

News Release

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CME Partners with MSRI to Recognize Significant Contributions in Mathematics, Statistics and Computing

First Annual CME-MSRI Prize in Innovative Quantitative Applications Awarded to Dr. Stephen A. Ross for Innovative Work in Arbitrage Pricing Theories

CHICAGO, September 14, 2006 – CME, the largest and most diverse financial exchange, through its Center for Innovation is partnering with the Mathematical Sciences Research Institute (MSRI), based in Berkeley, CA, to create an annual award program, the CME/MSRI Prize. This award is designed to recognize individuals or groups who contribute original concepts and innovation in the use of mathematical, statistical or computational methods for the study of the behavior of markets, and more broadly of economics. Today CME and MSRI announce that Dr. Stephen A. Ross, the Franco Modigliani Professor of Financial Economics at the Massachusetts Institute of Technology, is the inaugural recipient of the CME/MSRI Prize in Innovative Quantitative Applications.

Ross, a widely published author in finance and economics, is the discoverer of the 'No Arbitrage Theorem of Asset Pricing,' the inventor of 'Arbitrage Pricing Theory,' the author of the 'Economic Theory of Agency,' as well as the co-discoverer of risk-neutral pricing and the binomial model for pricing derivatives. The focus of much of his work has been on understanding how markets price assets.

As this year's recipient, Dr. Ross will be honored and presented with the CME/MSRI Prize at a recognition ceremony to be held on Thursday, September 21, at CME in Chicago. In conjunction with the award ceremony, a seminar will be held with Nobel laureates Myron Scholes and Robert Merton speaking on the uses of mathematics in economics and the study of markets.

In acknowledging the award, Professor Ross said, "As the first recipient of the CME/MSRI award, I am deeply grateful to be recognized by these two prestigious organizations. CME is considered one of the most innovative financial institution in the world. MSRI is one of the most esteemed mathematical research facilities in the world. This prize is a wonderful recognition by both of these organizations of the fundamental role that mathematics plays in finance and of the inspiration that finance provides mathematics."

Myron Scholes, CME-MSRI Prize Selection Committee Member, Nobel Prize-Winning Economist and Chairman of CME's Competitive Markets Advisory Council said, "The CME Center for Innovation is very pleased to join forces with MSRI, one of the world's foremost mathematical centers, to create this Prize, which we hope will recognize and further incentivize ongoing development in the field of Innovative Quantitative Applications."

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CME-MSRI Prize Selection Committee Member and CME Chairman Emeritus Leo Melamed said, “As leader in the field of arbitrage pricing, Dr. Ross’ work has been an integral part of the risk management arena. His many contributions have significantly impacted how market participants measure, and in turn, address risk. He is a well-deserving recipient of our first CME/MSRI award and sets a high bar for others to follow. ”

David Eisenbud, CME-MSRI Prize Selection Committee Chairman and Director of MSRI said, “The work of Dr. Ross exemplifies the very remarkable development in recent years of the application of mathematics in economics. It is extraordinarily fitting to have CME, which is focused on innovation in a very practical field, and MSRI, which is concerned with innovation in a very fundamental sense, recognize his achievement. This is great example of how the two fit together.”

The CME-MSRI Prize Selection Committee also includes: Darrell Duffie, James I. Miller Professor of Finance Graduate School of Business, Stanford University; Mark Rubinstein, Paul Stephens Professor of Applied Investment Analysis, Haas School of Business, UC Berkeley; and Hugo Sonnenschein, President Emeritus and Adam Smith Distinguished Service Professor, University of Chicago.

CME is a recognized leader in financial services, exemplifying innovation in action by creating products and services that have changed the face of modern finance. Because CME recognizes the importance of innovation first-hand, it created the CME Center for Innovation whose mission is to identify, foster and showcase examples of significant innovation and creative thinking pertaining to markets, commerce or trade in the public and private sectors.

The Mathematical Sciences Research Institute (MSRI), an independent nonprofit, exists to further mathematical research through broadly based programs in the mathematical sciences and closely related activities. For more information about the Berkeley-based Institute, go to <http://www.msri.org>.

For more information on the CME Center for Innovation, visit <http://www.cme.com/about/ins/cfi/index.html>.

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The Mathematical Sciences Research Institute (MSRI) is one of the world’s premiere centers for research in the mathematical sciences, and has been advancing mathematical research through workshops and conferences since its founding as an independent institute in 1982. More than 1,700 mathematical scientists visit MSRI each year in Berkeley, CA, many for stays for up to one year. The Institute is funded primarily by the National Science Foundation with additional support from other government agencies, private foundations, academic and corporate sponsors, and individual donors.

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