

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC  
Form DEF 14A  
March 11, 2004

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT SCHEDULE  
14A INFORMATION**

**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

**Chicago Mercantile Exchange Holdings Inc.**

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(Name of Registrant as Specified In Its Charter)

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

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Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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(1) Amount Previously Paid:

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(3) Filing Party:

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(4) Date Filed:

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20 South Wacker Drive

Chicago, Illinois 60606

March 11, 2004

Dear Shareholder:

You are cordially invited to attend the 2004 Annual Meeting of Shareholders of Chicago Mercantile Exchange Holdings Inc. The meeting will be held at 4:00 p.m., Central Time, on Wednesday, April 21, 2004, in the Grand Ballroom of the Hilton Chicago, located at 720 South Michigan Avenue, Chicago, Illinois.

This solicitation is being made on behalf of the Board of Directors of Chicago Mercantile Exchange Holdings Inc. This letter and the accompanying proxy statement, proxy card and Annual Report are first being mailed to shareholders on or about March 11, 2004.

**Your vote is very important. We urge you to vote by signing, dating and mailing the enclosed proxy card before the meeting, even if you plan to attend the meeting. You also may vote by telephone or over the Internet by following the instructions on the enclosed proxy card. We look forward to seeing you at the meeting.**

Sincerely,

Terrence A. Duffy  
Chairman of the Board

Craig S. Donohue  
Chief Executive Officer

20 South Wacker Drive

Chicago, Illinois 60606

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Notice of Annual Meeting of Shareholders

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April 21, 2004

The Annual Meeting of Shareholders of Chicago Mercantile Exchange Holdings Inc. will be held at 4:00 p.m., Central Time, on Wednesday, April 21, 2004, in the Grand Ballroom of the Hilton Chicago, located at 720 South Michigan Avenue, Chicago, Illinois, for the following purposes:

1. to elect seven directors that we refer to as Equity Directors (elected by Class A and Class B shareholders voting together as a single class);
2. to elect two Class B-1 directors and one Class B-2 director;
3. to elect five members of the Class B-1 Nominating Committee, five members of the Class B-2 Nominating Committee and five members of the Class B-3 Nominating Committee;
4. to ratify our Audit Committee's appointment of Ernst & Young LLP as our independent auditors for the 2004 fiscal year; 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 Chicago Mercantile Exchange Holdings Inc. Class A or Class B common stock at the close of business on February 25, 2004.

**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. Specific instructions on how to vote can be found on the proxy card.**

Our proxy tabulator, Computershare Investor Services, must receive any proxy that will not be delivered in person at the Annual Meeting by noon, Central Time, on Wednesday, April 21, 2004 in order for your vote to be counted.

By Order of the Board of Directors,

Kathleen M. Cronin

Managing Director, General Counsel and Corporate Secretary

March 11, 2004

Chicago, Illinois

**CHICAGO MERCANTILE EXCHANGE HOLDINGS INC.**

20 South Wacker Drive

Chicago, Illinois 60606

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Proxy Statement

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**GENERAL INFORMATION**

**When and where is the Annual Meeting?**

The Annual Meeting of Shareholders of Chicago Mercantile Exchange Holdings Inc. will be held on Wednesday, April 21, 2004, at 4:00 p.m., Central Time, in the Grand Ballroom of the Chicago Hilton, located at 720 South Michigan Avenue, Chicago, Illinois. In this proxy statement, we refer to Chicago Mercantile Exchange Holdings Inc. as "CME Holdings" and to Chicago Mercantile Exchange Inc. as "CME". In this proxy statement, the terms "we," "us" and "our" refer to CME Holdings and CME.

All holders of Class A and Class B common stock on February 25, 2004, the record date for the Annual Meeting, are invited to attend the Annual Meeting. If you attend, you may be asked to present valid picture identification, such as a driver's license or passport, and, if you are not a shareholder of record, evidence from your broker that you are a shareholder and are eligible to attend the meeting. Shareholders will not be allowed to use cameras, recording devices and other electronic devices at the meeting.

**What proposals are we being asked to vote on?**

Holders of all classes of Class A and Class B common stock of CME Holdings are being asked to vote on the following:

the election of seven directors that we refer to as "Equity Directors" (elected by Class A and Class B shareholders voting together as a single class); and

the ratification of our Audit Committee's appointment of Ernst & Young LLP as our independent auditors for the 2004 fiscal year.

In addition, holders of Class B-1 shares are being asked to vote on the election of two directors and holders of 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 "Class B Directors."

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Finally, holders of Class B-1, Class B-2 and Class B-3 shares will vote on the election of five members of the Class B Nominating Committee for their respective class, each from a slate of 10 candidates. We refer to these Nominating Committee members as Class B Nominating Committee members.

### **Who is entitled to vote?**

You may vote if you owned shares of Class A or Class B common stock of CME Holdings as of the close of business on February 25, 2004, the record date for the Annual Meeting. The following table shows how many shares of each class of our common stock were outstanding on the record date and the number of votes to which each share is entitled on the proposals on which shareholders will vote at the Annual Meeting:



Class of <u>Common Stock</u>	Number of Outstanding Shares	Election of Equity Directors	Election of		
			Class B Director(s)	Class B	
				Nominating Committee Members	Ratification of Independent Auditors
Class A	9,066,334	1	N/A	N/A	1
Class A-1	5,859,639	1	N/A	N/A	1
Class A-2	5,474,822	1	N/A	N/A	1
Class A-3	6,434,907	1	N/A	N/A	1
Class A-4	6,153,583	1	N/A	N/A	1
Class B-1	625	1	1	1	1
Class B-2	813	1	1	1	1
Class B-3	1,287	1	N/A	1	1
Class B-4	413	1	N/A	N/A	1

### Why is this proxy statement being sent to me?

We sent you these proxy materials because our Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting. This proxy statement summarizes the information you need to vote at the Annual Meeting. On March 11, 2004, we began mailing these proxy materials to all of our holders of record of each class of Class A and Class B common stock, as of the close of business on February 25, 2004.

### How do I vote?

You may vote by proxy or in person at the Annual Meeting. If you want to vote by proxy, please complete, sign and date the enclosed proxy card and return it in the enclosed postage-prepaid envelope. You may also cast your vote by telephone by calling the number on your proxy card or electronically over the Internet by going to the Web site designated on your proxy card. If you plan to attend the meeting and vote in person, we will give you a ballot when you arrive.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order for your shares to be voted. Telephone and Internet voting also will be offered to shareholders owning shares through certain banks and brokers. If your shares are not registered in your own name and you plan to vote your shares in person at the Annual Meeting, you should contact your broker or agent to obtain a broker's proxy card and bring it to the Annual Meeting in order to vote.

If you vote by proxy, the individuals named on the proxy card (your proxies) will vote your shares in the manner you indicate. You may specify whether your shares should be voted for all, some or none of the nominees for Equity Directors and, if applicable, Class B directors or Class B Nominating Committee members, and whether your shares should be voted for or against the ratification of our independent auditors.

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 in the accompanying envelope, casting your vote by telephone or over the Internet. Voting by proxy will not affect your right to attend the meeting and vote your shares in person.

**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 the seven nominees for Equity Directors;

**ABSTAIN** from voting for Class B directors, if applicable;

**ABSTAIN** from voting for Class B Nominating Committee members, if applicable; and

**FOR** the ratification of our Audit Committee's appointment of Ernst & Young LLP as our independent auditors for the 2004 fiscal year.

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?**

Yes, if you attend the Annual Meeting, you may change your vote at any time before the voting closes at the meeting. If you give a proxy, you may revoke it at any time before it is exercised. You may revoke your proxy in the following ways:

You may sign and deliver another proxy with a later date;

You may vote by telephone or over the Internet at a later date;

You may deliver a written revocation to our Corporate Secretary, Kathleen M. Cronin, before the Annual Meeting; or

You may attend the meeting and vote in person.

Your most current vote is the one that is counted. Simply attending the Annual Meeting will not automatically revoke your proxy. You must vote in person at the meeting in order to revoke your proxy. If you do not attend the Annual Meeting, your vote or revocation must be received by our proxy tabulator, Computershare Investor Services, by noon, Central Time, on April 21, 2004 to be counted.

### **Is my vote confidential?**

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 Computershare Investor Services, our transfer agent, will act as the inspectors of election and will count the votes.

Comments written on proxy cards or ballots may be provided by Computershare 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 inspectors 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?**

Your shares will be counted as present at the Annual Meeting if you attend the meeting and vote in person, if you properly return a proxy card or if you vote by telephone or over the Internet. 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 February 25, 2004, must be present. 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 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:

<u>Proposal</u>	<u>Vote Required to Approve</u>
Election of Equity Directors	Seven nominees receiving the highest number of FOR votes from all classes of Class A and Class B common stock, voting together as a single class, will be elected
Election of each Class B director	Two Class B-1 nominees and one Class B-2 nominee receiving the highest number of FOR votes in his or her class will be elected as a Class B director for that class
Election of Class B Nominating Committee members	Five nominees receiving the highest number of FOR votes in their class will be elected to the Class B Nominating Committee for that class
Ratification of Ernst & Young LLP as our independent auditors	Must receive a FOR vote from holders of a majority of the shares present at the Annual Meeting

Under the rules of the New York Stock Exchange ( NYSE ), if you hold your shares through a bank or broker, your broker is permitted to vote your shares on the election of the Equity Director nominees and ratification of Ernst & Young LLP as our independent auditors, even if the broker does not receive instructions from you.

**PROPOSAL 1**

**ELECTION OF DIRECTORS**

Our certificate of incorporation provides that our Board of Directors be composed of 20 members. Our Board of Directors is divided into two classes, Class I and Class II, each of whose members serve for a staggered two-year term. At each Annual Meeting of Shareholders, the term of one class of directors expires, and the shareholders vote at that meeting to elect the directors nominated for that expiring class to hold office for a two-year term.

At this year's Annual Meeting, ten Class I directors will be elected. Seven Equity Directors will be elected by all shareholders voting together as a single class. Additionally, the holders of Class B-1 shares will elect two directors and the holders of Class B-2 shares will elect one director. Other than Mr. Chookaszian, Ms. Harrington and Mr. Pollock, each of the Equity Director nominees presented in this proxy statement is currently a director. If elected, each director's term will last until the 2006 Annual Meeting of Shareholders or until he or she is succeeded by another qualified director who has been elected or appointed by the Board.



**Nominees for Equity Directors**

**(Class A and Class B Shares Voting Together)**

<u>Name and Age</u>	<u>For a Term Expiring</u>	<u>Background</u>
Dennis H. Chookaszian, 60	2006	From November 1999 until February 2001, Mr. Chookaszian served as Chairman and Chief Executive Officer of mPower, Inc., a financial advice provider focused on the management of 401(k) plans online. Mr. Chookaszian served as Chairman and Chief Executive Officer of CNA Financial Corporation ( CNA ) from September 1992 to February 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. He served as chairman of the executive committee of CNA from 1999 to 2001. Mr. Chookaszian is a director of Marshall & Swift, L.P., Sapient Corporation, Career Education Corporation and Insweb Corp. Mr. Chookaszian received certification as a public accountant in 1971.
Martin J. Gepsman, 51	2006	Mr. Gepsman has served as Secretary of CME Holdings board since its formation on August 2, 2001 and of CME s board since 1998, has served as a director of CME since 1994 and has been a member of our exchange for more than 19 years. Mr. Gepsman has also been an independent floor broker and trader since 1985.
Elizabeth Harrington, 61	2006	Ms. Harrington served as a partner with PricewaterhouseCoopers, LLP in its Global Strategy practice from 1995 until her retirement in 2000. She specialized in the consumer and industrial products sectors and the Asian market. Ms. Harrington previously served in senior executive positions responsible for global business expansion and marketing for Pillsbury and Quaker Oats. She also served as a partner at A.T. Kearney and Vice President of the J. Walter Thompson Company. She began her career at Proctor & Gamble. Ms. Harrington has 20 years of experience working in Asian markets and is an advisor to the government of the People s Republic of China on modernizing several major industries, foreign investment and joint ventures.
Leo Melamed, 71	2006	Mr. Melamed has served as an elected director, Chairman Emeritus and Senior Policy Advisor of CME Holdings and CME s boards since April 2002. Mr. Melamed previously served as a non-voting director and Senior Policy Advisor of CME Holdings board since its formation on August 2, 2001 and as Chairman Emeritus, Senior Policy Advisor and a non-voting director of CME. Mr. Melamed previously served as an elected and appointed board member of CME for 26 years. He served as Chairman of CME from 1969 until 1972 and founding Chairman of the International Monetary Market from 1972 until its merger with our exchange in 1977. Mr. Melamed served as Special Counsel to CME s board from 1977 until 1991 and Chairman of our exchange s Executive Committee from 1985 until 1991. He has been a member of our exchange for more than 45 years. From 1993 to 2001, he served as Chairman and Chief Executive Officer of Sakura Dellscher, 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 member of the Commodity Futures Trading Commission s Global Markets Advisory Committee and currently serves on the board of directors of OneChicago, LLC.

<u>Name and Age</u>	<u>For a Term</u> <u>Expiring</u>	<u>Background</u>
Alex J. Pollock, 61	2006	Mr. Pollock has served as President and Chief Executive Officer of the Federal Home Loan Bank of Chicago, an \$85 billion wholesale bank since 1991. Mr. Pollock pioneered the Mortgage Partnership Finance program, which mortgage lenders can use as an alternative to selling their fixed rate home loans to the secondary market and now has over \$87 billion in assets. He was previously President and CEO of Community Federal Savings. Mr. Pollock serves as a director of Allied Capital and Great Lakes Higher Education Corporation.
Myron S. Scholes, 62	2006	Mr. Scholes has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 2000. He is Chairman of Oak Hill Platinum Partners and Managing Partner of Oak Hill Capital Management. Mr. Scholes is the Frank E. Buck Professor of Finance, Emeritus, at Stanford University's Graduate School of Business and a 1997 Nobel Laureate in Economics. He was formerly a limited partner and principal of Long Term Capital Management from 1993 until 1998. Currently, Mr. Scholes is also a director of Dimensional Fund Advisors Mutual Funds, the American Century Mutual Funds and Intelligent Markets.
William R. Shepard, 57	2006	Mr. Shepard has served as Second Vice Chairman of CME Holdings' and CME's boards since April 2002 and as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 1997 and has been a member of our exchange for more than 28 years. Mr. Shepard is founder and President of Shepard International, Inc., a futures commission merchant.

Your proxies will vote for each of the seven nominees for Equity Directors set forth above unless you specifically withhold authority to vote for a particular nominee. We have no reason to believe that any of the nominees listed above will be unable or unwilling to serve if elected. However, if any nominee should become unable or unwilling to serve for any reason, our Board may substitute another nominee upon the recommendation of our Nominating Committee.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE SEVEN EQUITY DIRECTOR NOMINEES DESCRIBED ABOVE.**



**Nominees for Class B-1 Director****(Class B-1 Shares Only)****May Vote For Two of Four Candidates**

<u>Name and Age</u>	<u>For a Term Expiring</u>	<u>Background</u>
Timothy R. Brennan, 62	2006	Mr. Brennan has served as a director of CME Holdings' board since its formation on August 2, 2001, a director of CME's board since 1990 and has been a member of our exchange for more than 26 years. Mr. Brennan has been a floor broker and trader since 1974 and has also served as Vice President of Refco, LLC, one of our clearing firms, since November 2003. Mr. Brennan previously served as Executive Vice President of RB&H Financial Services, L.P., a former member clearing firm, for more than six years. RB&H Financial Services is now a division of Refco, LLC.
Bruce F. Johnson, 61	2006	Mr. Johnson has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 1998 and has been a member of our exchange for more than 30 years. He has been an independent trader since December 19, 2002. Mr. Johnson has served as President, Director and part owner of Packers Trading Company, a former futures commission merchant and former clearing firm, since 1969. He is also a director of Eco Technology Inc., Smoke Rise Ranch Co., River Basin Ranch Co. and Johnson OK LLC.
Howard J. Siegel, 47	2006	Mr. Siegel has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 2000 and has been a member of our exchange for more than 25 years. Mr. Siegel has been an independent trader since 1977.
Scott Slutsky, 47	2006	Mr. Slutsky has been a member of our exchange for more than 26 years. Mr. Slutsky has been an independent floor trader since 1978 and has also served as Senior Vice President and Director of Alaron Trading Corporation, one of our clearing firms, since 2000. Mr. Slutsky previously served as a director of CME from 1989 to 1990. He is the nephew of Mr. Melamed, one of our directors.

**OUR BOARD OF DIRECTORS IS NOT PROVIDING ANY RECOMMENDATION AS TO HOW YOU SHOULD VOTE WITH RESPECT TO THE CLASS B-1 DIRECTOR NOMINEES DESCRIBED ABOVE.**

**Nominees for Class B-2 Director**

**(Class B-2 Shares Only)**

**May Vote For One of Two Candidates**

<u>Name and Age</u>	<u>For a Term Expiring</u>	<u>Background</u>
Patrick B. Lynch, 38	2006	Mr. Lynch has served as Treasurer of CME Holdings and CME's boards since April 2002 and as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 2000. He has been a member of our exchange since 1990 and has been an independent floor trader for more than 12 years.
Ronald A. Pankau, 47	2006	Mr. Pankau has been a member of our exchange for more than 22 years. Mr. Pankau has been an independent floor trader since 1981.

**OUR BOARD OF DIRECTORS IS NOT PROVIDING ANY RECOMMENDATION AS TO HOW YOU SHOULD VOTE WITH RESPECT TO THE CLASS B-2 DIRECTOR NOMINEES DESCRIBED ABOVE.**

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**Members of Our Board Not Standing for Election This Year**

Set forth below is information about our directors who are not standing for election at the Annual Meeting.

<u>Name and Age</u>	<u>Term Expires</u>	<u>Background</u>
Terrence A. Duffy, 45	2005	Mr. Duffy has served as Chairman of CME Holdings' board and CME's boards since April 2002, has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 1995 and has been a member of our exchange for more than 22 years. Mr. Duffy served as Vice Chairman of CME Holdings' board from its formation on August 2, 2001 until April 2002 and of CME's board from 1998 until April 2002. Mr. Duffy has served as President of T.D.A. Trading, Inc. since 1981. Mr. Duffy has also been appointed by President Bush to the Federal Retirement Thrift Investment Board, which appointment was recently confirmed by the U.S. Senate.
Craig S. Donohue, 42	2005	Mr. Donohue has served as director of CME Holdings' board and CME's boards since January 1, 2004. Mr. Donohue has served as Chief Executive Officer of CME Holdings and CME since January 1, 2004. Mr. Donohue served as Executive Vice President and Chief Administrative Officer, Office of the CEO, of CME Holdings and of CME from October 2002 to December 2003. Mr. Donohue previously served as Managing Director and Chief Administrative Officer of CME Holdings from its formation on August 2, 2001 and of CME from April 2001, when his title was changed from Managing Director, Business Development and Corporate/Legal Affairs of CME, which he had held since March 2000. He also previously served as Senior Vice President and General Counsel of CME from October 1998 to March 2000. Prior to that, Mr. Donohue served as Vice President of the Division of Market Regulation from 1997 to 1998 and Vice President and Associate General Counsel from 1995 to 1997. In November 2003, Mr. Donohue was elected to the board of directors of the National Council on Economic Education.
Daniel R. Glickman, 59	2005	Mr. Glickman has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 2001. Since August 5, 2002, Mr. Glickman has served as Director of the Institute of Politics at Harvard University's John F. Kennedy School of Government and has been a Senior Advisor in the law firm of Akin, Gump, Strauss, Hauer & Feld, where he was a Partner from February 2001 to June 2002. Mr. Glickman previously served as U.S. Secretary of Agriculture from March 1995 through January 2001 and as a member of the U.S. Congress, representing a district in Kansas, from January 1977 through January 1995. Mr. Glickman is a director of The Hain Celestial Group, Inc.
Gary M. Katler, 57	2005	Mr. Katler has served as a director of CME Holdings' board since its formation on August 2, 2001 and of CME's board since 1993 and has been a member of our exchange for more than 14 years. He is currently Vice President of O'Connor & Company LLC, one of our clearing firms. Previously, Mr. Katler was Head of the Professional Trading Group of Fimat USA from November 2000 to April 2002. Prior to that, Mr. Katler served as Senior Vice President of ING Barings Futures and Options Inc.

<u>Name and Age</u>	<u>Term Expires</u>	<u>Background</u>
William P. Miller II, 48	2005	Mr. Miller has served as a director of CME Holdings and CME's boards since April 2003. Mr. Miller has been Senior Risk Manager at Abu Dhabi Investment Authority since April 2003. Mr. Miller was a risk management advisor for the Rockefeller Foundation, a non-profit foundation, from June 2002 to April 2003. From September 1996 through May 2002, he served as Senior Vice President and Independent Risk Oversight Officer for Commonfund Group, an investment management firm for educational institutions. Mr. Miller previously served as Director, Trading Operations and Asset Mix Management with General Motors Investment Management Corp. He previously served as a director of CME from 1999 through April 2002. Mr. Miller also serves as a director and chairman of the audit committee of the BTOP50 Index Fund. Mr. Miller is the chairman of the executive committee, End-Users of Derivatives Council for the Association of Financial Professionals, is a member of the Investor Risk Steering Committee for the International Association of Financial Engineers and serves on the Kent State University Masters of Science in Financial Engineering Board. Mr. Miller is also a Chartered Financial Analyst, a member of the Association of Investment Management and Research.
James E. Oliff, 55	2005	Mr. Oliff has served as Vice Chairman of CME Holdings and CME's boards since April 2002, as a director of CME since 1994 and has been a member of our exchange for more than 25 years. Mr. Oliff served as Second Vice Chairman of CME Holdings board from its formation on August 2, 2001 until April 2002 and of CME's board from 1998 until April 2002. He previously served on CME's board from 1982 to 1992. Mr. Oliff has served as President and Chief Executive Officer of FFast Trade U.S., LLC, since December 2001, as Chief Operating Officer of FFastFill Inc., an organization that provides trading and risk management software solutions, since December 2001, as Executive Director of International Futures and Options Associates since 1996 and as President of FILO Corp., a floor brokerage business, since 1982. He also served as President of LST Commodities, LLC, an introducing broker now known as FFast Trade U.S., LLC, from 1999 until January 2002. He currently serves on the board of directors of OneChicago, LLC and is a visiting lecturer in financial market ethics at the Lemberg School of International Finance and Economics at Brandeis University, Waltham, Massachusetts.
William G. Salatch, Jr., 52	2005	Mr. Salatch has served as a director of CME Holdings board since its formation on August 2, 2001 and of CME's board since 1997 and has been a member of our exchange for more than 26 years. Mr. Salatch has been an independent floor broker and trader since 1975.

<u>Name and Age</u>	<u>Term Expires</u>	<u>Background</u>
John F. Sandner, 62	2005	Mr. Sandner has served as Special Policy Advisor and as a director of CME Holdings' board since its formation on August 2, 2001. Mr. Sandner has been Special Policy Advisor to CME since 1998, a member of CME's board since 1978 and a member of our exchange for more than 31 years. Previously, he served as Chairman of CME's board for 13 years. Mr. Sandner has served as Chairman of E*Trade Futures, LLC since July 2003. Mr. Sandner also 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 November 2003. RB&H Financial Services, L.P. is now a division of Refco, LLC. Mr. Sandner serves as a consultant to RB&H Financial Services, L.P. Mr. Sandner currently serves on the board of directors of Click Commerce, Inc. and as a member of that company's audit committee. He also currently serves on the board of directors of the National Futures Association.
Terry L. Savage, 59	2005	Ms. Savage has served as a director of CME Holdings and CME since April 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 PBS. She was a member of our exchange from 1975 to 1980. Ms. Savage is a director of the Executives' Club of Chicago, Northwestern Memorial (Hospital) Foundation, Chicago's Museum of Science and Industry and Junior Achievement of Illinois.
David J. Wescott, 46	2005	Mr. Wescott has served as a director of CME Holdings' and CME's boards since April 2003. Mr. Wescott has been a member of our exchange for more than 21 years. He previously served as a director of CME from 1989 through 1996 and has served as President of The Wescott Group Ltd., one of our clearing firms, since 1991.

**MEETINGS OF OUR BOARD AND BOARD COMMITTEES**

Our Board held 15 meetings during 2003. In addition to meetings of the full Board, some directors also attended meetings of Board committees on which they serve. Each incumbent director attended at least 75% of the Board meetings and meetings of committees of which he or she was a member during the 2003 fiscal year, except for Mr. Scholes. Mr. Scholes attended more than 75% of the meetings of the Board, but attended less than 75% of the meetings of certain committees of which he was a member. The non-management directors also meet periodically in executive sessions without management. The Chairman of the Board, currently Mr. Duffy, presides over these executive sessions. The Board of Directors has nine standing committees: Executive, Audit, Board Steering, Compensation, Electronic Transition, Governance, Marketing and Public Relations Advisory, Nominating and Strategic Implementation. Set forth below is a brief summary of each committee, its members and the number of meetings it held during 2003. As of December 31, 2003, Mr. McNulty resigned from our Board and its committees. To fill the vacancy created by Mr. McNulty's resignation, the Board appointed Mr. Donohue to the Board and its Board Steering, Executive and Strategic Implementation committees effective as of January 1, 2004.

<u>Name of Committee and Members</u>	<u>Committee Functions</u>	<u>Number of Meetings During 2003</u>
<b><u>Executive</u></b>		
Terrence A. Duffy, <i>Chairman</i>	Leo Melamed	2
Martin J. Gepsman	James E. Oliff	
Patrick B. Lynch	John F. Sandner	
James J. McNulty	William R. Shepard	
<b><u>Audit</u></b>		
Patrick B. Lynch, <i>Chairman</i>	John F. Sandner	14
William P. Miller II	Terry L. Savage	
	Reviews the quarterly and annual financial statements and audit results and reports, including management comments and recommendations.	
	Reviews the results and scope of audits and other services provided by our independent auditors.	
	Reviews accounting and internal control procedures and policies.	
	Reviews risk exposure of actual or threatened litigation.	
	Reviews significant accounting policies, estimates, audit adjustments and other matters as required.	
	Reviews the audit efforts of our independent auditors and internal audit department.	

<u>Name of Committee and Members</u>	<u>Committee Functions</u>	<u>Number of Meetings During 2003</u>
<b>Audit (con t.)</b>	Reviews and approves any non-audit services by our independent auditors in accordance with our Audit and Non-Audit Services Policy.	
	Reviews complaints regarding accounting, internal controls or auditing matters.	

*Audit Committee Financial Expert*

The Board has determined that Mr. Miller qualifies as an audit committee financial expert in accordance with the applicable rules and regulations of the Securities and Exchange Commission ( SEC ) and is independent in accordance with the listing standards of the NYSE. 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.

**Board Steering**

Leo Melamed, <i>Chairman</i>	James J. McNulty	Reviews management recommendations regarding strategic, business, legislative and regulatory policy determinations.	45
Terrence A. Duffy	John D. Newhouse		
Martin J. Gepsman	James E. Oliff		
Scott Gordon	John F. Sandner	Reviews goals and priorities for the Chief Executive Officer and our President and Chief Operating Officer.	
Patrick B. Lynch	William R. Shepard		

**Compensation**

William R. Shepard, <i>Chairman</i>	Daniel R. Glickman	Recommends compensation for officers, determines employee compensation policy, oversees the design and administration of our incentive compensation and employee benefit plans and monitors performance against previously established objectives.	14
Martin J. Gepsman	William G. Salatich, Jr.	Recommends compensation arrangements for members, officers and advisors of the Board.	

<u>Name of Committee and Members</u>	<u>Committee Functions</u>	<u>Number of Meetings During 2003</u>
<u>Electronic Transition</u>		