



#34097

**Back to Infomemo Search**

**DATE: FEBRUARY 7, 2014**

**SUBJECT: HEALTH MANAGEMENT ASSOCIATES, INC. – CASH IN LIEU SETTLEMENT**  
**ADJUSTED OPTION SYMBOL: CYH1**

Health Management Associates, Inc. Options were adjusted on January 27, 2014 (See OCC Information Memo #34025).

The new deliverable became 1) 6 Community Health Systems, Inc. (CYH) Common Shares, 2) Cash in lieu of 0.942 fractional CYH Common Shares 3) 100 Community Health Systems, Inc. Series A Contingent Value Rights (CYHHZ), and 4) \$1,050.00 Cash. Only settlement of the cash portion of CYH1 options exercise/assignment activity was subject to delayed settlement.

OCC has been informed that a price of \$38.818 per whole CYH Share will be used to determine the cash in lieu amount. Accordingly, the cash in lieu amount is:

$$0.942 \times \$38.818 = \$36.57 \text{ per CYH1 Contract}$$

Now that the exact cash in lieu amount has been determined, OCC will require Put exercisers and Call assignees, during the period of January 27, 2014 through February 7, 2014, to deliver the appropriate cash amount.

Terms of the CYH1 options are as follows:

New Deliverable Per Contract:

- 1) 6 Community Health Systems, Inc. (CYH) Common Shares
- 2) 100 Community Health Systems, Inc. Series A Contingent Value Rights
- 3) \$1,086.57 Cash (\$36.57 + \$1,050.00)

STRIKE PRICES: Unchanged

CUSIP: CYH: 203668108  
CYHHZ: 203668116

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

**SETTLEMENT**

The CYH and CYHHZ components of CYH1 exercise/assignment activity from January 27, 2014 through February 6, 2014, have settled through National Security Clearing Corporation (NSCC). The \$1,086.57 cash amount will be settled by OCC.

## **PRICING**

The underlying price for CYH1 options will be determined as follows:

$$\text{CYH1} = 0.06 (\text{CYH}) + \text{CYHHZ} + 10.8657$$

For example, if CYH closes at 39.87 and CYHHZ closes at 0.04, the CYH1 price would be calculated as follows:

$$\text{CYH1} = 0.06 (39.87) + 0.04 + 10.8657 = 13.30$$

## **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**

**For questions regarding this memo, call 1-888-678-4667 or email [investorservices@theocc.com](mailto:investorservices@theocc.com).**