



#29939

Back to Infomemo Search

DATE: DECEMBER 15, 2011

SUBJECT: THE WILLIAMS COMPANIES, INC. - DISTRIBUTION
OPTION SYMBOLS: WMB/2WMB
NEW SYMBOLS: WMB1/2WMB1
FUTURES SYMBOLS: WMB1C/WMB1D
NEW SYMBOLS: WMB2C/WMB2D
DATE: 1/3/12

CONTRACT ADJUSTMENT - OPTIONS

EFFECTIVE DATE: January 3, 2012

OPTION SYMBOL: WMB changes to WMB1
2WMB changes to 2WMB1

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)

NEW DELIVERABLE PER CONTRACT

- 1) 100 The Williams Companies, Inc. (WMB) Common Shares
- 2) 33 (New) WPX Energy, Inc. (WPX) Common Shares
- 3) Cash in lieu of .3333 fractional WPX Common Shares

SETTLEMENT ALLOCATION: WMB: 80%
WPX: 20%

CUSIPS: WMB: 969457100
WPX: 98212B103

PRICING

Until the cash in lieu amount is determined, the underlying price for WMB1/2WMB1 will be determined as follows:

$$\text{WMB1} = \text{WMB} + .333333 (\text{WPX})$$

CONTRACT ADJUSTMENT - FUTURES

EFFECTIVE DATE: January 3, 2012

FUTURES SYMBOL: WMB1C changes to WMB2C
WMB1D changes to WMB2D

NUMBER OF CONTRACTS: No Change

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

NEW DELIVERABLE PER CONTRACT:

- 1) 100 The Williams Companies, Inc. (WMB) Common Shares
- 2) 33 (New) WPX Energy, Inc. (WPX) Common Shares
- 3) Cash in lieu of .3333 fractional WPX Common Shares

CUSIP: WMB: 969457100
WPX: 98212B103

PRICING

Until the cash in lieu amount is determined, the underlying price for WMB2C/WMB2D will be determined as follows:

$$\text{WMB1} = \text{WMB} + .333333 (\text{WPX})$$

DELAYED SETTLEMENT

The WMB and WPX components of the WMB1/WMB2C/WMB2D deliverables will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the WMB1 deliverable until the cash in lieu of fractional WPX Common 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

The Williams Companies, Inc. (WMB) has announced a distribution of WPX Energy, Inc Common Shares. The distribution ratio is 0.333333 (New) WPX Energy, Inc. (WPX) Common Shares for each WMB Common Share held. The record date is December 14, 2011; the mail date is December 31, 2011. The New York Stock Exchange (NYSE) has set January 3, 2012, as the ex-distribution date for this distribution.

WPX Energy, Inc Common Shares began trading on a when issued basis on December 12, 2011 on the New York Stock Exchange (NYSE) under the trading symbols WXP WI.

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.

CATEGORY: CONTRACT ADJUSTMENT

For questions regarding this memo, call 1-888-OPTIONS or email options@theocc.com.