#32864

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DATE: **JUNE 12, 2013**

SUBJECT: **SPRINT NEXTEL CORPORATION (ELECTION MERGER) - ANTICIPATED ADJUSTMENT**
OPTION SYMBOL: S
NEW SYMBOL: S1
FUTURES SYMBOLS: S1C/S1D
NEW SYMBOLS: S2C/S2D
DATE: ??? (ELECTION DEADLINE: ???)

On June 25, 2013, Shareholders of Sprint Nextel Corporation (S) will vote concerning the proposed merger with SoftBank Corp.

The Merger: Aggregate Terms

If the merger is approved and consummated, S Common Shares will be converted as follows:

- Approximately 44.84% of S Shares will be converted into a number of (new) Sprint Corporation (S) Shares.
- Approximately 55.16% of S Shares will be converted into an amount of cash. The maximum aggregate cash amount to be paid for S Shares is fixed at $16,640,000,000.

The Merger: Individual Share Elections

Within the terms of the aggregate merger, individual S Shareholders may:

- Elect to receive 1.00 share of (new) Sprint Corporation (S) Common Stock per each existing S Common Share (Stock Election). Stock Elections will be subject to proration. OR,
- Elect to receive $7.65 cash per each S Common Share (Cash Election). Cash elections will be subject to proration. OR,
- Register no preference by not making an election (Non-Electing).
  Under the terms of the election, shares which are not subject to a valid election will be deemed to have elected to receive the Cash Election, subject to proration, as stated in the S Proxy Statement dated May 1, 2013.

Elections must be submitted to Computershare Trust Company, N.A., the Exchange Agent. The election deadline is expected to be 5:00 p.m., Eastern Time, on the date that is five business days immediately preceding the effective time of the merger. S Shareholders must observe all terms and conditions for the election as specified in the S Proxy Statement. It should be noted that it is unknown if S Shares may be delivered pursuant to an election under “Notices of Guaranteed Delivery.” In all cases, Call option holders exercising in order to obtain stock for an election must exercise in sufficient time to be able to make valid delivery pursuant to the election procedures.

The Merger Consideration: Prorations

Stock and Cash Elections will be subject to proration.

CONTRACT ADJUSTMENT

DATE:	Effective the opening of the business day after the merger is consummated. Contract adjustment is anticipated to occur in mid-2013.
OPTION SYMBOL:	S changes to S1
STRIKE DIVISOR:	1
CONTRACT MULTIPLIER:	1
NEW MULTIPLIER:	100 (e.g., for premium or strike price extensions, 1.00 equals $100)
NEW DELIVERABLE PER CONTRACT:	The deliverable for adjusted S options will be BASED ON THE MERGER CONSIDERATION WHICH ACCRUES TO NON-ELECTING S SHAREHOLDERS (stated in terms of a current 100-Share deliverable). The adjusted deliverable is anticipated to be cash or a combination of cash and stock.

DELAYED SETTLEMENT

OCC will delay settlement of the S1 deliverable until the Non-Electing merger consideration is determined.

Important Exercise Considerations

Holders of S Call options who wish to make their own elections with respect to S shares received through exercise (for example, to receive a consideration other than the Non-Electing consideration) bear sole responsibility in determining when to exercise their options to permit a valid election. After the merger is consummated and the contract adjustment described above is effected, adjusted S options will no longer call for the delivery of (old) S shares upon exercise. Call option holders will receive upon exercise (and Put holders deliver upon exercise) the aggregate Non-Electing merger consideration (on a per contract basis).

Futures Contract Adjustment

DATE:	Effective the opening of the business day after the merger is consummated. Contract adjustment is anticipated to occur in mid-2013.
FUTURES SYMBOLS:	S1C changes to S2C S1D changes to S2D
NUMBER OF CONTRACTS:	No Change
MULTIPLIER	100 (e.g., a premium of 1.50 yields $150)
NEW DELIVERABLE PER CONTRACT:	The deliverable for adjusted S2C/S2D futures will be BASED ON THE MERGER CONSIDERATION WHICH ACCRUES TO NON-ELECTING

S SHAREHOLDERS (stated in terms of a current 100-Share deliverable). The adjusted deliverable may be stock, cash, or a combination of cash and stock.

DELAYED SETTLEMENT

OCC will delay settlement of the S2C/S2D deliverables until the non-electing merger consideration is determined.

Delivery Settlement and Protect Provisions

Option contracts which are exercised, and physically-settled security futures contracts which mature, will require the settlement of all component securities included in the contract deliverable at the time of the futures contract maturation or option contract exercise, including rights, warrants, or similar instruments. Additional S entitlements (such as due bills, eligibility to participate in tender offers, elections, etc.) may also automatically attach to securities deliverable upon physically-settled futures contract maturity or option exercise. Conversely, securities not included in the contract deliverable at the time of the option exercise or futures contract maturity, or other entitlements not associated with the underlying deliverable securities, may preclude holders of long futures contracts from realizing the benefit of such entitlements. For example, if a physically-settled security futures underlying security is the subject of a tender offer, exchange offer, or similar event which expires *before* the futures contract reaches its maturity, the securities due to long futures holders upon maturity *will not* be eligible for participation in the tender/exchange offer. Conversely, if such tender offer, exchange offer or similar event expires *after* the futures contract matures, securities deliverable to long futures holders *will* be eligible for participation in these events.

Except in unusual cases, securities deliverable as a result of equity option exercise or the maturity of physically-settled security futures are settled through National Securities Clearing Corporation (NSCC).

Rights and obligations of Members with respect to securities settling at NSCC as a result of an option exercise or assignment or a physically-settled security future delivery or receipt obligation are governed by the rules of NSCC. NSCC has its own rules which enable purchasers of securities to protect themselves for value which may be lost if timely delivery is not made to them of securities subject to specific deadlines, such as the expiration of a tender offer, rights subscription, election, or similar event. These rules are generally called protect or liability notice procedures, and are intended to protect purchasers by binding the delivering parties to liability if such value is lost because timely delivery is not effected. Purchasers of securities must observe the rules and procedures of NSCC to avail themselves of such "protect" provisions of NSCC. Questions regarding these provisions should be addressed to NSCC.

Special Risks

Writers of call options and holders of short positions in physically-settled security futures at maturity who are uncovered with respect to deliverable securities subject to deadlines or cut-off times (such as expirations of tender offers, rights subscriptions, elections, or similar events) should be aware of a risk associated with the timing of their possible assignments or physically-settled security futures delivery obligations: Equity option exercise settlement and settlement of physically-settled security futures delivery obligations normally occurs 3 business days after the option exercise date or the security-futures maturity date. An uncovered call writer or uncovered short futures holder who has an obligation to deliver, and who waits until after assignment or futures maturity to effect purchase of the underlying security, may not be able to effect timely delivery by a regular-way purchase (3 business-day settlement)
or call option exercise (3 business-day settlement after exercise). Such uncovered writer or short futures holder may nevertheless be subject to liability under the protect provisions of NSCC (see above) with respect to his delivery obligation, because he cannot make timely delivery. Additionally, Cash Markets (same-day, or less-than-3-business-day settlement) may not be available, or may be expensive for buyers of the underlying security.

DISCLAIMER

CATEGORY: **CONTRACT ADJUSTMENT**

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