

# CORPORATE EVENTS

MEMO # 07-01

DATE: 1/2/07

**ACTION:** Bellsouth Corporation (BLS) **Anticipated Adjustment** due to merger. **The effective date is Wednesday, January 3, 2007.** On October 13, 2006, the FCC voted and approved the proposed merger with AT&T Inc. (T). This corporate action will be coordinated with the Options Clearing Corporation.

**CATEGORY:** Contract Adjustment

**EQUITY SYMBOL:** BLS (Bellsouth Corporation)

**ONECHICAGO SYMBOL:** BLS1C will change to BLS2C

**CME FUTURES SYMBOL:** 0B will change to BL2

**NUMBER OF CONTRACTS:** No Change

**EFFECTIVE DATE:** January 3, 2007

**MULTIPLIER:** 100 will remain unchanged.

**DELIVERABLE PER CONTRACT:**

- 1) 132 AT&T Inc. (T) Common Shares
- 2) Cash in lieu of .5 fractional T shares\*

\* The cash portion of the deliverable remains permanently fixed as part of the futures contract deliverable and does not vary with price changes of securities also included in the deliverable.

**APPLICABLE CONTRACT MONTHS:** January, February, March, June 2007

**SETTLEMENT PRICES:** Unchanged

**PRICING:** The underlying price for the BLS2C futures contract deliverable, expressed in terms of current market value, will be calculated as follows:

$$\text{BLS2C} = 1.32(\text{T}) + \text{cash in lieu of .5 T shares}$$

Please note that the valuation would apply only to the BLS2C 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 July 21, 2006, Shareholders of BellSouth Corporation ("BLS") voted on and approved a proposed merger with AT&T Inc. ("T"). The merger was subsequently consummated on December 29, 2006. As a result, each existing BLS Common Share will be converted into the right to receive 1.325 T Common Shares. Cash will be paid in lieu of fractional T 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.