

CNH GLOBAL N V
Form 6-K
April 19, 2007

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of April 2007

CNH GLOBAL N.V.

(Translation of Registrant's Name Into English)

World Trade Center

Tower B, 10th Floor

Amsterdam Airport

The Netherlands

(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-____.)

CNH GLOBAL N.V.

Form 6-K for the month of April 2007

List of Exhibits:

1. News Release entitled, **CNH 20-F Report Available Online**
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FOR IMMEDIATE RELEASE

For more information contact:

Thomas Witom News and Information (847) 955-3939

Albert Trefts, Jr. InvestorRelations (847) 955-3821

CNH 20-F Report Available Online

LAKE FOREST, IL (MARKET WIRE) April 18, 2007 CNH Global N.V. (NYSE: CNH) said its 2006 annual report on Form 20-F is available on the corporate Web site, www.cnh.com, under Securities and Exchange Commission (SEC) filings. The full document can be read online or downloaded.

Investors may request a hard copy of the company's audited financial statement free of charge at wwinvestorrelations@cnh.com.

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CNH Global N.V. is a world leader in the agricultural and construction equipment businesses. Supported by about 11,500 dealers in 160 countries, CNH brings together the knowledge and heritage of its Case and New Holland brand families with the strength and resources of its worldwide commercial, industrial, product support and finance organizations. CNH Global N.V., whose stock is listed at the New York Stock Exchange (NYSE:CNH), is a majority-owned subsidiary of Fiat S.p.A. (FIA.MI; NYSE:FIA). More information about CNH and its Case and New Holland products can be found online at www.cnh.com.

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, thereunto duly authorized.

CNH Global N.V.

By: /s/ Roberto Miotto
Roberto Miotto
Senior Vice President, General Counsel
and Secretary

April 18, 2007

"font-family:times;">

Stuart J. Kipnes(6) 7,547 Unrestricted * 7,547 Unrestricted *

80,000 Class A** * 40,000 A-1 *

40,000 A-2 *

87,547 *

Duane R. Kullberg

7,547 Unrestricted * 7,547 Unrestricted * 7,547 *

Benjamin R. Londergan(7)

7,547 Unrestricted * 7,547 Unrestricted *

80,000 Class A** * 20,000 30,000 A-1 *

30,000 A-2 *

67,547 *

R. Eden Martin

7,547 Unrestricted * 7,547 Unrestricted * 7,547 *

Roderick A. Palmore

7,547 Unrestricted * 7,547 Unrestricted * 7,547 *

Susan M. Phillips

7,547 Unrestricted * 7,547 Unrestricted * 7,547 *

William R. Power(4)

7,547 Unrestricted * 7,547 Unrestricted *

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160,000 Class A*** * 80,000 A-1 *

80,000 A-2 *

167,547 *

Samuel K. Skinner

7,547 Unrestricted * 7,547 Unrestricted * 7,547 *

Carole E. Stone

7,547 Unrestricted * 7,547 Unrestricted * 7,547 *

Howard L. Stone

7,547 Unrestricted * 7,547 Unrestricted * 7,547 *

Eugene S. Sunshine

7,547 Unrestricted * 7,547 Unrestricted * 7,547 *

Directors and Executive Officers as a Group (29 persons)

1,184,273 Unrestricted 53.40% 1,184,273 Unrestricted 8.51%

1,040,000 Class A*** 1.40% 20,000 510,000 Class A-1 1.15%

510,000 Class A-2 1.15%

2,204,273 2.15%

Selling Stockholders (50 persons)

Barclays Capital, Inc.(8)

1,040,000 Class A*** 1.40% 260,000 390,000 Class A-1 *

390,000 Class A-2 *

780,000 *

William Berg

80,000 Class A*** * 8,000 36,000 Class A-1 *

36,000 Class A-2 *

72,000 *

Caldwell Chicago LP I(9)(10)

880,000 Class A*** 1.18% 220,000 330,000 Class A-1 *

330,000 Class A-2 *

660,000 *

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Caldwell Chicago LP III(9)(11)

480,000 Class A*** * 120,000 180,000 Class A-1 *

180,000 Class A-2 *

360,000 *

Caldwell Chicago LP V(9)(12)

80,000 Class A*** * 20,000 30,000 Class A-1 *

30,000 Class A-2 *

60,000 *

Canadian Imperial Bank of Commerce(13)

18,774 Class B**** * 5,000 6,887 Class A-1 *

6,887 Class A-2 *

13,774 *

Charles Carey

18,774 Class B**** * 5,000 6,887 Class A-1 *

6,887 Class A-2 *

13,774 *

Estate of Mary Lou Cashman

37,548 Class B**** * 10,000 13,774 Class A-1 *

13,774 Class A-2 *

27,548 *

Charles Schwab & Co., Inc. (14)

80,000 Class A*** * 20,000 30,000 Class A-1 *

30,000 Class A-2 *

60,000 *

Robert I. Chukerman

80,000 Class A*** * 8,000 36,000 Class A-1 *

36,000 Class A-2 *

72,000 *

CIBC World Markets Corp. (15)

240,000 Class A*** * 60,000 90,000 Class A-1 *

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90,000 Class A-2 *

180,000 *

Citigroup Derivative Markets, Inc. (16)

1,040,000 Class A** 1.40% 260,000 396,887 Class A-1 *

18,774 Class B*** * 5,000 396,887 Class A-2 *

793,774 *

Citigroup Global Markets Inc. (16)

240,000 Class A*** * 60,000 138,209 Class A-1 *

131,418 Class B*** * 35,000 138,209 Class A-2 *

276,418 *

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Beneficial Owner	Shares of Common Stock Beneficially Owned Prior to This Offering (1)			# of Shares of Unrestricted Common Stock Offered Hereby	Shares of Common Stock Beneficially Owned After This Offering			Aggregate # of Shares of All Classes of Voting Common Stock	
	# of Shares	Class	% of Class		# of Shares	Class	% of Class	# of Shares	% of Shares
Credit Suisse Securities (USA), LLC (17)	240,000	Class A**	*	60,000	90,000	Class A-1	*	180,000	*
					90,000	Class A-2	*		
Crowell, Weedon & Co. (18)	80,000	Class A**	*	20,000	30,000	Class A-1	*	60,000	*
					30,000	Class A-2	*		
Daiwa Capital Markets America Inc. (19)	18,774	Class B***	*	5,000	6,887	Class A-1	*	13,774	*
					6,887	Class A-2	*		
Joseph S. Doherty	80,000	Class A**	*	20,000	30,000	Class A-1	*	60,000	*
					30,000	Class A-2	*		
EWT, LLC (20)	18,774	Class B***	*	5,000	6,887	Class A-1	*	13,774	*
					6,887	Class A-2	*		
First Clearing, LLC (21)	160,000	Class A**	*	40,000	60,000	Class A-1	*	120,000	*
					60,000	Class A-2	*		
Estate of William J. Forster	18,774	Class B***	*	5,000	6,887	Class A-1	*	13,774	*
					6,887	Class A-2	*		
David J. M. Fox	18,774	Class B***	*	4,000	7,387	Class A-1	*	14,774	*
					7,387	Class A-2	*		
Doron Gahtan	320,000	Class A**	*	80,000	120,000	Class A-1	*	240,000	*
					120,000	Class A-2	*		
General Mills Operations, LLC (22)	18,774	Class B***	*	5,000	6,887	Class A-1	*	13,774	*
					6,887	Class A-2	*		
GETCO, LLC (23)	75,096	Class B***	*	20,000	27,548	Class A-1	*	55,096	*
					27,548	Class A-2	*		
Group One Trading, LP (24)	80,000	Class A**	*	20,000	30,000	Class A-1	*	60,000	*
					30,000	Class A-2	*		
Thomas Michael Harris	18,774	Class B***	*	2,774	8,000	Class A-1	*	16,000	*
					8,000	Class A-2	*		
JJB Hilliard WL Lyons LLC (25)	80,000	Class A**	*	20,000	30,000	Class A-1	*	60,000	*
					30,000	Class A-2	*		
Marcia P. Johnson	80,000	Class A**	*	20,000	30,000	Class A-1	*	60,000	*
					30,000	Class A-2	*		
Kottke Associates, LLC (26)	37,548	Class B***	*	10,000	13,774	Class A-1	*	27,548	*
					13,774	Class A-2	*		
Neal Erwin Kottke (26)	18,774	Class B***	*	5,000	6,887	Class A-1	*	13,774	*
					6,887	Class A-2	*		
Lloyd Miller	18,774	Class B***	*	5,000	6,887	Class A-1	*	13,774	*
					6,887	Class A-2	*		

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Mitsubishi UFJ Trust and Banking Corporation (27)	18,774	Class B***	*	5,000	6,887	Class A-1	*	
					6,887	Class A-2	*	
								13,774 *
Morgan Keegan & Co., Inc. (28)	80,000	Class A**	*	20,000	30,000	Class A-1	*	
					30,000	Class A-2	*	
								60,000 *
Estate of Paul E. Murin	18,774	Class B***	*	5,000	6,887	Class A-1	*	
					6,887	Class A-2	*	
								13,774 *
Nickolas J. Neubauer	18,774	Class B***	*	3,000	7,887	Class A-1	*	
					7,887	Class A-2	*	

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Beneficial Owner	Shares of Common Stock Beneficially Owned Prior to This Offering (1)			# of Shares of Unrestricted Common Stock Offered Hereby	Shares of Common Stock Beneficially Owned After This Offering			Aggregate # of Shares of All Classes of Voting Common Stock	
	# of Shares	Class	% of Class		# of Shares	Class	% of Class	# of Shares	% of Shares
								15,774	*
Joseph Niciforo	18,774	Class B***	*	5,000	6,887	Class A-1	*		
					6,887	Class A-2	*		
								13,774	*
Oppenheimer & Co. Inc. (29)	80,000	Class A**	*	20,000	30,000	Class A-1	*		
					30,000	Class A-2	*		
								60,000	*
Henry A. Proesel, II	18,774	Class B***	*	3,000	7,887	Class A-1	*		
					7,887	Class A-2	*		
								15,774	*
Rand Financial Services, Inc. (30)	18,774	Class B***	*	5,000	6,887	Class A-1	*		
					6,887	Class A-2	*		
								13,774	*
Raymond James & Associates, Inc. (31)	80,000	Class A**	*	20,000	30,000	Class A-1	*		
					30,000	Class A-2	*		
								60,000	*
RBS Securities, Inc. (32)	80,000	Class A**	*	20,000	43,774	Class A-1	*		
	37,548	Class B***	*	10,000	43,774	Class A-2	*		
								87,548	*
Dr. Gerald M. Reed & Carol A. Reed Family Limited Partnership	80,000	Class A**	*	15,000	32,500	Class A-1	*		
					32,500	Class A-2	*		
								65,000	*
Jeffrey H. Rubin	80,000	Class A**	*	20,000	30,000	Class A-1	*		
					30,000	Class A-2	*		
								60,000	*
Revocable Living Trust of Maynard J. Seidmon UA DTD 5/30/96	80,000	Class A**	*	12,000	34,000	Class A-1	*		
					34,000	Class A-2	*		
								68,000	*
Stephen Silberman (33)	80,000	Class A**	*	10,000	35,000	Class A-1	*		
					35,000	Class A-2	*		
								70,000	*
UBS AG (34)	18,774	Class B***	*	5,000	6,887	Class A-1	*		
					6,887	Class A-2	*		
								13,774	*
UBS Financial Services Inc. (34)	800,000	Class A**	1.08%		413,774	Class A-1	*		
	37,548	Class B***	*	10,000	413,774	Class A-2	*		
								827,548	*
UBS Securities LLC (34)	560,000	Class A**	*		569,254	Class A-1	1.28%		
	788,508	Class B***	4.83%	210,000	569,254	Class A-2	1.28%		
								1,138,508	1.11%
Urbana Corporation (9)	2,000,000	Class A**	2.69%	240,000	880,000	Class A-1	1.99%		
					880,000	Class A-2	1.99%		
								1,760,000	1.72%
James E. Zechman	80,000	Class A**	*	5,000	37,500	Class A-1	*		
					37,500	Class A-2	*		
								75,000	*
Selling Stockholders as a Group (50 persons)	9,440,000	Class A**	12.69%	1,698,000	4,418,686	Class A-1	9.97%		
	1,483,146	Class B***	9.08%	387,774	4,418,686	Class A-2	9.97%		
								8,837,372	8.62%

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*

Less than 1%.

**

Shares of Class A common stock to be sold in this offering will be converted into shares of unrestricted common stock in connection with the sale of such shares by the selling stockholders in this offering. Each share of Class A common stock not sold in this offering will convert into one-half of one share of Class A-1 common stock and one-half of one share of Class A-2 common stock upon completion of this offering.

Shares of Class B common stock to be sold in this offering will be converted into shares of unrestricted common stock in connection with the sale of such shares by the selling stockholders in this offering. Each share of Class B common stock not sold in this offering will convert into one-half of one share of Class A-1 common stock and one-half of one share of Class A-2 common stock upon completion of this offering.

(1)

Amounts include the following shares of unrestricted common stock awarded to each officer as grants of restricted stock pursuant to the Long-Term Incentive Plan to be issued in connection with the restructuring transaction: Mr. Brodsky, 233,138 shares; Mr. Joyce, 174,853 shares; Mr. Tilly, 131,140 shares; Mr. Dean, 77,650 shares; and Mr. DuFour, 77,650 shares. Amounts for each director include 7,547 shares of unrestricted common stock granted to such director as restricted stock pursuant to the Long-Term Incentive Plan.

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- (2) Reflects 320,000 shares of Class A issued to Fugue, General Partnership. Mr. Duffy is the trustee of the Mark F. Duffy Trust, which is a general partner of Fugue and owns 50% of the partnership interests of Fugue. Mr. Duffy may be deemed to beneficially own all of the shares of CBOE Holdings common stock issued to Fugue. Mr. Duffy disclaims beneficial ownership of those shares in which he does not have a pecuniary interest.
- (3) Reflects 80,000 shares of Class A common stock issued to optionsexpress, Inc., a wholly-owned subsidiary of optionsXpress Holdings, Inc. Mr. Fisher is chief executive officer of optionsXpress Holdings, Inc. Mr. Fisher disclaims beneficial ownership of those shares in which he does not have a pecuniary interest.
- (4) Reflects the following amounts of Class A common stock issued to the individuals specified: Mr. Griffith, 80,000 Class A shares and Mr. Power, 160,000 Class A shares.
- (5) Reflects 240,000 shares of Class A common stock issued to CTC, L.L.C. CTC Holdings, L.P. is the sole member of CTC, LLC. Mr. Kepes serves as a member of CTC General Partner, L.L.C., the sole general partner of CTC Holdings, L.P., and as a limited partner to CTC Holdings, L.P. Mr. Kepes disclaims beneficial ownership of those shares in which he does not have a pecuniary interest.
- (6) Reflects 80,000 shares of Class A common stock issued to Associated Options, Inc. Mr. Kipnes is the president and sole owner of Associated Options, Inc.
- (7) Reflects 80,000 shares of Class A common stock issued to Group One Trading, L.P. Mr. Londergan is chief executive officer of Group One Trading, L.P. Mr. Londergan disclaims beneficial ownership of those shares in which he does not have a pecuniary interest.
- (8) The selling stockholder is a broker-dealer and is participating in this offering as an underwriter. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Joseph Corcoran.
- (9) The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Thomas Caldwell. Mr. Caldwell may be deemed to beneficially own all shares held by Caldwell Chicago LP I, Caldwell Chicago LP III, Caldwell Chicago LP V and Urbana Corporation. Accordingly, he may be deemed to own 3,440,000 shares of Class A common stock prior to this offering, to be offering 600,000 shares of unrestricted common stock in this offering and to own 1,420,000 shares of each of the Class A-1 common stock and Class A-2 common stock after this offering. This represents 3.20% of each of the Class A-1 common stock and Class A-2 common stock and 2.77% of all voting common stock outstanding after this offering.
- (10) The selling stockholder has advised us that these shares are beneficially owned by Caldwell Growth Opportunities Trust.
- (11) The selling stockholder has advised us that these shares are beneficially owned by the Charles Rosner Bronfman Trust.
- (12) The selling stockholder has advised us that these shares are beneficially owned by Caldwell Exchange Fund.
- (13) The selling stockholder is an affiliate of CIBC World Markets Corp., a broker-dealer. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Gary W. Brown, Richard Nesbitt and Kathryn G. Casparian. The selling stockholder may be deemed to beneficially own shares held by CIBC World Markets Corp. Accordingly, the selling stockholder may be deemed to also own 240,000 shares of Class A common stock prior to this offering, to be offering 65,000 shares of unrestricted common stock in this offering and to own 96,887 shares of each of the Class A-1 common stock and Class A-2 common stock after this offering.
- (14) The selling stockholder is a broker-dealer. The selling stockholders has advised us that voting power and investment control with respect to these shares are exercised by Joseph R. Martinetto.
- (15) The selling stockholder is a broker-dealer. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Gary W. Brown, Richard Nesbitt and Kathryn G. Casparian.
- (16) The selling stockholders are broker-dealers. Citigroup Global Markets Inc. is an underwriter in the offering. Citigroup Financial Products Inc. is the parent of Citigroup Derivative Markets, Inc. and Citigroup Global Markets Inc. and may be deemed to beneficially own all shares held by Citigroup Derivative Markets, Inc. and Citigroup Global Markets Inc. Accordingly, Citigroup Financial Products Inc. may be deemed to own 1,280,000 shares of

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Class A common stock and 150,192 shares of Class B common stock prior to this offering, to be offering 360,000 shares of unrestricted common stock in this offering and to own 535,096 shares of each of the Class A-1 common stock and Class A-2 common stock after this offering. This represents 1.21% of each of the Class A-1 common stock and Class A-2 common stock and 1.04% of all voting common stock outstanding after this offering. Kevin L. Murphy, a managing director of Citigroup Global Markets Inc., is a member of the board of directors of CBOE. The selling stockholders have advised us that voting power and investment control with respect to these shares are exercised by Charles Mogilevsky.

- (17) The selling stockholder is a broker-dealer and is participating in this offering as an underwriter. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Todd Sandoz.
- (18) The selling stockholder is a broker-dealer. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Andrew E. Crowell.
- (19) The selling stockholder is a broker-dealer. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Hironori Oka, Richard Beggs and H. Lake Wise.
- (20) The selling stockholder is a broker-dealer. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Michael Gould, Peter Kovac and Rodney Faragalla.
- (21) The selling stockholder is a broker-dealer. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Scott D. Spears.
- (22) The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Ronald D. Olson. Roderick A. Palmore, an officer of the selling stockholder's ultimate parent, is a director of CBOE Holdings, Inc. and CBOE.
- (23) The selling stockholder is an affiliate of OCTEG, LLC, a broker-dealer. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Daniel V. Tierney and Stephen Schuler. The selling stockholder has advised us that these shares are beneficially owned by GETCO Holding Company, LLC

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- (24) The selling stockholder is a broker-dealer. Benjamin R. Londergan, co-CEO of the selling stockholder, is a director of CBOE Holdings, Inc. and CBOE. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Steven Robinson, Gary Sparks, William Grebitus, John Gilmartin and Benjamin R. Londergan.
- (25) The selling stockholder is a broker-dealer. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by James R. Allen, James M. Rogers and Carmella R. Miller.
- (26) Kottke Associates, LLC has advised us that voting power and investment control with respect to its shares are exercised by Neal Erwin Kottke. Mr. Kottke may be deemed to beneficially own all shares held by Kottke Associates, LLC. Accordingly, Mr. Kottke may be deemed to beneficially own 56,322 shares of Class B common stock prior to this offering, to be offering 15,000 shares of unrestricted common stock in this offering and to own 20,661 shares of each of the Class A-1 common stock and Class A-2 common stock after this offering.
- (27) The selling stockholder is an affiliate of Mitsubishi UFJ Securities (USA), Inc., a broker-dealer. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Keiichiro Takeda.
- (28) The selling stockholder is a broker-dealer. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Charles D. Maxwell.
- (29) The selling stockholder is a broker-dealer and is participating in this offering as an underwriter. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Albert G. Lowenthal.
- (30) The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Joni C. Malpede.
- (31) The selling stockholder is a broker-dealer and is participating in this offering as an underwriter. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Thomas A. James.
- (32) The selling stockholder is a broker-dealer. The selling stockholder has advised us that voting power and investment control with respect to these shares are exercised by Christopher M. G. DeWinter.
- (33) The selling stockholder is a broker-dealer.
- (34) UBS Financial Services Inc. and UBS Securities LLC are broker-dealers and wholly-owned subsidiaries of UBS AG. UBS Securities LLC is participating in this offering as an underwriter. UBS Financial Services Inc. has advised us that voting power and investment control with respect to its shares are exercised by David Stack and Geoff Limroth. UBS AG and UBS Securities LLC have advised us that voting power and investment control with respect to their shares are exercised by Jeffrey Hersch and Barry Gill. UBS AG may be deemed to beneficially own all shares held by UBS Financial Services Inc. and UBS Securities LLC. Accordingly, UBS AG may be deemed to own 1,360,000 shares of Class A common stock and 844,830 shares of Class B common stock prior to this offering, to be offering 225,000 shares of unrestricted common stock in this offering and to own 989,915 shares of each of the Class A-1 common stock and Class A-2 common stock after this offering. This represents 2.23% of each of the Class A-1 common stock and Class A-2 common stock and 1.93% of all voting common stock outstanding after this offering.

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DESCRIPTION OF CAPITAL STOCK

The following summary is a description of the material terms of CBOE Holdings' capital stock as of the closing of the offering and is not complete. You should also refer to the CBOE Holdings amended and restated certificate of incorporation and the CBOE Holdings amended and restated bylaws, which are included as exhibits to the registration statement of which this prospectus forms a part, and the applicable provisions of the Delaware General Corporation Law.

CBOE Holdings is authorized to issue up to (i) 325,000,000 shares of unrestricted common stock, par value \$0.01 per share, (ii) 74,400,000 shares of Class A common stock, \$0.01 par value per share, (iii) 45,366,690 shares of Class A-1 common stock, \$0.01 par value per share, (iv) 45,366,690 shares of Class A-2 common stock, \$0.01 par value per share, (v) 16,333,380 shares of Class B non-voting common stock, \$0.01 par value per share, and (vi) 20,000,000 shares of preferred stock, \$0.01 par value per share. Upon completion of this offering, there will be 44,323,803 shares of Class A-1 common stock, 44,323,803 shares of Class A-2 common stock, 13,917,911 shares of unrestricted common stock (including 2,217,911 shares of unrestricted common stock issued as awards of restricted stock under the Long-Term Incentive Plan) and no shares of preferred stock outstanding. All shares of Class A and Class B common stock, which will be issued in the restructuring transaction and pursuant to the Settlement Agreement, respectively, as described in "Our Structure," and not converted into unrestricted common stock for purposes of being sold in this offering, will be converted into shares of Class A-1 and Class A-2 common stock upon completion of this offering, and no shares of Class A and Class B common stock will remain outstanding or available for further issuance. In addition, to the extent the outstanding shares of Class A-1 and Class A-2 common stock convert into unrestricted common stock upon expiration of the applicable transfer restrictions described below, the number of authorized and unissued shares of unrestricted common stock will be reduced. Upon repurchase or conversion, the Class A-1 common stock and Class A-2 common stock will be retired and no longer available for issuance. When used in this section, the term "common stock" means the Class A-1, Class A-2 and unrestricted common stock of CBOE Holdings, unless otherwise specified.

Common Stock

All common stock, regardless of class, will have the same rights and privileges, except that the Class A-1 and Class A-2 common stock will be subject to the transfer restrictions set forth herein. CBOE Holdings will have the ability to issue additional shares of unrestricted common stock in future offerings.

Voting

Each holder of CBOE Holdings common stock is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Any action at a meeting at which a quorum is present will be decided by a majority of the votes cast, except in the case of any election of directors, which will be decided by a plurality of votes cast. Cumulative voting for the election of directors is not provided for in the CBOE Holdings amended and restated certificate of incorporation.

Dividends

Holders of CBOE Holdings common stock are entitled to receive dividends when, as and if declared by the CBOE Holdings board of directors out of funds legally available for payment, subject to the rights of holders, if any, of CBOE Holdings preferred stock. Any decision to pay dividends on CBOE Holdings common stock will be at the discretion of the CBOE Holdings board of directors. The CBOE Holdings board of directors may or may not determine to declare dividends in the future. See "Dividend Policy." The board's determination to issue dividends will depend upon the profitability and financial condition of CBOE Holdings and its subsidiaries, contractual restrictions, restrictions imposed

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by applicable law and the SEC, and other factors that the CBOE Holdings board of directors deems relevant.

Liquidation Rights

In the event of a voluntary or involuntary liquidation, dissolution or winding up of CBOE Holdings, the holders of CBOE Holdings common stock will be entitled to share ratably on the basis of the number of shares held in any of the assets available for distribution after CBOE Holdings has paid in full all of its debts and after the holders of all outstanding series of CBOE Holdings preferred stock, if any, have received their liquidation preferences in full.

Conversion of Class A Common Stock and Class B Common Stock into Class A-1 and Class A-2 Common Stock

Concurrently with the closing of this offering, all outstanding shares of Class A common stock and Class B common stock not converted into unrestricted common stock for purposes of being sold in this offering will automatically convert into shares of Class A-1 and Class A-2 common stock as follows:

- (i) each share of Class A common stock shall automatically convert into (x) one-half of one share of Class A-1 common stock and (y) one-half of one share of Class A-2 common stock; and
- (ii) each share of Class B common stock shall automatically convert into (x) one-half of one share of Class A-1 common stock and (y) one-half of one share of Class A-2 common stock.

Each share of Class A-1 and Class A-2 common stock issued in the conversion of the Class A common stock and Class B common stock shall have all the same rights and privileges as the Class A common stock and will be subject to the lock-up restrictions applicable to its class. For a description of the lock-up restrictions, please see "Transfer Restrictions" below.

Conversion of Class A-1 Common Stock and Class A-2 Common Stock into Unrestricted Common Stock

The Class A-1 common stock and Class A-2 common stock, into which outstanding Class A and Class B common stock will convert when this offering is completed, will convert into unrestricted common stock, subject to CBOE Holdings' right to conduct an organized sale, and to thereby delay the scheduled dates of such conversion, as follows:

- (i) each issued and outstanding share of Class A-1 common stock shall automatically convert (without any action by the holder) into one share of unrestricted common stock, and all transfer restrictions applicable to the Class A-1 common stock shall expire, on the one hundred eightieth (180th) day following the date that shares of CBOE Holdings unrestricted common stock are issued in this offering; and
- (ii) each issued and outstanding share of Class A-2 common stock shall automatically convert (without any action by the holder) into one share of unrestricted common stock, and all transfer restrictions applicable to the Class A-2 common stock shall expire, on the three hundred sixtieth (360th) day following the date that shares of CBOE Holdings unrestricted common stock are issued in this offering.

Following the conversion of the shares of Class A-1 common stock and Class A-2 common stock into unrestricted common stock, all such shares of Class A-1 common stock and Class A-2 common stock shall be retired and shall not be reissued.

Other

The issued and outstanding shares of CBOE Holdings common stock will be fully paid and nonassessable. Holders of shares of CBOE Holdings common stock will not be entitled to preemptive

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rights. Shares of CBOE Holdings unrestricted common stock will not be convertible into shares of any other class of capital stock, nor will they be subject to any redemption.

Preferred Stock

CBOE Holdings is authorized to issue up to 20,000,000 shares of preferred stock. The amended and restated certificate of incorporation authorizes the board to issue these shares in one or more series, to determine the designations and the powers, preferences and rights and the qualifications, limitations and restrictions thereof, including the dividend rights, conversion or exchange rights, voting rights (including the number of votes per share), redemption rights and terms, liquidation preferences, sinking fund provisions and the number of shares constituting the series. The board of directors of CBOE Holdings could, without stockholder approval, issue preferred stock with voting and other rights that could adversely affect the voting power and other rights of the holders of common stock and which could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, a majority of our outstanding common stock.

Subject to the rights of the holders of any series of preferred stock, the number of authorized shares of preferred stock may be increased or decreased (but not below the number of shares thereof then outstanding) by resolution adopted by our board of directors and approved by the affirmative vote of the holders of a majority of the voting power of all outstanding shares of capital stock entitled to vote on the matter, voting together as a single class.

Transfer Restrictions

The CBOE Holdings amended and restated certificate of incorporation subjects the Class A common stock of CBOE Holdings to be issued to CBOE members in the restructuring transaction and the Class B common stock to be issued to the Participating Group A Settlement Class Members pursuant to the Settlement Agreement, as well as the Class A-1 and Class A-2 common stock into which the Class A and Class B common stock not converted into unrestricted common stock for purposes of being sold in this offering will convert upon the closing of this offering, to certain transfer restrictions. The board of directors of CBOE Holdings has determined to engage in this offering of its unrestricted common stock concurrently with the completion of the restructuring transaction. As a result, all shares of Class A and Class B common stock not converted into unrestricted common stock for purposes of being sold in this offering will convert into shares of Class A-1 and Class A-2 common stock shortly following their issuance and, thereafter, no shares of Class A or Class B common stock will be issued and outstanding or available for further issuance.

The Class A-1 and Class A-2 common stock will be subject to the transfer restrictions or "lock-up restrictions" under CBOE Holdings' amended and restated certificate of incorporation. These lock-up restrictions will expire on the Class A-1 and Class A-2 common stock as of the 180th and 360th day, respectively, following the closing date of this offering. During any applicable lock-up period, the shares of Class A-1 and Class A-2 common stock of CBOE Holdings may not be directly or indirectly assigned, offered for sale, sold, transferred or otherwise disposed of, except pursuant to limited exceptions set forth in the CBOE Holdings amended and restated certificate of incorporation, which provides for certain permitted transfers to affiliates, family members, qualified trusts and estates, as well as certain pledges and the potential transfer upon a *bona fide* foreclosure resulting therefrom. Subject to possible extension in the event of an organized sale, as set forth more fully in this prospectus, upon the expiration of the applicable lock-up period with respect to each of the Class A-1 and Class A-2 common stock, the shares of the Class A-1 and Class A-2 common stock will automatically convert from Class A-1 and Class A-2 common stock into unrestricted common stock that will be freely transferable.

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In addition to the restrictions described above, all shares of Class A-1 and Class A-2 common stock must be registered in the name of the owner and may not be registered in the name of any nominee or broker.

Removal of Transfer Restrictions and Permitted Transfers

The CBOE Holdings board of directors may, at its discretion, remove the transfer restrictions applicable to any number of shares of CBOE Holdings common stock on terms and conditions and in ratios and numbers that it may fix in its sole discretion. CBOE Holdings, however, has agreed as part of the underwriting agreement not to permit any reduction in the duration of, or removal, in whole or in part, of the transfer restrictions applicable to the shares of Class A-1 and Class A-2 common stock for at least 180 days and 360 days, respectively, following the closing of this offering without the prior written consent of Goldman, Sachs & Co. Pursuant to Article Fifth(d)(i) of CBOE Holdings' Certificate of Incorporation, the board of directors of CBOE Holdings will remove the transfer restrictions associated with any shares of Class A or Class B stock to be sold by owners of CBOE Seats and Participating Group A Settlement Class Members in the offering and convert such shares into shares of CBOE Holdings' unrestricted common stock. In addition, the board of directors of CBOE Holdings will remove the transfer restrictions associated with any shares of Class A-1 and Class A-2 common stock to be purchased by CBOE Holdings in the proposed tender offers.

Prior to the removal of the transfer restrictions from any such share of Class A-1 or Class A-2 common stock, neither any record owner nor any beneficial owner of such share may, directly or indirectly, assign, sell, transfer or otherwise dispose of such share, except pursuant to one of the following limited exceptions set forth in the CBOE Holdings amended and restated certificate of incorporation:

if the owner of such share is an entity (including a corporation, partnership, limited liability company or limited liability partnership), such owner may transfer the share to:

any person of which such owner directly or indirectly owns all of the common voting and equity interest;

any person that directly or indirectly owns all of the common voting and equity interest of such owner;

any other entity if a person directly or indirectly owns all of the common voting and equity interest of both such owner and such other entity;

the equity holders of such owner upon a *bona fide* liquidation or dissolution of such owner; and

a trustee of the bankruptcy estate of such owner if such owner has become bankrupt or insolvent;

the owner may pledge or hypothecate, or grant a security interest in, such share, and may transfer such share as a result of any *bona fide* foreclosure resulting therefrom;

if the owner of such share is a natural person, such owner may transfer the share to:

any family member of such owner (including such owner's spouse, domestic partner, children, stepchildren, grandchildren, parents, parents-in-law, grandparents, brothers, sisters, uncles, aunts, cousins, nephews and nieces);

any trust or foundation solely for the benefit of such owner and/or such owner's family members (which we refer to as a "qualified trust"); and

a trustee of the bankruptcy estate of such owner if such owner has become bankrupt or insolvent;

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if the owner is a qualified trust, the owner may transfer the share to any beneficiary of such qualified trust (including a trust for the benefit of such beneficiary) or transfer the share in exchange for cash necessary to pay taxes, debts or other obligations payable by reason of the death of the grantor of such qualified trust or any one or more of such beneficiaries, in each case in accordance with the terms of the trust instrument; or

if the owner is a fiduciary of the estate of a deceased former member of the CBOE, such owner may transfer such share to the beneficiaries of such estate or in exchange for cash necessary to pay taxes, debts or other obligations payable by reason of the death of the deceased person.

CBOE Holdings will establish processes and procedures with its transfer agent that stockholders must follow in order to request the transfer of such stockholders' shares of Class A-1 or Class A-2 common stock pursuant to one of the transfer restrictions enumerated above. These procedures will include, at a minimum, (i) the delivery by the stockholder requesting such transfer of a written notice to the transfer agent identifying the applicable exception, (ii) the delivery of written evidence supporting the availability of the exception, and (iii) the certification by the stockholder to the Company and transfer agent that such transfer complies with the applicable exception and that such transfer is not being made pursuant to any agreement, arrangement or understanding, whether or not in writing, entered into prior to the date of the restructuring transaction. No requests for any such transfer may be submitted to the transfer agent or CBOE Holdings prior to the third business day following the completion of the restructuring transaction. The transfer agent will not be required to record any requested transfer sooner than the fifth business day following the transfer agent's receipt of approval by the Company of a completed transfer request.

In addition to the rules with respect to the transfers described above, any Class A-1 or Class A-2 common stock that is transferred pursuant to the exceptions above will remain subject to the transfer restrictions and other terms of the amended and restated certificate of incorporation.

The CBOE Holdings board of directors may, as and if it determines appropriate, provide holders of the Class A-1 or Class A-2 common stock of CBOE Holdings with opportunities, from time to time, to sell such stock pursuant to registered offerings. If the board of directors determines to do so, it will remove the transfer restrictions from the shares of our Class A-1 or Class A-2 common stock that are sold in these offerings. The CBOE Holdings board of directors expects to determine whether to conduct any future offerings, the number of such offerings (if any), the maximum number of shares of our Class A-1 or Class A-2 common stock eligible to be sold in any offering and the timing of these offerings based upon its view at the time of the market's ability to absorb the newly unrestricted shares to be sold in the offering without an adverse impact on the market price of shares of our common stock, should such a market develop. See " Organized Sales" below.

These provisions of the CBOE Holdings amended and restated certificate of incorporation could delay or deter a change of control of CBOE Holdings, which could adversely affect the price of CBOE Holdings common stock.

Ownership and Voting Limits on CBOE Holdings Common Stock

The CBOE Holdings amended and restated certificate of incorporation places certain ownership and voting limits on the holders of CBOE Holdings common stock:

No person (either alone or together with its related persons) may beneficially own directly or indirectly shares of our stock representing in the aggregate more than 20% of the total outstanding shares of CBOE Holdings voting stock; and

No person (either alone or together with its related persons) shall be entitled to vote or cause the voting of shares of our stock beneficially owned directly or indirectly by that person or those related persons to the extent that those shares would represent in the aggregate more than 20%

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of the total number of votes entitled to be cast on any matter, and no person (either alone or together with its related persons) shall be entitled to vote more than 20% of the total number of votes entitled to be cast on any matter by virtue of agreements entered into by that person or those related persons with other persons not to vote shares of our outstanding capital stock.

The term "related persons" means, with respect to any person:

any "affiliate" of such person (as such term is defined in Rule 12b-2 under the Exchange Act);

any other person with which such first person has any agreement, arrangement or understanding (whether or not in writing) to act together for the purpose of acquiring, voting, holding or disposing of shares of our stock;

in the case of a person that is a company, corporation or similar entity, any executive officer (as defined under Rule 3b-7 under the Exchange Act) or director of such person and, in the case of a person that is a partnership or a limited liability company, any general partner, managing member or manager of such person, as applicable;

in the case of a person that is a "member organization" (as defined in the Rules of the CBOE, as such Rules may be in effect from time to time), any "member" (as defined in the Rules of the CBOE, as such Rules may be in effect from time to time) that is associated with such person (as determined using the definition of "person associated with a member" as defined under Section 3(a)(21) of the Exchange Act);

in the case of a person that is a natural person, any relative or spouse of such natural person, or any relative of such spouse who has the same home as such natural person or who is a director or officer of CBOE Holdings or any of our parents or subsidiaries;

in the case of a person that is an executive officer (as defined under Rule 3b-7 under the Exchange Act), or a director of a company, corporation or similar entity, such company, corporation or entity, as applicable; or

in the case of a person that is a general partner, managing member or manager of a partnership or limited liability company, such partnership or limited liability company, as applicable.

In the event that a person, either alone or together with its related persons, beneficially owns shares of our stock representing more than 20% of the outstanding shares of stock, such person and its related persons shall be obligated to sell promptly, and CBOE Holdings will be obligated to purchase promptly, at a price equal to the par value of such shares of stock and to the extent that funds are legally available for such purchase, that number of shares of our stock necessary so that such person, together with its related persons, shall beneficially own shares of our stock representing in the aggregate no more than 20% of the outstanding shares of stock, after taking into account that such repurchased shares shall become treasury shares and shall no longer be deemed to be outstanding.

In the event that a person, either alone or together with its related persons, is entitled to vote or cause the voting of shares representing in the aggregate more than 20% of the total number of votes entitled to be cast on any matter (including if it and its related persons possess this voting power by virtue of agreements entered into with other persons not to vote shares of our capital stock), then such person, either alone or together with its related persons, will not be entitled to vote or cause the voting of these shares of our capital stock to the extent that such shares represent in the aggregate more than 20% of the total number of votes entitled to be cast on any matter, and we shall disregard any such votes purported to be cast in excess of this percentage.

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The CBOE Holdings board of directors may waive the provisions regarding ownership and voting limits by a resolution expressly permitting this ownership or voting (which resolution must be filed with and approved by the SEC prior to being effective), subject to a determination of the board that:

the acquisition of beneficial ownership in excess of the ownership limits or exercise of voting rights in excess of the voting limits will not impair the ability of CBOE Holdings or the CBOE to discharge its responsibilities under the Exchange Act and the rules and regulations under the Exchange Act and is otherwise in the best interests of CBOE Holdings and its stockholders and the CBOE;

the acquisition of beneficial ownership in excess of the ownership limits or exercise of voting rights in excess of the voting limits will not impair the SEC's ability to enforce the Exchange Act;

neither the person obtaining the waiver nor any of its related persons is subject to any statutory disqualification (as defined in Section 3(a)(39) of the Exchange Act) if such person is seeking to obtain a waiver above the applicable ownership or voting percentage level; and

for so long as CBOE Holdings directly or indirectly controls a regulated securities exchange subsidiary, neither the person obtaining the waiver nor any of its related persons is a Trading Permit Holder of a regulated securities exchange subsidiary.

In making these determinations, our board of directors may impose conditions and restrictions on the relevant stockholder or its related persons that it deems necessary, appropriate or desirable in furtherance of the objectives of the Exchange Act and the governance of CBOE Holdings.

The voting limitation does not apply to a solicitation of a revocable proxy by us or by our directors or officers on our behalf or to a solicitation of a revocable proxy by a stockholder in accordance with Regulation 14A under the Exchange Act. This exception, however, does not apply to a solicitation by a stockholder pursuant to Rule 14a-2(b)(2) under the Exchange Act, which permits a solicitation made otherwise than on behalf of CBOE Holdings where the total number of persons solicited is not more than 10.

The CBOE Holdings amended and restated certificate of incorporation also provides that the CBOE Holdings board of directors has the right to require any person and its related persons that our board of directors reasonably believes to be subject to the voting or ownership restrictions summarized above, and any stockholder (including related persons) that at any time beneficially owns 5% or more of our then outstanding capital stock entitled to vote on any matter (and has not reported that ownership to us), to provide to us complete information as to all shares of our capital stock that such stockholder beneficially owns, as well as any other information relating to the applicability to such stockholder of the voting and ownership requirements outlined above as may reasonably be requested.

Organized Sales

After the completion of this offering, CBOE Holdings will have the right to conduct organized sales of the Class A-1 and Class A-2 common stock of CBOE Holdings issued in the restructuring transaction in connection with the scheduled expiration of the transfer restrictions applicable to the Class A-1 and A-2 common stock of CBOE Holdings. The purpose of this right is to enable CBOE Holdings to facilitate a more orderly distribution of its common stock into the public market. If CBOE Holdings elects to conduct an organized sale, no shares of the Class A-1 and A-2 common stock of CBOE Holdings for which transfer restrictions are scheduled to lapse may be sold during the applicable transfer restriction period (which transfer restriction period may be extended, as described below), except as part of the organized sale or in a permitted transfer.

In the event CBOE Holdings elects to conduct an organized sale, it will provide the holders of Class A-1 and Class A-2 common stock of CBOE Holdings with a written notice of election to conduct

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an organized sale of the Class A-1 or A-2 common stock of CBOE Holdings at least 60 days prior to the next scheduled expiration of an applicable transfer restriction period. Holders of Class A-1 or A-2 common stock of CBOE Holdings will have 20 days following the date of mailing of that notice to provide CBOE Holdings with written notice of their intent to participate in the organized sale with respect to the class whose restrictions are scheduled to expire, any other class that remains subject to transfer restrictions and any unrestricted common stock of CBOE Holdings. The written notice must specify the number of shares of Class A-1, Class A-2 or unrestricted common stock of CBOE Holdings that the holder has elected to include in the applicable organized sale. If such holders do not provide written notice to CBOE Holdings during that 20-day period, they will be deemed to have elected not to include any shares in the organized sale.

The actual number of shares that may be sold in an organized sale will depend on, among other things, the number of primary shares the board of directors of CBOE Holdings determines that CBOE Holdings will offer for its own account, market conditions, investor demand and the requirements of any underwriters or placement agents and may be fewer than the aggregate number requested by stockholders to be included in the organized sale. In such event, there will be a reduction in the number of shares that each individual holder may sell based on a cut-back formula to be adopted by the board of directors of CBOE Holdings. In the event of a "cut-back," priority will be given first to shares of the class next scheduled to be released, second to shares of a class scheduled to be released from transfer restrictions at a later date and finally to unrestricted common stock of CBOE Holdings. The organized sale may take the form of an underwritten secondary offering, a private placement of unrestricted common stock to one or more purchasers or a similar process selected by the board of directors of CBOE Holdings. The stockholders' right to participate in an organized sale will be contingent upon the execution of all agreements, documents and instruments required to effect such sale, including, if applicable, an underwriting agreement and payment of their share of the fees, expenses, commission and other related costs.

CBOE Holdings may proceed with the sale of fewer than all of the shares that have been requested to be included in an organized sale, including less than all of the shares of the class scheduled for release at the expiration of the related transfer restriction period. Additionally, CBOE Holdings will be under no obligation to complete the organized sale.

If CBOE Holdings completes an organized sale in connection with the conversion of either the Class A-1 or Class A-2 common stock prior to the deadline applicable to each class (as described below), the transfer restrictions associated with such class of common stock will be extended until the later of (i) the 90th day following the date on which the Class A-1 common stock and Class A-2 common stock was originally scheduled to convert into unrestricted common stock and (ii) the 90th day following the completion of the organized sale. If less than all of the shares of the Class A-1 or Class A-2 common stock that a stockholder requests be sold in the related organized sale are sold in such organized sale or the stockholder elects not to include all of the shares of the class scheduled for release in the applicable organized sale, the stockholder will be able to sell, on the 91st day after the later of the expiration of the related transfer restriction period and the completion of the organized sale, any of those shares that were not sold or included (i.e., such shares will automatically convert into unrestricted shares of common stock of CBOE Holdings on such date).

If CBOE Holdings elects to conduct an organized sale in connection with the conversion of the Class A-1 common stock and does not complete such organized sale before 60 days after the expiration date with respect to the transfer restrictions on the Class A-1 common stock, the shares of the Class A-1 common stock will convert into unrestricted common stock of CBOE Holdings on the 61st day after the original expiration date for such class.

However, if CBOE Holdings elects to conduct an organized sale undertaken in conjunction with the scheduled expiration of transfer restrictions applicable to the Class A-2 common stock of CBOE Holdings and CBOE Holdings does not complete such organized sale before the 360th day following

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this offering, the Class A-2 common stock shall automatically convert into unrestricted common stock of CBOE Holdings on the 361st day following this offering.

If CBOE Holdings does not elect to conduct an organized sale at the time of any scheduled expiration of transfer restrictions applicable to the Class A-1 or Class A-2 common stock of CBOE Holdings, the shares of that class for which transfer restrictions are scheduled to expire will automatically convert into unrestricted common stock of CBOE Holdings at the expiration of the applicable transfer restriction period and be freely transferable at that time.

Other Certificate of Incorporation and Bylaw Provisions

CBOE Holdings' amended and restated certificate of incorporation and bylaws include a number of anti-takeover provisions that may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with our board of directors rather than pursue non-negotiated takeover attempts. These provisions include:

Advance Notice Requirements. Our bylaws establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of stockholders. These procedures provide that notice of stockholder proposals must be timely and given in writing to our corporate Secretary prior to the anniversary date of the immediately preceding annual meeting of stockholders. Generally, to be timely, notice must be received at our principal executive offices not fewer than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. The notice must contain the information required by the bylaws, including information regarding the proposal and the proponent.

Special Meetings of Stockholders. Our certificate of incorporation and bylaws provides that special meetings of stockholders may be called at any time by only the Chairman of the Board, the Chief Executive Officer, the President or the board of directors pursuant to a resolution adopted by the affirmative vote of a majority of the total number of directors then in office. Special meetings may not be called by any other person or persons.

No Written Consent of Stockholders. Our amended and restated certificate of incorporation provides that any action required or permitted to be taken by stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing by such stockholders.

Amendment of Bylaws. Our stockholders may amend any provisions of our bylaws by obtaining the affirmative vote of the holders of a majority of the votes entitled to be cast by the holders of the then-outstanding shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class.

Preferred Stock. Our amended certificate of incorporation authorizes our board of directors to create and issue rights entitling our stockholders to purchase shares of our stock or other securities. The ability of our board to establish the rights and issue substantial amounts of preferred stock without the need for stockholder approval may delay or deter a change in control of us. See "Preferred Stock" above.

Delaware Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law (the "DGCL"), which, subject to certain exceptions, prohibits a Delaware corporation from engaging in any "business combination" (as defined below) with any interested stockholder for a period of three years following the date that such stockholder became an interested stockholder, unless: (1) prior to such date, the board of directors of the corporation approved either the business combination or the transaction that

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resulted in the stockholder becoming an interested stockholder; (2) on consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding those shares owned (x) by persons who are directors and also officers and (y) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to this plan will be tendered in a tender or exchange offer; or (3) on or subsequent to such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66²/₃% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 of the DGCL defines generally "business combination" to include: (1) any merger or consolidation involving the corporation and the interested stockholder; (2) any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder; (3) subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; (4) any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or (5) the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation. In general, Section 203 defines an "interested stockholder" as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by such entity or person.

Limitations on Liability and Indemnification of Officers and Directors

Our amended and restated certificate of incorporation and bylaws limit the liability of our officers and directors and provide that we will indemnify our officers and directors, in each case, to the fullest extent permitted by the Delaware General Corporation Law. We expect to obtain additional directors' and officers' liability insurance coverage prior to the completion of this offering.

Listing

We have applied to list our unrestricted common stock on the NASDAQ Global Select Market under the symbol "CBOE".

Transfer Agent

The transfer agent for our unrestricted common stock is Mellon Investor Services LLC (operating with the service name BNY Mellon Shareowner Services).

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SHARES ELIGIBLE FOR FUTURE SALE

Future sales of substantial amounts of unrestricted common stock in the public market after this offering could adversely affect market prices prevailing from time to time and could impair our ability to raise capital through the sale of our equity securities. We are unable to estimate the number of shares of unrestricted common stock that may be sold in the future.

Upon the completion of this offering, we will have outstanding 13,917,911 shares of unrestricted common stock, 44,323,803 shares of Class A-1 common stock and 44,323,803 shares of Class A-2 common stock. The amount of shares outstanding upon completion of this offering assumes no exercise of the underwriters' option to purchase additional shares and includes the grant, immediately prior to completion of this offering, of 2,217,911 shares of unrestricted common stock to certain officers, directors and employees of CBOE Holdings as awards of restricted stock pursuant to the Long-Term Incentive Plan, which are subject to vesting under the terms of such plan. All of the shares sold in this offering will be freely tradable without restriction under the Securities Act unless purchased by one of our affiliates as that term is defined in Rule 144 under the Securities Act, which generally includes directors, officers or 10% stockholders.

We and our executive officers and directors have agreed with the underwriters not to offer, sell, dispose of or hedge any shares of our common stock, subject to specified limited exceptions and extensions described elsewhere in this prospectus, during the period continuing through the date that is 180 days (subject to extension) after the date of this prospectus, except with the prior written consent of Goldman, Sachs & Co., on behalf of the underwriters. Goldman, Sachs & Co., in its sole discretion on behalf of the underwriters, may release any of the securities subject to these lock-up agreements at any time without notice. The lock-up period may be extended in the circumstances described under "Underwriting."

Transfer Restrictions

Although the issued and outstanding Class A-1 and Class A-2 common stock will have the status of unrestricted securities under the Securities Act, these shares are subject to significant transfer restrictions under the amended and restated certificate of incorporation of CBOE Holdings. Subject to the completion of an organized sale, as described in "Description of Capital Stock Organized Sales," the transfer restriction periods will expire:

180 days after the close of this offering in the case of Class A-1 common stock; and

360 days after the close of this offering in the case of Class A-2 common stock.

None of the shares of unrestricted common stock sold in this offering will be subject to the transfer restrictions under the amended and restated certificate of incorporation of CBOE Holdings.

Rule 144

Shares of unrestricted common stock held by any of our affiliates, as that term is defined in Rule 144 of the Securities Act, may be resold only pursuant to further registration under the Securities Act or in transactions that are exempt from registration under the Securities Act. In general, under Rule 144 as currently in effect, beginning July 26, 2010, any of our affiliates would be entitled to sell, without further registration, within any three-month period a number of shares that does not exceed the greater of:

1% of the number of shares of unrestricted common stock then outstanding, which will equal about 139,400 shares immediately after this offering; or

the average weekly trading volume of the unrestricted common stock during the four calendar weeks preceding the filing of a Form 144 with respect to the sale.

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Sales under Rule 144 by our affiliates will also be subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

Stock Plan

We intend to file a registration statement on Form S-8 under the Securities Act, which will register 2,489,039 shares of unrestricted common stock underlying stock options or restricted stock awards for issuance under the Long-Term Incentive Plan. Of these shares, 2,217,911 will be granted to directors, officer and employees upon completion of the restructuring transaction in the form of restricted stock, and 271,128 shares will be available for future grants. Subject to the vesting requirements described in "Compensation Discussion and Analysis Elements of Compensation Long-Term Incentive Plan" above, these shares registered on Form S-8 will be eligible for resale in the public markets without restriction, subject to Rule 144 limitations applicable to affiliates.

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**MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS
FOR NON-UNITED STATES HOLDERS**

The following is a general discussion of the material United States federal income tax consequences of the ownership and disposition of our unrestricted common stock to a non-United States holder. This discussion assumes that non-United States holders will hold our unrestricted common stock issued pursuant to the offering as a capital asset (generally, property held for investment). This discussion does not address all aspects of United States federal income taxation that may be relevant in light of a non-United States holder's special tax status or special tax situations. For example, United States expatriates, life insurance companies, tax-exempt organizations, dealers in securities or currency, banks or other financial institutions, pass-through entities, trusts, estates and investors that hold unrestricted common stock as part of a hedge, straddle or conversion transaction are among those categories of potential investors that are subject to special rules not covered in this discussion. In addition, this discussion does not address tax consequences to a holder of the use of a functional currency other than the United States dollar. This discussion does not address any tax consequences arising under the laws of any state, local or non-United States taxing jurisdiction or any taxes other than income taxes. Furthermore, the following discussion is based on current provisions of the Internal Revenue Code of 1986, as amended, legislative history and Treasury Regulations and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. Accordingly, we urge each non-United States Holder to consult a tax advisor regarding the United States federal, state, local and non-United States income and other tax consequences of acquiring, holding and disposing of shares of our unrestricted common stock.

For the purpose of this discussion, a non-United States holder is any individual, corporation, estate or trust that is a beneficial holder of our unrestricted common stock and that for United States federal income tax purposes is not a United States person. For purposes of this discussion, the term United States person means:

an individual citizen or resident of the United States;

a corporation or other entity taxable as a corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof;

an estate whose income is subject to United States federal income tax regardless of its source; or

a trust (i) whose administration is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust, or (ii) which has made an election to be treated as a United States person.

If a partnership (or an entity treated as a partnership for United States federal income tax purposes) holds our unrestricted common stock, the tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Accordingly, we urge partnerships which hold our unrestricted common stock and partners in such partnerships to consult their tax advisors.

Investors considering the purchase of our unrestricted common stock should consult their tax advisors regarding the application of the United States federal income tax laws to their particular situations and the consequences of United States federal estate and gift tax laws, foreign, state and local laws, and tax treaties.

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Dividends

Distributions on our unrestricted common stock, if any, generally will constitute dividends for United States federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under United States federal income tax principles. Amounts not treated as dividends for United States federal income tax purposes will constitute a return of capital and will first be applied against and reduce a holder's adjusted tax basis in the unrestricted common stock, but not below zero, and then the excess, if any, will be treated as gain from the sale of the unrestricted common stock.

Amounts treated as dividends paid to a non-United States holder of unrestricted common stock generally will be subject to United States withholding at a rate of 30% of the gross amount of the dividend, unless either: (a) an applicable income tax treaty reduces or eliminates such tax, and the non-United States holder properly claims the benefit of that treaty by providing a valid IRS Form W-8BEN (or suitable successor or substitute form) establishing qualification for the reduced rate, or (b) the dividend is effectively connected with the non-United States holder's conduct of a trade or business in the United States and the non-United States holder provides an appropriate statement to that effect on a valid IRS Form W-8ECI (or suitable successor form).

Dividends received by a non-United States holder that are effectively connected with a United States trade or business conducted by the non-United States holder are generally taxed at the same graduated rates applicable to United States persons, net of certain deductions and credits, subject to an applicable income tax treaty providing otherwise. In that case, the 30% withholding tax described above will not apply, provided the appropriate statement is provided to us. If a non-United States holder is eligible for the benefits of a tax treaty between the United States and its country of residence, any dividend income that is effectively connected with a United States trade or business will be subject to United States federal income tax in the manner specified by the treaty and generally will only be subject to such tax if such income is attributable to a permanent establishment (or a fixed base in the case of an individual) maintained by the non-United States holder in the United States and the non-United States holder claims the benefit of the treaty by properly submitting an IRS Form W-8BEN. In addition, dividends received by a corporate non-United States holder that are effectively connected with a United States trade or business of the corporate non-United States holder may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable tax treaty.

A non-United States holder may obtain a refund from the IRS to the extent that the amounts withheld as described above exceed that holder's tax liability if an appropriate claim for refund is timely filed with the IRS.

If a non-United States holder holds our unrestricted common stock through a foreign partnership or other passthrough entity or a foreign intermediary, the foreign partnership or passthrough entity or foreign intermediary may also be required to comply with additional certification requirements.

Gain on Disposition of Unrestricted Common Stock

A non-United States holder generally will not be subject to United States federal income tax on any gain realized upon the sale or other disposition of our unrestricted common stock unless:

the non-United States holder is an individual who holds his or her unrestricted common stock as a capital asset (generally, an asset held for investment purposes) and who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met;

the gain is effectively connected with a United States trade or business of the non-United States holder; or

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our unrestricted common stock constitutes a United States real property interest by reason of our status as a "United States real property holding corporation," a USRPHC, for United States federal income tax purposes and the non-United States holder held, directly or indirectly, at any time during the five-year period preceding the disposition more than 5% of our unrestricted common stock and the holder is not eligible for a treaty exemption. The determination of whether we are a USRPHC depends on the fair market value of our United States real property interests relative to the fair market value of our other trade or business assets and foreign real property interests.

We believe that we are not currently, and that we will not become, a USRPHC for United States federal income tax purposes.

If the first of these exceptions applies, the non-United States holder generally will be subject to tax at a rate of 30% on the amount by which the United States-source capital gains exceed capital losses allocable to United States sources.

If the second exception applies, generally the non-United States holder will be required to pay United States federal income tax on the net gain derived from the sale in the same manner as a United States person. If a non-United States Holder is eligible for the benefits of a tax treaty between the United States and its country of residence, any such gain will be subject to United States federal income tax in the manner specified by the treaty and generally will only be subject to such tax if such gain is attributable to a permanent establishment (or a fixed base in the case of an individual) maintained by the non-United States holder in the United States and the non-United States holder claims the benefit of the treaty by properly submitting an IRS Form W-8BEN (or suitable successor form). Additionally, non-United States holders that are treated for United States federal income tax purposes as corporations and that are engaged in a trade or business or have a permanent establishment in the United States could be subject to a branch profits tax on such income at a 30% rate or a lower rate if so specified by an applicable income tax treaty.

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS the amount of dividends paid, the name and address of the recipient, and the amount, if any, of tax withheld. Subject to certain exceptions, a similar report is sent to the holder. Pursuant to tax treaties or other agreements, the IRS may make its reports available to tax authorities in the recipient's country of residence.

Payments of dividends or of proceeds on the disposition of stock made to a non-United States holder may be subject to backup withholding unless the non-United States holder establishes an exemption, for example, by properly certifying its non-United States status on a valid IRS Form W-8BEN or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that the holder is a United States person.

Additional information reporting and backup withholding may apply in the case of dispositions of our unrestricted common stock by non-United States brokers effected through certain brokers or a United States office of a broker. The backup withholding rate currently is 28%.

Backup withholding is not an additional tax. Rather, the United States income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained, provided that the required information is timely furnished to the IRS.

Table of Contents**UNDERWRITING**

CBOE Holdings, the selling stockholders and the underwriters named below have entered into an underwriting agreement with respect to the shares of unrestricted common stock being offered. Subject to certain conditions, each underwriter has severally agreed to purchase, and we and the selling stockholders agreed to sell to them, severally, the number of shares indicated in the following table. Goldman, Sachs & Co. is acting as the sole global coordinator of this offering and is acting as the representative of the underwriters. In addition, Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., Citadel Securities LLC, Citigroup Global Markets Inc., J.P. Morgan Securities Inc. and UBS Securities LLC are acting as the joint book running managers of this offering.

Underwriters	Number of Shares of Unrestricted Common Stock
Goldman, Sachs & Co.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Barclays Capital Inc.	
Citadel Securities LLC	
Citigroup Global Markets Inc.	
J.P. Morgan Securities Inc.	
UBS Securities LLC	
BMO Capital Markets Corp.	
Credit Suisse Securities (USA) LLC	
Morgan Stanley & Co. Incorporated	
Oppenheimer & Co. Inc.	
Raymond James & Associates, Inc.	
Cabrera Capital Markets, LLC	
Keefe, Bruyette & Woods, Inc.	
Loop Capital Markets, Inc.	
Macquarie Capital (USA) Inc.	
Rosenblatt Securities Inc.	
Sander O'Neill & Partners, L.P.	
Total	

The underwriters are committed to take and pay for all of the shares being offered by us and the selling stockholders, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

If the underwriters sell more shares than the total number set forth in the table above, the underwriters have an option to buy up to an additional 1,755,000 shares from us. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by CBOE Holdings and the selling stockholders. Such amounts are shown for CBOE Holdings assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Paid by CBOE Holdings		Paid by the Selling Stockholders
	No Exercise	Full Exercise	
Per Share	\$	\$	\$
Total	\$	\$	\$

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Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$ _____ per share from the initial public offering price. If all the shares are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

CBOE Holdings, its officers and directors have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock (other than to CBOE Holdings) during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Goldman, Sachs & Co. This agreement does not apply to any existing employee benefit plans and is subject to certain exceptions. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

The 180-day restricted period described in the preceding paragraph will be automatically extended if: (1) during the last 17 days of the 180-day restricted period CBOE Holdings issues an earnings release or announces material news or a material event; or (2) prior to the expiration of the 180-day restricted period, CBOE Holdings announces that it will release earnings results during the 15-day period following the last day of the 180-day period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release of the announcement of the material news or material event.

Prior to this offering, there has been no public market for the unrestricted common stock. The initial public offering price will be negotiated among CBOE Holdings and the representative. Among the factors to be considered in determining the initial public offering price of the unrestricted common stock, in addition to prevailing market conditions, will be CBOE's historical performance, estimates of the business potential and earnings prospects of CBOE Holdings, an assessment of CBOE Holdings' management and the consideration of the above factors in relation to market valuation of companies in related businesses.

CBOE Holdings will apply to list the unrestricted common stock on the NASDAQ Global Select Market under the symbol "CBOE". In order to meet one of the requirements for listing the unrestricted common stock on the NASDAQ Global Select Market, the underwriters have undertaken to sell lots of 100 or more shares to a minimum of 450 U.S. beneficial holders.

In connection with this offering, the underwriters may purchase and sell shares of unrestricted common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from CBOE Holdings in this offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option granted to them. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the unrestricted common stock in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of unrestricted common stock made by the underwriters in the open market prior to the completion of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representative has

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repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the unrestricted common stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the unrestricted common stock. As a result, the price of the unrestricted common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the NASDAQ Global Select Market, in the over-the-counter market or otherwise.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

CBOE Holdings estimates that the total expenses of this offering, excluding underwriting discounts and commissions, will be approximately \$1.4 million.

CBOE Holdings and the selling stockholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for CBOE Holdings and its affiliates, for which they received or will receive customary fees and expenses.

Certain of the underwriters and their affiliates have engaged, and may in the future engage, in trading activities on CBOE. Prior to the completion of the restructuring transaction, these underwriters owned or leased, directly or through affiliates, one or more CBOE Seats and, following the completion of the restructuring transaction, will be Trading Permit Holders and, to the extent CBOE Seats are owned, holders of shares of Class A common stock. In addition, certain of the underwriters and their affiliates are Participating Group A Settlement Class Members and will receive shares of Class B common stock. CBOE receives transaction fees from market participants who trade on CBOE and, under certain circumstances, pays market participants payments for providing order flow. Certain of the underwriters and their affiliates may in the future engage in trading activities on C2. In addition, upon consummation of the restructuring transaction, which will occur immediately prior to the closing of this offering, the CBOE will pay Goldman, Sachs & Co. a fee of \$4,000,000 as compensation for advice and services rendered in respect of assisting the CBOE with its analysis and consideration of various financial alternatives, including the restructuring transaction. Payments to and from the underwriters are made, in the opinion of our management, at prevailing market rates, terms and conditions, which are available generally to all as other market participants.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of CBOE Holdings.

At our request, the underwriters have reserved up to 292,500 shares of unrestricted common stock for sale to our employees, directors, CBOE seat owners and Participating Group A Settlement Class Members at the initial public offering price. However, we may not be able to allocate to each of these persons all of the shares that they express an interest in purchasing, particularly if these persons indicate an interest in purchasing an aggregate number of shares of unrestricted common stock greater

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than the number of reserved shares. The number of shares of unrestricted common stock available for sale to the general public in the public offering will be reduced by the number of directed shares purchased by participants in the program. Any directed shares not so purchased will be offered by the underwriters to the general public on the same basis as all other shares offered hereby.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

in any other circumstances which do not require the publication by the issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has represented and agreed that:

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA would not, if the issuer was not an authorised person, apply to the issuer; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities

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and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

The securities have not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

United Kingdom

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed

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by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus or any of its contents.

Switzerland

We have not and will not register with the Swiss Financial Market Supervisory Authority (FINMA) as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended (CISA), and accordingly the shares being offered pursuant to this prospectus have not and will not be approved, and may not be licenseable, with FINMA. Therefore, the shares have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the shares offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The shares may solely be offered to "qualified investors," as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended (CISO), such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus and any other materials relating to the shares are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus does not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the shares on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The shares which are the subject of the offering contemplated by this prospectus may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this document you should consult an authorized financial adviser.

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VALIDITY OF UNRESTRICTED COMMON STOCK

The validity of the securities offered hereby will be passed upon for CBOE Holdings by Schiff Hardin LLP, Chicago, Illinois and for the underwriters by Sullivan & Cromwell LLP, New York, New York.

EXPERTS

The consolidated financial statements as of December 31, 2009 and 2008, and for each of the three years in the period ended December 31, 2009, included in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such consolidated financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act for the shares of unrestricted common stock being offered by this prospectus. This prospectus, which is part of the registration statement, does not contain all of the information included in the registration statement and the exhibits. For further information about us and the unrestricted common stock offered by this prospectus, you should refer to the registration statement and its exhibits. References in this prospectus to any of our contracts or other documents are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may read and copy any document that CBOE Holdings files at the SEC's public reference room located at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. SEC filings are also available to the public at the SEC's website at www.sec.gov. Copies of documents filed by CBOE Holdings with the SEC are also available on the CBOE website, www.CBOE.com, and at the offices of Chicago Board Options Exchange, Incorporated, 400 South LaSalle Street, Chicago, Illinois 60605, (312) 786-5600 Attn: Jaime Galvan, Office of the Secretary.

We are subject to the reporting and information requirements of the Exchange Act and, as a result, file periodic and current reports, proxy statements and other information with the SEC. We expect to make our periodic reports and other information filed with or furnished to the SEC, available, free of charge, through our website as soon as reasonably practicable after those reports and other information are filed with or furnished to the SEC. Additionally, these periodic reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above.

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**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED
AND SUBSIDIARIES**

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Prior to the completion of the restructuring transaction, CBOE Holdings had not conducted any business as a separate entity and had no assets and, therefore, does not have its own set of financial statements. As a result, the financial statements included are those of CBOE, which will continue to operate the Exchange after the restructuring transaction as a wholly-owned subsidiary of CBOE Holdings.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Members of
Chicago Board Options Exchange, Incorporated and Subsidiaries
Chicago, Illinois

We have audited the accompanying consolidated balance sheets of Chicago Board Options Exchange, Incorporated and Subsidiaries (the "Exchange") as of December 31, 2009 and 2008, and the related consolidated statements of income, members' equity, and cash flows for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the Exchange's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Exchange is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Exchange's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Exchange as of December 31, 2009 and 2008, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
March 11, 2010 (April 16, 2010 as to the subsequent events as discussed in Note 16)

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Chicago Board Options Exchange, Incorporated and Subsidiaries
Consolidated Statements of Income
Years Ended December 31, 2009, 2008 and 2007

(in thousands)	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Operating Revenues:			
Transaction fees	\$ 314,506	\$ 343,779	\$ 272,716
Access fees	45,084	5,695	3,527
Exchange services and other fees	22,647	24,479	22,941
Market data fees	20,506	21,082	20,379
Regulatory fees	15,155	11,000	14,346
Other revenue	8,184	10,748	10,361
Total Operating Revenues	426,082	416,783	344,270
Operating Expenses:			
Employee costs	84,481	83,140	83,538
Depreciation and amortization	27,512	25,633	25,338
Data processing	20,475	20,556	19,612
Outside services	30,726	27,370	23,374
Royalty fees	33,079	35,243	28,956
Trading volume incentives	28,631	15,437	5,108
Travel and promotional expenses	10,249	10,483	9,640
Facilities costs	5,624	4,730	4,844
Exercise Right appeal settlement	2,086		
Other expenses	5,634	6,881	7,394
Total Operating Expenses	248,497	229,473	207,804
Operating Income	177,585	187,310	136,466
Other Income/(Expense):			
Investment income	1,607	6,998	8,031
Net loss from investment in affiliates	(1,087)	(882)	(939)
Loss on sale of investment in affiliates			(3,607)
Interest and other borrowing costs	(875)	(19)	
Total Other Income/(Expense)	(355)	6,097	3,485
Income Before Income Taxes			
	177,230	193,407	139,951
Income tax provision	70,779	78,119	56,783

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Net Income \$ **106,451** \$ **115,288** \$ **83,168**

Pro forma net income
per common share
(Unaudited)

Basic	\$	1.17	\$	1.27	\$	0.92
Diluted		1.15		1.24		0.89

Weighted average shares
used in computing pro
forma income per share

Basic	90,733	90,733	90,733
Diluted	92,951	92,951	92,951

See notes to consolidated financial statements

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Chicago Board Options Exchange, Incorporated and Subsidiaries
Consolidated Balance Sheets
December 31, 2009 and 2008

(in thousands)	Year Ended December 31, 2009	Year Ended December 31, 2008	Pro Forma reflecting Special Dividend (Note 16) Year Ended December 31, 2009 (Unaudited)
Assets			
Current Assets:			
Cash and cash equivalents	\$ 383,730	\$ 281,423	
Cash equivalents - restricted funds		26,157	
Accounts receivable - net allowances of \$87 and \$43	30,437	29,478	
Marketing fee receivable	8,971	7,903	
Income taxes receivable	1,583	9,447	
Prepaid medical benefits	2,085	2,367	
Other prepaid expenses	3,719	3,899	
Other receivable	2,086		
Other current assets	452	551	
Total Current Assets	433,063	361,225	
Investments in Affiliates	3,090	5,699	
Land	4,914	4,914	
Property and Equipment:			
Construction in progress	20,704	19,394	
Building	60,837	58,980	
Furniture and equipment	213,375	195,855	
Less accumulated depreciation and amortization	(203,665)	(189,295)	
Total Property and Equipment - Net	91,251	84,934	
Other Assets:			
Software development work in progress	6,952	14,926	
Data processing software and other assets (less accumulated amortization - 2009, \$95,500; 2008, \$85,100)	32,678	24,441	
Total Other Assets - Net	39,630	39,367	
Total	\$ 571,948	\$ 496,139	
Liabilities and Members' Equity			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 42,958	\$ 55,137	
Marketing fee payable	9,786	9,326	
Deferred revenue	207	26,379	
Post-retirement medical benefits	96	86	
Dividends payable (Note 16)			113,417
Settlements payable	305,688		
Total Current Liabilities	358,735	90,928	472,152
Long-term Liabilities:			
Post-retirement medical benefits	1,444	1,316	

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Income taxes payable	2,815	3,055	
Other long-term liabilities	244		
Deferred income taxes	20,576	19,180	
Total Long-term Liabilities	25,079	23,551	
Commitments and Contingencies			
Total Liabilities	383,814	114,479	497,231
Members' Equity:			
Memberships	19,574	19,574	
Additional paid-in-capital	2,592	2,592	
Retained earnings	166,769	360,318	53,352
Accumulated other comprehensive loss	(801)	(824)	
Total Members' Equity	188,134	381,660	74,717
Total	\$ 571,948	\$ 496,139	

See notes to consolidated financial statements

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Chicago Board Options Exchange, Incorporated and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2009, 2008 and 2007

(in thousands)	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Cash Flows from Operating Activities:			
Net Income	\$ 106,451	\$ 115,288	\$ 83,168
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	27,512	25,633	25,338
Other amortization	213	23	(422)
Provision for deferred income taxes	1,367	(206)	(941)
Interest expense on post-retirement benefit obligation	85	86	74
Equity in loss of affiliates	899	882	939
Impairment of investment in affiliates and other assets	188		
Loss on sale of HedgeStreet Inc.			3,607
Loss (gain) on disposition of property		195	(203)
Changes in assets and liabilities:			
Accounts receivable	(959)	(676)	(964)
Marketing fee receivable	(1,068)	353	(757)
Income taxes receivable	7,864	(9,447)	763
Prepaid expenses	462	(969)	659
Other receivable	(2,086)		
Other current assets	99	4	240
Accounts payable and accrued expenses	(8,155)	14,226	(1,422)
Marketing fee payable	460	(146)	1,481
Deferred revenue	(25,928)	17,365	4,790
Post-retirement benefit obligations	(86)	(88)	(38)
Income taxes payable	(240)	2,422	633
Settlement with appellants	3,000		
Access fees subject to fee-based payment	2,688		
Membership transfer and other deposits			(1,750)
Net Cash Flows from Operating Activities	112,766	164,945	115,195
Cash Flows from Investing Activities:			
Sales of investments available for sale			20,000
Restricted funds temporary access fees	26,157	(21,908)	(4,249)
	(37,997)	(43,816)	(32,095)

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Capital and other assets expenditures			
Proceeds from disposition of property		105	
Sale of NSX certificates of proprietary membership	1,500	1,500	
Investment in affiliates			(13)
HedgeStreet Inc. investment recovery			193
Net Cash Flows from Investing Activities	(10,340)	(64,119)	(16,164)
Cash Flows from Financing Activities:			
Payments for debt issuance costs	(119)	(828)	
Chicago Board of Trade exercise right purchases			(126)
Net Cash Flows from Financing Activities	(119)	(828)	(126)
Net Increase in Cash and Cash Equivalents	102,307	99,998	98,905
Cash and Cash Equivalents at Beginning of Period	281,423	181,425	82,520
Cash and Cash Equivalents at End of Period	\$ 383,730	\$ 281,423	\$ 181,425
Supplemental Disclosure of Cash Flow Information			
Cash paid for income taxes	\$ 61,495	\$ 85,345	\$ 56,328
Non-cash activities:			
Change in post-retirement benefit obligation	(51)	(8)	106
Unpaid liability to acquire equipment and software	2,313	6,285	841
Exercise Right privilege payable	300,000		

See notes to consolidated financial statements

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Chicago Board Options Exchange, Incorporated and Subsidiaries
Consolidated Statements of Members' Equity
Years ended December 31, 2009, 2008 and 2007

(in thousands)	Members' Equity	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance December 31, 2006	\$ 19,574	\$ 2,592	\$ 161,988	\$ (765)	\$ 183,389
Net income			83,168		83,168
Post-retirement benefit obligation adjustment net of tax benefits of \$42				(64)	(64)
Comprehensive income					83,104
CBOT exercise right purchased			(126)		(126)
Balance December 31, 2007	19,574	2,592	245,030	(829)	266,367
Net income			115,288		115,288
Post-retirement benefit obligation adjustment net of tax of \$3				5	5
Comprehensive income					115,293
Balance December 31, 2008	19,574	2,592	360,318	(824)	381,660
Net income			106,451		106,451
Post-retirement benefit obligation adjustment net of tax expense of \$28				23	23
Comprehensive income					106,474
Exercise Right privilege payable			(300,000)		(300,000)
Balance December 31, 2009	\$ 19,574	\$ 2,592	\$ 166,769	\$ (801)	\$ 188,134

See notes to consolidated financial statements

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2009, 2008 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business The Chicago Board Options Exchange, Incorporated ("CBOE" or the "Company") is a registered securities exchange, subject to oversight by the Securities and Exchange Commission (the "SEC"). CBOE's principal business is providing a marketplace for the trading of options on individual equities, exchange-traded funds and various indexes.

Basis of Presentation The consolidated financial statements include the accounts and results of operations of CBOE and its wholly-owned subsidiaries, Chicago Options Exchange Building Corporation, CBOE, LLC, CBOE II, LLC ("CBOE II"), C2 Options Exchange, Incorporated ("C2"), Market Data Express, LLC and CBOE Futures Exchange, LLC ("CFE"). Inter-company balances and transactions have been eliminated in consolidation.

Concentrations of Credit Risk The Company's financial instruments, consisting primarily of cash and cash equivalents and account receivables, are exposed to concentrations of credit risk. The Company places its cash and cash equivalents with highly-rated financial institutions, limits the amount of credit exposure with any one financial institution and conducts ongoing evaluations of the credit worthiness of the financial institutions with which it does business. Accounts receivable for transaction fees and marketing fees are collected through The Options Clearing Corporation (the "OCC") and are with large, highly-rated clearing firms; therefore, concentrations of credit risk are limited.

Use of Estimates The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and reported amounts of revenues and expenses. On an ongoing basis, management evaluates its estimates based upon historical experience, observance of trends, information available from outside sources and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different conditions or assumptions.

Prior Year Reclassifications: Certain reclassifications have been made to prior period amounts to conform to current period presentation. The following reclassifications have been made to present a classified Consolidated Statement of Income similar to other public registrants:

CBOE reclassified from other revenue to transaction fees \$1.3 million and \$1.8 million for the years ended 2008 and 2007, respectively. The reclassifications had no impact on total operating revenues for the years presented.

Other member fees were segregated into access fees and exchange services and other fees. CBOE reclassified from access fees to exchange services and other fees \$24.5 million and \$22.9 million for the years ended 2008 and 2007, respectively. The reclassifications had no impact on total operating revenues for the years presented.

In the 2008 presentation of the Consolidated Statement of Income, CBOE reclassified \$2.6 million from other revenue to access fees. The reclassification had no impact on total operating revenues for 2008.

The Options Price Reporting Authority ("OPRA") income was renamed market data fees. CBOE reclassified from other revenue \$1.1 million and \$1.5 million for the years ended 2008

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and 2007, respectively, to market data fees. The reclassifications had no impact on total operating revenues for the years presented.

CBOE reclassified from other expenses to facilities costs \$0.7 million and \$0.5 million for the years ended 2008 and 2007, respectively. The reclassifications had no impact on total operating expenses for the years presented.

Investment income and net loss from investment in affiliates were reclassified to other income/(expense). The reclassifications totaled \$7.0 million and \$8.0 of investment income and \$0.9 million and \$0.9 million of net loss from investment in affiliates for the years ended 2008 and 2007, respectively. The reclassifications of investment income reduced operating revenues, and net loss from investment in affiliates decreased operating expenses by the amounts reflected above, respectively. The impact on operating income due to the reclassifications was a decrease of \$6.1 million and \$7.1 million for the years ended 2008 and 2007, respectively. The reclassification had no impact on income before income taxes.

In the 2007 presentation of the Consolidated Statement of Income, CBOE reclassified \$3.6 million from other expenses to loss on sale of investment in affiliate. The reclassification of loss on sale of investment in affiliate decreased operating expenses and increased operating income by the amount reflected above. The reclassification had no impact on income before income taxes.

In the 2008 presentation of the Consolidated Statement of Income, CBOE reclassified from other expenses less than \$0.1 million of expense related to its \$150 million senior revolving credit facility to interest and other borrowing costs. The reclassification of borrowing costs decreased operating expenses and increased operating income by the amount reflected above. The reclassification had no impact on income before income taxes.

FASB Accounting Standards Codification In June 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 105, *Generally Accepted Accounting Principles* ("ASC 105"). The standard establishes the ASC as the source of authoritative U.S. generally accepted accounting principles recognized by the FASB to be applied to non-governmental entities. ASC 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009; therefore, CBOE has updated references to GAAP in the notes to the consolidated financial statements for the fiscal year ended December 31, 2009. The adoption of ASC 105 had no material impact CBOE's financial position or results of operations.

Revenue Recognition CBOE's revenue recognition policies comply with ASC 605 *Revenue Recognition* ("ASC 605"). On occasion, customers will pay for services in a lump sum payment. When these circumstances occur, revenue is recognized as services are provided. Deferred revenue typically represents amounts received by CBOE for which services have not been provided or the service has been provided but recognition is deferred due to pending litigation (See Note 7).

Revenue recognition policies for specific sources of revenue are discussed below.

Transaction Fees: Transaction fee revenue is considered earned upon the execution of a trade and is recognized on a trade date basis. Transaction fee revenue is presented net of applicable volume discounts. In the event liquidity providers prepay for transaction fees, revenue is recognized based on

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the attainment of volume thresholds resulting in the amortization of the prepayment over the calendar year.

Access Fees: Access fee revenue is recognized during the period the service is provided and assurance of collectability is provided. Access fees include member dues, interim trading permit revenue and temporary member access revenue.

Exchange Services and Other Fees: Exchange services and other fees are recognized during the period the service is provided. Exchange services and other fees include system services, trading floor charges and application revenue.

Market Data Fees: Market data fee revenue includes OPRA income and CBOE market data services. OPRA is a limited liability company consisting of representatives of the member exchanges and is authorized by the SEC to provide consolidated options information. OPRA income is allocated based upon the individual exchanges relative volume of total transactions. CBOE receives estimates of OPRA's distributable revenue which is accrued on a monthly basis (See Note 4). CBOE market data service fees represent fees charged for current and historical market data. Market data services are recognized in the period the data is provided.

Regulatory Fees: Regulatory fees are assessed based upon customer contracts cleared and are recognized during the period the service is provided.

Concentration of Revenue: At December 31, 2009, there were approximately 90 clearing firms, two of which cleared a combined 68% of our trades in 2009. No one customer of either of these clearing firms represented more than 10% of transaction fees revenue in 2009 or 2008. Should a clearing firm withdraw from the Exchange, management believes the customer portion of that firm's trading activity would likely transfer to another clearing firm. Therefore, management does not believe the Company is exposed to a significant risk from the loss of revenue received from a particular clearing firm.

Cash and Cash Equivalents Cash and cash equivalents, excluding cash equivalents-restricted funds, include highly liquid investments with maturities of three months or less from the date of purchase.

Cash equivalents-restricted funds Cash equivalents-restricted funds represent temporary membership access fees held in an escrow account, pending the final outcome of certain legal matters (See Note 11). Cash equivalents-restricted funds include highly liquid investments with maturities of three months or less and are not included as cash and cash equivalents in the Consolidated Statements of Cash Flows.

Accounts Receivable Accounts receivable consists primarily of transaction and regulatory fees from the OCC and CBOE's share of distributable revenue receivable from OPRA.

Prepaid expenses Prepaid expenses primarily consist of prepaid software maintenance and licensing expenses.

Investments in Affiliates Investments in affiliates represent investments in The Options Clearing Corporation ("OCC"), NSX Holdings, Inc. ("NSX"), the parent corporation of The National Stock Exchange, OneChicago, LLC ("OneChicago") and CBOE Stock Exchange, LLC ("CBSX").

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The investment in the OCC (20% of its outstanding stock) and the investment in NSX (4.6% of the total outstanding of NSX as of December 31, 2009) are carried at cost because of CBOE's inability to exercise significant influence.

CBOE accounts for the investment in OneChicago (23.7% of its outstanding stock as of December 31, 2009) under the equity method due to CBOE's lack of effective control over OneChicago's operating and financing activities.

CBOE accounts for the investment in CBSX under the equity method due to CBOE's lack of effective control over CBSX's operating and financing activities. CBOE received a 50% share in CBSX in return for non-cash property contributions. CBOE currently holds a 49.96% equity interest in CBSX.

Investments in affiliates are reviewed to determine whether any events or changes in circumstances indicate that the investments may be other than temporarily impaired. In the event of impairment, CBOE would recognize a loss for the difference between the carrying amount and the estimated fair value of the equity method investment.

Property and Equipment Property and equipment are carried at cost, net of accumulated depreciation. Depreciation on building, furniture and equipment is provided on the straight-line method. Estimated useful lives are 40 years for the building and five to ten years for furniture and equipment. Leasehold improvements are amortized over the lesser of their estimated useful lives or the remaining term of the applicable leases.

Long-lived assets to be held and used are reviewed to determine whether any events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The CBOE bases the evaluation on such impairment indicators as the nature of the assets, the future economic benefit of the assets, any historical or future profitability measurements, as well as other external market conditions or factors that may be present. If such impairment indicators are present that would indicate that the carrying amount of the asset may not be recoverable, the CBOE determines whether an impairment has occurred through the use of an undiscounted cash flow analysis of assets at the lowest level for which identifiable cash flows exist. In the event of impairment, the CBOE recognizes a loss for the difference between the carrying amount and the estimated value of the asset as measured using quoted market prices or, in the absence of quoted market prices, a discounted cash flow analysis.

Property and equipment construction in progress is capitalized and carried at cost in accordance with ASC 360. Projects are monitored during the development stage to ensure compliance with ASC 360 and accordance with project initiatives. Upon completion, the projects are placed in service and amortized over the appropriate useful lives, using the straight-line method commencing with the date the asset is placed in service.

Software Development Work in Progress and Data Processing Software and Other Assets CBOE accounts for software development costs under ASC 350, *Intangibles Goodwill and Other* (ASC 350). CBOE expenses software development costs as incurred during the preliminary project stage, while capitalizing costs incurred during the application development stage, which includes design, coding, installation and testing activities.

Deferred financing fees Costs associated with the Company's senior revolving credit facility were capitalized. The deferred financing fees are being amortized to interest expense on a straight-line basis

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

over three years to match the terms of the facility. Deferred financing fees were \$0.6 million and \$0.9 million at December 31, 2009 and 2008, respectively.

Income Taxes Deferred income taxes are determined in accordance with ASC 740 *Income Taxes* ("ASC 740"), and arise from temporary differences between the tax basis and book basis of assets and liabilities. The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of the events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to be reversed. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. CBOE files tax returns for federal, state and local income tax purposes. A valuation allowance is recognized if it is anticipated that some or all of a deferred tax asset may not be realized.

Upon adoption of ASC 740, effective January 1, 2007, the Company changed its policy related to the accounting for income tax uncertainties. If the Company considers that a tax position is "more-likely-than-not" of being sustained upon audit, based solely on the technical merits of the position, it recognizes the tax benefit. The Company measures the tax benefit by determining the largest amount that is greater than 50% likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. These assessments can be complex, and the Company often obtains assistance from external advisors. To the extent that the Company's estimates change or the final tax outcome of these matters is different than the amounts recorded, such differences will impact the income tax provision in the period in which such determinations are made. Uncertain tax positions are classified as current only when the Company expects to pay cash within the next twelve months. Interest and penalties, if any, are recorded within the provision for income taxes in the Company's consolidated statements of income and are classified on the consolidated balance sheets with the related liability for unrecognized tax benefits.

See Note 10 for further discussion of the Company's income taxes and the adoption of ASC 740.

Employee Benefit Plans ASC 715 *Compensation Retirement Benefits* ("ASC 715"), requires that the funded status of a defined benefit postretirement plan be recognized in the Consolidated Balance Sheet and changes in that funded status be recognized in the year of change in other comprehensive income (loss). ASC 715 also requires that plan assets and obligations be measured at year end. CBOE recognizes future changes in actuarial gains and losses and prior service costs in the year in which the changes occur through accumulated other comprehensive loss.

Insurance Proceeds Insurance proceeds for reimbursement of costs incurred as a result of legal proceedings pursuant to the Company's director and officer insurance policies are recorded upon receipt and are a reduction of outside services in the statements of operations.

Evaluation of Subsequent Events For the period ended December 31, 2009, management has evaluated all subsequent events through the issuance of financial statements.

Commitments and Contingencies **Litigation** The Company accounts for contingencies in accordance with ASC 450 *Contingencies*, which requires the Company to accrue loss contingencies

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

when the loss is both probable and estimable. All legal costs incurred in connection with loss contingencies are expensed as service is provided.

Recent Accounting Pronouncements In June 2009, the FASB issued ASC 810 *Consolidations* ("ASC 810"), which alters how a company determines when an entity that is insufficiently capitalized or not controlled through voting should be consolidated. A company has to determine whether it should provide consolidated reporting of an entity based upon the entity's purpose and design and the parent company's ability to direct the entity's actions. ASC 810 is effective for a company's first fiscal year beginning after November 15, 2009 or January 1, 2010 for companies reporting on a calendar-year basis. The adoption of ASC 810 is not expected to have an impact on CBOE's financial position or results of operations.

2. SETTLEMENT AGREEMENT

On August 23, 2006, CBOE and its directors were sued in the Court of Chancery of the State of Delaware (the "Delaware Court") by the Board of Trade of the City of Chicago, Inc. ("CBOT"), CBOT Holdings Inc., the parent corporation of CBOT ("CBOT Holdings"), and two members of the CBOT who purported to represent a class of individuals ("Exercise Member Claimants") who claimed that they were, or had the right to become, members of CBOE pursuant to the Exercise Right (See Note 13). "Exercise Right" refers to the grant under Paragraph (b) of Article Fifth of the CBOE's Certificate of Incorporation ("Article Fifth(b)") to members of CBOT of the right to be members of CBOE without having to acquire a separate CBOE membership. We refer to this lawsuit as the "Delaware Action."

In the Delaware Action the plaintiffs sought a judicial declaration that Exercise Member Claimants were entitled to receive the same consideration in any proposed restructuring transaction involving CBOE as all other CBOE members, and the plaintiffs also sought an injunction to bar CBOE and CBOE's directors from issuing any stock to CBOE members as part of a proposed restructuring transaction, unless the Exercise Member Claimants received the same stock and other consideration as other CBOE members.

On August 20, 2008, CBOE entered into a Stipulation of Settlement (the "Settlement Agreement") with the plaintiffs pursuant to which the plaintiffs agreed to dismiss the Delaware Action, with prejudice, in exchange for the settlement consideration. The Settlement Agreement was preliminarily approved by the Delaware Court on August 22, 2008. The Settlement Agreement was approved by CBOE members on September 17, 2008. On June 3, 2009, the Delaware Court entered an order approving the Settlement Agreement, while reserving ruling on whether certain objectors were eligible to participate in that settlement. After subsequently ruling on those objections, the Delaware Court, on July 29, 2009, entered an order of approval and final judgment approving the Settlement Agreement, resolving all open issues about the settlement and dismissing the Delaware Action. While several appeals from the order of approval were filed, on November 30, 2009, CBOE reached a settlement with the appealing parties under which CBOE agreed to pay approximately \$4.2 million. Separately, CME Group Inc. agreed to pay \$2.1 million to CBOE in connection with CBOE's payments to the settling appellants. An expense of \$2.1 million, representing the aggregate appellate settlement expense of \$4.2 million reduced by \$2.1 million due from CME Group, is included in the Exercise Right appeal settlement in the Consolidated Statement of Income for the year ended December 31, 2009. The \$2.1 million due from CME Group is included in other receivable in the Consolidated

Table of Contents**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SETTLEMENT AGREEMENT (Continued)**

Balance Sheet at December 31, 2009. On December 2, 2009, the Delaware Supreme Court approved the dismissal of all appeals, and as a result, the Delaware Court's order of approval and final judgment is final and is no longer subject to appeal.

The Settlement Agreement approved by the Delaware Court includes a non-opt out settlement class, which means that anyone in the settlement class is bound by the Settlement Agreement and does not have the right to pursue separate claims against CBOE. The settlement class consists of two groups: Group A and Group B. Group A is defined as all persons who, prior to August 22, 2008, simultaneously owned or possessed at least one CBOT B-1 membership, at least one Exercise Right Privilege ("ERP") and at least 27,338 shares of CBOT stock or, after the CME acquisition of CBOT, 10,251.75 shares of CME Group stock (collectively, a "Group A Package"). Group B is defined as all persons who owned an ERP as of 5:00 p.m., central time, on October 14, 2008 (excluding Exercise Right Privileges that were used as components of Group A Packages and their transferees and assigns). In order to receive consideration under the Settlement Agreement, the members of Group A and Group B must have met certain other eligibility and procedural criteria contained in the Settlement Agreement and have been approved by the Delaware Court.

As a final resolution of the claimed ownership interests in CBOE, qualifying members of the settlement class receive a share of the \$300 million cash pool that will be paid upon the earlier of the completion of CBOE's restructuring transaction or one year after the order approving the Settlement Agreement became final. Group A members receive \$235,327 for each approved Group A Package. Group B members receive \$250,000 for each approved Group B Package. In addition, on the completion of the restructuring transaction, the approved members of Group A will collectively receive an equity interest that is equal to 21.9% of the total equity interest issued to the CBOE Seat owners in the conversion of the CBOE Seats in the CBOE restructuring transaction. "CBOE Seat" refers to a regular membership that was made available by the CBOE in accordance with its Rules and which was acquired by a CBOE member.

Based on the final, non-appealable resolution of the Delaware Action pursuant to the Settlement Agreement, CBOE, in December 2009, recorded a \$300 million current liability in settlements payable and a \$300 million reduction in retained earnings in the Consolidated Balance Sheet for the year ended December 31, 2009. CBOE considers the payment to be a redemption of claimed ownership interests of CBOE, and thus, the liability for the payment is accounted for as an equity transaction. The \$300 million represents the cash payment required to be made by CBOE under the Settlement Agreement.

3. INVESTMENT IN AFFILIATES

At December 31, 2009 and 2008, the investment in affiliates was comprised of the following (in thousands):

	2009	2008
Investment in OCC	\$ 333	\$ 333
Investment in OneChicago	2,297	3,196
Investment in NSX	460	2,170
Investment in Affiliates	\$ 3,090	\$ 5,699

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. INVESTMENT IN AFFILIATES (Continued)

OneChicago is a joint venture created to trade single stock futures. OneChicago is a for-profit entity with its own management and board of directors, and is separately organized as a regulated exchange. CBOE made no capital contributions to OneChicago for the 2009, 2008 or 2007 fiscal years. CBOE had a receivable due from OneChicago of \$0.4 million and \$1.1 million at December 31, 2009 and 2008, respectively.

On March 18, 2009, CBOE exercised its last put right under the Termination of Rights Agreement with NSX. CBOE surrendered 19,656 shares of Class B common stock resulting in a payment to CBOE of \$1.5 million. CBOE no longer owns any Class B common shares in NSX but continues to own 8,424 Class A common shares in NSX. In December 2009, CBOE recorded an impairment of its investment in NSX totaling \$0.2 million.

CBSX trading operations began on March 5, 2007. CBOE holds four of nine seats on the CBSX Board of Directors. CBOE received a 50% share in CBSX in return for non-cash property contributions representing a license to use the CBOE*direct* trading engine, a license to use the name CBOE Stock Exchange, LLC and acronym CBSX in connection with the conduct of CBSX business, and a license to use the business plan and operations manual for the conduct of CBSX business, as developed by CBOE, for the term of the company. Since CBOE's investment in CBSX was mainly non-cash assets, CBOE's investment reflected CBOE's share of organizational costs totaling \$0.2 million. CBOE's equity in CBSX's loss, incurred in 2007, was recognized in the investment balance until the balance reached zero. As a result, the equity method was suspended during 2007.

CBOE II invested \$3.8 million in HedgeStreet, Inc. during 2006. On December 6, 2007, HedgeStreet, Inc. completed a merger resulting in the transfer of all company assets and operations to IG Group. CBOE II received a total of \$0.3 million from the sale of CBOE II's equity investment to IG Group and recognized a loss of \$3.6 million in 2007. CBOE II has since been dissolved.

4. RELATED PARTIES

CBOE collected transaction and other fees of \$447.7 million, \$493.2 million and \$401.1 million in the years ended December 31, 2009, 2008 and 2007, respectively, by drawing on accounts of CBOE's members held at OCC. The amounts collected included \$126.2 million, \$131.9 million and \$125.0 million, respectively, of marketing fees during the years ended December 31, 2009, 2008 and 2007. CBOE had a receivable due from OCC of \$32.1 million and \$28.3 million at December 31, 2009 and 2008, respectively.

OPRA is a limited liability company consisting of representatives of the member exchanges and is authorized by the SEC to provide consolidated options information. This information is provided by the exchanges and is sold to outside news services and customers. OPRA's operating income is distributed among the exchanges based on their relative volume of total transactions. Operating income distributed to CBOE was \$19.1 million, \$20.0 million and \$18.9 million during the years ended December 31, 2009, 2008 and 2007, respectively. CBOE had a receivable from OPRA of \$4.8 million and \$5.2 million at December 31, 2009 and 2008, respectively.

CBOE incurred re-billable expenses on behalf of CBSX for expenses such as employee costs, computer equipment and software of \$3.9 million, \$2.3 million and \$2.6 million during the years ended December 31, 2009, 2008 and 2007, respectively. These amounts are included as a reduction of the

Table of Contents**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****4. RELATED PARTIES (Continued)**

underlying expenses. CBOE had a receivable from CBSX of \$0.2 million and \$0.1 million at December 31, 2009 and 2008, respectively.

CBOE incurred immaterial administrative expenses for its affiliate, the Chicago Board Options Exchange Political Action Committee (the "Committee"), during the years ended December 31, 2009, 2008 and 2007. The Committee is organized under the Federal Election Campaign Act as a voluntary, not-for-profit, unincorporated political association. The Committee is empowered to solicit and accept voluntary contributions from members and employees of CBOE and to contribute funds to the election campaigns of candidates for federal offices.

Options Regulatory Surveillance Authority ("ORSA") is responsible for conducting insider trading investigations related to options on behalf of all options exchanges. In June 2006, the SEC approved a plan entered into by the options exchanges and CBOE was chosen as the Regulatory Services Provider. CBOE incurred re-billable expenses on behalf of ORSA for expenses such as employee costs, occupancy and operating systems of \$1.8 million, \$1.8 million and \$1.5 million, during the years ended December 31, 2009, 2008 and 2007, respectively. These amounts are included as a reduction of the underlying expenses. CBOE had a receivable due from ORSA of \$0.5 million at December 31, 2009 and 2008.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At December 31, 2009 and 2008, accounts payable and accrued liabilities consisted of the following (in thousands):

	2009	2008
Compensation and benefit-related liabilities	\$ 16,008	\$ 18,227
Royalties	8,386	8,560
Data processing related liabilities	2,887	7,736
Linkage	2,211	
Other	13,466	20,614
Total	\$ 42,958	\$ 55,137

6. MARKETING FEE

CBOE facilitates the collection and payment of marketing fees assessed on certain trades taking place at CBOE. Funds resulting from the marketing fees are made available to Designated Primary Market Makers and Preferred Market Makers as an economic inducement to route orders to CBOE. Pursuant to ASC 605-45, *Revenue Recognition - Principal Agent Considerations*, the Company reflects the assessments and payments on a net basis, with no impact on revenues or expenses.

As of December 31, 2009 and 2008, amounts assessed by CBOE on behalf of others included in current assets totaled \$9.0 million and \$7.9 million, respectively, and payments due to others included in current liabilities totaled \$9.8 million and \$9.3 million, respectively.

Table of Contents**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****7. DEFERRED REVENUE**

Through a rule interpretation that became operative when CME Holdings completed its acquisition of CBOT before final SEC action on CBOE rule filing SR-CBOE-2006-106 (SR-CBOE-2006-106 was approved by the SEC on January 15, 2008), CBOE temporarily extended the membership status of persons who were CBOE members pursuant to the Exercise Right at specified times just before that acquisition. Initially, the monthly access fee was based on recent CBOT lease rates and became effective September 1, 2007. Beginning in February 2008, the monthly access fee was based on recent CBOE lease rates rather than CBOT lease rates. The monthly access fee revenue was deferred and the funds were held in an interest-bearing escrow account maintained by CBOE, pending the final outcome of legal matters.

On December 2, 2009, the Delaware Supreme Court approved the dismissal of all appeals to the Delaware Action, and as a result, the Delaware Court's order of approval and final judgment is final and is no longer subject to appeal (See Note 2). The resolution of the Delaware Action pursuant to the Settlement Agreement in 2009 resulted in CBOE recognizing as revenue the fees assessed to temporary members not subject to the fee-based payments under the Settlement Agreement. The recognition of fees not subject to the fee-based payments is reflected in the decrease in deferred revenue from the year ended December 31, 2008.

The following tables summarize the activity in deferred revenue for the years ended December 31, 2009 and 2008.

(in thousands)	Balance at December 31, 2008	Cash Additions	Revenue Recognition	Reclassification to Settlements Payable(1)	Balance at December 31, 2009
Deferred access revenue	\$ 24,086	\$ 14,215	\$ (38,301)	\$	\$
Access fees subject to fee-based payment	1,670	1,018		(2,688)	
Deferred interest income earned on escrow	401	98	(499)		
Liquidity provider sliding scale		40,384	(40,384)		
Other, net	222		(15)		207
Total deferred revenue	\$ 26,379	\$ 55,715	\$ (79,199)	\$ (2,688)	\$ 207

(in thousands)	Balance at December 31, 2007	Cash Additions	Revenue Recognition	Reclassification to Accounts Payable and Accrued Expenses	Balance at December 31, 2008
Deferred access revenue	\$ 3,929	\$ 20,157	\$	\$	\$ 24,086
Access fees subject to fee-based payment	282	1,388			1,670
Deferred interest income earned on escrow	38	363			401
Liquidity provider sliding scale		36,100	(35,447)	(653)	
Advance payment of regulatory fees	4,403		(4,403)		
Other, net	362		(140)		222
Total deferred revenue	\$ 9,014	\$ 58,008	\$ (39,990)	\$ (653)	\$ 26,379

(1)

See Note 8.

Table of Contents**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****7. DEFERRED REVENUE (Continued)**

During 2007, a liquidity provider transaction fee sliding scale was implemented, which replaced a fixed fee transaction fee program. Liquidity providers were required to prepay an entire year of transaction fees for the first two levels of the sliding scale in order to be eligible to participate in reduced fees assessed to contract volume above 1.4 million per month (1.2 million and 1.0 million per month for 2008 and 2007, respectively). In 2007, \$0.6 million was reclassified to accounts payable and accrued expenses due to a liquidity provider filing for bankruptcy. The prepayment of the 2009 and 2008 transaction fees totaled \$40.4 million and \$36.1 million, respectively. These amounts are amortized and recorded as transaction fees over the respective year.

Prior to 2009, regulatory fees were collected in advance and amortized over the period in which regulatory services were rendered. Effective January 2009, CBOE replaced its registered representative regulatory fee with an options regulatory transaction fee, which is collected monthly.

8. SETTLEMENTS PAYABLE

The following table summarizes the remaining cash liabilities resulting from the final, non-appealable resolution of the Delaware Action pursuant to the Settlement Agreement and the settlement with the appellants as of December 31, 2009 (See Note 2) (in thousands):

	Balance at December 31, 2009
Exercise Right privilege payable	\$ 300,000
Settlement with appellants	3,000
Access fees subject to fee-based payments	2,688
 Total settlements payable	 \$ 305,688

The cash payments will be made based upon agreed terms or at the earlier of the completion of CBOE's restructuring transaction or one year after the order approving the Settlement Agreement became final.

9. EMPLOYEE BENEFITS

Employees are eligible to participate in the Chicago Board Options Exchange SMART Plan ("SMART Plan"). The SMART Plan is a defined contribution plan, which is qualified under Internal Revenue Code Section 401(k). CBOE contributed \$3.5 million, \$4.1 million, \$4.3 million to the SMART Plan for each of the years ended December 31, 2009, 2008 and 2007, respectively.

Eligible employees may participate in the Supplemental Employee Retirement Plan ("SERP"), and Deferred Compensation Plan. The SERP and Deferred Compensation Plan are defined contribution plans that are nonqualified by Internal Revenue Code regulations. CBOE contributed \$1.8 million, \$1.9 million and \$2.2 million to the SERP for the years ended December 31, 2009, 2008 and 2007, respectively.

CBOE also has a Voluntary Employees' Beneficiary Association ("VEBA"). The VEBA is a trust, qualifying under Internal Revenue Code Section 501(c)(9), created to provide certain medical, dental, severance and short-term disability benefits to employees of CBOE. Contributions to the trust are based on reserve levels established by Section 419(a) of the Internal Revenue Code. CBOE contributed \$5.6 million, \$5.1 million and \$5.1 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Table of Contents**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****9. EMPLOYEE BENEFITS (Continued)**

CBOE has a postretirement medical plan for certain current and former members of senior management. CBOE recorded immaterial postretirement benefits expense for the years ended December 31, 2009 and 2008, resulting from the amortization of accumulated actuarial expense included in accumulated other comprehensive loss at December 31, 2009 and 2008.

10. INCOME TAXES

A reconciliation of the statutory federal income tax rate to the effective income tax rate for the years ended December 31, 2009, 2008 and 2007 is as follows:

	2009	2008	2007
Statutory federal income tax rate	35.0%	35.0%	35.0%
State income tax rate, net of federal income tax effect	4.4	4.0	4.8
Other permanent differences, net	0.5	1.4	0.8
Effective income tax rate	39.9%	40.4%	40.6%

The components of income tax expense for the years ended December 31, 2009, 2008 and 2007 are as follows (in thousands):

	2009	2008	2007
Current:			
Federal	\$ 57,660	\$ 63,296	\$ 47,192
State	11,751	15,029	10,532
Total current	69,411	78,325	57,724
Deferred:			
Federal	1,862	(205)	(828)
State	(495)	(1)	(113)
Total deferred	1,367	(206)	(941)
Total	\$ 70,778	\$ 78,119	\$ 56,783

At December 31, 2009 and 2008, the net deferred income tax liability approximated (in thousands):

	December 31, 2009	December 31, 2008
Deferred tax assets	\$ 12,539	\$ 11,943
Deferred tax liabilities	(33,115)	(31,123)
Net deferred income tax liability	\$ (20,576)	\$ (19,180)

Table of Contents**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****10. INCOME TAXES (Continued)**

The tax effect of temporary differences giving rise to significant portions of deferred tax assets and liabilities at December 31, 2009 and 2008 are presented below (in thousands):

	2009	2008
Deferred tax assets:		
Intangibles	\$ 1,811	\$ 2,491
Accrued compensation and benefits	4,071	4,210
Capital loss carry forward	295	1,438
Investment in affiliates	4,473	2,435
Other	1,889	1,369
Total deferred tax assets	12,539	11,943
Deferred tax liabilities:		
Property, equipment and technology, net	(30,124)	(27,317)
Investment in affiliates	(1,799)	(2,409)
Prepaid	(514)	(613)
VEBA	(667)	(773)
Other	(11)	(11)
Total deferred tax liabilities	(33,115)	(31,123)
Net deferred tax liabilities	\$ (20,576)	\$ (19,180)

The net deferred tax liabilities are classified as long-term liabilities in the Consolidated Balance Sheets at December 31, 2009 and 2008.

CBOE adopted the provisions of ASC 740 on January 1, 2007. The adoption ASC 740 in 2007 did not have a significant impact to CBOE.

A reconciliation of the beginning and ending unrecognized tax benefits, including interest and penalties, is as follows (in thousands):

	2009	2008
Balance as of January 1	\$ 3,055	\$
Gross increases on tax positions in prior period	495	342
Gross decreases on tax positions in prior period	(1,808)	
Gross increases on tax positions in current period	1,092	2,713
Lapse of statute of limitations	(19)	
Balance as of December 31	\$ 2,815	\$ 3,055

As of December 31, 2009, CBOE had gross unrecognized tax benefits of \$2.3 million. The recognition of the \$2.3 million of unrealized tax benefits would reduce the effective income tax rate if recognized in the future. Interest and penalties related to uncertain tax positions totaled \$0.5 million as of December 31, 2009.

The total amount of unrecognized tax benefits relating to the Company's tax positions is subject to change based on future events including, but not limited to, the settlements of ongoing audits and/or the expiration of applicable statutes of limitations. Although the outcomes and timing of such events are highly uncertain, it is reasonably possible that the balance of gross unrecognized tax benefits, including interest and penalties, could potentially be reduced by approximately \$0.1 million during the next twelve months.

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. INCOME TAXES (Continued)

CBOE is subject to U.S. federal and Illinois, New Jersey and New York state income taxes, as well as other local jurisdictions, but is not currently the subject of any examinations. CBOE's tax returns have been examined by the Internal Revenue Service through the fiscal year ended June 30, 2002 and the Illinois Department of Revenue through December 31, 2005. For New Jersey and New York the open years are 2006 and forward.

11. SENIOR REVOLVING CREDIT FACILITY

On December 23, 2008, CBOE entered into a senior revolving credit facility with three financial institutions. The credit agreement is a three-year revolving credit facility of up to \$150 million and expires on December 23, 2011. Borrowing under the facility became available upon the final, non-appealable resolution of the Delaware Action pursuant to the Settlement Agreement (See Note 2). As part of the Settlement Agreement, CBOE is required to pay qualifying class members \$300 million in cash at the earlier of the completion of CBOE's restructuring transaction or one year after the order approving the Settlement Agreement became final. CBOE secured this line of credit to ensure that it had adequate funds available to meet this obligation. The proceeds can also be used for general corporate purposes. The company may, at its option, so long as no default is continuing, increase the facility an additional \$100 million up to \$250 million with the consent of the participating financial institutions. As of December 31, 2009 and 2008, there were no borrowings against the credit facility.

Under the terms of the senior revolving credit facility, there are two financial covenants with which CBOE must comply. The consolidated leverage ratio at any time during any period of four fiscal quarters must not be greater than 1.5 to 1.0 and the consolidated interest coverage ratio as of the end of any fiscal quarter must not be less than 5.0 to 1.0. CBOE is in compliance with all covenants as of December 31, 2009.

CBOE pays a commitment fee on the unused portion of the facility. The commitment fee rate was 0.375% for the year ended December 31, 2009. The commitment fee and interest rate have two pricing levels based on the company's consolidated leverage ratio. At its option, CBOE may borrow under the facility at either (1) LIBOR plus an applicable margin of 1.5% or 2.0% as determined in accordance with a leverage-based threshold or (2) a base rate, defined as the highest of (a) the Bank of America prime rate, (b) the federal funds rate plus 0.50% or (c) the one-month LIBOR rate plus 0.50%, plus the applicable margin rate. In accordance with the leverage-based threshold, the commitment fee increases to 0.50% if CBOE's consolidated leverage ratio exceeds 1.0.

12. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk, including the Company's own credit risk.

The three-level hierarchy of fair value measurements is based on whether the inputs to those measurements are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. The

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. FAIR VALUE MEASUREMENTS (Continued)

fair-value hierarchy requires the use of observable market data when available and consists of the following levels:

Level 1 Unadjusted inputs based on quoted markets for identical assets or liabilities.

Level 2 Observable inputs, either direct or indirect, not including Level 1, corroborated by market data or based upon quoted prices in non-active markets.

Level 3 Unobservable inputs which reflect management's best assumptions of what market participants would use in valuing the asset or liability.

All of the Company's financial assets that are measured at fair value on a recurring basis are measured using Level 1 inputs. The Company has not included a tabular disclosure as the Company's only financial assets that are measured at fair value on a recurring basis in the consolidated balance sheet as of December 31, 2009 are money market funds comprising approximately \$382.4 million of the cash and cash equivalents balance. The Company holds no financial liabilities that are measured at fair value on a recurring basis.

On January 1, 2008, the Company adopted ASC Subtopic 825-10 but did not elect the fair value option.

13. COMMITMENTS AND CONTINGENCIES

CBOE was or is currently a party to the following legal proceedings:

Litigation with Respect to the Restructuring Transaction

On August 23, 2006, the Delaware Action was filed. Plaintiffs sought a judicial declaration that an Exercise Member Claimant was entitled to receive the same consideration in the CBOE's restructuring transaction as a CBOE Seat owner, and plaintiffs also sought an injunction to bar CBOE and CBOE's directors from issuing any stock to CBOE Seat owners as part of the restructuring transaction, unless class members each received the same stock and other consideration as a CBOE Seat owner.

On October 17, 2006, CBOT Holdings and Chicago Mercantile Exchange Holdings, Inc. ("CME Holdings") announced that CME Holdings would acquire the CBOT through a merger of CBOT Holdings into CME Holdings (the "CME/CBOT Transaction"). In response to that announcement, the CBOE determined that the proper interpretation of Article Fifth(b) was that, upon the closing of the CME/CBOT Transaction, no one would qualify as a CBOT "member" for purposes of Article Fifth(b) and therefore no one would be eligible to become or remain an exercise member of the CBOE. The CBOE submitted a rule filing on this interpretation (the "Eligibility Rule Filing") for review and approval by the SEC on December 12, 2006, as required because of the CBOE's status as a national securities exchange, and CBOE amended that submission on January 16, 2007.

On January 4, 2007, plaintiffs filed an amended complaint that challenged the CBOE's interpretation of Article Fifth(b) contained in the Eligibility Rule Filing. On January 11, 2007, plaintiffs filed a motion for partial summary judgment on their claims. On January 16, 2007, the CBOE and the director defendants moved to dismiss the amended complaint to the extent it challenged the CBOE's interpretation of Article Fifth(b), on the ground that the SEC's jurisdiction to consider such interpretations preempts any state law challenge to that interpretation.

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. COMMITMENTS AND CONTINGENCIES (Continued)

On February 22, 2007, CBOE and the other director defendants filed a brief in support of their motion to dismiss (on the ground of federal preemption) any complaint about CBOE's Eligibility Rule Filing and to stay consideration of any other issues in the complaint. On May 30, 2007, the Delaware Court heard argument on defendants' motion to dismiss and plaintiffs' motion for partial summary judgment.

On July 20, 2007, CBOT and the other plaintiffs filed a motion requesting that the Delaware Court enter a temporary restraining order prohibiting CBOE from implementing or enforcing the CBOE's interpretation of CBOE Rule 3.19, which provided that persons who were exercise members in good standing before the consummation of the CME/CBOT Transaction would temporarily retain their CBOE membership status until the SEC ruled on the Eligibility Rule Filing (the "Interim Access Interpretation"). The Interim Access Interpretation went into effect upon its filing on July 2, 2007. On August 3, 2007, the Delaware Court denied the plaintiffs' motion for a temporary restraining order prohibiting CBOE from implementing or enforcing the Interim Access Interpretation.

On August 3, 2007, in response to defendants' motion to dismiss or for a stay, the Delaware Court stayed further litigation until the SEC took action on CBOE's Eligibility Rule Filing. The Delaware Court retained jurisdiction over any contract and property claims, and over any "economic rights," that might remain at issue after the SEC's decision.

On August 23, 2007, following the Delaware Court's denial of the request for injunctive relief with respect to the Interim Access Interpretation, plaintiffs filed a comment letter with the SEC requesting that the SEC abrogate that rule interpretation. CBOE opposed this request. The 60-day abrogation period set forth in Section 19 of the Exchange Act expired on August 31, 2007 without the SEC taking any action to abrogate. As a result, the Interim Access Interpretation remained in effect pending the SEC decision on the Eligibility Rule Filing.

On September 10, 2007, CBOE filed another interpretation of CBOE Rule 3.19 (the "Continued Membership Interpretation"), which was effective on filing, although it was to become operational only upon the SEC's approval of the Eligibility Rule Filing. Under that interpretation, the temporary membership status of persons whose membership status had been extended under the Interim Access Interpretation would continue in effect after the SEC's approval of the Eligibility Rule Filing. CBOT and others requested that the SEC abrogate the Continued Membership Interpretation, but the 60-day abrogation period set forth in Section 19 of the Exchange Act expired without the SEC taking any action to abrogate. As a result, the Continued Membership Interpretation remained in effect.

On October 2, 2007, CBOT and the other plaintiffs filed a motion requesting that the Delaware Court lift the stay to allow them to file a third amended complaint and to begin discovery. CBOE filed its opposition to that motion on October 5, 2007. On October 10, 2007, the Delaware Court denied plaintiffs' motion to lift the stay because it found that the future course of the litigation, if any, would likely be influenced in significant part by the action taken by the SEC on the Eligibility Rule Filing.

On January 15, 2008, the SEC issued an order approving the Eligibility Rule Filing. The SEC recognized that "the actions of the CBOT necessitated CBOE's interpretation of Article Fifth(b) to clarify whether the substantive rights of a former CBOT member would continue to qualify that person as a 'member of [the CBOT]' pursuant to Article Fifth(b) in response to changes in the ownership of the CBOT."

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. COMMITMENTS AND CONTINGENCIES (Continued)

Plaintiffs filed a third amended complaint on February 6, 2008. Plaintiffs' essential claims remained the same, although plaintiffs alleged in their new complaint that the adoption of the Interim Access Interpretation damaged so-called CBOT full members in their capacity as owners and lessors of such memberships and that CBOE's board of directors was dominated by interested directors when it approved the Eligibility Rule Filing, the Interim Access Interpretation and the Continued Membership Interpretation. On February 7, 2008, CBOE moved for summary judgment in its favor on all counts, based principally on the SEC's approval of the Eligibility Rule Filing. CBOE and the other defendants filed their answer to plaintiffs' third amended complaint on March 11, 2008.

On March 14, 2008, CBOT and two CBOT members appealed to the United States Court of Appeals for the District of Columbia from the SEC order that approved the Eligibility Rule Filing, and CBOE was granted leave to intervene in that appeal. The Court of Appeals subsequently ruled that further proceedings in that appeal would be held in abeyance pending either the resolution of the issues pending in the Delaware Court or the consummation of the Settlement Agreement.

On March 19, 2008, plaintiffs submitted a renewed motion for partial summary judgment to the Delaware Court. Plaintiffs requested a declaratory judgment that the CME/CBOT Transaction did not extinguish the Exercise Right eligibility of "Eligible CBOT Full Members" and that "Eligible CBOT Full Members" are entitled to receive the same consideration that would be provided to owners of CBOE Seats in connection with any CBOE restructuring transaction.

On April 21, 2008, CBOE and the other defendants filed an amended motion for partial summary judgment that excluded plaintiffs' state law claims related to the Interim Access Interpretation and the Continued Membership Interpretation. Among other grounds, CBOE's amended motion argued that, pursuant to the doctrine of federal preemption, the SEC's approval order eliminated the foundation of the state law claims asserted by plaintiffs regarding the Eligibility Rule Filing. Briefing on the cross motions for summary judgment was completed on May 12, 2008, and argument was scheduled on those motions for June 4, 2008.

On June 2, 2008, two days before the Delaware Court was to hear argument on the cross-motions for summary judgment, the parties entered into an agreement in principle to settle both the Delaware Action and the appeal from the SEC order pending in the Federal Court of Appeals. On August 20, 2008, the parties entered into the Settlement Agreement, and that agreement was preliminarily approved by the Delaware Court on August 22, 2008.

A number of individuals and entities filed a series of objections to the terms of the Settlement Agreement, and some amendments to the Settlement Agreement were made to address those objections. The objections primarily raised issues concerning (1) the definition of the settlement class, (2) the criteria that must have been satisfied in order for a class member to become a "participating" settlement class member and thereby receive a share of the settlement consideration, (3) the determination by class representatives and class counsel that particular persons did not satisfy those criteria and (4) the conduct of the class representatives and class counsel when they negotiated the Settlement Agreement.

On December 16, 2008, the Delaware Court conducted a lengthy hearing to consider whether to approve the Settlement Agreement and to consider the objections to that settlement.

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. COMMITMENTS AND CONTINGENCIES (Continued)

On June 3, 2009, the Delaware Court entered an order approving the Settlement Agreement, while reserving ruling on whether certain objectors were eligible to participate in that settlement. After subsequently ruling on those objections, the Delaware Court, on July 29, 2009, entered an order of approval and final judgment approving the Settlement Agreement, resolving all open issues about the settlement and dismissing the Delaware Action. Five appeals from the order of approval and final judgment (brought on behalf of eight appellants) were filed with the Delaware Supreme Court. In addition to the appeals, one individual filed a post-judgment motion with the Delaware Court arguing that he should be classified as a Group A class member, and that motion was granted.

On November 30, 2009, the CBOE entered into a settlement of all of the appeals from the Delaware Court's order of approval and final judgment approving the Settlement Agreement. Pursuant to that appellate settlement, a stipulation to dismiss all of the appeals was filed on November 30, 2009, and all other parties to the appeals consented to that stipulation. On December 2, 2009, the Delaware Supreme Court entered an order dismissing the appeals. Following the Delaware Supreme Court's order, the Delaware Court's July 29, 2009 order of approval and final judgment became final, and it is no longer subject to appeal.

On December 4, 2009, CBOT and the two CBOT members that appealed to the United States Court of Appeals for the District of Columbia from the SEC order that approved the Eligibility Rule Filing voluntarily dismissed their appeal. As a result, the SEC's January 15, 2008 order approving the Eligibility Rule Filing is no longer subject to appeal.

Last Atlantis Litigation

On November 7, 2005, an amended and consolidated complaint (the "Consolidated Complaint") was filed on behalf of Last Atlantis Capital LLC, Lola L.L.C., Lulu L.L.C., Goodbuddy Society L.L.C., Friendly Trading L.L.C., Speed Trading, LLC, Bryan Rule, Brad Martin and River North Investors LLC in the U.S. District Court for the Northern District of Illinois against the CBOE, three other options exchanges and 35 market maker defendant groups (the "Specialist Defendants"). The Consolidated Complaint combined complaints that had been filed by Bryan Rule and Brad Martin with an amendment of a previously dismissed complaint (the "Original Complaint") that originally had been brought by a number of the other plaintiffs. The Consolidated Complaint raised claims for securities fraud, breach of contract, common law fraud, breach of fiduciary duty, violations of the Illinois Consumer Fraud and Deceptive Trade Practices Act and tortious interference with plaintiffs' business and contracts. The previously dismissed Original Complaint also had brought claims under the antitrust laws, and the dismissal of those claims against CBOE remains subject to appeal.

With regard to the CBOE, the Consolidated Complaint alleged that the CBOE and the other exchange defendants knowingly allowed the Specialist Defendants to discriminate against the plaintiffs' electronic orders or facilitated such discrimination, failed adequately to investigate complaints about such alleged discrimination, allowed the Specialist Defendants to violate CBOE's Rules and the rules of the SEC, failed to discipline the Specialist Defendants, falsely represented and guaranteed that electronically entered orders would be executed immediately and knowingly or recklessly participated in, assisted and concealed a fraudulent scheme by which the defendants supposedly denied the customers the electronic executions to which they claim they were entitled. Plaintiffs sought unspecified compensatory damages, related injunctive relief, attorneys' fees and other fees and costs.

Table of Contents**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****13. COMMITMENTS AND CONTINGENCIES (Continued)**

On September 13, 2006, the Court dismissed the Consolidated Complaint in its entirety and entered judgment in favor of all defendants. On March 22, 2007, the Court denied plaintiffs' request to reconsider the dismissal of the claims against CBOE and held that the prior dismissal of those claims with prejudice would stand. The Court, however, granted plaintiffs' motion to reconsider the dismissal of the claims against the Specialist Defendants and ordered plaintiffs to file another amended complaint asserting only their claims against the Specialist Defendants.

Since 2007, the claims against a number of Specialist Defendants have been dismissed. In January 2009, the Court dismissed the claims of plaintiffs Lulu L.L.C., Lola L.L.C., Friendly Trading L.L.C. and Goodbuddy Society L.L.C. with prejudice. The remaining plaintiffs, however, will be able to appeal the dismissal of their claims against CBOE after the Court disposes of all of the claims that remain pending against the remaining Specialist Defendants. In addition, the plaintiffs have announced their intention to seek discovery from CBOE.

Index Options Litigation

On November 2, 2006, the ISE and its parent company filed a lawsuit in federal court in the Southern District of New York against The McGraw-Hill Companies, Inc. ("McGraw-Hill") and Dow Jones & Co. ("Dow Jones"), the owners, respectively, of the S&P 500 Index and the DJIA, which are the basis for index options, or "SPX options" and "DJX options," respectively, that the CBOE trades pursuant to exclusive licenses from McGraw-Hill and Dow Jones. The CBOE is not a party in this lawsuit. The ISE seeks a judicial declaration that it may list and trade SPX and DJX options without a license and without regard to the CBOE's exclusive licenses to trade options on those indexes, on the ground that any state-law claims based on the unlicensed listing of SPX and DJX options allegedly would be preempted by the federal Copyright Act and because McGraw-Hill and Dow Jones supposedly cannot state an actionable copyright claim. McGraw-Hill and Dow Jones filed a motion to dismiss this action on December 22, 2006, on the ground that there is no federal jurisdiction over this dispute. This motion has not been decided. Consistent with the jurisdictional position of McGraw-Hill and Dow Jones, those parties joined with the CBOE to file a state court action in the Circuit Court of Cook County, Illinois on November 15, 2006 against the ISE and OCC (the "Illinois action"). In the Illinois action, the CBOE and the other plaintiffs seek a judicial declaration that the ISE may not list, or offer trading of, SPX or DJX options because of both the proprietary rights of McGraw-Hill and Dow Jones in the underlying indexes and the CBOE's exclusive license rights to trade such options. The Illinois action alleges that the ISE's threatened action would misappropriate the proprietary interests of McGraw-Hill and Dow Jones and the exclusive license rights of the CBOE, would interfere with the CBOE's prospective business relationships with its member firms and customers and would constitute unfair competition. On December 12, 2006, the ISE removed the Illinois action to federal court in the Northern District of Illinois. On December 15, 2006, the CBOE and the other plaintiffs in the Illinois action moved to remand the matter to the Illinois state court on the ground that there is no federal jurisdiction over the claims. The federal court granted the motion to remand the Illinois action to state court, where it is now pending. The ISE moved to dismiss or stay the Illinois action on the alternative grounds of inconvenient forum and the prior-pending suit it filed in New York. The CBOE and the other plaintiffs opposed the ISE's motion and on May 15, 2007, the Illinois circuit court denied ISE's motion to dismiss or stay. The ISE appealed the denial of its request for a stay, and the Illinois appellate court denied the ISE's motion for leave to appeal the denial of the ISE's motion to dismiss on the basis that the Illinois court is an inconvenient forum. The federal court in the Southern District

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. COMMITMENTS AND CONTINGENCIES (Continued)

of New York granted a motion by Dow Jones and McGraw-Hill to stay the New York action pending resolution of the Illinois action. The ISE appealed the federal court's stay of the New York action it initiated.

On June 2, 2008, the Illinois appellate court affirmed the Illinois circuit court's decision denying ISE's motion to dismiss or stay, which was based on ISE's argument that the case should be decided in a prior-pending lawsuit by ISE in New York federal court. ISE's New York federal lawsuit remains stayed. The federal appellate court in New York affirmed the district court's stay on January 8, 2009, after hearing oral arguments on January 5.

On March 23, 2009, based on an allegation of copyright preemption, ISE filed a motion to dismiss the complaint of CBOE and its co-plaintiffs. On April 14, 2009, the Illinois trial court denied ISE's motion to dismiss. On May 1, 2009, ISE filed a motion in the Illinois Supreme Court for leave to file a writ of prohibition, or alternatively, for a supervisory order directing the Illinois trial court to dismiss the action for an alleged lack of subject matter jurisdiction. CBOE and the other plaintiffs filed an objection in response on May 8, 2009. On June 15, 2009, the Illinois Supreme Court denied ISE's motion.

Expert discovery concluded on February 12, 2010. On February 26, 2010, both plaintiffs and ISE parties filed cross-motions for summary judgment, seeking a ruling in their favor as a matter of law. Briefing on these motions is scheduled to be completed by April 16, 2010. Oral arguments on the motions are scheduled for May 7, 2010.

Patent Litigation

On November 22, 2006, the ISE filed an action in federal court in the Southern District of New York claiming that CBOE's hybrid trading system infringes ISE's U.S. Patent No. 6,618,707 ("the '707 patent") directed towards an automated exchange for trading derivative securities. On January 31, 2007, the CBOE filed an action in federal court in the Northern District of Illinois ("the Chicago action") seeking a declaratory judgment that the ISE patent that is the subject of the action in New York, and two other patents that the ISE had raised in communications with the CBOE, are either not infringed and/or not valid and/or not enforceable against the CBOE.

On February 5, 2007, the CBOE filed a motion to transfer the matter pending in the Southern District of New York to federal court in the Northern District of Illinois. On May 24, 2007, the magistrate judge for the Southern District of New York recommended that the motion to transfer be granted, and the case was transferred on August 9, 2007 after the district court adopted the magistrate judge's recommendation. On October 16, 2007, CBOE and ISE entered into a stipulated order for the dismissal of any patent infringement claims that ISE may have against CBOE for patent infringement of U.S. Patents Nos. 6,377,940 and/or 6,405,180. ISE has also executed a covenant not to sue CBOE in relation to U.S. Patents Nos. 6,377,940 and 6,405,180. Fact discovery is now closed.

On May 11, 2007 CBOE filed an Amended Complaint in the Chicago action, alleging that in addition to the defenses of non-infringement and invalidity, the '707 patent was unenforceable by reason of inequitable conduct.

CBOE advised the Court that it was not pursuing the inequitable conduct claim pleaded in its May 2007 Amended Complaint. Nevertheless, CBOE twice sought to amend its complaint to add allegations

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. COMMITMENTS AND CONTINGENCIES (Continued)

of inequitable conduct based on additional facts uncovered during discovery. These motions were denied by the Court on December 22, 2009 and January 27, 2010. In the Court's January 27th decision, the Court dismissed CBOE's May 2007 inequitable conduct claim with prejudice. The merits of the amended inequitable conduct claim have not been adjudicated by the Court.

A pretrial hearing (known as a "Markman hearing") was conducted over several days in August 2009, during which the Court examined evidence from the parties on the appropriate meanings of relevant key words used in the patent claims asserted against the CBOE. On January 25, 2010, the judge issued a decision on a final construction of the claims of the '707 patent. This decision is favorable for CBOE's positions on noninfringement on all asserted claims and is also favorable on CBOE's positions on the invalidity of certain asserted claims of the '707 patent. ISE has filed a motion for clarification of the Court's Markman ruling that seeks to vitiate one of the Court's rulings. CBOE opposed ISE's clarification motion. The motion is presently pending.

As the case currently stands, CBOE's claims and defenses of non-infringement, invalidity and unenforceability based on the defenses of waiver, laches, equitable estoppel, patent misuse and unclean hands related to the asserted claims of the '707 patent remain in the case. The Court has ordered a status conference for April 1, 2010.

On July 22, 2009, Realtime Data, LLC d/b/a/ IXO ("Realtime") filed a complaint in the Eastern District of Texas (the "Texas action") claiming that CME Group Inc., BATS Trading, Inc., ISE, NASDAQ OMX Group, Inc., NYSE Euronext, Inc. and OPRA infringed four Realtime patents by using, selling or offering for sale data compression products or services allegedly covered by those patents. Although CBOE was not initially named in the Texas action, the allegations in that case created a controversy as to whether CBOE infringed one or more of the four Realtime patents. Accordingly, on July 24, 2009, CBOE filed an action against Realtime in the Northern District of Illinois ("Illinois action") seeking a declaratory judgment that the four patents are not infringed by CBOE and are not valid and/or are not enforceable against CBOE. On July 27, 2009, Realtime filed an amended complaint in the Texas action to add CBOE as a defendant. In that amended complaint, Realtime claims that CBOE, along with the exchanges listed above, directs and controls the activities of OPRA and that OPRA and CBOE, among others, use, sell, or offer for sale data compression products or services allegedly covered by the Realtime patents. The amended complaint in the Texas action seeks declaratory and injunctive relief as well as unspecified damages, attorneys' fees, costs and expenses.

CBOE responded to the complaint filed by Realtime by filing a motion to dismiss, transfer or stay Realtime's action on the bases that CBOE's first-filed action should take precedence over the Texas action filed by Realtime and that the Eastern District of Texas lacks jurisdiction over CBOE.

Realtime did not answer CBOE's complaint but did file a motion to dismiss CBOE's complaint claiming the Northern District of Illinois has no jurisdiction over Realtime. The Court granted Realtime's motion and the Illinois action was dismissed January 8, 2010. CBOE appealed the dismissal of the Illinois action on February 5, 2010, and the appeal is presently pending in the U.S. Court of Appeals for the Federal Circuit.

In light of the Court's decision in the Illinois action, CBOE amended its request for alternative relief in January 2010 by joining the motion filed by all of the other defendants in the action and seeking a transfer of the Texas action to the U.S. District Court for the Southern District of New York.

Table of Contents**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****13. COMMITMENTS AND CONTINGENCIES (Continued)**

Meanwhile, CBOE's motion for dismissal for lack of personal jurisdiction is pending in the Texas action while Realtime obtains discovery from CBOE on that issue.

Other

As a self-regulatory organization under the jurisdiction of the SEC, and as a designated contract market under the jurisdiction of the Commodity Futures Trading Commission ("CFTC"), CBOE and CFE are subject to routine reviews and inspections by the SEC and the CFTC. CBOE is also currently a party to various other legal proceedings including those already mentioned. Management does not believe that the outcome of any of these reviews, inspections or other legal proceedings will have a material impact on the consolidated financial position, results of operations or cash flows of CBOE; however, litigation is subject to many uncertainties, and the outcome of individual litigated matters is not predictable with assurance.

Leases and Other Obligations

CBOE leases facilities with lease terms remaining from 6 months to 44 months as of December 31, 2009. Total rent expense related to these lease obligations, reflected in data processing and facilities costs line items on the Consolidated Statements of Income, for the years ended December 31, 2009, 2008 and 2007, were \$3.3 million, \$2.1 million and \$0.5 million, respectively. In addition, CBOE has contractual obligations related to certain advertising programs and licensing agreements with various licensors. The licensing agreements contain annual minimum fee requirements which total \$14.3 million for the next five years and \$3.0 million for the five years thereafter. Future minimum payments under these non-cancelable lease and advertising agreements are as follows at December 31, 2009 (in thousands):

Year	Operating Leases	Other Obligations	Total
2010	\$ 2,639	\$ 1,292	\$ 3,931
2011	1,820	1,370	3,190
2012	1,594	1,452	3,046
2013	1,027		1,027
2014			
Total	\$ 7,080	\$ 4,114	\$ 11,194

14. QUARTERLY DATA (unaudited)

Year ended December 31, 2009 (in thousands)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Operating revenues	\$ 98,066	\$ 108,985	\$ 98,198	\$ 120,833	\$ 426,082
Operating expenses	57,746	61,403	65,196	64,152	248,497
Operating income	40,320	47,582	33,002	56,681	177,585
Net income	\$ 24,278	\$ 28,109	\$ 19,160	\$ 34,904	\$ 106,451

Table of Contents**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****14. QUARTERLY DATA (unaudited) (Continued)**

Year ended December 31, 2008 (in thousands)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Operating revenues	\$ 101,959	\$ 95,805	\$ 116,101	\$ 102,918	\$ 416,783
Operating expenses	51,300	53,508	59,140	65,525	229,473
Operating income	50,659	42,297	56,961	37,393	187,310
Net income	\$ 30,608	\$ 25,403	\$ 36,686	\$ 22,591	\$ 115,288

In the second quarter of 2009, CBOE recognized as operating revenue \$8.3 million of fees assessed to temporary members for the first six months of 2009 that were not subject to the fee-based payments under the Settlement Agreement, of which \$4.7 million was assessed and collected in the first quarter of 2009.

In the fourth quarter of 2009, CBOE recognized as operating revenue \$24.1 million of fees assessed to temporary members for 2007 and 2008 that had been deferred pending final, non-appealable resolution of the Delaware Action pursuant to the Settlement Agreement.

In the fourth quarter of 2009, CBOE recorded an operating expense of \$2.1 million relating to the settlement of the appeals from the Delaware Court's order of approval and final judgment approving the Settlement Agreement.

15. PROPOSED RESTRUCTURING TRANSACTION

In response to the many changes that have taken place in the U.S. options exchanges and other securities markets in recent years, the Board of Directors of CBOE unanimously concluded that it would be in the best interest of CBOE and its members for CBOE to change its organizational structure from a non-stock corporation owned by its members to become a wholly-owned subsidiary of a new holding company, CBOE Holdings, Inc. ("CBOE Holdings"), organized as a stock corporation owned by its stockholders. This type of organizational restructuring is sometimes referred to as the "restructuring transaction." Having changed its focus to that of a for-profit business beginning in 2006, the board determined that both the Company's corporate and governance structures should be altered to follow suit and be more like that of other for-profit businesses. The Company believes these changes will provide it with greater flexibility to respond to the demands of a rapidly changing regulatory and business environment. In addition, by being structured as a stock corporation, the Company will be able to pursue opportunities to engage in business combinations and joint ventures with other organizations and to access capital markets in ways that are not available to it as a non-stock membership corporation.

On February 9, 2007, CBOE Holdings filed an S-4 Registration Statement with the SEC setting forth the details of CBOE's proposed restructuring transaction. Amendment No. 1, No. 2, No. 3 and No. 4 to the S-4 were filed on May 11, 2007, May 9, 2008, November 19, 2008 and August 14, 2009, respectively. In the proposed restructuring transaction, memberships in CBOE will be exchanged for shares of common stock of the new holding company. Following the restructuring transaction, CBOE will become a wholly-owned subsidiary of CBOE Holdings, the newly formed holding company.

CBOE Holdings common stock issued in the restructuring transaction will not provide its holders with physical or electronic access to CBOE's trading facilities. Following the restructuring transaction, physical and electronic access to CBOE's trading facilities, subject to such limitations and requirements

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. PROPOSED RESTRUCTURING TRANSACTION (Continued)

as may be specified in the rules of CBOE, will be available to individuals and organizations that have obtained a trading permit from CBOE. Revenue from access is proposed to be retained by CBOE.

Completion of the restructuring transaction is subject to a number of conditions, including membership approval.

16. SUBSEQUENT EVENTS

On February 3, 2010, a complaint was filed on behalf of SFB Market Systems, Inc., or SFB, in the U.S. District Court for the Southern District of New York against the CBOE, six other options exchanges, the OCC and another entity. The complaint raises claims for copyright infringement, breach of contracts, breach of non-disclosure agreements, theft of trade secrets, declaratory judgment and, as to the OCC only, tortious interference with contract, including a contract between SFB and the CBOE. All claims relate to SFB's "Symbol Manager" system and the alleged development of a system to replace Symbol Manager. SFB alleges that defendants no longer are entitled to use Symbol Manager as a result of defendants' alleged breaches of contract. With regard to the CBOE specifically, the complaint alleges breach of a software agreement between SFB and the CBOE entered into on or about January 3, 2006 and also asserts that C2 had agreed to use the alleged replacement system. The complaint seeks declaratory and injunctive relief, including removal of certain software from defendants' systems and return of certain allegedly proprietary or confidential information; unspecified actual or statutory damages and exemplary damages; and attorneys' fees and costs.

CBOE has not been served with the complaint, and has counter-claims and defenses should it ever be served.

On March 3, 2010, the CBOE Holdings board of directors appointed a special committee for purposes of declaring a special dividend. The committee has been authorized to declare a dividend of \$1.67 per share of Class A common stock and Class B common stock outstanding immediately following the completion of the restructuring transaction and the issuance of Class B common stock pursuant to the Settlement Agreement.

On April 12, 2010, the CBOE Holdings Executive Committee recommended an increase in the number of shares to be issued for each membership interest, which would effectively reduce the dividend per share to \$1.25 per share. The boards of directors of CBOE Holdings and CBOE approved on April 16, 2010 the increase in the number of shares to be issued in the restructuring transaction. The Special Committee may not declare or pay the special dividend unless the restructuring transaction is approved by a majority of the CBOE memberships entitled to vote and the Merger has been completed. The unaudited pro forma balance sheet as of December 31, 2009 reflects the impact of the special dividend as if the offering was consummated on December 31, 2009. In addition, the unaudited pro forma net income per share is calculated by dividing historical net income for each of the periods presented by the weighted average pro forma number of common shares (basic and diluted) as if the restructuring transaction was consummated on January 1, of each respective period.

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Chicago Board Options Exchange, Incorporated and Subsidiaries
Consolidated Statements of Income
Three Months Ended March 31, 2010 and 2009

(in thousands)	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
	(unaudited)	
Operating Revenues:		
Transaction fees	\$ 83,411	\$ 79,889
Access fees	2,204	2,253
Exchange services and other fees	4,361	6,074
Market data fees	5,748	5,275
Regulatory fees	3,829	2,888
Other revenue	1,528	1,688
Total Operating Revenues	101,081	98,067
Operating Expenses:		
Employee costs	23,137	20,274
Depreciation and amortization	7,301	6,884
Data processing	5,082	4,517
Outside services	8,123	6,584
Royalty fees	10,898	7,971
Trading volume incentives	3,696	5,704
Travel and promotional expenses	1,986	2,276
Facilities costs	1,384	1,377
Other expenses	745	2,160
Total Operating Expenses	62,352	57,747
Operating Income	38,729	40,320
Other Income/(Expense):		
Investment income	100	512
Net loss from investment in affiliates	(205)	(226)
Interest and other borrowing costs	(222)	(217)
Total Other Income/(Expense)	(327)	69
Income Before Income Taxes		
Taxes	38,402	40,389
Income tax provision	15,726	16,111
Net Income	\$ 22,676	\$ 24,278
Pro forma net income per common share:		
Basic	\$ 0.23	\$ 0.24
Diluted	0.22	0.24

Weighted average shares
used in computing pro
forma income per share:

Basic	100,348	100,348
Diluted	102,566	102,566

See notes to consolidated financial statements

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Chicago Board Options Exchange, Incorporated and Subsidiaries
Consolidated Balance Sheets
March 31, 2010 and December 31, 2009

(in thousands)	March 31, 2010 (unaudited)	December 31, 2009 (audited)	Pro Forma reflecting Special Dividend (Note 12) March 31, 2010 (unaudited)
Assets			
Current Assets:			
Cash and cash equivalents	\$ 439,497	\$ 383,730	
Accounts receivable net allowances of \$70 and \$87	37,252	30,437	
Marketing fee receivable	9,028	8,971	
Income taxes receivable	295	1,583	
Prepaid medical benefits	589	2,085	
Other prepaid expenses	6,656	3,719	
Other receivable	1,500	2,086	
Other current assets	691	452	
Total Current Assets	495,508	433,063	
Investments in Affiliates	2,885	3,090	
Land	4,914	4,914	
Property and Equipment:			
Construction in progress	20,791	20,704	
Building	60,916	60,837	
Furniture and equipment	216,332	213,375	
Less accumulated depreciation and amortization	(208,048)	(203,665)	
Total Property and Equipment Net	89,991	91,251	
Other Assets:			
Software development work in progress	7,079	6,952	
Data processing software and other assets (less accumulated amortization 2010, \$98,447; 2009, \$95,500)	32,150	32,678	
Total Other Assets Net	39,229	39,630	
Total	\$ 632,527	\$ 571,948	
Liabilities and Members' Equity			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 32,649	\$ 42,958	
Marketing fee payable	9,878	9,786	
Deferred revenue	32,825	207	
Post-retirement medical benefits	72	96	
Dividend payable			113,417
Settlement payable	305,806	305,688	
Income tax payable	17,066		
Total Current Liabilities	398,296	358,735	511,713

Long-term Liabilities:			
Post-retirement medical benefits	1,465	1,444	
Income taxes payable	3,185	2,815	
Other long-term liabilities	206	244	
Deferred income taxes	18,551	20,576	
Total Long-term Liabilities	23,407	25,079	
Commitments and Contingencies			
Total Liabilities	421,703	383,814	535,120
Members' Equity:			
Memberships	19,574	19,574	
Additional paid-in-capital	2,592	2,592	
Retained earnings	189,445	166,769	76,028
Accumulated other comprehensive loss	(787)	(801)	
Total Members' Equity	210,824	188,134	97,407
Total	\$ 632,527	\$ 571,948	

See notes to consolidated financial statements

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Chicago Board Options Exchange, Incorporated and Subsidiaries
Consolidated Statements of Cash Flows
Three Months Ended March 31, 2010 and 2009

(in thousands)	Three Months ended March 31, 2010	Three Months Ended March 31, 2009
	(unaudited)	
Cash Flows from Operating Activities:		
Net Income	\$ 22,676	\$ 24,278
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	7,301	6,884
Other amortization	17	23
Provision for deferred income taxes	(2,028)	(1,128)
Equity in loss of affiliates	205	226
Changes in assets and liabilities:		
Accounts receivable	(6,815)	(9,590)
Marketing fee receivable	(57)	(3,774)
Income taxes receivable	1,288	7,725
Prepaid expenses	(1,441)	(908)
Other receivable	586	
Other current assets	(239)	(30)
Accounts payable and accrued expenses	(9,385)	(22,659)
Marketing fee payable	92	3,830
Deferred revenue	32,580	35,360
Post-retirement benefit obligations	(2)	
Income taxes payable	17,436	9,483
Access fees subject to fee-based payment	118	
Net Cash Flows from Operating Activities	62,332	49,720
Cash Flows from Investing Activities:		
Restricted funds temporary access fees		(4,980)
Capital and other assets expenditures	(6,562)	(9,830)
Sale of NSX certificates of proprietary membership		1,500
Net Cash Flows from Investing Activities	(6,562)	(13,310)
Cash Flows from Financing Activities:		
Payments for debt issuance costs	(3)	(79)
Net Cash Flows from Financing Activities	(3)	(79)
Net Increase in Cash and Cash Equivalents	55,767	36,331
Cash and Cash Equivalents at Beginning of Period	383,730	281,423
Cash and Cash Equivalents at End of Period	\$ 439,497	\$ 317,754
Supplemental Disclosure of Cash Flow Information		
Cash paid for income taxes	\$ 518	\$ 30
Non-cash activities:		
Change in post-retirement benefit obligation	(17)	
Unpaid liability to acquire equipment and software	1,388	5,094

See notes to consolidated financial statements

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Chicago Board Options Exchange, Incorporated and Subsidiaries
Consolidated Statements of Members' Equity

(Unaudited)

(in thousands)	Members' Equity	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance December 31, 2009	\$ 19,574	\$ 2,592	\$ 166,769	\$ (801)	\$ 188,134
Net income			22,676		22,676
Post-retirement benefit obligation adjustment net of tax expense of \$4				14	14
Comprehensive income					22,690
Balance March 31, 2010	\$ 19,574	\$ 2,592	\$ 189,445	\$ (787)	\$ 210,824

See notes to consolidated financial statements

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business The Chicago Board Options Exchange, Incorporated ("CBOE" or the "Company") is a registered securities exchange, subject to oversight by the Securities and Exchange Commission (the "SEC"). CBOE's principal business is providing a marketplace for the trading of options on individual equities, exchange-traded funds and various indexes.

Basis of Presentation The consolidated financial statements include the accounts and results of operations of CBOE and its wholly-owned subsidiaries, Chicago Options Exchange Building Corporation, CBOE, LLC, C2 Options Exchange, Incorporated ("C2"), Market Data Express, LLC and CBOE Futures Exchange, LLC ("CFE"). Inter-company balances and transactions have been eliminated in consolidation.

Concentrations of Credit Risk The Company's financial instruments, consisting primarily of cash and cash equivalents and account receivables, are exposed to concentrations of credit risk. The Company places its cash and cash equivalents with highly-rated financial institutions, limits the amount of credit exposure with any one financial institution and conducts ongoing evaluations of the credit worthiness of the financial institutions with which it does business. Accounts receivable for transaction fees and marketing fees are collected through The Options Clearing Corporation (the "OCC") and are with large, highly-rated clearing firms; therefore, concentrations of credit risk are limited.

Use of Estimates The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and reported amounts of revenues and expenses. On an ongoing basis, management evaluates its estimates based upon historical experience, observance of trends, information available from outside sources and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different conditions or assumptions.

Revenue Recognition CBOE's revenue recognition policies comply with ASC 605 *Revenue Recognition* ("ASC 605"). On occasion, customers will pay for services in a lump sum payment. When these circumstances occur, revenue is recognized as services are provided. Deferred revenue typically represents amounts received by CBOE for which services have not been provided. Revenue recognition policies for specific sources of revenue are discussed below.

Transaction Fees: Transaction fee revenue is considered earned upon the execution of a trade and is recognized on a trade date basis. Transaction fee revenue is presented net of applicable volume discounts. In the event liquidity providers prepay for transaction fees, revenue is recognized based on the attainment of volume thresholds resulting in the amortization of the prepayment over the calendar year.

Access Fees: Access fee revenue is recognized during the period the service is provided and assurance of collectability is provided. Access fees include member dues, interim trading permit revenue and temporary member access revenue.

Exchange Services and Other Fees: Exchange services and other fees are recognized during the period the service is provided. Exchange services and other fees include system services, trading floor charges and application revenue.

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Market Data Fees: Market data fee revenue includes OPRA income and CBOE market data services. OPRA is a limited liability company consisting of representatives of the member exchanges and is authorized by the SEC to provide consolidated options information. OPRA income is allocated based upon the individual exchanges relative volume of total transactions. CBOE receives estimates of OPRA's distributable revenue which is accrued on a monthly basis (See Note 3). CBOE market data service fees represent fees charged for current and historical market data. Market data services are recognized in the period the data is provided.

Regulatory Fees: Regulatory fees are assessed based upon customer contracts cleared and are recognized during the period the service is provided.

Concentration of Revenue: At March 31, 2010, there were approximately 90 clearing firms, two of which cleared a combined 61% of our trades in the first three months of 2010. No one customer of either of these clearing firms represented more than 10% of transaction fees revenue for the three months ended March 31, 2010 or 2009. Should a clearing firm withdraw from the Exchange, management believes the customer portion of that firm's trading activity would likely transfer to another clearing firm. Therefore, management does not believe the Company is exposed to a significant risk from the loss of revenue received from a particular clearing firm.

Cash and Cash Equivalents Cash and cash equivalents, excluding cash equivalents-restricted funds, include highly liquid investments with maturities of three months or less from the date of purchase.

Accounts Receivable Accounts receivable consists primarily of transaction and regulatory fees from the OCC and CBOE's share of distributable revenue receivable from OPRA.

Prepaid expenses Prepaid expenses primarily consist of prepaid software maintenance and licensing expenses.

Investments in Affiliates Investments in affiliates represent investments in The Options Clearing Corporation ("OCC"), NSX Holdings, Inc. ("NSX"), the parent corporation of The National Stock Exchange, OneChicago, LLC ("OneChicago") and CBOE Stock Exchange, LLC ("CBSX").

The investment in the OCC (20% of its outstanding stock) and the investment in NSX (4.6% of the total outstanding of NSX as of March 31, 2010) are carried at cost because of CBOE's inability to exercise significant influence.

CBOE accounts for the investment in OneChicago (23.7% of its outstanding stock as of March 31, 2010) under the equity method due to CBOE's lack of effective control over OneChicago's operating and financing activities.

CBOE accounts for the investment in CBSX under the equity method due to CBOE's lack of effective control over CBSX's operating and financing activities. CBOE received a 50% share in CBSX in return for non-cash property contributions. CBOE currently holds a 49.96% equity interest in CBSX.

Investments in affiliates are reviewed to determine whether any events or changes in circumstances indicate that the investments may be other than temporarily impaired. In the event of impairment, CBOE would recognize a loss for the difference between the carrying amount and the estimated fair value of the equity method investment.

Property and Equipment Property and equipment are carried at cost, net of accumulated depreciation. Depreciation on building, furniture and equipment is provided on the straight-line method. Estimated useful lives are 40 years for the building and five to ten years for furniture and

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

equipment. Leasehold improvements are amortized over the lesser of their estimated useful lives or the remaining term of the applicable leases.

Long-lived assets to be held and used are reviewed to determine whether any events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The CBOE bases the evaluation on such impairment indicators as the nature of the assets, the future economic benefit of the assets, any historical or future profitability measurements, as well as other external market conditions or factors that may be present. If such impairment indicators are present that would indicate that the carrying amount of the asset may not be recoverable, the CBOE determines whether an impairment has occurred through the use of an undiscounted cash flow analysis of assets at the lowest level for which identifiable cash flows exist. In the event of impairment, the CBOE recognizes a loss for the difference between the carrying amount and the estimated value of the asset as measured using quoted market prices or, in the absence of quoted market prices, a discounted cash flow analysis.

Property and equipment construction in progress is capitalized and carried at cost in accordance with ASC 360. Projects are monitored during the development stage to ensure compliance with ASC 360 and accordance with project initiatives. Upon completion, the projects are placed in service and amortized over the appropriate useful lives, using the straight-line method commencing with the date the asset is placed in service.

Software Development Work in Progress and Data Processing Software and Other Assets CBOE accounts for software development costs under ASC 350, *Intangibles Goodwill and Other* (ASC 350). CBOE expenses software development costs as incurred during the preliminary project stage, while capitalizing costs incurred during the application development stage, which includes design, coding, installation and testing activities.

Deferred financing fees Costs associated with the Company's senior revolving credit facility were capitalized. The deferred financing fees are being amortized to interest expense on a straight-line basis over three years to match the terms of the facility. Deferred financing fees were \$0.2 million for the three months ended March 31, 2010 and 2009.

Income Taxes Deferred income taxes are determined in accordance with ASC 740 *Income Taxes* ("ASC 740"), and arise from temporary differences between the tax basis and book basis of assets and liabilities. The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of the events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to be reversed. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. CBOE files tax returns for federal, state and local income tax purposes. A valuation allowance is recognized if it is anticipated that some or all of a deferred tax asset may not be realized.

Upon adoption of ASC 740, the Company changed its policy related to the accounting for income tax uncertainties. If the Company considers that a tax position is "more-likely-than-not" of being sustained upon audit, based solely on the technical merits of the position, it recognizes the tax benefit. The Company measures the tax benefit by determining the largest amount that is greater than 50% likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. These assessments can be complex, and the Company often obtains assistance from external advisors. To the extent that the Company's

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CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

estimates change or the final tax outcome of these matters is different than the amounts recorded, such differences will impact the income tax provision in the period in which such determinations are made. Uncertain tax positions are classified as current only when the Company expects to pay cash within the next twelve months. Interest and penalties, if any, are recorded within the provision for income taxes in the Company's consolidated statements of income and are classified on the consolidated balance sheets with the related liability for unrecognized tax benefits.

See Note 8 for further discussion of the Company's income taxes and the adoption of ASC 740.

Employee Benefit Plans ASC 715 *Compensation Retirement Benefits* ("ASC 715"), requires that the funded status of a defined benefit postretirement plan be recognized in the Consolidated Balance Sheet and changes in that funded status be recognized in the year of change in other comprehensive income (loss). ASC 715 also requires that plan assets and obligations be measured at year end. CBOE recognizes future changes in actuarial gains and losses and prior service costs in the year in which the changes occur through accumulated other comprehensive loss.

Insurance Proceeds Insurance proceeds for reimbursement of costs incurred as a result of legal proceedings pursuant to the Company's director and officer insurance policies are recorded upon receipt and are a reduction of outside services in the statements of operations.

Evaluation of Subsequent Events For the period ended March 31, 2010, management has evaluated all subsequent events through the issuance of financial statements.

Commitments and Contingencies Litigation The Company accounts for contingencies in accordance with ASC 450 *Contingencies*, which requires the Company to accrue loss contingencies when the loss is both probable and estimable. All legal costs incurred in connection with loss contingencies are expensed as service is provided.

Recent Accounting Pronouncements In February 2010, the FASB issued an update to clarify the reporting requirements under ASC 855, *Subsequent Events* ("ASC 855"), and address what some constituents viewed as a conflict between FASB and SEC guidance. An entity that either (a) is an SEC filer or (b) is a conduit bond obligor for conduit debt securities that are traded in a public market is required to evaluate subsequent events through the date that the financial statements are issued. Otherwise, if neither of these criteria are met, an entity should evaluate subsequent events through the date the financial statements are available to be issued. The adoption of the update to ASC 855 did not have a material impact on CBOE's financial position, results of operations or statement of cash flows.

In January 2010, the FASB issued an update for ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"). For each class of assets and liabilities, reporting entities will have to provide additional disclosures describing the reasons for transfers of assets in and out of Levels 1 and 2 of the three-tier fair value hierarchy in accordance with ASC 820. For assets valued with the Level 3 method, the entity will have to separately present purchases, sales, issuances, and settlements in the reconciliation for fair value measurements. The update also states that an entity should provide fair value measurements for each class of asset or liability, and explain the inputs and techniques used in calculating Levels 2 and 3 fair value measurements. The update is effective for interim and annual filings for fiscal years beginning after December 15, 2010. The adoption of update to ASC 820 did not have an impact on the Company's interim financial statements and is not expected to have an impact on CBOE's annual financial position, results of operations or statement of cash flows.

In June 2009, the FASB issued ASC 810, *Consolidations* ("ASC 810"), which alters how a company determines when an entity that is insufficiently capitalized or not controlled through voting should be

Table of Contents**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

consolidated. A company has to determine whether it should provide consolidated reporting of an entity based upon the entity's purpose and design and the parent company's ability to direct the entity's actions. ASC 810 is effective for a company's first fiscal year beginning after November 15, 2009 or January 1, 2010 for companies reporting on a calendar-year basis. The adoption of ASC 810 did not have an impact on CBOE's financial position, results of operations or statement of cash flows.

2. INVESTMENT IN AFFILIATES

At March 31, 2010 and December 31, 2009, the investment in affiliates was comprised of the following (in thousands):

	March 31, 2010	December 31, 2009
Investment in OCC	\$ 333	\$ 333
Investment in OneChicago	2,092	2,297
Investment in NSX	460	460
Investment in Affiliates	\$ 2,885	\$ 3,090

OneChicago is a joint venture created to trade single stock futures. OneChicago is a for-profit entity with its own management and board of directors, and is separately organized as a regulated exchange. CBOE made no capital contributions to OneChicago for the three months ended March 31, 2010, or 2009.

On March 18, 2009, CBOE exercised its last put right under the Termination of Rights Agreement with NSX. CBOE surrendered 19,656 shares of Class B common stock resulting in a payment to CBOE of \$1.5 million. CBOE no longer owns any Class B common shares in NSX but continues to own 8,424 Class A common shares in NSX.

3. RELATED PARTIES

CBOE collected transaction and other fees of \$103.3 million and \$100.3 million for the three months ended March 31, 2010 and 2009, respectively, by drawing on accounts of CBOE's members held at OCC. The amounts collected included \$25.8 million and \$26.3 million, respectively, of marketing fees for the three months ended March 31, 2010 and 2009. CBOE had a receivable due from OCC of \$38.2 million and \$32.1 million at March 31, 2010 and December 31, 2009, respectively.

OPRA is a limited liability company consisting of representatives of the member exchanges and is authorized by the SEC to provide consolidated options information. This information is provided by the exchanges and is sold to outside news services and customers. OPRA's operating income is distributed among the exchanges based on their relative volume of total transactions. Operating income distributed to CBOE was \$4.5 million and \$5.0 million for the three months ended March 31, 2010 and 2009, respectively. CBOE had a receivable from OPRA of \$5.1 million and \$4.8 million at March 31, 2010 and December 31, 2009, respectively.

CBOE collects fees for trading system support services provided to OneChicago. The fees totaled \$0.3 million for the three months ended March 31, 2010 and 2009. The fees collected from OneChicago are included in exchange services and other fees. CBOE had a receivable due from OneChicago of \$0.3 million and \$0.4 million at March 31, 2010 and December 31, 2009, respectively.

Table of Contents**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****3. RELATED PARTIES (Continued)**

CBOE incurred re-billable expenses on behalf of CBSX for expenses such as employee costs, computer equipment and software of \$1.3 million and \$1.2 million for the three months ended March 31, 2010 and 2009, respectively. These amounts are included as a reduction of the underlying expenses. CBOE had a receivable from CBSX of \$0.2 million at March 31, 2010 and December 31, 2009.

CBOE incurred immaterial administrative expenses for its affiliate, the Chicago Board Options Exchange Political Action Committee (the "Committee"), for the three months ended March 31, 2010 and 2009. The Committee is organized under the Federal Election Campaign Act as a voluntary, not-for-profit, unincorporated political association. The Committee is empowered to solicit and accept voluntary contributions from members and employees of CBOE and to contribute funds to the election campaigns of candidates for federal offices.

Options Regulatory Surveillance Authority ("ORSA") is responsible for conducting insider trading investigations related to options on behalf of all options exchanges. In June 2006, the SEC approved a plan entered into by the options exchanges and CBOE was chosen as the Regulatory Services Provider. CBOE incurred re-billable expenses on behalf of ORSA for expenses such as employee costs, occupancy and operating systems of \$0.5 for the three months ended March 31, 2010 and 2009. These amounts are included as a reduction of the underlying expenses. CBOE had a receivable due from ORSA of \$0.8 million and \$0.5 million at March 31, 2010 and December 31, 2009, respectively.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At March 31, 2010 and December 31, 2009, accounts payable and accrued liabilities consisted of the following (in thousands):

	March 31, 2010	December 31, 2009
Compensation and benefit-related liabilities	\$ 6,450	\$ 16,008
Royalties	10,289	8,386
Data processing related liabilities	2,692	2,887
Linkage	1,609	2,211
Other	11,609	13,466
Total	\$ 32,649	\$ 42,958

5. MARKETING FEE

CBOE facilitates the collection and payment of marketing fees assessed on certain trades taking place at CBOE. Funds resulting from the marketing fees are made available to Designated Primary Market Makers and Preferred Market Makers as an economic inducement to route orders to CBOE. Pursuant to ASC 605-45, *Revenue Recognition Principal Agent Considerations*, the Company reflects the assessments and payments on a net basis, with no impact on revenues or expenses.

As of March 31, 2010 and December 31, 2009, amounts assessed by CBOE on behalf of others included in current assets totaled \$9.0 million and payments due to others included in current liabilities totaled \$9.9 million and \$9.8 million, respectively.

Table of Contents**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****6. SETTLEMENTS PAYABLE**

The following table summarizes the remaining cash liabilities resulting from the final, non-appealable resolution of the Delaware Action pursuant to the Settlement Agreement and the settlement with the appellants as of March 31, 2010 and December 31, 2009 (in thousands):

	March 31, 2010	December 31, 2009
Exercise Right privilege payable	\$ 300,000	\$ 300,000
Settlement with appellants	3,000	3,000
Access fees subject to fee-based payments	2,806	2,688
Total settlements payable	\$ 305,806	\$ 305,688

The cash payments will be made based upon agreed terms or at the earlier of the completion of CBOE's restructuring transaction or one year after the order approving the Settlement Agreement became final.

7. EMPLOYEE BENEFITS

Employees are eligible to participate in the Chicago Board Options Exchange SMART Plan ("SMART Plan"). The SMART Plan is a defined contribution plan, which is qualified under Internal Revenue Code Section 401(k). CBOE contributed \$1.1 million and \$0.9 million to the SMART Plan for the three months ended March 31, 2010 and 2009, respectively.

Eligible employees may participate in the Supplemental Employee Retirement Plan ("SERP"), and Deferred Compensation Plan. The SERP and Deferred Compensation Plan are defined contribution plans that are nonqualified by Internal Revenue Code regulations. CBOE contributed \$0.8 million and \$0.3 million to the SERP for the three months ended March 31, 2010 and 2009, respectively.

CBOE also has a Voluntary Employees' Beneficiary Association ("VEBA"). The VEBA is a trust, qualifying under Internal Revenue Code Section 501(c)(9), created to provide certain medical, dental, severance and short-term disability benefits to employees of CBOE. Contributions to the trust are based on reserve levels established by Section 419(a) of the Internal Revenue Code. No contributions were made for the three months ended March 31, 2010 and 2009.

CBOE has a postretirement medical plan for certain current and former members of senior management. CBOE recorded immaterial postretirement benefits expense for the three months ended March 31, 2010 and 2009, resulting from the amortization of accumulated actuarial expense included in accumulated other comprehensive loss at March 31, 2010 and 2009.

On March 23, 2010, the Patient Protection and Affordable Care Act ("PPACA") was signed into law, potentially impacting CBOE's costs to provide healthcare benefits to its retired employees. The PPACA has both short and long-term implications on healthcare benefit plan standards. CBOE is currently analyzing this legislation to determine the full extent of the impact on healthcare plans and the resulting costs.

Table of Contents**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****8. INCOME TAXES**

A reconciliation of the statutory federal income tax rate to the effective income tax rate for the three months ended March 31, 2010 and 2009 is as follows:

	Three Months Ended March 31	
	2010	2009
Statutory federal income tax rate	35.0%	35.0%
State income tax rate, net of federal income tax effect	4.4	4.3
Other permanent differences, net	1.6	0.6
Effective income tax rate	41.0%	39.9%

The components of income tax expense for the three months ended March 31, 2010 and 2009 are as follows (in thousands):

	Three Months Ended March 31	
	2010	2009
Current:		
Federal	\$ 14,841	\$ 13,962
State	2,913	3,277
Total current	17,754	17,239
Deferred:		
Federal	(2,041)	(711)
State	13	(417)
Total deferred	(2,028)	(1,128)
Total	\$ 15,726	\$ 16,111

At March 31, 2010 and December 31, 2009, the net deferred income tax liability approximated (in thousands):

	March 31, 2010	December 31, 2009
Deferred tax assets	\$ 13,874	\$ 12,539
Deferred tax liabilities	(32,425)	(33,115)
Net deferred income tax liability	\$ (18,551)	\$ (20,576)

Table of Contents**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****8. INCOME TAXES (Continued)**

The tax effect of temporary differences giving rise to significant portions of deferred tax assets and liabilities at March 31, 2010 and December 31, 2009 are presented below (in thousands):

	March 31, 2010	December 31, 2009
Deferred tax assets:		
Intangibles	\$ 1,643	\$ 1,811
Accrued compensation and benefits	5,051	4,071
Capital loss carry forward		295
Investment in affiliates	5,335	4,473
Other	1,845	1,889
Total deferred tax assets	13,874	12,539
Deferred tax liabilities:		
Property, equipment and technology, net	(29,610)	(30,124)
Investment in affiliates	(1,793)	(1,799)
Prepaid	(512)	(514)
VEBA	(499)	(667)
Other	(11)	(11)
Total deferred tax liabilities	(32,425)	(33,115)
Net deferred tax liabilities	\$ (18,551)	\$ (20,576)

The net deferred tax liabilities are classified as long-term liabilities in the Consolidated Balance Sheets at March 31, 2010 and December 31, 2009.

CBOE adopted the provisions of ASC 740 on January 1, 2007. The adoption of ASC 740 in 2007 did not have a significant impact to CBOE.

A reconciliation of the beginning and ending unrecognized tax benefits, including interest and penalties, is as follows (in thousands):