

CORPORATE EVENTS

MEMO # 05-263

DATE: 11/18/05

ACTION: AT&T Corporation (T) – **Anticipated adjustment due to merger.** This corporate action will be coordinated with the Options Clearing Corporation.

CATEGORY: Contract Adjustment

EQUITY SYMBOL: T (AT&T Corporation)

ONECHICAGO SYMBOL: T1C changes to T2C

CME FUTURES SYMBOL: AT changes to NY

NUMBER OF CONTRACTS: No Change

EFFECTIVE DATE: Monday, November 21, 2005

MULTIPLIER: 100 multiplier remains the same

DELIVERABLE PER CONTRACT: **1) 77 AT&T Inc. (“SBC”) Common Shares**
2) Cash in lieu of .942 SBC fractional shares*

* 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: December 2005, March and June 2006

SETTLEMENT PRICES AND POSITIONS: **All previous day’s settlement prices will be reduced by \$1.30.**

For example:

T2C price Before Effective Date = \$20.00
T2C price On Effective Date = \$18.70

The underlying price for the T2C futures contract deliverable, expressed in terms of current market value would be calculated as follows:

$$T2C = .77 \text{ (SBC)} + \text{cash in lieu of .942 SBC}$$

Please note that the valuation would only apply to the T2C deliverable in terms of current market value of the deliverable securities. The resulting price would not be equivalent to the daily settlement price of the futures contract month, whose determination would include the cost of money carrying charges, adjustment for dividends, and other factors.

BACKGROUND:

On January 30, 2005, AT&T Corporation ("T") entered into a definitive agreement and plan of merger with SBC Communications, Inc. ("SBC") and a subsidiary of SBC. Pursuant to the terms of the merger agreement, upon consummation of the merger, SBC Communications Inc. will change its name to AT&T Inc. ("SBC"), and each existing T common share will be converted into the right to receive 0.77942 SBC common shares. Cash will be paid in lieu of fractional SBC shares.

On November 11, 2005, AT&T Corp ("T") declared a special cash dividend of \$1.30 per T common share ("Contingent Dividend"). Although the contingent dividend is not part of the merger consideration, payment of the cash dividend is contingent on the consummation of the pending merger with SBC Communications Inc. ("SBC"). The record date for the contingent dividend is expected to be November 18, 2005, the day the merger becomes effective. The payable date has not yet been determined. The common stock of AT&T will **not** be quoted "Ex-Contingent Dividend" on the New York Stock Exchange. **AT&T Corp ("T1C") futures will be adjusted to reflect the contingent dividend.**

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.