



#43234

**DATE:** JUNE 15, 2018

**SUBJECT:** TIME WARNER INC. - CONTRACT ADJUSTMENT  
OPTION SYMBOLS: 6/15/18 – TWX remains TWX  
1TWX remains 1TWX  
6/18/18 – TWX becomes T1  
1TWX becomes 1T1  
FUTURES SYMBOLS: 6/15/18 – TWX1D remains TWX1D  
TWX1I remains TWX1I  
TWX1J remains TWX1J  
TWX1K remains TWX1K  
TWX1L remains TWX1L  
TWX3M remains TWX3M  
TWX3T remains TWX3T  
TWX3W remains TWX3W  
TWX3H remains TWX3H  
TWX3F remains TWX3F  
TWX4F remains TWX4F  
6/18/18 – TWX1D becomes TWX2D  
TWX1I becomes TWX2I  
TWX1J becomes TWX2J  
TWX1K becomes TWX2K  
TWX1L becomes TWX2L  
TWX3M becomes TWX6M  
TWX3T becomes TWX6T  
TWX3W becomes TWX6W  
TWX3H becomes TWX6H  
TWX4F becomes TWX6F

**DATE: 6/15/18**  
**\*\*\* CORRECTION\*\*\***

**Contract Adjustment**

**DATE:** June 15, 2018

**OPTION SYMBOLS:** 6/15/18 - TWX remains TWX (with adjusted deliverable described below)  
6/18/18 - TWX becomes T1  
6/15/18 - 1TWX remains 1TWX (with adjusted deliverable described below)  
6/18/18 - 1TWX becomes 1T1

**STRIKE DIVISOR:** 1

CONTRACTS  
MULTIPLIER: 1

NEW MULTIPLIER: 100 (e.g., a premium of 1.50 yields \$150; a strike of 96.00 yields \$9,600.00)

NEW DELIVERABLE  
PER CONTRACT: 1) 143 AT&T Inc. (T) Common Shares  
2) **Cash in lieu of 0.7 fractional shares**  
3) \$5,375.00 Cash (\$53.75 x 100)

CUSIP: T: 00206R102

### **PRICING**

Until the cash in lieu amount is determined, the underlying price for T1/1T1 will be determined as follows:

$$T1/1T1 = 1.437 (T) + 53.75$$

### **DELAYED SETTLEMENT**

The T component of the 1T1/T1 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the T1/1T1 deliverable until the cash in lieu of fractional T 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.

### **Futures Contract Adjustment**

DATE: June 15, 2018

FUTURES SYMBOLS:

- 6/15/18 – TW1D remains TWX1D (with adjusted deliverable described below)
- 6/18/18 – TWX1D becomes TWX2D
- 6/15/18 - TWX1I remains TWX1I (with adjusted deliverable described below)
- 6/18/18 - TWX1I becomes TWX2I
- 6/15/18 - TWX1J remains TWX1J (with adjusted deliverable described below)
- 6/18/18 - TWX1J becomes TWX2J
- 6/15/18 - TWX1K remains TWX1K (with adjusted deliverable described below)
- 6/18/18 - TWX1K becomes TWX2K
- 6/15/18 - TWX1L remains TWX1L (with adjusted deliverable described below)
- 6/18/18 - TWX1L becomes TWX2L
- 6/15/18 – TWX3M remains TWX3M (with adjusted deliverable described below)
- 6/18/18 – TWX3M becomes TWX6M
- 6/15/18 – TWX3T remains TWX3T (with adjusted deliverable described below)
- 6/18/18 – TWX3T becomes TWX6T
- 6/15/18 – TWX3W remains TWX3W (with adjusted deliverable described below)
- 6/18/18 – TWX3W becomes TWX6W
- 6/15/18 – TWX3H remains TWX3H (with adjusted deliverable described below)
- 6/18/18 – TWX3H becomes TWX6H
- 6/15/18 – TWX3F remains TWX3F (with adjusted deliverable described below)
- 6/15/18 – TWX4F remains TWX4F (with adjusted deliverable described below)
- 6/18/18 – TWX4F becomes TWX6FL

NUMBER OF  
CONTRACTS: No Change

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

NEW DELIVERABLE  
PER CONTRACT: 1) 143 AT&T Inc. (T) Common Shares  
2) **Cash in lieu of 0.7 fractional shares**  
3) \$5,375.00 Cash (\$53.75 x 100)

CUSIP: T: 00206R102

### **PRICING**

Until the cash in lieu amount is determined, the underlying price for adjusted TWX futures will be determined as follows:

$$\text{TWX2D} = 1.437 (\text{T}) + 53.75$$

### **DELAYED SETTLEMENT**

The T component of the TWX2D, TWX2I, TWX2J, TWX2K, TWX2L, TWX6M, TWX6T, TWX6W, TWX6H, TWX3F, and TWX6F futures deliverables will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the TWX2D, TWX2I, TWX2J, TWX2K, TWX2L, TWX6M, TWX6T, TWX6W, TWX6H, TWX3F, and TWX6F futures deliverables until the cash in lieu of fractional T shares is determined. Upon determination of the cash in lieu amount, OCC will require delivery of the appropriate cash amount.

### **BACKGROUND**

On February 15, 2017, Shareholders of Time Warner Inc. (TWX) voted concerning the proposed merger with AT&T Inc. (T). The merger was approved and subsequently consummated before the open on June 15, 2018. As a result, each existing TWX Common Share will be converted into the right to receive \$53.75 Cash plus 1.437 AT&T Inc. (T) Common Shares. Cash will be paid in lieu of fractional T shares.

### **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.

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](mailto: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](mailto:memberservices@theocc.com).