

Market Operations Information Circular			
Circular Number:	2007-04	Contact:	Jim Sampson -VP, Trading & Market Operations
Date:	January 24, 2007	Telephone:	212/897-0235

Subject: Options - Penny Pilot Reminder

On Friday, January 26, 2007 the ISE will commence an industry-wide pilot program to begin quoting and trading certain options in penny increments. Whole Foods Market, Inc. (“WFMI”) will be the first symbol of this pilot to be enabled to trade with premiums expressed in pennies. Additional ETF and stock options will trade with premiums in this new penny format in the weeks to follow (see proposed schedule below).

As part of the Penny Trading Pilot a select number of options may trade in 1-cent increments when priced below \$3.00. Options priced \$3.00 and above will trade in 5-cent increments. Please note that QQQQ will be permitted in 1-cent increments at all levels.

The proposed schedule for the Penny Trading pilot is as follows:

- First week (beginning January 26, 2007)
 - **WFMI** - Whole Foods Market Inc.
- Second week (beginning February 2, 2007)
 - **GE** - General Electric Co.
 - **MSFT** - Microsoft Corp.
- Third Week (beginning February 9, 2007)

Remaining symbols:

 - **IWM** - iShares Russell 2000® Index
 - **A** - Agilent Tech Inc.
 - **QQQQ** - Nasdaq-100® Trust Shares
 - **SMH** - SemiConductors Holders
 - **AMD** - Advanced Micro Devices Inc.
 - **INTC** - Intel Corp.
 - **CAT** - Caterpillar Inc.
 - **TXN** - Texas Instruments Inc.
 - **FLEX** - Flextronics International Ltd.
 - **SUNW** - Sun Micro Systems Inc.

For additional information about the rollout, you may visit:
http://www.iseoptions.com/legal/penny_pilot.asp

Please contact me with any questions.