

Date: September 30, 2004
To: The Membership
From: Financial Planning Committee ("FPC")
Subject: ETF and HOLDRs Options Customer Fee Reductions

The FPC recommended and on September 14, 2004 the Board of Directors approved a reduction in public customer transaction fees for ETF and HOLDRs options (see exceptions noted below). The rate reductions will be in effect beginning October 1, 2004, subject to SEC approval.

Customer transaction fees for ETF and HOLDRs options will be assessed 15 cents per contract.

Customer transaction fees for options based on the Dow Jones DIAMONDS (DIA) will continue to be assessed at current index options customer rates. DIA customer rates are \$.45 per contract if the premium is greater or equal to \$1, or \$.25 per contract if the premium is less than \$1.

Customer transaction fees for options based on the Nasdaq-100 Index Tracking Stock (QQQ) will continue to be waived.

If you have any questions, please contact Ermer Love at 312-786-7032 or via email at lovee@cboe.com.

Below is a list of classes impacted by the rate reduction:

CBOE's Options on HOLDRssm

BDH - Broadband HOLDRs Trust

HHH - Internet HOLDRs Trust

IAH - Internet Architect HOLDRs Trust

OIH - Oil Services HOLDRs Trust

PPH - Pharmaceutical HOLDRs Trust
RKH - Regional Bank HOLDRs Trust
RTH - Retail HOLDRs Trust
SMH - Semiconductor HOLDRs Trust
SWH - Software HOLDRs Trust
TTH - Telecom HOLDRs Trust
UTH - Utilities HOLDRs Trust
WMH - Wireless HOLDRs Trust

(continued on next page)

CBOE's Options on ETFs.

AGG - Options on iShares® Lehman Aggregate Bond Fund
DGT - streetTRACKS® - DJ Global Titans Index Fund
DVY - iShares DJ Select Dividend
EFA - Options on iShares MSCI EAFE® Exchange Traded Fund
IBB - iShares® Nasdaq® Biotechnology
IDU - iShares DJ® US Utilities Sector
IEF - iShares Lehman 7-10 Year Treasury Bond Fund
IGM - iShares Goldman Sachs® Technology Index
IGN - iShares® Goldman Sachs Networking Index Fund
IGV - iShares Goldman Sachs Software Index Fund
IGW - iShares Goldman Sachs Semiconductor Index Fund
IWB - iShares Russell 1000® Index Fund
IWD - iShares Russell 1000 Value Index Fund
IWF - iShares Russell 1000 Growth Index Fund
IWM - iShares Russell 2000® Index Fund
IWN - iShares Russell 2000 Value Index Fund
IWO - iShares Russell 2000 Growth Index Fund
IWP - iShares Russell Midcap® Growth Index Fund
IWR - iShares Russell Midcap Index Fund
IWS - iShares Russell Midcap Value Index Fund
IWV - iShares Russell 3000® Index Fund
IWW - iShares Russell 3000 Value Index Fund
IWZ - iShares Russell 3000 Growth Index Fund
IYE - iShares Trust - DJ US Energy Sector Index Fund
IYH - iShares Trust - DJ US Healthcare Sector Index Fund
IYY - iShares DJ US Total Market
LQD - iShares GS\$ InvesTop Corporate Bond Fund
OEF - Options on iShares® S&P 100® Index Fund
ONQ - Options on Fidelity® Nasdaq Composite Index® Tracking Stock
SHY - iShares Lehman 1-3 Year Treasury Bond Fund
TLT - iShares Lehman 20+ Year Treasury Bond Fund
XLB - Materials Select Sector SPDR

[XLE](#) - Energy Select Sector SPDR
[XLF](#) - Financial Select Sector SPDR
[XLI](#) - Industrial Select Sector SPDR
[XLK](#) - Technology Select Sector SPDR
[XLP](#) - Consumer Staples Select Sector SPDR
[XLU](#) - Utilities Select Sector SPDR
[XLV](#) - Health Care Select Sector SPDR
[XLV](#) - Consumer Discretionary Select Sector SPDR

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