

MEMORANDUM

TO: Members, Member Organizations, Participants, Participant Organizations

FROM: Richard S. Rudolph, Vice President and Counsel
Legal Department

DATE: September 26, 2007

RE: 22 New Options Quoted and Traded in Penny Increments
Beginning September 28, 2007

In June, 2006, the six U.S. options exchange began a six-month pilot program (the “pilot”) in which certain series in 13 options are quoted and traded in minimum increments of \$0.01. Beginning **Friday, September 28, 2007**, the number of options included in the pilot will be increased from 13 options to 35 options.

All series in options included in the pilot (“pilot options”) with a price of less than \$3.00 are quoted and traded in minimum increments of \$0.01, and pilot options with a price of \$3.00 or higher are currently quoted and traded in minimum increments of \$0.05, except that options overlying the Nasdaq-100 Index Tracking Stock (“QQQQ”) ¹ are quoted and traded in minimum increments of \$0.01 for all series regardless of the price.

Current Pilot

The options included in the **current** pilot are:

<u>Symbol</u>	<u>Underlying Security</u>
IWM	Ishares Russell 2000
QQQQ	QQQQ
SMH	SemiConductor Holders
GE	General Electric
AMD	Advanced Micro Devices
MSFT	Microsoft
INTC	Intel

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CAT	Caterpillar
WFMI	Whole Foods
TXN	Texas Instruments
A	Agilent Tech Inc.
FLEX	Flextronics International
SUNW	Sun Micro

Expanded Pilot

The options to be added in the **expanded** pilot are:

<u>Symbol</u>	<u>Underlying Security</u>
SPY	SPDR Trust Series 1
AAPL	Apple Inc.
MO	Altria Group Inc.
DNDN	Dendreon Corporation
AMGN	Amgen, Inc.
YHOO	Yahoo!, Inc.
QCOM	Qualcomm, Inc.
GM	General Motors Corporation
XLE	S&P Energy Select Sector SPDR
DIA	DIAMONDS Trust Series I
OIH	Oil Services HOLDERS
NYX	NYSE Euronext
CSCO	Cisco Systems, Inc.
XLF	S&P Financial Select Sector SPDR
T	AT&T Corporation
C	Citigroup, Inc.
AMZN	Amazon.com, Inc.
MOT	Motorola, Inc.
RIMM	Research in Motion, Ltd.
FCX	Freeport-McMoRan Cooper & Gold, Inc.
COP	ConocoPhillips
BMJ	Bristol-Meyers Squibb Company

The expanded pilot will begin September 28, 2007, and will continue through March 27, 2008. The expanded pilot will include the original 13 pilot options, together with the 22 new options listed above. The expanded pilot will include options representing approximately 35% of national trading volume.

Questions may be directed to Richard S. Rudolph, Vice President and Counsel, Legal Department, at (215) 496-5074, or Walt Smith, Vice President, Listings and Projects, at (215) 496-5532.