

## NOTICE

### **ALLOCATION OF TAX BASIS IN PRE-RESTRUCTURING CBOT MEMBERSHIPS AMONG CLASS A COMMON STOCK, CLASS B MEMBERSHIPS AND CBOE EXERCISE RIGHT PRIVILEGES**

According to two private letter rulings from the IRS, and an opinion of counsel received in connection with the 2005 restructuring transactions, you recognized no gain or loss with respect to the receipt of shares of Class A common stock of CBOT Holdings, a Class B membership in the CBOT exchange subsidiary or a CBOE exercise right privilege (for Series B-1 (Full) members) in connection with the restructuring transactions. Your aggregate tax basis in the CBOT membership you held prior to the restructuring transactions is the same as your aggregate tax basis in the Class A common stock, the Class B membership and the CBOE exercise right privilege (for Series B-1 (Full) members) you received in the restructuring transactions.

If you sell some but not all of the interests you received in connection with the restructuring transactions (for example, if you sell your shares of Class A common stock of CBOT Holdings but not your Class B membership in the CBOT subsidiary), you will need to allocate some or all of your tax basis in the pre-restructuring CBOT membership to the interests you sell.

As a general matter, your tax basis in the Class A common stock and Class B membership (without the CBOE exercise right privilege) should be equal to what you paid for the CBOT equity and trading right component, respectively, of the CBOT membership held prior to the restructuring transactions. In addition, if you are a Series B-1 (Full) member, your tax basis in the CBOE exercise right privilege should be equal to what you paid for the CBOE exercise right privilege component of your pre-restructuring CBOT Full Membership.

Practically speaking, however, it is unlikely that you allocated the purchase price for your pre-restructuring CBOT membership among its components or had any information on the valuation of the components at the time you acquired your pre-restructuring CBOT membership. If this is the case, you will need to make a reasonable determination of how much you paid for each component, or, in other words, how to allocate the total amount you paid or your total tax basis in your pre-restructuring CBOT membership (the "Total Tax Basis") among the various components that made up your pre-restructuring CBOT membership.

Although there may be other appropriate methodologies, one possible approach would be to allocate your Total Tax Basis among the component interests based on relative values of the component interests as of the date or dates objective information regarding such values became available. Three examples of such allocations are presented below based on market assumptions as of various key dates.

For more information regarding the information in this Notice, please contact Glen M. Johnson, Senior Vice President and Chief Financial Officer, at (312) 435-3457.

**Example 1:** The following allocates a Full Member's Total Tax Basis among the Class A common stock, the Series B-1 (Full) membership and the CBOE exercise right privilege based on market information we have in our records on or about May 3, 2005, the first date that we have any trading information for the interests granted to Full Members in connection with the restructuring transactions (27,338 shares of Class A common stock, a Series B-1 (Full) membership and a CBOE exercise right privilege).<sup>1</sup>

Our records reflect the following trading or sales prices for each component on or about this date:

One Series B-1 (Full) membership	\$350,000 <sup>2</sup>
One CBOE exercise right privilege	\$100,000 <sup>3</sup>
27,338 shares of Class A common stock	\$1,175,000 <sup>4</sup>

Thus, assume someone paid \$1,000,000 for a Full Membership in 2003. One approach would be to allocate the member's \$1,000,000 Total Tax Basis among the component interests as follows:

	<b>Relative Value</b>	<b>Percentage of the Total Relative Value</b>	<b>Allocated Tax Basis</b>
Series B-1 (Full) Membership	\$350,000	21.54%	\$215,400
CBOE exercise right privilege	\$100,000	6.15%	\$61,500
27,338 shares of Class A common stock	\$1,175,000	72.31%	\$723,100
<b>Total</b>	<b>\$1,625,000</b>	<b>100%</b>	<b>\$1,000,000</b>

<sup>1</sup> Our demutualization was effected on April 22, 2005. At that time, a market was established for the Class A common stock of CBOT Holdings, Class B memberships in the CBOT subsidiary and CBOE exercise right privileges. The shares of Class A common stock issued in the demutualization were subject to restrictions on transfer and generally could not be transferred apart from the associated Class B membership prior to April 2006. The first trading of any kind after the demutualization was a bundled trade of a Series B-1 (Full) membership with the associated Class A common stock and CBOE exercise right privilege on May 3, 2005 at a price of \$1,625,000.

<sup>2</sup> We do not have separate pricing information for Series B-1 (Full) memberships as of May 3, 2005. The closest date information is available is September 20, 2005. On that date, we show a sale price of \$350,000 for a Series B-1 (Full) membership.

<sup>3</sup> We do not have separate pricing information for CBOE exercise right privileges as of May 3, 2005. The closest date information is available is May 31, 2005. On that date, we show a sale price of \$100,000 for a CBOE exercise right privilege.

<sup>4</sup> We do not have separate pricing information for 27,338 shares of Class A common stock as of May 3, 2005. However, we can estimate fair market value as follows: \$1,625,000 (the price of the May 3, 2005 bundled trade of one Series B-1 (Full) membership with the associated 27,338 shares of Class A common stock and one CBOE exercise right privilege), less \$100,000 (the price of a CBOE exercise right privilege as of May 31, 2005), less \$350,000 (the price of a Series B-1 (Full) membership as of September 20, 2005) = \$1,175,000.

**Example 2:** The following allocates a Full Member's Total Tax Basis among the Class A common stock, the Series B-1 (Full) membership and the CBOE exercise right privilege based on market information we have in our records on or about October 18, 2005, the day before the Class A common stock began trading on the New York Stock Exchange.

Our records reflect the following trading or sales prices for each component on or about this date:

One Series B-1 (Full) membership	\$335,000 <sup>5</sup>
One CBOE exercise right privilege	\$95,000 <sup>6</sup>
27,338 shares of Class A common stock	\$2,045,000 <sup>7</sup>

Again, assume someone paid \$1,000,000 for a Full Membership in 2003. One approach would be to allocate the member's \$1,000,000 Total Tax Basis among the component interests based on their relative value on or about October 18, 2005, as follows:

	<b>Relative Value</b>	<b>Percentage of the Total Relative Value</b>	<b>Allocated Tax Basis</b>
Series B-1 (Full) Membership	\$335,000	13.54%	\$135,400
CBOE exercise right privilege	\$95,000	3.84%	\$38,400
27,338 shares of Class A common stock	\$2,045,000	82.62%	\$826,200
<b>Total</b>	<b>\$2,475,000</b>	<b>100%</b>	<b>\$1,000,000</b>

<sup>5</sup> We do not have separate pricing information for Series B-1 (Full) memberships as of October 18, 2005. The closest date information is available is October 21, 2005. On that date, we show a sale price of \$335,000 for a Series B-1 (Full) membership.

<sup>6</sup> We do not have separate pricing information for CBOE exercise right privileges as of October 18, 2005. The closest date information is available is October 14, 2005. On that date, we show a sale price of \$95,000 for a CBOE exercise right privilege.

<sup>7</sup> We do not have separate pricing information for 27,338 shares of Class A common stock as of October 18, 2005. However, we show a bundled trade of a Series B-1 (Full) membership with the associated 27,338 shares of Class A common stock and one CBOE exercise right privilege on October 20, 2005 at a price of \$2,475,000. As a result, we can estimate fair market value as follows: \$2,475,000 (the price of the October 20, 2005 bundled trade of a Series B-1 (Full) membership with the associated Class A common stock and CBOE exercise right privilege), less \$95,000 (the price of a CBOE exercise right privilege on October 14, 2005), less \$335,000 (the price of a Series B-1 (Full) membership on October 21, 2005) = \$2,045,000.

**Example 3:** The following allocates a Full Member’s Total Tax Basis among the Class A common stock, the Series B-1 (Full) membership and the CBOE exercise right privilege based on market information we have in our records on or about October 19, 2005, the date the Class A common stock began trading on the New York Stock Exchange.

Our records reflect the following trading or sales prices for each component on or about this date:

One Series B-1 (Full) membership	\$335,000 <sup>8</sup>
One CBOE exercise right privilege	\$95,000 <sup>9</sup>
27,338 shares of Class A common stock	\$2,195,241 <sup>10</sup>

Again, assume someone paid \$1,000,000 for a Full Membership in 2003. One approach would be to allocate the member’s \$1,000,000 Total Tax Basis among the component interests based on their relative value on or about October 19, 2005, as follows:

	Relative Value	Percentage of the Total Relative Value	Allocated Tax Basis
Series B-1 (Full) Membership	\$335,000	12.76%	\$127,600
CBOE exercise right privilege	\$95,000	3.62%	\$36,200
27,338 shares of Class A common stock	\$2,195,241 (27,338 shares x \$80.30 per share)	83.62%	\$836,200
Total	\$2,625,241	100%	\$1,000,000

**This shall not constitute a recommendation to sell all or any of the interests issued to CBOT members in connection with the CBOT’s 2005 demutualization. The sale of one or more of such interests may have adverse consequences to you. For additional information, please see the information set forth under the heading “Risk Factors – Additional Risks Relating to CBOT Members” in CBOT Holdings’ proxy statement filed with the Securities and Exchange Commission on March 2, 2007, under the heading “Business – Members” in CBOT Holdings’ Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 1, 2007, and in its other filings with the Securities and Exchange Commission.**

<sup>8</sup> We do not have separate pricing information for Series B-1 (Full) memberships as of October 19, 2005. The closest date information is available is October 21, 2005. On that date, we show a sale price of \$335,000 for a Series B-1 (Full) membership.

<sup>9</sup> We do not have separate pricing information for CBOE exercise right privileges as of October 19, 2005. The closest date information is available is October 14, 2005. On that date, we show a sale price of \$95,000 for a CBOE exercise right privilege.

<sup>10</sup> Based \$80.30 per share, which was the closing price of the Class A common stock on the New York Stock Exchange on October 19, 2005.

**This is not tax advice to any particular member, and does not purport to cover all issues for all members, or for the CBOT. This discussion is not an opinion that can be used for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code. Rather, this is a limited set of observations about how the federal income tax law applies to the circumstances of the CBOT restructuring, how the IRS views the restructuring in general, and several issues that members may have to consider. The tax considerations may be materially different for certain members, including in particular any member who does not hold the CBOT membership as a capital asset, and any member who acquired the CBOT membership other than by purchase. In all events, however, we strongly recommend that each member consult his or her tax advisor concerning the federal income tax consequences of the restructuring and of any sale or exchange of interests following the restructuring, as well as state, local and foreign tax consequences.**

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