



MEMO #: 3027-07

MEMORANDUM

TO: All Option Members, Member Organizations & ROTs
FROM: Market Watch
DATE: December 18, 2007
RE: **Upcoming change to the PHLX Defense SectorSM (DFX)**

The merger between EDO Corporation (EDO) and ITT Corporation (ITT), both components of the DFX index, has been approved by shareholders and is expected become effective on Thursday, December 20, 2007. **Upon effectiveness of the merger, EDO will be replaced in the DFX index by Flir Systems, Inc. (FLIR).** As a result, the following changes will occur in the DFX index prior to the opening of business on Friday, December 21, 2007:

DELETIONS:

EDO Corporation (EDO)

ADDITIONS:

Index Shares

Flir Systems, Inc. (FLIR)

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The revised DFX divisor & FLIR index shares amount will be announced on a separate release prior to the opening of business on Friday, December 21, 2007.

Questions concerning this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-5380.