

a merger or consolidation, binary stock options may be adjusted so that the cash, securities or other property received by stockholders with respect to a single share of that underlying security becomes the underlying interest. Alternatively, an adjustment panel may determine to fix a value for some or all of the non-cash property received. Where holders of an underlying security receive only cash or an adjustment panel determines to fix a cash value for all non-cash property received, the aggregate per share value received, as determined by the adjustment panel, will become the exercise settlement value, trading in the options will ordinarily cease, options that are out of the money will become worthless, the expiration date will ordinarily be accelerated, and options that are in the money will be automatically exercised. No adjustment in the fixed settlement amount will be made to reflect the accelerated expiration date.

As in the case of other stock options, any adjustment decision with respect to binary stock options will be made by an adjustment panel as described above. The adjustment panel has discretion to make exceptions to the general rules described above.

The first paragraph on page 23 of the Booklet under the caption "About Indexes" is replaced with the following paragraph:

As referred to in this booklet, an index is a measure of the prices or other attributes of a group of securities* or other interests. Although indexes have been developed to cover a variety of interests, such as stocks and other equity securities, debt securities and foreign currencies, and even to measure the cost of living, the following discussion relates only to indexes on equity securities (which are called stock indexes in this booklet) and indexes that are intended to measure the predicted volatility of specified stock indexes (which are called volatility indexes in this booklet) and options on such indexes (including binary index options and range options).

The second full paragraph on page 26 of the Booklet is replaced with the following paragraph:

The value level of every index underlying an option — including the exercise settlement value — is the value of the index as reported by the reporting authority designated by the options market where the option is traded as the official source for determining that index's

* Some indexes reflect values of companies, rather than securities, by taking into account both the prices of constituent securities and the number of those securities outstanding.