

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: September 5, 2007

Subject: PHH Corporation (PHH) Pending Merger With General Electric Capital Corp. & Jade Merger Sub, Inc.

On Wednesday, September 26, 2007, the shareholders of PHH Corporation (PHH) will vote to approve the proposed merger with General Electric Capital Corp. & Jade Merger Sub, Inc. Pursuant to the merger terms each PHH share will be converted into the right to receive \$31.50 cash. **The merger will become effective on a date to be announced.**

***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 PHH options will be adjusted as follows:

EFFECTIVE DATE: Option changes are expected to become effective on a date to be announced
NEW DELIVERABLE: \$3,150.00 cash per contract (\$31.50 x 100)

Existing open interest in all PHH 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.