

CBOE Research Circular #RS14-213

Date: April 25, 2014

To: Permit Holders

From: Scott Speer

RE: Diamond Offshore Drilling, Inc. ("DO")

CONTRACT ADJUSTMENT FOR SPECIAL CASH DIVIDEND

Ex-Date: May 5, 2014

Diamond Offshore Drilling, Inc. ("DO") has declared a special cash dividend of **\$0.75** per share on its outstanding common stock. The special cash dividend has a record date of May 7, 2014 and a payable date of June 2, 2014. **The ex-distribution date will be on Monday, May 5, 2014.**

THE FOREGOING DISCUSSION IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE SPECIAL DIVIDEND, PREPARED BY CBOE FOR THE CONVENIENCE OF ITS PERMIT HOLDERS. CBOE ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS SUMMARY. PERMIT HOLDERS SHOULD REFER TO DIAMOND OFFSHORE DRILLING, INC. NEWS RELEASE DATED APRIL 24, 2014, FOR THE AUTHORITATIVE DESCRIPTION OF THE SPECIAL DIVIDEND AND ALL OF ITS TERMS AND CONDITIONS.

Contract Adjustment for the Special Cash Dividend

Pursuant to Article VI, Section 11 and 11A of OCC's By-Laws, all outstanding DO option series will be adjusted to reflect this special cash dividend as follows: **On Monday, May 5, 2014, each DO series shall be adjusted by decreasing the strike price by \$0.75, the amount of the cash dividend, rounded to the nearest 1/100th.** The option symbols for the adjusted contracts will remain the same. Premiums and strike-price amounts for the adjusted DO options will continue to be calculated on the basis of a multiplier of 100, i.e., for premium and strike-price extensions, 1 point of premium or strike price will equal \$100. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

Adjusted Option Symbols

On Monday, May 5, 2014, trading in DO series will be on an adjusted basis. At 8:30 A.M., Chicago time, an opening rotation will be effected with the following adjustments:

EXISTING SERIES				ADJUSTED SERIES*			
DO	35.00	2014-05-17	C/P =>	DO	34.25	2014-05-17	C/P
DO	37.50	2014-05-17	C/P =>	DO	36.75	2014-05-17	C/P
DO	40.00	2014-05-17	C/P =>	DO	39.25	2014-05-17	C/P
DO	42.50	2014-05-17	C/P =>	DO	41.75	2014-05-17	C/P
DO	45.00	2014-05-17	C/P =>	DO	44.25	2014-05-17	C/P
DO	47.50	2014-05-17	C/P =>	DO	46.75	2014-05-17	C/P
DO	50.00	2014-05-17	C/P =>	DO	49.25	2014-05-17	C/P
DO	52.50	2014-05-17	C/P =>	DO	51.75	2014-05-17	C/P

EXISTING SERIES				ADJUSTED SERIES*			
DO	55.00	2014-05-17	C/P =>	DO	54.25	2014-05-17	C/P
DO	57.50	2014-05-17	C/P =>	DO	56.75	2014-05-17	C/P
DO	60.00	2014-05-17	C/P =>	DO	59.25	2014-05-17	C/P
DO	34.25	2014-06-21	C/P =>	DO	33.50	2014-06-21	C/P
DO	39.25	2014-06-21	C/P =>	DO	38.50	2014-06-21	C/P
DO	44.25	2014-06-21	C/P =>	DO	43.50	2014-06-21	C/P
DO	48.50	2014-06-21	C/P =>	DO	47.75	2014-06-21	C/P
DO	50.00	2014-06-21	C/P =>	DO	49.25	2014-06-21	C/P
DO	51.75	2014-06-21	C/P =>	DO	51.00	2014-06-21	C/P
DO	53.50	2014-06-21	C/P =>	DO	52.75	2014-06-21	C/P
DO	55.00	2014-06-21	C/P =>	DO	54.25	2014-06-21	C/P
DO	56.00	2014-06-21	C/P =>	DO	55.25	2014-06-21	C/P
DO	57.50	2014-06-21	C/P =>	DO	56.75	2014-06-21	C/P
DO	58.50	2014-06-21	C/P =>	DO	57.75	2014-06-21	C/P
DO	60.00	2014-06-21	C/P =>	DO	59.25	2014-06-21	C/P
DO	61.00	2014-06-21	C/P =>	DO	60.25	2014-06-21	C/P
DO	63.50	2014-06-21	C/P =>	DO	62.75	2014-06-21	C/P
DO	65.00	2014-06-21	C/P =>	DO	64.25	2014-06-21	C/P
DO	66.00	2014-06-21	C/P =>	DO	65.25	2014-06-21	C/P
DO	68.50	2014-06-21	C/P =>	DO	67.75	2014-06-21	C/P
DO	70.00	2014-06-21	C/P =>	DO	69.25	2014-06-21	C/P
DO	71.00	2014-06-21	C/P =>	DO	70.25	2014-06-21	C/P
DO	73.50	2014-06-21	C/P =>	DO	72.75	2014-06-21	C/P
DO	35.00	2014-09-20	C/P =>	DO	34.25	2014-09-20	C/P
DO	39.25	2014-09-20	C/P =>	DO	38.50	2014-09-20	C/P
DO	41.75	2014-09-20	C/P =>	DO	41.00	2014-09-20	C/P
DO	44.25	2014-09-20	C/P =>	DO	43.50	2014-09-20	C/P
DO	46.75	2014-09-20	C/P =>	DO	46.00	2014-09-20	C/P
DO	49.25	2014-09-20	C/P =>	DO	48.50	2014-09-20	C/P
DO	51.75	2014-09-20	C/P =>	DO	51.00	2014-09-20	C/P
DO	54.25	2014-09-20	C/P =>	DO	53.50	2014-09-20	C/P
DO	56.75	2014-09-20	C/P =>	DO	56.00	2014-09-20	C/P
DO	59.25	2014-09-20	C/P =>	DO	58.50	2014-09-20	C/P
DO	61.75	2014-09-20	C/P =>	DO	61.00	2014-09-20	C/P
DO	64.25	2014-09-20	C/P =>	DO	63.50	2014-09-20	C/P
DO	70.00	2014-09-20	C/P =>	DO	69.25	2014-09-20	C/P
DO	37.50	2014-12-20	C/P =>	DO	36.75	2014-12-20	C/P
DO	40.00	2014-12-20	C/P =>	DO	39.25	2014-12-20	C/P
DO	42.50	2014-12-20	C/P =>	DO	41.75	2014-12-20	C/P
DO	45.00	2014-12-20	C/P =>	DO	44.25	2014-12-20	C/P
DO	47.50	2014-12-20	C/P =>	DO	46.75	2014-12-20	C/P
DO	50.00	2014-12-20	C/P =>	DO	49.25	2014-12-20	C/P

EXISTING SERIES					ADJUSTED SERIES*			
DO	52.50	2014-12-20	C/P	=>	DO	51.75	2014-12-20	C/P
DO	55.00	2014-12-20	C/P	=>	DO	54.25	2014-12-20	C/P
DO	57.50	2014-12-20	C/P	=>	DO	56.75	2014-12-20	C/P
2015 LEAPS								
DO	30.00	2015-01-17	C/P	=>	DO	29.25	2015-01-17	C/P
DO	31.25	2015-01-17	C/P	=>	DO	30.50	2015-01-17	C/P
DO	32.75	2015-01-17	C/P	=>	DO	32.00	2015-01-17	C/P
DO	33.75	2015-01-17	C/P	=>	DO	33.00	2015-01-17	C/P
DO	35.25	2015-01-17	C/P	=>	DO	34.50	2015-01-17	C/P
DO	36.25	2015-01-17	C/P	=>	DO	35.50	2015-01-17	C/P
DO	37.75	2015-01-17	C/P	=>	DO	37.00	2015-01-17	C/P
DO	38.75	2015-01-17	C/P	=>	DO	38.00	2015-01-17	C/P
DO	40.25	2015-01-17	C/P	=>	DO	39.50	2015-01-17	C/P
DO	41.25	2015-01-17	C/P	=>	DO	40.50	2015-01-17	C/P
DO	42.75	2015-01-17	C/P	=>	DO	42.00	2015-01-17	C/P
DO	43.75	2015-01-17	C/P	=>	DO	43.00	2015-01-17	C/P
DO	45.25	2015-01-17	C/P	=>	DO	44.50	2015-01-17	C/P
DO	46.25	2015-01-17	C/P	=>	DO	45.50	2015-01-17	C/P
DO	47.75	2015-01-17	C/P	=>	DO	47.00	2015-01-17	C/P
DO	49.25	2015-01-17	C/P	=>	DO	48.50	2015-01-17	C/P
DO	51.25	2015-01-17	C/P	=>	DO	50.50	2015-01-17	C/P
DO	52.75	2015-01-17	C/P	=>	DO	52.00	2015-01-17	C/P
DO	53.75	2015-01-17	C/P	=>	DO	53.00	2015-01-17	C/P
DO	55.00	2015-01-17	C/P	=>	DO	54.25	2015-01-17	C/P
DO	56.25	2015-01-17	C/P	=>	DO	55.50	2015-01-17	C/P
DO	57.75	2015-01-17	C/P	=>	DO	57.00	2015-01-17	C/P
DO	58.75	2015-01-17	C/P	=>	DO	58.00	2015-01-17	C/P
DO	60.25	2015-01-17	C/P	=>	DO	59.50	2015-01-17	C/P
DO	61.25	2015-01-17	C/P	=>	DO	60.50	2015-01-17	C/P
DO	62.75	2015-01-17	C/P	=>	DO	62.00	2015-01-17	C/P
DO	63.75	2015-01-17	C/P	=>	DO	63.00	2015-01-17	C/P
DO	65.25	2015-01-17	C/P	=>	DO	64.50	2015-01-17	C/P
DO	66.25	2015-01-17	C/P	=>	DO	65.50	2015-01-17	C/P
DO	67.75	2015-01-17	C/P	=>	DO	67.00	2015-01-17	C/P
DO	68.75	2015-01-17	C/P	=>	DO	68.00	2015-01-17	C/P
DO	70.25	2015-01-17	C/P	=>	DO	69.50	2015-01-17	C/P
DO	71.25	2015-01-17	C/P	=>	DO	70.50	2015-01-17	C/P
DO	72.75	2015-01-17	C/P	=>	DO	72.00	2015-01-17	C/P
DO	73.75	2015-01-17	C/P	=>	DO	73.00	2015-01-17	C/P
DO	75.25	2015-01-17	C/P	=>	DO	74.50	2015-01-17	C/P
DO	76.25	2015-01-17	C/P	=>	DO	75.50	2015-01-17	C/P
DO	77.75	2015-01-17	C/P	=>	DO	77.00	2015-01-17	C/P
DO	78.75	2015-01-17	C/P	=>	DO	78.00	2015-01-17	C/P
DO	81.25	2015-01-17	C/P	=>	DO	80.50	2015-01-17	C/P

EXISTING SERIES				ADJUSTED SERIES*			
2015 LEAPS							
DO	82.75	2015-01-17	C/P =>	DO	82.00	2015-01-17	C/P
DO	84.25	2015-01-17	C/P =>	DO	83.50	2015-01-17	C/P
DO	86.25	2015-01-17	C/P =>	DO	85.50	2015-01-17	C/P
DO	87.75	2015-01-17	C/P =>	DO	87.00	2015-01-17	C/P
DO	89.25	2015-01-17	C/P =>	DO	88.50	2015-01-17	C/P
DO	91.25	2015-01-17	C/P =>	DO	90.50	2015-01-17	C/P
DO	92.75	2015-01-17	C/P =>	DO	92.00	2015-01-17	C/P
DO	96.25	2015-01-17	C/P =>	DO	95.50	2015-01-17	C/P
DO	97.75	2015-01-17	C/P =>	DO	97.00	2015-01-17	C/P
DO	101.25	2015-01-17	C/P =>	DO	100.50	2015-01-17	C/P
DO	102.75	2015-01-17	C/P =>	DO	102.00	2015-01-17	C/P
DO	106.25	2015-01-17	C/P =>	DO	105.50	2015-01-17	C/P
2016 LEAPS							
DO	25.00	2016-01-15	C/P =>	DO	24.25	2016-01-15	C/P
DO	30.00	2016-01-15	C/P =>	DO	29.25	2016-01-15	C/P
DO	34.25	2016-01-15	C/P =>	DO	33.50	2016-01-15	C/P
DO	39.25	2016-01-15	C/P =>	DO	38.50	2016-01-15	C/P
DO	44.25	2016-01-15	C/P =>	DO	43.50	2016-01-15	C/P
DO	46.75	2016-01-15	C/P =>	DO	46.00	2016-01-15	C/P
DO	49.25	2016-01-15	C/P =>	DO	48.50	2016-01-15	C/P
DO	51.75	2016-01-15	C/P =>	DO	51.00	2016-01-15	C/P
DO	54.25	2016-01-15	C/P =>	DO	53.50	2016-01-15	C/P
DO	56.75	2016-01-15	C/P =>	DO	56.00	2016-01-15	C/P
DO	59.25	2016-01-15	C/P =>	DO	58.50	2016-01-15	C/P
DO	61.75	2016-01-15	C/P =>	DO	61.00	2016-01-15	C/P
DO	64.25	2016-01-15	C/P =>	DO	63.50	2016-01-15	C/P
DO	66.75	2016-01-15	C/P =>	DO	66.00	2016-01-15	C/P
DO	69.25	2016-01-15	C/P =>	DO	68.50	2016-01-15	C/P
DO	74.25	2016-01-15	C/P =>	DO	73.50	2016-01-15	C/P
DO	79.25	2016-01-15	C/P =>	DO	78.50	2016-01-15	C/P
DO	84.25	2016-01-15	C/P =>	DO	83.50	2016-01-15	C/P
DO	89.25	2016-01-15	C/P =>	DO	88.50	2016-01-15	C/P

* Any additional DO series that are added prior to the ex-date will also be adjusted in the manner described above.

GTC Order Conversion

On Friday, May 2, 2014, immediately after the CBOE close, the system will convert or cancel all resting orders in the DO order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustment. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirm will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.



EXECUTE SUCCESSSM

A report will be available at the Help Desk listing the orders that are converted or canceled. If converted, this list will also show how the new orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

Position and Exercise Limits

The CBOE Department of Market Regulation has determined that: "The position and exercise limits following this cash distribution will remain the same."

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the following web address:

<http://www.cboe.com/ContractAdjustments>