

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: December 6, 2007

Re: Applied Micro Circuits Corp. (AMCC/QLL) - 1 for 4 Reverse Stock Split

Applied Micro Circuits Corp. (QLL/AMCC) has declared a 1 for 4 reverse stock split payable to shareholders of record on a date to be announced. Distribution date for the stock split will be on a date to be announced. **Ex-distribution date for the reverse stock split is anticipated to be Tuesday, December 11, 2007.**

EFFECTIVE DATE: Anticipated to be Tuesday, December 11, 2007
SYMBOL: AEX becomes AGF
POSITION LIMITS: No change
STRIKE PRICES: No change
NEW DELIVERABLE: 1) 25 Applied Micro Circuits Corp. (AMCC) Common shares

NOTE: Due to the reverse split, the ticker symbol will change to AMCCD, for a period of twenty (20) trading days.

The resulting list of adjusted strike prices and symbols is as shown on the following pages:

Applied Micro Circuits Corp. (AMCC/AEX) (Before 12/11/2007) (100 shrs AMCC)					Applied Micro Circuits Corp. (AMCC/AGF) (Beginning 12/11/2007) (See new deliverable above)				
			Calls	Puts				Calls	Puts
AEX	DEC	2 1/2	LZ	XZ	AGF	DEC	2 1/2	LZ	XZ
AEX	DEC	5	LA	XA	AGF	DEC	5	LA	XA
AEX	DEC	7 1/2	LU	XU	AGF	DEC	7 1/2	LU	XU
AEX	DEC	10	LB	XB	AGF	DEC	10	LB	XB
AEX	MAY	2 1/2	EZ	QZ	AGF	MAY	2 1/2	EZ	QZ
AEX	MAY	5	EA	QA	AGF	MAY	5	EA	QA
AEX	MAY	7 1/2	EU	QU	AGF	MAY	7 1/2	EU	QU
AEX	MAY	10	EB	QB	AGF	MAY	10	EB	QB

Any additional QLL series that are added prior to the ex-date will also be adjusted in the manner described above.

The new QLL option contracts representing 100 shares of AMCC, will be admitted to trading on Wednesday, December 12, 2007. Strike prices and expiration months will be announced on a separate release prior to that date.

Customers should be advised that Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the ex-distribution date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-5380.