



THE OPTIONS CLEARING CORPORATION

#28424

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DATE: FEBRUARY 22, 2011

SUBJECT: ALLIS-CHALMERS ENERGY INC. (ELECTION MERGER) – ANTICIPATED
ADJUSTMENT
OPTION SYMBOL: ALY
NEW SYMBOL: ALY1
DATE: 02-24-11 ??? (ELECTION DEADLINE: 02-23-11)
*** REVISION TO AGGREGATE MERGER TERMS ***

IMPORTANT NOTE: The acquiring company, Seawell Limited (SEAW), has indicated that Seawell Limited shares will not be listed to trade in the U.S. The Allis-Chalmers Energy Inc. (ALY) non-electing merger consideration may be Seawell Limited shares or a combination of stock and cash. It is uncertain at this time if an OTC market will develop.

The Securities Committee has determined that if Seawell Limited does not trade in the U.S., a U.S. Dollar cash value equivalent will be determined for the Seawell Limited shares comprising the non-electing merger consideration and that cash value, plus any additional cash, if any, will be the basis for the adjusted ALY deliverable.

EXERCISE CONSIDERATIONS: ANY CALL OPTION HOLDERS WHO WISH TO ENSURE ENTITLEMENT TO SEAWELL LIMITED SHARES, RATHER THAN THE CASH VALUE EQUIVALENT, MUST EXERCISE THEIR OPTIONS IN ADVANCE OF THE DATE OF THE CONTRACT ADJUSTMENT. ALY CALL OPTION HOLDERS WHO WISH TO MAKE AN ELECTION MUST EXERCISE THEIR OPTIONS PRIOR TO THE ELECTION DEADLINE.

On February 23, 2011, Shareholders of Allis-Chalmers Energy Inc. (ALY) will vote concerning a proposed merger with Seawell Limited.

The Merger: Aggregate Terms

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

- An amount of all outstanding ALY Common Shares will be converted into 1.15 Seawell Limited Shares per ALY Share, not subject to prorations (Stock Consideration).
- Not more than 35% of all outstanding ALY Common Shares will be converted into \$4.25 cash, subject to prorations (Cash Consideration).

The Merger: Individual Share Elections

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

- Elect to receive \$4.25 Cash for each ALY Common Share (Cash Election). Cash elections will be subject to prorations. OR,
 - Elect to receive 1.15 Seawell Limited Shares per ALY Share, not subject to prorations (Stock Election). OR,
 - Elect to receive a combination of cash and stock, subject to prorations (Mixed Election). OR,
 - Register no preference by not making an election (Non-Election).
- Under the terms of the election, shares which are not subject to an effective election will be treated as non-electing shares.

Elections must be submitted to the Exchange Agent: BNY Mellon Shareowner Services. The election deadline is 5:00 PM Houston Time on February 23, 2011, unless extended. ALY Shareholders must observe all terms and conditions for the election as specified in the proxy statement/prospectus. Among such items, it should be noted that **ALY Shares may be delivered pursuant to an election under Notices of Guaranteed Delivery.** Elections may be made under Notices of Guaranteed Delivery on or before the election deadline. **ALY CALL OPTION HOLDERS WHO INTEND TO PARTICIPATE IN THE ELECTION MUST EXERCISE THEIR OPTIONS IN ADVANCE OF THE ELECTION DEADLINE.** 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

Cash and Mixed Elections will be subject to prorations as described in the proxy statement/prospectus.

Effective Date of the Merger

The merger is expected to be completed on February 23, 2011.

CONTRACT ADJUSTMENT

DATE:	Effective the opening of the business day after the merger is consummated.
OPTION SYMBOLS:	ALY becomes ALY1
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:	To be determined (See Important Note above)
SETTLEMENT:	Delayed

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 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

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
SUB-CATEGORY: ELECTION MERGER

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