

MEMORANDUM

To: All Options Members, Member Organizations and ROTs.  
From: Market Watch  
Date: March 9, 2007  
Re: CapitalSource, Inc. (CSE)  
2008/2009 LEAPS TO BEGIN TRADING ON MARCH 12, 2007

Please be advised that the Philadelphia Stock Exchange (PHLX) will begin listing LEAPS on the following issue effective Monday, March 12, 2007:

Name: CapitalSource, Inc. (CSE)  
LEAP Symbol(s): KIG - 2008  
XFS - 2009  
P/E Limit: 250000 contracts  
Specialist Unit: LaBranche Structured Prod. LLC

Below find the 2008/2009 LEAPs call and put option strike prices and codes which will be available for trading on Monday, March 12, 2007:

CapitalSource, Inc. (CSE/KIG/XFS)

|         |     |        | <u>Calls</u> | <u>Puts</u> |
|---------|-----|--------|--------------|-------------|
| KIG/XFS | JAN | 22 1/2 | AX           | MX          |
| KIG/XFS | JAN | 25     | AE           | ME          |
| KIG/XFS | JAN | 30     | AF           | MF          |

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or Options Services Department at (215) 496-1266.