

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC
Form DEF 14A
February 24, 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.

(Name of Registrant as Specified In Its Charter)

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

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 transaction applies:

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

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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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:

20 South Wacker Drive

Chicago, Illinois 60606

February 24, 2004

Dear Class B Shareholders:

You are cordially invited to attend a special meeting of the holders of Class B common stock of Chicago Mercantile Exchange Holdings Inc. The meeting will be held at 3:30 p.m., Central Time, on Tuesday, March 16, 2004, in the Michigan Ballroom at UBS Tower, located at One North Wacker Drive, Chicago, Illinois.

At the special meeting, you will be asked to consider and vote on the following proposal:

To give the Board of Directors the authority, but not the obligation, to transition trading in an orderly fashion in the first and second near-by quarterly expiration Eurodollar futures contract months to our GLOBEX[®] electronic trading system as follows:

(1) in the first near-by quarterly expiration Eurodollar futures contract month, if trading volume on GLOBEX in the first near-by quarterly expiration Eurodollar futures contract during regular trading hours, RTH:

(i) is less than 25 percent of total RTH trading volume in that contract month for the five trading days beginning April 26, 2004 and ending on, and including, April 30, 2004; or

(ii) for the period subsequent to April 30, 2004, is less than 25 percent of total RTH trading volume in that contract month during three consecutive five day trading periods, as measured on the last full day of each trading week (in each case including the last day of the week); and

(2) in the second near-by quarterly expiration Eurodollar futures contract month, if trading volume on GLOBEX in the second near-by quarterly expiration Eurodollar futures contract during RTH:

(i) is less than 20 percent of total RTH trading volume in that contract month for the five trading days beginning April 26, 2004 and ending on, and including, April 30, 2004; or

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(ii) for the period subsequent to April 30, 2004, is less than 20 percent of total RTH trading volume in that contract month during three consecutive five day trading periods, as measured on the last full day of each trading week (in each case including the last day of the week).

As of April 30, 2004, the first near-by quarterly expiration Eurodollar futures contract will be the June 2004 contract and the second near-by quarterly expiration Eurodollar futures contract will be the September 2004 contract. Total RTH trading volume in the applicable contract month will be calculated as open outcry pit trading plus GLOBEX, excluding any pack, bundle or spread that includes any contract other than the two near-by contract months. In addition, with respect to the second near-by quarterly expiration Eurodollar futures contract month, we will suspend the calculation for the four weeks immediately following the expiration of the near-by futures contract.

Under our certificate of incorporation, we are required to maintain open outcry floor trading on our Exchange for a particular traded product, including our Eurodollar futures contracts, as long as the open outcry market is liquid. While moving the first two near-by quarterly expiration Eurodollar futures contract months is not considered the closing of Eurodollar open outcry floor trading, the Board has determined that it is in the best interests of the company and its Class B shareholders to seek the approval of our Class B shareholders. Our Board of Directors has carefully considered the proposal and believes that it is necessary to achieve important

business objectives and is in the best interest of all of our shareholders. **Our Board of Directors has approved the proposal and recommends that you vote FOR the proposal at the special meeting.**

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 and proxy card are first being mailed to holders of our Class B common stock on or about February 24, 2004. The accompanying proxy statement describes the proposal in more detail. We encourage you to read the entire document carefully. Questions about the special meeting or the proposal may be directed to our dedicated information lines at (312) 930-3220 or toll-free at (866) 332-3220.

Your vote is very important. You are entitled to notice of and to vote at the special meeting only if you were a shareholder of record of our Class B common stock at the close of business on February 20, 2004. We urge you to vote by completing and returning 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.

Sincerely,

Terrence A. Duffy

Chairman of the Board

Craig S. Donohue

Chief Executive Officer

20 South Wacker Drive

Chicago, Illinois 60606

Notice of Special Meeting of Holders of Class B Common Stock

March 16, 2004

The special meeting of holders of Class B common stock of Chicago Mercantile Exchange Holdings Inc. will be held at 3:30 p.m., Central Time, on Tuesday, March 16, 2004, in the Michigan Ballroom at UBS Tower, located at One North Wacker Drive, Chicago, Illinois, to consider and vote on the following proposal:

To give the Board of Directors the authority, but not the obligation, to transition trading in an orderly fashion in the first and second near-by quarterly expiration Eurodollar futures contract months to our GLOBEX[®] electronic trading system as follows:

(1) in the first near-by quarterly expiration Eurodollar futures contract month, if trading volume on GLOBEX in the first near-by quarterly expiration Eurodollar futures contract during regular trading hours, RTH:

(i) is less than 25 percent of total RTH trading volume in that contract month for the five trading days beginning April 26, 2004 and ending on, and including, April 30, 2004; or

(ii) for the period subsequent to April 30, 2004, is less than 25 percent of total RTH trading volume in that contract month during three consecutive five day trading periods, as measured on the last full day of each trading week (in each case including the last day of the week); and

(2) in the second near-by quarterly expiration Eurodollar futures contract month, if trading volume on GLOBEX in the second near-by quarterly expiration Eurodollar futures contract during RTH:

(i) is less than 20 percent of total RTH trading volume in that contract month for the five trading days beginning April 26, 2004 and ending on, and including, April 30, 2004; or

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(ii) for the period subsequent to April 30, 2004, is less than 20 percent of total RTH trading volume in that contract month during three consecutive five day trading periods, as measured on the last full day of each trading week (in each case including the last day of the week).

As of April 30, 2004, the first near-by quarterly expiration Eurodollar futures contract will be the June 2004 contract and the second near-by quarterly expiration Eurodollar futures contract will be the September 2004 contract. Total RTH trading volume in the applicable contract month will be calculated as open outcry pit trading plus GLOBEX, excluding any pack, bundle or spread that includes any contract other than the two near-by contract months. In addition, with respect to the second near-by quarterly expiration Eurodollar futures contract month, we will suspend the calculation for the four weeks immediately following the expiration of the near-by futures contract.

The proposal is being submitted to a vote of the holders of Class B common stock. In the proxy statement, we refer to this proposal as the proposal. No other business will be transacted at the special meeting other than possible postponements or adjournments of the special meeting.

The accompanying proxy statement describes the proposal in more detail. We encourage you to read the entire document carefully.

You are entitled to notice of and to vote at the special meeting only if you were a shareholder of record of Chicago Mercantile Exchange Holdings Inc. Class B common stock at the close of business on February 20, 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 to the special meeting by noon, Central Time, on Tuesday, March 16, 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

February 24, 2004

Chicago, Illinois

CHICAGO MERCANTILE EXCHANGE HOLDINGS INC.

20 South Wacker Drive

Chicago, Illinois 60606

Proxy Statement

GENERAL INFORMATION

When and where is the special meeting?

The special meeting of holders of Class B common stock of Chicago Mercantile Exchange Holdings Inc. will be held on Tuesday, March 16, 2004, at 3:30 p.m., Central Time, in the Michigan Ballroom at UBS Tower, located at One North Wacker Drive, Chicago, Illinois. In this proxy statement, we refer to Chicago Mercantile Exchange Holdings Inc. as CME Holdings. In this proxy statement, the terms we, us and our refer to CME Holdings.

All holders of Class B common stock on February 20, 2004, the record date for the special meeting, are invited to attend the special meeting. If you attend, you may be asked to present valid picture identification, such as a driver's license or passport. Shareholders will not be allowed to use cameras, recording devices and other electronic devices at the meeting.

What is the Board of Directors proposing?

We are asking you to give the Board of Directors the authority, but not the obligation, to transition trading in the first and second near-by quarterly expiration Eurodollar futures contract months in an orderly fashion to our GLOBEX® electronic trading system as follows:

(1) in the first near-by quarterly expiration Eurodollar futures contract month, if trading volume on GLOBEX in the first near-by quarterly expiration Eurodollar futures contract during regular trading hours, RTH:

(i) is less than 25 percent of total RTH trading volume in that contract month for the five trading days beginning April 26, 2004 and ending on, and including, April 30, 2004; or

(ii) for the period subsequent to April 30, 2004, is less than 25 percent of total RTH trading volume in that contract month during three consecutive five day trading periods, as measured on the last full day of each trading week (in each case including the last day of the week); and

(2) in the second near-by quarterly expiration Eurodollar futures contract month, if trading volume on GLOBEX in the second near-by quarterly expiration Eurodollar futures contract during RTH:

(i) is less than 20 percent of total RTH trading volume in that contract month for the five trading days beginning April 26, 2004 and ending on, and including, April 30, 2004; or

(ii) for the period subsequent to April 30, 2004, is less than 20 percent of total RTH trading volume in that contract month during three consecutive five day trading periods, as measured on the last full day of each trading week (in each case including the last day of the week).

As of April 30, 2004, the first near-by quarterly expiration Eurodollar futures contract will be the June 2004 contract and the second near-by quarterly expiration Eurodollar futures contract will be the September 2004 contract.

How will RTH trading volume be calculated?

Total RTH trading volume in the applicable contract month will be calculated as open outcry pit trading plus GLOBEX, excluding any pack, bundle or spread that includes any contract other than the applicable near-by contract months. As of April 30, 2004, that would mean packs, bundles and spreads, except for spread transactions involving only June 2004 and September 2004 contracts, would be excluded from the calculation of total trading volume. In addition, with respect to the second near-by quarterly expiration Eurodollar futures contract month, we will suspend the calculation for the four weeks immediately following the expiration of the near-by quarterly contract.

Why are we being asked to vote on the proposal?

Under Section 1(b) of Subdivision 2 of Division B of Article Four of our certificate of incorporation, any change, amendment or modification of the terms of Section 3 of that Subdivision 2 shall be submitted to a vote of the holders of our Class B common stock for their consideration and approval. Section 3 contains the Exchange's commitment to maintain floor trading as long as an open outcry market is liquid. While the moving of the first two near-by quarterly expiration Eurodollar contract months is not considered a closing of Eurodollar open outcry floor trading, the Board has determined that it is in the best interests of company and its Class B shareholders to seek the approval of our Class B shareholders. Therefore, we are asking all holders of our Class B common stock to vote on the proposal. We are not amending our charter.

What is the recommendation of the Board of Directors?

Our Board of Directors has approved the proposal and recommends that you vote **FOR** the proposal at the special meeting.

Why is the Board of Directors making the proposal?

Electronic trading is an important element of our strategy and now represents more than half of our revenues. In addition to overall demand for electronic trading, electronic trading of Eurodollars on GLOBEX is growing substantially and rapidly. For example, the volume of electronic trading of our Eurodollar futures contracts in January 2004 increased over 200 percent from the same period one year ago and averaged over 100,000 contracts per day for the first time. For the five trading days ending on, and including February 13, 2004, electronic trading in the June 2004 and September 2004 Eurodollar futures contracts represented approximately 18.92 percent and 15.27 percent, respectively, of total RTH trading volume in the applicable contract month. We believe that if the trading volume in these contracts reaches the applicable percentage thresholds in the proposal, the market will continue to transition naturally. However, if our volume and liquidity on GLOBEX does not meet these thresholds, we need to be able to take steps to effectively compete with other exchanges offering competing Eurodollar futures contracts. For example, Euronext.liffe has stated that it will launch contracts in direct competition with our Eurodollar futures contracts beginning on March 18, 2004. These contracts will trade exclusively on an electronic platform. We believe that the proposal submitted for your approval will provide us with the required flexibility. The proposal is consistent with our strategy and is aimed to ensure the liquidity of our Eurodollar market.

When will the proposal be implemented?

If the proposal is approved and trading in either of the two near-by quarterly expiration Eurodollar futures contract months falls below the established thresholds, the Board of Directors will have the authority, but not the obligation, to transition trading in the affected contract to GLOBEX in an orderly fashion. At that time, the Board of Directors will consider all relevant factors in evaluating whether to implement the proposal and the timing of the implementation.

How will we know what percentage was traded on GLOBEX in each of the two near-by quarterly expiration Eurodollar future contract months during RTH?

We will publish on our Web site the percentage of total RTH trading volume that was traded on GLOBEX in the March 2004, June 2004 and September 2004 Eurodollar futures contracts during RTH during the previous five day trading period, as measured on the last full day of the

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trading week. As soon as practicable after the close of business on April 30, 2004, we will announce the total trading volume on GLOBEX in each of the two near-by quarterly expiration Eurodollar future contract months during RTH for the five trading days beginning April 26, 2004 and ending on, and including, April 30, 2004.

Who is entitled to vote?

You may vote only if you owned shares of Class B common stock of CME Holdings as of the close of business on February 20, 2004, the record date for the special meeting. Holders of our Class A common stock are not entitled to notice of or vote at the special meeting. The table below shows how many shares of our Class B common stock were outstanding on the record date and the number of votes to which each share is entitled on the proposal on which shareholders of our Class B common stock will vote at the special meeting:

<u>Class of</u>	<u>Number of</u>	<u>Number of Votes Per Share</u>
<u>Class B Common Stock</u>	<u>Outstanding Shares</u>	<u>Number of Votes Per Share</u>
Class B-1	625	6
Class B-2	813	2
Class B-3	1,287	1
Class B-4	413	1/6

How do I vote?

You may vote by proxy or in person at the special meeting. If you want to vote by proxy, please complete, sign and date the enclosed proxy card and return it promptly 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 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, against or abstain on the proposal.

Your vote is important. Whether or not you plan to attend the special meeting, we urge you to vote your shares by completing and 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, your shares will be voted **FOR** the proposal.

No other business will be transacted at the special meeting other than possible postponements or adjournments. In the event of a motion to postpone or adjourn the meeting, your proxies will vote in accordance with their best judgment.

Can I change my mind after I vote?

Yes. If you attend the 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 special meeting; or

You may attend the meeting and vote in person.

Your most current vote is the one that is counted. Simply attending the 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 special meeting, your vote or revocation must be received by our proxy tabulator, Computershare Investor Services, by noon, Central Time, on Tuesday, March 16, 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 are needed to approve the proposal?

Assuming that a quorum is present, a majority of the aggregate votes cast by the holders of the Class B common stock present, in person or by proxy, and voting at the special meeting, is required to approve the proposal. A quorum consists of one-third of the aggregate votes entitled to be cast by the holders of the Class B common stock. Proxies marked `abstain` will have no effect on the outcome of any shareholder vote on the proposal, but will be counted as present for purposes of establishing a quorum.

PROPOSAL

The Board of Directors is asking your approval of the following proposal:

To give the Board of Directors the authority, but not the obligation, to transition trading in an orderly fashion in the first and second near-by quarterly expiration Eurodollar futures contract months to our GLOBEX electronic trading system as follows:

(1) in the first near-by quarterly expiration Eurodollar futures contract month, if trading volume on GLOBEX in the first near-by quarterly expiration Eurodollar futures contract during regular trading hours, RTH:

(i) is less than 25 percent of total RTH trading volume in that contract month for the five trading days beginning April 26, 2004 and ending on, and including, April 30, 2004; or

(ii) for the period subsequent to April 30, 2004, is less than 25 percent of total RTH trading volume in that contract month during three consecutive five day trading periods, as measured on the last full day of each trading week (in each case including the last day of the week); and

(2) in the second near-by quarterly expiration Eurodollar futures contract month, if trading volume on GLOBEX in the second near-by quarterly expiration Eurodollar futures contract during RTH:

(i) is less than 20 percent of total RTH trading volume in that contract month for the five trading days beginning April 26, 2004 and ending on, and including, April 30, 2004; or

(ii) for the period subsequent to April 30, 2004, is less than 20 percent of total RTH trading volume in that contract month during three consecutive five day trading periods, as measured on the last full day of each trading week (in each case including the last day of the week).

As of April 30, 2004, the first near-by quarterly expiration Eurodollar futures contract will be the June 2004 contract and the second near-by quarterly expiration Eurodollar futures contract will be the September 2004 contract. Total RTH trading volume in the applicable contract month will be calculated as open outcry pit trading plus GLOBEX, excluding any pack, bundle or spread that includes any contract other than the two near-by contract months. In addition, with respect to the second near-by quarterly expiration Eurodollar futures contract month, we will suspend the calculation for the four weeks immediately following the expiration of the near-by futures contract.

Electronic trading is an important element of our strategy and now represents more than half of our revenues. In addition to overall demand for electronic trading, electronic trading of Eurodollars on GLOBEX is growing substantially and rapidly. For example, the volume of electronic trading of our Eurodollar futures contracts in January 2004 increased over 200 percent from the same period one year ago and averaged over 100,000 contracts per day for the first time. For the five trading days ending on, and including February 13, 2004, electronic trading in the June 2004 and September 2004 Eurodollar futures contracts represented approximately 18.92 percent and 15.27 percent, respectively, of total RTH trading volume in the applicable contract month. We believe that if the trading volume in these contracts reaches the applicable percentage thresholds in the proposal, the market will continue to transition naturally. However, if our volume and liquidity on GLOBEX does not meet these thresholds, we need to be able to take steps to effectively compete with other exchanges offering competing Eurodollar futures contracts. For example, Euronext.liffe has stated that it will launch contracts in direct competition with our Eurodollar futures contracts beginning on March 18, 2004. These contracts will trade exclusively on an electronic platform. We believe that the proposal submitted for your approval will provide us with the required flexibility to transition trading to GLOBEX in an orderly fashion. The proposal is consistent with our strategy and is aimed to ensure the liquidity of our Eurodollar market.

Expanding our electronic trading is not a new strategy and the proposal is another step in our approach to increase the trading of our Eurodollar futures contract on GLOBEX. In addition to the proposal, we are also expanding our GLOBEX market maker program in our electronic Eurodollar futures market by increasing the number of market makers allowed in the program and by extending the program to include our regular trading hours session. Additionally, we will enhance our Eurodollar trading complex to expand our open outcry trading facilities, increase floor access to GLOBEX, expand the use of hand held trading devices, waive the GLOBEX fee for certain local traders and reduce the GLOBEX fee for non-member customers to facilitate Eurodollar futures trading in both our GLOBEX and open outcry markets. We believe these programs will increase overall trading activity in our Eurodollar futures contracts and increase Eurodollar futures trading volumes on GLOBEX.

If the proposal is approved and trading in either of the two near-by quarterly expiration Eurodollar futures contract months falls below the established thresholds, the Board of Directors will have the authority, but not the obligation, to transition trading in the affected contract to GLOBEX in an orderly fashion. At that time, the Board of Directors will consider all relevant factors in evaluating whether to implement the proposal and the timing of the implementation.

OUR BOARD OF DIRECTORS RECOMMENDS THAT

YOU VOTE FOR THE PROPOSAL

SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table shows, as of January 30, 2004, the amount of all classes of common stock beneficially owned by each of our directors and our chief executive officer during the last completed fiscal year and the five most highly compensated executive officers other than the chief executive officer at the end of the last completed fiscal year, and by all directors and executive officers as a group. In general, beneficial ownership includes those shares over which a person has the power to vote, or the power to transfer, and stock options that are currently exercisable or will become exercisable within 60 days of January 30, 2004. Except as otherwise noted, the persons named in the table below have sole voting and investment power with respect to all shares shown as beneficially owned by them.

Beneficial Ownership Table

Name(1)	Class A			Class B			Percent of Vote as a Single Class(2)
	Number of Shares	Class	Percent of Class	Number of Shares	Class	Percent of Class	
Terrence A. Duffy(3)	1,190	A	*	1	B-1	*	*
	4,525	A-1	*		B-2	*	
	4,525	A-2	*		B-3	*	
	4,525	A-3	*	1	B-4	*	
	4,523	A-4	*				
Craig S. Donohue(4)	5,490	A	*		B-1	*	*
	15,000	A-1	*		B-2	*	
	15,000	A-2	*		B-3	*	
	15,000	A-3	*		B-4	*	
	15,000	A-4	*				
Timothy R. Brennan(5)		A	*	1	B-1	*	*
	6,025	A-1	*		B-2	*	
	6,025	A-2	*	1	B-3	*	
	6,025	A-3	*	1	B-4	*	
	6,022	A-4	*				
Martin J. Gepsman(6)	1,190	A	*		B-1	*	*
	1,525	A-1	*		B-2	*	
	1,525	A-2	*	1	B-3	*	
	1,525	A-3	*	1	B-4	*	
	1,523	A-4	*				
Daniel R. Glickman(7)	420	A	*		B-1	*	*
		A-1	*		B-2	*	
		A-2	*		B-3	*	
		A-3	*		B-4	*	
		A-4	*				

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Scott Gordon(8)

	A	*	2	B-1	*	*
18,026	A-1	*	2	B-2	*	
21,025	A-2	*	2	B-3	*	
21,025	A-3	*	1	B-4	*	
21,017	A-4	*				

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Name(1)	Class A			Class B			Percent of Vote as a Single Class(2)
	Number of Shares	Class	Percent of Class	Number of Shares	Class	Percent of Class	
Bruce F. Johnson	1,190	A	*	1	B-1	*	*
	4,525	A-1	*		B-2	*	
	4,525	A-2	*		B-3	*	
	4,525	A-3	*	1	B-4	*	
	4,523	A-4	*				
Gary M. Katler(9)		A	*		B-1	*	*
	1,500	A-1	*		B-2	*	
	1,500	A-2	*	1	B-3	*	
	1,500	A-3	*		B-4	*	
	1,499	A-4	*				
Patrick B. Lynch		A	*		B-1	*	*
	3,000	A-1	*	1	B-2	*	
		A-2	*		B-3	*	
	3,000	A-3	*		B-4	*	
	2,999	A-4	*				
Leo Melamed	1,290	A	*		B-1	*	*
	3,000	A-1	*	1	B-2	*	
	3,000	A-2	*		B-3	*	
	3,000	A-3	*		B-4	*	
	2,999	A-4	*				
William P. Miller II		A	*		B-1	*	*
		A-1	*		B-2	*	
		A-2	*		B-3	*	
		A-3	*		B-4	*	
		A-4	*				
John D. Newhouse(10)		A	*		B-1	*	*
	10,525	A-1	*	3	B-2	*	
	10,525	A-2	*	1	B-3	*	
	10,525	A-3	*	1	B-4	*	
	10,520	A-4	*				
James E. Oliff(11)	1,190	A	*		B-1	*	*
	3,025	A-1	*	1	B-2	*	
	3,025	A-2	*		B-3	*	
	3,025	A-3	*	1	B-4	*	
	3,323	A-4	*				
William G. Salatich, Jr.(12)	1,190	A	*	1	B-1	*	*
	4,525	A-1	*		B-2	*	
	4,525	A-2	*		B-3	*	
	4,525	A-3	*	1	B-4	*	
	4,523	A-4	*				

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John F. Sandner	1,290	A	*	3	B-1	*	*
	25,525	A-1	*	2	B-2	*	
	25,525	A-2	*	4	B-3	*	
	25,525	A-3	*	1	B-4	*	
	25,515	A-4	*				

Name(1)	Class A			Class B			Percent of Vote as a Single Class(2)		
	Number of Shares	Class	Percent of Class	Number of Shares	Class	Percent of Class			
Terry L. Savage(13)	500	A	*		B-1	*	*		
		A-1	*		B-2	*			
		A-2	*		B-3	*			
		A-3	*		B-4	*			
		A-4	*						
Myron S. Scholes		A	*		B-1	*	*		
		A-1	*		B-2	*			
		A-2	*		B-3	*			
		A-3	*		B-4	*			
		A-4	*						
William R. Shepard(14)	1,190	A	*	1	B-1	*	*		
	9,025	A-1	*	1	B-2	*			
	9,025	A-2	*	1	B-3	*			
	9,025	A-3	*	1	B-4	*			
	9,021	A-4	*						
Howard J. Siegel		A	*	2	B-1	*	*		
		10,500	A-1		*	B-2		*	
		10,500	A-2		*	1		B-3	*
		10,500	A-3		*	B-4		*	
		10,497	A-4		*				
David J. Wescott(15)		A	*		B-1	*	*		
		3,025	A-1		*	1		B-2	*
		3,025	A-2		*			B-3	*
		3,025	A-3		*	1		B-4	*
		3,023	A-4		*				
Phupinder S. Gill(4)	3,670	A	*		B-1	*	*		
	15,000	A-1	*		B-2	*			
	15,000	A-2	*		B-3	*			
	15,000	A-3	*		B-4	*			
	15,000	A-4	*						
David G. Gomach(4)	2,490	A	*		B-1	*	*		
		A-1	*		B-2	*			
		A-2	*		B-3	*			
		15,000	A-3		*	B-4		*	
		15,000	A-4		*				
Scott L. Johnston(4)	2,490	A	*		B-1	*	*		
	15,000	A-1	*		B-2	*			
	15,000	A-2	*		B-3	*			
	15,000	A-3	*		B-4	*			
	15,000	A-4	*						

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James R. Krause(4)	1,300	A	*	B-1	*	*
	15,000	A-1	*	B-2	*	
	5,000	A-2	*	B-3	*	
	15,000	A-3	*	B-4	*	
	15,000	A-4	*			

Name(1)	Class A			Class B			Percent of Vote as a Single Class(2)
	Number of Shares	Class	Percent of Class	Number of Shares	Class	Percent of Class	
James J. McNulty(16)	1,190	A	*		B-1	*	4.32%
	362,149	A-1	5.84%		B-2	*	
	357,030	A-2	5.76		B-3	*	
	382,028	A-3	5.64		B-4	*	
	382,027	A-4	5.89				
Directors and	29,430	A	8.63%	12	B-1	*	6.14%
Executive	540,625	A-1	8.95	12	B-2	*	
Officers as a	525,505	A-2	8.45	12	B-3	*	
group	579,103	A-3	8.81	11	B-4	*	
(29 persons)(17)	579,354	A-4	6.51				

* Less than 1%.

- (1) The address for all persons listed in the table is Chicago Mercantile Exchange Holdings Inc., 20 South Wacker Drive, Chicago, Illinois 60606.
- (2) Other than with respect to the election of Class B directors and some matters relating to trading rights associated with Class B shares, holders of both classes of common stock will vote together as a single class on all matters to be presented for a vote of shareholders, unless otherwise required by law.
- (3) Includes 25 Class A-1, 25 Class A-2, 25 Class A-3 and 24 Class A-4 shares and one Class B-4 share to which Mr. Duffy shares joint ownership and has voting power.
- (4) Messrs. Gill s, Donohue s, Gomach s, Johnston s and Krause s Class A-1, Class A-2, Class A-3 and Class A-4 shares represent shares that each of them could acquire if they exercised the unexercised, vested portion of the option each of them received in May 2001.
- (5) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share held through Brennan Enterprises, an S Corporation of which Mr. Brennan is the owner. Also includes 25 Class A-1, 25 Class A-2, 25 Class A-3, and 24 Class A-4 shares and one Class B-4 share as to which Mr. Brennan shares joint ownership, but over which he does not have voting power.
- (6) Includes 25 Class A-1, 25 Class A-2, 25 Class A-3, and 24 Class A-4 shares and one Class B-4 share as to which Mr. Gepsman shares joint ownership and has voting power.
- (7) Includes 420 Class A shares held in an irrevocable trust over which Mr. Glickman exercises voting and investment power.
- (8) Includes one Class A-1, 3,000 Class A-2, 3,000 Class A-3, and 2,999 Class A-4 shares held in a trust over which Mr. Gordon has investment and voting power. Also includes 18,025 Class A-1, 18,025 Class A-2, 18,025 Class A-3, 18,018 Class A-4, two Class B-1, two class B-2 and two Class B-3 shares and one Class B-4 share which are owned by Tokyo-Mitsubishi Futures (USA), Inc. over which he exercises voting power. Mr. Gordon disclaims beneficial ownership of the shares owned by Tokyo-Mitsubishi Futures (USA), Inc.
- (9) Includes 1,500 Class A-1, 1,500 Class A-2, 1,500 Class A-3 and 1,499 Class A-4 shares and one Class B-3 share that are held in the name of Mary J. O Connor but over which Mr. Katler has been granted voting power at this year s Special Meeting. Mr. Katler disclaims beneficial ownership of these shares.
- (10) Includes 25 Class A-1, 25 Class A-2, 25 Class A-3 and 24 Class A-4 shares and one Class B-4 share as to which Mr. Newhouse shares joint ownership and has voting power. Also includes 10,500 Class A-1, 10,500 Class A-2, 10,500 Class A-3 and 10,496 Class A-4 shares, three Class B-2 shares and one Class B-3 share owned by John F. Newhouse & Company, which is owned by Mr. Newhouse.
- (11) Includes 25 Class A-1, 25 Class A-2, 25 Class A-3, and 24 Class A-4 shares and one Class B-4 share as to which Mr. Oliff shares joint ownership, but over which he does not have voting power. Excludes 4,500

- Class A-1, 2,000 Class A-2, 4,500 Class A-3 and 299 Class A-4 shares and one Class B-1 share and 1,500 Class A-1, 3,000 Class A-2, 3,000 Class A-3 and 599 Class A-4 shares and one Class B-2 share held through two trusts in the names of each of his parents. Mr. Oliff has no voting or ownership power over these trusts, and he disclaims beneficial ownership for the shares held in trust.
- (12) Includes 25 Class A-1, 25 Class A-2, 25 Class A-3, and 24 Class A-4 shares and one Class B-4 share as to which Mr. Salatich shares joint ownership, but over which he does not have voting power.
- (13) Includes 500 shares held in the Terry Savage Productions, Ltd. Retirement Plan and Trust.
- (14) Includes 25 Class A-1, 25 Class A-2, 25 Class A-3, and 24 Class A-4 shares and one Class B-4 share as to which Mr. Shepard shares joint ownership and has voting power.
- (15) Includes 25 Class A-1, 25 Class A-2, 25 Class A-3 and 24 Class A-4 shares and one Class B-4 share as to which Mr. Wescott shares joint ownership.
- (16) Mr. McNulty resigned as President and Chief Executive Officer effective December 31, 2003. Mr. McNulty's ownership includes 24,846 Class A-1, 19,727 Class A-2, 44,726 Class A-3 and 44,725 Class A-4 shares Mr. McNulty received upon exercising a portion of his option received in February 2000. The remainder of Mr. McNulty's Class A-1, Class A-2, Class A-3 and Class A-4 shares represent the shares that Mr. McNulty could acquire if he exercised the unexercised, vested portion of the option. The number of shares is presented to the nearest whole number that could be received based upon the value of the vested, unexercised portion of the option at January 30, 2004. The option was vested with respect to 80% of the shares subject thereto as of February 7, 2003. The remaining 20% did not vest as Mr. McNulty's employment ended on December 31, 2003. The total number of shares is determined assuming Mr. McNulty satisfies the exercise price in cash and CME Holdings elects to settle the option entirely with shares of Class A common stock.
- (17) Includes an aggregate of 404,403 Class A-1, 394,403 Class A-2, 419,852 Class A-3 and 419,852 Class A-4 shares that could be acquired upon the exercise of the vested portions of options held by members of the group.

SECURITY OWNERSHIP BY CERTAIN BENEFICIAL OWNERS

The following table sets forth information regarding each person who, we believe, beneficially owns more than 5% of our outstanding common stock as of January 30, 2004.

<u>Name</u>	<u>Number of Shares</u>	<u>Class</u>	<u>Percent of Vote as Single Class(1)</u>
Waddell & Reed Financial, Inc. (2)			
6300 Lamar Avenue			
Overland Park, Kansas 66202	1,649,112(2)	A	5.0%

- (1) Other than with respect to the election of Class B directors and some matters relating to trading rights associated with Class B shares, holders of both classes of common stock will vote together as a single class on all matters to be presented for a vote of shareholders, unless otherwise required by law. As a holder of only shares of Class A common stock, Waddell & Reed Financial, Inc. is not entitled to vote on the proposal.
- (2) Information as to Waddell & Reed Financial, Inc. is based upon a report on Schedule 13G filed with the SEC on January 30, 2004. Such report was filed by Waddell & Reed Financial, Inc., Waddell & Reed Financial Services, Inc., Waddell & Reed, Inc., Waddell & Reed Investment Management Company and Waddell & Reed Ivy Investment Company and indicates that each shareholder has sole power to vote and beneficial ownership of 1,649,112 (indirect), 1,446,428 (indirect), 1,446,428 (indirect), 1,446,428 (direct), and 202,684 (direct), respectively.

PROXY SOLICITATION

We will pay the costs of soliciting proxies. In addition to mailing proxy solicitation material, our directors and employees also may solicit proxies in person, by telephone or by other electronic means of communication. We will not compensate these directors and employees additionally for this solicitation, but we may reimburse them for any out-of-pocket expenses that they incur in the process of soliciting the proxies. We will arrange for brokers and other custodians, nominees and fiduciaries to forward the solicitation materials to their beneficial owners, and we will reimburse them for any out-of-pocket expenses that they reasonably incur in the process of forwarding the materials. We have retained Morrow & Co., Inc. to aid in the solicitation of proxies. It is estimated that the fee for Morrow & Co. will be approximately \$10,000 plus reasonable out-of-pocket costs and expenses.

By Order of the Board of Directors,

Kathleen M. Cronin

Managing Director, General Counsel and Corporate Secretary

Dated: February 24, 2004

.. Mark this box with an X if you have made changes to your name or address details above.

Special Meeting Proxy Card

Please refer to the reverse side for internet and telephone voting instructions.

A Election of Directors

The Board of Directors recommends a vote FOR the following proposal.

To give the Board of Directors the authority, but not the obligation, to transition trading in an orderly fashion in the first and second near-by quarterly expiration Eurodollar futures contract months to our GLOBEX® electronic trading system as follows:

For	Against	Abstain
..

- (1) in the first near-by quarterly expiration Eurodollar futures contract month, if trading volume on GLOBEX in the first near-by quarterly expiration Eurodollar futures contract during regular trading hours, RTH:
 - (i) is less than 25 percent of total RTH trading volume in that contract month for the five trading days beginning April 26, 2004 and ending on, and including, April 30, 2004; or
 - (ii) for the period subsequent to April 30, 2004, is less than 25 percent of total RTH trading volume in that contract month during three consecutive five day trading periods, as measured on the last full day of each trading week (in each case including the last day of the week); and
- (2) in the second near-by quarterly expiration Eurodollar futures contract month, if trading volume on GLOBEX in the second near-by quarterly expiration Eurodollar futures contract during RTH:
 - (i) is less than 20 percent of total RTH trading volume in that contract month for the five trading days beginning April 26, 2004 and ending on, and including, April 30, 2004; or
 - (ii) for the period subsequent to April 30, 2004, is less than 20 percent of total RTH trading volume in that contract month during three consecutive five day trading periods, as measured on the last full day of each trading week (in each case including the last day of the week).

Total RTH trading volume in the applicable contract month will be calculated as open outcry pit trading plus GLOBEX, excluding any pack, bundle or spread that includes any contract other than the two near-by contract months. In addition, with respect to the second near-by quarterly expiration Eurodollar futures contract month, we will suspend the calculation for the four weeks immediately following the expiration of the near-by futures contract.

C Authorized Signatures - Sign Here - This section must be completed for your instructions to be executed.

NOTE: Please sign your name(s) EXACTLY as your name(s) appear(s) on this proxy. All joint holders must sign. When signing as attorney, trustee, executor, administrator, guardian or corporate officer, please provide your FULL title.

Signature 1 - Please keep signature within the box

Signature 2 - Please keep signature within the box

Date (mm/dd/yyyy)

Proxy - Chicago Mercantile Exchange Holdings Inc.

**SPECIAL MEETING OF CLASS B SHAREHOLDERS OF
CHICAGO MERCANTILE EXCHANGE HOLDINGS INC.**

20 South Wacker Drive

Chicago, Illinois 60606

This Proxy is being solicited by the Board of Directors of Chicago Mercantile Exchange Holdings Inc. (CME Holdings) for the Special Meeting of Class B Shareholders on Tuesday, March 16, 2004.

The undersigned hereby appoint(s) Terrence A. Duffy, Craig S. Donohue and Phupinder S. Gill with full power to act alone and with full power of substitution, as proxy of such shareholder(s), to attend the Special Meeting of CME Holdings to be held at 3:30 p.m., Central Time, on Tuesday, March 16, 2004, in the Michigan Ballroom at UBS Tower, located at One North Wacker Drive, Chicago, Illinois, and any postponement or adjournment thereof (the Special Meeting), and to vote all shares of Class B common stock of CME Holdings held of record by such shareholder(s) as of the close of business on February 20, 2004, upon the proposal as designated on the reverse side. **IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR THE PROPOSAL LISTED ON THE REVERSE SIDE. This Proxy, when properly executed, may be voted in the discretion of the proxy upon any matters incident to the conduct of the Special Meeting, including any motion to adjourn or postpone the Special Meeting.** The proposal is fully set forth in the Proxy Statement related to the Special Meeting, receipt of which is hereby acknowledged.

PLEASE SEE REVERSE SIDE

Internet and Telephone Voting Instructions

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You can vote by telephone OR Internet! Available 24 Hours a day 7 days a week!

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy. Have this proxy card in hand when you call.

To vote using the Telephone (within U.S. and Canada)

Call toll free 1-866-593-2344 in the United States or Canada any time on a touch tone telephone. There is NO CHARGE to you for the call.

Enter the Holder Account Number (excluding the letter C) and Proxy Access Number located below.

Follow the simple recorded instructions.

Option 1: To vote as the Board of Directors recommends on ALL proposals:

Press 1.

When asked, please confirm your vote by pressing 1.

Option 2: If you choose to vote on EACH proposal separately, press 0 and

follow the simple recorded instructions.

To vote using the Internet

Go to the following web site:

WWW.COMPUTERSHARE.COM/US/PROXY

Enter the information requested on your computer screen and follow the simple instructions.

If you vote by telephone or the Internet, please DO NOT mail back this proxy card.

Proxies submitted by telephone or the Internet must be received by 1:00 a.m., Central Time, on March 16, 2004.

THANK YOU FOR VOTING