

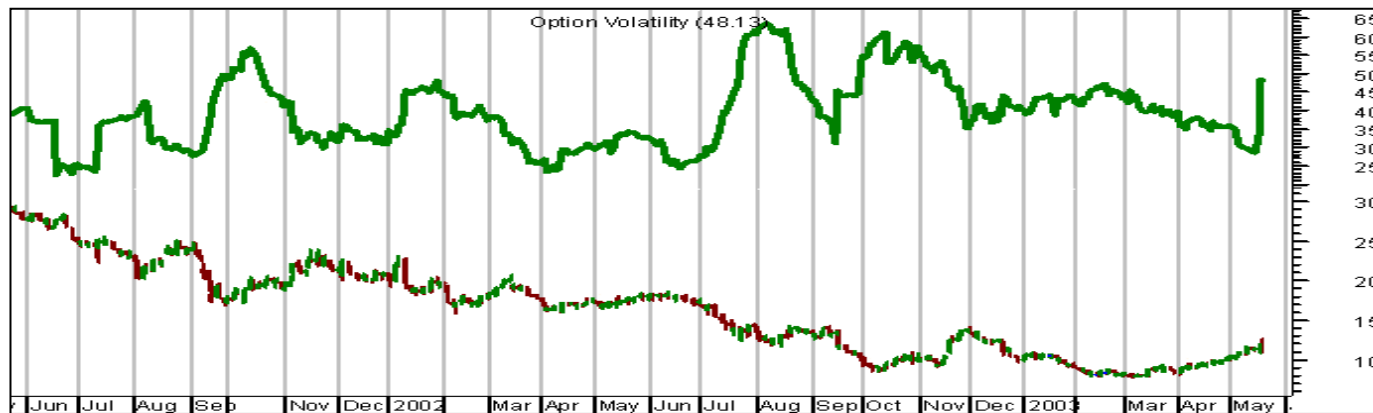
Volatility Swings

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This weekly newsletter features option picks based on straddle/strangle strategies. We use state-of-the-art mathematical models to scan 200,000+ options available in the market and pre-select those with better chances to win.

Our option picking strategy fundamentally differs from those used by other online option services. We use a unique technique based on mathematical statistics to unveil the facts invisible at a glance. We take into consideration both technical analysis and option mathematics so that you can reduce risk and enhance return of your portfolio.

| Stock Symbol | Last Stock Price | Option Strategy | Call Option to Sell | Call Option Time Value | Put Option to Sell | Put Option Time Value | Upper Break-even | Lower Break-even | Current Option Volatility | Projected Option Volatility | Credit | Debit Target | Projected Exit Date | Profit Target | Expected One-Day Return | Call Option Symbol | Put Option Symbol |
|--------------|------------------|-----------------|---------------------|------------------------|--------------------|-----------------------|------------------|------------------|---------------------------|-----------------------------|-------------|--------------|---------------------|---------------|-------------------------|--------------------|-------------------|
| TOY | 11.01 | Sell Strangle | Sep 13 | 0.65 | Sep 7.5 | 1.95 | 13.50 | 6.50 | 49% | 24% | 1.00 | 0.70 | 06/19/03 | 0.30 | 1.00% | TOYIV.X | TOYUU.X |
| TOY | 11.01 | Sell Straddle | Sep 10 | 0.94 | Sep 10 | 0.70 | 12.40 | 7.60 | 49% | 24% | 2.40 | 1.68 | 06/19/03 | 0.72 | 1.00% | TOYIB.X | TOYUB.X |



| Symbol | Bullish Factors | Bearish Factors |
|--------|-----------------|--|
| TOY | price/book<1 | earnings<0, operating margi<4%, ROA<6% |
| | | |
| | | |

SHORT GLOSSARY

| Buy Position | JCPBE Symbol | Feb Expiration | 25 Strike | Call Option Type | @ 1.05 Entry Price |
|-----------------|-----------------|-------------------|--------------|---------------------|-----------------------|
|-----------------|-----------------|-------------------|--------------|---------------------|-----------------------|

Break-even. Point at which gains equal losses. This is the market price that a stock must reach for an option to avoid loss if exercised. For a call, the break-even equals the strike plus the premium paid.

Time Value. Amount by which the current market price of an option exceeds its intrinsic value (the difference between the stock price and the strike). This additional value of an option is due to the volatility of the market and the time remaining until expiration.

Expected Profit is computed using the probability of profit and option prices over the projected probabilities. It is equal to the probability of profit multiplied by the price and sum over all possibilities.

Stock Technical Signals are based on various technical indicators for daily and weekly charts. Usually, swing traders check weekly charts to avoid fighting longer-term trends, while investors check daily charts for better timing of entry/exit points.

Call option. The right, but not the obligation, to buy the stock at a predetermined price (also known as the strike) at any moment before the expiration date for a paying a premium.

Expiration Date. The day when an option contract becomes void (the Saturday after the third Friday of the expiration month).

Put Option - the right, but not the obligation, to sell stock at a predetermined price (also known as a strike) at any moment before the expiration date.

Strangle. A position consisting of a long (short) call and a long (short) put where both options have the same underlying stock, the same expiration date, but different strike prices.

Straddle. A position consisting of a long (short) call and a long (short) put, where both options have the same strike and expiration date.

Please feel free to mailto: max@stockstight.com if you have questions about this newsletter and option trading in general.

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