

MEMORANDUM

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

FROM: Office of the Secretary

RE: Executive Committee Meeting of January 25, 2007

DATE: January 25, 2007

The Executive Committee of the Philadelphia Stock Exchange, Inc. (“Phlx” or the “Exchange”) Board of Governors convened on Thursday, January 25, 2007 and, pursuant to delegated authority of the Board of Governors under By-Law Article X, Section 10-14(b), took the following actions:

- Approved and authorized staff to file with the Securities and Exchange Commission (“SEC”) a proposal to decrease the payment for order flow (“PFOF”) fee from \$0.70 per contract to \$0.25 per contract for equity options in connection with the implementation of a pilot program to quote and trade options in penny increments. The decrease applies to the following equity options and will be implemented pursuant to a rollout schedule: IWM, SMH, GE, AMD, MSFT, INTC, CAT, WFMI, TXN, A, FLEX and SUNW. (See Memo No. 0176-07, dated January 25, 2007 for the specific effective dates for each symbol). Additionally, for the Nasdaq-100 Index Tracking Stock (“QQQQ”), the payment for order flow fee will be decreased from \$0.75 to \$0.25, anticipated to be effective for trades settling on or after February 12, 2007.
- Approved and authorized Phlx Foundation contributions to the Boys & Girls Clubs of America, The Caron Foundation, International Visitors Council, Old First Reformed Church Homeless Shelter Fund, The Peter C. Alderman Foundation, and Project H.O.M.E.
- Approved proposed amendments to the members of the Admissions, Finance, Marketing and OAES Standing Committees. As per By-Law Article X, Section 10-1, such amendments are now subject to the approval of the full Board of Governors.

