Equity Risk Management Division

«Strategic Option Solutions»

Wellington Shields & Co. LLC
MEMBER NEW YORK STOCK EXCHANGE

"EQUITY RISK MANAGEMENT. A BETTER WAY TO OWN STOCKS."

JASON WEISSMAN, SENIOR DIRECTOR

Jason Weissman is the Senior Director of the Equity Risk Management Division at Wellington Shields & Co, LLC. Mr. Weissman came to develop and manage our Equity Risk Management, Strategic Option Solution, and Risk Adjusted Portfolio Management practices. Prior to joining us, Mr. Weissman was at Bishop Rosen & Co. Inc where he built and served as the Senior Director of their Equity Risk Management Division. At Bishop Rosen Mr. Weissman counseled officers, directors, and high level employees of publicly traded corporations regarding strategies for their ESPP, ESOP plans, and respective concentrated equity and option holdings. Before his tenure at Bishop Rosen, Mr. Weissman was at Wachovia Securities and was a member of the Chairman's Circle of Excellence, the Director's Club and the Chairman's Advisory Circle. At Wachovia, Mr. Weissman was the Northeast Advisor who counseled publicly traded corporations about their ESPP and ESOP plans. Prior to his work with Wachovia, Mr. Weissman served as a Senior Vice President at Morgan Stanley, where he first began to create concentrated asset management and risk-adjusted portfolio strategies. At Morgan Stanley, he was a recognized member of both the Director's Club and President's Club. Mr. Weissman earned a number of merit awards, including the Award for Outstanding Achievement and the National Sales Director Award. Mr. Weissman began his career at Gruntal, where he served as an Associate Financial Advisor.

WHAT MAKES AN INVESTMENT STRATEGY SUCCESSFUL?

At the Equity Risk Management Division we believe that success lies in providing you, the investor, with an approach that reduces your market risk while increasing the probability of achieving positive returns.

We custom-tailor solutions to your goals and objectives through the strategic use of options and other derivatives. This reduces your reliance on positive equity performance and market movement. Our disciplined management style incorporates multi-layered market analysis derived from our constant contact with floor traders, hedge fund managers and analysts. We strive to deliver quality coverage through timely decisions and market moves.

« A majority of investors lack a disciplined approach to buying and selling equities, with most stock purchases and sales driven by emotion. »

RISK-ADJUSTED PORTFOLIO MANAGEMENT STRATEGIES

A majority of investors lack a disciplined approach to buying and selling equities, with most stock purchases and sales driven by emotion. Despite all of the analytical tools Wall Street has at their disposal, over time their predictions might not be any better than the toss of a coin. With the exception of a dividend-paying stock, the only way an investor makes money on a traditional equity purchase is if the price increases. The success of a purchase and sale often depends on predictions of the future share price and on the condition of the market in general. Our risk-adjusted portfolio strategies use options to broaden the range of profit potential. Our calculated entry and exit points based on supply-and-demand dynamics help take emotion out of the equation.

By incorporating derivatives (covered calls and puts) into the mix, the Equity Risk Management Group offers investors:

- » A reduced reliance on specific equity and market movements
- » Increased likelihood of generating a greater rate of return than traditional equity purchase only when the share price does not exceed the cap price plus premiums collected
- » Potential of positive returns even if the stock remains flat
- » Opportunity to generate positive returns if the stock moves down within a certain price range
- » Defined parameters of downside risk and upside potential that can generally be projected from defined entry and exit points

The bottom line: we endeavor to increase the probability that our clients will make money, while at the same time formulating strategies for reducing their risk.

By utilizing covered calls, investment returns are capped at the strike price of the contract plus the premium. While this may increase the total return, it may also reduce potential profits of the equity purchased as opposed to not having sold a covered call. Investor bears downside risk to protection levels less premiums collected.

The sale of puts, while generating additional premiums and partially reducing the cost basis of the equity, will, at times, increase your exposure to the underlying equity.

You should also be aware that there are additional fees and commissions associated with our program when spread transactions that require two legs are utilized.

Be aware that there are inherently greater risks associated when margin and/or other leverage is utilized that will substantially increase the potential of both gains and losses.

Options are not suitable for all investors

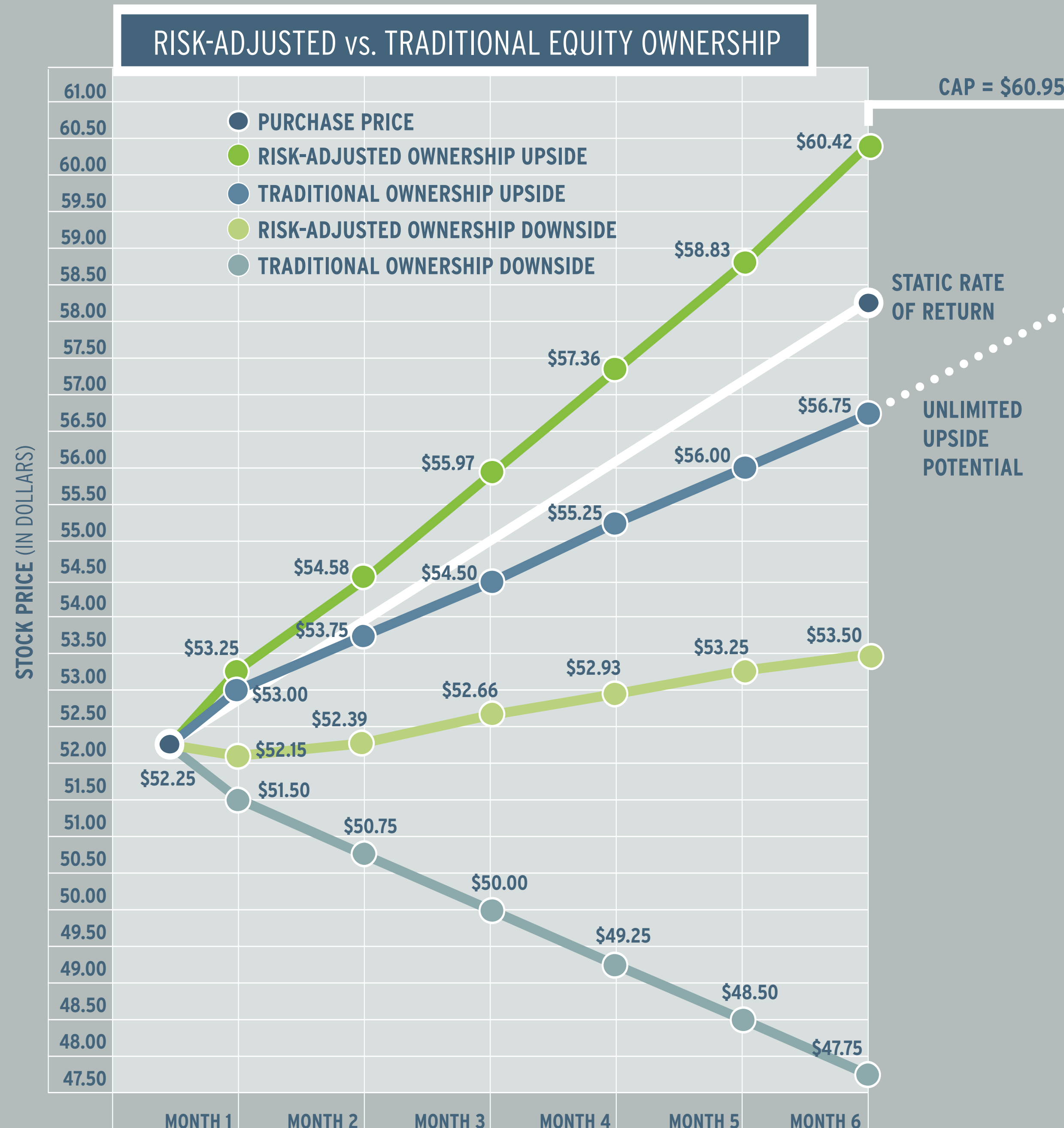
**Please see Glossary for an explanation of certain terms contained herein.*

STRATEGY COMPARISON

	ADVANTAGES	DISADVANTAGES
TRADITIONAL EQUITY OWNERSHIP	Unlimited upside potential	Reliance on specific stock movements and/or dividends for positive returns
		Risk of full loss of principal invested
RISK-ADJUSTED PORTFOLIO MANAGEMENT	Increased potential of generating positive returns	Limited upside potential
	Less reliance on specific price moves for the generation of positive returns	
	Defined entry and exit points	

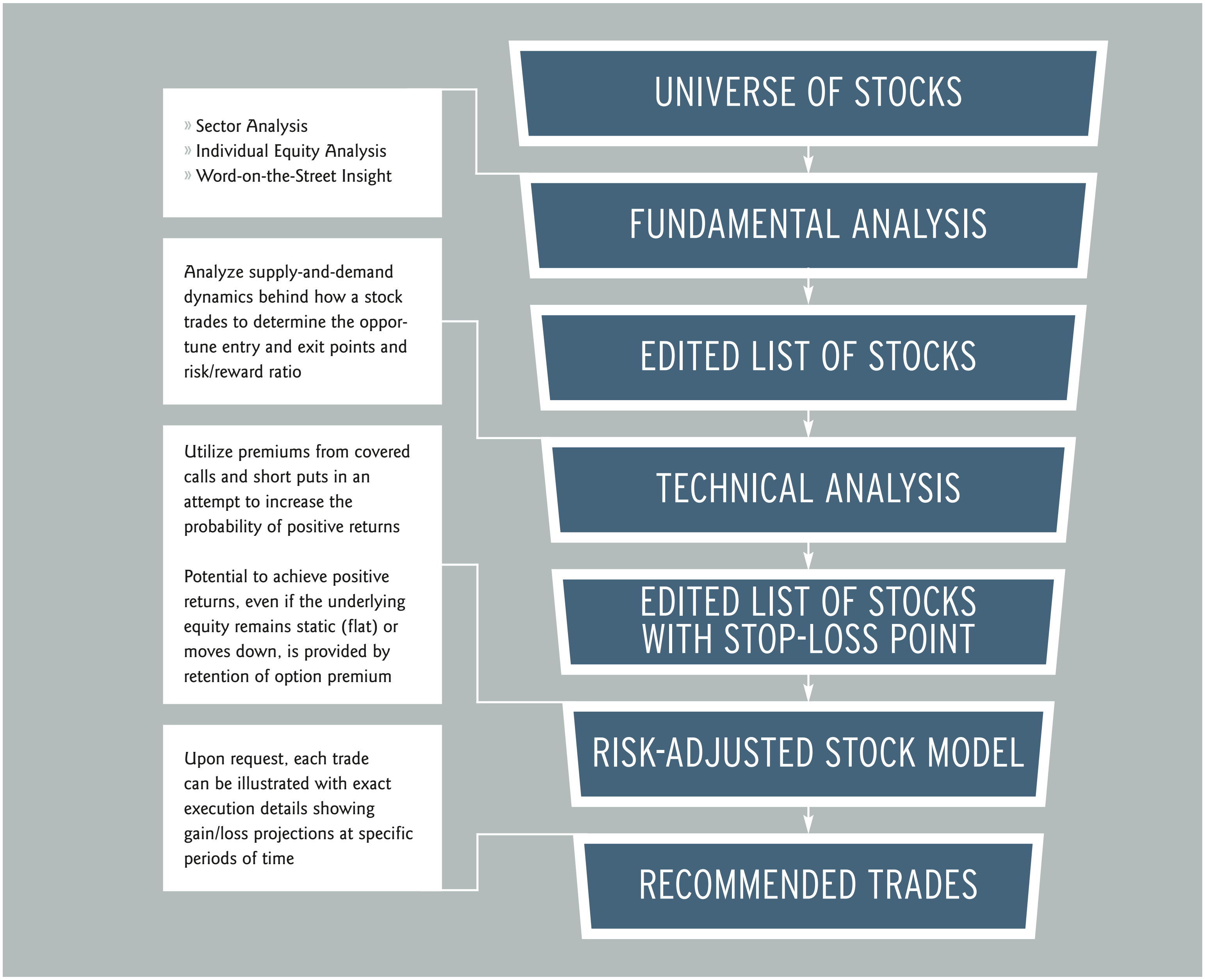
« The bottom line: we can increase the probability that our clients will make money, while at the same time reducing the risk.»

While principal invested remains subject to loss, risk is reduced by premiums collected on covered options and limited by protection levels.



The illustration shows the purchase of XYZ stock at $52.25. The illustration demonstrates "risk-adjusted" equity ownership (represented by the light and dark green lines and bullets), which shows the hypothetical purchase of a stock and simultaneous sale of covered calls and puts. Theoretical profit and loss figures are shown relative to price, time and the retention of option premiums. In this example, XYZ stock was acquired at $52.25 per share. A total premium of $5.95 was received from "writing" the options. The maximum gain is calculated to the "cap" price. Hypothetical upside and downside in XYZ share price are shown as they relate to the total return on risk-adjusted trades.The illustration also demonstrates traditional equity ownership (represented by the light and dark blue lines and bullets), which shows the effect of time and price on the same hypothetical purchase of XYZ at $52.25 executed in a traditional manner. The stock is purchased without the sale of covered calls and puts. It also illustrates how there is no price "cap" in a traditional equity purchase. Once the share price of XYZ exceeds the "cap" price of $60.95, the traditional equity purchase produces a higher return than the "risk-adjusted" position.

The hypothetical illustration is not indicative of the performance of any specific investment. There is no guarantee the illustrated results will be achieved.


UNIVERSE OF STOCKS
» Sector Analysis
» Individual Equity Analysis
» Word-on-the-Street Insight
FUNDAMENTAL ANALYSIS
Analyze supply-and-demand dynamics behind how a stock trades to determine the opportune entry and exit points and risk/reward ratio
EDITED LIST OF STOCKS
TECHNICAL ANALYSIS
Utilize premiums from covered calls and short puts in an attempt to increase the probability of positive returns
Potential to achieve positive returns, even if the underlying equity remains static (flat) or moves down, is provided by retention of option premium
EDITED LIST OF STOCKS WITH STOP-LOSS POINT
RISK-ADJUSTED STOCK MODEL
Upon request, each trade can be illustrated with exact execution details showing gain/loss projections at specific periods of time
RECOMMENDED TRADES

“IF NOT MANAGED PROPERLY, CONCENTRATED ASSETS MAY PROVE TO BE A MIXED BLESSING.”

JASON WEISSMAN, SENIOR DIRECTOR

« While most investors insure their life, health, and home, they often neglect to protect their portfolios. »

CONCENTRATED ASSET RISK MANAGEMENT STRATEGIES

Smart consumers do not put themselves at risk by allowing their lives, health, and property to remain uninsured. Yet surprisingly investors are often unaware of or ignore the need for insuring their concentrated stock holdings. Investors who hold a substantial portion of assets in a single stock may be subject to 100% loss of principal, lack of diversification, and sole reliance on positive price movements to generate returns. Selling a portion of a concentrated equity position to purchase broader investments may hold negative consequences such as adverse tax implications, the inability to realize the full upside potential of the equity, and diminished voting rights.

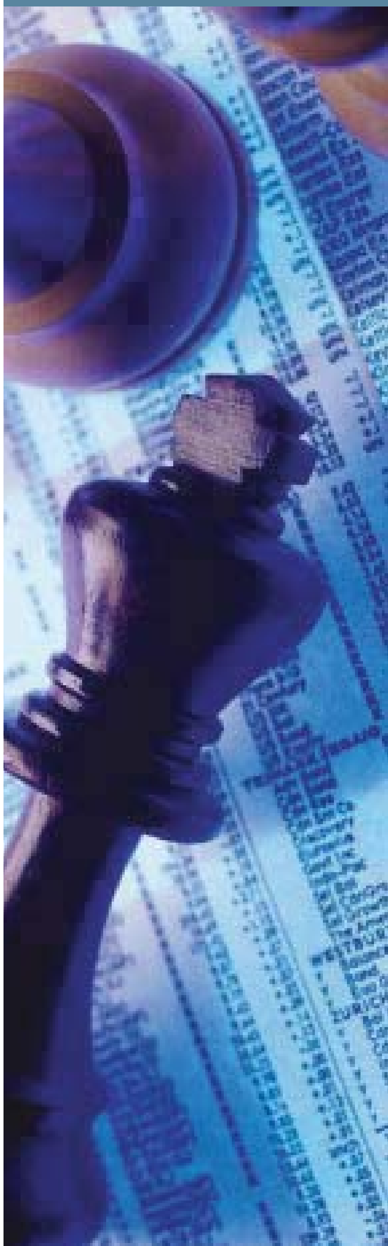
Our risk management approaches are intended to allow investors to participate in the upside potential of their concentrated asset holdings while attempting to reduce the negative consequences, by:

- » Protecting the downside by purchase of puts
- » Generating income through the sale of calls
- » Extracting cash through the use of leverage or margin

We offer "dynamic" concentrated asset strategies that serve to provide a "better way to own stocks." Positive return potential may be increased while attempting to reduce the downside risk. We aim to generate a stream of income from the shares and protect their value through the strategic use of derivatives. The income generated through the sale of covered calls can help generate positive returns, pay for put protection, and may result in limiting upside appreciation. In effect, we have taken traditional concentrated asset strategies and made them dynamic in nature.

In a traditional equity collar, the investor can protect against downside risk by purchasing a put option, which by itself may be too expensive. To defray the cost of the put, "the floor," a call option is sold, thereby becoming a "cap" on the upside. This strategy sets a "floor" and "cap," establishing a collar on the value of the underlying holding. This hedges the risk for a specified amount of time. These collars are fixed, generally have a long-term structure and are viewed by some investors as price prohibitive. Our "dynamic collars" provide a flexible alternative that does not intend to cap the upside potential and attempts to increase the probability of positive returns.

« *The nature of our strategy is to take the best of the traditional equity collar and add a dynamic element.* »



HOW IT WORKS:

Dynamic Collar:

The nature of our strategy is to take what we believe is the best of traditional equity collars and add a dynamic element, which allows us to be responsive to share price, market moves and current events.

Our first step is to purchase "put" protection, generally extending only six months, which allows us to adjust the "floor" based on the movement of the share price and/or the changing needs of our clients. If the stock price moves higher, "put" protection can be adjusted higher ("rolled up") to reflect the appreciated value of the underlying security. It is possible that this put cost may never be offset by the sale of calls.

Covered calls, or "the cap," are usually sold on a monthly or short-term basis. The time frame will be adjusted based on individual client needs and the assessment of specific option values. The cash generated from selling "calls" may be used to reduce the cost for the "put" protection and ideally complement the overall performance of the security. At times, to capitalize on the underlying market volatility, calls may be bought back and resold prior to their expiration. This cycle may continue based on the changing share price in an attempt to lock in profits, collect additional premium, allow room for the stock to move higher, or limit losses. In addition, the income generated by the underlying position may be used to create a diversified portfolio, to repay debt, for a cash extraction and/or for liquidity. There is the potential for loss if a call must be repurchased for more money than its original selling price.

If the underlying share price exceeds the option strike price and the investor does not want to sell the underlying shares, the call contract may be closed out, eliminating the sale of the underlying equity. If the shares are "called away" prior to the expiration date, new shares can be purchased to fulfill the delivery obligations of the contract, thus avoiding a "constructive sale."

**Please see Glossary for an explanation of certain terms contained herein.*

CONCENTRATED STOCK/OPTION POSITIONS	ADVANTAGES	DISADVANTAGES	
DO NOTHING	No inhibitions to upside movements	Reliance on stock appreciation; entire principal at risk	
EXERCISE STOCK OPTIONS AND/ OR SELL UNDERLYING SHARES	Ability to generate liquidity, reduction of risk; potential asset diversification	Loss of potential upside value, and the possibility that options expire worthless	
CASHLESS EXERCISE & HOLD	No inhibitions to upside movements; ability to create liquidity, extract cash, diversify through leverage, maintain voting rights	Potential loss of full equity value while still having an outstanding debt obligation	
EXERCISE & HOLD BUY A PUT	No inhibitions to upside movements; ability to create liquidity, extract cash, diversify through leverage, maintain voting rights; limit downside exposure	Exposure to price decline down to the "put" strike price; reliance on stock appreciation, cost of put	Can extract cash to diversify portfolio and make other investments
EXERCISE & HOLD TRADITIONAL EQUITY COLLAR [BUY 'PUT,' SELL 'CALL']	Pre-determined upside appreciation, ability to create liquidity, extract cash, diversify, maintain voting rights; downside protected at reduced cost	Upside capped; investors retain exposure to price decline down to the "put" strike price	
EXERCISE & HOLD DYNAMIC COLLAR	Less reliance on upward stock price appreciation to generate positive returns; ability to create liquidity, extract cash, diversity through leverage, maintain voting rights; protection paid for; flexible upside	Exposure to price decline down to the strike price. Upside appreciation may be reduced by having to buy calls back that are in the money and roll up strikes in an attempt to regain lost premium	

GLOSSARY

» CALL OPTION:

An option contract that gives the holder the right, but not the obligation, to purchase the underlying security at a specified price—the strike price—either on or before a specified expiration date.

» COVERED CALL:

An option strategy in which a call option is written against long stock on a share-for-share basis.

» CAP:

Price at which a stock's upside is limited by the strike price of covered call option written against it plus the premium received on the transaction.

» COVERED CALL OPTION WRITING:

A strategy in which one sells call options while simultaneously owning an equivalent position in the underlying security or strategy, and in which one sells put options and simultaneously is short an equivalent position in the underlying security.

» EQUITY COLLAR:

A hedging strategy used for managing equity risk that consists of the purchase of a put option and sale of a call option providing a minimum and maximum value for that position over the life of the options.

» HEDGING:

A conservative strategy used to limit investment loss by effecting a transaction which offsets an existing position.

» IN THE MONEY:

Amount by which the underlying equity of an option contract is above or below the strike price.

» MONETIZATION:

Generating liquidity from an underlying security.

» OPTION PREMIUM:

The price of an option contract, determined in the competitive marketplace, which the buyer of the option pays to the option writer for the rights conveyed by the option contract.

» PROTECTIVE PUT:

A strategy involving the purchase of a put option contract for an existing long stock position to protect against a drop in the share prices of the underlying security.

» PUT OPTION:

An option contract that gives the holder the right to sell the underlying security at a specified price for a certain fixed period of time.

» ROLL UP:

A term typically utilized by option traders to explain the process of purchasing back an in-the-money option to avoid a sale of the underlying security and then reselling an option at a higher price in an attempt to keep up with the upside performance of the stock.

» STATIC RETURN:

The return that an investor would make on a particular position if the underlying stock were unchanged in price at the expiration of the options in the position.

» STRIKE PRICE:

The stated price per share for which the underlying security may be purchased (in the case of a call) or sold (in the case of a put) by the option holder upon exercise of the option contract.

» UPSIDE POTENTIAL:

The potential price gain that may be expected in a security stated in either dollar value or a percentage gain.

» VOLATILITY:

A measure of the fluctuation in the market price of the underlying security. Mathematically, volatility is the annualized standard deviation of returns.

» YIELD:

Return on investment. In this dynamic strategy it refers to additional returns generated independent of share price appreciation through the sale of options.

"HAVING NO PROTECTION MAY COST THE MOST..."

JASON WEISSMAN, SENIOR DIRECTOR

IMPORTANT NOTE:

A. OPTIONS ARE NOT SUITABLE FOR ALL INVESTORS.

B. Supporting documentation for any claim (including any claims made on behalf of this options program or the technical expertise of the equity risk management employees) comparisons, recommendations, statistics or other technical data will be supplied upon request.

C. PLEASE REVIEW THE CURRENT OPTIONS DISCLOSURE THAT MAY BE OBTAINED FROM JASON WEISSMAN AT WELLINGTON SHIELDS & CO. LLC., 140 BROADWAY, NEW YORK, NY 10005 OR DIRECTLY FROM OUR WEBSITE www.wellingtonshields.com or http://www.cboe.com/LearnCenter/Workbench/pdfs/ CharacteristicsandRisksofStandardizedOptions.pdf

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