X-pand into the Future

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Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
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LVMH Group: Planned Takeover Offer to the Shareholders of Bulgari S.p.A.

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Content may be most important for:

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

Attachments:

none

Summary:

On March 7, 2011, LVMH Group announced via press release that the company will offer the shareholders of Bulgari S.p.A. in a voluntary public takeover offer to buy the shares held by them. Therefore, the minority shareholders of Bulgari S.p.A. shall receive EUR 12.25 in cash for each share they hold.

This circular describes the potential effects this transaction will have on the existing Eurex options and the Eurex stock futures contract on shares of Bulgari S.p.A. (BUI/BUIF).

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LVMH Group: Planned Takeover Offer to the Shareholders of Bulgari S.p.A.

On March 7, 2011, LVMH Group announced via press release that the company will offer the shareholders of Bulgari S.p.A. in a voluntary public takeover offer to buy the shares held by them. Therefore, the minority shareholders of Bulgari S.p.A. shall receive EUR 12.25 in cash for each share they hold.

Pursuant to the Contract Specifications for Futures Contracts, number 1.6.7 (7), and to the Options Contracts at Eurex Deutschland and Eurex Zürich, number 2.6.10.1 (7), positions in the respective contracts will be settled at the theoretical fair value, provided the transaction is regarded as having taken effect. The transaction is regarded as having taken effect if LVMH Group acquired more than 50 percent of the outstanding shares of Bulgari S.p.A. after the conversion period or a possible extended conversion period and declared the offer irrevocably concluded. Should these conditions not be met after close of the offer, trading in Bulgari S.p.A. contracts will be continued without change. For calculation of the theoretical fair value, the following applies:

Basis for the calculation of the theoretical fair value will be the final offering price.

Implied Volatility:

Currently, only one series with open interest exists, which will be after the estimated conclusion of the transaction. The same volatility shall apply for call and put. It is calculated from the average implied volatility of the daily settlement prices on the ten exchange days preceding the announcement of the offer (February 21, 2011 to March 4, 2011), whereby both the highest and lowest values were discarded.

The implied volatility for this series is as follows:

Implied volatility Bulgari S.p.A. option			
Expiration year	Expiration month	Strike price	Implied volatility
2011	9	680	33,17

Effective immediately, no more new series will be introduced for now for the Eurex options and the Eurex stock futures contract on Bulgari S.p.A. shares. Series without open interest with maturity after April 2011 have already been deleted.

The following dividend data were or will be applied for the determination of implied volatility, as the case may be:

Dividend amount in euro	**Ex date**
0.05	May 16, 2011

With the exception of the September series, all other expirations before the estimated conclusion of the transaction will expire regularly. These series will still be available for trading.

Interest Rate:

For calculation of the fair value, EURIBOR interest rates apply.

If, on the last trading day before the adjustment, there is no open interest in the Eurex stock futures contract on Bulgari S.p.A., trading in this contract will be set on “HALT” and discontinued.

We will keep you informed about the further procedure, whenever changes or new information in the course of the transaction will render this necessary.

March 11, 2011