

**CME Group Executive Chairman, Terry Duffy
Addresses FIA Chicago
Union League Club
68 West Jackson Boulevard
Chicago, Illinois
February 26, 2008**

[Introduced by Anne Byerwalter, Chicago Division President of FIA]

Thank you, Ann, for that kind introduction. It is my distinct honor and pleasure to have been asked to address FIA Chicago today.

I want to recognize and thank my colleagues from CME Group's Board of Directors and senior members of staff who are here today also.

- I have been asked to give a CME Group update, which I think is appropriate given our merger with the CBOT.
- So I'd like to take this opportunity to give you a brief overview of the changes in our company from my perspective as Executive Chairman, and how CME Group can help you deal with the changes in the 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 dollars. 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.

- This is particularly noteworthy at a time when sub-prime write-offs have cost investment banks and their shareholders approximately \$400 billion in losses.
- To a large extent, these situations have certain common characteristics: they involve opaque markets, subjective valuations of current exposures, a limited bilateral trading model that limits liquidity during times of market stress, and a questionable control environment.
- These problems exist in large part because investment banks traditionally have resisted a more centralized, transparent execution system for these products.

In stark contrast to these well-publicized failures, CME Clearing has operated for more than 100 years without a single default.

- CME Clearing holds approximately \$58 billion of collateral on deposit and moves more than \$2.2 billion per day, with movements of up to \$10 billion on exceptionally volatile days, among market participants.
- We believe that our integrated clearing model has created efficiencies and confidence in our market.
- We have improved market efficiencies, reducing capital, margining and financing costs, as well as exchange trading fees, by hundreds of millions of dollars over the last decade.

Today, we are seeking to provide the benefits of central counterparty clearing services to a significantly wider audience.

- For example, we provide these services in the spot OTC foreign exchange market through FXMarketSpace.
- We also recently introduced cleared interest rate swaps through our Swapstream subsidiary based in London.
- And we provide clearing and cross-margining linkages with other leading exchanges, based in Singapore, China and now Brazil, as well as nearly all other major clearing houses around the world.
- These are all excellent examples of how exchange-owned central counterparty clearing services can enhance trading alternatives and promote efficiency for market users. We believe this best serves the public interest.
- Exchanges like CME Group continually develop and create new products, usually following lengthy and expensive periods of research and development.
- As you know, U.S. derivatives markets are fundamentally different from securities markets. We provide a wide array of risk management products.
- In some cases, our innovations have protectable intellectual property interests.

- In contrast, securities exchanges do little more than provide transaction execution facilities for companies who list their stock for trading.

I touched on our merger earlier but let me once again say that we have a great history of continuous product innovation. Our customers now have access to the widest array of benchmark exchange-traded derivatives in the world.

- 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.

In this effort – unlike domestic stock and options exchanges – we compete directly with non-U.S. futures exchanges.

- On these non-U.S. exchanges, 70 percent of all futures and options contracts traded globally are cleared on or through exchange-owned or controlled clearing facilities.
- Any failure to recognize that fact would create an un-level playing field for the futures exchanges based in the United States.

In addition to strengthening our position in the face of increased overseas competition, there are many positive aspects of our merger, including the cost savings we are able to bring to our customers.

- 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.
- We expect that this will be completed in second-quarter 2008, on target with the timeline we originally laid out.
- For customers who use both CME and CBOT products, being on one electronic platform and one trading floor 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.

In keeping with our strong focus on customer service, we have been working to make this transition as seamless as possible.

As I have said, we now have the ability to offer our exchange traded products almost anywhere in the world, during any time zone.

To conclude, at a time of uncertainty - whether it be economic and geopolitical - we offer a value-driven approach that helps maintain U.S. competitiveness in the financial marketplace.

- As the result of our merger, we believe we are putting into place the most efficient mechanism to help customers globally manage increasing risk.
- This includes our anonymous, flat and open electronic markets and our central counterparty clearing advantages.
- Our product development opportunities are bigger and better, meaning greater potential offerings for users across the globe.
- Bottom line, we are better positioned globally to provide liquidity for customers and meet their needs anytime...anyplace.

In closing, I would like to thank Ann and all the members of FIA for giving me the opportunity to address you today about the new CME Group.

We applaud the work of FIA Chicago in particular, and know that together, we can continue to help our industry navigate the accelerating changes we face going forward.

Thank you