#30791

Back to Infomemo Search

DATE: **JUNE 14, 2012**

SUBJECT: **KMI1 OPTIONS - EXPIRATION PRICING CONSIDERATIONS**

KMI1 (adjusted El Paso Corporation options) will be subject to special pricing consideration in expiration processing June 16, 2012. The pricing consideration is due to the cash in lieu amount included in the option deliverable of KMI1 as indicated below. These options will continue to be subject to normal exercise based on customary exercise thresholds in OCC's Ex-by-Ex processing.

MEMBERS SHOULD ADVISE THEIR CUSTOMERS TO TAKE THE FOLLOWING CONSIDERATIONS INTO ACCOUNT IN DECIDING TO EXERCISE, OR NOT TO EXERCISE, THESE OPTIONS.

KMI1

KMI1 options are adjusted El Paso Corporation options, adjusted May 25, 2012, (see OCC Information Memo #30718). The deliverable of KMI1 options is:

NEW DELIVERABLE
PER CONTRACT:

1) 41 Kinder Morgan, Inc. (KMI) Common Shares
2) Cash in lieu of .87 fractional KMI shares
3) 64 Warrants (KMI WT) to purchase 64 KMI shares
4) $1,465.00 Cash

As of June 14, 2012, the KMI Distribution Agent has not determined the KMI price to be used to determine cash in lieu of fractional shares.

For purposes of calculating a KMI1 price for use in expiration processing, OCC will use the following formula:

KMI1 = .41 (KMI) + 0.87 (KMI) + .64 (KMI WT) + 14.65

For example, if KMI closes at 31.32 and KMI WT closes at 2.10 the KMI1 price would be:

KMI1= .4187 (31.32) + .64 (2.10) + 14.65 = 29.11

This formula includes an estimate for the value of the cash in lieu amount for .87 fractional KMI shares based on the current market value of KMI and not the actual cash in lieu amount applicable in the distribution.

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