



THE OPTIONS CLEARING CORPORATION

#24375

Back to Infomemo Search

DATE: MAY 9, 2008

SUBJECT: MATRIA HEALTHCARE, INC. – CONTRACT ADJUSTMENT

OPTION SYMBOL: PQT
NEW SYMBOL: PQH
DATE: 05-09-08

DATE: Friday, May 9, 2008

OPTION SYMBOL: PQT changes to PQH

STRIKE PRICES: No Change

NUMBER OF
CONTRACTS: No Change

MULTIPLIER: 100 (e.g., a premium of 1.50 yields \$150; a strike of 20 yields \$2,000.00)

NEW DELIVERABLE
PER CONTRACT:

- 1) 8 Inverness Medical Innovations, Inc. (“IMA.PR.B”) Series B Perpetual Convertible Preferred Shares, subject to adjustment as described in the proxy statement/prospectus
- 2) Cash in lieu of .125 fractional IMA.PR.B Shares*
- 3) \$650.00 Cash (\$6.50 x 100)*

CUSIP: IMA.PR.B: 4612P3047

DELAYED SETTLEMENT

The IMA.PR.B component of the PQH deliverable will settle through National Securities Clearing Corporation (“NSCC”). OCC will delay settlement of the cash portion of the PQH deliverable until the cash in lieu of fractional IMA.PR.B shares is determined. Until the cash in lieu is determined, OCC will maintain an audit trail of all PQH exercise and assignment activity. Upon determination of the IMA.PR.B cash in lieu amount, OCC will require Put exercisers and Call assignees to deliver the appropriate cash in lieu amount. **CLEARING MEMBERS SHOULD REMIND CUSTOMERS THAT SETTLEMENT OF PQH EXERCISE/ASSIGNMENT ACTIVITY MAY INCLUDE A FUTURE OBLIGATION TO PAY THE CASH IN LIEU AMOUNT.**

BACKGROUND

On May 8, 2008, Shareholders of Matria Healthcare, Inc. ("MATR") voted concerning a proposed merger with Inverness Medical Innovations, Inc. ("IMA"). The merger was approved and consummated. As a result, each existing MATR Common Share will be converted into the right to receive 0.08125 IMA Series B Convertible Perpetual Preferred Shares ("IMA.PR.B") plus \$6.50 Cash. Cash will be paid in lieu of fractional IMA.PR.B shares.

THE FOREGOING IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE MERGER, 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 MATR PROXY STATEMENT/ IMA PROSPECTUS DATED APRIL 3, 2008, FOR THE AUTHORITATIVE DESCRIPTION OF THE MERGER AND ALL ITS TERMS AND CONDITIONS.

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

CATEGORY: CONTRACT ADJUSTMENT
SUB-CATEGORY: ANTICIPATED ADJUSTMENT

For questions regarding this memo, call 1-888-OPTIONS or email options@theocc.com.