

MEMORANDUM

To: All Option Members, Member Organizations and ROTs  
 From: Market Watch  
 Date: October 2, 2007  
 Re: **PACCAR, Inc. (PCAR/PAQ) - 3 for 2 Stock Split**

**In an effort to avoid rounding strike prices, The Securities Committee has decided to employ a new adjustment methodology. The contract adjustment described below utilizes the new method of contract adjustment wherein strike prices, number of contracts, and premium/strike multipliers are unchanged for certain kinds of stock splits and stock dividends. It is important that option investors be aware that it will be necessary to calculate the current market value of the adjusted option deliverable to correctly determine the option's in-the-money status.**

PACCAR, Inc. (PAQ/PCAR) has declared a 3 for 2 stock split payable to shareholders of record on Tuesday, September 25, 2007. Distribution date for the stock split will be Tuesday, October 9, 2007. **Ex-distribution date for the stock split will be Wednesday, October 10, 2007.**

Adjusted Date: **Wednesday, October 10, 2007**  
 Symbol(s): **PAQ/OKG/YYQ becomes PYU/OJC/YJV, respectively**  
 Strike Price: **No Change**  
 Pos/Exercise Limit: **375,000 contracts until January 2009 expiration; where limits become 250,000 contracts**  
 Multiplier: **100 (e.g., Premium of 1.00 = \$100)**  
 New Deliverable: **1) 150 Paccar Inc. (PCAR) Common Shares**

**For previously adjusted YFL/OV series the deliverable will now represent 225 PCAR Common Shares. Strike prices and symbols will remain unchanged. Contract multiplier will also remain unchanged at 150.**

The resulting list of adjusted strike prices and symbols is as shown on the following pages:

PACCAR, Inc. (PCAR/PAQ) (Before 10/10/2007) (100 shrs PCAR)					PACCAR, Inc. (PCAR/PYU) (Beginning 10/10/2007) (See new deliverable above)				
			Calls	Puts			Calls	Puts	
PAQ	OCT	50	JJ	VJ	PYU	OCT	50	JJ	VJ
PAQ	OCT	55	JK	VK	PYU	OCT	55	JK	VK
PAQ	OCT	60	JL	VL	PYU	OCT	60	JL	VL
PAQ	OCT	65	JM	VM	PYU	OCT	65	JM	VM
PAQ	OCT	70	JN	VN	PYU	OCT	70	JN	VN
PAQ	OCT	75	JO	VO	PYU	OCT	75	JO	VO
PAQ	OCT	80	JP	VP	PYU	OCT	80	JP	VP
PAQ	OCT	85	JQ	VQ	PYU	OCT	85	JQ	VQ
PAQ	OCT	90	JR	VR	PYU	OCT	90	JR	VR
PAQ	OCT	95	JS	VS	PYU	OCT	95	JS	VS
PAQ	OCT	100	JT	VT	PYU	OCT	100	JT	VT
PAQ	OCT	105	JA	VA	PYU	OCT	105	JA	VA
PAQ	OCT	110	JB	VB	PYU	OCT	110	JB	VB
PAQ	NOV	45	KI	WI	PYU	NOV	45	KI	WI
PAQ	NOV	50	KJ	WJ	PYU	NOV	50	KJ	WJ
PAQ	NOV	55	KK	WK	PYU	NOV	55	KK	WK
PAQ	NOV	60	KL	WL	PYU	NOV	60	KL	WL
PAQ	NOV	65	KM	WM	PYU	NOV	65	KM	WM
PAQ	NOV	70	KN	WN	PYU	NOV	70	KN	WN
PAQ	NOV	75	KO	WO	PYU	NOV	75	KO	WO
PAQ	NOV	80	KP	WP	PYU	NOV	80	KP	WP
PAQ	NOV	85	KQ	WQ	PYU	NOV	85	KQ	WQ

PACCAR, Inc. (PCAR/PAQ)  
 (Before 10/10/2007)  
 (100 shrs PCAR)

			Calls	Puts
PAQ	NOV	90	KR	WR
PAQ	NOV	95	KS	WS
PAQ	NOV	100	KT	WT
PAQ	NOV	105	KA	WA
PAQ	NOV	110	KB	WB
PAQ	NOV	115	KC	WC
PAQ	NOV	120	KD	WD

PAQ	JAN	40	AH	MH
PAQ	JAN	45	AI	MI
PAQ	JAN	50	AJ	MJ
PAQ	JAN	55	AK	MK
PAQ	JAN	60	AL	ML
PAQ	JAN	65	AM	MM
PAQ	JAN	70	AN	MN
PAQ	JAN	75	AO	MO
PAQ	JAN	80	AP	MP
PAQ	JAN	85	AQ	MQ
PAQ	JAN	90	AR	MR
PAQ	JAN	95	AS	MS
PAQ	JAN	100	AT	MT
PAQ	JAN	105	AA	MA
PAQ	JAN	110	AB	MB
PAQ	JAN	115	AC	MC
PAQ	JAN	120	AD	MD

PAQ	FEB	55	BK	NK
PAQ	FEB	60	BL	NL
PAQ	FEB	65	BM	NM
PAQ	FEB	70	BN	NN
PAQ	FEB	75	BO	NO
PAQ	FEB	80	BP	NP
PAQ	FEB	85	BQ	NQ
PAQ	FEB	90	BR	NR
PAQ	FEB	95	BS	NS
PAQ	FEB	100	BT	NT
PAQ	FEB	105	BA	NA
PAQ	FEB	110	BB	NB
PAQ	FEB	115	BC	NC
PAQ	FEB	120	BD	ND
PAQ	FEB	125	BE	NE
PAQ	FEB	130	BF	NF

PAQ	MAY	60	EL	QL
PAQ	MAY	65	EM	QM
PAQ	MAY	70	EN	QN
PAQ	MAY	75	EO	QO
PAQ	MAY	80	EP	QP
PAQ	MAY	85	EQ	QQ
PAQ	MAY	90	ER	QR
PAQ	MAY	95	ES	QS
PAQ	MAY	100	ET	QT
PAQ	MAY	105	EA	QA
PAQ	MAY	110	EB	QB
PAQ	MAY	115	EC	QC
PAQ	MAY	120	ED	QD

PACCAR, Inc. (PCAR/PYU)  
 (Beginning 10/10/2007)  
 (See new deliverable above)

			Calls	Puts
PYU	NOV	90	KR	WR
PYU	NOV	95	KS	WS
PYU	NOV	100	KT	WT
PYU	NOV	105	KA	WA
PYU	NOV	110	KB	WB
PYU	NOV	115	KC	WC
PYU	NOV	120	KD	WD

PYU	JAN	40	AH	MH
PYU	JAN	45	AI	MI
PYU	JAN	50	AJ	MJ
PYU	JAN	55	AK	MK
PYU	JAN	60	AL	ML
PYU	JAN	65	AM	MM
PYU	JAN	70	AN	MN
PYU	JAN	75	AO	MO
PYU	JAN	80	AP	MP
PYU	JAN	85	AQ	MQ
PYU	JAN	90	AR	MR
PYU	JAN	95	AS	MS
PYU	JAN	100	AT	MT
PYU	JAN	105	AA	MA
PYU	JAN	110	AB	MB
PYU	JAN	115	AC	MC
PYU	JAN	120	AD	MD

PYU	FEB	55	BK	NK
PYU	FEB	60	BL	NL
PYU	FEB	65	BM	NM
PYU	FEB	70	BN	NN
PYU	FEB	75	BO	NO
PYU	FEB	80	BP	NP
PYU	FEB	85	BQ	NQ
PYU	FEB	90	BR	NR
PYU	FEB	95	BS	NS
PYU	FEB	100	BT	NT
PYU	FEB	105	BA	NA
PYU	FEB	110	BB	NB
PYU	FEB	115	BC	NC
PYU	FEB	120	BD	ND
PYU	FEB	125	BE	NE
PYU	FEB	130	BF	NF

PYU	MAY	60	EL	QL
PYU	MAY	65	EM	QM
PYU	MAY	70	EN	QN
PYU	MAY	75	EO	QO
PYU	MAY	80	EP	QP
PYU	MAY	85	EQ	QQ
PYU	MAY	90	ER	QR
PYU	MAY	95	ES	QS
PYU	MAY	100	ET	QT
PYU	MAY	105	EA	QA
PYU	MAY	110	EB	QB
PYU	MAY	115	EC	QC
PYU	MAY	120	ED	QD

PACCAR, Inc. - 2009 Leap (PCAR/OKG);  
(Before 10/10/2007)  
(100 shrs PCAR)

			Calls	Put
OKG	JAN	40	AH	MH
OKG	JAN	45	AI	MI
OKG	JAN	50	AJ	MJ
OKG	JAN	55	AK	MK
OKG	JAN	60	AL	ML
OKG	JAN	65	AM	MM
OKG	JAN	70	AN	MN
OKG	JAN	75	AO	MO
OKG	JAN	80	AP	MP
OKG	JAN	85	AQ	MQ
OKG	JAN	90	AR	MR
OKG	JAN	95	AS	MS
OKG	JAN	100	AT	MT
OKG	JAN	105	AA	MA
OKG	JAN	110	AB	MB
OKG	JAN	115	AC	MC
OKG	JAN	120	AD	MD
OKG	JAN	125	AE	ME
OKG	JAN	130	AF	MF
OKG	JAN	135	AG	MG
OKG	JAN	140	AX	MX
OKG	JAN	145	AY	MY
OKG	JAN	150	AZ	MZ

PACCAR, Inc. - 2009 Leap (PCAR/OJC);  
(Beginning 10/10/2007)  
(See new deliverable above)

			Calls	Put
OJC	JAN	40	AH	MH
OJC	JAN	45	AI	MI
OJC	JAN	50	AJ	MJ
OJC	JAN	55	AK	MK
OJC	JAN	60	AL	ML
OJC	JAN	65	AM	MM
OJC	JAN	70	AN	MN
OJC	JAN	75	AO	MO
OJC	JAN	80	AP	MP
OJC	JAN	85	AQ	MQ
OJC	JAN	90	AR	MR
OJC	JAN	95	AS	MS
OJC	JAN	100	AT	MT
OJC	JAN	105	AA	MA
OJC	JAN	110	AB	MB
OJC	JAN	115	AC	MC
OJC	JAN	120	AD	MD
OJC	JAN	125	AE	ME
OJC	JAN	130	AF	MF
OJC	JAN	135	AG	MG
OJC	JAN	140	AX	MX
OJC	JAN	145	AY	MY
OJC	JAN	150	AZ	MZ

PACCAR, Inc. - 2010 Leap (PCAR/YYQ);  
(Before 10/10/2007)  
(100 shrs PCAR)

			Calls	Put
YYQ	JAN	60	AL	ML
YYQ	JAN	70	AN	MN
YYQ	JAN	80	AP	MP
YYQ	JAN	90	AR	MR
YYQ	JAN	100	AT	MT
YYQ	JAN	110	AB	MB
YYQ	JAN	120	AD	MD
YYQ	JAN	130	AF	MF

PACCAR, Inc. - 2010 Leap (PCAR/YJV);  
(Beginning 10/10/2007)  
(See new deliverable above)

			Calls	Put
YJV	JAN	60	AL	ML
YJV	JAN	70	AN	MN
YJV	JAN	80	AP	MP
YJV	JAN	90	AR	MR
YJV	JAN	100	AT	MT
YJV	JAN	110	AB	MB
YJV	JAN	120	AD	MD
YJV	JAN	130	AF	MF

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

**With this new method of adjustment, it is no longer possible to determine if an adjusted option is in- or out-of-the-money by simply comparing the stock price to the option strike price. When the new method is used, the stock price must always be adjusted by the appropriate factor(s) in order to correctly determine in-the-money amounts or premiums. Option investors must be aware of the number of shares (and possible cash amounts) in the deliverable and the fact that the multiplier used for premium and strike dollar extensions remains unchanged.**

The new PAQ option contracts representing 100 shares of PCAR, will be admitted to trading on Thursday, October 11, 2007. Strike prices and expiration months will be announced on a separate release prior to that date.

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

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-1508.