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Side 1: Cover and title slide

Thanks Roger and thank you for inviting us back to your conference

Good afternoon and thank you for joining us. I'm very pleased to be here today. Also joining me are Alan Dean, our CFO, and Debbie Koopman, head of investor relations.

Slide 2: Safe Harbor

Before I begin my formal remarks, let me remind you that our presentation contains some forward-looking statements, which involve some risks and uncertainties. Actual results may vary. Please refer to our filings with the SEC for more detailed information about the risks and uncertainties.

Slide 3: At a Glance

First a quick overview: CBOE is the leading U.S. options exchange. CBOE -- and now VIX -- are the industry's leading brand names. CBOE continues to set the bar for options trading through product innovation, trading technology and investor education.

CBOE is the industry's only product innovator of consequence.

Through our three markets -- CBOE, C2, and CFE, our futures exchange -- we offer the industry's widest array of products, including proprietary index products, such as S&P 500 options (SPX), the most active U.S. index option, and futures and options on the CBOE Volatility Index (VIX).

We own and operate our proprietary high-performance trading platform, CBOE Command, which runs all three of the company's markets as well as CBSX, our stock exchange affiliate.

CBOE continues to cultivate a loyal customer base through The Options Institute and through our comprehensive website and leading social media program.

Slide 4: Mission statement

We leverage our expertise in product development, trading technology and investor education to shape and lead the growth in the options and volatility space. This is the core of our mission and how we serve our customers and create stockholder value. It is why we build our systems in house, why we continue to invest in product innovation, and why we operate our own options education facility. Living our mission -- day in and day out -- uniquely positions CBOE to benefit from the industry's ongoing growth.

Slide 5: Large and Growing U.S. Options Market

CBOE Holdings provides exposure to a large and growing market:

Over the last six years, ADV in U.S. options trading has increased at a compound annual growth rate of 20 percent.

Slide 6: CBOE Maintains Disciplined Cost Management

August 2011 was the industry's busiest month and drove record breaking volume for the year. This August was, of course, another story. Year-to-date industry-wide options ADV is down about 14 percent from last year's record pace. At CBOE, where a diverse product line has helped to mitigate the effects of the broader industry decline, ADV for the same period is down just 8 percent.

If the overall volume trend continues, it will be just the second time in 20 years, and the first time since the worldwide recession began in late 2007, that industry volume did not grow year over year.

While we know that volume inevitably rebounds, we are in the business of managing, not predicting, volume cycles. CBOE has been at this a long time, whether industry volume is soaring or slowing, our disciplined approach to cost management and our focus on future growth remains the same. Product diversity helps us weather storms, as well as droughts, but we also constantly monitor how best to allocate our resources to pursue future growth opportunities within a very dynamic environment.

To that end, we've added staff in key areas throughout the year and last week took the more difficult step of reducing staff in other areas, eliminating some 30 positions, which we expect will result in a severance expense of approximately \$2 million in the third quarter.

Taking this step is always a last resort for us. We pride ourselves on hiring and retaining the best and the brightest, and it is never easy to have to let good people go as business needs change.

On balance, our overall staffing level is even with where we started the year, at just under 600 employees. Going forward, we are satisfied that we have the optimal deployment of staff to best shape and lead industry growth and we see considerable headroom to do just that.

Slide 7: Market Share

We achieved considerable market share gains as a result of the January implementation of our Volume Incentive Plan (VIP), which pays credits to permit holders for executing certain types and levels of business at CBOE.

Customer response to VIP continues to be favorable. CBOE's August market share in multi-listed products, excluding dividend trades, was 22.9 percent, an increase of 380 basis points over December 2011. Through August, CBOE's market share for all U.S. options trading was 29.8 percent, an increase of 230 basis points over the same period last year.

Despite the summer's slowdown in volume, we are very bullish about the future for options trading in general and for CBOE, in particular. Let's take a look at the opportunities.

Slide 8: Demand for Options Continue to Increase

Long-term volume trends, industry studies and our own customer research all point to increasing demand for options across a variety of customer segments.

Major independent studies resoundingly support that premise. Most recently, a June 2012 Tabb Group study called continued growth in options trading a "foregone conclusion." Tabb predicted buy-side trading would lead the growth, noting that volatility products, in particular, are attracting buy-side attention.

As we see it, there are four main areas of growth. First, is the overall "evolutionary opportunity" to expand market penetration given the size of the options industry relative to more mature markets. Second, is the "the buy-side" opportunity, as identified by Tabb and others. Third is the "OTC opportunity" and fourth is the "international opportunity." Let's take a look at each of them.

Slide 9: CBOE: Shaping the Industry's Long-Term Growth

Overall secular growth cuts across all of our product lines, from equity options -- which began trading almost 40 years ago, but are still relatively "new" compared to stocks and futures trading -- to products like VIX options, which are in the very earliest stages of development and represent our fastest-growing product area.

Two mainstays of CBOE, product innovation and customer education, have been the primary engines of overall industry growth and will continue to fuel and shape it going forward.

Product development most clearly distinguishes CBOE from the competition and is the centerpiece of our mission. We are keenly focused on developing exclusive products that generate premium fees and superior profit margins, including our S&P 500 complex and our volatility product line.

Slide 10: SPX Complex Drives Strong Index Volumes

We dominate index options trading with more than 95 percent market share. CBOE's exclusive S&P 500 options complex includes our flagship SPX contract, SPX Weeklys and SPXpm. Each offers a unique way to trade options on the S&P 500, and each carries our highest options rate per contract.

SPX is the premier U.S. index option for institutions trading large and complex orders.

SPXpm, our electronic S&P 500 options product, is a cost-efficient alternative to SPY options. Its "pm" settlement feature is designed to provide retail and institutional customers with greater efficiency, more control and lower costs.

SPX Weeklys, which are also pm-settled, are one of our fastest growing products. CBOE engineered the weekly concept to allow customers to target opportunities tied to specific market events, such as earnings and government reports. Volume in SPX Weeklys nearly tripled in 2011, and we've seen an increase of 39 percent thus far in 2012.

We continue to design new SPX options products tailored to specific investment needs. Most recently, we introduced S&P 500 Range Options, which provide individual investors with a lower-risk, lower-cost way to trade the S&P 500 Index.

Slide 11: Volatility Trading Continues Strong Growth

The fastest growing segment of our business, volatility trading, is just 8 years old. CBOE pioneered the volatility space and today there is a vibrant community of CBOE volatility traders and experts who will help us to define and expand the volatility frontier for many years to come.

VIX options and futures continue to shine in 2012, even amidst extended periods of low market volatility and lower overall industry volume. Through August, VIX options volume remained relatively even with the previous year, despite the general downturn in options trading.

Volume in VIX futures continued to ride a wave of dramatic, record-crushing growth. Through August, VIX futures ADV rose 58 percent over 2011, which was also a record year. It should be noted that VIX futures are 10 times the size of VIX options.

The tremendous growth in VIX futures and options is fueled in part by a growing number of Exchange Traded Products (ETPs) tied to the VIX index. As of August 31st, there were more than 45 such products, led by Barclay's VXX product, with assets under management nearing \$5 billion and total shares outstanding at an all-time high despite relatively low volatility.

Slide 12: CBOE Leading Industry Growth through Education

Customer education goes hand-in-hand with successful product development. Our leading social media program, our comprehensive website, and the world-renowned CBOE Options Institute are orchestrated to increase awareness and understanding of our proprietary index products and strategies, such as the CBOE BuyWrite index, as well as our VIX product lines.

We continue to expand our customer base by making CBOE the world's go-to source for options and volatility information and by expanding our roster of tools to help investors understand, calculate and trade volatility.

Slide 13: The Institutional Buy-Side Opportunity

Turning now to the buy-side opportunity. This is a sweet spot for CBOE, given the institutional customer's growing affinity for index vehicles and our company's premier line of index options and futures.

We continue to see more sophisticated options strategies used by traders at both asset management and hedge fund firms.

As mentioned, SPX is the index option of choice for customers trading large and complex orders. Buy-side institutions typically have tremendous exposure to the S&P 500 Index, and SPX options enable them to cost efficiently manage that exposure.

We are very encouraged by the continued increase in the number of funds, and related assets under management, that employ CBOE index options strategies. Just ten years ago, CBOE developed the first major benchmark index for options investment performance – the CBOE S&P 500 BuyWrite Index, or BXM -- which facilitated tremendous growth in buy-write funds and in SPX option trading. Today more than 70 funds with an estimated \$30 billion in AUM use options benchmark strategies. We are pleased to report that last month, Russell Investments, with \$152 billion under management, introduced its first U.S. fund to use buy-write strategies.

SLIDE 14: The OTC Opportunity

We believe traditional OTC participants are also poised to drive increased options and volatility trading. Many have already begun using exchange-traded alternatives given a post-crisis focus on systemic risk management; others have begun to seek out exchange-traded "OTC lookalike" products in anticipation of rule changes likely to result from the implementation of Dodd-Frank.

FLEX trading in CBOE's proprietary index products, for instance, is driven in part by dealer banks facilitating customer orders, as well as by insurance companies and creators of structured products that have begun using SPX FLEX options in lieu of OTC trading.

With the potential for greater FLEX trading on the horizon, we developed and rolled out customized trading technology, called CFLEX 2.0, to enable customers to conveniently access FLEX options with the same CBOE interface that they use for regular options trading. I should also mention that C-FLEX 2.0 kicked off the rollout of our new trading technology, CBOE Command, which I will touch on later.

This summer we introduced two additional new products aimed at OTC users: 1.) SPX variance strips, or V Strips, which trade a portfolio of SPX options in a single transaction using quoting conventions similar to those used for trading OTC variance swaps and 2.) the CBOE Interest Rate Swap Volatility Index (IRVX), which we calculate using options on OTC interest rate swaps.

SLIDE 15: The International Opportunity

Our fourth major growth opportunity is found in the expanding base of overseas options and volatility traders. We are still in the early stages of the international growth story and we expect continued demand for U.S. options from European institutional investors given their broad exposure to U.S. equities. Tabb estimates that 10% of U.S. listed options volume originates from Europe, and predicts that figure will increase as a result of global regulatory efforts to reduce risk.

We estimate that at least 15-20% of our volume comes from outside the U.S. We assume CBOE's share of foreign order flow is higher than other U.S. options exchanges due to our proprietary index products. SPX enables overseas investors to take a position in or to hedge the broader U.S. equity market with a single transaction, while VIX has emerged as a proxy for worldwide market volatility and we see tremendous interest in VIX options and futures globally.

SLIDE 16: International Opportunity RMC

This year, we intensified our international marketing focus with our first European Risk Management Conference (RMC) held just last week in Dublin, Ireland. CBOE's U.S. Risk Management Conference (RMC), now in its 28th year, is a leading industry event with a strong focus on VIX and SPX. RMC attendees are likely to be early adopters of our products and we were thrilled to see the enthusiastic participation of more than 150 of Europe's most sophisticated options and volatility practitioners at our inaugural overseas event.

We were especially pleased to announce to this audience our plans to establish a London hub next year, using CFE network equipment housed in a London data center. The hub will provide European firms with a cost-efficient way to send and receive CFE data and to execute trades on the exchange.

We also announced our plan to expand VIX futures trading virtually 24 hours a day, five days a week, in response to customer demand for greater flexibility to trade VIX futures. Around-the-clock hours for VIX Index futures and a CFE London hub offer the ultimate in trading flexibility for our customers. Both initiatives are pending regulatory approval. These are significant developments in the evolution of VIX futures trading, marking how far we've come since launching VIX futures eight years ago while also signaling the tremendous potential we see ahead.

Slide 17: CBOE Command

One last quote from the recent Tabb study. "Firms are investing in options trading infrastructures and expanding their options trading capabilities to include new products, new markets and more complex strategies." End of quote. CBOE is similarly ramping up to meet the demand of current and potential new options customers through the rollout of CBOE Command, the next generation of trading technology. Command provides our customers with access to the most comprehensive array of options and volatility products in the world, and introduces new customized ways to trade them.

Throughout Command's rollout we will continue to introduce new features, such as CFLEX 2.0, our patent-pending "basket weaver" technology for trading variance strips. The rollout will culminate in the fourth quarter move of our servers to the east coast, which will virtually eliminate distance latency. Going forward we will continually modify Command to incorporate new products, market models and functionality, such as our planned London systems hub and expanded trading hours functionality. In that sense, Command will never be "finished," but will always be "state-of-the-art."

Slide 18: Financial Overview

Our unique positioning and ongoing strategic initiatives have produced a strong track record of organic growth.

As shown on this slide, the compound average growth rate over the past five years for adjusted operating revenues and adjusted diluted EPS was 10 percent and 15 percent, respectively.

That positive trend continues -- this past quarter marked our eighth consecutive quarter of year-over-year growth in operating margin and earnings per share. Through the first half of this year, we reported top-line growth of 4 percent and EPS growth of 13 percent.

We are focused on driving revenue growth and controlling expenses to realize the economies of scale inherent in our business model. That model is fairly straightforward, as we grow the top line and hold the line on expenses, our margins will expand -- and we see ample opportunity to continue to do just that.

Slide 19: Strong Cash Flow

Our business generates a significant amount of cash and as our actions show, we are committed to returning capital to stockholders. Since our IPO in 2010, we have returned nearly \$600 million to stockholders through tender offers, dividends and share repurchases.

On July 31st, our Board of Directors increased our share repurchase authorization by another \$100 million and raised our quarterly dividend by 25% to \$0.15 per share. Again, demonstrating our focus on returning capital to stockholders as well as our confidence in the long-term growth of CBOE Holdings.

We have not repurchased any shares to date in the third quarter, as we look to keep our options open in evaluating our capital allocation alternatives in light of the impending tax law changes. However, we fully intend to return excess capital to stockholders in an efficient manner.

Slide 20: Positioned for Growth

It is gratifying to note that our ability to leverage proprietary products, to successfully compete in commoditized products and to prudently manage expenses not only enables us to continue to reward stockholders, but also enables us to invest in initiatives that uniquely position our company to benefit from the continued growth of the options and volatility space.

Thank you for your time; we're happy to take your questions.

Slide 21: Questions and Answers