X-pand into the Future

e u r e x *circular 140/06*

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Recipients: All Eurex members and vendors
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U **High Priority**

Linde AG: Capital Increase

Contact: Functional Helpdesk Equity and Equity Index Products, tel. +49-69-211-1 12 10

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

Summary:

On June 23, 2006, Linde AG decided on a capital increase with subscription rights for Linde AG shareholders. Subscription ratio will be 7:2, subscription price for the new Linde shares EUR 49.50. The new shares will be entitled to dividend as of the 2006 fiscal year. The subscription period will begin on June 27, 2006. As a consequence of the capital increase an adjustment to the Eurex option on shares of Linde AG (LIN) as well as to the stock futures contract on Linde AG (LINF) will become necessary.

Ex date will be **June 27, 2006**.

This circular describes the adjustment procedure.

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Linde AG: Capital Increase

On June 23, 2006, Linde AG decided on a capital increase with subscription rights for Linde AG shareholders. Subscription ratio will be 7:2, subscription price for the new Linde shares EUR 49.50. The new shares will be entitled to dividend as of the 2006 fiscal year. The subscription period will begin on June 27, 2006.

As a consequence of the capital increase an adjustment to the Eurex option on shares of Linde AG (LIN) according to section 2.6.10.1 (2) as well as to the stock futures contract on Linde AG (LINF) 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 27, 2006.

The capital increase will be managed as follows:

- Seven existing Linde AG shares entitle to subscribe to two new shares of Linde AG
- Subscription price for the new Linde shares will be EUR 49.50
- Subscription period will start on June 27, 2006
- New Linde AG 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 in Xetra on June 26, 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 26, 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 27, 2006 (for options only). All outstanding orders and quotes will be deleted after close of trading on June 26, 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 LIN product.

The adjustment to the stock futures contract on Linde AG (LINF) 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 Linde AG of June 26, 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 LINDE AG with a standard contract size 100 and the new short code LING 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 Linde AG (LINF) will be discontinued.

In case there is no more open interest in the original stock futures contract on Linde AG (LINF) after close of trading on the last cum trading day, June 26, 2006, no adjustment will be made.

The product ISIN of Linde AG (DE0006483001) 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 26, 2006

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