

Date: January 27, 2004
To: The Membership
From: Financial Planning Committee
Subject: **Prospective Fee Reduction Program for February and March 2004**

In recognition of high trading volume and positive financial results for the first six months of this fiscal year, on January 21, 2004 the Board of Directors approved a Financial Planning Committee recommendation to reinstate a Prospective Fee Reduction Program for the months of February and March 2004, subject to SEC approval.

Specifics of the program are as follows:

| <u>Fee</u> | <u>Standard Rate</u> | <u>Rate Feb. – Mar.</u> |
|--|--------------------------|-----------------------------|
| Market-Maker ¹ Trans. Fee (excluding Dow Jones indices) | \$.19 | \$.17 |
| Dow Jones Indices Market-Maker Trans. Fee | \$.29 | \$.27 |
| Floor Brokerage Fee | \$.04 | \$.037 |

The above Market-Maker rates do not include a \$.05 trade match fee assessed to all market maker contracts.

During the month of March 2004, the Financial Planning Committee will review trading data and CBOE finances in light of the introduction of Hybrid 2.0 to determine if the Prospective Fee Reduction Program should continue as is, be discontinued, or be modified.

Please call Don Patton at 312-786-7026 if you have any questions.

¹ The Prospective Fee Reduction program applies to transactions by CBOE Market-Makers, as defined in CBOE Rule 8.1.

