

MEMORANDUM

To: All Options Members, Member Organizations and ROTs.
From: Market Watch
Date: May 10, 2007
Re: KBR, Inc. (KBR)
2008/2009 LEAPS TO BEGIN TRADING ON MAY 11, 2007

Please be advised that the Philadelphia Stock Exchange (PHLX) will begin listing LEAPS on the following issue effective Friday, May 11, 2007:

Name: KBR, Inc. (KBR)
LEAP Symbol(s): KBR - 2008
XZJ - 2009
P/E Limit: 250000 contracts
Specialist Unit: Timber Hill Inc.

Below find the 2008/2009 LEAPs call and put option strike prices and codes which will be available for trading on Friday, May 11, 2007:

KBR, Inc. (KBR/KBR/XZJ)

			<u>Calls</u>	<u>Puts</u>
KBR/XZJ	JAN	17 1/2	AW	MW
KBR/XZJ	JAN	20	AD	MD
KBR/XZJ	JAN	25	AE	ME
KBR/XZJ	JAN	30	AF	MF

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or Options Services Department at (215) 496-1266.