



(DJX) Dow Jones Industrials
 (QQQ) Nasdaq-100 Shares
 (OEF) iShares S&P 100
 (VIX) CBOE Volatility Index
 (UIX) CBOE Volatility Index

(SPX) S&P 500
 (OEX) S&P 100
 (RUT) Russell 2000
 (NDX) Nasdaq-100
 (MNK) Mini-NDX

**INDEX
 STRATEGY
 PAPER Bu.6**

Neutral to Moderately Bullish on XEO

Example

The S&P 100 Index[®] (XEO) is at 625.00

Outlook

You are neutral to moderately bullish on XEO through year-end. You do not want to buy call options or call spreads since the index may sit still. You do not want to sell uncovered options, since risk would be too excessive.

Possible strategy

Short Put Spread with S&P 100 options (XEO) with European-style exercise:
 Sell 1 Dec. 600 put at 2.25.
 Buy 1 Dec. 575 put at 1.
 Net credit of 1.25 or \$125.

*All values shown are at the time of expiration.

Index Change	XEO @ expiration	Short 600 put value	Long 575 put value	Spread Value	Spread Credit	Net Profit/(Loss)
+5.00%	656.25	\$0.00	\$0.00	\$0.00	\$125.00	\$125.00
+/-0.0%	625**	\$0.00	\$0.00	\$0.00	\$125.00	\$125.00
-4.00%	600*	\$0.00	\$0.00	\$0.00	\$125.00	\$125.00
-4.20%	598.75***	\$125.00	\$0.00	(\$125.00)	\$125.00	\$0.00
-8.00%	575****	(\$2500.00)	\$0.00	(\$2500.00)	\$125.00	(\$2,375.00)
-12.00%	525	(\$7500.00)	\$5000.00	(\$2500.00)	\$125.00	(\$2,375.00)

At Expiration (in December):

*Maximum Gain: \$125.00 if XEO is at 600 or higher.

**Unchanged: Gain of \$125.00.

***Break-even: XEO at 598.75.

****Maximum Loss: \$2,500.00 if XEO is at 575 or lower.

In short: This position creates a credit from the time of inception, as opposed to the purchase of a call or a call spread which would create a debit. Maximum profit is equal to initial credit of \$125.00, with maximum risk of \$2,375.00.

For more information on the XEO options, please visit <http://www.cboe.com/xeo>

For more examples of options strategies, please visit <http://www.cboe.com/strategies/>

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