



THE OPTIONS CLEARING CORPORATION

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DATE: JULY 2, 2008

SUBJECT: BASIC ENERGY SERVICES, INC. – ANTICIPATED
ADJUSTMENT

OPTION SYMBOL: BAS

NEW SYMBOL: BAW

DATE: 07/16/08 ???

Options Contract Adjustment

DATE: Effective the opening of the business day after the merger is consummated.
Contract adjustment is expected to occur in the third quarter of 2008.

OPTION SYMBOLS: BAS changes to BAW

STRIKE PRICES: No Change

**NUMBER OF
CONTRACTS:** No Change

MULTIPLIER 100 (e.g., a premium of 1.50 yields \$150; a strike of 30 yields \$3,000.00)

**NEW DELIVERABLE
PER CONTRACT:**

- 1) 91 (New) Grey Wolf, Inc. (“GW”) Common Shares
- *2) Cash in lieu of .95 GW fractional shares
- *3) \$670.00 Cash (\$6.70 x 100)

*The cash portion of the deliverable remains permanently fixed as part of the option deliverable, and does not vary with price changes of securities also included in the deliverable

CUSIP: GW (New): To Be Determined

PRICING

The underlying price for BAW will be determined as follows:

$$\text{BAW} = .91 (\text{GW}) + 6.70 + \text{cash in lieu of } .95 \text{ GW}$$

DELAYED SETTLEMENT

The GW component of the BAW deliverable will settle through National Securities Clearing Corporation (“NSCC”). OCC will delay settlement of the cash portion of the deliverable until the cash in lieu of fractional GW shares is determined. Upon determination of the GW cash in lieu amount, OCC will require Put exercisers and Call assignees to deliver the appropriate cash amount. **CLEARING MEMBERS SHOULD REMIND CUSTOMERS THAT SETTLEMENT OF BAW EXERCISE/ASSIGNMENT ACTIVITY WILL INCLUDE A FUTURE OBLIGATION TO PAY THE CASH IN LIEU AMOUNT.**

BACKGROUND

On July 15, 2008, Shareholders of Basic Energy Services, Inc. (“BAS”) will vote concerning the proposed the merger with Grey Wolf, Inc. (“GW”). If the merger is approved and consummated, each existing BAS Common Share will be converted into the right to receive .9195 “New” Grey Wolf, Inc. (“GW”) Common Shares plus \$6.70 cash. Cash will be paid in lieu of fractional GW shares.

THE FOREGOING IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE MERGER, PREPARED BY OCC FOR THE CONVENIENCE OF CLEARING MEMBERS. OCC ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. CLEARING MEMBERS SHOULD REFER TO THE GW/BAS JOINT PROXY STATEMENT/PROSPECTUS DATED JUNE 10, 2008, FOR THE AUTHORITATIVE DESCRIPTION OF THE MERGER AND ALL ITS TERMS AND CONDITIONS.

Pursuant to Article VI, Section 11, of OCC's By-Laws, a panel of OCC's Securities Committee has determined to adjust all BAS options as indicated above (the panel consists of two representatives from the Exchanges on which the affected option is traded (in this case, the Chicago Board Options Exchange (“CBOE”) and the Philadelphia Stock Exchange (“PHLX”)) and the Chairman of OCC or his delegee, who only votes in case of a tie).

THE FOREGOING POSSIBLE ADJUSTMENT IS BASED ON THE INFORMATION AVAILABLE AT THIS TIME. THE DETERMINATION TO ADJUST AND THE EXTENT OF THE ADJUSTMENT ARE SUBJECT TO CHANGE AS ADDITIONAL INFORMATION BECOMES AVAILABLE OR IF THERE ARE MATERIAL CHANGES TO THE TERMS OF THIS MERGER.

CATEGORY: CONTRACT ADJUSTMENT

SUB-CATEGORY: ANTICIPATED ADJUSTMENT