

Yamana Gold Covered Call Strategy

Shares have been trading in a well defined range for some time.

AUY Year to Date Daily Chart

Yamana Gold Inc

Last: 0.00 0.00 (0.00%)

Recent high=9.75, 3/26

05/15/2009, O:9.01, H:9.25, L:8.69, C:8.87, R:0.56



optionsXpress

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Stock Order Form

Stock	Extended Hours	Trailing Stop	Contingent
Stock Symbol	<input type="text" value="AUY"/> Find Symbol		
Action	<input type="text" value="Buy"/>		
Quantity	<input type="text" value="200"/> <input checked="" type="radio"/> Shares <input type="radio"/> \$ Amount <input checked="" type="checkbox"/> All or None		
Price	<input type="radio"/> Market <input checked="" type="radio"/> Limit \$ <input type="text" value="8.57"/> <input type="radio"/> Stop \$ <input type="text"/> <input type="radio"/> Stop Limit <input type="radio"/> Market On Close		
Duration	<input type="text" value="Good Until Cancelled"/>		
Routing	<input type="text" value="Default"/>		
Advanced Orders	<input type="text" value="One Triggers Other: Option"/>		
<input type="button" value="Preview Order"/> <input type="button" value="Speed"/> <input type="button" value="Group"/> <input type="button" value="Save"/>			

Enable your account to trade covered calls, optionsxpress can assist you with this by Live Help online chat.

Stock Symbol AUY

Action Buy

Quantity 200, Shares

All or None box checked

Limit 8.57, a down target

Duration Good Until Cancelled

Advanced Orders, select One Triggers Other: Option.

Click Preview Order

The following screen allows you to place the option order that will be live when the shares are purchased.

OTO Options Order Form

Enter 2nd Order

Option Symbol	<input type="text" value=".AUYFL"/> Find Chain	AUY JUN 2009 9 C
Action	<input type="text" value="Sell To Open"/> ▼	
Quantity	<input type="text" value="2"/>	All or None <input checked="" type="checkbox"/>
Price	<input type="radio"/> Market <input checked="" type="radio"/> Limit \$ <input type="text" value=".65"/> ▼ <input type="radio"/> Stop \$ <input type="text" value=""/> ▼ <input type="radio"/> Stop Limit <input type="radio"/> Market On Close	
Duration	<input type="text" value="Good Until Cancelled"/> ▼	
Advanced Orders	<input type="text" value="One Triggers Other: Option"/> ▼	
Routing	<input type="text" value="Best [NBBO]"/> ▼ <small>Orders directed to specific exchanges do not receive NBBO treatment. More information.</small>	
<input type="checkbox"/> Make This A Trailing Stop Order		
<input type="button" value="Preview Order"/> <input type="button" value="Place SpeedTrade"/>		

Enter the option symbol as shown .AUYFL. You may also use the Find Chain to lookup.

Action Sell to Open using the drop down arrow.

Quantity 2 because you will have 200 shares. Each option contract is for 100 shares.

All or None

Limit of 65 cents

Duration Good Until Cancelled

Click Preview Order

One Triggers Other Order Preview

» Please Review Your Order Carefully. Click the Edit button to make any changes.

! ATTENTION

Please note: Markets for this security open at 09:30 AM ET and close at 04:00 PM ET. The order you are about to place will be submitted on the next market trading session.

Primary Order

Action	Qty	Symbol	Description	Price	Duration	All or None	
Edit Buy	200	AUY	YAMANA GOLD INC	Limit 8.57	Good Until Cancelled	On	
						Estimated Commission	\$9.95
						Estimated Order Total	\$1,723.95
						Time	12:25:41 PM ET

Order #2

Action	Qty	Symbol	Description	Contract Size	Price	Duration	All or None
Edit Sell To Open	2	.AUYFL	AUY JUN 9 Call	100	Limit 0.65	Good Until Cancelled	On
						Estimated Commission	\$9.95
						Estimated Order Total	\$120.05
						Time	12:25:41 PM ET

This Preview is provided for your protection, so please review all order details carefully. Clicking the "Place Order >>>" button will transmit this order to the exchange marketplace for action.

[Cancel](#)

Click Place Order >>>

[Place Order >>>](#)

Click Place Order

If successfully entered, you will see the following screen.

Order Status

As of 5/16/2009 12:33:09 PM ET.

[More Info](#) [Spread Book](#) [Details](#)

Date: Status: Security: [Go](#)

Status Saved Orders

[View Positions](#)

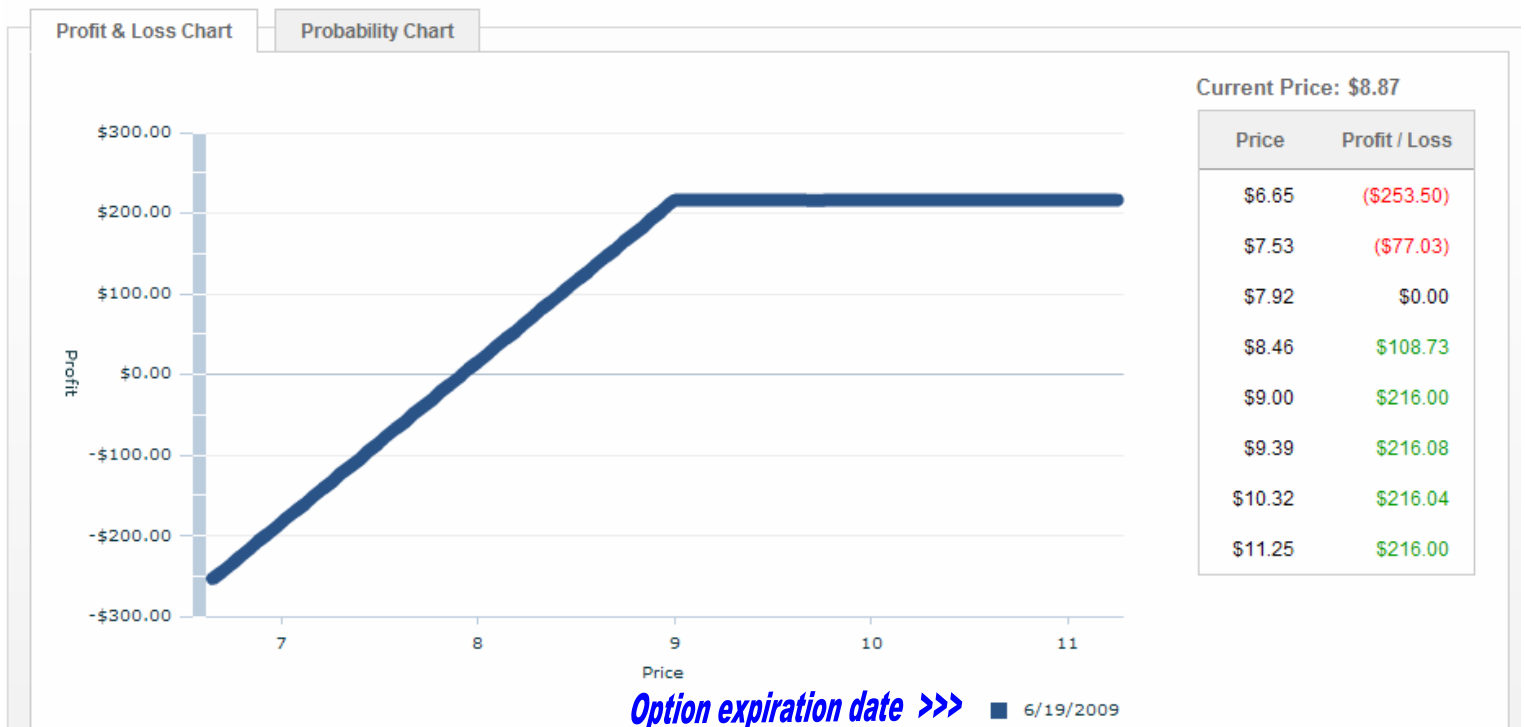
Order	Symbol	Description	Bid	Ask	Action	Qty	Type	Dur	Exc	Fill	Fill Time	Create / Cancel Time	Status	
70881435	AUY	YAMANA GOLD INC	8.79	8.82	BUY	200	Limit 8.57 -AON OTO	GTC				5/16/2009 12:33:05 PM	<input type="checkbox"/> Open	Modify Cancel Trade
OTO 70881436	.AUYFL	AUY JUN 9 Call	0.50	0.55	STO	2	Limit 0.65 -AON OTO	GTC				5/16/2009 12:33:05 PM	<input type="checkbox"/> Open	Modify Cancel Trade

If both trades are executed, total risk is \$ 1,584 before trading commissions. (200 shares @ \$ 8.57 less option premium of 65 cents per share).

Expected profit by option expiration if both trades are executed.

Trade & Probability Calculator

[How to use this calculator](#) [Watch Demo](#)



Maximum profit is \$ 216 before commissions. Breakeven is \$ 7.92 a share.

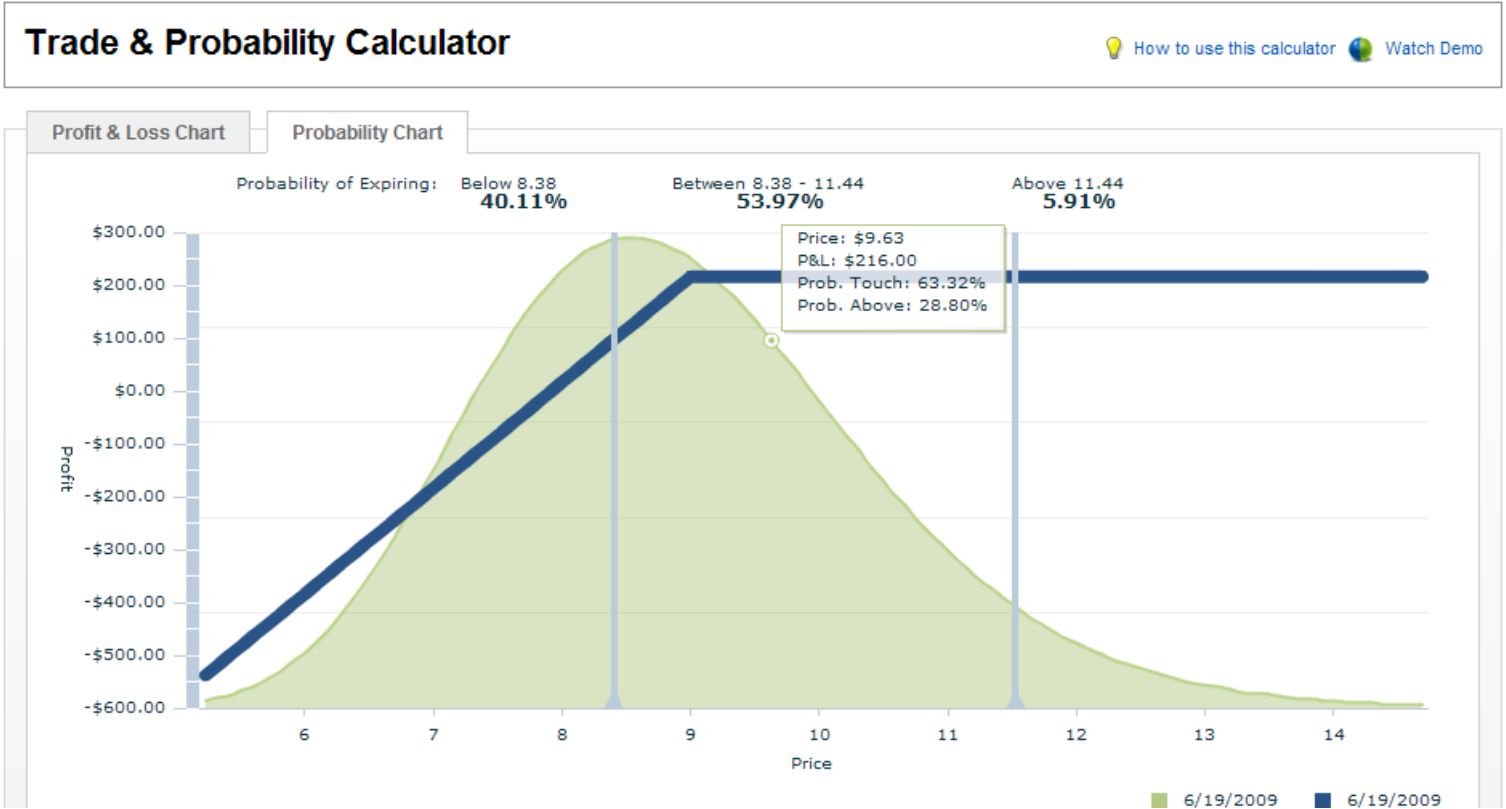
Percent return at maximum profit on net investment is 13.64 % before commissions.
(\$ 216 divided by \$ 1,584).

What is the probability that shares will be above \$ 9.65 at option expiration? Why is \$ 9.65 so important?

Remember the strike price for the option is \$ 9.

Option premium collected by selling the call option is 65 cents.

Strike price of \$ 9 plus 65 cents equals \$ 9.65.



There is only a 28.80 % probability that shares will be above \$ 9.63 (closest price the graph shows probability). So traders have the odds on their side at 71.20 % that shares will be less than \$ 9.65.

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