

CORPORATE EVENTS

MEMO # 06-87

DATE: 4/7/06

ACTION: Starwood Hotels & Resorts Worldwide, Inc. (HOT) - **Anticipated Adjustment.** This corporate action will be coordinated with the Options Clearing Corporation.

CATEGORY: Contract Adjustment

EQUITY SYMBOL: HOT (Starwood Hotels & Resorts Worldwide, Inc.)

ONECHICAGO SYMBOL: HOT1C will change to HOT2C

CME FUTURES SYMBOL: LQ will change to HJ

NUMBER OF CONTRACTS: No Change

EFFECTIVE DATE: Monday, April 10, 2006

MULTIPLIER: 100 will remain unchanged.

DELIVERABLE PER CONTRACT:

- 1) 100 (New) Starwood Hotels & Resorts Worldwide, Inc. Inc. (HOT) Common Shares
- 2) 61 Host Marriott Corporation (HMT) Common Shares
- 3) Cash in lieu of .22 fractional HMT shares*
- 4) \$50.30 Cash ($\0.503×100)*

* The cash portion of the deliverable remains permanently fixed, and does not vary with price changes of securities also included in the deliverable.

APPLICABLE CONTRACT MONTHS: April, May, June and September 2006

SETTLEMENT PRICES: Unchanged

SETTLEMENT: Delayed. Settlement of the HOT2C will be delayed until the end of "when-issued" trading in HMT, if any, is determined by the New York Stock Exchange (NYSE) and until the cash in lieu of fractional HMT shares is determined.

SETTLEMENT ALLOCATION: TBD

PRICING: The underlying price for the HOT2C futures contract deliverable, expressed in terms of current market value, will be calculated as follows:

HOT + .61 (HMT) + 0.503 + cash in lieu of .22 HMT

Please note that the valuation would apply only to the HOT2C 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 the cost of money carrying charges, adjustment for dividends, and other factors.

BACKGROUND:

On April 5, 2006, shareholders of Starwood Hotels & Resorts Worldwide, Inc. (HOT) voted concerning a proposed merger with Host Marriott Corporation (HMT). Starwood Hotels & Resorts Worldwide, Inc. Paired Shares (HOT) currently consists of one Starwood Hotels & Resorts Worldwide, Inc. Common Share and one REIT Class B Share. Upon merger approval, each REIT Class B Share will be de-paired after the close of business on April 7, 2006. Upon consummation of the merger, each existing REIT Class B Share will be converted into the right to receive .6122 HOT Common Shares plus \$0.503 cash. Cash will be paid in lieu of fractional HMT shares.

NOTES:

The forecasted effect of the upcoming corporate event on each clearing firms' positions can be viewed in infopac in the Corporate Event Initial Forecast Report (ONE712), the Corporate Event Final Forecast Report (ONE713), and the Corporate Event Forecast Audit Report (CPDBU710).

If you have any questions regarding the information provided in the document, please call CME Clearing risk management hotline at (312) 648-3888.