

CBOE News Release

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CBOE Announces Launch of Futures on VIX: First Tradable Volatility Product Will be Offered on New CBOE Futures Exchange

VIX Methodology Updated and Broadened

CHICAGO, September 5, 2003 – The Chicago Board Options Exchange (CBOE) today announced that futures and options on the CBOE Volatility Index (**VIX**) will soon be available for trading. VIX futures will be the first product listed on the recently approved CBOE Futures Exchange, LLC. VIX futures and options will be based on the volatility of S&P 500 Index (SPX) options, and will be the first in a new family of volatility products to be offered by CBOE, which will include futures on S&P 500 variance. A fourth-quarter, 2003 launch is planned. CBOE also announced today several enhancements to the VIX, including shifting the underlying index to the S&P 500, the most widely followed index in the world.

“CBOE is extremely proud to introduce this new line of innovative products based on VIX, the well-known industry benchmark of market volatility,” said CBOE Chairman and CEO William J. Brodsky. “As investors have come to rely on VIX as *the* measure of market volatility, VIX futures and options will dramatically influence risk management and trading opportunities by providing a practical means to hedge volatility, as well as to profit from uncertain markets.”

“CBOE's development of S&P 500-based volatility products represents an innovative step in providing investors with new tools for managing volatility,” said Rik Kranenburg, Executive Vice President, Standard & Poor's. “Standard & Poor's is proud to be associated with CBOE's leadership in bringing VIX to a new level and developing this exciting market opportunity for investors.”

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CBOE's VIX futures will offer an entirely new investment vehicle to investors, providing a direct means to trade the volatility of the broad market, as defined by the S&P 500, which encompasses approximately 80% of the U.S. equity market. VIX futures offer the benefits of a standardized, exchange-traded volatility contract, cleared through the triple-A rated Options Clearing Corporation (OCC).

Futures on the VIX, and other related products, will be traded electronically, via CBOEdirect, on the recently approved CBOE Futures Exchange. Options on VIX will be listed on CBOE, pending SEC approval.

VIX Methodology Updated

In preparation for the launch of VIX futures and options, CBOE has updated and broadened the methodology used to calculate VIX, including changing the underlying index to the S&P 500, the most widely followed stock index in the world. The new methodology will yield a more robust and precise measure of expected volatility, and will be applied beginning on September 22, 2003.

The new methodology also will include a broader range of strike prices, rather than using only at-the-money index options. Each strike price that is included in the calculation will be weighted, with at-the-money strike prices having the most weight. Also, as noted above, VIX will now be derived from prices of options on the S&P 500 Index (SPX), rather than the S&P 100 Index options (OEX). Methodology details are available in a white paper released today and available on both the CBOE and Standard & Poor's websites.

CBOE calculates and disseminates VIX continuously throughout the trading day under ticker symbol "VIX," providing a real-time measure of volatility in the broad market. VIX quotes can generally be accessed wherever stock or futures quotes are available, and are easily accessed on the CBOE website at www.cboe.com/quotes. CBOE will continue to calculate and disseminate the original formula VIX, under the symbol "VXO."

More information on the new calculation, historical values, charts, and comparisons can be found at www.cboe.com/VIX.

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In addition to VIX, CBOE also calculates and disseminates **VXN**, the CBOE Nasdaq Volatility Index based on Nasdaq-100 Index options (NDX). The same updated formula used for calculating VIX will also be applied to VXN beginning on September 22.

CBOE, the world's largest options marketplace and the creator of listed options, is regulated by the Securities and Exchange Commission (SEC). For additional information about the CBOE and its products, access the CBOE website at www.cboe.com.

Following is a guide for symbols mentioned in this release:

NDX	Options on the Nasdaq-100® Index, traded at CBOE.
OEX®	Options on the S&P 100® Index, traded at CBOE.
SPX SM	Options on the S&P 500® Index, traded at CBOE.
VIX®	CBOE Volatility Index.® Launched January 19,1993.
VXN SM	CBOE Nasdaq Volatility Index. Launched January 22, 2001.
VXO	New symbol for the original-formula VIX that will continue to be calculated and disseminated.

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