

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

CME Holdings and CBOT Holdings intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. As described below under “—Tax Consequences of the Merger Generally,” in connection with the filing of the registration statement of which this document forms a part, Skadden, Arps has delivered an opinion to CME Holdings, and Mayer Brown has delivered an opinion to CBOT Holdings, to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code, whether or not any cash received by CBOT Holdings stockholders in the tender offer is treated as merger consideration. These opinions rely upon certain factual representations made by CME Holdings and CBOT Holdings as of the date of this registration statement and are subject to certain qualifications and limitations as set forth in the opinions.

The following is a summary of the material U.S. federal income tax consequences of the merger applicable to a holder of shares of CBOT Holdings Class A common stock that receives CME Holdings Class A common stock in the merger. This discussion is based upon the Code, Treasury regulations, judicial authorities, published positions of the Internal Revenue Service, or the “IRS,” and other applicable authorities, all as currently in effect and all of which are subject to change or differing interpretations (possibly with retroactive effect). This discussion is limited to U.S. holders (as defined below) and non-U.S. holders (as defined below) that hold their shares of CBOT Holdings Class A common stock as capital assets for U.S. federal income tax purposes (generally, assets held for investment). This discussion does not address all of the tax consequences that may be relevant to a particular CBOT Holdings Class A stockholder or to CBOT Holdings Class A stockholders that are subject to special treatment under U.S. federal income tax laws, such as:

- financial institutions;
- insurance companies;
- tax-exempt organizations;
- dealers in securities or currencies;
- persons whose functional currency is not the U.S. dollar;
- traders in securities that elect to use a mark to market method of accounting;
- persons that hold CBOT Holdings Class A common stock as part of a straddle, hedge, constructive sale or conversion transaction; and
- U.S. holders who acquired their shares of CBOT Holdings Class A common stock through the exercise of an employee stock option or otherwise as compensation.

If a partnership or other entity taxed as a partnership holds CBOT Holdings Class A common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partnerships and partners in such a partnership should consult their tax advisors about the tax consequences of the merger to them.

This discussion does not address the tax consequences of the merger under state, local or foreign tax laws. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

Holders of CBOT Holdings Class A common stock should consult with their own tax advisors as to the tax consequences of the merger in their particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

For purposes of this section, the term “U.S. holder” means a beneficial owner of CBOT Holdings Class A common stock that for U.S. federal income tax purposes is:

- a citizen or resident of the United States;

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- a corporation or partnership, or other entity treated as a corporation or partnership for federal income tax purposes, created or organized in or under the laws of the United States or any State or the District of Columbia;
- an estate that is subject to U.S. federal income tax on its income regardless of its source; or
- a trust, the substantial decisions of which are controlled by one or more U.S. persons and which is subject to the primary supervision of a U.S. court, or a trust that validly has elected under applicable Treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes.

For purposes of this section, the term “non-U.S. holder” means a beneficial owner of CBOT Holdings Class A common stock that is not a U.S. holder.

Tax Consequences of the Merger Generally

CME Holdings and CBOT Holdings intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to CME Holdings’ obligation to complete the merger that CME Holdings receive an opinion of its counsel, Skadden, Arps, dated the closing date of the merger, substantially to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to CBOT Holdings’ obligation to complete the merger that CBOT Holdings receive an opinion of its counsel, Mayer Brown, dated the closing date of the merger, substantially to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. In connection with the filing of the registration statement of which this document forms a part, Skadden, Arps has delivered an opinion to CME Holdings, and Mayer Brown has delivered an opinion to CBOT Holdings, to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. In rendering these opinions, counsel may require and rely upon representations contained in letters and certificates to be received from CME Holdings and CBOT Holdings. In addition, the opinions will be subject to certain qualifications and limitations as set forth in the opinions. None of the tax opinions given in connection with the merger or the opinions described below will be binding on the IRS. Neither CME Holdings nor CBOT Holdings intends to request any ruling from the IRS as to the U.S. federal income tax consequences of the merger.

Consequently, no assurance can be given that the IRS will not assert, or that a court would not sustain, a position contrary to any of those set forth below. In addition, if any of the representations or assumptions upon which those opinions are based is inconsistent with the actual facts, the U.S. federal income tax consequences of the merger could be adversely affected. The discussion below as to the material U.S. federal income tax consequences of the merger is the opinion of Skadden, Arps and Mayer Brown, subject to the qualifications and limitations referenced and summarized above.

Tax Consequences of the Merger for CME Holdings, CME Holdings Stockholders and CBOT Holdings

As a result of the merger qualifying as a reorganization within the meaning of Section 368(a) of the Code, no gain or loss will be recognized by CME Holdings, CME Holdings stockholders, or CBOT Holdings.

Tax Consequences of the Merger for CBOT Holdings Stockholders

CBOT Holdings stockholders who do not participate in the tender offer

For a U.S. holder who exchanges all of its shares of CBOT Holdings Class A common stock for shares of CME Holdings Class A common stock in the merger, and does not participate in the tender offer, no gain or loss will be recognized.

CBOT Holdings stockholders who participate in the tender offer

Although there is no authority directly on point, the parties believe that the former CBOT Holdings stockholders who receive CME Holdings Class A common stock in the merger and tender that CME Holdings Class A common stock for cash in the tender offer should be viewed as exchanging in the merger CBOT Holdings Class A common stock for (1) cash received in the tender offer and (2) any CME Holdings Class A common stock received in the merger that is not surrendered in the tender offer.

However, it is possible that the IRS could assert that any such cash received in the tender offer should not be treated as merger consideration. If this were the proper treatment, CBOT Holdings stockholders would be treated as exchanging CBOT Holdings Class A common stock for solely the CME Holdings Class A common stock received in the merger and would be subject to tax on the exchange as described under the heading “CBOT Holdings stockholders who do not participate in the tender offer.” Former CBOT Holdings stockholders who then tender their CME Holdings Class A common stock that they received in the merger will, if the exchange satisfies certain tests under Section 302 of the Code and depending on such former CBOT Holdings stockholder’s particular circumstances, be treated as recognizing gain or loss from the disposition of its CME Holdings Class A common stock. Such gain or loss will be equal to the difference between the amount of cash received and the former CBOT Holdings stockholder’s tax basis in the CME Holdings Class A common stock exchanged therefor. Any such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holding period of the shares exceeds one year as of the date the exchange. Long-term capital gain of an individual generally is subject to a maximum U.S. federal income tax rate of 15%. Short-term capital gains of an individual generally are subject to a maximum U.S. federal income tax rate of 35%. The deductibility of capital losses is subject to limitations. In some cases, such as if the former CBOT Holdings stockholder actually or constructively owns CME Holdings Class A common stock immediately after the tender offer, such cash received in the tender offer could be treated as having the effect of the distribution of a dividend, under the tests set forth in Section 302 of the Code, in which case such cash received would be treated as ordinary dividend income. These rules are complex and dependent upon the specific factual circumstances particular to each stockholder. Consequently, former CBOT Holdings stockholders that tender their CME Holdings Class A common stock received in the merger pursuant to the tender offer are advised to consult their tax advisors as to the specific tax consequences to them of tendering such shares. The discussion below assumes, however, that cash received in the tender offer will be treated as consideration received in the merger.

CBOT Holdings stockholders who exchange all of their CME Holdings Class A common stock received in the merger for cash pursuant to the tender offer:

- For a U.S. holder who tenders all of its shares of CME Holdings Class A common stock received in the merger, capital gain or loss equal to the difference between the amount of cash received and the holder’s tax basis in the CBOT Holdings Class A common stock will generally be recognized.
- Any capital gain or loss generally will be long-term capital gain or loss if the U.S. holder held the shares of CBOT Holdings Class A common stock for more than one year at the time the merger is completed. Long-term capital gain of an individual generally is subject to a maximum U.S. federal income tax rate of 15%. Short-term capital gains of an individual generally are subject to a maximum U.S. federal income tax rate of 35%. The deductibility of capital losses is subject to limitations.
- In some cases, such as if the U.S. holder actually or constructively owns CME Holdings Class A common stock immediately after the merger and tender offer, such cash received in the merger and tender offer could be treated as having the effect of the distribution of a dividend, under the tests set forth in Section 302 of the Code, in which case such cash received would be treated as ordinary dividend income. These rules are complex and dependent upon the specific factual circumstances particular to each U.S. holder. Consequently, each U.S. holder that may be subject to those rules should consult its tax advisor as to the application of these rules to the particular facts relevant to such U.S. holder.

CBOT Holdings stockholders who exchange some, but not all of their CME Holdings Class A common stock received in the merger for cash pursuant to the tender offer:

- For a U.S. holder who exchanges some, but not all of its shares of CME Holdings Class A common stock received in the merger for cash pursuant to the tender offer will be treated as exchanging in the merger shares of CBOT Holdings Class A common stock for (1) cash received in the tender offer

and (2) CME Holdings Class A common stock received in the merger that is not exchanged in the tender offer. Any such U.S. holder will recognize gain (but not loss) on the exchange equal to the lesser of (i) the excess, if any, of the amount of cash received in the tender offer plus the fair market value of CME Holdings Class A common stock received in the merger and not exchanged in the tender offer, over such U.S. holder's tax basis in the shares of CBOT Holdings Class A common stock surrendered by the U.S. holder in the merger, or (ii) the amount of cash received in the tender offer.

- For a U.S. holder who acquired different blocks of CBOT Holdings Class A common stock at different times and at different prices, realized gain or loss generally must be calculated separately for each identifiable block of shares exchanged in the merger, and a loss realized on the exchange of one block of shares cannot be used to offset a gain realized on the exchange of another block of shares.
- If a U.S. holder has differing bases or holding periods in respect of shares of CBOT Holdings Class A common stock, the U.S. holder should consult its tax advisor prior to the exchange with regard to identifying the bases or holding periods of the particular shares of CME Holdings Class A common stock received in the merger.
- Any capital gain generally will be long-term capital gain if the U.S. holder held the shares of CBOT Holdings Class A common stock for more than one year at the time the merger is completed. Long-term capital gain of an individual generally is subject to a maximum U.S. federal income tax rate of 15%. Capital gains on stock held for one year or less may be taxed at regular rates of up to 35% for individuals.
- In some cases, such as if the U.S. holder actually or constructively owns CME Holdings Class A common stock immediately after the merger and tender offer, such gain could be treated as having the effect of the distribution of a dividend, under the tests set forth in Section 302 of the Code, in which case such gain would be treated as ordinary dividend income. These rules are complex and dependent upon the specific factual circumstances particular to each U.S. holder. Consequently, each U.S. holder that may be subject to those rules should consult its tax advisor as to the application of these rules to the particular facts relevant to such U.S. holder.

Treatment of non-U.S. holders who exchange CBOT Holdings Class A common stock in the merger.

- For a non-U.S. holder who exchanges its shares of CBOT Holdings Class A common stock in the merger, its tax consequences, including the computation of capital gain or loss, will generally be determined in the same manner as that of a U.S. holder, except as otherwise described below.
- A non-U.S. holder generally will not be subject to U.S. federal income tax on any gain recognized with respect to the merger unless (i) such gain is effectively connected with a trade or business of the non-U.S. holder in the United States (or, if certain income tax treaties apply, is attributable to a permanent establishment), (ii) CBOT Holdings is a U.S. real property holding corporation (as defined below) at any time within the shorter of the five-year period ending on the date on which the proposed transaction is consummated or such non-U.S. holder's holding period, (iii) the non-U.S. holder is an individual who is present in the United States for a period or periods aggregating 183 or more days in the taxable year of the exchange and certain other conditions are met, or (iv) cash paid to a non-U.S. holder in the merger and tender offer for some or all of such non-U.S. holder's CBOT Holdings Class A common stock has the effect of a distribution of a dividend for U.S. federal income tax purposes. In the case of (i)-(iii), a non-U.S. holder will be subject to U.S. federal income tax on such gain in the same manner as a U.S. holder. In addition, a non-U.S. holder that is a corporation may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) on such effectively connected income.
- Generally, a corporation is a "U.S. real property holding corporation" if the fair market value of its U.S. real property interests, as defined in the Code and applicable regulations, equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. CBOT Holdings does not believe that it is or has been a U.S. real property holding corporation within the last five years and does not expect to become a U.S. real property holding corporation prior to the date of closing of the merger.

- If a non-U.S. holder in the merger and tender offer is treated as receiving a cash payment in exchange for all or some of its CBOT Holdings Class A common stock that has the effect of a distribution of a dividend for U.S. federal income tax purposes, then such cash payment may be subject to 30% withholding unless (i) such non-U.S. holder is eligible for a reduced tax treaty rate with respect to dividend income or (ii) amounts paid to the non-U.S. holder in the merger and tender offer is effectively connected with a U.S. trade or business, in which case no such withholding will be required and such amounts will be taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. In general, a non-U.S. holder must furnish an IRS Form W-8BEN or IRS Form W-8ECI in order to prove its eligibility for any of the foregoing exemptions or reduced rates.
- The rules relating to non-U.S. holders are complex and dependent on the specific factual circumstances particular to each non-U.S. holder. Consequently, each non-U.S. holder should consult its tax advisor as to the U.S. federal income tax consequences relevant to such non-U.S. holder.

Tax Basis and Holding Period

A CBOT Holdings stockholder's aggregate tax basis in the CME Holdings Class A common stock received in the merger will equal its aggregate tax basis in the CBOT Holdings Class A common stock surrendered in the merger, increased by the amount of taxable gain or dividend income, if any, recognized in the merger and tender offer, and decreased by the amount of cash, if any, received in the merger and tender offer. The holding period for the shares of CME Holdings Class A common stock received in the merger generally will include the holding period for the shares of CBOT Holdings Class A common stock exchanged therefor.

Information Reporting and Backup Withholding

Cash payments received in the merger and tender offer by a CBOT Holdings stockholder may, under certain circumstances, be subject to information reporting and backup withholding at a rate of 28% of the cash payable to the holder, unless the holder provides proof of an applicable exemption, furnishes its taxpayer identification number (in the case of individuals, their social security number) or provides a certification of foreign status on IRS Form W-8BEN or other appropriate form, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the CBOT Holdings stockholder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Reporting Requirements

A CBOT Holdings stockholder who receives CME Holdings Class A common stock as a result of the merger will be required to retain records pertaining to the merger. Each holder of CBOT Holdings Class A common stock who is required to file a U.S. tax return and who is a "significant holder" that receives CME Holdings Class A common stock in the merger will be required to file a statement with the holder's U.S. federal income tax return setting forth such holder's basis in the CBOT Holdings Class A common stock surrendered and the fair market value of the CME Holdings Class A common stock and cash, if any, received in the merger and tender offer. A "significant holder" is a CBOT Holdings Class A stockholder, who, immediately before the merger owned at least 5% of the outstanding stock of CBOT Holdings.