



THE OPTIONS CLEARING CORPORATION

23450

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DATE: AUGUST 23, 2007

SUBJECT: KEYSpan CORPORATION – ANTICIPATED CASH SETTLEMENT
FUTURES SYMBOL: KSE1C
DATE: 8/27/07 ???

On August 17, 2006, Shareholders of KeySpan Corporation (“KSE”) voted concerning the proposed merger with National Grid plc (“NGG”). The merger was approved and when consummated, each existing KSE Common Share will be converted into the right to receive \$42.00 net cash per share.

THE FOREGOING IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE MERGER, PREPARED BY OCC FOR THE CONVENIENCE OF CLEARING MEMBERS. OCC ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. CLEARING MEMBERS SHOULD REFER TO THE KSE PROXY STATEMENT DATED JULY 11, 2006 FOR THE AUTHORITATIVE DESCRIPTION OF THE MERGER AND ALL ITS TERMS AND CONDITIONS.

CONTRACT ADJUSTMENT

Pursuant to Article XII, Section 3 of OCC’s By-Laws, all KSE1C Security Futures will be adjusted as follows:

DATE: Effective the opening of the business day after the merger is consummated. Contract Adjustment is expected to occur on August 27, 2007.

MULTIPLIER: 100 (e.g. 1.00 equals \$100)

NEW DELIVERABLE PER CONTRACT: \$4,200.00 Cash (\$42.00 x 100)

Settlement in KSE1C futures will take place through OCC’s cash settlement system.

Pursuant to Rule 1304 of OCC’s Rules and Bylaws, the maturity date for all KSE1C Security Futures will be accelerated on a date to be determined after the merger has been consummated.

THE FOREGOING POSSIBLE ADJUSTMENT IS BASED ON THE INFORMATION AVAILABLE AT THIS TIME. THE DETERMINATION TO ADJUST AND THE EXTENT OF THE ADJUSTMENT ARE SUBJECT TO CHANGE AS ADDITIONAL INFORMATION BECOMES AVAILABLE OR IF THERE ARE MATERIAL CHANGES TO THE TERMS OF THIS MERGER.

CATEGORY: CONTRACT ADJUSTMENT
SUB-CATEGORY: CASH SETTLEMENT

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