

## **MARCH 2000 SUPPLEMENT**

The February 1994 edition of the booklet entitled *Characteristics and Risks of Standardized Options* (the "options booklet") is amended 'as follows:

1. The second full paragraph after the example on page 21 of the options booklet is amended to read:

When an underlying security is converted into a right to receive a fixed amount of cash, options on that security will generally be adjusted to require the delivery upon exercise of a fixed amount of cash, and trading in the options will ordinarily cease when the conversion becomes effective. As a result, after such an adjustment is made all options on that security that are not in the money will become worthless and all that are in the money will have no time value. If the option is European-style (as may be the case for a flexibly structured stock option designated as a European-style option), the expiration date of the option will ordinarily be accelerated to fall on or shortly after the date on which the conversion of the underlying security to a right to receive cash occurs. Holders of an in the money option whose expiration date is accelerated must be prepared to exercise that option prior to the accelerated exercise cut off time in order to prevent the option from expiring unexercised. Writers of European-style options whose expiration date is subject to being accelerated bear the risk that, in the event of such an acceleration, they may be assigned an exercise notice and be required to perform their obligations as writers prior to the original expiration date. When the expiration date of a European-style option is accelerated, no adjustment will be made to reflect the accelerated expiration date. There is no assurance that the exercise settlement date for an accelerated option will coincide with the date that the cash payment to the