

M E M O R A N D U M

TO: Members and Member Organizations

FROM: William N. Briggs, Executive Vice President – Administration,
Finance & Business Development

DATE: January 4, 2007

RE: Options Specialist Shortfall Fee – March 2007

As previously announced in memorandum no. 2000-130 dated August 24, 2000, the options specialists shortfall transaction fee became effective on August 1, 2000. Modifications to the fee were announced in memorandum no. 2001-2255-01 dated December 19, 2001. This fee of \$0.35 per contract is paid by the specialist trading any Top 120 Option if at least 12% (effective July 1, 2003) of the total national monthly contract volume for such Top 120 Option is not effected on the PHLX in that month.

Attached is a list of the Top 120 Options for the March 2007 billing.

The Exchange believes it is necessary to continue to attract order flow to the Exchange in order to remain competitive. This fee should encourage specialists to compete for order flow, which not only enhances the specialist's role, but also provides additional revenue to the Exchange. For questions regarding the billing and collection of this fee, please contact Joseph Jennings at (215)-496-1467.

**TOP 120 Multiply-Listed Options
For Charges in March 2007
(Comparative Volume, December 2006)**

| # | Symbol | Company |
|----|--------|--------------------------------------|
| 1 | QQQQ | NASDAQ-100 Index Tracking Stock |
| 2 | SPY | SPDR Trust Series 1 |
| 3 | IWM | iShares Russell 2000 Index Fund |
| 4 | MO | Altria Group Inc. |
| 5 | JPM | JP Morgan Chase & Co. |
| 6 | AAPL | Apple Computers, Inc. |
| 7 | GE | General Electric Company |
| 8 | GM | General Motors Corporation |
| 9 | PFE | Pfizer, Inc. |
| 10 | MSFT | Microsoft Corporation |
| 11 | XLE | S&P Energy Select Sector SPDR |
| 12 | YHOO | Yahoo!, Inc. |
| 13 | QCOM | QUALCOMM, Inc. |
| 14 | MRK | Merck & Co., Inc. |
| 15 | FCX | Freeport-McMoRan Cooper & Gold, Inc. |
| 16 | F | Ford Motor Company |
| 17 | GOOG | Google, Inc. |
| 18 | ORCL | Oracle Corporation |
| 19 | INTC | Intel Corporation |
| 20 | C | Citigroup, Inc. |
| 21 | BMJ | Bristol-Meyers Squibb Company |
| 22 | OIH | Oil Services HOLDERS |
| 23 | USB | US Bancorp |
| 24 | RIMM | Research in Motion Ltd. |
| 25 | XLF | S&P Financial Select Sector SPDR |
| 26 | DIA | DIAMONDS Trust Series I |
| 27 | DELL | Dell Inc. |
| 28 | VLO | Valero Energy Corporation |
| 29 | EBAY | eBay, Inc. |
| 30 | AMD | Advanced Micro Devices, Inc. |
| 31 | XOM | Exxon Mobil Corporation |
| 32 | WMT | Wal-Mart Stores, Inc. |
| 33 | SNDK | SanDisk Corporation |
| 34 | DIS | Walt Disney Company, The |
| 35 | BSX | Boston Scientific Corporation |
| 36 | HET | Harrah's Entertainment, Inc. |
| 37 | CSCO | Cisco Systems, Inc. |
| 38 | COP | ConocoPhillips |
| 39 | SHPGY | Shire plc |
| 40 | IOC | InterOil Corporation |
| 41 | RACK | Rackable Systems, Inc. |
| 42 | LXK | Lexmark International, Inc. |
| 43 | PWEI | PW Eagle, Inc |
| 44 | SPF | Standard Pacific Corp. |
| 45 | JBLU | Jet Blue Airways Corporation |
| 46 | AEM | Agnico-Eagle Mines Limited |
| 47 | LFC | China Life Insurance Co., Limited |

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| 48 | IDCC | InterDigital Communication Corporation |
| 49 | UNP | Union Pacific Corporation |
| 50 | CREE | Cree, Inc. |
| 51 | PEIX | Pacific Ethanol, Inc |
| 52 | FL | Foot Locker, Inc. |
| 53 | CVTX | CV Therapeutics, Inc. |
| 54 | MEDI | MedImmune Inc |
| 55 | SLW | Silver Wheaton Corporation |
| 56 | NSM | National Semiconductor Corporation |
| 57 | CSX | CSX Corporation |
| 58 | LLTC | Linear Technology Corporation |
| 59 | TLAB | Tellabs, Inc. |
| 60 | TSM | Taiwan Semiconductor-SP ADR |
| 61 | WLP | WellPoint, Inc. |
| 62 | ZMH | Zimmer Holdings, Inc. |
| 63 | MT | Meditrust Companies (The) |
| 64 | NYX | NYSE Group, Inc. |
| 65 | TXN | Texas Instruments, Inc. |
| 66 | BBY | Best Buy Company Inc |
| 67 | HD | Home Depot, Inc. |
| 68 | NFLD | Northfield Laboratories, Inc. |
| 69 | TELK | Telik, Inc. |
| 70 | SMH | Semiconductor HOLDERS |
| 71 | GS | Goldman Sachs Group, Inc. |
| 72 | AMZN | Amazon.com, Inc. |
| 73 | HAL | Halliburton Co |
| 74 | NEM | Newmont Mining Corp. |
| 75 | IBM | International Business Machines Corporation |
| 76 | BAC | Bank of America Corporation |
| 77 | VIX | |
| 78 | PCAR | PACCAR, Inc. |
| 79 | AMGN | Amgen, Inc. |
| 80 | LLY | Eli Lilly & Company |
| 81 | MU | Micron Technology, Inc. |
| 82 | MOT | Motorola, Inc. |
| 83 | CHK | Chesapeake Energy Corporation |
| 84 | GLW | Corning Inc |
| 85 | BIDU | Baidu.com, Inc. |
| 86 | NVLS | Novellus Systems, Inc. |
| 87 | FRE | Freddie Mac |
| 88 | BRCM | Broadcom Corporation |
| 89 | TWX | Time Warner, Inc. |
| 90 | MA | MasterCard, Inc. |
| 91 | NUE | Nucor Corporation |
| 92 | PD | Phelps Dodge Corporation |
| 93 | SIRI | Sirius Satellite Radio, Inc. |
| 94 | OVTI | OmniVision Technologies, Inc. |
| 95 | HPQ | Hewlett-Packard Company |
| 96 | ELN | Elan Corporation PLC |
| 97 | SHLD | Sears Holdings Corporation |
| 98 | GG | Goldcorp, Inc. |
| 99 | AGIX | Atherogenics, Inc. |

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| 100 | CVX | Chevron Corporation |
| 101 | PBR | Petroleo Brasileiro SA- ADR |
| 102 | RMBS | Rambus, Inc. |
| 103 | CAT | Caterpillar Inc |
| 104 | NVDA | NVIDIA Corporation |
| 105 | AXP | American Express Company |
| 106 | UNH | Unitedhealth Group, Inc. |
| 107 | WAG | Walgreen Co. |
| 108 | MRVL | Marvell Technology Group Ltd. |
| 109 | NTLI | NTL Inc. |
| 110 | EMC | EMC Corporation |
| 111 | TOL | Toll Brothers, Inc. |
| 112 | NEW | New Century Financial Corporation |
| 113 | MDY | MidCap SPDR |
| 114 | X | USX-U.S. Steel Group |
| 115 | CCU | Clear Channel Communications |
| 116 | AMAT | Applied Materials, Inc. |
| 117 | SLB | Schlumberger Ltd. |
| 118 | CELG | Celgene Corp |
| 119 | MER | Merrill Lynch & Co., Inc. |
| 120 | RIG | Transocean, Inc. |