

Survey: Finance Executives Say Global Climate Change Will Require Changes to Their Business Models

CME Group and Storm Exchange Unveil Results of National Benchmark Study on Corporate Weather Risk Management Practices

86% of Early Adopters of 'Weather Hedging' Find it a Useful Solution, Though Majority of Companies Remain Outside of Best Practices and are Unprepared to Manage Weather Risk

SAN DIEGO and CHICAGO, April 29, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- CME Group, the world's largest and most diverse derivatives exchange, and Storm Exchange, Inc., a leading weather risk management originator, announced today the results of a benchmark study which revealed that 82 percent of senior finance and risk managers believe global climate change will require changes to their business models in the years ahead. Yet, when it comes to taking proactive steps to manage their weather risk, 51 percent concede that their companies are not well prepared to cope with the current day-to-day economic risks posed by the weather.

The study, commissioned by CME Group and Storm Exchange, also found that just 42 percent of those surveyed said their companies have attempted to quantify their exposure to the weather, and only 10 percent had used weather options or futures to hedge that exposure. However, of those respondents who said their companies have used weather hedging tools, 86 percent said they found them useful.

"This survey shows that not only will managing weather risk become increasingly significant, but also that hedging tools such as futures and options on weather that are now available are extremely important," said Felix Carabello, Director of Alternative Investments at CME Group. "We hope this survey will help businesses understand the value of hedging weather risk, and also that the market has resources available to them to manage their exposure."

"At a time when executives, corporate boards and regulators are clamoring for a stronger commitment to enterprise risk management, it is becoming unacceptable for a company to pass on the opportunity to measure and manage the risk that weather presents to financial performance," said David Riker, CEO of Storm Exchange.

CME Group lists Heating Degree Days and Cooling Degree Days on 35 cities in the U.S., Canada, Japan and Europe, as well as futures and options on futures on hurricanes and snow fall. The products, which have been available for trading since 1999, traded 927,461 contracts in 2007 with a notional value of \$18 billion.

Storm Exchange provides corporations, governments and other clients with the specialized industry knowledge, benchmark indices, analytical tools and capital market access they need to execute a contract to hedge their weather-related risks. The result is more control over uncertain forecasts, improved operating results and stronger, more predictable financial performance.

Major findings of the study were released today at the Risk and Insurance Management Society 2008 Annual Conference & Exhibition. An in-depth research report will be made available in May. Some of the key findings in the study among the 205 senior finance and risk managers surveyed at companies in weather-sensitive industries include:

- Extreme Exposure: 59 percent of senior finance and risk management executives said their companies' exposure to risks stemming from weather volatility meant that the impact on their financial performance could be "significant" (38 percent) or "severe" (21 percent) and that they need protection from it.
- Increased Weather Volatility: 34 percent of all companies surveyed said the weather has become more volatile in recent years; that number jumps to 43 percent in the energy and agriculture sectors.
- Forced Change: 82 percent of those surveyed said they may have to make changes to their business models over the long term to cope with climate change and weather volatility.
- Day-to-Day Weather Risk is High: 51 percent of respondents said their companies are not well prepared to cope with the day-to-day economic risks of the weather.

- Energy Companies Pioneer Weather Hedging: 74 percent of energy company executives said they have attempted to quantify the impact of weather volatility on their businesses, making energy the lone industry where companies have made a systematic attempt to quantify the impact of weather volatility on their business. By contrast, only about one-fourth of agriculture and retailing businesses have made the effort.
- Hedging Works: Of those respondents who said their companies have used weather hedging tools, 86 percent said they found them useful.

Weather Volatility and the Corporate Balance Sheet

Companies in a wide range of industries often point to adverse weather conditions for their failure to meet sales and profit targets. More than 4 in 10 energy and agricultural companies surveyed (43%) said the weather has become more volatile in recent years. However, executives in the retail industry were less attuned to increased weather volatility.

A large part of the slow adoption of weather hedging among companies that are so clearly impacted by the weather is unfamiliarity with the weather risk marketplace. Fully 45 percent of those surveyed said they did not think there were any effective or cost-effective ways to manage weather risk.

The Storm Exchange/CME weather risk survey was conducted via telephone by Andrews Research Associates in February and March 2008 and included 205 senior-level finance professionals, including CFOs, CEOs, corporate treasurers and risk managers at predominantly middle market and Fortune 1,000 firms in weather-sensitive industries in the U.S. and Canada. The industry sectors covered by the survey include energy, agriculture, retail, construction, and outdoor entertainment. The results of this survey are statistically accurate to within +/- 7 percentage points.

About CME Group:

CME Group (<http://www.cmegroup.com/>) is the world's largest and most diverse exchange. Formed by the 2007 merger of the Chicago Mercantile Exchange (CME) and the Chicago Board of Trade (CBOT), CME Group serves the risk management needs of customers around the globe. As an international marketplace, CME Group brings buyers and sellers together on the CME Globex electronic trading platform and on its trading floors. CME Group offers the widest range of benchmark products available across all major asset classes, including futures and options based on interest rates, equity indexes, foreign exchange, agricultural commodities, energy, and alternative investment products such as weather and real estate. CME Group is traded on the New York Stock Exchange and NASDAQ under the symbol "CME".

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About Storm Exchange, Inc.

Storm Exchange, Inc. is a financial services company that protects corporations by reducing the financial impact of unplanned weather on revenue, production costs and operations. Storm Exchange provides weather risk management solutions to corporations in industries such as agriculture, energy, retail, outdoor entertainment, travel and construction. The Company's stated mission is to be the market of choice for originating weather hedges and the standard by which companies analyze, quantify, monitor and manage their financial weather exposure.

Find out more about Storm Exchange at <http://www.stormexchange.com>.

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