



To our Associates and Clients:

Over the course of this unprecedented year, Janney has been following the events impacting our industry and investors. As we continue to witness these significant changes, it is extremely important to us that we reiterate our strength and stability as a firm. We have experienced minimal, if any, negative impact from these industry events. Our stability is enhanced by ownership by The Penn Mutual Life Insurance Company - which carries equally as strong a capital base. Neither Janney nor Penn Mutual has been subject to the issues impacting the credit markets and some of our peer firms. Our capital base and liquidity are stable and we continue to be profitable. And we can reiterate with confidence our commitment to clients that we will work to provide them appropriate advice for the achievement of their long-term personal and business financial goals.

Measures of Stability – as of January 2009

- Janney remains a very financially stable and well capitalized Firm with approximately \$293m in total equity capital, excess regulatory capital of \$87.3m, and a net capital ratio of 29.8% (compared to the regulatory ratio requirement of 5%).
- The Penn Mutual Life Insurance Company (PML), our parent company, holds financial strength ratings of A+ (superior) from AM Best and an Aa3 (excellent) from Moody's Investors Services. As a major subsidiary of PML, Janney's financial position plays a contributing role in achieving those superior ratings.
- Penn Mutual is the seventh largest mutual insurance company in the nation based on capital with over \$10 billion in assets and more than 7 times the regulatory required minimum of surplus capital. Janney was acquired by Penn Mutual in 1982 and operates with great autonomy, enjoying an excellent time tested relationship with its parent.
- We monitor our liquidity daily. The liquidity issues affecting other firms have not impacted us due in large part to our conservative operating strategy.

About Janney Montgomery Scott LLC

Established in 1832, Janney Montgomery Scott LLC provides comprehensive financial advice and excellent service to individual, corporate, municipal and institutional investors. A full-service, financial services firm, Janney is committed to providing our clients advice through the delivery of strategic planning that utilizes a variety of financial products and services best suited to help meet client goals. Janney is committed to providing our corporate, municipal and institutional clients objective advice for the successful execution of their unique business plans.

- We have been and continue to be a self-clearing institution
- Annualized revenue over \$400 million; approximately over \$37 billion in client assets
- We are a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation
- Janney holds the second longest membership to the New York Stock Exchange
- Our 1800 employees are dedicated to providing advice and service to our clients
- Nearly 100 offices serve over 330,000 clients
- We adhere to a conservative operating strategy and the highest ethical and operating integrity

We remain confident in our operational stability as a firm and, in turn, in our ability to continue to work with our clients toward the future.

Sincerely,

Timothy C. Scheve
President and Chief Executive Officer