

used to divide the range length into three segments: the low range, the middle range and the high range. The low range begins at the low end of the range length and ends one range interval higher. The high range begins one range interval below the high end of the range length and ends at the high end of the range length. The high range and the low range are of equal length. The middle range is the segment of values between the end of the low range and the beginning of the high range. The listing options market will also set a maximum range exercise value and a multiplier, the product of which is the maximum cash settlement amount. This maximum cash settlement amount will be payable if the level of the underlying index falls anywhere in the middle range at expiration. Within the low range, the cash settlement amount *increases* from zero to the maximum cash settlement amount as the level of the underlying index increases. Within the high range, the cash settlement amount *decreases* from the maximum cash settlement amount to zero as the level of the underlying index continues to increase.

**EXAMPLE:** Assume for a series of range index options that the listing options market has specified a range length from 1000 to 1100, a range interval of 10, a maximum range exercise value of 10 and a multiplier of \$100. The series therefore has a maximum cash settlement amount of \$1,000 (multiplier times the maximum range exercise value), a low range from 1000 to 1010, a middle range from 1010 to 1090 and a high range from 1090 to 1100. The table below summarizes the variations in cash settlement amount based on the foregoing assumptions:

| Value of the Underlying Index | Low Range  |      |      | Middle Range  | High Range  |               |      |      |            |
|-------------------------------|------------|------|------|---------------|-------------|---------------|------|------|------------|
|                               | Below 1000 | 1000 | 1001 | 1002 ... 1009 | 1010 - 1090 | 1091 ... 1098 | 1099 | 1100 | Above 1100 |
| Cash Settlement Amount (\$)   | 0          | 0    | 100  | 200 ... 900   | 1,000       | 900 ... 200   | 100  | 0    | 0          |

*The last paragraph on page 12 of the Booklet is replaced with the following paragraph:*

Although holders of American-style options (other than delayed start options for which the exercise price has not yet been set) have the right to exercise at any time before expiration, holders frequently elect to realize their profits or losses by making closing transactions because the transaction costs of the closing transactions may be lower than the transaction costs associated with exercises, and because closing transactions may provide an opportunity for an option holder to realize the remaining time value (described below) of the option that would be lost in an exercise. The holder's only means of