



#42073

DATE: NOVEMBER 1, 2017

SUBJECT: LEVEL 3 COMMUNICATIONS, INC. - CONTRACT ADJUSTMENT
OPTION SYMBOL: 11/1/17 - LVLT remains LVLT
11/2/17 - LVLT becomes CTL1
FUTURES SYMBOLS: 11/1/17 - LVLT1D remains LVLT1D
11/2/17 - LVLT1D becomes LVLT2D
11/1/17 - LVLT1I remains LVLT1I
11/2/17 - LVLT1I becomes LVLT2I
11/1/17 - LVLT1J remains LVLT1J
11/2/17 - LVLT1J becomes LVLT2J
11/1/17 - LVLT1K remains LVLT1K
11/2/17 - LVLT1K becomes LVLT2K
11/1/17 - LVLT1W remains LVLT1W
11/1/17 - LVLT1H remains LVLT1H
11/2/17 - LVLT1H becomes LVLT6H
11/1/17 - LVLT1F remains LVLT1F
11/2/17 - LVLT1F becomes LVLT6F
11/1/17 - LVLT1M remains LVLT1M
11/2/17 - LVLT1M becomes LVLT6M
11/1/17 - LVLT1T remains LVLT1T
11/2/17 - LVLT1T becomes LVLT6T
11/1/17 - LVLT2W remains LVLT2W
11/2/17 - LVLT2W becomes LVLT6W

DATE: 11/1/17

Contract Adjustment

DATE: November 1, 2017

OPTION SYMBOL: 11/1/17 - LVLT remains LVLT (with adjusted deliverable described below)
11/2/17 - LVLT changes to CTL1

STRIKE DIVISOR: 1

CONTRACTS MULTIPLIER: 1

NEW MULTIPLIER: 100 (e.g., a premium of 1.50 yields \$150; a strike of 55.00 yields \$5,500.00)

NEW DELIVERABLE PER CONTRACT:

- 1) 142 CenturyLink, Inc. (CTL) Common Shares
- 2) Cash in lieu of 0.86 fractional CTL Common Shares
- 3) \$2,650.00 cash (\$26.50 x 100)

CUSIP: CTL: 156700106

PRICING

Until the cash in lieu amount is determined, the underlying price for CTL1 will be determined as follows:

$$\text{CTL1} = 1.4286 (\text{CTL}) + 26.50$$

DELAYED SETTLEMENT

The CTL component of the CTL1 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the CTL1 deliverable until the cash in lieu of fractional CTL 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: November 1, 2017

FUTURES SYMBOLS: 11/1/17 - LVLT1D remains LVLT1D (with adjusted deliverable described below)
11/2/17 - LVLT1D becomes LVLT2D
11/1/17 - LVLT1I remains LVLT1I (with adjusted deliverable described below)
11/2/17 - LVLT1I becomes LVLT2I
11/1/17 - LVLT1J remains LVLT1J (with adjusted deliverable described below)
11/2/17 - LVLT1J becomes LVLT2J
11/1/17 - LVLT1K remains LVLT1K (with adjusted deliverable described below)
11/2/17 - LVLT1K becomes LVLT2K
11/1/17 - LVLT1W remains LVLT1W (with adjusted deliverable described below)
11/1/17 - LVLT1H remains LVLT1H (with adjusted deliverable described below)
11/2/17 - LVLT1H becomes LVLT6H
11/1/17 - LVLT1F remains LVLT1F (with adjusted deliverable described below)
11/2/17 - LVLT1F becomes LVLT6F
11/1/17 - LVLT1M remains LVLT1M (with adjusted deliverable described below)
11/2/17 - LVLT1M becomes LVLT6M
11/1/17 - LVLT1T remains LVLT1T (with adjusted deliverable described below)
11/2/17 - LVLT1T becomes LVLT6T
11/1/17 - LVLT2W remains LVLT2W (with adjusted deliverable described below)
11/2/17 - LVLT2W becomes LVLT6W

NUMBER OF CONTRACTS: No Change

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

NEW DELIVERABLE PER CONTRACT: 1) 142 CenturyLink, Inc. (CTL) Common Shares
2) Cash in lieu of 0.86 fractional CTL shares
3) \$2,650.00 Cash (\$26.50 x 100)

CUSIP:

CTL: 156700106

PRICING

Until the cash in lieu amount is determined, the underlying price for the LVLT2D/LVLT2I/LVLT2J/LVLT2K/LVLT6M/LVLT6T/LVLT6W/LVLT6H/LVLT6F Futures contract deliverables, expressed in term of current market value, would be calculated as follows:

$$\text{LVLT2D} = 1.4286 (\text{CTL}) + 26.50$$

Please note that the valuation would apply only to the LVLT2D/LVLT2I/LVLT2J/LVLT2K/LVLT6M/LVLT6T/LVLT6W/LVLT6H/LVLT6F Futures deliverable in terms of current market value of the deliverable securities. The resulting price would not be equivalent to the daily settlement price of a futures contract month, whose determination would include cost of money carrying charges, adjustment for dividends, and other factors.

DELAYED SETTLEMENT

The CTL component of the LVLT2D/LVLT2I/LVLT2J/LVLT2K/LVLT6M/LVLT6T/LVLT6W/LVLT6H/LVLT6F Futures deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the LVLT2D/LVLT2I/LVLT2J/LVLT2K/LVLT6M/LVLT6T/LVLT6W/LVLT6H/LVLT6F Futures deliverable until the cash in lieu of fractional CTL shares is determined. Upon determination of the cash in lieu amount, OCC will require delivery of the appropriate cash amount.

BACKGROUND

On March 16, 2017, Shareholders of Level 3 Communications, Inc. (LVLT) voted concerning the proposed merger with CenturyLink, Inc. (CTL). The merger was approved and subsequently consummated before the open on November 1, 2017. As a result, each existing LVLT Common Share will be converted into the right to receive 1.4286 CTL Common Shares plus \$26.50 Cash. Cash will be paid in lieu of fractional CTL 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. Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.

