



Date: December 18, 2023

Subject: Adjusted Western Asset Mortgage Capital Corporation - Cash In Lieu Settlement
Adjusted Option Symbol: MITT1

Adjusted Western Asset Mortgage Capital Corporation options were adjusted on July 11, 2022 and December 6, 2023 (See OCC Information Memos #50703 and #53684). The new deliverable became 1) 14 AG Mortgage Investment Trust, Inc. (MITT) Common Shares, 2) Cash in lieu of 0.98 fractional MITT shares, and 3) \$9.20 Cash. Only settlement of the cash portion of MITT1 options exercise/assignment activity was subject to delayed settlement.

OCC has been informed that a price of \$5.3782 per whole MITT share will be used to determine the cash in lieu amount. Accordingly, the cash in lieu amount is:

$$0.98 \times \$5.3782 = \$5.27 \text{ per MITT1 Contract}$$

Now that the exact cash in lieu amount has been determined, OCC will require Put exercisers and Call assignees, during the period of December 6, 2023 through December 18, 2023, to deliver the appropriate cash amount.

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

Terms of the MITT1 options are as follows:

New Deliverable Per Contract: 1) 14 AG Mortgage Investment Trust, Inc. (MITT) Common Shares
2) \$14.47 Cash (\$9.20 + \$5.27)

Strike Prices: Unchanged

CUSIP: MITT: 001228501

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

Settlement

The MITT component of MITT1 exercise/assignment activity from December 6, 2023 through December 15, 2023, has settled through National Security Clearing Corporation (NSCC). The \$14.47 cash amount will be settled by OCC.

Pricing

The underlying price for MITT1 will be determined as follows:

$$\text{MITT1} = 0.14 (\text{MITT}) + 0.1447$$

For example, if MITT closes at 6.15, the MITT price would be calculated as follows:

$$\text{MITT1} = 0.14 (6.15) + 0.1447 = 1.01$$

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, please email the Investor Education team at options@theocc.com. Clearing Member Firms of OCC may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.