X-pand into the Future

e u r e x *circular 269/06*

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Recipients: All Eurex Members and Vendors
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U **Action required** U **High priority**

Banca Intesa S.p.A. and Sanpaolo IMI S.p.A.: Merger

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

Summary:

In the annual general meetings of the companies Banca Intesa S.p.A. and Sanpaolo IMI S.p.A. on November 30, 2006 the shareholders agreed on a merger of both companies.

As soon as the merger becomes effective, options and futures contracts on stocks of Sanpaolo IMI will be adjusted accordingly.

Ex date will be **January 2, 2007**.

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Banca Intesa S.p.A. and Sanpaolo IMI S.p.A.: Merger

In the annual general meetings of the companies Banca Intesa S.p.A. and Sanpaolo IMI S.p.A. the shareholders agreed on a merger of both companies. The merger will be obtained by incorporating Sanpaolo IMI S.p.A. into Banca Intesa S.p.A. The shareholders of Sanpaolo IMI will receive 3.115 Banca Intesa shares for each Sanpaolo share they hold. The new shares will be created by a capital increase of Banca Intesa and will carry the same rights as the existing Banca Intesa shares. The new company will bear the name Intesa Sanpaolo S.p.A.

Ex date will be January 2, 2007.

The merger will become effective upon entry in the appropriate register. The exact data will be communicated as soon as they are announced by the companies.

As a result of the companies' merger, an adjustment of the options and futures contracts on stocks of Sanpaolo IMI will be required. As soon as the merger becomes effective, the underlying of the option/future on Sanpaolo IMI will be replaced by Banca Intesa shares according to the exchange ratio defined in the offer.

The adjustment will be made via the ratio method. Based on the exchange ratio of 3.115 Intesa shares for each Sanpaolo share as defined in the offer an R-factor is determined as follows:

R-factor = 1 / 3.115 = 0.32102729

Options Contract (PAO5)

The option's exercise prices will be multiplied by the adjustment factor. The new contract size is calculated as follows:

(exercise price old * contract size old) / Exercise price new

Exercise price old	Exercise price new	Contract size old	Contract size new
6.40	2.05	500	1560.9756
7.20	2.31	500	1558.4416
8.00	2.57	500	1556.4202
9.00	2.89	500	1557.0934
10.00	3.21	500	1557.6324
10.50	3.37	500	1557.8635
11.00	3.53	500	1558.0737
11.50	3.69	500	1558.2656
12.00	3.85	500	1558,4416
12.50	4.01	500	1558.6035
13.00	4.17	500	1558.7530
13.50	4.33	500	1558.8915
14.00	4.49	500	1559.0200
14.50	4.65	500	1559.1398
15.00	4.82	500	1556.0166
15.50	4.98	500	1556.2249
16.00	5.14	500	1556.4202
16.50	5.30	500	1556.6038
17.00	5.46	500	1556.7766
17.50	5.62	500	1556.9395
18.00	5.78	500	1557.0934
18.50	5.94	500	1557.2391

Exercise price old	Exercise price new	Contract size old	Contract size new
19.00	6.10	500	1577.3770
19.50	6.26	500	1577.5080
20.00	6.42	500	1577.6324
22.00	7.06	500	1558.0737
24.00	7.70	500	1558.4416
28.00	8.99	500	1557.2859
32.00	10.27	500	1557.9357

The version number of existing series will be increased by 1. Upon exercise of an option, Intesa shares will be delivered for the non-fractional part of the new contract size and a cash payment will be made for the decimal places. The amount of the cash payment will be calculated from the difference between the closing auction price of the Intesa share determined at Borsa Italiana on the exercise date and the respective exercise price multiplied by the fractional part of the contract size.

Product code and product ISIN will remain unchanged. After the adjustment, price information on the Intesa share will be transmitted automatically via the VALUES API interface.

No new maturities and exercise prices will be introduced for Sanpaolo options. Option series without open interest will be deleted after the adjustment. As soon as there is no more option interest, trading in Sanpaolo options will be discontinued.

All outstanding orders and quotes will be deleted from the Eurex® system after close of trading on the exchange trading day on which the adjustment is made.

The new position limit amounts to 2,486,933 contracts.

Clearing Measures

- Collateral which contains PAO5 shares will be rebooked in the Eurex® system during the batch run of the last cum trading day.

Futures Contracts (PA5F)

Futures contracts will be adjusted by the same R-factor as the options dividing the contract size by the R-factor.

Contract size old / R-factor
500 / 0,32102729 = 1557.5000

To adjust the calculation of the Variation Margin on the following day settlement prices of the stock futures contract on Sanpaolo IMI (PA5F) of the last cum trading day will be adjusted by the R-factor.

All outstanding orders and quotes will be deleted from the Eurex® system after close of trading on the cum trading day.

As soon as there is no more open interest in the adjusted futures contract, trading will be discontinued.

Should there be no open interest in stock futures on Sanpaolo IMI (PA5F) after close of trading on the last cum trading day, no adjustment will be made.

Should you require further details please feel free to contact our Functional Helpdesk Equity and Equity Index Products at tel. +49-69-211-1 12 10.

Frankfurt, December 29, 2006