



Terry Duffy Remarks  
Commodity Markets Council

2008 Annual Meeting: Roadmap to Changing Commodity Markets  
Four Seasons Hotel  
1435 Brickell Avenue  
Miami, Florida  
February 7, 2008  
7:30 p.m.

Thank you for that kind introduction. It is my distinct honor and pleasure to have been asked to address the Council tonight.

- This conference has successfully brought together leading participants in the vital commodity markets to discuss the roadmap to change.
- I'd like to spend time tonight to give you a brief overview of the changes in our company, and how CME Group can help you deal with the changes in your markets.

As you know, the Chicago Mercantile Exchange and Chicago Board of Trade merged last July.

- The formation of our new company – CME Group – is certainly advantageous for our customers, as well as for shareholders, the City of Chicago and the financial markets overall.
- We are now able to offer unparalleled opportunities for risk management in a world where economic and geopolitical risks appear to be increasing every day, and where new markets and market participants continue to expand.

To put things into perspective, our merger formed the most diverse exchange with the most liquid markets available anywhere.

- In 2007, our combined volume exceeded 2.8 billion contracts, easily surpassing the prior year's total of 2.2 billion contracts.
- In dollar terms, it represents a number you don't hear very often – more than \$1,000 trillion. By way of comparison, the global GDP is \$61 trillion.

In addition, CME Group operates a world renowned clearing house that guarantees the safety and soundness of every transaction that occurs in our markets.

- Each year, we clear approximately 90 percent of all futures and options contracts traded in the United States.
- And since we are the guarantor of every transaction that happens in our markets, we have to guarantee the performance of nearly three billion contracts – which means facilitating the transfer of – and here is that number again – \$1,000 trillion of risk.
- I'm proud to say that in our 110-year history we have never had a default.

As a result of the merger, our customers now have access to the widest array of benchmark exchange-traded derivatives.

- We offer products based on livestock, agricultural and industrial commodities, equity indexes, foreign exchange, energy and alternative investments such as weather and real estate, as well as the entire U.S. interest rate yield curve.
- Our communications hubs – located in London, Amsterdam, Dublin, Milan, Paris and Singapore – give customers in more than 85 countries access to our electronic trading platform virtually 24 hours a day.
- Essentially, we can deliver the risk management tools that our customers around the world are looking for – when, where and how they want them.

There are many positive aspects of the merger, including the cost savings we will be able to bring to customers of both exchanges.

- Most of these savings come from technology.
- Moving CBOT's products to CME Globex, our electronic trading platform, makes it more cost efficient for firms to access CME Group through one connection.
- There will be additional savings stemming from moving all open outcry activities onto a single trading floor at CBOT.
- For customers who use both CME and CBOT products, a single platform means annual cost savings of approximately \$75 million.
- And that amount is of course in addition to the savings that already take place from using a single clearing facility for all CME and CBOT products.

CME and CBOT have been preparing for this transition since October 2006, when we first announced our merger agreement.

- In keeping with our strong focus on customer service, we have been working to make this transition as seamless as possible.
- Providing superior customer services is our goal, and we want to be the industry leader in terms of providing products, delivering services and being responsive to our customers.
- We encourage customer feedback on our products and services, as your feedback helps us to determine how well we are supporting you.
- As a result, more customers around the world now have greater access to the most liquid markets across all asset classes through Globex.

We are also proceeding with the integration of our trading floors.

- We expect to have our open outcry markets located on a single trading floor at the CBOT starting in second-quarter 2008.
- We are taking a methodical and staged process to integrating the two trading platforms.
- Our priority is to maintain business continuity, retain sightlines and minimize disruptions.

Turning to ags, we remain committed to customer choice.

- In fact, the grain room at the CBOT building will be untouched throughout the build-out now underway; the livestock pits will be in the adjacent trading room.
- During the course of this year, you can also expect more synergies from electronic and open outcry trading for both futures and options on grains.

I hope you will agree that the merger of these two great exchanges comes at a very expeditious time for the commodities industries.

With the marriage of our products and technology, our commitment to commodities is stronger than ever.

- As you know, both the CME and the CBOT were built on a foundation of commodities.
- In 2007, CBOT celebrated the 130-year anniversary of listing corn, wheat and oat futures.

- CME got its start as an egg and butter exchange, later adding livestock and other commodities.
- As I have said, we now have the ability to offer our products almost anywhere in the world, during any time zone.

You can also expect a significant push into the over-the-counter markets.

- Our new ethanol swaps contract is doing very well, with CME Group expecting to provide more services to facilitate OTC trading going forward.

To conclude, economic and geopolitical change is accelerating throughout the world.

- As the result of our merger, we believe we are putting into place the most efficient mechanism to help customers everywhere manage increasing risk.
- Our product development opportunities are bigger and better, meaning greater potential offerings for users across the globe.
- We are expanding our trading hours for commodities, which will add new ways to serve our customers in established as well as emerging markets.
- Bottom line, we are better positioned globally to serve customers exactly when, where and how they want.

Before closing, I would like to reiterate how important the Commodity Markets Council is, given the increasingly important role of commodities in the global economy.

I would also like to congratulate Charlie Carey and the other directors for their commitment and leadership in expanding the Council for the benefit of the entire industry.

Thank you.