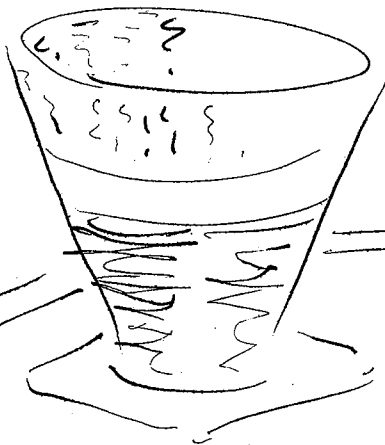
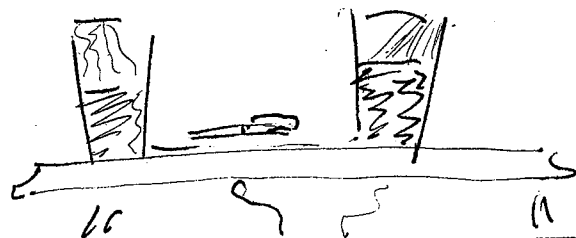


WE NEED TO LOOK AT THE WORK OF OLAV AND CHRIS ON THE REAL OPTIONS YAHOO GROUP



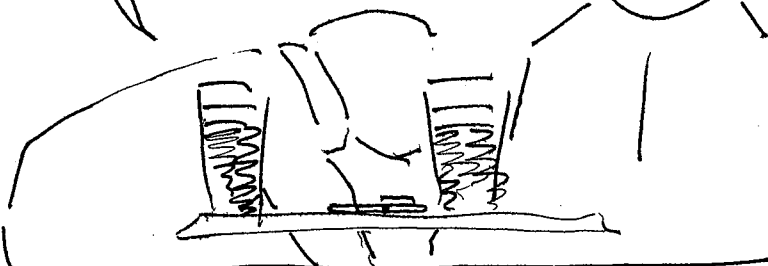
DID THEY REALLY EXIST? I HEARD M.I.T. INVENTED THEM

THEY ARE REAL ENOUGH. AT LEAST OLAV IS. AS FOR CHRIS. NO ONE EVER MET HIM.



SO HOW DO YOU DO IT?

IT'S A PROCESS. STEP ONE, WORK OUT THE DEADLINE. STEP TWO, IDENTIFY OPTIONS, STEP THREE, TIME FOR EACH OPTION WHICH GIVES.....



THE LAST RESPONSIBLE MOMENT! SO SIMPLE

GOT IT. AH. ACTUALLY NO. MOMENTSS. YOU MISSED THE ESS



NOT SURE I FOLLOW?

OK. LETS WORK THROUGH AN EXAMPLE. WHEN DO YOU NEED TO BE HOME TONIGHT?



MY LAST TRAIN IS AT ONE A.M. AFTER THAT ITS FIFTY FOR A TAXI

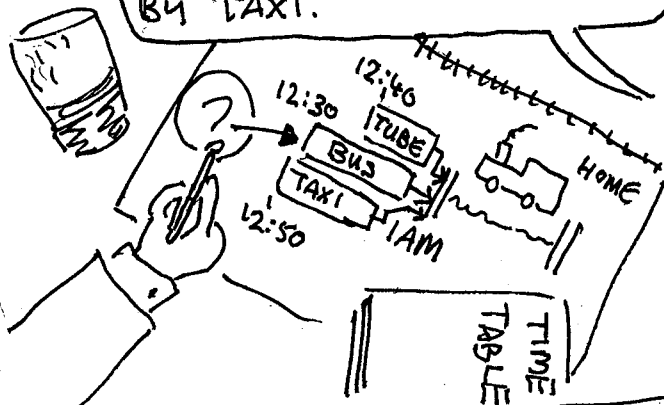
HOW ABOUT GETTING TO THE TRAIN STATION



I COULD GET A TUBE, BUS OR TAXI I GUESS

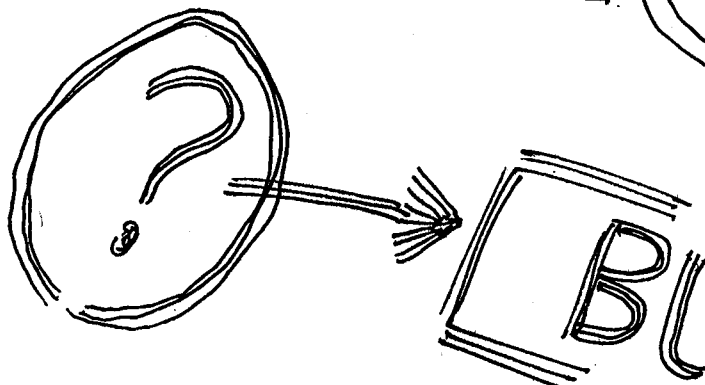
AND HOW LONG DO THEY TAKE?

TWENTY MINUTES BY TUBE, THIRTY BY BUS AND TEN BY TAXI.



IS THE BUS YOUR PREFERENCE?

NO. THE TUBE IS MUCH NICER AND FASTER. I ONLY GET THE BUS ONCE A MONTH WHEN THERE IS A PROBLEM ON THE TUBE



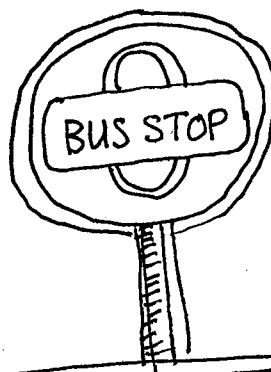
HOW LONG DO YOU HAVE TO WAIT FOR A BUS OR TUBE.

TUBES ARE EVERY FEW MINUTES. SEVEN MINUTES MAX. BUS THE SAME EXCEPT TEN MINUTES MAX

COCKFOSTERS 7min  
COCKFOSTERS 10min

SO TO BE CERTAIN OF GETTING THERE ON TIME BY TUBE, YOU HAVE TO BE AT THE TUBE BY 12:33 AND FOR THE BUS AT THE BUS STOP BY 12:20.

I GET IT. BECAUSE WE HAVE TO TAKE INTO ACCOUNT THE JOURNEY TIME PLUS THE MAXIMUM WAIT TIME

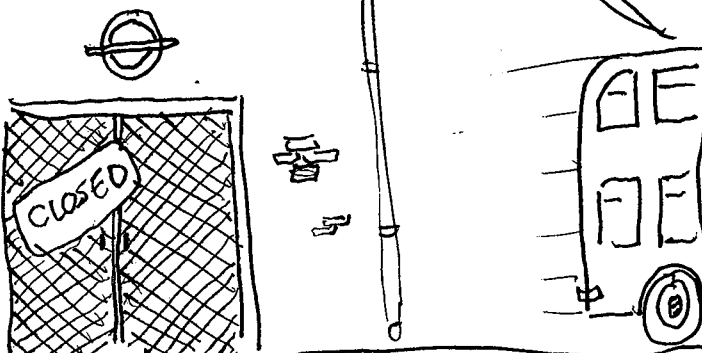


LOOK AGAIN. WHAT TIME DOES THE BUS LEAVE?

HOWEVER, WHAT HAPPENS IF THERE IS A PROBLEM WITH THE TUBE?

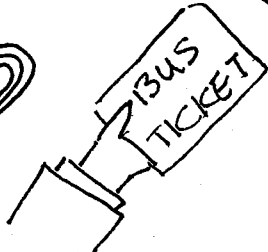
I GET THE BUS OF COURSE

AHHH! THE LAST BUS HAS ALREADY GONE. SO I NEED TO GO FOR THE TUBE JUST BEFORE 12:20 I CAN THEN GET THE BUS IF THE TUBE IS OUT OF ACTION



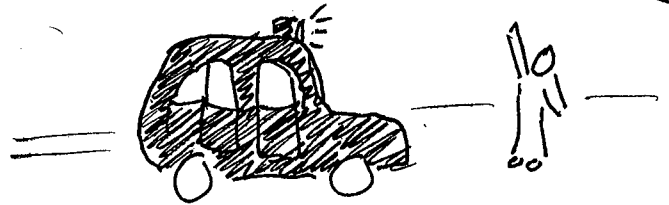
SO WE COULD GO FOR THE TUBE AT 12:33 BUT THEN WE ARE SUBJECT TO THE RISK THAT THE TUBE IS CLOSED.

AND WE MITIGATE THAT RISK USING OPTIONS, IN THIS CASE, THE BUS OPTION. WHAT ABOUT THE TAXI?



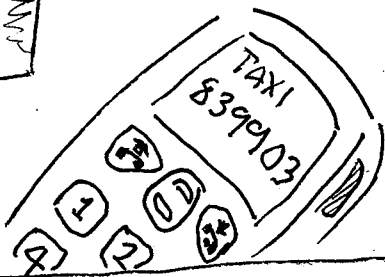
WELL THE TAXI TAKES TEN MINUTES BUT HOW LONG DOES IT TAKE TO GET A TAXI?

OCCASIONALLY I'VE FLAGGED ONE DOWN STRAIGHT AWAY BUT I GUESS WE WANT THE MAXIMUM TIME. AT LEAST HALF THE TIME IT IS MORE THAN TEN MINUTES.



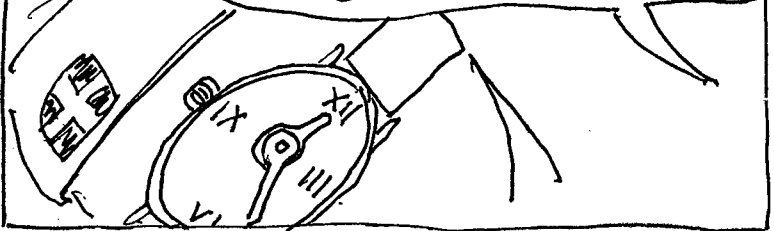
SO IF IT IS MORE THAN TEN MINUTES WE WILL MISS THE TRAIN. WHAT CAN WE DO ABOUT THAT?

WE COULD BOOK A CAB IN ADVANCE. WE NORMALLY HAVE TO BOOK ABOUT THIRTY MINUTES IN ADVANCE. SOMETIMES MORE



SO WE HAVE TO RING A TAXI BY JUST BEFORE 12:20 TO SEE IF A TAXI IS FREE, OTHERWISE WE GO FOR THE BUS.

AND WE KNOW WHETHER WE HAVE THE OPTION OF USING A CAB AND THE COST OF THE EXTRA THIRTY MINUTES DISCUSSION IS THE CAB FARE. TEN POUNDS



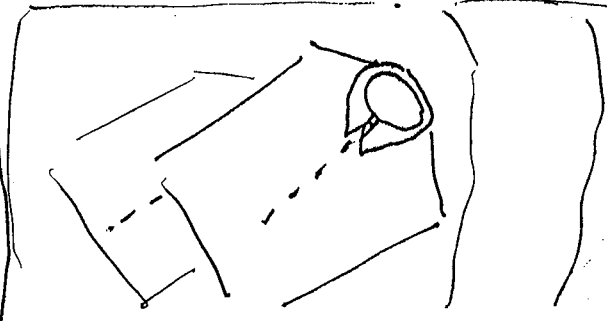
SO ARE THERE ANY OTHER OPTIONS?

NOT REALLY. I HAVE TO GET HOME.



WHY? WHY DO YOU HAVE TO GET HOME?

SO I CAN GET A GOOD NIGHT'S SLEEP AND THEN GET TO WORK SHOWERED AND IN CLEAN CLOTHES

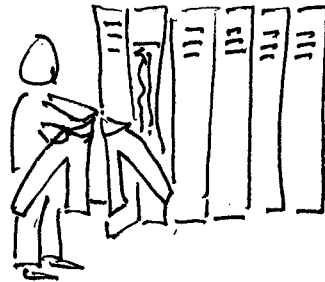


AH. SO YOU DO NOT NEED TO GO HOME. YOU NEED TO BE AT WORK ON TIME, SHOWERED AND IN FRESH CLOTHES

OK. I CAN GET A SHOWER AT BOB'S WHO WILL LET ME CRASH ON THE SOFA. WHAT ABOUT CLOTHES

YOU CAN LEAVE FRESH CLOTHES IN YOUR LOCKER OR DESK

SO THIS IS THE "LAST RESPONSIBLE MOMENT" PROCESS



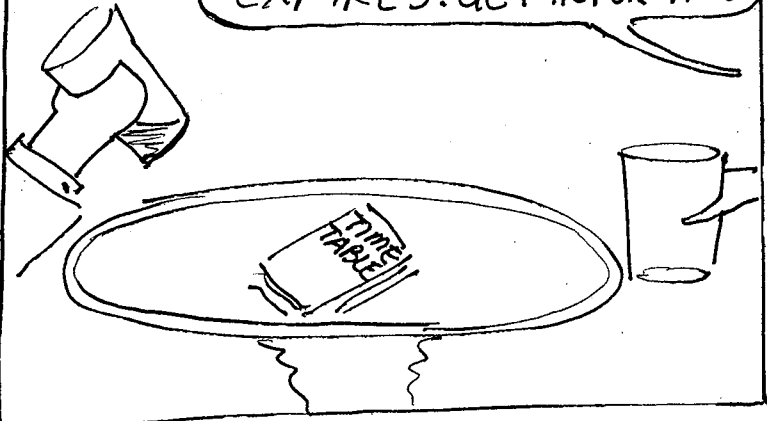
STEP ONE IS?

IDENTIFY THE DEADLINE



STEP TWO IS?

IDENTIFY THE OPTIONS AND WHEN EACH EXPIRES. GET INFORMATION



STEP THREE?

WAIT TO SEE WHICH TO EXERCISE. DO NOT DECIDE IN ADVANCE. KNOW WHEN

THEY EXPIRE



SO FANCY ANOTHER PINT?

IT'S 12:05. SO I'LL GET THEM IN. WE ONLY HAVE TEN MINUTES THOUGH UNLESS I CAN GET A TAXI

NOT TO WORRY. MY CHAUFFER WILL DROP YOU OFF. OLAV! GET THE BEERS IN

