
Second Quarter 2014 Earnings Presentation

August 1, 2014



Agenda

Strategic Review

Edward Tilly

Chief Executive Officer

Financial Review

Alan Dean

*Executive Vice President,
CFO and Treasurer*

Questions and Answers

Edward Tilly

Alan Dean

Edward Provost

President and Chief Operating Officer

Forward-Looking Statements

This presentation may contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those statements that reflect our expectations, assumptions or projections about the future and involve a number of risks and uncertainties. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause actual results to differ materially from that expressed or implied by the forward-looking statements, including: the loss of our right to exclusively list and trade certain index options and futures products; increasing price competition in our industry; compliance with legal and regulatory obligations and obligations under agreements with regulatory agencies; decreases in the amount of trading volumes or a shift in the mix of products traded on our exchanges; legislative or regulatory changes; increasing competition by foreign and domestic entities; our ability to operate our business without violating the intellectual property rights of others and the costs associated with protecting our intellectual property rights; our ability to accommodate trading volume and order transaction traffic without failure or degradation of performance of our systems; our ability to protect our systems and communication networks from security risks, including cyber-attacks; economic, political and market conditions; our ability to maintain access fee revenues; our ability to meet our compliance obligations; our ability to attract and retain skilled management and other personnel; our ability to maintain our growth effectively; our dependence on third party service providers; and the ability of our compliance and risk management methods to effectively monitor and manage our risks.

More detailed information about factors that may affect our performance may be found in our filings with the SEC, including in our Annual Report on Form 10-K for the year ended December 31, 2013 and other filings made from time to time with the SEC.

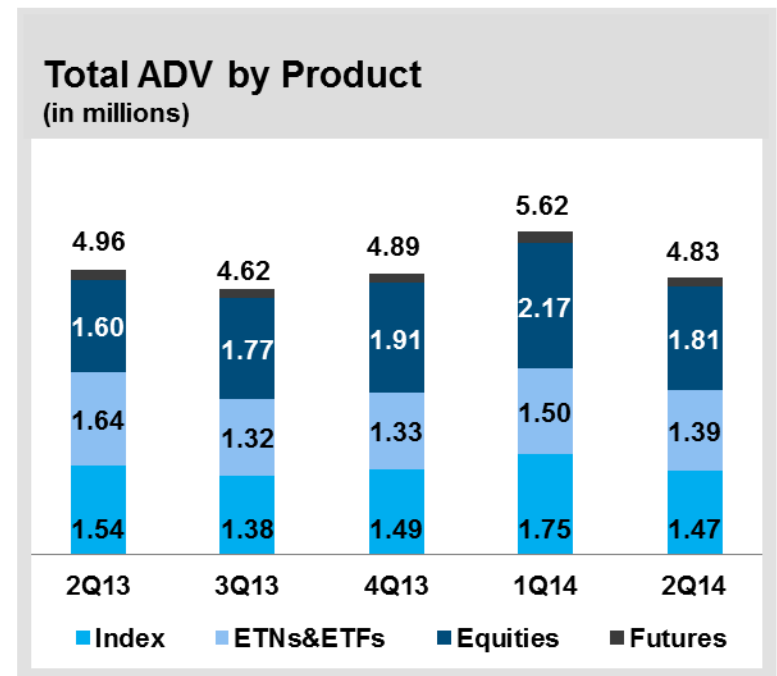


Strategic Review
Edward Tilly
CEO

Solid Financial Performance Despite Quarter's Low Volume Trading Environment

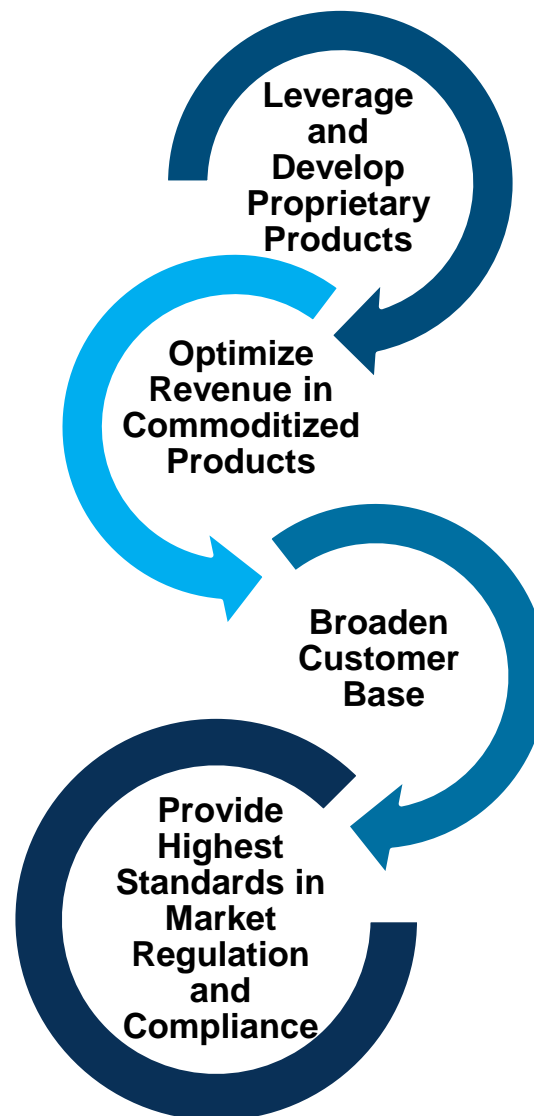
Second quarter trading activity reflected low market volatility and investor complacency

- **Total ADV of 4.83 MM in 2Q14**
 - Down 14% versus 1Q14
 - Down 3% versus 2Q13
- **Increased quarterly dividend and share repurchase authorization**
- **Well positioned to benefit as market conditions improve**



Remain Focused on Core Mission and Strategic Initiatives

Create value for stockholders by generating industry-leading profit margins and growth rates through a diversified portfolio of risk management products and services.



S&P 500 Index (SPX) Product Line

SPX Weeklys - fastest growing product in SPX complex

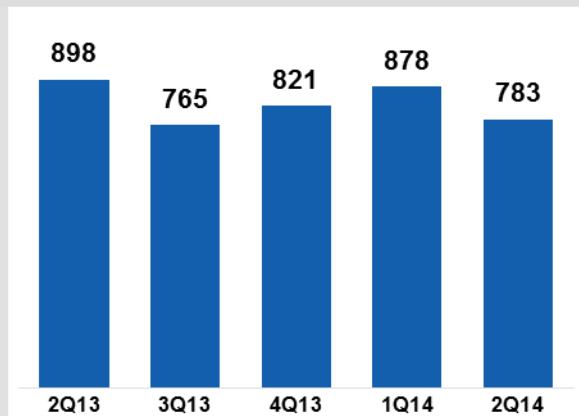
➤ SPX ADV for 2Q14

- Down 11% versus 1Q14
- Down 13% versus 2Q13

➤ SPX Weeklys ADV

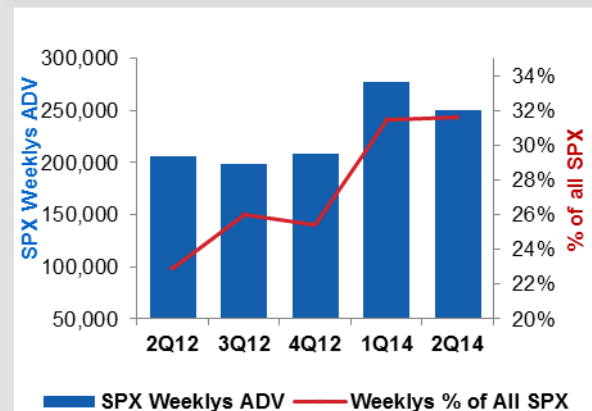
- Down 11% versus 1Q14
- Up 20% versus 2Q13

SPX ADV* by Quarter (in thousands)



*includes SPX Weeklys

SPX Weeklys ADV by Quarter



VIX Options Trading Continues to Grow YOY

Low volatility throughout 2Q14 dampened trading in SPX and VIX

➤ **VIX options ADV for 2Q14**

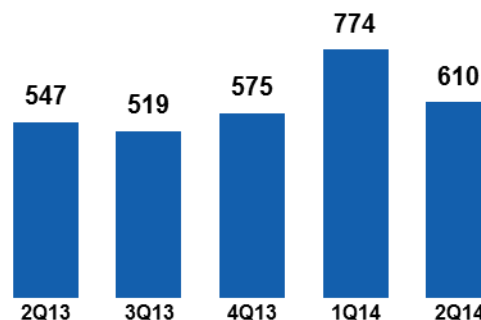
- Declined 21% versus 1Q14
- Increased 11% versus 2Q13

➤ **VIX futures ADV for 2Q14**

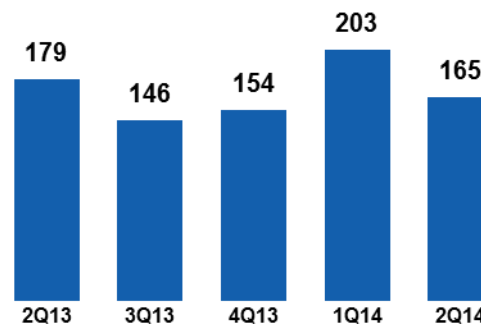
- Down 19% versus 1Q14
- Declined 8% versus 2Q13

➤ **Focused on long-term growth trajectory**

VIX Options ADV by Quarter (in thousands)

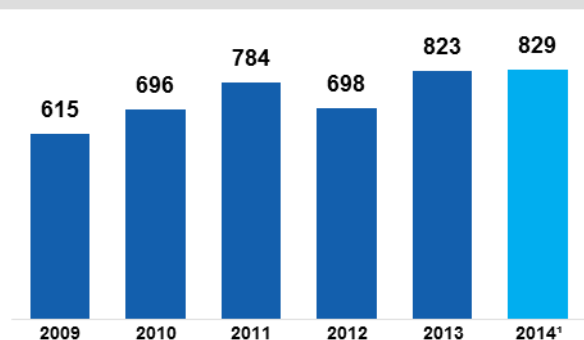


VIX Futures ADV by Quarter (in thousands)



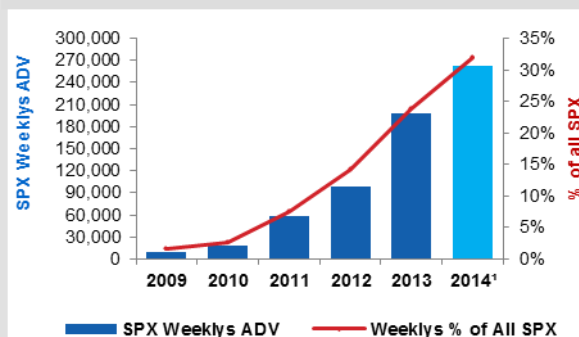
YTD Through June Shows More Favorable Trading in Index Products

SPX ADV* (in thousands)



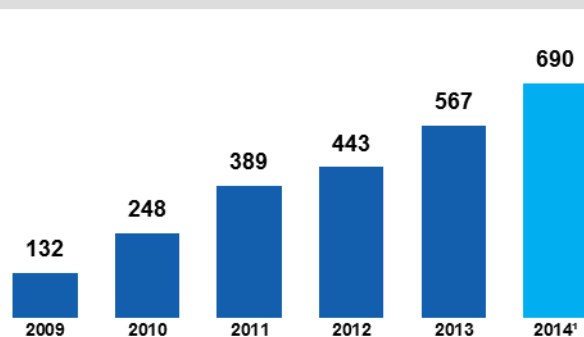
SPX ADV down 3% YOY thru June

SPX Weeklys ADV



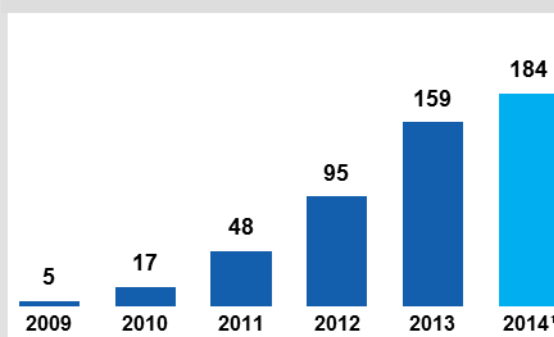
SPX Weeklys ADV up 38% YOY thru June

VIX Options ADV (in thousands)



VIX Options ADV up 17% YOY thru June

VIX Futures ADV (in thousands)



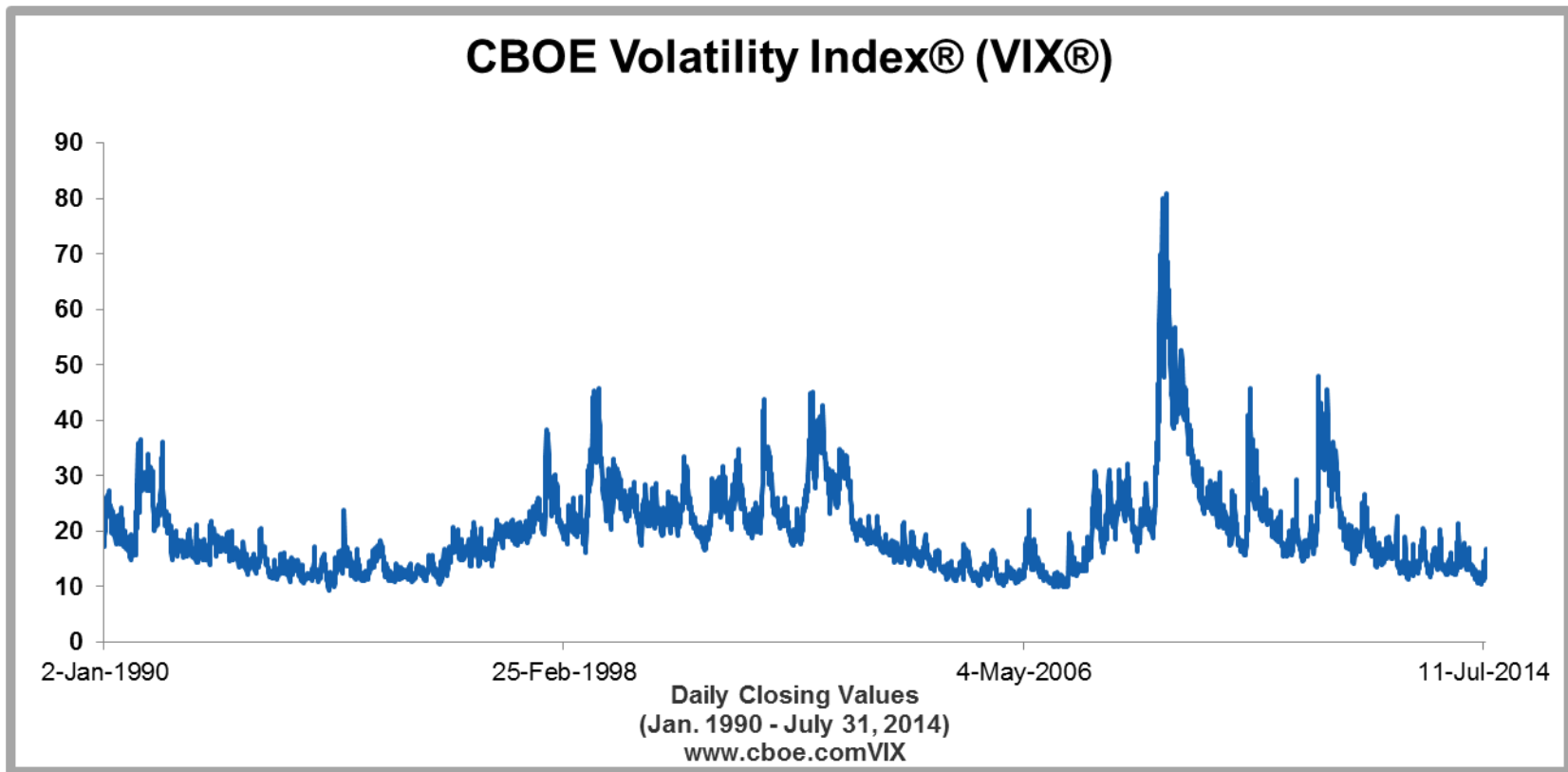
VIX futures ADV up 10% YOY thru June

*SPX ADV includes SPX Weeklys

¹YTD through June 30, 2014

Focused on Growing Our Customer Base

As VIX returns to historical norms, we expect to see even greater participation in VIX options and futures trading



VIX Futures Trading Poised for Renewed Growth

Communication with marketplace integral to developing new product lines

- **Key indicators supporting our growth outlook**
 - Increased demand for VIX futures market data over last six months
 - Shift in mix of market participants to include users that are generally more active traders
 - Increasing number of trading permit holders
 - Increased participation provided from 24-hour trading



Looking to help contain or take advantage of volatility?

➤ **It's time to trade VIX® options and futures.**

Trade a range of volatility options and futures for your risk management, diversification and volatility strategies.

- Options and futures on the CBOE Volatility Index®
- Options and futures on the volatility of ETFs, including Brazil, Emerging Markets, Gold and Oil
- CBOE Futures Exchange® has introduced expanded trading hours for VIX futures – now you can trade VIX futures from 2:00 AM Chicago/8:00 AM London



Learn more at www.CBOE.com/tradeVIX
Join the conversation on Twitter with dollar-sign tag \$VIX



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Broadening Our Customer Base

Extended trading hours for VIX futures to 24X5

Phase 1

October 28, 2013

- Added a 45-minute trading session after current close of VIX futures
- Meets demand from U.S. customers for a post settlement trading period

Phase 2

November 4, 2013

- Added another five hours to the trading day
- Allows European-based customers to access VIX futures during their local trading hours
- Trading begins at 2:00 a.m. CT; aligns with open of London markets

Phase 3

June 22, 2014

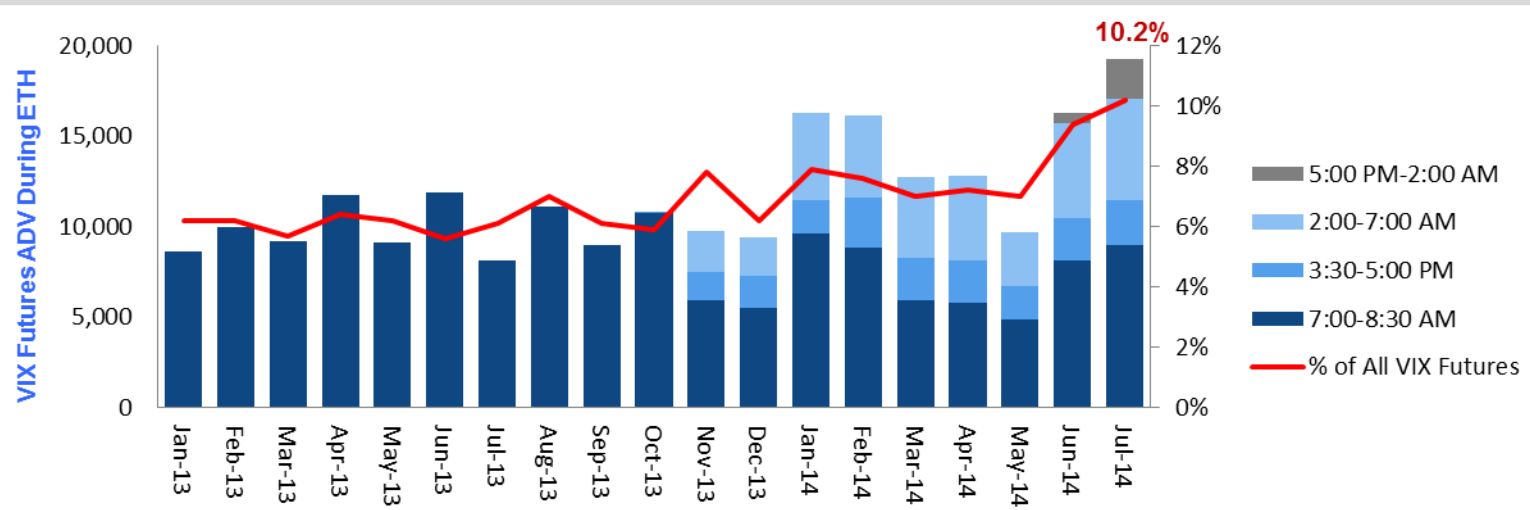
- Extended hours to nearly 24 hours a day, five days a week
- Allows customers around the world to trade VIX futures virtually around the clock and to react immediately to events affecting global markets
- Trading week begins each Sunday at 5:00 p.m. CT and ends Friday at 3:15 p.m. CT; CFE closes between 3:15 p.m. and 3:30 p.m. CT on Monday through Thursday

Increasing Access to VIX Futures Trading Through Extended Trading Hours

10.2% of VIX futures trading took place during non-U.S. trading hours in July, our first full month of 24-hour trading

- **June 22 extended trading hours to nearly 24X5**
- **8.1% of VIX futures traded during non-U.S. trading hours YTD though July, up from 7.7% through June**
- **Plan to add trading hours for VIX and SPX options in 4Q14, pending regulatory approval**

VIX Futures ADV During Non-U.S. Trading Hours (ETH) - By Time Period



Expanding Volatility Suite of Products

**Launched Futures on Short-Term Volatility Index (VXST)
on February 13th – Options on April 10th**

- **Low-volatility environment has posed headwinds for VXST**
- **Believe market participants will embrace the utility of VXST futures and options**
- **Launched targeted educational and social media programs**



**SHORT-TERM
VIX?
BRING IT.**

➤ **Introducing CBOE Short-Term Volatility Index™ (VXST™) futures, the newest volatility innovation from CBOE.**

The trading day's expected volatility, Short-Term VIX is particularly sensitive to changes on the S&P 500® Index. So now you have the opportunity to capitalize on market events. Better manage near-term risk. Capture risk premium with weekly expirations. And help take advantage of volatility for the here and now.

Download the Short-Term VIX quick reference guide at ShortTermVIX.com
Tweet with dollar sign tag \$VXST

CBOE
EXECUTE SUCCESS™

Expanding Volatility-Related Products and Benchmarks

Diversifying VIX product line across asset classes provides growth opportunity

- **Began disseminating index values in May 2013**
- **Plan to launch futures on the CBOE/CBOT 10-year U.S. Treasury Note Volatility Index (VXTYN Index) later this year, pending regulatory review**
 - Introduction of options to follow
- **We view interest-rate volatility as an exciting new frontier in the volatility marketplace**

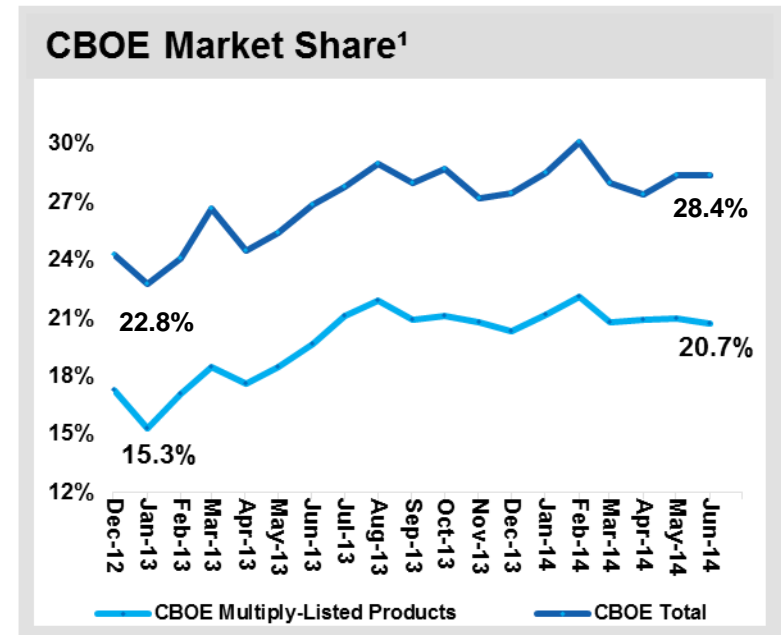
Optimizing Revenue and Market Share in Multiply-Listed Options

Focused on being among the leaders in options market share

► In June 2014:

- CBOE & C2 accounted for 30.4% of industry volume; up versus 29.5% in March 2014
- CBOE total market share of 28.4%; up versus 28.0% in March 2014
- CBOE multiply-listed market share of 20.7% versus 20.8% in March 2014

► Maximize market share in multiply-listed options



¹Market share stats exclude dividend trades

CBOE RMC Attracts Most Active and Sophisticated VIX Customers

Boosting awareness of CBOE's proprietary products

- **Third annual RMC Europe to be held Sept. 3rd thru 5th**
- **Program will highlight:**
 - Small-cap strategies that use our Russell product line
 - Strategies for Short-Term VIX, VXTYN and our SPX product line

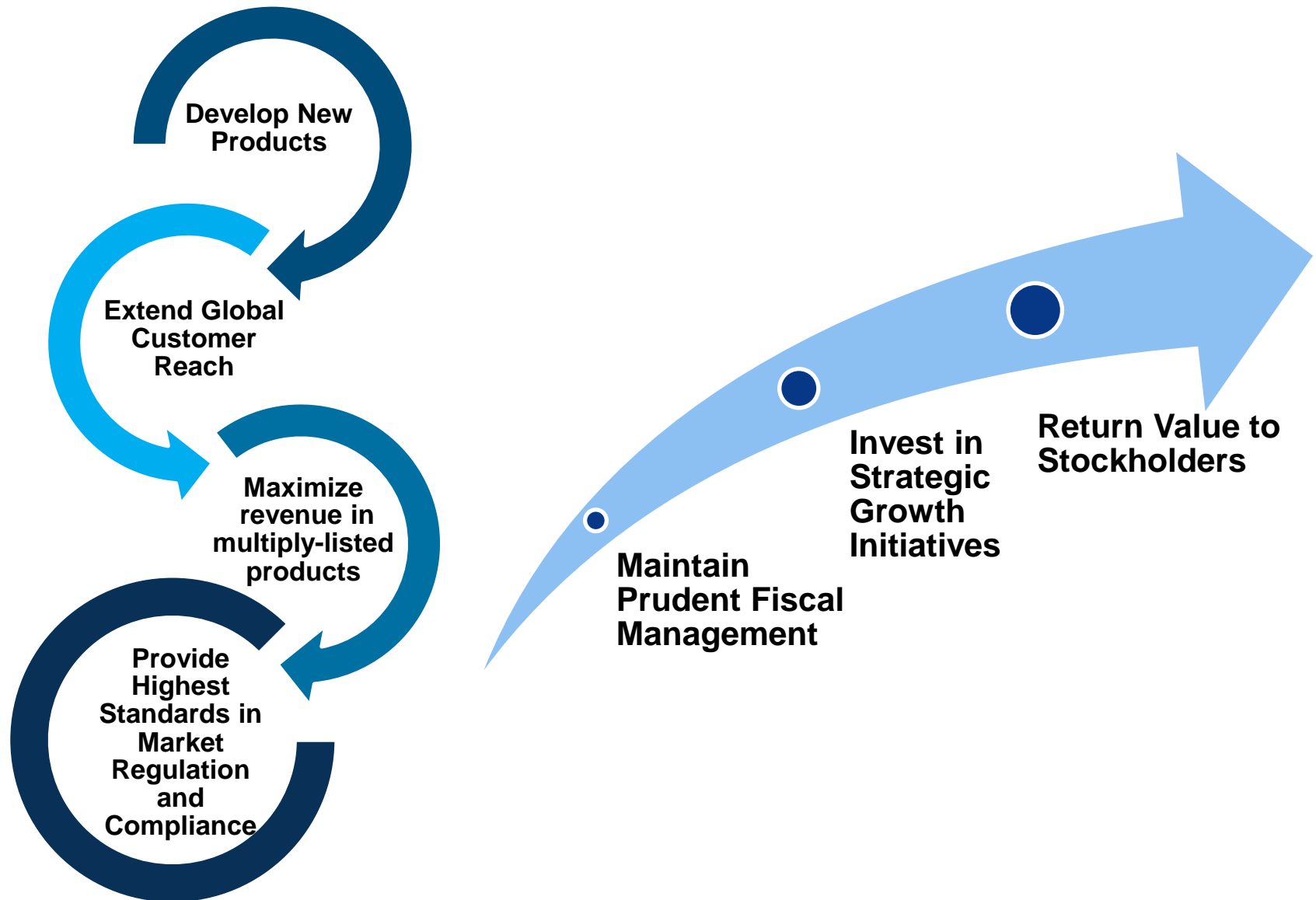
Looking For an Edge in Managing Risk?

The CBOE Risk Management Conference is the premier educational forum for users of equity derivatives and volatility products.

Join us for the 3rd Annual
CBOE RISK MANAGEMENT
CONFERENCE EUROPE
SEPTEMBER 3-5, 2014

The Powerscourt Hotel
Powerscourt Estate, Enniskerry, Co. Wicklow, Ireland

Continue to Further Define and Expand Options and Volatility Space





Financial Review
Alan Dean
EVP, CFO and Treasurer

2Q14 Financial Overview

Adjusted Basis¹ (in millions, except EPS and RPC)	2Q14	2Q13	\$ Change	% Change
Operating Revenues	\$143.9	\$150.8	-\$6.9	-5%
Adjusted Operating Expenses	74.2	73.6	0.6	1%
Adjusted Operating Income	\$ 69.7	\$ 77.2	-\$7.5	-10%
<i>Adjusted Operating Margin %</i>	<i>48.4%</i>	<i>51.2%</i>		-280 bps
Adjusted Net Income Allocated to Common Stockholders	\$ 42.6	\$ 47.0	-\$4.4	-9%
Adjusted Diluted EPS	\$ 0.50	\$ 0.54	-\$0.04	-7%
Total ADV	4.83	4.96		-3%
Revenue per Contract	\$0.322	\$0.334	-\$0.012	-4%

¹Adjusted to reflect the impact of certain items. See Appendix for "Non-GAAP Information."

Overview of Operating Revenues

➤ Transaction fees down \$8.2MM

- 4% decrease in trading volume
- 4% decrease in RPC
 - Shift in product mix
 - Higher volume discounts

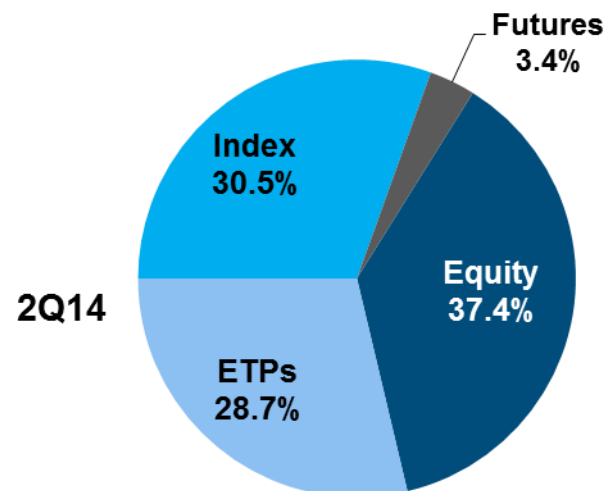
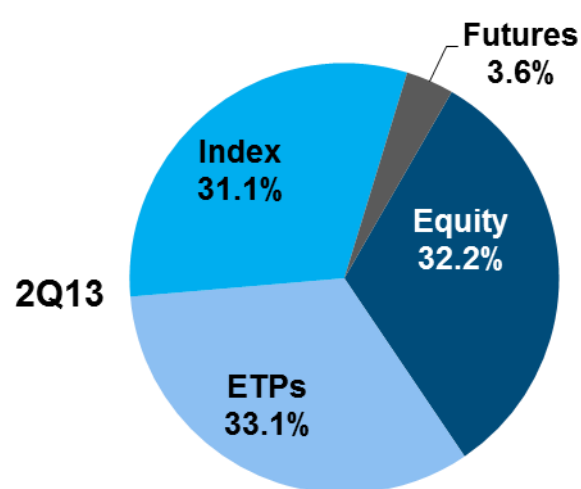
➤ Regulatory fees down \$0.7MM

➤ Market data fees up \$2.1MM

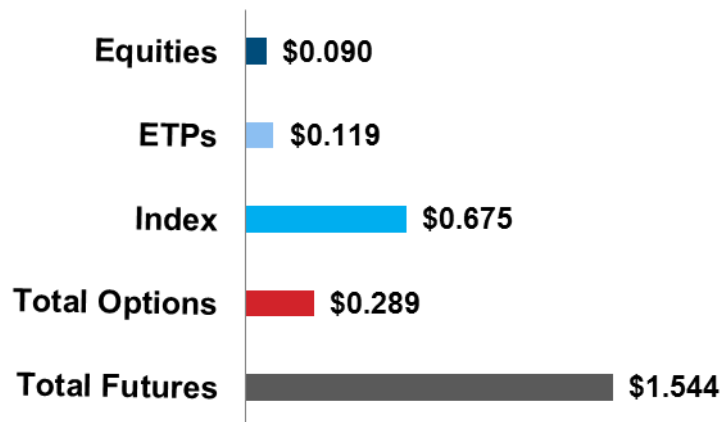
Operating Revenues (in millions)	2Q14	2Q13	% Chg
Transaction fees	\$ 97.9	\$106.1	-8%
Access fees	14.8	15.0	-1%
Exchange services and other fees	9.7	9.3	4%
Market data fees	7.8	5.7	36%
Regulatory fees	9.8	10.5	-7%
Other revenue	3.9	4.2	-7%
Total Operating Revenues	\$143.9	\$150.8	-5%

Change in RPC Primarily Reflects Mix Shift and Higher Volume-Based Incentives

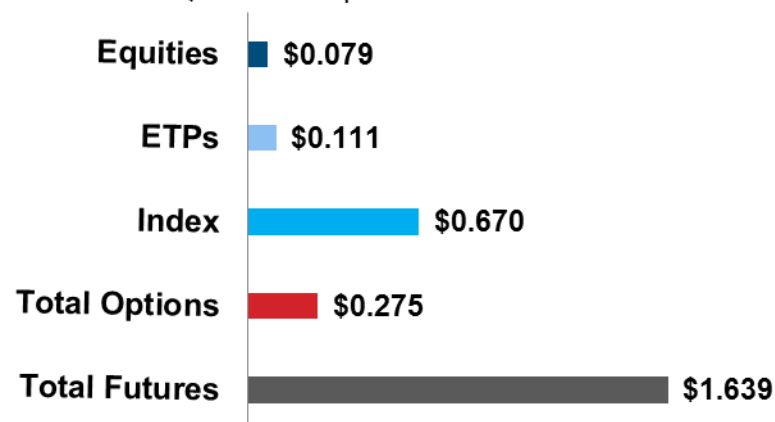
Trading volume mix and RPC 2Q13 versus 2Q14



2Q13 RPC \$0.334

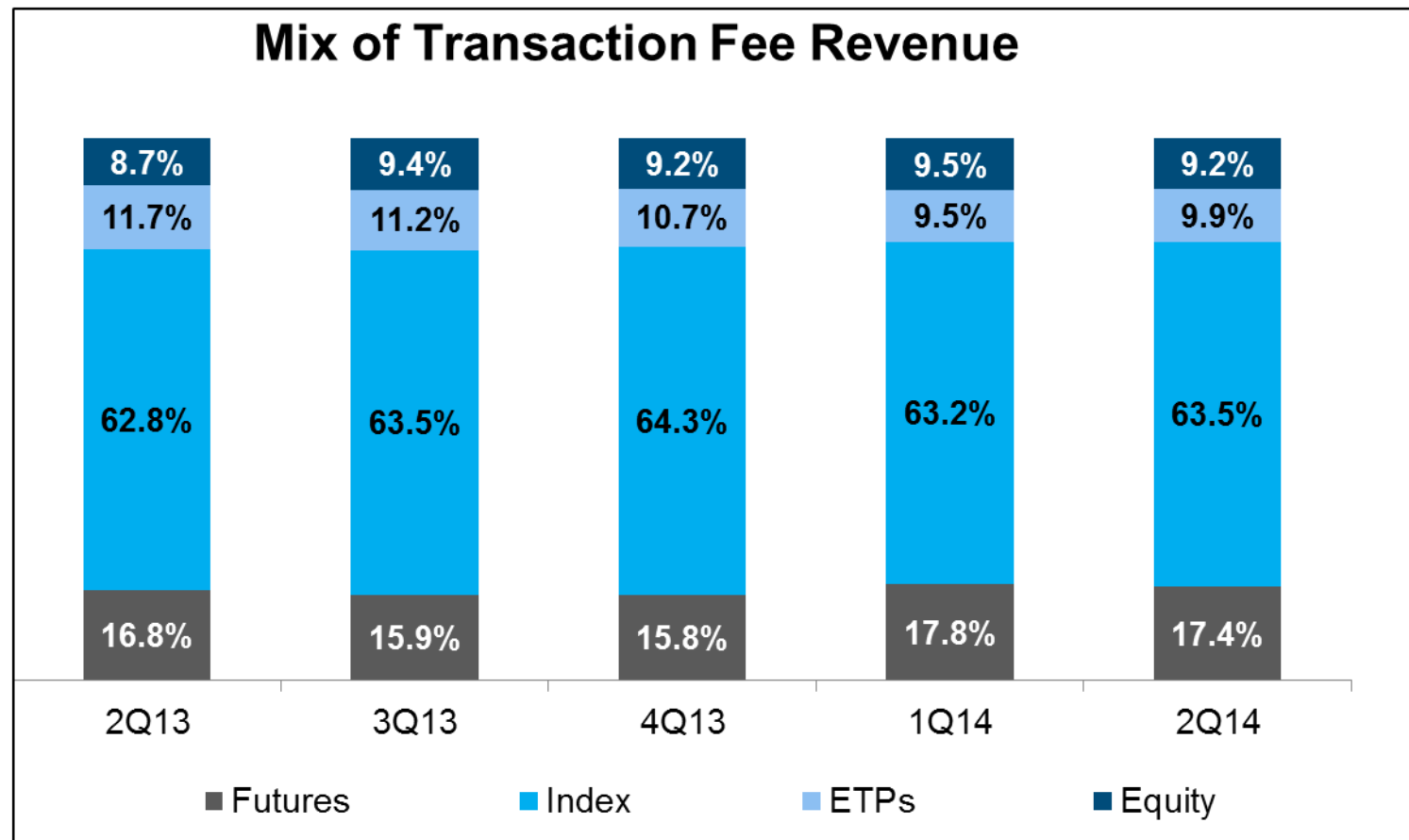


2Q14 RPC \$0.322



Proprietary Products Account for Growing Percentage of Transaction Fee Revenue

Index options and futures contracts accounted for 81% of transaction fees in 2Q14, up from 80% in 2Q13



Other Revenue Drivers

➤ Regulatory fees down \$0.7MM

- Lower trading volume industrywide
- Expect regulatory fees to decline in 3Q & 4Q due to reduction in ORF rate

➤ Market data fees up \$2.1MM

- Higher share of OPRA market data revenue; 24.4% in 2Q14 versus 20.9% in 2Q13
- Increase in revenue from CBOE's market data services, primary due to growth in subscribers

Operating Revenues (in millions)	2Q14	2Q13	% Chg
Transaction fees	\$ 97.9	\$106.1	-8%
Access fees	14.8	15.0	-1%
Exchange services and other fees	9.7	9.3	4%
Market data fees	7.8	5.7	36%
Regulatory fees	9.8	10.5	-7%
Other revenue	3.9	4.2	-7%
Total Operating Revenues	\$143.9	\$150.8	-5%

Disciplined Control of Expenses

Key drivers:

- Depreciation and Amortization up \$1.3MM
- Facilities costs up \$0.3MM
- Other expenses up \$0.4MM
- Outside services down \$1.7MM

Adjusted Operating Expenses ¹ (in millions)	2Q14	2Q13	% Chg
Employee costs	\$30.3	\$30.4	--
Depreciation and amortization	9.9	8.6	15%
Data processing	4.8	4.6	5%
Outside services	7.9	9.6	-19%
Royalty fees	14.7	14.5	1%
Trading volume incentives	1.1	0.9	23%
Travel and promotional	2.4	2.6	-6%
Facilities costs	1.6	1.3	28%
Other expenses	1.5	1.1	37%
Total Adjusted Operating Expenses	\$74.2	\$73.6	1%

¹Adjusted to reflect the impact of certain items. See appendix for "Non-GAAP Information."
May not foot due to rounding.

Core Operating Expenses Down 2%

Key drivers:

- **Outside services down \$1.7MM**
 - Lower legal expenses
- **Facilities cost up \$0.3MM**
- **Other expenses up \$0.4MM**
- **Lowering guidance for core operating expenses to:**
 - \$186MM to \$190MM, down from \$191MM to \$196MM

Core Operating Expenses ¹ (in millions)	2Q14	2Q13	% Chg
Employee costs	\$30.3	\$30.4	--
Data processing	4.8	4.6	5%
Outside services	7.9	9.6	-19%
Travel and promotional	2.4	2.6	-6%
Facilities costs	1.6	1.3	28%
Other expenses	1.5	1.1	37%
Total	\$48.5	\$49.6	-2%

¹Adjusted to reflect the impact of certain items. See appendix for "Non-GAAP Information."
May not foot due to rounding.

Volume-based Expenses

➤ Royalty fees up \$0.2MM

- Higher fees related to certain order flow for multiply-listed options directed to CBOE
- Increase in fees associated with market data sales

Volume-based Expenses (in millions)	2Q14	2Q13	% Chg
Royalty fees	\$ 14.7	\$ 14.5	1%
Trading volume incentives	\$ 1.1	\$ 0.9	23%
Total	\$ 15.8	\$ 15.4	3%

Enhancing Stockholder Value

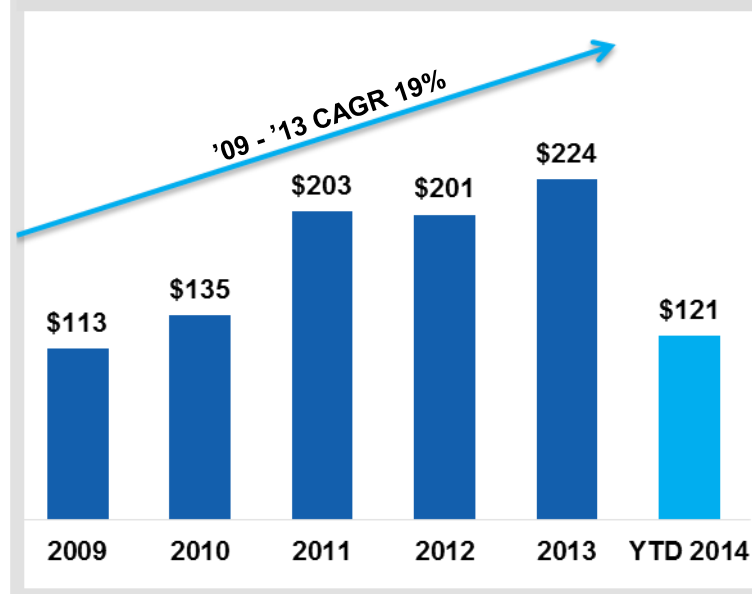
Strong cash flow generation and disciplined approach to managing cash

- Cash of \$145MM at quarter end
- Generated \$121MM in operating cash flow through June
- YTD Capital Outlays

Regular dividends	\$ 31 MM
Special dividend	44 MM
Share repurchases ¹	97 MM
Capital expenditures	28 MM
Total	\$ 200 MM

¹Includes stock purchased under repurchase program and from employees to satisfy tax obligations upon the vesting of restricted stock

Operating Cash Flow (\$ in millions)



Enhancing Stockholder Value Through Share Repurchases

Increase in cash used to repurchase shares in 2014

➤ Used over \$51MM in 2Q14

- Purchased more than 1MM shares at an average price of \$50.57

➤ Used over \$230MM through June 30

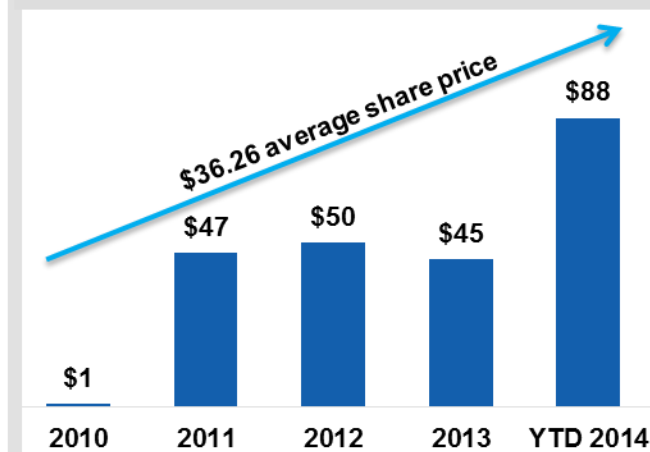
- Purchased nearly 6.4MM shares at an average price of \$36.26

➤ \$69.7MM available under program at June 30

➤ Board increased dividend by 17% and share authorization by \$100MM

- Approximately \$150MM available under program at July 30

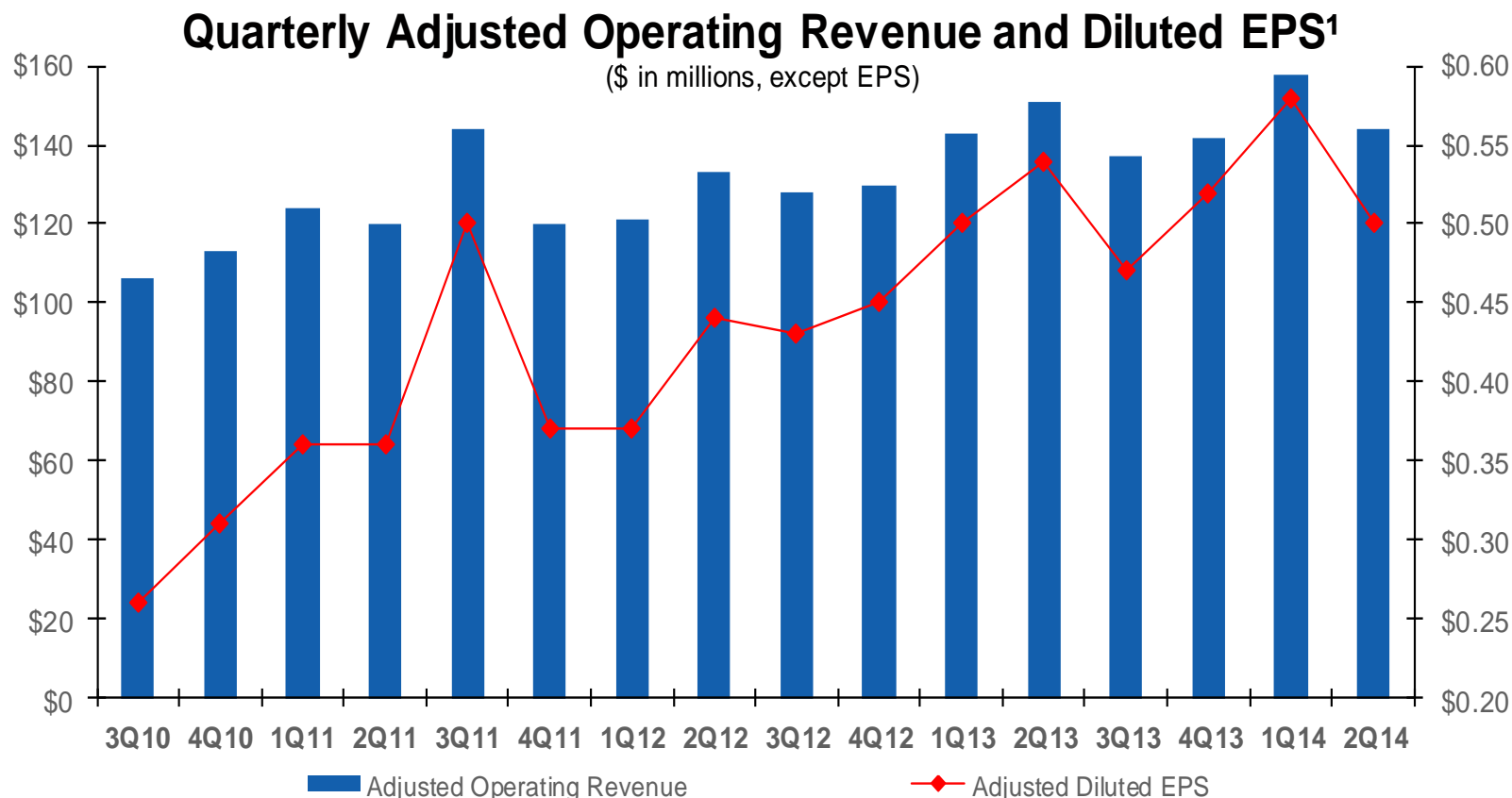
Cash Used for Share Repurchases¹ (\$ in millions)



¹Includes cash used under share repurchase program

Optimistic About Long-term Growth Prospects

Well positioned to generate stronger financial results as trading volume improves

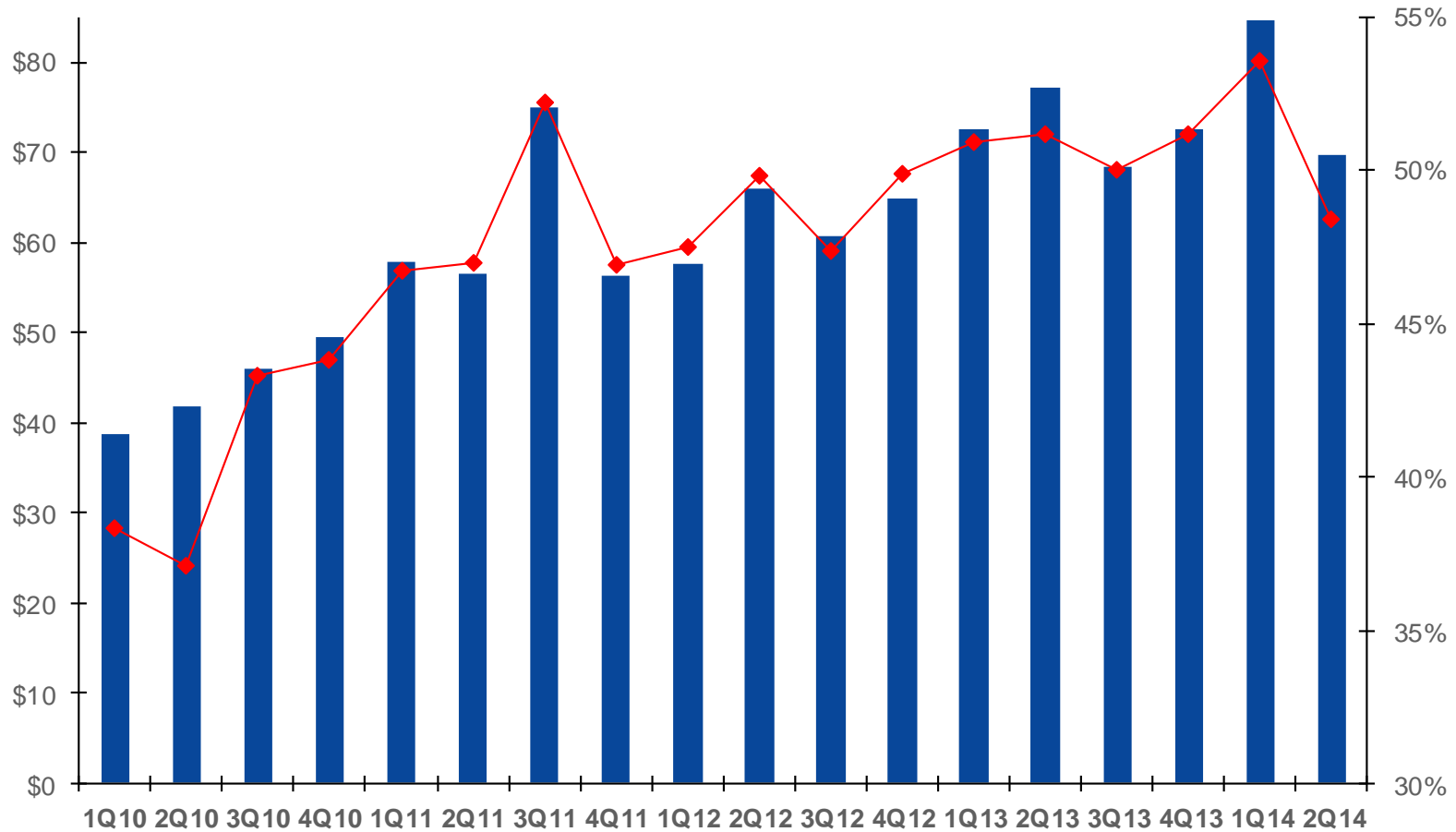


¹Adjusted to reflect the impact of certain items. See Appendix for "Non-GAAP Information."

Questions & Answers

Well Positioned to Gain Additional Leverage

Quarterly Adjusted Operating Income and Margin¹
(\$ in millions)



¹Adjusted to reflect the impact of certain items. See Appendix for "Non-GAAP Information."

2014 Full-Year Guidance

As of August 1, 2014 (\$ in millions)	Current 2014 Full-Year Guidance	Prior 2014 Full-Year Guidance
Core operating expenses	\$186 to \$190	\$191 to \$196
Continuing stock-based compensation ¹	\$13	\$13
Accelerated stock-based compensation ¹	\$3	\$3
Effective tax rate	38.5% to 39.5%	38.5% to 39.5%
Depreciation and amortization	\$38 to \$40	\$38 to \$40
Capital expenditures	\$47 to \$50	\$47 to \$50

¹Stock-based compensation expense is included in employee costs

2014 Stock-Based Compensation by Quarter

Quarterly breakout of actual and estimated continuing stock-based compensation for 2014

	1Q14 Actual	2Q14 Actual	3Q14	4Q14	Total
Continuing stock-based compensation ¹	\$5	\$4	\$2	\$2	\$13
Accelerated stock-based compensation ^{1,2}	\$3				\$3

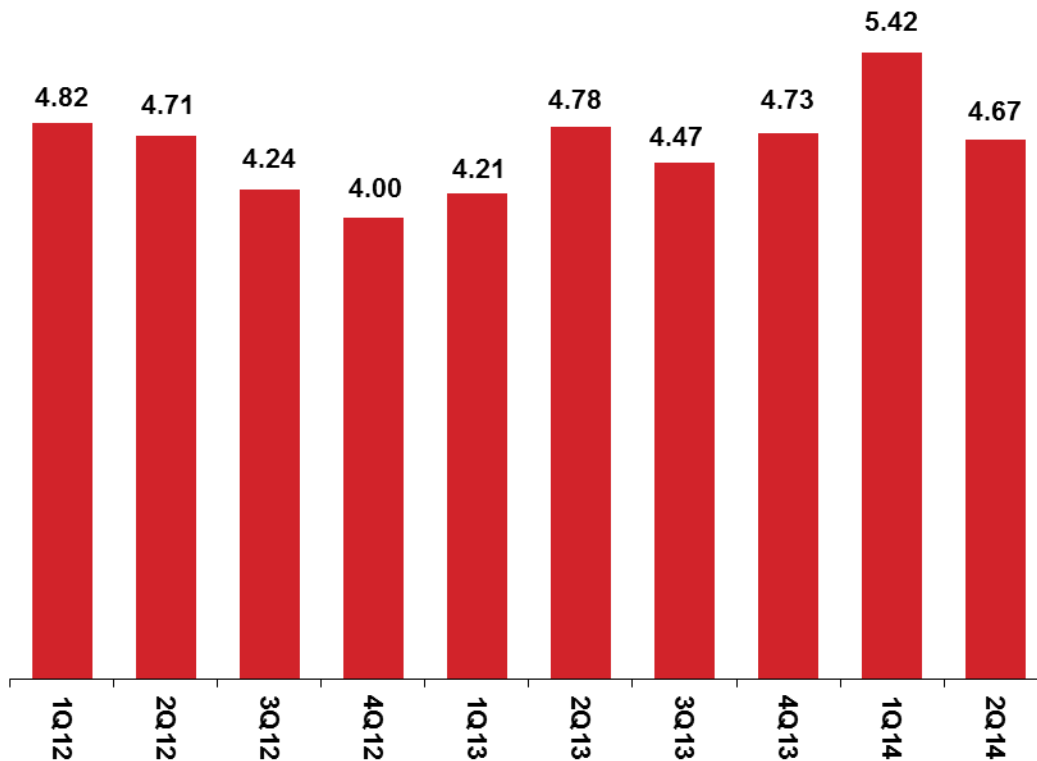
¹All stock-based compensation is reported in employee costs

²Excluded from core expenses; included in non-GAAP reconciliation

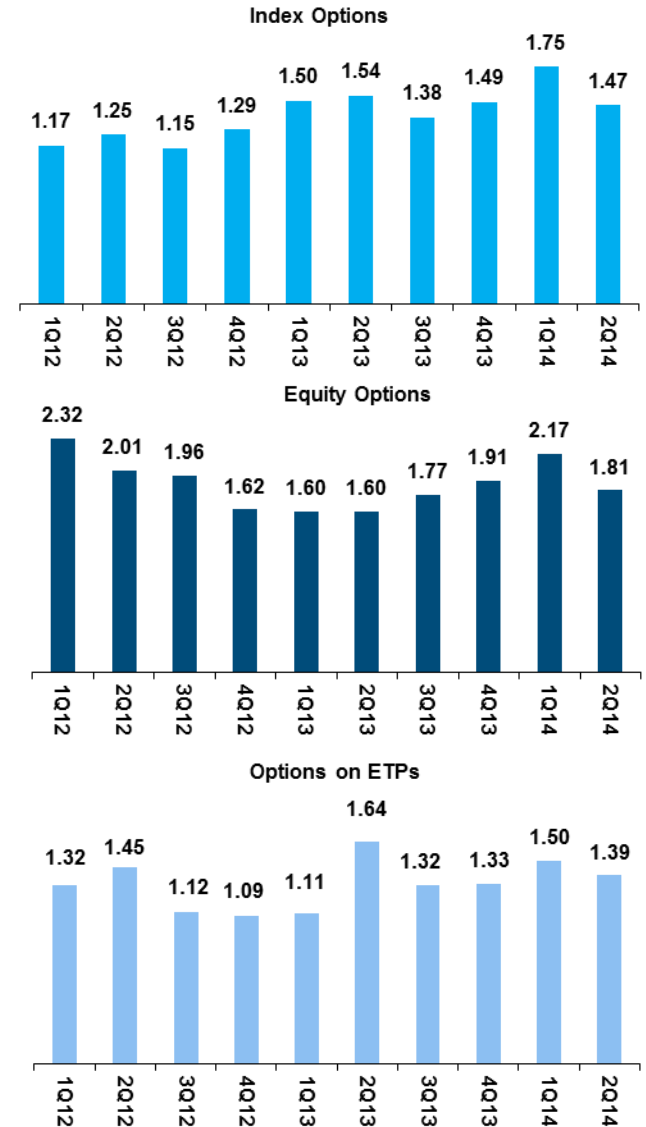
Quarterly Options ADV

CBOE Holdings Quarterly Options ADV

(contracts in millions)



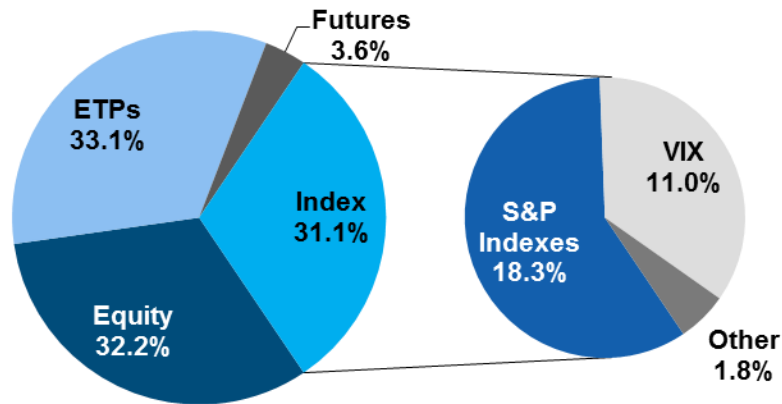
2Q14 TD through June 30, 2014



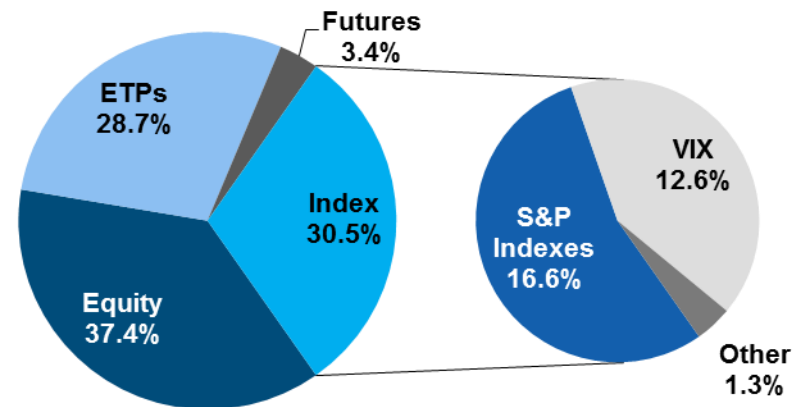
RPC Change Primarily Reflects Shift in Product Mix and Higher Volume-Based Incentives

Trading Volume Mix & RPC 2Q13 vs 2Q14

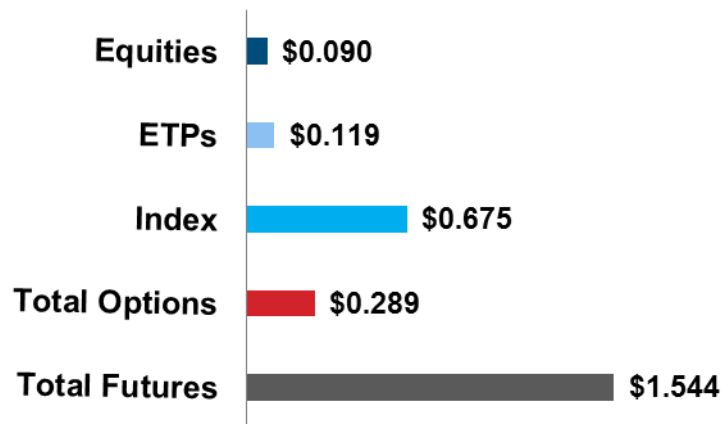
2Q13 Trading Volume Mix



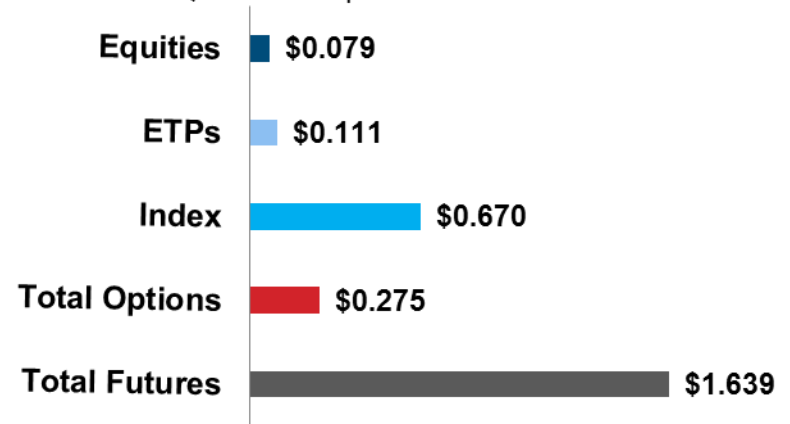
2Q14 Trading Volume Mix



2Q13 RPC \$0.334



2Q14 RPC \$0.322



CBOE Holdings Rolling 3-Month RPC

2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Equities	\$0.079	\$0.079	\$0.081	\$0.082	\$0.081	\$0.079						
Indexes	0.664	0.667	0.669	0.674	0.674	0.670						
Exchange-traded products	0.124	0.119	0.117	0.113	0.113	0.111						
Total options RPC	0.273	0.281	0.281	0.277	0.275	0.275						
Futures	1.602	1.614	1.617	1.610	1.616	1.639						
Total RPC	\$0.317	\$0.329	\$0.329	\$0.325	\$0.321	\$0.322						

2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Equities	\$0.149	\$0.153	\$0.140	\$0.114	\$0.094	\$0.090	\$0.082	\$0.081	\$0.077	\$0.076	\$0.076	\$0.075
Indexes	0.665	0.670	0.671	0.679	0.674	0.675	0.670	0.671	0.669	0.666	0.666	0.666
Exchange-traded products	0.194	0.181	0.155	0.127	0.119	0.119	0.121	0.122	0.123	0.124	0.126	0.125
Total options RPC	0.340	0.341	0.333	0.308	0.295	0.289	0.282	0.278	0.273	0.278	0.275	0.275
Futures	1.484	1.560	1.618	1.598	1.594	1.544	1.544	1.533	1.559	1.548	1.556	1.565
Total RPC	\$0.376	\$0.382	\$0.378	\$0.357	\$0.341	\$0.334	\$0.324	\$0.321	\$0.315	\$0.320	\$0.315	\$0.316

2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Equities	\$0.151	\$0.128	\$0.110	\$0.112	\$0.117	\$0.123	\$0.124	\$0.122	\$0.118	\$0.121	\$0.124	\$0.134
Indexes	0.640	0.651	0.658	0.667	0.673	0.677	0.680	0.684	0.682	0.675	0.670	0.670
Exchange-traded products	0.206	0.188	0.171	0.172	0.176	0.180	0.177	0.177	0.177	0.180	0.183	0.186
Total options RPC	0.297	0.275	0.261	0.267	0.279	0.288	0.289	0.286	0.287	0.294	0.309	0.322
Futures	1.474	1.610	1.697	1.655	1.650	1.607	1.598	1.626	1.606	1.573	1.473	1.442
Total RPC	\$0.308	\$0.289	\$0.280	\$0.290	\$0.304	\$0.314	\$0.316	\$0.315	\$0.317	\$0.326	\$0.342	\$0.355

2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Equities	\$0.170	\$0.164	\$0.160	\$0.163	\$0.168	\$0.169	\$0.171	\$0.159	\$0.159	\$0.155	\$0.163	\$0.167
Indexes	0.592	0.601	0.604	0.615	0.618	0.627	0.624	0.606	0.605	0.605	0.621	0.631
Exchange-traded products	0.223	0.215	0.207	0.207	0.208	0.202	0.197	0.187	0.192	0.194	0.205	0.212
Total options RPC	0.276	0.272	0.275	0.282	0.289	0.295	0.303	0.300	0.301	0.300	0.308	0.312
Futures	1.657	1.591	1.507	1.493	1.514	1.477	1.437	1.376	1.371	1.348	1.328	1.329
Total RPC	\$0.286	\$0.282	\$0.285	\$0.293	\$0.301	\$0.308	\$0.316	\$0.313	\$0.313	\$0.311	\$0.317	\$0.321

Quarterly Core Operating Expenses¹

(\$ in thousands)

	2Q 2014	% rev	1Q 2014	% rev	4Q 2013	% rev	3Q 2013	% rev	2Q 2013	% rev
Total Operating Expenses	\$74,226	52%	\$75,847	48%	\$69,231	49%	\$68,316	50%	\$75,414	50%
Less:										
Depreciation and amortization	9,895	7%	8,604	5%	9,108	6%	8,476	6%	8,622	6%
Accelerated stock-based compensation	-		2,530	2%	-	-	-	-	816	1%
Expense related to SEC investigation	-		-		-	-	-	-	1,000	1%
Volume-based expense:										
Royalty fees	14,707	10%	15,902	10%	15,043	11%	13,844	10%	14,518	10%
Trading volume incentives	1,120	1%	1,126	1%	1,227	1%	1,207	1%	908	1%
Core Operating Expenses (non-GAAP)¹:	\$48,504	34%	\$47,685	30%	\$43,853	31%	\$44,789	33%	\$49,550	33%
Less: Continuing stock-based compensation	4,457	3%	4,383	3%	3,957	3%	3,918	3%	5,394	4%
Core Operating Expenses excluding continuing stock-based compensation (non-GAAP)¹:	\$44,047	31%	\$43,302	27%	\$39,896	28%	\$40,871	30%	\$44,156	29%
Core Operating Expense Detail:										
Employee costs	\$30,306	21%	\$30,844	20%	\$28,059	20%	\$27,951	20%	\$30,421	20%
Data processing	4,783	3%	4,721	3%	4,286	3%	4,552	3%	4,545	3%
Outside services	7,855	5%	7,378	5%	5,867	4%	7,938	6%	9,633	6%
Travel and promotional expenses	2,446	2%	1,987	1%	3,254	2%	1,894	1%	2,594	2%
Facilities costs	1,590	1%	1,313	1%	1,245	1%	1,308	1%	1,247	1%
Other expenses	1,524	1%	1,442	1%	1,142	1%	1,146	1%	1,110	1%
Total	\$48,504		\$47,685		\$43,853		\$44,789		\$49,550	
Number of full-time employees at quarter end	661		656		650		641		636	

¹Please see our disclaimer regarding non-GAAP financial measures.

May not foot due to rounding

Annual Core Operating Expenses¹

(\$ in thousands)

	2013	% rev	2012	% rev	2011	% rev	2010	% rev	2009	% rev
Total Operating Expenses	\$286,236	50%	\$268,241	52%	\$266,512	52%	\$269,763	62%	\$248,497	62%
Less:										
Depreciation and Amortization	34,488	6%	31,485	6%	34,094	7%	29,891	7%	27,512	7%
Accelerated stock-based compensation	3,996	1%	343	-	453	-	12,968	3%	-	-
Severance	-	-	-	-	3,709	1%	-	-	-	-
Estimated liability/expense related to SEC investigation	1,000	-	5,000	1%	-	-	-	-	-	-
Exercise Right Appeal Settlement	-	-	-	-	-	-	-	-	2,086	1%
Volume-based Expense:										
Royalty Fees	56,576	10%	46,135	9%	47,822	9%	41,353	10%	33,079	8%
Trading Volume Incentives	4,355	1%	6,275	1%	14,239	3%	21,294	5%	28,631	7%
Core Operating Expenses (non-GAAP)¹:	\$185,821	32%	\$179,003	35%	\$166,195	33%	\$164,257	38%	\$157,189	39%
Less: Continuing stock-based compensation	16,828	3%	12,005	2%	12,166	2%	7,833	2%	-	-
Core Operating Expenses excluding continuing stock-based compensation (non-GAAP)¹:	\$168,993	30%	\$166,998	33%	\$154,029	30%	\$156,424	36%	\$157,189	39%
Core Operating Expense Detail (excluding stock-based compensation):										
Employee Costs	\$97,259	17%	\$91,848	18%	\$88,126	17%	\$85,442	20%	\$84,481	21%
Data Processing	17,898	3%	19,603	4%	17,933	4%	19,501	5%	20,475	5%
Outside Services	34,473	6%	36,300	7%	27,310	5%	31,245	7%	30,726	8%
Travel and Promotion Expenses	9,806	2%	10,006	2%	9,812	2%	9,569	2%	10,249	3%
Facilities Costs	5,053	1%	5,066	1%	5,400	1%	5,801	1%	5,624	1%
Other Expenses	4,504	1%	4,175	1%	5,448	1%	4,866	1%	5,634	1%
Total	\$168,993		\$166,998		\$154,029		\$156,424		\$157,189	
Number of Full Time Employees	650		605		596		581		597	

¹Please see our disclaimer regarding non-GAAP financial measures.

May not foot due to rounding

GAAP to Non-GAAP Reconciliation For Years 2009, 2010 and 2011

GAAP to Non-GAAP Reconciliation
(in thousands, except per share amounts)

	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	FY 2009	FY2010	FY2011
<u>Reconciliation of GAAP Net Income Allocated to Common Stockholder to Non-GAAP</u>									
GAAP net income allocated to common stockholders	\$ 20,020	\$ 30,687	\$ 32,089	\$ 32,609	\$ 40,597	\$ 31,287	\$ 106,451	\$ 98,166	\$ 136,582
Less: Recognition of deferred access fee revenue							(24,086)		
Less: Recognition of prior-period revenue		(4,406)						(4,406)	
Add: Exercise right appeal settlement							2,086		
Add: Accelerated stock-based compensation	10,965	2,004	340	113				12,968	453
Add: Severance expense pursuant to an executive employment agreement						3,709			3,709
Add: Impairment change		1,620	460					1,620	460
Income tax benefit/(expense) related to the items above	(4,461)	291	(337)	(46)		(1,478)	8,786	(4,034)	(1,861)
Add: Income tax provision adjustment					4,223	(322)			3,901
Net income allocated to participating securities - effect on reconciling items	(144)	11	(11)	(2)	(75)	(32)		(76)	(109)
Adjusted net income allocated to common stockholders	\$ 26,380	\$ 30,207	\$ 32,540	\$ 32,674	\$ 44,745	\$ 33,164	\$ 93,237	\$ 104,238	\$ 143,134
<u>Reconciliation of GAAP Diluted EPS to Non-GAAP</u>									
GAAP diluted earnings per common share	\$ 0.20	\$ 0.31	\$ 0.36	\$ 0.36	\$ 0.45	\$ 0.35	\$ 1.17	\$ 1.03	\$ 1.52
Per share impact of items above	0.06				0.05	0.02	(0.14)	0.06	0.07
Non-GAAP diluted earnings per common share	\$ 0.26	\$ 0.31	\$ 0.36	\$ 0.36	\$ 0.50	\$ 0.37	\$ 1.03	\$ 1.09	\$ 1.59
<u>Reconciliation of GAAP Operating Margin to Non-GAAP</u>									
GAAP operating revenue	\$ 106,015	\$ 117,391	\$ 124,042	\$ 120,290	\$ 143,604	\$ 120,208	\$ 426,082	\$ 437,104	\$ 508,144
Non-GAAP adjustments noted above		(4,406)					(24,086)	(4,406)	
Adjusted operating revenue	\$ 106,015	\$ 112,985	\$ 124,042	\$ 120,290	\$ 143,604	\$ 120,208	\$ 401,996	\$ 432,698	\$ 508,144
GAAP operating income	\$ 34,933	\$ 51,854	\$ 57,535	\$ 56,452	\$ 74,966	\$ 52,679	\$ 177,584	\$ 167,341	\$ 241,632
Non-GAAP adjustments noted above	10,965	(2,402)	340	113	-	3,709	(22,000)	8,562	4,162
Adjusted operating income	\$ 45,898	\$ 49,452	\$ 57,875	\$ 56,565	\$ 74,966	\$ 56,388	\$ 155,584	\$ 175,903	\$ 245,794
Adjusted operating margin	43.3%	43.8%	46.7%	47.0%	52.2%	46.9%	38.7%	40.7%	48.4%

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May not foot due to rounding and/or change in shares outstanding

GAAP to Non-GAAP Reconciliation For 2012 and 2013

GAAP to Non-GAAP Reconciliation

(in thousands, except per share amounts)

	1Q12	2Q12	3Q12	4Q12	FY2012	1Q13	2Q13	3Q13	4Q13	FY2013
Reconciliation of GAAP Net Income Allocated to Common Stockholder to Non-GAAP										
GAAP net income allocated to common stockholders	\$ 32,863	\$ 37,903	\$ 45,243	\$ 39,246	\$ 155,254	\$ 41,789	\$ 45,477	\$ 40,955	\$ 45,649	\$ 173,863
Add: Accelerated stock-based compensation	194			149	343	3,180	816			3,996
Add: Estimated liability related to SEC investigation				5,000	5,000		1,000			1,000
Add: Impairment charge						245				245
Income tax benefit/(expense) related to the items above	(80)			(63)	(139)	(1,311)	(313)			(1,611)
Add: Income tax provision adjustment			(7,654)	(5,415)	(13,054)					
Net income allocated to participating securities - effect on reconciling items	(2)		86	4	106	(29)	(22)			(46)
Adjusted net income allocated to common stockholders	\$ 32,975	\$ 37,903	\$ 37,675	\$ 38,921	\$ 147,510	\$ 43,874	\$ 46,958	\$ 40,955	\$ 45,649	\$ 177,447
Reconciliation of GAAP Diluted EPS to Non-GAAP										
GAAP diluted earnings per common share	\$ 0.37	\$ 0.44	\$ 0.52	\$ 0.45	\$ 1.78	\$ 0.48	\$ 0.52	\$ 0.47	\$ 0.52	\$ 1.99
Per share impact of items above			(0.09)	0.00	(0.09)	0.02	0.02			0.04
Non-GAAP diluted earnings per common share	\$ 0.37	\$ 0.44	\$ 0.43	\$ 0.45	\$ 1.69	\$ 0.50	\$ 0.54	\$ 0.47	\$ 0.52	\$ 2.03
Reconciliation of GAAP Operating Margin to Non-GAAP										
GAAP operating revenue	\$ 121,392	\$ 132,549	\$ 128,319	\$ 130,077	\$ 512,338	\$ 142,705	\$ 150,772	\$ 136,743	\$ 141,830	\$ 572,050
Non-GAAP adjustments noted above										
Adjusted operating revenue	\$ 121,392	\$ 132,549	\$ 128,319	\$ 130,077	\$ 512,338	\$ 142,705	\$ 150,772	\$ 136,743	\$ 141,830	\$ 572,050
GAAP operating income	\$ 57,415	\$ 66,069	\$ 60,861	\$ 59,752	\$ 244,097	\$ 69,430	\$ 75,358	\$ 68,427	\$ 72,599	\$ 285,814
Non-GAAP adjustments noted above	194			5,149	5,343	3,180	1,816			4,996
Adjusted operating income	\$ 57,609	\$ 66,069	\$ 60,861	\$ 64,901	\$ 249,440	\$ 72,610	\$ 77,174	\$ 68,427	\$ 72,599	\$ 290,810
Adjusted operating margin	47.5%	49.8%	47.4%	49.9%	48.7%	50.9%	51.2%	50.0%	51.2%	50.8%

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GAAP to Non-GAAP Reconciliation For 2014

	1Q14	2Q14	3Q14	4Q14	YTD2014
<u>Reconciliation of GAAP Net Income Allocated to Common Stockholder to Non-GAAP</u>					
GAAP net income allocated to common stockholders	\$ 48,528	\$ 42,598			\$ 91,126
Add: Accelerated stock-based compensation	2,530				2,530
Add: Estimated liability related to SEC investigation					
Add: Impairment charge					
Income tax benefit/(expense) related to the items above	(1,009)				(1,009)
Add: Income tax provision adjustment					-
Net income allocated to participating securities - effect on reconciling items	(15)				(15)
Adjusted net income allocated to common stockholders	\$ 50,034	\$ 42,598			\$ 92,632
<u>Reconciliation of GAAP Diluted EPS to Non-GAAP</u>					
GAAP diluted earnings per common share	\$ 0.56	\$ 0.50			\$ 1.06
Per share impact of items above	0.02				0.02
Non-GAAP diluted earnings per common share	\$ 0.58	\$ 0.50			\$ 1.08
<u>Reconciliation of GAAP Operating Margin to Non-GAAP</u>					
GAAP operating revenue	\$ 157,885	\$ 143,942			\$ 301,827
Non-GAAP adjustments noted above					
Adjusted operating revenue	\$ 157,885	\$ 143,942			\$ 301,827
GAAP operating income	\$ 82,038	\$ 69,716			\$ 151,754
Non-GAAP adjustments noted above	2,530				2,530
Adjusted operating income	\$ 84,568	\$ 69,716			\$ 154,284
Adjusted operating margin	53.6%	48.4%			51.1%

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Non-GAAP Information

- In addition to disclosing results determined in accordance with GAAP, CBOE Holdings has disclosed certain non-GAAP measures of operating performance. The non-GAAP measures provided in this presentation include core operating expenses, adjusted operating revenue, adjusted operating expenses, adjusted operating income, adjusted operating margin, adjusted effective tax rate, adjusted net income, adjusted net income allocated to common stockholders and adjusted diluted earnings per share.
- Management believes that the non-GAAP financial measures presented in this presentation, including adjusted net income and core operating expenses, provide useful and comparative information to assess trends in our core operations and a means to evaluate period-to-period comparisons. Non-GAAP financial measures disclosed by management, including adjusted diluted EPS, are provided as additional information to investors in order to provide them with an alternative method for assessing our financial condition and operating results. These measures are not in accordance with, or a substitute for, GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies.
- Core operating expenses is the company's operating expenses after excluding (i) volume-based expenses, (ii) depreciation and amortization expense, (iii) accelerated stock-based compensation expense and (iv) other unusual or one-time expenses.



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