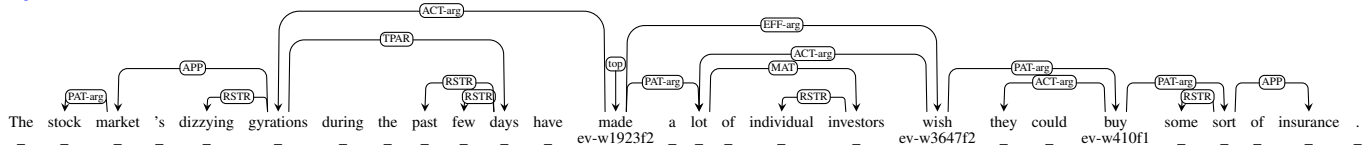
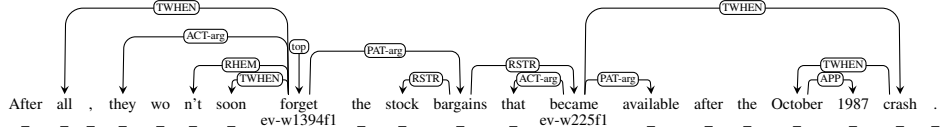


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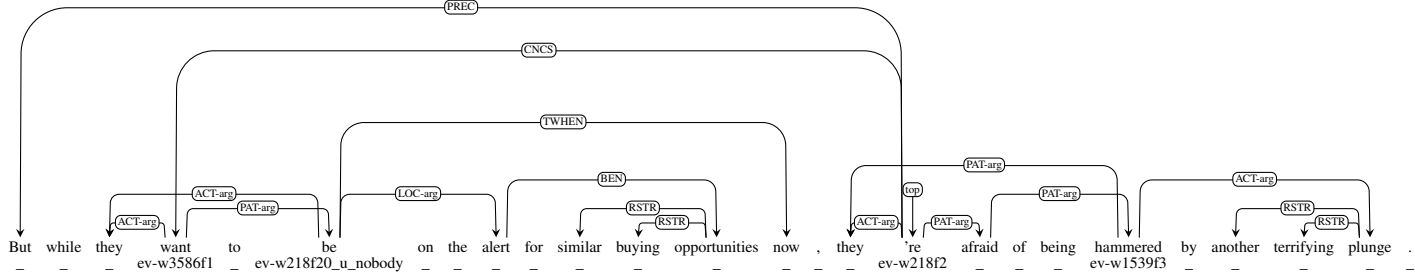
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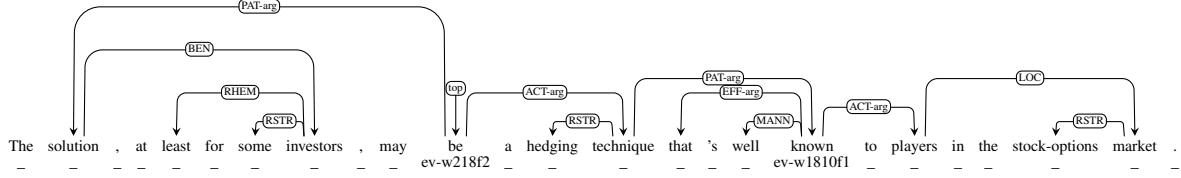
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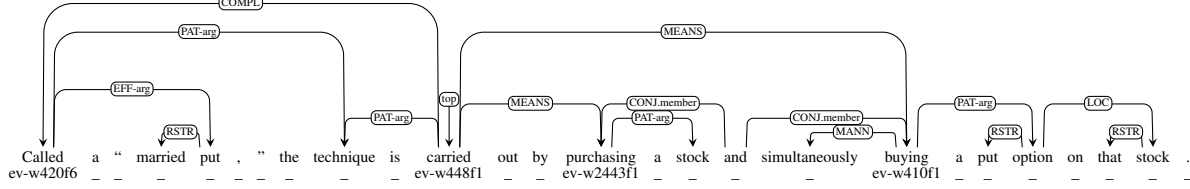
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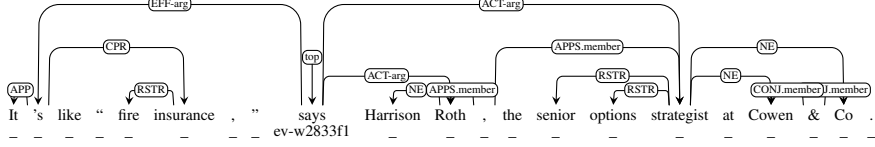
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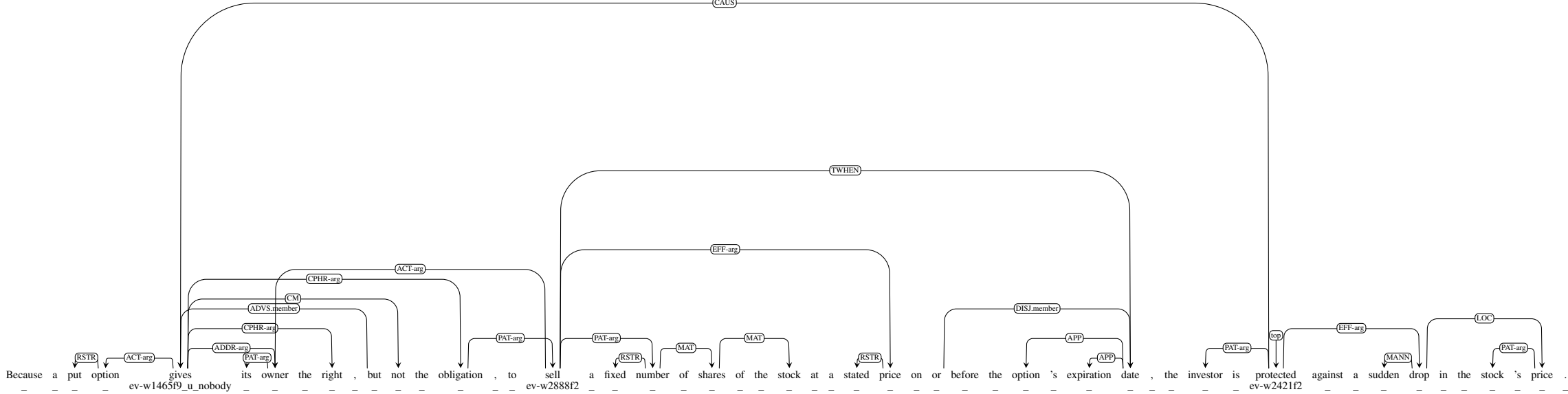
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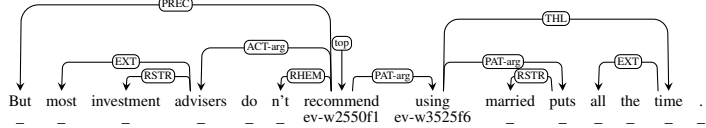
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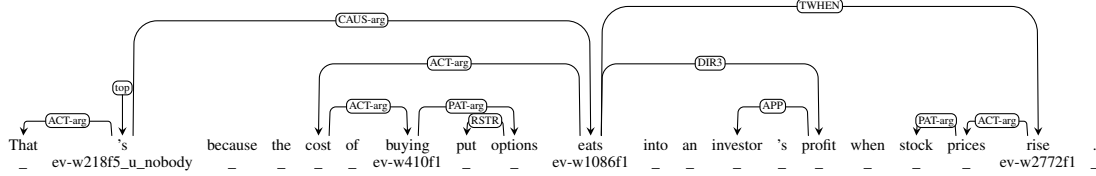
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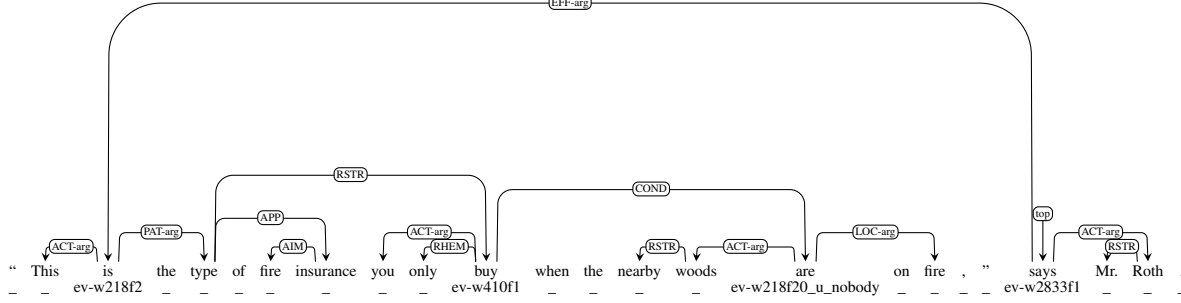
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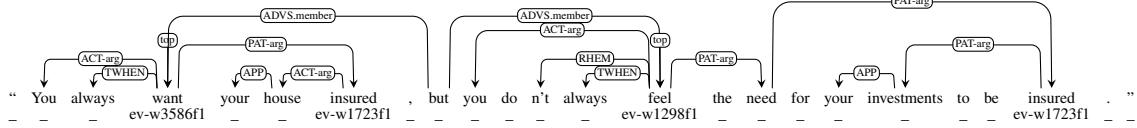
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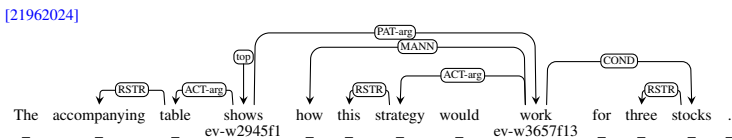
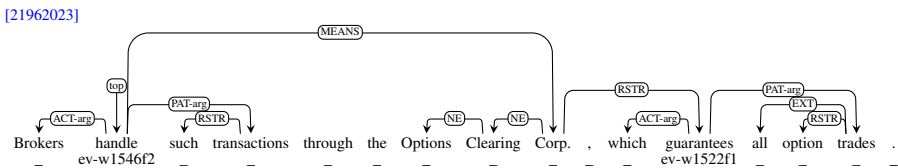
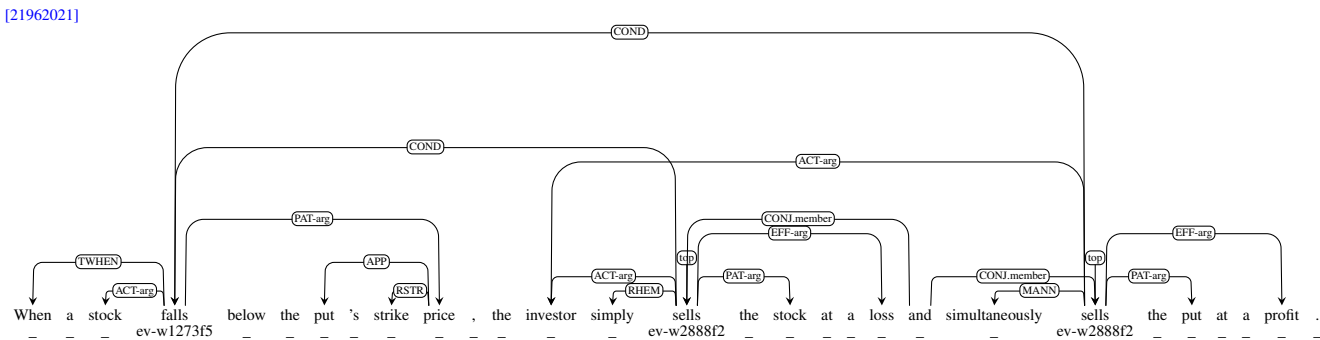
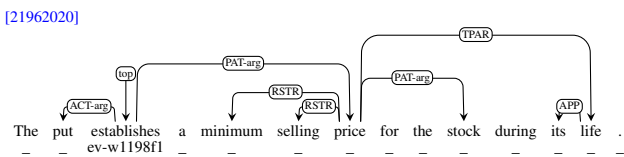
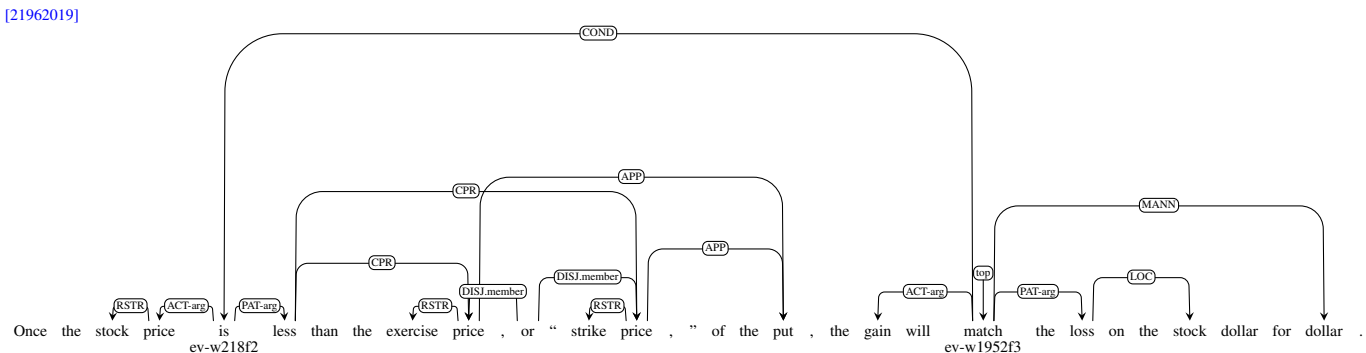
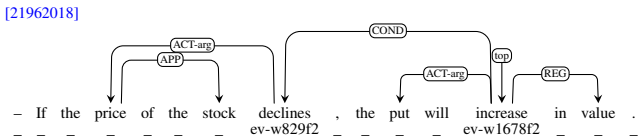
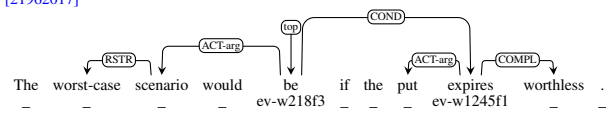
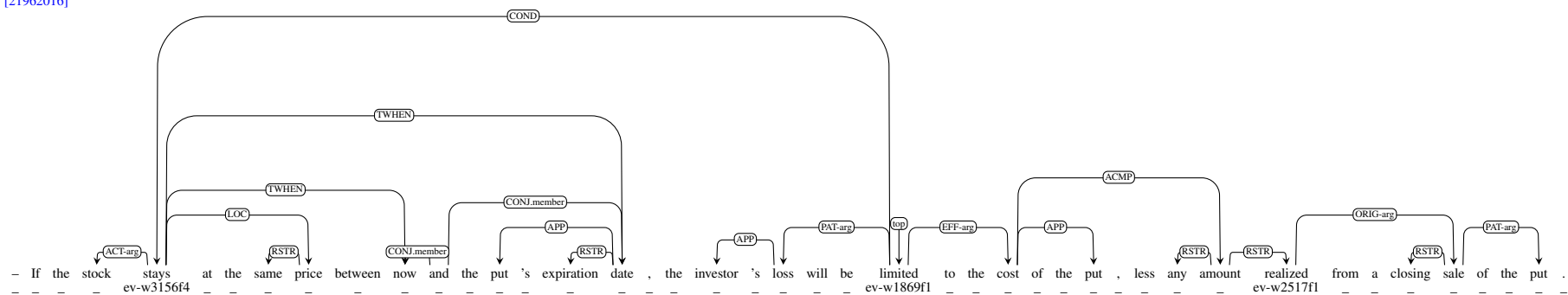
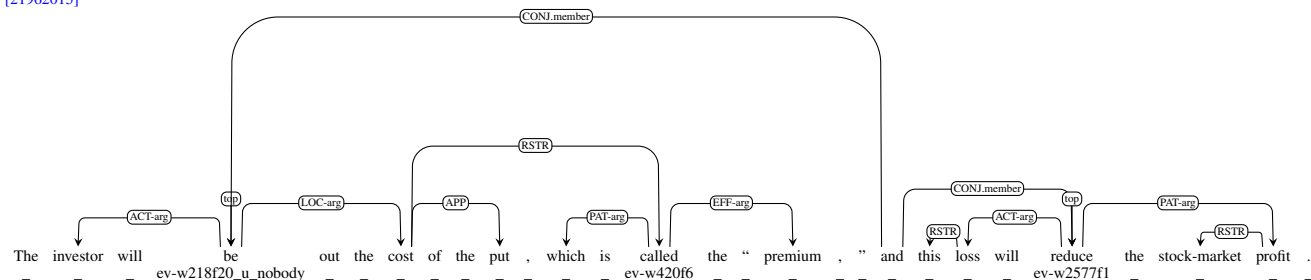
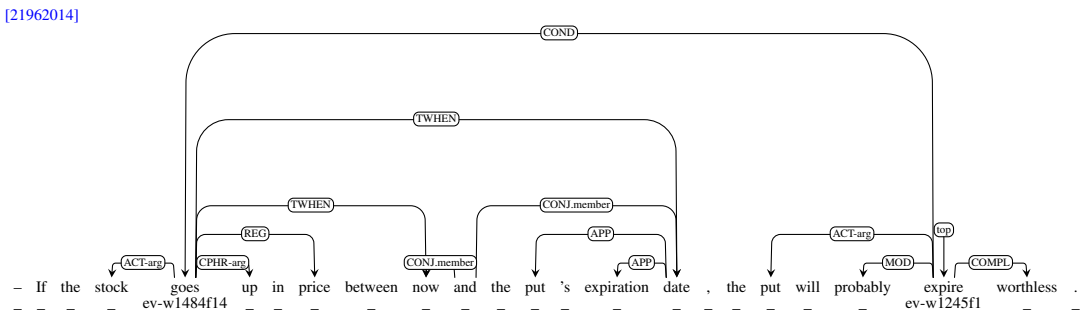
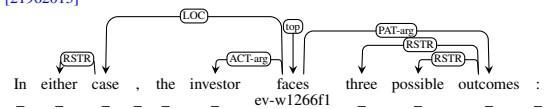
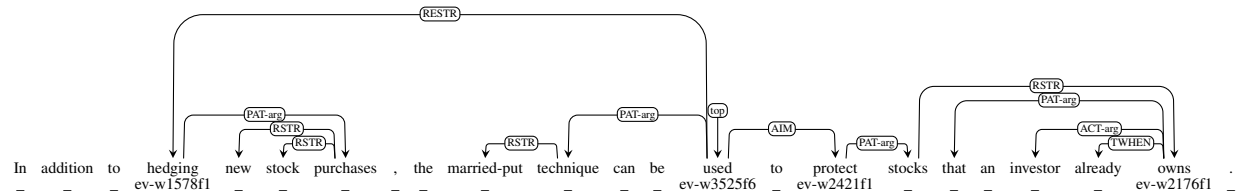
[21962010]



[21962011]



[21962012]



Though not reflected in the table, an investor should know that the cost of the option insurance can be partially offset by any dividends that the stock pays.

[21962026]

For example, Tenneco Inc. pays a quarterly dividend of 76 cents, which would be received before the February option expires and, thus, reduce the cost of using the technique by that amount.

[21962027]

In this case, the investor's risk would not exceed 3.6% of the total investment.

[21962028]

To simplify the calculations, commissions on the option and underlying stock are not included in the table.

[21962029]

There are more than 650 stocks on which options may be bought and sold, including some over-the-counter stocks.

[21962031]

They can do this by purchasing "index puts," which are simply put options on indexes that match broad baskets of stocks.

[21962032]

For instance, the most popular index option is the S&P 100 option, commonly called the OEX.

[21962033]

It is based on the stocks that make up Standard & Poor's 100-stock index.

[21962034]

Unlike options on individual issues, index options are settled only in cash, and no stock is ever tendered.

[21962035]

But while index options are convenient, they have several disadvantages.

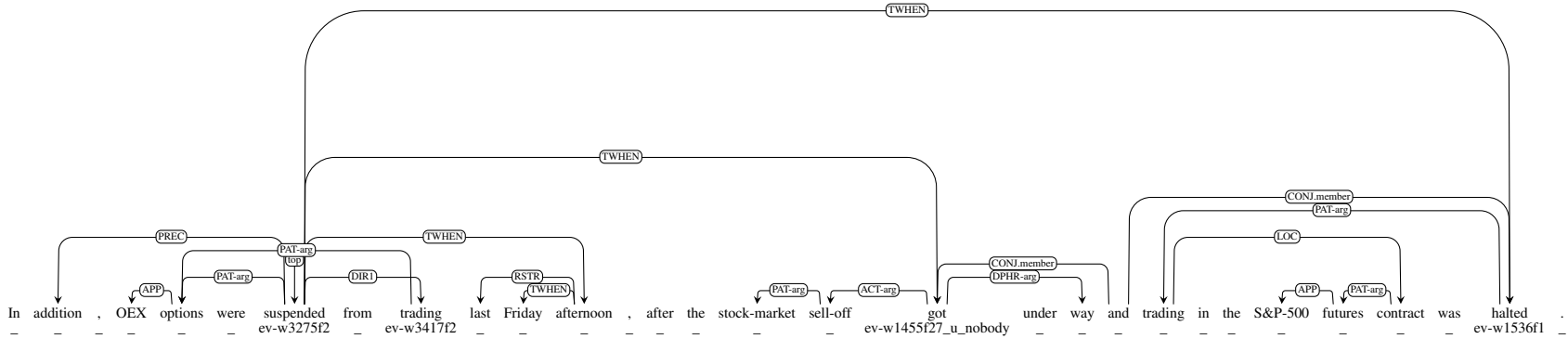
[21962036]

For one thing, an investor's portfolio might not closely match the S&P 100.

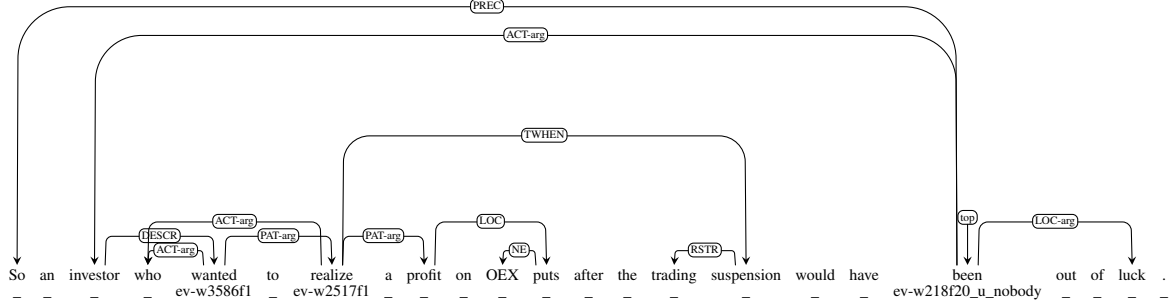
[21962037]

As a result, the OEX insurance may or may not fully protect an investor's holdings in the event of a market decline.

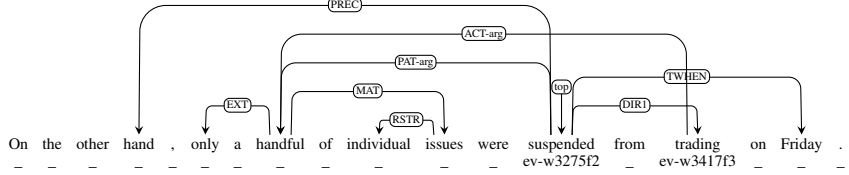
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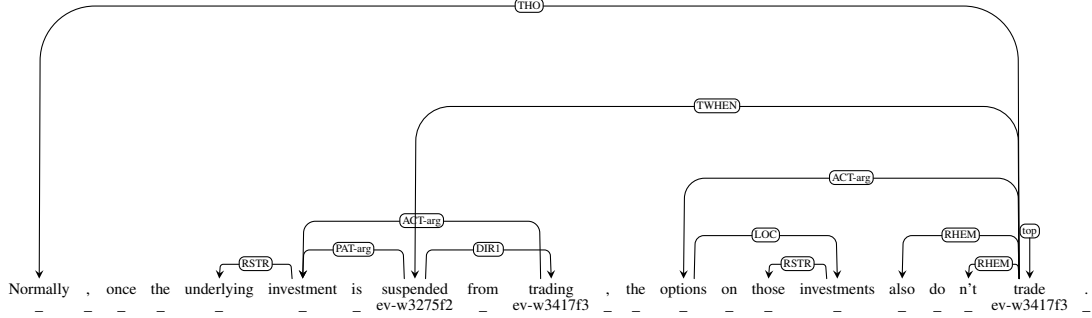
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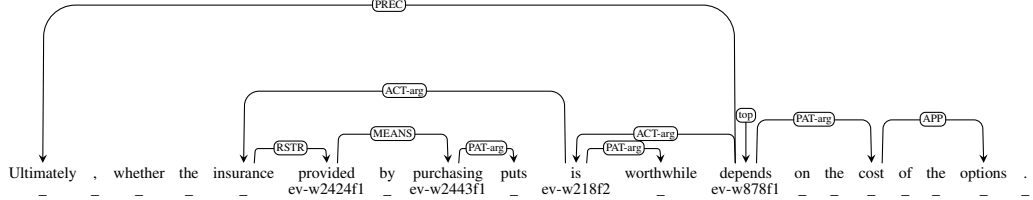
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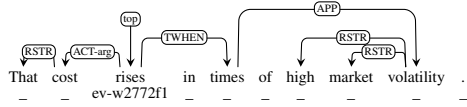
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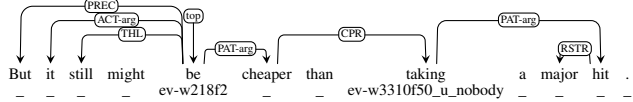
[21962042]



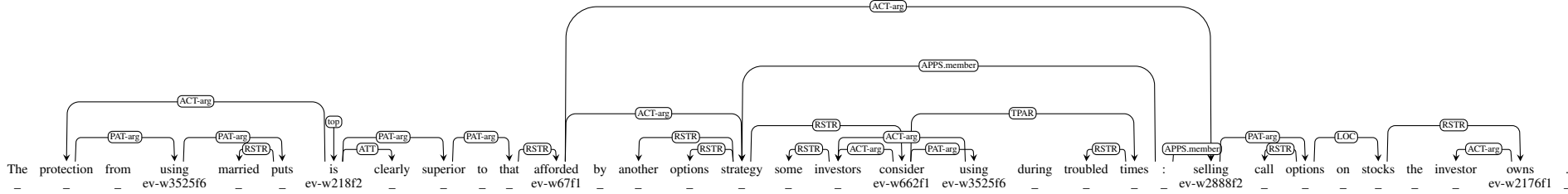
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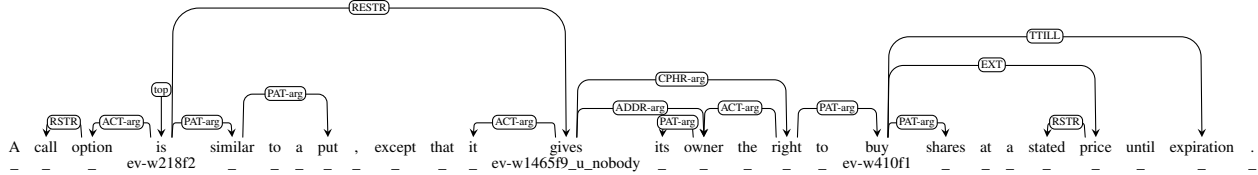
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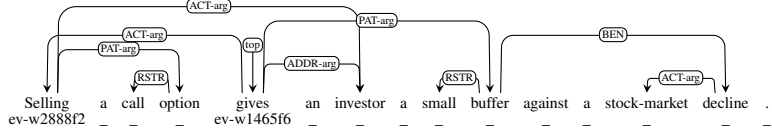
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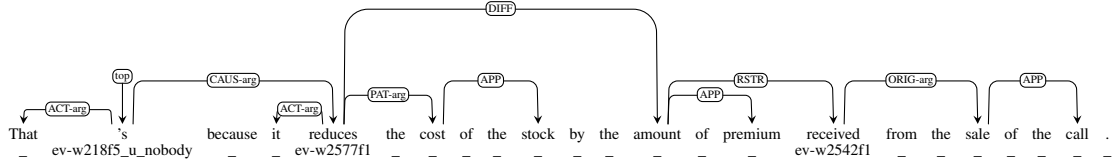
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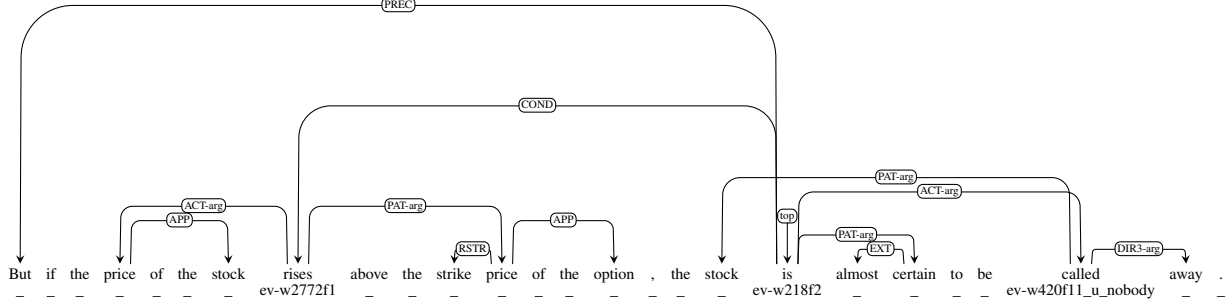
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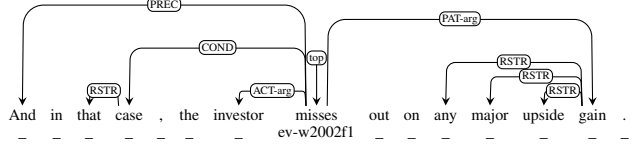
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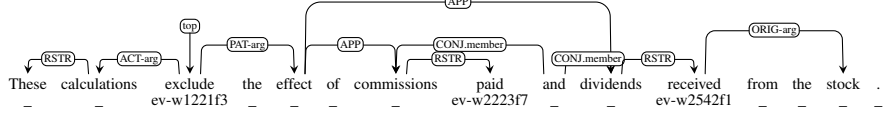
[21962049]



[21962050]



[21962051]



[21962052]

