UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2005

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

For the Transition Period from to

NYMEX Holdings, Inc.

Delaware	**333-30332**	**13-4098266**
(State of Incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification Number)**

One North End Avenue
World Financial Center
New York, New York 10282-1101
(212) 299-2000

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

None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock

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

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

The number of shares of NYMEX Holdings, Inc. capital stock outstanding as of August 8, 2005 was 816. The aggregate market value of NYMEX Holdings, Inc. capital stock held by stockholders of NYMEX Holdings, Inc., as of August 4, 2005 was $1,978,800,000 based upon the average of the bid and ask price for a NYMEX Holdings, Inc. share as of August 4, 2005.

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PART I: FINANCIAL INFORMATION

Item 1. ***Financial Statements***

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(in thousands, except for share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues				
Clearing and transaction fees	$65,652	$45,734	$124,067	$ 88,615
Market data fees.	10,892	7,979	21,941	15,672
Other, net.	2,912	2,746	5,607	5,409
Investment income (loss), net	2,287	(337)	2,376	691
Interest income from securities lending, net	462	—	894	—
Total revenues	82,205	56,122	154,885	110,387
Expenses				
Salaries and employee benefits	14,984	15,370	30,087	29,002
Occupancy and equipment.	6,670	6,243	13,644	12,221
Depreciation and amortization, net of deferred credit amortization	3,962	5,253	8,108	10,544
General and administrative	14,788	6,629	23,871	13,127
Professional services	6,627	6,696	15,011	12,440
Telecommunications	1,653	1,459	3,389	2,913
Marketing.	1,093	483	1,844	1,237
Other expenses	2,264	2,089	4,460	4,097
Interest expense	1,731	1,770	3,456	3,540
Asset impairment and disposition losses	19	438	27	502
Total expenses	53,791	46,430	103,897	89,623
Income before provision for income taxes	28,414	9,692	50,988	20,764
Provision for income taxes	12,787	4,370	22,939	9,200
Net income.	$15,627	$ 5,322	$ 28,049	$ 11,564
Weighted average common shares outstanding, basic and diluted	816	816	816	816
Basic and diluted earnings per share	$19,151	$ 6,522	$ 34,374	$ 14,172

See accompanying notes to the unaudited consolidated financial statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except for share data)

	June 30, 2005	December 31, 2004
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 1,428	$ 3,084
Collateral from securities lending program	1,627,011	—
Securities purchased under agreements to resell	26,666	19,324
Marketable securities, at market value	158,349	144,950
Clearing and transaction fees receivable, net of allowance for member credits	23,877	17,309
Prepaid expenses	5,491	3,896
Deferred tax assets	2,590	2,590
Margin deposits and guaranty funds	139,503	34,825
Other current assets	6,447	6,704
Total current assets	1,991,362	232,682
Property and equipment, net	192,300	194,719
Goodwill	16,329	16,329
Other assets	10,387	10,920
Total assets	$ 2,210,378	$ 454,650
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 16,315	$ 15,236
Accrued salaries and related liabilities	8,669	5,015
Payable under securities lending program	1,627,011	—
Margin deposits and guaranty funds	139,503	34,825
Income tax payable	7,251	11,283
Other current liabilities	34,024	31,941
Total current liabilities	1,832,773	98,300
Grant for building construction deferred credit	109,383	110,455
Long-term debt	85,915	85,915
Retirement obligation	11,444	11,622
Deferred income taxes	1,997	1,997
Other liabilities	17,635	19,579
Total liabilities	2,059,147	327,868
Commitments and contingencies (Note 9)		
Stockholders' equity		
Common stock, at $0.01 par value, 816 shares authorized, issued and outstanding at June 30, 2005 and December 31, 2004	—	—
Additional paid-in capital	93,312	93,312
Retained earnings	57,919	33,470
Total stockholders' equity	151,231	126,782
Total liabilities and stockholders' equity	$ 2,210,378	$ 454,650

See accompanying notes to the unaudited consolidated financial statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except for share data)

	Common stock		Additional paid-in capital	Retained earnings	Total stockholders' equity
	Shares	Amount			
Balances at January 1, 2004.	816	$ —	$ 93,312	$12,103	$ 105,415
Net income	—	—	—	27,367	27,367
Dividends declared					
Common stock, $7,353/share	—	—	—	(6,000)	(6,000)
Balances at December 31, 2004.	816	—	93,312	33,470	126,782
Net income	—	—	—	28,049	28,049
Dividends declared					
Common stock, $4,412/share	—	—	—	(3,600)	(3,600)
Balances at June 30, 2005 (Unaudited)	816	$ —	$ 93,312	$57,919	$ 151,231

See accompanying notes to the unaudited consolidated financial statements.

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NYMEX HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in thousands)

	Six Months Ended June 30, 2005	2004
Cash flows from operating activities		
Net income	$ 28,049	$ 11,564
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,742	11,186
Amortization of intangibles	438	430
Deferred grant credits	(1,322)	(1,322)
Deferred rental income	(338)	—
Deferred rent expense	(132)	165
Deferred income taxes	—	(2,414)
Asset impairment and disposition loss	27	502
Decrease (increase) in operating assets:		
Clearing and transaction fees receivable	(6,568)	(4,174)
Prepaid expenses	(1,595)	(1,758)
Margin deposits and guaranty fund assets	(104,678)	76,909
Other current assets	257	1,863
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	1,079	7,268
Accrued salaries and related liabilities	3,654	5,317
Margin deposits and guaranty fund liabilities	104,678	(76,909)
Income tax payable	(4,032)	(591)
Other current liabilities	1,983	125
Other liabilities	(1,224)	49
Retirement obligation	(178)	(710)
Net cash provided by operating activities	28,840	27,500
Cash flows from investing activities		
(Increase) decrease in collateral from securities lending program	(1,627,011)	—
(Increase) decrease in securities purchased under agreements to resell	(7,342)	32,406
(Increase) decrease in marketable securities	(13,399)	(55,238)
Capital expenditures	(6,350)	(3,451)
(Increase) decrease in other assets	95	892
Net cash used in investing activities	(1,654,007)	(25,391)
Cash flows from financing activities		
Increase in obligation to return collateral under securities lending program	1,627,011	—
Dividends paid	(3,500)	(2,500)
Net cash provided by (used in) financing activities	1,623,511	(2,500)
Net increase (decrease) in cash and cash equivalents	(1,656)	(391)
Cash and cash equivalents, beginning of period	3,084	1,763
Cash and cash equivalents, end of period	$ 1,428	$ 1,372

See accompanying notes to the unaudited consolidated financial statements.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

Nature of Business

NYMEX Holdings, Inc. ("NYMEX Holdings") was incorporated in 2000 as a stock corporation in Delaware, and is the successor to the New York Mercantile Exchange which was established in 1872. The two principal operating subsidiaries of NYMEX Holdings are New York Mercantile Exchange, Inc. ("NYMEX Exchange" or "NYMEX Division") and Commodity Exchange, Inc. ("COMEX" or "COMEX Division"), which is a wholly-owned subsidiary of NYMEX Exchange. Where appropriate, each division will be discussed separately, and collectively will be referred to as the "Exchange." When discussing NYMEX Holdings together with its subsidiaries, reference is being made to the "Company."

The Company demutualized on November 17, 2000, at which time the book value of the assets and liabilities of New York Mercantile Exchange carried over to the NYMEX Division.

The Company exists principally to provide facilities to buy, sell and clear energy and precious and base metals commodities for future delivery under rules intended to protect the interests of market participants. The Company itself does not own commodities, trade for its own account, or otherwise engage in market activities. The Company provides the physical facilities necessary to conduct an open outcry auction market, electronic trading systems, systems for the matching and clearing of trades executed on the Exchange, and systems for the clearing of certain bilateral trades executed in the over-the-counter ("OTC") market. These services facilitate price discovery, hedging and liquidity in the energy and metals markets. Transactions executed on the Exchange mitigate the risk of counter-party default because the Company's clearinghouse acts as the counter-party to every trade. Trading on the Exchange is regulated by the Commodity Futures Trading Commission. To manage the risk of financial nonperformance, the Exchange requires members to post margin.

Significant Accounting Policies

The Company's significant accounting policies are described in the notes of the December 31, 2004 audited consolidated financial statements included in its Annual Report on Form 10-K.

Basis of Presentation

The unaudited consolidated financial statements include the accounts of NYMEX Holdings and its subsidiaries and have been prepared in accordance with U.S. generally accepted accounting principles. Certain reclassifications have been made to the unaudited consolidated financial statements to conform to the current presentation.

The accompanying unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto in Item 15(a) of NYMEX Holdings, Inc. Annual Report on Form 10-K for the year ended December 31, 2004. Quarterly results are not necessarily indicative of results for any subsequent period.

Principles of Consolidation

The accompanying unaudited consolidated financial statements include the accounts of NYMEX Holdings and its wholly-owned subsidiaries: NYMEX Division; COMEX Division; COMEX Clearing Association, Inc. ("CCA"); NYMEX Technology Corporation (which became inactive in November 1996); and Tradingear Acquisition LLC. Intercompany balances and transactions have been eliminated in consolidation. COMEX Division and CCA were acquired by the Company in 1994. While CCA is still in existence, its operations were consolidated into the NYMEX Division in May 2003.

Earnings per Share

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, *Earnings per Share,* basic net earnings per common share excludes dilution and is computed by dividing net income by the weighted average of the Company's common shares outstanding for the period. Diluted net earnings per common share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. The Company does not have common stock equivalents, therefore, diluted earnings per share is equal to basic earnings per share.

Recent Accounting Pronouncements and Changes

In March 2005, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations—an interpretation of FASB Statement No. 143* ("FIN No. 47"), to clarify the timing of the recording of certain asset retirement obligations required by SFAS No. 143, *Accounting for Asset Retirement Obligations*. FIN No. 47 is effective December 31, 2005. The Company is evaluating what impact this pronouncement will have regarding its asset retirement obligations, but currently believes that its implementation will not have a material impact on its consolidated results of operations and financial condition.

2. Securities Lending

In 2005, the Company entered into an agreement with JPMorgan Chase & Co. ("JPMorgan") to participate in a securities lending program. Under this program, JPMorgan, as agent, lends on an overnight basis, a portion of the clearing members' securities on deposit in the Company's margin deposits and guaranty fund to third parties in return for cash collateral. JPMorgan, in turn, invests the cash collateral overnight in various investments on behalf of the Company in accordance with the Company's internal investment guidelines. Interest expense is then paid to the third party for the cash collateral the Company controlled during the transaction, and a fee is paid to JPMorgan for administering the transaction. At June 30, 2005, the fair value of the securities on loan was approximately $1.6 billion. Interest income and interest expense recognized under the securities lending program was $13.0 million and $12.2 million, respectively, for the three months ended June 30, 2005 and $19.9 million and $18.7 million, respectively, for the six months ended June 30, 2005.

3. Collateralization

In connection with reverse repurchase agreements, the Company receives collateral that is held in custody by the Company's banks. At June 30, 2005, and December 31, 2004, the Company accepted collateral in the form of U.S. Treasury bills that it is permitted by contract or industry practice to sell or re-pledge. The fair value of such collateral at June 30, 2005 and December 31, 2004 was $26.7 million and $19.3 million, respectively.

4. Allowance for Doubtful Accounts and Credits

Clearing and transaction fees receivable are carried net of allowances for member credits, which are based upon expected billing adjustments. Allowances for member credits were $322,000 and $256,000 at June 30, 2005 and December 31, 2004, respectively. The Company believes the allowances are adequate to cover member credits. The Company also believes the likelihood of incurring material losses due to non-collectibility is remote and, therefore, no allowance for doubtful accounts is necessary.

An allowance for doubtful accounts was established for market data accounts receivable to cover potential non-collectible vendor receivables as well as future adjustments by the market data vendor customers. This allowance was $122,000 and $121,000 at June 30, 2005 and December 31, 2004, respectively, which the Company believes is sufficient to cover potential bad debts and subsequent credits. At June 30, 2005, the combined amounts due from vendors with the ten highest receivable balances represented 85% of the total accounts receivable balance. Accounts receivable for market data revenues are included in other current assets on the Company's consolidated balance sheets.

Other revenues consist of rental income from tenants leasing space in the Company's headquarters building, compliance fines assessed for violation of trading rules and procedures, fees charged to members for the use of telephone equipment and trading booths provided by the Company, fees charged for access to the NYMEX ACCESS® electronic trading system and other miscellaneous revenues. Other revenues are recognized on an accrual basis in the period during which the Company derives economic value, with the exception of compliance fines, which are recognized when cash is received. The Company has established a reserve for non-collectible receivables of $496,000 and $665,000 at June 30, 2005 and December 31, 2004, respectively, and believes the amount is sufficient to cover potential bad debts and subsequent credits. Accounts receivable for other revenues are included in other current assets on the Company's consolidated balance sheets.

5. Notes Payable

The Company issued long-term debt totaling $100 million during 1996 and 1997 to provide completion financing for the Company's trading facility and headquarters. This issuance contained three series, each with different maturities, interest rates and repayment schedules. Series A notes require annual principal repayments from 2001 to 2010, and a final payment of principal in 2011. Series B notes require annual principal repayments from 2011 to 2020, and a final payment of principal in 2021. Series C notes require annual principal repayments from 2022 to 2025, and a final payment of principal in 2026. The notes represent senior unsecured obligations of the Company and are not secured by the facility, the Company's interest therein, or any other collateral. The notes are subject to a prepayment penalty in the event they are paid off prior to their scheduled maturities. The Company believes that any economic benefit derived from early redemption of these notes would be offset by the redemption penalty. These notes place certain limitations on the Company's ability to incur additional indebtedness. At June 30, 2005 and December 31, 2004, the notes payable balance, including the current portion, was $88.7 million.

6. Incentive Programs

The Company has various discretionary rebate programs that reduce operating costs of certain market participants. These programs were designed to provide incentives to third parties to establish business with the Company. During the three-month periods ended June 30, 2005 and 2004, these programs totaled $7.0 million and $2.6 million, respectively. During the six-month periods ended June 30, 2005 and 2004, these programs totaled $9.8 million and $4.9 million, respectively.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

7. Supplemental Disclosures of Cash Flow Information

Supplemental disclosures of cash flow information for the three months ended June 30, 2005 and 2004 are as follows:

	Six Months Ended June 30,	
	2005	2004
	(in thousands)	
Cash paid for:		
Interest	$22,188	$ 3,524
Income taxes	$26,970	$12,267

8. Margin Deposits and Guaranty Funds

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

Each clearing member firm is required to maintain a security deposit, in the form of cash or U.S. Treasury securities, ranging from $100,000 to $2.0 million, per division, based upon such clearing member firm's reported regulatory capital, in a fund known as a guaranty fund. Historically, separate and distinct guaranty funds were maintained for the NYMEX Division and the COMEX Division. Effective May 16, 2003, the NYMEX Division assumed all of the clearing functions of the COMEX Division. Accordingly, the deposits were aggregated and are now maintained in a single guaranty fund (the "Guaranty Fund") which may be used for any loss sustained by the Company as a result of the failure of a clearing member to discharge its obligations on either division. Although there is now one Guaranty Fund for both divisions, separate contribution amounts are calculated for each division.

Every member and non-member executing transactions on the Company's divisions must be guaranteed by a clearing member and clear their transactions through the Company's clearinghouse. This requirement also applies to transactions conducted outside of the Exchange which clear through NYMEX ClearPort® Clearing. Clearing members of the NYMEX Division and COMEX Division require their customers to maintain deposits in accordance with Company margin requirements. Margin deposits and Guaranty Funds are posted by clearing members with the Company's clearinghouse. In the event of a clearing member default, the Company satisfies the clearing member's obligations on the underlying contract by drawing on the defaulting clearing member's Guaranty Funds. If those resources are insufficient, the Company may fund the obligations from its own financial resources or draw on Guaranty Funds posted by non-defaulting clearing members. The Company also maintains a $100 million default insurance policy. This insurance coverage is available to protect the Company and clearing members in the event that a default in excess of $130 million occurs.

The Company is entitled to earn interest on cash balances posted as margin deposits and Guaranty Funds. Such balances are included in the Company's consolidated balance sheets, and are generally invested overnight in securities purchased under agreements to resell.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table sets forth margin deposits and Guaranty Fund balances held by the Company on behalf of clearing members at June 30, 2005 and December 31, 2004 (in thousands):

	June 30, 2005			December 31, 2004		
	Margin Deposits	Guaranty Funds	Total Funds	Margin Deposits	Guaranty Funds	Total Funds
Cash and securities earning interest for NYMEX Holdings						
Cash	$ 13	$ —	$ 13	$ 521	$ 54	$ 575
Securities held for resale	137,210	2,280	139,490	31,950	2,300	34,250
Total cash and securities	137,223	2,280	139,503	32,471	2,354	34,825
Cash and securities earning interest for members						
Money market funds	2,326,500	—	2,326,500	2,914,820	—	2,914,820
U.S. Treasuries	8,504,108	148,151	8,652,259	7,322,495	148,026	7,470,521
Letters of credit	689,344	—	689,344	511,002	—	511,002
Total cash and securities	11,519,952	148,151	11,668,103	10,748,317	148,026	10,896,343
Total funds	$ 11,657,175	$ 150,431	$ 11,807,606	$ 10,780,788	$ 150,380	$ 10,931,168

9. Commitments and Contingencies

Contractual Obligations

In connection with its operating activities, the Company enters into certain contractual obligations. The Company's material contractual cash obligations include long-term debt, operating leases, a capital lease and other contracts. A summary of the Company's future cash payments associated with its contractual cash obligations outstanding as of June 30, 2005, as well as an estimate of the timing in which these commitments are expected to expire, are set forth in the following table:

	Payments Due by Period						
	2005	2006	2007	2008	2009	Thereafter	Total
	(in thousands)						
Contractual Obligations							
Long-term debt principal	$ 2,817	$ 2,817	$ 2,817	$ 2,817	$ 2,817	$ 74,647	$ 88,732
Long-term debt interest	3,418	6,626	6,416	6,205	5,994	47,570	76,229
Operating leases—facilities	1,982	3,717	3,577	3,551	3,579	9,145	25,551
Operating leases—equipment	608	615	52	—	—	—	1,275
Capital lease	240	327	—	—	—	—	567
Other long-term obligations	800	800	800	800	800	7,438	11,438
Total contractual obligations	$ 9,865	$ 14,902	$ 13,662	$ 13,373	$ 13,190	$ 138,800	$ 203,792

The Company occupies premises under leases, including a land lease, with various lessors that expire in 2005 through 2069. For the three months ended June 30, 2005 and 2004, rental expense for facilities and the land lease amounted to $0.8 million and $0.5 million, respectively. For the six months ended June 30, 2005 and 2004, rental expense for facilities and the land lease amounted to $1.6 million and $1.0 million, respectively.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company leases space to tenants in its headquarters facility and records the associated rental income in other revenue in the consolidated statements of income. For the three months ended June 30, 2005 and 2004, rental income amounted to $2.0 million and $1.8 million, respectively. For the six months ended June 30, 2005 and 2004, rental income amounted to $4.0 million and $3.6 million, respectively. Future minimum rental income for the years 2005 through 2009 are as follows:

	(in thousands)
2005	$ 4,227
2006	8,083
2007	7,614
2008	5,776
2009	4,959
Total	$ 30,659

On June 10, 2005, the Company and Dubai Holding announced the formation of the Dubai Mercantile Exchange (“DME”), a 50/50 joint-venture to develop the Middle East’s first energy futures exchange. It is expected that the DME will initially trade sour crude and fuel oil. It will be based in the Dubai International Financial Centre (“DIFC”), a financial free zone designed to promote financial services within the United Arab Emirates. In addition, the DME will be regulated by the Dubai Financial Services Authority, a regulatory body established within the DIFC. The DME is expected to open for trading in early 2006. In accordance with the shareholders agreement, the Company will be required to contribute capital to the joint-venture in an aggregate amount of $9.8 million, with the first contribution of $2.5 million currently scheduled to be made in 2005.

Financial Guarantees

The Company adopted FIN No. 45, effective January 1, 2003. The Company has certain guarantee arrangements in its clearing process as well as other financial guarantees discussed below:

Included in marketable securities are investments that are pledged as collateral with one of the Company’s investment managers relating to a membership seat financing program. Under this program, the investment manager extends credit to individuals purchasing NYMEX Division memberships. The program requires that the Company pledge assets to the investment manager in an amount equal to at least 118% of the loan value. In the event a member defaults on a loan, the investment manager has the right to seize the Company’s collateral for the amount of the default, and the Company has the right to liquidate the member’s interest in NYMEX Division to reimburse its loss of collateral. At June 30, 2005, there were total seat loan balances of $10.9 million and securities pledged against the seat loan balances of $12.9 million.

The Company serves a clearinghouse function, standing as a financial intermediary on every open futures and options transaction cleared. Through its clearinghouse, the Company maintains a system of guarantees for performance of obligations owed to buyers and sellers. This system of guarantees is supported by several mechanisms, including margin deposits and guaranty funds posted by clearing members with the Company’s clearinghouse. The amount of margin deposits on hand will fluctuate over time as a result of, among other things, the extent of open positions held at any point in time by market participants in NYMEX Division and COMEX Division contracts and the margin rates then in effect for such contracts. The Company is required, under the Commodity Exchange Act, to maintain separate accounts for cash and securities that are deposited by clearing members, at banks approved by the Company, as margin for house and customer accounts. These clearing deposits are used by members to meet their obligations to the Company for margin requirements on open futures and options positions, as well as delivery obligations.

During 2004, the Company established additional retail customer protection supported by a commitment of at least $10 million available at all times to promptly reimburse retail customers in the event that their clearing member defaults as a result of a default by another customer where margin funds from the retail customer's account are used to address the default. Retail customers are defined as those that do not otherwise qualify as "eligible contract participants" under the requirements of the Commodity Exchange Act, and are not floor traders or floor brokers on the Exchange or family members of an Exchange floor trader or floor broker who maintains an account at the same clearing firm.

There were no events of default during the three and six months ended June 30, 2005, in any of the above arrangements, in which a liability should be recognized in accordance with FIN No. 45.

Legal Proceedings

Set forth below is a description of material litigation to which the Company is a party, as of June 30, 2005. Although there can be no assurance as to the ultimate outcome, the Company believes it has a meritorious defense and is vigorously defending the matter described below. The final outcome of any litigation, however, cannot be predicted with certainty, and an adverse resolution of this matter could have a material adverse effect on the Company's consolidated results of operations, financial position or cash flows.

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

New York Mercantile Exchange, Inc. v. IntercontinentalExchange, Inc. On November 20, 2002, NYMEX Exchange commenced an action in United States District Court for the Southern District of New York against IntercontinentalExchange, Inc. ("ICE"). The amended complaint alleges claims for: (a) copyright infringement by ICE arising out of ICE's uses of certain NYMEX Exchange settlement prices; (b) service mark infringement by reason of use by ICE of the service marks NYMEX and NEW YORK MERCANTILE EXCHANGE; (c) violation of trademark anti-dilution statutes; and (d) interference with contractual relationships. On January 6, 2003, ICE served an Answer and Counterclaims, in which ICE alleges five counterclaims against NYMEX Exchange as follows: (1) a claim for purported violation of Section 2 of the Sherman Act, 15 U.S.C. § 2, for NYMEX Exchange's allegedly trying to maintain a monopoly in the execution of the North America energy futures and expand the alleged monopoly into the execution and clearing of North American OTC energy contracts by attempting to deny ICE access to NYMEX Exchange settlement prices; (2) a claim for purported violation of Section 1 of the Sherman Act by conspiring with certain of its members to restrain trade by attempting to deny ICE access to NYMEX Exchange settlement prices; (3) a claim for alleged violation of Section 2 of the Sherman Act by NYMEX Exchange purportedly denying ICE access to NYMEX Exchange's settlement prices which are allegedly an "essential facility"; (4) a claim for purported violation of Section 1 of the Sherman Act and Section 3 of the Clayton Act by NYMEX Exchange allegedly tying execution services for North American energy futures and options to clearing services; and (5) a claim for purported violation of the Lanham Act through false advertising with respect to certain services offered by NYMEX Exchange and services offered by ICE. The counterclaims request damages and trebled damages in amounts not specified yet by ICE in addition to injunctive and declaratory relief.

On August 11, 2003, the Court issued an opinion dismissing certain counterclaims and one affirmative defense, with leave to replead. On or about August 28, 2003, NYMEX Exchange was served with ICE's First Amended Counterclaims in which ICE made four counterclaims against NYMEX Exchange principally alleging violations of U.S. antitrust laws, including claims regarding monopoly leveraging.

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By Order and Opinion dated June 30, 2004, the Court granted NYMEX Exchange's motion and dismissed all of the antitrust counterclaims asserted against NYMEX Exchange. This case is ongoing.

10. Segment Reporting

The Company considers operating results for two business segments: Open Outcry and Electronic Trading and Clearing. Open Outcry is the trading and clearing of NYMEX Division and COMEX Division futures and options contracts on the trading floors of the Exchange. Electronic Trading and Clearing consists of NYMEX ACCESS®, NYMEX ClearPort® Trading and NYMEX ClearPort® Clearing. The Corporate/Other column represents income earned on the Company's investments, as well as interest expense incurred on its obligations. The Company reports revenue on a segment basis. Total revenues presented for each segment include clearing and transaction fees related to such segment and a pro rated portion of market data fees. Other revenues are attributed entirely to Open Outcry. Depreciation and amortization and other operating expenses, excluding interest, are allocated based on the proportion of total revenues attributed to each segment. The prior year segment information has been restated to reflect this methodology of reporting each segment.

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

	Three Months Ended June 30, 2005				Six Months Ended June 30, 2005			
	Open Outcry	Electronic Trading & Clearing	Corporate / Other	Total	Open Outcry	Electronic Trading & Clearing	Corporate / Other	Total
Total revenues	$ 54,303	$ 25,153	$ 2,749	**$ 82,205**	$ 104,621	$ 46,994	$ 3,270	**$ 154,885**
Depreciation and amortization	2,704	1,258	—	**3,962**	5,595	2,513	—	**8,108**
Other operating expenses	32,868	15,230	1,731	**49,829**	63,714	28,619	3,456	**95,789**
Income (loss) before provision (benefit) for income taxes	18,731	8,665	1,018	**28,414**	35,312	15,862	(186)	**50,988**
Provision (benefit) for income taxes	8,430	3,899	458	**12,787**	15,885	7,138	(84)	**22,939**
Net income (loss)	$ 10,301	$ 4,766	$ 560	**$ 15,627**	$ 19,427	$ 8,724	$ (102)	**$ 28,049**

	Three Months Ended June 30, 2004				Six Months Ended June 30, 2004			
	Open Outcry	Electronic Trading & Clearing	Corporate / Other	Total	Open Outcry	Electronic Trading & Clearing	Corporate / Other	Total
Total revenues	$ 44,286	$ 12,173	$ (337)	**$ 56,122**	$ 87,482	$ 22,214	$ 691	**$ 110,387**
Depreciation and amortization	4,116	1,137	—	**5,253**	8,409	2,135	—	**10,544**
Other operating expenses	30,925	8,482	1,770	**41,177**	60,242	15,297	3,540	**79,079**
Income (loss) before provision (benefit) for income taxes	9,245	2,554	(2,107)	**9,692**	18,831	4,782	(2,849)	**20,764**
Provision (benefit) for income taxes	4,163	1,145	(938)	**4,370**	8,344	2,118	(1,262)	**9,200**
Net income (loss)	$ 5,082	$ 1,409	$ (1,169)	**$ 5,322**	$ 10,487	$ 2,664	$ (1,587)	**$ 11,564**

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company does not account for, and does not report to management, its assets (other than goodwill and other intangible assets for SFAS No. 142 reporting purposes) or capital expenditures by business segment. Foreign source revenues and long-lived assets located in foreign countries are not material to the consolidated results of operations and financial position of the Company and are, therefore, not disclosed separately.

11. Members' Retirement Plan and Benefits

The Company maintains a retirement and benefit plan under the COMEX Members' Recognition and Retention Plan ("MRRP"). This plan provides benefits to certain members of the COMEX Division based on long-term membership, and participation is limited to individuals who were COMEX Division members prior to the Company's acquisition of COMEX in 1994. No new participants were permitted into the plan after the date of the acquisition. The annual benefit payments are $12,500 ($2,000 for options members) for ten years for vested participants. Under the terms of the COMEX merger agreement, the Company is required to fund the plan with a minimum annual contribution of $400,000 until it is fully funded. The Company funded the plan by $800,000 in each of the years ended December 31, 2004, 2003 and 2002. Based on continued funding of $800,000 per year, and certain actuarial assumptions, the Company expects the plan to be fully funded in 2019. The annual contribution may be reduced if actuarial assumptions indicate that full funding can be achieved without making the entire funding contributions indicated above. Corporate contributions are charged against current operations. All benefits to be paid under the COMEX MRRP shall be based upon reasonable actuarial assumptions which, in turn, are based upon the amounts that are available and are expected to be available to pay benefits, except that the benefits paid to any individual will not exceed the amounts stated above. Quarterly distributions from the COMEX MRRP began in the second quarter of 2002. Subject to the foregoing, the board of directors of the Company reserves the right to amend or terminate the COMEX MRRP upon an affirmative vote of 60% of the eligible COMEX Division plan participants.

12. Postretirement Benefits other than Pensions

The Company's postretirement benefit costs are developed from actuarial valuations. Inherent in these valuations are key assumptions, including the discount rate and expected long-term rate of return on plan assets. Material changes in its postretirement benefit costs may occur in the future due to changes in these assumptions, changes in the number of plan participants, changes in the level of benefits provided, and changes in asset levels. The Company provides certain health care and life insurance benefit plans for qualifying retired employees. Substantially all of the Company's employees may become eligible for these benefits if they reach specified age and years of service criteria while working for the Company. The benefits are provided through certain insurance companies. The Company expects to fund its share of such benefit costs principally on a pay-as-you-go basis.

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") became law in the United States. The Act introduces a prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to the Medicare benefit. In accordance with FASB Staff Position No. 106-1, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003*, the Company elected to defer recognition of the effects of the Act in any measures of the benefit obligation or cost. In May 2004, the FASB issued Staff Position No. 106-2 ("FAS No. 106-2") under the same title. FAS No. 106-2 provides guidance on accounting for the benefits attributable to new government subsidies for companies that provide prescription drug benefits to retirees. The Company has concluded that it will likely not be eligible to receive a subsidy. Therefore, the Act is not expected to have a material effect on the Company's consolidated results of operations, financial position or cash flows. The measurement date used to determine postretirement benefit measures for the postretirement benefit plan is December 31 of each year.

NYMEX HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Accrued postretirement benefit costs are included in other non-current liabilities in the consolidated balance sheets. The accrued postretirement obligations recorded in the balance sheet at June 30, 2005 and December 31, 2004 exceed the amount of the accumulated obligations.

The following table presents the funded status of such plans, reconciled with amounts recognized in the Company's unaudited consolidated financial statements (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Service costs	$ 88	$ 65	$ 176	$ 130
Interest costs	88	63	176	126
Amortization of prior service costs	(14)	(14)	(28)	(28)
Amortization of net (gain) loss	6	(1)	12	(2)
Total net period postretirement benefit cost	$ 168	$ 113	$ 336	$ 226

13. Subsequent Events

On July 6, 2005, the board of directors of the Company voted to declare and distribute a special cash dividend of $81.6 million to stockholders of record as of July 15, 2005. On August 1, 2005, each of the stockholders as of the record date was paid $100,000 per share of the Company's common stock.

Other material events are reported periodically by the Company through its filings of Current Reports on Form 8-K, which are posted on the Securities and Exchange Commission's website at *www.sec.gov.*

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Overview

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

Since its founding 133 years ago, the Exchange has evolved into a major provider of financial services to the energy and metals industries. A core component of the business is the revenue derived from the Exchange's trading facilities and from providing clearing and settlement services through its clearinghouse to a wide range of participants in these industries. A significant amount of revenue is also derived from the sale of market data. Based upon 2004 volume of approximately 169 million contracts transacted and/or cleared on the Exchange, the Exchange is the largest physical commodity based futures exchange in the world and the third largest futures exchange in the United States. NYMEX Exchange is the largest exchange in the world for the trading of energy futures and options contracts, including contracts for crude oil, unleaded gasoline, heating oil and natural gas, and is the largest exchange in North America for the trading of platinum group metals contracts. COMEX is the largest marketplace for gold and silver futures and options contracts, and is the largest exchange in North America for futures and options contracts for copper and aluminum. Participants in the Exchange's markets include a wide variety of customers involved in the production, consumption and trading of energy and metals products. Market participants use the Exchange for both hedging and speculative purposes. NYMEX ClearPort® Clearing is the mechanism by which individually negotiated off-exchange trades are submitted to the Exchange for clearing of specified products. The NYMEX ClearPort® Clearing system enables market participants to take advantage of the financial depth and security of the NYMEX Exchange clearinghouse along with access to more than 60 energy futures contracts.

Note Regarding Forward-Looking Statements

The Company may, in discussions of its future plans, objectives and expected performance in periodic reports filed by the Company with the Securities and Exchange Commission (or documents incorporated by reference therein) and in written and oral presentations made by the Company, include projections or other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934, as amended (the "1934 Act"). Such projections and forward-looking statements are based on assumptions, which the Company believes are reasonable but are, by their nature, inherently uncertain. Some of the important factors that could cause actual results to differ from any such projections or other forward-looking statements are discussed below, and in other reports filed by the Company under the 1934 Act, including in the Company's December 31, 2004 Annual Report on Form 10-K. The Company's forward-looking statements are based on information available to the Company today, and except as required by law, the Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. Actual results and experience may differ materially from forward-looking statements as a result of many factors, including: changes in general economic and industry conditions in various markets in which the Company's contracts are traded; increased competitive activity; fluctuations in prices of the underlying commodities as well as for trading floor administrative expenses related to the trading and clearing of contracts; the ability to control costs and expenses; changes to legislation or regulations; protection and validity of the Company's intellectual property rights and rights licensed from others; and other unanticipated events and conditions. It is not possible for the Company to foresee or identify all such factors.

Market Conditions

For the three months ended June 30, 2005, the volume of total futures and options contracts traded and cleared was 53.3 million contracts, an increase of 11.9 million contracts or 28.7% from 41.4 million contracts for the same period last year.

For the six months ended June 30, 2005, the volume of total futures and options contracts traded and cleared was 100.7 million contracts, an increase of 20.7 million contracts or 25.9% from 80.0 million contracts for the same period last year.

Provided below is a discussion of the Company's three significant components of trading and clearing operations: (i) NYMEX Division; (ii) COMEX Division; and (iii) NYMEX ClearPort® Clearing. NYMEX Division and COMEX Division information presented in the following discussion excludes contracts cleared through NYMEX ClearPort® Clearing.

Trading and clearing volumes discussed in this management's discussion and analysis are expressed as "round-turns," which are matched buys and sells of the underlying contracts. These volumes include futures settlement and options exercise transactions for which transaction fees are assessed. Open interest represents the number of contracts at June 30, 2005 and 2004 for which clearing members and their customers are obligated to the Company's clearinghouse and are required to make or take future delivery of the physical commodity (or in certain cases be settled by cash), or close out the position with an offsetting sale or purchase prior to contract expiration. Options open interest represents unexpired, unexercised option contracts.

Energy Markets—NYMEX Division

For the three months ended June 30, 2005, the volume of futures and options contracts traded and cleared on the NYMEX Division was 36.2 million contracts, an increase of 5.4 million contracts or 17.5% from 30.8 million contracts for the same period last year. Futures contracts volume was 29.3 million contracts, an increase of 4.0 million contracts or 15.8% from 25.3 million contracts for the same period last year. Options contracts volume was 6.9 million contracts, an increase of 1.4 million contracts or 25.5% from 5.5 million contracts for the same period last year.

For the six months ended June 30, 2005, the volume of futures and options contracts traded and cleared on the NYMEX Division was 70.0 million contracts, an increase of 10.7 million contracts or 18.0% from 59.3 million contracts for the same period last year. Futures contracts volume was 56.5 million contracts, an increase of 7.8 million contracts or 16.0% from 48.7 million contracts for the same period last year. Options contracts volume was 13.5 million contracts, an increase of 2.9 million contracts or 27.4% from 10.6 million contracts for the same period last year.

The following tables set forth trading and clearing volumes and open interest for the Company's major energy futures and options products.

NYMEX Division Contracts Traded and Cleared
(in thousands)

	For the Three Months Ended June 30,					
	2005			2004		
	Futures	Options	Total	Futures	Options	Total
Light sweet crude oil	16,156	4,082	**20,238**	13,493	2,929	**16,422**
Henry Hub natural gas	5,143	2,184	**7,327**	4,763	1,919	**6,682**
N.Y. heating oil	3,291	221	**3,512**	3,032	105	**3,137**
N.Y. harbor unleaded gasoline	3,462	321	**3,783**	3,605	377	**3,982**
Other	1,216	138	**1,354**	409	181	**590**
Total	29,268	6,946	**36,214**	25,302	5,511	**30,813**

NYMEX Division Contracts Traded and Cleared
(in thousands)

	For the Six Months Ended June 30,					
	2005			2004		
	Futures	Options	Total	Futures	Options	Total
Light sweet crude oil	30,615	7,588	**38,203**	26,223	5,513	**31,736**
Henry Hub natural gas	9,935	4,346	**14,281**	8,614	3,905	**12,519**
N.Y. heating oil	6,694	506	**7,200**	6,421	248	**6,669**
N.Y. harbor unleaded gasoline	6,662	612	**7,274**	6,748	615	**7,363**
Other	2,573	450	**3,023**	664	322	**986**
Total	56,479	13,502	**69,981**	48,670	10,603	**59,273**

NYMEX Division Contracts Open Interest
(in thousands)

	At June 30,					
	2005			2004		
	Futures	Options	Total	Futures	Options	Total
Light sweet crude oil	789	1,502	**2,291**	698	1,005	**1,703**
Henry Hub natural gas	471	1,036	**1,507**	364	873	**1,237**
N.Y. heating oil	187	86	**273**	182	52	**234**
N.Y. harbor unleaded gasoline	144	68	**212**	130	74	**204**
Other	57	130	**187**	48	11	**59**
Total	1,648	2,822	**4,470**	1,422	2,015	**3,437**

Light Sweet Crude Oil

For the three months ended June 30, 2005, futures contract volume was 16.1 million contracts, an increase of 2.6 million contracts or 19.3% from 13.5 million contracts for the same period last year. Options contract volume was 4.1 million contracts, an increase of 1.2 million contracts or 41.4% from 2.9 million contracts for the same period last year. Total futures and options contract volume was 20.2 million contracts, an increase of 3.8 million contracts or 23.2% from 16.4 million contracts for the same period last year.

For the six months ended June 30, 2005, futures contract volume was 30.6 million contracts, an increase of 4.4 million contracts or 16.8% from 26.2 million contracts for the same period last year. Options contract volume was 7.6 million contracts, an increase of 2.1 million contracts or 38.2% from 5.5 million contracts for the same period last year. Total futures and options contract volume was 38.2 million contracts, an increase of 6.5 million contracts or 20.5% from 31.7 million contracts for the same period last year.

The Company believes that increases in futures and options contract volume for the three and six months ended June 30, 2005 were due, in part, to the price volatility of crude oil. The price volatility was caused by historically high price levels, continued strong global demand for crude oil and continued supply concerns. Seasonal factors also contributed to the price volatility, with the late winter cold spell in the Northern Hemisphere affecting the first quarter of 2005, and concerns about supply disruptions due to the early start of the hurricane season in the Gulf of Mexico affecting the second quarter of 2005.

Henry Hub Natural Gas

For the three months ended June 30, 2005, futures contract volume was 5.1 million contracts, an increase of 0.3 million contracts or 6.3% from 4.8 million contracts for the same period last year. Options contract volume was 2.2 million contracts, an increase of 0.3 million contracts or 15.8% from 1.9 million contracts for the same period last year. Total futures and options contracts volume was 7.3 million contracts, an increase of 0.6 million contracts or 9.0% from 6.7 million contracts for the same period last year.

For the six months ended June 30, 2005, futures contract volume was 9.9 million contracts, an increase of 1.3 million contracts or 15.1% from 8.6 million contracts for the same period last year. Options contract volume was 4.4 million contracts, an increase of 0.5 million contracts or 12.8% from 3.9 million contracts for the same period last year. Total futures and options contracts volume was 14.3 million contracts, an increase of 1.8 million contracts or 14.4% from 12.5 million contracts for the same period last year.

The Company believes that increases in futures and options contract volume for the three and six months ended June 30, 2005 were due, in part, to a significant decline in the price of natural gas during the second quarter of 2005, as well as continued concerns about the North American natural gas supply, resulting in higher trading activity.

New York Heating Oil

For the three months ended June 30, 2005, futures contract volume was 3.3 million contracts, an increase of 0.3 million contracts or 10.0% from 3.0 million contracts for the same period last year. Options contract volume was 0.2 million contracts, an increase of 0.1 million contracts or 100.0% from 0.1 million contracts for the same period last year. Total futures and options contracts volume was 3.5 million contracts, an increase of 0.4 million contracts or 12.9% from 3.1 million contracts for the same period last year.

For the six months ended June 30, 2005, futures contract volume was 6.7 million contracts, an increase of 0.3 million contracts or 4.7% from 6.4 million contracts for the same period last year. Options contract volume was 0.5 million contracts, an increase of 0.2 million contracts or 66.7% from 0.3 million contracts for the same period last year. Total futures and options contracts volume was 7.2 million contracts, an increase of 0.5 million contracts or 7.5% from 6.7 million contracts for the same period last year.

The Company believes that increases in futures and options contract volume for the three and six months ended June 30, 2005 were due, in part, to the continuing strong global demand for petroleum products, including heating oil. In addition, concerns surrounding limited refining capacity and historically high prices continue to cause higher volatility in the heating oil market, resulting in increased trading activity, particularly in options contracts. Finally, high price differentials between heating oil and crude oil have also resulted in increased trading activity.

New York Harbor Unleaded Gasoline

For the three months ended June 30, 2005, futures contract volume was 3.5 million contracts, a decrease of 0.1 million contracts or 2.8% from 3.6 million contracts for the same period last year. Options contract volume was 0.3 million contracts, a decrease of 0.1 million contracts or 25.0% from 0.4 million contracts for the same period last year. Total futures and options contracts volume was 3.8 million contracts, a decrease of 0.2 million contracts or 5.0% from 4.0 million contracts for the same period last year.

For the six months ended June 30, 2005, futures contract volume was 6.7 million contracts, essentially flat compared to the same period last year. Options contract volume was 0.6 million contracts, essentially flat compared to the same period last year. Total futures and options contracts volume was 7.3 million contracts, essentially flat compared to the same period last year.

The Company believes that the slight decreases in futures and options contract volume for the three months ended June 30, 2005 were due, in part, to a decrease in volatility caused by the price of gasoline. The second quarter of 2005 began with gasoline prices at historically high levels. During the first half of the quarter, the price of gasoline gradually declined followed by a gradual increase in price during the second half of the quarter, resulting in slightly lower volatility levels during the second quarter of 2005.

Metals Market—COMEX Division

For the three months ended June 30, 2005, the volume of futures and options contracts traded and cleared for the COMEX Division was 7.4 million contracts, a decrease of 0.3 million contracts or 3.9% from 7.7 million contracts for the same period last year. Futures contract volume was 6.5 million contracts, an increase of 0.5 million contracts or 8.3% from 6.0 million contracts for the same period last year. Options contract volume was 0.9 million contracts, a decrease of 0.8 million contracts or 47.1% from 1.7 million contracts for the same period last year.

For the six months ended June 30, 2005, the volume of futures and options contracts traded and cleared for the COMEX Division was 14.8 million contracts, a decrease of 1.1 million contracts or 6.9% from 15.9 million contracts for the same period last year. Futures contract volume was 12.8 million contracts, a decrease of 0.5 million contracts or 3.8% from 13.3 million contracts for the same period last year. Options contract volume was 2.0 million contracts, a decrease of 0.6 million contracts or 23.1% from 2.6 million contracts for the same period last year.

The following tables set forth trading and clearing volumes and open interest for the Company's major metals futures and options products.

COMEX Division Contracts Traded and Cleared
(in thousands)

	For the Three Months Ended June 30,					
	2005			2004		
	Futures	Options	Total	Futures	Options	Total
Gold	3,672	663	**4,335**	3,665	1,309	**4,974**
Silver	1,555	232	**1,787**	1,441	286	**1,727**
High grade copper	1,267	50	**1,317**	895	77	**972**
Aluminum	10	—	**10**	23	—	**23**
Total	6,504	945	**7,449**	6,024	1,672	**7,696**

COMEX Division Contracts Traded and Cleared
(in thousands)

	For the Six Months Ended June 30,					
	2005			2004		
	Futures	Options	Total	Futures	Options	Total
Gold	7,867	1,364	**9,231**	8,436	1,993	**10,429**
Silver	2,757	494	**3,251**	2,946	480	**3,426**
High grade copper	2,184	86	**2,270**	1,868	129	**1,997**
Aluminum	23	—	**23**	57	—	**57**
Total	12,831	1,944	**14,775**	13,307	2,602	**15,909**

COMEX Division Contracts Open Interest
(in thousands)

	At June 30,					
	2005			2004		
	Futures	Options	Total	Futures	Options	Total
Gold	313	336	**649**	224	637	**861**
Silver	115	65	**180**	89	98	**187**
High grade copper	111	15	**126**	57	26	**83**
Aluminum	5	—	**5**	10	—	**10**
Total	544	416	**960**	380	761	**1,141**

Gold

For the three months ended June 30, 2005, futures contract volume was 3.7 million contracts, essentially flat compared to the same period last year. Options contract volume was 0.6 million contracts, a decrease of 0.7 million contracts or 53.8% from 1.3 million contracts for the same period last year. Total futures and options contract volume was 4.3 million contracts, a decrease of 0.7 million contracts or 14.0% from 5.0 million contracts for the same period last year.

For the six months ended June 30, 2005, futures contract volume was 7.9 million contracts, a decrease of 0.5 million contracts or 6.0% from 8.4 million contracts for the same period last year. Options contract volume was 1.3 million contracts, a decrease of 0.7 million contracts or 35.0% from 2.0 million contracts for the same period last year. Total futures and options contract volume was 9.2 million contracts, a decrease of 1.2 million contracts or 11.5% from 10.4 million contracts for the same period last year.

The Company believes that the decrease in futures contract volume for the six months ended June 30, 2005 was due, in part, to lower volatility levels in the gold market compared to the prior year period, which led to decreased hedging and speculative demand for gold futures.

Silver

For the three months ended June 30, 2005, futures contract volume was 1.6 million contracts, an increase of 0.2 million contracts or 14.3% from 1.4 million contracts for the same period last year. Options contract volume was 232,000 contracts, a decrease of 54,000 contracts or 18.9% from 286,000 contracts for the same period last year. Total futures and options contract volume was 1.8 million contracts, an increase of 0.1 million contracts or 5.9% from 1.7 million contracts for the same period last year.

For the six months ended June 30, 2005, futures contract volume was 2.8 million contracts, a decrease of 0.1 million contracts or 3.4% from 2.9 million contracts for the same period last year. Options contract volume was 0.5 million contracts, essentially flat compared to the same period last year. Total futures and options contract volume was 3.3 million contracts, a decrease of 0.1 million contracts or 2.9% from 3.4 million contracts for the same period last year.

The Company believes that the increase in futures contract volume for the three months ended June 30, 2005 was due, in part, to the uncertainty in global geopolitical conditions as well as a weak U.S. currency versus other international currencies, which led to increased hedging and speculative demand for silver futures. For the six months ended June 30, 2005, the Company believes that the slight decrease in futures contract volume was due, in part, to lower volatility levels in the silver market when compared to the same period last year.

High Grade Copper

For the three months ended June 30, 2005, futures contract volume was 1.3 million contracts, an increase of 0.4 million contracts or 44.4% from 0.9 million contracts for the same period last year. Options contract volume decreased to 50,000 contracts from 77,000 contracts for the same period last year. Total futures and options contract volume was 1.3 million contracts, an increase of 0.3 million contracts or 30.0% from 1.0 million contracts for the same period last year.

For the six months ended June 30, 2005, futures contract volume was 2.2 million contracts, an increase of 0.3 million contracts or 15.8% from 1.9 million contracts for the same period last year. Options contract volume decreased to 86,000 contracts from 129,000 contracts for the same period last year. Total futures and options contract volume was 2.3 million contracts, an increase of 0.3 million contracts or 15.0% from 2.0 million contracts for the same period last year.

The Company believes that the increases in futures contract volume for the three and six months ended June 30, 2005 were due, in part, to declining global warehouse stocks as a result of increased international demand, and strong housing starts in the second quarter of 2005, which contributed to increased hedging and speculative demand for copper futures.

NYMEX ClearPort® Clearing

For the three months ended June 30, 2005, futures and options contract clearing volume was 9.6 million contracts, an increase of 6.7 million contracts or over 200% from 2.9 million contracts for the same period last year.

For the six months ended June 30, 2005, futures and options contract clearing volume was 15.9 million contracts, an increase of 11.1 million contracts or over 200% from 4.8 million contracts for the same period last year.

For the three and six months ended June 30, 2005, there was significant growth in natural gas clearing volume through NYMEX ClearPort® Clearing. The Company believes this growth was due, in part, to traditional over-the-counter market participants seeking credit risk mitigation provided by the Company's clearinghouse for off-Exchange trade execution activities. In addition, significant growth in the number of different natural gas products offered during the current period and the launch of new products for petroleum, electricity and coal on NYMEX ClearPort® Clearing contributed to this increase.

NYMEX ClearPort® Clearing Contracts
(in thousands)

	For the Three Months Ended June 30,					
	2005			2004		
	Futures	Options	Total	Futures	Options	Total
Natural gas	7,333	1,479	**8,812**	2,525	47	**2,572**
Electricity	615	5	**620**	134	—	**134**
Petroleum products	99	57	**156**	141	5	**146**
Coal	6	—	**6**	2	—	**2**
Total	8,053	1,541	**9,594**	2,802	52	**2,854**

NYMEX ClearPort® Clearing Contracts
(in thousands)

	For the Six Months Ended June 30,					
	2005			2004		
	Futures	Options	Total	Futures	Options	Total
Natural gas	11,968	2,784	**14,752**	4,286	50	**4,336**
Electricity	883	6	**889**	239	—	**239**
Petroleum products	182	111	**293**	254	4	**258**
Coal	9	—	**9**	4	—	**4**
Total	13,042	2,901	**15,943**	4,783	54	**4,837**

NYMEX ClearPort® Clearing Open Interest
(in thousands)

	At June 30,					
	2005			2004		
	Futures	Options	Total	Futures	Options	Total
Natural gas	3,034	1,182	**4,216**	1,525	—	**1,525**
Electricity	185	15	**200**	36	—	**36**
Petroleum products	89	15	**104**	99	—	**99**
Coal	2	—	**2**	143	—	**143**
Total	3,310	1,212	**4,522**	1,803	—	**1,803**

Results of Operations for the Three and Six Months Ended June 30, 2005 and 2004

Overview

Net income for the three months ended June 30, 2005 was $15.6 million, an increase of $10.3 million from $5.3 million for the same period last year. This increase was the result of revenues increasing by $26.1 million, which was partially offset by increases in operating expenses and income taxes of $7.4 million and $8.4 million, respectively.

Net income for the six months ended June 30, 2005 was $28.0 million, an increase of $16.4 million from $11.6 million for the same period last year. This increase was the result of revenues increasing by $44.5 million, which was partially offset by increases in operating expenses and income taxes of $14.3 million and $13.8 million, respectively.

The increase in revenues for both the three- and six-month periods was due to an increase in clearing and transaction fees from higher trading and clearing volumes, market data fees from the implementation of a new price structure which went into effect on January 1, 2005, as well as increased investment income. The increase in operating expenses for both the three- and six-month periods was due primarily to increases in general and administrative expenses. Additionally, increases in professional services expenses contributed to the increase in operating expenses during the six-month period.

The following table summarizes the components of net income for the three and six months ended June 30, 2005 and 2004 (in thousands, except for share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Total revenues	$ 82,205	$ 56,122	$ 154,885	$ 110,387
Total expenses	53,791	46,430	103,897	89,623
Income before provision for income taxes	28,414	9,692	50,988	20,764
Provision for income taxes	12,787	4,370	22,939	9,200
Net income	$ 15,627	$ 5,322	$ 28,049	$ 11,564
Basic and diluted earnings per share	$ 19,151	$ 6,522	$ 34,374	$ 14,172

Revenue

Clearing and Transaction Fees

For the three months ended June 30, 2005, clearing and transaction fees were $65.7 million, an increase of $20.0 million or 43.8% from $45.7 million for the same period last year. For the six months ended June 30, 2005, clearing and transaction fees were $124.1 million, an increase of $35.5 million or 40.1% from $88.6 million for the same period last year. The increases for both the three- and six-month periods were due to higher floor trading and NYMEX ACCESS® volumes on the NYMEX Division, higher NYMEX ClearPort® Clearing volumes and a higher average revenue per contract.

For the three and six months ended June 30, 2005, revenue per contract was $1.23, an increase of $0.12 per contract compared to $1.11 per contract in the prior year periods. These increases were due to the floor customer trading mix and an increase in the percentage of trades executed on NYMEX ClearPort® Clearing and NYMEX ACCESS®, which charge higher rates per trade.

Market Data Fees

For the three months ended June 30, 2005, market data fees were $10.9 million, an increase of $2.9 million or 36.3% from $8.0 million for the same period last year. For the six months ended June 30, 2005, market data fees were $21.9 million, an increase of $6.2 million or 39.5% from $15.7 million for the same period last year. The increases for both the three- and six-month periods were due primarily to the implementation of a new price structure that went into effect on January 1, 2005. Increases in the number of market data devices being utilized, for which the Company charges fees, also contributed to the increases. In addition, the Company began to charge separate vendor administrative fees for the NYMEX Division and COMEX Division in May of 2004. Prior to this, vendors were being charged only one administrative fee for access to market data of both divisions.

Other, Net

For the three months ended June 30, 2005, other revenues were $2.9 million, an increase of $0.2 million or 7.4% from $2.7 million for the same period last year. For the six months ended June 30, 2005, other revenues were $5.6 million, an increase of $0.2 million or 3.7% from $5.4 million for the same period last year. The increases for both the three- and six-month periods were due primarily to additional rental income recorded from the Board of Trade of the City of New York, Inc. ("NYBOT") offset, in part, by increases in the Company's consolidated cost reduction program. This program provides members, who remain current with their balances due to the Company, with credits on telephone and equipment fees that are provided to them by the Company.

Investment Income, Net

For the three months ended June 30, 2005, investment income was $2.3 million, an increase of $2.6 million from a loss of $0.3 million for the same period last year. For the six months ended June 30, 2005, investment income was $2.4 million, an increase of $1.7 million from $0.7 million for the same period last year. The increases for both the three- and six-month periods were due primarily to interest income, as a result of a larger amount of investment assets in the current year periods coupled with higher interest rates. In addition, the prior year periods included higher net unrealized losses on fixed income securities compared to the current year periods.

Interest Income from Securities Lending, Net

In 2005, the Company entered into an agreement with JPMorgan Chase & Co. ("JPMorgan") to participate in a securities lending program (see Note 2 to the unaudited consolidated financial statements). For the three and six months ended June 30, 2005, interest income from securities lending, net was $0.5 million and $0.9 million, respectively.

Operating Expenses

Salaries and Employee Benefits

For the three months ended June 30, 2005, salaries and employee benefits were $15.0 million, a decrease of $0.4 million or 2.6% from $15.4 million for the same period last year. This decrease was due primarily to higher severance costs the Company incurred in the second quarter of 2004 with respect to one of its senior executives. The decrease was offset, in part, by higher employee costs attributable to an increase in the number of employees, as well as higher overall compensation levels, compared to the same period last year. In addition, the Company incurred additional temporary staffing during the current year period to assist in the start-up of its trading floor in Dublin, Ireland.

For the six months ended June 30, 2005, salaries and employee benefits were $30.1 million, an increase of $1.1 million or 3.8% from $29.0 million for the same period last year. This increase was due primarily to higher employee costs attributable to an increase in the number of employees, as well as higher overall compensation levels, compared to the same period last year. In addition, the Company incurred additional temporary staffing during the current year period to assist in the start-up of its trading floor in Dublin, Ireland. These increases were partially offset by a decline in severance costs during the current year period as noted above.

Occupancy and Equipment

For the three months ended June 30, 2005, occupancy and equipment expenses were $6.7 million, an increase of $0.5 million or 8.1% from $6.2 million for the same period last year. For the six months ended June 30, 2005, occupancy and equipment expenses were $13.6 million, an increase of $1.4 million or 11.5% from $12.2 million for the same period last year. The increases for both the three- and six-month periods were due primarily to rent and associated expenses incurred by the Company on its trading floor and office space in Dublin, Ireland and London, England, which were not in existence during the prior year periods.

Depreciation and Amortization

For the three months ended June 30, 2005, depreciation and amortization expenses were $4.0 million, a decrease of $1.3 million or 24.5% from $5.3 million for the same period last year. For the six months ended June 30, 2005, depreciation and amortization expenses were $8.1 million, a decrease of $2.4 million or 22.9% from $10.5 million for the same period last year. The decreases for both the three- and six-month periods were due primarily to the write-off of fixed assets during the quarter ended September 30, 2004, which was a result of the Company identifying, through an internal review, a material weakness in its internal controls relating to the acquisition, tracking and disposition of property and equipment. This resulted in a lower fixed asset base during the three- and six-month periods ended June 30, 2005 which, in turn, yielded lower depreciation compared to the same periods last year. The Company is currently in the process of remediating this weakness and has instituted new asset-tagging procedures, new controls over the disposition of assets, and a monthly review process that verifies the valuation, categorization and estimated useful life of all fixed asset additions. In addition, the Company will be implementing new automated processes to replace certain manual processes.

General and Administrative

For the three months ended June 30, 2005, general and administrative expenses were $14.8 million, an increase of $8.2 million or 124.2% from $6.6 million for the same period last year. For the six months ended June 30, 2005, general and administrative expenses were $23.9 million, an increase of $10.8 million or 82.4% from $13.1 million for the same period last year. The increases for both the three- and six-month periods were due primarily to transaction incentives the Company incurred during the current year periods, which it believes are necessary to promote trading in Dublin and eventually in London. The Company expects to incur increased incentive costs in the near future for these initiatives. On February 14, 2005, the Company announced its plans to launch an open outcry futures exchange in London, England, which resulted in additional costs not present in the prior year periods. Travel related costs associated with the establishment and operation of the Company’s trading floors in Dublin and London also contributed to the current year increases.

Professional Services

For the three months ended June 30, 2005, professional services expenses were $6.6 million, essentially flat compared to the same period last year. For the six months ended June 30, 2005, professional services expenses were $15.0 million, an increase of $2.6 million or 21.0% from $12.4 million for the same period last year. The increase for the six-month period was due primarily to higher financial consulting fees the Company incurred to support its business expansion initiatives, as well as technical consulting to support its technology initiatives.

Telecommunications

For the three months ended June 30, 2005, telecommunications expenses were $1.7 million, an increase of $0.2 million or 13.3% from $1.5 million for the same period last year. For the six months ended June 30, 2005, telecommunications expenses were $3.4 million, an increase of $0.5 million or 17.2% from $2.9 million for the same period last year. The increases for both the three- and six-month periods were due primarily to higher data communication expenses in the current year periods needed to support the growth in market data fees, as well as costs associated with the Dublin trading floor.

Marketing

For the three months ended June 30, 2005, marketing expenses were $1.1 million, an increase of $0.6 million or 120.0% from $0.5 million for the same period last year. For the six months ended June 30, 2005, marketing expenses were $1.8 million, an increase of $0.6 million or 50.0% from $1.2 million for the same period last year. The increases for both the three- and six-month periods were due primarily to higher advertising and other marketing expenses attributable to the Company’s international expansion initiatives.

Other Expenses

For the three months ended June 30, 2005, other expenses were $2.3 million, an increase of $0.2 million or 9.5% from $2.1 million for the same period last year. For the six months ended June 30, 2005, other expenses were $4.5 million, an increase of $0.4 million or 9.8% from $4.1 million for the same period last year. The increases for both the three- and six-month periods were due primarily to higher charitable contributions in the current year periods.

Interest Expense

For the three and six months ended June 30, 2005, interest expense was $1.7 million and $3.5 million, respectively, down slightly from the same periods last year. The decreases for both the three- and six-month periods was due to principal payments on the Company's long-term debt.

Asset Impairment and Disposition Losses

The loss on impairment and disposition of property and equipment for the three and six months ended June 30, 2005 was $19,000 and $27,000, respectively. The Company, in the normal course of business, records charges for the impairment and disposal of assets which it determines to be obsolete.

Provision for Income Taxes

The Company's effective tax rate was 45.0% for the six months ended June 30, 2005, compared to 44.3% for the same period last year. The difference between the effective tax rates was due primarily to a lower proportion of tax-exempt income as a result of higher pre-tax income in the current year.

Financial Condition and Cash Flows

Liquidity and Capital Resources

At June 30, 2005, the Company had $186.4 million in cash and cash equivalents, securities purchased under agreements to resell and marketable securities. Working capital at June 30, 2005 was $158.6 million.

Cash Flow; Sources and Uses of Cash

The Company's principal sources of cash are fees collected from clearing members for trading and/or clearing futures and options transactions, fees collected from market data vendors for distribution of the Company's proprietary contract price information, and rent collected from tenants leasing space in the Company's headquarters building. Principal uses of cash include operating expenses, income taxes, capital expenditures, debt service, dividends and payments made to members and third parties under certain incentive programs.

The following table is a summary of significant cash flow categories for the six months ended June 30, 2005 and 2004:

	Six Months Ended June 30,	
	2005	2004
	(in thousands)	
Net cash flow provided by (used in):		
Operating activities	$ 28,840	$ 27,500
Investing activities	(1,654,007)	(25,391)
Financing activities	1,623,511	(2,500)
Net increase (decrease) in cash and cash equivalents	$ (1,656)	$ (391)

Net cash provided by operating activities includes cash inflows related to operating revenues, net of cash outflows related to operating expenses, income taxes and payments to members and third parties under certain incentive programs.

Net cash provided by operating activities for the six months ended June 30, 2005 was $28.8 million, an increase of $1.3 million compared to the same period last year. This increase was due primarily to an increase in operating revenues offset, in part, by an increase in income tax payments and payments made under the

Company's incentive programs during the current year period. Further offsetting the current year increase was the higher positive impact on operating cash flows that trade payables and accrued expenses had in the prior year period compared to the current year period.

Under a securities lending program with JPMorgan, the Company lends out securities in exchange for cash collateral which, in turn, is invested on an overnight basis. The cash collateral received is recorded as a liability and presented in financing activities on the Company's consolidated statements of cash flows. The corresponding investment is recorded as an asset and presented in investing activities on the Company's consolidated statements of cash flows.

Net cash used in investing activities for the six months ended June 30, 2005, exclusive of securities purchased under the securities lending program, was $27.0 million, an increase of $1.6 million compared to the same period last year. This increase was due primarily to higher capital expenditures offset, in part, by a lower investment of cash flows into the Company's investment accounts during the current year period.

Net cash used in financing activities for the six months ended June 30, 2005, exclusive of cash received under the securities lending program, was $3.5 million, an increase of $1.0 million compared to the same period last year. This represents payment of a cash dividend to the Company's common stockholders of $4,289 per share compared to $3,064 per share in the prior year period. The Company reserves the right to pay discretionary future dividends.

The Company believes that its cash flows from operations and existing working capital will be sufficient to meet its needs for the foreseeable future, including capital expenditures, debt service and dividends. Subject to certain limitations under existing long-term note agreements, the Company has the ability, and may seek to raise capital through the issuance of debt or equity in the private and public capital markets.

Investment Policy

The Company maintains cash and short-term investments in an amount sufficient to meet its working capital requirements. The Company's investment policies are designed to maintain a high degree of liquidity, emphasizing safety of principal and total after-tax return. Excess cash on hand is generally invested overnight in securities purchased under agreements to resell and short-term marketable securities. Cash that is not required to meet daily working capital requirements is invested primarily in high-grade tax-exempt municipal bonds and obligations of the United States government and its agencies. The Company also invests in equity securities. At June 30, 2005 and December 31, 2004, cash and investments were as follows:

	June 30, 2005	December 31, 2004
	(in thousands)	
Cash and cash equivalents	$ 1,428	$ 3,084
Securities purchased under agreements to resell	26,666	19,324
Marketable securities	158,349	144,950
	$186,443	$ 167,358

Included in marketable securities at June 30, 2005 are investments totaling $12.3 million relating to the COMEX Division Members' Recognition and Retention Plan ("MRRP") (see Note 11 to the unaudited consolidated financial statements). Also, included in marketable securities are investments that are pledged as collateral with one of the Company's investment managers relating to a membership seat financing program (see Note 9 to the unaudited consolidated financial statements).

Clearinghouse

The Company serves a clearinghouse function, standing as a financial intermediary on every open futures and options transaction cleared. Through its clearinghouse, the Company maintains a system of guarantees for performance of obligations owed to buyers and sellers. This system of guarantees is supported by several mechanisms, including margin deposits and guaranty funds posted by clearing members with the Company's clearinghouse. The amount of margin deposits on hand will fluctuate over time as a result of, among other things, the extent of open positions held at any one point in time by market participants in NYMEX Division and COMEX Division contracts and the margin rates then in effect for such contracts.

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

Each clearing member firm is required to maintain a security deposit, in the form of cash or U.S. Treasury securities, ranging from $100,000 to $2.0 million, per division, based upon such clearing member firm's reported regulatory capital, in a fund known as a guaranty fund. Historically, separate and distinct guaranty funds were maintained for the NYMEX Division and the COMEX Division. Effective May 16, 2003, the NYMEX Division assumed all of the clearing functions of the COMEX Division. Accordingly, the deposits were aggregated and are now maintained in a single guaranty fund (the "Guaranty Fund") which may be used for any loss sustained by the Company as a result of the failure of a clearing member to discharge its obligations on either division. Although there is now one Guaranty Fund for both divisions, separate contribution amounts are calculated for each division.

Every member and non-member executing transactions on the Company's divisions must be guaranteed by a clearing member and clear their transactions through the Company's clearinghouse. This requirement also applies to transactions conducted outside of the Exchange which clear through NYMEX ClearPort® Clearing. Clearing members of the NYMEX Division and COMEX Division require their customers to maintain deposits in accordance with Company margin requirements. Margin deposits and Guaranty Funds are posted by clearing members with the Company's clearinghouse. In the event of a clearing member default, the Company satisfies the clearing member's obligations on the underlying contract by drawing on the defaulting clearing member's Guaranty Funds. If those resources are insufficient, the Company may fund the obligations from its own financial resources or draw on Guaranty Funds posted by non-defaulting clearing members. The Company also maintains a $100 million default insurance policy. This insurance coverage is available to protect the Company and clearing members in the event that a default in excess of $130 million occurs. Additionally, the Company intends to enter into a revolving credit agreement during 2005. This agreement would provide a line of credit which could be drawn upon in the event of a clearing member default. Such an arrangement would provide the Company with same-day funds to settle such clearing member default, while providing enough time for an efficient distribution from the Guaranty Fund. Proceeds from the sale of Guaranty Fund securities would be used to repay borrowings under the line of credit.

During 2004, the Company established additional retail customer protection supported by a commitment of at least $10 million available at all times to promptly reimburse retail customers in the event that their clearing member defaults as a result of a default by another customer where margin funds from the retail customer's account are used to address the default. Retail customers are defined as those that do not otherwise qualify as "eligible contract participants" under the requirements of the Commodity Exchange Act, and are not floor traders or floor brokers on the Exchange or family members of an Exchange floor trader or floor broker who maintains an account at the same clearing firm.

The Exchange, as a self-regulatory organization, has instituted detailed risk-management policies and procedures to guard against default risk with respect to contracts traded and/or cleared on the Exchange. In order to manage the risk of financial non-performance, the Exchange (i) has established that clearing members maintain at least $5 million in minimum working capital; (ii) limits the number of net open contracts that can be held by any clearing member, based upon that clearing member's capital; (iii) requires clearing members to post original margin collateral for all open positions, and to collect original margin from their customers; (iv) pays and collects variation margin on a marked-to-market basis at least twice daily; (v) requires clearing members to collect variation margin from their customers; (vi) requires deposits to the Guaranty Fund from clearing members which would be available to cover financial non-performance; and (vii) has broad assessment authority to recoup financial losses. The Exchange also has extensive surveillance and compliance operations and procedures to monitor and enforce compliance with rules pertaining to the trading, position sizes, delivery obligations and financial condition of members. In addition, the clearing member, as all member firms, must own and hold two memberships, or "seats," at the Exchange.

As part of the Exchange's powers and procedures designed to support contract obligations in the event of a default, the Exchange may levy assessments on any of its clearing members if there are insufficient funds available to cover a deficit. The maximum assessment on each clearing member firm is the lesser of $30 million or 40% of such clearing member firm's reported regulatory capital.

The Company is entitled to earn interest on cash and investment balances recorded as margin deposits and Guaranty Funds. Such balances are included in the Company's consolidated balance sheets, and are generally invested overnight in securities purchased under agreements to resell. The table in Note 8 to the unaudited consolidated financial statements, *Margin Deposits and Guaranty Funds*, sets forth Guaranty Fund balances held by the Company on behalf of clearing members at June 30, 2005 and December 31, 2004.

Future Cash Requirements

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

A summary of the Company's future cash payments associated with its contractual cash obligations outstanding as of June 30, 2005, as well as an estimate of the timing in which these commitments are expected to expire, are set forth in the following table:

	Payments Due by Period						
	2005	2006	2007	2008	2009	Thereafter	Total
	(in thousands)						
Contractual Obligations							
Long-term debt principal	$ 2,817	$ 2,817	$ 2,817	$ 2,817	$ 2,817	$ 74,647	$ 88,732
Long-term debt interest	3,418	6,626	6,416	6,205	5,994	47,570	76,229
Operating leases—facilities	1,982	3,717	3,577	3,551	3,579	9,145	25,551
Operating leases—equipment	608	615	52	—	—	—	1,275
Capital lease	240	327	—	—	—	—	567
Other long-term obligations	800	800	800	800	800	7,438	11,438
Total contractual obligations	$ 9,865	$ 14,902	$ 13,662	$ 13,373	$ 13,190	$ 138,800	$ 203,792

The Company's senior notes are subject to a prepayment penalty in the event they are paid off prior to their scheduled maturities. The Company believes that any economic benefits derived from early redemption of these notes would be offset by the redemption penalty. These notes place certain limitations on the Company's ability to incur additional indebtedness.

On June 10, 2005, the Company and Dubai Holding announced the formation of the Dubai Mercantile Exchange ("DME"), a 50/50 joint-venture to develop the Middle East's first energy futures exchange. It is expected that the DME will initially trade sour crude and fuel oil. It will be based in the Dubai International Financial Centre ("DIFC"), a financial free zone designed to promote financial services within the United Arab Emirates. In addition, the DME will be regulated by the Dubai Financial Services Authority, a regulatory body established within the DIFC. The DME is expected to open for trading in early 2006. In accordance with the shareholders agreement, the Company will be required to contribute capital to the joint-venture in an aggregate amount of $9.8 million, with the first contribution of $2.5 million currently scheduled to be made in 2005.

Other Matters

In February 2004, the Commodity Futures Trading Commission ("CFTC") issued an order requiring, among other things, that the Company establish and maintain a permanent retail customer protection mechanism supported by a commitment of not less than $10 million, which must be available at all times to reimburse retail customers trading on the Exchange whose original margin might be lost in the default of another customer of their clearing member. The Company has established the retail customer protection mechanism. Based on historical patterns, the Company believes that the likelihood of a default that would require reimbursement under this mechanism is remote. Therefore, the Company has not established, and does not expect in the future to establish, a liability related to this commitment.

Subsequent Events

On July 6, 2005, the board of directors of the Company voted to declare and distribute a special cash dividend of $81.6 million to stockholders of record as of July 15, 2005. On August 1, 2005, each of the stockholders as of the record date was paid $100,000 per share of the Company's common stock.

Other material events are reported periodically by the Company through its filings of Current Reports on Form 8-K, which are posted on the Securities and Exchange Commission's website at *www.sec.gov.*

Responsibility for Financial Reporting

The Company's management is responsible for the preparation, integrity and objectivity of the unaudited consolidated financial statements and related notes, and the other financial information contained in this Form 10-Q. Such financial statements have been prepared in accordance with U.S. generally accepted accounting principles and are considered by management to present fairly the Company's consolidated financial position, results of operations and cash flows. These unaudited consolidated financial statements include certain amounts that are based on management's estimates and judgments, giving due consideration to materiality.

Item 3. ***Quantitative and Qualitative Disclosures about Market Risk***

The table below provides information about the Company's municipal bond portfolio and long-term debt including expected principal and interest cash flows for the years 2005 through 2009 and thereafter:

Principal Amounts by Expected Maturity
At June 30, 2005
(in thousands)

Year	Principal	Interest	Total	Weighted Average Interest Rate
Assets				
Municipal Bonds				
2005	$ 35	$ 2	$ 37	4.58%
2006	217	7	224	3.13%
2007	697	42	739	5.07%
2008	4,281	215	4,496	5.00%
2009	8,100	396	8,496	5.08%
Thereafter	47,523	2,098	49,621	4.39%
Total	$ 60,853	$ 2,760	$ 63,613	
Fair Value	$ 62,536			
Liabilities				
Corporate Debt				
2005	$ 2,817	$ 3,418	$ 6,235	7.71%
2006	2,817	6,626	9,443	7.71%
2007	2,817	6,416	9,233	7.72%
2008	2,817	6,205	9,022	7.73%
2009	2,817	5,994	8,811	7.74%
Thereafter	74,647	47,570	122,217	7.75%
Total	$ 88,732	$76,229	$164,961	
Fair Value	$110,052			

Interest Rate Risk

Investment Income

The Company's investment income consists primarily of interest income and realized and unrealized gains and losses on the market values of its investments. Given the composition of its investment portfolio, the Company's investment income is highly sensitive to fluctuation in interest rates. Investment income for the three months ended June 30, 2005 was $2.3 million compared to a loss of $0.3 million for the same period last year. Investment income for the six months ended June 30, 2005 was $2.4 million compared to $0.7 million for the same period last year. The fair value of the Company's marketable securities, including equity and short-term debt securities, was $158.3 million at June 30, 2005. Based on portfolio compositions at June 30, 2005, and assuming a 10% change in market values, the Company would have recognized losses of $15.8 million.

Debt

The weighted average interest rate on the Company's long-term debt is 7.75%. The debt contains a redemption premium, the amount of which varies with changes in interest rates. Therefore, the fair market value of the Company's long-term debt is highly sensitive to changes in interest rates. Although the market value of the debt will fluctuate with interest rates, the Company's interest expense will not vary with changes in market interest rates if the debt is paid off in accordance with stated principal repayment schedules. As of the date of this report, the Company does not expect to pay down any series of its long-term debt prior to stated maturities. However, the Company may pursue future financing strategies that involve early repayment of its current debt, or issuance of new debt, potentially increasing its sensitivity to changes in interest rates.

Credit Risk

NYMEX Division bylaws authorize its board of directors to fix the annual dues of NYMEX Division members and to levy assessments as it determines to be necessary. Such dues and assessments are payable at such time as NYMEX Division's board of directors may determine. NYMEX Division's board of directors may waive the payment of dues by all NYMEX Division members or by individual members as it determines. COMEX Division provides its board of directors with similar powers relating to dues, assessments and fees with respect to COMEX Division members, provided that such dues and assessments (or fee surcharges in lieu thereof) may not be imposed (other than in connection with certain merger-related events) without the consent of the COMEX Governors Committee and that the ability of COMEX Division's board of directors to impose such fees are subject to the limitations.

The Exchange, as a self-regulatory organization, has instituted detailed risk-management policies and procedures to guard against default risk with respect to contracts traded and/or cleared on the Exchange. The Exchange also has extensive surveillance and compliance operations and procedures to monitor and to enforce compliance with rules pertaining to the trading, position sizes and financial condition of members. As described herein, the Exchange has powers and procedures designed to support contract obligations in the event that a contract default occurs on the Exchange, including authority to levy assessments on any of its clearing members if, after a default by another clearing member, there are insufficient funds available to cover a deficit. The maximum assessment on each clearing member firm is the lesser of $30 million or 40% of such clearing member firm's reported regulatory capital.

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

Moreover, despite the risk mitigation techniques adopted by, and other powers and procedures implemented by the Company, which are designed to, among other things, minimize the potential risks associated with the occurrence of contract defaults on the Company, there can be no assurance that these powers and procedures will prevent contract defaults or will otherwise function to preserve the liquidity of the Company.

Item 4. ***Controls and Procedures***

(a) *Evaluation of Disclosure Controls and Procedures.* The Company's Principal Executive Officer and Principal Financial Officer, after evaluating the effectiveness of the Company's 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 Quarterly Report on Form 10-Q, have concluded that, based on such evaluation, the Company's disclosure controls and procedures were not effective in reporting, on a timely basis, information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, and this Quarterly Report on Form 10-Q, due to a previously-reported material weakness in its internal controls relating to the acquisition, tracking and disposition of its property and equipment, as described in Item 9A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004. As described in more detail below, the Company believes that additional remedial efforts and further review are prudent before it deems such material weakness to be fully remediated. Accordingly, in preparing its financial statements at and for the three and six months ended June 30, 2005, the Company performed additional procedures relating to property and equipment to ensure that the Company's financial statements filed in this Quarterly Report on Form 10-Q were fairly stated in all material respects in accordance with U.S. generally accepted accounting principles.

(b) *Changes in Internal Controls.* There were no changes, other than as discussed below, in the Company's internal control over financial reporting identified in connection with the evaluation of such internal control that occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

1. The Company has implemented policies and procedures reasonably assured to remediate the material weakness described in (a) above. Specifically, the Company has instituted new asset-tagging procedures, new controls over the disposition of assets, and a monthly review process that verifies the valuation, categorization and estimated useful life of all fixed asset additions. These remediation efforts were tested during the three months ended March 31, 2005, and certain minor exceptions were noted. Such exceptions did not involve material amounts. The Company is also implementing new automated processes to replace certain manual processes. Since the automation of certain processes and final testing and review is not yet complete, and certain exceptions were found during testing of the remediated controls during the three months ended March 31, 2005, the Company believes that it is not appropriate to deem the material weakness in its internal controls relating to the acquisition, tracking and disposition of its property and equipment (as described in Item 9A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004) to be fully remediated and, therefore, will continue to report that its disclosure controls and procedures were not effective.

PART II: OTHER INFORMATION

Item 1. ***Legal Proceedings***

Set forth below is a description of material litigation to which the Company is a party, as of June 30, 2005. Although there can be no assurance as to the ultimate outcome, the Company believes it has a meritorious defense and is vigorously defending the matter described below. The final outcome of any litigation, however, cannot be predicted with certainty, and an adverse resolution of this matter could have a material adverse effect on the Company's consolidated results of operations, financial position or cash flows.

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

New York Mercantile Exchange, Inc. v. IntercontinentalExchange, Inc. On November 20, 2002, NYMEX Exchange commenced an action in United States District Court for the Southern District of New York against IntercontinentalExchange, Inc. ("ICE"). The amended complaint alleges claims for: (a) copyright infringement by ICE arising out of ICE's uses of certain NYMEX Exchange settlement prices; (b) service mark infringement by reason of use by ICE of the service marks NYMEX and NEW YORK MERCANTILE EXCHANGE; (c) violation of trademark anti-dilution statutes; and (d) interference with contractual relationships. On January 6, 2003, ICE served an Answer and Counterclaims, in which ICE alleges five counterclaims against NYMEX Exchange as follows: (1) a claim for purported violation of Section 2 of the Sherman Act, 15 U.S.C. § 2, for NYMEX Exchange's allegedly trying to maintain a monopoly in the execution of the North America energy futures and expand the alleged monopoly into the execution and clearing of North American OTC energy contracts by attempting to deny ICE access to NYMEX Exchange settlement prices; (2) a claim for purported violation of Section 1 of the Sherman Act by conspiring with certain of its members to restrain trade by attempting to deny ICE access to NYMEX Exchange settlement prices; (3) a claim for alleged violation of Section 2 of the Sherman Act by NYMEX Exchange purportedly denying ICE access to NYMEX Exchange's settlement prices which are allegedly an "essential facility"; (4) a claim for purported violation of Section 1 of the Sherman Act and Section 3 of the Clayton Act by NYMEX Exchange allegedly tying execution services for North American energy futures and options to clearing services; and (5) a claim for purported violation of the Lanham Act through false advertising with respect to certain services offered by NYMEX Exchange and services offered by ICE. The counterclaims request damages and trebled damages in amounts not specified yet by ICE in addition to injunctive and declaratory relief.

On August 11, 2003, the Court issued an opinion dismissing certain counterclaims and one affirmative defense, with leave to replead. On or about August 28, 2003, NYMEX Exchange was served with ICE's First Amended Counterclaims in which ICE made four counterclaims against NYMEX Exchange principally alleging violations of U.S. antitrust laws, including claims regarding monopoly leveraging.

By Order and Opinion dated June 30, 2004, the Court granted NYMEX Exchange's motion and dismissed all of the antitrust counterclaims asserted against NYMEX Exchange. This case is ongoing.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

Not applicable

Item 3. ***Defaults upon Senior Securities***

Not applicable

Item 4. ***Submission of Matters to a Vote of Security Holders***

Not applicable

Item 5. ***Other Information***

Not applicable

Item 6. ***Exhibits***

31.1	Certification of the Principal Executive Officer pursuant to § 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Principal Financial Officer pursuant to § 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of the Principal Executive Officer and Principal Financial Officer pursuant to § 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

NYMEX HOLDINGS, INC.

Date: August 8, 2005

By: /s/ MITCHELL STEINHAUSE

Name: **Mitchell Steinhause**
Title: **Chairman**
(Principal Executive Officer)

Date: August 8, 2005

By: /s/ KENNETH D. SHIFRIN

Name: **Kenneth D. Shifrin**
Title: **Controller**
(Principal Financial Officer)

EXHIBIT 31.1

Certification of the Principal Executive Officer
Pursuant to Section 302
of the Sarbanes-Oxley Act of 2002

I, Mitchell Steinhause, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NYMEX 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(s) 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 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(s) 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 the registrant's board of directors (or persons performing the equivalent functions):

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: August 8, 2005

By: /s/ MITCHELL STEINHAUSE

Name: **Mitchell Steinhause**
Title: **Chairman**
(Principal Executive Officer)

Exhibit 31.2

Certification of the Principal Financial Officer
Pursuant to Section 302
of the Sarbanes-Oxley Act of 2002

I, Kenneth D. Shifrin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NYMEX 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(s) 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 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(s) 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 the registrant's board of directors (or persons performing the equivalent functions):

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: August 8, 2005

By: /S/ KENNETH D. SHIFRIN

Name: **Kenneth D. Shifrin**
Title: **Controller**
(Principal Financial Officer)

Exhibit 32

Certification of the Principal Executive Officer and Principal Financial Officer
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 quarterly report on Form 10-Q of NYMEX Holdings, Inc. (the “Company”) for the period ending June 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Mitchell Steinhause as Principal Executive Officer of the Company, and Kenneth D. Shifrin, as Principal 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:

(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.

Date: August 8, 2005

By: /s/ MITCHELL STEINHAUSE

Name: **Mitchell Steinhause**
Title: **Chairman**
(Principal Executive Officer)

Date: August 8, 2005

By: /s/ KENNETH D. SHIFRIN

Name: **Kenneth D. Shifrin**
Title: **Controller**
(Principal Financial Officer)