

MEMORANDUM

TO: All Members, Member Organizations, Participants and Participant Organizations

FROM: Office of the Secretary

RE: Dismissal of PennMont Securities v. Frucher, et al. with prejudice

DATE: August 16, 2007

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On Wednesday, August 15, 2007, Judge Anita B. Brody of the United States District Court for the Eastern District of Pennsylvania issued an order and opinion dismissing the case of PennMont Securities v. Frucher, et al., No. 05-6686. In the case, plaintiff had alleged violations of the federal Racketeer Influenced and Corrupt Organizations Act and state tort law against three current members of the Exchange's management and two former members of the Exchange's Board of Governors arising out of the demutualization of the Exchange, the strategic investment transactions, and allegations of assorted mismanagement and self-dealing. Plaintiff had sought damages both for itself and derivatively on behalf of the Exchange. Judge Brody ruled that "PennMont fail[ed] to state any viable claim" and dismissed the case in its entirety with prejudice. The Exchange is gratified by the result.