EXECUTE SUCCESS℠

CBOE Research Circular #RS13-320

Date: June 7, 2013

To: Permit Holders
From: Scott Speer
RE: Neutral Tandem, Inc. ("IQNT & adj. IQNT1")
CONTRACT ADJUSTMENT FOR SPECIAL CASH DIVIDEND
Ex-Date: June 12, 2013

Neutral Tandem, Inc. ("IQNT & adj. IQNT1") has declared a special cash dividend of **$1.25** per share on its outstanding common stock. The special cash dividend has a record date of June 14, 2013 and a payable date of June 28, 2013. **The ex-distribution date is Wednesday, June 12, 2013.**

Please note that the currently adjusted IQNT1 series call for the per-contract delivery or receipt of: (A) 100 shares of Neutral Tandem, Inc. ("IQNT") Common Stock; plus (B) $300.00 cash, and a contract multiplier of 100. Please refer to CBOE Research Circular #RS12-558, dated October 30, 2012, for more information regarding the previously adjusted IQNT1 contract.

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 NEUTRAL TANDEM, INC. PRESS RELEASE DATED MAY 29, 2013, FOR THE AUTHORITATIVE DESCRIPTION OF THE SPECIAL DIVIDEND AND ALL OF ITS TERMS AND CONDITIONS.

Contract Adjustment

Pursuant to OCC rules (Article VI, Section 11 and 11A), all outstanding IQNT/IQNT1 option series will be adjusted/further adjusted to reflect this special cash dividend on Wednesday, June 12, 2013, at 8:30 A.M. Chicago time as follows:

A) **The IQNT series will be adjusted by decreasing the strike price by $1.25, the amount of the cash dividend.** The IQNT option symbol will remain the same. Premiums and strike-price amounts for the adjusted IQNT 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.

B) The previously adjusted **IQNT1** series will be further adjusted to require the per-contract delivery or receipt of**: (A) 100 shares of Neutral Tandem, Inc. ("IQNT") Common Stock; plus (B) $425.00 cash ($300.00 + $125.00).** The IQNT1 option symbol and strike prices will remain the same. Premiums and strike-price amounts for the further adjusted IQNT1 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.

[Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

Adjusted Option Symbols

On Wednesday, June 12, 2013, trading in IQNT 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*			
IQNT	2.50	2013-06-22	C/P	=>	IQNT	1.25	2013-06-22	C/P
IQNT	5.00	2013-06-22	C/P	=>	IQNT	3.75	2013-06-22	C/P
IQNT	7.50	2013-06-22	C/P	=>	IQNT	6.25	2013-06-22	C/P
IQNT	10.00	2013-06-22	C/P	=>	IQNT	8.75	2013-06-22	C/P
IQNT	2.50	2013-07-20	C/P	=>	IQNT	1.25	2013-07-20	C/P
IQNT	5.00	2013-07-20	C/P	=>	IQNT	3.75	2013-07-20	C/P
IQNT	7.50	2013-07-20	C/P	=>	IQNT	6.25	2013-07-20	C/P
IQNT	10.00	2013-07-20	C/P	=>	IQNT	8.75	2013-07-20	C/P
IQNT	2.50	2013-09-21	C/P	=>	IQNT	1.25	2013-09-21	C/P
IQNT	5.00	2013-09-21	C/P	=>	IQNT	3.75	2013-09-21	C/P
IQNT	7.50	2013-09-21	C/P	=>	IQNT	6.25	2013-09-21	C/P
IQNT	10.00	2013-09-21	C/P	=>	IQNT	8.75	2013-09-21	C/P
IQNT	2.50	2013-12-21	C/P	=>	IQNT	1.25	2013-12-21	C/P
IQNT	5.00	2013-12-21	C/P	=>	IQNT	3.75	2013-12-21	C/P
IQNT	7.50	2013-12-21	C/P	=>	IQNT	6.25	2013-12-21	C/P
IQNT	10.00	2013-12-21	C/P	=>	IQNT	8.75	2013-12-21	C/P

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

GTC Order Conversion

On Tuesday, June 11, 2013, immediately after the CBOE close, the system will convert or cancel all resting orders in the IQNT 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