

CORPORATE EVENTS

MEMO # 07-266

DATE: 10/31/07

ACTION:

Peabody Energy Corporation ("BTU") has announced a distribution of (New) Patriot Coal Corporation ("PCX") Common Shares. The distribution ratio is .10 PCX Common Shares per BTU Common Share. The record date is October 22, 2007; the mail date is October 31, 2007. The New York Stock Exchange ("NYSE") has set **November 1, 2007** as the ex-distribution of the distribution. The NYSE has determined due-bills for the PCX distribution must accompany each BTU Share delivered after November 1, 2007 in settlement of BTU transactions made prior to the ex-date.

This corporate event will be coordinated with the Options Clearing Corporation.

CATEGORY:

Common Share Distribution

EQUITY SYMBOL:

BTU (Peabody Energy Corporation)

ONECHICAGO SYMBOL:

BTU1C changes to BTU2C; a new BTU1C will be re-listed

CME FUTURES SYMBOL:

BT2 for the BTU2C; **BTU** for the re-listed BTU1C

EFFECTIVE DATE:

Thursday, November 1, 2007

MULTIPLIER:

100 (e.g., 1.00 equals \$100.00)

NEW DELIVERABLE PER CONTRACT:

- 1) 100 "BTU" Peabody Energy Corporation
- 2) 10 "PCX" (New) Patriot Coal Corporation Common Shares

APPLICABLE CONTRACT MONTHS:

November and December 2007; March and June 2008

SETTLEMENT PRICES AND POSITIONS:

The underlying price for the BTU2C Futures contract deliverable, expressed in term of current market value, would be calculated as follows:

$$\text{BTU2C} = \text{BTU} + .10 (\text{PCX})$$

Please note that the valuation would apply only to the BTU2C 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.

NOTES:

The forecasted effect of the upcoming corporate event on each clearing firm's 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).

The details after the corporate event has been applied can be viewed in the Corporate Event Activity Report (ONE711).

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