

Part II. Definition of Ordinary Cash Dividend. The following replaces Part I of the May 2007 Supplement:

The fourth paragraph on page 19 of the Booklet is amended to read as follows:

As a general rule, no adjustment is made for ordinary cash dividends or cash distributions. A cash dividend or distribution announced prior to February 1, 2009, will generally be considered "ordinary" unless it exceeds 10% of the aggregate market value of the underlying security outstanding as of the close of trading on the declaration date. The same rule will continue to apply on and after that date with respect to options series designated by OCC as "grandfathered" for purposes of this rule (i.e., series opened prior to publication of the May 2007 Supplement that remain outstanding on February 1, 2009). In the case of all other options series, a cash dividend or distribution announced on or after February 1, 2009, will generally be considered "ordinary," regardless of size, if OCC believes that it was declared pursuant to a policy or practice of paying such dividends or distributions on a quarterly or other regular basis. No adjustment will normally be made for any cash dividend or distribution that amounts to less than \$12.50 per contract. If an option contract has been previously adjusted to cover more shares than a standard-size option contract (i.e., a contract covering 100 shares or any other number of shares specified as the standard size for a contract prior to any adjustments) and if a corresponding standard-size option contract also exists, the previously adjusted option contract will be adjusted only if the corresponding standard-size option contract is also adjusted. As an exception to the general rule, options on fund shares will generally be adjusted for capital gains distributions even if made on a regular basis, and adjustments may be made for certain other distributions in respect of fund shares in special circumstances described in OCC's rules, provided in each case that the amount of the adjustment would be \$.125 or more per fund share. Determinations whether to adjust for cash dividends or distributions not covered by the preceding rules, or when other special circumstances apply, are made on a case-by-case basis.