

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: December 24, 2007

Re: Temple-Inland, Inc. (TIN) - Stock Distribution

Temple-Inland, Inc. (TIN) has declared a distribution of Common Stock of Guaranty Financial Group Inc. (GFG) and Common Stock of Forestar Real Estate Group, Inc. (FOR) to TIN shareholders of record, December 14, 2007. The distribution will be **approximately .33333** shares of Guaranty Financial Group Inc. and **approximately .33333** shares of Forestar Real Estate Group, Inc. per share of Temple-Inland, Inc. held. Distribution date will be Friday, December 28, 2007. **The ex-distribution date has been set as Monday, December 31, 2007.**

Accordingly, pursuant to OCC By-Laws, all TIN options on the ex-distribution date must be adjusted as follows:

Adjustment Date: **Effective Monday, December 31, 2007.**
 Symbol(s): **TIN/ZSM/YDE becomes TKB/ZBZ/YBZ**
 Strike Price: Unchanged
 Multiplier: 100 (e.g., Premium of 1.00 = \$100)
 New Deliverable: **1) 100 Shares of Temple-Inland, Inc. (TIN)**
2) Approximately 33 Shares of Guaranty Financial Group Inc. (GFG)
3) Approximately 33 Shares of Forestar Real Estate Group, Inc. (FOR)
4) Cash in lieu of fractional shares, if any

GOOD-TILL-CANCELLED (GTC) ORDERS

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

Temple-Inland, Inc. (TIN) (Before 12/31/2007) (100 shrs TIN)					Temple-Inland, Inc. (TKB) (Beginning 12/31/2007) (See new deliverable above)				
			Calls	Puts				Calls	Puts
TIN	JAN	25	AE	ME	TKB	JAN	25	AE	ME
TIN	JAN	30	AF	MF	TKB	JAN	30	AF	MF
TIN	JAN	35	AG	MG	TKB	JAN	35	AG	MG
TIN	JAN	40	AH	MH	TKB	JAN	40	AH	MH
TIN	JAN	45	AI	MI	TKB	JAN	45	AI	MI
TIN	FEB	25	BE	NE	TKB	FEB	25	BE	NE
TIN	FEB	30	BF	NF	TKB	FEB	30	BF	NF
TIN	FEB	35	BG	NG	TKB	FEB	35	BG	NG
TIN	FEB	40	BH	NH	TKB	FEB	40	BH	NH
TIN	FEB	45	BI	NI	TKB	FEB	45	BI	NI
TIN	MAY	25	EE	QE	TKB	MAY	25	EE	QE
TIN	MAY	30	EF	QF	TKB	MAY	30	EF	QF
TIN	MAY	35	EG	QG	TKB	MAY	35	EG	QG
TIN	MAY	40	EH	QH	TKB	MAY	40	EH	QH
TIN	MAY	45	EI	QI	TKB	MAY	45	EI	QI
TIN	MAY	50	EJ	QJ	TKB	MAY	50	EJ	QJ
TIN	AUG	15	HC	TC	TKB	AUG	15	HC	TC
TIN	AUG	17 1/2	HW	TW	TKB	AUG	17 1/2	HW	TW
TIN	AUG	20	HD	TD	TKB	AUG	20	HD	TD

Temple-Inland, Inc. (TIN) (Before 12/31/2007) (100 shrs TIN)					Temple-Inland, Inc. (TKB) (Beginning 12/31/2007) (See new deliverable above)				
			Calls	Puts				Calls	Puts
TIN	AUG	22 1/2	HX	TX	TKB	AUG	22 1/2	HX	TX
TIN	AUG	25	HE	TE	TKB	AUG	25	HE	TE
TIN	AUG	30	HF	TF	TKB	AUG	30	HF	TF
TIN	AUG	35	HG	TG	TKB	AUG	35	HG	TG
TIN	AUG	40	HH	TH	TKB	AUG	40	HH	TH
TIN	AUG	45	HI	TI	TKB	AUG	45	HI	TI
TIN	AUG	50	HJ	TJ	TKB	AUG	50	HJ	TJ
TIN	AUG	55	HK	TK	TKB	AUG	55	HK	TK

Temple-Inland, Inc. - 2009 Leap (ZSM) (Before 12/31/2007) (100 shrs TIN)					Temple-Inland, Inc. - 2009 Leap (ZBZ) (Beginning 12/31/2007) (See new deliverable above)				
			Calls	Put				Calls	Put
ZSM	JAN	20	AD	MD	ZBZ	JAN	20	AD	MD
ZSM	JAN	25	AE	ME	ZBZ	JAN	25	AE	ME
ZSM	JAN	30	AF	MF	ZBZ	JAN	30	AF	MF
ZSM	JAN	35	AG	MG	ZBZ	JAN	35	AG	MG
ZSM	JAN	40	AH	MH	ZBZ	JAN	40	AH	MH
ZSM	JAN	45	AI	MI	ZBZ	JAN	45	AI	MI
ZSM	JAN	50	AJ	MJ	ZBZ	JAN	50	AJ	MJ

Temple-Inland, Inc. - 2010 Leap (YDE) (Before 12/31/2007) (100 shrs TIN)					Temple-Inland, Inc. - 2010 Leap (YBZ) (Beginning 12/31/2007) (See new deliverable above)				
			Calls	Put				Calls	Put
YDE	JAN	20	AD	MD	YBZ	JAN	20	AD	MD
YDE	JAN	25	AE	ME	YBZ	JAN	25	AE	ME
YDE	JAN	30	AF	MF	YBZ	JAN	30	AF	MF
YDE	JAN	35	AG	MG	YBZ	JAN	35	AG	MG
YDE	JAN	40	AH	MH	YBZ	JAN	40	AH	MH
YDE	JAN	45	AI	MI	YBZ	JAN	45	AI	MI
YDE	JAN	50	AJ	MJ	YBZ	JAN	50	AJ	MJ
YDE	JAN	55	AK	MK	YBZ	JAN	55	AK	MK

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

The new TIN option contracts representing 100 shares of TIN, will be admitted to trading on Wednesday, January 2, 2008. Strike prices and expiration months will be announced on a separate release prior to that date.

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