CBOE EXECUTE SUCCESS℠

CBOE Research Circular #RS12-667

Date: December 6, 2012

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

PetMed Express, Inc. ("PETS") 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 24, 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 PETMED EXPRESS, INC. NEWS RELEASE DATED DECEMBER 3, 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 and 11A of OCC's By-Laws, all outstanding PETS option series will be adjusted to reflect this special cash dividend as follows: **On Wednesday, December 12, 2012, each PETS series shall be adjusted by decreasing the strike price by $1.00, the amount of the cash dividend, rounded to the nearest 1/100th.** The option symbols for the adjusted contracts will remain the same. Premiums and strike-price amounts for the adjusted PETS options will continue to be calculated on the basis of a multiplier of 100, i.e., for premium and strike-price extensions, 1 point of premium or strike price will equal $100. [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 PETS 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*			
PETS	2.50	2012-12-22	C/P	=>	PETS	1.50	2012-12-22	C/P
PETS	5.00	2012-12-22	C/P	=>	PETS	4.00	2012-12-22	C/P
PETS	7.50	2012-12-22	C/P	=>	PETS	6.50	2012-12-22	C/P
PETS	10.00	2012-12-22	C/P	=>	PETS	9.00	2012-12-22	C/P
PETS	12.50	2012-12-22	C/P	=>	PETS	11.50	2012-12-22	C/P
PETS	15.00	2012-12-22	C/P	=>	PETS	14.00	2012-12-22	C/P
PETS	17.50	2012-12-22	C/P	=>	PETS	16.50	2012-12-22	C/P
PETS	20.00	2012-12-22	C/P	=>	PETS	19.00	2012-12-22	C/P

EXISTING SERIES					ADJUSTED SERIES*			
PETS	22.50	2012-12-22	C/P	=>	PETS	21.50	2012-12-22	C/P
PETS	25.00	2012-12-22	C/P	=>	PETS	24.00	2012-12-22	C/P
PETS	2.50	2013-01-19	C/P	=>	PETS	1.50	2013-01-19	C/P
PETS	5.00	2013-01-19	C/P	=>	PETS	4.00	2013-01-19	C/P
PETS	7.50	2013-01-19	C/P	=>	PETS	6.50	2013-01-19	C/P
PETS	10.00	2013-01-19	C/P	=>	PETS	9.00	2013-01-19	C/P
PETS	12.50	2013-01-19	C/P	=>	PETS	11.50	2013-01-19	C/P
PETS	15.00	2013-01-19	C/P	=>	PETS	14.00	2013-01-19	C/P
PETS	17.50	2013-01-19	C/P	=>	PETS	16.50	2013-01-19	C/P
PETS	20.00	2013-01-19	C/P	=>	PETS	19.00	2013-01-19	C/P
PETS	2.50	2013-03-16	C/P	=>	PETS	1.50	2013-03-16	C/P
PETS	5.00	2013-03-16	C/P	=>	PETS	4.00	2013-03-16	C/P
PETS	7.50	2013-03-16	C/P	=>	PETS	6.50	2013-03-16	C/P
PETS	10.00	2013-03-16	C/P	=>	PETS	9.00	2013-03-16	C/P
PETS	12.50	2013-03-16	C/P	=>	PETS	11.50	2013-03-16	C/P
PETS	15.00	2013-03-16	C/P	=>	PETS	14.00	2013-03-16	C/P
PETS	17.50	2013-03-16	C/P	=>	PETS	16.50	2013-03-16	C/P
PETS	20.00	2013-03-16	C/P	=>	PETS	19.00	2013-03-16	C/P
PETS	22.50	2013-03-16	C/P	=>	PETS	21.50	2013-03-16	C/P
PETS	2.50	2013-06-22	C/P	=>	PETS	1.50	2013-06-22	C/P
PETS	5.00	2013-06-22	C/P	=>	PETS	4.00	2013-06-22	C/P
PETS	7.50	2013-06-22	C/P	=>	PETS	6.50	2013-06-22	C/P
PETS	10.00	2013-06-22	C/P	=>	PETS	9.00	2013-06-22	C/P
PETS	12.50	2013-06-22	C/P	=>	PETS	11.50	2013-06-22	C/P
PETS	15.00	2013-06-22	C/P	=>	PETS	14.00	2013-06-22	C/P
PETS	17.50	2013-06-22	C/P	=>	PETS	16.50	2013-06-22	C/P
PETS	20.00	2013-06-22	C/P	=>	PETS	19.00	2013-06-22	C/P

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

GTC Order Conversion

On Tuesday, December 11, 2012, immediately after the CBOE close, the system will convert or cancel all resting orders in the PETS 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 confirm 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