

CBOE Holdings, Inc.
Form DEF 14A
April 05, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

CBOE Holdings, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Dear Stockholder:

We cordially invite you to attend the 2011 Annual Meeting of Stockholders of CBOE Holdings, Inc. to be held on Tuesday, May 17, 2011, at 10:30 a.m., local time, in the fourth floor lounge of the Chicago Board Options Exchange (CBOE), at 400 South LaSalle Street, Chicago, Illinois, 60605.

At the Annual Meeting, you will be asked to do the following:

elect 16 directors to hold office until the next annual meeting of stockholders or until their respective successors have been elected and qualified;

endorse, in a non-binding resolution, the executive compensation paid to our executive officers;

endorse, in a non-binding resolution, the frequency that we will hold the non-binding vote on our executive compensation program;

approve the Amended and Restated CBOE Holdings, Inc. Long-Term Incentive Plan; and

ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the 2011 fiscal year.

Enclosed with this letter are a formal notice of the Annual Meeting, a proxy statement and a form of proxy.

Please carefully review the form of proxy that you receive to confirm that it reflects all of your shares of our unrestricted common stock and, if applicable, Class A-2 common stock or restricted stock. If you own different classes of common stock and restricted stock or hold the stock in different accounts, you may need to complete multiple proxy cards to vote all of your shares.

Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted. Please submit your proxy by Internet or telephone or complete, sign, date and return the enclosed proxy using the enclosed postage-paid envelope. The enclosed proxy, when returned properly executed, will be voted in the manner directed in the proxy.

We hope that you will participate in the Annual Meeting, either in person or by proxy.

Sincerely,

William J. Brodsky
Chairman and Chief Executive Officer

April 11, 2011

CBOE HOLDINGS, INC.

400 South LaSalle
Chicago, Illinois 60605

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of CBOE Holdings, Inc. will be held on Tuesday, May 17, 2011, at 10:30 a.m., local time, in the fourth floor lounge of the Chicago Board Options Exchange (CBOE), at 400 South LaSalle Street, Chicago, Illinois, 60605, for the following purposes:

1. To consider and act upon a proposal to elect 16 members of the Board of Directors to hold office until the next annual meeting of stockholders or until their respective successors have been elected and qualified;
2. To consider and act upon an advisory resolution on executive compensation;
3. To consider and act upon an advisory resolution on the frequency of the stockholders' advisory resolution on executive compensation;
4. To consider and act upon a proposal to approve the Amended and Restated CBOE Holdings, Inc. Long-Term Incentive Plan;
5. To consider and act upon the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our 2011 fiscal year; and
6. The transaction of any other business that may properly come before the meeting and any adjournments or postponements of the meeting.

You are entitled to vote at our Annual Meeting and any adjournments or postponements of the meeting if you were a stockholder of record at the close of business on March 21, 2011. We also cordially invite you to attend the meeting.

Your vote is important. Whether or not you plan to attend the meeting, please vote as soon as possible. You can vote your shares by completing and returning your proxy card or by voting through the Internet or by telephone by following the instructions on your proxy card. For additional details, please see the information under the heading "How do I vote?"

By Order of the Board of Directors,

Joanne Moffic-Silver
Secretary

April 11, 2011

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 17, 2011:**

The proxy statement is available on our Investor Relations section of

CBOE HOLDINGS, INC.

400 South LaSalle Street
Chicago, Illinois 60605

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

May 17, 2011

INTRODUCTION

We are furnishing this Proxy Statement to you in connection with a solicitation of proxies by the Board of Directors of CBOE Holdings, Inc., a Delaware corporation, for use at the CBOE Holdings, Inc. 2011 Annual Meeting of Stockholders on Tuesday, May 17, 2011 at 10:30 a.m., local time, and at any adjournments or postponements of our Annual Meeting. The approximate date on which this Proxy Statement and the accompanying form of proxy are first being sent to stockholders is March 31, 2011.

On June 18, 2010, after receiving required approvals, Chicago Board Options Exchange, Incorporated converted from a non-stock corporation owned by its members into a corporation that is a wholly-owned subsidiary of CBOE Holdings, Inc. Except as otherwise indicated, the terms "the Company," "we," "us" and "our" refer to Chicago Board Options Exchange, Incorporated prior to the conversion on June 18, 2010 and CBOE Holdings, Inc. after the conversion on June 18, 2010. When we use the term "CBOE," we are referring to Chicago Board Options Exchange, Incorporated and when we use the term "CBOE Holdings," we are referring to CBOE Holdings, Inc. Except as otherwise indicated, references to our "common stock" include both the unrestricted common stock and the Class A-2 common stock.

VOTING INSTRUCTIONS AND INFORMATION

Why did I receive these proxy materials?

This Proxy Statement was mailed to holders of our common stock on or about March 31, 2011. Our Board is asking for your proxy. By giving us your proxy, you authorize the proxyholders (William J. Brodsky and Joanne Moffic-Silver) to vote your shares at the Annual Meeting according to the instructions that you provide. If the Annual Meeting is adjourned or postponed, your proxy will be used to vote your shares when the meeting reconvenes.

Our 2010 Annual Report to Stockholders, which includes a copy of our Annual Report on Form 10-K for the year ended December 31, 2010 (excluding exhibits), as filed with the Securities and Exchange Commission, is being mailed to stockholders with this Proxy Statement.

Who can vote at our Annual Meeting?

You are entitled to vote your shares of our common stock if you were a stockholder at the close of business on March 21, 2011, the record date for our Annual Meeting. On that date, there were 51,782,717 shares of our unrestricted common stock (excluding the Class A-2 common stock) outstanding and 38,301,994 shares of our Class A-2 common stock outstanding. In addition, 2,195,621 shares of restricted stock that have been granted to our employees and directors have voting rights at the Annual Meeting. Therefore, there are 92,280,332 shares of voting common stock outstanding, each of which entitles the holder to one vote for each matter to be voted on at our Annual Meeting. Our outstanding common stock is held by 1,702 stockholders of record as of January 21, 2011.

Who is and is not a stockholder of record?

If you hold shares of common stock registered in your name at our transfer agent, BNY Mellon Shareowner Services, you are a stockholder of record.

If you hold shares of common stock indirectly through a broker, bank or similar institution, or are an employee who holds shares of restricted stock at Fidelity, you are not a stockholder of record, but instead hold in "street name."

What do I need to do to attend our Annual Meeting?

Attendance at our Annual Meeting is generally limited to our stockholders and their authorized representatives. All stockholders must bring an acceptable form of identification, such as a driver's license, in order to attend our Annual Meeting in person. In addition, if you hold shares of common stock in "street name" and would like to attend our Annual Meeting, you will need to bring an account statement or other acceptable evidence of ownership of shares as of the close of business on March 21, 2011, the record date for our Annual Meeting.

Any representative of a stockholder who wishes to attend the Annual Meeting must present acceptable documentation evidencing his or her authority, acceptable evidence of ownership by the stockholder of common stock as described above and an acceptable form of identification. We reserve the right to limit the number of representatives for any stockholder who may attend the meeting. Please contact Investor Relations at investorrelations@cboe.com or (312) 786-5600 in advance of our Annual Meeting if you have questions about attending our Annual Meeting, including the documentation that will be required.

If you plan to attend the Annual Meeting, please provide adequate time to pass through the security process necessary to gain access to the meeting room.

Will the annual meeting be webcast?

Yes. A live webcast of the annual meeting will be provided from our Investor Relations section of our Web site at www.ir.CBOE.com. On the Investor Relations page, click on Events and Presentations and then click on listen to webcast for our 2011 Annual Meeting of Stockholders. If you miss the meeting, you can view a replay of the webcast on that site. Please note that you will not be able to vote your shares or ask questions via the webcast. If you plan to view the webcast, please submit your vote in advance.

How do I vote?

You may cast your vote in one of four ways:

By Internet. The web address for Internet voting is on the enclosed proxy card. Internet voting is available 24 hours a day.

By Telephone. The number for telephone voting is on the enclosed proxy card. Telephone voting is available 24 hours a day.

By Mail. Mark the enclosed proxy card, sign and date it, and return it in the pre-paid envelope we have provided.

At Our Annual Meeting. You may vote in person at our Annual Meeting (see ***What do I need to do to attend our Annual Meeting?***).

If you choose to vote by Internet or telephone, then you do not need to return the proxy card. To be valid, your vote by Internet, telephone or mail must be received by the deadline specified on the proxy card. If you vote by Internet or telephone and subsequently obtain a legal proxy from your account representative, then your prior vote will be revoked regardless of whether you vote that legal proxy.

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The Internet and telephone voting procedures are designed to authenticate stockholders' identities, allow stockholders to give their voting instructions and confirm that stockholders' instructions have been recorded properly. Stockholders voting by Internet or telephone should understand that, while we do not charge any fees for voting by Internet or telephone, there may nevertheless be costs that must be borne by you, such as usage charges from Internet access providers and telephone companies.

May I change my vote?

If you are a stockholder of record, you may revoke your proxy or change your vote at any time before it is voted at the Annual Meeting by:

submitting a new proxy by telephone or through the Internet, after the date of the earlier voted proxy;

returning a signed proxy card dated later than your last proxy;

submitting a written revocation to the Corporate Secretary of CBOE Holdings, Inc. at 400 South LaSalle Street, Chicago, Illinois 60605; or

appearing in person and voting at the Annual Meeting.

If you are a stockholder of record and need a new proxy card, to change your vote or otherwise, please contact the Corporate Secretary at the address above.

If your bank, broker or other nominee holds your shares in "street name," you may revoke your proxy or change your vote only by following the separate instructions provided by your bank, broker or nominee.

To vote in person at the Annual Meeting, you must attend the meeting and cast your vote in accordance with the voting provisions established for the Annual Meeting. Attendance at the Annual Meeting without voting in accordance with the voting procedures does not, by itself, revoke a proxy. If your bank, broker or other nominee holds your shares and you want to attend and vote your shares at the Annual Meeting, you must bring a legal proxy signed by your bank, broker or nominee to the Annual Meeting.

If I submit a proxy by Internet, telephone or mail, how will my shares be voted?

If you properly submit your proxy by one of these methods, and you do not subsequently revoke your proxy, your shares of common stock will be voted in accordance with your instructions.

If you sign, date and return your proxy card but do not give voting instructions, your shares of common stock will be voted as follows:

FOR the election of our director nominees,

FOR the advisory vote on executive compensation matters,

FOR two years for the advisory vote on the frequency of the advisory vote on executive compensation matters,

FOR the Amended and Restated Long-Term Incentive Plan,

FOR the ratification of the appointment of Deloitte & Touche, LLP as our independent registered public accounting firm for our 2011 fiscal year, and

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otherwise in accordance with the judgment of the persons voting the proxy on any other matter properly brought before our Annual Meeting.

If I hold my shares in "street name" and do not provide voting instructions, can my broker still vote my shares?

Under the rules of various securities exchanges, brokers that have not received voting instructions from their customers 10 days prior to the meeting date may vote their customers' shares in the brokers' discretion on the proposal regarding the ratification of the appointment of independent registered public accounting firm, because the rules of the exchanges currently deem this a "discretionary" matter. Absent instruction, brokers would not be able to vote on any of the other matters included in this Proxy Statement.

What vote is required for adoption or approval of each matter?

Election of Directors. You may vote FOR or WITHHOLD for each of the director nominees. A plurality of the votes must be cast FOR the election of a director nominee in order for the director nominee to be elected. Thus, those nominees receiving the greatest number of votes cast will be elected.

Advisory Vote on Executive Compensation Matters. You may vote FOR or AGAINST the advisory proposal to approve executive compensation matters or you may ABSTAIN. A majority of the shares of common stock cast must be voted FOR approval of the advisory proposal in order for it to pass. Votes cast FOR or AGAINST with respect to the proposal will be counted as shares cast on the proposal.

Advisory Vote on Say-on-Frequency. You may vote for a ONE, TWO or THREE year interval between advisory votes on executive compensation matters or you may ABSTAIN. The option between ONE, TWO and THREE years that receives a plurality of the votes cast will be deemed to have passed.

Approval of the Amended and Restated Long-Term Incentive Plan. You may vote FOR or AGAINST the proposal to approve the Amended and Restated Long-Term Incentive Plan or you may ABSTAIN. A majority of the shares of common stock cast must be voted FOR approval of the proposal in order for it to pass. Votes cast FOR or AGAINST with respect to the proposal will be counted as shares cast on the proposal.

Ratification of the Appointment of Independent Registered Public Accounting Firm. You may vote FOR or AGAINST the ratification of the appointment of our independent registered public accounting firm, or you may ABSTAIN. A majority of the shares of common stock cast must be voted FOR ratification in order for it to pass. Votes cast FOR or AGAINST with respect to this matter will be counted as shares cast on the matter.

Abstentions and Broker Non-Votes. Abstentions and broker non-votes will not be considered cast either for or against any of the matters being presented in this proxy statement and will have no effect on the voting totals. If you do not provide your broker with voting instructions on non-discretionary matters, the broker cannot vote your shares on these matters. A "broker non-vote" occurs when your broker submits a proxy for the meeting with respect to discretionary matters, but does not vote on non-discretionary matters because you did not provide voting instructions on these matters. In the case of a discretionary matter, *i.e.*, the ratification of the independent auditors, your broker is permitted to vote your shares of common stock even when you have not given voting instructions, as described under ***If I hold my shares in "street name" and do not provide voting instructions, can my broker still vote my shares?*** above.

How many votes are required to transact business at our Annual Meeting?

A quorum is required to transact business at our Annual Meeting. The holders of a majority of the outstanding shares of our common stock as of March 21, 2011, present in person or represented by proxy and entitled to vote, will constitute a quorum for the transaction of business at our Annual Meeting. Abstentions and broker non-votes are treated as present for quorum purposes.

How do I obtain more information about CBOE Holdings, Inc.?

A copy of our 2010 Annual Report to stockholders is enclosed with this Proxy Statement. The 2010 Annual Report, our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 filed with the SEC, our Corporate Governance Guidelines, our Code of Business Conduct and Ethics and the charters for our Audit, Compensation and Nominating and Governance Committees are available on our website at <http://ir.CBOE.com>.

These documents may also be obtained, free of charge, by writing to: CBOE Holdings, Inc., 400 South LaSalle Street, Chicago, Illinois, 60605, Attn: Investor Relations; e-mail: investorrelations@cboe.com.

These documents, as well as other information about us, are also available on our website at <http://ir.CBOE.com>.

How do I sign up for electronic delivery of proxy materials?

This Proxy Statement and our 2010 Annual Report to stockholders are available on our website at <http://ir.CBOE.com>. If you would like to help reduce our costs of printing and mailing future materials, you can consent to access these documents in the future over the Internet rather than receiving printed copies in the mail.

If you are a stockholder of record, you may sign up for this service at www.BNYMellon.com. If you hold your shares of common stock in "street name," you can contact your account representative at the broker, bank or similar institution through which you hold your shares for information regarding electronic delivery of future materials. Your consent to electronic delivery will remain in effect until you revoke it.

Who pays the expenses of this proxy solicitation?

The Company will pay the expenses of the preparation of our proxy materials and the solicitation of proxies by the Company for our Annual Meeting. Certain of our directors, officers or employees may make solicitations telephonically, electronically or by other means of communication. We have also engaged Morrow & Co., LLC to assist in the solicitation and distribution of proxies. Our directors, officers and employees will receive no additional compensation for any such solicitation, and we will pay Morrow & Co. a fee of \$7,000, as well as reimbursements for certain expenses, for its services. We will request that banks, brokerage houses and other custodians, nominees and fiduciaries forward all of our solicitation materials to the beneficial owners of the shares that they hold of record. We will reimburse these record holders for customary clerical and mailing expenses incurred by them in forwarding these materials to customers.

If you have any questions about the Annual Meeting or need additional copies of this Proxy Statement or additional proxy cards, please contact Morrow & Co., LLC at 470 West Avenue, 3rd Floor, Stamford, Connecticut 06902. Banks and brokerage firms may call (203) 658-9400 and stockholders may call (800) 245-1502.

Who will count the vote?

The Company has engaged BNY Mellon Shareholder Services to serve as the inspector of elections for the Annual Meeting.

What does it mean if I get more than one proxy or voting instruction card?

If your shares are registered in more than one name or in more than one account, you will receive more than one card. This may occur if you hold both unrestricted common stock in street name and Class A-2 common stock as the record holder. Please complete and return all of the proxy or voting instruction cards that you receive (or vote by telephone or through the Internet all of the shares on all of the proxy or voting instruction cards received) to ensure that all of your shares are voted.

PROPOSAL ONE

ELECTION OF DIRECTORS

Board Composition

Our Bylaws provide that our Board will consist of not less than 11 and not more than 23 members. Our Board currently has 19 members. The Board has decided to reduce the size of the Board to 16 and has only nominated 16 directors for election at this Annual Meeting. Messrs. Robert J. Birnbaum, Bradley G. Griffith and Howard L. Stone, whose terms as a director expire at the Annual Meeting, will not be standing for re-election.

Each director serves for a one-year term or until his or her successor is elected and qualified. There is no limit on the number of terms a director may serve on our board.

General

At our Annual Meeting, our stockholders will be asked to elect the 16 director nominees set forth below, each for a one-year term expiring in 2012. All of the director nominees are current members of the Board and each has been recommended for election by our Nominating and Governance Committee and approved and nominated for election by our Board.

The Board recommends that the stockholders vote for the election of each of the nominees indicated below. If you sign and return your proxy card in the enclosed envelope or execute a proxy by telephone or through the Internet, the persons named in the enclosed proxy card will vote to elect these 16 nominees unless you indicate otherwise. Your proxy for the Annual Meeting cannot be voted for more than 16 nominees.

All of the nominees have indicated their willingness to serve if elected. If any nominee is unable or unwilling to serve as a director at the time of the Annual Meeting, then shares represented by properly executed proxies will be voted at the discretion of the persons named in those proxies for such other person as the Board may designate. We do not presently expect that any of the nominees will be unavailable.

The election of each nominee for director requires the affirmative vote of the holders of a plurality of the shares of common stock voted in the election of directors. Thus, those nominees receiving the greatest number of votes cast will be elected.

Set forth below is biographical information and qualifications to serve on our board for each of the directors nominated to serve on our Board for a one-year term ending in 2012. Each of the directors has served on our Board since our initial public offering.

Nominees

William J. Brodsky. Mr. Brodsky, 67, is our Chairman and Chief Executive Officer. He has served in that capacity since 1997. Prior to joining us in 1997, Mr. Brodsky was president and chief executive officer of the Chicago Mercantile Exchange from 1985 to 1997. Mr. Brodsky is a director of Integrys Energy Group, Inc. and its predecessors. He also is past chairman and currently serves as a director of the World Federation of Exchanges, past chairman of the International Options Markets Association and a director of the Swiss Futures and Options Association. He is a member of the Federal Reserve Bank of New York's International Advisory Committee. Mr. Brodsky also serves on the Kellogg School of Management Advisory Council and as a trustee of Syracuse University. He is a member of the board

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of directors of Northwestern Memorial Hospital. Mr. Brodsky holds an A.B. degree and a J.D. degree from Syracuse University and is a member of the bar in Illinois and New York.

Experience/Competencies

Securities
Futures
Regulatory
Management
Public Relations
Human Capital
Strategy Development
Risk Management
Legal
Government Relations

Board Qualifications

Mr. Brodsky leads our senior management team as our Chief Executive Officer. He brings significant knowledge of our company and the securities and futures industry. In addition to serving as our CEO for the past 14 years, he has extensive experience in the same role with another participant in our industry. We believe that his experience in our industry makes him well suited to serve on our Board. His experience allows him to provide the Board a unique perspective on our business, competition, regulatory concerns, senior leadership and financial performance.

James R. Boris. Mr. Boris, 66, currently serves as our Lead Director. Mr. Boris is the retired chairman and chief executive officer of EVEREN Securities, Inc. and its predecessor Kemper Securities, Inc. His past affiliations include membership on the boards of directors of Integrys Energy Group, Inc., Peoples Energy Corporation, Smurfit Stone Container Corporation, Midwest Air Group, Inc., the Chicago Stock Exchange, the Securities Industry Association, The Catholic Charities of the Archdiocese of Chicago, Loyola University Health System, Inc., Big Shoulders Fund, the Civic Federation and Chicago's Economic Development Commission. He has served on the board of trustees of Gannon University and Loyola University of Chicago and on advisory boards at both the Kellogg Graduate School of Management and DePaul University's College of Commerce. He holds a B.A. and M.B.A. from Gannon University.

Experience/Competencies

Finance
Securities
Management
Corporate Governance
Risk Management
Public Company
M&A
Strategy Development

Board Qualifications

As the retired chairman and CEO of a full-service securities brokerage firm, Mr. Boris has extensive knowledge of our industry. His experience as a CEO and service on other public company boards gives Mr. Boris experience with corporate governance and leadership skills that we believe make him well suited to serve on our Board and as our Lead Director.

Mark F. Duffy. Mr. Duffy, 60, is a nominee of CBOE Trading Permit Holder Cornerstone Trading, L.L.C. In addition, he is the trustee for a trust that is the general managing partner of Fugue, which was a CBOE member lessor organization. Mr. Duffy has been a member or Trading Permit Holder of CBOE since 1985. Mr. Duffy has been CBOE's Vice Chairman since 2010, and is currently serving a term that ends in May 2011. He also served as Vice Chairman of CBOE from 2001 through 2003. He earned a B.A. degree in Education and a Master of Arts degree from the University of Michigan. He also holds a J.D. and L.L.M., Master of Laws in Taxation, from The John Marshall Law School.

Mr. Duffy was admitted to the Illinois Bar in 1981 and has also been admitted to practice in the U.S. District Court for the Northern District of Illinois.

Experience/Competencies

Securities
Trading
Strategy Development
Legal

Board Qualifications

Mr. Duffy has a deep understanding of the issues that face our market participants from his service as Vice Chairman of the CBOE. His knowledge of the options industry and practical trading experience bring an important perspective on our operations. We believe that Mr. Duffy is well suited to serve on our Board based on his knowledge and experiences.

David A. Fisher. Mr. Fisher, 41, is the CEO of optionsXpress Holdings, Inc., an online options and stock brokerage firm. He has served as the company's president since March 2007 and prior to that served as chief financial officer beginning in August 2004. On March 21, 2011, optionsXpress announced that it had entered into an agreement to be acquired by The Charles Schwab Corporation. Following the completion of the acquisition, Mr. Fisher will continue to lead optionsXpress as its President and a Schwab Senior Vice President. From March 2001 to July 2004, he served as chief financial officer of Potbelly Sandwich Works, a quick service restaurant chain with over 60 locations, and he currently serves on its board of directors. Prior to that, Mr. Fisher served as chief financial officer and secretary of Prism Financial Corporation, a publicly-traded, nationwide consumer financial services company. He holds a B.S. in Finance from the University of Illinois and a J.D. from Northwestern University.

Experience/Competencies

Leadership
Financial
Management
Operations
Public Company
Legal

Board Qualifications

Mr. Fisher's experience as the CEO of a publicly-traded company that provides options and futures trading brokerage services to investors provides him with a unique insight into the issues facing us and our industry. Mr. Fisher has also served as the chief financial officer of public companies, which, we believe, gives him financial expertise that makes him well suited to serve on our Board.

Janet P. Froetscher. Ms. Froetscher, 51, is president and chief executive officer of the National Safety Council. Previously, she served as president and chief executive officer of the United Way of Metropolitan Chicago and in a variety of roles at the Aspen Institute, most recently as chief operating officer. From 1992 to 2000, Ms. Froetscher was the executive director of the Finance Research and Advisory Committee of the Commercial Club of Chicago. She is a member of the board of the Chicago Chamber of Commerce, and a member of the Chicago Network and Commercial Club of Chicago. Ms. Froetscher holds a B.A. degree from the University of Virginia and a Masters of Management from Northwestern University's Kellogg Graduate School of Management. Ms. Froetscher is also a Henry Crown Fellow of the Aspen Institute.

Experience/Competencies

Leadership
Management
Operations
Community Engagement

Board Qualifications

Ms. Froetscher brings her experience as a CEO of public service entities to our Board. She also has extensive engagement with the business community in Chicago. We believe that these experiences give her leadership, operational and community engagement skills that make her well suited to serve on our Board.

Paul Kepes. Mr. Kepes, 43, is a senior partner and managing director of Chicago Trading Company (CTC). Founded in 1995, CTC is a leading proprietary derivatives trading firm active in various options and futures markets, including equity indexes, equities, interest rates and commodities.

The firm trades both on-floor and electronically, utilizing sophisticated proprietary pricing and risk management systems. CTC serves in a specialist capacity on various exchanges in many of the most active index, ETF and interest rate products. CTC employs over 300 people and is based in Chicago with offices in New York and London. Mr. Kepes holds a B.S. degree in Aeronautical and Astronautical Engineering from the University of Illinois.

Experience/Competencies

Securities
Trading
Management
Operations
Leadership

Board Qualifications

We believe that Mr. Kepes' experience at CTC makes him well suited to serve on our Board. Mr. Kepes has extensive knowledge of the options and futures markets from CTC, as well as extensive management and leadership skills.

Stuart J. Kipnes. Mr. Kipnes, 44, is the president and sole stockholder of Associated Options, Inc., an options brokerage firm that operates on the CBOE trading floor. He has served in that capacity since 1995. Mr. Kipnes holds a B.S. degree in Finance from the University of Maryland.

Experience/Competencies

Securities
Trading
Financial

Board Qualifications

Mr. Kipnes has extensive knowledge of the options industry from his over 15-year tenure on our trading floor. This experience also provides him with a unique insight into the needs and interests of our market participants. We believe these skills make him well suited to serve on our Board.

Duane R. Kullberg. Mr. Kullberg, 78, served as managing partner and chief executive officer of Arthur Andersen & Co., S.C. from 1980 until 1989. He is currently a member of the board of directors of Artio Global Investors, Inc. and has served in the past on a number of private and public company boards. Mr. Kullberg is a member of the National Association of Corporate Directors. He is a member of the Commercial Club of Chicago and a Life Trustee of Northwestern University, the University of Minnesota Foundation, and the Art Institute of Chicago. He has served on the board of directors of Nuveen Investments, Inc. Mr. Kullberg holds a B.B.A. degree from the University of Minnesota.

Experience/Competencies

Financial
Risk Management
Corporate Governance
Leadership
Management
Public Company

Board Qualifications

Mr. Kullberg has extensive management and leadership experience from his tenure as CEO at Arthur Andersen. That experience also provides him with extensive knowledge of accounting, finance and governance. Finally, Mr. Kullberg's service on numerous public company boards provides him with a deep understanding of the operations of such boards. We believe that Mr. Kullberg's experiences make him well suited to serve on our Board.

Benjamin R. Londergan. Mr. Londergan, 35, is CEO of Group One Trading, L.P. and has served on its board of directors since January 2005. Prior to his current role, he was derivatives trading managing director and was directly responsible for opening and managing the first European trading operation for Group One, G1 Derivatives Trading LTD. Mr. Londergan began his career at Group One

in 1998. Mr. Londergan graduated *summa cum laude* from Indiana University and holds a B.A. degree in Mathematics with minors in French and Economics.

Experience/Competencies

Securities
Trading
Management
Leadership

Board Qualifications

Mr. Londergan has extensive knowledge of the needs of our market participants based on his experience on our trading floor and trading electronically. As a CEO, he brings managerial and leadership skills to the Board. Finally, in his role in Group One's European expansion, he has unique insight into the growing international interest in derivatives trading. We believe that these skills make Mr. Londergan well suited to serve on our Board.

R. Eden Martin. Mr. Martin, 70, is of counsel at the law firm Sidley Austin LLP, having served as a partner from 1975 to 2004 and as chairman of the management committee from 1989 until 1999. Mr. Martin served as the president of The Commercial Club of Chicago and president of its Civic Committee from 1999 until the end of 2010. Mr. Martin is a member of the boards of directors of Nicor Inc. and Aon Corporation. He also is a life trustee of Northwestern University, the Chicago History Museum, the Chicago Symphony Orchestra and the Ravinia Festival. Mr. Martin holds a B.A. from the University of Illinois and an L.L.B. degree from Harvard University.

Experience/Competencies

Corporate Governance
Legal
Public Company
Risk Management
Leadership

Board Qualifications

From his experience practicing law, Mr. Martin brings an understanding of regulatory issues and legal risks to our business. His extensive service on other public company boards gives him a unique understanding of corporate governance and risk management. We believe that his experience makes him well suited to serve on our Board.

Roderick A. Palmore. Mr. Palmore, 59, is executive vice president, general counsel and chief compliance and risk management officer of General Mills, Inc. Prior to joining General Mills in February 2008, he served as executive vice president and general counsel of Sara Lee Corporation. Mr. Palmore has also served as a member of the boards of directors of Nuveen Investments, Inc. and the United Way of Metropolitan Chicago. Mr. Palmore holds a B.A. degree in Economics from Yale University and a J.D. degree from the University of Chicago Law School.

Experience/Competencies

Legal
Corporate Governance
Risk Management
Regulation
Public Company

Board Qualifications

Through his experience as general counsel of several public companies, Mr. Palmore has extensive experience in corporate governance and the legal issues facing our company. In addition, his experience provides him with strong risk management skills. We believe that his experience makes him well suited to serve on our Board.

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Susan M. Phillips. Dr. Phillips, 66, retired as the dean of The George Washington University School of Business in 2010, a position she had held since 1998, and continues as a professor of finance at the same university. Previously she served as a commissioner of the CFTC from 1981 to 1983 and served as chairman of the CFTC from 1983 to 1987 and as a member of the board of governors of the Federal Reserve System from 1991 to 1998. Dr. Phillips is a member of the boards of directors of State Farm Mutual Automobile Insurance Company, the Kroger Company and the National Futures Association. She has served on the board of directors of State Street Research Mutual Funds and the Financial Accounting Foundation. Dr. Phillips holds a B.A. in Mathematics from Agnes Scott College, an M.S. in Finance and Insurance and a Ph.D. in Finance and Economics, both from Louisiana State University.

Experience/Competencies

Financial
Futures
Securities
Regulation
Corporate Governance
Public Company
Government Relations

Board Qualifications

Dr. Phillips has a strong understanding of our business and the regulation of the financial and derivatives industries from her experience with the CFTC and Federal Reserve System. She also has strong financial skills from her educational and occupational experiences. These skills, as well as her experience on other boards, make her well suited to serve on our Board.

William R. Power. Mr. Power, 66, was a CBOE member from 1973 until our demutualization. He operated an options trading firm, Commercial Crush, Inc., from 1978 until early 2002. Mr. Power traded on the floor of CBOE from 1973 to 1991. Mr. Power also is a member of the board of directors of the Minneapolis Grain Exchange and Media Derivatives, Inc. and previously was a member of the New York Stock Exchange Board of Executives.

Experience/Competencies

Securities
Trading
Management
Regulation

Board Qualifications

Mr. Power brings extensive experience in the financial and derivative industries. He also has a deep understanding of our markets and the concerns and interests of our market participants from his experience operating an options trading firm at the CBOE. We believe that Mr. Power has experiences that make him well suited to serve on our Board.

Samuel K. Skinner. Mr. Skinner, 72, is of counsel to the law firm Greenberg Traurig, LLP where he concentrates on corporate, governmental and regulatory matters. From 2000 to 2003, Mr. Skinner served as Chairman, President and CEO of USF Corporation. Mr. Skinner previously served as president of Commonwealth Edison Company and its holding company, Unicom Corporation (Exelon Corporation). He also was formerly White House chief of staff to President George H.W. Bush and, prior to that, served as U.S. Secretary of Transportation from February 1989 to December 1991. Mr. Skinner previously was United States Attorney for the Northern District of Illinois from 1975 to 1977, having served in that office for eight years. Mr. Skinner also serves on the boards of directors of Express Scripts, Inc., APAC Customer Services, Inc., Navigant Consulting, Inc., Echo Global Logistics, Inc. and MedAssets, Inc. He has previously served on the boards of Diamond Management

and Technology Consultants and Dade Behring. He holds a B.S. in Accounting from the University of Illinois and a J.D. from DePaul University Law School.

Experience/Competencies

Corporate Governance
 Legal
 Public Company
 Risk Management
 Regulation
 Leadership
 M&A
 Management
 Operations
 Government Relations

Board Qualifications

Mr. Skinner has experience as a CEO of a public company. That experience provides him with extensive management, legal and financial experience. His experience in the government provides him with knowledge of regulation and the legislative process. Finally, Mr. Skinner's practice of law provides him with an understanding of the corporate governance and risk management issues that we face. We believe Mr. Skinner's experiences make him well suited to serve on our Board.

Carole E. Stone. Ms. Stone, 63, served as director of the New York State Division of the Budget from June 2000 to October 2004. She currently serves on the boards of directors of the Nuveen Funds and the Nuveen Diversified Commodity Fund. She has previously served as the chair of the New York Racing Association Oversight Board, as commissioner on the New York State Commission on Public Authority Reform, as chair of the Public Authorities Control Board and on the board of directors of several New York State public authorities. Ms. Stone holds a B.A. in Business Administration from Skidmore College.

Experience/Competencies

Corporate Governance
 Government
 Regulation
 Financial
 Government Relations

Board Qualifications

Ms. Stone has a strong understanding of government and regulation from her experience with numerous public entities, as well as accounting and budgeting skills. She also has experience with corporate governance and financial services from her service on the Nuveen boards. We believe that these skills make her well suited to serve on the Board.

Eugene S. Sunshine. Mr. Sunshine, 61, is the senior vice president for Business and Finance at Northwestern University. He has served in that capacity since 1997. Prior to joining Northwestern, he was senior vice president for administration at The John Hopkins University. He currently is a member of the boards of directors of Nuveen Investments, the Civic Federation, and the Pathways Awareness Foundation. He is also a member of the Advisory Committee of the District 65 Educational Foundation and a member of the Commercial Club of Chicago. He currently serves as chairman of the board of Rubicon, an insurance affiliate of Northwestern University, and as a member of the boards of the Evanston Chamber of Commerce and Evanston Inventure. He holds a B.A. from Northwestern University and a Masters of Public Administration degree from the Maxwell Graduate School of Citizenship and Public Affairs at Syracuse University.

Experience/Competencies

Finance
 Corporate Governance
 Risk Management
 Community Engagement

Board Qualifications

Mr. Sunshine has extensive financial skills from his education and experiences. He also has knowledge of the corporate governance issues facing public company boards from his experience serving on them. He has extensive connections in the Chicago area business community. We believe that these skills make him well suited to serve on our Board.

The Board of Directors recommends that the stockholders vote **FOR** each of the director nominees.

Board Structure

Independence

At all times no less than two-thirds of our directors will be independent, as defined in our Bylaws and Corporate Governance Guidelines. The Nominating and Governance Committee has determined that all of our current directors are independent under the NASDAQ Stock Market's listing standards for independence, except Messrs. Brodsky, Duffy and Griffith.

All of the directors on each of the Audit, Compensation and Nominating and Governance Committees are independent. Each of these committees reports to the Board as they deem appropriate, and as the Board may request.

Lead Director

The Board has an independent Lead Director, who is authorized to preside at meetings of the non-management directors and meetings of the independent directors of the Board. The Lead Director also consults with the Chairman on the agenda for Board meetings and serves as a liaison between the Chairman and the independent directors.

Chairman and CEO Roles

For many years, we have employed a leadership structure that included having a combined Chairman and Chief Executive Officer. We believe that this leadership structure is effective and should continue. A combined chief executive and chairman role promotes a close relationship between management and the Board and assists in the development and implementation of corporate strategy. We believe that the following elements provide strong leadership for us and for our Board:

having one person serve as both chairman and chief executive officer,

requiring the Board to consist of at least two-thirds independent directors who meet regularly without management,

establishing independent Audit, Compensation and Nominating and Governance Committees and

appointing an independent Lead Director.

Board Oversight of Risk

Our Board is responsible for overseeing our risk management process. The Board is responsible for addressing both our general risk management strategy and significant risks facing us. It is also responsible for ensuring that management implements appropriate risk mitigation strategies. The Board stays apprised of particular risk management matters in accordance with its general oversight and approval of corporate matters.

The Board has delegated to the Audit Committee oversight of our risk management process. Among its duties, the Audit Committee is responsible for reviewing our guidelines, policies and practices regarding risk assessment and risk management, and reviewing the adequacy and effectiveness of internal controls and procedures. The Compensation Committee has been delegated oversight of risk management as it relates to our compensation policies and procedures. All committees report to the full Board when a matter rises to the level of a material or enterprise level risk.

Our management is responsible for daily risk management. In addition, heads of each of our divisions attend periodic enterprise risk management meetings at which an established matrix of identified risks is reviewed to evaluate the level of potential risks facing us and to identify any new risks. This group provides information and recommendations to the Audit Committee as necessary. We

believe this division of risk management responsibilities is an effective approach for addressing the enterprise risks that we face.

Board and Committee Meeting Attendance

There were six meetings of the Board during 2010. Each director attended at least 75% of the aggregate number of meetings of the Board and meetings of committees of which the director was a member during 2010, other than Dr. Phillips. Dr. Phillips attended over 70% of the Board and committee meetings and chaired each of the meetings of the CBOE and C2 Regulatory Oversight Committees, which serve an important role in overseeing our business.

Independent Directors Meetings

Each of the independent directors and the non-employee directors meet periodically in executive session without management. The Lead Director presides over these meetings.

Committees of the CBOE Holdings Board of Directors

Our Board of Directors has the following five standing Board committees:

the Audit Committee,

the Compensation Committee,

the Executive Committee,

the Nominating and Governance Committee, and

the Finance Committee.

Each of the members of these committees, other than members of the Executive Committee and the Finance Committee, comply with our director independence requirements. Other than the members of the Executive Committee required to be on the committee pursuant to its charter, each of the members of the committees were recommended by the Nominating and Governance Committee for approval by the Board for service on such committee. Each of the committees has a charter, all of which are available in the Corporate Governance page on our Investor Relations section of our web site at: <http://ir.CBOE.com>.

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On June 18, 2010, CBOE converted from a non-stock corporation owned by its members into a corporation that is a wholly-owned subsidiary of CBOE Holdings. Prior to that time, the primary functions of the respective CBOE Holdings' committees were conducted by either the CBOE committee of the same name or the CBOE Holdings and CBOE committees jointly. The following table shows the membership on the respective CBOE and CBOE Holdings Audit, Compensation and Nominating and Governance Committees. The number of meetings reflects the meetings of the CBOE committees, or the CBOE and CBOE Holdings committees, that happened before June 18, 2010 and the CBOE Holdings committee meetings after June 18, 2010.

Director	Audit		Compensation		Nominating and Governance	
	CBOE	Holdings	CBOE	Holdings	CBOE	Holdings
Number of meetings	2	4	3	3	3	3
Robert J. Birnbaum					X	X
William J. Brodsky						
James R. Boris(1)	X	X	X	X	X	X
Mark F. Duffy			X(2)(5)			
David A. Fisher	X	X				
Janet P. Froetscher			X(2)	X	X*	X*
Bradley G. Griffith			X(3)			
Paul Kepes			X(4)	X	X	X
Stuart J. Kipnes						
Duane R. Kullberg	X	X	X(2)(5)			
Benjamin R. Londergan					X	X
R. Eden Martin	X*	X*	X(3)			
Kevin L. Murphy			X(5)		X(3)	
Roderick A. Palmore	X	X				
Susan M. Phillips					X(2)	X
William R. Power			X	X	X(3)	
Samuel K. Skinner			X(2)	X	X(3)	
John E. Smollen					X(3)	
Carole E. Stone	X	X				
Howard L. Stone					X(3)	
Eugene S. Sunshine			X*	X*	X(2)	X
Jonathan B. Werts						

*

Chairman

- (1) As Lead Director, Mr. Boris is an *ex officio* member of the Audit, Compensation, Finance and Nominating and Governance Committees.
- (2) Joined the committee on January 13, 2010.
- (3) Left the committee on January 13, 2010.
- (4) Joined the committee June 18, 2010.
- (5) Left the committee June 18, 2010.

Unless otherwise indicated, discussions of the activities of the committees during 2010 include the activities of the CBOE committees before June 18, 2010.

Audit Committee

The Audit Committee consists of six directors, all of whom are independent under our Bylaws and Corporate Governance Guidelines, as well as Rule 10A-3 of the Securities Exchange Act of 1934, as amended. The current members of the Audit Committee are Eden Martin, Chair, James Boris, David Fisher, Duane Kullberg, Roderick Palmore and Carole Stone. The Audit Committee consists exclusively of directors who are financially literate. In addition, David Fisher and Duane Kullberg are our audit committee financial experts as defined by the SEC.

The Audit Committee's responsibilities include:

engaging our independent auditor and overseeing its compensation, work and performance;

reviewing and discussing the annual and quarterly financial statements with management and the independent auditor;

reviewing our guidelines, policies and practices regarding risk assessment and risk management; and

reviewing transactions with related persons for potential conflict of interest situations.

Compensation Committee

The Compensation Committee consists of six directors, all of whom are independent. The current members of the Compensation Committee are Eugene Sunshine, Chair, James Boris, Janet Froetscher, Paul Kepes, William Power and Samuel Skinner. The committee has primary responsibility for:

determining and recommending to the full Board all elements and amounts of compensation for the executive officers other than the CEO, including any performance goals;

determining and approving compensation for the CEO and reviewing succession plans relating to the CEO;

reviewing and recommending for approval the adoption, any amendment and termination of all cash and equity-based incentive compensation plans;

approving any employment agreements, severance agreements or change-in-control agreements with executive officers; and

reviewing and recommending the level and form of non-employee director compensation and benefits.

Nominating and Governance Committee

The Nominating and Governance Committee consists of seven directors, all of whom are independent. The current members of the Nominating and Governance Committee are Janet Froetscher, Chair, Robert Birnbaum, James Boris, Paul Kepes, Benjamin Londergan, Susan Phillips and Eugene Sunshine. The Nominating and Governance Committee's responsibilities include:

recommending persons for election as director;

recommending a director to serve as Chairman of the Board and an independent director to serve as Lead Director;

reviewing annually the skills and characteristics required of directors and each incumbent director's continued service on the Board;

reviewing any stockholder proposals and nominations for directors;

advising the Board on the appropriate structure, operations and composition of the Board and its committees; and

developing and recommending to the Board Corporate Governance Guidelines, a Code of Business Conduct and Ethics and other corporate governance policies and programs and reviewing such guidelines, code and any other policies and programs.

Criteria for Directors

We believe that each of the individuals serving on our Board has the necessary skills, qualifications and experiences to address the challenges and opportunities we face. The Nominating and Governance Committee is responsible for considering and recommending nominees for election as directors. The committee annually reviews the skills and characteristics required of directors in the context of the current composition of the Board, our operating requirements and the long-term interests of our stockholders. In evaluating director candidates, the committee takes into consideration many factors, including the individual's educational and professional background, whether the individual has any special experience in a relevant area, personal accomplishments and cultural experiences. In addition, the committee may consider such other factors it deems appropriate when conducting its assessment of director candidates. As part of this process, the committee reviews each incumbent director's continued service on the Board and recommends to the Board an independent director to serve as Lead Director.

Diversity

While we do not currently have a formal diversity policy, our Corporate Governance Guidelines provide that the committee will seek to nominate directors with a diverse range of experience, qualifications and skills in order to provide varied insights and competent guidance regarding our operations, with a goal of having a Board that reflects diverse backgrounds, experience and viewpoints. We believe that we benefit from having directors with a diversity of skills, characteristics, backgrounds and cultural experiences.

Stockholder Nominations

The Nominating and Governance Committee will consider stockholder recommendations for candidates for our Board of Directors. See "Stockholder Proposals."

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is a current or former officer or employee of ours. In addition, there are no compensation committee interlocks with other entities with respect to any such member.

Annual Meeting Attendance

We encourage members of the Board to attend our Annual Meeting of Stockholders. This is our first Annual Meeting. Meetings of the Board and its committees are being held in conjunction with the Annual Meeting of Stockholders. We expect all directors will attend the Annual Meeting.

Communications with Directors

As provided in our Corporate Governance Guidelines, you may communicate directly with our independent directors or the entire Board. Our policy and procedures on such communications are located in the Investor Relations section of our website at <http://ir.CBOE.com>.

RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Our Audit Committee has responsibility for reviewing and approving all related party transactions. The Committee has adopted a related-party transactions approval policy. Under this policy, transactions between us and any executive officer, director or holder of more than 5% of our common stock, or any immediate family member of such person, must be approved or ratified by the Committee in accordance with the terms of the policy. The following is a description of the related party transactions that the Audit Committee has reviewed.

Currently, 5 of our 19 directors are individuals who are CBOE or C2 Trading Permit Holders or affiliated with organizations that are Trading Permit Holders. These individuals and organizations derive a substantial portion of their income from their trading or clearing activities on our exchanges. The amount of income that a Trading Permit Holder may derive from its trading or clearing activities with us is, in part, dependent on the fees that we charge them. Trading Permit Holders may benefit from trading rules, privileges and discounts that enhance their trading opportunities and profits. Trading Permit Holders pay fees, either directly or indirectly, to us in connection with the services we provide, which in many cases could be substantial to the Trading Permit Holder. The payments made by such directors or their affiliates are on terms no more favorable than terms given to unaffiliated persons. In addition, as self-regulatory organizations, our subsidiaries may have regulatory oversight responsibilities for the Trading Permit Holders on our exchanges.

We also administer a marketing fee program through which market makers are assessed a per contract fee on transactions resulting from customer orders from payment accepting firms and customer orders that have designated a preferred market-maker. We make the funds generated by the marketing fee available to the designated primary market-maker or preferred market-maker in the option class in which the fee was assessed to be used to attract order flow to us. In providing administrative support to the marketing fee program, we do not determine which payment accepting firms are paid these funds or the amount of any such payments. Rather, we provide administrative support in such matters as maintaining the funds, keeping track of the number of qualified orders each firm directs to us, and making the necessary debits and credits to reflect the payments made at the direction of DPMs and preferred market-makers. Funds that are not paid out are either maintained in an excess pool for later payment or rebated to the market participants who paid the fees. Mr. Fisher is affiliated with a firm, optionsXpress, Inc., that receives marketing fee funds.

In connection with our restructuring and initial public offering, we paid Mr. Griffith a cash award of \$300,000. This payment was made based on an agreement between us and Mr. Griffith based on his service as Vice Chairman. See "Director Compensation."

Beneficial Ownership of Management and Directors

The following table lists the shares of our unrestricted common stock and Class A-2 common stock that were beneficially owned as of December 31, 2010 by each of:

our directors,

our named executive officers,

our directors and executive officers as a group, and

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beneficial owners of more than 5% of our common stock.

Name	Number of Shares of Unrestricted Common Stock(1)	Number of Shares of Class A-2 Common Stock	Percent of Voting Common Stock
William J. Brodsky	233,441		*
Edward J. Joyce	175,156		*
Edward T. Tilly	131,440		*
Alan J. Dean	77,950		*
Richard G. DuFour	77,953		*
Robert J. Birnbaum	7,847		*
James R. Boris	7,847		*
Mark F. Duffy(2)	162,547	150,000	*
David A. Fisher(3)	47,547	40,000	*
Janet P. Froetscher	7,847		*
Bradley G. Griffith	42,847	35,000	*
Paul Kepes	7,847		*
Stuart J. Kipnes(4)	42,847	35,000	*
Duane R. Kullberg	7,847		*
Benjamin R. Londergan(5)	37,547	22,538	*
R. Eden Martin	7,847		*
Roderick A. Palmore	7,547		*
Susan M. Phillips	7,847		*
William R. Power	87,847	80,000	*
Samuel K. Skinner	7,847		*
Carole E. Stone	7,547		*
Howard L. Stone	7,847		*
Eugene S. Sunshine	7,847		*
All directors and executive officers as a group (27 persons)	1,458,711	362,538	2.0%

*
Less than 1%.

(1) Amounts include the following shares of restricted stock granted to each officer pursuant to the Long-Term Incentive Plan: Mr. Brodsky, 233,138 shares; Mr. Joyce, 174,853 shares; Mr. Tilly, 131,140 shares; Mr. Dean, 77,650 shares; Mr. DuFour, 77,650 shares. Amounts include 7,547 shares of restricted common stock granted to each non-employee director pursuant to the Long-Term Incentive Plan. The amount of shares of restricted common stock granted under the Long-Term Incentive Plan to all directors and executive officers as a group is 941,251.

(2) Includes 150,000 shares of unrestricted common stock and 155,000 shares of Class A-2 common stock issued to Fugue, General Partnership ("Fugue"). 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 common stock issued to Fugue. Fugue has pledged 62,500 shares of our unrestricted common stock. Mr. Duffy disclaims beneficial ownership of those shares in which he does not have a pecuniary interest.

(3) Includes 40,000 shares of unrestricted common stock and 40,000 shares of Class A-2 common stock issued to optionsXpress, 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) Includes 35,000 shares of unrestricted common stock and 35,000 shares of Class A-2 common stock issued to Associated Options, Inc. Mr. Kipnes is the president and sole owner of Associated Options, Inc.
- (5) Includes 30,000 shares of unrestricted common stock and 22,538 shares of Class A-2 common stock issued to Group One Trading, L.P. Mr. Londergan is the 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.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires that our executive officers, directors and persons who own more than 10% of our common stock file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. Executive officers, directors and greater-than-10% stockholders, if any, are required by regulation to furnish us with copies of all Forms 3, 4 and 5 that they file.

Based on our review of the copies of those forms, and any amendments that we have received, and written representations from our executive officers and directors, we believe that all executive officers and directors complied with all of the filing requirements applicable to them with respect to transactions during the year ended December 31, 2010. We are not aware of any beneficial owners of more than 10% of our common stock.

COMPENSATION

Director Compensation

For the year ended December 31, 2010, we compensated our non-employee directors as follows:

an annual retainer of \$25,000,

a fee of \$2,500 for each meeting of the Board that they attended,

a fee of \$2,500 for each committee meeting that they attended,

each committee chair received an additional annual retainer of \$10,000, and

the Lead Director of the Board received an additional annual retainer of \$25,000.

In addition to the fees set forth above, on June 15, 2010, each of our non-employee directors received a restricted stock grant pursuant to our Long-Term Incentive Plan of 7,547 shares of common stock in connection with our restructuring and initial public offering. The restricted stock grant is subject to a four-year vesting schedule in which 25% of the shares granted will vest each year on the anniversary of the grant date. Vesting will accelerate upon the director's death or disability, the occurrence of change in control or upon termination of service as a Board member due to a reduction in the size of the Board. Unvested portions of the restricted stock grants will be forfeited if the director terminates service on the Board prior to the applicable vesting date.

For 2010, Mr. Duffy, one of our non-employee directors, was paid \$450,000 for service as Vice Chairman and a bonus of \$350,000. Mr. Duffy serves as the Vice Chairman of CBOE for a term that ends in May 2011. The Vice Chairman position primarily served to facilitate communication with, until our demutualization, the members of CBOE and, now, serves to facilitate communication with CBOE Trading Permit Holders. We anticipate that the position of Vice Chairman will be eliminated when the current term is completed.

Mr. Griffith, a non-employee director, had served as the Vice Chairman of CBOE until he took a leave of absence beginning in July 2009. In connection with his leave of absence and in recognition of

his efforts to effect the demutualization and the initial public offering, we agreed to pay him, and in 2010 did pay him, \$300,000.

The compensation of our non-employee directors for the year ended December 31, 2010 for their service as members of our Board of Directors is shown in the following table. All of the restricted stock grants to non-employee directors remained outstanding as of December 31, 2010.

2010 Director Compensation

Name	Fees Earned or Paid in Cash	Stock Awards(1)	All Other Compensation	Total
James R. Boris	\$ 165,000	\$ 218,863	\$ 0	\$ 383,863
Robert J. Birnbaum	\$ 67,500	\$ 218,863	\$ 0	\$ 286,363
Mark F. Duffy	\$ 62,500	\$ 218,863	\$ 800,000(2)	\$ 1,081,363
David A. Fisher	\$ 52,500	\$ 218,863	\$ 0	\$ 271,363
Janet P. Froetscher	\$ 87,500	\$ 218,863	\$ 0	\$ 306,363
Bradley G. Griffith	\$ 55,000	\$ 218,863	\$ 300,000(3)	\$ 573,863
Paul Kepes	\$ 70,000	\$ 218,863	\$ 0	\$ 288,863
Stuart J. Kipnes	\$ 45,000	\$ 218,863	\$ 0	\$ 263,863
Duane R. Kullberg	\$ 87,500	\$ 218,863	\$ 0	\$ 306,363
Benjamin R. Londergan	\$ 55,000	\$ 218,863	\$ 0	\$ 273,863
R. Eden Martin	\$ 85,000	\$ 218,863	\$ 0	\$ 303,863
Kevin L. Murphy(4)	\$ 38,750	\$ 0	\$ 0	\$ 38,750
Roderick A. Palmore	\$ 62,500	\$ 218,863	\$ 0	\$ 281,363
Susan M. Phillips	\$ 70,000	\$ 218,863	\$ 0	\$ 288,863
William R. Power	\$ 60,000	\$ 218,863	\$ 0	\$ 278,863
Samuel K. Skinner	\$ 70,000	\$ 218,863	\$ 0	\$ 288,863
John E. Smollen(4)	\$ 33,750	\$ 0	\$ 0	\$ 33,750
Carole E. Stone	\$ 60,000	\$ 218,863	\$ 0	\$ 278,863
Howard L. Stone	\$ 67,500	\$ 218,863	\$ 0	\$ 286,363
Eugene S. Sunshine	\$ 82,500	\$ 218,863	\$ 0	\$ 301,363
Jonathan B. Werts(4)	\$ 27,500	\$ 0	\$ 0	\$ 27,500

- (1) The amounts in the stock award column represent the aggregate date fair value of the awards granted to each director on June 15, 2010 computed in accordance with stock based accounting rules (Financial Standards Accounting Board ASC Topic 718). Assumptions used in the calculation of these amounts are included in the notes to our financial statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2010.
- (2) Represents retainer and bonus paid for work as Vice Chairman.
- (3) See discussion above regarding Mr. Griffith's compensation.
- (4) Messrs. Murphy, Smollen and Werts served on the CBOE Holdings Board of Directors until May 26, 2010. Messrs. Murphy and Smollen served on the CBOE Board until September 23, 2010. Mr. Werts served on the CBOE Board until May 26, 2010.

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The Compensation Committee has adopted stock ownership guidelines that provide that each non-employee director should own stock equal to three times his or her annual retainer. For purposes of ownership requirement, (a) shares owned outright or in trust; and (b) restricted stock, including shares that have been granted but are unvested, are included. Each of the non-employee directors met this ownership requirement as of December 31, 2010.

Compensation Discussion and Analysis

Overview

The following is a discussion of how our Compensation Committee determined and recommended to the Board the total compensation of our "named executive officers," or "NEOs," which consists of:

William J. Brodsky, Chairman and Chief Executive Officer;

Edward J. Joyce, President and Chief Operating Officer;

Edward T. Tilly, Executive Vice Chairman;

Richard G. DuFour, Executive Vice President Corporate Planning & Development; and

Alan J. Dean, Executive Vice President Finance & Administration, Chief Financial Officer and Treasurer.

Our executive compensation program is designed to attract and retain the most talented and dedicated executives possible and to motivate our executives and other key employees to achieve corporate goals that create value for our stockholders. To meet these objectives, the Compensation Committee designed and implemented an executive compensation program that pays a substantial portion of executive compensation based on corporate and individual performance.

The Compensation Committee believes that compensation plays a vital role in contributing to the achievement of key strategic business objectives that ultimately drive long-term business success. Accordingly, our executive compensation program has been designed to focus our executives on achieving critical corporate goals, while taking steps to position the business for sustained financial performance over time.

The following table lists the various elements included in the total compensation pay mix for our executive officers and each element's purpose. Additional details regarding the pay components are provided in later sections.

Total Compensation Component	Purpose
Base salary	Provides a defined amount to reflect the market value of the position
Annual incentive	Provides variable discretionary payments designed to reward each executive for his or her contribution towards achieving our annual financial and operational results
Long-Term Incentive Plan	Aligns the interests of our executives with stockholders and motivates our executives to focus on our long-term value
Benefits retirement, medical, life and disability	Provides competitive benefits and protects executives in a catastrophic event
Severance	Creates a stable framework by encouraging retention in a time of uncertainty

2010 Highlights

In 2010, we successfully transitioned to a public company, which represented a significant milestone in our history. Our management team led this effort while also achieving several other strategic objectives:

maintaining the largest market share in the options industry,

increasing revenue, which resulted in a pre-tax profit of \$164.6 million,

launching C2 (our all electronic exchange),

effectively managing expenses,

introducing new products,

initiating new licensing, and

advocating strongly on regulatory reform.

In early 2010, the Board set the aggregate annual incentive pool from which annual incentive payments to all employees are made at 7.5% of adjusted pre-tax income for 2010. The annual incentive pool for 2010 was approximately 10% lower than 2009. The incentive payments to the named executive officers were as much as 22% less than payments for 2009.

In 2010, there were no increases to the base salaries of the named executive officers, other than Mr. Brodsky. Also for the fourth quarter, each officer's base salary and defined contribution retirement plan match were reduced. The actions were consistent with the organizational priority of carefully managing expenses.

The Long-Term Incentive Plan was adopted in connection with our 2010 initial public offering. The purpose of the Plan is to better align the interests of management with the interests of our stockholders. The grants of restricted stock made pursuant to the Plan to executives in connection with the restructuring transaction and initial public offering are subject to a four-year vesting schedule in which 25% of each grant will vest each year. This is designed to retain executives and to encourage them to focus on our long-term success.

Best Practices

The Compensation Committee has implemented the following best practices with respect to executive compensation:

Stock ownership guidelines: The Compensation Committee adopted stock ownership guidelines that specify the levels of stock ownership that each named executive officer is expected to maintain while he is employed by us.

Hedging: Our executive officers are prohibited from entering into transactions involving options to purchase or sell our common stock or other derivatives related to our common stock.

Clawbacks: The clawback policy provides that we will attempt to recover annual incentive amounts paid to executive officers based on material noncompliance with any financial reporting requirement. The policy has a three-year look-back and applies to both current and former executives. The Long-Term Incentive Plan includes a provision that allows the Compensation Committee to reduce, cancel or recoup an award upon the occurrence of specified events such as termination for cause or upon the breach of a non-compete, non-solicitation or other restrictive covenants.

Elimination of perquisites: In line with its emphasis on responsible governance, the Compensation Committee conducts periodic reviews of executive employment agreements. After

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the 2009 review, the Compensation Committee recommended to the Board, and the Board approved, terminating the payment of various perquisites (e.g., club