

CME GROUP INC.  
Form 8-K  
February 11, 2014

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

February 5, 2014

CME Group Inc.

(Exact name of registrant as specified in its charter)

Delaware

001-31553

36-4459170

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

20 South Wacker Drive, Chicago, Illinois

60606

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

312-930-1000

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On February 5, 2014, the Compensation Committee of the Board of Directors (the Board) of CME Group Inc. (the Company) recommended and the Board approved revised employment agreements with Terrence A. Duffy, the Company's Executive Chairman & President, and Phupinder S. Gill, the Company's Chief Executive Officer.

The following is a summary of the key terms of each agreement, which replace Mr. Duffy's existing agreement effective as of April 18, 2012, and Mr. Gill's existing agreement effective as of April 18, 2012. A copy of the new employment agreements for Mr. Duffy and Mr. Gill are attached to this report as Exhibit 10.1 and 10.2, respectively, and are incorporated herein by reference as though each was fully set forth herein. The description below is only a summary of the terms of the employment agreements and is qualified in its entirety by the complete text of the new employment agreements themselves.

**Duffy Employment Agreement**

Under the terms of his agreement, Mr. Duffy's minimum annual base salary is \$1,250,000. Mr. Duffy is eligible to participate in the Company's bonus incentive plan for its named executive officers and in the Company's equity incentive plan with terms consistent with the Company's other most senior executives. Mr. Duffy is also entitled to employee benefits consistent with programs in place for other senior executives of the Company, including life insurance and long-term disability coverage.

In the event of a termination of Mr. Duffy's employment by the Company without cause, as defined in the agreement, in addition to his accrued benefits, Mr. Duffy is entitled to a one time lump sum severance payment equal to the greater of (i) one times his then current base salary and (ii) the remaining base salary payable to Mr. Duffy during the agreement term but in no event more than two times his then current base salary, which payments are subject to Mr. Duffy's timely execution and delivery of a general release. Additionally, upon such a termination all of Mr. Duffy's outstanding unvested time-vesting equity awards that were granted after November 4, 2010 will automatically vest and in the case of stock options and stock appreciation rights will remain exercisable for a period of four years from the date of termination (but not beyond the maximum term of the award). All of Mr. Duffy's performance-based equity awards shall become vested or be forfeited solely based on actual performance measured over the full performance term.

In the event of a change of control, as defined in the agreement, prior to termination of Mr. Duffy's employment, all of Mr. Duffy's unvested time-vesting equity awards shall become vested and all of Mr. Duffy's performance-based equity awards shall become vested or be forfeited solely based on actual performance measured over the full performance term (unless a more favorable treatment is provided in the agreement evidencing the particular award or applies to the award pursuant to the operation of the applicable plan under which the award was granted, in which case such more favorable treatment will apply). If Mr. Duffy is involuntarily terminated without cause within 60 days prior to a change of control, all of his unvested time-vesting equity awards that would have been outstanding had he been employed on the date of the change of control will become vested and all of Mr. Duffy's performance-based equity awards shall become vested or be forfeited solely based on actual performance measured over the full performance term (unless a more favorable treatment is provided in the agreement evidencing the particular award or applies to the award pursuant to the operation of the applicable plan under which the award was granted, in which case such more favorable treatment will apply).

In the event of Mr. Duffy's death or disability, as defined in the agreement, all unvested time-vesting equity awards granted after November 4, 2010 will vest and in the case of stock options and stock appreciation rights will remain exercisable for a period of four years from the date of the event (but not beyond the maximum term of the award) and all of Mr. Duffy's performance-based equity awards shall become vested or be forfeited solely based on actual

performance measured over the full performance term.

In the event of Mr. Duffy's disability or following any termination of Mr. Duffy's employment by him voluntarily or by the Company without cause, Mr. Duffy will also be entitled to receive insurance and health benefits until the earlier to occur of (i) the fourth anniversary of the expiration or termination, as applicable, or (ii) the date Mr. Duffy is covered by comparable insurance and health benefits.

The agreement also contains provisions prohibiting Mr. Duffy during the term of his employment, and for one year thereafter, from being employed in an executive or managerial capacity by, or providing, whether as an employee, partner, independent contractor, consultant or otherwise, any services of an executive or managerial nature, or any services similar to those provided by Mr. Duffy to the Company, to a competing business.

At the expiration of the term of the agreement on December 31, 2017, if Mr. Duffy is employed by the Company, all outstanding unvested time-vesting equity awards granted to Mr. Duffy after November 4, 2010 will vest and all of Mr. Duffy's performance-based equity awards shall become vested or be forfeited solely based on actual performance measured over the full performance term, which vesting is subject to Mr. Duffy's timely execution and delivery of a general release.

All equity awards granted to Mr. Duffy prior to November 4, 2010 will continue to be governed by the terms and conditions of such awards at the time of grant.

Mr. Duffy's agreement will expire on December 31, 2017, unless sooner terminated by the Company or Mr. Duffy.

### **Gill Employment Agreement**

Under the terms of his agreement, Mr. Gill's minimum annual base salary is \$1,000,000. Mr. Gill is eligible to participate in the Company's bonus incentive plan for its named executive officers and in the Company's equity incentive plan with terms consistent with the Company's other most senior executives. Mr. Gill is also entitled to employee benefits consistent with programs in place for other senior executives of the Company.

In the event of a termination of Mr. Gill's employment by the Company without cause, as defined in the agreement, in addition to his accrued benefits, Mr. Gill is entitled to a one time lump sum severance payment equal to the greater of (i) one times his then current base salary and (ii) the remaining base salary payable to Mr. Gill during the agreement term but in no event more than two times his then current base salary, which payments are subject to Mr. Gill's timely execution and delivery of a general release. Additionally, upon such a termination all of Mr. Gill's outstanding unvested time-vesting equity awards that were granted after August 5, 2009 will automatically vest and in the case of stock options and stock appreciation rights will remain exercisable for a period of four years from the date of termination (but not beyond the maximum term of the award). All of Mr. Gill's performance-based equity awards shall become vested or be forfeited solely based on actual performance measured over the full performance term.

In the event of a change of control, as defined in the agreement, prior to termination of Mr. Gill's employment, all of Mr. Gill's unvested time-vesting equity awards shall become vested and all of Mr. Gill's performance-based equity awards shall become vested or be forfeited solely based on actual performance measured over the full performance term (unless a more favorable treatment is provided in the agreement evidencing the particular award or applies to the award pursuant to the operation of the applicable plan under which the award was granted, in which case such more favorable treatment will apply). If Mr. Gill is involuntarily terminated without cause within 60 days prior to a change of control, all of his unvested time-vesting equity awards that would have been outstanding had he been employed on the date of the change of control will become vested and all of Mr. Gill's performance-based equity awards shall become vested or be forfeited solely based on actual performance measured over the full performance term (unless a more favorable treatment is provided in the agreement evidencing the particular award or applies to the award pursuant to the operation of the applicable plan under which the award was granted, in which case such more

favorable treatment will apply).

In the event of Mr. Gill's death or disability, as defined in the agreement, all unvested time-vesting equity awards granted after August 5, 2009 will vest and in the case of stock options and stock appreciation rights will remain exercisable for a period of four years from the date of the event (but not beyond the maximum term of the award) and all of Mr. Gill's performance-based equity awards shall become vested or be forfeited solely based on actual performance measured over the full performance term.

In the event of Mr. Gill's disability or following any termination of Mr. Gill's employment by him voluntarily or by the Company without cause, Mr. Gill will also be entitled to receive insurance and health benefits until the earlier to occur of (i) the fourth anniversary of the expiration or termination, as applicable, or (ii) the date Mr. Gill is covered by comparable insurance and health benefits.

The agreement also contains provisions prohibiting Mr. Gill during the term of his employment, and for one year thereafter, from being employed in an executive or managerial capacity by, or providing, whether as an employee, partner, independent contractor, consultant or otherwise, any services of an executive or managerial nature, or any services similar to those provided by Mr. Gill to the Company, to a competing business.

At the expiration of the term of the agreement on December 16, 2016, if Mr. Gill is employed by the Company, all outstanding unvested time-vesting equity awards granted to Mr. Gill after August 5, 2009 will vest and all of Mr. Gill's performance-based equity awards shall become vested or be forfeited solely based on actual performance measured over the full performance term, which vesting is subject to Mr. Gill's timely execution and delivery of a general release.

All equity awards granted to Mr. Gill prior to August 5, 2009 will continue to be governed by the terms and conditions of such awards at the time of grant.

Mr. Gill's agreement will expire on December 31, 2016, unless sooner terminated by the Company or Mr. Gill.

**Item 9.01 Financial Statements and Exhibits.**

A copy of the employment agreements for Mr. Duffy and Mr. Gill are attached to this report as Exhibit 10.1 and 10.2, respectively, and are incorporated herein by reference as though each was fully set forth herein.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CME Group Inc.

*February 11, 2014*

By: *Kathleen M. Cronin*

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*Name: Kathleen M. Cronin  
Title: Senior Managing Director, General Counsel &  
Corporate Secretary*

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Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.1	Agreement, effective as of February 5, 2014, by and between CME Group Inc. and Terrence A. Duffy.
10.2	Agreement, effective as of February 5, 2014, by and between CME Group Inc. and Phupinder Gill.