400k	NYMEX pays CME 50k to equalize loss at 450k	450k loss	450k loss
7)	lose 2,000k	lose 400k	NYMEX pays CME 800k to equalize loss at 1,200k	1,200k loss	1,200k loss
8)	lose 2,000k	lose 900k	NYMEX pays CME 550k to equalize loss at 1,450k	1,450k loss	1,450k loss

]

Exhibit 10.21

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been [**], and the omitted text has been filed separately with the Securities and Exchange Commission.

CLEARING SERVICES AGREEMENT

EFFECTIVE THE 16th DAY OF APRIL 2003

BETWEEN

CHICAGO MERCANTILE EXCHANGE INC., a business corporation organized under the laws of the State of Delaware and having its principal office situated at 30 South Wacker Drive, Chicago, Illinois 60606 U.S.A., duly represented by its Chairman of the Board, Terrence Duffy, and by its President and Chief Executive Officer, James J. McNulty, (hereinafter referred to at times as "CME"),

AND

THE BOARD OF TRADE OF THE CITY OF CHICAGO, INC., a non share corporation organized under the laws of the State of Delaware and having its principal office situated at 141 W. Jackson Blvd., Chicago, Illinois 60604 U.S.A., duly represented by its Chairman, Charles P. Carey, and by its President and Chief Executive Officer, Bernard W. Dan, (hereinafter referred to at times as "CBOT").

Each of CBOT and CME is referred to herein as a "Party", and collectively they are referred to as the "Parties."

RECITALS:

WHEREAS, CME is registered with the Commodity Futures Trading Commission (the "CFTC") as a designated contract market ("DCM") and a "derivative clearing organization " ("DCO") within the meaning of the Commodity Exchange Act, as amended (the "CEA"), and seeks to provide clearing services, as defined herein, for CBOT futures and options contracts;

WHEREAS, CBOT is registered with the CFTC as a DCM and intends to register as a DCO within the meaning of the CEA, as amended, and seeks to have CME provide clearing services, as defined herein, for CBOT futures and options contracts;

WHEREAS, the Parties intend to provide substantial benefits to their customers by clearing their listed contracts through the same clearing house;

WHEREAS, the Parties intend to enhance the efficient use of capital by their members by employing CME's system of financial guarantees and providing for more efficient portfolio risk margining of certain positions held at CME's clearing house; and

WHEREAS, the Parties intend to cooperatively promote the advantages of clearing certain CBOT products by means of CME systems, all on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and with the intent to be legally bound, the Parties hereby agree as follows:

1. INTERPRETATION

1.1. Definitions.

In this Agreement, unless the context otherwise requires:

1.1.1. **Agreement** means the Clearing Services Agreement, effective as of April 16, 2003, by and between CME and CBOT.

1.1.2. **BOTCC** shall have the meaning set forth in Section 7.3.

1.1.3. **CBOT Clearing Member** means an individual or firm that meets CBOT's requirements to clear

CBOT Products on or after the Effective Date.

1.1.4. **CBOT Core Products** means CBOT's U.S. Treasury, agricultural and federal funds based products as of the Effective Date.

1.1.5. **CBOT Data** shall have the meaning set forth in Section 5.1.

1.1.6. **CBOT Products** means all futures and futures options listed for trading on CBOT on the Launch Date or thereafter.

1.1.7. **CBOT Sole Proprietorship Clearing Member** shall have the meaning set forth in Section 7.4.

1.1.8. **CEA** shall have the meaning set forth in the first Recital.

1.1.9. **CFTC** shall have the meaning set forth in the first Recital.

1.1.10. **Clearing Members** means CBOT Clearing Members and/or CME Clearing Members, as the context requires.

1.1.11. **Clearing Services** means the clearing, settlement and related services to be provided by CME under this Agreement, as further described in Schedule A.

1.1.12. **Clearing Systems** shall have the meaning set forth in Section 3.4.

1.1.13. **CME Clearing Member** means an individual or firm that meets CME's requirements for clearing membership.

1.1.14. **CME Rules** means CME's rules and clearing procedures, including interpretations and explanations.

1.1.15. **DCM** shall have the meaning set forth in the first Recital.

1.1.16. **DCO** shall have the meaning set forth in the first Recital.

1.1.17. **Dispute Notice** shall have the meaning set forth in Section 19.4.

1.1.18. **Effective Date** means April 16, 2003.

1.1.19. **EFS** shall have the meaning set forth in Section 3.1.

1.1.20. **FCM**s shall have the meaning set forth in Section 7.6.

1.1.21. **Indemnified Party** shall have the meaning set forth in Section 16.1.

1.1.22. **Indemnifying Party** shall have the meaning set forth in Section 16.1.

1.1.23. **Initial Term** shall have the meaning set forth in Section 2.

1.1.24. **Launch Date** means the first trading day for CBOT Products as to which transactions are required to be cleared through CME. The Launch Date is the trading date of January 2, 2004.

1.1.25. **Market Participant** means an individual or firm that engages in trading futures and options contracts.

1.1.26. **Material Breach** means a breach of a provision of this Agreement that is material to a Party's obligations under the Agreement.

1.1.27. **Operational Policies and Procedures** shall have the meaning set forth in Section 3.2.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been [**], and the omitted text has been filed separately with the Securities and Exchange Commission.

1.1.28. **Party** and **Parties** shall have the meaning set forth in the Preamble.

1.1.29. **Proprietary Business Information** shall have the meaning set forth in Section 13.1.

1.1.30. **Renewal Term** shall have the meaning set forth in Section 2.

1.1.31. **Replica CBOT Products** shall have the meaning set forth in Section 6.4.

1.1.32. **Special CME Clearing Member** means a CBOT Clearing Member that qualifies as a CME Clearing Member for purposes of clearing CBOT Products pursuant to this Agreement, as set forth more fully in Section 7.

1.1.33. **Transition Clearing Services** shall have the meaning set forth in Section 12.

1.1.34. **Transition Costs** shall have the meaning set forth in Section 12.4.

1.1.35. **Term** shall have the meaning set forth in Section 2.

1.1.36. **Unexcused Breach** shall have the meaning set forth in Section 10.1.

1.2. **References.** Unless something in the subject matter or context is inconsistent with the resulting interpretation, all references to Sections and Schedules are to Sections and Schedules of this Agreement. The words “hereto”, “herein”, “of this Agreement”, “under this Agreement” and similar expressions mean and refer to this Agreement.

1.3. **Schedules.** The Schedules forming part of this Agreement are as follows:

Schedule A Clearing Services
Schedule B Fees
Schedule C Project Development Plan

1.4. **Headings.** The inclusion of headings in this Agreement is for convenience of reference only and does not affect the construction or interpretation of this Agreement.

2. **Initial Term; Renewal Term**. This Agreement shall commence on the Effective Date and, unless terminated earlier in accordance with its terms, shall terminate on January 10, 2008 (the “Initial Term”). Upon expiration of the Initial Term, this Agreement shall automatically renew for successive three-year renewal terms (each a “Renewal Term”) unless either Party notifies the other Party in writing at least six (6) months prior to the beginning of the applicable Renewal Term of its decision not to renew. The Initial Term and the Renewal Terms, if any, are collectively referred to in this Agreement as the “Term”.

3. **Clearing Services.**

3.1. **Services Provided.** Commencing with the Launch Date until the termination of this Agreement, whether at the end of the Initial Term or any Renewal Term, each as specified in Section 2 above, and until expiration of any post-termination obligations, CME shall provide to CBOT the Clearing Services described in Schedule A hereto. The Clearing Services shall be provided by CME with proper and reasonable care in conformance with the standards and procedures by which CME performs such services for its listed contracts, except that trades matched by CBOT shall not be guaranteed until the matched trade record is received by CME. CBOT reserves the right to charge fees for post-trade transactions and related services for CBOT Products even if CME does not now charge a fee for such transactions. Subject to the provisions of Section 3.10 respecting change request procedures and payment of development cost, if applicable, CME agrees to facilitate the implementation of such charges, including providing CBOT access to CME’s Exchange Fee System (“EFS”), and to provide CBOT with any necessary data related to such policies and fees. CBOT shall pay CME for any reasonable additional costs it may incur in providing data and other

support to CBOT in response to a request authorized by this Section 3.1.

3.2. Operational Policies and Procedures. CME's operational practices, policies and procedures related to implementing and performing Clearing Services, including, without limitation, establishing marking prices that vary from settlement prices submitted by CBOT, where such settlement prices materially deviate from appropriate market prices; the timeline for CME's receipt of information and data necessary to perform the Clearing Services and CME's delivery of information and data to CBOT, Clearing Members and other third parties; data file formats; the manner in which CME makes information available to Clearing Members; and the mechanics of CME's automated delivery processes shall be the same as CME's existing practices, policies and procedures, including the automated delivery system to be developed by CME as provided by Schedule A (collectively, the "Operational Policies and Procedures"), provided that nothing in the Operational Policies and Procedures shall contravene any provision set forth in this Agreement.

3.3. Fungibility and Cross-Margining of CBOT Products. CBOT shall have sole authority to determine (i) whether CBOT Products shall be risk offset against other products pursuant to CME's portfolio margining policies or any cross-margining agreement and (ii) whether CBOT Products shall be made fungible, at the clearing level, against products that are cleared by CME and listed for trading by CME, by another contract market, or by any other entity. CME may accept or reject any risk offset or fungibility arrangement against products traded at CME that may be proposed by CBOT. CME shall support cross-margining of CBOT Products as set forth in Schedule A. CME support for cross-margining arrangements or fungibility of CBOT Products other than as set forth above or in Schedule A shall be subject to the change request procedures set forth in Section 3.10, below.

3.4. Clearing Systems. The systems owned by or licensed to CME that are utilized by CME in connection with providing Clearing Services are referred to herein as the "Clearing Systems." CME shall pay to the appropriate software manufacturers, suppliers and distributors all license fees, royalties, use charges, taxes or other payments associated with the Clearing Systems' intellectual property and technology utilized by CME in providing Clearing Services.

3.5. CME Personnel. CME shall make available, at all times, a sufficient number of individuals who are properly qualified to perform and who will perform the Clearing Services in accordance with this Agreement.

3.6. Cooperation as to Development Work. The Parties acknowledge and agree that, after the Effective Date, they will be engaged in development work as described in Schedule C hereto. The Parties agree to cooperate and use all reasonable efforts to perform the tasks necessary to complete such development work in accordance with the time table set forth in Schedule C. CME shall be primarily responsible for such development work.

3.7. Technical Cooperation. The Parties acknowledge that CME may have to incorporate new equipment into or modify its Clearing Systems in ways that will require testing from time to time. Each Party acknowledges that, in implementing and testing such new equipment or modifications, it may require the technical assistance and cooperation of the other, and both Parties agree to provide such assistance and cooperation. CBOT shall have the obligation of securing any necessary assistance of its third party providers.

3.8. Backup and Disaster Recovery. CME will provide, as a part of the Clearing Services, backup and disaster recovery services and procedures and functions for the Clearing
Systems and the Clearing Services using the backup and disaster recovery systems that CME employs for its own contracts.

3.9. CME Modifications. CME may make modifications to the Clearing Systems and Clearing Services on its own initiative and at its own expense as it may reasonably deem necessary or desirable, provided that any such modifications do not (i) materially increase CBOT's total costs of receiving the Clearing Services, (ii)

require CBOT to make material changes to its systems, software, or equipment other than with respect to changes made in the ordinary course of business, or (iii) violate the CEA, applicable rules and regulations thereunder, or other applicable CFTC requirements. If any changes desired by CME would violate the conditions described in clauses (i) or (ii) above, CME will obtain CBOT's written consent, which shall not be unreasonably withheld, prior to making any such change.

3.10. Change Requests. CME will make modifications and enhancements to its Clearing Systems at the request and expense of CBOT, where such changes are necessary to provide Clearing Services for a CBOT Product with characteristics significantly different from futures and futures options products traded as of the Effective Date or additional cross margining arrangements, if in CME's sole judgment such changes will not impair functionality or materially increase operational costs. CBOT shall pay a commercially reasonable fee, to be agreed in advance, to cover the cost of all such changes. All such requests will be addressed to a designated representative of CME's clearing house.

3.10.1. *CME response to requests*. CME shall respond to requests from CBOT concerning modifications or enhancements to the Clearing Services by evaluating the request, including the cost of the requested change and the impact of the requested change upon clearing services provided by CME as to other products and upon CME's technical systems, and providing a response in accordance with this Section to CBOT concerning such request within thirty (30) days of CME's receipt of the request (unless the complexity of the request reasonably requires a longer period, in which case CME shall provide an initial response).

3.10.2. *No material concerns.* If CME reasonably determines in its sole judgment that the requested change will not materially impair clearing services or materially increase operational costs to CME or CME Clearing Members, CME shall submit to CBOT a reasonably detailed proposal for implementing the change, which need not be binding, and which shall include an estimate of the amount to be paid to CME for the requested change.

3.10.3. *Material concerns.* If CME reasonably determines in its sole judgment that the requested change will materially impair functionality or materially increase operational costs to CME or CME Clearing Members, CME may, but shall not be required to, submit to CBOT a reasonably detailed proposal for implementing the change, including cost estimates, which need not be binding.

3.10.4. *Negotiations in good faith.* In any case, the Parties shall negotiate in good faith as to any requested change and the terms of CME's proposal, if any. Any change implemented by CME pursuant to this Section shall be made at the sole expense of CBOT at a commercially reasonable fee or upon any other financial basis to be agreed upon between the Parties. Such financial arrangement may include upfront fees and/or modifications to the fee structure set forth in Schedule B. Except as otherwise agreed between CME and CBOT in a writing that specifically purports to amend this Agreement and is executed by individuals with authority to do so, CME and/or its licensors, as applicable, shall own all right, title and interest in any intellectual property created by the Parties in connection with any such implemented change that is used by CME in connection with providing Clearing Services. CME will grant CBOT a license covering its free use of its contribution to any intellectual property developed by CME.

3.11. Assistance with Regulatory Matters. CME agrees to actively participate in, and make available sufficient human and technical resources for, any submissions or presentations to, or meetings or discussions with, the staff of the CFTC respecting CME's provision of Clearing Services for CBOT Products. If CME reasonably determines that CME's active participation in such submissions, presentations, meetings or discussions with the CFTC may result in the disclosure of CME's confidential or proprietary information, CBOT will cooperate with CME to secure appropriate nondisclosure and confidentiality commitments from the CFTC prior to requiring CME's active participation in any such submissions, presentations, meetings or discussions.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been [**], and the omitted text has been filed separately with the Securities and Exchange Commission.

4. CBOT Payment of Fees and Expenses.

4.1. Generally. CBOT will pay fees for the Clearing Services provided by CME in accordance with this Agreement as set forth in Schedule B hereto.

4.2. Invoicing. CME shall invoice CBOT and CBOT shall pay such invoices as provided in Schedule B. If CME does not receive any payment from CBOT in time required by schedule B, CME shall notify CBOT thereof and, if CBOT fails to pay such amount within fifteen (15) days of CBOT's receipt of such notice, CME may declare CBOT in Material Breach of this Agreement and may thereafter exercise its rights set forth in Section 10.1 below.

4.3. Initial Development Fee. CBOT shall reimburse CME for start-up costs incurred by CME in connection with preparations to perform its obligations under this Agreement up to a maximum amount of $2 million. CME's start-up costs may include, without limitation, costs associated with hardware purchased; software purchased, licensed, or developed internally; additional office space and other equipment required to support CME's operations on behalf of CBOT; and CME employee, consultant and independent contractor time billed either at an actual rate per hour or reasonable average rate per hour (including reasonable benefits costs and allocation of overhead). Such start-up costs incurred by CME shall be reimbursed by CBOT and such payments shall be non- refundable, without regard to termination of this Agreement for any reason. Such costs shall be billed monthly and promptly paid.

4.4. CBOT Costs of Formatting Data. CBOT shall be responsible for and bear any costs of formatting trading data for use by its compliance and surveillance systems.

5. CME Intellectual Property.

5.1. CME Ownership. Subject to any different agreement between the Parties pursuant to Section 3.10.4, CME and its licensors, as applicable, shall have sole and exclusive ownership of all right, title and interest in and to the intellectual property and technology developed or used by CME in connection with providing Clearing Services. No provision of this Agreement shall be construed to bind or obligate CME in any way to develop, make further enhancements to or maintain any current or future version of the Clearing 21® system software or any of the Clearing Systems, provided that CME agrees that it will provide to CBOT the same Clearing Services utilizing the same systems CME applies to clearing the futures and options contracts traded on CME.

5.2. CBOT Ownership of Data. As between CBOT and CME, any and all trading data, surveillance records, investigation reports and other similar data or information created, generated, collected, or processed by CME in the performance of the Clearing Services ("CBOT Data") is and will remain the sole property of CBOT, and CME will and hereby does, without additional consideration, assign to CBOT any and all right, title and interest that CME may now or hereafter possess in and to the CBOT Data. Except as provided below, CBOT Data will not be utilized by CME for any purpose other than the performance of Clearing Services under this Agreement and will not be sold, assigned, leased or otherwise transferred, disposed of or provided to third parties by CME or commercially exploited by or on behalf of CME.

5.3. CME Delivery of CBOT Data. CME will promptly retrieve and deliver to CBOT a copy of all CBOT Data (or such portions as will be specified by CBOT), in the format and on the media reasonably prescribed by CBOT, at CBOT's reasonable request from time to time. Upon termination of this Agreement or at the completion of any requested Transition Clearing Services (whichever is later), if requested by CBOT, CME will destroy or securely erase all copies of the CBOT Data in CME's possession or under CME's control, except that CME may retain copies of such CBOT Data for its appropriate regulatory and surveillance purposes.

5.4. Protection of CBOT Data. CME will take those measures that CME takes to protect its own most confidential data of like kind, but not less than reasonable measures: (i) to preserve the security of the CBOT Data; (ii) to prevent unauthorized access to or modification of any CBOT Data; and (iii) to establish

and maintain environmental, safety, facility and data security procedures and other safeguards against destruction, loss, alteration or theft of, or unauthorized access to, any CBOT Data.

5.5. CME Use of CBOT Data. Notwithstanding CBOT's ownership of CBOT Data as described above, CME shall be free to use CBOT Data with respect to the performance of the Clearing Services.

6. CBOT Contracts Subject to Clearing Services

6.1. Launch Date. On the Launch Date, CME shall commence clearing of all CBOT Products.

6.2. CBOT Products. Except as otherwise specified in this Agreement, all CBOT Products shall be subject to this Agreement and shall be cleared by CME, including any futures and options contracts traded at CME that CBOT also determines to list for trading. However, if a new CBOT Product requires changes to the Clearing Systems, Section 3.10 shall govern the timing of CME's response to a notification by CBOT of such requested change. Products other than futures and futures options products may be cleared by CME as CBOT Products under this Agreement only by mutual written agreement of the Parties.

6.3. Notification to CME. CBOT shall notify CME of the classes and maturity dates of the CBOT Products that it intends to list for trading in accordance with the Operational Policies and Procedures. CBOT shall also submit to CME in advance of listing any CBOT Product a copy of the contract specifications for the product, and shall provide CME advance notice thereafter of any changes in contract specifications for the product.

6.4. Replica CBOT Products. CME may offer and provide its clearing services to any exchange that lists for trading any product, including CBOT Core Products where the underlying deliverable commodity is the same or substantially the same as in a CBOT Core Product ("Replica CBOT Products"). If CME determines to provide clearing services for Replica CBOT Products traded or executed on any exchange other than CBOT, CME will notify CBOT at the time CME agrees to provide clearing services for, or thirty (30) days before CME begins clearing, such Replica CBOT Products, whichever is sooner. CBOT thereafter shall have ninety (90) days following receipt of such notice to determine whether to terminate this Agreement without penalty in light of such CME decision.

6.5. Notices. Notwithstanding Section 19.5, notices required under this Section 6 may be delivered by e-mail or through any other electronic method to which the Parties agree as a part of their operational discussions.

7. Admission of CBOT Clearing Members.

7.1. Generally. CME shall admit as Special CME Clearing Members all firms, including sole proprietorships, that were CBOT Clearing Members as of the Effective Date. CME shall also admit as Special CME Clearing Members any firms that become CBOT Clearing Members after the Effective Date if such firms meet CME's requirements for clearing members other than requirements respecting ownership of CME memberships or CME common stock. CBOT Clearing Members admitted as Special CME Clearing Members pursuant to this Agreement shall be authorized to clear CBOT Products, to the extent permitted by CBOT as of the Effective Date. The rights of such individuals or firms as Special CME Clearing Members may not be assigned or transferred voluntarily or by operation of law. For the avoidance of doubt, Special CME Clearing Members shall be permitted to clear other products cleared by CME only to the extent permitted by CME.

7.2. Process for Admission. Following the Effective Date, CME shall, in consultation with CBOT, adopt rules for the admission of CBOT Clearing Members as Special CME Clearing Members. Any CBOT Clearing Member admitted as a Special CME Clearing Member pursuant to Section 7.1 of this Agreement or under the rules adopted pursuant to this Section 7.2 shall be considered to be admitted pursuant to this Agreement and shall be subject to all of the rules, requirements and obligations of CME's clearing house, other than admission requirements, including ownership of CME memberships or CME common stock, and capital rules, except as hereinafter provided in this Section 7.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been [**], and the omitted text has been filed separately with the Securities and Exchange Commission.

7.3. Minimum Capital Rules. Any CBOT Clearing Member that is operating in compliance as of the Effective Date, and that continues to remain in compliance through the Launch Date, with the Board of Trade Clearing Corporation ("BOTCC") rules respecting initial or admission capital requirements that are in effect on the Effective Date shall be deemed to be in compliance with CME minimum capital rules on the Launch Date. After that date, CME may increase or decrease the capital requirements for any Special CME Clearing Member on an individualized basis if the Special CME Clearing Member's risk profile changes materially, provided that CME may not, in any event, treat Special CME Clearing Members as a class or group for these purposes. To the extent any Special CME Clearing Member that is not also a CME Clearing Member is required by CME to increase its minimum capital, such increase may be achieved through the acquisition of additional CBOT memberships.

7.4. Provisions for CBOT Clearing Members Joining After the Effective Date. Any CBOT Clearing Member that was not a CBOT Clearing Member as of the Effective Date, but that becomes a Special CME Clearing Member thereafter, shall be subject to the following provisions with respect to capital requirements: (i) the CME capital requirement for such Special CME Clearing Member will be equivalent to the BOTCC requirement that would have applied to such CBOT Clearing Member if it had been a CBOT Clearing Member on the Effective Date, but (ii) CME may in its discretion require such Special CME Clearing Member to hold additional assets in an aggregate value equal to the difference between the CME minimum capital requirement and the BOTCC capital requirement described in clause (i) above. If CME requires a Special CME Clearing Member to hold additional assets as set forth in clause (ii) above, the assets allowed to be held in satisfaction of such requirement shall include CBOT memberships.

7.5. Special Rules for CBOT Sole Proprietorship Clearing Members. Any CBOT Clearing Member that is a sole proprietorship ("CBOT Sole Proprietorship Clearing Member") as of the Effective Date, admitted as a Special CME Clearing Member pursuant to this Section 7, shall be excused from compliance with the CME minimum capital rules for the Initial Term of this Agreement, and shall be subject to no other minimum capital requirements imposed by CME provided that such CBOT Sole Proprietorship Clearing Member (i) was in compliance with the BOTCC rules respecting initial or admission capital requirements that are in effect on the Effective Date, (ii) continues to operate in compliance with such BOTCC rules that were in effect on the Effective Date, and (iii) does not materially change its risk profile (in which case a change in minimum capital requirements by CME shall be subject to the provisions of Section 7.3). Any other CBOT Sole Proprietorship Clearing Member admitted as a Special CME Clearing Member shall be subject to special CME minimum capital rules that shall be agreed to by CME and CBOT. After the Initial Term of this Agreement has expired, all CBOT Sole Proprietorship Clearing Members shall be subject to those special capital rules.

7.6. Lien on CBOT Memberships. Each CBOT Clearing Member admitted hereunder as a Special CME Clearing Member shall execute in favor of CME a lien against the CBOT membership interests required to be held by CBOT for clearing status, as of the Effective Date, to qualify as a CBOT Clearing Member or otherwise required to be held under Section 7.4. The lien shall be the first lien against such membership interests following release of any prior lien held by BOTCC, which release shall be requested by the CBOT Clearing Member promptly following the Launch Date. Each Special CME Clearing Member will be subject to a requirement to continue to hold at least the same number of CBOT memberships that CBOT required such Special CME Clearing Member to hold for clearing member status as of the Effective Date.

7.7. Audit of Non-FCM CBOT Clearing Members. CBOT shall periodically audit its Clearing Members that are not futures commission merchants ("FCMs") and shall promptly share the results with CME's clearing house.

8. Transfer of CBOT Open Interest.

8.1. CBOT Rules. Promptly following the execution of this Agreement, CBOT shall draft and submit to the CFTC for approval rules that provide for the clearing of CBOT Products at the CME clearing house, to the extent provided herein, and rules that will facilitate the transfer of open interest in CBOT Products from

BOTCC to CME. CBOT shall use its best efforts to ensure that such rules are approved by the CFTC reasonably in advance of the Launch Date, and CME shall use its best efforts to provide such assistance as CBOT may request in securing such approval.

8.2. CME Rules. Promptly following the execution of this Agreement, CME shall draft and submit to the CFTC for approval rules that provide for the clearing of CBOT Products at the CME clearing house, to the extent provided herein, and that will facilitate the transfer of open interest in CBOT Products from BOTCC to CME. CME shall use its best efforts to ensure that such rules are approved by the CFTC reasonably in advance of the Launch Date, and CBOT shall use its best efforts to provide such assistance as CME may request in securing such approval.

8.3. CME Margining of Positions. CME shall margin the positions so transferred prior to the opening of trading in CBOT Products on the Launch Date, and the relevant Special CME Clearing Members shall be required to post the necessary performance bonds.

8.4. CBOT Clearing Members. CME may require that, in order to participate in the transfer of open interest described in this Section, CBOT Clearing Members that intend to become Special CME Clearing Members have completed CME's application process for Special CME Clearing Member status, have contributed to CME's security deposit pool, and have established appropriate banking relationships by a date certain prior to the Launch Date.

9. Network Interconnections Between CBOT and CME

9.1. Facilities. CME shall establish and maintain an appropriate router or routers at CBOT for the purposes of (i) delivering data to CME for clearing purposes, (ii) delivering data to CBOT for regulatory purposes, and (iii) exchanging data between the Parties for all other purposes required by this Agreement and the Schedules hereto. CME shall establish and maintain appropriate telecommunications circuits between CBOT and CME as necessary to handle message flow and data delivery as set forth above. CBOT shall provide computer room floor space and inside wiring for such routers and shall provide CME or any telecommunications provider with which it contracts for such services reasonable access for maintenance and testing purposes.

9.2. Outsourcing Permitted. CME may fulfill its obligation to establish and maintain the routers and telecommunications circuits described in Section 9.1 through appropriate contractual arrangements with telecommunications service providers and/or other technology service providers.

9.3. Financial Terms. CBOT shall be responsible for paying, via reimbursement to CME or direct billing, all third party or other direct costs (not to include CME employee or CME independent contractor time) associated with the establishment and maintenance of the telecommunications circuits and routers described in Section 9.1, provided that (i) where CME has a negotiated rate with an applicable telecommunications provider, CME shall attempt to secure for CBOT any preferential rate available under such contract, and (ii) in no event shall the amounts paid by CBOT under this Section exceed the published tariff rate of the applicable telecommunications provider. Unless CME arranges for CBOT to be billed directly by the applicable telecommunications provider, CME shall submit to CBOT an invoice for reimbursement of fees or other third-party costs actually paid by CME, and CBOT shall pay CME such amounts no later than the final business day of the calendar month following the month in which CME invoices CBOT.

10. Breach of Agreement; Termination.

10.1. Breach of Agreement; Termination for Unexcused Breach. If either Party is in breach of this Agreement, the non-breaching Party shall be required to provide written notice specifying such breach to the other Party, within five (5) business days of becoming aware of such breach, prior to submitting any Dispute Notice under Section 19.4 or exercising any right to terminate as set forth in this Section 10.1. The breaching Party shall have thirty (30) days from receipt of such notice to cure such breach. If the breaching

Party cures such breach within such 30-day period, the right of termination or to submit a Dispute Notice shall expire and the breaching Party shall not be subject to any further remedy or liability in respect of such breach. If the breaching Party does not cure such breach within such 30-day period, the following remedies apply: (i) if the breach is a Material Breach, such breach shall be deemed an "Unexcused Breach" and the non-breaching Party shall have thirty (30) days during which to [**] and (ii) if the breach is not a Material Breach, the non-breaching Party shall have thirty (30) days during which to [**] For the avoidance of doubt, if this Agreement is not terminated by the end of any such thirty 30-day period permitting termination, it shall continue according to its terms.

10.2. Bankruptcy. Either Party may terminate this Agreement immediately upon the occurrence of any of the following events affecting the other Party:

10.2.1. *Insolvency*. The other Party admits its inability to pay its debts generally as they become due, or makes an assignment of substantially all of its assets for the benefit of its creditors;

10.2.2. *Bankruptcy Filed*. A proceeding in bankruptcy or for the reorganization of the other Party or for the readjustment of its debts, under the United States Bankruptcy Code or any other State or Federal law for the relief of debtors now or hereafter existing, is commenced by or against the other Party and is not discharged within sixty (60) days of commencement; or

10.2.3. *Receiver Appointed*. A receiver or trustee is appointed in a bankruptcy proceeding for the other Party or for any substantial part of its assets, or any proceedings are instituted for the dissolution or the full or partial liquidation of such Party, and such receiver or trustee is not discharged within sixty (60) days of his or her appointment or such proceedings are not discharged within sixty (60) days of their commencement, as the case may be.

10.3. Liquidated Damages. [**]

10.4. [**]

10.5. CME Termination If Rules Not Approved. If the CFTC fails to approve the rules that will allow CME to perform the Clearing Services by July 15, 2003, then CME may, within thirty (30) days at its sole discretion, terminate this Agreement (by August 15, 2003) by written notice to CBOT, without application of any cure period, unless the CFTC has approved such rules before CME exercises its right to terminate. Termination by CME pursuant hereto shall not constitute a breach by either Party. If CME does not exercise its right to terminate, then the Agreement shall continue according to its terms.

10.6. Legal Or Regulatory Matters. If either Party is precluded from performing its obligations under the Agreement by statute, regulation or legal action of any governmental agency, including failure of the CFTC to approve necessary rules (including rules necessary to transfer the open interest) by the Launch Date, either Party may terminate this Agreement by written notice, without application of any cure period, and upon such termination both Parties shall be excused, without penalty or liquidated damages, from any further performance under the Agreement. If the Parties elect not to terminate this Agreement, they shall renegotiate in good faith the Launch Date, the Initial Term and payment of CME's costs of continuing to be prepared to begin performance under this Agreement.

10.7. [**] If CBOT fails to perform any of its obligations under this Agreement because it is [**] However, if CBOT's failure to perform is [**] In such case CME shall provide written notice of its intent to terminate, and CBOT shall have [**] CBOT shall exert its best efforts to permit CME to intervene or otherwise participate in any action that might result in an injunction barring performance by either Party of its obligations under this Agreement.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been [**], and the omitted text has been filed separately with the Securities and Exchange Commission.

10.8. CME Provision of Clearing Services for Replica CBOT Products. Section 6.4 shall govern the respective rights of the parties if CME notifies CBOT that CME will offer clearing services for Replica CBOT Products.

10.9. Inability to Meet Launch Date. If CME's provision of services under this Agreement on the Launch Date is deficient to an extent that prevents CBOT from operating its exchange for a substantial portion of the trading day on the Launch Date due solely or primarily to failures or problems that were within CME's ability to prevent or mitigate, failure to perform shall be CME's responsibility and shall constitute a Material Breach by CME. In such case, within five (5) business days thereafter CBOT may either (i) seek to terminate this Agreement by exercising its rights as set forth in Section 10.1, or (ii) without application of any provision of Section 10.1, including any cure period, file a Dispute Notice and pursue a claim for damages, provided that any such claim for damages shall be subject to the special limitation of liability set forth in the first sentence of Section 15.1. If CME's provision of services under this Agreement on the Launch Date is deficient to an extent that prevents CBOT from operating its exchange for a substantial portion of the trading day on the Launch Date due solely or primarily to failures or problems that were within CBOT's ability to prevent or mitigate, and CBOT failed to prevent or mitigate such failures or problems despite receiving notice from CME concerning the risk of failing to meet the Launch Date, then the failure to perform shall be the responsibility of CBOT and shall constitute a Material Breach by CBOT, which shall trigger CME's rights under Section 10.1. For purposes of this Section 10.9, a failure by CBOT's electronic trade matching facility service provider that was within such service provider's ability to prevent or mitigate shall be deemed a failure by CBOT. In any situation described in this Section 10.9 and throughout any applicable cure period, the Parties shall remain in regular communication concerning the failure at issue, and the breaching Party shall give prompt notice to the other Party if it determines that it will not cure the breach within the cure period.

10.10. Joint Press Release. If either Party terminates this Agreement prior to or immediately following the Launch Date, the Parties shall work together to issue a joint press release and, if appropriate, hold a joint press conference, concerning the termination of the Agreement.

10.11. Break-up Fees Reasonable. The Parties agree that the liquidated damages and break-up fees set forth in this Section 10 represent a reasonable measure of damages to CME or CBOT, as the case may be, under the circumstances resulting in such termination. The Parties agree that calculating the measure of damages to either Party under the circumstances under which break-up fees are to be paid would be extremely difficult given the complexities of the business arrangements, the uncertainty of the revenues to be earned by either Party through the arrangements set forth in this Agreement, and the uncertainty of the value of opportunities that will have been lost by the terminating Party under the circumstances.

10.12. Action for Damages. For the avoidance of doubt, either Party may bring an action for damages against the other Party alleging any breach of this Agreement (except where an alleged breach has been cured, as described in Section 10.1) in lieu of invoking any right to terminate and receive agreed liquidated damages as described in any provision of Section 10. Any such action for damages shall be subject to the applicable limitation of liability set forth in Section 15.1 or Section 15.2.

11. Limited Right to Continuance of Clearing Services. Notwithstanding any other provision of this Agreement, upon termination of this Agreement for any reason, if CBOT is unable to engage another entity prepared and able to provide services comparable to the Clearing Services on commercially reasonable terms, CBOT shall have the right to require that CME continue providing any or all of the Clearing Services, as set forth below. For the avoidance of doubt, pricing terms generally shall be deemed commercially reasonable, and alternate services generally shall be deemed comparable, if such terms and services are reasonably similar to those accepted by other parties receiving services from other clearing services providers.

11.1. Six-Month Continuation Period. In the event that (i) this Agreement is terminated by CME as a result of an Unexcused Breach by CBOT, (ii) CBOT elects not to renew this Agreement pursuant to Section 2 above, or (iii) this Agreement is terminated for any other reason except those described in Section 11.2,

CBOT may require that CME continue to provide Clearing Services after the termination of this Agreement or expiration of the Initial Term or Renewal Term of this Agreement, as the case may be, for 180 days.

11.2. One-Year Continuation Period. In the event that (i) this Agreement is terminated by CBOT as a result of an Unexcused Breach by CME, (ii) this Agreement is terminated by CBOT pursuant to Section 6.4, or (iii) CME elects not to renew this Agreement pursuant to Section 2 above, CBOT may require that CME continue providing Clearing Services after the termination or expiration date, as the case may be, for up to one (1) year.

11.3. Payment of Fees. In the event that CBOT requires CME to continue to provide all or substantially all of the Clearing Services pursuant to this Section 11, CBOT shall pay CME for these Clearing Services at the fees set forth in Schedule B. In the event that this Agreement is terminated by CME for nonpayment of fees, bankruptcy or insolvency, or if CBOT fails to timely pay fees during the continuation period, CME shall not be required to continue to provide Clearing Services unless CBOT pays CME monthly in advance for the continued provision of such Clearing Services based upon a reasonable estimate of the amounts likely to be due in respect of each month. CME agrees to credit back to CBOT any estimated amounts paid by CBOT that are later determined to be over-payments by CBOT.

11.4. Notice to CME. If CBOT elects to require the continuation of any Clearing Services under this Section 11, then CBOT shall give at least ninety (90) days prior written notice to CME of the date for cessation of such continuation of Clearing Services.

11.5. Hold Over by CBOT. If CBOT is unable to transfer to another provider of clearing services at the conclusion of any of the periods provided above for the limited continuation of Clearing Services, CME shall continue to provide the Clearing Services. During the period that CME provides clearing services under this Section 11.5, CBOT shall pay a fee of [**] plus all additional costs incurred by reason of CBOT's failure to transfer to another DCO, including without limitation any necessary retention bonuses or employment benefits or fees, in addition to the fees set forth in Schedule B, for each month that it holds over.

11.6. Continuation is Not Renewal. Continuation of Clearing Services under this Section 11 shall not be deemed a renewal of this Agreement under Section 2 beyond the termination date.

12. Transition Clearing Services. In connection with the termination of this Agreement for any reason or expiration of the Initial Term or Renewal Term of this Agreement, as the case may be, and in order to assist CBOT in terminating the Clearing Services and transitioning such services to another entity in an orderly manner, CME shall, if and as requested by CBOT, provide the following services (the "Transition Clearing Services"):

12.1. Transition Plan. CME and CBOT shall cooperate to prepare a transition plan setting forth the respective tasks to be accomplished by each Party in connection with the transition and a schedule pursuant to which such tasks are to be completed;

12.2. Necessary Date. CME shall provide CBOT with all data and other information maintained by CME necessary to transfer responsibility for providing the Clearing Services to another entity as of the date services are no longer rendered by CME and all hardcopy records relating to other CBOT Data maintained by CME, except that CME may retain copies of such data and other information for its appropriate regulatory and surveillance purposes; Such data and other information shall be provided to CBOT on magnetic tape or such other storage medium, and in such format, reasonably acceptable to CBOT;

12.3. Transfer of Positions. CME shall transfer any open positions in CBOT Products from CME to the new DCO selected by CBOT in accordance with directions CME shall receive from CBOT for such transfer; and

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been [**], and the omitted text has been filed separately with the Securities and Exchange Commission.

12.4. Reimbursement of Costs. CBOT shall pay or reimburse CME for any and all costs ("Transition Costs") reasonably and actually incurred by CME that are directly attributable to providing Transition Clearing Services in accordance with this Section 12 (with the rates for any CME employees used to perform such Clearing Services reasonably reflecting CME's fully loaded costs with respect to such employees, plus a commercially reasonable profit margin); provided that CME shall act in good faith and use commercially reasonable efforts to minimize and mitigate any Transition Costs.

13. Confidentiality.

13.1. Generally. CBOT and CME each acknowledges that it will receive during the term of this Agreement confidential or proprietary information of the other Party relating to the Clearing Services and Clearing Systems. (All such information is collectively referred to in this Agreement as "Proprietary Business Information.") Materials embodying such information and within the scope of this Section 13.1 shall bear reasonable legends to such effect to the extent appropriate. Each Party agrees to take reasonable steps to maintain the confidentiality of the Proprietary Business Information of the other Party, and each Party agrees to use such information only in connection with the performance of its obligations and the exercise of its rights under this Agreement and for appropriate regulatory and surveillance purposes. In the event that this Agreement is terminated for any reason, each Party agrees that it shall use reasonable efforts to return to the other Party or destroy all Proprietary Business Information of the other Party in its possession in tangible form and that it shall not knowingly retain any copies thereof, except that each Party may retain copies of the other Party's Proprietary Business Information for its appropriate regulatory and surveillance purposes.

13.2. Exclusions. In no event shall the provisions of this Section 13 apply to any information that: (i) was rightfully known to the receiving Party prior to its receipt from the disclosing Party, or becomes rightfully known to the receiving Party other than as a result of the relationship between the Parties pursuant to this Agreement; (ii) is or becomes public knowledge through no fault of the receiving Party; (iii) is disclosed to the receiving Party by a third Party with the right to disclose the information without restriction or subject to restrictions to which the receiving Party has conformed; or (iv) is independently developed by the receiving Party without use of any confidential or proprietary information of the disclosing Party. Notwithstanding anything in Section 13.1 above to the contrary, each Party may disclose any Proprietary Business Information received by it to the extent that it is required by subpoena or other order of court, law or other regulation, or required or requested by any governmental or regulatory authority having jurisdiction or required pursuant to an information sharing agreement, rule, or policy with another self-regulatory body, to furnish such Proprietary Business Information to any third Party, or as otherwise permitted in this Agreement; provided that, in any such case, the receiving Party shall provide the disclosing Party with prompt notice thereof so that the disclosing Party may seek an appropriate protective order. In the absence of a protective order, if the receiving Party is nonetheless, in the opinion of its counsel, compelled to furnish Proprietary Business Information to any third Party or else stand liable for contempt or suffer other censure or penalty, such Party may furnish such information without liability under this Section 13 or otherwise.

14. Force Majeure. Each Party shall be excused from performance under this Agreement and shall have no liability to the other Party to the extent that, and for any period during which, it is prevented from performing any of its obligations hereunder as a result of any act, or failure to act, of the other Party or by an act of God, war, civil disturbance, act of terrorism, court order (except as provided in Section 10), or other cause beyond its reasonable control (including, without limitation, failures or fluctuations in the electrical or mechanical equipment, communication lines, heat, light or telecommunications, in each case to the extent beyond its reasonable control), provided that each party agrees to apply fully its disaster recovery system to minimize any reduction in service it has agreed to provide under this Agreement.

15. Liability Limits; Indemnification.

15.1. CME. In any action brought by CBOT against CME, whether in contract, tort or otherwise, alleging a

Material Breach by CME of Section 10.9, and any continuing deficiency, CME's liability to CBOT for consequential damages, excluding punitive damages, caused by CME's failure to provide Clearing Services under this Agreement shall be limited to an amount not to exceed $30,000,000. In any other action brought by CBOT against CME, whether in contract, tort or otherwise, CME's liability to CBOT under this Agreement shall be limited to an amount not to exceed $10,000,000, provided that in the event CBOT exercises its right to terminate this Agreement under Section 10.1 and receives $10,000,000 in liquidated damages, CBOT shall have no other claim for money damages against CME and CBOT shall retain its right to continued and transitional clearing services in accordance with Sections 11 and 12 of this Agreement. Notwithstanding the foregoing, but subject to the provisions of Section 16 below, CME shall indemnify, defend and hold harmless CBOT and its directors, officers, employees and agents, in accordance with the procedures described in Section 16.1 below, from and against any and all losses, liabilities, damages and claims, and all related costs and expenses (including without limitation reasonable attorneys' fees), arising from the willful misconduct on the part of CME, its directors, officers, employees or agents.

15.2. CBOT. In any action brought by CME against CBOT, whether in contract, tort or otherwise, CBOT's liability to CME under this Agreement shall be limited to an amount not to exceed $10,000,000, provided that in the event CME exercises its right to terminate this Agreement under Section 10.1 and receives the liquidated damages specified in that Section 10, CME shall have no other claim for money damages against CBOT. The liability limits provided for in this Section 15.2 shall not apply to liability of CBOT to CME to pay fees owed to CME hereunder. Notwithstanding the foregoing, but subject to the provisions of Section 16 below, CBOT shall indemnify, defend and hold harmless CME and its directors, officers, employees and agents, in accordance with the procedures described in Section 16.1 below, from and against any and all losses, liabilities, damages and claims, and all related costs and expenses (including without limitation reasonable attorneys' fees), arising from the willful misconduct on the part of CBOT, its directors, officers, employees or agents.

16. Indemnity

16.1. Procedure. If any third Party notifies either Party (the "Indemnified Party") with respect to any matter which may give rise to a claim for indemnification against the other Party (the "Indemnifying Party"), then the Indemnified Party shall promptly notify the Indemnifying Party thereof; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any liability or obligation hereunder, except to the extent (if any) that the Indemnifying Party is damaged by such delay. If the Indemnifying Party notifies the Indemnified Party that it is assuming the defense of any claim:

16.1.1. *Defense of Claim.* The Indemnifying Party shall defend the Indemnified Party against such claim with counsel of its choice reasonably satisfactory to the Indemnified Party;

16.1.2. *Separate Co-counsel Permitted.* The Indemnified Party may retain separate co-counsel at its sole cost and expense (except that the Indemnifying Party shall be responsible for the fees and expenses of the separate co-counsel to the extent that the Indemnified Party concludes reasonably that the counsel the Indemnifying Party has selected has a conflict of interest);

16.1.3. *Consent Decree or Settlement.* The Indemnified Party shall not, without foregoing the benefits of this Section 16.1, consent to the entry of any judgment or enter into any settlement with respect to such claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed; and

16.1.4. *Full Release.* The Indemnifying Party shall not consent to the entry of any judgment with respect to the matter or enter into any settlement which does not include a provision whereby the plaintiff or claimant releases the Indemnified Party from any and all responsibility and liability with respect to such claim, without the prior written consent of the Indemnified Party.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been [**], and the omitted text has been filed separately with the Securities and Exchange Commission.

17. Consequential and Punitive Damages. The Parties have agreed on liquidated damages for various beaches that are the basis for a Party's exercise of its right to terminate this Agreement under certain provisions, and the Parties have also agreed to the liability limits set forth in Section 15. Except with respect to consequential damages authorized under the first sentence of Section 15.1 and an action for indemnification under the last sentence of Section 15.1 and the last sentence of Section 15.2, neither Party shall be liable for, nor will the measure of damages include, any punitive or special damages or amounts for loss of income or profits, even if such damages were foreseeable.

18. Public Announcements.

18.1. Requirements Generally. CME and CBOT each agree that it will not issue any public announcement concerning CME's provision of Clearing Services, the terms of this Agreement, the negotiations between CME and CBOT leading up to and following the execution of this Agreement, or any other matter related in any way to this Agreement that, for each Party, involves the other Party, without (i) consulting with the other Party prior to issuing the announcement so that such announcements may be issued jointly, if appropriate; (ii) providing the other Party an advance copy of the proposed press release or other announcement not later than three (3) business days prior to its release; and (iii) in the case of public appearances by directors, officers or other officials associated with a Party at which any of the foregoing matters are likely to be discussed, providing advance notice to the other Party of such appearance and, if possible, extending an invitation to the other Party for a representative of its own to be included in such appearance.

18.2. Definition. For purposes of this Section, a "public announcement" shall include, without limitation, (i) any press release, press statement or press conference, (ii) any brochures or notices to be delivered or made available to the public generally (including marketing materials), and (iii) any notice to be circulated to Clearing Members or Market Participants, that, in each case, includes or may include material information that has not previously been released about the terms of or negotiations surrounding this Agreement or the relationship between CME and CBOT that is established through this Agreement.

18.3. Joint Press Releases, Statements and Conferences. Notwithstanding the foregoing, the Parties shall use their best efforts to ensure that any press release, press statement or press conference the primary topic of which concerns this Agreement or the relationship between CME and CBOT shall be a joint press release, press statement or press conference.

19. Miscellaneous.

19.1. Benefits of Agreement. This Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors. Except to the extent provided in Sections 15.1 and 15.2 above with respect to the directors, officers, employees and agents of CBOT and CME, respectively, nothing in this Agreement, express or implied, shall give to any other person or entity any benefit or any legal or equitable right or remedy.

19.2. Waiver. Except as expressly provided herein, neither Party shall, by mere lapse of time, without giving notice or taking any other action, be deemed to have waived any breach by the other Party of any of the provisions of this Agreement.

1**9.3. Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois (other than the laws thereof that would require reference to the laws of any other jurisdiction).

19.4. Dispute Resolution. A Party shall not commence a litigation proceeding against the other Party unless that Party first gives written notice to the other Party setting forth the nature of the dispute ("Dispute Notice"). The Parties shall attempt in good faith to resolve the dispute by mediation with a mediator selected by mutual agreement of the Parties. If the Parties cannot agree on the selection of a mediator within twenty (20) days after delivery of the Dispute Notice, or if the dispute has not been resolved by

mediation as provided by this Section 19.4 within sixty (60) days after the delivery of the Dispute Notice, then either Party may commence litigation. The state courts of the County of Cook, Illinois and the United States District Court for the Northern District of Illinois shall have the exclusive jurisdiction over any and all litigated claims arising out of or relating to this Agreement or the subject matter hereof. Each of the Parties hereby irrevocably (i) submits to the personal jurisdiction of such courts over such Party in connection with any litigation, proceeding or other legal action arising out of or in connection with this Agreement or the subject matter hereof, (ii) waives to the fullest extent permitted by law any objection to the venue of any such litigation, proceeding or action which is brought in any such court, and (iii) agrees to the mailing of service of process to the address specified below for such Party as an alternative method of service of process in any legal proceeding brought in any such court.

19.5. Notices. All communications or notices required or permitted to be given under this Agreement shall be sufficiently given for all purposes hereunder if given in writing and (i) delivered personally, (ii) deposited in the United States mail, postage prepaid and return receipt requested, (iii) delivered by a recognized document overnight delivery service or (iv) sent by telecopy, facsimile or other electronic transmission service (provided a confirmation of delivery is received). All notices delivered in accordance with this Section 19.5 shall be sent to the appropriate address or facsimile number set forth below, or to such other address or facsimile number or to the attention of such other person as the recipient Party may have specified by prior written notice to the sending Party.

CME Contact
Mr. Craig Donohue
Executive Vice President and Chief
Administrative Officer Chicago
Mercantile Exchange Inc. 30 South
Wacker Drive Chicago, Illinois 60606
Facsimile No.: 312-930-3323

CBOT Contact
Ms. Carole Burke
Executive Vice President, Chief
of Staff and General Counsel
CBOT 141 W. Jackson Blvd
Chicago, Illinois 60604
Facsimile No.: 312-341-3392

19.6. Severability. If any provision of this Agreement is deemed to be illegal or unenforceable by any court of competent jurisdiction, (i) such provision shall be deemed to be severable from the remainder of this Agreement, (ii) the effect of such determination shall be limited to such provision to the extent reasonably practicable, and (iii) the validity, legality and enforceability of such provision in any other jurisdiction shall not in any way be affected or impaired thereby.

19.7. Amendments. No provision of this Agreement may be amended, modified, supplemented or waived, except by an agreement in writing executed and delivered by authorized representatives of both Parties.

19.8. Entire Agreement. This Agreement, including the Schedules hereto, constitutes the entire agreement and understanding, and supersedes any and all prior agreements and understandings, whether written or oral, between the Parties with respect to the subject matter hereof.

19.9. Relationship of Parties. CME, in providing the Clearing Services, is acting only as an independent contractor. Except as expressly provided in this Agreement or any other agreement to which CME and CBOT are parties, CME does not undertake to perform any obligations of CBOT, whether regulatory or contractual, or to assume any responsibility for the business or operations of CBOT.

19.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which when so executed shall be an original, but all of which together shall constitute but one and the same instrument.

19.11. Assignment. This Agreement may not be assigned in whole or in part by either Party hereto without the prior written consent of the other Party hereto. CBOT may assign this Agreement and its rights and obligations hereunder to an entity to which CBOT is selling all or substantially all of its assets without the prior written consent of CME. The consummation of the transactions contemplated by CBOT's proposed

restructuring shall not be deemed to be such an assignment or sale for purposes of this Agreement. CME may assign this Agreement and its rights and obligations hereunder, in their entirety, to an entity to which CME is selling all or substantially all of its clearing assets without the prior written consent of CBOT.

19.12. Survival. Following any termination of this Agreement in accordance with its terms and the expiration of the post-termination obligations of CME pursuant to Sections 11 and 12 hereof, all obligations hereunder of each Party to the other shall terminate and (without limiting the generality of the foregoing) CME shall have no further obligation to provide Clearing Services to CBOT. Notwithstanding the foregoing, however, the provisions of Sections 13, 15, 16 and 17 of this Agreement (including this Section 19.12) shall survive and remain in effect following any termination of this Agreement in accordance with its terms and the expiration of the post-termination obligations of CME.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

CHICAGO MERCANTILE EXCHANGE INC.

By: /s/ TERRENCE A. DUFFY
Terrence A. Duffy
Chairman of the Board, CME
Date: _____

By: /s/ JAMES J. MCNULTY
James J. McNulty
President and Chief Executive Officer
Date: _____

THE BOARD OF TRADE OF THE CITY OF CHICAGO, INC.

By: /s/ CHARLES P. CAREY
Charles P. Carey
Chairman of the Board, CBOT
Date: _____

By: /s/ BERNARD W. DAN
Bernard W. Dan
President and Chief Executive Officer
Date: _____

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been [**], and the omitted text has been filed separately with the Securities and Exchange Commission.

SCHEDULE A
DESCRIPTION OF CLEARING AND SETTLEMENT SERVICES

In accordance with the terms of this Agreement, CME shall provide clearing services as follows with respect to transactions in CBOT Products:

Electronic Trade Acceptance. CME shall accept for clearing and guarantee matched trades submitted to CME by CBOT (or CBOT's electronic trade matching facility service provider) in accordance with the CME Rules and the Operational Policies and Procedures in effect from time to time.

Pit Trade Acceptance—Electronic Devices. CME shall receive unmatched trade records submitted to CME by CBOT from electronic pit trading technology devices, and CME shall accept for clearing and guarantee such trades upon matching by CME in accordance with the CME Rules and the Operational Policies and Procedures in effect from time to time.

Pit Trade Acceptance—Open Outcry. CME shall receive unmatched trade records submitted to CME by Special CME Clearing Members for trades executed without benefit of electronic pit trading technology devices, and CME shall accept for clearing and guarantee such trades upon matching by CME in accordance with the CME Rules and the Operational Policies and Procedures in effect from time to time.

Ex-Pit Trade Acceptance. CME shall receive unmatched trade records submitted to CME by Special CME Clearing Members for ex-pit trades (blocks and EFPs) that are executed in accordance with CBOT rules, and CME shall accept for clearing and guarantee such trades upon payment of initial settlement variation and performance bond by the applicable settlement bank for each party to the transaction, as set forth in the CME Rules and the Operational Policies and Procedures in effect from time to time.

Requirements for CME Trade Acceptance. In addition to the other requirements that may be set forth in this Agreement, the CME Rules and the Operational Policies and Procedures, the following requirements apply to CME's receipt and acceptance for clearing of trades as set forth in this Schedule A:

Origins for Matched and Unmatched Trade Records. CME will support up to four origins for transactions in CBOT Products—house, house market-maker, customer, and customer market-maker—subject to final confirmation by CBOT promptly following the effective date.

Report Formats. Message formats for trade records, including but not limited to, trade registers, out-trade and EQC reports, and brokers' matched and unmatched trade reports shall conform to CME specifications.

Opposite House Switches. CME will not support the current modified contra matching practice currently employed by BOTCC with respect to unmatched trades in CBOT products. However, CME will facilitate matching of unmatched trades by performing automatic opposite house switches for unmatched trades in CBOT products, as CME does for unmatched trades in its own products, in accordance with the CME Rules and the Operational Policies and Procedures. CME will explore the functional requirements for integrating modified contra-matching processes as a possible enhancement after the Launch Date.

SLEDs. CME will not support single-line spread entry functionality ("SLEDs") as of the Launch Date. CME will use reasonable efforts, in consultation with CBOT, to implement SLEDs for transactions in CBOT products by February 20, 2004.

Position Maintenance and Settlement. On a daily basis CME shall calculate and collect original margin, premium and variation margin on futures and options trades and positions in the accounts of Special CME Clearing Members. CME shall settle the gains and losses associated with futures and options trades and positions in the accounts of clearing members at least once each business day, typically twice each business day, and more frequently as CME determines is warranted by market volatility.

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CME PCS Process. CME's position change submission (PCS) process will be used for reporting final positions and spreadable positions and to determine each clearing member's final position for margining purposes and for exercise and assignment of options, as well as for determining the exchange open interest to be reported for each business day.

Net Margining of CBOT Products. CME will support net margining of positions in CBOT Products in substantially the same manner as the current procedures employed by BOTCC with respect to performance bond requirements. Notwithstanding the foregoing, CME may adjust formulas for calculating security deposit requirements or assessment of security deposit contributions with respect to net-margined products, as CME in its reasonable discretion deems appropriate in order to fairly and equitably calculate security deposit requirements, given differences between positions subject to gross margining and positions subject to net margining.

SPAN Files. CME will generate and distribute to Special CME Clearing Members' and customers' SPAN files reflecting SPAN margining of positions in CBOT Products. SPAN files will be distributed over the internet and through any other means specified in the CME Rules and the Operational Policies and Procedures. CME may generate and distribute joint SPAN files for positions in CBOT Products, CME products and products of any other exchange for which CME provides clearing services or linked clearing.

Authority Over Clearing Firm Margin Requirements. CME will work with CBOT to develop a coordinated performance bond / margin review process such that CME can receive input from CBOT as to performance bond / margin requirements. Such process shall involve monthly meetings with representatives designated by CBOT and will involve data analysis and discussions with respect to how and when to implement changes to clearing firm level performance bond / margin requirements; provided however, that ultimate control over performance bond / margin requirements at the clearing member level shall reside with CME. Notwithstanding the foregoing, CME agrees that determinations by CME with respect to performance bond / margin requirements for CBOT Core Products shall be made strictly on the basis of risk management principles and shall not involve competitive considerations associated with CME products and competing CBOT Products. Additionally, CME shall not recognize clearing member level spreads between CBOT Products and products of any other exchange without the prior written approval of CBOT.

Authority Over Customer Level Requirements. CBOT shall have ultimate control over customer level exchange minimum performance bond / margin and spread requirements, provided that CBOT shall consult with CME as to such requirements as a part of the coordinated review process to be developed between CME and CBOT.

Acceptable Collateral. CME will review the forms of collateral currently accepted by BOTCC that are not currently accepted by CME and, where in CME's judgment such additional forms of collateral are frequently used and not unduly costly or risky to accept, CME will amend the CME Rules to accept such forms of collateral with respect to CBOT Products. Notwithstanding the foregoing, CME will conduct this review process prior to the Launch Date only if time permits.

Transfers. CME shall effect the transfer of positions in CBOT Products between Special CME Clearing Members, where applicable, in accordance with the CME Rules and Operational Policies and Procedures in effect from time to time. Transferred positions will be guaranteed by CME to the transferee only upon payment of initial settlement variation and performance bond by the transferor or the transferee, as applicable.

Give-Up Transactions. CME will make the allocate claim system ("ACS") available to Special CME Clearing Members for processing give-up transactions.

Exercise and Assignment. CME will provide exercise and assignment functionality to Special CME Clearing Members with respect to positions in options products, including at option expiration, as set forth in the CME Rules and the Operational Policies and Procedures. CME will not support option expiration processing on Saturdays, and option expiration processing for CBOT Products as of the Launch Date will be completed on Fridays (or another

business day, with respect to Friday holidays) in accordance with the CME Rules and the Operational Policies and Procedures.

Deliveries. CME will provide automated support to CBOT in connection with deliveries management of CBOT Products, including inventory of deliverable positions, inventory of deliverable supply, delivery intent processing, delivery assignment, and delivery invoicing, except that CBOT shall maintain responsibility for management and operation of the registration and delivery process. CME will provide automated deliveries support as of the Launch Date of financial and equity CBOT Products that are listed for trading by CBOT as of the Effective Date. CME will use its best efforts to implement automated deliveries support of other CBOT Products that are listed for trading by CBOT as of the Effective Date, including agricultural products, as of the Launch Date or as soon thereafter as is practicable. CME shall provide automated deliveries support for new CBOT Products (or for changed features of existing CBOT Products) listed for trading by CBOT after the Effective Date, provided that the product characteristics permit automation of deliveries management through means substantially similar to those that CME then employs with respect to other products cleared by CME. If significant development work will be required by CME to provide automated deliveries support for such products listed for trading by CBOT after the Effective Date, the work will be subject to the change request procedures set forth in Section 3.10.

Settlement Banks. CME will interface with all banks that serve as settlement banks for transactions in CME products to provide settlement services for transactions in CBOT Products also, provided that such banks agree to serve as settlement banks for transactions in CBOT Products. Additionally, CME will use best efforts to establish a settlement bank relationship with Lakeside Bank and, as appropriate, Burling Bank, prior to the Launch Date.

Large Trader Reports. CME will collect on CBOT's behalf the large trader submissions from Special CME Clearing Members or their clients and forward such submissions to the CFTC and to CBOT for regulatory purposes. The CME clearing house shall be authorized to use this data to perform the type of account level stress testing it performs on its own products to identify concentration of client exposure at a clearing member. CME shall facilitate reporting of large trader data for CBOT products by accepting transmissions of such data in standard formats. CME shall construct an application that maintains a database of firms, customer accounts, and EINs (the term CBOT uses for the number used to aggregate customer accounts by beneficial owner). For each reported position, the application shall search in the database by the firm and customer account: a) if the firm and customer account is found, the application shall tag the position with the EIN for it; and b) if the firm and customer account is not found, the application shall assign the EIN, using CBOT's standard convention, and tag the position with the newly-assigned EIN. The application shall then prepare a datafile of reported positions for transmission to CBOT, with each position tagged with its EIN. The application shall further provide CBOT staff with an interface for viewing and modifying the EIN assigned to a particular firm and customer account. CBOT shall provide an initial datafile or files for loading this application with its existing EINs and their associated firm and customer accounts. CME shall prepare position limit reports against the large trader data for provision to CBOT. Other than these enumerated processes, all responsibility for large trader reporting analysis and other larger trader-related functions remains with CBOT.

Calculation and Collection of Fees. CME will calculate, bill and collect clearing fees from Special CME Clearing Members for transactions in CBOT Products, using the transaction types for which CME currently bills clearing members with respect to transactions in its own products. The rate billed will be determined by CBOT for the fee for initial cleared transactions, including block trades, EFPs and other alternative execution procedures, and by CME for post-trade transaction types (including, without limitation, give-ups, transfers, option exercise and assignment, and deliveries).

Operational Timeline. Except as otherwise set forth in the CME Rules or the Operational Policies and Procedures, the operational timeline for clearing services and submission of reports for transactions and positions in CBOT Products shall be the same as it is with respect to transactions and positions for CME products. CME anticipates using single, combined clearing process cycles for both CME products and CBOT Products. Consequently, CME's deadlines and requirements shall apply with respect to processes including, but not limited to, trade report submission deadlines, out-trade report production, final reconciliation and option exercise deadlines, mark-to-market

and settlement cycles (including intra-day cycles), collateral substitution and withdrawal deadlines, and pay/collect procedures.

Support for Existing and Future CBOT Product Characteristics. Subject to any specific limitations set forth in this Schedule A or elsewhere in this Agreement, in providing the Clearing Services CME will develop systems and adopt practices as necessary to support the product features and characteristics of CBOT products as they are listed for trading as of the Effective Date, including, without limitation, fractional price formats and variable cabinet pricing. CME shall similarly support new product features and characteristics of existing CBOT Products or those that CBOT may list for trading in the future, provided, however, that if the features and characteristics of such products differ materially from those of products then cleared by CME, CME's support of such new product features or characteristics shall be subject to the change request procedures set forth in Section 3.10.

Security Deposit Management and Assessment. CME will calculate and collect from Special CME Clearing Members security deposit contributions in accordance with the CME Rules and the Operational Policies and Procedures in effect from time to time. CME shall have the authority, as set forth in the CME Rules and the Operational Policies and Procedures in effect from time to time, to seize the security deposits of Special CME Clearing Members and to further exercise certain limited assessment powers in the event of a default by either a Special CME Clearing Member or a CME clearing member. For the avoidance of doubt, CME shall manage a joint security deposit pool for the benefit of Special CME Clearing Members and CME clearing members with respect to transactions in CME products, transactions in CBOT Products, and transactions in the products of any other exchange for which CME provides clearing services or linked clearing, unless CME's agreement with such other exchange prohibits a joint guarantee fund. Consequently, the security deposit contributions of CME-only clearing members may be assessed as a result of defaults as to transactions in CBOT Products, and the contributions of CBOT-only clearing members who are Special CME Clearing Members may be assessed as a result of defaults as to transactions in CME products.

Support for Cross-Margining of CBOT Products. CME will provide support for and will participate in cross-margining of positions in CBOT Products held by Special CME Clearing Members pursuant to CBOT's existing cross-margining arrangements with GSCC and OCC, provided that CBOT shall secure any necessary amendments to substitute CME for BOTCC in its current cross-margining agreements with GSCC and OCC. CME will provide support for and will participate in cross-margining of positions in CBOT Products held by Special CME Clearing Members under any other cross-margining agreements (or amendments to existing agreements) into which CBOT may enter in the future, provided that (i) such support, including without limitation the development of necessary interfaces, shall be subject to the change request procedures set forth in Section 3.10, and (ii) CME may decline to support such cross-margining agreement if CME concludes, in its sole reasonable judgment after consultation and negotiation with CBOT and the other party, that such proposed cross-margining arrangement presents an unacceptable credit risk to CME.

Information and Reports for CBOT. With respect to each trading day, CME will deliver to CBOT the following reports in accordance with the Operational Policies and Procedures:

a. End-of-day volume and open interest file;

b. End-of-day transaction listing file; and

c. Large trader data file as submitted by Clearing Members

Information and Reports From CBOT. CBOT (or a third-party service provider to CBOT, if CBOT delegates such obligation) shall provide the following reports and information to CME in accordance with the Operations Policies and Procedures:

a. A daily data file of the CBOT Products eligible for trading on the next business day;

b. Information on the performance bond requirements CBOT sets for the customer level exchange minimum requirements, which must be provided at least three to five business days prior to their effective date except

in situations where changes are driven by unusual market volatility. Such data is required in order for CME to produce the appropriate customer level SPAN files;

c. A daily data file of eligible CBOT traders for the next trading day, together with identification of each trader's guarantor Special CME Clearing Member;

d. Two-sided matched trade record messages, in near real time, for trades executed electronically on LIFFE Connect;

e. One-sided (unmatched) trade record messages, in near real time, from any electronic trading floor technology devices where CBOT rather than the Special CME Clearing Members will be the source of the trade data;

f. Two-sided matched trade messages in near real time for any pit trades matched by any trade matching system for such trades as CBOT may implement;

g. Real time quote stream of CBOT prices for real-time clearing house and Special CME Clearing Member risk management; and

h. End of day settlement prices received both via a datafile and via the real time quote stream to be received by approximately 2:30-2:45 p.m. for products that settle by 2:00 p.m. and by approximately 3:45-4:00 p.m. for products that settle later than 2:00 p.m. The purpose of receiving such end-of-day settlement prices in a timely manner is to facilitate the timely publication of daily SPAN files for CBOT Products and to allow Clearing Members to begin bookkeeping processing in a timely manner.

Information and Reports for Clearing Members. CME will make available to each Special CME Clearing Member on every business day the following information, in machine readable format in accordance with the CME Rules and the Operational Policies and Procedures:

a. futures and options transactions accepted by CME for each account of the Special CME Clearing Member;

b. obligations to receive or deliver products or instruments underlying matured physically settled futures contracts in the Special CME Clearing Member's accounts;

c. give-up trades, position transfers and other transactions in the Special CME Clearing Member's accounts involving CBOT Products;

d. EFP transactions, which will be identified as such by CME using an available "data field" when such transactions are identified as such to CME by CBOT or Special CME Clearing Members ;

e. block trades, which will be identified as such by CME using an available "data field" when such transactions are identified as such to CME by CBOT or Special CME Clearing Members;

f. the daily mark-to-market of each open position in futures held by each Special CME Clearing Member; and

g. amounts of money due to and from CME from and to each Special CME Clearing Member for each account held by the Special CME Clearing Member with CME.

File Formats Generally. The formats for data files and/or messages to be exchanged among CME, CBOT, any third-party service provider to CBOT or any other entity with which CME must exchange data in connection with providing Clearing Services, shall be as mutually agreed by CME and CBOT promptly after the execution of this Agreement. If any disagreement arises, generally the principle that the receiving party specifies the format shall control.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been [**], and the omitted text has been filed separately with the Securities and Exchange Commission.

Special CME Clearing Member Access to CME Clearing Systems. CME will permit Special CME Clearing Members to access CME's automated and online systems for all clearing and position management functionality for use in connection with positions in CBOT Products on substantially the same basis as CME permits such access with respect to positions in its own products (unless unique characteristics of a particular CBOT Product preclude use of such functionality).

Services Complete. Except as otherwise specified in this Agreement, in the CME Rules or the Operational Policies and Procedures, the services set forth above are the complete clearing services that CME will provide to CBOT pursuant to this Agreement. Without limiting the generality of the foregoing, CBOT understands that CME will not provide additional services relating to market regulation, generating statistical information, managing time and sales information, managing membership requirements, or daily bulletin processing.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been [**], and the omitted text has been filed separately with the Securities and Exchange Commission.

Schedule B

CBOT Minimum Payment and Clearing Charge Process

Pricing Structure:

CBOT clearing charge will be calculated based upon the following per-side, per-contract pricing structure:

[**] Thresholds	Tier	Rate to be applied [**]
[**]	**1**	[**]
[**]	**2**	[**]
[**]	**3**	[**]

[**]

Process:

During the first two months of each quarter:

1. Within three (3) business days following the end of each of the first two months of each quarter CBOT will pay CME [**]. "Quarters," as used in this Schedule, means CME's fiscal quarters.

At the end of the third month of each quarter (quarter-end):

1. At the end of the third month of each quarter the [**] for the quarter will be determined (including matched sides and sides generated through post-trade processing transactions) and the aforementioned pricing structure will be applied to determine the amount of the clearing charge CME will charge to CBOT.
2. If the clearing charge for the quarter is greater than [**], CBOT will pay CME for the amount of the clearing charge above [**] (which represents the credit CBOT will receive for the prior two month's minimum monthly payments of [**]). This payment will be paid by CBOT within ten (10) business days following the receipt of the quarterly clearing invoice from CME ("CME Clearing Invoice").
3. Should the CBOT quarterly clearing charge not exceed [**], CBOT will pay CME [**] (the agreed upon minimum monthly payment) within ten (10) business days following the receipt of the quarterly CME Clearing Invoice.

Examples:

Example A:

[**]

Example B:

[**]

Example C:

[**]

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been [**], and the omitted text has been filed separately with the Securities and Exchange Commission.

Schedule C
Project Development Plan

Outlined below are the terms to which the Parties have agreed concerning the development of and compliance with a detailed project plan for implementing the arrangements described in this Agreement.

Terms Relating to Plan

A. Development of the Plan. Immediately following the Effective Date of this Agreement and on an ongoing basis throughout the development period prior to the Launch Date, the Parties will use their best efforts to update the project development plan (the "Plan", as updated from time to time during the development period). The Plan shall identify, with reasonable detail, (i) all material information that must be exchanged between the Parties, (ii) any outstanding matters that must be agreed to between the Parties or decisions that must be reached by one Party, (iii) all material tasks that must be completed by either Party, and (iv) the timeline upon which such tasks must be completed in order to meet the Launch Date. The Parties shall also use their best efforts to jointly develop and incorporate within the Plan an (i) outline and timeline for completing legal documentation, including necessary regulatory filings and any documentation that must be executed by Special CME Clearing Members or other entities, and (ii) and outline and timeline for other communications with Special CME Clearing Members, ISVs, market data vendors, back-office service bureaus and any other entity with which information must be shared in order to effectuate a successful launch of Clearing Services.

B. Mutual Best Efforts to Participate and Adhere to Plan. Each of the Parties shall use its best efforts to participate fully in the planning process and to complete its required tasks in accordance with the timeline identified in the Plan. CME understands and agrees that it has primary responsibility for completing the development work necessary to implement Clearing Services as described in Schedule A. CBOT understands and agrees that it also will have development work to complete in order to effectively implement Clearing Services, including without limitation any development work necessary to provide to CME the information and reports specified to be provided by CBOT in Schedule A. Both Parties understand and agree that their full participation will be required for multiple phases of systems testing, including a comprehensive end-to-end testing phase of the fully integrated systems, which testing may require overtime, weekend and holiday work.

C. Failure to Adhere to Plan. A failure to meet a particular internal deadline set forth in the Plan by either Party shall not be deemed a Material Breach of this Agreement. However, if either Party concludes that a serious failure or multiple failures to conform to the tasks and timelines set forth in the Plan jeopardizes the Parties' ability to meet the Launch Date, the concerned Party shall so notify the relevant management personnel of the other Party (including the individuals identified in Section 19.5) in writing, which may be by e-mail, and the Parties shall use reasonable efforts to resolve the matter and adjust the Plan to the concerned Party's satisfaction. If such efforts are not successful, the concerned Party may, not sooner than ten (10) business days after delivering the notice, submit the matter to arbitration. If the arbitrator concludes that one of the Parties is primarily and substantially at fault for the failure and that the failure does jeopardize the Launch Date, the other Party shall have the option to terminate this Agreement for an Unexcused Breach under Section 10.1, without application of any notice and cure period.

Project Review Teams

Immediately following the Effective Date, each Party will identify individuals to participate in the following review teams, each of which will review matters assigned to it and develop any related elements of the Plan. Where a team is assigned to identify interface requirements or other technical requirements, the team shall produce at least a high-level functional specifications document. The Parties agree that the project review teams shall complete the process of fully defining requirements for each aspect of the project described below by May 16, 2003, meaning that the teams will have decided how to resolve any open issues and have documented and circulated their assigned elements of the Plan, including any functional specifications documents.

A. Product Review Team. Matters to review:

Review contract specifications in detail

Identify specifications not currently supported by CME

Document variable cabinet pricing requirements

Review product and price file layouts

Identify product and price interface requirements

Review market related layouts

Map MD layouts

Identify MD interface requirements

B. Deliveries Review Team. Matters to review:

Review delivery requirements

Determine information that must be shared to complete automated deliveries processes development work

Review deliveries file layouts

Identify deliveries interface requirements

C. Regulatory Review Team. Matters to review:

Review regulatory file layouts

Identify regulatory interface requirements

D. Membership Review Team. Matters to review:

Review membership file layouts

Identify membership interface requirements

E. Trade Review Team. Matters to review:

Review trade related file layouts

Map trade layouts

Identify trade interface requirements

Exhibit 21.1

Subsidiaries of Chicago Mercantile Exchange Holdings Inc.

Name of Subsidiary	Jurisdiction of Incorporation or Organization
CME Alternative Marketplace Inc.	Delaware
CME FX Marketplace Inc.	Delaware
CME Global Marketplace Inc.	Delaware
CME Swaps Marketplace Inc.	United Kingdom
Chicago Mercantile Exchange Inc.	Delaware
GFX Corporation	Illinois
Special Technology Investments Limited	United Kingdom
Swapstream Limited	United Kingdom
Swapstream Operating Services Limited	United Kingdom
Swapstream SAS	France

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-105236) pertaining to the Amended and Restated Omnibus Stock Plan of Chicago Mercantile Exchange Holdings Inc.,

(2) Registration Statement (Form S-8 No. 333-104804; Form S-8 No. 333-115656) pertaining to the Agreement between Chicago Mercantile Exchange Holdings Inc. and James J. McNulty, and

(3) Registration Statement (Form S-8 No. 333-124497) pertaining to the Employee Stock Purchase Plan and the 2005 Director Stock Plan;

(4) Registration Statement (Form S-4 No. 333-139538) of Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings, Inc.

(5) Registration Statement (Form S-3ASR No. 333-132554) Shelf Registration Statement offering of debt securities, Class A Common Stock, Preferred Stock and Warrants.

of our reports dated February 16, 2007, with respect to the consolidated financial statements and schedule of Chicago Mercantile Exchange Holdings Inc., Chicago Mercantile Exchange Holdings Inc., management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Chicago Mercantile Exchange Holdings Inc., incorporated by reference in this Annual Report (Form 10-K) for the year ended December 31, 2006.

/s/ Ernst & Young LLP

Chicago, Illinois
February 27, 2007

Exhibit 31.1

CERTIFICATIONS

I, Craig S. Donohue, Chief Executive Officer of the Company, certify that:

1. I have reviewed this annual report on Form 10-K of Chicago Mercantile Exchange Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2007

/s/ Craig S. Donohue

Name: Craig S. Donohue
Title: *Chief Executive Officer*

Exhibit 31.2

I, James E. Parisi, Chief Financial Officer of the Company, certify that:

1. I have reviewed this annual report on Form 10-K of Chicago Mercantile Exchange Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2007

/s/ James E. Parisi

Name: James E. Parisi
Title: *Chief Financial Officer*

Exhibit 32.1

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Chicago Mercantile Exchange Holdings Inc. (the "Company") for the year ended December 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Craig S. Donohue, as Chief Executive Officer of the Company, and James E. Parisi, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Craig S. Donohue

Name: Craig S. Donohue
Title: Chief Executive Officer

Date: February 28, 2007

/s/ James E. Parisi

Name: James E. Parisi
Title: Chief Financial Officer

Date: February 28, 2007

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC.
20 South Wacker Drive
Chicago, IL 60606

February 28, 2007

VIA EDGAR TRANSMISSION

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Filing of Chicago Mercantile Exchange Holdings Inc. Annual Report on Form 10-K for the year ended December 31, 2006

Ladies and Gentlemen:

On behalf of Chicago Mercantile Exchange Holdings Inc., a Delaware corporation (the "Company"), transmitted herewith for filing is the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

If you have any questions or comments in connection with the foregoing, please contact me at (312) 930-3488. Facsimile transmissions may be sent to the undersigned at (312) 930-4556.

Very truly yours,

Kathleen M. Cronin
Managing Director, General Counsel and
Corporate Secretary