X-pand into the Future

e u r e x *circular 028/01*

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Recipients: All Eurex members and vendors
Authorized by: Jürg Spillmann

⚠ **Action Required** ⚠ **High Priority**

Adjustment of Equity Options on Schering (SCH), BASF (BAS) and ING (INN) due to the payment of a special dividend

Contact: Functional Help-desk Equity Products: Tel.+49-69-2101-1210

Content may be most important for:

- ➲ Front Office / Trading
- ➲ Middle + Back Office
- ➲ Auditing / Security Administration

Attachments:
None

Summary:

The companies Schering, BASF and ING have made the decision to make a special dividend payment. The Eurex decision to adjust the existing series of the corresponding options has already been announced via the Newsboard and the Market Supervision Messages window.

The adjustment procedure is described in the circular, together with the foreseen timescales.

Eurex Deutschland
D-60485 Frankfurt am Main
www.eurexchange.com

Functional Member Readiness
Tel. +49-69-2101-1700
Fax +49-69-2101-1701

Alternative
Tel. +49-69-9770-1700
Fax +49-69-9770-1701

Management Board:
Rudolf Ferscha, Jürg Spillmann,
Thomas Lenz, Michael Widmer
Daniel Gisler

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At their respective Annual General Meetings, the following companies will propose to distribute a special dividend to their shareholders:

Company	Dividend	Ex-dividend date
ING Group (INN)	EUR 0.38	19.04.2001
Schering AG (SCH)	EUR 0.33	27.04.2001
BASF (BAS)	EUR 0.70	27.04.2001

Following the announcements of the dividend payment, Eurex has already communicated its decision, via the Newsboard and the Market Supervision Messages window, to adjust the existing series of the corresponding options, provided the proposals are adopted at the respective AGMs. The procedure will be as follows:

The basis of the adjustment will be the closing price of the underlying stock on the exchange day preceding the Ex-dividend date. This closing price will be reduced by the amount of the normal dividend. The resulting price is used in the calculation of the adjustment factor (R-factor).

S1 = Closing price of the equity
S2 = S1 minus the regular dividend
S3 = S2 minus the special dividend

R-factor = S3/S2

The adjustment of the exercise prices is made through multiplication by the R-factor. Thus the contract value remains unchanged, while the contract size is adjusted.

C1 = Old contract size
C2 = New contract size
X1 = Old exercise price
X2 = New exercise price (X1*R-factor)

C2 = (C1*X1)/X2

The new exercise prices and contract sizes which result from the adjustment will be published on the Newsboard / Market Supervision Messages window immediately after close of trading on the exchange day before the ex-dividend date. The version number of the existing series will be increased by 1. All open orders and quotes in the order book for the affected series will be deleted after close of trading. New series with the standard contract size of 100 shares and version number 0 will be set up to take effect from the next exchange day.

Please take into account the changes described above.

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