



MEMO #: 3049-07

MEMORANDUM

TO: All Option Members, Member Organizations & ROTs
FROM: Market Watch
DATE: December 20, 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 became effective on Thursday, December 20, 2007. **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)

328

The revised DFX divisor is: 437.2662

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