X-pand into the Future

e u r e x *circular 046/02*

Date: Frankfurt, 10 June, 2002
Recipients: All Eurex members and vendors
Authorized by: Peter Reitz

Ciba Specialty Chemicals (CIBN) Share Capital Reduction

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Content may be most important for:

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

Attachments: None

Summary:

At their Annual General Meeting on 22 March, 2002 the shareholders of Ciba Specialty Chemicals Holding Inc. approved a dividend payment of CHF 2.00 and reduction of nominal value per share by CHF 1.00 with a corresponding pay back to shareholders.

The treatment of related options contracts under such circumstances is covered in the contract specifications for Swiss Stock options (see Section 2.2.15.7 (5) of the Eurex Trading Conditions).

The capital reduction pay-out will take place on 28 June, 2002.

The adjustment to CIBN options will take place after close of trading on **27 June, 2002** according to the procedure described in the Circular.

With effect from 26 June, 2002, CIBN exercise prices will be displayed with two decimal digits.

With effect from 28 June, 2002 the Tick Size / Tick Value will be changed from CHF 0.10 to CHF 0.01 and the minimum price step will be CHF 0.01 through all price ranges.

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Daniel Gisler, Thomas Lenz,
Michael Widmer

Ciba Specialty Chemicals (CIBN) Share Capital Reduction

At their Annual General Meeting on 22 March, 2002 the shareholders of Ciba Specialty Chemicals Holding Inc. approved a dividend payment of CHF 2.00 and reduction of nominal value per share by CHF 1.00 with a corresponding pay back to shareholders.

The treatment of related options contracts in such circumstances is covered in the contract specifications for Swiss Stock options. Section 2.2.15.7 (5) of the Eurex Trading Conditions includes the following:

> "In the case of capital reductions by way of a reduction of the par value of the shares with the purpose of paying back share capital to the shareholders, the number of shares underlying a contract shall be increased relative to the proportion of the reduction in share capital to the extent such reductions are implemented independently of or in addition to the payment of a dividend. The exercise price shall be simultaneously reduced by a value such that the original value of the contract remains unchanged."

The CHF 1.00 capital reduction pay-out will take place on **28 June, 2002**. The adjustment to CIBN options will take place after close of trading on **27 June, 2002.**

Immediately after the planned nominal share value reduction was made known, on 6 February, 2002, Eurex announced the adjustment procedure to be applied to CIBN options, via the Market Supervision Messages window.

The adjustment factor (R-factor) will be calculated as follows:

S1 = CIBN closing price on 27 June, 2001
S2 = S1-CHF 1.00
R = S2/S1

Adjustment of CIBN exercise prices will take place through multiplication by the R-factor.

New CIBN contract sizes will be calculated as follows:

New contract size = (old exercise price * old contract size) / new exercise price

All adjusted series will have their version number increased to 1.

New series with version number 0 and a contract size of 10 will be introduced on **28 June, 2002**. Outstanding orders and quotes for CIBN options will be deleted from the system after close of trading on 27 June, 2002. There will be no change to the ISIN code or WKN.

The adjusted exercise prices and contract sizes, as well as the new ones, will be published via the Market Supervision Messages window immediately after close of trading on **27 June, 2002**.

In future, CIBN exercise prices will be displayed to two decimal places. With effect from **26 June, 2002** two decimal digits will be inserted (100 will become 10000 where 10000 corresponds to an exercise price of 100.00).

Additional Changes valid from 28 June, 2002

The Tick Size /Tick Value will be changed from CHF 0.10 to CHF 0.01.

The minimum price step will be CHF 0.01 through all price ranges.

Frankfurt, 10 June, 2002

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