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Updated

Attractive Returns Until Maturity

Capital Gains Income Streams Capital Yield Share (CGQ)
Current Yield 8.1%

Income Streams III Capital Yield Share (STQ)
Current Yield 10.4%

Company Descriptions

Capital Gains Income STREAMAS (CGQ) and Income STREAMS III (STQ) were launched in 2001 as split share offerings, one equity dividend share and one Capital Yield Share. The Capital Yield Share offers principal protection of the original issue price of \$25.00 at termination in 2013. The Equity Dividend Share has cumulative, preferential dividends.

Hold until wind-up and receive ALL of the following:

- **Monthly distributions** paid based on the table below.
- **\$25.00 wind-up price** from forward agreement that has been put in place with TD Bank and Merrill Lynch. If an investor were to purchase either CGQ or STQ at today's prices that would mean an additional \$5.75-\$6.50 capital gain on the investment at termination.
- **Any additional money** that remains in the Managed Portfolio after the \$15 Equity Dividend Share has been paid. Assuming no capital appreciation and maintaining a Managed Portfolio of \$19.00 (average) this would amount to an additional payment of \$4.00 per share.
- **Any increase** in the managed portfolio over the next 11 years.

This table represents the potential return of CGQ and STQ from current levels until maturity.

	Distribution Levels			
	0%	6%	8%	10%
Monthly Dividend Payments (132 payments)	\$ 0.00	\$16.50	\$22.00	\$27.50
Payment from Forward Agreement at windup	<u>\$25.00</u>	<u>\$25.00</u>	<u>\$25.00</u>	<u>\$25.00</u>
Subtotal	\$25.00	\$41.50	\$47.00	\$52.50
Additional Payment from Managed Portfolio Upon Windup (Assuming no change from assumption of \$19.00)	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Total	\$29.00	\$45.50	\$51.00	\$56.50
Today's Approximate Purchase Price	<u>\$19.00</u>	<u>\$19.00</u>	<u>\$19.00</u>	<u>\$19.00</u>
Potential Net Increase	\$10.00	\$26.50	\$32.00	\$37.50

Current distribution levels for STQ and CGQ are 8% and 6% respectively based on \$25 termination price. A modest increase in the managed portfolios will increase distributions to the 10% level.

Stock Data

Capital Gains Income STREAMS

Trading Symbol: **CGQ**
Trading Price: \$18.50
52 Week Trading Range: \$27.45-\$15.00
Target Yield: 10%
Shares Outstanding: 3,630,000

Stock Data

Income STREAMS III

Trading Symbol: **STQ**
Trading Price: \$19.25
52 Week Trading Range: \$27.25-\$16.50
Target Yield: 10%
Shares Outstanding: 7,150,000