



Information Circular IC07-108

Date: July 23, 2007

To: CBOE Members

From: Legal Division

Re: Penny Pilot Extension and Expansion

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The Penny Pilot Program currently in effect in 13 option classes is scheduled to expire on Thursday, July 26, 2007. At the SEC's request, CBOE intends to extend the Penny Pilot in the 13 option classes until September 27, 2007.

Additionally, the SEC staff has advised they are recommending a two-stage expansion of the Penny Pilot. The first phase of the expansion would begin on **September 28, 2007** and last for six months, and add the following 22 option classes. These 22 option classes are ranked high in national average daily volume, and together with the existing 13 Pilot classes, represent approximately 35% of the total industry volume.

SPDR S&P 500 (SPY/SPY)	NYSE Euronext (NYX/NYX)
Apple Inc. (AAPL/AAQ)	Cisco Systems (CSCO/CYQ)
Altria Group, Inc. (MO/MO)	Financial Select Sector SPDR (XLF/XLF)
Dendreon Corp. (DNDN/UKO)	AT&T, Inc. (T/T)
Amgen Inc. (AMGN/AMQ)	Citigroup, Inc. (C/C)
Yahoo! Inc. (YHOO/YHQ)	Amazon.com Inc. (AMZN/ZQN)
Qualcomm Inc. (QCOM/QAQ)	Motorola Inc. (MOT/MOT)
General Motors (GM/GM)	Research in Motion Ltd. (RIMM/RUL)
Energy Select Sector SPDR (XLE/XLE)	Freeport-McMoRan Copper & Gold, Inc. (FCX/DPJ)
Diamonds Trust (DIA/DIA)	ConocoPhillips (COP/COP)
Oil Services HLDRS (OIH/OIH)	Bristol-Myers Squibb Co. (BMJ/BMJ)

The minimum increments for all classes in the Penny Pilot, except for the QQQQs, would continue to be \$0.01 for all option series below \$3 (including LEAPS), and \$0.05 for all option series \$3 and above (including LEAPS). For QQQQs, the minimum increment would remain \$0.01 for all option series.

The second phase of the expansion would begin on **March 28, 2008**, and last until March 28, 2009. It is currently anticipated that an additional 28 option classes would be added to the Penny Pilot on March 28, 2008, bringing the total number of classes in the Pilot to 63. The 28 new classes would be among the most active in terms of average daily volume.

This proposed expansion is not definitive and is subject to change. CBOE will keep members apprised of the status of the proposed expansion of the Penny Pilot. If you have any questions, please contact Tom Knorring at (312) 786-7363 or [knorring@cboe.com](mailto:knorring@cboe.com), or Patrick Sexton at (312) 786-7467 or [sexton@cboe.com](mailto:sexton@cboe.com).

*This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any state or jurisdiction in which an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.*

*In connection with the proposed restructuring transaction, CBOE Holdings, Inc. ("CBOE Holdings") has filed certain relevant materials with the United States Securities and Exchange Commission (SEC), including a registration statement on Form S-4. Members are encouraged to read the registration statement, including the proxy statement/prospectus that are a part of the registration statement, because it contains important information about the proposed transaction. Members are able to obtain a free copy of the proxy statement/prospectus, as well as the other filings containing information about CBOE Holdings and the Chicago Board Options Exchange, Incorporated ("CBOE"), without charge, at the SEC's Web site, <http://www.sec.gov>, and the companies' website, **[www.CBOE.com](http://www.CBOE.com)**. In addition, CBOE members may obtain free copies of the proxy statement/prospectus and other documents filed by CBOE Holdings or the CBOE from CBOE Holdings by directing a request to the Office of the Secretary, CBOE Holdings, Inc., 400 South LaSalle Street, Chicago, Illinois 60605.*

*CBOE Holdings, the CBOE and their respective directors, executive officers and other employees may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information about the directors and executive officers of CBOE Holdings and of the CBOE is available in the prospectus/proxy statement.*