

CBOE Research Circular #RS12-676

Date: December 10, 2012

To: Permit Holders

From: Scott Speer

RE: Xueda Education Group ("XUE")

CONTRACT ADJUSTMENT FOR SPECIAL CASH DIVIDEND

Ex-Date: December 17, 2012

Xueda Education Group ("XUE") has declared a special cash dividend of approximately \$0.48 (\$0.50, less \$0.02 fee) per American Depositary Share (ADS). The special cash dividend has a record date of December 19, 2012 and a payable date of December 31, 2012. **The ex-distribution date is Monday, December 17, 2012.**

THE FOREGOING DISCUSSION IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE SPECIAL CASH 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 XUEDA EDUCATION GROUP PRESS RELEASE DATED NOVEMBER 19, 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 XUE options for the cash dividend as follows. **On Monday, December 17, 2012, each adjusted Xueda Education Group contract will require the receipt or delivery of: (A) 100 ADSs of XUE; plus (B) approximately \$48.00 cash.** Premiums for the adjusted Xueda Education Group 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. Xueda Education Group option symbol will change to **XUE1**. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

Adjusted Option Symbols

On Monday, December 17, 2012, trading in XUE 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*				
XUE	2.50	2012-12-22	C/P	=>	XUE1	2.50	2012-12-22	C/P
XUE	5.00	2012-12-22	C/P	=>	XUE1	5.00	2012-12-22	C/P
XUE	7.50	2012-12-22	C/P	=>	XUE1	7.50	2012-12-22	C/P
XUE	2.50	2013-01-19	C/P	=>	XUE1	2.50	2013-01-19	C/P
XUE	5.00	2013-01-19	C/P	=>	XUE1	5.00	2013-01-19	C/P
XUE	7.50	2013-01-19	C/P	=>	XUE1	7.50	2013-01-19	C/P
XUE	2.50	2013-04-20	C/P	=>	XUE1	2.50	2013-04-20	C/P

EXISTING SERIES				ADJUSTED SERIES*			
XUE	5.00	2013-04-20	C/P =>	XUE1	5.00	2013-04-20	C/P
XUE	7.50	2013-04-20	C/P =>	XUE1	7.50	2013-04-20	C/P
XUE	2.50	2013-07-20	C/P =>	XUE1	2.50	2013-07-20	C/P
XUE	5.00	2013-07-20	C/P =>	XUE1	5.00	2013-07-20	C/P
XUE	7.50	2013-07-20	C/P =>	XUE1	7.50	2013-07-20	C/P

* Any additional XUE 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 Xueda Education Group options, new XUE series with a contract unit of 100 ADSs will be introduced on Tuesday, December 18, 2012. The XUE series will be added for the January, February, April, and July expirations at exercise prices nearest the money.

Settlement Procedures

The OCC will delay settlement of XUE1 exercise and assignment activity until the exact dollar for the special cash dividend is determined.

GTC Order Conversion

On Friday, December 14, 2012, immediately after the CBOE close, the system will convert or cancel all resting orders in the XUE 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>