X-pand into the Future

e u r e x *circular 128/06*

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Recipients: All Eurex members and vendors
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High Priority

AXA: Capital Increase

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

Summary:

On June 13, 2006, the Management Board of AXA decided on a capital increase with subscription rights for AXA shareholders. Subscription ratio will be 9:1, subscription price for the new AXA shares EUR 19.80. The new shares will be entitled to dividend as of the 2006 fiscal year. The subscription period will begin on **June 19, 2006**. As a consequence of the capital increase an adjustment to the Eurex option on shares of AXA (AXA) as well as to the stock futures contract on AXA (AXAF) will become necessary.

Ex date will be June 19, 2006.

This circular describes the adjustment procedure.

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AXA: Capital Increase

On June 13, 2006, the Management Board of AXA decided on a capital increase with subscription rights for AXA shareholders. Subscription ratio will be 9:1, subscription price for the new AXA shares EUR 19.80. The new shares will be entitled to dividend as of the 2006 fiscal year. The subscription period will begin on **June 19, 2006**. As a consequence of the capital increase an adjustment to the Eurex option on shares of AXA (AXA) according to section 2.6.10.1 (2) as well as to the stock futures contract on AXA (AXAF) according 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.

Ex date will be June 19, 2006.

The capital increase will be managed as follows:

- Nine existing AXA shares entitle to subscribe to one new share of AXA
- Subscription price for the new AXA shares will be EUR 19.80
- Subscription period will start on June 19, 2006
- New AXA 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 June 16, 2006. The exercise prices will be reduced by multiplying them with 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 is calculated as follows:

> 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)

The adjusted series and the resulting new contract sizes will be published via the **Market Supervision Messages** window immediately after close of trading on June 16, 2006.

Upon exercise of an adjusted series, a cash payment will be made for the amount of shares exceeding 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 June 19, 2006 (for options only). All outstanding orders and quotes will be deleted after close of trading on June 16, 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 AXA product.

The adjustment to the stock futures contract on AXA (AXAF) will be executed by the same R-factor as for the options. In order to compensate the calculation for the variation margin of the following day the settlement prices of AXA of June 16, 2006 for the stock futures contract will be multiplied by the R-factor.

The new contract size is calculated as follows:

> Contract size new = existing contract size / R-factor

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After the adjustment, a new stock futures contract on AXA with a standard contract size 100 and a new short code AXAG will be introduced. The exact introduction date will be published via the **Market Supervision Messages** window.

As soon as there are no series with open interest left, trading in the original stock futures contract on AXA (AXAF) will be discontinued.

In case there is no more open interest in the original stock futures contract on AXA (AXAF) after close of trading on the last cum trading day on June 16, 2006, no adjustment will be made.

The product ISIN of AXA (FR0000120628) will remain unchanged.

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

Frankfurt, June 16, 2006

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