

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: May 24, 2007

Subject: Educate, Inc. (EEEE/QIE) Pending Merger With Sterling Partners & Citigroup Private Equity

On Tuesday, June 12, 2007, the shareholders of Educate, Inc. (EEEE) will vote to approve the proposed merger with Sterling Partners & Citigroup Private Equity. Pursuant to the merger terms each EEEE share will be converted into the right to receive \$8.00 cash. **The merger is anticipated to become effective shortly following the special meeting of stockholders.**

***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 QIE options will be adjusted as follows:

EFFECTIVE DATE: Option changes are expected to become effective on a date to be announced
NEW DELIVERABLE: \$800.00 cash per contract (\$8.00 x 100)

Existing open interest in all QIE 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.