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August 25, 2008

**Re: CME Group, Inc., CBOT Holdings, Inc., The Board of Trade of the City of Chicago, Inc., Michael Floodstrand and Thomas J. Ward v. Chicago Board Options Exchange, et al., Case No. 2369-N**

Dear CBOT Full Member:

As you may know, on August 20, 2008 a Stipulation of Settlement (the "Stipulation") was filed with the Court of Chancery in Delaware. The Stipulation is posted on the CBOT website. A Court authorized notice will be sent to you. It summarizes the Stipulation. I urge you to take the time to review the Stipulation for details relating to the settlement. This summary is not a substitute for the Stipulation and the Stipulation, not this summary, controls. I will briefly highlight some of the provisions of the settlement citing to specific provisions of the Stipulation.

**The Settlement Class and Participating Settlement Class Members.**

The settlement calls for a non-opt out Settlement Class, which means that anyone in the Settlement Class is bound by the settlement and does not have the right to pursue separate claims.

The Settlement Class will consist of two groups:

**Group A**

- All persons who at any time prior to June 2, 2008 simultaneously beneficially owned or possessed by delegation (i) at least one B-1 Membership, (ii) at least one Exercise Right Privilege, and (iii) at least 27,338 shares of CBOT Holdings Common Stock or, after the consummation of the merger with the Chicago Mercantile Exchange, at least one 10,251.75 shares of CME Group Common Stock (the "Group A Settlement Class") (§ 30AA).
- Participating Group A Settlement Class Members will share in an equity pool equal to 18% of the total common stock issued by CBOE to CBOE Seat Owners and Participating Group A Settlement Class Members in CBOE's demutualization transaction or other conversion event, subject to the "equity cap" described in the Stipulation (§§ 30CC(1), 36A). The CBOE Demutualization Transaction is defined in paragraph 30G and CBOE Conversion Event in paragraph 30C.

- Participating Group A Settlement Class Members will also share in a cash pool of up to \$300 million. As explained in the Stipulation, their shares of the cash are subject to a “cash cap” of \$600,000 as described in paragraph 36B.
- In order to receive a share of the Settlement Consideration paid to Participating Group A Settlement Class Members, the Participating Group A Settlement Class Members also must (1) own the package of three interests as of 5:00 p.m. (CT) on the 45<sup>th</sup> day after the Court grants preliminary approval of the settlement (referred to as the “Eligibility Date”) (¶ 30N), (2) continue to own that package until the date set by the Court for the hearing to determine whether the settlement will be finally approved (the “Settlement Hearing”) (¶ 30DD) and (3) submit a claim form and satisfy the other criteria contained in the Stipulation (¶ 30T). The Eligibility Date is October 6, 2008 and the Settlement Hearing is December 16, 2008.
- The number of packages with respect to which a Participating Group A Settlement Class Member can receive Group A Settlement Consideration is capped at the maximum number of packages that the person simultaneously beneficially owned or possessed by delegation at any time prior to June 2, 2008 (¶ 30Q).

### **Group B**

- All persons who own of record at least one Exercise Right Privilege as of 5:00 p.m., Chicago time, on the Eligibility Date (the “Group B Settlement Class”) and their transferees and assigns (¶ 30AA).
- Again, the Eligibility Date is October 6, 2008.
- Participating Group B Settlement Class Members will be paid \$250,000 for their ERPs. These payments will be made from the cash pool described above. Details on these payments are set forth in paragraphs 30U, 36C and 36D of the Stipulation.

An ERP may be used either as part of a package for Group A Settlement Consideration or for Group B Settlement Consideration, but not for both (¶ 30R).

### **How to Receive a Payment.**

- To receive a share of the Settlement Consideration you must be a member of the Participating Group A or Group B Settlement Class, as defined in the Stipulation, and you must satisfy certain conditions and complete and submit a Claim Form which will be part of the notice you will be receiving in the mail. All disputes

regarding the satisfaction of the conditions required to become a member of a Participating Settlement Class shall be resolved by the Court. **Claim Forms are due by the Eligibility Date, which is now set for October 6, 2008.** See paragraphs 30T and 30U.

- For those seeking to participate as a Participating Group A Settlement Class Member, you must arrange for your CME shares to be transferred to Computershare, the CME transfer agent (§ 30T(7)(a)). This transfer will be the responsibility of the individual or entity seeking to be a Participating Group A Settlement Class Member.
- Ownership of the CBOT B-1 membership and ERP will be based on the records of the CBOT (§ 30T(7)(b)).

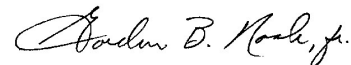
**Other features of the Stipulation:**

- Certain Participating Group A Settlement Class Members will receive payments relating to access fees paid to the CBOE when they became “temporary members” of the CBOE beginning after July 11, 2007. These provisions only apply to those who became “temporary members.” The payments are explained in detail in the Stipulation paragraphs 30CC(3), 30CC(4), 36F and 36G. These cash payments will not be paid out of the cash pool and apply to a relatively small group of Participating Group A Settlement Class Members.
- The stock and the cash described above are due upon the earlier of CBOE’s demutualization and specified other equity events. The cash component would become due if CBOE has not demutualized within one year of the Final Approval of the settlement, including the final resolution of all appeals (§§ 30P, 36A, 36D).
- If CBOE Seat Owners receive additional consideration as a group in respect of their status as CBOE members (other than the stock they receive in the demutualization), or if any other rights are granted or retained by CBOE Seat Owners as a group in respect of their membership status, then the same type of consideration will be put in a pool for Participating Group A Settlement Class Members in an amount equal to 18% of the total additional consideration paid or granted to CBOE Seat Owners and Participating Group A Settlement Class Members, subject to the same equity cap described above (§ 44).
- Prior to demutualization CBOE will not pay dividends or make other payments to CBOE Seat Owners as a group or repurchase membership interests from CBOE Seat Owners (§ 42).

**Court Approval.**

- The Stipulation requires court approval to become effective. The Stipulation sets forth the procedure for the Court's review of the Stipulation and any objections that may be made (§§ 32, 33 and 48).
- The parties filed the Stipulation with the Court and requested that the Court preliminarily approve its terms (§ 32). The Court did that late on August 22, 2008.
- The Court granted that preliminary approval and directed that notice be provided to all potential class members and set a date by which class members must submit any objections to the settlement. That date is December 2, 2008. The Court also set a date for the Settlement Hearing. That date is December 16, 2008 (§§ 32A, 32B, 32C).
- At the Settlement Hearing, the Court will hear any objections to the settlement, will decide whether to grant final approval of the settlement and will resolve any disputes about who qualifies to be a Participating Group A or Group B Settlement Class Member (§ 32F). If the Court grants final approval of the settlement, objectors would have a right to appeal that ruling to the Delaware Supreme Court.
- The settlement will be effective only after it has been approved by a majority vote of a quorum of CBOE voting members (which will take place on September 17, 2008) and after it has been finally approved by the Delaware Court, including any appeals (§ 30P). If the settlement is not approved, it will be rendered null and void, and the parties will be returned to their litigation positions as they existed prior to the execution of the Stipulation (§ 48).

Sincerely,



Gordon B. Nash, Jr.

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