

**MEMORANDUM**

TO: Members, Member Organizations, Participants, Participant Organizations

FROM: Richard S. Rudolph, Vice President and Counsel  
Legal Department

DATE: March 26, 2008

RE: Option Penny Pilot Expansion Phase II  
28 New Options Quoted and Traded in Increments of \$0.01  
Beginning March 28, 2008

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In June, 2006, the six U.S. options exchange began a six-month pilot program (the “pilot”) in which certain series in 13 options were quoted and traded in minimum increments of \$0.01. The number of options included in the pilot was then increased from 13 options to 35 options in Phase I of the pilot expansion. Beginning **Friday, March 28, 2008**, the number of options included in the pilot will be increased from 35 options to 63 options by adding the 28 options listed below in Phase II of the pilot expansion.

All series in options included in the pilot (“pilot options”) with a price of less than \$3.00 are quoted and traded in minimum increments of \$0.01, and pilot options with a price of \$3.00 or higher are currently quoted and traded in minimum increments of \$0.05, except that options overlying the PowerShares QQQ Trust (“QQQQ”) are quoted and traded in minimum increments of \$0.01 for all series regardless of the price.

**The options currently included in the pilot are:**

<u>Symbol</u>	<u>Underlying Security</u>
IWM	Ishares Russell 2000
QQQQ	QQQQ
SMH	SemiConductor Holders
GE	General Electric
AMD	Advanced Micro Devices
MSFT	Microsoft
INTC	Intel
CAT	Caterpillar
WFMI	Whole Foods
TXN	Texas Instruments
A	Agilent Tech Inc.

FLEX	Flextronics International
JAVA	Sun Micro
SPY	SPDR Trust Series 1
AAPL	Apple Inc.
MO	Altria Group Inc.
DNDN	Dendreon Corporation
AMGN	Amgen, Inc.
YHOO	Yahoo!, Inc.
QCOM	Qualcomm, Inc.
GM	General Motors Corporation
XLE	S&P Energy Select Sector SPDR
DIA	DIAMONDS Trust Series I
OIH	Oil Services HOLDERS
NYX	NYSE Euronext
CSCO	Cisco Systems, Inc.
XLF	S&P Financial Select Sector SPDR
T	AT&T Corporation
C	Citigroup, Inc.
AMZN	Amazon.com, Inc.
MOT	Motorola, Inc.
RIMM	Research in Motion, Ltd.
FCX	Freeport-McMoRan Cooper & Gold, Inc.
COP	ConocoPhillips
BMY	Bristol-Meyers Squibb Company

**Options that will be added to the pilot in Phase II are:**

GS	Goldman Sachs Group Inc.
CFC	Countrywide Financial Corp.
BAC	Bank of America Corp.
EEM	iShares MSCI Emerging Markets Index Fund
MER	Merrill Lynch & Co. Inc.
RIO	Companhia Vale do Rio Doce
EMC	EMC Corp.
XOM	Exxon Mobil Corp.
WMT	Wal-Mart Stores Inc.
HD	Home Depot Inc.
VLO	Valero Energy Corp.
AA	Alcoa Inc.
DELL	Dell Inc.
SNDK	SanDisk Corp.
PFE	Pfizer Inc.
EBAY	eBay Inc.
HAL	Halliburton Co.
LEH	Lehman Brothers Holdings Inc.
JPM	JPMorgan Chase & Co.

WM	Washington Mutual Inc.
F	Ford Motor Co.
TGT	Target Corp.
AIG	American International Group Inc.
NEM	Newmont Mining Corp.
VZ	Verizon Communications Inc.
MNX	CBOE Mini-NDX Index
SBUX	Starbucks Corp.
BSC	Bear Stearns Companies Inc.

Questions may be directed to Richard S. Rudolph, Vice President and Counsel, Legal Department, at (215) 496-5074, or Walt Smith, Vice President, Listings and Projects, at (215) 496-5532.