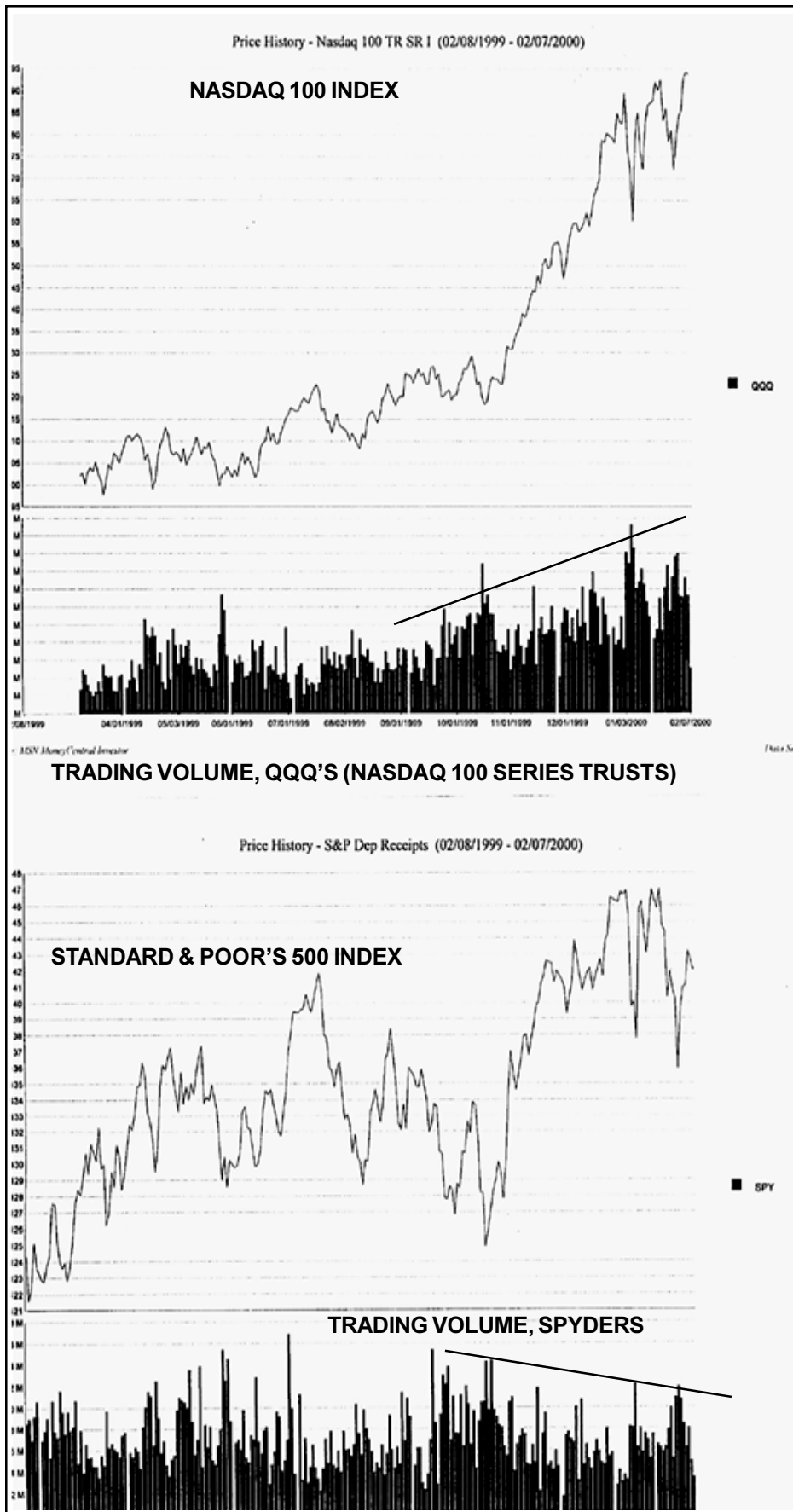


THE Q'S HAVE TAKEN OVER FROM THE SPYDRS, REFLECTING THE EMERGENCE OF NASDAQ:



QQQ'S AND SPYDRS:

The above represent a recent form of market derivative, instruments which are designed to replicate major market indices in the way that OEX's (options on the Standard & Poor's 100) do, but without the leverage or calendar expirations.

Basically, each SPYDR is a mini-replica of the S & P 500, the price level of which is nominally 1/10 the level of the S & P 500 -- actually a little off in trading because of arbitrage games. The dollar value is \$1 per point, so one SPYDR, trading at 144, carries a dollar value of \$144. These have become very popular with index traders, especially since index oriented mutual funds discourage trading.

QQQ's are based upon the NASDAQ 100 Index, priced at 1/20 of the index, also \$1 per point, recently priced at 200 or \$200 per share.

SPYDR's became popular quickly, were the derivative of choice for large traders. QQQ's caught on a bit more slowly, greater bid-asked spreads (still). However, during the fourth quarter of 1999, the NASDAQ instrument overtook the SPYDRs in volume, reflecting the greater relative strength of NASDAQ.

Recently, QQQ's have been trading up to 18 million shares per day, averaging about 14 million. SPYDRs have been trading with just about half that volume. On Tuesday of last week, for example, there were 11 million Q's traded, just 5 million SPYDRs.

NASDAQ has certainly become the center of the game, it would appear. COMING AHEAD -- trading tactics, Q's and SPYDRs.