

MEMORANDUM

To: All Option Members, Member Organizations and ROTs
From: Market Watch
Date: June 20, 2007
Subject: Genesis Healthcare Corporation (GHCI/QGR) Pending Merger

On Wednesday, May 30, 2007, the shareholders of Genesis Healthcare Corporation (GHCI) approved the proposed merger with FC-GEN Investment LLC. Pursuant to the merger terms each GHCI share will be converted into the right to receive \$69.35 cash. **The merger is anticipated to become effective in July 2007.**

NOTE: Under the amended agreement, if the transaction is not completed prior to July 31, 2007, the price per share amount shall increase by approximately 9% per annum (or \$0.01710 per day) from July 31, 2007 through August 31, 2007. If the merger is not completed by August 31, 2007, the price per share amount shall increase by approximately 10% per annum (or \$0.01900 per day) from September 1, 2007 until the merger is completed.

***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 QGR options will be adjusted as follows:

EFFECTIVE DATE: Option changes are expected to occur on a date to be announced.
NEW DELIVERABLE: \$6,935.00 cash per contract (\$69.35 x 100), subject to upward adjustment

Existing open interest in all QGR 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) 496-5380.