

The Depository Trust Company
IMPORTANT

B#: 2672
DATE: November 20, 2001
TO: All Participants
CATEGORY: Dividends
FROM: Nilesh Desai, Supervisor, Dividend Department
ATTENTION: Dividend Managers, Cashiers and Reorganization Managers
SUBJECT: Optional Dividend: H & Q Life Sciences Investors
Cusip: 404053100 R/D:11/20/01 P/D:12/21/01
Rate: \$ 1.58 in Stock or Cash
DTC Cut-off 12/04/2001

***** WARNING TIME CRITICAL *****

Participants who have positions in the above captioned security may elect to receive the dividend distribution of \$ **1.58** Paid in stock or cash, as follows:

Stock Option #1: You may elect to receive additional common shares of **H & Q Life Sciences Investors** for the \$ **1.58** per share. Fractional shares will be paid in cash.

The number of full shares to be issued will be determined by the market value per share of the Fund's shares on **December 21, 2001**, or by the net asset value per share on that date, whichever is lower. The market value of the Fund's shares for this purpose will be the last sales price on the New York Stock Exchange on **December 21, 2001**.

Cash Option #2: You may elect to receive cash at \$ **1.58** per share held.

PARTICIPANTS SHOULD SUBMIT ELECTION INSTRUCTIONS OVER THE PARTICIPANT TERMINAL SYSTEM (PTS) THROUGH THE ELECTIVE DIVIDEND SYSTEM (EDS) FUNCTION.

Participants not responding to the above option by 12/04/01, will receive the mandatory distribution in accordance with Option #1 ((Stock with Fractions in cash).

To confirm your Record Date positions, DTC participants should access the Dividend and Allocation History (DPAL) Option, via the PTS Dividend Announcements Inquiry (DIVA) function.

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If there are any questions regarding this Important Notice or the processing of related instructions via EDS, participants should contact Mr. John Mc Carthy or Mrs. Janet Tuccillo of DTC's Stock Dividend Department at (212) 855-4521/4533.

The valuation date for the shares is 12/21/01.

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