CME Group
A CME/Chicago Board of Trade/NYMEX Company

CME Group's Treasury Complex

CME Group's interest rate products span the entire U.S. dollar-denominated yield curve. Customers can use these products to manage short-, medium- and long-term interest rate risk with products based on U.S. Treasuries, Eurodollars, interest rate swaps and other dollar-related instruments.

CME Group's benchmark U.S. Treasury contracts are actively traded for managing medium and long-term investment risk and provide a wide variety of market participants' around the world with the ability to hedge their interest rate exposure. Futures and options on 2-, 3-, 5- and 10-Year Treasury Notes and 30-Year Treasury Bonds are key tools for those who wish to manage the duration on their portfolio, hedge interest rate risk, take a view on the yield curve or anticipate changes in price volatility.

Volume

The 2009 average daily volume in Treasury futures and options is 1.7 million[1] contracts a day, with more than 90 percent of the futures traded electronically. The availability of U.S. Treasury futures and options on CME Globex further enhances the efficiency of trading these products, providing nearly 24-hour access for users around the world.

Open Interest

June 2009 Treasury futures and options open interest is approximately 4.7 million[2].

Liquidity

CME Group provides the transparency and liquidity customers need to make better trading decisions. The average book depth[3] for Treasury products is as follows:

- 2-Year: 2700
- 3-Year: 300*
- 5-Year: 1400
- 10-Year: 2700
- 30-Year: 400

* 3-Year Treasury futures figures reflect averages since launch on March 23rd, 2009.

Options on Treasury Futures

Options on futures are one of the most versatile risk management products offered by CME Group. We offer an extensive portfolio of options contracts that provide flexibility and access for trading the most widely followed interest rate benchmarks spanning the U.S. dollar-denominated yield curve.

- Total Average Daily Volume for Treasury Options in the second quarter of 2009 is 260k contracts[4]
- CME Group offers a Globex market marker program for Treasury options with 20 participants. This program has contributed to developing liquidity in these electronic markets. Over 25% of Treasury options trade on CME Globex.
- The list of users of Treasury options includes, but is not limited to, mortgage bankers, mortgage servicers, asset managers, hedge funds and proprietary traders.

Innovative Products

Innovation is a hallmark of CME Group. We offer a number of innovative products like implied spreads among the different U.S. Treasury futures, and between U.S. Treasury and CBOT Interest Rate Swap futures. Our implied functionality allows clients to enter and exit yield curve trades and Treasury-over-swap spreads using pre-defined weightings without legging risk. Treasury Inter-Commodity Spreads Average daily volume (total legs) for 2009 continues to grow[5] as more and more clients recognize the opportunity of trading the Treasury curve and swap spreads via Globex implied inter-commodity spreads

In addition, CME Group recently launched a 3-Year U.S. Treasury Note contract in March to address the needs of the changing marketplace. In response to the surge in 3-year Treasury issuance, the contract can also be used for mortgage hedging as well as to hedge FDIC insured corporate debt issued by banks and other financial institutions.

<u>Electronic Trading Platform</u>
CME Globex electronic trading platform is a vast distribution network providing ease of access to market participants. Customers worldwide have access to the platform through more than 1,100 direct connections in more than 86 countries and foreign territories, with new connections being added all the time. Telecommunication hubs in Singapore, London, Amsterdam, Dublin, Milan and Paris help reduce connectivity costs, increase accessibility and deliver faster, more efficient trading.

- Q109 order volume up 18% versus Q108
- Q109 response times reduced by 71% from Q108
- Q109 average futures round trip time down to 7 milliseconds

The CME Globex platform is designed with open architecture that accommodates a wide variety of trading and market data interfaces including 26 Independent Software Vendors (ISVs).

<u>Diverse Customer Base</u>
CME Group's Treasury products are used by a diverse customer base,[6] including proprietary trading firms, banks, investment managers, hedge funds, CTAs, mortgage servicers and originators, insurance companies and other corporations. The diverse universe of participants provides the basis for a vibrant and liquid market.

<u>CME Clearing</u>
CME Clearing reduces counterparty risk. More specifically, CME Clearing:

- Creates capital efficiency of margining by taking into account the entire portfolio of positions at CME Group
- Virtually eliminates credit risk as CME Clearing becomes the buyer to every seller and the seller to every buyer. We guarantee the financial soundness of both parties.
- Eliminates accumulation of debts/losses and transparency is achieved as CME Clearing marks positions to market twice daily and collateral is posted right away by participants
- Helps ensure liquidity; reduce systemic risk.
- Has more than $8 billion in financial safeguards and over 100 years of excellence without a default.
- Has approximately $100B of collateral on deposit

<u>Fee Incentives/Fees</u>
CME Group offers a number of fee incentive programs including a number of international incentives to provide its global customer base with greater access to CME, CBOT and NYMEX products.

Nearly half of all Treasury futures trades are priced between 11 and 12 cents based on January to June data.

Ex-Pit Transactions

To meet the needs of large institutional clients, CME Group offers several types of ex-pit transactions To facilitate the execution of large wholesale block trades.   Block trades and EFRPs (Exchange-For-Related-Positions) are among the transaction types that can be executed outside of the central order books on Globex and open outcry.

7/2009

[1] 2009 Treasury Volume

Total Daily Volume (as of June 30)

Futures and Options

Electronic:	172,005,111
Floor:	37,392,659
Total:	209,397,770

Futures

Electronic:	163,895,698
Floor:	14,436,836
Total:	178,332,534

Options

Electronic:	8,109,413
Floor:	22,955,823
Total:	31,065,236

Average Daily Volume (as of June 30)

Futures and Options

Electronic:	1,387,138
Floor:	301,554
Total:	1,688,692

Futures

Electronic:	1,321,740
Floor:	116,426
Total:	1,438,166

Options

Electronic:	65,398
Floor:	185,128
Total:	250,526

[2] 2009 Treasury Open Interest

Treasury Futures (as of June 30)

2-YR Note: 549,393
3-YR Note: 9,935
5-YR Note: 777,785
10-YR Note: 1,024,645
30-YR Bond: 698,712

Treasury Options (as of June 30)

2-YR Note: 127,647
5-YR Note: 126,484
10-YR Note: 1,095,783
30-YR Bond: 291,041

[3] Average book depth is the average # of contracts at the top five best bids and offers, e.g. if best bid averages 100 contracts and best ask averages 200 contracts, then best bid/ask size = 150

[4] Total Average Daily Volume for Treasury Options in the second quarter of 2009

2-Year Treasury Note: 7,857
5-Year Treasury Note: 21,395
10-Year Treasury Note: 189,132
30-Year Treasury Bond: 41,664

[5] Treasury Inter-Commodity Spreads Average Daily Volume for 2009

Jan: 12,562
Feb: 11,648
Mar: 15,586
Apr: 12,755
May: 17,123
Jun: 23,436

[6] Customer Segmentation Q1 2009 Estimates, for CME and CBOT products only

- 39% - Proprietary trading firms
- 18% - Non-members
- 15% - Proprietary trading of banks or investment banks
- 6% - Top hedge funds
- 22% - Other, including smaller member firms and individual traders