X-pand into the Future

e u r e x *circular 037/04*

Date: Frankfurt, March 15, 2004
Recipients: All Eurex members and vendors
Authorized by: Jürg Spillmann

⚠ **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 ➲ IT /System Administration ➲ Auditing / Security Coordination	None

Summary:

At the Annual General Meeting on April 16, 2004, Zurich Financial Services will suggest a reduction in nominal value of CHF 2.50 to its shareholders. You were already informed on February 19, 2004 via the Market Supervision Messages window that an adjustment to the Eurex options on shares of Zurich Financial Services 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.

Effective June 30, 2004, the strike prices will be shown with two decimal places.

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Management Board:
Rudolf Ferscha (CEO), Jürg Spillmann,
Daniel Gisler, Thomas Lenz,
Peter Reitz, Michael Widmer

Zurich Financial Services (ZURN) Reduction in Nominal Value

At the Annual General Meeting on April 16, 2004 Zurich Financial Services will suggest a reduction in nominal value of CHF 2.50 to its shareholders. You were already informed on February 19, 2004 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 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 is the amount over and above the previous fiscal year's dividend (CHF 1.00) and is CHF 1.50.

The reduction in nominal value is planned for July, 2004.

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 1.00 (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 adjusted 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 next ex trading 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 the 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.

In future the strike prices of Eurex options on shares of Zurich Financial Services will be shown with two decimal places. A second decimal place will be added to the strike prices with effect from **June 30, 2004**.

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

Frankfurt, March 15, 2004

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