

CORPORATE EVENTS

MEMO # 06-125

DATE: 05/16/06

ACTION:

Sprint Nextel Corporation (S) has announced a distribution of Embarq Corporation (EQ) common shares. The distribution ratio is .05 EQ common share for each S common share. **The ex-distribution date is Thursday, May 18, 2006.** This corporate action will be coordinated with the Options Clearing Corporation.

CATEGORY:

Contract Adjustment

SECURITY FUTURE:

S (Sprint Nextel Corporation)

ONECHICAGO SYMBOL:

S1C changes to S2C
S1C will be re-listed on Friday, May 19, 2006 with standard 100 share contract specifications.

CME SYMBOL:

S7 changes to S8
S7 will be the symbol of the re-listed S1C

NUMBER OF CONTRACTS:

No Change

EFFECTIVE DATE:

Thursday, May 18, 2006

MULTIPLIER:

100 multiplier remains the same

DELIVERABLE PER CONTRACT:

- 1) 100 Sprint Nextel Corporation (S) Series A common shares
- 2) 5 Embarq Corporation (EQ) Series A common shares

APPLICABLE CONTRACT MONTHS:

May, June, September and December

SETTLEMENT ALLOCATION:

S: 90%
EQ: 10%

SETTLEMENT PRICES AND POSITIONS:

The underlying price of S2C futures contract deliverable, expressed in terms of current market value, will be calculated as follows:

$$S2C = S + .05(EQ)$$

Please note that the valuation would apply only to the S2C 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.

BACKGROUND:

Sprint Nextel Corporation (S) has announced a distribution of Embarq Corporation (EQ) common shares. The distribution ratio is .05 EQ common shares for each S common share. The record date is May 8, 2006; mail date is May 17, 2006. The NYSE has set Thursday, May 18, 2006 as the ex-distribution date.

The NYSE has determined that due-bills for the EQ distribution must accompany each S common share delivered after May 8, 2006.

Embarq Corporation is currently trading “when-issued” on the NYSE under symbol EQ WI.

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.