

MEMORANDUM

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

FROM: Office of the Secretary

RE: Feinberg vs. Benton, et al.

DATE: March 5, 2008

As many of you know, Isabelle Benton, one of the three Exchange Governors selected by the Exchange's membership, and her firm Benton Partners II, have been defendants for over two years in litigation brought by Richard Feinberg. In his complaint, Mr. Feinberg accused Ms. Benton and her firm of insider trading in connection with the purchase by Benton Partner II of 100 shares of stock from Mr. Feinberg in late 2004.

After a long period of fact discovery, a trial in this matter was held this past Monday and Tuesday before United States District Judge Ronald Buckwalter. At trial, Mr. Feinberg's counsel offered a number of exhibits, and called three witnesses: Mr. Feinberg himself, another floor member, and Ms. Benton. Mr. Feinberg's counsel also questioned Ms. Benton's purchase of some additional PHLX stock in late 2004 and sought to impugn her conduct more generally.

Immediately following the presentation of Mr. Feinberg's evidence, Judge Buckwalter dismissed the case and entered judgment for Ms. Benton and Benton Partners, fully exonerating them. The judge did so without the need to hear further from the defendants. In rejecting the claims, the judge explicitly found Ms. Benton to be very credible, and also found that, although it was not at direct issue in the case, her purchase of the other PHLX shares in late 2004 was also appropriate.