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**G. Davis Capital**

"Investing is not just financial."

**CME Group Inc.**

**Investment Risk:**  
**HIGH**

**Outlook:**  
**POSITIVE**

% Change		
%	1Yr	3Yr
<b>CME</b>	-18	-39
<b>S&amp;P</b>	-30	-24

**CME Beta:** 1.23

Years:	2008	2007	2006			
<b>Rev:</b>	\$2,561B	\$1,756B	\$1,089B	<b>PEG</b>	<b>P/S</b>	<b>P/B</b>
<b>EPS:</b>	\$12.13	\$14.93	\$11.60	<b>1.89</b>	<b>7.04</b>	<b>0.97</b>

<b>DJIA:</b> 8,877.02	<b>NASDAQ:</b> 1,907.81	<b>S&amp;P:</b> 950.77	<b>US\$ Index</b>
<b>Gold:</b> \$946.60	<b>10YrBond:</b> 3.50%	<b>Oil:</b> \$64.36	<b>\$78.92</b>

**Date:** July 22, 2009  
**Time:** 6:00 pm  
**Price:** \$272.40  
**52Wk:** \$155.06-\$440.00  
**PE:** 26.96

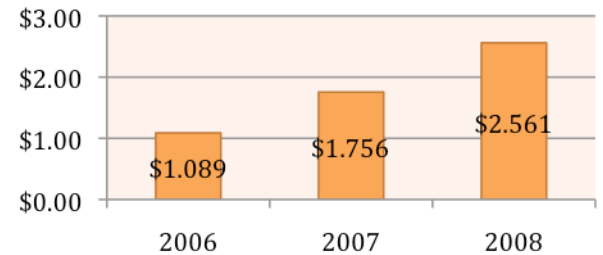
**Company Info**

CME Group Inc. is the holding company over the Chicago Mercantile Exchange, the Chicago Board of Trade and the New York Mercantile Exchange. The primary instruments traded on these exchanges are future contracts and options on futures contracts. The goal is to offer investors the ability to profit from and protect against price changes in financial instruments and commodities like Gold, Wheat, Oil and Treasuries. Both electronic and open outcry methods are used to facilitate trading.

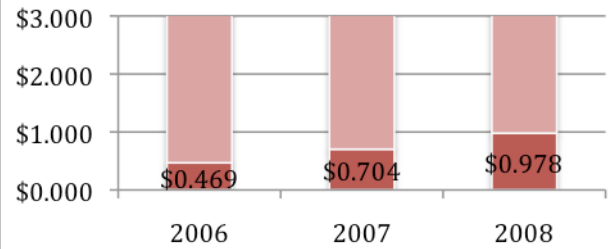
CEO	Pay	Emps	Profit Mgn (ttm)	ROE (ttm)
Terrence A. Duffy	\$1.52M	2,280	24.43%	3.95%

**Operating Drivers (Rev: Trading & Clearing Fees)**

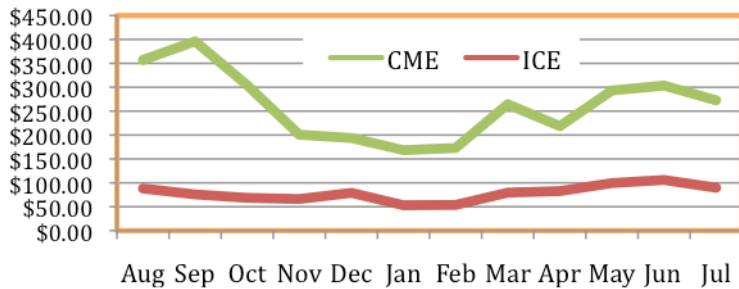
**CME Operating Revenue (B's)**



**CME Operating Expenses (B's)**



**CME Group (CME) vs Intercontinental Ex (ICE)**



\*CME vs. ICE Past 12 Months (Aug 08 – Jul 09)

**News**

- 1<sup>st</sup> Qtr '09 interest rate trading vol decreased significantly with the Fed's zero interest rate policy on short-term rates
- 1<sup>st</sup> Qtr '09 overall trading volume for commodities increased in comparison to 2008 due primarily to addition of NYMEX
- As of the end of Mar '09 CME has 130 clearing firms with two representing 13% and 11% of revenues for the 1<sup>st</sup> Qtr '09

**Strengths**

- Experience operating its clearing house to guarantee trades
- Planning to provide clearing svcs for credit default swaps
- Mark to market positions at least 2x a day
- Trading volumes tend to increase during eco & geo uncertainty
- CME's current P/B below "1" is a strong signal for value

**Weaknesses**

- Unforeseen impact of new regulations from the US Gov't
- Excessive regulation of the credit default swaps market
- "None"
- In 2008 volatility & decoupling reduced customers abilities
- The volatility in the market makes ratios difficult to trust

**Opportunities**

- Satisfy the need for counterparty risk mitigation & clearing svcs
- CME could play a central role in forthcoming regulations
- The desire for companies like Southwest Airlines to control cost

**Threats**

- Competition in trading, transaction process & quotation svcs
- Possible restrictions on trading derivatives from Congress
- Not addressing the needs of businesses limits revenues

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