

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: September 27, 2007

Re: Blue Coat Systems, Inc. (IYU/BCSI) - 2 for 1 Stock Split

Blue Coat Systems, Inc. (IYU/BCSI) has declared a 2 for 1 stock split payable to share holders of record on Thursday, September 13, 2007. Distribution date for the stock split will be Wednesday, October 3, 2007. **Ex-distribution date for the stock split will be Thursday, October 4, 2007.**

The Options Clearing Corporation (OCC), pursuant to OCC By-Laws, intends to issue on the distribution date (1) additional IYU option contract for each option contract held. Further, on the ex-distribution date each IYU series will have an adjusted exercise (strike) price equal to 1/2 of the exercise (strike) price for each IYU series existing on the business day preceding the ex-distribution date. For example, beginning on Thursday, October 4, 2007 an account holding (2) IYU OCT 25 calls (IYU JE) will hold (4) IYU OCT 12 1/2 calls (IYU JP). Customers should be advised that (1) contract in the adjusted IYU series will still represent 100 shares of BCSI common shares.

POSITION/EXERCISE LIMITS:

Position and exercise limits will change from 75,000 to 150,000 contracts until the expiration date of April 19, 2008

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.

The resulting list of adjusted strike prices and symbols is as follows:

Blue Coat Systems, Inc. (BCSI/IYU) (Before 10/4/2007) (1 Contract)					Blue Coat Systems, Inc. (BCSI/IYU) (Beginning 10/4/2007) (2 Contracts)				
			Calls	Puts				Calls	Puts
IYU	OCT	25	JE	VE	IYU	OCT	12 1/2	JP	VP
IYU	OCT	30	JF	VF	IYU	OCT	15	JC	VC
IYU	OCT	35	JG	VG	IYU	OCT	17 1/2	JQ	VQ
IYU	OCT	40	JH	VH	IYU	OCT	20	JD	VD
IYU	OCT	45	JI	VI	IYU	OCT	22 1/2	JR	VR
IYU	OCT	50	JJ	VJ	IYU	OCT	25	JE	VE
IYU	OCT	55	JK	VK	IYU	OCT	27 1/2	JS	VS
IYU	OCT	60	JL	VL	IYU	OCT	30	JF	VF
IYU	OCT	65	JM	VM	IYU	OCT	32 1/2	JT	VT
IYU	OCT	70	JN	VN	IYU	OCT	35	JG	VG
IYU	OCT	75	JO	VO	IYU	OCT	37 1/2	JU	VU
IYU	OCT	80	JP	VP	IYU	OCT	40	JH	VH
IYU	OCT	85	JQ	VQ	IYU	OCT	42 1/2	JV	VV
IYU	OCT	90	JR	VR	IYU	OCT	45	JI	VI
IYU	OCT	95	JS	VS	IYU	OCT	47 1/2	JW	VW
IYU	OCT	100	JT	VT	IYU	OCT	50	JJ	VJ
IYU	NOV	60	KL	WL	IYU	NOV	30	KF	WF
IYU	NOV	65	KM	WM	IYU	NOV	32 1/2	KT	WT
IYU	NOV	70	KN	WN	IYU	NOV	35	KG	WG
IYU	NOV	75	KO	WO	IYU	NOV	37 1/2	KU	WU

Blue Coat Systems, Inc. (BCSI/IYU)
(Before 10/4/2007)
(1 Contract)

			Calls	Puts
IYU	NOV	80	KP	WP
IYU	NOV	85	KQ	WQ
IYU	NOV	90	KR	WR
IYU	NOV	95	KS	WS
IYU	NOV	100	KT	WT
IYU	NOV	105	KA	WA
IYU	NOV	110	KB	WB
IYU	JAN	30	AF	MF
IYU	JAN	35	AG	MG
IYU	JAN	40	AH	MH
IYU	JAN	45	AI	MI
IYU	JAN	50	AJ	MJ
IYU	JAN	55	AK	MK
IYU	JAN	60	AL	ML
IYU	JAN	65	AM	MM
IYU	JAN	70	AN	MN
IYU	JAN	75	AO	MO
IYU	JAN	80	AP	MP
IYU	JAN	85	AQ	MQ
IYU	JAN	90	AR	MR
IYU	JAN	95	AS	MS
IYU	JAN	100	AT	MT
IYU	JAN	105	AA	MA
IYU	JAN	110	AB	MB
IYU	JAN	115	AC	MC
IYU	APR	45	DI	PI
IYU	APR	50	DJ	PJ
IYU	APR	55	DK	PK
IYU	APR	60	DL	PL
IYU	APR	65	DM	PM
IYU	APR	70	DN	PN
IYU	APR	75	DO	PO
IYU	APR	80	DP	PP
IYU	APR	85	DQ	PQ
IYU	APR	90	DR	PR
IYU	APR	95	DS	PS
IYU	APR	100	DT	PT
IYU	APR	105	DA	PA
IYU	APR	110	DB	PB
IYU	APR	115	DC	PC
IYU	APR	120	DD	PD
IYU	APR	125	DY	PY
IYU	APR	130	DZ	PZ
IYU	APR	135	DX	PX

Blue Coat Systems, Inc. (BCSI/IYU)
(Beginning 10/4/2007)
(2 Contracts)

			Calls	Puts
IYU	NOV	40	KH	WH
IYU	NOV	42 1/2	KV	WV
IYU	NOV	45	KI	WI
IYU	NOV	47 1/2	KW	WW
IYU	NOV	50	KJ	WJ
IYU	NOV	52 1/2	KX	WX
IYU	NOV	55	KK	WK
IYU	JAN	15	AC	MC
IYU	JAN	17 1/2	AQ	MQ
IYU	JAN	20	AD	MD
IYU	JAN	22 1/2	AR	MR
IYU	JAN	25	AE	ME
IYU	JAN	27 1/2	AS	MS
IYU	JAN	30	AF	MF
IYU	JAN	32 1/2	AT	MT
IYU	JAN	35	AG	MG
IYU	JAN	37 1/2	AU	MU
IYU	JAN	40	AH	MH
IYU	JAN	42 1/2	AV	MV
IYU	JAN	45	AI	MI
IYU	JAN	47 1/2	AW	MW
IYU	JAN	50	AJ	MJ
IYU	JAN	52 1/2	AX	MX
IYU	JAN	55	AK	MK
IYU	JAN	57 1/2	AY	MY
IYU	APR	22 1/2	DR	PR
IYU	APR	25	DE	PE
IYU	APR	27 1/2	DS	PS
IYU	APR	30	DF	PF
IYU	APR	32 1/2	DT	PT
IYU	APR	35	DG	PG
IYU	APR	37 1/2	DU	PU
IYU	APR	40	DH	PH
IYU	APR	42 1/2	DV	PV
IYU	APR	45	DI	PI
IYU	APR	47 1/2	DW	PW
IYU	APR	50	DJ	PJ
IYU	APR	52 1/2	DX	PX
IYU	APR	55	DK	PK
IYU	APR	57 1/2	DY	PY
IYU	APR	60	DL	PL
IYU	APR	62 1/2	DZ	PZ
IYU	APR	65	DM	PM
IYU	APR	67 1/2	DA	PA

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

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