

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC  
Form DEF 14A  
March 10, 2006

**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)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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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 transaction applies:

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

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(3) Per unit price or other underlying value of 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):

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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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

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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 10, 2006

Dear Shareholder:

You are cordially invited to attend the 2006 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 26, 2006, in the Grand Ballroom of the Swissotel, located at 323 East Wacker Drive, 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 15, 2006.

**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 26, 2006**

The Annual Meeting of Shareholders of Chicago Mercantile Exchange Holdings Inc. will be held at 4:00 p.m., Central Time, on Wednesday, April 26, 2006, in the Grand Ballroom of the Swissotel, located at 323 East Wacker Drive, Chicago, Illinois, for the following purposes:

1. to elect seven directors that we refer to as Equity Directors;
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 registered public accounting firm for the 2006 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 Wednesday, March 1, 2006.

**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 26, 2006 in order for your vote to be counted. In addition, if you wish to vote by telephone or over the Internet, you may vote until 1:00 a.m. on Wednesday, April 26, 2006.

By Order of the Board of Directors,

Kathleen M. Cronin

Managing Director, General Counsel and Corporate Secretary

March 10, 2006

Chicago, Illinois

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**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 26, 2006, at 4:00 p.m., Central Time, in the Grand Ballroom of the Swissotel, located at 323 East Wacker Drive, Chicago, Illinois. In this proxy statement, we refer to Chicago Mercantile Exchange Holdings Inc. as "CME Holdings" or the "Company" and to Chicago Mercantile Exchange Inc. as "CME". In this proxy statement, the terms "we," "us" and "our" refer to CME Holdings and its subsidiaries.

All holders of Class A and Class B common stock on March 1, 2006, 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, 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, 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.

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

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

the election of seven 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 the 2006 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. We refer to these directors as the "Class B directors."

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 ten candidates. We refer to these nominating committee members as the "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 March 1, 2006, the record date for the Annual Meeting. The number of shares outstanding of each of our classes of common stock as of February 17, 2006 was as follows:

**Class**

**Shares Outstanding**

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Class A	34,595,042
Class B-1	625
Class B-2	813
Class B-3	1,287
Class B-4	413

The following table shows the number of votes to which 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(s)	N/A	1	1	N/A	N/A
Election of Class B Nominating Committee Members	N/A	1	1	1	N/A
Ratification of Ernst & Young LLP	1	1	1	1	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 or about March 15, 2006, 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 March 1, 2006.

#### 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 must 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 Director and, if applicable, Class B directors or Class B Nominating Committee members and the ratification of our independent registered public accounting firm.

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 or 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. You can save us the expense of a second mailing by voting promptly.

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 26, 2006 in order for your vote to be counted. In addition, if you wish to vote by telephone or over the Internet, you may vote until 1:00 a.m., Central Time, on Wednesday, April 26, 2006.

**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 registered public accounting firm for the 2006 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 submit a revocation at a later date; or

You may attend the meeting and vote in person.

Your most recent 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 26, 2006 to be effective. If you wish to vote by telephone or over the Internet, your vote must be made before 1:00 a.m. on Wednesday, April 26, 2006.

**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 March 1, 2006, 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 under the rules of the New York Stock Exchange (the NYSE) and The Nasdaq National Market, Inc. (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:** Seven Equity Director 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:** Two Class B-1 nominees 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 a 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 Ernst & Young LLP as our Independent Registered Public Accounting Firm:** 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.

If you hold your Class A shares through a bank or broker, your broker is permitted to vote such shares on the election of the Equity Director nominees and the ratification of Ernst & Young LLP as our independent registered public accounting firm, even if the broker does not receive instructions from you.

**PROPOSAL 1**

**Election of Equity 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, as set forth in Proposal 2, the holders of Class B-1 shares will elect two directors and the holders of Class B-2 shares will elect one director. Each of the nominees presented in this proxy statement is currently a director. If elected, each director's term will last until the 2008 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)**

<b>Name and Age</b>	<b>For a Term Expiring</b>	<b>Background</b>
Dennis H. Chookaszian, 62	2008	Mr. Chookaszian has served as a director of CME Holdings and CME since April 2004. 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 Insurance Companies ( "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 Sapient Corporation, Career Education Corporation and Insweb Corp. Mr. Chookaszian received certification as a public accountant in 1971.
Martin J. Gepsman, 53	2008	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 20 years. Mr. Gepsman has also been an independent broker and trader since 1985.

Name and Age	For a Term Expiring	Background
Elizabeth Harrington, 63	2008	Ms. Harrington has served as a director of CME Holdings and CME since April 2004. Ms. Harrington has served as President and CEO of E. Harrington Global since October 2002. Previously, Ms. Harrington served as a partner with PricewaterhouseCoopers, LLP in its Global Strategy and China practices from 1995 until her retirement in 2002. 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 Procter & Gamble. Ms. Harrington has 20 years of experience working in the Asian market and is an advisor to the government of the People's Republic of China on modernizing several major industries, foreign investment and global development.
Leo Melamed, 73	2008	Mr. Melamed has served as director, Chairman Emeritus of CME Holdings' board since its formation on August 2, 2001. Mr. Melamed has served as a director of CME for more than 30 years as both a voting and non-voting director and in 1997 was appointed as Chairman Emeritus and Senior Policy Advisor. He served as Senior Policy Advisor to CME's Holdings' board from its formation to November 2005 and to CME's board from 1997 to November 2005. He served as director and Secretary of CME's 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 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 Technology Advisory Committee and a special advisor to the National Futures Association.
Alex J. Pollock, 63	2008	Mr. Pollock has served as a director of CME Holdings and CME since April 2004. Mr. Pollock has served as Resident Fellow of the American Enterprise Institute in Washington, D.C. since July 2004, and previously served as President and Chief Executive Officer of the Federal Home Loan Bank of Chicago from 1991 through June 2004. He was previously President and CEO of Community Federal Savings. Mr. Pollock serves as a director of Allied Capital Corporation and Great Lakes Higher Education Corporation.

Name and Age	For a Term Expiring	Background
Myron S. Scholes, 64	2008	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. Mr. Scholes is also a director of Dimensional Fund Advisors Mutual Funds, the American Century Mutual Funds and Intelligent Markets.
William R. Shepard, 59	2008	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 30 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 Director 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.***

**PROPOSAL 2**

**Election of Class B Directors**

**Nominees for Class B-1 Director**

**(Class B-1 Shares Only)**

<b>Name and Age</b>	<b>For a Term Expiring</b>	<b>Background</b>
Bruce F. Johnson, 63	2008	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 2002. Mr. Johnson previously served as President, Director and part owner of Packers Trading Company, a former futures commission merchant and former clearing firm, from 1969 through December 2003.
Howard J. Siegel, 49	2008	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.

***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)**

<b>Name and Age</b>	<b>For a Term Expiring</b>	<b>Background</b>
Patrick B. Lynch, 40	2008	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 and an independent trader for more than 15 years.

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

Name and Age	Term Expires	Background
Terrence A. Duffy, 47	2007	Mr. Duffy has served as Chairman of CME Holdings' 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 20 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 confirmed by the U.S. Senate.
Craig S. Donohue, 44	2007	Mr. Donohue has served as a director of CME Holdings' and CME's boards since January 2004. Mr. Donohue has served as Chief Executive Officer since January 2004. Mr. Donohue served as Managing Director and Chief Administrative Officer, Office of the CEO, 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. Mr. Donohue serves as a member of the Commodity Futures Trading Commission's Global Market Advisory Committee. He also serves as Vice Chairman of the National Council on Economic Education and as a member of the boards of directors of the Executives Club of Chicago and the Chicagoland Chamber of Commerce.
Daniel R. Glickman, 61	2007	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 September 2004, Mr. Glickman has served as President, Chairman and Chief Executive Officer of the Motion Picture Association of America, Inc. Until September 2004, Mr. Glickman served as 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 served as Director of the Institute of Politics at Harvard University's John F. Kennedy School of Government from August 2002 through August 2004. Mr. Glickman also 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. and America's Second Harvest.

Name and Age	Term Expires	Background
Gary M. Katler, 59	2007	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 15 years. He is currently Vice President of O'Connor & Company L.L.C., 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.
William P. Miller II, 50	2007	Mr. Miller has served as a director of CME Holdings' and CME's boards since April 2003. Mr. Miller serves as the Senior Investment Officer, Fund Management for the Ohio Public Employees Retirement System. Mr. Miller served as Senior Risk Manager at Abu Dhabi Investment Authority from April 2003 to September 2005. 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 of American Axle and Manufacturing, as director and chairman of the audit committee of the BTOP50 Index Fund and as a director of the Dubai International Financial Exchange. Mr. Miller is also a member of Financial Accounting Standards Board's User Advisory Council and serves as the chairman of the executive committee, End-Users of Derivatives Council for the Association of Financial Professionals. Mr. Miller 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 Program in Financial Engineering Board. Mr. Miller is also a chartered financial analyst and a member of the Association of Investment Management and Research.
James E. Oliff, 57	2007	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 served as President and Chief Executive Officer of FFast Trade U.S., LLC from December 2001 to February 2005, as Chairman and CEO of FFastFill Inc., an organization that provides trading and risk management software solutions, from June 2003 to February 2005 and as its Chief



Name and Age	Term Expires	Background
		Operating Officer from December 2001 to June 2003. Mr. Oliff also served as Executive Director of International Futures and Options Associates from 1996 to July 2005 and as President of LST Commodities, LLC, an introducing broker, from 1999 until January 2002. Mr. Oliff has served as President of FILO Corp., a floor brokerage business, since 1982. Mr. Oliff currently serves on the Advisory Board for the Masters of Science Program in Financial Engineering at Kent State University and as Deputy Chairman of FFastFill, plc.
William G. Salatch, Jr., 54	2007	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 30 years. Mr. Salatch has been an independent broker and trader since 1975.
John F. Sandner, 64	2007	Mr. Sandner has served as a director of CME Holdings board since its formation on August 2, 2001. Mr. Sandner has been a member of CME's board since 1978 and a member of our exchange for more than 30 years. He also served as Special Policy Advisor to CME Holdings board from August 2001 to October 2005 and to CME's board from January 1998 to October 2005. 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 Man Financial Inc., one of our clearing firms. Mr. Sandner currently serves on the board of directors of Click Commerce, Inc. and as a member of that company's audit committee.
Terry L. Savage, 61	2007	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.
David J. Wescott, 48	2007	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 20 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.

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**MEETINGS OF OUR BOARD AND BOARD COMMITTEES**

Our Board held ten meetings during 2005. The Board of Directors has eight Board committees: Audit, Board Steering, Compensation, Executive, Governance, Market Regulation Oversight, Marketing and Public Relations Advisory and Nominating. 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 the 2005 fiscal year. Set forth below is a brief summary of each Board committee, its members and the number of meetings it held during 2005.

Name of Committee and Members	Committee Functions	Number of Meetings During 2005
<p><b><u>Audit</u></b> Dennis H. Chookaszian, <i>Chairman</i></p> <p>Patrick B. Lynch</p>	<p>William P. Miller II Terry L. Savage</p> <p>Appoints our independent registered public accounting firm.</p> <p>Reviews the quarterly and annual financial statements and audit results and reports, including management comments and recommendations.</p> <p>Reviews the results and scope of audits and other services provided by our independent registered public accounting firm.</p> <p>Reviews accounting and internal control procedures and policies.</p> <p>Reviews risk exposure of actual and threatened litigation.</p> <p>Reviews significant accounting policies, estimates, audit adjustments and other matters as required.</p> <p>Reviews the audit efforts of our independent registered public accounting firm and Internal Audit Department.</p> <p>Reviews and approves any audit and non-audit services to be provided by our independent registered public accounting firm in accordance with our Audit and Non-Audit Services Policy.</p> <p>Reviews complaints regarding accounting, internal controls or auditing matters.</p>	<p>13</p>

**Audit Committee Financial Experts**

The Board has determined that Messrs. Chookaszian and Miller qualify as audit committee financial experts in accordance with the applicable rules and regulations of the Securities and Exchange Commission ( SEC ) and are independent in accordance with the requirements of the SEC, the NYSE and the NASDAQ. 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. 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.

Name of Committee and Members	Committee Functions	Number of Meetings During 2005
<b>Board Steering</b>		
Leo Melamed, <i>Chairman</i>	Patrick B. Lynch James E. Oliff John F. Sandner Howard J. Siegel	Reviews management recommendations regarding strategic, business, legislative and regulatory policy determinations.
William R. Shepard, <i>Vice Chairman</i>		
Craig S. Donohue		
Terrence A. Duffy	Reviews and makes recommendations to the Board regarding goals and priorities for our Management Team.	
Martin J. Gepsman		
<b>Compensation</b>		
Alex J. Pollock, <i>Chairman</i>	Elizabeth Harrington William R. Shepard	Reviews and approves the compensation for the Chief Executive Officer and the President and Chief Operating Officer.
Martin J. Gepsman		
Daniel R. Glickman	Determines employee compensation policy, oversees the design and administration of our incentive compensation and employee benefit plans and monitors performance against previously established objectives.	
	Recommends compensation arrangements for members of the Board.	
<b>Executive</b>		
Terrence A. Duffy, <i>Chairman</i>	Patrick B. Lynch Leo Melamed James E. Oliff John F. Sandner William R. Shepard	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 charter, bylaws or applicable law.
Craig S. Donohue		
Martin J. Gepsman		
Daniel R. Glickman		

Gary M. Katler

Name of Committee and Members	Committee Functions	Number of Meetings During 2005
<b>Governance</b>		
Daniel R. Glickman, <i>Chairman</i>	Alex J. Pollock	6
Dennis H. Chookaszian	Myron S. Scholes	
James E. Oliff	Oversees policies, practices and procedures in the area of corporate governance.	
<b>Market Regulation Oversight</b>		
William P. Miller II, <i>Chairman</i>	Terry L. Savage	4
Alex J. Pollock	Myron S. Scholes	
	Provides independent oversight of the policies and programs of our Market Regulation Department to ensure effective administration of the exchange's self-regulatory responsibilities.	
<b>Marketing and Public Relations Advisory</b>		
William G. Salatich, Jr., <i>Chairman</i>	Gary M. Katler	3
Craig S. Donohue	John F. Sandner	
Elizabeth Harrington	Terry L. Savage	
<b>Nominating</b>		
James E. Oliff, <i>Chairman</i>	William G. Salatich, Jr.	8
Daniel R. Glickman	Recommends to the Board the Equity Director nominees for election by the shareholders or appointment by the Board, as the case may be.	

### 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, Director Independence and 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.cme.com](http://www.cme.com) in the Investor Relations Corporate Governance section. Copies of these materials are also available free of charge to shareholders upon written request to Shareholder Relations and Membership Services, Attention Ms. Beth Hausoul, Chicago Mercantile Exchange Holdings Inc., 20 South Wacker Drive, Chicago, Illinois 60606. The Board regularly reviews corporate governance developments and modifies its corporate governance documents, including its 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.

### ***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. For a director to be considered independent, the Board must affirmatively determine that a 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. In February 2006, the Board of Directors undertook its annual review of direct and indirect relationships between our directors, their immediate family members and the Company, including those reported under *Certain Business Relationships*. The purpose of this review was to determine whether any of our directors should not be classified as independent under the applicable listing standards. Twelve of our directors are members of our exchange, which provides them with access to our open outcry trading floors, lower trading fees and the ability to elect six of our directors and to vote on certain matters relating to the operation of our trading floors. These directors may make payments directly to us or indirectly to us through our clearing firms in connection with their trading activity on the 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 Board reviewed the directors' trading activities and relationships with the exchange. 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.

As a result of this review, the Board determined that, except as described below, each of its directors is independent. Mr. Donohue, our Chief Executive Officer, was not classified as independent due to his employment with the Company. The Board also determined that Messrs. Duffy, Melamed and Sandner should not be classified as independent due to their contractual relationships with the Company described below in the section entitled *Directors' Compensation and Benefits*.

### ***Executive Sessions***

Our Corporate Governance Principles require the Board to meet in executive session at least once every quarter without management or any employee director present. The Chairman of the Board presides over these sessions. The Principles also require our independent directors to meet at least twice a year in an executive session. A Vice Chairman presides over these sessions.

### ***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.

*Information Regarding Our Process for Identifying Equity Director Nominees*

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 recommends to the Board the 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;