

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: October 12, 2007

Subject: Accredited Home Lenders Holding Co. (LEND/QFW) MERGER EFFECTIVE

On Friday, October 5, 2007, the tender offer by Lone Star Fund V (US) LP to acquire all of the outstanding shares of Accredited Home Lenders Holding Co. (LEND) expired. The offer was followed by a short-form merger. Pursuant to the merger terms, each LEND share will be converted into the right to receive \$11.75 cash. **The merger became effective on Friday, October 12, 2007.**

***The foregoing is an unofficial summary of the terms of the Merger, prepared by the PHLX for the convenience of its members. PHLX accepts no responsibility for the accuracy or completeness of the summary. Members should refer to the proxy statement for the authoritative description of the merger terms and conditions.*

Pursuant to Options Clearing Corporation (OCC) By-Laws, all outstanding QFW options will be adjusted as follows:

EFFECTIVE DATE: Monday, October 15, 2007
NEW DELIVERABLE: \$1,175.00 cash per contract (\$11.75 x 100)

Existing open interest in all QFW options will remain until options are exercised or expire. Since they are American style options, they are exercisable at the option of the holder.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-1508.