

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: August 14, 2007

**Subject: KeySpan Corporation (KSE) Pending Merger With National Grid (NGG)**

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On Thursday, August 17, 2006, the shareholders of KeySpan Corporation (KSE) voted to approve the proposed merger with National Grid (NGG). Pursuant to the merger terms each KSE share will be converted into the right to receive \$42.00 cash. **The merger is anticipated to become effective on Friday, August 24, 2007.**

*\*\*The foregoing is an unofficial summary of the terms of the Merger, prepared by the PHLX for the convenience of its members. PHLX accepts no responsibility for the accuracy or completeness of the summary. Members should refer to the proxy statement for the authoritative description of the merger terms and conditions.*

Pursuant to Options Clearing Corporation (OCC) By-Laws, all outstanding KSE options will be adjusted as follows:

**EFFECTIVE DATE: Option changes are expected to become effective on Monday, August 27, 2007**  
**NEW DELIVERABLE: \$4,200.00 cash per contract (\$42.00 x 100)**

**Existing open interest in KSE options will remain until options are either exercised or expire. Since they are American style options, they are exercisable at the option of the holder.**

Questions regarding this release may be directed to Market Watch Department at 1-800-THE-PHLX, choice #2, or (215) 496-1508.