

CME GROUP INC.
Form DEF 14A
March 17, 2008
Table of Contents

OMB APPROVAL
OMB Number: 3235-0059
Expires: January 31, 2008
Estimated average burden
hours per response 14

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. __)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

CME Group Inc

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Edgar Filing: CME GROUP INC. - Form DEF 14A

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

20 South Wacker Drive

Chicago, Illinois 60606

March 17, 2008

Dear Shareholder:

You are cordially invited to attend the 2008 annual meeting of shareholders of CME Group Inc. The meeting will be held at 10:00 a.m., Central Time, on Wednesday, May 7, 2008, at the University of Chicago Gleacher Center, 450 North Cityfront Plaza Drive, Chicago, Illinois.

In addition to topics described in the notice of annual meeting and proxy statement, we will share our progress and there will be an opportunity to ask questions of interest to you as a valued shareholder and customer.

Your vote is very important. We urge you to vote your shares promptly, even if you plan to attend the meeting. You may vote by telephone or over the Internet by following the instructions on the enclosed proxy card or by returning the enclosed proxy card. We look forward to seeing you at the meeting.

Sincerely,

Terrence A. Duffy
Executive Chairman

Craig S. Donohue
Chief Executive Officer

Table of Contents

20 South Wacker Drive

Chicago, Illinois 60606

Notice of Annual Meeting of Shareholders

May 7, 2008

The annual meeting of shareholders of CME Group Inc. will be held at 10:00 a.m., Central Time, on Wednesday, May 7, 2008, at the University of Chicago Gleacher Center, 450 North Cityfront Plaza Drive, Chicago, Illinois, for the following purposes:

1. to elect eight directors that we refer to as Equity Directors;
2. to elect one Class B-1 director and one Class B-2 director;
3. to elect five members of the Class B-1 nominating committee and five members of the Class B-2 nominating committee;
4. to ratify our audit committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for 2008; and
5. to transact any other business that properly comes before the meeting.

You are entitled to notice of and to vote at the annual meeting if you were a shareholder of record of CME Group Inc. Class A or Class B common stock at the close of business on March 10, 2008. There were 54,507,390 shares of our Class A common stock and 3,138 of our Class B common stock issued and outstanding on March 10, 2008. The Company expects to either mail or provide notice and electronic delivery of this notice of annual meeting, proxy statement and 2007 annual report on or about March 24, 2008.

Your vote is important. We urge you to vote your shares promptly, even if you plan to attend the meeting. You may vote over the Internet, by telephone or by returning the enclosed proxy card by mail. Specific instructions on how to vote can be found on the proxy card.

If you wish to vote by telephone or over the Internet and you hold your shares at Computershare, our transfer agent, you may vote until 10:59 p.m., Central Time, on Tuesday, May 6, 2008.

By order of the board of directors,
Kathleen M. Cronin
Managing Director, General Counsel and Corporate
Secretary

March 17, 2008

Chicago, Illinois

Table of Contents

Proxy Statement for the
Annual Meeting of Shareholders of
CME GROUP INC.
To be held on Wednesday, May 7, 2008

Table of Contents	
<u>Frequently Asked Questions Regarding Attendance and Voting Matters</u>	1
<u>Composition of the Board</u>	7
<u>Proposal 1 Election of Equity Directors</u>	7
<u>Proposal 2 Election of Class B Directors</u>	9
<u>Members of our Board Not Standing for Election this Year</u>	10
<u>Corporate Governance</u>	13
<u>Equity Director Nomination Process</u>	16
<u>Meetings of our Board and Board Committees</u>	17
<u>Compensation Discussion and Analysis</u>	19
<u>Executive Compensation</u>	33
<u>Director Compensation</u>	45
<u>Compensation Committee Interlocks and Insider Participation</u>	48
<u>Compensation Committee Report</u>	48
<u>Security Ownership of CME Group Common Stock</u>	49
<u>Proposal 3 Election of Class B Nominating Committees</u>	52
<u>Audit Committee Disclosures</u>	54
<u>Proposal 4 Ratification of our Audit Committee's Appointment of Ernst & Young LLP as our Independent Registered Public Accounting Firm for 2008</u>	57
<u>Other Business</u>	58
<u>Certain Business Relationships with Related Persons</u>	58
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	59
<u>Appendix A Categorical Independence Standards</u>	A-1

Table of Contents

In this proxy statement, we refer to CME Group Inc. as **CME Group** or the **Company**, to Chicago Mercantile Exchange Inc. as **CME**, to CBOT Holdings, Inc. as **CBOT Holdings** and to Board of Trade of the City of Chicago, Inc. as **CBOT**. In connection with our merger with CBOT Holdings, Chicago Mercantile Exchange Holdings Inc. (**CME Holdings**) was the surviving company and its name was changed to CME Group. In this proxy statement, the terms **we**, **us** and **our** refer to CME Group and its subsidiaries.

Frequently Asked Questions Regarding Attendance and Voting Matters

When and where is the annual meeting?

The annual meeting of shareholders of CME Group will be held on Wednesday, May 7, 2008, at 10:00 a.m. Central Time, at the University of Chicago Gleacher Center, 450 North Cityfront Plaza Drive, Chicago, Illinois.

Who can attend the annual meeting?

All holders of Class A and Class B common stock on March 10, 2008, the record date for the annual meeting, are invited to attend the annual meeting. If you attend, you will be asked to present valid picture identification, such as a driver's license or passport. If you are not a shareholder of record, you must bring evidence from your broker that you are a shareholder and are eligible to attend the meeting, such as a letter or account statement from your broker or bank. Shareholders will not be allowed to use cameras, recording devices and other electronic devices at the meeting.

Will the annual meeting be Web cast?

Yes. A live Web cast of the annual meeting will be provided from our Investor Relations section of our Web site www.cmegroup.com. Go to Investor Relations, click on Investor Calendar and then click on listen to Web cast for the CME Group Inc. 2008 Annual Meeting of Shareholders.

How did the merger with CBOT Holdings impact the board of directors?

As a result of our merger with CBOT Holdings, the size of the board of directors increased from 20 to 30 members and was classified into Classes I, II and III. Ten of our 30 directors are former board members of CBOT Holdings and CBOT. Six of our directors continue to be elected by our Class B shareholders.

What proposals are we being asked to vote on?

Holders of all classes of Class A and Class B common stock of CME Group (voting together as a single class) are being asked to vote on the following:

the election of eight directors that we refer to as **Equity Directors**; and

the ratification of our audit committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for 2008.

In addition, holders of Class B-1 and Class B-2 shares are being asked to vote on the election of one director for their respective class. We refer to these directors as the **Class B directors**.

Finally, holders of Class B-1 and Class B-2 shares are being asked to vote on the election of five members of the **Class B nominating committee** for their respective class, each from a slate of ten candidates. We refer to these nominating committee members as the **Class B nominating committee members**.

Table of Contents**Who is entitled to vote?**

You may vote if you owned shares of Class A or Class B common stock of CME Group as of the close of business on March 10, 2008, the record date for the annual meeting. The number of shares outstanding of each of our classes of common stock as of March 10, 2008 was as follows:

Class	Shares Outstanding
Class A	54,507,390
Class B-1	625
Class B-2	813
Class B-3	1,287
Class B-4	413

There were approximately 2,000 holders of record of our Class A common stock and approximately 1,900 holders of record of our Class B common stock on such date.

The following table shows the number of votes each share is entitled to cast on the proposals on which shareholders will vote at the annual meeting:

Proposal	Class A	Class B-1	Class B-2	Class B-3	Class B-4
Election of Equity Directors	1	1	1	1	1
Election of Class B Director	N/A	1	1	N/A	N/A
Election of Class B Nominating Committee Members	N/A	1	1	N/A	N/A
Ratification of Ernst & Young LLP	1	1	1	1	1

In connection with our merger, we issued fractional shares of our Class A common stock to CBOT Holdings shareholders. Holders of fractional shares are entitled to vote their fractional share in proportion to their fractional interest. For example, an individual owning 1,000.75 shares would be entitled to 1,000 votes and ³/₄ of one vote.

How do I vote?

Shareholders of record have three ways to cast their vote:

By phone or via the Internet by calling 1-800-690-6903 or voting electronically over the Internet by going to www.proxyvote.com. You will need to reference the control number on your proxy card when voting by telephone or over the Internet. If you wish to vote by telephone or over the Internet, you may vote until 10:59 p.m., Central Time, on Tuesday, May 6, 2008.

By mail by submitting the proxy card in the envelope provided.

In person by voting your proxy card at the annual meeting.

For holders in street name, your proxy materials include a voting instruction form from the institution holding your shares. The availability of telephone or Internet voting will depend upon the institution's voting processes. You may also vote in person at the annual meeting if you obtain a legal proxy from the institution holding your shares. Please contact the institution holding your shares for more information.

Your vote is important. Whether or not you plan to attend the annual meeting, we urge you to vote your shares by returning the enclosed proxy card and/or voting instruction card in the accompanying envelope or casting your vote by

telephone or over the Internet. Voting by proxy or instruction card will not affect your right to attend the meeting and vote your shares in person. You can save us the expense of a second mailing by voting promptly.

Table of Contents

What is a shareholder of record?

A shareholder of record or registered shareholder is a shareholder whose ownership of CME Group stock is reflected directly on the books and records of our transfer agent, Computershare. If you hold stock through a bank, broker or other intermediary, you hold your shares in street name and are not a shareholder of record. For shares held in street name, the record owner of your shares is your bank, broker or other intermediary. We only have access to ownership records for the registered shares. Therefore, if you are not a registered shareholder, you will need to bring additional documentation to evidence your stock ownership as of the record date, such as, a copy of your brokerage account statement, a letter from your broker, bank or other nominee or a copy of your voting instruction card to be admitted to the annual meeting.

What does it mean if I receive more than one proxy card?

This means that you have multiple accounts holding CME Group shares. Shares with different registrations cannot be combined and as a result, you may receive more than one proxy card. For example, shares held through your broker cannot be combined with shares held at our transfer agent, Computershare. Additionally, our Class B shares are not combined with our Class A shares. Therefore, if you own both Class A and Class B shares you will receive more than one proxy card.

If you receive more than one proxy card, you must vote each card to ensure that all shares you own are voted.

What if I return my proxy card but do not provide voting instructions?

If you sign, date and return the proxy card without indicating your instructions on how to vote your shares, the proxies will vote your shares as follows:

FOR the election of eight directors that we refer to as Equity Directors;

ABSTAIN from voting for Class B directors, if applicable;

ABSTAIN from voting for Class B nominating members, if applicable; and

FOR the ratification of our audit committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for 2008.

If any other matter is presented at the annual meeting, your proxies will vote in accordance with their best judgment. At the time this proxy statement went to press, we knew of no matters to be addressed at the annual meeting beyond those described in this proxy statement.

Can I change my mind after I vote?

For shareholders of record: You may change or revoke your vote by submitting a written notice of revocation directed to the Corporate Secretary, CME Group Inc., 20 South Wacker Drive, Chicago, Illinois 60606 or by submitting another proxy card or by voting at the annual meeting.

For holders in street name: You may change or revoke your voting instructions by following the specific directions provided to you by your bank, broker or intermediary.

Your most recent vote is the one that is counted.

Is my vote confidential?

Edgar Filing: CME GROUP INC. - Form DEF 14A

All proxies, ballots and tabulations that identify the vote of a particular shareholder will be kept confidential, except as necessary to allow the inspectors of election to certify the voting results or to meet legal requirements. Representatives of Broadridge will act as the inspector of election and will count the votes.

Table of Contents

Comments written on proxy cards or ballots may be provided by Broadridge to our Corporate Secretary, Kathleen M. Cronin, with the name and address of the shareholder. Each comment will be provided without reference to the vote of the shareholder, unless the vote is mentioned in the comment or unless disclosure of the vote is necessary in order to understand the comment. At our request, the inspector of election may provide us with a list of shareholders who have not voted and periodic status reports on the aggregate vote. These status reports may include breakdowns of vote totals by different types of shareholders, although it is expected that we will not be able to determine how individual shareholders voted.

How many votes must be present to hold the annual meeting?

In order for us to conduct the meeting, shareholders possessing at least one-third of the votes entitled to be cast on each proposal as of March 10, 2008, must be present or represented by proxy. This is referred to as a quorum.

Proxies marked withhold or abstain and broker non-votes are counted as present for establishing a quorum. A broker non-vote occurs when a broker does not vote on some matter on the proxy card because the broker does not have discretionary voting power for that particular item under the rules of the New York Stock Exchange (the NYSE) and The NASDAQ Global Select Market (the NASDAQ) and has not received instructions from the beneficial owner.

To ensure that there will be a quorum for each of the proposals to be voted on, please vote before the annual meeting, and allow your shares to be represented at the meeting by your proxies. Voting before the annual meeting will not prevent you from voting in person at the meeting. If you vote in person at the meeting, your previous vote will be revoked automatically.

How many votes are needed to approve the various proposals?

Each of the proposals presented at the annual meeting will be considered separately. Assuming that a quorum is present for the particular proposal, the following votes are required to approve each of the proposals:

Proposal 1: Election of Equity Directors: Eight nominees receiving the highest number of FOR votes from all classes of the Company's Class A and Class B common stock present or represented by proxy at the annual meeting voting together as a single class will be elected.

Proposal 2: Election of each Class B director: One Class B-1 nominee and one Class B-2 nominee receiving the highest number of FOR votes in his class from shareholders present or represented by proxy at the annual meeting will be elected as the Class B director for that class.

Proposal 3: Election of each Class B nominating committee: Five nominees receiving the highest number of FOR votes in their class from shareholders present or represented by proxy at the annual meeting will be elected to the Class B nominating committee for that class.

Proposal 4: Ratification of our audit committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for 2008: Must receive a FOR vote from the holders of a majority of the shares of the Company's Class A and Class B common stock present or represented by proxy at the annual meeting voting together as a single class.

Who pays for the solicitation of proxies?

CME Group pays the cost of soliciting proxies. Proxies will be solicited on behalf of the board of directors. This solicitation is being made by mail and over the Internet, but also may be made by telephone or in person. We have hired D.F. King for \$9,000, plus out-of-pocket expenses, to assist in the solicitation. We will reimburse brokerage firms and other custodians, nominees and fiduciaries for their out-of-pocket expenses for sending proxy materials to shareholders and obtaining their vote.

Table of Contents

When are shareholder proposals due for the 2009 annual meeting?

To be considered for inclusion in the 2009 proxy statement, shareholder proposals must be received in writing at our principal executive offices no later than November 23, 2008. You should be aware that your proposal must comply with the Securities and Exchange Commission (SEC) regulations regarding inclusion of shareholder proposals in company-sponsored proxy materials.

Similarly, in order for you to raise a proposal from the floor during next year's meeting, we must receive written notice of the proposals not less than 90 and no more than 120 days prior to the annual meeting. If, however, less than 100 days notice of the meeting date is given to shareholders, notice of the matter to be brought before the annual meeting may be provided to us up to ten business days following the date of the announcement of the annual meeting. Your notice of the proposal must contain the information required under our bylaws.

Shareholder proposals should be sent by mail directed to the Corporate Secretary, CME Group Inc., 20 South Wacker Drive, Chicago, Illinois 60606.

Are there any matters to be voted on at the meeting that are not included in the proxy?

At the time this proxy statement went to press, we knew of no matters to be addressed at the annual meeting beyond those described in this proxy statement. If any other matter is presented at the annual meeting, your proxies will vote in accordance with their best judgment.

Where can I find the voting results of the annual meeting?

We intend to announce preliminary voting results by press release following the annual meeting and will publish final results in our Quarterly Report on Form 10-Q for the quarter ending June 30, 2008.

If I received paper copies of materials, can I receive future proxy materials on-line?

Yes. If you chose this option you will not receive paper copies of the proxy statement and annual report in the mail. Choosing this option will save us printing and mailing costs and may benefit the environment.

If you hold shares in your name (instead of through a broker or other nominee), you can choose this option by following the instructions provided when you vote over the Internet at www.proxyvote.com and, when prompted, indicate that you agree to receive or access shareholder communications electronically. If you hold your shares through a broker or other nominee, you should follow the instructions regarding electronic delivery, if any, provided by your broker or other nominee.

If you choose to receive your proxy materials and annual report electronically, then prior to next year's annual meeting you will receive an e-mail notification when the proxy materials and annual report are available for your on-line review. Your choice for electronic distribution will remain in effect indefinitely, unless you revoke your choice.

Why did I receive a notice by mail without printed copies of the proxy statement and annual report?

As permitted by rules recently adopted by the SEC, we are making this proxy statement and our annual report available to our shareholders electronically via the Internet. On or about March 24, 2008, we mailed a notice containing instructions on how to access this proxy statement and our annual report and vote on-line. If you received a notice by mail, you will not receive a printed copy of the proxy materials in the mail. Instead, the notice instructs you on how to access and review all of the important

Table of Contents

information contained in the proxy statement and annual report. The notice also instructs you on how you may submit your proxy over the Internet. If you received a notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the notice.

Can I get copies of the annual report to shareholders and annual report on Form 10-K?

Yes. Additional copies of the annual report to shareholders, along with copies of our annual report on Form 10-K for the year ended December 31, 2007 (not including documents incorporated by reference), are available 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.

Table of Contents

Composition of the Board

Following our merger with CBOT Holdings, our board is now comprised of 30 directors and is divided into three classes for purposes of election. Each of the classes is comprised of ten directors that will be elected at each annual meeting to serve for a three-year term.

Directors elected at the 2008 annual meeting will hold office for a three-year term expiring at the 2011 annual meeting. Eight Equity Directors will be elected by the Class A and Class B shareholders voting together as a single class. Additionally, as set forth in Proposal 2, the holders of Class B-1 and Class B-2 shares will elect one director each to Class I. Directors in the other two classes that are not up for election this year will continue in office for the remainder of their terms.

Proposal 1 Election of Equity Directors

The nominating committee has nominated the following candidates for election to a three-year term expiring at the annual meeting in 2011. The nominees were evaluated and recommended by the nominating committee in accordance with the process for nominating directors as described on page 16 of this proxy statement. All of the nominees with the exception of Messrs. Bitsberger and Hastert are currently members of our board. References to terms on our board of directors includes service on the board of CME Holdings from its formation in 2001 and service on the board of its wholly-owned subsidiary, CME. Additionally, since the completion of our merger with CBOT Holdings, the board of directors of CBOT has been comprised of the same members as the CME Group and CME boards.

Directors are elected by a plurality of the shares present at the meeting, meaning that director nominees with the most affirmative votes are elected to fill the available seats.

Craig S. Donohue, 46 Mr. Donohue has served as Chief Executive Officer and a member of our board of directors since 2004. Previously, Mr. Donohue was our Executive Vice President and Chief Administrative Officer, Office of the CEO, from 2002 to 2003. Before that, Mr. Donohue held various positions at our organization with increasing responsibility, including Managing Director and Chief Administrative Officer; Managing Director, Business Development and Corporate/Legal Affairs; Senior Vice President and General Counsel; and Vice President of the Division of Market Regulation. Mr. Donohue is chairman of the board of the National Council on Economic Education, a non-profit organization that focuses on improving the economic literacy of students and teachers. He is also a member of the board of directors of the Executives Club of Chicago and the Chicagoland Chamber of Commerce and he serves on the Commodity Futures Trading Commission's Global Markets Advisory Committee.

Timothy S. Bitsberger, 48 Mr. Bitsberger has served as Senior Vice President and Treasurer of Freddie Mac since January 2006. Previously, Mr. Bitsberger was with the U.S. Treasury Department from 2001 to October 2005 serving first as their Deputy Assistant Secretary for federal finance and more recently as the Assistant Secretary for financial markets. He was confirmed by the U.S. Senate as the Assistant Secretary in 2004.

Jackie M. Clegg, 45 Ms. Clegg has served as a member of our board of directors since July 2007. Previously, Ms. Clegg served as a director of CBOT since 2003. She also serves on the board of directors of Blockbuster, Inc., Brookdale Senior Living, Cardiome Pharma Corp. and Javelin Pharmaceuticals. Ms. Clegg is currently the Managing Partner of Clegg International Consultants, LLC, where she focuses on strategic advice and crisis management, especially for businesses with an international interest. Previously, she served as the vice chair of the board of directors and First Vice

Table of Contents

President and prior to that as the Chief Operating Officer of the Export-Import Bank of the United States, the official U.S. export credit agency that assists in financing the export of U.S. goods and services to international markets. During her 20-year career in Washington, D.C., Ms. Clegg has also worked in the U.S. Congress on national security issues, foreign affairs, and international finance and monetary policy.

James A. Donaldson, 63 Mr. Donaldson has served as a member of our board of directors since July 2007. Previously he served as a director of CBOT since 2004. Prior to that, Mr. Donaldson served as a partner of Kelly Grain Company, Executive Vice President and Secretary of Kelly Commodities, Inc. and a broker in the soybean oil pit. He was also at Archer Daniels Midland and Kohlmeyer & Company. He is a veteran of the U.S. Air Force. Mr. Donaldson has been a member of CBOT since 1968 and is an independent trader.

J. Dennis Hastert, 66 Mr. Hastert served as Speaker of the House of Representatives from January 1999 through January 2007. He served 11 terms in Congress and retired from the House of Representatives in November 2007. Prior to his role as Speaker, Mr. Hastert served as Chief Deputy Majority Whip in the 104th Congress and also served as Chairman of the House of Government Reform and Oversight Subcommittee on National Security, International Affairs and Criminal Justice. He also spent the first 16 years of his career teaching government, history and economics at Yorkville High School.

William P. Miller, 52 Mr. Miller has served as a member of our board of directors since 2003. Mr. Miller has served as the Senior Investment Officer, Fund Management for the Ohio Public Employees Retirement System since 2005. Previously he served as Senior Risk Manager for the Abu Dhabi Investment Authority from 2003 to 2005. Mr. Miller was a risk management advisor for the Rockefeller Foundation, a non-profit foundation and an advisor to Africa Global from 2002 to 2003. Mr. Miller is a director of American Axle and Manufacturing and of the BTOP50 Managed Futures family of funds and serves as chairman of their audit committees. He is a member of the Public Company Accounting Oversight Board's Standing Advisory Group, a member of the advisory board for the Kent State University Master of Science in Financial Engineering program and a member of the Investment Risk Committee of the International Association of Financial Engineers. Mr. Miller is a chartered financial analyst and a member of the Institute of Chartered Financial Analysts.

Terry L. Savage, 63 Ms. Savage has served as a member of our board of directors since 2003. Ms. Savage is a financial journalist, author and President of Terry Savage Productions, Ltd., which provides speeches, columns and videos on personal finance for corporate and association meetings, publications and national television programs, and networks, including CNN, NBC and theStreet.com. She was a member of CME from 1975 to 1980. Ms. Savage is a director of the Executives Club of Chicago, Northwestern Memorial (Hospital) Foundation and Junior Achievement of Illinois.

Christopher Stewart, 50 Mr. Stewart has served as a member of our board of directors since July 2007. Previously, Mr. Stewart served as a director of CBOT since 2006. Mr. Stewart has served as Chief Executive Officer of Gelber Group LLC, a clearing member firm, since 2000 and has been employed by Gelber Group since 1983.

Our nominating committee unanimously recommends a vote

FOR the foregoing nominees.

Table of Contents

Proposal 2 Election of Class B Directors

In accordance with our bylaws, our Class B-1, Class B-2 and Class B-3 shareholders have the right to elect six of our directors. At the 2008 annual meeting, Class B-1 shareholders are entitled to elect one director and Class B-2 shareholders are entitled to elect one director, each to a three-year term expiring at the annual meeting in 2011.

Nominee for Class B-1 Director

Bruce F. Johnson, 65 Mr. Johnson has served as a member of our board of directors since 1998 and has been a member of CME for more than 30 years. Mr. Johnson previously served as President, Director and part owner of Packers Trading Company, Inc., a former futures commission merchant and former clearing firm, from 1969 through 2003.

Nominee for Class B-2 Director

Patrick B. Lynch, 42 Mr. Lynch has served as a member of our board of directors since 2002. He served as Treasurer of the board from 2002 until July 2007. He has been a member of CME since 1990 and has been an independent floor trader since 1990.

***Our board is not providing any recommendations as to how
you should vote with respect to the foregoing nominees.***

Table of Contents

Members of our Board Not Standing for Election this Year

Set forth below is information about our board members who are not standing for election at the 2008 annual meeting. References to terms on our board of directors includes service on the board of CME Holdings from its formation in 2001 and service on the board of its wholly-owned subsidiary, CME. Additionally, the board of directors of CBOT is comprised of the same members as the CME Group and CME boards.

Class II Terms Expiring in 2009

Dennis H. Chookaszian, 64 Mr. Chookaszian has served as a member of our board of directors since 2004. Since January 2007, he has served as chairman of the Financial Accounting Standards Advisory Council. From 1999 until 2001, Mr. Chookaszian served as Chairman and Chief Executive Officer of mPower, Inc., a financial advice provider focused on the on-line management of 401(k) plans. Mr. Chookaszian served as Chairman and Chief Executive Officer of CNA Insurance Companies (CNA) from 1992 to 1999. During his 27-year career with CNA, Mr. Chookaszian held several management positions at the business unit and corporate levels, including President and Chief Operating Officer from 1990 to 1992 and Chief Financial Officer from 1975 to 1990. Mr. Chookaszian serves as a director of Career Education Corporation, LoopNet, Inc. and Insweb Corp. Mr. Chookaszian is a registered certified public accountant.

Robert F. Corvino, 50 Mr. Corvino has served as a member of our board of directors since July 2007. Previously, Mr. Corvino served as Vice Chairman of CBOT since 2004. Mr. Corvino is an independent local trader and has been a member of CBOT since 1984.

Larry G. Gerdes, 59 Mr. Gerdes has served as a member of our board of directors since July 2007. Previously, he served as a director of CBOT since 2005. He is President/CEO and Chairman of Transcend Services, Inc., the fourth largest medical transcription company in the United States. Mr. Gerdes is also a general partner of Gerdes Huff Investments. Since 1983, Mr. Gerdes has served as general partner of Sand Hill Financial Company, a venture capital partnership. Mr. Gerdes is a major shareholder and President of Friesland Farms, LLC and a member of the board of directors of Alliance Healthcard, Inc.

Daniel R. Glickman, 63 Mr. Glickman has served as a member of our board of directors since 2001. Since 2004, Mr. Glickman has served as Chairman and Chief Executive Officer of the Motion Picture Association of America, Inc. Mr. Glickman currently serves as a director of the Hain-Celestial Corporation. Mr. Glickman previously served as Director of the Institute of Politics at Harvard University's John F. Kennedy School of Government from 2002 to 2004 and, until 2004, had been a Senior Advisor in the law firm of Akin, Gump, Strauss, Hauer & Feld, where he was a partner from 2001. He also served as U.S. Secretary of Agriculture from 1995 through 2001 and as a member of the U.S. Congress, representing a district in Kansas, from 1977 through 1995.

James E. Oliff, 59 Mr. Oliff has served as a member of our board of directors since 1994 and has been a member of CME for more than 25 years. Mr. Oliff served as our Vice Chairman from 2002 until July 2007 and as our Second Vice Chairman from 1998 until 2002. He previously served on our board from 1982 to 1992. Mr. Oliff has also served as President of FILO Corp., a floor brokerage business, since 1982. Mr. Oliff previously served as Executive Director of International Futures and Options Associates from 1996 to 2005, as President and Chief Executive Officer of FFast Trade U.S., LLC from 2001 to 2005, as Chairman and CEO of FFastFill Inc. from 2003 to 2005 and as FFastFill's Chief Operating Officer from 2001 to 2003. He also served as President of LST Commodities, LLC (an introducing broker) from 1999 until 2002. He currently serves as a member of the board of directors of FFastFill, plc. and the advisory board for the MS Program in Financial Engineering at Kent State University.

Table of Contents

John L. Pietrzak, 52 Mr. Pietrzak has served as a member of our board of directors since July 2007. Previously, Mr. Pietrzak served as a director of CBOT since 2006 and from 1993 to 1995. He also served as a director of The Clearing Corporation (formerly Board of Trade Clearing Corp.) from 2001 to 2004. Mr. Pietrzak has served as Managing Partner of Longwood Partners, a private equity firm, since 2002 and as General Partner of Sparta Group, a proprietary trading group, since 1997.

Alex J. Pollock, 65 Mr. Pollock has served as a member of our board of directors since 2004. Mr. Pollock has served as Resident Fellow of the American Enterprise Institute in Washington, D.C. since 2004 and previously served as President and Chief Executive Officer of the Federal Home Loan Bank of Chicago from 1991 through 2004. He was previously President and CEO of Community Federal Savings. Mr. Pollock serves as a director of Allied Capital Corporation, Great Lakes Higher Education Corporation and the Great Books Foundation.

William G. Salatich, Jr., 56 Mr. Salatich has served as a member of our board of directors since 1997 and has been a member of CME for more than 30 years. Mr. Salatich has been an independent floor broker and trader since 1975.

William R. Shepard, 61 Mr. Shepard has been a member of our board of directors since 1997. Previously he served as our Second Vice Chairman from 2002 to July 2007. He has been a member of CME for more than 30 years. Mr. Shepard is founder and President of Shepard International, Inc., a futures commission merchant.

David J. Wescott, 51 Mr. Wescott has served as a member of our board of directors since 2003. Mr. Wescott has been a member of CME for more than 25 years. He previously served as a director from 1989 through 1996 and has served as President of The Wescott Group Ltd., one of our clearing firms, since 1991, and Managing Partner of the Dowd/Wescott Group since 2006. Dowd/Wescott was acquired by MF Global, one of our clearing firms, in 2007. Mr. Wescott is currently a Vice President with MF Global.

Class III Terms Expiring in 2010

Terrence A. Duffy, 49 Mr. Duffy has served as our Executive Chairman since October 2006 when he became an officer of the Company. Previously he served as Chairman of the board since 2002 and our Vice Chairman from 1998 until 2002. Mr. Duffy has been a member of our board of directors since 1995. He has been President of TDA Trading, Inc. since 1981 and has been a member of CME for more than 25 years. In 2002, he was appointed by President Bush to serve on a National Saver Summit on Retirement Savings. He also was appointed by President Bush and confirmed by the U.S. Senate in 2003 as a member of the Federal Retirement Thrift Investment Board. Mr. Duffy currently serves on the board of directors of World Business Chicago, the board of regents for Mercy Home for Boys and Girls, the board of trustees of Saint Xavier University, the board of directors of the Illinois Agricultural Leadership Foundation and is co-chair of the Mayo Clinic Greater Chicago Leadership Council.

Charles P. Carey, 54 Mr. Carey has served as our Vice Chairman of the board since July 2007. Prior to our merger, Mr. Carey served as Chairman of CBOT since 2003, as First Vice Chairman from 1999 to 2001 and from 1992 to 1994 and as a director of CBOT from 1993 to 1999. Mr. Carey is a partner in the firm Henning and Carey. He has been a member of CBOT since 1978 and was a member of the MidAmerica Commodity Exchange from 1976 to 1978.

Mark E. Cermak, 56 Mr. Cermak has served as a member of our board of directors since July 2007. Previously, Mr. Cermak served as a director of CBOT since 1999. Mr. Cermak is currently Director of Execution Services at Fortis Clearing Americas and President of the William F. O Connor Foundation. Previously, Mr. Cermak served as President, Futures Division at O Connor & Company LLC from 1995 until it was acquired by Fortis Clearing Americas in 2006. Mr. Cermak served in the U.S. Army from 1969 to 1971 and has been a member of CBOT since 1987.

Table of Contents

Martin J. Gepsman, 55 Mr. Gepsman has served as a member of our board of directors since 1994 and served as Secretary of the board from 1998 to July 2007. He has been a member of CME for more than 20 years. Mr. Gepsman has also been an independent floor broker and trader since 1985.

Gary M. Katler, 61 Mr. Katler has served as a member of our board of directors since 1993 and has been a member of CME for more than 15 years. He is currently Vice President of Fortis Clearing Americas. Previously, Mr. Katler served as Vice President of O Connor & Company LLC from 2002 until it was acquired by Fortis Clearing Americas in 2006. Mr. Katler served as Head of the Professional Trading Group of Fimat USA from 2000 to 2002. Prior to that, Mr. Katler served as Senior Vice President of ING Barings Futures and Options Inc.

Leo Melamed, 75 Mr. Melamed has served as a member of our board of directors since 2001 and as our Chairman Emeritus since 1997. He has also previously served on our board during prior periods for more than 30 years. He served as our Senior Policy Advisor from 1997 to 2005. He also served as Secretary of our board from 1967 to 1969, Chairman from 1969 until 1972 and founding Chairman of the International Monetary Market from 1972 until its merger with our exchange in 1976. Upon completion of the merger, Mr. Melamed became the first chairman of the combined institution. Mr. Melamed served as Special Counsel to our board from 1977 until 1991. He has been a member of CME for more than 45 years. From 1993 to 2001, he served as Chairman and Chief Executive Officer of Sakura Dellsher, Inc., a former clearing firm of our exchange, and he currently serves as Chairman and Chief Executive Officer of Melamed & Associates, a global consulting group. He is also a permanent advisor to the National Futures Association and Vice Chairman of Huamei Capital Company, a cross-border financial services company.

Joseph Niciforo, 47 Mr. Niciforo has served as a member of our board of directors since July 2007. Previously he served as a director of CBOT since 2006 and from 1998 to 2001. He is Chairman of Twinfields Capital Management, a global fixed income hedge fund. Prior to that, Mr. Niciforo was Partner and Managing Director U.S. Fixed Income at Tudor Investment Corporation. He is a member of the New York State Bar Association and Fordham Law School National Board of Advisors.

C.C. Odom, II, 65 Mr. Odom has served as a member of our board of directors since July 2007. Previously, he served as a director of CBOT since 2002 and from 1979 to 1982 and as Vice Chairman in 1982. Mr. Odom is founder and sole proprietor of Odom Investments. He is a trader and has been an independent member of CBOT for more than 25 years and was a member of the Chicago Board Options Exchange (CBOE) from 1974 to 1991. Mr. Odom served as chairman of the board at New Orleans Commodity Exchange in 1981 and prior to that as charter director, 1979 to 1980. He served as a firm-delegated member of the New York Stock Exchange from 1971 to 1973, and a Director of the International Precious Metals Institute from 1979 to 1983. Mr. Odom is the founder of CCO Venture Capital, Argent Venture Capital and the co-founder and principal of Frontier Healthcare, LLC. Mr. Odom previously served as a principal of three CBOT clearing member firms and a principal of a CBOE member clearing firm and is the sole proprietor of the Rock n C Ranch.

John F. Sandner, 66 Mr. Sandner has served as a member of our board of directors since 1978 and a member of CME for more than 30 years. He also served as our Special Policy Advisor from 1998 to 2005. Previously, he served as Chairman of our board for 13 years. Mr. Sandner has served as Chairman of E*Trade Futures, LLC since 2003. Mr. Sandner has previously served as President and Chief Executive Officer of RB&H Financial Services, L.P., a futures commission merchant and one of our clearing firms, from 1985 to 2003. RB&H Financial Services, L.P. is now a division of MF Global. Mr. Sandner serves as a consultant to RB&H Financial Services, L.P. Mr. Sandner currently serves on the board of directors of the National Futures Association.

Howard J. Siegel, 51 Mr. Siegel has served as a member of our board of directors since 2000 and has been a member of CME for more than 25 years. Mr. Siegel has been an independent trader since 1977.

Table of Contents

Corporate Governance

We have a long-standing commitment to good corporate governance practices. These practices provide an important framework within which the board and management can pursue our strategic objectives and ensure long-term vitality for the benefit of our shareholders. This section describes key corporate governance practices that we have adopted. Complete copies of our corporate governance materials, including our Corporate Governance Principles, Board of Directors Conflict of Interest Policy, Board of Directors Code of Ethics, Categorical Independence Standards, Employee Code of Conduct and the charters for all our board committees, may be found on our Web site, www.cmegroup.com, in the Investor Relations Corporate Governance section. Copies of these materials are also available free of charge to shareholders upon written request directed to the Corporate Secretary, CME Group Inc., 20 South Wacker Drive, Chicago, Illinois 60606. The board and the governance committee regularly review and modify the corporate governance documents, including the Corporate Governance Principles and committee charters, as warranted. Any modifications are reflected on our Web site. Information made available on our Web site does not constitute a part of this document.

Changes to Our Corporate Governance in Connection with Our Merger with CBOT Holdings

In July 2007, we completed our historic merger with CBOT Holdings. In connection with the merger, we agreed to certain corporate governance practices to guarantee CBOT Holdings shareholders continued representation in the Company following the merger for specified periods of time. The board size was increased from 20 to 30 members. The classification of the board was increased from two classes to three classes comprised of ten directors each for a term of three years. We are also required to include ten directors who were formerly directors on the board of CBOT Holdings or their successors on our board of directors until the 2012 annual meeting (the CBOT directors). At least two of the ten CBOT directors must be non-industry directors. We refer to the 20 directors on our board who were previously members of the CME Holdings board as, the CME Holdings directors. In July 2007, the board approved the appointment of directors Carey, Cermak, Clegg, Corvino, Donaldson, Gerdes, Niciforo, Odom, Pietrzak and Stewart as the CBOT directors. Mr. Carey will serve as our Vice Chairman through the 2010 annual meeting. We also guaranteed CBOT representation on our nominating committee until the 2012 annual meeting and on our executive committee until the 2010 annual meeting.

Director Independence

The experience and diversity of our directors has been, and continues to be, critical to our success. Our Corporate Governance Principles require that the board be comprised of at least a majority of independent directors. Additionally, in accordance with applicable NYSE and NASDAQ listing standards, the members of our audit, compensation, governance and nominating committees must be independent. For a director to be considered independent, the board must affirmatively determine that the director has no direct or indirect material relationship with the Company. The board has adopted categorical independence standards, which are attached to this proxy statement as *Appendix A*, to assist the board in making its determinations regarding independence. These standards conform to and exceed the independence criteria specified in the listing standards of the NYSE and the NASDAQ. They specify the criteria by which the independence of our directors will be determined, including relationships and transactions between each director, any member of his or her immediate family, his or her affiliates, charitable organizations with which he or she is affiliated, and us.

The board believes that all of its non-executive directors act independently of, and effectively monitor and oversee the actions of, management. Based on our Categorical Independence Standards, at its meeting held on January 30, 2008, the governance committee made a preliminary assessment of the independence of the directors and director nominees and based on such assessment made a recommendation to our board regarding the independence of our directors and director nominees. Some of our directors are members of our exchanges, which provides them with access to our open

Table of Contents

outcry trading floors, lower trading fees, the ability to vote on certain matters relating to the operation of our trading floors and, for members of CME, the ability to elect six of our directors. Directors who are members of our exchanges may make payments directly to us or indirectly to us through our clearing firms in connection with their trading activity on an exchange. To ensure that such payments did not exceed the monetary thresholds set forth in the listing standards of the NYSE and the NASDAQ, the governance committee reviewed the directors and their affiliated clearing firms trading activities and relationships with our exchanges as part of its independence determination. The governance committee and the board noted that all payments were made in the ordinary course of our business, were on terms consistent with those prevailing at the time for corresponding transactions by similarly situated unrelated third parties and were not in excess of the applicable payment thresholds. Certain of our board members also lease space at our 141 West Jackson location in Chicago in connection with their trading activities. The governance committee and the board considered whether such transactions would have an impact on the directors independence, noting that the leases are entered into on terms prevalent in the marketplace.

After considering information provided by the directors and director nominees in their annual questionnaires, the payments made to us relating to trading activities of directors and director nominees who are members of an exchange as well as additional information gathered by our Office of the Corporate Secretary, the governance committee recommended and the board determined that each of the following directors and director nominees is independent and has no material relationship with the Company:

Timothy S. Bitsberger
Mark E. Cermak
Dennis H. Chookaszian
Jackie M. Clegg
Robert F. Corvino
James A. Donaldson
Martin J. Gepsman
Larry G. Gerdes
Daniel R. Glickman
Elizabeth Harrington
J. Dennis Hastert
Bruce F. Johnson
Gary M. Katler
Patrick B. Lynch
William P. Miller II
Joseph Niciforo
C.C. Odom, II
James E. Oliff
John L. Pietrzak
Alex J. Pollock
William G. Salatich, Jr.
Terry L. Savage
Myron S. Scholes
William R. Shepard
Howard J. Siegel

In addition, based on its Categorical Independence Standards, the governance committee recommended and the board determined that Mr. Duffy, our Executive Chairman, and Mr. Donohue, our Chief Executive Officer, should not be classified as independent due to their employment with the Company. The board also determined that Mr. Carey should not be classified as independent due to his contractual appointment as Vice Chairman in our bylaws adopted in connection with our merger

Table of Contents

with CBOT Holdings and that Messrs. Melamed and Sandner should not be classified as independent due to their consulting relationships with the Company. Mr. Stewart is Chief Executive Officer of Gelber Group, one of our clearing firms. In 2007, Gelber Group made payments to us for transactions on our exchanges in excess of two percent of Gelber Group's 2007 consolidated gross revenues. Additionally, Mr. Wescott is a Vice President of MF Global, one of our clearing firms. In 2007, MF Global made payments to us for transactions on our exchanges in excess of two percent of MF Global's 2007 consolidated gross revenues. Based on these relationships, the board determined that Messrs. Stewart and Wescott should not be classified as independent.

Executive Sessions

Our Corporate Governance Principles require our independent directors to meet in executive session (without management and non-independent directors) on a quarterly basis. In 2007, the governance committee approved a policy pursuant to which the chairman of the governance committee would chair the board's executive sessions. In the absence of the chairman of the governance committee, another independent director would chair the session. The chair of the executive sessions may, at his or her discretion, invite our Executive Chairman, our Vice Chairman, other non-independent directors or other members of management, including the Chief Executive Officer, to participate in a portion of such executive sessions, as appropriate.

Annual Assessment of Board and Committee Performance

As provided in our Corporate Governance Principles, the board annually reviews its own performance, structure and processes in order to assess how effectively it is functioning. The assessment is implemented and administered by the governance committee through an annual board self-evaluation survey. In addition, the audit, compensation, governance, market regulation oversight and nominating committees each conduct an annual self-assessment. Given the closing of our merger with CBOT Holdings and the reconstitution of our board and its committees in July 2007, the governance committee approved the delay of these assessments to allow sufficient time for the new members to function. We expect these assessments to be conducted in the first half of 2008.

Contacting the Board of Directors

If you would like to contact the board of directors, including a committee of the board or the independent directors as a group, you may send an e-mail to directors@cmegroup.com. You may also communicate with the members of the board by mail addressed to an individual member of the board, the full board, a particular committee or the independent directors as a group directed to the Corporate Secretary, CME Group Inc., 20 South Wacker Drive, Chicago, Illinois 60606.

All communications received will be compiled by the Office of the Secretary and submitted to the governance committee on a quarterly basis or more frequently as appropriate. E-mails received via directors@cmegroup.com are screened for junk commercial e-mail and general solicitations. If a communication does not involve an ordinary business matter as described below and if a particular director is named, the communication will be forwarded to that director.

In order to expedite a response to ordinary business matters, the governance committee has authorized management to receive, research and respond, if appropriate, on behalf of our directors, including a particular director or its non-executive directors, to any communication regarding a product of an exchange or transactions by a clearing firm or a member of an exchange (an ordinary business matter). Any director may review any such communication or response thereto.

Attendance at Annual Meetings

We strongly encourage, but do not require, our directors to attend the annual meeting. Last year, 18 of the 20 directors on the board at that time attended the annual meeting of shareholders.

Table of Contents

Equity Director Nomination Process

Our board seeks directors from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. In selecting candidates, the board endeavors to find individuals of high integrity who have a solid record of accomplishment in their chosen fields and who display the independence of mind and strength of character to effectively represent the best interests of our shareholders. Candidates are selected for their ability to exercise good judgment and to provide practical insights and diverse perspectives. The nominating committee, comprised entirely of directors who are independent under NYSE and NASDAQ listing standards, reviews the qualifications and backgrounds of potential directors and nominates a slate of Equity Director nominees to be nominated for election at the annual meeting of shareholders. In evaluating potential director nominees, the nominating committee will take into consideration, among other factors, whether the nominee:

has the highest professional and personal ethics and values;

is independent of management under our Categorical Independence Standards;

has the relevant expertise and experience required to offer advice and guidance to our Chief Executive Officer;

meets the industry diversity of interest composition requirements set forth in our bylaws;

has the ability to make independent analytical inquiries;

has sufficient time to carry out his or her duties and responsibilities;

is committed to enhancing shareholder value;

would be considered an audit committee financial expert or financially literate, as such terms are defined in applicable rules, regulations and listing standards; and

has an understanding of our business, products, market dynamics and customer base.

The nominating committee solicits candidates from its current directors and, if deemed appropriate, retains, for a fee, recruiting professionals to identify and evaluate candidates. The nominating committee also considers Equity Director nominees recommended by shareholders if the recommendations are submitted in writing, accompanied by a description of the proposed nominee's qualifications and other relevant biographical information and evidence of consent of the proposed nominee to serve as a director if elected. Recommendations should be addressed to the nominating committee, Attention: Corporate Secretary, CME Group Inc., 20 South Wacker Drive, Chicago, Illinois 60606. In considering a shareholder recommendation, the nominating committee may seek input from an independent advisor, legal counsel and/or other directors, as appropriate, and will reach a conclusion using its standard criteria. A copy of our nominating committee's charter is available on our Web site.

In accordance with our amended and restated bylaws adopted in connection with our merger with CBOT Holdings, for the period until our 2012 annual meeting of shareholders, our nominating committee must be comprised of six members consisting of four CME Holdings directors and two CBOT directors. During this period, the nominating committee exercises all power and authority of the board of directors with respect to the designation of persons as the nominees of the board of directors for election to, or designating persons to fill vacancies on, the board of directors as Equity Directors. Additionally, until our 2010 annual meeting, the CME directors on the committee have the right to designate any director to be nominated or elected by the board to replace any CME director (whose term is expiring or has expired or who shall have been removed or become disqualified or who shall have

Edgar Filing: CME GROUP INC. - Form DEF 14A

resigned, retired, died or otherwise failed to continue service as a director of CME Group during such period) and the CBOT directors serving on the committee have the same rights with respect to CBOT directors.

As part of its process for reviewing and recommending the slate of Equity Directors to be elected at the 2008 annual meeting, the nominating committee engaged a search firm to identify potential candidates for Equity Director. Messrs. Bitsberger and Hastert are new nominees to the board of directors and were each identified by a non-management member of our board of directors.

Table of Contents**Meetings of our Board and Board Committees**

Our board held 15 meetings during 2007. The board of directors has nine board committees: audit, compensation, executive, finance, governance, market regulation oversight, marketing and public relations advisory, nominating and strategic steering. In addition to meetings of the full board, directors also attended meetings of board committees on which they serve. Each director attended at least 75% of the board meetings and meetings of the board committees of which he or she was a member during 2007. Our audit, compensation, governance, market regulation oversight and nominating committees consist entirely of independent directors. Following the completion of our merger with CBOT Holdings, the board approved changes to the composition of our committees to include representation of the CBOT directors. Each committee has a written charter that sets forth its responsibilities in more detail. Copies of these charters are available on our Web site.

Audit Committee. The audit committee assists the board in fulfilling its oversight responsibilities with respect to the integrity of our financial statements, our compliance with legal and regulatory requirements, the qualification and independence of our independent registered public accounting firm (our auditors), the performance of our internal audit functions and our auditors and the effectiveness of our internal controls. The committee performs this function by monitoring our financial reporting process and internal controls and by assessing the audit efforts of the auditors and the internal audit department. The committee has ultimate authority and responsibility to appoint, retain, compensate, evaluate, and where appropriate, replace the auditors. Directors Chookaszian (Chairman), Gerdes, Miller and Savage are current members of the committee. In 2007, the committee met 12 times.

The board has determined that Messrs. Chookaszian, Gerdes and Miller qualify as audit committee financial experts in accordance with the applicable rules and regulations of the SEC. The board's conclusion that Mr. Chookaszian has each of the attributes of an audit committee financial expert is based on Mr. Chookaszian's service as Chief Financial Officer of CNA, through his supervision of the Chief Financial Officer when he was Chief Executive Officer of CNA, and through his service as a public accountant. Mr. Chookaszian has been a member of our audit committee since May 2004 and currently serves as chairman of the Financial Accounting Standards Advisory Council. The board's conclusion that Mr. Gerdes has each of the attributes of an audit committee financial expert is based on Mr. Gerdes' service as Chief Financial Officer and through his service overseeing the Chief Financial Officer at a public company for over ten years. The board's conclusion that Mr. Miller has each of the attributes of an audit committee financial expert is primarily based upon Mr. Miller's extensive background and experience in preparing and analyzing financial statements. Mr. Miller has been responsible for preparing and modeling financial statements in accordance with generally accepted accounting principles, which required him to develop and assess financial estimates, accruals and reserves. Mr. Miller was also responsible for the establishment, staffing and management of the internal audit function at Commonfund Group. Mr. Miller served on the audit committee of the New York Futures Exchange, a division of the NYSE, for approximately six years and has been a member of our audit committee since April 2003.

Compensation Committee. The compensation committee assists the board in fulfilling its responsibilities in connection with the compensation of board members, senior management and other employees. It performs this function by establishing and overseeing our compensation programs, approving compensation for our senior management group, recommending to the board the compensation of board members who are not officers of the Company, administering our equity award plans and approving the filing of a Compensation Discussion and Analysis section in accordance with applicable rules and regulations of the SEC for inclusion in our proxy statements. Directors Pollock (Chairman), Cermak, Gepsman, Gerdes, Glickman, Harrington and Shepard are current members of the committee. In 2007, the committee met 12 times.

Table of Contents

Executive Committee. The executive committee exercises the authority of the board when the board is not in session, except in cases where action of the entire board is required by our articles of incorporation, bylaws or applicable law. The committee may also review and provide counsel to management regarding material policies, plans or proposals prior to submission of such items to the board. Directors Duffy (Chairman), Carey, Donohue, Melamed, Niciforo, Odom, Sandner and Shepard are current members. In 2007, the committee met three times.

Finance. In December 2007, the board created a finance committee. The finance committee assists the board in fulfilling its oversight responsibilities with respect to the Company's financial policies, strategies and capital structure. Directors Gerdes (Chairman), Chookaszian, Miller, Oliff, Pietrzak, Pollock and Shepard are current members. The committee did not meet in 2007.

Governance. The governance committee assists the board by making recommendations on the Company's corporate governance practices. The committee reviews and recommends changes to the Company's Corporate Governance Principles and other policies in the area of corporate governance and oversees the Company's compliance & ethics program. Directors Glickman (Chairman), Chookaszian, Clegg, Gerdes, Pollock and Scholes are current members. In 2007, the committee met four times.

Marketing and Public Relations Advisory. The marketing and public relations advisory committee reviews and provides advice regarding marketing, branding, advertising and corporate communications policies and programs. Directors Salatich (Chairman), Harrington, Katler, Sandner, Savage and Siegel are current members. In 2007, the committee met one time.

Market Regulation Oversight. The market regulation oversight committee assists the board with its oversight of matters relating to our operation of two exchanges that are self-regulatory organizations. The committee provides independent oversight of the policies and programs of our market regulation department to ensure effective administration of our self-regulatory responsibilities. Directors Miller (Chairman), Clegg, Pollock, Savage and Scholes are current members. In 2007, the committee met four times.

Nominating. The nominating committee reviews qualifications of potential candidates for Equity Director. In connection with our merger with CBOT Holdings, until our 2012 annual meeting, the committee exercises all power and authority of the board of directors with respect to the designation of persons as the nominees of the board of directors for election to, or designating persons to fill vacancies on, the board of directors. Directors Pollock (Chairman), Cermak, Corvino, Gepsman, Oliff and Siegel are current members. In 2007, the committee met six times.

Strategic Steering. In 2007, the board changed the focus of the board steering committee to focus on the Company's long-term initiatives and renamed it strategic steering. The committee assists and provides guidance to management and the board in fulfilling its responsibilities to oversee our long range direction, corporate strategy and competitive position. The committee analyzes market trends, growth patterns and the impact of innovations that may create opportunity or risk for the Company. The committee reviews and recommends goals and objectives for the Chief Executive Officer and President and the Company's succession plans. Directors Melamed (Chairman), Shepard (Vice-Chairman), Carey, Donohue, Duffy, Gepsman, Niciforo, Oliff, Sandner, Scholes, Shepard and Stewart are current members. In 2007, the committee met 12 times.

Table of Contents

Compensation Discussion and Analysis

Overview

The overall goal of CME Group's compensation philosophy is to have compensation programs that attract, retain and reward the talented executives and employees we need to achieve our business objectives, at an appropriate cost to our shareholders.

Within the board of directors, our compensation committee oversees the compensation program applicable to our senior management. Senior management includes the Named Executive Officers and the other members of our Management Team. Terrence A. Duffy serves as our Executive Chairman and our Management Team is comprised of the following individuals:

Craig S. Donohue, Chief Executive Officer
Phupinder S. Gill, President
Kathleen M. Cronin, Managing Director, General Counsel and Corporate Secretary
Bryan T. Durkin, Managing Director & Chief Operating Officer
Julie Holzrichter, Managing Director, Operations
James R. Krause, Managing Director & Chief Information Officer
James E. Parisi, Managing Director & Chief Financial Officer
Hilda Harris Piell, Managing Director & Chief Human Resources Officer
Richard H. Redding, Managing Director, Products & Services
Kimberly S. Taylor, Managing Director & President, CME Clearing House Division
Kendal Vroman, Managing Director & Chief Corporate Development Officer

Mr. Vroman was appointed to the position of Managing Director & Chief Corporate Development Officer as the successor of John P. Davidson III, who voluntarily resigned on March 10, 2008.

In fulfilling its responsibilities, the committee also oversees certain compensation plans that apply to other employees throughout the organization and makes recommendations relating to compensation of our board members to the full board of directors. This compensation discussion and analysis describes the material elements of compensation for our senior management group. It also provides information on our compensation philosophy, our compensation policies and programs designed to achieve our compensation objectives and the compensation for members of our board of directors.

We are fortunate to have executives with a strong commitment to the long-term success of the Company. In fact, the average tenure of our senior management group is nearly 15 years.

Executive Summary of 2007 Compensation Decisions

In addition to complying with its annual responsibilities relating to executive compensation in 2007, the committee made numerous decisions regarding the Company's compensation programs and practices, including changes made in light of the closing of our merger with CBOT Holdings. The focus of these decisions was to create a compensation program for the combined company that rewarded individual performance (especially in recognition of additional responsibilities employees had undertaken to complete the merger) and remained competitive at an appropriate cost to our shareholders.

During 2007, the committee, among other things, approved:

the overall integration of the compensation and benefit programs of CME Holdings and CBOT Holdings;

grants of restricted stock to employees below the level of the senior management group to recognize performance and leadership during the integration process and to retain key talent;

Table of Contents

enhancements to our broad-based benefit program to include a high-deductible health plan option, employee-paid supplemental and dependent life insurance offerings and enhanced adoption assistance;

a formal severance policy for all employees; and

enhanced long-term disability benefits for officers and certain legacy CBOT employees.

Compensation Objectives and Philosophy

The overall guiding principles in the design of our compensation program are to:

focus on individual and company achievement for the benefit of the Company and its shareholders;

motivate and reward our employees to achieve results in support of our strategic initiatives and to encourage innovation and growth;

attract and retain the best talent through competitive compensation programs and practices; and

manage the costs of our compensation programs and practices while maintaining their competitive nature.

Our compensation program consists of seven basic elements outlined in the following table:

<i>Compensation Component</i>	<i>Purpose</i>	<i>Description</i>	<i>Eligibility</i>
Base pay	Fixed component of pay intended to compensate the employee fairly based upon their job duties and level of responsibility	Fixed cash payments	All employees
Performance-based bonus	Variable component of pay intended to motivate and reward the employee's contribution to achieving the Company's short-term/annual goals	Annual cash award	All employees
Long-term incentives	Variable component of pay intended to motivate and reward the employee's contribution to achieving the Company's long-term objectives and to serve as a retention mechanism	Stock options	Employees at the officer level, employees who achieve three years of service and specially recognized performers below the officer level
		Restricted stock	Senior management group and in special circumstances employees below the level

Table of Contents

<i>Compensation Component</i>	<i>Purpose</i>	<i>Description</i>	<i>Eligibility</i>
Broad-based benefits	Comprehensive health and financial protection programs to support the well being of our employees	Generally includes company paid life, AD&D insurance and disability insurance as well as other benefits with costs shared by the employee or solely at the employee's expense	All employees scheduled to work at least 20 hours per week
Leadership benefits	Limited health and other benefits to recognize leadership level	Deferred compensation plan (ability to defer base salary and annual bonus)	Employees at the officer level
		Group individual disability insurance	Employees at the officer level
		Executive physical	Employees at the officer level
		CME Club membership dues	Employees at the officer level
		Parking	Subset of senior management group
Retirement benefits	Contribution to retirement savings	401(k) match; defined benefit pension plan; make-whole contributions	All employees after meeting applicable service requirement
Severance benefits	Fixed component of pay intended to provide a temporary income source following termination (other than for misconduct) and in the case of a change of control to also provide for continuity of management during that event	Severance Payments	All employees
		Equity award accelerated vesting under our equity plans	All participating employees
		Enhanced severance benefits pursuant to an employment contract	Subset of senior management group

We believe that members of our senior management group who have more responsibility for the performance of the Company should have a greater amount of their pay tied to the performance of the Company. In accordance with this philosophy:

Edgar Filing: CME GROUP INC. - Form DEF 14A

Base salary should decrease as a percentage of overall compensation as employees gain more responsibility with more direct influence over our performance.

Employees in positions that most directly influence performance should have a larger degree of their compensation tied to the Company's performance through increased percentage of overall compensation through equity awards.

Table of Contents

The following are the approximate average percentages of the elements of compensation of the total compensation for our Named Executive Officers for 2007 as set forth in the Summary Compensation Table:

Base Salary	Annual Cash Bonus	Annual Equity
25%	37%	31%

Description of Each Element of Compensation

Base Pay

We target base pay at the 50th percentile of the competitive market relative to each position's duties and level of responsibility. At the beginning of each year the compensation committee reviews the base salaries, in the context of their overall total compensation, of the senior management group. In general, the evaluation of base salaries involves a review of individual factors, such as past and current performance; experience in the position; potential with the Company; level and scope of responsibility; and internal equity how a position compares in scope and responsibility to other positions within the Company. A full discussion of our benchmarking practice is found on pages 27 and 28.

In 2008, the committee approved an increase in Mr. Parisi's base salary from \$325,000 to \$375,000 effective as of January 1, 2008. No other salary increases were made for the Named Executive Officers. This increase of 15% was approved in recognition of Mr. Parisi's performance and the growth and increased complexity of his responsibilities based on recommendations from the Chief Executive Officer and the President.

Bonus

Annual performance awards under our Annual Incentive Plan (the Incentive Plan) are designed to focus the Named Executive Officers and other members of senior management on the accomplishment of specific goals. In support of our philosophy, the performance-based bonus awards under the Incentive Plan only pay out when the pre-determined measures are achieved.

For 2007, the pre-determined goals for our senior management were the achievement of cash earnings combined with the capture of synergies identified in connection with our recent merger with CBOT Holdings. We believe compensating our senior management based on the Company's overall achievement of cash earnings supports our philosophy of pay for performance and the achievement of long-term shareholder value creation. Our board utilizes cash earnings (as well as other metrics) in evaluating the Company's performance. Cash earnings is also the basis for determining dividends to our shareholders.

Our annual cash earnings target is established by the board of directors as part of our annual planning process and is then approved by the compensation committee as the performance metric for our Incentive Plan. We define the degree of difficulty and likelihood of achievement of our cash earnings targets as follows:

Threshold: 20% below the established target.

Target: significant improvement in the Company's operating performance requiring significant achievement on the part of our senior management.

Maximum: superior improvement in the Company's operating performance requiring maximum achievement on the part of our senior management, which has been set at 20% above the established target.

Table of Contents

In 2007, actual cash earnings under our bonus plan was \$615.7 million, which exceeded the target cash earnings of \$506.0 million by more than 21%. Cash earnings for 2007 under the Incentive Plan, including adjustments made in connection with the merger, was defined as:

Net Income

+Depreciation

+ After Tax Stock Based Compensation

+ After Tax Amortization on Purchased Intangibles

- Capital Expenditures

= Cash Earnings

+ After Tax Guarantee Expense Associated with Exercise Right Privileges¹

- After Tax Net Interest Income/Expense

= Annual Incentive Plan Cash Earnings

(1) This expense occurred in connection with the pending class action lawsuit filed by members of the CBOT and represents the estimated value of the guarantee extended to owners of the exercise right privileges as reflected in our consolidated statements of income.

The compensation committee has discretion to make adjustments to the annual cash earnings performance target to reflect positive or negative effects of external events outside the control of our senior management, such as litigation or changes in accounting or taxation standards. Such adjustments may also reflect positive or negative effects of unusual or significant strategic events that are within the control of our senior management that were not contemplated at the time the metric was established and that were undertaken with an expectation of improving our long-term financial performance, such as acquisitions or strategic relationships.

In 2007, following our merger with CBOT Holdings, the committee used this discretion to approve an increased cash earnings target to reflect the operations of the combined company and added an additional performance metric relating to the achievement of synergy savings attributable to the merger. The synergy performance metric applied to all employees with the title of Managing Director and above, including the Named Executive Officers. Satisfaction of the synergy performance metric would not result in increased bonuses, but to the extent pre-established synergy savings targets were not met, bonuses would be decreased, or eliminated completely. The synergy requirement for 2007 was based on the achievement of synergies that could reasonably be captured prior to the end of the year. In 2007, we achieved \$26.2 million in synergy savings which was above the target of \$22.6 million. For 2008, the committee has approved a synergy target using the same approach.

Role of Individual Performance

In determining an individual's bonus, Company performance (cash earnings) and individual performance are weighted differently depending upon the individual's position. We adopted this distinction because we believe that employees at higher levels in the organization can directly affect, and should be more accountable for, the Company's financial performance; thus, we calculate a greater percentage of our officers' bonuses based on Company performance. Individual performance for the Named Executive Officers is taken into consideration in determining actual bonus awards; provided, however, that the bonus awards for these individuals may not be increased above the funding level of the plan driven by the Company's actual cash earnings.

The performance measures and their approximate weighting for the Named Executive Officers are set forth in the table below:

Approximate Weighting of	
Performance Measure	Performance Measure
Corporate Performance (Cash Earnings)	70%
Individual Performance	30%

Table of Contents

During a meeting of the board of directors, the Executive Chairman, Chief Executive Officer and President present their self-evaluations of their annual performance. The board of directors then discusses the evaluations without the presence of the executive. The results of this evaluation are then applied by the compensation committee to determine the compensation for the executives.

Other members of our senior management participate in the Company's Performance Management Process (PMP). Our PMP is designed to evaluate an individual's performance of their key job responsibilities and established annual initiatives. Each individual is awarded an overall performance rating ranging from 1 to 10 with 10 being the highest. Messrs. Donohue and Gill collectively establish the performance ratings for the other members of the Management Team, including Messrs. Davidson and Parisi and present their performance reviews and the overall performance ratings to the compensation committee along with bonus recommendations. For 2007, the compensation committee approved their bonus recommendations without any changes.

2007 Bonus Awards

The committee approved the bonuses for the Named Executive Officers for 2007 based on the Company's achievement of cash earnings and in recognition of the following accomplishments:

the completion of our historic merger with CBOT Holdings;

the achievement of synergies of \$26.2 million, which was in excess of the pre-established target;

growth in product volume and increased revenue from transaction processing services; and

continued globalization of the business.

Our cash earnings for 2007 exceeded the maximum target, which determined the overall funding for the bonus pool at the maximum level. For our Named Executive Officers, except for Mr. Parisi, bonuses may not exceed the funding level. However, the committee has discretion to decrease bonus awards based upon individual performance. As an additional check and balance, the compensation committee may review other performance metrics to ensure that the cash earnings achievement accurately reflects the Company's overall performance. In 2007, the committee reviewed 2007 actual earnings per share and return on equity. Based on this additional review, the committee confirmed that the Company's 2007 cash earnings was an accurate indication of the Company's performance.

The table below shows the payout opportunities and actual bonus payments for 2007 for the Named Executive Officers:

Named Executive Officer	Annual Incentive Plan Target as % of	Annual Incentive Plan Target	Annual Incentive Plan Maximum as	Annual Incentive Plan Maximum	2007 Annual Cash Bonus as % of Base Earnings	2007 Annual Cash Bonus
	Base Earnings		% of Base Earnings			
Craig S. Donohue	100%	\$ 850,000	150%	\$ 1,275,000	150%	\$ 1,275,000
James E. Parisi	75%	243,029	150%	486,058	150%	486,058
Terrence A. Duffy	75%	712,500	150%	1,425,000	150%	1,425,000
Phupinder S. Gill	75%	450,000	150%	900,000	150%	900,000
John P. Davidson III	75%	431,250	150%	862,500	135%	776,250

Equity

Long-term grants of equity are important to reflect an alignment with shareholder value creation and a competitive mix of long- and short-term incentives. Our equity program is designed to reward and encourage the success and contributions of our employees,

including our Named Executive Officers,

Table of Contents

which leads to value creation for the Company and our shareholders. Officers are eligible for annual equity grants. Non-officers are eligible for one-time stock option grants based on length of service and annual discretionary stock option grants based on individual performance.

Forms of Equity Awards

Annual grants provide the Named Executive Officers and other eligible employees with the opportunity for financial rewards when the value of our stock increases. The types of equity awards used in 2007 included:

Stock options granted to 140 officer level employees, including the Named Executive Officers, and 812 employees below officer level who received grants in recognition of superior performance or in recognition of three years of sustained service to the Company.

Restricted stock granted to members of the senior management group as part of their annual equity grant as well as to 181 employees in recognition of their performance in connection with the planning and execution of the integration of the CBOT Holdings business.

Participation by more than 200 employees (members of senior management are not eligible) in our Employee Stock Purchase Plan whereby employees may purchase shares of our Class A common stock at 90% of the fair market value.

Equity Grant Practices

The following is a summary of our equity grant practices and the role of the committee in approving awards:

Our standard granting practice is to grant options and restricted stock that vest equally over a five-year period. Options have a 10-year term. Our philosophy does not allow for repricing or for grants made below market value on the date of grant. In 2007, the committee approved restricted stock grants to certain employees (excluding senior management) in recognition of their work in connection with the merger. These grants vest in full two years after the date of grant. Other special awards may have an alternate vesting schedule, as approved by the compensation committee.

The grant date for our annual equity grants is June 15 or, in the event June 15th is not a business day, the closest business day thereto. At a meeting prior to June 15th, the committee approves the awards for the senior management based upon the target equity opportunities and recommendations from the Chief Executive Officer and President using a formula comprised of a percentage of base salary and a recent closing price. Actual awards are calculated using the closing price on June 15th or the closest business day thereto and the previously approved formula. The committee receives a report of the actual awards at a subsequent meeting.

Employees who are either promoted to an officer or Managing Director position or hired at the officer level receive pro rated grants using their target equity opportunity based on the effective date of the promotion or hiring, as applicable. The grant date for these awards are March 15, September 15 or December 15, or the closest business day thereto, as applicable.

Beginning with the grant date of March 15, 2007, we used the closing price on the date of grant as the exercise price for option awards. Previously, we used the prior day's closing price.

Edgar Filing: CME GROUP INC. - Form DEF 14A

In 2007 and prior years, the committee has on an annual basis delegated authority to the Chief Executive Officer to approve actual annual equity award amounts to officers other than senior management within the equity opportunity guidelines approved by the committee. The Chief Executive Officer reports on the actual awards granted at a subsequent meeting.

Table of Contents

The committee has delegated to a subcommittee the authority to approve sign-on equity awards to new employees as necessary to recruit desired talent.

We do not time equity award grants in coordination with the release of material, non-public information. Equity awards have historically been granted under our Omnibus Stock Plan. In connection with our merger with CBOT Holdings, we assumed its 2005 Long-Term Equity Incentive Plan. Future equity awards may be made under either plan.

Senior Management Equity Opportunities

The target equity opportunities vary by role and leadership level within the Company and are expressed as a percentage of base salary. The compensation committee has discretion to adjust actual grants for our senior management group in a range of 15% above or below target based on individual performance. We believe this feature of the program allows the committee to recognize performance and further evidences our philosophy that pay should be tied to performance. The committee generally does not consider an individual's stock holdings or previous equity awards in its approval process.

For our senior management group, we employ a mix of restricted stock and stock options. These two equity vehicles are used together to achieve the following:

to give senior management an incentive to remain with the Company with grants of restricted stock; and

to provide incentive to create additional long-term shareholder value with grants of stock options.

The target equity mix for the Chief Executive Officer is 85% stock options and 15% restricted stock and the target equity mix for the other members of the senior management group is 75% stock options and 25% restricted stock.

In 2007, the Named Executive Officers received the following equity awards:

Name	Annual Equity Award Target as % of Base Pay	Annual Equity Award Target	Annual Equity Award Maximum as % of Base Pay	Annual Equity Award Maximum	2007 Annual Equity as % of Target	2007 Annual Equity Award
Craig S. Donohue	300%	\$ 2,550,000	345%	\$ 2,932,500	57%	\$ 1,457,020
James E. Parisi	125%	406,250	144%	467,187	110%	446,388
Terrence A. Duffy	175%	1,662,500	201%	1,911,875	100%	1,662,368
Phupinder S. Gill	175%	1,050,000	201%	1,207,500	57%	599,800
John P. Davidson III	125%	718,750	144%	826,562	97%	695,284

In 2007, at the recommendation of Messrs. Donohue and Gill, the committee approved a decrease in their annual equity awards from the target in order to make additional equity awards available to other employees outside of the senior management group.

Table of Contents

Benefits

All eligible employees, including the Named Executive Officers, participate in our benefit programs. We provide health and welfare benefits, including medical and dental coverage, disability insurance benefits based on two-thirds of base pay and life insurance benefits based on three times base pay. In addition employees are eligible to participate in our qualified retirement plans, which consist of our 401(k) Savings Plan, the CME Cash Balance Pension Plan and the CBOT Pension Plan. We plan to merge the CME and CBOT pension plans at the end of 2008.

In addition to the qualified retirement plans, employees whose pay exceeds the compensation limits imposed by the Internal Revenue Service participate in a non-qualified deferred compensation plan which provides for make-whole contributions to employees whose benefits are limited under the qualified plans by these limits. For more information on our deferred compensation plans, see the section below entitled Non-Qualified Deferred Compensation Plans.

Qualified and non-qualified retirement benefits provided to the Named Executive Officers are set forth in the following tables: Pension Benefits and the Non-Qualified Deferred Compensation Plans on pages 38 and 39.

Benchmarking

To ensure that our compensation programs are competitive, we review a number of sources of compensation data. Because no individual company or single group of companies is exactly comparable to CME Group in every respect, when reviewing competitive data, we consider a much broader set of data. We believe that reviewing a combination of subsets of the overall peer groups of published survey compensation data in addition to publicly available compensation data (e.g. proxy statements) from two peer groups provides a valid reference point for the range of pay among companies with whom we compete for executive talent. When reviewing competitive published survey compensation data, we focus on the aggregate data and do not select individual companies for inclusion or exclusion from the samples.

From published sources of compensation survey data sponsored by consulting firms, we generally review the following:

From Towers Perrin

- i Financial services (total sample)
- i Financial services (assets less than \$20 billion)
- i Financial services/commercial banks (assets less than \$50 billion)

From Hewitt Associates

- i Financial services (assets less than \$20 billion)
- i General industry (revenue \$1-\$2.5 billion)
- i Corporate service (revenue \$1-\$2.5 billion)

Table of Contents

In addition, we review publicly available information from two peer groups. The first includes several financial institutions and exchanges. The second includes a broader mix of financial institutions, exchanges and technology and transaction processing companies. Our goal in looking at these peer companies is to arrive at a balanced and representative group of companies, and not necessarily an exhaustive list of all competitors. In choosing these peer companies, we balance a number of factors, including industry focus, size, relative prominence in the industry and the extent to which each company may compete with us for executive talent.

Peer Group A

E*Trade Financial Corporation
 eSpeed, Inc.
 IntercontinentalExchange Holdings Inc.
 International Securities Exchange, Inc.
 Investment Technology Group, Inc.
 Knight Capital Group, Inc.
 MarketAxess Holdings Inc.
 The Nasdaq Stock Market, Inc.
 NYMEX Holdings, Inc.
 NYSE Euronext

Peer Group B

3COM Corp.
 ADC Telecommunications Inc.
 Americredit Corp.
 Broadcom Corp.
 DST Systems Inc.
 E*Trade Financial Corporation
 AG Edwards Inc.
 eSpeed, Inc.
 FISERV Inc.
 Imation Corp.
 International Securities Exchange, Inc.
 Investment Technology Group, Inc.
 Knight Capital Group, Inc.
 Moody's Corp.
 The Nasdaq Stock Market, Inc.
 NVIDIA Corp.
 Piper Jaffray Cos. Inc.
 Sybase Inc.
 TD Ameritrade Holding Corp.
 Tellabs Inc.
 Verisign Inc.
 Waddell & Reed Financial Inc.

Additionally, we may supplement these data sources with others that focus on our specific industry when it is available.

We broadly target total compensation opportunities at the median (50th percentile) of the market, in total and for each component of pay for target performance levels. We do not use the market statistics rigidly, nor do we apply any specific formula to the data. We also review the full range of values around the median, including the 25th and 75th percentiles.

We use the competitive compensation data for several purposes as it relates to the Named Executive Officers and others. We use it to assess the competitiveness of total compensation for individual members of senior management and other officers on an annual basis and we use it to develop and evaluate total compensation programs and guidelines for the senior management and other officers on a more ad hoc basis. When making decisions about senior management pay, we analyze compensation relative to the market median levels, and may make adjustments for market conditions and special considerations as appropriate in the context of our pay for performance philosophy. The compensation committee within its discretion may make alterations to the entire compensation program or to a specific element of the program based on its evaluation of the benchmarking data to generally align it within the 50th percentile and/or to ensure that it is performance based and competitive in nature.

Table of Contents

In 2008, the committee approved a 15% increase in Mr. Parisi's base salary in connection with its review of competitive market data on the compensation for chief financial officers and in light of his performance. No other changes were made to the salaries of the Named Executive Officers or to the Company's compensation practices for our senior management group in 2007 as a result of the committee's review of benchmarking data.

Stock Ownership Guidelines

Members of our senior management group are subject to stock ownership guidelines as follows:

The Chief Executive Officer: a multiple of five times base pay;

The Executive Chairman and the President: a multiple of four times their respective base pay; and

Other members of the Management Team: a multiple of three times their respective base pay.
Each individual has five years from the policy implementation date (November 1, 2006) or the date of hire or promotion, whichever is later, to achieve their ownership guideline.

In addition, the stock ownership guidelines for our non-executive members of the board of directors was increased from ownership of stock valued at \$100,000 to two times the total annual retainer, or \$200