

# **CBOE Research Circular #RS13-529**

Date: September 27, 2013

To: Permit Holders
From: Bruce Traan
RE: SAIC, Inc. ("SAI")

Reverse Stock Split/Name Change & Distribution of

Shares of Science Applications International Corporation ("SAIC")

Ex-Distribution Date: September 30, 2013

SAIC, Inc. ("SAI") has announced a distribution of Common Shares of Science Applications International Corporation ("SAIC") to SAIC, Inc. ("SAI") Common Shareholders. The distribution ratio will be **0.142857142** of a share of Science Applications International Corporation ("SAIC") for each SAIC, Inc. ("SAI") Common Share held of record September 19, 2013. Cash will be paid in lieu of issuing fractional shares. Mail date for the distribution will be September 27, 2013. **The ex-date for the distribution is Monday, September 30, 2013.** 

Immediately after the distribution, SAIC, Inc. will undergo a 1-for-4 reverse stock split and will be renamed "Leidos Holdings, Inc.". The trading symbol of the renamed company will be "LDOS". The New York Stock Exchange ("NYSE") expects the reverse split and name change to become effective prior to the open of business on September 30, 2013.

Science Applications International Corporation is trading on the New York Stock Exchange (the "NYSE") on a "when issued" basis" under the symbols SAIC WI. The NYSE states that the "when issued" trading will be suspended as of the opening on September 30, 2013.

THE FOREGOING IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE DISTRIBUTION, PREPARED BY CBOE FOR THE CONVENIENCE OF ITS PERMIT HOLDERS. CBOE ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. PERMIT HOLDERS SHOULD REFER TO THE NYSE IMPORTANT NOTICE DATED SEPTEMBER 12, 2013, FOR THE AUTHORITATIVE DESCRIPTION OF THE DISTRIBUTION AND ALL OF ITS TERMS AND CONDITIONS.

# **Contract Adjustment**

Pursuant to Article VI, Section 11 of OCC's By-Laws, all SAI options outstanding as of Monday, September 30, 2013, shall be adjusted to require the per-contract delivery or receipt of the following: (A) 25 shares of Leidos Holdings, Inc. Common Stock ("LDOS"): plus (B) 14 shares of Science Applications International Corporation Common Stock ("SAIC"); plus (C) plus cash in lieu of approximately 0.2857142 fractional share of SAIC Common Stock. The SAI option symbol will change to LDOS1. Premiums and strike-price amounts for the adjusted LDOS1 options will continue to be calculated on the basis of a multiplier of 100, *i.e.*, for premium and strike-price extensions, 1.00 will equal \$100. Strike prices will remain the same. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

## **Adjusted Option Symbols**

On Monday, September 30, 2013, trading in SAI series will be on an adjusted basis. At 8:30 A.M., Chicago time, an opening rotation will be effected with the following adjustments:



EXISTING SERIES					ADJUSTED SERIES*			
SAI	7.00	2013-10-19	C/P	=>	LDOS1	7.00	2013-10-19	C/P
SAI	8.00	2013-10-19	C/P	=>	LDOS1	8.00	2013-10-19	C/P
SAI	9.00	2013-10-19	C/P	=>	LDOS1	9.00	2013-10-19	C/P
SAI	10.00	2013-10-19	C/P	=>	LDOS1	10.00	2013-10-19	C/P
SAI	11.00	2013-10-19	C/P	=>	LDOS1	11.00	2013-10-19	C/P
SAI	12.00	2013-10-19	C/P	=>	LDOS1	12.00	2013-10-19	C/P
SAI	13.00	2013-10-19	C/P	=>	LDOS1	13.00	2013-10-19	C/P
SAI	14.00	2013-10-19	C/P	=>	LDOS1	14.00	2013-10-19	C/P
SAI	15.00	2013-10-19	C/P	=>	LDOS1	15.00	2013-10-19	C/P
SAI	16.00	2013-10-19	C/P	=>	LDOS1	16.00	2013-10-19	C/P
SAI	17.00	2013-10-19	C/P	=>	LDOS1	17.00	2013-10-19	C/P
SAI	18.00	2013-10-19	C/P	=>	LDOS1	18.00	2013-10-19	C/P
SAI	19.00	2013-10-19	C/P	=>	LDOS1	19.00	2013-10-19	C/P
SAI	20.00	2013-10-19	C/P	=>	LDOS1	20.00	2013-10-19	C/P
SAI	21.00	2013-10-19	C/P	=>	LDOS1	21.00	2013-10-19	C/P
SAI	22.00	2013-10-19	C/P	=>	LDOS1	22.00	2013-10-19	C/P
SAI	23.00	2013-10-19	C/P	=>	LDOS1	23.00	2013-10-19	C/P
SAI	3.00	2013-11-16	C/P	=>	LDOS1	3.00	2013-11-16	C/P
SAI	4.00	2013-11-16	C/P	=>	LDOS1	4.00	2013-11-16	C/P
SAI	5.00	2013-11-16	C/P	=>	LDOS1	5.00	2013-11-16	C/P
SAI	6.00	2013-11-16	C/P	=>	LDOS1	6.00	2013-11-16	C/P
SAI	7.00	2013-11-16	C/P	=>	LDOS1	7.00	2013-11-16	C/P
SAI	8.00	2013-11-16	C/P	=>	LDOS1	8.00	2013-11-16	C/P
SAI	9.00	2013-11-16	C/P	=>	LDOS1	9.00	2013-11-16	C/P
SAI	10.00	2013-11-16	C/P	=>	LDOS1	10.00	2013-11-16	C/P
SAI	11.00	2013-11-16	C/P	=>	LDOS1	11.00	2013-11-16	C/P
SAI	12.00	2013-11-16	C/P	=>	LDOS1	12.00	2013-11-16	C/P
SAI	13.00	2013-11-16	C/P	=>	LDOS1	13.00	2013-11-16	C/P
SAI	14.00	2013-11-16	C/P	=>	LDOS1	14.00	2013-11-16	C/P
SAI	15.00	2013-11-16	C/P	=>	LDOS1	15.00	2013-11-16	C/P
SAI	16.00	2013-11-16	C/P	=>	LDOS1	16.00	2013-11-16	C/P
SAI	17.00	2013-11-16	C/P	=>	LDOS1	17.00	2013-11-16	C/P
SAI	18.00	2013-11-16	C/P	=>	LDOS1	18.00	2013-11-16	C/P
SAI	19.00	2013-11-16	C/P	=>	LDOS1	19.00	2013-11-16	C/P
SAI	20.00	2013-11-16	C/P	=>	LDOS1	20.00	2013-11-16	C/P
SAI	21.00	2013-11-16	C/P	=>	LDOS1	21.00	2013-11-16	C/P
SAI	22.00	2013-11-16	C/P	=>	LDOS1	22.00	2013-11-16	C/P
SAI	2.00	2014-01-18	C/P	=>	LDOS1	2.00	2014-01-18	C/P
SAI	3.00	2014-01-18	C/P	=>	LDOS1	3.00	2014-01-18	C/P
SAI	4.00	2014-01-18	C/P	=>	LDOS1	4.00	2014-01-18	C/P
SAI	5.00	2014-01-18	C/P	=>	LDOS1	5.00	2014-01-18	C/P
SAI	6.00	2014-01-18	C/P	=>	LDOS1	6.00	2014-01-18	C/P
SAI	7.00	2014-01-18	C/P	=>	LDOS1	7.00	2014-01-18	C/P
SAI	8.00	2014-01-18	C/P	=>	LDOS1	8.00	2014-01-18	C/P
SAI	9.00	2014-01-18	C/P	=>	LDOS1	9.00	2014-01-18	C/P



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EXISTING SERIES					ADJUSTED SERIES*			
SAI	10.00	2014-01-18	C/P	=>	LDOS1	10.00	2014-01-18	C/P
SAI	11.00	2014-01-18	C/P	=>	LDOS1	11.00	2014-01-18	C/P
SAI	12.00	2014-01-18	C/P	=>	LDOS1	12.00	2014-01-18	C/P
SAI	13.00	2014-01-18	C/P	=>	LDOS1	13.00	2014-01-18	C/P
SAI	14.00	2014-01-18	C/P	=>	LDOS1	14.00	2014-01-18	C/P
SAI	15.00	2014-01-18	C/P	=>	LDOS1	15.00	2014-01-18	C/P
SAI	16.00	2014-01-18	C/P	=>	LDOS1	16.00	2014-01-18	C/P
SAI	17.00	2014-01-18	C/P	=>	LDOS1	17.00	2014-01-18	C/P
SAI	18.00	2014-01-18	C/P	=>	LDOS1	18.00	2014-01-18	C/P
SAI	19.00	2014-01-18	C/P	=>	LDOS1	19.00	2014-01-18	C/P
SAI	20.00	2014-01-18	C/P	=>	LDOS1	20.00	2014-01-18	C/P
SAI	21.00	2014-01-18	C/P	=>	LDOS1	21.00	2014-01-18	C/P
SAI	22.00	2014-01-18	C/P	=>	LDOS1	22.00	2014-01-18	C/P
SAI	5.00	2014-02-22	C/P	=>	LDOS1	5.00	2014-02-22	C/P
SAI	6.00	2014-02-22	C/P	=>	LDOS1	6.00	2014-02-22	C/P
SAI	7.00	2014-02-22	C/P	=>	LDOS1	7.00	2014-02-22	C/P
SAI	8.00	2014-02-22	C/P	=>	LDOS1	8.00	2014-02-22	C/P
SAI	9.00	2014-02-22	C/P	=>	LDOS1	9.00	2014-02-22	C/P
SAI	10.00	2014-02-22	C/P	=>	LDOS1	10.00	2014-02-22	C/P
SAI	11.00	2014-02-22	C/P	=>	LDOS1	11.00	2014-02-22	C/P
SAI	12.00	2014-02-22	C/P	=>	LDOS1	12.00	2014-02-22	C/P
SAI	13.00	2014-02-22	C/P	=>	LDOS1	13.00	2014-02-22	C/P
SAI	14.00	2014-02-22	C/P	=>	LDOS1	14.00	2014-02-22	C/P
SAI	15.00	2014-02-22	C/P	=>	LDOS1	15.00	2014-02-22	C/P
SAI	16.00	2014-02-22	C/P	=>	LDOS1	16.00	2014-02-22	C/P
SAI	17.00	2014-02-22	C/P	=>	LDOS1	17.00	2014-02-22	C/P
SAI	18.00	2014-02-22	C/P	=>	LDOS1	18.00	2014-02-22	C/P
SAI	19.00	2014-02-22	C/P	=>	LDOS1	19.00	2014-02-22	C/P
SAI	20.00	2014-02-22	C/P	=>	LDOS1	20.00	2014-02-22	C/P
SAI	21.00	2014-02-22	C/P	=>	LDOS1	21.00	2014-02-22	C/P
SAI	22.00	2014-02-22	C/P	=>	LDOS1	22.00	2014-02-22	C/P
	LEAPS							
SAI	2.00	2015-01-17	C/P	=>	LDOS1	2.00	2015-01-17	C/P
SAI	4.00	2015-01-17	C/P	=>	LDOS1	4.00	2015-01-17	C/P
SAI	5.00	2015-01-17	C/P	=>	LDOS1	5.00	2015-01-17	C/P
SAI	7.00	2015-01-17	C/P	=>	LDOS1	7.00	2015-01-17	C/P
SAI	9.00	2015-01-17	C/P	=>	LDOS1	9.00	2015-01-17	C/P
SAI	11.00	2015-01-17	C/P	=>	LDOS1	11.00	2015-01-17	C/P
SAI	14.00	2015-01-17	C/P	=>	LDOS1	14.00	2015-01-17	C/P
SAI	16.00	2015-01-17	C/P	=>	LDOS1	16.00	2015-01-17	C/P
SAI	19.00	2015-01-17	C/P	=>	LDOS1	19.00	2015-01-17	C/P
SAI	21.00	2015-01-17	C/P	=>	LDOS1	21.00	2015-01-17	C/P

<sup>\*</sup> Any additional SAI series that are added prior to the ex-date (e.g., the May series) will also be adjusted in the manner described above.



# **New Unadjusted Series**

To facilitate the maintenance of a fair and orderly market in Leidos Holdings, Inc. Common Stock ("LDOS") options, new LDOS series with a contract unit of 100 shares will be introduced on Tuesday, October 1, 2013. These series will be added for October, November, January, February, and May expirations at exercise prices nearest the money, and will use the standard OPRA price symbols and standard security symbol of LDOS.

#### **Settlement Procedures**

The OCC will delay settlement of LDOS1 exercise and assignment activity until the end of "when issued" trading in SAIC and LDOS, and the determination of the cash in lieu of approximately 0.286 fractional share of SAIC Common Stock is determined.

### **GTC Order Conversion**

On Friday, September 27, 2013, immediately after the CBOE close, the system will convert or cancel all resting orders in the SAI order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustments. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirms will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.

A report will be available at the Help Desk listing the orders that are converted or canceled. If converted, this list will also show how the new orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

# **Order Entry After Adjustment**

In entering orders, it is essential for member firms to identify trades in old (adjusted) series with the option symbol LDOS1; trades in the new (unadjusted) Leidos Holdings, Inc. series must have the standard option symbol LDOS. Brokers should make certain that customers entering closing transactions describe the option series with the correct symbol. Negligence in this matter could lead customers to establish new positions in unadjusted series rather than closing out existing positions in adjusted series.

#### **Position and Exercise Limits**

The CBOE Department of Market Regulation has determined that: "The position and exercise limits will remain the same."

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the following web address:

http://www.cboe.com/ContractAdjustments