

## **NOTICE TO MEMBERS**

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

From: Meyer S. Frucher, Chairman

Re: Proposed Amendments to By-Laws

Date: August 30, 2007

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In my memorandum to members dated September 12, 2006 (PBOT Circular No. 0010-06-I), I noted that holders of membership interests in The Philadelphia Board of Trade, Inc. ("PBOT") will have the rights that adhered when memberships were issued; namely, the right to trade on the PBOT exchange, the right to nominate candidates from which certain Board members must be elected and the preferred right to share in any assets of PBOT in the event of its liquidation. These rights are set forth in a document pursuant to which PBOT issued memberships entitled, "Circular 84-1 Offer of Membership in The Philadelphia Board of Trade" (the "Circular"). The purpose of this memorandum is to inform you that PBOT intends to amend its By-Laws to specifically describe the rights associated with PBOT memberships set forth in the Circular.

The Circular provides that one share of non-voting preferred stock was to be issued to each person who purchased a PBOT membership. PBOT's Articles of Incorporation, however, have never authorized the issuance of preferred stock, and language in the Circular supports the conclusion that there was never any intention to issue marketable securities to PBOT's members (as a condition of membership, the Circular required members to represent at the time of purchase that it was their intention to use the membership for trading on PBOT's exchange, and not for investment). Accordingly, PBOT has not, and does not intend to, issue preferred stock to the members. The Philadelphia Stock Exchange, Inc. ("PHLX") is now and always has been the sole shareholder of PBOT.

The fact that members will not receive preferred stock in PBOT does not diminish the substantive rights granted to members pursuant to the Circular, which rights will be reinforced by PBOT's By-Laws when the proposed By-Law amendments are adopted.

Following the adoption by the Board of Directors of the proposed amendments to PBOT's By-Laws, which is expected to take place in early September 2007, a conformed copy of the By-Laws reflecting the amendments will be available on PHLX's website ([www.phlx.com](http://www.phlx.com)).

If you have any questions concerning this memorandum, please contact Walt Smith at 215-496-5532 or Angela Dunn at 215-496-5692.