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Fresenius AG: Stock Split, Conversion of Legal Form, Change of Standard Contract Size and Margin Parameters

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Content may be most important for:

- Front Office/Trading
- Middle + Backoffice
- Auditing/Security Coordination

Attachments:

none

Summary:

The extraordinary general meeting of the company Fresenius AG on December 4, 2006 decided on the conversion of Fresenius AG into a European Company (Societas Europaea – SE) and on a stock split at a ratio of 1:3.

Accordingly, one existing ordinary share or preference share of Fresenius AG with a theoretical share in the registered capital of EUR 3.00 will be divided into three ordinary shares or preference shares with a proportionate amount in the subscribed capital of EUR 1.00 each.

Ex date has not been determined yet.

The stock split results in an adjustment of Eurex options on Fresenius AG preference shares (FRE3) and of the Eurex stock futures contract on Fresenius AG preference shares (FREF).

Conversion of Fresenius AG into Fresenius SE will become effective upon entry in the commercial register and will have no further effects on Eurex options and the Eurex stock futures contract on Fresenius preference shares.

Besides, the standard contract size of Eurex options and the Eurex stock futures contract on shares of Fresenius AG will be increased from presently 50 to 100 in the future effective the ex date and margin parameters will be adjusted.

This circular contains a description of the adjustment procedure.

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Fresenius AG: Stock Split, Conversion of Legal Form, Change of Standard Contract Size and Margin Parameters

The extraordinary general meeting of the company Fresenius AG on December 4, 2006 decided on the conversion of Fresenius AG into a European Company (Societas Europaea – SE) and on a stock split at a ratio of 1:3.

Accordingly, one existing ordinary share or preference share of Fresenius AG with a theoretical share in the registered capital of EUR 3.00 will be divided into three ordinary shares or preference shares with a proportionate amount in the subscribed capital of EUR 1.00 each.

Ex date has not been determined yet.

Due to the stock split, an adjustment of Eurex options (FRE3) and the Eurex stock futures contract (FREF) on Fresenius AG preference shares will be required pursuant to Section 2.6.10.1 (5) (options) and 1.6.7 (4) (futures) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich.

Conversion of Fresenius AG into Fresenius SE will become effective upon entry in the commercial register and will have no further effects on Eurex options and the Eurex stock futures contract on Fresenius AG preference shares.

Stock Option (FRE3)

After close of trading on the last cum trading day, existing series will be adjusted by an R-factor of 0.33333333. Multiplication by the R-factor will reduce strike prices. The contract size will be increased accordingly so that the original contract value will be maintained. The version number of existing series will be increased by 1 (only for options).

Please find below a list of all currently existing series before and after the adjustment:

Strike price old	Version old	Strike price new	Version new	Contract size old	Contract size new
7600	0	2533	1	50	150.0197
8400	0	2800	1	50	150.0000
8800	0	2933	1	50	150.0170
9200	0	3067	1	50	149.9837
9600	0	3200	1	50	150.0000
10000	0	3333	1	50	150.0150
11000	0	3667	1	50	149.9864
11500	0	3833	1	50	150.0130
12000	0	4000	1	50	150.0000
12500	0	4167	1	50	149.9880
13000	0	4333	1	50	150.0115
13500	0	4500	1	50	150.0000
14000	0	4667	1	50	149.9893
14500	0	4833	1	50	150.0103
15000	0	5000	1	50	150.0000
15500	0	5167	1	50	149.9903

Strike price old	Version old	Strike price new	Version new	Contract size old	Contract size new
16000	0	5333	1	50	150.0094
16500	0	5500	1	50	150.0000
17000	0	5667	1	50	149.9912
17500	0	5833	1	50	150.0086
18000	0	6000	1	50	150.0000
19000	0	6333	1	50	150.0079
20000	0	6667	1	50	149.9925
24000	0	8000	1	50	150.0000
28000	0	9333	1	50	150.0054

The new contract size for LEPOs will be published after close of trading on the last cum trading day, in case there is open interest. Otherwise, all LEPOs will be deleted after close of trading on the last cum trading day.

Change of Standard Contract Size

The standard contract size of Eurex options and the Eurex stock futures contract on shares of Fresenius AG will be increased from presently 50 to 100 in the future effective the ex date.

New series with version number 0 and standard contract size 100 will be introduced as of the ex date. All outstanding orders and quotes will be deleted after close of trading on the last cum trading day.

Upon execution of an adjusted series, cash payment will be made for the fractional part of the new contract size.

Adjustment of the Position Limit

After the stock split, the new position limit will be 192.663 contracts.

The ISIN of Fresenius AG (DE0005785638) will remain unchanged.

Clearing Measures

- 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 FRE3 product.
- Pending deliveries in FRE3 shares will be cancelled after close of trading on the day prior to the corporate action. They will be replaced by delivery instructions with the adjusted number of securities.
- Collateral that contains FRE3 shares will be rebooked in the Eurex® system during the batch run on the last cum trading day.

Stock Future (FREF):

The adjustment will be carried out by means of the same R-factor as for the options. To adjust the calculation of the variation margin on the following day, settlement prices of the stock futures contract on Fresenius AG (FREF) from the last cum trading day will be multiplied by the R-factor.

The new contract size will be calculated as follows:

Contract size old 50 / R-factor 0.33333333 = 150.0000 Contract size new

All existing orders and quotes will be deleted after close of trading on the last cum trading day.

After the adjustment, a new stock futures contract on Fresenius AG with standard contract size 100 and new product code FREG (product ISIN DE000A0LLNZ2) will be introduced.

The exact date for the introduction of the new contract will be published via the **Market Supervision Messages** window.

As soon as there are no more series with open interest, trading in the original stock futures contract on Fresenius AG (FREF) will be discontinued.

Besides, margin parameters for these products will change:

Margin Parameters old (absolute)	**Margin Parameters new (absolute)**
14,90	4,90

Spot/Back Rate old = 88,0 Spot/Back Rate new = 60,0

The exact date for the stock split will be published in time via **Market Supervision Messages** window.

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, December 11, 2006