Voting Rights

The vote to which the underlying common share is entitled will be allocated among the three components of the same series with the same Termination Date and Termination Claim in proposition to their relative market prices as of the record date for the meeting, consent or authorization.

For example, if there are outstanding DIVS, ZIPS and SPECS with the following market values, each would have the indicated vote percentage:

Security	Market price	Percent- age vote
DIVS term 12/31/99 ZIPS term 12/31/99 SPECS term 12/31/	\$20.25 78.75	18.75 72.92
99 Combined Value	9.00 108.00	8.33 100.00

If a DIVS, ZIPS or SPECS is sold uncovered, the underlying stock must be bought or borrowed by record date in order to enable the original naked seller to deliver the appropriate percentage of the vote to the DIVS, ZIPS or SPECS purchaser.

Holders will receive proxy materials and be able to tender proxies for their respective shares of the vote to any broker or bank carrying their account, and that such broker or bank representing the sellers or shorts will surrender its proxy for the appropriate number of votes representing the components that were sold. Proxy materials will be provided through the mechanisms that banks, brokerage firms and clearing agencies have developed to comply with the requirements of Rules 14a-13, 14b-1 and 14b-2 under the Act. Costs for delivering the proxy materials will probably be borne by DIVS, ZIPS & SPECS holders.

SPECS

Adjustments for Stock Splits or Stock Dividends

With respect to stock splits or stock dividends declared on the related underlying shares, DIVS, ZIPS, and SPECS will be adjusted proportionally, and, in the case of ZIPS and SPECS, the Termination Claim will also be adjusted proportionally on the record date for such event. For example, if a company has a two for one stock split, an owner of 100 DIVS would become the owner of 200 DIVS with the same Termination Date; an owner of 100 ZIPS would become the owner of 200 ZIPS with the same Termination Date and one-half the Termination Claim; and an owner of 100 SPECS would become the owner of 200 SPECS with the same Termination Date

and one-half the Termination Claim on such record date.

If the related underlying company declares a stock dividend, the Products will be adjusted proportionally. For example, in the case of a declared 5% stock dividend, DIVS and ZIPS and SPECS with a Termination Claim of \$50 would be adjusted as follows: an owner of 100 DIVS would become the owner of 105 DIVS; an owner of 100 ZIPS would become the owner of 105 ZIPS with a Termination Claim of \$47.62; and an owner of 105 SPECS with a Termination Claim of \$47.62.

Liquidating, Special or Partial Liquidating Dividends

With regard to full liquidating dividends to shareholders, payments would be allocated among owners of DIVS, ZIPS and SPECS of the same class as follows:

- -DIVS would receive the discounted present value at the date of distribution of the liquidating dividend of an imputed dividend stream. It would be assumed that the most recent four quarterly dividends (unless the issuer of the related common stock has announced a change in its dividend policy, in which case assumed dividends complying with the policy would be used) of the issuer would continue through the latest record date preceding the Termination Date. That cash stream would be discounted to present value assuming payment on the usual dividend payment dates, using as the discount rate the interest rate on U.S. Treasury Notes having the closest maturity to the Termination Date.
- —The remaining amount would be allocated between ZIPS and SPECS of the same series, based upon an adjusted Termination Claim. The Termination Claim would be adjusted by discounting the Termination Claim to its present value at the date of distribution of the liquidating dividend. The discount rate used would be the interest rate on U.S. Treasury Notes having the closest maturity to the Termination Date. ZIPS will receive the amount of the distribution up to the adjusted Termination Claim (less the amount allocated to DIVS), with any excess going to the SPECS.

Any adjustments made to the terms of the contract, as a result of any of these "triggering" events, would be handled for these instruments in the same manner as standardized options and would be in accordance with any applicable OCC rules.

Transmission of money to beneficial owners would be accomplished through OCC and its participants in the same manner in which the substitute dividends would be transmitted from short DIVS to long DIVS.

For purposes of allocating distributions among DIVS, ZIPS and

SPECS, special dividends are those dividends which are declared as such by the issuer of the common shares, if that issuer does not also declare that it is changing its dividend policy by reducing or increasing the amount of its regular dividends. Special dividends would be allocated among DIVS, ZIPS and SPECS as follows:

- —DIVS would be allocated and receive that portion of the special dividend equal to the quotient of (a) the annual dividend divided by (b) the last sale price ⁶ of the stock on the day prior to the ex-distribution date reduced by the amount of the special dividend which quotient is multiplied by (c) the amount of the special dividend.
- -If the remaining portion of the special dividend were less than the present value of the Termination Claim, the Termination Claim for ZIPS and SPECS would be reduced, but not below zero, by the future value at the Termination Date of the remaining portion of the special dividend. All determinations of present value and future value are computed using the maximum potential internal rate of return ("IRR") for ZIPS. The maximum potential IRR for ZIPS is computed assuming purchase on the ex-distribution date at a price equal to the average closing price for the 10-day trading period preceding the announcement of the special dividend and receipt of the Termination Claim on the Termination Date (such discount rate being hereinafter the "maximum potential IRR for ZIPS")
- —The remaining portion would be allocated and paid to the ZIPS.
- —If the remaining portion of the special dividend equals or exceeds the present value of the Termination Claim, ZIPS would receive that portion of the special dividend equal in amount to such present value; the Termination Claim would be adjusted to zero and any additional amount of the special dividend would be allocated and paid to the SPECS. Any further liquidating, special or partial liquidating dividends would be allocated between DIVS and SPECS; the ZIPS having received in full an adjusted Termination Claim.

For purposes of allocating distributions made by the issuer of the related common shares among DIVS, ZIPS and SPECS, partial liquidating dividends are all dividends other than regular dividends, liquidating dividends and special dividends. It is assumed that partial liquidating dividends would be accompanied by an announcement of a reduction in the regular dividends paid by the issuer.

Partial liquidating dividends would be split among the three components as follows:

 DIVS would be allocated and receive that portion of the partial liquidating dividend equal to the discounted present value of

⁶ If there is no last sale price, the mean of the closing bid and ask prices will be used.