

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: August 24, 2007

Subject: KeySpan Corporation (KSE) MERGER EFFECTIVE

On Thursday, August 17, 2006, the shareholders of KeySpan Corporation (KSE) voted 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 became 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: 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.