X-pand into the Future

e u r e x *circular 035/04*

Date: Frankfurt, March 15, 2004
Recipients: All Eurex members and vendors
Authorized by: Peter Reitz

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

Banca Intesa – Bonus (Treasury) Shares

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

Summary:

Banca Intesa announced on March 8, 2004, that it will suggest the issue of bonus (Treasury) shares, at a ratio of two new shares to 41 old shares, at the Annual General Meeting on April 14, 2004. As a result, Eurex options on shares of Banca Intesa (IES5) will be adjusted. You were already informed via the Market Supervision Messages window on March 8, 2004, of the need to adjust existing series of the Eurex option on Banca Intesa shares. This circular contains a description of the adjustment procedure.

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Banca Intesa – Bonus (Treasury) Shares

On March 8, 2004, Banca Intesa announced that it will suggest the issue of bonus (Treasury) shares, at a ratio of two new shares to 41 old shares, at the Annual General Meeting on April 14, 2004. The new shares will be eligible for dividends from the fiscal year 2004.

The ex day is planned for April 19, 2004.

As a result of the issue of bonus (Treasury) shares, an adjustment to the Eurex option on shares of Banca Intesa pursuant to Section 2.21.7 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich will be required.

Eurex already informed members on March 8, 2004 via the Market Supervision Messages window than an adjustment to the Eurex options on shares of Banca Intesa for existing series would be required, if the proposal is passed at the Annual General Meeting on April 14, 2004.

However, if there is no open interest in the Eurex option on Banca Intesa shares (IES5) on the last cum trading day, NO adjustment for this product will be made.

The R-factor is calculated as follows:

R = ((number of old shares = 41/number of new shares = 43) * (1 - (issue price of new shares/closing auction price))) + (issue price of new shares/closing auction price)

Consequently the R-factor is 0.9535.

The strike prices will be reduced by multiplying them by the R-factor. The contract size will be increased correspondingly, so that the original contract value is maintained. The version number of existing series will be increased by 1.

Changes to existing series will be as shown in the table below:

Old Strike Price	New Strike Price	Old Contract Size	New contract Size
270	257	1000.0000	1050.5837
280	267	1000.0000	1048.6891
290	277	1000.0000	1046.9314
300	286	1000.0000	1048.9510
310	296	1000.0000	1047.2973
320	305	1000.0000	1049.1803
330	315	1000.0000	1047.6190

The contract size of the Low Exercise Price Options (LEPO) will be calculated on April 18, 2004 after close of trading, on the basis of the closing price of Banca Intesa shares on the Borsa Italia and will be published in the Market Supervision Messages window.

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

New series with the version number 0 and a standard contract size of 1000 will be introduced and available for trading from April 19, 2004. All outstanding orders and quotes will be deleted after close of trading on April 18, 2004.

On the days preceding the bonus shares issue, the Contract Cover Assignment Entry window should be used to delete all allocations of shares covering short call positions for the product IES5.

There are no plans to change the ISIN and the Eurex code.

Position limits also remain unchanged.

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

Frankfurt, March 15, 2004

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