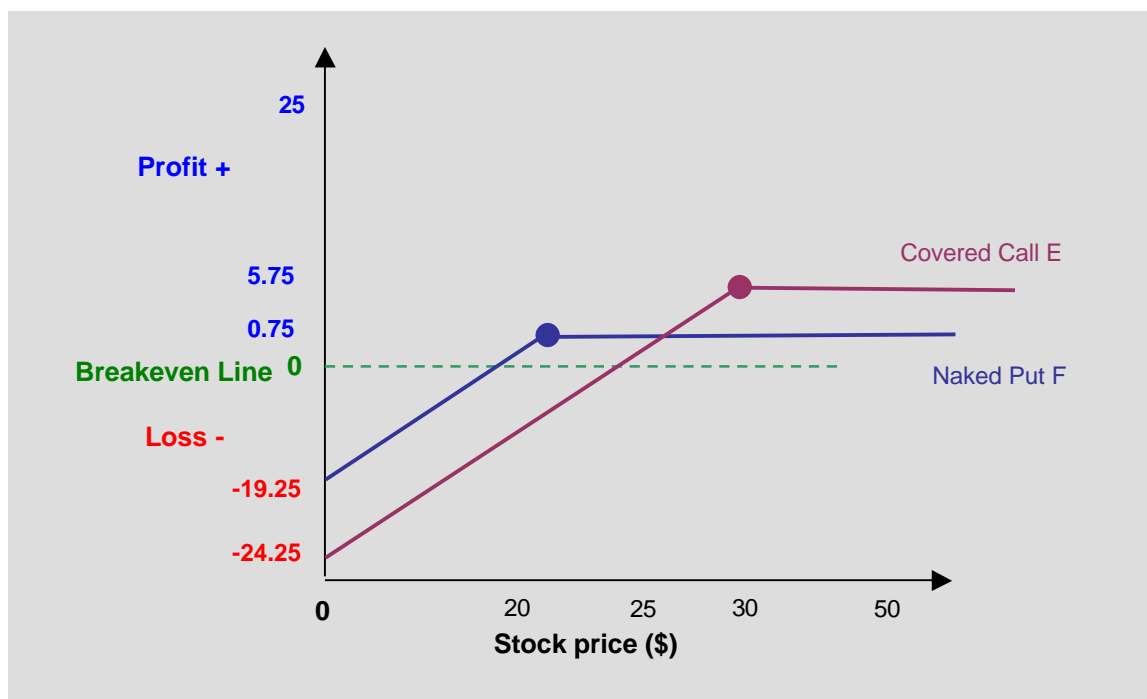


Chart 5.2.1 | Covered Call compared with Naked Put



We now need to compare different Covered Calls so we can analyse the best way to play this strategy. The thing with options is that you have so much choice in terms of exercise prices and expiration dates.

Let's compare Covered Call E with another two, F and G. There's no room for manoeuvre on the expiration dates, we don't go beyond one month unless it's by just a week or so.

- E. Covered Call – buy the Stock for \$25 and sell the May 2001 \$30 (Strike) Call for \$0.75.
- G. Covered Call – buy the Stock for \$25 and sell the May 2001 \$27.50 (Strike) Call for \$1.30.
- H. Covered Call – buy the Stock for \$25 and sell the May 2001 \$25 (Strike) Call for \$2.40.