



#39290

DATE: JULY 12, 2016

SUBJECT: HATTERAS FINANCIAL CORPORATION – CONTRACT
ADJUSTMENT
OPTION SYMBOL: 7/12/16 – HTS remains HTS
7/13/16 – HTS becomes NLY1
FUTURES SYMBOL: 7/12/16 – HTS1D remains HTS1D
7/13/16 – HTS1D becomes HTS2D
DATE: 7/12/16

On July 11, 2016, Ridgeback Merger Sub Corporation, a wholly-owned subsidiary of Annaly Capital Management, Inc., completed its exchange offer for Hatteras Financial Corporation (HTS) Common Shares. The subsequent merger was completed before the open on July 12, 2016. As a result, each existing HTS Common Share will be converted into the right to receive \$5.55 cash plus 0.9894 Annaly Capital Management, Inc. (NLY) Common Shares per HTS share held.

Contract Adjustment

DATE: July 12, 2016

OPTION SYMBOL: 7/12/16 – HTS remains HTS (with adjusted deliverable described below)
7/13/16 – HTS changes to NLY1

STRIKE DIVISOR: 1

CONTRACTS
MULTIPLIER: 1

NEW MULTIPLIER: 100 (e.g., a premium of 1.50 yields \$150; a strike of 16.00 yields \$1,600.00)

NEW DELIVERABLE
PER CONTRACT: 1) 98 Annaly Capital Management, Inc. (NLY) Common Shares
2) Cash in lieu of 0.94 fractional NLY shares
3) \$555.00 Cash (\$5.55 x 100)

CUSIP: NLY: 035710409

PRICING

Until the cash in lieu amount is determined, the underlying price for NLY1 will be determined as follows:

$$\text{NLY1} = 0.9894 (\text{NLY}) + 5.55$$

DELAYED SETTLEMENT

The NLY component of the NLY1 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the NLY1 deliverable until the cash in lieu of fractional NLY 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.

Futures Contract Adjustment

DATE: July 12, 2016

FUTURES SYMBOL: 7/12/16 – HTS1D remains HTS1D (with adjusted deliverable described below)
7/13/16 – HTS1D changes to HTS2D

NUMBER OF CONTRACTS: No Change

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

NEW DELIVERABLE PER CONTRACT: 1) 98 Annaly Capital Management, Inc. (NLY) Common Shares
2) Cash in lieu of 0.94 fractional NLY shares
3) \$555.00 Cash (\$5.55 x 100)

CUSIP: NLY: 035710409

PRICING

Until the cash in lieu amount is determined, the underlying price for the HTS2D Futures contract deliverables, expressed in term of current market value, would be calculated as follows:

$$\text{HTS2D} = 0.9894 (\text{NLY}) + 5.55$$

Please note that the valuation would apply only to the HTS2D deliverable in terms of current market value of the deliverable securities. The resulting price would not be equivalent to the daily settlement price of a futures contract month, whose determination would include cost of money carrying charges, adjustment for dividends, and other factors.

DELAYED SETTLEMENT

The NLY component of the HTS2D deliverables will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the HTS2D deliverable until the cash in lieu of fractional NLY shares is determined. Upon determination of the cash in lieu amount, OCC will require delivery of the appropriate cash amount.

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.

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@theooc.com. Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theooc.com.