



Date: July 28, 2021

Subject: VEREIT, Inc. - Anticipated Adjustment
Option Symbol: VER
New Symbol: O1
Date: ???

Contract Adjustment

Date: Effective the opening of the business day after the merger is consummated.
Contract adjustment is anticipated to occur in fourth quarter of 2021.

Option Symbol: VER changes to O1

Strike Divisor: 1

**Contracts
Multiplier:** 1

New Multiplier: 100 (e.g., a premium of 1.50 yields \$150; a strike of 45 yields \$4,500.00)

**New Deliverable
Per Contract:**

- 1) 70 Realty Income Corporation (O) Common Shares
- 2) Cash in lieu of 0.5 fractional O Common Shares

Note: If the spinoff is consummated immediately after the effective time of the merger, then the adjusted O1 deliverable will include shares of the spin-off company and cash in lieu of fractional shares, if any

Note: Once determined the cash in lieu of fractional share portion of the option deliverable remains fixed and does not vary with price changes of any security.

CUSIP: O: 756109104

Pricing

Until the cash in lieu amount is determined, the underlying price for O1 will be determined as follows:

$$O1 = 0.705 (O)$$

Delayed Settlement

The O component of the O1 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the O1 deliverable until the cash in lieu of fractional O shares is determined. Upon determination of the cash in lieu amount, OCC will require Put exercisers and Call assignees to deliver the appropriate cash amount.

Background

On August 12, 2021, Shareholders of VEREIT, Inc. (VER) will vote concerning the proposed merger with Realty Income Corporation (O). If the merger is approved and consummated, each existing VER Common Share will be converted into the right to receive 0.705 O Common Shares. Cash will be paid in lieu of fractional O shares.

Following the effective time of the merger, O and VER intend to contribute certain of their office properties to a newly formed subsidiary ("OfficeCo") and distribute shares to O stockholders (which would also include the VEREIT stockholders as a result of the merger) on a pro rata basis. O will not be obligated to consummate the merger until the spinoff is ready to be consummated contemporaneously with the closing of the merger, but O may, in its sole discretion, waive the Spin-Off Condition at any time. It will be deemed to be automatically waived on January 29, 2022.

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 OCC pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. 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.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

For questions regarding this memo, call Investor Services at 1-888-678-4667 or email investorservices@theocc.com. Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.