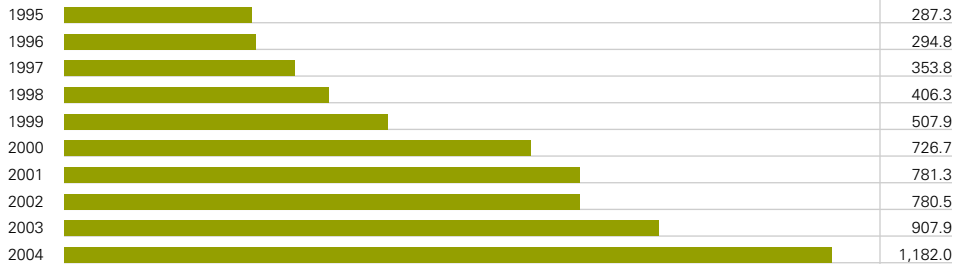


Profile of the Options Investor

OPTIONS GROWTH

TOTAL CLEARED CONTRACT VOLUME

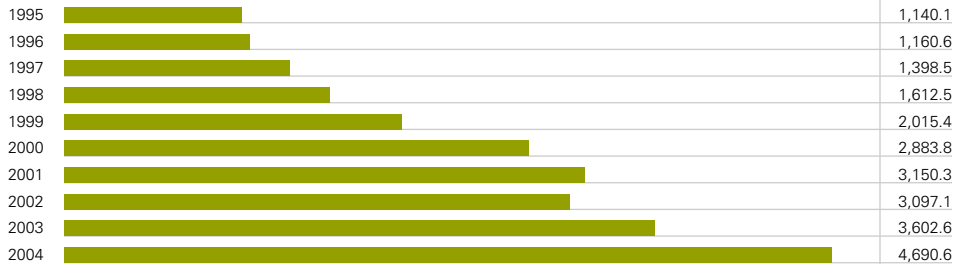
(IN MILLIONS)



1995	287.3
1996	294.8
1997	353.8
1998	406.3
1999	507.9
2000	726.7
2001	781.3
2002	780.5
2003	907.9
2004	1,182.0

AVERAGE DAILY CONTRACT VOLUME

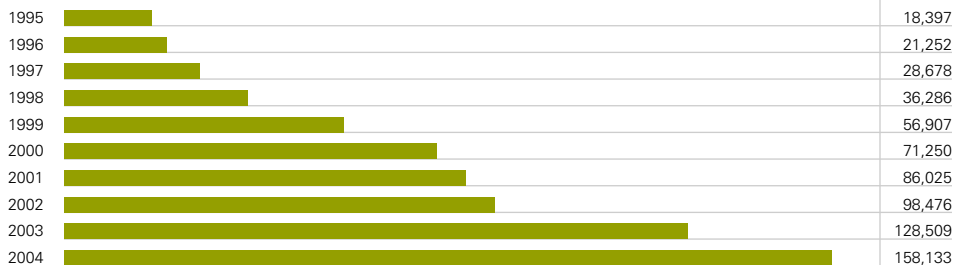
(IN THOUSANDS)



1995	1,140.1
1996	1,160.6
1997	1,398.5
1998	1,612.5
1999	2,015.4
2000	2,883.8
2001	3,150.3
2002	3,097.1
2003	3,602.6
2004	4,690.6

YEAR-END OPEN INTEREST

(IN THOUSANDS)



1995	18,397
1996	21,252
1997	28,678
1998	36,286
1999	56,907
2000	71,250
2001	86,025
2002	98,476
2003	128,509
2004	158,133

In today's business environment, it is crucial that individual investors and financial advisors understand the investment opportunities available to them.

That includes options, a versatile product that can help meet investment objectives, generate new profits, and hedge portfolio positions.

Evidenced by years of record-breaking volume, the options market's rate of growth continues to outpace that of the stock market. More than a decade of increasing volume confirms the appeal of exchange-listed options, available on more than 2,500 stocks currently trading on the AMEX, NASDAQ and NYSE.

In 2004, total options volume topped 1 billion contracts, marking a new high in the 30-plus year history of the options industry. Daily options volume averaged almost 4.7 million contracts, a 30 percent increase over the previous year's record. Open interest also set a new high, reaching more than 177 million contracts. With this growth anticipated to continue, it's time to take a closer look at options and the investors who trade them.

The options investor is important to the continued success of your business. Your best clients possess the same traits as many options investors. They invest in different financial products and make

more stock trades in a year than non-options investors. In fact, four times as many options investors make more than 50 trades per year than non-options investors.

Understanding options can enhance your value to clients.

Among those who currently invest in options, they tend to rely on their brokers for information and guidance more than non-options investors.

On the following pages, you'll learn more about why the options investor can potentially be your best customer. We'll review some fundamental options strategies that you may suggest to your clients to help make the most of their portfolios. And you'll see how The Options Industry Council (OIC) can support your business with educational programs and services for both you and your clients.

For a free copy of the Harris Interactive Inc. 2005 Study of Options Users Executive Summary, visit our Web site at www.888options.com or call 1-888-OPTIONS.

OPTIONS INVESTOR

Your ideal client is a sophisticated investor, a strategic thinker with a diverse portfolio. As an affluent, active trader, he or she is tolerant of a reasonable amount of risk and is an informed decision maker. This not only describes your ideal client, it describes the profile of the typical options investor.

Recently, OIC commissioned Harris Interactive Inc. to complete an extensive national survey comparing options investors to non-options investors. Four large brokerage firms supplied survey names to provide a cross-section of the investment community. The results provide insights to the striking characteristics of options investors, a highly desirable group of individuals, who present the best opportunity for you to grow your client base.

Affluent

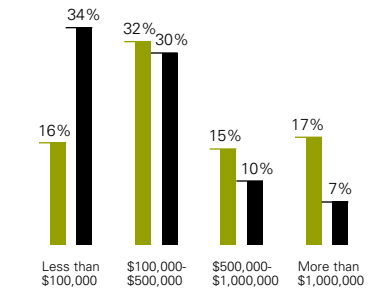


OPTIONS INVESTORS ARE MORE AFFLUENT.

Compared to non-options investors, options investors are more likely to have an income that is greater than \$100,000 and hold more in liquid assets. The financial disparity is even more pronounced at income levels exceeding \$250,000 and liquid assets of more than \$1 million. This illustrates the tremendous investment potential of options investors.



ANNUAL INCOME



VALUE OF LIQUID ASSETS

Options Users Non-Options Users

Active

OPTIONS INVESTORS ARE MORE ACTIVE TRADERS.

Options investors make many more stock trades in a year than non-options investors: 49% of non-options investors only make up to 10 stock trades in a year, while 81% of options investors make more than 10 trades. In fact, four times as many options investors make more than 50 trades per year than non-options investors.



NUMBER OF STOCK TRADES IN THE PAST YEAR

■ Options Users
■ Non-Options Users

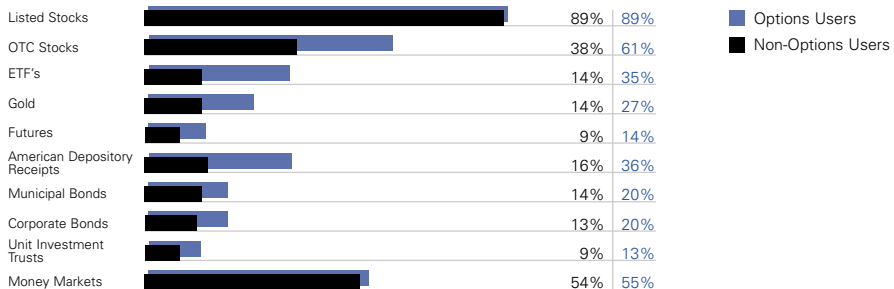


Owners



OPTIONS INVESTORS HAVE MORE DIVERSIFIED PORTFOLIOS.

Options investors are more likely to hold a wider diversity of investments in their portfolios. While both options investors and non-options investors are equally likely to own listed stocks, options investors are much more likely to own Over-The-Counter stocks, Exchange Traded Funds, gold and futures.

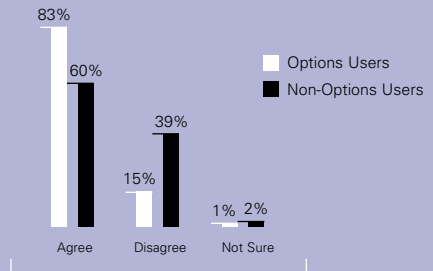


INVESTMENTS CURRENTLY USED

Knowledgeable

OPTIONS INVESTORS ARE KNOWLEDGEABLE INVESTORS.

Options investors are much more likely than non-options investors to consider themselves extremely knowledgeable when it comes to investing. On the other hand, lack of knowledge was cited as the primary reason for not trading options among non-options investors. Don't let that lack of knowledge stop you from maximizing your client relationships.



I CONSIDER MYSELF TO BE AN EXTREMELY KNOWLEDGEABLE INVESTOR



REASONS WHY NEVER INVESTED IN OPTIONS

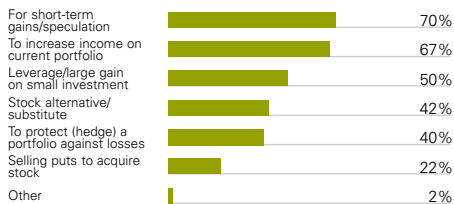


Strategic



OPTIONS INVESTORS ARE STRATEGIC INVESTORS.

People who trade options generally view their investments as an important part of their lives and are more open to new investment opportunities. The majority of investors said they use options for short-term gains and to increase income on their portfolios. Many use options to leverage small investments as well.

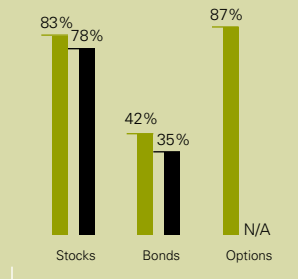


REASONS WHY INVESTED IN OPTIONS

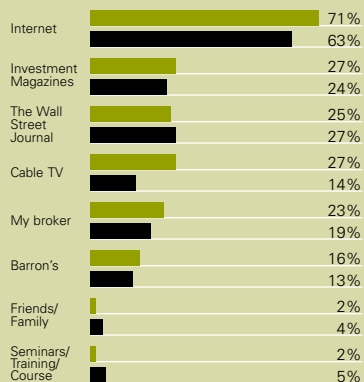
Connected

OPTIONS INVESTORS ARE MORE LIKELY TO USE THE INTERNET FOR RESEARCH AND TRADING.

As options have become mainstream, so has the use of the Internet and online commerce. While all investors are generally more technically savvy, options investors still use the Internet for research and trading more than their counterparts.



ENTER THE TRADES ONLINE MYSELF



INFORMATION SOURCES

■ Options Users ■ Non-Options Users

OPTIONS STRATEGIES

CHALLENGE 1

Clients who want to increase income on their stock investments.

SOLUTION **Covered Call Writing.**

This strategy pays your client a premium in exchange for agreeing to sell a stock at a later date at a specified price that your client is comfortable with. This can be an effective strategy for someone who is neutral to moderately bullish on a particular stock.

CHALLENGE 3

Clients who want protection.

SOLUTION Purchase puts for short- or long-term insurance on an individual stock. This strategy establishes a minimum selling price for the stock during the life of the put. It limits a loss to the cost of the put plus the difference, if any, between the purchase price of the stock and the strike price of the put, no matter how far the stock price declines. This strategy yields a profit if the stock appreciation is greater than the cost of the put option.

CHALLENGE 2

Clients who want to diversify over the long haul.

SOLUTION **Purchase LEAPS®.**

Several alternatives are available, including buying calls on individual stocks. However, if your client is looking for a long-term alternative, then LEAPS® may be an attractive idea. Few investors can purchase every stock they follow, but LEAPS® calls cost less than stock, allowing investors to diversify with fewer dollars at risk.

CHALLENGE 4

Clients whose limit orders are not filled.

SOLUTION Sell puts to purchase stock. Many limit orders are never filled. By selling a put, your client receives a premium for taking on the obligation to purchase stock at a price that he or she is comfortable with. If the buyer is not assigned on the short put, he or she would not own the stock at the strike price in question, but would have the premium originally received from the sale of the put.

YOUR RESOURCE FOR OPTIONS EDUCATION

The Options Industry Council educates more than 60,000 investors and financial advisors every year on the versatility and performance potential of options. We conduct more than 100 free seminars annually in the U.S. and Canada, as well as distribute pamphlets, software and educational guidebooks.

Visit www.888options.com for trading tools, quotes, online classes, seminar schedules, options strategies and access to our free software, The Options *Investigator*, which will allow you to learn and practice through interactive simulated trading situations. Talk to our options professionals at 1-888-OPTIONS for answers to your questions on options

trades, strategies, contract adjustments and much more.

Additionally, we offer a wide range of services for financial advisors that include specialized educational seminars, client marketing programs, as well as access to investor seminar materials and other tools to help you educate your clients.

The combination of OIC's marketing support with your investment expertise can render options a more profitable resource than ever before.

Contact us today to begin educating yourself and your clients on the many uses of options: 1-888-OPTIONS or www.888options.com.



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AND EDUCATIONAL MATERIALS
HELP FINANCIAL ADVISORS
AND INVESTORS UNDERSTAND
OPTIONS STRATEGIES.



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Pacific Exchange
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