

Proxy Access: CME Group, Inc.

Norges Bank Investment Management submitted the following shareholder proposal for inclusion in CME Group's 2012 proxy statement:

The Corporation's Bylaws are hereby amended as follows:

Section 1.1(g) is added as follows:

Notwithstanding the foregoing, the Corporation shall include, pursuant to Section 1.1(b)(i) of this Bylaw, in its proxy materials for a meeting of shareholders at which any director is to be elected, the name, together with the Disclosure and Statement (both defined below), of any person nominated for election as an Equity Director by a shareholder or group thereof that satisfied the requirements of this Section 1.1(g) (the "Nominator"), and allow shareholders to vote with respect to such nominee on the Corporation's proxy card. Each Nominator may designate nominees representing up to 25% of the total number of the Corporation's directors.

To be eligible to make a nomination under this Section 1.1(g), a Nominator must:

- (a) have beneficially owned 1% or more of the Corporation's outstanding common stock (the "Required Shares") continuously for 1 year prior to the submission of its nomination, and shall represent that it intends to hold these shares through the date of the meeting;
- (b) provide written notice to the Corporation's Secretary within the time period specified in Section 1.1(c) containing: (i) the information required to be disclosed with respect to the nominee under Section 1.1(c) (the "Disclosure"); and (ii) with respect to the Nominator, proof of ownership of the Required Shares in satisfaction of SEC Rule 14a-8, without regard to any other information listed in Section 1.1(c); and
- (c) execute an undertaking that it agrees: (i) to assume all liability for any violation of law or regulation arising out of the Nominator's communications with shareholders, including the Disclosure; and (ii) to the extent it uses soliciting material other than the Corporation's proxy materials, to comply with all laws and regulations relating thereto.

The Nominator shall have the option to furnish a statement, not exceeding 500 words, in support of each nominee's candidacy (the "Statement(s)") at the time the Disclosure is submitted to the Corporation's Secretary. The Board of Directors shall adopt a procedure for timely resolving disputes over whether notice was timely given and whether the Disclosure and Statement(s) comply with this Section 1.1(g) and the rules under the Exchange Act.

The following shall be added to Section 1.8(b):

Notwithstanding the foregoing, the total number of directors elected at any meeting may include candidates nominated under the procedures set forth in Section 1.1(g) representing no more than 25% of the total number of the Corporation's directors.

Shareholders' right to nominate board candidates is a fundamental principle of good corporate governance and board accountability.

This proposal would enable shareholders to nominate board candidates subject to reasonable limitations, including a 1% / 1 year holding requirement for nominators, permitting nominators to nominate at most 25% of the company's directors, and providing that, in any election, candidates nominated by shareholders under this procedure can be elected to fill at most 25% of the Board seats.

For more information see <http://www.nbim.no/CMEGoupProxyAccessProposal>

Please vote FOR this proposal.

A. Our Goal

Shareholders' right to nominate candidates for election to the board of directors is a fundamental principle of good corporate governance and board accountability. Norges Bank Investment Management (NBIM) proposes amending the CME Group Inc. (the "Company" or "CME") bylaws in order to enable shareholders to nominate board candidates other than those selected by the Company itself. At the same time, we recognize the importance of shareholder nominations and board continuity. As a result, we have included important procedural requirements to help ensure appropriate use of the proposed procedures, and have structured our proposal to work incrementally within the Company's current bylaws to help promote responsive corporate governance and improved Company and Board performance.

B. Why the Proposed Amendments are Necessary

NBIM believes that CME's corporate governance practices are in need of improvement and that shareholder rights must be enhanced. The right of CME's shareholders to nominate

directors is particularly important since the Company has not met our expectations with regard to key aspects of corporate governance and performance. Specific examples of instances and issues where CME's corporate governance practices are not in line with NBIM's expectations include the following:

- The Board is elected according to a plurality voting standard. We believe the Company should implement majority voting standards with a plurality carve-out policy for contested board elections; and
- The Board is classified with directors serving three year terms; and
- Because of the Board's large size (currently consisting of 32 members), NBIM believes the independence and the effectiveness of the Board's decision making process are hampered; and
- Several directors are guaranteed re-nomination based on historical merger agreements. We question the appropriateness of these re-nominations when the Board is evaluating its composition to meet future needs; and
- The Company has multiple classes of shares where some of the share classes have special rights in terms of board elections. We believe the existence of these special rights increases the risk of unequal treatment of shareholders as voting rights are not aligned with economic interest; and
- The Board has the ability under the Company's Articles of Incorporation to issue shares of a new series of preferred stock with voting rights that can be used as a potential takeover defense in the event of an attempted corporate acquisition (sometimes referred to as "blank check preferred stock") without seeking shareholder approval; and
- CME's shareholders cannot convene an extraordinary general meeting of shareholders; and
- CME's shareholders cannot act by written consent outside the general meeting of shareholders; and
- The Board has the ability to amend the Company's bylaws without shareholder approval, while a supermajority vote of two thirds of outstanding shares is needed for shareholders to amend the Company's bylaws; and
- In its 2011 proxy statement, CME identified a group of 19 peer companies for purposes of executive compensation.¹ Comparing total

¹ The peer companies identified are: Automatic Data Processing, Inc.; BlackRock Inc.; Charles Schwab Corp.; Dun & Bradstreet Corp.; eBay Inc.; Fiserv Inc.; Franklin Resources Inc.; IntercontinentalExchange Inc.; Invesco

shareholder return for CME and its identified peer companies, using information available from FactSet Research Systems Inc. for the five year period December 30, 2006 through December 30, 2011, shows that CME significantly underperformed its peers. CME's total shareholder return was -47.9%, while its peers' total shareholder return was 0.1%.

CME Group

TSR FactSet graph 5 Year



NBIM's proxy access proposal is designed to allow shareholder nomination of board candidates with the goal of electing a more responsive CME Board.

C. How the Proposed Amendments Operate

NBIM's shareholder proposal asks that CME's proxy materials include nominees for election to the board of directors submitted by a shareholder, or group of shareholders, who satisfy the requirements set forth in the proposed bylaw. The current proposal is drafted to work within the framework of the Company's current bylaws. The shareholder(s) must have held 1% of the Company's outstanding common stock for 1 year prior to submitting the nomination. In addition, the shareholder(s) must submit the same nominee disclosure information currently required by the Company's bylaws for shareholder nominations. Any individual shareholder

or shareholder group may designate nominees representing up to 25% of the total number of the Company's directors.

We propose the 1% / 1 year requirement to ensure substantial and stable shareholder interests support the candidates for board election, and yet open the possibility for qualified shareholders to make use of proxy access rights. One percent of CME Group common stock was valued at approximately \$162 million as of December 31, 2011 and is therefore a substantial capital investment. These thresholds are intended to avoid inappropriate use of proxy access rights.

A shareholder nominated candidate will be elected if he or she receives more votes than at least one of the Board's candidates, subject to a limitation that no more than 25% of the Board seats can be filled by shareholder nominees in any election. These limitations are designed to give shareholder candidates a material influence on the Board, but will not result in a disruptive change of control of the Board.

A practical example of how the board nomination and election process would work under the current proposal is as follows. The example is provided for illustrative purposes only and is not intended to represent the Company's current proxy statement with respect to electing directors:

1. Hypothetical Overview of Board / Nominees

- CME's Board has 32 seats of which 26 are elected by holders of all share classes voting as a single class. The remaining 6 directors, elected by the holders of Class B shares, cannot be nominated by the proposed proxy access rule.
- Any shareholder may nominate directors up to 25% of the board seats elected by all share classes voting as a single class. With 26 such seats, this is a maximum of 6 nominees per shareholder or shareholder group.
- In this hypothetical year the Company nominates 8 candidates to be elected by all share classes voting as a single class (the board is classified).
- Two shareholders or groups nominate 6 candidates each.
- The company's ballot will include 20 nominees to be elected by all share classes voting as a single class, consisting of the 8 company nominees and the 12 shareholder nominees.
- Each shareholder may vote FOR a maximum of 8 candidates and against as many candidates it wants.

2. Example Vote Outcomes Based on Above Nominations

- If one shareholder nominee receives more votes than the company nominee receiving the fewest votes, then that shareholder nominee would be elected to the board along with the other 7 company nominees.

- If 2, 3, 4, 5 or 6 shareholder nominees receive more votes than the company nominees receiving the fewest votes, then those 2, 3, 4, 5 or 6 shareholder nominees would be elected to the board along with the other 6, 5, 4, 3 or 2, respectively, company nominees who received greater shareholder support.
- HOWEVER, if 7 or more shareholder nominees receive more votes than certain of the candidates nominated by the company, the 25% cap is triggered and ONLY the 6 shareholder nominees receiving the greatest number of votes would be elected to the board. The resulting board directors elected such year, therefore, would consist of the 6 shareholder nominated candidates who received the greatest number of votes, the 2 company nominated candidates who received the greatest number of votes, and the 18 remaining board members not up for election this hypothetical year. In addition the Board will include the 6 directors elected by the holders of Class B shares.

D. Conclusion

NBIM questions the effectiveness of CME's corporate governance systems and the independence of the board's decision making process in serving the shareholders' interests. In order for shareholders to have a greater opportunity to remedy these governance weaknesses, we urge shareholders to vote FOR this proposal.