X-pand into the Future

e u r e x *circular 198/06*

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Recipients: All Eurex members and vendors
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High Priority

Société Générale: Capital Increase

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

Summary:

By means of a press release on September 28, 2006, Société Générale announced a capital increase with subscription rights for Société Générale shareholders. Subscription ratio will be 20:1, subscription price for the new Société Générale shares will be EUR 108.00. The new shares will be entitled to dividend as of the 2006 fiscal year. The subscription period is scheduled to begin on October 2, 2006. As a consequence of the capital increase, an adjustment to the Eurex option on shares of Société Générale (SGE) as well as to the futures contract on Société Générale (SGEF) will become necessary.

Ex day will be October 2, 2006.

This circular describes the adjustment procedure.

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Société Générale: Capital Increase

On September 28, 2006, Société Générale announced a capital increase with subscription rights for Société Générale shareholders.

As a consequence of the capital increase an adjustment to the Eurex option on shares of Société Générale (SGE) pursuant to section 2.6.10.1 (2) as well as to the futures contract on Société Générale (SGEF) pursuant to section 1.6.7 (3) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich will become necessary.

The capital increase will be managed as follows:

- Twenty existing Société Générale shares entitle to subscribe to one new share of Société Générale
- The subscription price for the new Société Générale shares will be EUR 108.00
- The subscription period will start on October 2, 2006.
- New Société Générale shares will be entitled to dividend as of the fiscal year of 2006.

The Eurex Exchanges will calculate the adjustment factor (R-factor) on the basis of the closing auction price at Euronext Paris on September 29, 2006. The exercise prices will be reduced by multiplying them by the R-factor (for options only). The contract size will be increased accordingly so that the original contract value will be maintained. The version number of the existing series will be increased by 1 (for options only).

The R-factor will have 8 decimal places. It is calculated in the following way:

R = ((number of existing shares / number of new shares) * (1 – (issue price of new shares / closing auction price))) + (issue price of new shares / closing auction price)

R = ((20 / 21)*(1-(108 / Cls.Price))) + (108 / Cls.Prc.)

The adjusted contract size will have four decimal places. It is calculated in the following way:

Contract size new = (Contract size old * strike price old) / strike price new

The adjusted series and the resulting new contract sizes will be published via the **Market Supervision Messages** window immediately after close of trading on September 29, 2006.

Upon exercise of an adjusted series, cash payment will be made for the number of shares in excess of the standard contract size (for options only).

New series with the version number 0 and a standard contract size of 100 will be introduced with effect from October 2, 2006 (for options only). All outstanding orders and quotes will be deleted after close of trading on September 29, 2006.

On the days prior to the corporate action the **Contract Cover Assignment Entry** window should be used to delete all allocations of shares covering short call positions for the SGE product.

The adjustment to the futures contract SGEF will be made by means of the same adjustment factor as for the options. To compensate for the calculation of the next day's variation margin the settlement prices of the stock futures contract on Société Générale of September 29, 2006 will be multiplied by the R-factor.

The new contract size will be calculated as follows:

New contract size = old contract size / R-factor

After the adjustment a new stock futures contract on Société Générale will be introduced with a standard contract size of 100 and new product code SGEG. The exact date of introduction will be communicated via the **Market Supervision Messages** window.

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As soon as there is no more open interest, trading in the original stock futures contract on Société Générale (SGEF) will cease.

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

Frankfurt, September 29, 2006

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