CBOE EXECUTE SUCCESS℠

CBOE Research Circular #RS12-669

Date: December 6, 2012

To: Permit Holders
From: Scott Speer
RE: Tellabs, Inc. ("TLAB")
CONTRACT ADJUSTMENT FOR SPECIAL CASH DIVIDEND
Ex-Date: December 12, 2012

Tellabs, Inc. ("TLAB") has declared a special cash dividend of **$1.00** per share on its outstanding common stock. The special cash dividend has a record date of December 14, 2012 and a payable date of December 21, 2012. **The ex-distribution date will be on Wednesday, December 12, 2012.**

THE FOREGOING DISCUSSION IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE SPECIAL DIVIDEND, PREPARED BY CBOE FOR THE CONVENIENCE OF ITS PERMIT HOLDERS. CBOE ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS SUMMARY. PERMIT HOLDERS SHOULD REFER TO THE TELLABS, INC. NEWS RELEASE DATED NOVEMBER 29, 2012, FOR THE AUTHORITATIVE DESCRIPTION OF THE SPECIAL DIVIDEND AND ALL OF ITS TERMS AND CONDITIONS.

Contract Adjustment for the Special Cash Dividend

Pursuant to Article VI, Section 11, of OCC's By-Laws, a panel of the OCC's Security Committee has voted to adjust all outstanding TLAB options for the cash dividend as follows. **On Wednesday, December 12, 2012, each adjusted Tellabs, Inc. contract will require the receipt or delivery of: (A) 100 share of TLAB Common Stock; plus (B) $100.00 cash.** Premiums for the adjusted Tellabs, Inc. options will continue to be calculated on the basis of a multiplier of 100, *i.e.,* for premium and strike-price extensions, 1.00 will equal $100. Tellabs, Inc. option symbol will change to **TLAB1**. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

Adjusted Option Symbols

On Wednesday, December 12, 2012, trading in TLAB series will be on an adjusted basis. At 8:30 A.M., Chicago time, an opening rotation will be effected with the following adjustments:

EXISTING SERIES					ADJUSTED SERIES*			
TLAB	1.00	2012-12-22	C/P	=>	TLAB1	1.00	2012-12-22	C/P
TLAB	1.50	2012-12-22	C/P	=>	TLAB1	1.50	2012-12-22	C/P
TLAB	2.00	2012-12-22	C/P	=>	TLAB1	2.00	2012-12-22	C/P
TLAB	2.50	2012-12-22	C/P	=>	TLAB1	2.50	2012-12-22	C/P
TLAB	3.00	2012-12-22	C/P	=>	TLAB1	3.00	2012-12-22	C/P
TLAB	3.50	2012-12-22	C/P	=>	TLAB1	3.50	2012-12-22	C/P
TLAB	4.00	2012-12-22	C/P	=>	TLAB1	4.00	2012-12-22	C/P
TLAB	4.50	2012-12-22	C/P	=>	TLAB1	4.50	2012-12-22	C/P
TLAB	5.00	2012-12-22	C/P	=>	TLAB1	5.00	2012-12-22	C/P
TLAB	6.00	2012-12-22	C/P	=>	TLAB1	6.00	2012-12-22	C/P

EXISTING SERIES					ADJUSTED SERIES*			
TLAB	7.00	2012-12-22	C/P	=>	TLAB1	7.00	2012-12-22	C/P
TLAB	8.00	2012-12-22	C/P	=>	TLAB1	8.00	2012-12-22	C/P
TLAB	0.50	2013-01-19	C/P	=>	TLAB1	0.50	2013-01-19	C/P
TLAB	1.00	2013-01-19	C/P	=>	TLAB1	1.00	2013-01-19	C/P
TLAB	1.50	2013-01-19	C/P	=>	TLAB1	1.50	2013-01-19	C/P
TLAB	2.00	2013-01-19	C/P	=>	TLAB1	2.00	2013-01-19	C/P
TLAB	2.50	2013-01-19	C/P	=>	TLAB1	2.50	2013-01-19	C/P
TLAB	3.00	2013-01-19	C/P	=>	TLAB1	3.00	2013-01-19	C/P
TLAB	3.50	2013-01-19	C/P	=>	TLAB1	3.50	2013-01-19	C/P
TLAB	4.00	2013-01-19	C/P	=>	TLAB1	4.00	2013-01-19	C/P
TLAB	4.50	2013-01-19	C/P	=>	TLAB1	4.50	2013-01-19	C/P
TLAB	5.00	2013-01-19	C/P	=>	TLAB1	5.00	2013-01-19	C/P
TLAB	5.50	2013-01-19	C/P	=>	TLAB1	5.50	2013-01-19	C/P
TLAB	6.00	2013-01-19	C/P	=>	TLAB1	6.00	2013-01-19	C/P
TLAB	7.50	2013-01-19	C/P	=>	TLAB1	7.50	2013-01-19	C/P
TLAB	10.00	2013-01-19	C/P	=>	TLAB1	10.00	2013-01-19	C/P
TLAB	12.50	2013-01-19	C/P	=>	TLAB1	12.50	2013-01-19	C/P
TLAB	1.00	2013-03-16	C/P	=>	TLAB1	1.00	2013-03-16	C/P
TLAB	2.00	2013-03-16	C/P	=>	TLAB1	2.00	2013-03-16	C/P
TLAB	3.00	2013-03-16	C/P	=>	TLAB1	3.00	2013-03-16	C/P
TLAB	4.00	2013-03-16	C/P	=>	TLAB1	4.00	2013-03-16	C/P
TLAB	5.00	2013-03-16	C/P	=>	TLAB1	5.00	2013-03-16	C/P
TLAB	6.00	2013-03-16	C/P	=>	TLAB1	6.00	2013-03-16	C/P
TLAB	7.00	2013-03-16	C/P	=>	TLAB1	7.00	2013-03-16	C/P
TLAB	1.00	2013-06-22	C/P	=>	TLAB1	1.00	2013-06-22	C/P
TLAB	2.00	2013-06-22	C/P	=>	TLAB1	2.00	2013-06-22	C/P
TLAB	3.00	2013-06-22	C/P	=>	TLAB1	3.00	2013-06-22	C/P
TLAB	4.00	2013-06-22	C/P	=>	TLAB1	4.00	2013-06-22	C/P
TLAB	5.00	2013-06-22	C/P	=>	TLAB1	5.00	2013-06-22	C/P
TLAB	6.00	2013-06-22	C/P	=>	TLAB1	6.00	2013-06-22	C/P
TLAB	7.00	2013-06-22	C/P	=>	TLAB1	7.00	2013-06-22	C/P
2014 LEAPS								
TLAB	1.00	2014-01-18	C/P	=>	TLAB1	1.00	2014-01-18	C/P
TLAB	2.00	2014-01-18	C/P	=>	TLAB1	2.00	2014-01-18	C/P
TLAB	3.00	2014-01-18	C/P	=>	TLAB1	3.00	2014-01-18	C/P
TLAB	4.00	2014-01-18	C/P	=>	TLAB1	4.00	2014-01-18	C/P
TLAB	5.00	2014-01-18	C/P	=>	TLAB1	5.00	2014-01-18	C/P
TLAB	7.00	2014-01-18	C/P	=>	TLAB1	7.00	2014-01-18	C/P

*** Any additional TLAB series that are added prior to the ex-date will also be adjusted in the manner described above.**

New Unadjusted Series

To facilitate the maintenance of a fair and orderly market in Tellabs, Inc. options, new TLAB series with a contract unit of 100 shares will be introduced on Thursday, December 13, 2012. The TLAB series will be added for the December, January, March, and June expirations at exercise prices nearest the money. Also, new TLAB LEAP series with a contract unit of 100 shares will be introduced on December 13, 2012, for the January 2014 expiration at exercise prices nearest the money.

GTC Order Conversion

On Tuesday, December 11, 2012, immediately after the CBOE close, the system will convert or cancel all resting orders in the TLAB order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustment. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirms will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.

A report will be available at the Help Desk listing the orders that are converted or canceled. If converted, this list will also show how the new orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

Position and Exercise Limits

The CBOE Department of Market Regulation has determined that: "The position and exercise limits following this cash distribution will remain the same."

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the following web address:

http://www.cboe.com/ContractAdjustments