



# THE OPTIONS CLEARING CORPORATION

#24230

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**DATE:** MARCH 25, 2008

**SUBJECT:** MCG CAPITAL CORPORATION – RIGHTS DISTRIBUTION  
**OPTION SYMBOL:** QML  
**NEW SYMBOL:** QRM  
**DATE:** 3/26/08

MCG Capital Corporation (“MCGC”) has declared a Rights distribution to MCGC Common Shareholders, as described below:

**RIGHTS:** Rights (“Rights”) to purchase one (1) MCGC Common Share per one (1) Right. An oversubscription privilege is available.

**PRICE:** To be determined

**DISTRIBUTION RATIO:** 1 transferable Right per every 7 MCGC Common Shares. Fractional rights will be rounded up.

**RECORD DATE:** March 28, 2008

**EXPIRATION:** 5:00 PM New York City Time on April 18, 2008, unless extended

**DEPOSITARY:** American Stock Transfer & Trust Company

**GUARANTY PERIOD:\*** Three (3) NASDAQ Global Select Trading Days

\*Under the terms of the Rights Offering (the “Offer”), Rights certificates not immediately available may nevertheless be exercised provided that the exercise price is paid prior to expiration of the Offer, the Rights certificates are tendered under a properly executed "Notice of Guaranteed Delivery", and valid delivery is subsequently made within the specified "guaranty period." Call option holders anticipating using this method to tender Rights certificates must exercise no later than the expiration date of April 18, 2008, unless this date is extended. In all cases it is the sole responsibility of the person seeking to exercise Rights to comply with all terms and conditions of the Offer.

THE FOREGOING IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE RIGHTS OFFERING, PREPARED BY OCC FOR THE CONVENIENCE OF CLEARING MEMBERS. OCC ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. CLEARING MEMBERS SHOULD REFER TO THE MCGC PROSPECTUS FOR THE RIGHTS OFFERING THAT BECAME EFFECTIVE ON MARCH 18, 2008, FOR THE AUTHORITATIVE DESCRIPTION OF THE RIGHTS OFFERING AND ALL ITS TERMS AND CONDITIONS.

Pursuant to Article VI, Section 11A, of OCC's By-Laws, a panel of OCC's Securities Committee has determined to adjust all QML options as indicated below (the panel consists of two representatives from the Exchanges on which the affected option is traded (in this case the Chicago Board Options Exchange ("CBOE") and the Philadelphia Stock Exchange ("PHLX")), and the Chairman of OCC or his delegee, who only votes in case of a tie).

### **CONTRACT ADJUSTMENT**

EFFECTIVE DATE:	March 26, 2008
OPTION SYMBOLS:	QML becomes QRM
STRIKE PRICES:	No Change
NUMBER OF CONTRACTS:	No Change
MULTIPLIER:	100 (e.g., a premium of 1.50 yields \$150; a strike of 10 yields \$1,000)
NEW DELIVERABLE PER CONTRACT	<ol style="list-style-type: none"><li>1) 100 MCG Capital Corporation ("MCGC") Common Shares</li><li>2) 15 Rights ("MCGCR") to Purchase 1 MCGC Common Share per Right</li></ol>
SETTLEMENT:	REGULAR
SETTLEMENT ALLOCATION:	MCGC: 95% MCGCR: 5%
CUSIPS:	MCGC: 58047P107 MCGCR: 58047P206

THE ABOVE ALLOCATION OF THE TOTAL STRIKE PRICE AMOUNT IS BEING PROVIDED SOLELY FOR THE PURPOSE OF THE INTERFACE BETWEEN OCC AND THE NATIONAL SECURITIES CLEARING CORPORATION ("NSCC"), AND IS NOT INTENDED TO BE USED FOR ANY OTHER PURPOSE, TRANSACTION OR CUSTOMER ACCOUNT STATEMENTS.

## **FURTHER CONTRACT ADJUSTMENT**

When the Rights expire, adjusted QRM options will be further adjusted to no longer call for the delivery of the Rights. **No adjustment will be made to the adjusted contracts to compensate for any in-the-money value the MCGC Rights may have at the time of their expiration.**

## **DELIVERY SETTLEMENT AND PROTECT PROVISIONS**

Option contracts which are exercised require the settlement of all component securities included in the contract deliverable at the time of the option contract exercise, including rights, warrants, or similar instruments. Additional entitlements (such as due bills, eligibility to participate in tender offers, elections, etc.) may also automatically attach to securities deliverable upon option exercise. Conversely, call exercisers may be unable to realize the benefit of securities or entitlements **not** associated to the contract deliverable at the time of the option exercise.

Except in unusual cases, securities deliverable as a result of equity option exercises are settled through National Securities Clearing Corporation ("NSCC").

Rights and obligations of Members with respect to securities settling at NSCC as a result of an option exercise/assignment are governed by the rules of NSCC. NSCC has its own rules which enable purchasers of securities to protect themselves for value which may be lost if timely delivery is not made to them of securities subject to specific deadlines, such as the expiration of a tender offer, rights offering, election, or similar event. These rules are generally called "protect" or "liability notice" procedures, and are intended to protect purchasers by binding the delivering parties to liability if such value is lost because timely delivery is not effected. Purchasers of securities must observe the rules and procedures of NSCC to avail themselves of such "protect" provisions of NSCC. Questions regarding these provisions should be addressed to NSCC.

## **SPECIAL RISKS**

### **QRM Call Holders/ Put Writers**

**As a result of the adjustment described above, the Rights are currently part of the QRM options deliverable, but only until the Rights expire. When the Rights expire, they will become worthless and any value the Rights had will be lost. As a result, holders of in-the-money calls may be disadvantaged unless they exercise in sufficient time to obtain the Rights. After the Rights expire, holders of short put positions who are assigned will be required to purchase MCGC stock whose value may have been substantially diminished by the Rights distribution.**

### **Uncovered Short Obligations**

Holders of assigned calls or exercised puts who do not possess the underlying security at the time of assignment or exercise are subject to special risk. Suspension of trading of the underlying security, inability to borrow the security, or similar events may preclude the possibility of effecting timely delivery, thereby exposing persons with an obligation to

deliver to liability if timely delivery is not effected (See “Delivery Settlement and Protect Provisions” above).

Members are referred to the Option Exchanges indicated above for additional information, including order placement and Exchange intentions to re-list standard (100 share) options.

**For questions regarding this memo, call 1-888-OPTIONS or email [options@theocc.com](mailto:options@theocc.com).**