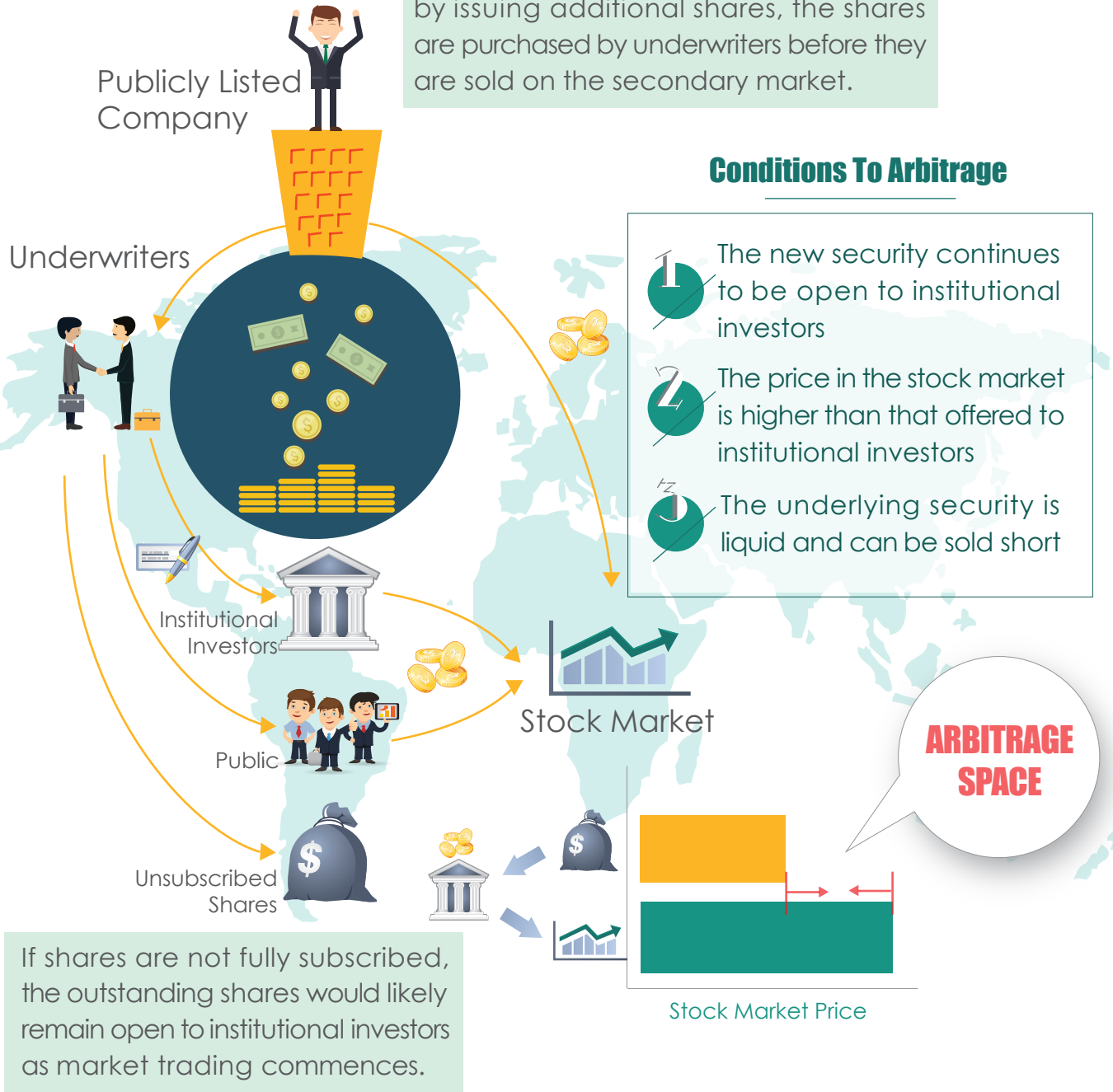


NEW STOCK ARBITRAGE

Zero Risk Investment

When a company wants to raise capital by issuing additional shares, the shares are purchased by underwriters before they are sold on the secondary market.



Conditions To Arbitrage

- 1 The new security continues to be open to institutional investors
- 2 The price in the stock market is higher than that offered to institutional investors
- 3 The underlying security is liquid and can be sold short

ARBITRAGE SPACE

Stock Market Price

If shares are not fully subscribed, the outstanding shares would likely remain open to institutional investors as market trading commences.

When market price is higher than subscription price, a short position can be initiated at market price and simultaneously closed out by buying the corresponding number of shares at the subscription price.