

## C2 Research Circular #C2-RS17-178

**Date:** May 19, 2017

**To:** Permit Holders

**From:** Scott Speer

**RE:** National Grid plc ("NGG")  
Share Consolidation/Cash Distribution  
Ex-Distribution Date: May 22, 2017

National Grid plc ("NGG") has announced a Share Consolidation and Special Cash Dividend whereby each NGG American Depositary Share will be converted into the right to receive approximately 0.916667 (New) National Grid plc ("NGG") American Depositary Shares (ADS) plus \$5.4074 (\$5.4224 - \$0.015 ADS cancellation fee) per NGG ADS. The Share Consolidation was approved by shareholders on May 19, 2017. Cash will be paid in lieu of fractional shares resulting from the share consolidation.

The Share Consolidation will become effective before the market open on May 22, 2017 and is in conjunction with payment of the Special Cash Dividend.

THE FOREGOING IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE CONSOLIDATION, PREPARED BY C2 FOR THE CONVENIENCE OF ITS PERMIT HOLDERS. C2 ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. PERMIT HOLDERS SHOULD REFER TO THE NATIONAL GRID PLC PRESS RELEASE DATED APRIL 19, 2017, FOR THE AUTHORITATIVE DESCRIPTION OF SPECIAL CASH DIVIDEND/CONSOLIDATION AND ALL OF ITS TERMS AND CONDITIONS.

### Contract Adjustments

Pursuant to Article VI, Section 11 and 11A, of OCC's By-Laws, all outstanding NGG options shall be adjusted as follows. On Monday, May 22, 2017, each adjusted National Grid plc contract will require the receipt or delivery of' (A) 91 (New) National Grid plc ("NGG") ADSs; plus (B) cash in lieu of approximately 0.6667 NGG ADS; plus (C) \$540.74 cash.. Premiums for the adjusted National Grid plc options will continue to be calculated on the basis of a multiplier of 100, i.e., for premium and strike-price extensions, 1.00 will equal \$100. The National Grid plc option symbol will change to **NGG1**.

### Settlement

The NGG component of the NGG1 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the NGG1 deliverable until the cash in lieu of fractional NGG share is determined. Upon determination of the cash in lieu amount, OCC will require Put exercisers and Call assignees to deliver the appropriate cash amount.

### New Unadjusted Series

To facilitate the maintenance of a fair and orderly market in National Grid plc, new NGG series with a contract unit of 100 shares will be introduced on Tuesday, May 23, 2017. The NGG series will be added for June, July, September, and December expirations at exercise prices nearest the money.

### GTC Order Conversion

On Friday, May 19, 2017, immediately after the C2 close, the system will convert or cancel all resting orders in the NGG order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all OHS orders residing outside the book (booth or crowd routed) will be converted reflecting the

adjustments. If your firm has requested, all booked orders and OHS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirms will print at your booth at 3:15 p.m. OHS CXLs will also be transmitted electronically to your branches.

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.

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Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). C2 contract adjustment memos can also be accessed from [www.c2exchange.com](http://www.c2exchange.com) at the following web address:

<http://www.c2exchange.com/ContractAdjustments>