THE VALUE LINE

Daily Options Survey

The Weekly Option Strategist

A Quick Study Guide
How to Use The Value Line Daily Options Survey

If you need assistance with our service, feel free to contact us.

- Technical Support can be reached at vlosft@valueline.com.
- Value Line Options Analysts can be reached at vloptions@valueline.com
- For inquiries concerning your account status, Client Relations can be reached at vlcr@valueline.com.

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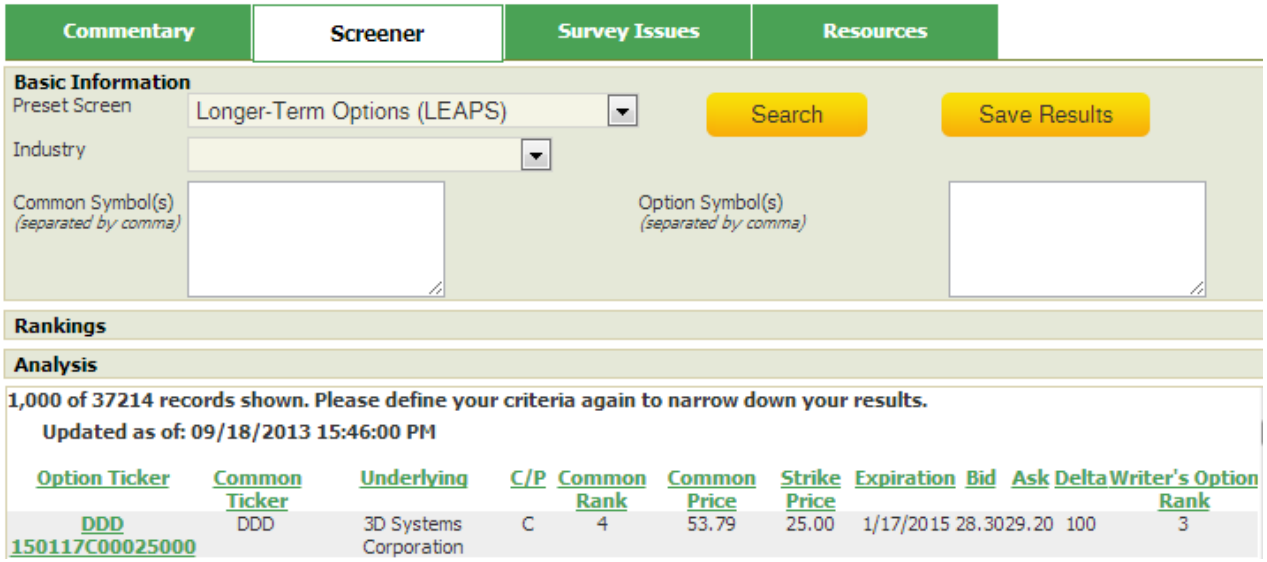
I. Getting Started

Welcome to the Value Line Daily Options Survey. We believe that we offer the best option service available to you, the individual investor. We provide evaluations and rankings for all the major option strategies, updated hourly, on the 2,500 + optioned stocks covered by Value Line.

To get started, go to www.valueline.com/Options/screen. Log in by entering your username (the six digit number code assigned to you via email) and your password in the boxes on the left marked "Subscriber Login." If you have trouble finding the site or logging in, contact our Software Support Department at vlsoft@valueline.com (telephone 800-654-0508). The site opens to the new Option Screener tab, surrounded by the following tabs; Commentary, Survey Issues, and Resources (see Figure 2 on page 4).

Figure 1 - Screener (New) at http://www2.valueline.com/Options/Screen



The four tabs on this page (Commentary, Screener, Survey Issues, and Resources) take you to the main areas of The Value Line Daily Options Survey.

- The Commentary tab takes you to links to all our recent editorial content.
- The Screener tab takes you to our new Screener (see description below).
- The Survey Issues tab takes you to our user manuals and prior Weekly Strategist reports.
- The Resources tab takes you to a number of important links, most of which have been longstanding features of The Value Line Daily Options Survey.

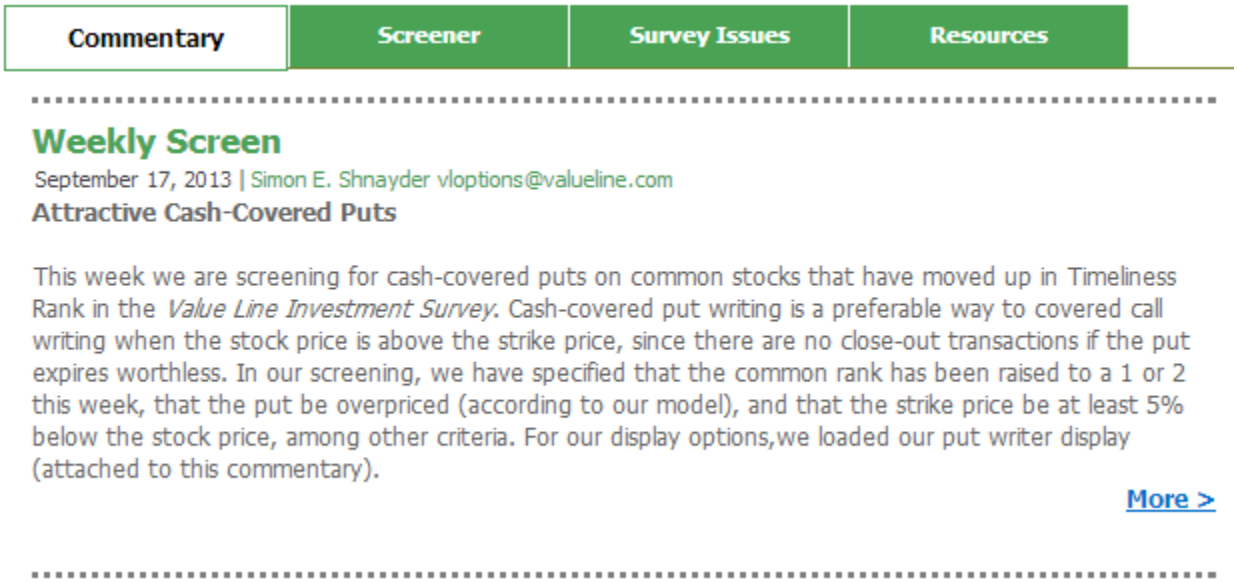
II. Our Screener Tab

Clicking on the tab marked Screener takes you to our new Screener. This new screener is an effective tool to conduct quick searches for options on an individual stock, list of stocks, or for options that meet criteria that you can check off in the appropriate boxes. In our Figure 1 example, we have screened for all Long-Term Options (LEAPS). One nice feature of the new Screener is that it allows you to screen for an unlimited number of options. Notice that the Figure 1 search produced an output of all 37,214 Longer-Term Options (LEAPS) covered in our service.

III. Our "Commentary" Tab

At this page, we offer links to all recent editorial content. You will notice that we follow a weekly cycle. On Mondays, we offer our Common Rank Changes for the Week, on Tuesdays, our Weekly Screen and our Option Strategy on an Individual Company, on Wednesdays our Weekly Option Rank Performance and Market Review, on Thursdays our Weekly Strategist Report (see Figure 2 on page 4).

Figure 2 – Sample Item under our Commentary Tab



IV. Our Survey Issues Tab

Under this tab, we present links to this past year's Weekly Strategist reports plus the most recent issues of our product documents, including "The Value Line Guide to Option Strategies" and this current document, "How to Use the Daily Option Survey."

- **Recommended Options:** Our Recommended Options (formerly called Selected Options) are our top 200 picks for each of the six basic strategies – Call Buying, Call Writing, Put Buying, Put Writing, Covered Call Writing, and Married Put Buying.

V. Our Resources Tab

Under this tab, we present most of the long-standing pages of our product. Although these pages tend to offer somewhat slower access to our options, they also offer features that are not yet included in our newer pages. Here is a brief summary of their contents:

- **Educational & "How To" Guides:** This page contains instructions on how to use the product.
- **Options by Stock Ticker:** Here you can access basic information on options on individual stocks, just by entering the stock ticker code.
- **Old Screener:** The powerful web tool allows you to find just the right options from either our entire database, from preset subgroups, or from user-selected lists of stocks.
- **My Portfolio:** This page allows the subscriber to enter the ticker codes for the options in their portfolio. The updated prices, ranks, and evaluations will then appear online. For covered call and cash-covered put writers, the output now includes the latest per annum yield and downside protection calculations. The data in my portfolio can be downloaded for use with our options Excel Software.

- **Reports Archive:** This Archive contains prior Weekly Option Strategist Reports going back to the beginning of 2004. These reports cover option strategy issues as well as reports on how to use our service.
- **Quick Screener:** This gives you the five best options for your chosen strategy on a particular stock (or list of stocks).
- **File Downloads:** From here you can download end-of-day data and ranks on all the options that we follow in spreadsheet-compatible format.
- **Common Rank Changes:** We post the common rank changes on stocks with listed options on Mondays afternoon.
- **Option Performance:** This section offers access to historical option rank performance files.
- **Excel Software:** This page contains our Excel-based options software templates. We designed these templates to work with the options data you can download from our site, either the larger files from the File Downloads page or data that can be downloaded from our *Options by Ticker Code* or from our *Options Screener*.

We follow with a more detailed description of our main "Resources" pages.

VI. Options by Stock Ticker

On this page, we show all the regularly listed options on each of the stocks, stock indexes, and Exchange Traded Funds (ETFs) that we follow. This data is updated every hour starting at 10 a.m., New York time. To access the data, simply enter the ticker code in the box and click on Get Options.

Figure 3 - Options by Stock Ticker under 'Resources"

Options Lookup by Stock Ticker

Prices as of Sep 18 2013 4:37PM

Enter the ticker for the stock [ ] Submit Column Heading Definitions

Company Profile

Company	Industry	Ticker	Common Price	Common Rank
Google Inc	Internet	GOOG	903.32	4
Dividend: 0.00%	**Tech Rank:** 3	**Historical Volatility:** 35.06%		

Results: 3402 Add Selected to Portfolio Printable Version Save as CSV format

Check one or more boxes for more information then click continue: Continue Printable Reset

					Premium			Implied Vol.		Un/Ov Value		CC/PW			Op. Rank		CC/MP
Option Ticker	C/P	Common Price	Exp.	Strike	Bid	Ask	Delta	Bid	Ask	Bid	Ask	PA	PT	MX	Bid	Ask	Rank
GOOG 130921C00370000	C	903.32	09/21/13	370.0	532.00	535.00	100.00	0%	410%	-100%	194%	-32%	59%	0%	0	0	0
GOOG 130921C00375000	C	903.32	09/21/13	375.0	527.00	530.00	100.00	0%	404%	-100%	194%	-32%	58%	0%	0	0	0
GOOG 130921C00380000	C	903.32	09/21/13	380.0	522.00	525.00	100.00	0%	398%	-100%	193%	-32%	58%	0%	0	0	0
GOOG 130921C00385000	C	903.32	09/21/13	385.0	516.90	519.90	100.00	0%	389%	-100%	190%	-34%	57%	0%	0	0	0
GOOG 130921C00390000	C	903.32	09/21/13	390.0	511.90	514.90	100.00	0%	384%	-100%	190%	-33%	57%	0%	0	0	0
GOOG 130921C00395000	C	903.32	09/21/13	395.0	507.00	510.00	100.00	0%	382%	-100%	192%	-30%	56%	0%	0	0	0
GOOG 130921C00400000	C	903.32	09/21/13	400.0	502.00	505.00	100.00	0%	377%	-100%	192%	-30%	56%	0%	0	0	0
GOOG 130921C00405000	C	903.32	09/21/13	405.0	497.00	500.00	100.00	0%	371%	-100%	191%	-30%	55%	0%	0	0	0

A. Company Profile

Under ***Company***, we show the underlying stock, ETF, or index name. Under ***Industry***, we indicate the company's industry group from among the 100 followed by Value Line. Under ***Ticker,*** we show the stock (or index) ticker code. Under ***Common Price***, we show the recent price (either midday or end-of-day). Under ***Common Rank***, we show the Value Line common stock rank (1 being the best for relative performance). The letter "e" (when it appears) indicates that the common is one of the approximately 1,800 stocks followed by Value Line's Small and Mid-Cap Service, while the letter "d" indicates that the stock is ranked in the Value Line Database. The "^" mark indicates that the common rank has risen this past week, while a "v" indicates that the rank has declined. (Note: new common ranks are released at 10 a.m. on Mondays and are incorporated in the Monday noon run of the options model.)

Next to ***Dividend***, we show the per-annum dividend yield of the stock (or index). ***Tech Rank*** is the rank of the stock using the Value Line technical ranking system, which ranks stocks from 1 to 5 based on price performance alone.

Historical Volatility is the annualized standard deviation of daily price changes in the stock (or index) over the prior 10 years (or less if the stock has traded for less).

B. Column Headings

[ ] Tag these boxes and click on ***[Continue]*** to get the detailed ***Options Profile***. (See below.)

Option Ticker is each option's full and unique ticker code, which includes the date code (next to last letter) and the strike code (last letter).

C/P indicates whether the option is a call or a put.

Exp. (stands for expiration date) is the day the option expires.

Strike is the price at which owner of the option can exercise it (i.e., buy the stock with a call or sell the stock with a put.)

Delta is the option's sensitivity to a small move in the underlying stock. For instance, if the option has a delta of 50, then if the stock moves by $0.20, the option will move $0.10 (or match the stock for 50% of its move in dollar terms).

Premium

Bid is the last trading day's closing **bid** price. That is the price at which the market maker on the exchange will buy the option from the investor and the price at which the investor can **write** or **sell** the option.
Ask is the last trading day's closing **Ask** (or offer). That is the price at which the market maker on the exchange will **sell** the option to the investor and the price at which the investor can **buy** the option.

Implied Vol. (stands for implied volatility) is a standard benchmark to compare option premiums. It is the annualized volatility number that it would take to calculate the option's premium using a standard option model (such as Black-Scholes) and all the known variables (stock, strike, expiration, interest rate, and dividend).

Bid is the implied volatility of the option's **bid** premium.
Ask is the implied volatility of the option's **ask** premium.

Un/Ov value (stands for under/overvalued) is the percent the option is overvalued (positive number) or undervalued (negative number) according to our model.

Bid is the degree to which the implied volatility of the option's **bid** premium is underpriced or overpriced compared to our model's adjusted volatility forecast. Note: you want to write options that are overpriced.
Ask is the degree to which implied volatility of the option's **ask** premium is underpriced or overpriced compared to our model's adjusted volatility forecast. (Note: you want to buy options that are underpriced - i.e., have a negative number).

Op. Rank (stands for Option Rank) is the rank of the "naked" or uncovered option.

Bid is the "naked" writer's rank based on the **bid** premium. A rank of 5 is best for writing. Since you can only "write" or sell an option at the bid premium, these options can only be ranked 5, 4, 3 or (if unranked) 0.
Ask is the "naked" buyer's rank based on the **ask** premium. A rank of 1 is best for buying. Since you cannot buy an option at the ask premium, these options can only be ranked 1, 2, 3 or (if unranked) 0.

CC/PW (stands for Covered Call/Put Write information). **PA** is the per annum return on a covered call or a cash-covered put if there is no change in the price of the underlying stock. **PT** stands for how far the stock can fall at expiration for the position to break even. **MX** is the maximum return on the position.

CC/MP Rank shows either the covered call rank, if the option is a call, or the married put rank, if the option is a put.

A **covered call** consists of being long the stock and short the call. Our covered call ranks are based on a combination of common stock rank (1 being the best) and the degree to which the call's **bid premium** is **overpriced**.
A married put consists of being long the stock and also long a put on this stock. Our married put ranks are based on the common stock ranks (again, 1 being best) and the degree to which the put's **ask premium** is **underpriced**

C. Sorting by Fields

You can sort the data by any of the fields in the data display by clicking on the column headings. For instance, if you wanted to sort by option rank ask, you will get these ranks in ascending order with rank 1 options (if there are any) appearing first. A second click will sort in descending order.

VII. Our Quick Screener

We designed this screener to help new subscribers get started with The Value Line Daily Options Survey online. With the Quick Screener, simply enter the stock ticker (or stock tickers) to get the five best options on that stock (or those stocks) for your chosen strategy.

A. Our "Best" Options

By "best," we mean the most favorably-priced options that are neither too far in- or out-of-the-money on a particular stock (or stocks) for the strategy selected. The six basic strategies are Naked Call Buying, Naked Call Writing, Covered Call Writing, Married Put Buying, Naked Put Buying and Naked Put Writing.

- By Call Buying, we mean buying the call with no other position in the underlying stock. Call buying is a bullish, premium-buying strategy in which we want the options we buy to be the most underpriced (or the least overpriced) ones we can find for that particular stock.
- By Call Writing, we mean writing the call with no other position in the underlying stock. Naked call writing is a bearish, premium-selling strategy, in which we want the calls that we write to be the ones that are the most overpriced.
- By Covered Call Writing, we mean buying the stock and hedging it by writing a call on the same stock. This combination is a basically bullish, premium-selling strategy in which you want the calls you write to be overpriced.
- By Married Put Buying, we mean buying that stock and hedging it by buying a put on the same stock. This is a basically bullish, premium-buying strategy, in which you want the puts that you buy to be underpriced.
- By Put Buying, we mean buying the put with no other position in the underlying stock. Naked put buying is a bearish, premium-buying strategy, in which you want the puts that you buy to be underpriced.
- By Put Writing, we mean writing the put with no other position in the underlying stock. This is basically a bullish, premium-selling strategy, in which you want the puts you write to be overpriced.

For each of these strategies, our system limits our search to options that are within a delta range of 20 to 80. Thus, we are selecting options that are neither too far out-of-the-money (delta below 20) nor too deep in-the-money (delta above 80).

1. A Call Buying Example

You will find the screener at our *Options Home Page* and also on its own *Quick Screener* page. The link to this page is on our left-hand side bar. In Figure 4 below, we show an example (sample

only) of finding the best calls on Blackstone Group (BX) and Apple Inc. (AAPL). To get these options, you simply enter the stock ticker codes, separated with commas, select your strategy from the dropdown menu (in this case Naked Call Buying), and then press the Run Screen button.

In our example, our *Quick Screener* selected 10 call buying candidates - 5 on each stock. Our default sort for this screener is by expiration and then by strike price. You can re-sort this data simply by clicking on the column headings at the top of the output. In Figure 4, we have re-sorted the output in the order of under/over valuation of the "ask" price. This brings the most underpriced calls to the top of the list. As with our other Daily Options Survey output, you can tag any of the options and see their detailed options profile. You can also automatically add any tagged options to the *My Portfolio* page, so you can track them on an ongoing basis.

Figure 4 - Quick Screening for Call Buying, Sorted by Under/Over Valued

Options Survey - Quick Screener

Prices as of Oct 9 2013 1:52PM

Enter your Stock List: bx, aapl (Example: IBM, CSCO, AMD)

Options that are best for: Call Buying | Run Screen

Best Naked Call Buying Options for BX, AAPL

Results: 10 Add Selected to Portfolio | Printable Version | Save as CSV format

Check one or more boxes for more information then click continue: Continue | Reset

							Premium			Implied Vol.		Un/Ov Value		CC/PW			Op. Rank		CC/MP
Option Ticker	C/P	Common Ticker	Common Rank	Common Price	Exp.	Strike	Bid	Ask	Delta	Bid	Ask	Bid	Ask	PA	PT	MX	Bid	Ask	Rank
BX 150117C00027000	C	BX	2	24.83	01/17/15	27.0	1.99	2.07	41.15	31%	32%	-39%	-37%	12%	15%	25%	3	1	3
BX 140322C00027000	C	BX	2	24.83	03/22/14	27.0	1.02	1.06	34.43	31%	31%	-36%	-34%	15%	6%	16%	3	1	3
BX 150117C00025000	C	BX	2	24.83	01/17/15	25.0	2.78	2.86	50.36	33%	33%	-35%	-34%	15%	18%	20%	3	1	3
BX 140322C00026000	C	BX	2	24.83	03/22/14	26.0	1.38	1.42	41.81	32%	32%	-33%	-31%	18%	8%	13%	3	1	3
BX 140118C00027000	C	BX	2	24.83	01/18/14	27.0	0.71	0.73	30.55	31%	31%	-31%	-30%	16%	4%	13%	3	1	3
AAPL7 131011C00485000	C	AAPL	4	482.52	10/11/13	485.0	2.74	2.93	40.29	22%	23%	-26%	-22%	72%	1%	1%	0	0	0
AAPL 131011C00485000	C	AAPL	4	482.52	10/11/13	485.0	2.79	2.88	40.28	23%	23%	-25%	-23%	73%	1%	1%	0	0	0
AAPL7 131011C00480000	C	AAPL	4	482.52	10/11/13	480.0	5.30	5.50	59.87	23%	24%	-24%	-20%	73%	1%	1%	0	0	0
AAPL 131011C00480000	C	AAPL	4	482.52	10/11/13	480.0	5.35	5.50	59.82	23%	24%	-23%	-20%	75%	1%	1%	0	0	0
AAPL 140719C00565000	C	AAPL	4	482.52	07/19/14	565.0	21.35	21.65	30.40	30%	31%	-20%	-20%	8%	6%	24%	4	3	3

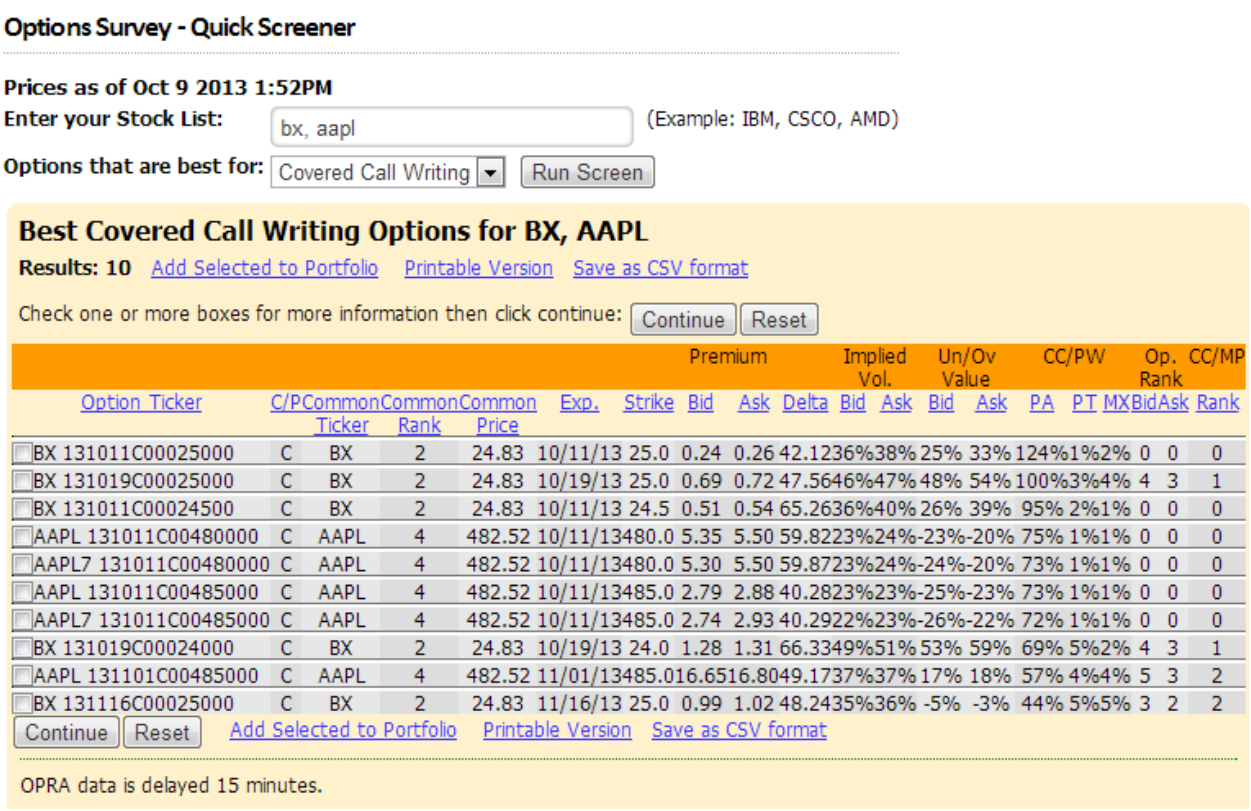
Continue | Reset | Add Selected to Portfolio | Printable Version | Save as CSV format

OPRA data is delayed 15 minutes.

2. A Covered Call Example

In Figure 5, we show an example (sample only) of finding the best Covered Calls on the same list of stocks (BX, AAPL). This time around, we have sorted the output so as to show the covered calls with the highest per-annum yield at the top of the list. Notice that we have again selected five calls on each stock. Also, note that we have selected some different options from the ones we had selected for "naked" call buying.

Figure 5-Quick Screen for Best Covered Calls, Sorted by Highest Per Annum Return (p.a.)



Options Survey - Quick Screener

Prices as of Oct 9 2013 1:52PM

Enter your Stock List: bx, aapl (Example: IBM, CSCO, AMD)

Options that are best for: Covered Call Writing | Run Screen

Best Covered Call Writing Options for BX, AAPL

Results: 10 Add Selected to Portfolio | Printable Version | Save as CSV format

Check one or more boxes for more information then click continue: Continue | Reset

							Premium		Implied Vol.		Un/Ov Value		CC/PW			Op. Rank		CC/MP
Option Ticker	C/P	Common Ticker	Common Rank	Common Price	Exp.	Strike	Bid	Ask	Delta	Bid	Ask	Bid	Ask	PA	PT	MX	Bid	Ask	Rank
BX 131011C00025000	C	BX	2	24.83	10/11/13	25.0	0.24	0.26	42.12	36%	38%	25%	33%	124%	1%	2%	0	0	0
BX 131019C00025000	C	BX	2	24.83	10/19/13	25.0	0.69	0.72	47.56	46%	47%	48%	54%	100%	3%	4%	4	3	1
BX 131011C00024500	C	BX	2	24.83	10/11/13	24.5	0.51	0.54	65.26	36%	40%	26%	39%	95%	2%	1%	0	0	0
AAPL 131011C00480000	C	AAPL	4	482.52	10/11/13	480.0	5.35	5.50	59.82	23%	24%	-23%	-20%	75%	1%	1%	0	0	0
AAPL7 131011C00480000	C	AAPL	4	482.52	10/11/13	480.0	5.30	5.50	59.87	23%	24%	-24%	-20%	73%	1%	1%	0	0	0
AAPL 131011C00485000	C	AAPL	4	482.52	10/11/13	485.0	2.79	2.88	40.28	23%	23%	-25%	-23%	73%	1%	1%	0	0	0
AAPL7 131011C00485000	C	AAPL	4	482.52	10/11/13	485.0	2.74	2.93	40.29	22%	23%	-26%	-22%	72%	1%	1%	0	0	0
BX 131019C00024000	C	BX	2	24.83	10/19/13	24.0	1.28	1.31	66.33	49%	51%	53%	59%	69%	5%	2%	4	3	1
AAPL 131101C00485000	C	AAPL	4	482.52	11/01/13	485.0	16.65	16.80	49.17	37%	37%	17%	18%	57%	4%	4%	5	3	2
BX 131116C00025000	C	BX	2	24.83	11/16/13	25.0	0.99	1.02	48.24	35%	36%	-5%	-3%	44%	5%	5%	3	2	2

Continue | Reset Add Selected to Portfolio | Printable Version | Save as CSV format

OPRA data is delayed 15 minutes.

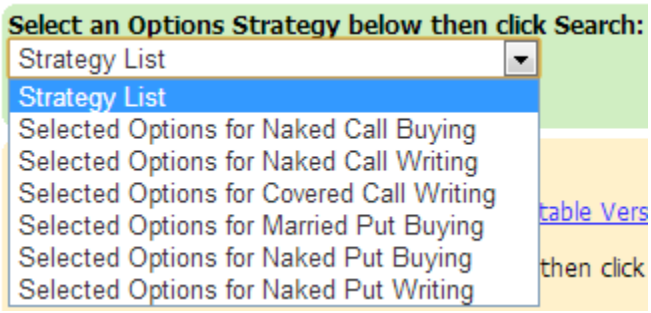
B. Using Our Screener (Old Version)

While our Quick Screener is a handy tool to find the best options on a particular stock or list of stocks, we encourage subscribers to graduate to our regular *Option Screener (Old Version)*. This screener gives the subscriber much greater flexibility in finding options that best fit their needs at a particular time (see Chapter X, "Our Option Screener.")

VIII. Recommended Options

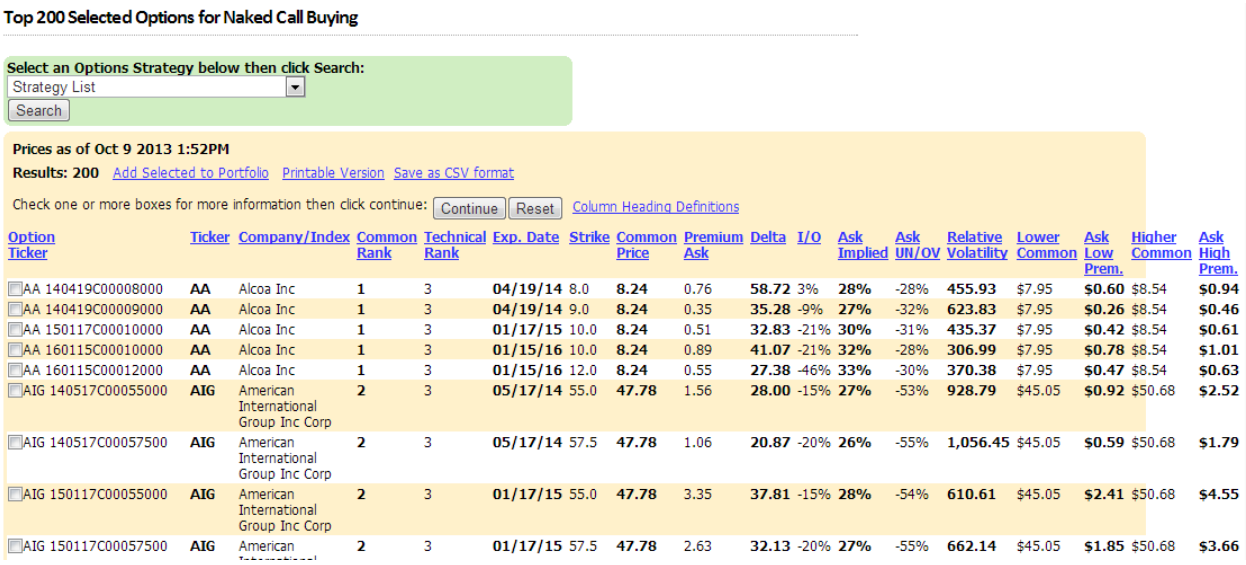
Go to our Recommended Options page and click on the down arrow marked *Select a Topic*. To find our top 200 picks for each of the main option strategies, simply select your desired strategy from the drop-down menu and click on *Get Options*. The full drop-down menu will appear, which will include the following.

Figure 6 - Menu of Selected Options



Selecting Options for Naked Call Buying, we get the following display.

Figure 7 – Recommended (Top 200 Selected) Options for Naked Call Buying



Top 200 Selected Options for Naked Call Buying

Select an Options Strategy below then click Search:
Strategy List
Search

Prices as of Oct 9 2013 1:52PM

Results: 200 Add Selected to Portfolio Printable Version Save as CSV format

Check one or more boxes for more information then click continue: Continue Reset Column Heading Definitions

Option Ticker	Ticker	Company/Index	Common Rank	Technical Rank	Exp. Date	Strike	Common Price	Premium Ask	Delta	I/O	Ask Implied	Ask UN/OV	Relative Volatility	Lower Common	Ask Low Prem.	Higher Common	Ask High Prem.
AA 140419C00008000	AA	Alcoa Inc	1	3	04/19/14	8.0	8.24	0.76	58.72	3%	28%	-28%	455.93	$7.95	$0.60	$8.54	$0.94
AA 140419C00009000	AA	Alcoa Inc	1	3	04/19/14	9.0	8.24	0.35	35.28	-9%	27%	-32%	623.83	$7.95	$0.26	$8.54	$0.46
AA 150117C00010000	AA	Alcoa Inc	1	3	01/17/15	10.0	8.24	0.51	32.83	-21%	30%	-31%	435.37	$7.95	$0.42	$8.54	$0.61
AA 160115C00010000	AA	Alcoa Inc	1	3	01/15/16	10.0	8.24	0.89	41.07	-21%	32%	-28%	306.99	$7.95	$0.78	$8.54	$1.01
AA 160115C00012000	AA	Alcoa Inc	1	3	01/15/16	12.0	8.24	0.55	27.38	-46%	33%	-30%	370.38	$7.95	$0.47	$8.54	$0.63
AIG 140517C00055000	AIG	American International Group Inc Corp	2	3	05/17/14	55.0	47.78	1.56	28.00	-15%	27%	-53%	928.79	$45.05	$0.92	$50.68	$2.52
AIG 140517C00057500	AIG	American International Group Inc Corp	2	3	05/17/14	57.5	47.78	1.06	20.87	-20%	26%	-55%	1,056.45	$45.05	$0.59	$50.68	$1.79
AIG 150117C00055000	AIG	American International Group Inc Corp	2	3	01/17/15	55.0	47.78	3.35	37.81	-15%	28%	-54%	610.61	$45.05	$2.41	$50.68	$4.55
AIG 150117C00057500	AIG	American	2	3	01/17/15	57.5	47.78	2.63	32.13	-20%	27%	-55%	662.14	$45.05	$1.85	$50.68	$3.66

A. Description of Column Headings

Option Ticker is each option's full and unique ticker symbol.

Common Ticker is the common stock, ETF, or index ticker symbol.

Company/Index shows the name of the underlying company, ETF of or stock index.

Common Rank is the Value Line common stock rank. (Rank 1 is best for anticipated relative performance and Rank 5 is the worst.) The common stock rank is a component of the option rank. Options that are recommended for bullish strategies (call buying, covered call writing, and *Naked Put Writing*) are likely to have underlying stocks with a common rank of 1 or 2. Options that are recommended for bearish strategies (put buying, naked call writing) are likely to have a common stock rank of 5 or 4.

Exp. Date (stands for expiration date) is the day the option expires. For listed options, it is usually on the third Saturday of the month. The last trading day is the preceding day (i.e., the third Friday of the month).

Strike is the price at which the owner of the option can exercise it (i.e., buy the stock with a call or sell the stock with a put).

Common Price is our most recent stock or index price (either the noon price of the current trading day or the closing price of the prior trading day).

Premium Bid or **Premium Ask.** For covered calls and naked call and put writes, this is the *bid premium* (i.e., the price at which you can sell or "write" the option). For naked call and put purchases and married puts, this is the *ask premium* (i.e., the price at which you can buy the option).

Delta is the option's sensitivity to a small move in the underlying stock. For instance, if the option has a delta of 50, then if the stock moved by $0.20, the option will move $0.10 (matching 50% of the stock's move in dollar terms).

I/O shows the degree the option is in-the-money (a positive number) or out-of-the-money (a negative number) as a percent of the stock price. Calls are in-the-money if the strike price is below the stock price. Puts are in-the-money if the strike price is above the stock price.

Bid Implied or **Ask Implied** is the implied volatility of the bid or ask premium. ***Implied Volatility*** is the annualized volatility number that it would take to calculate the option's premium using a standard option model (such as Black-Scholes) and all the known variables (stock, strike, expiration, interest rate, and dividend).

Ask UN/OV or **Bid UN/OV** indicates the degree our model deems the option to be undervalued (good for buying) or overvalued (good for writing). The exact calculation is the percentage difference between the implied volatility of the option and our model's adjusted volatility forecast for that option. In general, when you buy an option you want the ask price to be *undervalued* (i.e. cheap). When you write an option, you want the bid price to be *overvalued* (i.e., expensive). Note: the terms *underpriced* and *undervalued* have the same meaning in our service. Similarly, *overpriced* and *overvalued* have the same meaning in our service.

Relative Volatility is our model's calculation of the risk level of the uncovered option compared to the average stock (e.g. 500 means the option is 5 times as risky as the average stock.). The riskier the stock is, or the more highly leveraged the option is, the higher the option's relative volatility.

B. Price Change Range

Here we show likely option prices if the stock declines or rises by a typical degree in one day (i.e. one standard deviation). At these new premium levels, the rank of the option would be unchanged.

Under the heading ***Lower Stock***, we show the lower common stock price (indicated by Lower Common) and the expected premium (indicated by Bid Lower Premium for writes or Ask Lower Premium for buyers).

Under the heading ***Higher Stock***, we show the higher common stock price (indicated by Higher Common) and the expected premium (indicated by Bid Lower Premium for writers or Ask Lower Premium for writers). You can sort your selected options by any field in the display (the default sort for Selected Options is first by company, then by expiration, and then by strike). For instance, if you want to find those options that are the most undervalued, simply click on ***Under/Over value*** and the lowest (most undervalued) will appear first in the display.

IX. Options Profile Section

Figure 8 - Sample Options Profiles

The Value Line Options Survey - Options Profile

You've selected 2 option(s). Profile Definitions **Back to Previous Page**

Underlying Stock/Index	Industry	Stock Ticker	Option Ticker	Common Price	Dividend Yield	Common Rank	Tech Rank
AutoZone Inc	Retail Automotive	AZO	AZO 140322C00420000	416.93	0.00%	2	3

General Info		Volatility & Leverage		Naked Options	Writer (Bid)	Buyer (Ask)	Covered Call Info	
Call/Put	C	Relative Vol.	361.07	Premium	23.50	24.20	Covered Call Rank	1
Expiration	03/22/14	Hist. Vol.	30.14%	Est. Premium	23.39		C'vd B/E	393.43
Strike Price	420	Forecast Vol	32.33%	Implied Volatility	21.92%	22.54%	C'vd Rel. Vol.	20
% In/Out	-0.74%	Forecast Vol Adj.	21.82%	Under/Over Valued	0.45%	3.31%	C'vd % p.a.	13.21%
Delta	52	Up 10%	111.90%	Rank	3	2	C'vd Protection	5.64%
Volume	0	Down 10%	-66.84%	Prob. I.T.M.	48.62%		C'vd Max Profit	6.75%
Open Interest	25	Theta x 100	-7.79	Prob I.T.M. (Implied)	48.63%	48.66%		

Underlying Stock/Index	Industry	Stock Ticker	Option Ticker	Common Price	Dividend Yield	Common Rank	Tech Rank
Best Buy Company	Retail (Hardlines)	BBY	BBY 140118C00042000	35.92	1.80%	2	2

General Info		Volatility & Leverage		Naked Options	Writer (Bid)	Buyer (Ask)	Covered Call Info	
Call/Put	C	Relative Vol.	635.68	Premium	1.08	1.16	Covered Call Rank	1
Expiration	01/18/14	Hist. Vol.	39.98%	Est. Premium	1.06		C'vd B/E	34.66
Strike Price	42	Forecast Vol	38.51%	Implied Volatility	40.36%	41.65%	C'vd Rel. Vol.	54
% In/Out	-16.93%	Forecast Vol Adj.	39.97%	Under/Over Valued	0.98%	4.21%	C'vd % p.a.	12.90%
Delta	26	Up 10%	109.55%	Rank	3	2	C'vd Protection	3.51%
Volume	0	Down 10%	-62.21%	Prob. I.T.M.	22.44%		C'vd Max Profit	21.06%
Open Interest	180	Theta x 100	-1.26	Prob I.T.M. (Implied)	22.66%	23.37%		

OPRA data is delayed 15 minutes.

Underlying Stock/Index, we show the underlying stock (or index) name. Under ***Industry***, we indicate the company's industry group from among the 100 followed by Value Line. Under ***Stock Ticker***, we show the stock (or index) ticker code. Under ***Option Ticker***, we show each option's full and unique ticker code, which includes the date code (next to last letter) and the strike code (last letter). Under Common Price, we show the most recent trading day's closing price. Under **Dividend Yield**, we show the per-annum dividend rate of the stock (or index).

Under **Common Rank**, we show the Value Line common stock rank (1 being the best for anticipated relative performance). The letter "e" (when it appears) indicates that the common is one of the approximately 1,800 stocks followed by Value Line's Small and Mid-Cap Service while the letter "d" indicates that the stock is ranked in the Value Line Database. The "^" mark indicates that the common rank has risen this past week, while a "v" indicates that the rank has declined. (Note: Value Line releases its latest common ranks every Monday morning, and we incorporate these ranks in the Monday noon run of the options model.) ***Tech Rank*** (also updated on Mondays) is the rank of the stock using the Value Line technical ranking system, which ranks stocks from 1 to 5 based on price performance alone.

General Information

Call/Put indicates whether the option is a call or a put.

Expiration (stands for expiration date) is the day the option expires, which is usually the 3rd Saturday of the month. (Note: the third Friday is usually the last trading day for the option.)

Strike Price is the price at which owner of the option can exercise it (i.e., buy the stock with a call or sell the stock with a put.)

% In/Out Money shows the percentage the option is in-the-money (a positive number) or out-of-the-money (a negative number). Calls are in-the-money if the stock price is above the strike price. Puts are in-the-money if the stock price is below the strike price.

Delta is the option's sensitivity to a small move in the underlying stock. For instance, if the option has a delta of 50, then if the stock moved by $0.20, the option will move $0.10 (or match the stock for 50% of its move).

Volume is the volume in number of contracts.

Open Interest is the number of outstanding contracts.

Volatility & Leverage

Relative Vol. (stands for relative volatility) is our model's calculation of the risk level of the uncovered option compared to the average stock (e.g., 500 means the option is 5 times as risky as the average stock.). The riskier the stock is, or the more highly leveraged the option is, the higher the option's relative volatility.

Hist. Vol. (stands for historical volatility) is the annualized standard deviation of daily price changes in the stock (or index) over the prior seven-years (or less if the stock has traded for less).

Forecast Vol. (stands for forecast volatility) is our model's forecast of how volatile the stock is likely to be over the period until the option's expiration (if the stock's price movements were normally distributed).

Forecast Vol. Adj. (stands for adjusted volatility forecast) is our model's volatility forecast to option expiration, adjusted for the degree to which future outcomes are expected to deviate from the normal distribution.

Up 10% is the percentage that we expect the option to move if the stock were to move up 10% right away.

Down 10% is the percentage that we expect the option to move if the stock were to move down 10% right away.

Theta x 100 is how much the option is expected to decline (in dollar terms) in one day if the stock price stays the same. (Note we quote Theta in 100 share units.)

Naked Options Writer's (Bid) and Buyer's (Ask)

Premium

Bid is the recent **bid** price. That is the price at which the market maker on the exchange will buy the option from the investor and the price at which the investor can **write** or **sell** the option.

Ask is the recent **Ask** (or offer) price. That is the price at which the market maker on the exchange will sell the option to the investor and the price at which the investor can **buy** the option.

Est. Premium (estimated premium) is the price at which the option should trade according to our model's **adjusted volatility forecast**. Some people refer to this price as the "fair value" of the option.

Implied Volatility is a standard benchmark to compare option premiums. It is the annualized volatility number that it would take to calculate the option's premium using a standard option model (such as Black-Scholes) and all the known variables (stock, strike, expiration, interest rate and dividend).

Bid is the implied volatility of the option's **bid** premium.

Ask is the implied volatility of the option's **ask** premium.

Under/Overvalued is the percent option is underpriced (negative number) or overpriced (positive number) according to our model.

Bid is the degree to which implied volatility of the option's bid premium is underpriced or overpriced compared to our model's adjusted volatility forecast. The exact calculation is: (bid implied volatility)/(Adjusted volatility forecast)-1. Note: overpriced options are good for the option writer.

Ask is the degree to which implied volatility of the option's **ask** premium is underpriced or overpriced compared to our model's adjusted volatility forecast. The exact calculation is: (ask implied volatility)/(adjusted volatility forecast)-1. Note: underpriced options are good for the option buyer.

Op. Rank (stands for Option Rank) is rank of the "naked" or uncovered option.

Bid is the "naked" writer's rank based on the bid premium. A rank of 5 is best for writing. Since you can only "write" or sell an option at the bid premium, these options can only be ranked 5, 4, 3 or (if unranked) 0.

Ask is the "naked" buyer's rank based on the ask premium. A rank of 1 is best for buying. Since you cannot buy an option at the ask premium, these options can only be ranked 1, 2, 3 or (if unranked) 0.

Prob. I.T.M. (Forecast) is our model's estimation of the likelihood that the option will end up in-the-money, based on our adjusted volatility forecast.

Prob. I.T.M. (Implied) is the assumed probability that the option will end up in-the-money based on the bid and ask implied volatilities.

A. *Covered Call Information:*

Covered Call Rank is the rank for being long the stock and short the call. Our covered call ranks are based on a combination of common stock rank (1 is the best) and the pricing of the call (the more overpriced, the better).

Cvd B/E is the price to which the stock can fall at expiration before the investor loses money.

Cvd Rel. Vol is risk of the covered call benchmarked to average stock. Note: the covered call will always have less risk than its underlying stock.

Cvd % p.a. is the annualized yield on the covered call if the stock ends up at the same price at expiration.

Cvd Protection is the percent that the stock can drop at expiration before the investor loses money.

Cvd Max Profit is the most that one can make from this covered call position.

Figure 9 - Option Profile with Put Write Information

The Value Line Options Survey - Options Profile

You've selected 1 option(s). Profile Definitions **Back to Previous Page**

Underlying Stock/Index		Industry	Stock Ticker	Option Ticker	Common Price	Dividend Yield	Common Rank	Tech Rank
Electronic Arts Inc		Entertainment Tech	EA	EA 140322P00021000	24.21	0.00%	1	5
General Info		**Volatility & Leverage**		**Naked Options**	**Writer** (Bid)	**Buyer** (Ask)	**Put Write Info**	
Call/Put	P	Relative Vol.	322.69	Premium	1.31	1.35	Yld % p.a.	15.22%
Expiration	03/22/14	Hist. Vol.	43.55%	Est. Premium	0.91		Max. %	6.88%
Strike Price	21	Forecast Vol	38.47%	Implied Volatility	43.54%	44.29%	Protection %	18.90%
% In/Out	-13.26%	Forecast Vol Adj.	35.75%	Under/Over Valued	21.79%	23.90%	Yield Margin	54.34%
Delta	26	Up 10%	-38.71%	Rank	5	3	Max. Margin	54.11%
Volume	0	Down 10%	58.78%	Prob. I.T.M.	27.39%		% Margin	10.00%
Open Interest	43	Theta x 100	-0.69	Prob I.T.M. (Implied)	31.08%	31.38%		

B. Put Write Information

Yld % p.a. This is the per-annum yield on a put write that is fully covered by cash (i.e. covered by a cash amount equal to the strike price less the premium received). This yield is usually very close to the yield you could get on a covered call on the same stock with the same expiration and strike price.

Max %. This is the maximum return you can make on a cash covered put. It is equal to the total premium divided by the difference between the strike and the premium.

Protection %. This is the percent that the stock can fall before you lose money with the put write.

Yield Margin. This is the yield (not annualized) that you would get from your margined funds if you write a put on margin.

Max Margin. This is the most you can make in percentage terms if write the put on margin.

% Margin. This is the percent of the underlying stock value that you need (in addition to the premium) to have with your broker in order to write a put on margin. The exchange minimum for these is the greater of: (1) 20% of the stock price less the percent out of the money; or, (2) 10% of the stock price.

X. Our Option Screener (Old Version)

We designed the *Options Screener* to help you find just the options that you are looking for by using more than 50 criteria including your own stock lists. Users can also design their own output format.

A. Getting Started

Simply go to the Value Line Daily Options Survey and select the Options Screener link on the left-hand side of the page. This takes you to the page shown below. Our screener searches through our entire database of 250,000 plus options. Subscribers to the Value Line Investment Survey will notice that the format is similar to Online Stock Screener, also available at www.valueline.com.

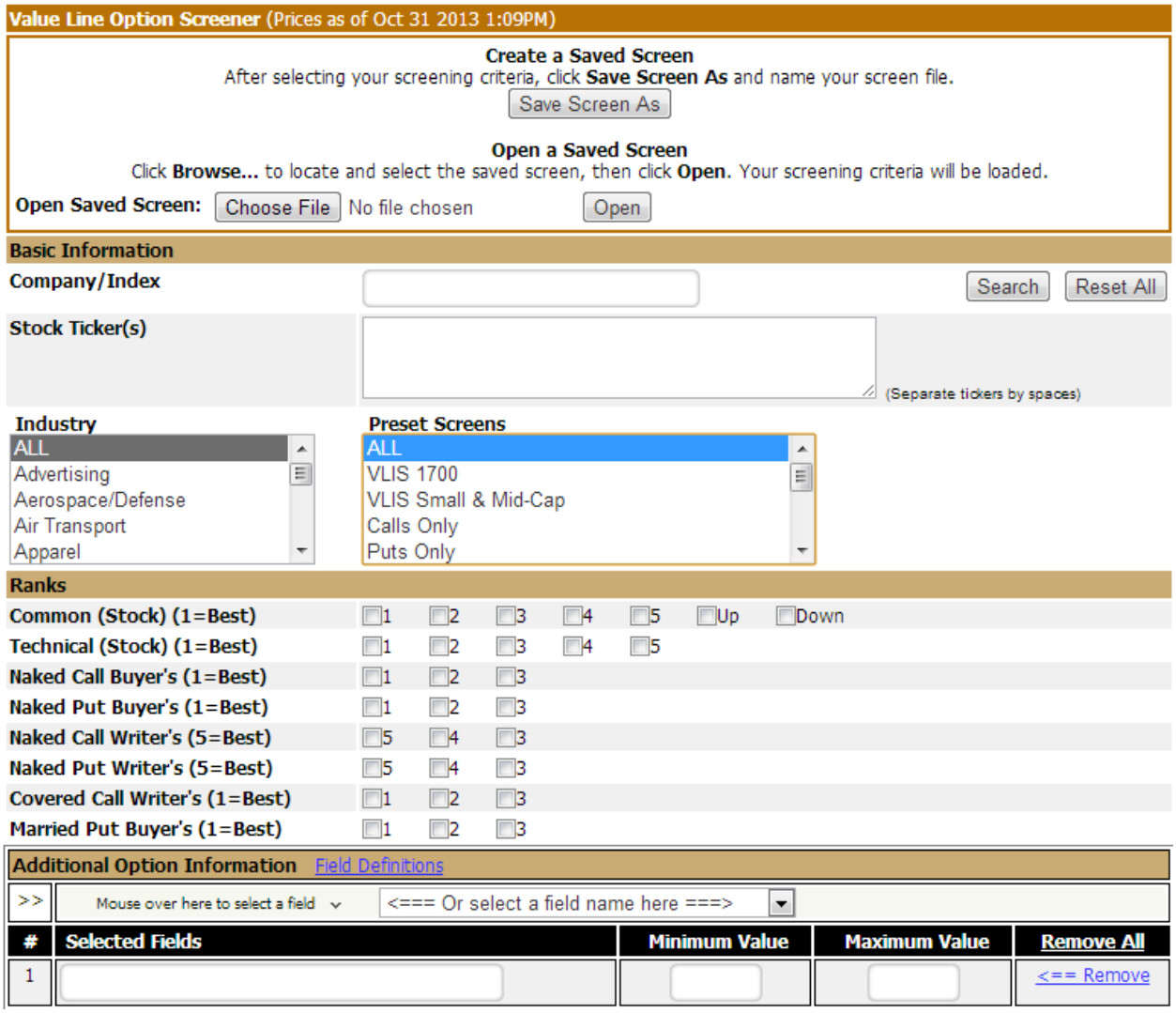
B. Tickers, Preset Screens, and Industries

We designed the Options Screener so that you can operate it without having to read extensive instructions. Here is a walk-through of what you get.

You will notice that there is a box that allows you to enter the underlying stock (or index) ticker code or codes. You can enter (or copy) as many tickers as you want into this box. Just make sure to separate them with a space.

You will also see a box with nine Preset Screens, including Calls, Puts, Longer-Term Options (Leaps) and our 200 *Selected Options* for the six basic strategies (Naked Call Buying, Naked Put Buying, Naked Call Writing, Naked Put Writing, Covered Call Writing and Married Put Buying). The box on the left allows you to select an industry or, if you wish, any number of different industries. To select more than one industry, simply press the “Ctrl” key while clicking on the desired industries.

Figure 10 - Online Option Screener: Preset Screens and Ranks



C. Ranks

Below these boxes are our eight rank selectors; Common, Technical, Naked Call Buyer's, Naked Put Buyer's, Naked Call Writer's, Naked Put Writer's, Covered Call Writer's, and Married Put Buyer's. Clicking on more than one rank in a particular row gives you all the options that meet any of the selected criteria (e.g., Common ranks of 1 or 2). Clicking on boxes in different rows will search for options that meet both criteria (e.g., Common rank of 1 and Naked Call Buyer's rank of 1). Notice that in Figure 9 on page 16, we have selected all options with a common rank of 1 or 2 and a technical rank of 1 or 2.

D. Additional Option Information

In the 10 boxes below in Figure 11 below, you can select more than 50 different criteria fields for your screens. You can select your data field via these six groups via Click to select a field name. This will give you a separate dropdown menu for each. Alternatively, you can click on "Please select a field name here." This will give you the field names in alphabetical order. You then need to select a Minimum Value and/or a Maximum Value. Click Remove in the right hand column, if you want to erase a particular selection.

Figure 11 - Additional Option Information with Minimum and Maximum Values

Additional Option Information Field Definitions

>> Mouse over here to select a field Writer's Under/Over Priced

#	Selected Fields	Minimum Value	Maximum Value	Remove All
1	Cov'd Call/Put Write Return	0.25		<== Remove
2	Cov'd Call/Put Write Protection	.1		<== Remove
3	Expiration Date	1/1/2014	3/1/2014	<== Remove
4	Writer's Under/Over Priced		.0	<== Remove
5				<== Remove
6				<== Remove
7				<== Remove
8				<== Remove
9				<== Remove
10				<== Remove

Search Reset All Click here to edit display options

OPRA data is delayed 15 minutes.

Notice in Figure 11 under Additional Option Information, we have specified that we want the following: (1) covered call/put writes with a per-annum yield of 25% (enter .25); (2) covered call/put write protection with a minimum of 10% (enter .1); (3) an expiration date of between 01/1/14 (minimum) and 3/1/14 (maximum); and, (4) writer's under/over-priced greater than 0% (i.e., not underpriced).

Figure 12 - Additional Option Information Criteria

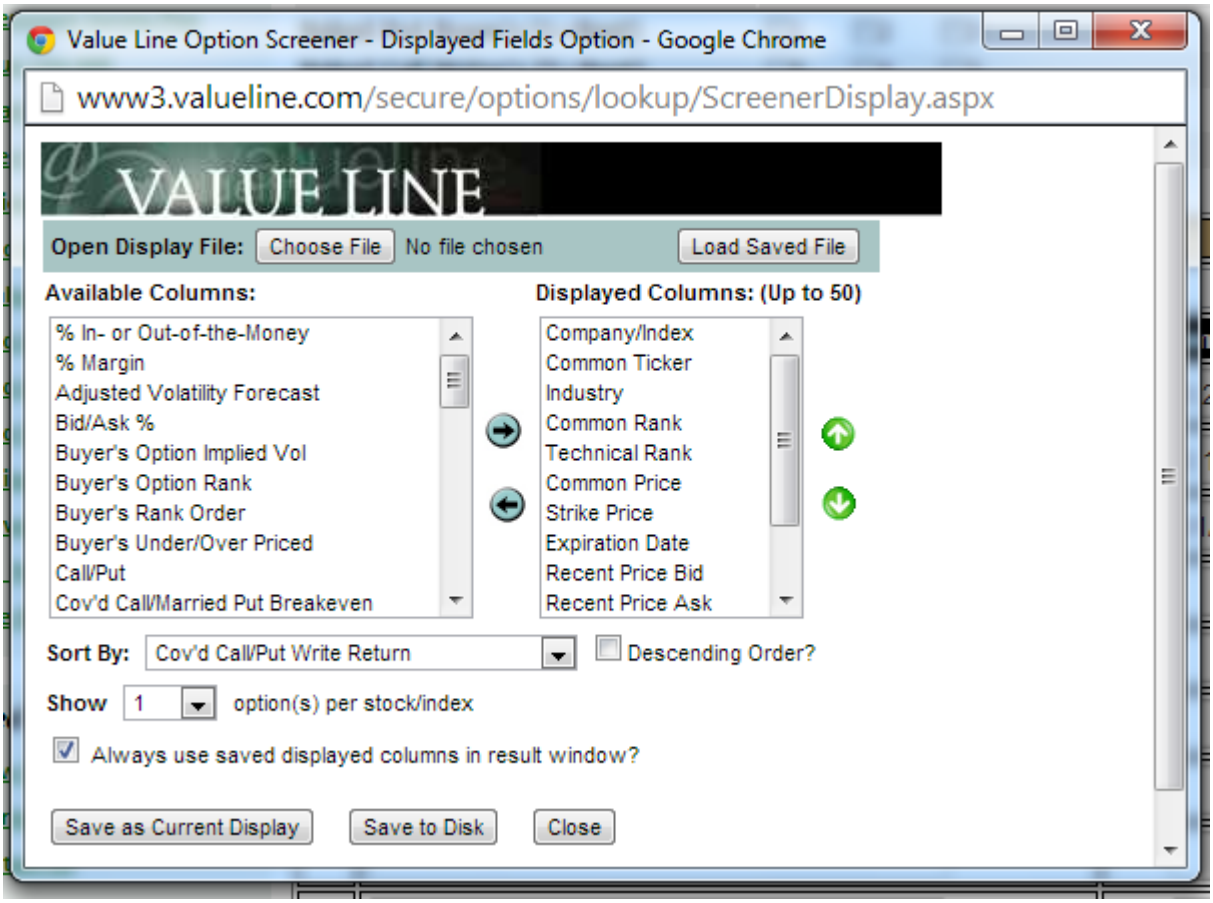
Information on Underlying	Option Information (Continued)
Common Price	Relative Vol (opt)
Common Rank	Stock Down 10%
Dividend Yield	Stock Up 10%
Historical Volatility	Strike Price
Technical Rank	Time Premium%
Volatility Forecast	Volume
	Writer's Option Rank
Covered Calls, Married Puts and Put Writes	Writer's Rank Order
Cov'd Call/Married Put Breakeven	Writer's Under/ Over Priced
Cov'd Call/Married Put Rank Order	
Cov'd Call/Married Put Relative Volatility	**Margin Information**
Cov'd Call/Put Write Max Profit	% Margin
Cov'd Call/Put Write Protection	Max% from Margin
Cov'd Call/Put Write Return	Yield from Margin
Covered Call/Married Put Rank Order	
	Risk Management
Option Information	% In- or Out-of-the-Money
Buyer's Option Rank	Adjusted Volatility Forecast
Buyers' Rank Order	Bid/Ask %
Buyer's Under/ Over Priced	Buyer's Option Implied Vol
Change Per Point	Percent to Double
Estimated Normal Price	Prob of Strike Based On Buyer's Implied
Expiration Date	Prob of Strike Based On Forecast
Open Interest	Prob of Strike Based On Writer's Implied
Recent Price Ask	Time Decay 100 Shares
Recent Price Bid	Writer's Option Implied Vol

E. Display Options

When you do a screening, the default display is the options ticker code plus the data fields that you have selected. For instance, if you screen for the following: Common rank 1, Technical rank 1, and Put Writer's rank 5, the default display will return only the ticker code information plus these three columns of information.

For more complete displays, you can use the Edit Display Option feature. Just click on it and the box shown in Figure 9 will appear. Notice you can save these display options. You can make these display options your new default by clicking on the box marked Always use saved displayed columns in result window. Also notice that you are given a choice of which field you can sort by and whether this sort will be in ascending or descending order. (In Figure 13, we chose to display the options in descending order of Cov'd Call/Put Write Return – i.e. the highest-ranked options first.)

Figure 13 - Edit Display Options

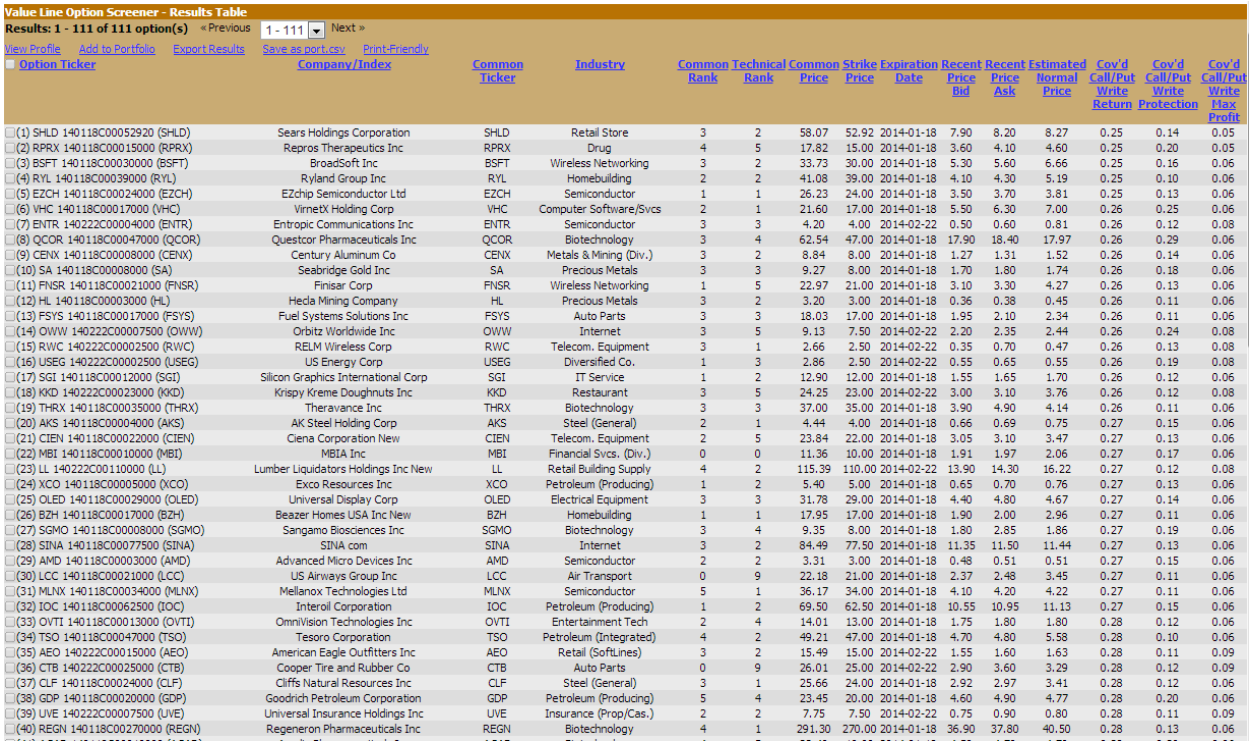


F. Sample Results

In Figure 14, we show a sample output. Notice that we screened 111 options and sorted them by their per-annum return. You can, if you wish, sort these options by some other displayed field, such as expiration date or strike price.

Figure 14 - Sample Screen:

Common Rank 1 or 2; Technical Rank 1 or 2; Cov'd Call/ Put Write Return >= 25%; Protection >=10%; Expiration 1/1/2014 – 3/1/2014; Not Undervalued; sorted by Covered Call Return (in Descending Order).



Value Line Option Screener - Results Table

Results: 1 - 111 of 111 option(s) « Previous 1 - 111 Next »

View Profile | Add to Portfolio | Export Results | Save as port.csv | Print-Friendly

Option Ticker	Company/Index	Common Ticker	Industry	Common Rank	Technical Rank	Common Price	Strike Price	Expiration Date	Recent Price Bid	Recent Price Ask	Estimated Normal Price	Cov'd Call/Put Write Return	Cov'd Call/Put Write Protection	Cov'd Call/Put Write Max Profit
(1) SHLD 140118C00052920 (SHLD)	Sears Holdings Corporation	SHLD	Retail Store	3	2	58.07	52.92	2014-01-18	7.90	8.20	8.27	0.25	0.14	0.05
(2) RPRX 140118C00015000 (RPRX)	Repros Therapeutics Inc	RPRX	Drug	4	5	17.82	15.00	2014-01-18	3.60	4.10	4.60	0.25	0.20	0.05
(3) BSFT 140118C00030000 (BSFT)	BroadSoft Inc	BSFT	Wireless Networking	3	2	33.73	30.00	2014-01-18	5.30	5.60	6.66	0.25	0.16	0.06
(4) RYL 140118C00039000 (RYL)	Ryland Group Inc	RYL	Homebuilding	2	2	41.08	39.00	2014-01-18	4.10	4.30	5.19	0.25	0.10	0.06
(5) EZCH 140118C00024000 (EZCH)	EZchip Semiconductor Ltd	EZCH	Semiconductor	1	1	26.23	24.00	2014-01-18	3.50	3.70	3.81	0.25	0.13	0.06
(6) VHC 140118C00017000 (VHC)	VirnetX Holding Corp	VHC	Computer Software/Svcs	2	1	21.60	17.00	2014-01-18	5.50	6.30	7.00	0.26	0.25	0.06
(7) ENTR 140222C00004000 (ENTR)	Entropic Communications Inc	ENTR	Semiconductor	3	3	4.20	4.00	2014-02-22	0.50	0.60	0.81	0.26	0.12	0.08
(8) QCOR 140118C00047000 (QCOR)	Questcor Pharmaceuticals Inc	QCOR	Biotechnology	3	4	62.54	47.00	2014-01-18	17.90	18.40	17.97	0.26	0.29	0.06
(9) CENX 140118C00008000 (CENX)	Century Aluminum Co	CENX	Metals & Mining (Div.)	3	2	8.84	8.00	2014-01-18	1.27	1.31	1.52	0.26	0.14	0.06
(10) SA 140118C00008000 (SA)	Seabridge Gold Inc	SA	Precious Metals	3	3	9.27	8.00	2014-01-18	1.70	1.80	1.74	0.26	0.18	0.06
(11) FNSR 140118C00021000 (FNSR)	Finisar Corp	FNSR	Wireless Networking	1	5	22.97	21.00	2014-01-18	3.10	3.30	4.27	0.26	0.13	0.06
(12) HL 140118C00003000 (HL)	Hecla Mining Company	HL	Precious Metals	3	2	3.20	3.00	2014-01-18	0.36	0.38	0.45	0.26	0.11	0.06
(13) FSYS 140118C00017000 (FSYS)	Fuel Systems Solutions Inc	FSYS	Auto Parts	3	3	18.03	17.00	2014-01-18	1.95	2.10	2.34	0.26	0.11	0.06
(14) OWW 140222C00007500 (OWW)	Orbitz Worldwide Inc	OWW	Internet	3	5	9.13	7.50	2014-02-22	2.20	2.35	2.44	0.26	0.24	0.08
(15) RWC 140222C00002500 (RWC)	RELM Wireless Corp	RWC	Telecom. Equipment	3	1	2.66	2.50	2014-02-22	0.35	0.70	0.47	0.26	0.13	0.08
(16) USEG 140222C00002500 (USEG)	US Energy Corp	USEG	Diversified Co.	1	3	2.86	2.50	2014-02-22	0.55	0.65	0.55	0.26	0.19	0.08
(17) SGI 140118C00012000 (SGI)	Silicon Graphics International Corp	SGI	IT Service	1	2	12.90	12.00	2014-01-18	1.55	1.65	1.70	0.26	0.12	0.06
(18) KKD 140222C00023000 (KKD)	Krispy Kreme Doughnuts Inc	KKD	Restaurant	3	5	24.25	23.00	2014-02-22	3.00	3.10	3.76	0.26	0.12	0.08
(19) THRX 140118C00035000 (THRX)	Theravance Inc	THRX	Biotechnology	3	3	37.00	35.00	2014-01-18	3.90	4.90	4.14	0.26	0.11	0.06
(20) AKS 140118C00004000 (AKS)	AK Steel Holding Corp	AKS	Steel (General)	2	1	4.44	4.00	2014-01-18	0.66	0.69	0.75	0.27	0.15	0.06
(21) CIEN 140118C00022000 (CIEN)	Ciena Corporation New	CIEN	Telecom. Equipment	2	5	23.84	22.00	2014-01-18	3.05	3.10	3.47	0.27	0.13	0.06
(22) MBI 140118C00010000 (MBI)	MBIA Inc	MBI	Financial Svcs. (Div.)	0	0	11.36	10.00	2014-01-18	1.91	1.97	2.06	0.27	0.17	0.06
(23) LL 140222C00110000 (LL)	Lumber Liquidators Holdings Inc New	LL	Retail Building Supply	4	2	115.39	110.00	2014-02-22	13.90	14.30	16.22	0.27	0.12	0.08
(24) XCO 140118C00005000 (XCO)	Exco Resources Inc	XCO	Petroleum (Producing)	1	2	5.40	5.00	2014-01-18	0.65	0.70	0.76	0.27	0.13	0.06
(25) OLED 140118C00029000 (OLED)	Universal Display Corp	OLED	Electrical Equipment	3	3	31.78	29.00	2014-01-18	4.40	4.80	4.67	0.27	0.14	0.06
(26) BZH 140118C00017000 (BZH)	Beazer Homes USA Inc New	BZH	Homebuilding	1	1	17.95	17.00	2014-01-18	1.90	2.00	2.96	0.27	0.11	0.06
(27) SGMO 140118C00008000 (SGMO)	Sangamo Biosciences Inc	SGMO	Biotechnology	3	4	9.35	8.00	2014-01-18	1.80	2.85	1.86	0.27	0.19	0.06
(28) SINA 140118C00077500 (SINA)	SINA com	SINA	Internet	3	2	84.49	77.50	2014-01-18	11.35	11.50	11.44	0.27	0.13	0.06
(29) AMD 140118C00003000 (AMD)	Advanced Micro Devices Inc	AMD	Semiconductor	2	2	3.31	3.00	2014-01-18	0.48	0.51	0.51	0.27	0.15	0.06
(30) LCC 140118C00021000 (LCC)	US Airways Group Inc	LCC	Air Transport	0	9	22.18	21.00	2014-01-18	2.37	2.48	3.45	0.27	0.11	0.06
(31) MLNX 140118C00034000 (MLNX)	Mellanox Technologies Ltd	MLNX	Semiconductor	5	1	36.17	34.00	2014-01-18	4.10	4.20	4.22	0.27	0.11	0.06
(32) IOC 140118C00062500 (IOC)	Interoil Corporation	IOC	Petroleum (Producing)	1	2	69.50	62.50	2014-01-18	10.55	10.95	11.13	0.27	0.15	0.06
(33) OVTI 140118C00013000 (OVTI)	OmniVision Technologies Inc	OVTI	Entertainment Tech	2	4	14.01	13.00	2014-01-18	1.75	1.80	1.80	0.28	0.12	0.06
(34) TSO 140118C00047000 (TSO)	Tesoro Corporation	TSO	Petroleum (Integrated)	4	2	49.21	47.00	2014-01-18	4.70	4.80	5.58	0.28	0.10	0.06
(35) AEO 140222C00015000 (AEO)	American Eagle Outfitters Inc	AEO	Retail (SoftLines)	3	2	15.49	15.00	2014-02-22	1.55	1.60	1.63	0.28	0.11	0.09
(36) CTB 140222C00025000 (CTB)	Cooper Tire and Rubber Co	CTB	Auto Parts	0	9	26.01	25.00	2014-02-22	2.90	3.60	3.29	0.28	0.12	0.09
(37) CLF 140118C00024000 (CLF)	Cliffs Natural Resources Inc	CLF	Steel (General)	3	1	25.66	24.00	2014-01-18	2.92	2.97	3.41	0.28	0.12	0.06
(38) GDP 140118C00020000 (GDP)	Goodrich Petroleum Corporation	GDP	Petroleum (Producing)	5	4	23.45	20.00	2014-01-18	4.60	4.90	4.77	0.28	0.20	0.06
(39) UVE 140222C00007500 (UVE)	Universal Insurance Holdings Inc	UVE	Insurance (Prop/Cas.)	2	2	7.75	7.50	2014-02-22	0.75	0.90	0.80	0.28	0.11	0.09
(40) REGN 140118C00270000 (REGN)	Regeneron Pharmaceuticals Inc	REGN	Biotechnology	4	1	291.30	270.00	2014-01-18	36.90	37.80	40.50	0.28	0.13	0.06

G. Options Profiles and Add to Portfolio

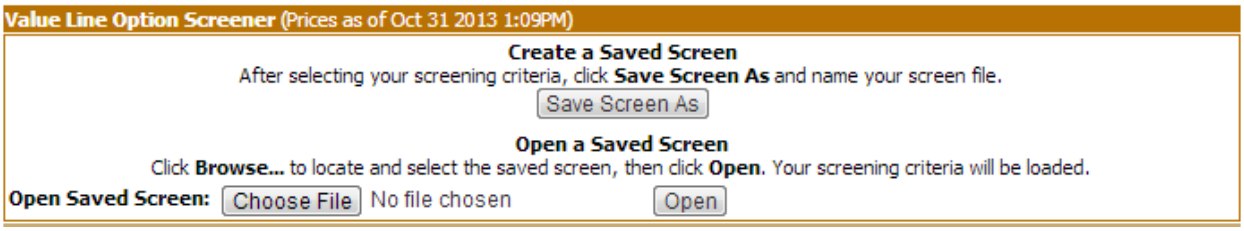
Just as you can with our Options by Stock Ticker, you can tag the boxes on the left of the options ticker. Then click on View Profile. Notice that you can tag all the boxes just by clicking on the option ticker box at the top of the left-hand column.

You can also click on Add to Portfolio just by clicking on the link so marked. These options will then be tracked in our User Portfolio in Interactive Options.

H. Saving Your Screen Criteria

Looking at the top of the Screener (Figure 15 below), you will see that you can save your screens (i.e., set of selection criteria) to use another day. The default name is My Screener Filter.Txt. You can save as many screens as you like, but always make sure you use a separate name and the .txt filename subscript (e.g., “Write.Txt” for screen selected in Figure 10).

Figure 15 - Save and Open Selections



I. Saving Your Screenings

You can also save your actual screenings as spreadsheet-friendly, comma-separated (CSV) files. If you click on Export Results, you save the output as it appears on your screen with the columns you selected in Display Options. If you click on Export as Port.Csv, you save the options in our standard spreadsheet format with all 49 fields of data. (Note you can, if you wish, change the name of the file as you save it in the dialogue box that appears.)

J. Questions and Answers on the Screener

Q: Can I use the screener to find the best options from a particular list of stocks?

A: Yes you can. Simply enter or copy the stock ticker (or tickers) in the box marked Stock Ticker(s). Make sure to separate the tickers with a space.

Q: Can I save and use different screens for different strategies?

A: You can save as many different screens as you want.

Q: Can I re-sort the screened data?

A: You can re-sort your screened data by double clicking on the column head.

Q: What other new features have you added to the screener?

A: We recently added bid/ask spreads and time decay (as percentages, under Risk Management). We also recently set it so that you can save you Display Options for different screens.

Q: Can I use the Options Screener in Conjunction with the Value Line Stock Screener?

A: Yes, if you are a subscriber to the Value Line Investment Survey and The Value Line Daily

Options Survey, you can screen for a list of stocks. See “Screening for Stocks and Options”

http://www2.valueline.com/Options/Article/2013/5/23/Weekly_Strategist_Report

Q: Is there any other material that deals with the Option Screener?

A: Here is a list of from our *Reports Archive* that you might find helpful.

"Suggested Screen Criteria and Display Settings for Three Basic Option Strategies" (http://www2.valueline.com/Download/Attachment/Ot130926.pdf).

"A Refresher Course on our Old Screener"

(http://www2.valueline.com/Download/Attachment/Ot130829.pdf)

"Creating and Maintaining Multiple Option Screens"

http://www2.valueline.com/Download/Attachment/Ot130731.pdf

"Using Your Screener to Create Covered Calls on LEAPS"

http://www2.valueline.com/Download/Attachment/Ot130703.pdf

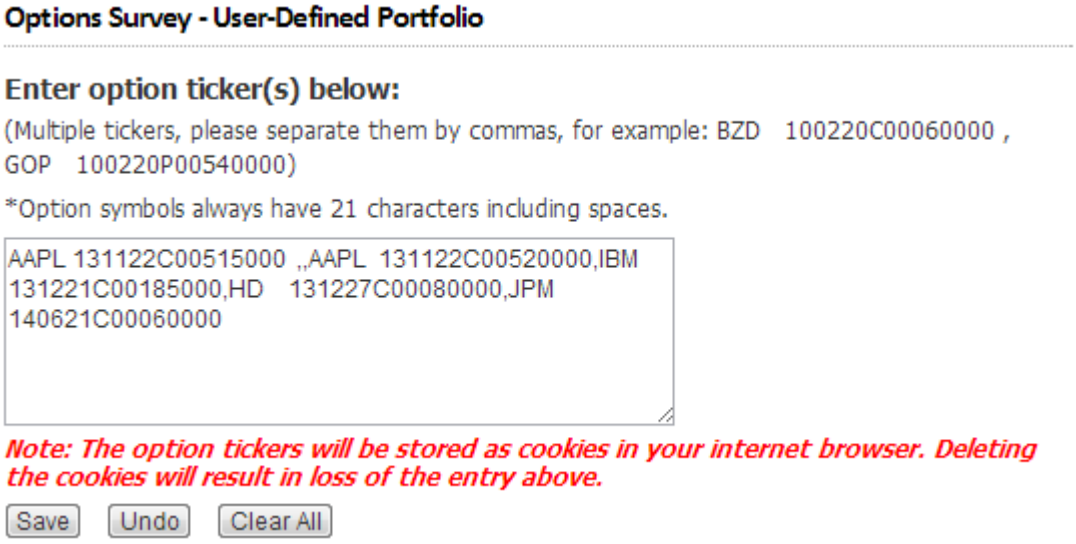
XI. Using our Online My Portfolio Page

In this section, we show you how to use our online *My Portfolio* page. This section of our website allows you to see our updated option prices and ranks on options in your portfolio. (We update our prices and options ranks twice daily – at noon New York time and at 6:00 p.m. after the close.) From *My Portfolio*, you can download these updated prices and ranks into our portfolio-tracking template, *PortTepmplate.Xls*.

A. Entering Ticker Codes

You will find the link to the *My Portfolio* page on the left-hand bar of the *Options Home* page. When you get to the page, use the *Click here to create/modify your portfolio* link to open the dialogue box shown in the Figure below. You can now enter the ticker codes on the options you want to view. Make sure that there is a space between the base ticker and its corresponding number code. (e.g., AAPL 131122C00515000) for Apple's November $517.31 call). Also, make sure that you have separated the option codes with commas (as shown). Click on the Save Button when you are finished.

Figure 16 - Entering Option Tickers in My Portfolio

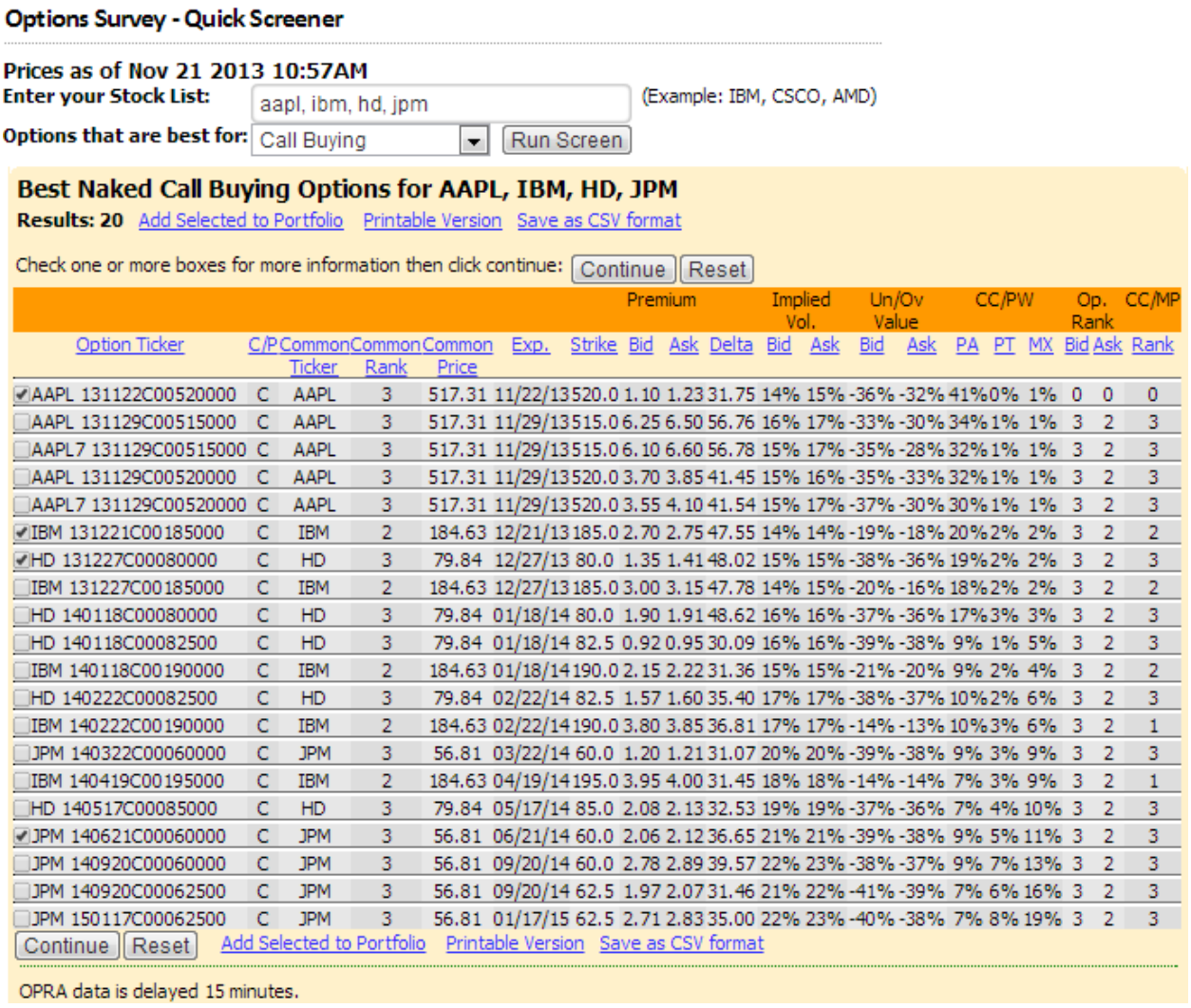


(You can also add options to our Online Portfolio from our *Option Screener*. After you have obtained options in your search, tag the boxes on the left and click the link marked *Add to the Portfolio*. Just to the left of the reset button on the lower left side.) See figure 17 below.

After you have added your options, click on *Go back to Interactive Options page*. Your portfolio will appear as shown in Figure 17 below. In our display of your portfolio, we provide updates on the following: (1) common price (latest closing price), (2) premium (both bid and ask), (3) implied volatility (bid & ask), (4) the percent the options are undervalued or overvalued (bid & ask,

minus sign for undervalued), (5) the option ranks (bid for "writers" and ask for "buyers") and (6) the covered call rank (if a call) or the married put rank (if a put).

Figure 17 – Inputting options from the options screener



Options Survey - Quick Screener

Prices as of Nov 21 2013 10:57AM

Enter your Stock List: aapl, ibm, hd, jpm (Example: IBM, CSCO, AMD)

Options that are best for: Call Buying Run Screen

Best Naked Call Buying Options for AAPL, IBM, HD, JPM

Results: 20 Add Selected to Portfolio Printable Version Save as CSV format

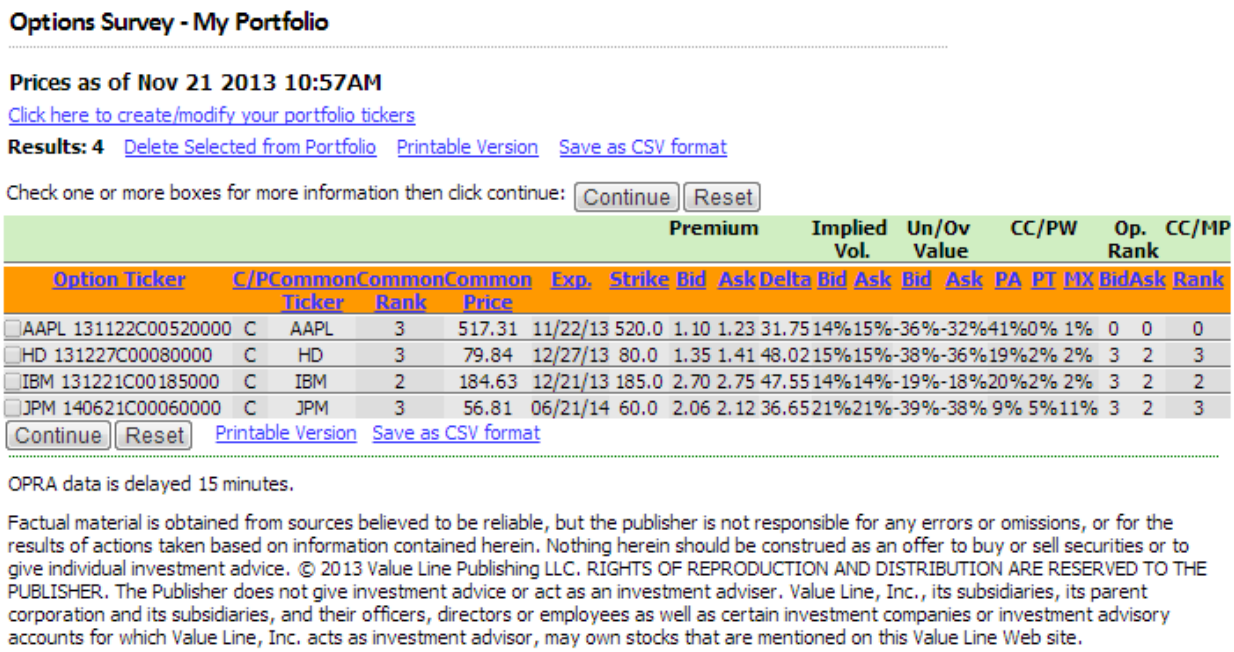
Check one or more boxes for more information then click continue: Continue Reset

							Premium			Implied Vol.		Un/Ov Value		CC/PW			Op. Rank		CC/MP
Option Ticker	C/P	Common Ticker	Common Rank	Common Price	Exp.	Strike	Bid	Ask	Delta	Bid	Ask	Bid	Ask	PA	PT	MX	Bid	Ask	Rank
AAPL 131122C00520000	C	AAPL	3	517.31	11/22/13	520.0	1.10	1.23	31.75	14%	15%	-36%	-32%	41%	0%	1%	0	0	0
AAPL 131129C00515000	C	AAPL	3	517.31	11/29/13	515.0	6.25	6.50	56.76	16%	17%	-33%	-30%	34%	1%	1%	3	2	3
AAPL7 131129C00515000	C	AAPL	3	517.31	11/29/13	515.0	6.10	6.60	56.78	15%	17%	-35%	-28%	32%	1%	1%	3	2	3
AAPL 131129C00520000	C	AAPL	3	517.31	11/29/13	520.0	3.70	3.85	41.45	15%	16%	-35%	-33%	32%	1%	1%	3	2	3
AAPL7 131129C00520000	C	AAPL	3	517.31	11/29/13	520.0	3.55	4.10	41.54	15%	17%	-37%	-30%	30%	1%	1%	3	2	3
IBM 131221C00185000	C	IBM	2	184.63	12/21/13	185.0	2.70	2.75	47.55	14%	14%	-19%	-18%	20%	2%	2%	3	2	2
HD 131227C00080000	C	HD	3	79.84	12/27/13	80.0	1.35	1.41	48.02	15%	15%	-38%	-36%	19%	2%	2%	3	2	3
IBM 131227C00185000	C	IBM	2	184.63	12/27/13	185.0	3.00	3.15	47.78	14%	15%	-20%	-16%	18%	2%	2%	3	2	2
HD 140118C00080000	C	HD	3	79.84	01/18/14	80.0	1.90	1.91	48.62	16%	16%	-37%	-36%	17%	3%	3%	3	2	3
HD 140118C00082500	C	HD	3	79.84	01/18/14	82.5	0.92	0.95	30.09	16%	16%	-39%	-38%	9%	1%	5%	3	2	3
IBM 140118C00190000	C	IBM	2	184.63	01/18/14	190.0	2.15	2.22	31.36	15%	15%	-21%	-20%	9%	2%	4%	3	2	2
HD 140222C00082500	C	HD	3	79.84	02/22/14	82.5	1.57	1.60	35.40	17%	17%	-38%	-37%	10%	2%	6%	3	2	3
IBM 140222C00190000	C	IBM	2	184.63	02/22/14	190.0	3.80	3.85	36.81	17%	17%	-14%	-13%	10%	3%	6%	3	2	1
JPM 140322C00060000	C	JPM	3	56.81	03/22/14	60.0	1.20	1.21	31.07	20%	20%	-39%	-38%	9%	3%	9%	3	2	3
IBM 140419C00195000	C	IBM	2	184.63	04/19/14	195.0	3.95	4.00	31.45	18%	18%	-14%	-14%	7%	3%	9%	3	2	1
HD 140517C00085000	C	HD	3	79.84	05/17/14	85.0	2.08	2.13	32.53	19%	19%	-37%	-36%	7%	4%	10%	3	2	3
JPM 140621C00060000	C	JPM	3	56.81	06/21/14	60.0	2.06	2.12	36.65	21%	21%	-39%	-38%	9%	5%	11%	3	2	3
JPM 140920C00060000	C	JPM	3	56.81	09/20/14	60.0	2.78	2.89	39.57	22%	23%	-38%	-37%	9%	7%	13%	3	2	3
JPM 140920C00062500	C	JPM	3	56.81	09/20/14	62.5	1.97	2.07	31.46	21%	22%	-41%	-39%	7%	6%	16%	3	2	3
JPM 150117C00062500	C	JPM	3	56.81	01/17/15	62.5	2.71	2.83	35.00	22%	23%	-40%	-38%	7%	8%	19%	3	2	3

Continue Reset Add Selected to Portfolio Printable Version Save as CSV format

OPRA data is delayed 15 minutes.

Figure 18 - My Portfolio, updated twice a day



Options Survey - My Portfolio

Prices as of Nov 21 2013 10:57AM

Click here to create/modify your portfolio tickers

Results: 4 Delete Selected from Portfolio Printable Version Save as CSV format

Check one or more boxes for more information then click continue: Continue Reset

										Premium		Implied Vol.		Un/Ov Value		CC/PW		Op. Rank		CC/MP
	Option Ticker	C/P	Common Ticker	Common Rank	Common Price	Exp.	Strike	Bid	Ask	Delta	Bid	Ask	Bid	Ask	PA	PT	MX	Bid	Ask	Rank
☐	AAPL 131122C00520000	C	AAPL	3	517.31	11/22/13	520.0	1.10	1.23	31.75	14%	15%	-36%	-32%	41%	0%	1%	0	0	0
☐	HD 131227C00080000	C	HD	3	79.84	12/27/13	80.0	1.35	1.41	48.02	15%	15%	-38%	-36%	19%	2%	2%	3	2	3
☐	IBM 131221C00185000	C	IBM	2	184.63	12/21/13	185.0	2.70	2.75	47.55	14%	14%	-19%	-18%	20%	2%	2%	3	2	2
☐	JPM 140621C00060000	C	JPM	3	56.81	06/21/14	60.0	2.06	2.12	36.65	21%	21%	-39%	-38%	9%	5%	11%	3	2	3

Continue Reset Printable Version Save as CSV format

OPRA data is delayed 15 minutes.

B. Getting More Detail

If you want more detailed updates on selected options, simply tag the boxes to the left and click on *Continue*. This will provide the *Detailed Option Profiles*, which are especially helpful when you are deciding whether to keep a particular option in your portfolio. These profiles include the option's underlying common rank and expected leverage for a 10% rise or fall in the stock. For information on the content of these detailed quotes, simply click on *Option Profile Definitions*.

C. Save as Csv format for PortfolioTemplate.Xls

When you click on *Save as Csv format*, you save the entire records on each of these options as they appear in our daily download spreadsheet files. The default filename when you use the *Save as Csv* Format is Port.Csv. You can then use Port.Csv in PortfolioTemplate.Xls.

D. My Portfolio FAQs

Here are some frequently asked questions on our online portfolio.

Q: I want to track multiple portfolios. What can I do?

A: You can put as many options as you want into My Portfolio. You can then use different versions of PortfolioTemplate.Xls for updating these portfolios. Simply save PortfolioTemplate.Xls under different file names.

Q: I want to activate my Online Portfolio from more than one terminal, but I do not want to have to retype all the ticker codes.

A: You can copy these ticker codes (complete with commas) from the Edit/Modify box into a file (such as an MS Word Document or an email) and then copy these same tickers into the Edit/Modify box on another computer.

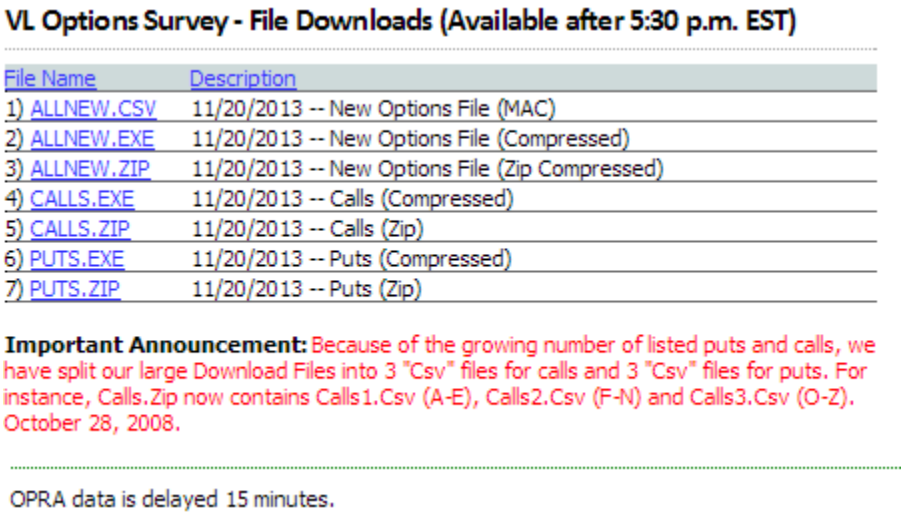
XII. Guide to our Download Data

One of the unique features of *The Value Line Daily Options Survey* is that it allows you to download our entire daily database of options into easy-to-use spreadsheet compatible files. You can also download the options on individual stocks, options in a selected portfolio and options selected from our online *Option Screener*.

A. Our File Downloads Directory

We show a picture of our *File Downloads* directory in Figure 19 on this page. You will find the link to this directory on the left-hand side of our options pages. Subscribers should note that we have made some changes in this directory. The files named "Calls" (Calls.Zip or Calls.Exe) now contain all 75,000-plus call options in two files - Calls1.Csv (A through L) and Calls2.Csv (M through Z). The files named "Puts" contain all 75,000-plus puts – Puts1.Csv (A through L) and Puts2 (M through Z). Another change is that LEAPS (longer-term options) and ETFs (Exchange-Traded Funds) are now in these larger files. Formerly, LEAPS and ETFs were in separate files.

Figure 19 - Our Daily Download Files



VL Options Survey - File Downloads (Available after 5:30 p.m. EST)

File Name	Description
1) ALLNEW.CSV	11/20/2013 -- New Options File (MAC)
2) ALLNEW.EXE	11/20/2013 -- New Options File (Compressed)
3) ALLNEW.ZIP	11/20/2013 -- New Options File (Zip Compressed)
4) CALLS.EXE	11/20/2013 -- Calls (Compressed)
5) CALLS.ZIP	11/20/2013 -- Calls (Zip)
6) PUTS.EXE	11/20/2013 -- Puts (Compressed)
7) PUTS.ZIP	11/20/2013 -- Puts (Zip)

Important Announcement: Because of the growing number of listed puts and calls, we have split our large Download Files into 3 "Csv" files for calls and 3 "Csv" files for puts. For instance, Calls.Zip now contains Calls1.Csv (A-E), Calls2.Csv (F-N) and Calls3.Csv (O-Z). October 28, 2008.

OPRA data is delayed 15 minutes.

The files named Allnew (Allnew.Csv, Allnew.Zip or Allnew.Exe) are as before. Allnew.Csv contains roughly 25,000 of our most liquid calls and puts that are neither LEAPS nor ETFs. This is

a very handy file to use for various search routines, when you want to exclude options that are not very liquid.

B. Zip and Exe

A word about the filename extensions Zip or Exe (as in Calls.Zip): These denote that the files are compressed for fast download. If you have a Windows-based PC, you can download either the Zip or the Exe files. The Zip files get saved as folders on your computer. Simply open the folders to extract the files. The Exe files also get saved to your computer. When you click your mouse on them, they "unzip" the files within and save them to your hard drive. If you have an Apple Macintosh computer, you will need to use the Zip files, since the Exe files only work on Windows-based PCs.

C. File Contents

Our download files contain all 54 fields of information (columns A through BB) on the options that we cover. For a description of the contents of these files see the "Description of Download Data," Figure 20 below.

D. Using Auto and Advanced Filter

In our spreadsheet compatible download files (with the filename extension Csv), we have set the options data up so that you can activate most spreadsheet and/or database functions with just a "mouse click" or two. For instance, in Microsoft Excel, if your cursor is at or below the column heading row, you can activate the DATA AutoFilter command. This will provide drop down menus at each Column heading to facilitate your option browsing and selecting. (See "Using our Trakrec.Xls Excel Software," Ot130905.Pdf in our *Reports Archive*.)

E. Downloads from Options by Ticker and From Recommended

Options You can download spreadsheet compatible files on individual options from our *Options by Ticker page*. Simply click on Save as Csv Format. The default name for these downloads will be the stock ticker code plus the Csv filename extension (e.g. AMD.Csv for Advanced Micro Devices). You can also download the 200 *Recommended Options* (for each of the six basic strategies). You can, if you want, change the name of these files when the dialogue box for saving appears.

Downloading from "My Portfolio" You can also download options that are in *My Portfolio*. We display these options online at the page. Again simply click on Save as *Csv Format*. This data can then be used to update your trades in our template, "PortfolioTemplate.Xls. (For information on how to use *My Portfolio* and the template, see "A Refresher Course on our Old Screener," Ot130829.Pdf.)

F. Downloads from the Screener

Downloads from the Option Screener can be obtained once the screened data appears by clicking on Save as Port.Csv. Again, you can change the filename when the dialogue box for saving appears.

B. Description of Data

Figure 20 - Allnew.Csv (Columns A through Q)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1		All data in this file (c) Value Line Publishing. All rights reserved.															
2																	
3	AllNew.csv			Interest Rate		0.50%											
4	Pricing Da	11/20/2013		Rel Vol =100		54.00%			Option Information and Evaluation...								
5	Information on Underlying.								|							Liquidity	
6			Common	Tech-					|	Common			Full	Re-	Exp_	Open	Volume$
7	Company	Dividend	Stock	nical	Cm Rank	Historical		Common	Volatility	Ticker	Call	Strke	Option	cord	Date	Interest$	/100
8	or Index	Yield	Rank	Rank	Change	Volatility	Industry	Price	Forecast	Code	/Put	Price	Ticker	Number		/100	
9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10																	
11																	
12	Company	DIV'D	CMRK	TechRank	^vCM	HISTVO	INDUST	CMPRICE	VOLF	TKR	C/P	STRIKE	OPTKR	Record Nu	EXPDAY	OI	VOL
53	3D System	0.00%	4	4		78.30%	Electronic	69.57	67.70%	DDD	C	55	DDD 140	41	########	1910	223
54	3D System	0.00%	4	4		78.30%	Electronic	69.57	67.70%	DDD	C	60	DDD 140	42	########	1751	238
55	3D System	0.00%	4	4		78.30%	Electronic	69.57	67.70%	DDD	C	65	DDD 140	43	########	1967	161
56	3D System	0.00%	4	4		78.30%	Electronic	69.57	67.70%	DDD	C	70	DDD 140	44	########	2888	806
57	3D System	0.00%	4	4		78.30%	Electronic	69.57	67.70%	DDD	C	75	DDD 140	45	########	1693	829
58	3D System	0.00%	4	4		78.30%	Electronic	69.57	67.70%	DDD	C	80	DDD 140	46	########	1789	894

Column A contains the company or index name.

Column B is dividend rate of return.

Column C is the Common Stock rank.

Column D is the common stock's Technical Rank. (The Value Line Technical Ranks are based on price data alone.)

Column E indicates if the common rank has changed this week. i.e. the symbol ^ for "rise" to a higher rank (e.g., from 2 to 1) and v for a "fall" to a lower ranks (e.g. from a 3 to 4). These common ranks are updated weekly, and the new ranks are released at 10:00 am on Mondays.

We incorporate these new common ranks in our option ranks in the Monday noon run of our options model.

Column F indicates the long-term historical volatility (i.e., standard deviation p.a.) of the underlying stock.

Column G indicates the industry of the underlying stock.

Column H is the closing price of the common stock.

Column I shows our model's volatility forecast for the stock to the options expiration date (expressed as an annualized number).

Column J contains the stock ticker code.

Column K indicates whether the option is a call, "C", or a put, "P".

Column L is the option strike price.

Column M is the full option code including date and strike codes.

Column N contains the record number (used for database operations).

Column O is the option expiration date.

Column Q is the option volume in number of contracts.

Column P is the option open interest in number of contracts.

Figure 21 - Allnew.Csv (Columns R through AF)

R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF
											Evaluation of Covered Calls and Option Ri			
		Est_	Change	Writer_s	Buyer_s	Writer_s	Buyer_s		Leverage		Covered	Cvd Call	Cvd Call	Cvd Call/
Recent	Recent	Normal	Per	Option	Option	Under/	Under/	Relative	(Buyer)		Call/Mar	/Mar Put	/Mar Put	Put Write
Price	Price	Price	Point	Rank	Rank	Over	Over	Vol (opt)	10%	-10%	Put Rank	Break	Relative	% p.a.Retu
Bid	Ask					Priced	Priced					Even	Volatility	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BID	ASK	EST	DLTA	BID OPRK	ASK OPRK	BID UN/O	ASK UN/O	RVOPT	10%	-10%	CCMPRK	CCMPBE	CCMPRV	CCPWPA
15.6	16.2	16.45	86	4	3	-20.00%	-5.50%	471	39.40%	-35.60%	3	53.97	17	11.60%
12.2	12.5	12.42	76	5	3	-4.10%	1.40%	493	46.10%	-39.20%	3	57.37	27	27.90%
9	9.3	9.03	66	5	3	-0.50%	4.30%	545	55.10%	-43.80%	2	60.57	38	44.50%
6.4	6.7	6.43	54	5	3	-0.40%	4.20%	619	65.50%	-48.30%	2	63.17	50	61.60%
4.6	4.7	4.6	43	5	3	0.10%	1.60%	706	75.70%	-52.00%	2	64.97	63	43.10%
3	3.3	3.4	32	5	3	-6.40%	-1.60%	829	88.40%	-56.00%	3	66.57	78	27.40%
0	0.05	0.09	0	0	0	-100.00%	-9.30%	2482	209.70%	-100.00%	0	69.57	160	0.00%

Column R is the recent option Bid premium. By “bid” we mean the price at which the market maker on the exchange will buy the option and the price at which the investor can write or sell the option.

Column S is the recent option Ask premium. By “Ask” we mean that the price at which the option market maker on the exchange will sell the option and the price at which the investor can buy the option.

Column T is our model's "estimated normal price" based on our model's adjusted volatility forecasts and all the known variables.

Column U indicates the option's change per point or Delta. This is the degree our model expects the option to participate in a small move in the stock.

Column V indicates Value Line's “Naked” Option Writer’s rank (based on the Bid price). Ranks in this column are always 5, 4, 3 or 0 (if the option is unranked). A 5 rank is the top rank for writing. There are no rank 1 or 2 options in this column because you cannot buy options at the bid price.

Column W indicates Value Line's “Naked” Option Buyers rank (based on the Ask price). Ranks in this column are always 1, 2, 3 or 0 (if the option is unranked). A 1 rank is the top rank for writing. There are no rank 5 or 4 options in this column because you cannot write or sell options at the Ask price.

Column X shows the percentage the option Bid price (writer’s price) is underpriced (negative percentage) or overpriced (positive percentage). The calculation is the percent difference between the Writer’s Implied Volatility (column AK) and our adjusted volatility forecast (column AM). The more overpriced the option is, the better for the option writer.

Column Y shows the percentage the option Ask price (buyer’s price) is underpriced (negative percentage or overpriced (positive). The calculation is the percent difference between the

Buyer’s Implied Volatility (column AL) and our adjusted volatility forecast (column AM). The more underpriced the option is, the better for the option buyer.

Column Z shows the Naked Option’s Relative Volatility versus the average stock. This calculation is based on the mid-point between the bid and the ask premiums.

Column AA shows the expected percentage change in the premium if the stock rises 10%.

Column AB indicates the expected change in the premium if the stock falls 10%.

Column AC indicates the covered call rank (if a call) or the married put rank (if a put). A covered call is the combination of the stock and writing a call (at the Bid price) on the same stock. A married put is the combination of the stock and buying a put (at the Ask price) on the stock. (In both cases, rank 1 is best).

Column AD If the options is a call, the column shows the covered call's breakeven price. This is the price that the stock can fall to at expiration for the investor to still break even. If the option is a put, the column shows the married put's break-even price. This is the price to which the stock will have to rise for you to recoup your premium.

Column AE shows the covered call's Relative Volatility (if a call) or married put's Relative Volatility (if a put) versus the average stock. (Note that a covered call and a married put will always be less volatile than the underlying stock by itself.)

Column AF shows the per-annum return on the covered call if the stock is unchanged. Or it shows the per-annum return of the cash covered put write. (A cash covered put write is when you write the put and cover it with the difference between strike price and the premium.)

Figure 22 - Allnew.Csv (Columns AG through AT)

AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AQ	AR	AS	AT
isk Management													
Downside													
Protectior	Cvd Call			Writer_s	Buyer_s		Prob	Prob	Prob				
Cvd Call	/Put Write	% In- or	Time	Option	Option	Adjusted	of Strike	of Strike	of Strike	Percent		% Yield	Max
/Put Write	Maxium	Out of the	Decay	Impled	Impled	Volatility	Based On	Based On	Based On	to	% Margin	Margin	Margin
Break Ever	Profit	Money	100 Share	Vol	Vol	Forecast	Forcast	Writer_s I	Buyer_s In	Double			
-	-	-	-	-	-	-	-	-	-	-	-	-	-
CCPWBE	CCPWMAX	I/OTM	THETA	BID IMPLI	ASK IMPLI	VOLFADJ	Forecast F	Bid Prbstr	Ask Prbstr	PctDble	Margin	YLDMGN	MXMGN
22.40%	1.90%	20.94%	-3.08	54.30%	64.10%	67.90%	80%	86%	82%	25.40%	20.00%	7.50%	112.10%
17.50%	4.60%	13.76%	-4.51	59.90%	63.40%	62.50%	72%	73%	72%	21.70%	20.00%	19.00%	87.70%
12.90%	7.30%	6.57%	-5.3	59.20%	62.10%	59.50%	61%	61%	61%	18.20%	20.00%	31.90%	64.70%
9.20%	10.80%	-0.62%	-5.63	58.50%	61.20%	58.70%	49%	49%	49%	15.30%	19.38%	47.50%	47.50%
6.60%	15.40%	-7.81%	-5.58	59.70%	60.60%	59.70%	38%	38%	38%	13.20%	12.20%	54.30%	54.20%

Column AG shows the covered call's downside protection (if a call), which shows how much the stock could fall and the position would still break even. Or if the option is a put, it shows how much the stock could fall and the cash covered put would still break even.

Column AH shows the maximum profit that can you can get with the covered call if the option is a call. If the option is a put, it shows maximum percentage gain on the cash covered put.

Column AI is the percent that the option is in-the-money (+) or out-of-the-money (-).

Column AJ is Theta, which how much the option is expected to decline (in dollar terms) in one day if the stock price stays the same. (Note we quote Theta in 100 share units.)

Column AK is Writer's Implied Volatility (i.e., based on the Bid price). Implied volatility is the per annum volatility registered given the premium and all its known variables (such as stock price, strike price and expiration).

Column AL is Buyer's Implied Volatility (i.e., based on the Ask price). Implied volatility is the per annum volatility registered given the premium and all its known variables (such as stock price, strike price expiration).

Column AM is our Adjusted Volatility Forecast. This is our model's forecast of the volatility of the stock to the options expiration date adjusted for the degree to which the stock's price distribution differs from a normal one.

Column AN is *Probability of Strike* (*Forecast*) is our model's estimation of the likelihood that the option will end up in-the-money.

Column AO is *Probability of Strike (Writer's Implied)* is the probability that the option will end up based on the Writer's implied volatility.

Column AP is *Probability of Strike (Buyer's Implied)* is the probability that the option will end up based on the Buyer's implied volatility.

Column AQ. *Percent to Double* is the percent the stock has to move (up for a call, down for a put) for the option premium to double.

Column AR. *% Margin* is the percent of the underlying stock that must be posted to write the "naked" option.

Column AS *% Yield Margin* shows yield (not annualized) on the margin on a call or put write if the stock stands still.

Column AT *Max Margin* shows the maximum return of a margined option write.

Figure 23 - Allnew.Csv (Columns AU through BB)

AU	AV	AW	AX	AY	AZ	BA	BB	BC
		Cvd Call	Change	Change	Change	Time	Bid/Ask	
Buyer_s	Writer_s	Cvd Call	In	In	In	Premium	Spread	
Rank	Rank	Rank	Delta	Implied	Interest	% of	% of	
Order	Order	Order		Volatility	Rate	Common	Ask	
-	-	-	-	-	-	-	-	
ROBUY	ROWRITE	ROCCMP	GAMMA	VEGA	RHO	TimPrPct	BID/ASKPcnt	
102275	123566	49361	90.51	612.87	727.89	0.015	0.037	
109178	131104	33303	123.16	868.04	671.16	0.038	0.024	
111714	132373	30351	149.55	1037.71	600.21	0.064	0.032	
111583	132412	30242	163.63	1119.75	509.36	0.092	0.045	
109323	132569	29889	160.86	1106.63	412.42	0.066	0.021	
106318	130203	35292	149.02	1014.88	319.63	0.043	0.091	
999999	999999	999999	0.55	0.12	0	0	1	

Column AU *Buyer's Rank Order* shows the rank order of asking price premiums based on a combination of the common rank and degree of undervaluation (the more undervalued the better) with the lowest numbers being the best and the highest being the worst. (Note: the first several thousand are likely to be ranked 1 for buying.) Note "999999" in the columns AU through AW indicate that the option is not ranked for that particular strategy.

Column AV *Writer's Rank Order* shows the rank order of bid price premiums based on a combination of the common rank and degree of overvaluation (more overvalued the better) with the lowest numbers being the best and the highest being the worst. (Note the first several thousand are likely to be ranked 5 for writing.)

Column AW *Covered Call/Married Put Rank Order*. If the option is a call, this field shows its covered call rank order, which is based on common rank (1 best) and degree that the call is overvalued. If the option is a put, this field shows the options rank order as a married put (i.e. a combination of long stock and put buy).

Column AX - *Change in Delta*. This shows the option's Gamma, which is a measure of the percentage change in the Delta given a 1% move in the common stock.

Column AY - *Change in Implied Volatility*. This shows the option's Vega, which is a measure of the percentage change in premium given a 1% rise in implied volatility.

Column AZ - *Change in Interest Rate*. This shows the option's Rho, which is a measure of the percentage change in premium (rise for a call, decline for a put) given a one percentage point rise in the interest rate.

Column BA – Shows the option's time premium as a percent of the underlying stock price.

Column BB – Shows the difference between the bid and ask prices as a percentage of the ask price.

XIII. Excel Software: An Overview

You will find the link to the Options Templates directory on the left-hand side of our options home page. This directory provides the links to the templates as shown in Figure 24 below. To the right of these links, we show the date that these links were last updated. (You may want to check these dates from time to time to make sure that you have downloaded the latest version of the template.)

Note: we recommend that you download these templates to your hard drive and then open them in Excel rather than opening them directly from your browser. (Doing the latter can mean that more than one Excel program is running at the same time.)

Figure 24 - Our Options Software Directory

VL Options Survey - Excel Software

File Name	Description
1) Black.xls	Black Scholes Model 04/13/2004
2) CCALC.xls	Covered Call Calculator 11/8/2007
3) CCPUT.xls	Cash-Covered Put Template 12/14/2007
4) PortfolioTemplate.Xls	Portfolio Template 02/23/2010
5) SpreadSearch2.xls	Template to Search for Option Spreads 3/4/2009
6) TRAKREC.XLS	Options Track Record Template 3/23/2011
7) WHATIFI4.xls	Template to Graph Combined Option Positions 06/28/2012

OPRA data is delayed 15 minutes.

The first three templates are designed for training purposes. Black.Xls is a standard option model in Excel format. Ccalc.Xls shows you how to calculate covered call returns and percentage of downside protection. CCPur.Xls shows similar calculations for Cash-Covered Puts. The other for Excel templates are described in the chapters below.

XIV. Excel software: Whatifi4.Xls

Whatifi4.Xls analyzes and graphs the expected profit and loss of as many as four different option or stock positions over three time periods and over a range of 21 possible stock price outcomes. In addition, the template allows the user to see individual positions and their net profit and loss for as many as four different option or stock positions at the nearest expiration date.

A. Getting Started

In order to get started, you first need to save a copy of *Whatifi4.Xls* to your computer. You will find *Whatifi4.Xls* in our Options Template directory. Click on the filename and then click on "Save." Make sure to save the file in a place you are familiar with, such as your *Desktop*, or in *My Documents*.

B. Data Downloading

Next, you need to download one of our data files to use with this template. The larger files can be found under File Downloads (link at left of the options homepage). For a report on how to download and access these files, see "Guide to our Download Data," Ot071119.Pdf. You can also use the Csv downloads of individual stocks from our Options by Ticker page. Simply save the file (which is named for the stock tickers, e.g. amzn.csv for Amazon.com. Then click on the "Load Data Files" button as shown in Figure 25 below and select the file you want.

Figure 25 - "Positions" Sheet in Whatifi4.Xls

Whatifi 4 - Option Positions | Confidence Range | Calculate Premium (Type m in this column calculate Writer's premium / Type m in this column calculate Buyer's premium) | Transaction Type: B Buy Option, W Write Option, L Long Stock, S Short Stock, N No Trade | Last Modified: 5/28/08 | Instructions | Remove All Data

Chart Parameters: Trade Date 01/02/14, 2nd Date 01/02/14, 3rd Date: 01/03/14, Interest Rate 1.00%, Range +/- % 40.2%, Data as of 01/02/14

Suggested Range: 40.2% / 4.1%

Calculations

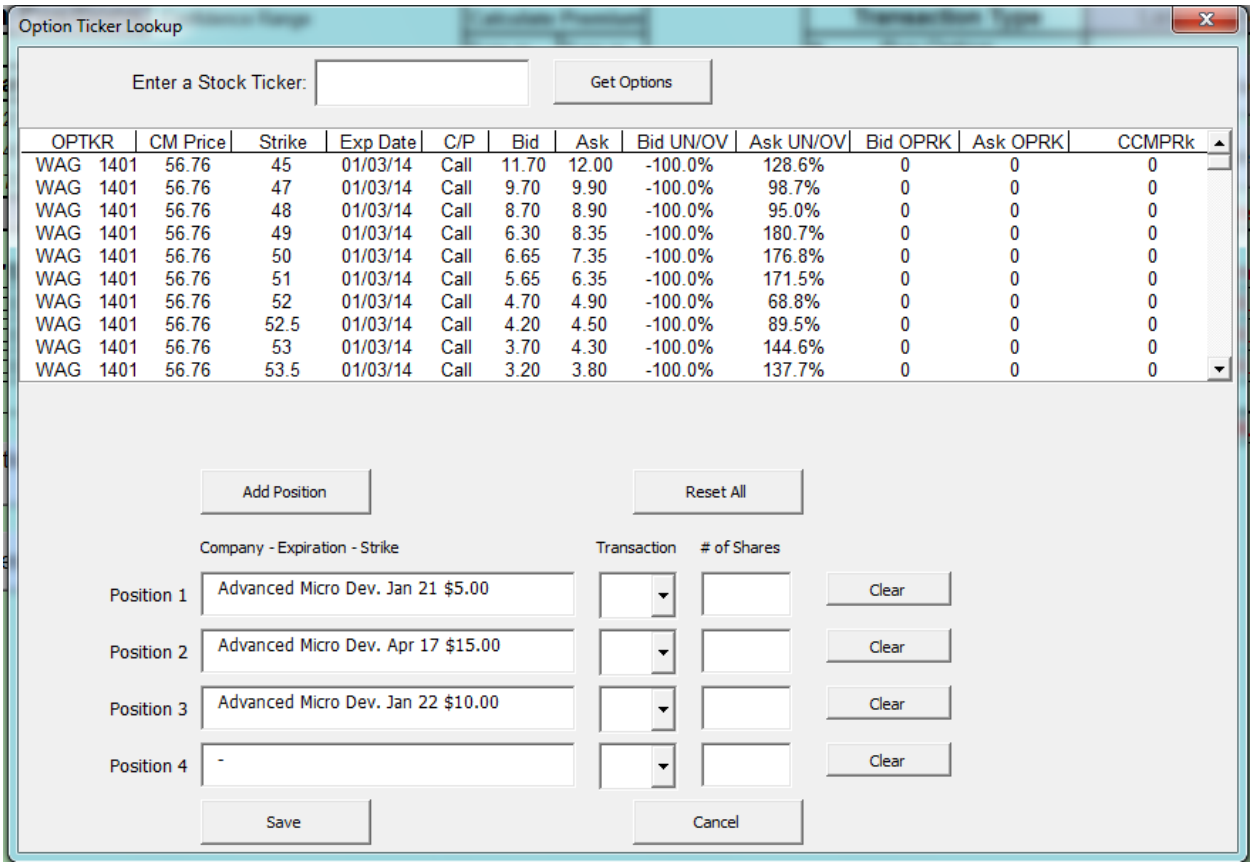
Pos	Company	DIV'D	CMPRICE	C/P	STRIKE	EXPDAY	BID	ASK	Bid Imp.	Ask Imp.	Tran	# Shares	Prem	$Prem	Estimate	$Delta	Beg. Prem
1	Walgreen C	2.19%	56.76	C	70	1/3/2014	0	0.03	0	1.29	W	100	-	-	-	-	
2	Walgreen C	2.19%	56.76	C	57.5	1/3/2014	0.05	0.07	0.16	0.18	B	100	0.07	7	0	74	
3													-	-	-	-	
4													-	-	-	-	
													$Totals	7	0	74	

Add/Modify Positions | Individual Option | Load Data Files | Combined Positions

C. Adding/Modifying Positions

Click on the Add/Modify Positions button as shown in above and you will see an interactive form of selecting options (see Figure 25). Start by typing in the stock ticker in the box so marked and click "Get Options." To select an option, click on it in the list and it will be highlighted. Next click on "Add Position" and it will appear in the next empty position box. You can then specify a transaction type for the option (B=Buy, W=Write, L=Long Stock, S=Short Stock, N=No Trade) as well as the number of underlying shares (100 per option). When you are finished, press "Save." The positions should now appear in the spreadsheet along with the relevant calculations. If you want to remove a position, click on "clear" next to the position you want to take out or press "reset all" to remove all the positions.

Figure 26 - Add Modify Positions Dialogue Box

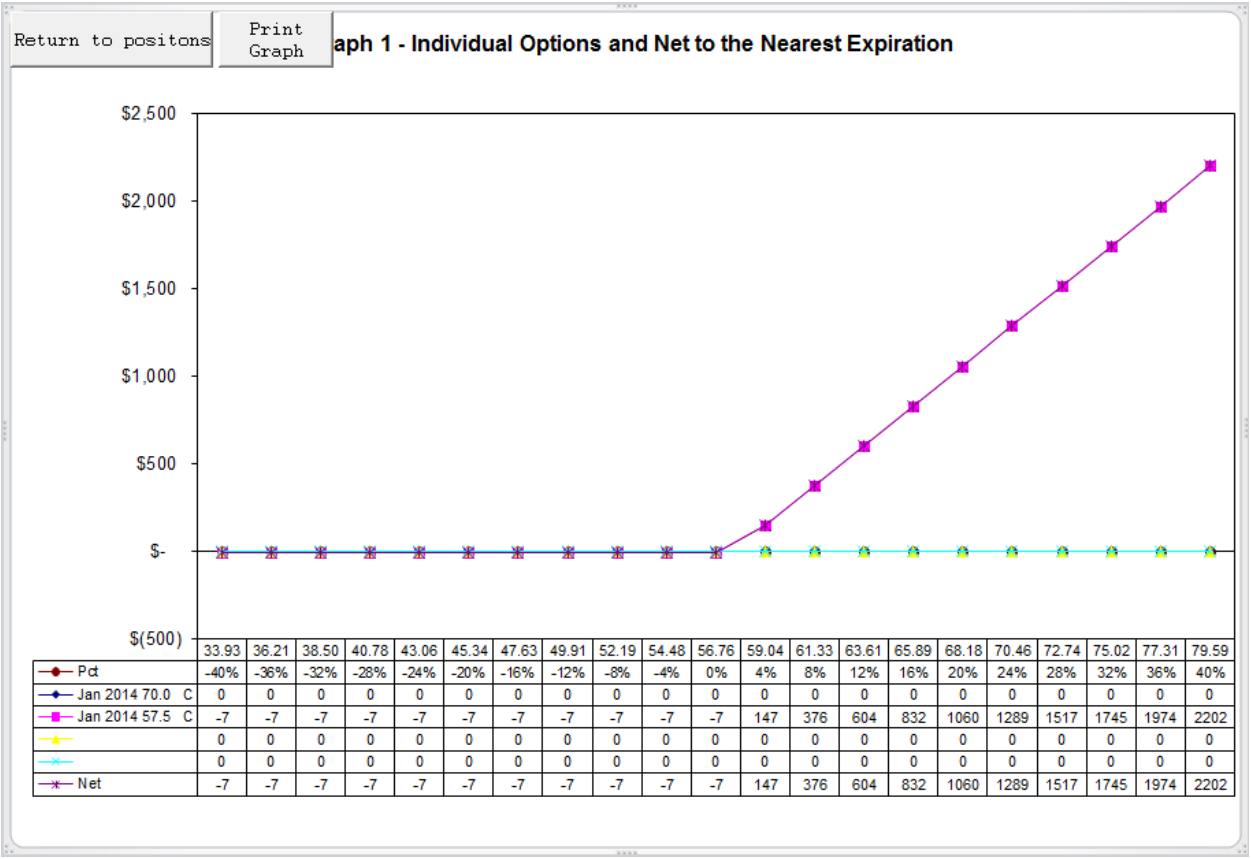


D. Calculations and Graphs

After you have added your positions, you are presented with a table showing you each position and a set of calculations for each one. Details regarding how much each option or stock position is likely to cost you (or credit you) can be seen from the calculations in cells AV9 through AV12, with the total shown in cell AV13. The estimated normal price based on our Adjusted Volatility Forecasts can be seen in cells AW9 through AW12. The dollar delta or equivalent stock position can be seen in cells AX9 through AX12.

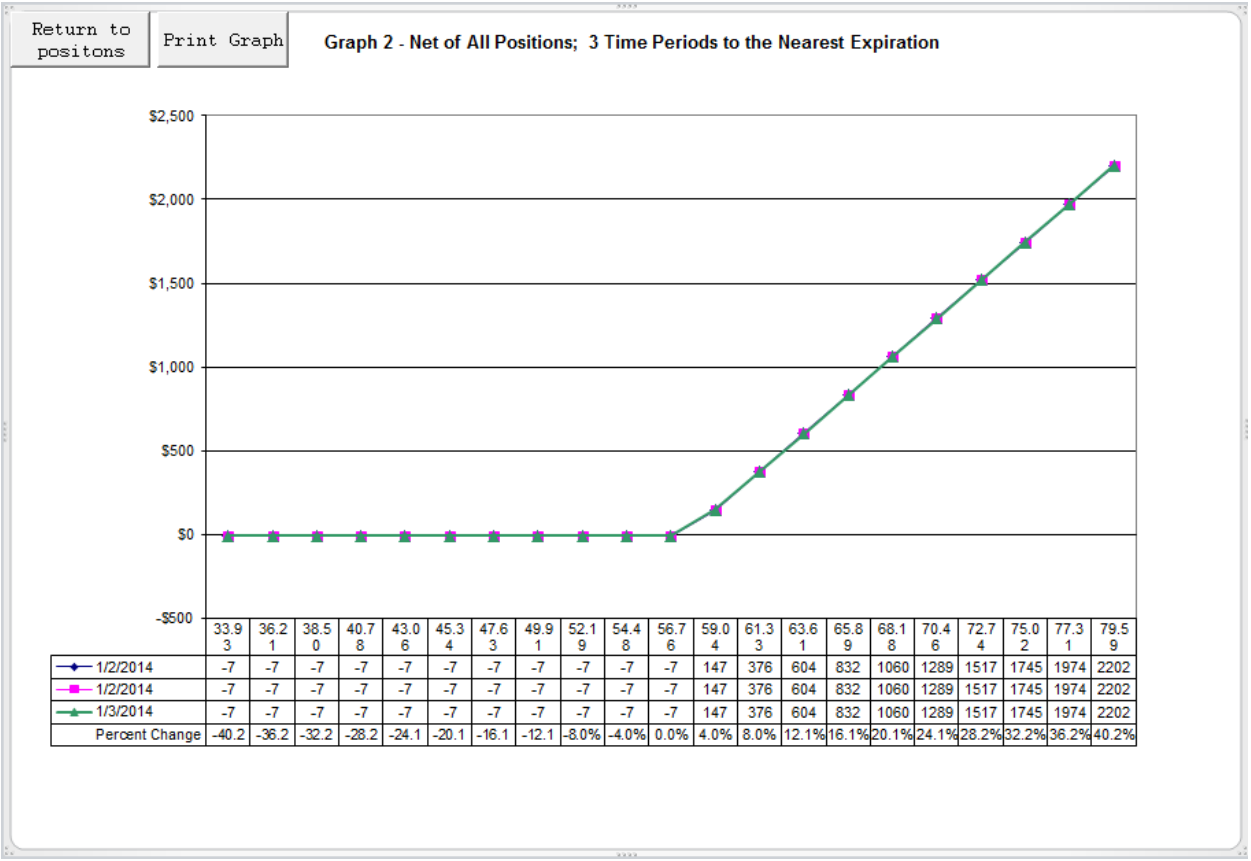
As for the graphs: Graph 1 in Figure 27 on page 34 shows the individual profit/loss positions of the stock and/or option positions to the nearest expiration date. The graph also displays the net profit/loss for all the positions (also to the nearest expiration). In our example, we have written 1 Walgreen Co. January 2014 $70 call (on 100 shares) at $1.292 and bought 1 January 2014 $57.5 calls at $0.164 with the stock at $56.76. Graph 2 shows the expected gains or losses (i.e., P/L) of the combined positions if the stock moves up or down over the three specified time periods. (Notice that in this example, the combined position makes its maximum profit if Walgreen ends up at or above $79.59.)

Figure 27 - Graph 1: Individual Options and Net to the Nearest Expiration



	33.93	36.21	38.50	40.78	43.06	45.34	47.63	49.91	52.19	54.48	56.76	59.04	61.33	63.61	65.89	68.18	70.46	72.74	75.02	77.31	79.59
Pct	-40%	-36%	-32%	-28%	-24%	-20%	-16%	-12%	-8%	-4%	0%	4%	8%	12%	16%	20%	24%	28%	32%	36%	40%
Jan 2014 70.0 C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Jan 2014 57.5 C	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	147	376	604	832	1060	1289	1517	1745	1974	2202
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	147	376	604	832	1060	1289	1517	1745	1974	2202

Figure 28 – Net of All Positions; 3 Time Periods to the Nearest Expiration



	33.93	36.21	38.50	40.78	43.06	45.34	47.63	49.91	52.19	54.48	56.76	59.04	61.33	63.61	65.89	68.18	70.46	72.74	75.02	77.31	79.59
1/2/2014	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	147	376	604	832	1060	1289	1517	1745	1974	2202
1/2/2014	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	147	376	604	832	1060	1289	1517	1745	1974	2202
1/3/2014	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	147	376	604	832	1060	1289	1517	1745	1974	2202
Percent Change	-40.2	-36.2	-32.2	-28.2	-24.1	-20.1	-16.1	-12.1	-8.0%	-4.0%	0.0%	4.0%	8.0%	12.1%	16.1%	20.1%	24.1%	28.2%	32.2%	36.2%	40.2%

E. Adjusting Parameters

You can change several of the variables that go into making the calculations and graphs by modifying the chart parameters box. In this box, you can change the interest rate to reflect current conditions or create your own scenarios by changing the rate higher or lower. In addition, you can change the three trade dates that are used in Graph 2 in Figure 27 above. By default, the trade dates are set as today's date, the latest expiration date and median date between today's date and the latest expiration. Finally, you can change the percentage range for the graphs by changing the Range +/- % number.

F. Other Options

There are two other ways you can input data into the *Whatifi4.Xls* spreadsheet. One method is by using one of our downloadable web-based Csv files. Under our interactive options and our options screener, you will find a link that says "Save as Csv". You can use this link to save an options chain (from interactive options) or the results from the options screener. Once saved, use the "Load Data Files" button to select the file, and it will automatically load into *Whatifi4.Xls*. It will also load all

the options in the file automatically into the "Add/Modify Positions" form. Additionally, you can manually enter your positions or change any of the numbers in the spreadsheet table.

G. New Features

You can also adjust the range shown in your graphs. This an important feature because all too often investors tend fall into the trap of wishful thinking about the range of possible outcomes (setting the range too narrow if they are net sellers of time premium and too wide if they are net buyers). To help the user set a range, we show a suggested range based on our adjusted volatility forecasts for the time to the nearest expiration. (This suggested range is equal to 1.5 standard deviations on either side of the stock price, a range that can be expected to cover all outcomes about 90% of the time.)

Another new feature is that we now allow the user to enter his or her actual trading prices in cells AY9 through AY12. That way, going forward, the user can track the likely P/L of trades that have already been established. If you leave these cells blank, Whatifi4.Xls will always update the position as if it is a new trade. Note: You can save Whatifi4.Xls under multiple filenames (e.g. WhatifiAMZN.Xls to track your spread on Amazon).

H. Troubleshooting

Q: Can I use my online portfolio (Port.Csv) or the Csv downloads from Selected Options (for the basic strategies in Whatifi4.Xls)?

A: You can, but you can evaluate positions on only one underlying stock at a time.

Q: The buttons don't do anything?

A: Make sure you press Enable Macros when you open Whatifi4.Xls. If you don't get any kind of messages regarding macros, make sure your security setting in Excel is set appropriately. Consult Excel's help to find out more about security settings.

Q: There is an error message: "No files are loaded, click on Update Data first."

A: You must load a data file (such as Allnew.Csv, Amzn.Csv, etc) in order to add positions. Refer to the instructions above.

XV. Excel Software: PorfolioTemplate.Xls

A. Using PortfolioTemplate.Xls

Once you open *PortfolioTemplate.Xls*, you will want to read in the data from Port.Csv. Simply click on the box marked "Open Portfile." Then you need to set up PortfolioTemplate.Xls by filling in the data in columns A through D. (See Figure 23 in our previous report dated 11/21/2013)

In column A, you type in the date on which you initiated the transaction. (While this is not absolutely necessary, we recommend that you do so to keep track of when you opened the position.)

In column B, you type in the ticker code. If you have a stock position, you can type in the stock ticker code. If you have an option position, type in the option ticker code. In our example, we have established a covered call on Walgreen. For the stock, simply type WAG, the ticker code for Walgreen common. For the call we wrote, July 47.50 call, you type WAG GW.

Figure 29 - PortfolioTemplate.Xls

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	Sort and Subtotal by Underlying,					Open Portfile							Pricing Date	Jan 25 2013 11:41AM				
2																		
3	Sort and Subtotal by Transaction,					Update New Positions												
4																		
5	Remove Subtoals																	
6																		
8																		
9	*Enter Data*				*From Portfile*							*Portfolio Calculat*						
10																		
11	Begin-ning Date	Symbc	Number of Shares	Beginnin g Price	Tran-sactio n	Compan g	Expiratio n	STRIKE	Common Price	Option Bid	Option Ask	Beginning Cost Basis	Mark to Market	Gain/ Loss	$Delta	. Ran k	d Opt. Ran	Cal MF Rar
12	8/18/09	ABT	-1000	4.20	CS	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	-$4,200	#N/A	#N/A	#N/A	#N/A	#N/A	#N/
13	4/20/09	ABT	1100	44.22	SB	#N/A			#N/A			$48,642	#N/A	#N/A	#N/A	#N/A	-	-
14																		
15	1/2/2014	WAG	-100	1.292	CS	Walgreen	1/3/2014	70										
16	1/2/2014	WAG	100	0.164	CB	Walgreen	1/3/2014	57.5										
17																		

In column C, you type in the number of underlying shares, whether it is an option or a stock position. (One option contract is for 100 shares, unless there has been a stock split.) For all buying (long) positions (stock buying, call buying, and put buying), you just type in the number (e.g., 100 for 100 shares or one call option). For all short positions (short stock, call writing and put writing), make sure to enter the number of shares with a minus sign e.g., "-100" or the short call on Walgreen. In column D, you need to type in your beginning stock and option prices. These prices should be the price at which you opened the position. For instance, if you have bought the Walgreen common, enter the stock price at which you executed the trade. In our example, the price is $56.76. If you had also written the Walgreen January $70.00 call, enter the price at which that transaction was executed. (Make sure that if you write the option that you enter the bid price and if you buy the option that you enter the ask price.)

Next Click on the box marked “Update New Positions.” This copies down the formulas that look up your option data. You then may want to sort, subtotal and total your portfolio. You can either subtotal by underlying stock or ETF as shown in Figure 23. Alternatively, if you wish, you can subtotal by transaction type.

B. Your Portfolio Updates

Each time you update *PortfolioTemplate.Xls*, you need to (1) download the latest *Port.Csv*, (2) open *PortfolioTemplate.Xls* and (3) click on “Open Portfile.” The template will display the updated prices, gains and losses, ranks and covered call risk/return calculations. It will also indicate the date of the update as shown at the top of column N.

XVI. Excel Software: Spreadsearch2.Xls

This is a new, more flexible, template (replacing Spreadsearch.Xls) that finds favorably priced spreads from among the 100,000+ options that trade every day. The main new feature of Spreadsearch2.Xls is that it can search for *long and short calendar spreads* as well as for *bull and bear spreads*. Spreadsearch2.Xls is also set up so you can filter these favorably priced spreads for those that best suit your needs.

A. Favorably Priced Bull and Bear Spreads

Bull call spreads are when you buy the lower-strike, higher-premium, call and write the higher-strike, lower-premium, call. Your account is debited the net premium that you pay to establish these spreads; therefore, they are call *debit spreads*.

Bear put spreads are when you buy the higher-strike, higher premium put, and write the lower-strike, lower-premium, put. With the bear put spread, your account is also debited. Hence it is also a *debit spread*.

Bull put spreads are when you write the higher-strike, higher-premium, put and buy the lower-strike, lower-premium, put. With the bull put spread, you actually take in premium, which is credited to your account; therefore, the bull put spread is called a *credit spread.*

Bear call spreads are when you write the lower-strike, higher-premium, call and buy the higher-strike, lower-premium, call. It is also a *credit spread.*

In *Spreadsearch2.Xls* (and in our other templates as well), we show option purchases (long positions) as positive numbers and option writes (short positions) as negative numbers. Netting everything out, debit spreads are positive (+) and credit spreads are negative (-).

Thus, a debit spread is favorably priced when the net debit of the spread is less (narrower) than the net debit of our *Estimated Normal Prices*. (Our *Estimated Normal Prices* are the prices of the options calculated from our *Adjusted Volatility Forecasts*.) A credit spread is favorably priced if the net credit is less (wider) than the net credit from the estimated normal prices.

B. Favorably Priced Calendar Spreads

You create a calendar spread when you buy a call (or a put) on a certain stock at one strike and expiration, and write another call (or put, but not a call and a put in the same spread) at the same strike but at a different expiration.

A long calendar spread is the combination of buying the longer-dated option (call or put) and writing the shorter-dated option. The long calendar spread requires a net payment – or debit - of premium since the longer-date long option costs more than the short-dated short one. However, the spread tends to make money if time passes and the stock stands still. This is because the shorter-term written option will tend to lose value at a faster rate than the longer-term purchased option.

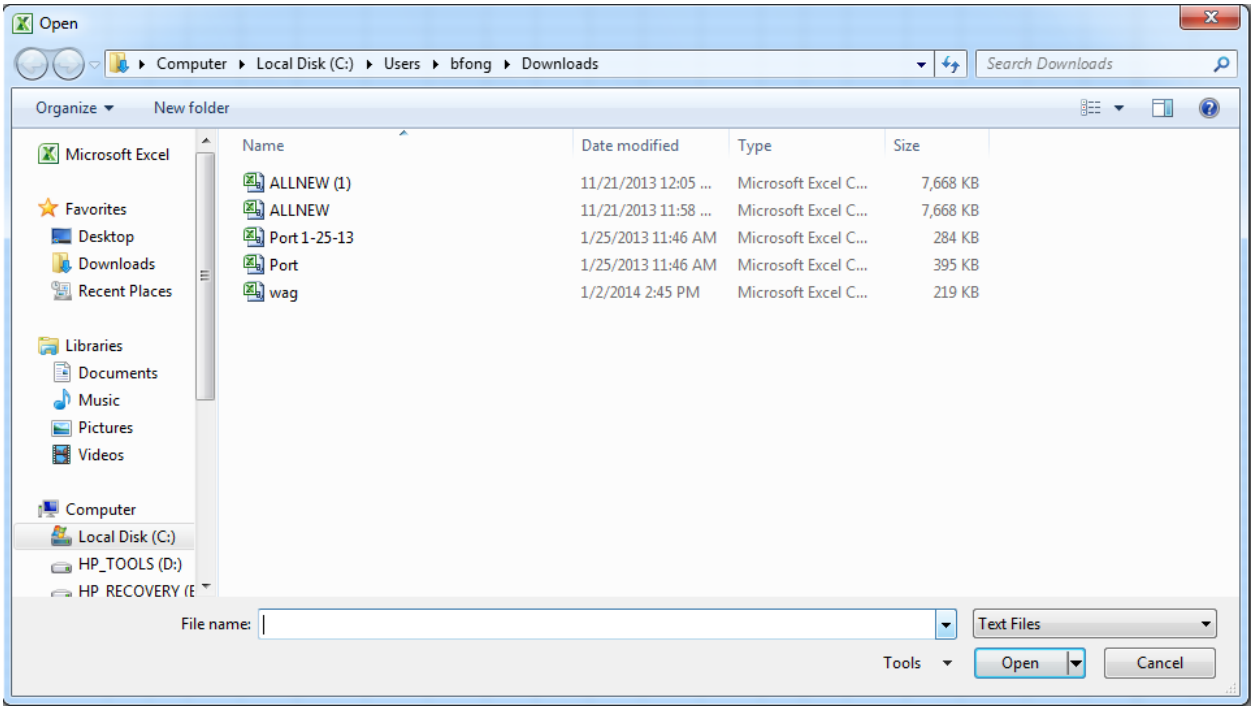
There is no margin required on long calendar spreads because they have limited risk (your maximum loss is the net premium). Therefore, long calendar spreads struck close-to-the-money are popular as an alternative to short straddles, which have potentially unlimited losses and which require a margin.

C. Using Spreadsearch2.Xls

You can download Spreadsearch2.Xls at our website from our *Options Templates* directory. Once it is downloaded, you can use the template as often as you like. Spreadsearch2.Xls can use either our daily *File Downloads* (Allnew.Csv, Calls.Csv, or Puts.Csv) or it can use the option data on individual stocks that you save from *Interactive Options* or the *Option Screener.*

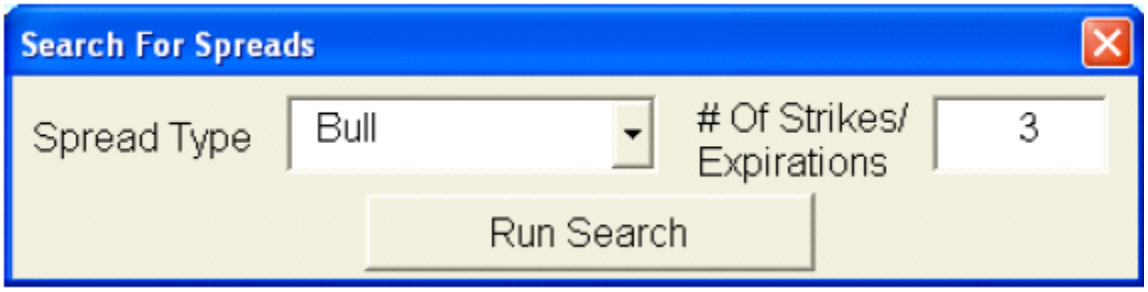
To operate Spreadsearch2.Xls, first open it in Excel. Then click on the button marked “Load File.” You will see a dialogue box from which you can select the desired data file. (See Figure 28 on page 38.) In our example, we have selected Allnew.Csv, which contains our 25,000 most liquid calls and puts.

Figure 30 - Dialogue Box to Select Data File



Once you have loaded the data into the Spreadsearch2.Xls, you can search for spreads. Click on the button marked "Search." You will see the dialogue box as shown in Figure 29.

Figure 31 - Dialogue Box for Search



First, select your *Spread Type* from the drop-down menu. These choices are *Bull, Bear, Long a*nd *Short.* These spread designations are for both calls and puts (e.g., bull call and bull put spreads if you select *Bull*). Next, enter the number of *Strikes* or *Expirations* in the spread in the appropriate box.

Now click on *Run Search*. The *Summary* near the top will show the type of spread selected, number of strikes or expirations, and the number of favorably priced spreads found in the data. Here is an example. If you selected *Bull* and entered 3 for *# of Strikes*, you will be searching for favorably priced bull spreads, where you are buying an option at one strike and writing another option that is 3 strikes higher. Running this search on Allnew.Csv on September 5, 2008 found 3,285 favorably priced bull put and bull call spreads in that file.

D. Narrowing Down Your Selection

You can use Excel's built-in auto filter to further refine the results you received from Spreadsearch2.Xls. To do this, place your cursor in cell A12. Then click Tools->Filter->Autofilter. Arrows should appear next to the column headings. Use the arrows to select a particular value for a field, or you can also click on custom to enter your own. In our Figure 31 example, we have selected bull spreads in which the strike price of the option written is fairly close-to-the-money (% in-out greater than or equal to -5% and less than or equal to 5%), where the option written is over-valued (under/over greater than 0%) and in which the underlying stock has a common rank of 1 or 2 and a technical rank of 1 or 2. As the example shows, we have narrowed the search to 31 favorably priced spreads that meet these criteria.

Figure 32 - Filtered Spreadsearch2 Example

SpreadSearch2.Xls - Search for Favorably Priced Spreads

File: ALLNEW.CSV - 09/

Load File | Remove Data | Search

Summary

Spread Type	# of Strikes/ Expirations	Opportunities Found
Bull	3	45

Quick Instructions

1) Click on Load File to select a .Csv file to load

2) Click on Search and select your filter, type of spread and # of Strikes/Expirations

For full instruction see ot041025.pdf

	Basic Information						Option Purchased							Option Written							Spread Summary		
	Compa	C/ P	Cm Tkr	Cm Price	Cm	Tot	Option Tkr	Exp'	Strike	Price	Est' Norma	% In- or Out o	Under/ Over	Option Tkr	Exp'	Strike	Price	Est' Non	% In- or Out of	Under/ Over	Net Prem.	Net Est	Diff
85	Agnico-Ea	C	AEM	31.32	1	1	AEM AD	Jan-07	20.00	11.90	11.99	36.1%	-7%	AEM AF	Jan-07	30	4.4	4.33	4.2%	2%	7.59	7.66	(0.16)
164	Amylin Pha	C	AMLN	44.2	2	2	AQM AF	Jan-07	30.00	15.50	14.94	32.1%	32%	AQM AI	Jan-07	45	4.4	3.46	-1.8%	27%	11.10	11.48	(0.38)
167	Amylin Pha	P	AMLN	44.2	2	2	AQM VF	Oct-06	30.00	0.15	0.23	-32.1%	-9%	AQM VI	Oct-06	45	2.45	2.13	1.8%	18%	(2.30)	(1.90)	(0.40)
173	Amylin Pha	P	AMLN	44.2	2	2	AQM MF	Jan-07	30.00	0.90	0.32	-32.1%	26%	AQM MI	Jan-07	45	4.6	3.62	1.8%	26%	(3.80)	(3.30)	(0.50)
178	Amylin Pha	P	AMLN	44.2	2	2	YNN MF	Jan-08	30.00	3.10	0.43	-32.1%	97%	YNN MI	Jan-08	45	8.5	5.74	1.8%	43%	(5.40)	(5.31)	(0.09)
275	Archer Dar	C	ADM	38.74	1	2	ADM AE	Jan-07	25.00	14.20	14.29	35.5%	-7%	ADM AH	Jan-07	40	2.45	2.03	-3.3%	18%	11.75	12.26	(0.51)
276	Archer Dar	C	ADM	38.74	1	2	WRA AE	Jan-08	25.00	15.60	15.25	35.5%	15%	WRA AH	Jan-08	40	5.7	4.68	-3.3%	26%	9.90	10.67	(0.77)
279	Archer Dar	P	ADM	38.74	1	2	ADM ME	Jan-07	25.00	0.10	0.32	-35.5%	-21%	ADM MH	Jan-07	40	3.2	2.69	3.3%	19%	(3.10)	(2.57)	(0.53)
291	AtheroGen	P	AGIX	13.04	2	2	AUB MA	Jan-07	5.00	0.35	0.37	-61.7%	-2%	AUB MV	Jan-07	12.5	2.2	1.18	-4.1%	69%	(1.85)	(0.81)	(1.04)
501	CONSOLE	C	CNX	31.18	2	1	CNX AC	Jan-07	15.00	16.50	16.54	51.9%	-4%	CNX AZ	Jan-07	32.5	2.8	2.35	-4.2%	16%	13.70	14.19	(0.49)
503	CONSOLE	P	CNX	31.18	2	1	CNX MD	Jan-07	20.00	0.25	0.31	-35.9%	-5%	CNX MF	Jan-07	30	2.4	1.59	-3.8%	37%	(2.15)	(1.27)	(0.89)
718	Exxon Mob	C	XOM	66.43	2	2	XOM JY	Oct-06	57.50	9.20	9.03	13.4%	54%	XOM JM	Oct-06	65	2.45	2.28	2.2%	14%	6.75	6.75	(0.00)
727	Exxon Mob	P	XOM	66.43	2	2	XOM VY	Oct-06	57.50	0.10	0.02	-13.4%	35%	XOM VM	Oct-06	65	0.85	0.74	-2.2%	9%	(0.75)	(0.72)	(0.03)
729	Exxon Mob	P	XOM	66.43	2	2	XOM WK	Nov-06	55.00	0.15	0.03	-17.2%	29%	XOM WM	Nov-06	65	1.55	1.32	-2.2%	12%	(1.40)	(1.29)	(0.11)
794	Frontier Oil	P	FTO	26.19	2	1	FTO YD	Oct-06	20.00	0.10	0.04	-23.6%	17%	FTO YY	Oct-06	27.5	2.2	2.13	5.0%	5%	(2.10)	(2.09)	(0.01)
809	Garmin Ltd	P	GRMN	45.34	1	1	GQR MI	Jan-07	37.50	1.50	0.60	-17.3%	42%	GQR MI	Jan-07	45	4.3	3.31	-0.8%	27%	(2.80)	(2.71)	(0.09)

XVII. Excel Software: Trakrec.Xls

This template computes the risk- adjusted returns of our different strategies, including our "market neutral" combinations. One particularly useful feature of the template is its ability to find optimal allocations, not only of option strategies, but also of cash, stocks, and bonds.

A. Quarterly Returns and More

Trakrec.Xls contains the quarterly Return on Investment numbers from the beginning of 1980 through the most recent quarter (i.e., more than 33 years). We derive these numbers from our option rank performance, which we adjust to reflect real-world market conditions. We do this by assigning part of the weighting to our "hold" ranks (e.g., 66% rank 1 "buy" and 33% rank 2 "hold" for Call Buying) and by marking these combined returns lower to reflect bid/ask spreads and commissions. (See "How We Evaluate Our Performance," Ot120419.Pdf, in our *Reports Archive*.)

In addition, Trakrec.Xls contains the returns on other basic asset classes: stocks (the S&P 500 total return), bonds (the Lehman AGI Index) and interest-bearing cash. These asset classes help investors test which option strategies go best with the rest of their financial assets.

In Figure 31, we show rows 1 through 20 of Trakrec.Xls. Rows 21 through 125 contain the actual quarterly data and the cells that perform the necessary calculations. Users enter various portfolio allocations in the cells in row 20 (e.g., cell B20 for Put Buying; cell C20 for Put Writing, etc.). It is important to note that the weights for the entire portfolio should always add up to 100%. For this reason, we have put a formula in cell L19 so that there is a residual weighting for interest-bearing cash if the other weights add up to less than 100%. You can change this set-up if you so wish. In cells A2 through F14, we summarize the results for the various allocations. In column B, we show the performance of the entire 27-plus year period. We also show three sub periods: (1) Q1 1980 through Q4 1990 (Column C), (2) Q1 1991 through Q4 1999 (Column D), (3) Q1 2000 through Q4 2009, (4) Q1 2010 through the latest quarter (Column E).

Figure 33 - Rows 1 through 23 of Trakrec.Xls

1	**Trakrec**	**Portfolio**					**S&P 500**				
2	**Updated**	*Entire*	*1980 -*	*1991-*	*2000-*	*2010-*	*Entire*	*1980 -*	*1991-*	*2000-*	
3	**9/25/2013**	*Period*	*1990*	*2000*	*2010*	*Latest*	*Period*	*1990*	*Latest*	*Latest*	
4		36.7%	22.6%	45.8%	32.2%	27.9%	12.0%	15.5%	9.9%	2.1%	
5	*Std Annual*	21.8%	23.5%	24.6%	15.0%	23.3%	16.2%	16.9%	15.7%	17.7%	
6	*Rel Vol*	44.4%	47.9%	50.3%	30.6%	47.5%	33.1%	34.6%	32.1%	36.1%	
7	*Sharpe Ratio*	1.4098	0.5899	1.7071	2.0035	1.1063	0.3649	0.4000	0.3965	(0.0059)	
8	*Rel Sharpe Ratio*	3.86	1.47	4.31	nmf	nmf	1.00	1.00	1.00	nmf	
9	*covar vs S&P*	0.00	(0.00)	0.00	0.00	#N/A	0.01	0.01	0.01	0.01	
10	*correllation*	0.26	(0.15)	0.67	0.51	0.21	1.00	1.00	1.00	1.00	
11	*Beta*	0.33	(0.21)	1.26	0.43	#N/A	1.00	1.00	0.99	0.99	
12	*R2=*	0.07	0.02	0.45	0.26	0.04	1.00	1.00	1.00	0.99	
13	*Percent>0*	80.1%	61.4%	86.5%	88.6%	100.0%	70.4%	70.5%	70.7%	58.7%	
14	*Percent>S&P*	65.4%	38.6%	70.3%	79.5%	91.7%	0.0%	0.0%	0.0%	0.0%	
15											
16	Target Vol.	20.0%					*Long/*	*Long/*			
17							*Short*	*Short*	*S&P*	*Govt &*	
18		*Put*	*Put*	*Call*	*Call*	*Cov'd*	*Hedge*	*Hedge*	*500*	*Corp.*	*6-Mo*
19	100.0%	*Buy*	*Write*	*Buy*	*Write*	*Calls*	*Calls*	*Puts*	*Index*	*Bonds*	*T Bill*
20	WEIGHTS:	6.7%	0.0%	7.6%	0.0%	20.8%	0.0%	0.0%	25.0%	10.0%	29.8%
21	Mar-1980	166	-15	6	9	2	23	30	-4	-9	2.9
22	Jun-1980	-59	76	29	7	17	12	42	13	19	2.7

B. Using Solver

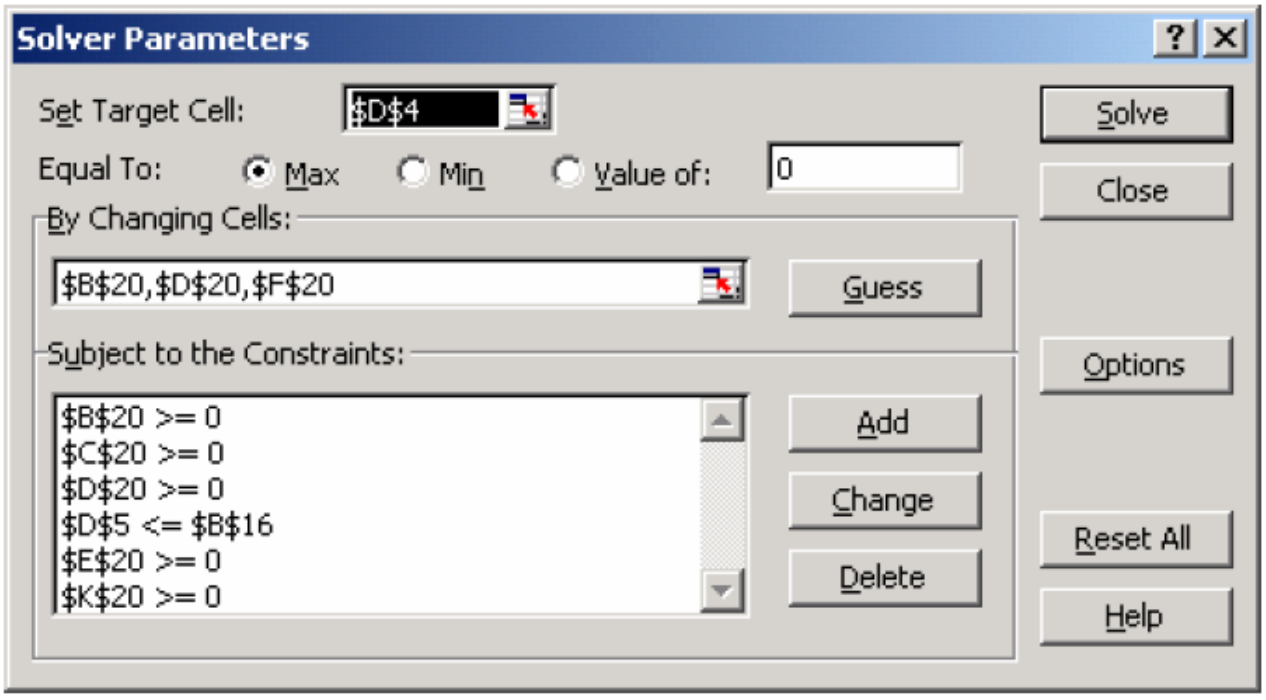
We have set the template up so subscribers can use Microsoft's Excel Solver to find optimal portfolio allocations. (See Figure 30 for an example of the Solver dialogue box.) You can activate Solver by clicking on Tools and then Solver in Excel. You can set your desired level of volatility by changing the number in B16. Solver is particularly helpful for investors who want to know which option strategies are best, given the composition of the rest of their portfolio.

In our example in Figures 31 and 32, we have set Solver to get the maximum return, with a volatility constraint of 20% assuming that 25% of the portfolio is held in the S&P 500 (cell I20) and 25% in bonds (cell J20).

The option strategies we are considering adding to the portfolio are put buying, call buying, and covered call writing. (To select these strategies, separate the cell references with commas). Solver computed the following "optimal" weights; 7.1% put buy, 6.0% call buy, 36.9% covered calls and zero percent interest-bearing cash (with 25.0% in the S&P 500 and 25.0% in bonds).

These weights produced a 36.2% annual return over the target period (cell D4), with an annual standard deviation of only 20%. On a risk-adjusted basis, this performance was very positive, with a Relative Sharpe Ratio* of 3.64.

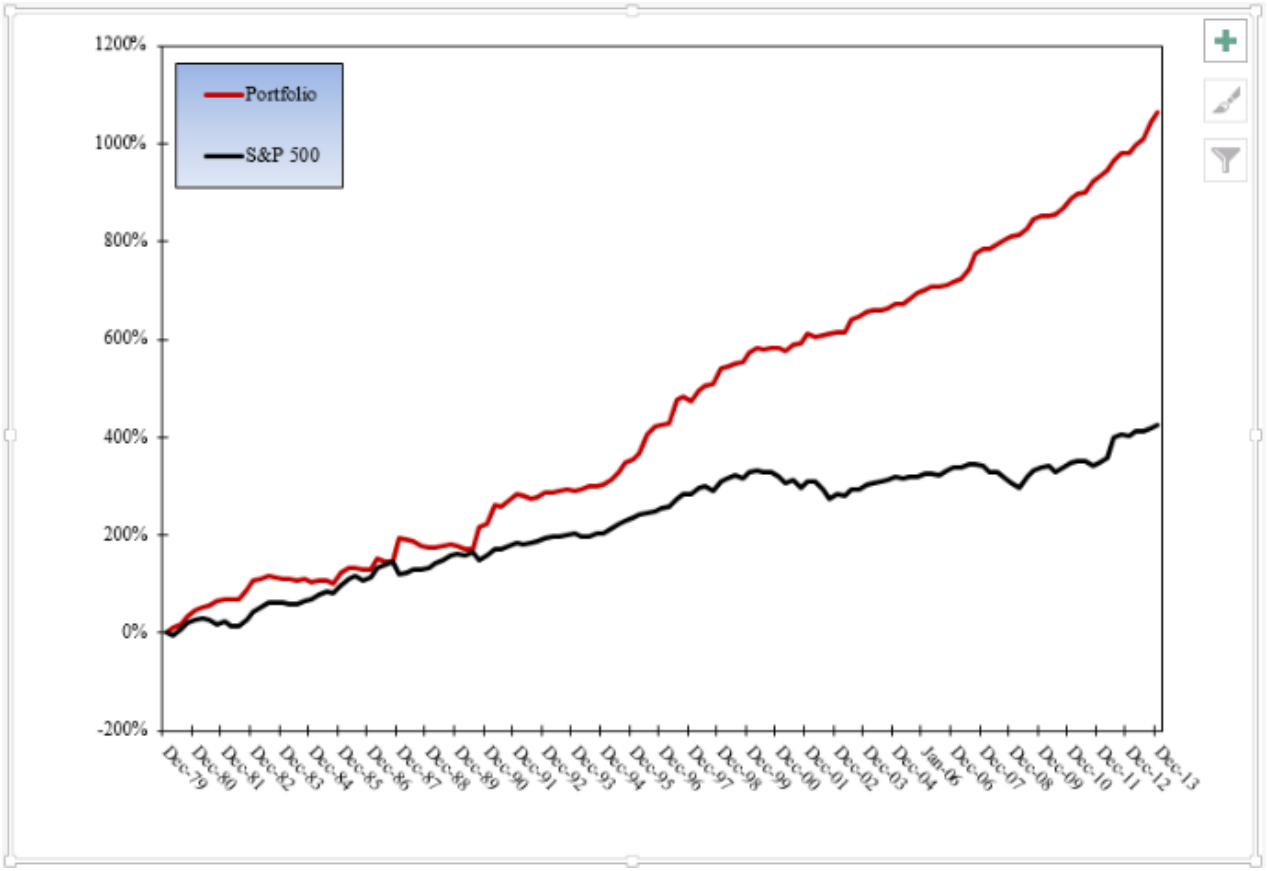
Figure 34 - Solver Parameters in the Dialogue Box



C. Our Graphs

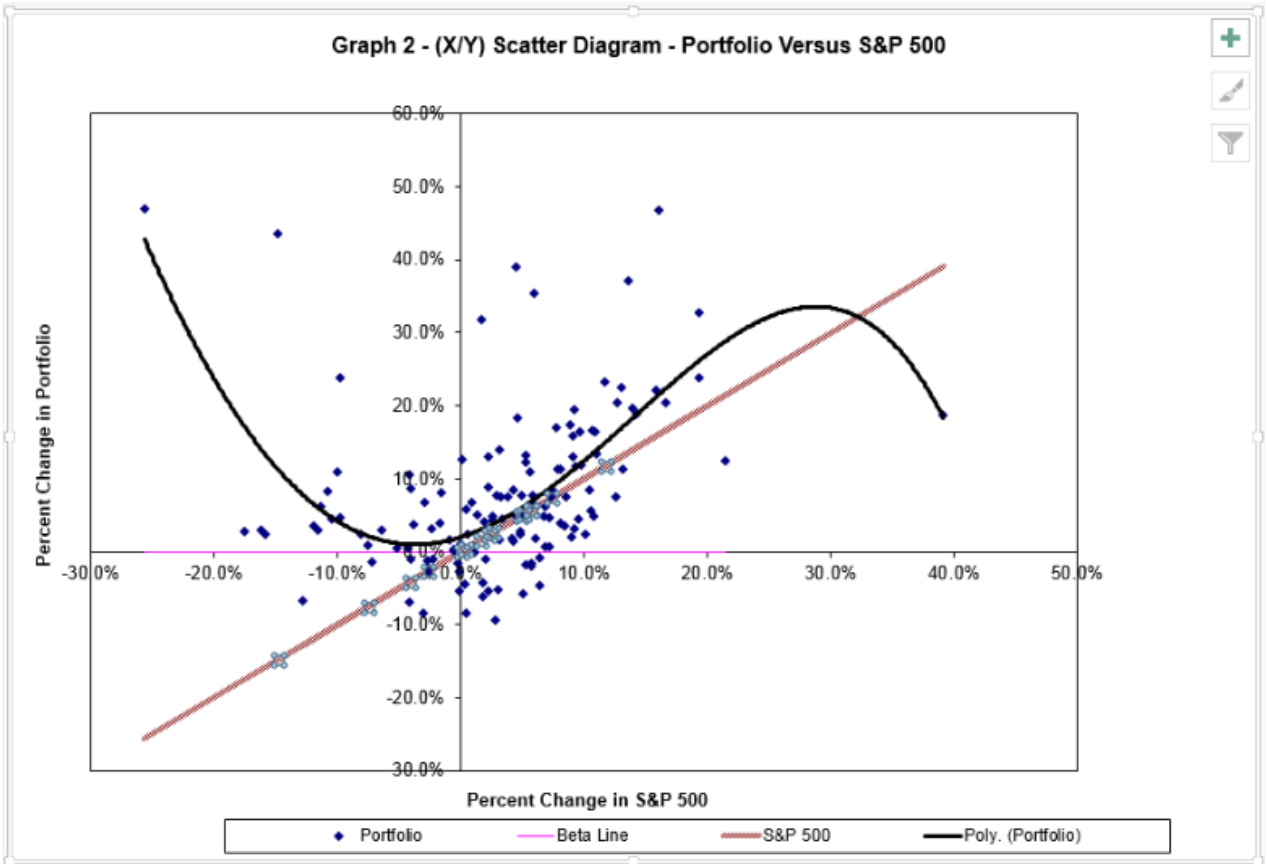
To help investors visualize the performance of our strategy allocations, we provide two graphs in this template. Graph 1 in Figure 35 below shows the performance of the above-mentioned portfolio from Dec 1979 – Dec 2013. This graph also shows the performance of the S&P 500.

Figure 35 - Trakrec.Xls Graph 1: Portfolio versus the S&P 500



Graph 2 in Figure 36 below, is an "X/Y" type graph, in which the S&P 500 returns are on the horizontal (or "X") axis and the portfolio returns are plotted along the vertical (or "Y") axis. If the portfolio is the diagonal line, then it has outperformed the S&P 500 over the period. Finally, we show how closely the portfolio tracks the stock market by also plotting out the Beta Line derived from regression analysis (in the form of: Portfloio = Constant (Alpha) + Beta x S&P 500). We have also added a polynomial regression fit of the portfolio to the market. This shows that the portfolio has tended to perform well when there has been a large move in either direction.

Figure 36 - Trakrec.Xls Graph 2



Prepared by the Option Strategist Team.