X-pand into the Future

e u r e x *circular 044/03*

Date: Frankfurt, April 11, 2003
Recipients: All Eurex members and vendors
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High Priority

Allianz AG (ALV) Capital Increase

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Content may be most important for:

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

Attachments: None

Summary:

On April 9, 2003, Allianz AG published initial details of their previously announced capital increase. The subscription ratio will be 15:7. The subscription period is foreseen to begin on April 15, 2003 and end on April 29, 2003. As a result of the capital increase an adjustment to the Eurex options on the shares of Allianz AG is required. The Circular contains a description of the adjustment procedure

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Allianz AG (ALV) Capital Increase

On March 20, 2003 Allianz AG announced capital measures to place a total volume of up to five billion euros on the market. At least 3.5 billion euro of that amount will be in the form of a capital increase raised through a subscription rights offer to Allianz AG shareholders. An Allianz AG media announcement of April 9, 2003 reported that, with the approval of the supervisory board, the management board of Allianz AG has defined the subscription period and the subscription ratio for the planned capital increase. For every 15 old shares in Allianz AG shareholders will be offered rights to subscribe to seven new Allianz AG shares with dividend entitlement for the fiscal year 2003. According to Allianz AG, the subscription price will be defined and published at a later date. The subscription period for the new Allianz shares is expected to begin on April 15, 2003 and end on April 29, 2003.

The capital increase will therefore be managed as follows:

- Ownership of 15 existing Allianz AG shares gives the right to subscribe to seven new Allianz AG shares
- The subscription price for the new Allianz AG shares will be defined at a later date
- The subscription period is expected to run from April 15, 2003 until April 29, 2003
- The new Allianz AG shares will have dividend rights from fiscal year 2003

As a result of the capital increase, an adjustment to the Eurex option on Allianz shares is required in accordance with section 2.1.7 (3) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich. The Eurex Exchanges will calculate the adjustment factor (R-factor) on the basis of the Xetra closing auction price on April 14, 2003. The new Allianz AG shares have a dividend disadvantage of €1.50 compared to the old Allianz shares since they do not have dividend rights for the year 2002. This is taken into account in the formula shown below for calculation of the R-factor.

S1 = Subscription price of the new shares plus €1.50 compensation for dividend disadvantage
S2 = Closing price of Allianz shares on April 14, 2003

$$R = ((15/22) * (1- (S1 / S2))) + (S1 / S2)$$

Exercise prices will be reduced through multiplication by the R-factor. Contract sizes will be increased so that the original contract value is maintained. The version number of adjusted series will be increased by 1.

On exercise of an adjusted series, a cash payment will be made for the number of shares in excess of the standard contract size.

The adjusted series and the resulting new contract sizes will be published immediately after the close of trading on April 14, 2003 via the Market Supervision Messages window.

New series with version number 0 and a standard contract size of 10 will be set up in the system with effect from April 15, 2003. All outstanding orders and quotes for Allianz options will be deleted after the close of trading on April 14, 2003.

Should there be any changes to the capital increase procedure planned by Allianz AG, particularly with respect to the time scale, we will inform you immediately they become known.

Please take the above information into account.

Frankfurt, April 11, 2003

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