

Date: May 12, 2006
To: DPMs
From Accounting
Subject: Enhanced Linkage Costs Rebates

As communicated at a DPM meeting on April 26th, effective May 1, 2006 and subject to SEC approval, the Exchange has enhanced the current linkage costs rebate program.

Details of the new program are described below.

PA Orders: CBOE will rebate DPM transaction fees generated from transactions against customer orders that underlie outbound principal acting as agent (PA) orders ("CBOE Transactions"). In addition, when DPMs incur fees to execute PA orders at other exchanges ("Away Transactions"), those DPMs will be credited an additional amount per contract to offset such fees. CBOE will also credit DPMs an additional amount per contract on both CBOE Transactions and Away Transactions to offset the Sales Value Fee (Section 31 fee) and Options Clearing Corporation (OCC) and clearing firm fees incurred by DPMs on those transactions. This program shall expire upon the earlier of: (i) thirty days after Commission approval of use of an Exchange account to send and respond to PA orders; or (ii) July 31, 2006 (the expiration date of the Linkage fees pilot program).

P Orders: CBOE will rebate DPM transaction fees generated from transactions against broker-dealer orders ("B" or "F" origin) that underlie outbound principal (P) orders ("CBOE Transactions"). In addition, when DPMs incur fees to execute such P orders at other exchanges ("Away Transactions"), those DPMs will be credited an additional amount per contract to offset such fees. CBOE will also credit DPMs an additional amount per contract on both CBOE Transactions and Away Transactions to offset the Sales Value Fee and OCC and clearing firm fees incurred by DPMs on those transactions. This program is subject to the Linkage fees pilot program due to expire on July 31, 2006.

Please contact Don Patton at 312-786-7026 or patton@cboe.com if you have any questions.