



To: CBOE Membership

From: Office of the Chairman
Bill Brodsky
Ed Tilly
Ed Joyce

Date: February 12, 2004

Re: Appointment of R. Eden Martin as CBOE's Lead Director

CBOE is pleased to announce that at its January 21, 2004 meeting, the Board of Directors approved the recommendation of the Exchange's Governance Committee that the Board appoint a public Director to perform the general functions of a Lead Director. The practice of appointing a Lead Director has gained prominence lately as an enhancement to corporate governance practices. At its January 21 meeting, the Board designated R. Eden Martin as CBOE's Lead Director for calendar year 2004.

Mr. Martin has been a public Director on CBOE's Board of Directors since January of 2000. He is a partner of the law firm of Sidley, Austin, Brown & Wood, and also serves as the President of the Commercial Club of Chicago. Additionally, Mr. Martin has served as the Chairman of the Exchange's Compensation Committee, and as a member of the Exchange's Executive Committee, Governance Committee, Regulatory Oversight Committee, and Corporate Structure Task Force. He may be reached at (312) 853-1205; by fax at (312) 853-1209; and by email at emartin@civiccom.org.

It is expected that Mr. Martin will serve a one-year term as Lead Director, and assume the following duties and responsibilities:

- Preside over Board meeting sessions at which management is not present;
- Act as a liaison for the other Directors for purposes of identifying issues for further Board discussion and consideration at its meeting sessions at which management is not present;
- Act as a liaison between the Directors and Exchange management for purposes of identifying issues for further Board discussion and consideration at Board meetings, if it is believed that appropriate consideration is not being given to an issue by Exchange management; and
- Consult with the Chairman of the Board regarding the Directors whom the Chairman intends to appoint to Board committees prior to requesting approval by the Board of the proposed committee members.

The Board of Directors further determined that the Lead Director should be an *ex officio* member, without a right to vote, of all Board committees, without prejudice to his/her being specifically appointed as a voting member of any Board committee. In light of the time that the Lead Director will spend assuming the above duties and responsibilities, it was determined that the Lead Director should not serve as the chairman of any Board committee.