



THE OPTIONS CLEARING CORPORATION

#28570

Back to Infomemo Search

DATE: MARCH 16, 2011

SUBJECT: ALLIS-CHALMERS ENERGY INC. (ELECTION MERGER) - CASH
SETTLEMENT/ AUTOMATIC EX BY EX THRESHOLDS RESTORED
/ACCELERATIONS OF EXPIRATIONS
OPTION SYMBOL: ALY1

On February 23, 2011, Shareholders of Allis-Chalmers Energy Inc. (ALY) voted concerning a proposed merger with Seawell Limited. The merger was approved and consummated. (See OCC [Information Memo #28448](#))

Shareholders who did not make a valid election will receive \$4.25 cash per ALY share.

CONTRACT ADJUSTMENT

DATE: February 24, 2011

**NEW DELIVERABLE
PER CONTRACT:** \$425.00 Cash (\$4.25 x 100)

ALY1 options exercised February 24, 2011, through March 16, 2011, which were subject to delayed settlement, will settle March 21, 2011. OCC has maintained an audit trail of all ALY1 exercise and assignment activity effected from February 24, 2011, through March 16, 2011. Now that the exact cash amount has been determined, OCC will require Put exercisers and Call assignees, during the period of February 24, 2011, through March 16, 2011, to deliver the appropriate cash amount.

AUTOMATIC EX BY EX THRESHOLDS RESTORED

ALY1 options were previously removed from ex by ex processing.

With the determination of the exact merger consideration for non-electing ALY shareholders, exercise by exception thresholds for ALY1 options will be restored effective March 16, 2011, and these options will be subject to normal exercise based on customary exercise thresholds in OCC's Ex-by-Ex processing.

ACCELERATION OF EXPIRATIONS

Pursuant to OCC Rule 807, equity stock option contracts whose deliverables are adjusted to call for cash-only delivery will be subject to **an acceleration of the expiration dates for**

outstanding option series. Additionally, the exercise by exception (ex by ex) threshold for expiring series will be \$.01 in all account types.

All series of Allis-Chalmers Energy Inc. options whose expiration dates are **after 3-19-2011** will have their expiration dates **advanced to 3-19-2011**. Expiration dates occurring **before 3-19-2011** (e.g., Flex options) will remain **unchanged**.

All Allis-Chalmers Energy Inc. (ALY1) options will utilize a **\$.01 exercise threshold**.

Option Symbol: ALY1
Existing Expiration: All months
New expiration date: 3-19-2011

Existing American-style Allis-Chalmers Energy Inc. options remain exercisable at the option of the holder prior to their expiration. Exercised options will continue to settle in three business days.

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 ADJUSTMENTS
SUB-CATEGORY: TENDER OFFER

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