



Date: March 31, 2022

Subject: AT&T Inc. – Anticipated Distribution
Option Symbols: T/2T
New Symbols: T1/2T1
Date: ???

Contract Adjustment

Effective Date: TBD

Option Symbols: T changes to T1
2T changes to 2T1

Strike Prices: No Change

Number of Contracts: No Change

Multiplier: 100 (e.g., a premium of 1.50 yields \$150; a strike of 24.50 yields \$2,450)

New Deliverable Per Contract:

- 1) 100 AT&T Inc. (T) Common Shares
- 2) Approximately 24 (New) Warner Bros. Discovery, Inc. (WBD) Common Shares
- 3) Cash in lieu of fractional WBD Common Shares, if any

Note: Once determined, the cash in lieu of fractional share portion of the option deliverable will remain fixed and will not vary with price changes of any security.

Settlement Allocation:

T: TBD
WBD: TBD

CUSIPs:

T: 00206R102
WBD: 934423104

THE SETTLEMENT ALLOCATION OF THE TOTAL STRIKE PRICE AMOUNT IS BEING PROVIDED SOLELY FOR THE PURPOSE OF THE INTERFACE BETWEEN OCC AND THE NATIONAL SECURITY CLEARING CORPORATION (NSCC), AND IS NOT INTENDED TO BE USED FOR ANY OTHER PURPOSE, TRANSACTION OR CUSTOMER ACCOUNT STATEMENTS.

Pricing

Until the final distribution ratio and cash in lieu of fractional share amount, if any, are determined, the underlying price for T1/2T1 will be determined as follows:

$$T1 = T + 0.24 \text{ (WBD)}$$

Delayed Settlement

The T component of the T1/2T1 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the WBD component and cash portion, if any, of the T1/2T1 deliverable until the final distribution rate and cash in lieu amount, if any, are determined. Upon determination of the final distribution rate and cash in lieu amount, if any, OCC will require Put exercisers and Call assignees to deliver the appropriate number of WBD shares and cash amount, if any.

Background

AT&T Inc. (T) has announced a spinoff distribution of its interests in WarnerMedia (“Spinco”). Immediately following the spinoff, Spinco will merge with Discovery, Inc. When the spinoff and merger transactions are completed, AT&T Inc. (T) shareholders will receive approximately 0.24 of a share of the Common Stock of (New) Warner Bros. Discovery, Inc. (WBD) per T share held. The record date is anticipated to be April 5, 2022.

Warner Bros. Discovery, Inc. Common Shares are expected to begin trading on a when issued basis on April 4, 2022 on NASDAQ under the trading symbol “WBDWV”.

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 OCC pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. 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.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

For questions regarding this memo, call Investor Services at 1-888-678-4667 or email investorservices@theocc.com. Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.