

CORPORATE EVENTS

MEMO # 10-90

DATE: 3/1/10

ACTION:

On February 17, 2010, Shareholders of The Pepsi Bottling Group, Inc. (PBG) voted concerning a proposed merger with PepsiCo, Inc. (PEP). The merger was approved and consummated. As a result, PBG Common Shares will be converted as follows: approximately 50% of all outstanding PBG Common Shares will be converted into 0.6432 PEP Common Shares per PBG Share, subject to prorations (Stock Consideration); Cash will be paid in lieu of fractional PEP Shares; approximately 50% of all outstanding PBG Common Shares will be converted into \$36.50 Cash per PBG Share, subject to prorations (Cash Consideration).

This action will be coordinated with the Options Clearing Corporation.

CATEGORY:

Merger

EQUITY SYMBOL:

The Pepsi Bottling Group, Inc. (PBG)

ONE CHICAGO SYMBOL:

PBG1C will change to **PBG2C**

CME FUTURES SYMBOL:

PBG will change to **PB7**

MULTIPLIER:

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

EFFECTIVE DATE:

Monday, March 1, 2010

NEW DELIVERABLE PER CONTRACT:

- 1) Approximately 50% of all outstanding PBG Common Shares will be converted into 0.6432 PEP Common Shares per PBG Share, subject to prorations (Stock Consideration). Cash will be paid in lieu of fractional PEP Shares.
- 2) Approximately 50% of all outstanding PBG Common Shares will be converted into \$36.50 Cash per PBG Share, subject to prorations (Cash Consideration).

APPLICABLE CONTRACT MONTHS:

March, June, July, and September 2010

SETTLEMENT PRICES AND POSITIONS:

The underlying price for the PBG1C Futures contract deliverable, expressed in term of current market value, would be calculated as follows:

$$\text{PBG2C} = 36.50 + .6432 \text{ PEP} + \text{cash in lieu}$$

Please note that the valuation would apply only to the PBG2C 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 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.