

A Mere \$5,000 Investment In Each Recommendation Could Have Earned You:

\$178,500 gains in 2000...

\$184,525 gains in 2001...

and

\$222,987 gains in 2002

and we're up \$121,200 so far in 2003.

Imagine Earning An Average Gain of Between 80% and 105% on Every Trade You Execute! It's Now Possible With the Help One of The Most Prophetic and Profitable Trading Strategies Ever Made Available To The Average Person...

Dear Reader,

Every Sunday evening since 1999 I've been sending a small group of subscribers a private e-mail message (or fax, it's their choice) consisting of some very direct, very precise advice.

Nothing complicated...Just very precise.

And Monday mornings, before the market opens, they can follow my advice

"I've been a subscriber to Options Hotline for one month, and have just closed my first 2 trades. Already, the profits have paid for the price of the year's subscription

by placing their trade online or with their broker by telephone. What happens after that is virtually unheard of in investment circles.

three times over. Thanks for a great service!"

--Mike Davis

These investors have an opportunity to cash out a remarkable 60% of the time usually within 2 to 6 weeks!

That means about three of every five trades have the chance to wind up profiting. Not just ordinary profits, either. I'm talking...

- **529%** in September with Anglogold in ten weeks...
- **419%** in July with Sony Corp. in only seven weeks...
- **141%** this past April with Blockbuster in only five weeks...
- **392%** this past May with General Electric in under one month...
- **335%** this past May with Harrah's Entertainment in almost four weeks...
- **153%** this past June with Coca-Cola in only one month...
- **292%** this past November with Qualcomm in two weeks...
- **360%** this past October with Halliburton in little over one month...
- **858%** this past October with Navistar in little over two and a half months...
- **898%** this past September with TRW in only one month...
- **380%** in March with GE in 28 days...
- **130%** with Lexmark in 20 days to kick off 2002
- **628%** with Intel in three weeks...
- **838%** with Duke Energy in six weeks...
- **431%** with Pfizer in three weeks...
- **1,202%** with General Motors in six weeks...

And the list goes on and on...

Now, you may be wondering how we were able to make these kinds of gains that can turn \$5,000 into \$16,800 when Meridian Gold clearly didn't "go up"

296% in two weeks...or turn \$5,000 into \$36,400 when Intel's stock price didn't move 628% in 21 days...or turn \$5,000 into \$46,900 when Duke Energy shares clearly didn't rise 838% in six weeks...or turn \$5,000 into \$60,000 when General Motors didn't "move" 1,200% in six weeks...

Options: The Most Powerful Moneymakers On Earth

Well, we did it by using carefully selected options--an inexpensive, limited risk investment vehicle that lets you choose which way a stock is going to move.

Options work very simply: If the underlying stock upon which you bought your option doesn't move the way you choose, you can lose all or a portion of whatever amount of money you decide to put in. It could be as little as \$500 if you like--you decide how much you want to risk...

However--if the stock does move the way you bet--you can make a great deal of money, as the profits I've shown you so far prove out.

Because while your downside is always limited to the amount you decide to risk--your upside profit potential is unlimited! And therein lies the powerful secret to profiting from options: limited risk, but unlimited return.

Another great thing about options is that they let you profit in any market. You can profit when prices are going up--and when prices are going down. Even in a volatile market, options let you ride the up-and-down roller coaster to your advantage.

I'll tell you all about options--and the extremely successful options trading strategy I use that has a long history of producing "home run" profits very quickly for those who follow my advice.

I'll also clear up the perception that options are risky. I won't dispel the

notion, mind you. Because in the wrong hands, options are risky. But you can limit your risk simply by using some sensible money-management techniques I'll share with you in this letter. You'll soon see why trading options my way puts the odds of success clearly in your corner--and puts you in an excellent position to profit time after time.

But before I get to all that, please allow me to introduce myself.

Option Trading Is "In My Blood"

My name is Steven Sarnoff. I'm a successful options expert. By 'successful' I mean that I'm able to create opportunities consistently to make a lot of money for those who follow my advice.

"I have newly become a member of your service. My first trade was a 50% gain, my second trade is hard to believe, a 750% gain in one working day."

--Eddie Louvierre

Sometimes I'm asked how I was able to become so successful in such a difficult game. I simply tell them I learned from the best--and that options have been 'in my blood' since I was a child. My father, Paul Sarnoff, gained international fame on Wall Street as an options master. You may have read about him or seen him on the financial channels from time to time.

A true pioneer in this field, he offered the very first options trading classes to ordinary investors back in the 1950s. Twenty-two people paid \$25 to listen to his very first session. Five weeks later, those who applied his advice were \$50,000 richer.

Word got out fast and his next session drew 200 people, including a man my father befriended named Billy Rose. He was a rich man who wanted to become richer. And that he did. Using options, and the advice my father gave him, his \$8 million portfolio mushroomed to \$45 million over the next four years.

It wasn't long before a moneymaking legend was born. And over the next half century my father made billions for thousands of people who he offered his recommendations and taught his secrets to, including subscribers to his private options advisory service called **Options Hotline** .

What does all this have to do with me? And how can it help you get rich?

Let me explain.

Some 30 years ago, my father took me under his wing to learn his craft. For the first decade, I watched and listened and soaked everything I could in. But mostly I marveled at his genius. Is it really that easy to make money, I often remember wondering...

I worked closely with my father and absorbed all the wealth of his decades of vast knowledge. At the same time, consistent with his wish to give his children their 'wings,' I created my own unique technical charting system. Built on the foundation of the knowledge he provided, I developed my own secrets and techniques to match his phenomenal success in picking hugely profitable trades...time and time again.

I joined my father as co-editor of **Options Hotline** in 1995--the very service that has produced the substantial profits you've seen so far in this letter, and others I'll tell you about in a moment.

My father passed away four years ago, after a very good life, at the age of 80. But I'm blessed to have worked so closely with him over the years. It was always his wish for me to carry on his work--something I'm honored and privileged to do.

He was a wonderful teacher, and I was a most willing student. And one of the very first things he taught me about options is this:

Trading options is the best way to get very rich, very quickly.

That, he would say, is a "hands down" fact.

Nowhere else can you routinely double and triple your money in a matter of weeks...sometimes days. Nowhere else is it possible to earn five, seven--even 10 times your money in a month or two. I've helped my readers do it routinely. In fact, of the 52 recommendations we made in 2002...

- **20 gave our subscribers the opportunity to earn 50% profits or better**
- **13 gave our subscribers an opportunity to earn 100% profits or better**
- **6 gave our subscribers an opportunity to earn 200% profits or better**

And so far in 2003, 16 out of out 32 recommendations have seen double-digit gains or more.

It's rare to make these kinds of fast profits by trading the stock alone...but with options you can. Quite routinely, in fact. As my father liked to say: with the right information and knowledge, trading options is like a license to print money!

What makes options such powerful and profound moneymakers?

One word: ***Superleverage*** .

Let me explain...

Why Options Are The Quickest Route To Big Profits

An option gives you the right to buy (or sell) a specific stock, at a certain price, within a specific period of time. If it's the right to buy a stock at a certain price, it's

"Your Barrick call recommendation has given me a profit of \$2,150."

--Bastian VanderLinden

known as a "call" option. If it's the right to sell a stock at a certain price, it's called a "put" option. The reason options can be so profitable is that they allow you to 'rent' the stock--albeit temporarily and with conditions--for a fraction of the cost of owning it.

It works much like a mortgage--only with no monthly payments. If you buy a house for \$200,000 cash and you sell it a few months later for \$220,000--you've made 10% on your investment. However, if you put \$20,000 down on your \$200,000 house and someone offers you \$220,000 a few months later--you've made 100% on the money you have in.

That's leverage at work. And options work much the same way.

Let me give you a real life example.

Last October, my **Options Hotline** market-charting system told me Navistar Corporation was due for a jump in price. As you've seen from the track record earlier in this letter, when the system makes a call, it means (1) the price is going to move fast and, (2) it usually is going to be right.

Knowing that, you have two choices. You can buy the stock outright and wait for it to climb. Or you can buy options.

Had you not considered options--and bought Navistar stock outright--you would have done just fine. Two months after I called Navistar to move higher, the stock went from \$16.97 per share to \$28.77. Assuming you bought 100 shares, your \$1,697 investment would have grown to \$2,877--a nice 70% gain in a matter of two months.

\$14,560 in Returns Vs. \$1,180

But look at what would have happened had you bought options...or more

specifically, had you followed my advice in October 2002 and bought January 2003 \$20 call options. For \$120, you could have owned the right to buy 100 shares of Navistar at \$20 until the options expired the third Friday of January 2003.

Now, had Navistar's price fallen below \$20 by the time expiration date rolled around, you would have lost your \$120. No more, no less. That's because no one would have been willing to pay you \$20 for a stock that was selling for cheaper on the open market...

But that's not what actually happened...

Instead, Navistar's price shot up to over \$28. The actual market value--the price someone else was willing to pay for your Navistar \$20 call option--was \$1,150... 858% more than the \$120 you paid for it just two months ago.

So instead of risking over \$1,697 to buy the 100 shares outright and earn 70%, you could have bought options controlling 100 shares for \$120--and a 858% gain in the same period of time. Had you invested \$5,000 in options instead of the stock itself, you could have walked away with a return of over \$42,900 ...a far cry from the \$1,180 owning the stock would have paid you!

That's how using ***Superleverage*** can make you rich.

And when you combine that explosive profit potential with the safety of 'controlled risk' where, unlike most leverage instruments, you can never lose more money than you put up--it's practically a license to print money!

838% Gains In 6 Weeks

And here's something else. You can make a lot of money buying options of lesser-known stocks that tend to have big moves when market conditions are

right...

Case in point: Duke Energy.

A few summers back, the deregulation of electricity producers meant certain well-positioned energy companies would benefit. My charts and analysis showed Duke Energy as one of those that would.

On July 31, 2000, you could have bought 100 Duke shares for just under \$6,200--and watched your investment grow to around \$8,400 in about a month and a half. Again, that's pretty good...

Or you could have followed my **Options Hotline** recommendation and bought Duke Energy January \$70 calls for \$181.25. Remember, buying those 'call' options gives you the right to buy Duke Energy shares for \$70 any time before the third Friday in January 2000.

I don't have to tell you which scenario would have put more cash in your pocket. Within six weeks, Duke Energy jumped from \$62 to \$84 per share. The intrinsic value of your options was \$1,400 (\$84 less your \$70 option price = \$14 X 100 shares)...but with the added premium, the amount people were offering for your option, it was worth \$1,700!

Had you bought Duke Energy stock outright, your profit would have been \$2,200 on a \$6,200 investment, a solid 35% gain...

But had you bought \$6,200 worth of Duke call options, you could have pocketed an astonishing \$51,956 in gains--an 838% windfall...all in a matter of six weeks!

But remember what I said earlier.

Stocks don't have to go up in price for you to make big money from options. You can profit just as easily when stock prices go down. In fact, a majority of the profits we've made over the last year have come from buying 'put options,' which let you profit when stock prices fall.

For example, about a year and a half ago, pharmaceutical giant Merck came out with unexpected profit warnings that drove its stock price down 9%. The leader in the health sector, Pfizer, was also hit hard by the news, falling 5% in price. But my charts indicated that of all the health industry heavy weights, Pfizer's stock was due for a further 'follow through' fall.

So on June 24, 2001, with Pfizer trading at just over \$42, I issued a recommendation to my subscribers to 'Buy the Pfizer July \$42.50 put for \$120, or less,' which gives you the right to sell Pfizer for \$42.50 anytime on or before the third Friday in July 2001.

As my charts predicted, Pfizer fell...as much as \$6 per share over the following two weeks. Had you not used options and merely 'shorted' the stock, you could have seen a nice 14% gain...

However, had you followed my option recommendation, your \$120 July \$42.50 put was suddenly worth as much as \$517--a solid 431% gain. Had you taken just 50 positions in the Pfizer trade, your \$6,000 investment could have turned into as much as \$25,860!

Then, five weeks later, we had another opportunity to cash in on a downside trend when my charts showed General Motors' stock price was vulnerable to mounting recessionary pressures. So on Aug. 5, 2001, with GM trading at \$63.28, I told my subscribers to 'Buy the General Motors September \$60 put for \$160.'

Within 30 days, GM had tumbled \$12 to \$51 per share. The \$60 put we paid

\$160 for was now worth over \$1,000. But that wasn't the end of it. On Sept. 11, the terror attacks hit, and the markets spiraled further downward. The day our options expired, GM was trading at \$40.25--and our options had rocketed in value from \$160 to \$2,083--a 1,202% gain!

Anyone who invested \$5,000 in this recommendation had an opportunity to walk away with a six-week gain of \$65,000.

That, my friends, is the Superleverage power of options. You get the moneymaking advantage leverage gives you--plus the peace of mind in knowing your risk is always pre-determined. In other words, you always know exactly what your risk is with every trade--yet the upside potential of your investment is virtually unlimited.

Now, I know what you may have heard.

Options are risky...

And most people who trade options lose.

Actually, that's very true. But that's because the vast number of people who trade options don't understand the proper techniques for consistently winning.

So they lose. And lose often...

But my father taught me that if you understand how to identify the telltale signs of a movement in a given stock price well before it happens...and if you understand the undercurrents of the market and know how minor little movements will affect any given stock price--you'll win. And win big!

That's what my system does. It uses a series of charts and indicators that can not only predict the historical ebb and flow of any given stock using

advanced technical analysis--but can also accurately measure the mood of investors and predict which way the market's likely to move.

That unique "magic formula," combined with sound judgment and many, many years of real market experience, has allowed me to consistently uncover the kind of opportunities I've told you about so far... opportunities that can take a very small amount of money and grow it into a substantial windfall very quickly.

Like Turning On A "Money Switch"

Options are a cherished little secret you can use to boost your profits whenever the opportunity arises. It's like having a secret little "money switch" you can turn on at virtually any time.

"I am very impressed by your ability to pick specific trades with prophetic wisdom. Somehow, you know what's going to happen before the rest of us do."

--Dr. Marc Rosenblatt

You can work the switch, too. But you have to have the knowledge and--along with some fundamental money-management techniques--apply this knowledge.

That's where I can help you.

Just ahead, I'll share with you some of the secrets my father shared with me over the years for getting rich with options--and show you how you, too, can "turn on the money switch", and routinely double and triple your money (or better) without risking a lot of your money...

But first, let me say that there's never been a better time to profit from options. Why? Because this is a volatile market. Up one day. Down the next. It's an options trader's dream
-- and the opportunity is enormous!

Best of all, this market is custom-made for my system! That's because this is not a market where stock prices are affected primarily by balance sheet fundamentals. Rather, this is a "reactive" market -- a market driven by raw emotion and "herd mentality." Any stock these days can be hammered down--or driven skyward--simply on a turn in the mood of the market. And that's precisely the environment in which the system I learned from my father works the best.

And any time stocks are moving--whether it's up substantially or down substantially--you have a ripe opportunity to make a lot of money. And options have long been the best and fastest way to cash in.

Let me show you what I mean, using the five trades I made as the market first started showing signs of weakness in late 2000...

Five Recommendations That Produced 358%, 243%, 171%, 229% And 100% Gains As The Markets Were Falling. Here's How And Why...

In September 2000, with the Dow perched at 11,200, my charting systems told me the stock market was in for a rough ride. At the time, the market was beginning to see higher energy prices as a real threat to the economy. Add to that market valuation concerns, worries over corporate earnings and the fact we were coming into a notoriously rough month (October) for the stock market. Bears had seized control of the bond market, which planted the seed of higher interest rates in the minds of investors.

Clearly, many stocks would suffer. So here's what I did. On Sunday evening, Sept. 17, 2000, with the Dow Industrials sitting at 10,927, I issued the following recommendation:

Buy Dow Jones Industrial Index November 108 Puts for \$250 or less, good this week.

That meant we were 'betting' that the Dow Industrial Average would fall below 10,800 on or before the third Friday in November. I gave the exact symbol (DJVWD) so all my subscribers would have to do was buy the option 'online' or call their broker and recite my instructions word-for-word.

The maximum you would have risked in a single position with this trade was \$250, but there was no limit to the number of positions you could take. Five options, for instance, would have cost you \$1,250. But, again, whatever amount you risked was the most you could ever lose.

Within days, the market reacted. The Dow Industrial began falling like a rock. On Oct. 18, the index fell from 10,927 to 9,975...

One month later, our \$250 Dow Jones Industrial puts were worth \$1,146 each--a 358% gain. Had you taken five positions, you could have walked away from the trade \$4,480 richer!

A lucky break? Not in the least. My charts telegraphed this event almost to the penny. I was confident we were going to be dead right. My system for measuring the underlying "mood" of the market made it crystal-clear. It was just a matter of waiting for the profits to roll in. And they did--practically on cue.

Then, it happened again.

Later that week my charts told me Microsoft was headed for new lows. Why? For one thing, Intel's profit warnings a week earlier were reverberating throughout the high tech sector. And when I looked at Microsoft's charts from a technical perspective, I saw nothing but weakness. I realized I was staring at an outstanding opportunity to profit. So on Sunday evening, with Microsoft shares trading at just above \$60, I made the following clear-cut recommendation:

Buy Microsoft January \$60 puts for \$350 or less, good for this week.

That meant we were looking for Microsoft shares to fall below \$60 before the third Friday in January, the day when the options would expire. As an investor, one position would cost you \$350. But that's all you could ever lose. However, in my commentary I suggested that a drop in Microsoft's price to \$50 per share would result in a 200% profit or better on each position held.

Sure enough, Microsoft tumbled, hitting a low of \$50 three weeks later...

On Oct. 18, our \$350 puts were now worth \$1,200 each--a 243% gain. Had you taken just five positions, your gains for the three-week period would have been \$4,250!

We followed up our Microsoft success with yet another winner...

Convinced that the market in general--and tech stocks specifically--were due to continue their slide, I searched my charts for the most vulnerable victim. I didn't have to look far. At \$33.50 Oracle Corp.'s share price had been pressured along with other formerly infallible tech giants--and its chart suggested a fall to \$25 was inevitable. That Sunday evening, my subscribers received this recommendation:

Buy Oracle December \$30 Puts for \$212.50 or less, good this week.

In other words, we were looking for Oracle to fall well below \$30 before the third Friday in December, the day our puts were scheduled to expire. If the stock fell to \$25, we'd be looking at better than 135% gains.

One month later, Oracle flirted with year-to-date-lows...dipping below \$25 per share...

Nov 9, 2000, we had an opportunity to sell our \$212.50 December \$30 puts for \$700--a tidy 229% in a little over four weeks!

The profit run continued the next week--this time with Intel.

On Oct. 15--and with tech stocks mired in a long slump--I told my subscribers that 'the character of the behavior of Intel's price movement indicates the potential for a strong snap-back rally.' I said you could expect Intel's price to bounce from its current \$40 per share to \$45 or slightly higher. My Sunday recommendation read simply:

Buy Intel November \$45 Calls for \$200 or less, good this week.

We were looking for Intel to bounce higher quickly. And because Intel opened lower the Monday following my recommendation, my readers paid less for the call than expected--just \$143.75 per position. But as my charts promised, the dip was short-lived. On Tuesday, the stock began its climb to the \$45 range...

On Nov. 2, Intel hit \$46 per share. Our November calls rocketed to \$400 each--for a two--week gain of 178%!

Next up: Advanced Micro Devices Inc. With the share price well off recent highs, and the tech sell-off losing steam, my charts told me Advanced Micro was due for a healthy bounce upward from its \$20 price. So I issued my recommendation:

Buy Advanced Micro Devices January \$25 Calls for \$225 or less, good this week.

The next day, Advanced Micro began its anticipated bounce upward...

By Nov. 2, our \$225 January calls had doubled in price to \$450-- 100% in just three days!

While Most Investors Were Losing Thousands...You Could Have Tripled Your Money In About 60 Days!

That's five recommendations--five winners.

Had you taken just one position in each, your minimum \$1,237 risked (the amount you would have paid to take a single position in each recommendation) could have ballooned to \$3,896. That's a better than 215% gain in a little over two months--while most investors were losing their proverbial shirts!

But many subscribers who have come to trust my advice take much larger positions. And naturally, their rewards are greater too. For instance, had you taken 20 positions in each recommendation, your total profits could have been \$53,180 over the two-month period. Then again, 100 positions in each could have produced profits in excess of \$265,000!

But enough about history...our winning trend continued in 2002. Yes, we've had some losers--but of the 32 recommendations I've issues so far, 25 have seen gains. My subscribers had an opportunity to earn:

- **419%** on Sony in seven weeks
- **153%** on Coca-Cola in one month
- **61%** on Qualcomm in three days
- **529%** on Anglogold in 10 weeks
- **335%** on Harrah's Entertainment in two months
- **392%** on General Electric in less than one month
- **141%** on Blockbuster in five weeks

... and several more.

The Profit Potential Is Enormous!

I'm sorry if all this seems like boasting on my part. But my purpose in telling you all this is just to make clear the tremendous potential for profits smart options trading can bring you--particularly in a market like this one...and when you have the right advice... and when you practice your own sound money-management techniques of staying in the game, participating in trades each week and monitoring your positions closely.

"I started with you exactly one month ago... and doubled my money the first time around!"

--David Roque

Which is why if you'd really like to make some serious money in this crazy up-and-down market, I suggest you take out a subscription to my service, **Options Hotline**.

Following the recommendations in Options Hotline is an excellent way to super-charge your returns...to boost stalled profits. Start by taking a small amount of your cash--say \$5,000 or \$10,000--and begin following my options recommendations as they come each week. As you've seen from the examples I've shown you, you don't need to risk a lot to get started. The profits can be quite substantial. And you can profit in any market, whether it's up or down.

You can start slowly, if you like. The average minimum cost of executing a typical recommendation is usually between \$200 and \$500. And based on my track record for 2002 alone--you would have averaged just over 116% profits per trade.

Experience The Thrill Of Profiting Time After Time

But aside from the profits you can make--trading options with **Options Hotline** is about as fun as investing can get!

Imagine for a moment...

You get one of my recommendations over your fax or e-mail on a Sunday evening. Monday morning, you place the trade online or with your broker. (I tell you everything you need to know--right down to the ticker symbol for the option I'm recommending.) Then each day, you watch the stock and the option you've bought move in the 'right' direction. And each day your adrenaline pumps a little faster as you see that for every 1% the underlying stock moves--your option goes up 20%...30%...even 50%. And it keeps going up and up and up until it hits my target price--or you're happy with the profits you've made!

Had you been an **Options Hotline** subscriber the past four years, this is a thrill you would have experienced nearly four out of every five times you followed my advice. That's because out of the 134 recommendations that hit our 'buy' price--100 of them made profits ranging from 7% to 1,202%.

Success Only 50 years Of Experience Can Bring

Naturally, you can't have this kind of success buying any old option on any old stock. My father taught me that success in options trading is a combination of sound forecasting methods, careful research, timing, well-placed contacts and good old-fashioned market knowledge.

While I thrive on studying charts, researching companies and keeping in touch with the market players, the one thing that gives me my biggest advantage is the more than 50 years of options experience my father passed down to me. Of course, I can't reveal all the secrets I've learned over the years in a short letter like this one. Nor can I explain the incredibly complex charting system that's the backbone of this service--a system my father and I have spent over 50 years perfecting. But much of our success over the years comes down to a few simple rules:

1. Never buy options blindly.

It pays to know what's happening in the company and the industry--and to watch very carefully what insiders are doing. Even a cheap option is a bad buy if the underlying stock has no chance of moving in the right direction. So find out as much as you can about the company you are buying.

2. Don't be greedy; small profits never hurt anyone.

A smart options trader will 'lock in' profits once they happen. Once your option moves to its target price, lock in a sensible 'stop price,' where you get out with your profits. (I'll give you a profit target with every recommendation.) If the option never falls back to your stop price and keeps going up (as it often does with my recommendations)--consider it a happy bonus.

3. Limit losses by setting sensible stops.

If a stock doesn't move in the direction you planned, get out. You can do this by setting a stop loss target (again, many of the recommendations I make have one). It's the oldest rule in the book: never get emotionally attached to a trade. And never lose more than 50% of your principle if it can be helped. With the number of winners you'll get, the odd 50% loser won't hurt you in the long run.

4. Never overbuy a position.

Never put all the money you've earmarked for options investing in one position. Why? Despite the success I've had, losses will happen along the way. The investment you load up on could be the one that does. Pace yourself. If you have \$2,000 to trade, limit your first trade to \$300. Other opportunities will come along. Many will be winners. And over the long run, you'll be far ahead.

And then there's this:

To be successful with options you need to understand certain complexities

such as the time value of money and 'premium dynamics.' Investors who buy options without understanding these concepts might as well take their money to Las Vegas or the racetrack. Why?

Because the "premiums" you pay to control any given number of shares are designed to work against you. They exist to favor the option writer (seller), not the buyer. In fact, the gentleman who developed the Black-Scholes mathematical formula that determines an option's 'fair value' won a Nobel Prize because it's so accurately in favor of the seller.

That's why so many of the recommendations I make in Options Hotline are "at" or "barely out of the money." (By the way...don't worry if you don't understand the finer details of options trading completely. In a moment I'll tell about a special report you'll receive when you subscribe to Options Hotline that's like a 'crash course' in options--and it's yours absolutely FREE!)

The reason I chose these 'close to the money' options is because they tend to move much faster in your favor when an underlying stock moves your way... and deteriorate more slowly when the stock moves adversely. But even the best-positioned option means nothing if your stock doesn't move for you. And that is where my system--and my years of experience--can help you enormously.

The Starbucks trade we made some time back is a good example of what I'm talking about.



2000-2003 Track Record – Winners and Losers (Jan. 1, 2000 – October 17, 2003)

<u>Trade Executed</u>	<u>\$ Risked</u>	<u>Potential Gain/Loss*</u>	<u>Potential Profit/Loss</u>	<u>Portfolio Growth</u>
Amgen Calls	\$5,000	47%	\$2,350	\$2,350
Starbucks Calls	\$5,000	260%	\$13,000	\$15,350
Hewlett Packard Calls	\$5,000	132%	\$6,600	\$21,950
Lucent Calls	\$5,000	240%	\$12,000	\$33,950
Dell Calls	\$5,000	308%	\$15,400	\$49,350
Oracle Calls	\$5,000	57%	\$2,850	\$52,200
TYX Calls	\$5,000	-88%	-\$4,400	\$47,800
Gap Puts	\$5,000	146%	\$7,300	\$55,100
UPS Calls	\$5,000	-86%	-\$4,300	\$50,800
Homestake Calls	\$5,000	33%	\$1,650	\$52,450
Micron Puts	\$5,000	209%	\$10,450	\$62,900
Placer Dome Calls	\$5,000	7%	\$350	\$63,250
TRW Calls	\$5,000	8%	\$400	\$63,650
Goldman Sachs Puts	\$5,000	100%	\$5,000	\$68,650
Atmel Calls	\$5,000	-58%	-\$2,900	\$65,750
Dell Calls	\$5,000	80%	\$4,000	\$69,750
MGM Grand Calls	\$5,000	71%	\$3,550	\$73,300
Starbucks Calls	\$5,000	33%	\$1,650	\$74,950
Duke Energy Calls	\$5,000	838%	\$41,900	\$116,850
Cisco Calls	\$5,000	32%	\$1,600	\$118,450
Clear Channel Calls	\$5,000	28%	\$1,400	\$119,850
Motorola Calls	\$5,000	-96%	-\$4,800	\$115,050
Amex Calls	\$5,000	-56%	-\$2,800	\$112,250
DJX Puts	\$5,000	358%	\$17,900	\$130,150
Microsoft Puts	\$5,000	243%	\$12,150	\$142,300
Oracle Puts	\$5,000	247%	\$12,350	\$154,650
Intel Calls	\$5,000	178%	\$8,900	\$163,550
Adv. Micro Devices Calls	\$5,000	100%	\$5,000	\$168,550
Nasdaq 100 Puts	\$5,000	129%	\$6,450	\$175,000
Placer Dome Calls	\$5,000	60%	\$3,000	\$178,000
Sun Micro Puts	\$5,000	6%	\$300	\$178,300
Waste Management Calls	\$5,000	-52%	-\$2,600	\$175,700
DJX Calls	\$5,000	-80%	-\$4,000	\$171,700
Cisco Calls	\$5,000	-100%	-\$5,000	\$166,700
Bank Of America Puts	\$5,000	50%	\$2,500	\$169,200
IBM Puts	\$5,000	-50%	-\$2,500	\$166,700
Microsoft Puts	\$5,000	108%	\$5,400	\$172,100
Qualcomm Puts	\$5,000	83%	\$4,150	\$176,250
Schlumberger Puts	\$5,000	204%	\$10,200	\$186,450
Wal-Mart Puts	\$5,000	8%	\$400	\$186,850
Caterpillar Puts	\$5,000	112%	\$5,600	\$192,450
Bank Of America Calls	\$5,000	60%	\$3,000	\$195,450

260% Gains In A Week!

When my charts told me Starbucks was on its way to new highs back in the summer of 2000, the key to maximizing our profit was finding the best option at the best price.

Here was the situation. Starbucks was trading at \$29 per share. My chart showed there was potential for it to hit \$35 very quickly--and then keep going from there, perhaps to \$45. But here was the problem. Starbucks is a very volatile stock. And volatile stocks can have very high premiums associated with the options. The first rule in successful options trading is to pay as little premium as possible, since premiums eat into your profits.

So here we had a stock that was likely to make a short-term move to \$35 and a long-term move to as high as \$45. Problem was, the options with expiration dates three, four months out were far too expensive (with options, you pay for the luxury of time). To get a four-month-out option with a reasonable amount of premium attached to it meant that you'd have to buy a \$40 'call.' And what if the mood of the market changed and Starbucks never made it that high? Short answer: we'd ring up a rare loss.

Well, I hate losses. So I studied my charts. They told me what a lot of traders didn't know--that Starbucks' stock would hit \$35 sooner rather than later. How could I be sure other traders didn't know that? Because Starbucks February \$30 calls--those 'close to the money' calls that were set to expire in less than three weeks--were selling dirt-cheap. So I recommended them at the asking price of \$125.

Sure enough, Starbucks hit \$35 the following Monday. Our \$125 options were now worth \$450. We walked away with 260% profits in a week!

Now, as it turns out, had we bought the April \$40 calls for the same price,

we would have done almost as well. Starbucks hit \$44 at the end of March. But why take the risk? I say, take the best short-term profits with the least amount of risk as possible, and be happy with your sure gains.

Starbucks is a small example of how I've been able to make Options Hotline consistently successful over the years.

That's why my subscribers have come to expect substantial profits--100%, 200%, 250% and 300% -- nearly every time out.

That's why they're not surprised when the odd recommendation takes off through the roof--and hits for 400%, 600%...even 1,200% gains. And that's why nobody gets too concerned when the odd loss comes along. (Those who have been following my advice for any length of time know that the next big gainer is usually just around the corner.)



These Are the Kinds of Profits You Can Make With *OPTIONS HOTLINE!*

<u>Trade Executed</u>	<u>\$ Risked</u>	<u>Potential Gain/Loss*</u>	<u>Potential Profit/Loss</u>	<u>Portfolio Growth</u>
Pfizer Puts	\$5,000	431%	\$21,550	\$249,700
IBM Puts	\$5,000	134%	\$6,700	\$256,400
Bank of NY Puts	\$5,000	177%	\$8,850	\$265,250
Outback Steakhouse Puts	\$5,000	20%	\$1,000	\$266,250
Aetna Calls	\$5,000	27%	\$1,350	\$267,600
Biopure Puts	\$5,000	341%	\$17,050	\$284,650
General Motors Puts	\$5,000	1202%	\$60,100	\$344,750
Phelps Dodge Calls	\$5,000	100%	\$5,000	\$349,750
Avon Puts	\$5,000	26%	\$1,300	\$351,050
Baxter Puts	\$5,000	150%	\$7,500	\$358,550
DJX Calls/Puts	\$5,000	49%	\$2,450	\$361,000
Sears Puts	\$5,000	47%	\$2,350	\$363,350
Bed, Bath and Beyond Calls	\$5,000	160%	\$8,000	\$371,350
Georgia Pacific Corp. Puts	\$5,000	-47%	-\$2,350	\$369,000
Michael's Stores Puts	\$5,000	-17%	-\$850	\$368,150
Flextronics Puts	\$5,000	-14%	-\$700	\$367,450
Sun Microsystems Calls	\$5,000	172%	\$8,600	\$376,050
AOL Time Warner Calls	\$5,000	97%	\$4,850	\$380,900
Target Calls	\$5,000	210%	\$10,500	\$391,400
AOL Calls	\$5,000	97%	\$4,850	\$396,250
MapInfo Calls	\$5,000	91%	\$4,550	\$400,800
Boston Scientific Puts	\$5,000	17%	\$850	\$401,650
Jefferson Pilot Puts	\$5,000	22%	\$1,100	\$402,750
Microsoft Calls	\$5,000	15%	\$750	\$403,500
Placer Dome Calls	\$5,000	79%	\$3,950	\$407,450
Lexmark Puts	\$5,000	131%	\$6,550	\$414,000
AT&T Calls	\$5,000	-67%	-\$3,350	\$410,650
FedEx Puts	\$5,000	-50%	-\$2,500	\$408,150
DJX Puts	\$5,000	47%	\$2,350	\$410,500
EDS Corp Calls	\$5,000	186%	\$9,300	\$419,800
Cisco Systems Calls	\$5,000	78%	\$3,900	\$423,700
AFLAC Calls	\$5,000	106%	\$5,300	\$429,000
AOL Puts	\$5,000	7%	\$350	\$429,350
Dow Chemical Puts	\$5,000	44%	\$2,200	\$431,550
Meridian Gold Calls	\$5,000	296%	\$14,800	\$446,350
Nucor Puts	\$5,000	43%	\$2,150	\$448,500
Bank of America Puts	\$5,000	32%	\$1,600	\$450,100
Walt Disney Co. Calls	\$5,000	-10%	-\$500	\$449,600
JP Morgan Chase & Co. Puts	\$5,000	87%	\$4,350	\$453,950
Boeing Puts	\$5,000	-44%	-\$2,200	\$451,750
Barrick Gold Calls	\$5,000	40%	\$2,000	\$453,750
Microsoft Puts	\$5,000	50%	\$2,500	\$456,250

The Most Profitable Trading System Going...

I wish you had been in on the Starbucks deal with us. The Intel deal too. And the Microsoft win, the Duke Energy bonanza, Pfizer, Cisco, General Motors, and the 118 others we've profited from...

"When you spend \$300 on a stock option and sell it for \$3,000 a few weeks later, as I've done, it's a magical feeling."

--Wallis Wood

And in a moment, I'll tell you how you can start getting my Sunday evening Options Hotline recommendations--and begin profiting from what must be the most successful and profitable trading system going today.

But first, I want to show you something.

It's something that really opened my eyes when I went back and looked at my track record for the past few years, just before sitting down to write you today.

In fact... It's Really Quite Remarkable!

What I want to show you is how a track record like *Options Hotline's* can impact your wealth in real dollar terms. Above is my complete trading record for the last three years -- winners and losers included. The profits shown here are based on \$5,000 risked each trade. Be sure to take a good look at the 'Portfolio Growth' column on the far right. That's the cash you could have accumulated had you been in on every recommended trade:

Incredible, isn't it?

That's \$734,900 -- well over a half million dollars -- that you could have made over the last three years just following a few simple instructions that come to

you by fax or e-mail on Sunday evenings. **And you don't need to know a thing about options -- just follow my instructions on how to buy...**

And what's most remarkable, you could have made these gains without having any more than \$20,000 at risk at any given time, due to the fact we're in and out of these recommendations (usually with gains) so quickly!

If you'd like to join us, here are the details.

I've told you throughout this letter how *Options Hotline* works. It's incredibly easy. Each Sunday (excluding holiday weekends) I send you my latest recommendation. How you get it is up to you. You can ask to have it faxed, e-mailed or both. If you're traveling and away from your computer, you can call my hotline number and punch in your special code and hear a recording of what's on the written alert... or have the bulletin faxed to you anywhere in the world.

The thing is...you must have the recommendation in hand Sunday night so you can place your order at the best price first thing Monday morning. That's why this service can't be mailed to you, like a newsletter.

I won't kid you -- ***Options Hotline*** isn't the cheapest service around. And quite frankly, it shouldn't be. This is a serious service for investors who are serious about making money. Having said that, the price to subscribe to *Options Hotline* is \$995 per year. That's more than your average investment-style newsletter, granted. But it's far less than what many advisory services charge that can't touch the success I've had making recommendations. So in that regard, it's a very good bargain.

"Hallelujah! The best investment dollars I've ever spent. Thanks... I don't want to miss anything you [Steve] have to say or recommend. I didn't think gold was ever going to stop going up."

--Ralph Hensley

You should also know also that there are no discounts or special deals, although you can elect to pay on a quarterly basis if you like. If you choose that option, your credit card will be billed \$260 every three months, until you decide to cancel.

The way I figure it, the subscription price is about equal to the profits you could see on one single-position trade. So using the last 12 months as an example, the first success goes to me -- the rest are yours to keep. That's fair, I think...

Something else that makes this offer as fair as fair can be...

Your satisfaction is guaranteed . By that I mean if after the first 30 days you don't like what you see, I'll make sure that you get a full refund of every cent you've paid. No questions asked. And after four issues, you can ask for -- and get -- a pro-rated refund for the remaining months on your subscription. Again, no one will quiz you as to why you want out. My feeling is -- if *Options Hotline* isn't for you, why make things difficult?

Ordering Options Hotline Is As Easy As Profiting From It!

You can subscribe to ***Options Hotline*** RISK-FREE today by clicking the 'Subscribe Now' button below.

We've got a nice little thing going here. Market conditions are ideal and the gains can be plentiful. And I see no reason why they won't keep rolling in.

This is your opportunity to hop on board...and to get a piece of some pretty good action.

Please don't miss out.

Sincerely,

Steven Sarnoff
Editor, **Options Hotline**

P.S. There's one more thing I told you you'll get when you subscribe to **Options Hotline** --my very special report, **The Options Buyer's Handbook**. Designed for investors new to options trading, it gives you all the terms and concepts to get started. You'll learn everything you might feel silly asking an options pro--like precisely what are calls and puts...where to buy them... what a premium is and how it can affect the performance of your investment. There's also a quick section on how to use your weekly **Options Hotline** service to its fullest...basic information on how many positions to take and strategies for locking in profits.

You'll also learn--in more detail than I could ever share with you here--the fundamental rules I follow for options trading success, so that you can start to think and act like a trading professional.

One quick read of **The Options Buyer's Handbook** and you'll be able to more than hold your own whenever the conversation turns to options. In fact, you'll know more about options than 90% of investors who buy options today! Order below--it's easy!

<p>Note: No statement or expression of opinion, or any other herein, directly or indirectly, is an offer for the solicitation of an offer to buy or sell the investments mentioned. While we believe the sources of information to be reliable, we cannot guarantee the accuracy nor the statements made herein. You should only consider investment advice on specific recommendations from the current issue of Options Hotline. Nothing is guaranteed in the bulletin, and there is no guarantee Option Hotline's past</p>	
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