

# CORPORATE EVENTS

MEMO # 05-302

DATE: 12/29/05

**ACTION:** MBNA Corporation (KRB) – **Anticipated Adjustment Due to Merger.** This corporate action will be coordinated with the Options Clearing Corporation.

**CATEGORY:** Contract Adjustment

**EQUITY SYMBOL:** KRB (MBNA Corporation)

**ONECHICAGO SYMBOL:** KRB1C changes to KRB2C

**CME SYMBOL:** M0 changes to M2

**NUMBER OF CONTRACTS:** No Change

**EFFECTIVE DATE:** Tuesday, January 3, 2006

**MULTIPLIER:** 100

**DELIVERABLE PER CONTRACT:**

- 1) 50 Bank of America Corporation (BAC) Common Shares
- 2) Cash in lieu of .09 fractional BAC shares\*
- 2) \$412.50 cash (\$4.125 x 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:** January, February, March and June 2006

**SETTLEMENT PRICES AND POSITIONS:** The underlying price of KRB2C futures contract deliverable expressed in terms of current market value, will be determined as follows:

For example, if BAC closes at \$42.10, and the cash-in-lieu amount for the 0.09 fractional share of BAC Common Stock was \$3.79, the price would be:

$$\begin{aligned}\text{KRB2C} &= 0.50 (\$42.10) + \$4.125 + \$3.79/100 \\ &= \$21.05 + \$4.125 + \$0.0379 \\ &= \$25.2129 \\ &= \$25.21 \text{ (rounded to the nearest penny)}\end{aligned}$$

Please note that the valuation would only apply to the KRB2C 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 November 3, 2005, Shareholders of MBNA Corporation (KRB) voted concerning a proposed merger with Bank of America Corporation (BAC). The merger was approved and is anticipated to be consummated on January 3<sup>rd</sup>, 2006. As a result, each existing KRB Common Share will be converted into the right to receive .50 Bank of America Corporation Common Shares plus \$4.125 cash. Cash will be paid in lieu of fractional 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.*