X-pand into the Future

e u r e x *circular 052/05*

Date: Frankfurt, March 31, 2005
Recipients: All Eurex members and vendors
Authorized by: Peter Reitz

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

Zurich Financial Services (ZURN) – Reduction in Nominal Value

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Content may be most important for:	**Attachments:**
➲ Front Office / Trading ➲ Middle + Back Office ➲ Auditing / Security Coordination	none

Summary:

The General Meeting of Zurich Financial Services Group on April 19, 2005 will suggest a reduction in nominal value of CHF 4.00 to its shareholders. You were already informed on February 17, 2005 via the **Market Supervision Messages** window that an adjustment to the Eurex option on shares of Zurich Financial Services Group for existing series, by the amount exceeding the previous fiscal year's dividend, would be required.

This circular contains a description of the adjustment procedure.

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Management Board:
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Zurich Financial Services (ZURN) – Reduction in Nominal Value

The General Meeting of Zurich Financial Services Group on April 19, 2005 will suggest a reduction in nominal value of CHF 4.00 to its shareholders. You were already informed on February 17, 2005 via the **Market Supervision Messages** window that the reduction in nominal value would require an adjustment to the Eurex option on shares of Zurich Financial Services Group pursuant to Section 2.15.7 (5) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich. This adjustment amounts to CHF 1.50, being the difference between the nominal value reduction and the previous fiscal year's dividend of CHF 2.50.

The reduction in nominal value is planned for July 2005.

The basis for the adjustment will be the closing auction price of the ZURN share on the last cum trading day. This price will firstly be reduced by the amount of the previous year's dividend. The resulting price will be used to calculate the adjustment factor (R-factor).

S1 = Closing auction price of the ZURN share

S2 = S1 – CHF 2.50 (previous year's dividend)

S3 = S2 – CHF 1.50 (difference to the previous year's dividend)

R-factor = S3/S2

The strike price is adjusted by multiplying it by the R-factor.

The new contract size will be calculated as follows:

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

The strike prices and contract sizes resulting from the adjustment will be published in the **Market Supervision Messages** window immediately after close of trading on the last cum trading day. The version number of existing series will be increased by 1. New series with the standard contract size 10 and version number 0 will be introduced with effect from the ex day.

All outstanding orders and quotes will be deleted after close of trading on the last cum trading day.

On exercise of an adjusted series, a cash payment will be made for the figure after decimal point in the new standard contract size.

On the days preceding the reduction in nominal value, the **Contract Cover Assignment Entry** window should be used to delete all allocations of shares covering short call positions for the ZURN product.

Please contact the Functional Helpdesk, tel. +49-69-211-1 12 10, should you have any further questions.

Frankfurt, March 31, 2005

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