CME GROUP INC.
Form 10-K
February 26, 2010

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year Ended December 31, 2009

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Commission File Number 001-31553

CME GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware	**36-4459170**
(State or Other Jurisdiction of Incorporation or Organization)	**(IRS Employer Identification No.)**

20 South Wacker Drive, Chicago, Illinois **60606**
(Address of Principal Executive Offices) **(Zip Code)**
Registrant s telephone number, including area code: (312) 930-1000

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

Title Of Each Class	Name Of Each Exchange On Which Registered
Class A Common Stock $0.01 par value	NASDAQ GLOBAL SELECT MARKET
(including rights to acquire Series A Junior Participating Preferred Stock pursuant to our rights plan)	

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

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

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

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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

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

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ **(do not check if a smaller reporting company)**	Smaller reporting company ¨

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2009, was approximately $20.6 billion (based on the closing price per share of CME Group Inc. Class A common stock on the NASDAQ Global Select Market (NASDAQ) on such date). The number of shares outstanding of each of the registrant s classes of common stock as of February 17, 2010 was as follows: 66,643,583 shares of Class A common stock, $0.01 par value; 625 shares of Class B common stock, Class B-1, $0.01 par value; 813 shares of Class B common stock, Class B-2, $0.01 par value; 1,287 shares of Class B common stock, Class B-3, $0.01 par value; and 413 shares of Class B common stock, Class B-4, $0.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE:

Documents	Form 10-K Reference
Portions of the Company s Proxy Statement for the 2010 Annual Meeting of Shareholders	Part III

CME GROUP INC.

ANNUAL REPORT ON FORM 10-K

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PART I

On July 12, 2007, CBOT Holdings, Inc. (CBOT Holdings) merged with and into Chicago Mercantile Exchange Holdings Inc. (CME Holdings), which in connection with the merger was renamed CME Group Inc. (CME Group). On August 22, 2008, NYMEX Holdings, Inc. (NYMEX Holdings) merged into CMEG NY Inc., a wholly-owned subsidiary of CME Group. Unless otherwise noted, disclosures of trading volume, revenue and other statistical information include the results of the former CBOT Holdings beginning on July 13, 2007 and the results of the former NYMEX Holdings beginning on August 23, 2008.

Certain Terms

Throughout this document, unless otherwise specified or the context otherwise requires:

CME Group refers to (1) CME Holdings and its subsidiaries prior to the completion of the merger between CME Holdings and CBOT Holdings, which occurred on July 12, 2007, (2) the combined company of CME Holdings and CBOT Holdings and their respective subsidiaries after July 12, 2007 and (3) the combined company of CME Holdings, CBOT Holdings and NYMEX Holdings as well as their respective subsidiaries after August 22, 2008;

CME Holdings refers to Chicago Mercantile Exchange Holdings Inc., which was the surviving corporation in its merger with CBOT Holdings and which was renamed CME Group Inc. in connection with the merger;

CME refers to Chicago Mercantile Exchange Inc., a wholly-owned subsidiary of CME Group;

CBOT Holdings refers to CBOT Holdings, Inc.;

CBOT refers to Board of Trade of the City of Chicago, Inc., which was a wholly-owned subsidiary of CBOT Holdings and became a wholly-owned subsidiary of CME Group on July 12, 2007;

NYMEX Holdings refers to NYMEX Holdings, Inc.;

NYMEX refers to New York Mercantile Exchange, Inc. and, unless otherwise indicated also refers to its subsidiary, Commodity Exchange, Inc. (COMEX), which were wholly-owned subsidiaries of NYMEX Holdings and became subsidiaries of CME Group on August 22, 2008 when NYMEX Holdings merged into CMEG NY Inc., a wholly-owned subsidiary of CME Group, which was renamed CMEG NYMEX Holdings Inc.;

Exchange refers to CME, CBOT and NYMEX, collectively; and

We, us and our refer to CME Group and its consolidated subsidiaries, collectively.

All references to options or options contracts in the text of this document refer to options on futures contracts.

Unless otherwise indicated, references to CME Group products include references to exchange-traded products on one of its regulated exchanges (CME, CBOT, NYMEX and COMEX). Products listed in these exchanges are subject to the rules and regulations of the particular exchange and the applicable rulebook should be consulted.

Further information about CME Group and its products can be found at http://www.cmegroup.com. Information made available on our Web site does not constitute a part of this Report.

Information about Trading Volume and Average Rate per Contract

Beginning in December 2009, we began providing clearing services for credit default swaps. Unless otherwise noted, disclosures of trading volume and average rate per contract exclude these products.

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

Hurricane Risk Landfall Options (HuRLOs) are European style call options on whether, and where, a hurricane first makes landfall on the U.S. Coast. Unless otherwise noted, disclosures of trading volume and average rate per contract exclude our HuRLO products.

In August 2006, we acquired Swapstream, a London-based electronic trading platform for interest rate swaps. Disclosures of trading volume and average rate per contract exclude these products. As of September 2008, our Swapstream products ceased trading.

CME Economic Derivatives were options and forwards geared to seven key U.S. and European economic indicators that were traded in an auction format. In July 2007, we discontinued trading in these products. Clearing and transaction fees on CME Economic Derivative products were based on notional values rather than volume and were minimal relative to other products. Disclosures of trading volume and average rate per contract exclude these products.

Trademark Information

The Globe logo, CME, Chicago Mercantile Exchange, CME Group, Globex and E-mini, are trademarks of Chicago Mercantile Exchange Inc. CBOT and Chicago Board of Trade are trademarks of Board of Trade of the City of Chicago, Inc. NYMEX, New York Mercantile Exchange and ClearPort are trademarks of New York Mercantile Exchange, Inc. All other trademarks are the property of their respective owners.

FORWARD-LOOKING STATEMENTS

From time to time, in this Annual Report on Form 10-K as well as in other written reports and verbal statements, we discuss our expectations regarding future performance. These forward-looking statements are identified by their use of terms and phrases such as believe, anticipate, could, estimate, intend, may, plan, expect and similar expressions, including references to assumptions. These forward-looking statement based on currently available competitive, financial and economic data, current expectations, estimates, forecasts and projections about the industries in which we operate and management s beliefs and assumptions. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied in any forward-looking statements. We want to caution you not to place undue reliance on any forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Among the factors that might affect our performance are:

- increasing competition by foreign and domestic entities, including increased competition from new entrants into our markets and consolidation of existing entities;
- our ability to keep pace with rapid technological developments, including our ability to complete the development and implementation of the enhanced functionality required by our customers;
- our ability to continue introducing competitive new products and services on a timely, cost-effective basis, including through our electronic trading capabilities, and our ability to maintain the competitiveness of our existing products and services;
- our ability to adjust our fixed costs and expenses if our revenues decline;
- our ability to generate revenues from our processing services;
- our ability to maintain existing customers, develop strategic relationships and attract new customers;

our ability to expand and offer our products in foreign jurisdictions;

changes in domestic and foreign regulations;

changes in government policy, including policies relating to common or directed clearing and changes as a result of legislation stemming from the recent financial crisis, including the proposed regulatory reform of the over-the-counter derivatives and futures markets and any changes in the regulation of our industry with respect to speculative trading in commodity interests and derivative contracts;

the costs associated with protecting our intellectual property rights and our ability to operate our business without violating the intellectual property rights of others;

our ability to generate revenue from our market data that may be reduced or eliminated by the growth of electronic trading, the state of the overall economy or declines in subscriptions;

changes in our rate per contract due to shifts in the mix of the products traded, the trading venue and the mix of customers (whether the customer receives member or non-member fees or participates in one of our various incentive programs) and the impact of our tiered pricing structure;

the ability of our financial safeguards package to adequately protect us from the credit risks of clearing members;

the ability of our compliance and risk management methods to effectively monitor and manage our risks;

changes in price levels and volatility in the derivatives markets and in underlying fixed income, equity, foreign exchange and commodities markets;

economic, political and market conditions, including the recent volatility of the capital and credit markets and the impact of recent economic conditions on the trading activity of our current and potential customers;

our ability to accommodate increases in trading volume and order transaction traffic without failure or degradation of the performance of our systems;

our ability to execute our growth strategy and maintain our growth effectively;

our ability to manage the risks and control the costs associated with our acquisition, investment and alliance strategy;

our ability to continue to generate funds and/or manage our indebtedness to allow us to continue to invest in our business;

industry and customer consolidation;

- decreases in trading and clearing activity;
- the imposition of a transaction tax on futures and options on futures transactions and/or repeal of the 60/40 tax treatment of such transactions;
- the unfavorable resolution of material legal proceedings; and
- the seasonality of the futures business.

For a detailed discussion of these and other factors that might affect our performance, see Item 1A. of this Report.

ITEM 1. BUSINESS
Overview

Building on the heritage of its futures exchanges (CME, CBOT, NYMEX and COMEX), CME Group serves the risk management and investment needs of customers around the globe. CME Group, formerly known as Chicago Mercantile Exchange Holdings Inc., became publicly traded in December 2002. We completed our acquisition of CBOT in July 2007 and NYMEX in August 2008.

Our customer base includes professional traders, financial institutions, institutional and individual investors, major corporations, manufacturers, producers and governments. We break our member customers into four segments based on trading activity: proprietary trading firms (primarily algorithmic); banks and investment banks; top hedge funds; and other, which includes smaller member firms and individual traders. We also have a fifth segment of customers, which is comprised of our non-member customers who pay higher fees than the member category. As of December 31, 2009, we had approximately 140 clearing firms. One firm represented 11% and one firm represented 10% of our clearing and transaction fees revenue in 2009. Should a clearing firm withdraw, we believe that the customer portion of the firm s trading activity would likely transfer to another clearing firm of the exchange. Therefore, we do not believe we are exposed to significant risk from the loss of revenue received from a particular clearing firm. Our trading volume can be seasonal, and historically, we have experienced higher sequential volume during the first and second quarters followed by decreases in the third and fourth quarters of the calendar year.

During 2009, our industry, and the financial services area in particular, faced many challenges. However, we sought opportunities amongst the challenges, and we were steadfast in pursuing and executing on these opportunities as described in this Report.

Highly Liquid Markets

CME Group is the only exchange to offer access to all major asset classes for futures products from a single electronic trading platform and on trading floors in Chicago and New York City. Specifically, we offer futures and options on futures based on interest rates, equity indexes, foreign exchange, energy, agricultural commodities, metal and alternative investment products such as weather and real estate. We provide the facilities to conduct open outcry and electronic trading and we match, clear and guarantee trades executed on our exchanges and certain bilateral trades that we clear. Our markets provide an effective and transparent forum for our customers to manage their risk and meet their investment needs relating to our markets. We believe that our customers choose to trade on our centralized markets due to their liquidity and transparency and our central counterparty clearing guarantee. More than 80% of our trading volume comes from trades made electronically on our CME Globex electronic trading platform. Our aggregate volume in 2009 was approximately 2.6 billion contracts. As of December 31, 2009, our open interest stood at 78.0 million contracts. Open interest is the number of outstanding contracts at the close of the trading day. Open interest can also be defined as the total number of futures contracts or options on futures contracts that have not yet been exercised, expired or fulfilled by delivery. Open interest serves as an indicator of market liquidity. Market liquidity, or the ability of a market to absorb the execution of large purchases or sales quickly and efficiently, is key to attracting customers and contributing to a market s success. In spite of the difficult economic climate, we experienced an improvement in our open interest during 2009, which grew by 24% from the beginning of the year.

Most Diverse Product Line

We serve the risk-management needs of customers around the globe, offering the widest range of benchmark products available on any exchange and covering all major asset classes. Our products provide a means for hedging, speculation and asset allocation relating to the risks associated with, among other things, interest rate sensitive instruments, equity ownership, changes in the value of foreign currency and changes in the prices of commodities. These include products based on the entire U.S. interest rate yield curve, equity indexes, foreign exchange, agricultural commodities, energy, metals and alternative investment products.

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

Superior Trading Technology

We strive to provide the most flexible architecture in terms of bringing new technology, innovations and solutions to the market. Our CME Globex electronic trading platform is accessible virtually 24 hours a day throughout the trading week. Our platform offers:

- high speed trade execution;
- vast capabilities to facilitate the most complex and demanding trading;
- direct market access;
- fairness, transparency and anonymity; and
- global distribution and international telecommunications hubs in key financial centers in Europe, Asia and Latin America.

Customers benefit from direct connectivity, ongoing development efforts, a single source for customer support and highly efficient access to real-time market data. The platform is continuously enhanced to serve our customers needs for high-speed, high-volume capacity, improved options trading capabilities and a range of new products. In 2009, we were named the number one technology innovator by *InformationWeek*. It was also the sixth consecutive year we were named to this prestigious list of technology innovators. CME Globex handled an average daily volume of 8.3 million contracts in 2009. Our all-time record of 20.5 million contracts was on January 22, 2008 (representing volume of 13.2 million CME products, 6.1 million CBOT products and 1.2 million NYMEX products). To ensure that we can meet the heavy demands placed on our systems, we have rigorous requirements for the performance, scalability, reliability, ease of use and costs of our infrastructure.

Global Reach

We offer a number of programs and products designed specifically to appeal to a global audience. Customers from all over the world trade our products, primarily electronically. As described below under Growth Strategy Globalizing the Business, we continue to expand our business globally by educating non-U.S. customers on the benefits of our product suite and by entering into strategic alliances, such as our relationships with BM&FBOVESPA S.A. and the Korea Exchange Inc. and our most recently completed partnership with Bursa Malaysia Derivatives Berhad.

Financial Safeguards

We own our own clearing house CME Clearing. Our integrated clearing function is designed to ensure the safety and soundness of our markets. CME Clearing protects the financial integrity of our markets by serving as the counterparty to every trade becoming the buyer to each seller and the seller to each buyer and limiting credit risk. It is responsible for settling trading accounts, clearing trades, collecting and maintaining performance bond funds, regulating delivery and reporting trading data. CME Clearing limits the accumulation of debt from trading losses with twice daily mark-to-market settlement.

In 2009, our industry was subjected to increased concerns about counterparty credit risk stemming from the financial crisis that began in 2008. During such times, our financial safeguards continued to provide our customers with transparency and liquidity in all asset classes. Importantly, none of our customers incurred a financial loss due to a counterparty failure. Following our merger with NYMEX, we extended the benefits of our clearing model to the over-the-counter market through CME ClearPort, which is a comprehensive set of flexible solutions for mitigating counterparty risk in over-the-counter trading. In December 2009, we also began providing clearing services for credit default swaps. Basically, a credit default swap contract provides the buyer with protection against specific credit risks. We believe that providing clearing services to the credit default swap market will provide greater transparency, security and stability to that marketplace.

As of December 31, 2009, we maintained approximately $83.7 billion in cash, investments and letters of credit related to performance bonds, security deposits and other collateral of which $11.4 billion was in excess of the clearing house requirements we set for our customers. Performance bonds are deposits required from our clearing firms to ensure that they can cover potential losses in connection with their trading positions. We require these deposits as part of our financial safeguards to help ensure that clearing firms can meet their obligations to their customers and to CME Clearing.

Ownership of our clearing house also enables us to more quickly and efficiently bring new products to market through coordination of our clearing functions with our product development, technology, market regulation and other risk management activities.

History

CME was founded in 1898 as a not-for-profit corporation. In November 2000, CME demutualized and became a shareholder-owned corporation. As a consequence, we adopted a for-profit approach to our business, including strategic initiatives aimed at optimizing trading volume, efficiency and liquidity. In December 2002, CME Holdings completed its initial public offering of its Class A common stock. In July 2007, CME Holdings completed its merger with CBOT Holdings. As a result, we acquired CBOT. CBOT is a leading marketplace for trading agricultural and U.S. Treasury futures as well as options on futures. In August 2008, we merged with NYMEX Holdings and acquired NYMEX and COMEX, its wholly-owned subsidiaries. On NYMEX, customers primarily trade energy futures and options contracts, including contracts for crude oil, natural gas, heating oil and gasoline. On COMEX, customers trade metals futures and options contracts, including contracts for gold, silver, copper and aluminum.

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

Growth Strategy

Increased market awareness and acceptance of derivatives, increased price volatility, technological advances and the increasing need for counterparty risk mitigation and clearing services create significant opportunities for growth. We believe that we can capitalize on these trends and build on our competitive strengths by implementing the following strategies:

- growing the core business, including expanding into complementary businesses;
- globalizing the business; and
- serving the over-the-counter markets.

Growing the Core Business. We intend to advance our position as a leader in the futures industry by growing our core business. As part of this initiative, we plan to continue to generate organic growth through the launch of new products, expanding on the strength of our existing benchmark products and by enhancing our customer relations to allow us to cross-sell our products.

We plan to continue to work with existing and potential customers to develop new futures and options products that provide an array of relevant risk management tools. We are also enhancing our marketing capabilities with a focus on customer education, advertising and public relations to cross-sell our existing products to our current customer base. We continue to communicate our unique benefits a secure, effective and cost-efficient place for customers to come and manage their risk through our diverse products, liquidity, anonymity and central counterparty clearing. We continue to look for ways to build upon our success as we continue to grow our business in areas such as emerging markets and the over-the-counter market.

On February 10, 2010, we announced that we had entered into a definitive agreement with Dow Jones in which we would take a 90% ownership interest and Dow Jones would own the remaining 10% in a new joint venture that will own the Dow Jones Indexes, which include the Dow Jones Industrial Average and approximately 130,000 index properties. Pending regulatory approval and completion of customary closing conditions, the transaction is expected to close during the first quarter of 2010. This venture creates a new opportunity for us to grow our index business and to further diversify our revenue streams by building on our existing brands and expanding the global reach of Dow Jones index creation and calculation services businesses across complementary asset classes, including cash, derivatives and customized over-the-counter markets.

Globalizing the Business. Our goal is to expand and diversify our customer base worldwide and offer customers around the world the most broadly diversified portfolio of benchmark products. In 2009, we continued our initiative to enhance our global marketing efforts in order to broaden the understanding of the benefits of our products, targeting in particular Asia and Europe and implementing global sales and marketing plans to reach new customers and cross-sell our products to existing customers as well as extending our international incentive programs to apply to our energy and metal customers. During 2009, we extended our global reach with several key partnerships. We launched the first phase of our program with the Korea Exchange to provide customers with after-hours access to the KOSPI 200 futures hosted on our CME Globex platform by providing order routing services. We are awaiting approval from the Korean regulators to expand access beyond our Seoul telecommunications hub to allow us to reach a broader group of market participants. During the year, we acquired an equity stake in Bursa Malaysia Derivatives Berhad and entered into an agreement to provide Globex order routing and matching services for its derivatives segment, which will also provide us with a license to use its crude palm oil settlement prices for future product development. On February 11, 2010, we announced a non-binding letter of intent with BM&FBOVESPA to expand our existing strategic partnership to develop a new multi-asset class electronic trading platform that will be deployed by BM&FBOVESPA for use in its own cash equities and derivatives markets, and both of us will have the ability to license the platform to other exchanges internationally. These partnerships are expected to expand our transaction processing opportunities and increase our global presence.

We will continue to explore opportunities to position CME Group to benefit from growth in key geographies by targeting global customers, making strategic investments and leveraging our diverse product offerings.

Serving the Over-the-Counter Markets. We continue to expand our business serving the over-the-counter markets by developing over-the-counter products and services along with new capabilities and functionalities and entering these markets through acquisitions, strategic partnerships and commercial arrangements. As a result of our merger with NYMEX Holdings in 2008, we now own ClearPort. Launched in 2002 to provide centralized clearing services and mitigate risk in the energy marketplace, CME ClearPort now clears transactions across a broad array of products around the world with tailored offerings for the needs of each market with the benefit of central counterparty clearing. During 2009, we launched more than 330 products on CME ClearPort and cleared an average of more than 494,000 contracts daily.

In 2009, we restructured our joint effort with Citadel Investment Group related to credit default swaps to target clearing-only services. Beginning in December 2009, we began providing our clearing solution for the credit default swap market which delivers:

- customer segregation and a portability framework that protects customer positions and margin in the event of a clearing member default;

clearing of credit default swap trades at the point of execution, which provides immediate cleared trade confirmation and settlement, thereby limiting credit exposure;

migration of legacy non-cleared positions to cleared trades;

the ability to leverage existing relationships with our clearing firms; and

our more than 100 years of experience in clearing, settlement and risk management.

Our cleared credit default swap products comprise the highest volume Markit CDX and Markit iTraxx indices. They are designed to mirror bilateral over-the-counter contracts. We also support trade submission through CME ClearPort, enabling connectivity from any affirmation/confirmation or trading platform.

Products

We believe that the range and diversity of our products contribute significantly to our success. We offer markets in futures and options on futures contracts based on the U.S. interest rate yield curve, equity indexes, foreign exchange, agricultural commodities, energy, metals and alternative investment products. Our products are traded through the CME Globex electronic trading platform, our open outcry auction markets in Chicago and New York City or through privately negotiated transactions that we clear. For the year ended December 31, 2009, we derived $2.2 billion, or 83% of our total revenues, from fees associated with trading and clearing our products. These fees include per contract charges for trade execution as well as clearing and CME Globex fees. Fees are charged at various rates based on the product traded, the method of trade and the trading privileges of the customer making the trade. Generally, members are charged lower fees than non-members. Certain of our customers benefit from volume discounts and limits on fees as part of our efforts to encourage increased liquidity in our markets. Our markets also generate valuable data and information regarding pricing and trading activity in our products which provides us with the opportunity to sell our market data. We identify new products by monitoring economic trends and their impact on the risk management and speculative needs of our existing and prospective customers. See Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations, page 55, for the average daily volume of contracts traded in our principal product lines for the last three years.

Interest Rate Products. Our interest rate products enable banks and other financial institutions worldwide to hedge interest rate risks, and in turn help to reduce the overall cost of borrowing and financing. Our interest rate products allow our customers to execute transactions across the entire U.S. dollar-denominated yield curve using some of the world s most actively traded futures and options products. Customers may manage short-, medium- and long-term interest rate risk using our products based on Eurodollars, U.S. Treasuries, swaps and other dollar-related instruments. In 2009, we extended our relationship with the British Banker s Association with a long-term agreement for our use of its London Interbank Offered Rate to settle various interest rate products, including our benchmark Eurodollar contract. As a result of our acquisition of CBOT, our interest rate products include CBOT s thirty-year U.S. Treasury bond futures and options on futures; ten-year, five-year and two-year U.S. Treasury note futures and options; interest rate swap futures and options; and federal funds futures and options. In 2009, we launched three-year Treasury note futures. In January 2010, we launched our Ultra T-bond futures contract. To date, this is the most successful new interest rate product launch in our history in terms of volume and open interest growth since launch.

Forty-two percent of our overall annual trading volume in 2009 and 26% of our clearing and transaction fees was based upon our interest rate products. In 2009, we experienced an overall decline in interest rate volume due largely to the credit crisis and the Federal Reserve Bank s zero interest rate policy for short-term interest rates. Several macroeconomic factors that drive interest rates have begun to stabilize over the course of the year, including improvements in liquidity and credit spreads, but areas of weakness remain. In 2010, we plan to continue our efforts to expand our customer base and increase international participation through additional marketing efforts and educational programs. We will also look to expand our benchmark products.

Equity Products. Our equity products permit investors to obtain exposure, for hedging or speculative purposes, to changes in the weighting of one or more equity market sectors more efficiently than by buying or selling the underlying securities. By allowing investors to effectively manage stock market risks, our equity products increase investor confidence and overall participation in these important markets.

We are a leading equity index marketplace, offering futures and options products (including our E-mini contracts) on key benchmark equity indexes covering small-, medium- and large-cap companies in the U.S., Europe and Asia. These include the Standard & Poor s, Dow Jones, NASDAQ, Nikkei, MSCI and FTSE/Xinhua indexes, and others. We have exclusive licensing arrangements with Standard & Poor s Corporation (S&P), NASDAQ OMX Group, Inc. (NASDAQ OMX) and Dow Jones & Company, Inc. (Dow Jones), which allow us to offer futures and options on futures on their indexes, including our contracts based on the S&P 500 Index, the NASDAQ-100 Index and the Dow Jones Industrial Average. As previously discussed, we have also entered into a definitive agreement with Dow Jones to create a joint venture which will create new opportunities for growing our index business. For a detailed description of these licensing arrangements, see the section of this Annual Report on Form 10-K entitled Item 1. Business Licensing Agreements.

Trading in our equity products represented 28% of our total trading volume and 24% of our clearing and transaction fees during 2009.

We believe our leading market position in equity products is a result of the liquidity of our markets, the status of the S&P 500, the NASDAQ-100 and the Dow Jones Industrial Average indexes as the principal U.S. financial standards for benchmarking stock market returns, and the appeal to investors and traders of our E-mini products and other equity products and our CME Globex platform. These investors include public and private pension funds, investment companies, mutual funds, insurance companies and other financial services companies that benchmark their investment performance to different segments of the equity markets.

We believe future growth in our equity products will come from continued counterparty credit concerns, continued education of our customers as to the benefits of our equity product portfolio and our trading platform to serve their risk management needs, and the benefits of futures products over cash equities. We believe that our equity volumes may continue to be impacted by and are in large part influenced by the trading volume levels of the underlying markets as well as the level of market volatility.

Foreign Exchange Products. We became the first exchange to introduce financial futures when we launched foreign exchange futures in 1972. Our foreign exchange market serves as an effective and efficient means of risk transfer for the global foreign exchange market, bringing together a broad array of client segments by offering investment as well as risk management opportunities. Our customers benefit from dealing anonymously in a fully transparent market, where large and small customers have equal access to the same prices and deep pool of liquidity. Our foreign exchange products provide the tools and resources to hedge foreign exchange risk, facilitating cross-border trade and commerce while mitigating the risks to profitability due to fluctuations in the foreign exchange market. Our foreign exchange market attracts both buy- and sell-side investors, including commercial and investment banks, hedge funds, commodity trading advisors, proprietary trading firms and individual investors. In 2009, we launched a series of innovative smaller-sized foreign exchange contracts, called Forex E-Micros, designed to enable retail traders and investors to cost-effectively access the security, transparency and liquidity of our products. We also added Turkish Lira futures to our foreign exchange product suite. Approximately 97% of our foreign exchange products are traded electronically on the CME Globex platform, ensuring that business is transacted quickly with maximum operational efficiency.

Today, we offer approximately 40 foreign exchange futures and approximately 30 foreign exchange options on futures products, covering major as well as a broad array of emerging market currency pairs in more than 20 different currencies.

In 2009, we saw an average daily volume of 624,000 foreign exchange contracts, with a notional value of $79.8 billion a day. Trading in our foreign exchange products represented 6% of our total trading volume in 2009 and 6%

of our clearing and transaction fees. In 2009, while the broader over-the-counter FX market volume declined by roughly 25% based on central bank turnover statistics, CME Group s average daily volume for foreign exchange products was flat when compared with 2008. We believe this result is largely due to the breadth of our product coverage and diversity of our customer base as the global FX market was marked by extreme market volatility, changes in global interest rates and increased risk aversion by market participants resulting from the credit crisis.

We believe future growth in our foreign exchange product line will come from expanding and diversifying our product suite and customer base. We continue to expand our foreign exchange options product suite to appeal to a broader array of customer segments. As we continue to expand our global footprint in the foreign exchange market, we expect increased trading volume from customers outside of the United States. We also expect an increased demand in the over-the-counter market for cleared products, which we have been targeting to serve.

Commodity Products. Our commodity products help establish benchmark prices and play an important role in risk management. These products provide hedging tools for our customers who deal in tangible physical commodities, including agricultural producers of commodities and food processors. Commodity products were our only products when our exchange first opened for business. We have maintained a strong franchise in our commodity products, including futures contracts based on cattle, hogs, pork bellies, lumber, dairy products, soybeans, corn, wheat, oats and rough rice. We also added 11 agricultural swaps on CME ClearPort. Commodity products accounted for 7% of our trading volume and 10% of clearing and transaction fees during 2009.

Energy Products. Following our acquisition of NYMEX and COMEX, we now offer the most extensive and liquid energy complex in the world, including Light Sweet Crude Oil (WTI), Natural Gas (Henry Hub), and electricity products. Many of our energy contracts are benchmarks that set the price for these resources worldwide. In 2009, we launched over 300 new energy products on CME ClearPort in response to customer demand stemming from counterparty credit risk concerns. Energy products accounted for 15% of our trading volume and 29% of clearing and transaction fees during 2009.

Metal Products. Our metals futures markets include full-size contracts on gold, silver, platinum, palladium, copper and steel; as well as E-mini contracts for gold, silver and copper. We also extended our CME ClearPort clearing services to London gold futures. Metal products accounted for 2% of our trading volume and 5% of clearing and transaction fees during 2009.

Market Data and Information Products. Our markets generate valuable information regarding prices and trading activity in our products that we believe enhances the appeal of our products. The dissemination of real-time data generates revenues and supports our customer base with timely market information. We sell our market data, which includes information about bids, offers, trades and trade size in our products, to banks, broker-dealers, pension funds, investment companies, mutual funds, insurance companies, individual investors and other financial services companies or organizations that use our markets or monitor general economic conditions. We distribute our market data over the CME market data platform directly to our electronic trading customers as part of their access to our markets and to quote vendors who consolidate our market data with that from other exchanges, other third-party data providers and news services, and then resell their consolidated data. Revenues from market data products totaled $331.1 million, or 13% of our total revenues, in 2009.

Sophisticated quantitative approaches to risk management as well as customer time sensitivity have created new needs, uses and demands for trading-related data and analytics. This timely information has become even more important in light of the volatility and uncertainty in today s markets. We continue to enhance our current market data and information product offerings by creating new value-added services to complement our market data products, including databases, analytical tools and other services to assist end-users. Our market data was significantly enhanced in 2009 with the expansion of futures market depth to include additional order information. Our real-time web-based market data application, CME E-quotes, experienced growth in subscribers in 2009 as we added NYMEX and COMEX data and as subscribers looked for a more cost-effective solution. CME DataMine, our historical market data service, continued to have strong demand from the hedge fund and algorithmic trading community to power their trading models.

As part of our market data and information products business, we also supply services to S&P and the Dubai Mercantile Exchange in connection with the usage reporting, contract administration and associated billing and revenue collection for the display and integration of their market data into our standard market data distribution. We are the exclusive distributor of Dow Jones Index data from our market data distribution platform. We also provide access to all prices for products listed on the Minneapolis Grain Exchange and the Kansas City Board of Trade, which are available for electronic trading on CME Globex. In 2009, we began offering real-time market data on our CME market data platform for BM&FBOVESPA as well. We believe that there will be further opportunities to continue leveraging our market data distribution capabilities with new or existing strategic partners.

We believe that there has been a decline in subscriptions of market data due primarily to the consolidation of many of our customers and related headcount reductions as a result of the recent financial crisis. Based upon historical trends, we believe that real-time market data subscribers will increase again as unemployment numbers begin to improve in the financial services industry.

Execution

Our primary trade execution facilities consist of our CME Globex electronic trading platform and our open outcry trading floors in Chicago and New York City. These execution facilities offer our customers immediate trade execution and price transparency and are supported by substantial infrastructure and technology for order routing, trade reporting, market data dissemination and market surveillance and regulation. In addition, trades can be executed through privately negotiated transactions that are cleared and settled through our clearing house.

Electronic Trading. Our CME Globex electronic trading platform maintains an electronic, centralized order book and trade execution algorithm for futures contracts and options on futures contracts and allows users to enter orders directly into the order book. In 2009, 81% of our average daily trading volume was executed electronically, compared with 80% in 2008. During 2009, approximately 72% of our clearing and transaction fees revenue was derived from electronic trading.

Open Outcry Trading. We also offer our members the ability to execute transactions in an open-auction format on our trading floors a centralized meeting place for traders and floor brokers to trade our products. Orders by market participants not physically located on the trading floor are communicated to floor brokers. Current market information and news are displayed on wallboards hung above the trading pits. In the second quarter of 2008, we integrated the CME and CBOT trading floors at one location at 141 West Jackson Boulevard in Chicago. As a result of our acquisition of NYMEX, we now operate open outcry trading in New York City at One North End Avenue. We completed the integration of the NYMEX and COMEX trading floors into one floor in the second quarter of 2009. During 2009, approximately 11% of our clearing and transaction fees revenue was derived from open outcry trading.

Privately Negotiated and Over-the-Counter Transactions. In addition to offering traditional open outcry and electronic trading through the CME Globex platform, we permit qualified customers to trade our products by entering into privately negotiated transactions, which are reported and included in the market data we distribute. We also clear, settle and guarantee these transactions through our clearing house and CME ClearPort. These transactions provide our customers with the flexibility to negotiate their own prices, trade a wide array of financial and commodity products, and still take advantage of our financial safeguards. During 2009, approximately 17% of our clearing and transaction fees revenue was derived from this type of trading.

Clearing

We own and operate our clearing house CME Clearing that clears, settles and guarantees every futures and options contract traded through our exchange, in addition to over-the-counter products cleared through CME ClearPort and credit default swap contracts. Our integrated clearing function is designed to ensure the safety and soundness of our markets. Ownership and control of our own clearing house also enables us to retain the revenue associated with both the trading and clearing of our products. By owning our clearing house, we control the cost structure and the technology development cycle for our clearing services. It helps us manage our new product initiatives without being dependent on an outside entity. It also benefits our customers by creating operational, risk management and product benefits. Additionally, owning our own clearing house allows us to generate additional revenue by providing clearing services to other exchanges.

In 2009, our clearing house cleared an average of 10.3 million contracts daily and 2.6 billion contracts overall. As of December 31, 2009, we maintained approximately $83.7 billion in cash, investments and letters of credit related to performance bonds, security deposits and other collateral deposited by our clearing firms and, during 2009, we transferred an average of approximately $3.0 billion a day in settlement funds through our clearing system. In addition, our clearing house guarantees the performance of all our contracts with a financial safeguards package of approximately $9.3 billion (as of December 31, 2009). During 2009, we submitted an application to the Financial Services Authority to become a UK Recognised Clearing House. Based on growing demand for centrally cleared solutions in global financial markets, our efforts to launch CME Clearing Europe are intended to provide greater efficiencies to our European customer base during local market hours. The EMEA region has been a significant source of growth for our business, and we have experienced volume growth during non-U.S. trading hours. As part of our global growth strategy, CME Clearing Europe will help to extend the safety and security of central counterparty clearing to our European clients, both through our initial offering of credit default swaps clearing and additional locally relevant products we plan to offer in the future.

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

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

Market Protection and Risk Management. Our clearing house guarantee of performance is a significant attraction, and an important part of the functioning of our exchange.

Central counterparty guarantee. Because of this guarantee, our customers do not need to evaluate the credit of each potential counterparty or limit themselves to a selected set of counterparties. The benefits of centralized clearing have been made even more apparent during the recent period of financial uncertainty. Although not a guarantee of future performance, in our more than 100 year history of trading, we have never had a default or a loss of customer funds resulting from the failure of a clearing firm.

Performance bond requirements. Performance bonds are deposits that must be made by our clearing firms to ensure that they can cover potential losses in connection with their trading positions. Performance bonds are calculated by our Standard Portfolio Analysis of Risk (SPAN) system that is used by approximately 50 exchanges and clearing organizations around the world. SPAN evaluates overall portfolio risk by calculating the worst possible loss that a portfolio of derivative and physical instruments might reasonably incur over a specified time period (typically one trading day). This is done by computing the gains and losses that the portfolio would incur under different market conditions. Additionally, the substitution of our clearing house as the counterparty to every transaction allows our customers to establish a position with one party and then offset the position with another party. This contract offsetting process provides our customers with flexibility in establishing and adjusting positions and provides for performance bond efficiencies.

Twice daily mark-to-market process. At each settlement cycle, our clearing house values, at the market price prevailing at that time, or marks-to-market, all open positions and requires payments from clearing firms whose positions have lost value and makes payments to clearing firms whose positions have gained value. Our clearing house marks-to-market all open positions at least twice a day, and more often if market volatility warrants. In select circumstances where CME has introduced clearing services to newer markets, positions are market-to-market daily, with the capability to mark-to-market more frequently as market conditions warrant. Marking-to-market provides both participants in a transaction with an accounting of their financial obligations under the contract. Having a mark-to-market cycle of a minimum of two times a day helps protect the financial integrity of our clearing house, our clearing firms and market participants. This allows our clearing house to identify quickly any clearing firms that may not be able to satisfy the financial obligations resulting from changes in the prices of their open contracts before those financial obligations become exceptionally large and jeopardize the ability of our clearing house to ensure performance of their open positions. This transparency makes it difficult for traders to hide losses or disguise unusual profits.

Segregation of customer funds. Regulations require our clearing firms to separately account for and segregate customers positions and monies from their own (requirements that also extend to CME Clearing). If a clearing firm becomes financially unstable or insolvent due to a financial issue, a customer s funds held in such a segregated account (provided the customer is not involved in the financial issue itself) will not be subject to the clearing firm s creditor claims. In situations where a clearing firm were to become insolvent, the customer accounts could be transferred to another clearing firm.

Twenty-four hour monitoring by risk management team. In order to ensure performance, we establish and monitor financial requirements of our clearing firms. We employ more than 100 employees who use a variety of sophisticated tools to observe risk in our markets 24 hours a day, six days a week. These employees work closely with other teams across the organization in products and services, legal and market regulation as well as with our clearing firms to help our customers manage risk during periods of economic uncertainty.

Multi-billion dollar safeguards package. CME Clearing s approximately $9.3 billion financial safeguard system (as of December 31, 2009) is designed for the benefit and protection of both clearing members and their customers and is described in more detail on page 84 of Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Credit default swaps margining. In connection with our provision of clearing services for the credit default swap market, we modified our framework to address the unique characteristics of these products. In addition to our traditional risk management procedures described above, we use a multi-factor model for margining designed to address the risk factors relating to these products.

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

Settlement, Collateral and Delivery Services. We manage final settlement in all of our contracts, including cash settlement, physical delivery of selected commodities, and option exercises and assignments. Because some initial and maintenance performance bonds from clearing firms, as well as mark-to-market obligations on some of our contracts, are denominated in various foreign currencies, we offer multi-currency performance bond and settlement services.

Generally, although most of our futures contracts are liquidated before the expiration of the contract, the underlying financial instruments or commodities for the remainder of the contracts must be delivered or cash settled. We act as the delivery agent for all contracts, ensuring timely delivery by the seller of the exact quality and quantity specified in a contract and full and timely payment by the buyer.

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

Cross-Margining and Mutual Offset Services. Cross-margining arrangements reduce capital costs for clearing firms and customers. These agreements permit an individual clearing house to recognize a clearing firm s open positions at other participating clearing houses, and clearing firms are able to offset risks of positions held at one clearing house against those held at other participating clearing houses. This arrangement reduces collateral deposits by the clearing firm. For example, our cross-margining program with the Options Clearing Corporation, which celebrated its 20^{th} anniversary in 2009, reduced performance bond requirements for our clearing members by an average of approximately $2.2 billion per day utilized in 2009. We have implemented cross-margining arrangements with the Fixed Income Clearing Corporation. We also previously had an arrangement with LCH.Clearnet Group for positions at the London International Financial Futures and Options Exchange Limited that were cleared through LCH.Clearnet Group. This arrangement was terminated in February 2010. In addition, our mutual offset agreement with the Singapore Exchange Limited allows a clearing firm of either exchange initiating trades in certain products on either exchange to execute after-hours trades at the other exchange in those products and then transfer them back to the originating exchange. This mutual offset arrangement enables firms to execute trades at either exchange virtually 24 hours per day.

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

Our clearing house launched a securities lending program in 2001 using a portion of certain securities deposited to meet the proprietary performance bond requirements of our clearing firms. Under the securities lending program, we would lend a security to a third party and receive collateral in the form of cash. The majority of the cash was then invested to generate interest income. The related interest expense represented payment to the borrower of the security for the cash collateral retained during the duration of the lending transaction. Securities on loan were marked-to-market daily and compared to collateral received. In 2008, we suspended the program due to high volatility in the credit markets. We continue to monitor the credit markets on a regular basis and may restart the program when conditions are appropriate.

Technology

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

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

As electronic trading activity expands, we continue to provide greater match engine functionality unique to various markets, market models and product types. We have adopted a modular approach to technology development and engineered an integrated set of solutions that support multiple specialized markets. We continually monitor and upgrade our capacity requirements. Our goal is to design our systems to handle at least one-and-a-half times our historical peak transactions in our highest volume products. Significant investments in production planning, quality assurance and certification processes have enhanced our ability to expedite the delivery of the system enhancements that we develop for our customers. We continue to implement technology upgrades that provide speed and functionality enhancements. Also, our proposed transaction with BM&FBOVESPA will further expand the breadth of our technology and distribution capabilities into the global cash equities and options markets. The new platform will offer customers an integrated technology solution and we along with BM&FBOVESPA will have the ability to license the platform to other exchanges internationally.

Speed, reliability, scalability, capacity and functionality are critical performance criteria for electronic trading platforms. A substantial portion of our operating budget is dedicated to system design, development and operations in order to achieve high levels of overall system performance. In 2009, we continued our efforts to grow and enhance our electronic trading capabilities. For example, we successfully deployed additional functionality which provides an easy and intuitive interface that allows our customers to quickly enter and execute complex options strategies. Additionally, in 2009, we completed the construction of our new Globex Control Center and Technology Operations Command Center. The state-of-the-art facility brings the Globex Control Center, technology operations and all our other critical support teams together in one space at 20 South Wacker Drive. Bringing these teams and functions together will ensure efficient and coordinated communications, proactive monitoring of markets and systems, and timely incident crisis management. Among its critical capabilities, the facility provides 24-hour monitoring of our global technology infrastructure and market operations; global news and market information; and geographic mapping of incoming customer calls. We also maintain remote data facilities to provide additional system capacity and redundancy for our trading and clearing technology. Our data centers support our customer interfaces, trading and execution systems, as well as clearing and settlement operations. In 2010, our production electronic trading environment will be operational in our third data center.

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

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

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

The distribution technologies we offer differentiate our platform and bring liquidity and trading volume to our execution facilities. As of December 31, 2009, we had approximately 900 direct connections with our systems for customers across the globe. Many of these customers connect through a dedicated private network that is readily available, has wide distribution and provides fast connections in the Americas, Europe and Asia. We have telecommunications hubs in Amsterdam, Dublin, London, Milan, Paris, Sao Paulo, Seoul and Singapore to respond to customer requests and reduce the cost of trading for our foreign customers. We plan to add a hub in Kuala Lumpur in the first half of 2010.

In order routing and management, we offer a range of mechanisms and were among the first U.S. derivatives exchanges to implement the FIX protocol the standard order routing protocol used within the securities industry. In addition, our order routing and order management systems are capable of supporting multiple electronic trading match engines. This functionality gives us great latitude in the types of markets that we choose to serve. In 2009, we deployed an optimized order routing gateway that resulted in a significant reduction in CME Globex latency. We also implemented additional risk management tools for our clearing firms, including providing risk administrators with manual and automated credit controls.

Several key technology platforms and standards are used to support these activities, including fault-tolerant HP Integrity NonStop Blade Systems, IBM mainframes, Hitachi and EMC storage area networks (SAN equipment), HP servers and CISCO routers and switches for hardware. Our software vendors include Oracle and DB2 databases, LINUX, UNIX, Novell, TIBCO middleware and multi-vendor network solutions.

Our futures match engine design was based upon a computerized trading and match software known as the NSC system. During 2009, we continued the migration of our futures products from the NSC system to our internally designed options platform in connection with our enhancement of our options engine. Our options match engine was designed and built at CME with focus on the speed of matching buy and sell orders and fault tolerance for 24-hour trading. This transition to a single match engine will bring better system performance and more opportunity for combination futures/options trading, while allowing us to more easily and cost-effectively scale our system for future growth. All existing functionality is present and we expect that the migration will be relatively seamless to the end customer. During 2009, we completed the migration of our FX currency futures and equities complexes and expect to complete the migration of our remaining product suites by early 2011. We continue to work on enhancements to our match engine to build a fully-functional electronic marketplace for unique trading demands where our customers can offset their risk with as much ease as in our open outcry trading facilities.

Over the last three years we have made significant investments in market data technologies to support increased trading and messaging volumes. Enhancements include performance improvements, scalability with a new multicast distribution platform, and a FIX 5.0 compliant messaging format. These implementations benefit our customers by reducing required bandwidth and costs as well improving performance.

Clearing Technology. CLEARING 21, SPAN and CME ClearPort form the core of our clearing technology.

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

Our SPAN system is a highly sophisticated methodology that calculates performance bond requirements by analyzing the what-ifs of virtually any market scenario. Developed and implemented in 1988 by CME, SPAN was the first system ever to calculate performance bond requirements exclusively on the basis of overall portfolio risk at both the clearing firm and customer level. In the years since its inception, SPAN has become the industry standard for portfolio risk assessment. It is the official performance bond (margin) mechanism of approximately 50 registered exchanges, clearing organizations, service bureaus and regulatory agencies throughout the world.

CME ClearPort is our flexible, internet-based system that provides clearing services of over-the-counter transactions. The system lets market participants take advantage of the financial depth and security of our clearing house. Through this technology, customers can conduct their own transactions, negotiate their own prices and still take advantage of our central counterparty clearing.

Building Services

Following our mergers with CBOT Holdings and NYMEX Holdings, we now own and manage real estate, with approximately 1.5 million square feet of commercial space in the central business district of Chicago and approximately 500,000 square feet in downtown New York City. As of December 31, 2009, our real estate was approximately 94% occupied, with nearly 38% of the total space used by us. In the second quarter of 2009, we completed consolidation of the NYMEX and COMEX trading floors located at One North End Avenue in New York City.

Tenants pay market rates for rent. The majority of tenant leases have terms of one to five years, with large tenants generally having leases for up to fifteen years. As of December 31, 2009, the largest tenant in Chicago, other than us, leased approximately 9% of the total area and the next five largest tenants leased about 14% of the total area. In New York City, the largest tenant leased approximately 12% of the total area. We manage both the real estate and the general services relating to our real estate such as cleaning, power and telephone services. Building services generated about 1% of our total revenues in 2009.

Business Continuity Planning

We continue to strengthen and upgrade our disaster recovery facilities and capabilities. We have dedicated significant resources to improve our continuity planning. For example, our disaster recovery infrastructure and activities include:

- Formal disaster recovery testing conducted twice a year at each of our data centers.

- Network disaster recovery testing conducted monthly.

- Participation in an annual industry-wide disaster recovery test sponsored by the Futures Industry Association.

- Bi-annual functional exercises utilizing remote access to our systems with employees responsible for our critical business unit procedures.

Additionally, in order to ensure proper coordination during a potential crisis, we have established relationships with the local business community, law enforcement, and local and regional governmental emergency agencies as well as our regulators.

In 2010, our production electronic trading environment will be operational in our third data center, further enhancing our disaster recovery facilities.

Strategic Relationships

We continually review our growth strategy and whether it is in the interests of our shareholders to engage in discussions with other parties regarding various strategic acquisitions, partnerships, divestitures and other arrangements and alliances. The following is a summary of our key strategic relationships:

BM&FBOVESPA. To increase liquidity and expand the international market for our customers, we have established a partnership with BM&FBOVESPA, the leading exchange in Latin America. Pursuant to an order routing agreement, its products can be traded by participants connected to our CME Globex platform, and our products can be traded by participants connected to BM&FBOVESPA s Global Trading System platform. We currently own an equity stake of approximately 5% in BM&FBOVESPA and it owns an equity stake of approximately 1.8% in us. On February 11, 2010, we announced a non-binding letter of intent with BM&FBOVESPA to expand our existing strategic partnership to develop a new multi-asset class electronic trading platform that will be deployed by BM&FBOVESPA for use in its own cash equities and derivatives markets, and both of us will have the ability to license the platform to other exchanges internationally. The new platform will offer customers an integrated technology solution for global derivatives and non-U.S. equities trading. We have agreed to an exclusive negotiation period to enter into definitive agreements. Development of the new system will begin immediately and is expected to launch in early 2011. As part of the expanded partnership, BM&FBOVESPA will increase its ownership interest in us to 5%, the same approximate stake we currently have in BM&FBOVESPA. Consummation of the transaction is subject to the negotiation of definitive agreements, approval by the regulators, completion of customary closing conditions and BM&FBOVESPA shareholder approval. In connection with the proposed transaction, our board authorized a plan to repurchase up to 2.35 million shares of our Class A common stock. We also agreed to nominate a senior representative of BM&FBOVESPA to our board in connection with the closing of the transaction.

Bursa Malaysia Derivatives. In 2009, we acquired a 25% equity stake in Bursa Malaysia Derivatives and also entered into a trade matching services agreement and a product licensing agreement. Pursuant to these agreements, we will provide CME Globex services to Bursa Malaysia for all of its derivatives products. We also will have the right to use its crude palm oil futures settlement prices to develop our own U.S. dollar denominated contract. An additional telecommunications hub is planned for Kuala Lumpur in the first half of 2010. The partnership will also further enhance our globalization efforts by facilitating our customers access to its important markets and will increase our presence in Asia.

Dubai Mercantile Exchange. We own an approximate 28% interest in the Dubai Mercantile Exchange. In February 2009, DME futures contracts became exclusively traded electronically on our CME Globex platform. The listing of the DME Oman crude oil futures contract on CME Globex further enhances the value proposition of DME as they seek to establish Oman crude oil which is currently used to establish the pricing of oil shipped from Oman and Dubai as the leading world benchmark for pricing East of Suez crude oil shipments.

Green Exchange Venture. Green Exchange Holdings LLC is a joint venture among CME and a consortium of banks and brokers. The Green Exchange venture plans to take over a number of products currently listed on NYMEX once it receives regulatory approval to operate as a designated contract market. Current products listed on NYMEX include futures and options on European Union Allowances, carbon allowances tied to the Regional Greenhouse Gas Initiative, and other greenhouse gas markets.

Korea Exchange. In 2008, we finalized our five-year agreement with the Korea Exchange to list the KOSPI 200 futures contract on CME Globex during after-hours trading in Korea. Trading began in November 2009. As part of the agreement, we created a telecommunications hub in Seoul. We are also committed to pursue with the Korea Exchange a potential bi-directional order routing initiative that would be modeled after our arrangement with BM&FBOVESPA.

Singapore Exchange Limited. In October 2006, we renewed our mutual offset agreement with the Singapore Exchange for an additional three-year term with automatic renewals for one year each unless terminated by either party. The current term is through October 2010. This relationship, which has been in effect since 1984, allows a clearing firm of either exchange initiating trades in certain products on either exchange to execute after-hours trades at the other exchange in those products, then transfer them back to the originating exchange.

As a result of our merger with CBOT Holdings, we also list the products of the Minneapolis Grain Exchange and the Kansas City Board of Trade on the CME Globex platform and act as their sole distributor of market data.

Marketing Programs and Advertising

Our marketing programs align our core business objectives and product line goals with positioning, messaging and customer targeting strategies designed to increase awareness and use of our products and services. The marketing strategy and tactics include conducting market research to gather customer insight, and the implementation of our marketing campaigns, which may include online and print advertising, direct marketing, tradeshows and customer events, public relations, online marketing and educational programs.

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

Our advertising strategies seek to increase awareness and strengthen perceptions of CME Group among our institutional and retail customers, as well as support an increase in our trading volume. In light of the recent financial crisis, we created an integrated and targeted marketing program to highlight the benefits of our central counterparty clearing model and our financial safeguards package. The campaign included print advertising, online marketing and educational programs. Additionally, in November 2009, we hosted our second annual Global Financial Leadership Conference, where participants had an opportunity to interact with some of the world s leaders in business, finance and politics to discuss emerging geopolitical trends and debate critical economic issues. We were privileged to have Paul Volcker, chairman of the White House Economic Recovery Advisory Board and former chairman of the Federal Reserve, and Fareed Zakaria, editor of *Newsweek International*, columnist and CNN host, as our keynote speakers.

Our primary method of advertising has been through print media, utilizing trade magazines and newsletters as well as business publications such as the *Wall Street Journal, Financial Times* and *Barron s*. However, we also use online, television sponsorship and other direct advertisements to reach our target audiences.

Our targeted marketing program includes corporate and product brochures designed to communicate the depth and breadth of our capabilities; our annual report to shareholders, designed to showcase how key customers globally use our products to mitigate risk, in addition to presenting an overview of our financial results; and *CME Group Magazine,* a quarterly publication; designed to keep our customers up to date on developments that can enhance their successful participation in the derivatives industry. The magazine features customer case histories, new product information, technology updates, trend stories and news briefs and is made available on our Web site.

Competition

The industry in which we operate is highly competitive and we expect competition to continue to intensify. We encounter competition in all aspects of our business, including from entities having substantially greater capital and resources and offering a wider range of products and services and some operating under a different and possibly less stringent regulatory regime. Prior to the passage of the Commodity Futures Modernization Act of 2000 (CFMA), futures trading was required to take place on, or subject to the rules of, a federally designated contract market. The costs and difficulty of obtaining contract market designation and corresponding regulatory requirements created significant barriers to entry for competing exchanges. The passage of the CFMA and other changing market dynamics have led to increasing competition from a number of different domestic and international sources of varied size, business objectives and resources. For example, the CFMA permits SEC-regulated and bank clearing organizations to clear a broad array of derivatives products in addition to the products that clearing organizations have traditionally cleared. The CFMA also permits banks and broker-dealers, and some of their affiliates, to offer and sell foreign exchange futures to retail customers without being subject to regulation under the Commodity Exchange Act (CEA). We now face competition from other futures, securities and securities option exchanges; over-the-counter markets; clearing organizations; consortia formed by our members and large market participants; alternative trade execution facilities; technology firms, including market data distributors and electronic trading system developers; and others.

Competition in our Derivatives Business

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

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

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

Over the past few years there have been significant changes in the industry s landscape as a result of the wave of consolidation and increased competition. At the end of 2009, there were approximately 55 futures exchanges located in approximately 30 countries, including 7 exchanges in the United States. Additionally, there has been an increase in activity among derivative dealers, banks and other entities to form competing exchanges. In 2007, a consortium of 12 financial institutions formed an exchange, Electronic Liquidity Exchange (ELX), which began trading in July 2009. ELX s initial product line included electronic trading in U.S. Treasury futures in the two-, five-, and ten-year notes and thirty-year bond contracts in competition with CBOT s treasury complex. Recently, ELX requested that the CFTC compel CBOT to accept certain non-competitive trades as a means to permit two customers, with equal and opposite positions at CBOT, to transfer those positions to ELX. We believe that such transactions would violate the CEA and are prohibited by CBOT rules. At this time, the CFTC has not required us to take any action or modify our existing rules. We expect the CFTC to review the ELX request. We also face competition from IntercontinentalExchange s (ICE) energy index, natural gas, credit default swaps, equity index, foreign exchange and other products. New entrants into our industry may increase competitive pressure on us.

Because equity futures contracts are alternatives to underlying stocks and a variety of equity option and other contracts provide an alternative means of obtaining exposure to the equity markets, we also compete with NYSE Euronext and other securities and options exchanges, dealer markets and alternative trading systems in this product line, as well as with ICE in connection with its futures and options on futures contracts based on the Russell indexes.

We face competition from the over-the-counter market with the trading of contracts similar to those traded or cleared on our exchanges, such as swaps, forward contracts and other exchange look-alike contracts, in which parties directly negotiate the terms of their contracts.

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

Competition in our Transaction Processing Business

In addition to the competition we face in our derivatives business, we face a number of competitors in our transaction processing and other business services. In the past few years, there has been increased competition in the provision of clearing services. We compete with other derivatives exchanges that provide clearing services. ICE has its own clearing operations which are comprised of five separate regulated clearing houses across the U.S., Europe and Canada. In March 2009, ICE Trust, which provides clearing services for the credit default swap market, acquired The Clearing Corporation. Prior to its acquisition, The Clearing Corporation was one of the oldest independent clearing houses. Additionally, the Options Clearing Corporation provides clearing services for commodity futures, commodity options and security futures, including products listed by ELX. In June 2009, NYSE Euronext and The Depository Trust & Clearing Corporation announced the creation of a new clearing house for the clearing of fixed-income securities. We believe that other exchanges may also undertake to provide clearing services.

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

Competition in our Market Data Business

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

Regulatory Matters

Our operations as a futures exchange have historically been subject to extensive regulation by the CFTC. The CFTC is an independent federal agency with exclusive jurisdiction over the futures market. The Commission consists of five Commissioners, appointed to staggered five-year terms by the President, with the advice and consent of the Senate. The CFTC carries out the regulation of the futures markets in accordance with the provisions of the CEA and the CFMA. The CFTC is subject to reauthorization every five years, which most recently occurred in 2008.

We are extensively regulated by the CFTC. In light of the widespread financial and economic difficulties, particularly acute in the latter half of 2008 and early 2009, there have been many calls for a restructuring of the regulation of financial markets. As a result, various legislative proposals are currently circulating in Congress regarding regulatory reform in the futures and the over-the-counter derivatives markets. These proposals are designed to

- reduce systematic risk by mandating central clearing and exchange trading of derivatives;

- increase transparency and price discovery; and

- prevent fraud and market manipulation.

We cannot predict what the final regulations will be or what impact they may have on our business. Among other things, the proposed legislation includes restrictions on speculative trading by means of hard position limits and limitations on hedge exemptions as well as provisions permitting the CFTC to adopt a more rules-based approach rather than our current principles-based approach under the CFTC regulatory regime. The CFTC has also recently issued proposed rules for comment which would establish federally-set position limits for certain energy commodities as well as limit hedge exemptions for specified participants. To the extent the regulatory environment is less beneficial for us or our customers, our business, financial condition and operating results could be negatively affected.

The CFMA amended the CEA in 2000 and created the current principles-based regulatory approach. For regulated markets, the CFMA codified a three-tiered regulatory structure for the trading of derivatives that distinguishes among markets based on the types of contracts traded and the sophistication of the market participants. The CFMA generally requires that contract markets, such as our primary exchanges (CME, CBOT, NYMEX and COMEX), register with the CFTC and establish their compliance with 18 core principles: overall compliance with the principles; rule compliance and enforcement; listing of contracts not readily susceptible to market manipulation; trade monitoring system; position or accountability limits; emergency authority; information availability; daily publication of trading information; contract execution; procedures for recording and safe storage of trade information; financial integrity; market participant protections; dispute resolution; fitness standards; conflict of interest management; governing board composition of mutually owned contract markets; recordkeeping; and antitrust considerations. Additionally, the CFMA generally requires that derivatives clearing organizations, like our clearing house, register with the CFTC and demonstrate their compliance with 13 core principles: financial, operational and managerial resources; member and product eligibility; risk management procedures and tools; adequate settlement procedures; treatment of customer funds; member default procedures; rule monitoring and enforcement systems; clearing system safeguards; reporting; recordkeeping; public information; information sharing; and antitrust considerations.

Under the oversight of the CFTC, our exchanges are operated as separate self-regulatory organizations. Generally this requires the promotion of market integrity; protection of investors; and enforcement of financial requirements, sales and trading practices of members. CBOT, NYMEX and COMEX outsource responsibility for trade matching, regulatory and clearing services to CME. Our integrated compliance and market surveillance functions allow detailed tracking of all trading and clearing activities. Our regulatory processes are reviewed and audited by the CFTC. The increasing utilization of electronic trading systems by traders, who are not members, from remote locations may, among other developments, impact our ability to continue the traditional form of self-regulation that has been an integral part of the CFTC regulatory program. Customers, including high frequency traders, who are guaranteed by a clearing firm and who agree to submit to the jurisdiction of our rules, may be granted direct access to our trading system through their clearing firms. By submitting to our jurisdiction, these customers have the same obligations to comply with our rules as our members. Recently, the securities industry has been criticized for providing its customers with unfiltered access to the market and the SEC has proposed rules that effectively prohibit such unfiltered access and require brokers to implement risk controls to protect the market. While we believe our policies and procedures, including the availability of our risk management tool offerings, address these concerns, we cannot guarantee that new regulations relating to our industry will not be imposed in the future. To the extent any future regulation makes it burdensome for these customers to access our market, they may have less incentive to trade our products and more incentive to move to an unregulated market.

Our offering to provide clearing services for credit default swaps is being made pursuant to a special exemption from the SEC which is in effect through March 31, 2010. We expect to have the exemption extended in the future. However, there is no guarantee that the SEC will continue to grant us an exemption. Without this exemption, CME and other market participants would have to comply with extensive registration and reporting requirements, which may discourage market participants from clearing their credit default swap trades through us.

We have also notice registered with the SEC as a special purpose national securities exchange solely for the purpose of trading security futures products. As a result, the SEC is authorized to review some of our rules relating to these security futures products. Our members trading those products are subject to registration requirements and duties and obligations to customers under the securities laws that do not pertain to their other futures business.

The proposed Presidential budget has, from time to time, included a proposal to impose a transaction tax on futures traded domestically to fund the CFTC. The recently released Presidential budget for 2011 did not include a transaction tax but did include a repeal of 60-40 tax treatment for futures transactions. This proposal also has appeared in prior Administration budget plans. These provisions effectively would eliminate the current tax treatment that allows traders to pay a blend of taxes on their gains and losses from trading futures and options with 60% at capital gains rates and 40% at ordinary tax rates. Additionally, recently proposed legislation has included a tax on certain transactions in an effort to pay for the governmental programs instituted in response to the financial crisis and to generate additional funding for job creation in light of the financial crisis. While many participants in the futures industry, including us, oppose these proposals, we cannot guarantee that such proposals will not be enacted. The imposition of any such tax would increase the cost of using our products and, consequently could adversely impact our trading volumes, revenues and profits and may also adversely impact our ability to compete on an international level. Moreover, the Administration s proposal to repeal 60-40 tax treatment would impose a substantial increase in tax rates applicable to the individuals who are most responsible for creating liquid and efficient regulated markets.

Our Members

We operate four separate self-regulatory exchanges: CME, CBOT, NYMEX and COMEX. Members are individual traders, as well as most of the world s largest banks, hedge funds, brokerages and investment houses. Trading on our open outcry trading floors is conducted exclusively by members in Chicago and New York City. Members can execute trades for their own accounts, for clearing firm accounts, for the accounts of other members or for the accounts of customers of clearing firms. Members who trade for their own account, including those who lease trading rights, qualify for lower transaction fees in recognition of the market liquidity that their trading activity provides. These members also benefit from market information advantages that may accrue from their proximity to activity on the trading floors. In 2009, our members were responsible for 75% of our total trading volume. As of December 31, 2009, there were approximately 140 clearing firms. Membership enables a customer to trade specific products at reduced rates and lower fees, and to trade directly from the applicable trading floor or electronically through CME Globex. Memberships can be bought, sold and leased. Our shareholder relations and membership services department maintains an auction market for trading rights at our exchanges. A customer can apply for and hold a membership at CME, CBOT, NYMEX or COMEX depending on the products intended to be traded. Rights and privileges of membership are exchange-specific.

Applicants for membership are required to be of good moral character, reputation and business integrity. They must also have adequate financial resources and credit to assume the responsibilities and privileges of membership. All members must understand the rules and regulations of the applicable exchange and agree to abide by them. Additionally, they must comply with the provisions of the CEA and the rules and regulations issued by the CFTC. A potential member must register with the National Futures Association (NFA) either as a floor trader or floor broker if they intend to access one of our trading floors. If an individual uses the membership for the purpose of filling orders for other members or customers, they must apply to the NFA for a floor broker s license. Our market regulation department is the investigative and enforcement arm of our exchanges with regard to exchange rules. Members who are found to have violated a rule can be subject to sanctions such as fines, trading suspensions and/or expulsion from the particular exchange.

CME Memberships

There are four divisions of membership at CME: the Chicago Mercantile Exchange (CME) division; the International Monetary Market (IMM) division; the Index and Option Market (IOM) division; and the Growth and Emerging Markets (GEM) division. Each membership division has different trading rights.

Under the terms of CME Group s certificate of incorporation, members of the CME exchange, as Class B shareholders, have the ability to protect their rights to trade by means of special approval rights over changes to the operation of the markets and are entitled to elect six of the directors on our board, which is currently comprised of a total of 32 individuals. In particular, the certificate of incorporation grants the holders of our Class B common stock the right to approve any changes to the trading floor rights, access rights and privileges that a member has, the number of memberships in each membership class and the related number of authorized shares in each class of Class B common stock, and the eligibility requirements to exercise trading rights or privileges. Class B shareholders must approve any changes to these special rights. We are also required to maintain open outcry trading so long as certain liquidity thresholds are met. Class B shares have the same equitable interest in our earnings and receive the same dividend payments as our Class A shares.

CBOT Memberships

There are five series of Class B memberships in CBOT represented by memberships in our CBOT subsidiary: Series B-1 (Full) members, Series B-2 (Associate) members, Series B-3 (GIM) members, Series B-4 (IDEM) members and Series B-5 (COM) members.

Class B members of CBOT do not possess the right to receive any dividends or distributions, including the proceeds from liquidation, from CBOT. Series B-1 and B-2 members have the right to vote on amendments to certain provisions of the certificate of incorporation of CBOT, including the number of authorized memberships; the relative voting rights of the Series B-1 and B-2 members; the trading rights, voting rights and core rights of Class B members and certain other covenants; and the commitment to maintain open outcry markets for so long as they meet certain liquidity thresholds.

Additionally, until our 2012 annual meeting of shareholders, we are required to have at least 10 CBOT directors (as defined in our bylaws) on our board and we are required to provide them with five business days advance notice of any change to CBOT s rules and regulations. If a majority of the CBOT directors determine in their sole discretion that the proposed change will materially impair the business of CBOT or the business opportunities of the holders of the Class B memberships of CBOT, such change will be submitted to a committee of the board of directors of CBOT comprised of three CBOT directors and two CME directors as defined in the bylaws.

NYMEX Memberships

NYMEX memberships are represented by Class A memberships in our NYMEX subsidiary. In connection with the NYMEX Holdings merger, we made certain commitments to the NYMEX Class A members to maintain a trading floor in New York City until 2012 and thereafter so long as certain profitability and revenue thresholds are met, to limit our rights to relocate open outcry trading to Chicago for NYMEX products, in the event open outcry trading facilities for such products are no longer available on the NYMEX floor, and to maintain fee differentials for NYMEX Class A members for so long as we maintain differentials for our CME and/or CBOT members. NYMEX Class A members do not have the right to receive dividends or distributions from NYMEX.

COMEX Memberships

Memberships in COMEX are represented by COMEX division memberships in our COMEX subsidiary. There are also COMEX Option memberships. The COMEX Transaction Agreement, executed in November 2006, provides COMEX Division members with certain trading right protections as well as a commitment to provide a trading facility in New York City for so long as open outcry trading exists on the COMEX Division and for a five-year period following the expiration of the COMEX Transaction Agreement. COMEX Division members maintain certain petition rights as it relates to proposed amendments to certain COMEX by-laws and rules. In 2009, a special meeting of COMEX members was held at which time certain bylaw changes were approved, including provisions which would require us to maintain the trading floor until 2012 in exchange for amending the provisions to allow us to include the metals complex in our incentive programs and market maker programs and to allow us to provide certain fee waivers.

Subsidiaries

Substantially all of our business operations are conducted through our exchange subsidiaries: CME, CBOT, NYMEX and COMEX. The following is a summary of the activities of our other operating subsidiaries. Based on materiality, GFX, CMA, Swapstream and our real estate operations are not reportable segments and, as a result, we do not disclose segment information.

C-B-T Corporation. C-B-T Corporation manages both our owned real estate and the general services relating to this real estate such as cleaning, power and telephone services in Chicago.

CME Clearing Europe. CME Clearing Europe will be the owner of our UK clearing house which is currently awaiting approval by the Financial Services Authority (FSA).

Credit Market Analysis. In March 2008, we acquired CMA and its subsidiaries. CMA is a leading provider of credit derivatives market data designed to enhance the performance of over-the-counter credit market professionals. CMA s real-time pricing services (CMA QuoteVision) and data services (CMA DataVision) are used by investment professionals in leading investment banks, hedge funds and asset managers worldwide. CMA entities accounted for less than 1% of our consolidated total revenues in 2009 and 2008.

GFX Corporation. GFX Corporation (GFX) was established for the purpose of maintaining and creating liquidity in our electronically traded foreign exchange futures contracts. Experienced foreign exchange traders employed by GFX buy and sell our foreign exchange contracts using our CME Globex system. They limit risk from these transactions through offsetting transactions using forward contracts and spot foreign exchange transactions with approved counterparties in the interbank market. On occasion, GFX has also engaged in the trading of Eurodollars and equity index contracts. GFX accounted for less than 1% of our consolidated total revenues in 2009, 2008 and 2007.

Swapstream. The Swapstream entities accounted for less than 1% of our consolidated total revenues in 2009, 2008 and 2007. During 2009, we began the process of winding down our Swapstream operations which we expect to be completed in 2010. Swapstream Operating Services Limited, an entity regulated by the Financial Services Authority, was renamed CME Marketing Europe Limited and will continue operations in connection with our global marketing efforts.

Licensing Agreements

Standard & Poor s

We have had a licensing arrangement with S&P since 1980. In September 2005, all of our previous licensing agreements with S&P were consolidated into one agreement that terminates on December 31, 2017. Under the terms of the agreement, as amended, S&P granted us a license to use certain S&P stock indexes and the related trade names, trademarks and service marks in connection with the creation, marketing, trading, clearing and promoting of futures contracts and/or options on futures contracts that are indexed to certain S&P stock indexes. The license is exclusive through December 31, 2016 and non-exclusive from that date through December 31, 2017 with some exceptions. Our license for the S&P 500 Index remains exclusive through December 31, 2016 so long as certain minimum average trading volume is met or other circumstances exist that relate to the reduction in trading volume. We may pay an additional fee to retain the exclusivity if the minimum average trading volume is not met. For certain products based on S&P stock indexes that we list after the effective date of the amended and restated agreement, we will have an exclusive license for two or three years depending upon the nature of the index, after which we will retain our exclusive rights so long as certain minimum average trading volumes are met. Under the agreement, we maintain our right of first refusal for new stock indexes developed by S&P during the term of the agreement. In the event we fail to launch a product based on a new index within one year, subject to certain considerations for regulatory delays, S&P may elect to terminate the license for such new index or terminate the exclusivity of the license. In exchange for the license, we pay S&P a per trade fee. If S&P discontinues compilation and publication of any license or index, we may license, on a non-exclusive and royalty-free basis, the information regarding the list of companies, shares outstanding and divisors for that index or terminate the obligations regarding the index. The licenses become non-exclusive in the event we list certain competitive products.

NASDAQ

We have had a licensing arrangement with NASDAQ OMX since 1996 to license the NASDAQ-100 Index and related trade names, trademarks and service marks. The license was extended and expanded in October 2003 to license us both the NASDAQ-100 Index and the NASDAQ Composite Index and in April 2005 to add the NASDAQ Biotechnology Index for trading futures and options on futures contracts that are based on the indexes. In 2008, we agreed to extend the exclusive license agreement through 2019. With respect to the NASDAQ Composite Index, NASDAQ OMX may terminate the exclusivity or the entire license on each anniversary of the agreement in October, if trading volume fails to meet certain performance criteria. During the applicable period of exclusivity, NASDAQ OMX will not grant a license to use the indexes in connection with the trading, marketing and promotion of futures contracts and options on those futures contracts that are based on an index that is exclusive to us. We pay per trade fees to NASDAQ OMX under the license. We have a right of first refusal for new indexes that are licensed for futures products where the index is substantially equivalent to an index licensed to us or is a subset of an index licensed to us.

Dow Jones License Agreement

We have a licensing agreement with Dow Jones to license certain Dow Jones stock indexes and the related trade names, trademarks and service marks in connection with the creation, marketing, trading, clearing and promoting of futures contracts and/or options on futures contracts that are based upon such Dow Jones stock indexes. Our license of the Dow Jones Composite Index, the Dow Jones Industrial Average Index, the Dow Jones Transportation Average Index and the Dow Jones Utility Average Index is exclusive, and non-exclusive for the Dow Jones U.S. Real Estate Index. We also have a right of first refusal for new indexes developed by Dow Jones prior to December 31, 2010 and the right to sublicense our exclusive license rights under the agreement to any other exchange for the trading of futures contracts and options on futures contracts. The initial term of the agreement is through December 31, 2014. Following the initial term, the agreement shall automatically renew for a first renewal term of five years and then for successive annual renewal terms thereafter unless terminated by either party in writing prior to the end of the applicable term. In exchange for the license, we pay a per trade fee with a guaranteed annual minimum license fee and an upfront fee paid in January 2008. On February 10, 2010, we announced that we had entered into a definitive agreement with Dow Jones to create a new joint venture that will own the Dow Jones Indexes, which includes the Dow Jones Industrial Average and approximately 130,000 index properties.

British Bankers Association License and Membership Agreement

We have a licensing and membership agreement with BBA Enterprises Limited and the British Bankers Association for the use of its London Interbank Offered Rate to settle several of our interest rate products, including our Eurodollar contract. Pursuant to the agreement, we will also serve as an exchange associate member of the British Bankers Association during the term of the agreement. The license is non-transferable and non-exclusive. The initial term of the agreement is for ten years through September 2019 with automatic renewal terms of five years unless terminated by either party in writing prior to the end of the applicable term. For the license we paid an upfront fee and will pay annual fees that may be increased by the BBA subject to a cap.

Intellectual Property

We regard substantial elements of our brand name, marketing elements and logos, products, market data, software and technology as proprietary. We attempt to protect these elements by relying on trademark, service mark, copyright and trade secret laws, restrictions on disclosure and other methods. For example, with respect to trademarks, we have registered marks in numerous countries all over the world. We have filed numerous patent applications in the United States and internationally to protect our technology. In December 2006, the United States Patent and Trademark Office granted CME its first patent.

Our rights to stock indexes for our futures products principally derive from license agreements that we have obtained from S&P, NASDAQ OMX and Dow Jones and others. For a more detailed discussion of these licenses, see the section of this Annual Report on Form 10-K entitled Item 1. Business Licensing Agreements. Various other CME Group products rely on license agreements from third parties. We cannot assure you that competitors will not attempt to enter these markets or create similar products. Nor can we assure you that we will be able to renew or maintain those license agreements beyond their current terms.

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

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

Employees

As of December 31, 2009, we had approximately 2,260 employees.

We consider relations with our employees to be good. We have never experienced a work stoppage. As of December 31, 2009, 14 of our employees were represented by one of the following unions:

- Chicago Regional Council of Carpenters; and
- International Union of Operating Engineers Local 399, AFL-CIO.

Our Executive Officers

The following are our executive officers, including a description of their business experience over the last five years. Ages are as of February 1, 2010.

Terrence A. Duffy, 51

Mr. Duffy has served as our Executive Chairman since October 2006, as our Chairman from 2002 until 2006 and has been a member of our board of directors since 1995. He also has served as President of TDA Trading, Inc. since 1981.

Craig S. Donohue, 48

Mr. Donohue has served as Chief Executive Officer and a member of our board of directors since January 2004. Mr. Donohue joined us in 1995 and since then has held various positions of increasing responsibility within the organization including Managing Director and Chief Administrative Officer; Managing Director, Business Development and Corporate/Legal Affairs of CME; and Senior Vice President and General Counsel. Mr. Donohue also serves as our representative on the board of directors of BM&FBOVESPA.

Kathleen M. Cronin, 46

Ms. Cronin has served as our Managing Director, General Counsel and Corporate Secretary since August 2003. Previously she served as Corporate Secretary and Acting General Counsel from November 2002 through August 2003. Prior to joining us, Ms. Cronin was a corporate attorney at Skadden, Arps, Slate, Meagher & Flom from September 1989 through July 1995 and from April 1997 through November 2002.

Bryan T. Durkin, 49

Mr. Durkin assumed the position of Managing Director, Products and Services in addition to his role as our Chief Operating Officer in February 2010. Mr. Durkin has served as our Managing Director and Chief Operating Officer since July 2007. Mr. Durkin joined us in connection with the CBOT merger and he previously held a variety of leadership roles with CBOT from 1982 to 2007, most recently as Executive Vice President and Chief Operating Officer.

Phupinder Gill, 49

Mr. Gill has served as President of CME Group since July 2007. Previously he served as President and Chief Operating Officer since January 2004. Mr. Gill joined us in 1988 and has held various positions of increasing responsibility within the organization, including Managing Director and President of CME Clearing and GFX. Mr. Gill also serves as our representative on the board of Bursa Derivatives.

Julie Holzrichter, 41

Ms. Holzrichter has served as Managing Director, Global Operations since August 2007. Ms. Holzrichter rejoined us in July 2006 as our Managing Director, CME Globex Services and Technology Integration. Ms. Holzrichter previously held positions of increasing responsibility in our organization from 1986 to 2003 in trading operations.

Kevin Kometer, 45

Mr. Kometer has served as Managing Director and Chief Information Officer since July 2008. He previously served as Managing Director and Deputy Chief Information Officer from 2007 to July 2008. Since joining the company most recently in 1998, he has held senior leadership positions in the Technology Division, including Managing Director, Trading Execution Systems and Director, Advanced Technology.
Mr. Kometer was also with the company from 1994 to 1996.

James E. Parisi, 45

Mr. Parisi has served as our Chief Financial Officer and Managing Director, Finance and Corporate Development since February 2010. He has held the role of Managing Director and Chief Financial Officer since 2004. Mr. Parisi joined us in 1988 and has held positions of increasing responsibility within the organization, including Managing Director & Treasurer and Director, Planning & Finance.

Laurent Paulhac, 40

Mr. Paulhac has served as Managing Director, OTC Products and Services since September 2009. Prior to joining the company, Mr. Paulhac most recently served as Chief Executive Officer of CMA, a leading provider of credit derivatives market data acquired by CME Group in 2008, from October 2005 to September 2009. Mr. Paulhac will continue to oversee the operations of CMA until we identify his successor for the organization.

James V. Pieper, 43

Mr. Pieper has served as our Managing Director and Chief Accounting Officer since February 2010. Previously, Mr. Pieper served as Director and Controller since 2006 and as Associate Director and Assistant Controller from 2004 to 2006. Before joining CME Group in 2004, Mr. Pieper worked for Divine, Inc. as Director of Worldwide Accounting and for KPMG LLP as a Senior Manager.

Hilda Harris Piell, 42

Ms. Piell has served as Managing Director and Chief Human Resources Officer since August 2007. Previously she served as Managing Director and Senior Associate General Counsel, as Director and Associate General Counsel and as Associate Director and Assistant General Counsel since joining us in 2000.

John Pietrowicz, 45

Mr. Pietrowicz has served as our Managing Director, Business Development and Corporate Finance since February 2010. Mr. Pietrowicz joined CME Group in 2003 and since then has held various positions of increasing responsibility, including his most recent position of Managing Director and Deputy Chief Financial Officer from 2009 to 2010 and Managing Director, Corporate Finance and Treasury from 2006 to 2009.

Derek Sammann, 41

Mr. Sammann has served as Managing Director, Foreign Exchange and Interest Rate Products since February 2010. He previously served as Managing Director, Financial Products and Services since October 2009 and Managing Director, Global Head of Foreign Exchange Products since joining us in 2006. Prior to joining us, Mr. Sammann served as Managing Director, Global Head of FX Options and Structured Products at Calyon Corporate and Investment Bank in London from 2004 to 2006.

Kimberly S. Taylor, 48

Ms. Taylor has served as Managing Director and President of the Clearing House Division since January 2004 and as Managing Director, Risk Management in the Clearing House Division, from 1998 to 2003. Ms. Taylor has held a variety of positions in the Clearing House, including Vice President and Senior Director. She joined us in 1989.

Kendal Vroman, 38

Mr. Vroman has served as our Managing Director, Commodity Products, OTC Services & Information Products since February 2010. Mr. Vroman previously served as Managing Director and Chief Corporate Development Officer from March 2008 to February 2010. Mr. Vroman joined us in 2001 and, since then, held positions of increasing responsibility, including most recently as Managing Director, Corporate Development and Managing Director, Information and Technology Services.

Scot E. Warren, 46

Mr. Warren has served as our Managing Director, Equity Index Products and Index Services since February 2010. Mr. Warren previously served as our Managing Director, Equity Products since joining us in 2007. Prior to that Mr. Warren worked for Goldman Sachs as its President, Manager Trading and Business Analysis Team. Prior to Goldman Sachs, Mr. Warren managed equity and option execution and clearing businesses for ABN Amro in Chicago and was a senior consultant for Arthur Andersen & Co. for financial services firms.

Available Information

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

ITEM 1A. RISK FACTORS

In addition to the other information contained in this Annual Report on Form 10-K, you should carefully consider the factors discussed below, which are the risks that we believe are material at this time. These risks could materially and adversely affect our business, financial condition and results of operations. These risks and uncertainties are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business.

RISKS RELATING TO OUR INDUSTRY

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

Our revenue is substantially dependent on the trading volume in our markets. Our trading volume is directly affected by U.S. domestic and international factors that are beyond our control, including:

- economic, political and geopolitical market conditions;
- natural disasters and other catastrophes;
- broad trends in industry and finance;
- changes in price levels, trading volumes and volatility in the derivatives markets and in underlying fixed-income, equity, foreign exchange and commodity markets;
- legislative and regulatory changes;
- competition;
- changes in government monetary policies;
- consolidation in our customer base and within our industry; and
- inflation.

Any one or more of these factors may contribute to reduced activity in our markets. Historically, our trading volume has tended to increase during periods of uncertainty due to increased hedging activity and needs to manage the risks associated with, or speculate on, volatility in the U.S. equity markets, fluctuations in interest rates and price changes in the foreign exchange, commodity and other markets. However, during the recent economic volatility, we have experienced decreased volume due primarily to our customers decreasing their risk exposure, stable low interest rates and the lack of available capital. As a result, period-to-period comparisons of our financial results are not necessarily meaningful. This trend as well as future economic uncertainty may result in continued decreased trading volume and a more difficult business environment for us. Material decreases in trading volume would have a material adverse effect on our financial condition and operating results.

The recent financial crisis and related market developments may adversely affect our industry, business and results of operations.

We generate revenues primarily from our clearing and transaction fees. Declines in trading volumes and market liquidity would adversely affect our business and financial condition. During late 2008 and 2009, the global financial services industry and securities markets experienced significant and adverse conditions, including significantly increased volatility, outflows of customer funds and securities, losses resulting from declining asset values, defaults on securities and reduced liquidity. As a result, many financial institutions required additional capital infusions, merged with larger and stronger institutions, became bank holding companies regulated by the Federal Reserve Bank and, in some cases, failed. As a result of this instability of the financial markets and the lack of readily available credit, commercial banks, investment banks, mutual and hedge funds and other of our customers decreased their risk exposure and trading volume. Consequently, our overall trading volume in 2009 decreased 20% from 2008 on a pro forma basis to include NYMEX trading volume for all of 2008. We also experienced a decline in subscriptions for our market data as a result of the consolidation of our customers and employee layoffs at many of our customers. If our customers further reduce their level of trading activity for any reason, including a reduction in the number of traders, reduced trading demand by their customers or a decision to curtail or cease speculative trading, our business and financial condition could be materially adversely affected.

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

We are extensively regulated by the CFTC. In light of the widespread financial and economic difficulties, particularly acute in the latter half of 2008 and early 2009, there have been many calls for a restructuring of the regulation of financial markets. As a result, various legislative proposals are currently circulating in Congress regarding regulatory reform in the futures and the over-the-counter derivatives markets. These proposals are designed to

- reduce systematic risk through central clearing and exchange trading of derivatives;
- increase transparency and price discovery; and
- prevent fraud and market manipulation.

We cannot predict what the final regulations will be or what impact they may have on our business. Among other things, under the pending legislation there may be restrictions on speculative trading by means of hard position limits in all contracts and limitations on hedge exemptions that could affect trading volume. In addition, future regulations could limit speculation in our markets or permit the CFTC to adopt a more rules-based approach rather than our current principles-based approach under the CFTC regulatory regime. To the extent the regulatory environment is less beneficial for us or our customers, our business, financial condition and operating results could be negatively affected. Additionally, the increasing utilization of electronic trading systems by traders, who are not members, from remote locations may, among other developments, impact our ability to continue the traditional form of self-regulation that has been an integral part of the CFTC regulatory program. Customers, including high frequency traders, who are guaranteed by a clearing firm and who agree to submit to the jurisdiction of our rules, may be granted direct access to our trading system through their clearing firms. By submitting to our jurisdiction, these customers have the same obligations to comply with our rules as our members. Recently, the securities industry has been criticized for providing its customers with unfiltered access to the market and the SEC has proposed rules that effectively prohibit such unfiltered access and require brokers to implement risk controls to protect the market. While we believe our policies and procedures, including the availability of our risk management tool offerings, address these concerns, we cannot guarantee that new regulations relating to our industry will not be imposed in the future. To the extent any future regulation makes it burdensome for these customers to access our market, they may have less incentive to trade our products and more incentive to move to an unregulated market.

The CFTC has broad powers to investigate and enforce compliance and punish non-compliance with its rules and regulations. We cannot assure you that we and/or our directors, officers, employees and affiliates will be able to fully comply with these rules and regulations. We also cannot assure you that we will not be subject to claims or actions by the CFTC or other agencies. If we fail to comply with applicable laws, rules or regulations, we may be subject to censure, fines, cease-and-desist orders, suspension of our business, removal of personnel or other sanctions, including revocation of our designations as a contract market and derivatives clearing organization.

The proposed Presidential budget has, from time to time, included a proposal to impose a transaction tax on futures traded domestically to fund the CFTC. The recently released Presidential budget for 2011 did not include a transaction tax but did include a repeal of 60-40 tax treatment for futures transactions. This proposal also has appeared in prior Administration budget plans. These provisions effectively would eliminate the current tax treatment that allows traders to pay a blend of taxes on their gains and losses from trading futures and options with 60% at capital gains rates and 40% at ordinary tax rates. Additionally, recently proposed legislation has included a tax on certain transactions in an effort to pay for the governmental programs instituted in response to the financial crisis and to generate additional funding for job creation in light of the financial crisis. While many participants in the futures industry, including us, oppose these proposals, we cannot guarantee that such proposals will not be enacted. The imposition of any such tax would increase the cost of using our products and, consequently could adversely impact our trading volumes, revenues and profits and may also adversely impact our ability to compete on an international level. Moreover, the Administration s proposal to repeal 60-40 tax treatment would impose a substantial increase in tax rates applicable to the individuals who are most responsible for creating liquid and efficient regulated markets.

Some of our largest clearing firms have indicated their belief that clearing facilities should not be owned or controlled by exchanges and should be operated as utilities and not for profit. These clearing firms have sought, and may seek in the future, legislative or regulatory changes that would, if adopted, enable them to use alternative clearing services for positions established on our exchanges or to freely move open positions among clearing houses in order to take advantage of our liquidity. Even if they are not successful, these factors may cause them to limit the use of our markets.

Some of our largest clearing firms, which are significant customers and intermediaries in our products, have stressed the importance to them of centralizing clearing of futures contracts and options on futures contracts in order to maximize the efficient use of their capital, exercise greater control over their value at risk and extract greater operating leverage from clearing activities. Many clearing firms have expressed the view that clearing firms should control the governance of clearing houses or that clearing houses should be operated as utilities rather than as part of for-profit enterprises. Some of these firms, along with the Futures Industry Association and the U.S. Department of Treasury, have sought, and may seek in the future, legislative or regulatory changes to be adopted that would facilitate mechanisms or policies that allow market participants to transfer positions from an exchange-owned clearing house to a clearing house owned and controlled by clearing firms. Our strategic business plan is to operate a vertically integrated transaction execution, clearing and settlement business for our futures and options on futures business. If these legislative or regulatory changes are adopted, our strategy and business plan may lead clearing firms to establish, or seek to use, alternative clearing houses for clearing positions established on our exchanges. Even if they are not successful in their efforts, the factors described above may cause clearing firms to limit or stop the use of our products and markets. If any of these events occur, our revenues and profits would be adversely affected.

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

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

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

The derivatives, securities and financial services industries are highly competitive. We expect that competition will continue to intensify. Our current and prospective competitors, both domestically and around the world, are numerous. They include securities and securities option exchanges, futures exchanges, over-the-counter markets, clearing organizations, market data and information vendors, electronic communications networks, crossing systems and similar entities, consortia of large customers, consortia of some of our clearing firms and electronic brokerage and dealing facilities. The global derivatives industry has grown increasingly competitive. Exchanges, intermediaries, and even end users are consolidating, and over-the-counter and unregulated entities are constantly evolving. Additionally, in response to growing competition, many marketplaces in both Europe and the United States have demutualized to provide greater flexibility for future growth. In 2007, we completed our merger with CBOT Holdings, NYSE Group completed its merger with Euronext and ICE acquired the New York Board of Trade and the Winnipeg Commodity Exchange. In 2008, we completed our acquisition of NYMEX Holdings. In March 2009, ICE acquired The Clearing Corporation, an independent clearing house owned by large derivatives dealers. In the last three years there has been a significant increase in activity among derivative dealers, banks and other entities to form competing exchanges. In 2007, a consortium of 12 financial institutions formed an exchange, ELX, to enter the futures market, which began trading in July 2009. ELX s initial product line included electronic trading in U.S. Treasury futures in the two-, five-, and ten-year notes and thirty-year bond contracts in competition with CBOT s treasury complex. Recently, ELX requested that the CFTC compel CBOT to accept certain non-competitive trades as a means to permit two customers, with equal and opposite positions at CBOT, to transfer those positions to ELX. We believe that such transactions would violate the CEA and are prohibited by CBOT rules. At this time, the CFTC has not required us to take any action or modify our existing rules. We expect the CFTC to review the ELX request. We also face competition from IntercontinentalExchange s energy index, natural gas, credit default swaps, equity index, foreign exchange and other products; from NYSE Euronext and the Depository Trust & Clearing Corporation due to their creation of a new clearing house for the clearing of fixed-income derivatives; as well as the Options Clearing Corporation which provides clearing services for commodity futures, commodity options and security futures, including products listed by ELX. New entrants into our industry may increase competitive pressure on us.

We believe we may also face competition from large computer software companies and media and technology companies. The number of businesses providing internet-related financial services is rapidly growing. Other companies have entered into or are forming joint ventures or consortia to provide services similar to those provided by us. Others may become competitive with us through acquisitions. Federal law allows institutions that have been major participants on our exchange to trade the same or similar products among themselves without utilizing any exchange or trading system. Many of our competitors and potential competitors have greater financial, marketing, technological and personnel resources than we do. These factors may enable them to develop similar products, to provide lower transaction costs and better execution to their customers and to carry out their business strategies more quickly and efficiently than we can. In addition, our competitors may:

- respond more quickly to competitive pressures, including responses based upon their corporate governance structures, which may be more flexible and efficient than our corporate governance structure;
- develop products that are preferred by our customers;
- develop risk transfer products that compete with our products;
- price their products and services more competitively;

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

If our products, markets and services are not competitive, our business, financial condition and operating results will be materially harmed.

A decline in our fees or any loss of customers could lower our revenues, which would adversely affect our profitability.

Future changes in regulations as a result of the focus on restructuring the regulation of the financial markets or otherwise, may adversely impact our ability to compete, especially on a global basis.

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

The success of our business depends, in part, on our ability to maintain and increase our trading volume. To do so, we must maintain and expand our product offerings, our customer base and our trade execution facilities. Our success also depends on our ability to maintain our trading volume and to offer competitive prices and services in an increasingly price sensitive business. We cannot assure you that we will be able to continue to expand our product lines, or that we will be able to retain our current customers or attract new customers. We bill a substantial portion of our clearing and transaction fees to our clearing firms. The majority of clearing and transaction fees received from clearing firms represent charges for trades executed and cleared on behalf of their customers. As of December 31, 2009, we had approximately 140 clearing firms. One firm represented 11% and one firm represented 10% of our clearing and transaction fees revenue for the year. Should a clearing firm withdraw, we believe that the customer portion of the firm s trading activity would likely transfer to another clearing firm of the exchange. However, many of our clearing firms also engage in proprietary trading. As a result of the recent financial crisis, many of our customers have decreased the level of their proprietary trading. Additionally, a proposal from the Presidential Administration seeks to limit the ability of banks, many of which are our customers, to engage in proprietary trading. We cannot guarantee you that the discontinuation of any clearing firm would not result in our loss of customers, a loss of trading volume as a result of the consolidation of trading accounts at the acquiring firm or as a result of decreased proprietary trading. We also cannot assure you that we will not lose customers to low-cost competitors with comparable or superior products, services or trade execution facilities. If we fail to maintain our trading volume, expand our product offerings or execution facilities, or we lose a substantial number of our current customers, or a subset of customers representing a significant percentage of trading volume in a particular product line; or are unable to attract new customers, our business and revenues will be adversely affected. Furthermore, declines in trading volume due to loss of customers may negatively impact market liquidity, which could lead to further loss of trading volume.

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

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

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

We may be more likely than other companies to be a direct target of, or an indirect casualty of, attacks by terrorists or terrorist organizations.

It is impossible to predict the likelihood or impact of any terrorist attack on the derivatives industry generally or on our business. For example, the September 11, 2001 terrorist attack on the World Trade Center resulted in the closing of NYMEX s trading and clearing operations for four business days and rendered its backup data and recovery center inoperable. While we have undertaken significant measures to develop business continuity plans and to establish backup sites, in the event of an attack or a threat of an attack, these security measures and contingency plans may be inadequate to prevent significant disruptions in our business, technology or access to the infrastructure necessary to maintain our business. Damage to our facilities due to terrorist attacks may be significantly in excess of any amount of insurance received, or we may not be able to insure against such damage at a reasonable price or at all. The threat of terrorist attacks may also negatively affect our ability to attract and retain employees. Any of these events could have a material adverse effect on our business, financial condition and operating results.

RISKS RELATING TO OUR BUSINESS

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

The future success of our business depends in large part on our ability to create interactive electronic marketplaces in a wide range of derivatives products that have the required functionality, performance, capacity, reliability and speed to attract and retain customers. A significant portion of our overall volume is generated through electronic trading on our CME Globex electronic platform.

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

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

If we do not successfully enhance our electronic trading platform, or our current or potential customers do not accept it, our revenues and profits will be adversely affected. Additionally, we rely on our customers ability to have the necessary back office functionality to support our new products and our trading and clearing functionality. To the extent our customers are not prepared and/or lack the resources or infrastructure, the success of our new initiatives may be compromised.

In addition, if we are unable to develop our electronic trading systems to include other products and markets, or if our electronic trading systems do not have the required functionality, performance, capacity, reliability and speed, we may not be able to compete successfully in an environment that is increasingly dominated by electronic trading.

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

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

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

We cannot assure you that we will not experience systems failures from power or telecommunications failure, acts of God, war or terrorism, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, acts of vandalism or similar occurrences. If any of our systems do not operate properly or are disabled, including as a result of system failure, employee or customer error or misuse of our systems, we could suffer financial loss, liability to customers, regulatory intervention or reputational damage that could affect demand by current and potential users of our market.

From time to time, we have experienced system errors and failures that have resulted in some customers being unable to connect to our electronic trading platform, or that resulted in erroneous reporting, such as transactions that were not authorized by any customer or reporting of filled orders as cancelled. We cannot assure you that if we experience system errors or failures in the future that they will not have a material impact on our business. Any such system failures that cause an interruption in service or decrease our responsiveness could impair our reputation, damage our brand name or have a material adverse effect on our business, financial condition and operating results.

Our status as a CFTC registrant generally requires that our trade execution and communications systems be able to handle anticipated present and future peak trading volume. Heavy use of our computer systems during peak trading times or at times of unusual market volatility could cause our systems to operate slowly or even to fail for periods of time. We constantly monitor system loads and performance and regularly implement system upgrades to handle estimated increases in trading volume. However, we cannot assure you that our estimates of future trading volume and order messaging traffic will be accurate or that our systems will always be able to accommodate actual trading volume and order messaging traffic without failure or degradation of performance. Increased CME Globex trading volume and order messaging traffic may result in connectivity problems or erroneous reports that may affect users of the platform. System failure or degradation could lead our customers to file formal complaints with industry regulatory organizations, to file lawsuits against us or to cease doing business with us, or could lead the CFTC or other regulators to initiate inquiries or proceedings for failure to comply with applicable laws and regulations.

We will need to continue to upgrade, expand and increase the capacity of our systems as our business grows and we execute our business strategy. Generally, our goal is to design our systems to handle at least one-and-a-half times our peak historical transactions in our highest volume products. As volumes of transactions grow, the ability of our systems to meet this goal on an ongoing basis depends on our ability to increase our system capacity on a timely basis while maintaining system reliability. Although many of our systems are designed to accommodate additional volume and products and services without redesign or replacement, we will need to continue to make significant investments in additional hardware and software to accommodate the increases in volume of transactions and order transaction traffic and to provide processing services to third parties. If we cannot increase the capacity and capabilities of our systems to accommodate an increasing volume of transactions and to execute our business strategy, our ability to maintain or expand our businesses would be adversely affected.

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

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

We, as well as many of our customers, depend on third party suppliers and service providers for a number of services that are important. An interruption or cessation of an important supply or service by any third party could have a material adverse effect on our business, including revenues derived from our customers trading activity.

We depend on a number of suppliers, such as banking, clearing and settlement organizations, telephone companies, online service providers, data processors, and software and hardware vendors for elements of our trading, clearing and other systems, as well as communications and networking equipment, computer hardware and software and related support and maintenance.

Many of our customers rely on third parties, such as independent software vendors, to provide them with front-end systems to access our CME Globex platform. While these third parties have undertaken to keep current with our enhancements and changes to our interfaces and functionality, we cannot guarantee that these third parties will continue to make the necessary monetary and time investments to keep up with our changes. In the event that these software programs do not interact with our platform seamlessly, our customers could be impacted, which could lead to a decrease in trading volume.

To the extent any of our service providers or the organizations that provide services to our customers in connection with their trading activities cease to provide these services in an efficient, cost-effective manner or fail to adequately expand their services to meet our needs, we could experience decreased trading volume, lower revenues and higher costs.

Our clearing house operations expose us to substantial credit risk of third parties and the level of soundness of our clearing firms could adversely affect us.

CME, our subsidiary, owns and operates its own clearing house, which acts as the counterparty to all trades consummated on or through our futures exchanges or on third-party exchanges for which we may provide clearing services. As a result, we have exposure to many different industries and counterparties, and we routinely guarantee transactions with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional customers. As a result of the recent financial crisis, many financial institutions required additional capital infusions, merged with larger and stronger institutions, became bank holding companies that are regulated by the Federal Reserve Bank and, in some cases, failed. For example, during 2008, The Bear Stearns Companies, Inc., Lehman Brothers Holdings Inc. and American International Group, Inc., all of which were parent companies of clearing firms of our exchange, experienced significant financial write-downs and in some cases failed. Although none of these cases resulted in a default of a clearing firm, additional companies, including our clearing firms, may continue to encounter economic difficulties during this period of economic uncertainty.

As part of our overall growth initiatives, we have expanded our clearing services to the over-the-counter market in addition to standard futures and options on futures products, including through CME ClearPort and our credit default swap clearing initiative. The process for deriving margins and performance bonds for over-the-counter products is different and, in part, seeks to assess and capture different risks than our historical practices applied to our futures products. Although we believe that we have carefully analyzed the process for setting our financial safeguards for over-the-counter products, there is no guarantee that our risk management procedures will adequately protect us from the unique risks of these products as we have not historically provided clearing services to this market.

We also plan to launch a separate UK clearing house following receipt of regulatory approval from the Financial Services Authority. We have limited experience operating a clearing house outside of the United States. The UK clearing house will operate independently of our U.S. clearing house and will have its own guarantee fund as part of its risk management policies and procedures.

A substantial part of our working capital may be at risk if a clearing firm defaults on its obligations to our clearing house and its margin and security deposits are insufficient to meet its obligations. Although we have policies and procedures to help ensure that our clearing firms can satisfy their obligations, these policies and procedures may not succeed in detecting problems or preventing defaults. We also have in place various measures intended to enable us to cover any default and maintain liquidity. However, we cannot assure you that these measures will be sufficient to protect us from a default or that we will not be materially and adversely affected in the event of a significant default.

The required capital and posted collateral of our clearing firms may lose value given the volatility of the market.

To become a clearing member, a firm must meet certain minimum capital requirements and must deposit a certain amount of funds with our clearing house as collateral for their trading activity. The funds used to satisfy these requirements may be cash or held in certain permissible investments, such as regulated money market mutual funds, U.S. Treasury securities and asset-backed securities. Given the level of market volatility, there is no guarantee that these investments will continue to maintain their value. To the extent a clearing firm was not in compliance with these requirements, it would be required to acquire additional funds, decrease its proprietary trading activity and/or transfer customer accounts to another clearing firm. These actions could result in a decrease in trading activity in our products.

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

We sell our market data to individuals and organizations that use our markets or monitor general economic conditions. Revenues from our market data totaled $331.1 million, representing 13% of our total revenues, and $279.5 million, representing 11% of our total revenues, during the years ended December 31, 2009 and 2008, respectively. A decrease in overall trading volume may also lead to a decreased demand for our market data from the market data vendors. For example, we believe that the decrease in the average number of devices for CME and CBOT market data from approximately 296,000 for 2008 to approximately 274,000 for 2009 is due primarily to cost cutting initiatives at customer firms. Additionally, electronic trading systems do not usually impose separate exchange fees for supplying market data to trading terminals. If we do not separately charge for market data supplied to trading terminals, and trading terminals with access to our markets become widely available, we could lose market data fees from those who have access to trading terminals. We will experience a reduction in our revenues if we are unable to recover that lost market data revenue through terminal usage fees or transaction fees.

A key element of our strategy is to provide transaction processing services to third parties. Our failure to identify future opportunities to provide these services will have a negative impact on our ability to grow our business.

Providing third-party transaction processing services is a key element of our strategy. Pursuant to transaction-processing agreements, we previously provided these services to NYMEX and to CBOT. Prior to our acquisition of these companies, we derived a significant amount of revenue from these service agreements. We have entered into other transaction-processing arrangements with BM&FBOVESPA, the Korea Exchange, the Dubai Mercantile Exchange and Bursa Malaysia Derivatives. We cannot assure you that such arrangements will be as profitable as our previous arrangements with NYMEX and CBOT or that we will enter into additional agreements to provide processing services in the future. Our failure to capitalize on our existing arrangements and to identify future opportunities may have a negative impact on our ability to generate additional revenues and grow our business.

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

We continue to focus on strategic initiatives to grow our business, including our efforts to serve the over-the-counter market as discussed in the following risk factor and to distribute our products and services on a global basis. There is no guarantee that our efforts will be successful. Continued growth will require additional investment in personnel, facilities, information technology infrastructure and financial and management systems and controls and may place a significant strain on our management and resources. We may not be successful in implementing all of the processes that are necessary to support our growth organically or, as described below, through acquisitions, investments or other strategic alliances. Unless our growth results in an increase in our revenues that is proportionate to the increase in our costs associated with our growth, our future profitability could be adversely affected, and we may have to incur significant expenditures to address the additional operational and control requirements as a result of our growth.

There is no guarantee that our over-the-counter initiatives will be successful.

Our goal is to grow our business by expanding our clearing services and product offerings to reach the over-the-counter market. In December 2009, we initiated our pre-launch of our clearing services for the credit default swaps market. Our offering is being made pursuant to a special exemption from the SEC which is in effect through March 31, 2010. We expect to have the exemption extended in the future. However, there is no guarantee that the SEC will continue to grant us an exemption. Without this exemption, CME and other market participants would have to comply with extensive registration and reporting requirements, which may discourage market participants from clearing their credit default swap trades through us. Our strategy also includes extending our over-the-counter services into other assets classes, such as interest rates and foreign exchange, as well as enhancing our CME ClearPort functionality to support additional products. The current regulatory environment for trading and clearing over-the-counter products, including credit default swaps, is uncertain. We cannot be certain that we will be able to operate profitably in the event that future legislation or regulation adversely affects the trading of over-the-counter products or reduces the demand for our offerings. In addition, a number of market participants and exchanges have developed competing platforms and products, including IntercontinentalExchange s offering for credit default swaps. We cannot be certain that we will be able to compete effectively or that our initiatives will be successful.

We intend to continue to explore acquisitions, investments and other strategic alliances. We may not be successful in identifying opportunities or in integrating the acquired businesses. Any such transaction may not produce the results we anticipate which could adversely affect our business and our stock price.

We intend to continue to explore and pursue acquisitions and other strategic opportunities to strengthen our business and grow our company. We may make acquisitions or investments or enter into strategic partnerships, joint ventures and other alliances. The market for such transactions is highly competitive, especially in light of the increasing consolidation in our industry. As a result, we may be unable to identify strategic opportunities or we may be unable to negotiate or finance future transactions on terms favorable to us. To the extent the trend of consolidation in our industry continues, we may encounter increased difficulties in identifying growth opportunities. We may finance future transactions by issuing additional equity and/or debt. The issuance of additional equity in connection with any future transaction could be substantially dilutive to our existing shareholders. The issuance of additional debt could increase our leverage substantially. The process of integration may also produce unforeseen regulatory and operating difficulties and expenditures and may divert the attention of management from the ongoing operation of our business. To the extent we enter into joint ventures and alliances, we may experience difficulties in the development and expansion of the business of any newly formed ventures, in the exercise of influence over the activities of any ventures in which we do not have a controlling interest as well as encounter potential conflicts with our joint venture or alliance partners. We may not realize the anticipated growth and other benefits from strategic growth initiatives we have made or will make in the future which may have an adverse impact on our financial condition and operating results. As discussed below, we may also be required to take an impairment charge on our financial statements which could negatively impact our stock price.

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

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

- restrictions on the use of trading terminals or the contracts that may be traded;
- becoming subject to extensive regulations and oversight, tariffs and other trade barriers;
- difficulties in staffing and managing foreign operations;
- general economic and political conditions in the countries from which our markets are accessed, which may have an adverse effect on our volume from those countries; and
- potentially adverse tax consequences.

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

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

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

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

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

There have been a number of highly publicized cases involving fraud or other misconduct by employees of financial services firms in recent years. For example, in 2008 a mid-level trader at Societe Generale engaged in unauthorized trading which cost Societe approximately $7 billion and a trader at MF Global, one our clearing firms, lost approximately $140 million in connection with unauthorized trades. Misconduct by our employees and agents, including employees of GFX, our wholly-owned subsidiary that engages primarily in proprietary trading in foreign exchange futures, could include hiding unauthorized activities from us, improper or unauthorized activities on behalf of customers or improper use of confidential information. Misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. It is not always possible to deter misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Our employees and agents, including our GFX employees, also may commit errors that could subject us to financial claims for negligence, as well as regulatory actions.

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

We rely primarily on trade secret, copyright, service mark, trademark and patent law and contractual protections to protect our proprietary technology and other proprietary rights. We have filed several patent applications covering our technology in the United States and certain other jurisdictions. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise obtain and use our proprietary technology without authorization or otherwise infringe on our rights. We also seek to protect our software and databases as trade secrets and under copyright law. We have copyright registrations for certain of our software, user manuals and databases. The copyright protection afforded to databases, however, is fairly limited. While the arrangement and selection of data generally are protectable, the actual data may not be, and others may be free to create databases that would perform the same function. In some cases, including for a number of our most important products, there may be no effective legal recourse against duplication by competitors. In addition, in the future, we may have to rely on litigation to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of others or defend against claims of infringement or invalidity. Any such litigation, whether successful or unsuccessful, could result in substantial costs to us and diversions of our resources, either of which could adversely affect our business.

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

Patents of third parties may have an important bearing on our ability to offer certain of our products and services. Our competitors as well as other companies and individuals may obtain, and may be expected to obtain in the future, patents related to the types of products and services we offer or plan to offer. We cannot assure you that we are or will be aware of all patents containing claims that may pose a risk of infringement by our products and services. In addition, some patent applications in the United States are confidential until a patent is issued and, therefore, we cannot evaluate the extent to which our products and services may be covered or asserted to be covered by claims contained in pending patent applications. These claims of infringement are not uncommon in our industry.

In general, if one or more of our products or services were to infringe on patents held by others, we may be required to stop developing or marketing the products or services, to obtain licenses to develop and market the services from the holders of the patents or to redesign the products or services in such a way as to avoid infringing on the patent claims. We cannot assess the extent to which we may be required in the future to obtain licenses with respect to patents held by others, whether such licenses would be available or, if available, whether we would be able to obtain such licenses on commercially reasonable terms. If we were unable to obtain such licenses, we may not be able to redesign our products or services to avoid infringement, which could materially adversely affect our business, financial condition and operating results.

RISKS RELATING TO AN INVESTMENT IN OUR CLASS A COMMON STOCK

Our indebtedness could adversely affect our financial condition and operations and prevent us from fulfilling our debt service obligations. We may still be able to incur more debt, intensifying these risks.

As of December 31, 2009, we had approximately $2.3 billion of total indebtedness and we had excess borrowing capacity for general corporate purposes under our existing facilities of approximately $0.8 billion.

Our indebtedness could have important consequences. For example, our indebtedness may:

- require us to dedicate a significant portion of our cash flow from operations to payments on our debt, thereby reducing the availability of cash flow to fund capital expenditures, pursue acquisitions or investments, to pay dividends and for general corporate purposes;

- increase our vulnerability to general adverse economic conditions;

- limit our flexibility in planning for, or reacting to, changes in or challenges relating to our business and industry;

place us at a competitive disadvantage against any less leveraged competitors; and

subject us to interest rate exposure for our variable interest rate debt, to the extent not hedged.

The occurrence of any one of these events could have a material adverse effect on our business, financial condition, results of operations, prospects, and ability to satisfy our debt service obligations. In addition, the agreements governing our outstanding indebtedness do not significantly limit our ability to incur additional indebtedness, which could increase the risks described above to the extent that we incur additional debt.

Any reduction in our credit rating could increase the cost of our funding from the capital markets.

Our long-term debt is currently rated investment grade by two of the major rating agencies. These rating agencies regularly evaluate us. Their ratings of our long-term debt are based on a number of factors, including our financial strength as well as factors not entirely within our control, such as conditions affecting the financial services industry generally. In light of the difficulties in the financial services industry and the financial markets, there can be no assurance that we will maintain our current ratings. Our failure to maintain those ratings could adversely affect the cost and other terms upon which we are able to obtain funding and increase our cost of capital.

Our investment in BM&FBOVESPA subjects us to investment and currency risk.

We own an interest in BM&FBOVESPA representing approximately 5% of its outstanding shares. As an exchange, its ability to maintain or expand its trading volume and operate its business is subject to the same types of risks to which we are subject. Additionally, its stock is valued in Brazilian real, which subjects us to currency risk. To mitigate our financial exposure to the currency risk of the investment, we purchased an option to hedge against fluctuations between the U.S. dollar and the Brazilian real with Lehman Brothers Special Financing Inc. As a result of the bankruptcy filing of Lehman Brothers Holdings Inc. in September 2008, our hedging arrangement was terminated and our currency exposure is no longer mitigated. There is no guarantee that our investment in BM&FBOVESPA will be profitable. Under the terms of the transaction, we may not sell our shares in BM&FBOVESPA until February 2012.

Any impairment of our goodwill and other intangible assets or investments may result in material, non-cash write downs and could have a material adverse impact on our results of operations and shareholders equity.

In connection with our acquisitions, including our mergers with CBOT Holdings and NYMEX Holdings, we have recorded goodwill and identifiable intangible assets. We assess goodwill and intangible assets for impairment by applying a fair value test looking at historical performance, capital requirements and projected cash flows on an annual basis or more frequently if indicators of impairment arise. In 2008, we were required to record impairment charges in connection with our investment in BM&FBOVESPA and our Swapstream acquisition. In 2009, we also recorded impairment charges in connection with our ownership interests in IMAREX ASA and the Dubai Mercantile Exchange. We may continue to experience future events that result in impairments. The risk of impairment losses may increase to the extent our market capitalization and earnings decline. An impairment of the value of our existing goodwill and intangible assets could have a significant negative impact on our future operating results and could have an adverse impact on our ability to satisfy the financial ratios or other covenants under our existing or future debt agreements.

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

Generally, we have historically experienced relatively higher trading volume during the first and second quarters and sequentially lower trading volume in the third and fourth quarters. As a result of this seasonality, you will not be able to rely on our operating results in any particular period as an indication of our future performance. If we fail to meet securities analysts expectations regarding our operating results, the price of our Class A common stock could decline substantially.

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

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

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

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

Shareholders who own trading rights or are officers or directors of firms who own trading rights on our exchanges account for 20 of the 32 directors on our board. These shareholders may have interests that differ from or conflict with those of shareholders who are not also members. Our dependence on the trading and clearing activities of our members, combined with their rights to elect directors, may enable them to exert substantial influence over the operation of our business.

Twenty of our 32 directors on our board own or are officers or directors of firms who own trading rights on our exchange. We are dependent on the revenues from the trading and clearing activities of our members. This dependence may give them substantial influence over how we operate our business.

Many of our members and clearing firms derive a substantial portion of their income from their trading or clearing activities on or through our exchanges. In addition, trading rights on our exchanges have substantial independent value. The amount of income that members derive from their trading, brokering and clearing activities and the value of their trading rights are, in part, dependent on the fees they are charged to trade, broker, clear and access our markets and the rules and structure of our markets. As a result, holders of our Class A common stock may not have the same economic interests as our members. In addition, our members may have differing interests among themselves depending on the roles they serve in our markets, their method of trading and the products they trade. Consequently, members may advocate that we enhance and protect their clearing and trading opportunities and the value of their trading privileges over their economic interest in us.

The rights of our members, including the board representation rights of the members of our CME exchange to elect six directors and the rights described in the immediately following risk factor, could be used to influence how our business is changed or developed, including how we address competition and how we seek to grow our volume and revenue and enhance shareholder value.

Our members have been granted special rights, which protect their trading privileges, require that we maintain open outcry trading until volumes are not significant and, in the case of our Class B shareholders and CBOT members, provide them with special board representation.

Under the terms of the organizational documents of our exchanges, our members have certain rights that relate primarily to trading right protections, certain trading fee protections and certain membership benefit protections. Additionally, our Class B shareholders, who are members of our CME exchange, are also entitled to elect six of the 32 directors on our board; even if their Class A share ownership interest is very small or non-existent. We are also required to include at least 10 CBOT directors (as defined in our bylaws) on our board until our 2012 annual meeting of shareholders and to submit changes to the rules and regulations of the CBOT exchange to the CBOT directors in advance for their review. In the event the CBOT directors determine in their sole discretion that a proposed rule change will materially impair the business of CBOT or the business opportunities of the holders of the CBOT memberships, such change must be submitted to a committee comprised of three CBOT directors and two CME directors (as defined in our bylaws). In connection with these rights, our ability to take certain actions that we may deem to be in the best interests of the company and its shareholders, including actions relating to the operation of our open outcry trading facilities and certain pricing decisions, may be limited by the rights of our members.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our corporate headquarters are located at 20 South Wacker Drive, Chicago, Illinois 60606. In 2007, we entered into a new lease at 20 South Wacker Drive, which was subsequently amended to include an expansion, providing for approximately 491,000 square feet of office, lobby and support space which includes the space that previously housed our lower trading floor space. The initial term of the lease expires in 2022 with two consecutive options to extend the term for seven and ten years, respectively. The lease also includes various expansion and contraction options.

As a result of our merger with CBOT Holdings, we own three buildings located at 141 West Jackson Boulevard in Chicago, which consist of a total of approximately 1,500,000 square feet. We occupy approximately 422,000 square feet of office, trading floor and support space at this location.

In connection with our acquisition of NYMEX, we own a 16-story building in downtown New York, New York. This building, which is on land leased from the Battery Park City Authority for a term expiring in June 2069, is one of five office buildings in a complex known as the World Financial Center. The construction of the 507,000 square foot building was completed in 1997 and houses open outcry trading for NYMEX and COMEX. As of December 31, 2009, approximately 155,000 square feet was leased to third parties. Our largest tenant at this location is ICE Futures U.S., Inc. (formerly known as NYBOT).

We also lease additional office space at 550 West Washington in Chicago for approximately 222,000 square feet of office space on a phased-in basis through 2013, pursuant to a lease that expires in 2023.

We maintain back up and remote data center locations as part of our disaster recovery initiative on property owned or leased in Illinois and New York. Our third data center was added in 2009. We also lease administrative office space in Washington, D.C.; Houston, Texas; Tokyo, Japan; Hong Kong, China; Shanghai, China; and Singapore, Singapore as well as both administrative and communication equipment space in London, England.

We believe our facilities are adequate for our current operations and that additional space can be obtained if needed.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are involved in legal proceedings and litigation arising in the ordinary course of business. As of the date of this Annual Report on Form 10-K, we are not a party to or, to our knowledge, threatened with any litigation or other legal proceeding that, in our opinion, could have a material adverse effect on our business, operating results or financial condition.

NYMEX Holdings Merger Class Actions

In connection with our merger with NYMEX Holdings, two purported class action complaints were filed against the former NYMEX Holdings, the former NYMEX Holdings board of directors and CME Group in the Delaware Court of Chancery in March 2008. One action was filed on behalf of the former NYMEX Holdings shareholders and the other action was brought on behalf of the NYMEX Class A members. Both actions included substantially similar claims alleging, among other things, that the NYMEX Holdings board of directors breached their fiduciary duties in approving the merger agreement by exclusively negotiating a transaction with CME Group without regard to the fairness of the transaction to the NYMEX Holdings shareholders, failing to take steps to maximize shareholder value, capping the minimum price of NYMEX Holdings stock, failing to properly value NYMEX Holdings, making changes to NYMEX Holdings change of control severance plan weeks before announcing that it was engaged in discussions with CME Group, requiring the Class A members to execute a waiver and release that allegedly was coercive because it was intended to deprive them of their rights to participate in this lawsuit as well as their rights to past, present and future royalty payments under Section 311(G) of the former bylaws of NYMEX, and failing to fully disclose material information related to the merger, including financial information and information necessary to prevent statements contained in the preliminary proxy from being misleading. The complaints further alleged that CME Group aided and abetted the alleged breach of fiduciary duties. Both actions initially sought to enjoin the merger; however, plaintiffs pulled the preliminary injunction hearing from the court s calendar in August 2008 after becoming satisfied that there had been adequate disclosures by NYMEX Holdings and CME Group. Following the withdrawal of the injunction, the plaintiffs sought damages for alleged breaches of fiduciary duties and a declaration that the waiver and release was invalid and unenforceable. In October 2008, the defendants moved to dismiss the complaints. In September 2009, the Delaware Court of Chancery granted the defendants motions to dismiss the complaints. The plaintiffs appealed the court s decision. Subsequently, the plaintiffs agreed in December 2009 to voluntarily withdraw their appeals in exchange for our agreement to pay the court approved attorneys fees of $1.8 million.

EUREX Action

In October 2003, the U.S. Futures Exchange, L.L.C. (Eurex U.S.) and U.S. Exchange Holdings, Inc. filed suit against CBOT and CME in the United States District Court for the District of Columbia. The suit alleges that CBOT and CME violated the antitrust laws and tortiously interfered with the business relationship and contract between Eurex U.S. and The Clearing Corporation. Eurex U.S. and U.S. Exchange Holdings, Inc. are seeking treble damages. In December 2003, CBOT and CME filed separate motions to dismiss or, in the event the motion to dismiss is denied, to move the venue to the United States District Court for the Northern District of Illinois. In September 2004, the judge granted CBOT s and CME s motion to transfer venue to the Northern District of Illinois. In light of that decision, the judge did not rule on the motions to dismiss. In March 2005, Eurex U.S. filed a second amended complaint in the United States District Court for the Northern District of Illinois. In June 2005, CME and CBOT filed a motion to dismiss the complaint which was denied in August 2005. In April 2007, CME and CBOT filed two joint motions for summary judgment. We are currently awaiting the court s decision on the motions. Based on its investigation to date and advice from legal counsel, the company believes this suit is without merit and intends to defend itself vigorously against these charges.

CBOE Class Action

In August 2006, CBOT Holdings and CBOT, along with a class consisting of certain CBOT full members, filed a lawsuit in the Court of Chancery of the State of Delaware against the Chicago Board Options Exchange (CBOE).

The lawsuit sought to enforce and protect the exercise right privileges (ERPs). The lawsuit alleged that these ERPs allowed CBOT s full members who held them to become full members of CBOE and to participate on an equal basis with other members of CBOE in CBOE s announced plans to demutualize. In June 2008, the parties reached a settlement in principle. Under the proposed settlement terms, CBOE participating Class A members would share in an aggregate of 18% of the CBOE Holdings equity through the issuance of warrants that will be converted into non-voting common stock of CBOE Holdings convertible into voting common stock upon CBOE Holdings initial public offering. Class A members would also be entitled to receive non-interest bearing notes for their pro rata share of $300.0 million. Participating Class B members would be paid $250,000 for each ERP owned. The settlement was approved by the court in July 2009 and was subsequently appealed in August. In December 2009, CBOE and CBOT reached a settlement with the appellants whereby the appellants would receive an aggregate of approximately $4.1 million, with CBOE and CBOT each contributing half of the settlement proceeds. On December 2, 2009, the Delaware Supreme Court dismissed all of the appeals and the case was concluded.

Fifth Market

On August 19, 2008, Fifth Market filed a complaint against CME Group and CME seeking a permanent injunction against CME s Globex system and enhanced damages for what the plaintiff alleges is willful infringement, in addition to costs, expenses and attorneys fees. The suit alleges that CME infringes two U.S. patents. Based on its investigation to date and advice from legal counsel, the company believes this suit is without merit and intends to defend itself vigorously against these charges.

Garber

In June 2009, CME and CBOT filed a complaint against Howard Garber seeking a declaratory judgment that neither CME nor CBOT was infringing certain of Mr. Garber s patents and that one of his patents is invalid and unenforceable. In September 2009, Technology Research Group LLC, the current owner of one of the patents at issue, filed counterclaims alleging that CME and CBOT infringe, induce or contribute to the infringement and willfully infringes its patent. Technology Research is seeking an injunction and damages no less than a reasonable royalty. Based on its investigation to date and advice from legal counsel, the company believes this suit is without merit and intends to defend itself vigorously against these charges.

Realtime Data

In July 2009, Realtime Data LLC filed a complaint against CME Group and other exchanges seeking a permanent injunction and damages no less than a reasonable royalty. In July 2009, Realtime filed an amended complaint and added CBOT and NYMEX along with other related companies of the other defendants. The complaint alleges that CME Group, CBOT and NYMEX infringe directly and/or indirectly four patents and further that the infringement is willful. Based on its investigation to date and advice from legal counsel, the company believes this suit is without merit and intends to defend itself vigorously against these charges.

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

Not applicable.

PART II

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

Class A Common Stock

Our Class A common stock is currently listed on NASDAQ under the ticker symbol CME. As of February 17, 2010, there were approximately 3,097 holders of record of our Class A common stock.

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

2009	**High**	**Low**	**2008**	**High**	**Low**
First Quarter	$ 264.43	$ 155.06	First Quarter	$ 686.43	$ 399.01
Second Quarter	346.24	215.30	Second Quarter	526.98	375.38
Third Quarter	315.00	255.00	Third Quarter	422.24	282.00
Fourth Quarter	343.67	281.61	Fourth Quarter	440.00	155.49

Class B Common Stock

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

Class B shares and the associated trading rights are bought and sold through our shareholder relations and membership services department. In addition, trading rights may be leased through the department. Trading right sales are reported on our Web site. Although our Class B shareholders have special voting rights, because our Class B shares have the same equitable interest in our earnings and the same dividend payments as our Class A shares, we expect that the market price of our Class B common stock, if reported separately from the associated trading rights, would be determined by the value of our Class A common stock. As of February 17, 2010, there were approximately 2,470 holders of record of our Class B common stock.

Dividends

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

Record Date	**Dividend per Share**	**Record Date**	**Dividend per Share**
March 10, 2009	$ 1.15	March 10, 2008	$ 1.15
June 10, 2009	1.15	June 10, 2008	1.15
September 10, 2009	1.15	September 10, 2008	1.15
December 10, 2009	1.15	September 25, 2008	5.00*
		December 10, 2008	1.15

* The September 25, 2008 dividend was a special dividend.

We intend to continue to pay a regular quarterly dividend to our shareholders. The decision to pay a dividend, however, remains within the discretion of our board of directors and may be affected by various factors, including our earnings, financial condition, capital requirements, levels of indebtedness and other considerations our board of directors deems relevant. In 2009, our dividend remained at $1.15 per share. For 2010, our quarterly dividend target is expected to remain at this level. On February 2, 2010, the board of directors declared a regular quarterly dividend of $1.15 per share payable on March 25, 2010, to shareholders of record on March 10, 2010. Assuming no changes in the number of shares outstanding, the 2010 dividend payment will total approximately $76.6 million.

The indentures governing our floating and fixed rate notes, our 364-day credit facility for $1.0 billion and our revolving credit and term loan agreement for $1.4 billion due 2011 do not contain specific covenants that restrict the ability to pay dividends. These documents, however, do contain other customary financial and operating covenants that place restrictions on the operations of the company, which could indirectly affect the ability to pay dividends.

For example, under our revolving credit and term loan agreement, we are required to remain in compliance with a consolidated net worth test, defined as our consolidated shareholders equity as of June 30, 2008 on a pro forma basis to give effect to the NYMEX Holdings merger and to give effect to the share repurchases made and special dividends paid, but only up to the amount of such repurchases and dividends publicly announced and made or paid within 18 months after August 22, 2008 (and in no event greater than $1.5 billion in the aggregate for such repurchases and dividends), multiplied by 0.65.

In addition, our 364-day revolving line of credit contains a requirement that CME remain in compliance with a consolidated tangible net worth test, defined as consolidated shareholder s equity less intangible assets (as defined in the agreement), of not less than $125 million. In the event that CME elects to increase the facility, the minimum consolidated tangible net worth test will increase ratably up to $187.5 million. CME Group, as a holding company, has no operations of its own. Instead, it relies on dividends declared and paid to it by its subsidiaries, including CME, in order to provide a portion of the funds which it uses to pay dividends to its shareholders.

CME Group and its subsidiaries are also required to comply with restrictions contained in the General Corporation Laws of its state of incorporation which could also limit its (or their) ability to declare and pay dividends.

PERFORMANCE GRAPH

The following graph compares the cumulative five-year total return provided shareholders on our Class A common stock relative to the cumulative total returns of the S&P 500 index, and a customized peer group that includes IntercontinentalExchange, Inc., NYSE Euronext and The Nasdaq OMX Group Inc. as of the end of the year. An investment of $100 (with reinvestment of all dividends) is assumed to have been made in our Class A common stock, in the peer group, and the index on December 31, 2004 and its relative performance is tracked through December 31, 2009.

The stock price performance included in this graph is not necessarily indicative of future stock price performance

	2004	2005	2006	2007	2008	2009
CME Group Inc.	$ 100.00	$ 161.83	$ 225.72	$ 305.55	$ 94.92	$ 155.95
S&P 500	100.00	104.91	121.48	128.16	80.74	102.11
Peer Group	100.00	286.12	445.15	545.86	206.73	217.76

Unregistered Sales of Equity Securities

On November 27, 2009, as consideration for our acquisition of a 25% equity stake in Bursa Derivatives, we issued 76,427 shares of our Class A common stock to Bursa Malaysia Berhad, its parent company. The aggregate value of the transaction was $25.1 million. The shares of Class A common stock were issued in an unregistered transaction in reliance on Section 4(2) of the Securities Act and are subject to transfer restrictions that will expire over the next four years with one fourth of the shares being released on an annual basis.

On February 26, 2008, we issued 1.2 million shares of Class A common stock to the Brazilian Mercantile & Futures Exchange valued at $631.4 million in exchange for an equity interest of approximately 10% in the Brazilian Mercantile & Futures Exchange. The shares of Class A common stock were issued in an unregistered transaction in reliance on Section 4(2) of the Securities Act. Subsequent to this investment, the Brazilian Mercantile & Futures Exchange merged with Bovespa Holdings S.A. to become BM&FBOVESPA and our equity stake was reduced to approximately 5%. Neither party may sell its equity interest in the other until February 2012 under the provisions of our agreement.

Issuer Purchases of Equity Securities

Period	(a) Total Number of Class A Shares Purchased(1)	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Trading Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)(2)
October 1 to October 31	5	$ 297.57		$ 849
November 1 to November 30				849
December 1 to December 31	28	331.25		
Total	33	326.15		

(1) Shares purchased consist of shares surrendered to satisfy employee tax obligations upon the vesting of restricted stock.

(2) In June 2008, the board previously authorized a program to purchase shares of our Class A common stock with a value of up to $1.1 billion, subject to market conditions over an 18-month period. In the first quarter of 2009, we suspended the purchase of shares under the program in order to focus on paying down debt. This share buyback program expired during the month of December. On February 11, 2010, the company announced that its board had approved a plan to repurchase up to 2.35 million shares of its Class A common stock. This buyback program is not subject to an expiration period.

ITEM 6. SELECTED FINANCIAL DATA

On July 12, 2007, CBOT Holdings, Inc. (CBOT Holdings) merged with and into Chicago Mercantile Exchange Holdings Inc. (CME Holdings). At the time of this merger, the combined company was renamed CME Group Inc. (CME Group). On March 23, 2008, CME Group acquired Credit Market Analysis Ltd., a private company incorporated in the United Kingdom, and its wholly-owned subsidiaries (collectively, CMA). On August 22, 2008, NYMEX Holdings, Inc. (NYMEX Holdings) merged with CME Group.

The following data includes the financial results of CBOT Holdings beginning July 13, 2007, the financial results of CMA beginning March 24, 2008, and the financial results of NYMEX Holdings beginning August 23, 2008.

	Year Ended or At December 31,				
(in millions, except per share data)	**2009**	**2008**	**2007**	**2006**	**2005**
Income Statement Data:					
Total revenues	$ 2,612.8	$ 2,561.0	$ 1,756.1	$ 1,089.9	$ 889.8
Operating income	1,589.1	1,582.2	1,051.9	621.5	477.5
Non-operating income (expense)	(151.6)	(334.2)	43.9	50.2	30.9
Income before income taxes	1,437.5	1,248.0	1,095.8	671.7	508.4
Net income	825.8	715.5	658.5	407.3	306.9
Earnings per common share:					
Basic	$ 12.44	$ 12.18	$ 15.05	$ 11.74	$ 8.94
Diluted	12.41	12.13	14.93	11.60	8.81
Cash dividends per share	4.60	9.60	3.44	2.52	1.84
Balance Sheet Data:					
Total assets	$ 35,651.0	$ 48,158.7	$ 20,306.2	$ 4,306.5	$ 3,969.4
Short-term debt	299.8	249.9	164.4		
Long-term debt	2,014.7	2,966.1			
Shareholders equity	19,301.0	18,688.6	12,305.6	1,519.1	1,118.7

The following table presents key statistical information on the volume of contracts traded, expressed in round turn trades, and notional value of contracts traded. The 2008 volume data includes average daily volume for NYMEX products for the period August 23 through December 31, 2008. The 2007 volume data includes average daily volume for CBOT products for the period July 13 through December 31, 2007. All amounts exclude our TRAKRS, HuRLO, Swapstream, credit default swaps and auction-traded products.

	Year Ended or At December 31,				
(in thousands, except notional value)	**2009**	**2008**	**2007**	**2006**	**2005**
Average Daily Volume:					
Product Lines:					
Interest rate	4,260	6,085	7,093	3,078	2,380
Equity	2,916	3,663	2,744	1,734	1,389
Foreign exchange	624	623	569	453	334
Commodity	741	848	728	78	55
Energy	1,492	1,348			
Metal	225	208			
Total Average Daily Volume	10,258	12,775	11,134	5,343	4,158
Method of Trade:					
Electronic	8,290	10,180	8,661	3,808	2,895
Open outcry	1,310	1,943	2,276	1,483	1,214
Privately negotiated	164	208	197	52	49
CME ClearPort	494	444			
Total Average Daily Volume	10,258	12,775	11,134	5,343	4,158
Other Data:					
Total Notional Value (in trillions)	$ 813	$ 1,227	$ 1,134	$ 824	$ 638
Total Trading Volume (round turn trades)	2,584,891	2,978,459	2,249,632	1,341,111	1,047,909
Open Interest at Year End (contracts)	78,031	63,049	53,981	35,107	30,083

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

INTRODUCTION

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

- **Overview**: Includes a discussion of our business structure; current economic and industry-wide trends relevant to our business; our current business strategy; and our primary sources of operating and non-operating revenues and expenditures.

- **Critical Accounting Policies**: Provides an explanation of accounting policies which may have a significant impact on our financial results and the estimates, assumptions and risks associated with those policies.

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

- **Results of Operations**: Includes a discussion of our 2009, 2008 and 2007 financial results and any known events or trends which are likely to impact future results.

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

On July 12, 2007, CBOT Holdings, Inc. (CBOT Holdings) merged with and into Chicago Mercantile Exchange Holdings Inc. (CME Holdings). At the time of this merger, the combined company was renamed CME Group Inc. (CME Group). On March 23, 2008, CME Group acquired Credit Market Analysis Ltd., a private company incorporated in the United Kingdom, and its wholly-owned subsidiaries (collectively, CMA). On August 22, 2008, NYMEX Holdings, Inc. (NYMEX Holdings) merged with CME Group. The following Management s Discussion and Analysis of Financial Condition and Results of Operations includes the financial results of the former CBOT Holdings beginning July 13, 2007, the financial results of CMA beginning March 24, 2008, and the financial results of the former NYMEX Holdings beginning August 23, 2008.

References in this discussion and analysis to we and our are to CME Group and its consolidated subsidiaries, collectively. References to exchange are to Chicago Mercantile Exchange Inc. (CME), Board of Trade of the City of Chicago, Inc. (CBOT) and New York Mercantile Exchange, Inc. (NYMEX), collectively.

OVERVIEW

Business Structure

CME Group, a Delaware stock corporation, is the holding company for CME, CBOT, NYMEX and their respective subsidiaries. The holding company structure is designed to provide strategic and operational flexibility. CME Group s Class A common stock is listed on the NASDAQ Global Select Market (NASDAQ) under the ticker symbol CME.

Our exchange consists of designated contract markets for the trading of futures and options on futures contracts. Futures contracts and options on futures contracts provide investors with vehicles for protecting against, and potentially profiting from, price changes in financial instruments and physical commodities.

We are a global exchange with customer access available virtually all over the world. Our customers consist of professional traders, financial institutions, individual and institutional investors, major corporations, manufacturers, producers and governments. Customers include both members of the exchange and non-members.

We offer our customers the opportunity to trade futures contracts and options on futures contracts on a range of products including those based on interest rates, equities, foreign exchange, commodities, energy, and metals.

Our products provide a means for hedging, speculating and allocating assets. We identify new products by monitoring economic trends and their impact on the risk management and speculative needs of our existing and prospective customers.

Our major product lines are traded through our electronic trading platforms and our open outcry trading floors. These execution facilities offer our customers immediate trade execution and price transparency. In addition, trades can be executed through privately negotiated transactions that are cleared and settled through our clearing house.

Our clearing house clears, settles and guarantees every futures and options contract traded through our exchange, in addition to over-the-counter products cleared through CME ClearPort. Our clearing house performance guarantee is an important function of our business. Because of this guarantee, our customers do not need to evaluate the credit of each potential counterparty or limit themselves to a selected set of counterparties. This flexibility increases the potential liquidity available for each trade. Additionally, the substitution of our clearing house as the counterparty to every transaction allows our customers to establish a position with one party and then to offset the position with another party. This contract offsetting process provides our customers with flexibility in establishing and adjusting positions and provides for performance bond efficiencies.

To ensure performance of counterparties, we establish and monitor financial requirements for our clearing firms and mark-to-market their positions typically twice a day. We also set minimum performance bond requirements for our traded products, over-the-counter products and cleared credit default swaps. In the unlikely event of a payment default by a clearing firm, we would first apply assets of that clearing firm to cover its payment obligation. These assets include security deposits, performance bonds and any other available assets, such as the proceeds from the sale of pledged Class A and Class B common stock and associated trading rights of the clearing firm at our exchange that are owned by or assigned to the clearing firm. In addition, we would make a demand for payment pursuant to any applicable guarantee provided to the exchange by the parent company of a clearing firm. Thereafter, if the payment default remains unsatisfied, we would use, in order, CME s surplus funds, security deposits of other clearing firms and funds collected through an assessment against all other solvent clearing firms to satisfy the deficit.

Industry Trends

Economic Environment. Our markets provide an effective and transparent means for our customers to manage risk despite the economic downturn. We have experienced a decline in trading activity in the markets in which we participate due to ongoing instability in the financial markets, a decrease in the availability of credit and a decline in assets under management. Our goal is to continue to maintain quality products and services in support of our customers while they operate within the current economic environment.

Competitive Environment. The industry in which we operate is highly competitive and we expect competition to continue to intensify. We encounter competition in all aspects of our business, including from entities having substantially greater capital and resources and offering a wider range of products and services and some operating under a different and possibly less stringent regulatory regime. We now face competition from other futures, securities and securities option exchanges; over-the-counter markets; clearing organizations; consortia formed by our members and large market participants; alternative trade execution facilities; technology firms, including market data distributors and electronic trading system developers; and others.

Regulatory Environment. Our operations as a futures exchange have historically been subject to extensive regulation. In light of widespread difficulties across the economy, particularly acute in the latter half of 2008 and early 2009, there have been many calls for a restructuring of the regulation of financial markets. As a result, various legislative proposals are currently circulating in Congress outlining regulatory reform in the futures and over-the-counter derivatives markets. We cannot predict what the final regulations will be or what impact they may have on our business. To the extent the regulatory environment is less beneficial for us or our customers, our business, financial condition and operating results could be negatively affected.

Business Strategy

Our strategy is directed towards leveraging our benchmark products, clearing and trading technologies, the benefits derived from our integrated clearing house as well as our scalable infrastructure. We strive to capitalize on opportunities created by increased market awareness and acceptance of derivatives, increased price volatility, technological advances and the increasing need for counterparty risk mitigation and clearing services. This strategy allows us to continue to develop into a more broadly diversified financial exchange that provides trading and clearing solutions across a wide range of products and asset classes. We believe that we can build on our competitive strengths by implementing the following strategies:

- Grow our core business through diversification of our customer base and extension of our current product lines;

- Globalize our business by targeting international customers through strategic investments and by leveraging our diverse product offerings; and

- Serve the over-the-counter markets through the continued development of products and services and by exploring opportunities for acquisitions, alliances and commercial agreements.

Primary Sources of Revenue

Clearing and transaction fees. A majority of our revenue is derived from clearing and transaction fees, which include electronic trading fees, surcharges for privately-negotiated transactions and other volume-related charges for contracts executed through our trading venues. Because clearing and transaction fees are assessed on a per-contract basis, revenues and profitability fluctuate with changes in trading volume. In addition to the industry trends noted earlier, our revenues and trading volume tend to increase during periods of economic and geopolitical uncertainty. This is because our customers seek to manage their exposure to, or speculate on, the market volatility resulting from uncertainty. However, in 2008 and 2009, we believe the extreme volatility and the decoupling of related markets have reduced customers ability to assume and maintain positions, which has resulted in a decrease in volume. In addition, our volume can be seasonal, and historically, we have experienced higher sequential volume during the first and second quarters followed by decreases in the third and fourth quarters of the calendar year. However, these patterns may be altered by the impact of economic and political events, the launch of new products, mergers and acquisitions as well as other factors.

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

- rate structure;

- product mix;

- trading venue; and

- the percentage of trades executed by customers who are members compared with non-member customers.

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

As a result of their rate structure, Total Return Asset Contracts (TRAKRS), Swapstream products, Hurricane Risk Landfall Option (HuRLO) contracts and auction-traded products are excluded from disclosures of trading volume and average rate per contract in this discussion and analysis. Clearing and transaction fees on these products are immaterial relative to our other products. TRAKRS are exchange-traded non-traditional futures contracts that trade electronically on the CME Globex electronic platform. Auction-traded products, which included CME economic derivatives, were previously traded through July 2007. Swapstream products were previously traded through September 2008.

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

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

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

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

Quotation data fees. We receive revenue from the dissemination of our market data to subscribers. Our market data services are provided primarily through third-party distributors.

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

Pricing for our market data services is based on the value of the service provided, our cost structure for the service and the price of comparable services offered by our competitors. Increases or decreases in our quotation data fees revenue is influenced by changes in our price structure for existing market data offerings, introduction of new market data services and changes in the number of devices in use. General economic factors that affect the financial services industry, which constitutes our primary customer base, also influence revenue from our market data services.

Processing services. To further diversify the range of services we offer, we have entered into clearing and transaction processing agreements with third parties. Prior to our merger with NYMEX Holdings in August 2008, we collected fees for listing energy and metal futures products on the CME Globex platform. Prior to our merger with CBOT Holdings in July 2007, we collected fees for clearing services for CBOT products. Our processing services revenues with NYMEX and CBOT ended upon the completion of our mergers with each entity. Additionally, we provided clearing and risk management services for trades executed at FXMarketSpace Limited (FXMS), our joint venture with Thomson Reuters Group PLC (Reuters), beginning in 2007 until FXMS terminated operations in the fourth quarter of 2008.

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

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

Other revenues include rent charged to third party tenants as well as ancillary charges for utilities, parking and miscellaneous services provided to tenants. We maintain three commercial buildings in Chicago s central business district. The retail and office space is rented primarily to third party tenants, including exchange customers. As part of our merger with NYMEX Holdings, we also acquired office space in New York City that is rented to third party tenants. All tenants pay market rates for rent. Revenues related to our real estate operations are generally affected by market rental rates, lease renewals and business conditions in the financial services industry in which most of our tenants operate.

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

Primary Expenses

Most of our expenses do not vary directly with changes in our trading volume, except licensing and other fee agreements and the majority of our employee bonuses.

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

The bonus component of our compensation and benefits expense is based on our financial performance. Under the performance criteria of our annual incentive plans, the bonus funded under the plans would be the target level if we achieve the cash earnings target established by the compensation committee of our board of directors. Cash earnings are defined as net income less capital expenditures and exclude tax-effected amortization of purchased intangibles, depreciation and amortization expense, tax-effected stock-based compensation expense, valuation losses on investments, tax adjustments and net interest income (expense). Under the plan, if our actual cash earnings equal 80% of the established target for a given year, the bonus will be reduced by approximately 50% of the target bonus amount. There will be no bonus if our cash earnings are less than 80% of the cash earnings target, other than for non-exempt employees who may receive a bonus under our discretionary bonus program. If our actual cash earnings equal 120% of the target or higher, the bonus is increased by approximately 50% from the targeted bonus amount, which is the maximum amount established by the compensation committee. If our performance is between the threshold performance level of 80% of the cash earnings target and the maximum performance level of 120% of the cash earnings target, the bonus will be calculated based on the level of performance achieved. The compensation committee may adjust the cash earnings calculation and the target level of performance for material, unplanned revenue, expense or capital expenditures to meet intermediate to long-term growth opportunities. The cash earnings calculation for bonus purposes excludes items as approved at the discretion of the compensation committee.

Stock-based compensation is a non-cash expense related to stock options and restricted stock grants. Stock-based compensation varies depending on the quantity and fair value of options granted. Fair value is derived using the Black-Scholes model with assumptions about our dividend yield, the expected volatility of our stock price based on an analysis of implied and historical volatility, the risk-free interest rate and the expected life of the options granted.

Depreciation and amortization. Depreciation and amortization expense results from the depreciation of long-lived assets purchased, as well as the amortization of purchased and internally developed software. As a result of our merger with CBOT Holdings, we acquired three commercial buildings. Depreciation and amortization on the building and building improvements as well as other furniture, fixtures and equipment acquired in the merger has been recorded since the merger closed on July 12, 2007. We also acquired a commercial building in our merger with NYMEX Holdings. Depreciation and amortization on this building and building improvements, hardware and software have been recorded since the merger closed on August 22, 2008.

Amortization of purchased intangibles. This expense primarily includes amortization of intangible assets obtained in our mergers with CBOT Holdings and NYMEX Holdings as well as other asset and business acquisitions. Intangible assets subject to amortization consist primarily of customer relationships, licensing agreements, and lease-related intangible assets.

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

Communications expense consists primarily of costs for network connections to our electronic trading platforms and some market data customers; telecommunications costs of our exchange; and fees paid for access to external market data. This expense is affected primarily by the growth of electronic trading, our capacity requirements and by changes in the number of telecommunications hubs and connections which allow customers outside the United States access to our electronic trading platforms directly.

Technology support services consist of costs related to maintenance of the hardware and software required to support our technology. Our technology support services costs are driven by system capacity, functionality and redundancy requirements.

Professional fees and outside services expense includes costs of consulting services provided for major strategic and technology initiatives as well as legal and accounting fees. This expense fluctuates primarily as a result of changes in services required to complete initiatives and legal proceedings.

Occupancy and building operations expense consists of costs related to leased and owned property including rent, maintenance, real estate taxes, utilities and other related costs. Our office space is located primarily in Chicago and New York City with smaller offices located in Washington, D.C., Houston, London, Tokyo, Hong Kong, Shanghai, and Singapore. Additionally, we have trading facilities in Chicago and New York City as well as data centers in various U.S. locations.

Licensing and other fee agreements expense consists primarily of license fees paid as a result of trading volume in equity index products, and royalty and broker rebates on metals and energy products, subsequent to the merger with NYMEX Holdings. This expense fluctuates with changes in equity index products and CME ClearPort trading volumes and fee structure changes in the agreements.

Restructuring expense consists primarily of transitional employees severance, retention bonuses and associated payroll taxes as well as outplacement costs and post-employment healthcare subsidies resulting from our mergers with CBOT Holdings in July 2007 and with NYMEX Holdings in August 2008.

Other expenses includes marketing-related as well as general and administrative costs. Marketing, advertising and public relations expense consists primarily of media, print and other advertising costs, as well as costs associated with our brand campaign and product promotion.

Non-Operating Income and Expenses

Income and expenses incurred through activities outside of our core operations are considered non-operating. These activities include investments in debt and equity securities for both short-term and long-term strategic purposes and our securities lending program as well as financing activities.

Investment income represents income generated by short-term investment of excess cash, clearing firms cash performance bonds and security deposits; income and net realized gains and losses from our marketable securities; gains and losses on trading securities in our non-qualified deferred compensation plans and dividend income. Investment income is influenced by the availability of funds generated by operations, market interest rates and changes in the levels of cash performance bonds deposited by clearing firms.

We use derivative financial instruments for the purpose of hedging exposures to fluctuations in interest rates and foreign currency exchange rates. Any ineffective or excluded portion of our hedges is recognized in earnings immediately.

Under the securities lending program, we lend a portion of the securities that clearing firms deposit with us and we receive collateral in the form of cash in return. The cash is invested in either bank money market mutual funds, overnight repurchase agreements, corporate debt securities or other asset-back securities to generate interest income. The balance of securities on deposit fluctuates as a result of changes in the clearing firms open positions and how clearing firms elect to satisfy their performance bond requirements. Securities lending interest expense represents the payment to the borrower of the security for the cash retained during the duration of the lending transaction. Net interest income from securities lending is impacted by changes in short-term interest rates and the level of demand for the securities on deposit. CME s securities lending program has been suspended since November 2008. NYMEX s securities lending program was terminated in June 2009.

Interest and other borrowing costs are associated with various short-term and long-term funding facilities. In 2007, we initiated a commercial paper program with various financial institutions to fund a tender offer to repurchase Class A common stock. In 2008, we issued short-term and long-term debt in conjunction with our merger with NYMEX Holdings. In early 2009, we refinanced part of the debt that was previously issued for the NYMEX Holdings merger. Our debt balances primarily have fixed rates or floating rates that are fixed through the use of interest rate swaps, but some debt-related costs fluctuate with the funding needs of our business.

Income (expense) related to our guarantee of exercise right privileges (ERPs) is a result of our merger with CBOT Holdings. Under the terms of the merger agreement, eligible holders of Chicago Board Options Exchange (CBOE) ERPs could elect to sell us their ERP for $250,000 per privilege. Eligible holders that did not elect to sell their ERPs were entitled to a maximum guaranteed payment of $250,000 from us upon resolution of the lawsuit between CBOT and CBOE. This income (expense) represents the change in estimated fair value of our guarantee during the period, which is based in part on the expected outcome of the litigation. It also includes adjustments to the value of our asset for the 159 ERPs that we hold. This litigation was resolved in December 2009.

Equity in losses of unconsolidated subsidiaries primarily includes losses from our investments in Dubai Mercantile Exchange (DME), FXMS, Green Exchange Holdings, LLC and OneChicago LLC (OneChicago). Our investment in DME was acquired with the assets of NYMEX Holdings as part of our merger in August 2008.

CRITICAL ACCOUNTING POLICIES

The notes to our consolidated financial statements include disclosure of our significant accounting policies. In establishing these policies within the framework of accounting principles generally accepted in the United States, management must make certain assessments, estimates and choices that will result in the application of these principles in a manner that appropriately reflects our financial condition and results of operations. Critical accounting policies are those policies that we believe present the most complex or subjective measurements and have the most potential to affect our financial position and operating results. While all decisions regarding accounting policies are important, there are certain accounting policies that we consider to be critical. These critical policies, which are presented in detail in the notes to our consolidated financial statements, relate to valuation of financial instruments, goodwill and intangible assets, derivative instruments, revenue recognition, income taxes, internal use software costs, and stock-based compensation.

Valuation of financial instruments. In January 2008, we adopted the accounting guidance on fair value measurements, which provides direction for using fair value to measure assets and liabilities by defining fair value and establishing a framework for measuring fair value. The accounting guidance on fair value measurements applies to all financial instruments that are measured and reported on a fair value basis.

The accounting guidance on fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, or an exit price. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs are inputs that reflect our assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

We have categorized our financial instruments measured at fair value into a three-level classification in accordance with the guidance. The hierarchy is categorized into three levels based on the reliability of inputs as follows:

Level 1 Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. Assets and liabilities carried at level 1 fair value generally include U.S. Treasury and Government agency securities, equity securities listed in active markets, and investments in publicly traded mutual funds with quoted market prices.

Level 2 Inputs are either directly or indirectly observable and corroborated by market data or are based on quoted prices in markets that are not active. Assets and liabilities carried at level 2 fair value generally include municipal bonds, corporate debt and certain derivatives.

Level 3 Inputs are unobservable and reflect management s best estimate of what market participants would use in pricing the asset or liability. Generally assets and liabilities at fair value utilizing level 3 inputs include certain complex over-the-counter derivative contracts and certain other assets and liabilities with inputs that require management s judgment.

For further discussion regarding the fair value of financial assets and liabilities, see note 24 in the notes to consolidated financial statements.

Goodwill and intangible assets. According to guidance on goodwill and other intangible assets, we review goodwill and intangible assets with indefinite lives for impairment on an annual basis and whenever events or circumstances indicate the carrying value may not be recoverable. The provisions of the guidance require that a two-step impairment test be performed on goodwill. In the first step, the fair value of each reporting unit is compared to its carrying amount. If the fair value of the reporting unit exceeds the carrying amount, no impairment exists and we are not required to perform further testing. If the carrying amount exceeds its fair value, the second step must be performed to determine the implied fair value of the reporting unit s goodwill. If the carrying value of the reporting unit s goodwill exceeds its implied fair value, then an impairment loss is recorded in an amount equal to that excess. Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. Valuation techniques we use to measure fair value include the market approach and the income approach. The market approach encompasses comparable data sets within our peer group, and the income approach includes discounted cash flow measurements using a market discount rate. Our valuation techniques could yield variable results based on changes in assumptions such as the discount rate and long-term growth rate and forecasted revenue and expense.

Indefinite-lived intangible assets are assessed for impairment by comparing their fair values to their carrying values. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized equal to the difference. Intangible assets subject to amortization are also evaluated for impairment when indicated by a change in circumstances, pursuant to accounting guidance on impairments or disposal of long-lived assets. The impairment testing requires management to estimate the fair value of the assets and record an impairment loss for the excess of the carrying value over the fair value. The estimate of the fair value of all intangible assets is generally determined on the basis of discounted future cash flows. In estimating the fair value, management must make assumptions and projections regarding such items as future cash flows, future revenues, future earnings and other factors. Such assumptions are subject to change as a result of changing economic and competitive conditions.

Derivative investments. We use derivative financial instruments for the purpose of hedging exposures to fluctuations in interest rates and foreign currency exchange rates. Derivatives are recorded at fair value in the consolidated balance sheets according to accounting guidance for derivative instruments and hedging activities. The guidance also requires that changes in our derivatives fair values be recognized in earnings, unless the instruments are accounted for as hedges. For a derivative designated as a fair value hedge, any gain or loss on the derivative is recognized in earnings in the period of change, to the extent the hedge is effective, together with the offsetting gain or loss on the hedged item attributable to the risk being hedged. We record the effective portions of our derivative financial instruments that are designated as cash flow hedges in accumulated other comprehensive income (loss) in the accompanying consolidated balance sheets. When the hedged item affects earnings, the gain or loss included in accumulated other comprehensive income (loss) is transferred to the same line in the consolidated statements of income as the hedged item. Any ineffective or excluded portion of a hedge is recognized in earnings immediately. Any realized gains and losses from hedges are classified in the consolidated statements of income consistent with the accounting treatment of the items being hedged.

Revenue recognition. Our revenue recognition policies comply with accounting guidance on revenue recognition. Our revenue is derived primarily from the clearing and transaction fees we assess on each contract executed through our trading venues and cleared through our clearing house. Clearing and transaction fees are recognized as revenue when a buy and sell order are matched and when the trade is cleared. On occasion, the customer s exchange trading privileges may not be properly entered by the clearing firm and incorrect fees are charged for the transactions in the affected accounts. When this information is corrected within the time period allowed by the exchange, a fee adjustment is provided to the clearing firm. An accrual is established for estimated fee adjustments to reflect corrections to customer exchange trading privileges. The accrual is based on the historical pattern of adjustments processed as well as specific adjustment requests. Occasionally market data customers will pay for services in a lump sum payment. When these circumstances occur, revenue is recognized as services are provided.

Income taxes. Calculation of the income tax provision includes an estimate of the income taxes that will be paid for the current year as well as an estimate of income tax liabilities or benefits deferred into future years, as defined by accounting guidance on income taxes and accounting for uncertain tax positions. As required, our deferred tax assets are reviewed to determine if all assets will be realized in future periods. To the extent it is determined that some deferred tax assets may not be fully realized, the assets must be reduced by a valuation allowance. The calculation of our tax provision involves dealing with uncertainties in the application of complex tax regulations. We recognize potential liabilities for anticipated tax audit issues in the United States and other applicable tax jurisdictions using a more-likely-than-not recognition threshold based on the technical merits of the tax position taken or expected to be taken. If payment of these amounts varies from our estimate, our income tax provision would be reduced or increased at the time that determination is made. This determination may not be known for several years. Past tax audits have not resulted in tax adjustments that would result in a material change to the income tax provision in the year the audit was completed. The effective tax rate, defined as the income tax provision as a percentage of income before income taxes, will vary from year to year based on changes to tax rates and regulations. In addition, the effective tax rate will vary with changes to income that are not subject to income tax, such as municipal interest income, and changes in expenses or losses that are not deductible, such as the utilization of foreign net operating losses.

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

Stock-based compensation. We expense stock options using the fair value method under the provisions of the accounting guidance on share-based payments. We have elected the accelerated method for recognizing the expense related to stock grants. Due to this election and the vesting provisions of our stock grants, a greater percentage of the total expense is recognized in the first and second years of the vesting period than would be recorded if we used the straight-line method. We include an estimate of expected forfeitures of stock grants in our expense recognition calculations.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2009, the Financial Accounting Standards Board (FASB) issued guidance that changes the analysis required to determine whether a variable interest gives a company a controlling financial interest in a variable interest entity. This change may result in the consolidation of entities that we currently do not consolidate and requires an ongoing reassessment of the consolidation requirement. In addition, enhanced disclosures are required that will provide the readers of financial statements with more transparent information about a company s involvement in a variable interest entity. This standard is effective for fiscal years beginning after November 15, 2009. We believe the impact of this standard s adoption will be immaterial to our consolidated financial statements.

RESULTS OF OPERATIONS

2009 Financial Highlights

The comparability of our operating results for the periods presented is significantly impacted by our mergers with CBOT Holdings and NYMEX Holdings in July 2007 and August 2008, respectively. In the discussion and analysis that follows, we have quantified the incremental revenue or expense resulting from these transactions wherever such amounts were material and identifiable. While identified amounts may provide indications of general trends, the analysis cannot completely address the effects attributable to integration efforts.

The following summarizes significant changes in our financial performance for the periods presented.

(dollars in millions, except per share data)	2009	2008	2007	Year-over-Year Change 2009-2008	Year-over-Year Change 2008-2007
Total revenues	$ 2,612.8	$ 2,561.0	$ 1,756.1	2%	46%
Total expenses	1,023.7	978.8	704.2	5	39
Operating margin	61%	62%	60%		
Non-operating income (expense)	$ (151.6)	$ (334.2)	$ 43.9	(55)	n.m.
Effective tax rate	43%	43%	40%		
Net income	$ 825.8	$ 715.5	$ 658.5	15	9
Diluted earnings per common share	12.41	12.13	14.93	2	(19)
Cash flows from operations	1,083.1	1,197.2	814.4	(10)	47

n.m. not meaningful

From 2007 to 2009, the increase in revenues was largely due to the increase in clearing and transaction fees and quotation data fees. These increases were partially offset by a decline in processing services revenues.

Increases in compensation and benefits, amortization of purchased intangibles and licensing and other fee agreements led to higher overall expenses from 2007 to 2009.

Non-operating income (expense) decreased in 2009 due to a 2008 impairment charge on our investment in BM&FBOVESPA S.A. (BM&FBOVESPA) of $274.5 million as well as impairment charges on FXMS and certain securities lending assets. This decrease in expense was partially offset by an increase in interest expense and other borrowing costs from 2007 to 2009 due to an increase in debt levels as well as 2009 impairment charges of $46.0 million related to IMAREX and DME. In addition, investment income also decreased from 2007 to 2009 due largely to a decline in rates.

The 2009 effective tax rate remained consistent with the prior year. An additional valuation allowance related to unrealized capital losses increased the effective tax rate in 2009. However, this increase was offset by the favorable impact of a New York City tax law change. In the third quarter of 2008, we recorded a charge for the impact of our new combined state and local tax rates, which was offset by the favorable impact of an Illinois tax law change in the first quarter of 2008 and an increase in our valuation allowance related to unrealized capital losses. Our effective tax rate increased in 2008 due primarily to the increase in our state and local tax rates as a result of our merger with NYMEX Holdings.

We experienced a decline in diluted earnings per share in 2008, despite improved financial performance, due to the impact of common stock issuances as a result of our mergers.

Cash flows from operations are strongly correlated with trading volume on a year-over-year basis.

Revenues

(dollars in millions)	2009	2008	2007	Year-over-Year Change 2009-2008	Year-over-Year Change 2008-2007
Clearing and transactions fees	$ 2,161.9	$ 2,115.4	$ 1,427.3	2%	48%

Quotation data fees	331.1	279.5	145.1	18	93
Processing services	0.5	54.1	106.4	(99)	(49)
Access and communication fees	45.6	43.6	36.5	4	19
Other	73.7	68.4	40.8	8	68
Total Revenues	$ 2,612.8	$ 2,561.0	$ 1,756.1	2	46

Clearing and Transaction Fees. Revenues increased in 2009 when compared with 2008 and in 2008 when compared with 2007 largely due to the following:

Trading Volume

The following table summarizes average daily trading volume. For CBOT volume information in 2007, average daily volumes have been calculated for the period from July 13 through December 31, 2007. NYMEX product and CME ClearPort services volume in 2008 have been calculated for the period from August 23 through December 31, 2008. All amounts exclude TRAKRS, Swapstream, HuRLO contracts, credit default swaps and auction-traded products.

				Year-over-Year Change	
(amounts in thousands)	**2009**	**2008**	**2007**	**2009-2008**	**2008-2007**
Product Line Average Daily Volume:					
Interest rate	4,260	6,085	7,093	(30)%	(14)%
Equity	2,916	3,663	2,744	(20)	33
Foreign exchange	624	623	569		10
Commodity	741	848	728	(13)	16
Energy	1,492	1,348		11	n.m.
Metal	225	208		8	n.m.
Aggregate average daily volume	10,258	12,775	11,134	(20)	16
Average Daily Volume by Venue:					
Electronic	8,290	10,180	8,661	(19)	18
Open outcry	1,310	1,943	2,276	(33)	(15)
Privately negotiated	164	208	197	(21)	5
Total exchange-traded volume	9,764	12,331	11,134	(21)	11
Total CME ClearPort	494	444		11	n.m.
Aggregate average daily volume	10,258	12,775	11,134	(20)	16
Electronic Volume as a Percentage of Total Volume	81%	80%	78%		

n.m. not meaningful

In 2009, when compared with 2008, the decline in average daily trading volume was largely attributable to a decrease in interest rate products and equity products volume. The addition of the NYMEX product lines in 2008 largely contributed to the increase in average daily volume from 2007 to 2008. In addition, there was a significant increase in overall market volatility in the second half of 2007 and throughout 2008, which we believe contributed to the overall increase in average daily volume from 2007 to 2008, specifically within equity products. We believe the increase in market volatility during that time period was due to concerns surrounding the subprime debt market which evolved into a credit crisis in 2008. Despite the decrease in average daily volume for interest rate products in 2008 when compared with 2007, total overall interest rate product volume increased in 2008 due to the addition of the U.S. Treasury futures and options acquired through the merger with CBOT Holdings in July 2007.

In the discussion that follows, NYMEX product and CME ClearPort services volume information for the periods prior to August 23, 2008 is provided for comparative purposes only and does not correspond to revenue recognized by CME Group prior to that date. CBOT volume information for periods prior to July 13, 2007 is also provided for comparative purposes only.

Interest Rate Products

The overall decrease in interest rate volume from 2007 to 2009 was attributable to the credit crisis. We also believe the Federal Reserve Bank s zero interest rate policy for short-term interest rates contributed to a decrease in volumes in 2009 when compared with 2008.

The following table summarizes average daily volume and changes in average daily volume relative to the prior periods for our key interest rate products.

				Year-over-Year Change	
(amounts in thousands)	**2009**	**2008**	**2007**	**2009 - 2008**	**2008 - 2007**
Eurodollar futures	1,736	2,360	2,456	(26)%	(4)%
Eurodollar options	639	903	1,237	(29)	(27)
U.S. Treasury futures and options:					
10-Year	913	1,239	1,627	(26)	(24)
5-Year	410	715	718	(43)	
30-Year	292	427	495	(32)	(14)
2-Year	201	323	275	(38)	17

We believe that the zero interest rate policy and increased risk aversion by market participants following the credit crisis contributed to the decrease in Eurodollar futures and options from 2007 to 2009. We believe this has reduced certain customers ability or need to assume and maintain positions.

We believe that the overall decline in U.S. Treasury note futures and options volume from 2007 to 2009 was attributable to the credit crisis, which resulted in reduced corporate debt issuances, reduced mortgage issuances and refinancing activity, a slowdown in the U.S. Treasury cash market trading as well as the Federal Reserve Bank s purchase of U.S. Treasury securities. The decline in 2009 when compared with 2008 was also attributable to the zero interest rate policy, which we believe reduced market participants need to hedge interest rate risk. In 2008, when compared with 2007, we believe the credit crisis contributed to some fixed income market participants shifting from long-term debt to short-term debt, which led to a decrease in volumes for products on the long end of the yield curve relative to products on the short end of the yield curve.

During the second half of 2009, overall interest rate product volume increased relative to the first half of 2009. We believe that improved economic conditions contributed to the increase in volume.

Equity Products

During the second half of 2007 through the first quarter of 2009, there was significant volatility in the equity markets, which we believe was attributable to concerns regarding the credit crisis. Average volatility, as measured by the CBOE Volatility Index, increased to 33% in 2008 from 18% in 2007. Average volatility decreased to 27% in the last three quarters of 2009 from 52% from the fourth quarter of 2008 through the first quarter of 2009.

Average daily volume for E-mini equity products decreased by 19% to 2.6 million contracts per day in 2009 when compared with 2008. The decline in volume was primarily attributable to the decline in E-mini S&P 500 contracts, which decreased by 12% to an average of 2.3 million contracts per day when compared with 2008. Volume for the E-mini NASDAQ-100 contracts decreased by 28% to an average of 0.3 million contracts per day when compared with 2008. We believe that the decline in E-mini S&P 500 contracts and E-mini NASDAQ-100 contracts decreased due to the decline in volatility in the second quarter through the fourth quarter of 2009 when compared with the fourth quarter of 2008 and the first quarter of 2009. In addition, the decline in volume was attributable to the termination of our license to list Russell-based contracts. Volume for the Russell-based contracts averaged 0.3 million contracts per day for January 1 through September 22, 2008.

In 2008, average daily volume for our E-mini equity products increased by 37% to 3.3 million contracts when compared with 2007. This increase included growth in E-mini S&P 500 contracts, which grew by 52% to an average of 2.6 million contracts per day when compared with 2007. We believe the growth in equity trading volume in 2008 when compared with 2007 was attributable to the increase in volatility. The increase was partially offset by the termination of our license to list Russell-based contracts. Volume for the Russell-based contracts was 0.3 million per day in 2007.

Foreign Exchange Products

The following table summarizes average daily volume and changes in average daily volume relative to the prior periods for our key foreign exchange futures and options products.

				Year-over-Year Change	
(amounts in thousands)	**2009**	**2008**	**2007**	**2009 - 2008**	**2008 - 2007**
Euro	225	223	177	1%	26%
British pound	100	83	84	21	
Japanese yen	93	133	125	(30)	6
Australian dollar	68	45	43	50	5
Canadian dollar	63	46	50	36	(8)

We believe that the volume for our Euro products has remained flat and the Japanese yen products has declined due to the convergence of interest rates towards zero between the European, United States and Japanese markets. The increase in volume for the British pound, Australian dollar and Canadian dollar products was attributable to a divergence between interest rates in the United States and interest rates in the British, Australian and Canadian markets. Trading volume for foreign exchange products increased in 2008 when compared with 2007 due largely to increased volatility of the U.S. dollar relative to other major currencies, particularly the euro and the Japanese yen.

Commodity Products

We believe a decrease in market volatility and decreased demand for commodities products as a result of the credit crisis caused the overall decline in volume for commodities products in 2009 when compared with 2008. We believe the credit crisis has reduced certain customers ability or need to assume and maintain positions.

The increase in CBOT corn and soybean products contributed to an increase in overall commodities trading volume in 2008 when compared with 2007. During 2008, volume for basic corn products increased by 17% to an average of 320,000 contracts per day. Average daily volume for basic soybean products grew by 16% to 183,000 contracts per day during 2008. We believe that the increases in volume were due primarily to changes in global supply and demand resulting in increased volatility as well as increased use of commodities as an asset class.

Energy Products

Energy products primarily consist of crude oil, natural gas, power and other energy-related exchange-traded contracts and over-the-counter contracts cleared through CME ClearPort. Average daily volume for energy contracts cleared through CME ClearPort increased by 16% to an average of 0.5 million per day in 2009 when compared with 2008, including the period prior to our merger. We believe the increase was due to market participants seeking to mitigate counterparty risk on their over-the-counter exposures through central counter party clearing.

Metal Products

Metal products generally include gold, silver and other precious and base metals. We believe metal products volume decreased by 4% to an average of 0.2 million contracts per day in 2009 when compared with 2008, including the period prior to our merger, due largely to lower volatility and decreased demand for metal products as a result of the credit crisis.

Average Rate per Contract

CBOT total volume and fees have been included beginning July 13, 2007. NYMEX total volume and fees have been included beginning August 23, 2008. All amounts in the following table exclude TRAKRS, Swapstream, HuRLO contracts, credit default swaps and auction-traded products.

				Year-over-Year Change	
	2009	**2008**	**2007**	**2009-2008**	**2008-2007**
Total Volume (in millions)	2,584.9	2,978.5	2,249.6	(13)%	33%
Clearing and Transaction Fees (in millions)	$ 2,161.7	$ 2,114.7	$ 1,426.2	2	48
Average Rate per Contract	0.836	0.710	0.634	18	12

The average rate per contract increased in 2009 when compared with 2008 due to the addition of NYMEX products and CME ClearPort services to our existing product line, which had an average rate per contract of $1.512 and $2.051, respectively, in 2009. Additionally, the average rate per contract increased due to a lower portion of interest rate products as a percentage of total volume compared with equity products, which have a higher rate per contract. As a percentage of volume, equity products trading volume increased by 2% in 2009, while interest rate products volume decreased by 4% when compared with 2008.

During 2008, the addition of NYMEX products and ClearPort services to our existing product lines was the primary contributor to an increase in the overall rate per contract when compared with 2007 as NYMEX products and CME ClearPort average rate per contract was $1.466 and $2.062 for the period August 23 through December 31, 2008. The increase in average rate per contract when compared with 2007 was also attributable to a lower portion of CME interest rate products as a percentage of total volume compared with CME equity products, which have a higher rate per contract. As a percentage of total volume, CME equity products trading volume increased by 9% in 2008, while CME interest rate products trading volume decreased by 10% when compared with 2007. In addition, the overall increase in the average rate per contract was partially attributable to the full year impact in 2008 of the average rate per contract for CBOT products. The average rate per contract for CBOT products in 2008 was $0.712. The increase in average rate per contract during 2008 was partially offset by a decrease in the average rate per contract for the E-mini S&P futures and options because incremental volume exceeded the CME Globex fee cap.

Volume/Rate Analysis

Average rate per contract is impacted by our rate structure, which includes volume-based incentives; product mix; trading venue, and the percentage of trading volume executed by customers who are members compared with non-member customers. Due to the relationship between average rate per contract and volume, the change in revenues attributable to changes in each is only an approximation. Using the total volume and average rate per contract data provided in the table above, we estimate that clearing and transaction fees revenue increased by $376.1 million due to the rise in average rate per contract and decreased by $329.1 million due to the decline in total volume, resulting in a net increase in revenues in 2009 of $47.0 million when compared with 2008. In 2008, we estimate that clearing and transaction fees revenue increased by $517.5 million due to an increase in total volume and increased by $171.0 million due to the increase in average rate per contract, resulting in a total increase in revenues of $688.5 million when compared with 2007.

Concentration of Revenue

We bill a substantial portion of our clearing and transaction fees to our clearing firms. The majority of clearing and transaction fees received from clearing firms represent charges for trades executed and cleared on behalf of their customers. As of December 31, 2009, we had approximately 140 clearing firms. One firm represented 11% and one firm represented 10% of our clearing and transaction fees revenue in 2009. One firm represented 12% and one firm represented 10% of our clearing and transaction fee revenue in 2008. In 2007, one firm represented approximately 11% of clearing and transaction fees revenue. Should a clearing firm withdraw, we believe that the customer portion of the firm s trading activity would likely transfer to another clearing firm of the exchange. Therefore, we do not believe we are exposed to significant risk from the loss of revenue received from a particular clearing firm.

Quotation Data Fees. The increase in revenues in the periods presented were attributable to the following:

				Year-over-Year Change	
(dollars in millions except monthly fee per device)	**2009**	**2008**	**2007**	**2009-2008**	**2008-2007**
Average estimated monthly basic device screen count	414,000	349,000	219,000	65,000	130,000
Basic device monthly fee per device	$ 55	$ 55	$ 50	$	$ 5
Estimated increase in revenues					
Due to an increase in screen counts				$ 43.4	$ 81.0
Due to an increase in monthly fee per device					17.7
Data feed surcharges				4.0	12.3
Vendor licensing fees				5.0	4.9
Vendor audit assessments				(2.8)	4.4
CME, CBOT and NYMEX services				49.6	120.3
CMA services				4.4	10.3

Incremental revenues of $59.2 million and $36.0 million generated from the NYMEX services in 2009 and 2008, which are included in the table above, contributed to the increase in overall revenues. In 2009, incremental revenues from NYMEX were partially offset by a decrease in CME and CBOT revenues when compared with 2008. Average basic device screen counts for existing CME and CBOT customers declined in 2009 due largely to cost-cutting initiatives at customer firms. The decrease in vendor audit assessments in 2009 was due to a $4.4 million assessment recognized in 2008 as a result of an audit of customer-reported device counts. This represented revenue that would have otherwise been recognized in prior periods. Revenues from CMA services include fees for data services provided to CMA customers subsequent to our acquisition of CMA in March 2008.

Effective January 1, 2010, all users of our basic service will pay $61 per month for each device.

The two largest resellers of our market data represented approximately 55%, 56% and 67% of our quotation data fees in 2009, 2008 and 2007, respectively. Despite this concentration, we consider exposure to significant risk of revenue loss to be minimal. In the event that one of these vendors no longer subscribes to our market data, we believe the majority of that vendor s customers would likely subscribe to our market data through another reseller. Additionally, several of our largest institutional customers that utilize services from our two largest resellers report usage and remit payment of quotation data fees directly to us.

Processing Services. The decrease in revenues over the periods presented was attributable to the termination of our prior service agreements with CBOT and NYMEX as a result of the mergers. In 2008 and 2007, we recognized revenue of $45.7 million and $56.4 million from our trade matching agreement with NYMEX, which was terminated on August 22, 2008. Our clearing agreement with CBOT, which was terminated on July 12, 2007, generated revenues of $48.2 million in 2007. In addition, the operations of FXMS terminated in the fourth quarter of 2008. As a result, we recognized incremental revenues of $6.4 million, when compared with 2007, primarily related to fees paid by FXMS for clearing and trade matching services which would have otherwise been recognized through January 2012.

Access and Communication Fees. The increase in revenues from 2007 to 2008 was attributable to the telecommunication services provided to CBOT customers subsequent to our merger with CBOT Holdings in July 2007. The ongoing upgrade of customer bandwidth connections and expansion of our co-location program contributed to growth in revenues from 2007 through 2009. The increase in 2009 when compared with 2008 was partially offset by a decrease in trading floor-related fees resulting from the consolidation of our Chicago trading floors in mid-2008.

Other Revenues. Annual increases (decreases) in other revenues consisted primarily of the following:

	Year-over-Year Change	
(in millions)	**2008-2007**	**2009-2008**
NYMEX rental income and other building-related revenues	$ 8.9	$ 4.4
Interest Earnings Facility programs	0.7	3.4
CBOT rental income and other building-related revenues	(1.1)	16.1
FXMS	(1.9)	1.1

From 2007 to 2009, the IEF programs generated additional revenues due to an increase in the average funds invested by our clearing firm members in these programs. In addition, revenues generated from CBOT s building operations declined in 2009 as a result of a tenant termination fee recognized in the fourth quarter of 2008. Due to the termination of FXMS s operations in the fourth quarter of 2008, we recognized additional revenues for fees paid by FXMS for billing and regulatory services. This contributed to lower revenues in 2009 and higher revenues in 2008.

Operating Expenses

				Year-over-Year Change	
(in millions)	**2009**	**2008**	**2007**	**2009-2008**	**2008-2007**
Compensation and benefits	$ 351.0	$ 317.6	$ 263.3	11%	21%
Communications	47.0	52.3	43.5	(10)	20
Technology support services	46.2	59.6	50.5	(23)	18
Professional fees and outside services	85.1	71.9	53.1	18	35
Amortization of purchased intangibles	125.1	98.7	33.9	27	n.m.
Depreciation and amortization	126.3	137.3	105.7	(8)	30
Occupancy and building operations	76.3	71.4	48.2	7	48
Licensing and other fee agreements	89.2	70.3	35.6	27	97
Restructuring	5.3	4.8	8.9	11	(46)
Other	72.2	94.9	61.5	(24)	54
Total Expenses	$ 1,023.7	$ 978.8	$ 704.2	5	39

n.m. not meaningful

Compensation and Benefits. Annual increases (decreases) in expenses consisted primarily of the following:

	Year-over-Year Change	
(in millions)	**2009-2008**	**2008-2007**
Average headcount	$ 24.4	$ 45.5
Non-qualified deferred compensation plan	12.7	(10.4)
Average salaries, benefits and employer taxes	4.0	7.3
Bonus	0.3	(6.9)
Stock-based compensation	(4.1)	14.7

Average headcount increased by 10% or about 200 employees in 2009 and 22% or about 380 employees in 2008. The increases resulted from the addition of approximately 400 employees in our merger with NYMEX Holdings and approximately 690 employees in our merger with CBOT Holdings,

the impacts of which were partially offset by our restructuring plans. Additionally, headcount increased by 50 employees as a result of the CMA acquisition in March 2008. As of December 31, 2009, 2008 and 2007, we had approximately 2,260, 2,300 and 1,970 employees, respectively.

The increase in our non-qualified deferred compensation plan liability in 2009 also contributed to an increase in expenses when compared with 2008. In 2008 when compared with 2007, the decrease in our liability contributed to a decrease in expenses. These impacts do not affect net income because of an equal and offsetting change in investment income.

Salary increases and rising pension and healthcare costs contributed to increases in average salaries, benefits and employer taxes from 2007 to 2009. Salary increases in 2009 were largely due to staff promotions.

Bonus expense increased in 2009 due primarily to an increase in headcount during the year largely offset by a decline in performance relative to our 2009 cash earnings target compared with 2008 relative to our 2008 cash earnings target. The increases in expenses in 2008 were partially offset by a decrease in bonus expense due primarily to a decline in performance relative to our 2008 cash earnings target compared with 2007 relative to our 2007 cash earnings target.

Increases in total expense in 2009 were partially offset by a decrease in stock-based compensation due to our decision to delay annual stock grants for 2009 until the third quarter. The additional expense related to the June 2008 grant and the conversion of stock options previously granted to NYMEX Holdings employees partially offset the impact of this delay. Stock-based compensation increased in 2008 due primarily to the accelerated vesting of stock options previously granted to NYMEX Holdings employees and the full impact of the expense related to the June 2007 grant.

Communications. The elimination of costs incurred to support our CBOT metal products on e-CBOT, CBOT s legacy electronic trading platform that was terminated as of July 2008, as well as improved network efficiencies as a result of the consolidation of trading systems and floor operations in Chicago contributed to a decline in expenses in 2009 when compared with 2008. The decrease was partially offset by incremental expenses of $3.0 million generated by NYMEX operations in 2009 when compared with 2008.

The increase in expenses in 2008 when compared with 2007 was primarily due to the costs incurred to upgrade bandwidth for customers and consolidate our trading floor operations. In addition, we incurred a full year of NYMEX communications expense during 2009.

Technology Support Services. The decreases in expenses in 2009 when compared with 2008 were largely due to the termination of maintenance and service agreements for e-CBOT in July 2008. The declines in expenses were partially offset by incremental expenses generated by NYMEX operations.

The increase in expenses in 2008 when compared with 2007 was due to increases in software and hardware maintenance contracts, including the maintenance and support of the e-CBOT electronic trading platform, and increases in software.

Professional Fees and Outside Services. Costs incurred to support various strategic initiatives, including our efforts to provide clearing services for credit default swaps and other over-the-counter products, led to growth in expenses in 2009 when compared with 2008. In addition, the increase in expenses was attributable to consulting services and other outside services associated with ongoing NYMEX operations. The increase in 2009 was partially offset by a decrease in expenses as the result of additional temporary staffing and consulting services in 2008 due to infrastructure development, product support and various strategic initiatives.

In 2008, when compared with 2007, the increases in technology-related and other professional fees, net of amounts capitalized for internally developed software, were due primarily to consulting services used to supplement our merger integration efforts as well as non-capitalizable software development costs and expenses incurred to support our strategic initiatives.

Legal fees increased in 2008 when compared with 2007 due to class action lawsuits filed in connection with the NYMEX Holdings merger. The increase in expenses was partially offset by higher legal fees in 2007 due to litigation costs related to Louisiana Municipal Police Employee s Retirement System (LAMPERS) and CBOE proceedings resulting from our merger with CBOT Holdings, as well as the ongoing antitrust suit filed by Eurex U.S.

Amortization of Purchased Intangibles. Amortization increased from 2007 to 2009 due primarily to the amortization of intangible assets acquired in our mergers with CBOT Holdings and NYMEX Holdings, completed in July 2007 and August 2008, respectively.

Depreciation and Amortization. Declines in expenses in 2009, when compared with 2008, were attributable primarily to trading floor consolidation and systems integration in 2008 as well as capital expenditure reductions in 2009. The decreases were partially offset by incremental depreciation expense related to assets acquired in our merger with NYMEX Holdings in August 2008 and incremental depreciation expense on our new data center building that we have been depreciating since August 2009. Expenses increased in 2008 compared with 2007 due to assets acquired in our mergers with NYMEX Holdings and CBOT Holdings. In addition, we accelerated depreciation in 2008 on various CBOT technology-related and trading floor assets as well as certain NYMEX technology-related assets.

Property additions are summarized below. Technology-related assets include purchases of computers and related equipment, software, the cost of developing internal use software and the build-out of our data centers. The decrease in total property additions and technology-related assets as a percentage of total additions during 2009, when compared with 2008, was due to our efforts to reduce equipment and software purchases in 2009. This decrease was partially offset by an increase in purchases of assets associated with our new data center, which we began capitalizing in early 2008. Total additions related to our new data center for 2008 and 2009 totaled $83.6 million, including $50.2 million in 2009. The useful lives associated with the new data center range from 10 to 39 years. Increases in property additions in 2008, when compared with 2007, were due primarily to spending for the development of our new data center and the development of our Chicago office space.

				Year-over-Year Change	
(dollars in millions)	**2009**	**2008**	**2007**	**2009-2008**	**2008-2007**
Total property additions, including landlord-funded leasehold improvements	$ 157.9	$ 200.1	$ 163.7	(21)%	22%
Technology-related assets as a percentage of total property additions	65%	72%	77%		

Occupancy and Building Operations. Increases in expenses from 2007 to 2009 were attributable primarily to commercial real estate acquired in our merger with NYMEX Holdings. Expenses associated with the acquired property include utilities, maintenance, property taxes and insurance expenses. These increases in 2009 were partially offset by a decrease resulting from a reduction in temporary space in our Chicago headquarters.

In addition, rent expense increases in 2008, when compared with 2007, were due to additional office space in London, Hong Kong, Japan and Singapore as well as property acquired through the merger with CBOT Holdings. Additionally, the property for our new data center was purchased in 2008, resulting in increased occupancy expense.

Licensing and Other Fee Agreements. The incremental expense generated from broker rebates, royalty fees and other licensing fees on NYMEX products contributed to the increases when compared with 2008. Total broker rebates were $39.3 million and $13.6 million in 2009 and 2008, respectively. Increases in 2009 were partially offset by decreases in licensing fees for E-mini and standard equity products of $8.4 million due to declines in trading volume. Fee sharing expenses also decreased $1.2 million in 2009 when compared with 2008 due primarily to the sale of CBOT metals products in September 2008.

In 2008, higher average daily trading volume for certain licensed products and additional royalty fees and broker rebates on NYMEX products contributed to additional expenses when compared with 2007. In addition, licensing fees on E-mini S&P and on E-mini NASDAQ-100 products contributed to the increase in 2008.

Restructuring. This expense consisted primarily of severance to transitional CBOT and NYMEX employees, severance to CME employees, retention bonuses and associated payroll taxes as well as outplacement costs and post-employment healthcare subsidies. The restructuring program related to the CBOT Holdings merger was substantially complete by July 2008. The restructuring program related to the NYMEX Holdings merger was substantially complete by August 2009.

Other Expenses. Annual increases (decreases) in other expenses consisted primarily of the following:

	Year-over-Year Change	
(in millions)	**2009-2008**	**2008-2007**
Goodwill impairment on Swapstream operations	$ (11.9)	$ 11.9
Marketing, advertising and other costs due to the mergers and other strategic initiatives	(9.0)	6.3
Foreign currency transaction (gains) losses primarily related to the Brazilian real and British pound	(4.9)	3.8
CMA in-process research and development costs recorded in 2008	(3.7)	3.7
Loss on sale of CBOT metals trading products recorded in 2008	(2.8)	2.8

In addition, the company s expense reduction efforts contributed to the decreases in expenses in 2009 when compared with 2008. The decreases in expenses in 2009 were partially offset by incremental expenses incurred as part of the NYMEX Holdings merger, increases in other state and local taxes, bank fees and litigation settlements, including the CBOE ERP settlement. In 2008, a higher level of general and administrative expenses resulting from our mergers also contributed to an increase in expenses when compared with 2007.

Non-Operating Income (Expense)

				Year-over-Year Change	
(dollars in millions)	**2009**	**2008**	**2007**	**2009-2008**	**2008-2007**
Investment income	$ 28.5	$ 45.5	$ 73.2	(37)%	(38)%
Impairment of long-term investments	(46.0)	(274.5)		(83)	n.m.
Gains (losses) on derivative investments		(8.1)	(0.1)	(100)	n.m.
Securities lending interest income	2.8	38.3	121.5	(93)	(68)
Securities lending interest and other costs	(0.1)	(51.7)	(115.9)	(100)	(55)
Interest and other borrowing costs	(133.9)	(56.5)	(3.6)	137	n.m.
Guarantee of exercise rights privileges	4.3	12.8	(17.2)	(66)	175
Equity in losses of unconsolidated subsidiaries	(6.8)	(31.5)	(14.0)	(79)	125
Other income (expense)	(0.4)	(8.5)		(95)	n.m.
Total Non-Operating	$ (151.6)	$ (334.2)	$ 43.9	(55)	n.m.

n.m. not meaningful

Investment Income. From 2007 to 2009, investment income declined due primarily to decreases in market interest rates throughout 2008 resulting from rate reductions by the Federal Open Market Committee. The decline due to interest rates was partially offset by an increase in the invested portion of clearing firms cash from performance bonds and security deposits.

Annualized average rates of return and average investment balances indicated in the table below include the portion of clearing firms cash performance bonds and security deposits we chose to invest and other short-term investments classified as either cash and cash equivalents or marketable securities in our consolidated balance sheets. The increase in average investment balance for clearing firms cash during 2009, when compared with prior years, was a result of firms choosing to meet a greater proportion of their performance bond requirements with cash instead of securities. The average balance of other short-term investments is a function of anticipated or possible short-term cash needs, prevailing interest rates, our investment policy and alternative investment choices.

				Year-over-Year Change	
(dollars in millions)	**2009**	**2008**	**2007**	**2009-2008**	**2008-2007**
Invested portion of clearing firms cash:					
Annual average rate of return	0.11%	2.03%	4.42%	(1.92)%	(2.39)%
Average investment balance	$ 4,434.4	$ 416.3	$ 273.1	$ 4,018.1	$ 143.2
Change in income due to rate				(85.2)	(9.9)
Change in income due to balance				81.7	6.3
Other short-term investments:					
Annual average rate of return	0.59%	2.87%	4.47%	(2.28)%	(1.60)%
Average investment balance	$ 479.9	$ 1,082.2	$ 1,290.7	$ (602.3)	$ (208.5)
Change in income due to rate				(10.9)	(19.3)
Change in income due to balance				(17.3)	(9.4)

The analysis presented in the table above does not include income (loss) on insurance contracts or gains (losses) on marketable securities related to our non-qualified deferred compensation plans. We recognized $4.5 million, $(8.2) million and $(2.2) million in gains (losses) on marketable securities associated with our deferred compensation plans in 2009, 2008, and 2007, respectively. We exclude the impact of the marketable securities related to our non-qualified deferred compensation plan from this analysis because gains and losses from these securities are offset by an equal amount of compensation and benefits expense.

Dividend income from our investments in BM&FBOVESPA and TMX Group Inc. stock is also excluded from the table above. Dividend income was $15.8 million and $13.3 million in 2009 and 2008, respectively. We did not earn dividend income in 2007.

Impairment of Long-Term Investments. We assess our equity investments for other-than-temporary impairment on a quarterly basis. At December 31, 2009 we determined our investment in DME was impaired due to the excess of our carrying value over the estimated fair value. As a result we recognized an impairment charge of $23.6 million. At September 30, 2009, we determined that our investment in IMAREX was impaired due to an extended and significant decline in the market price of its stock. As a result we recognized an impairment charge of $22.4 million. During 2008 we determined that our investment in BM&FBOVESPA was impaired due to an extended decline in the market price of BM&F stock. As a result we recognized an impairment loss of $274.5 million.

Gains (Losses) on Derivative Investments. The net gain (loss) on derivative investments recognized in 2008 was primarily due to the loss on a put option contract purchased to hedge our risk of changes in the fair value of BM&FBOVESPA stock resulting from foreign currency exchange rate fluctuations between the U.S. dollar and the Brazilian real. We entered into the put option with Lehman Brothers Special Financing Inc. in February 2008 and we terminated the contract in September 2008 when Lehman Brothers Holdings Inc. filed for bankruptcy.

Securities Lending Income and Expense. During 2009, CME s securities lending program remained suspended as the high volatility in the credit markets and extreme demand for U.S. Treasury securities continued. Expenses decreased in 2008, when compared with 2007, due primarily to the curtailment, and at times suspension, of our securities lending program due to increasing volatility in the credit markets and demand for U.S. Treasury securities. This resulted in a decline in the average daily balance of funds invested in 2008 when compared with 2007. The increase in spread between the average rate earned and the average rate paid during 2008 was due to the combination of an increase in demand for U.S. Treasury securities, which affects the rate paid, and a lag effect from changing interest rates in the reinvested cash in money market funds, which affects the rate earned. The decrease in 2008 overall revenue and expense was attributable to the decline in average funds invested as well as the Federal Open Market Committee s interest rate reductions.

				Year-over-Year Change	
(dollars in billions)	**2009**	**2008**	**2007**	**2009-2008**	**2008-2007**
Average daily balance of funds invested	$	$ 0.9	$ 2.3	$ (0.9)	$ (1.4)
Annual average rate earned	%	3.40%	5.27%	(3.40)%	(1.87)%
Annual average rate paid		2.77	5.03	(2.77)	(2.26)
Net earned from securities lending	%	0.63%	0.24%	(0.63)%	0.39%

The table above does not include activity from the NYMEX securities lending program, which closed in June 2009. Under the program, securities lending interest income and expense totaled $2.8 million and $0.4 million, respectively, for 2009. For 2008, securities lending interest income and expense totaled $6.9 million and $1.7 million, respectively. In 2008, we also recognized an impairment loss of $18.3 million on a corporate debt security held in the NYMEX securities lending portfolio.

In addition, securities lending interest expense for 2009 included a $0.3 million recovery of a $6.0 million impairment charge related to the CME securities lending program that was previously recognized in the third quarter of 2008. The table above does not include this recovery or the initial charge.

Interest and Other Borrowing Costs. The increases in interest and other borrowing costs in 2009 and 2008 were due to higher average debt levels outstanding, which were the result of debt issued in August 2008 in conjunction with the NYMEX Holdings merger. These borrowings consisted of commercial paper and short- and long-term notes. Prior to August 2008, borrowings consisted only of commercial paper.

				Year-over-Year Change	
	2009	**2008**	**2007**	**2009-2008**	**2008-2007**
Weighted average borrowings outstanding (in millions)	$ 2,841.8	$ 1,296.1	$ 64.2	$ 1,545.7	$ 1,231.9
Weighted average effective yield	4.23%	3.58%	4.95%	0.65%	(1.37)%
Total cost of borrowing	4.76	4.30	4.98	0.46	(0.68)

Total cost of borrowing includes interest, commitment fees, discount accretion and debt issuance costs. In February 2009, we terminated our revolving bridge facility. Total debt issuance costs recognized for the bridge facility during the first quarter of 2009 were $7.6 million, including $4.6 million of accelerated costs resulting from the facility s termination.

Guarantee of Exercise Right Privileges. Under the terms of our merger with CBOT Holdings, holders that did not elect to sell their ERPs to us were entitled to a minimum guaranteed payment of up to $250,000 upon resolution of the lawsuit between CBOT and CBOE. Our liability under the guarantee, which was recorded at fair value in other liabilities in our consolidated balance sheets, was estimated at $1.2 million and $14.0 million at December 31, 2008 and 2007, respectively. In December 2009, final approval of the settlement occurred and we reduced our liability to zero. Following the resolution of the lawsuit, we also adjusted the value of the 159 ERPs that we hold to the expected settlement value. The liability decreased during 2008 due to a reassessment of possible outcomes of the litigation which resulted in a gain for 2008. The expense in 2007 was due to the establishment of the liability.

Equity in Losses of Unconsolidated Subsidiaries. The termination of our investment in FXMS, our joint venture with Reuters, in the fourth quarter of 2008 contributed to the decrease in losses in 2009 when compared with 2008. In 2008, we recognized losses from our investment in FXMS of $26.5 million including a $15.9

million write off of our recorded investment in FXMS and our portion of the remaining capital needed to wind down operations. Losses in 2009 included our share of losses from our investments in DME, Green Exchange Holdings LLC and OneChicago. The decision to terminate our investment in FXMS resulted in an increase in losses in 2008 when compared with 2007.

Other Non-Operating Expense. The reduction in expenses was attributable to additional expenses in 2008 due to transfer and other transaction fees related to our investment in BM&FBOVESPA in the first quarter of 2008.

Income Tax Provision

The effective tax rate was 42.6% in 2009 compared with 42.7% in 2008 and 39.9% in 2007. In 2009, the rate increased as a result of an additional valuation allowance of $64.4 million related to unrealized capital losses partially offset by a $38.9 million reduction in net deferred tax liabilities related to a New York City tax law change enacted in 2009. In 2008, the rate reflected a $48.3 million charge to record the impact of our new combined state and local tax rate on our existing net deferred tax liabilities, partially offset by a first quarter 2008 Illinois tax law change that resulted in a $38.6 million reduction in net deferred tax liabilities. The increase in rates during 2009 and 2008, when compared with 2007, was due primarily to the state and local tax impact of our merger with NYMEX Holdings in August 2008.

LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements. Until we began our commercial paper program in mid-2007, we historically met our funding requirements with cash generated by our ongoing operations. While our cost structure is primarily fixed in the short term, our sources of operating cash are largely dependent on trading volume levels. We believe that our existing cash, cash equivalents and marketable securities and cash generated from operations will be sufficient to cover our working capital needs, capital expenditures, and other commitments. However, it is possible that we may need to raise additional funds to finance our activities through future public debt offerings or by borrowing money from financial institutions.

Cash will also be required for operating leases and non-cancelable contractual obligations as well as commitments reflected as liabilities in our consolidated balance sheet at December 31, 2009. These commitments are as follows:

(in millions)	Operating Leases	Contractual Obligations	Other Liabilities	Total[a]
Year				
2010	$ 20.0	$ 19.9	$ 39.0	$ 78.9
2011-2012	42.3	20.8		63.1
2013-2014	39.0	8.0		47.0
Thereafter	133.7			