

MEMORANDUM

To: All Option Members, Member Organizations & ROTs

From: Market Watch

Date: December 19, 2007

Subject: QUARTERLY SHARES UPDATE FOR THE PHLX HOUSING SECTOR INDEX (HGX)

Below is an updated list of the outstanding/modified shares of components of this index. The revised divisor will be announced prior to the open of business, on the effective date, December 24, 2007.

| <u>COMPANY NAME</u> | <u>STOCK SYMBOL</u> | <u>OUTSTANDING/MODIFIED SHARES</u> |
|-----------------------------|---------------------|------------------------------------|
| Beazer Homes USA, Inc. | BZH | 86,440,275 |
| Champion Enterprises, Inc. | CHB | 386,182,998 ** |
| Centex Corp. | CTX | 85,721,401 ** |
| DR Horton, Inc. | DHI | 242,375,330 ** |
| Hovnanian Enterprises, Inc. | HOV | 204,978,670 |
| KB Home | KBH | 83,360,696 ** |
| Lennar Corp. | LEN | 131,148,270 ** |
| Masco Corp. | MAS | 263,276,305 ** |
| MDC Holdings, Inc. | MDC | 86,206,683 ** |
| Meritage Homes Corporation | MTH | 18,629,940 ** |
| Pulte Homes | PHM | 194,749,132 ** |
| PMI Group, Inc. | PMI | 109,863,858 |
| Radian Group, Inc. | RDN | 65,993,548 ** |
| Ryland Group, Inc. | RYL | 63,022,153 ** |
| Standard Pacific Corp. | SPF | 144,346,258 ** |
| Temple Inland, Inc. | TIN | 128,691,842 ** |
| Toll Brothers, Inc. | TOL | 228,050,608 |
| Trane Inc. | TT | 146,830,204 |
| Vulcan Materials Company | VMC | 69,896,690 ** |
| Weyerhaeuser Company | WY | 171,807,780 ** |

**Indicates a change in outstanding/modified shares

The revised HGX divisor will be announced on a separate release following the close of business on Friday, December 21, 2007.

Questions concerning this release should be directed to Market Watch at (215) 496-1508.