

MEMORANDUM

To: All Option Members, Member Organizations and ROTs
 From: Market Watch
 Date: March 23, 2007
 Re: **** Revision** Altria Group Inc. (MO) - Stock Distribution**

Altria Group Inc. (MO) has declared a distribution of Class A Common Stock of Kraft Foods, Inc. (KFT) to MO shareholders of record, March 16, 2007. Distribution will be Friday, March 30, 2007. **Ex-distribution is April 2, 2007.** The distribution will be .692024 shares of Kraft Foods, Inc. per share of Altria Group Inc. Cash will be paid in lieu of fractional KFT shares.

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

Adjustment Date: **Effective Monday, April 2, 2007.**
 Symbol(s): **MO/WRR/VPM becomes MOZ/LLM/ZKM**
 Strike Price: Unchanged
 Multiplier: 100 (e.g., Premium of 1.00 = \$100)
 New Deliverable: **1) 100 Shares of Altria Group Inc. (MO)**
2) 69 Shares of Kraft Foods, Inc. (KFT)
3) Cash in lieu of .2024 fractional shares of Kraft Foods, Inc.

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.

Altria Group Inc. (MO) (Before 4/2/2007) (100 shrs MO)					Altria Group Inc. (MOZ) (Beginning 4/2/2007) (See new deliverable above)				
			Calls	Puts			Calls	Puts	
MO	APR	65	DM	PM	MOZ	APR	65	DM	PM
MO	APR	70	DN	PN	MOZ	APR	70	DN	PN
MO	APR	75	DO	PO	MOZ	APR	75	DO	PO
MO	APR	80	DP	PP	MOZ	APR	80	DP	PP
MO	APR	85	DQ	PQ	MOZ	APR	85	DQ	PQ
MO	APR	90	DR	PR	MOZ	APR	90	DR	PR
MO	APR	95	DS	PS	MOZ	APR	95	DS	PS
MO	APR	100	DT	PT	MOZ	APR	100	DT	PT
MO	APR	105	DA	PA	MOZ	APR	105	DA	PA
MO	MAY	65	EM	QM	MOZ	MAY	65	EM	QM
MO	MAY	70	EN	QN	MOZ	MAY	70	EN	QN
MO	MAY	75	EO	QO	MOZ	MAY	75	EO	QO
MO	MAY	80	EP	QP	MOZ	MAY	80	EP	QP
MO	MAY	85	EQ	QQ	MOZ	MAY	85	EQ	QQ
MO	MAY	90	ER	QR	MOZ	MAY	90	ER	QR
MO	MAY	95	ES	QS	MOZ	MAY	95	ES	QS
MO	MAY	100	ET	QT	MOZ	MAY	100	ET	QT
MO	MAY	105	EA	QA	MOZ	MAY	105	EA	QA
MO	JUN	60	FL	RL	MOZ	JUN	60	FL	RL
MO	JUN	65	FM	RM	MOZ	JUN	65	FM	RM
MO	JUN	70	FN	RN	MOZ	JUN	70	FN	RN
MO	JUN	75	FO	RO	MOZ	JUN	75	FO	RO
MO	JUN	80	FP	RP	MOZ	JUN	80	FP	RP
MO	JUN	85	FQ	RQ	MOZ	JUN	85	FQ	RQ
MO	JUN	90	FR	RR	MOZ	JUN	90	FR	RR
MO	JUN	95	FS	RS	MOZ	JUN	95	FS	RS
MO	JUN	100	FT	RT	MOZ	JUN	100	FT	RT

Altria Group Inc. (MO) (Before 4/2/2007) (100 shrs MO)					Altria Group Inc. (MOZ) (Beginning 4/2/2007) (See new deliverable above)				
			Calls	Puts				Calls	Puts
MO	SEP	70	IN	UN	MOZ	SEP	70	IN	UN
MO	SEP	75	IO	UO	MOZ	SEP	75	IO	UO
MO	SEP	80	IP	UP	MOZ	SEP	80	IP	UP
MO	SEP	85	IQ	UQ	MOZ	SEP	85	IQ	UQ
MO	SEP	90	IR	UR	MOZ	SEP	90	IR	UR
MO	SEP	95	IS	US	MOZ	SEP	95	IS	US
MO	SEP	100	IT	UT	MOZ	SEP	100	IT	UT
MO	SEP	105	IA	UA	MOZ	SEP	105	IA	UA
<u>MO</u>	<u>SEP</u>	<u>110</u>	<u>IB</u>	<u>UB</u>	<u>MOZ</u>	<u>SEP</u>	<u>110</u>	<u>IB</u>	<u>UB</u>

Altria Group Inc. - 2008 Leap (WRR) (Before 4/2/2007) (100 shrs MO)					Altria Group Inc. - 2008 Leap (LLM) (Beginning 4/2/2007) (See new deliverable above)				
			Calls	Put				Calls	Put
WRR	JAN	20	AD	MD	LLM	JAN	20	AD	MD
WRR	JAN	30	AF	MF	LLM	JAN	30	AF	MF
WRR	JAN	40	AH	MH	LLM	JAN	40	AH	MH
WRR	JAN	50	AJ	MJ	LLM	JAN	50	AJ	MJ
WRR	JAN	55	AK	MK	LLM	JAN	55	AK	MK
WRR	JAN	60	AL	ML	LLM	JAN	60	AL	ML
WRR	JAN	65	AM	MM	LLM	JAN	65	AM	MM
WRR	JAN	70	AN	MN	LLM	JAN	70	AN	MN
WRR	JAN	75	AO	MO	LLM	JAN	75	AO	MO
WRR	JAN	80	AP	MP	LLM	JAN	80	AP	MP
WRR	JAN	85	AQ	MQ	LLM	JAN	85	AQ	MQ
WRR	JAN	90	AR	MR	LLM	JAN	90	AR	MR
WRR	JAN	100	AT	MT	LLM	JAN	100	AT	MT
WRR	JAN	105	AA	MA	LLM	JAN	105	AA	MA
WRR	JAN	110	AB	MB	LLM	JAN	110	AB	MB
WRR	JAN	115	AC	MC	LLM	JAN	115	AC	MC

Altria Group Inc. - 2009 Leap (VPM) (Before 4/2/2007) (100 shrs MO)					Altria Group Inc. - 2009 Leap (ZKM) (Beginning 4/2/2007) (See new deliverable above)				
			Calls	Put				Calls	Put
VPM	JAN	60	AL	ML	ZKM	JAN	60	AL	ML
VPM	JAN	65	AM	MM	ZKM	JAN	65	AM	MM
VPM	JAN	70	AN	MN	ZKM	JAN	70	AN	MN
VPM	JAN	75	AO	MO	ZKM	JAN	75	AO	MO
VPM	JAN	80	AP	MP	ZKM	JAN	80	AP	MP
VPM	JAN	85	AQ	MQ	ZKM	JAN	85	AQ	MQ
VPM	JAN	90	AR	MR	ZKM	JAN	90	AR	MR
VPM	JAN	100	AT	MT	ZKM	JAN	100	AT	MT

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

The new MO option contracts representing 100 shares of MO, will be admitted to trading on Tuesday, April 3, 2007. 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) 496-1508.