

PBOT Circular No. 0010-06-I

MEMORANDUM

TO: All Members of The Philadelphia Board of Trade, Inc.

FROM: Meyer S. Frucher, Chairman

RE: Philadelphia Board of Trade Launch - October 2006

DATE: September 12, 2006

I am pleased to announce that The Philadelphia Board of Trade, Inc. ("PBOT") will launch a fully electronic futures trading system in October 2006.

PBOT's revitalization today is a key part of our trading proposition that will offer capital markets participants a single connection to commodities trading at PBOT, along with equity and index options and equities trading at the Philadelphia Stock Exchange, Inc. ("PHLX"). We recently built a proprietary trading platform that I believe will propel PBOT to a leadership position in the futures industry. PBOT XL is a fully electronic trading system that will enable traders to stream quotes in the same manner as PHLX XL, our industry leading options match engine. I expect volume to grow PBOT as the industry comes to recognize that PBOT will offer complementary and novel products, as well as a reliable and proven matching engine and trading system in PBOT XL.

To appreciate what PBOT will be, it is important to see where PBOT has been. PHLX formed PBOT in 1984. Memberships in PBOT were first sold in August 1984 to convey trading privileges on what was planned to be a robust currency futures exchange. After its inception in 1984 through 2002, however, PBOT experienced substantial periods of low volume and inactivity. Memberships in PBOT were speculatively traded even though the members agreed as a condition of membership that the memberships were not intended to be investment vehicles.

Commencing in 2003, the management team began working to intensively reinvigorate PBOT, and PBOT's launch this October is the culmination of that effort. After a period of dormancy, PBOT's management and staff worked with the Commodity Futures Trading Commission to reinstate PBOT as an active designated contract market in May 2006. A new PBOT Board of Directors was elected in July 2006. PBOT has established strategic arrangements with leading industry participants to create new products to be traded on its state of the art trading platform.

Owners and lessees of memberships in the revitalized PBOT will have the limited rights that adhered when memberships were issued; namely, the right to trade on the PBOT exchange and the right to nominate candidates from which certain Board members must be elected. Owners of memberships maintain the additional preferred right to share in any assets of PBOT in the event of its liquidation. Likewise, all owners and lessees of memberships will continue to have the same obligations; namely, the obligation to pay such fees, assessments and dues as may be fixed by the PBOT Board of Directors and the obligation to comply with, and be bound by, the PBOT By-laws and rules. Management plans to recommend to the Board that incentives and certain exemptions be offered to offset or eliminate some or all such membership fees, dues or assessments. I believe such incentives and exemptions are essential for PBOT's growth.

I am excited about PBOT's prospects for the future and invite you as a PBOT membership holder to be an active participant in our new market. On behalf of the PBOT Board of Directors and staff, I welcome you to participate in the new PBOT, and we look forward to working with you to make PBOT a vibrant and dynamic exchange.