X-pand into the Future

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Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors

Portugal Telecom: Extraordinary Dividend

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Content may be most important for:

- Front Office/Trading
- Middle + Backoffice
- Auditing/Security Coordination

Attachments:
none

Summary:

By means of a press release on November 3, 2010, the company Portugal Telecom announced a suggestion to compensate its shareholders. Accordingly, Portugal Telecom will distribute to its shareholders an extraordinary dividend of EUR 1.65. Distribution of the extraordinary dividend will take place by payment of EUR 1.00 in December 2010 and EUR 0.65 after approval by the shareholders in the annual general meeting.

The extraordinary dividend will result in an adjustment of the existing Eurex stock futures contract on shares of Portugal Telecom (PTCF).

The ex date is yet to be announced.

This circular contains a description of the adjustment procedure.

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Portugal Telecom: Extraordinary Dividend

Measure:
Distribution of an extraordinary dividend of EUR 1.65 on shares of Portugal Telecom in two tranches. The first tranche (EUR 1.00) will be distributed in December 2010. The second tranche at the amount of EUR 0.65 will be distributed after the decision has been taken by the shareholders in the annual general meeting.

Last Cum Trading Day:
t.b.a.

Ex Date:
t.b.a.

Affected Products:
PTCF

Reference to underlying Rules & Regulations:
Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich, Section 1.6.7 (2).

Adjustment of ISIN:
The ISIN of the Portugal Telecom share (PTPTC0AM0009) will presumably remain unchanged.

Procedure:

Determination of Adjustment Factor (R-Factor)

The closing auction price of the Portugal Telecom share in the electronic trading system of NYSE Euronext Lisbon on the last cum trading day will be the basis for determination of the R-factor:

S1	Closing auction price of the Portugal Telecom share
S2	S1 minus regular dividend
S3	S2 minus extraordinary dividend
R-factor	S3/S2

1. Adjustment of Contract Size and Variation Margin

The new contract size will be calculated as follows:

Contract size new = contract size old / R-factor

To adjust the calculation of the Variation Margin of the following exchange trading day, settlement prices of the last cum trading day will be multiplied by the R-factor.

All outstanding orders and quotes will be deleted after close of trading on the last cum trading day.

The adjustment also refers to existing positions in OTC Flexible Futures.

2. Introduction of a new Contract

A new contract on Portugal Telecom shares will be introduced with standard contract size 100 and new product code PTCG.

The exact date of introduction will be published via the **Market Supervision Messages** window.

As soon as the new contract is available for trading and there are no more contract months with open interest in the original contract on Portugal Telecom shares (PTCF), trading in this contract will be put on “HALT” and finally discontinued.

Please note that if there is no open interest after close of trading on the last cum trading day in the original stock futures contract on Portugal Telecom (PTCF) no adjustment will take place and no new contract will be introduced.

signed: Jürg Spillmann

signed: Richard Heizmann

November 9, 2010