



**#29279**

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**DATE:** **AUGUST 2, 2011**

**SUBJECT: INTEGRAL SYSTEMS, INC. – CASH IN LIEU SETTLEMENT**  
**ADJUSTED OPTION SYMBOL: KTOS1**

Integral Systems, Inc. Options were adjusted on July 28, 2011 (See OCC Information Memo #29259).

The new deliverable became 1) 58 Kratos Defense & Security Solutions, Inc. (KTOS) Common Shares, 2) cash in lieu of .8 fractional KTOS Shares and 3) \$500.00 Cash. Only settlement of the cash portion of KTOS1 options exercise/assignment activity was subject to delayed settlement.

OCC has been informed that a price of \$11.30 per whole KTOS Share will be used to determine the cash in lieu amounts. Accordingly, the cash in lieu amount is:

$.8 \times \$11.30 = \$9.04$  per KTOS1 Contract

Now that the exact cash in lieu amount has been determined, OCC will require Put exercisers and Call assignees, during the period of July 28, 2011 through August 2, 2011, to deliver the appropriate cash amount.

Terms of the KTOS1 options are as follows:

New Deliverable Per Contract:	1)	58 Kratos Defense & Security Solutions, Inc. (KTOS) Common Shares
	2)	\$509.04 Cash (\$500.00 + \$9.04)

STRIKE PRICES: Unchanged

CUSIP: KTOS: 50077B207

MULTIPLIER: 100 (i.e., a premium of 1.50 yields \$150)

## SETTLEMENT

The KTOS component of KTOS1 exercise/assignment activity from July 28, 2011 through August 1, 2011, has settled through National Security Clearing Corporation (NSCC). The \$509.04 cash amount will be settled by OCC.

## PRICING

The underlying price for KTOS1 options will be determined as follows:

$$\text{KTOS1} = .58 (\text{KTOS}) + 5.0904$$

For example, if KTOS closes at 10.25, the KTOS1 price would be calculated as follows:

$$\text{KTOS1} = .58 (10.25) + 5.0904 = 11.04$$

### **DISCLAIMER**

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by a panel of The OCC Securities Committee pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The adjustment panel is comprised of representatives from OCC and each exchange which trades the affected option. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

**CATEGORY: CONTRACT ADJUSTMENT**

**SUB-CATEGORY: ADJUSTED SETTLEMENT**

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