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To the Members of Eurex Deutschland
Date: Frankfurt, September 02, 1998

Circular No. 49/98

Treatment of Options on Daimler-Benz AG Within the Scope of the DaimlerChrysler Merger Process

Ladies and Gentlemen,

We would like to take this opportunity to inform you about the consequences resulting from the merger of the two companies referred to above with respect to the treatment of options on Daimler-Benz AG shares.

Pursuant to the merger agreement, the merger will involve two steps on the German side: Within the scope of Step 1, DaimlerChrysler AG will extend an offer to shareholders of Daimler-Benz AG to exchange their shares into shares of DaimlerChrysler AG. Daimler-Benz AG will be merged into DaimlerChrysler AG in Step 2.

Pursuant to the contract specifications of Eurex Deutschland regarding options on shares of German companies. (Section 2.2.1.7, paragraph 6 of the Conditions for Trading), there will be no conversion of options on Daimler-Benz into options on DaimlerChrysler. Instead, Step 2 of the merger will determine the end of the lifetime for options on Daimler-Benz. Once the merger has been completed, a mandatory exchange offer for any remaining Daimler-Benz shareholders will be announced. Pursuant to No. 2.2.1.7, paragraph 6 of the Conditions for Trading, the lifetime of any options on Daimler-Benz shares which may still be outstanding at this time will end at the latest on the fifth exchange trading day prior to the end of the mandatory exchange period

Trading in options on Daimler-Benz will already be affected by Step 1. Assuming the acceptance of the merger offer, liquidity will prevail predominantly in DaimlerChrysler AG shares. As already announced in *"Wertpapiermitteilungen"* dated August 15, 1998 (*"Vorbereitungsmaßnahmen auf das vorgesehene Umtauschangebot in Aktien der DaimlerChrysler AG"* - "Preparatory Measures Regarding the Planned Merger Offer Into DaimlerChrysler AG Shares"), it is intended to commence the listing of "Daimler-Benz shares registered for exchange" (WKN 550 009) on October 26, 1998, subject to any extension of the exchange period. As a consequence, as of this date Daimler-Benz shares and "Daimler-Benz shares registered for exchange" will be traded in parallel, with WKN 550 009 being used for the calculation of the DAX®.

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The Exchange Management of Eurex Deutschland has passed subject to the completion of step 1 of the merger as planned the resolutions set out below in order to ensure that options on Daimler-Benz AG shares will be treated in accordance with market requirements:

1. Any options on Daimler-Benz exercised on the first day of listing of "Daimler-Benz shares registered for exchange" or at any time thereafter will be settled in cash.
2. Cash settlement pursuant to No. 1 above will be based, subject to the implementation of dates and events set out below,
   - from October 26 through 28, 1998, on the price of Daimler-Benz shares registered for exchange (WKN 550009);
   - from October 29 through 30, 1998, on the price of claims on delivery of DaimlerChrysler shares (WKN 710000);
   - as from November 2, 1998, on the price of DaimlerChrysler shares (WKN 710000).

   Calculations will be based on the respective closing auction price. In the event of no closing auction price occurring, the volume-weighted average of the last three traded prices which have occurred on the electronic trading system of the Frankfurt Stock Exchange, between the close of trading at the Frankfurt Stock Exchange and the close of trading in options on Daimler-Benz at Eurex shall be applicable. In the event of less than three prices occurring during this period, the closing price at the Frankfurt Stock Exchange shall be applicable.

   The price determined as described above will be multiplied by a factor to account for the conversion ratio of Daimler-Benz shares into DaimlerChrysler shares.
3. With immediate effect, no new expiry months will be listed for options on Daimler-Benz shares.

Moreover, it is planned to list options on DaimlerChrysler AG shares concurrently with the start of trading in DaimlerChrysler AG shares. The specifications for this contract will be announced in a separate circular.

As soon as the dates for the merger of Daimler-Benz AG into DaimlerChrysler AG have been announced, we will inform you about the remaining procedures, in particular with respect to the end of the lifetime of options on Daimler-Benz AG shares.

Please do not hesitate to contact our Functional Helpdesk Equities on +49-69-2101-1210 for any questions you may have.

Yours sincerely,

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