Subject: Exercise by Exception Procedures for Securities Halted Prior to Expiration

On June 4, 2003, The Options Clearing Corporation (OCC) announced a new policy for underlying securities that have halted trading prior to Expiration. Pursuant to OCC Rule 805, the OCC may: 1) determine an appropriate closing price (which may, without limitation, include the last sale price available); or 2) not determine a closing price for that security, in which case clearing members must provide affirmative instructions to the OCC to exercise option contracts. The following policy has been established when the OCC becomes aware of a trading halt:

1) If a security is halted on or before expiration Monday and does not resume trading before expiration, the OCC will not apply exercise by exception (ex-by-ex) procedures for the underlying options, and clearing members must provide affirmative instructions to the OCC to exercise option contracts.¹

2) If a security is halted on expiration Tuesday or thereafter and does not resume trading before Expiration Friday, ex-by-ex procedures will apply and the OCC will determine an appropriate closing price (which may, without limitation, include the last sale price available).

3) If a previously halted security resumes trading prior to the close on expiration Friday, ex-by-ex procedures will apply and the OCC will determine a closing price in the normal manner (please refer to OCC Information Memo 18930 at www.theocc.com for more information on the OCC’s new methodology to determine closing prices).

Please contact me with any questions.

¹ “Exercise by exception” is an administrative procedure used by the OCC to exercise expiring options by Clearing Members. Options that are in-the-money by specified amounts are exercised unless the Clearing Member submits instructions not to exercise these options.