

realizing profit or loss on a delayed start option before its exercise price has been set, or on a European-style or capped option when the option is not exercisable, is by selling the option in a closing transaction.

The first full paragraph through the sixth paragraph on page 14 of the Booklet are replaced with the following:

AT THE MONEY — This term means that the current market value of the underlying interest is the same as the exercise price of the option. A range option, which is of a single type rather than being categorized as a call or a put, is said to be at the money if the current level of the underlying index is at the top or bottom of the range length.

IN THE MONEY — A call option is said to be in the money if the current market value of the underlying interest is above the exercise price of the option. A put option is said to be in the money if the current market value of the underlying interest is below the exercise price of the option. A range option, which is of a single type rather than being categorized as a call or a put, is said to be in the money if the current level of the underlying index falls within its range length.

EXAMPLE: If the current market price of XYZ stock is \$43, an XYZ 40 call would be in the money by \$3.

EXAMPLE: Assume a series of XYZ range options has a maximum cash settlement amount of \$1,000, a low range from 1000 to 1010, a middle range from 1010 to 1090 and a high range from 1090 to 1100. If the current level of XYZ index is 1003, the option would be in the money by \$300. If the current level of XYZ index is from 1010 to 1090, the option would be in the money by \$1,000, the maximum cash settlement amount. If the current level of XYZ index is 1093, the option would be in the money by \$700.

OUT OF THE MONEY — If the exercise price of a call is above the current market value of the underlying interest, or if the exercise price of a put is below the current market value of the underlying interest, the call or put is said to be out of the money. A range option, which is of single type rather than being categorized as a call or a put, is said to be out of the money if the current level of the underlying index falls outside of its range length.

EXAMPLE: With the current market price of XYZ stock at \$40, a call with an exercise price of \$45 would be out of the money by \$5 — as would a put with an exercise price of \$35.