

an agreement with somebody that at a time certain in the future I am going to sell it to him at \$30 a share. That is a call option. The call option is used in pension planning quite a bit as I understand it to cover some particular losses that are possible when you are buying shares of stock. All right, now, there are two kinds of call options. There are two ways you can do it. One is what I have just described to you where you buy the shares at \$27 and you agree to sell at say \$30 with this option. Now the other way you can do it is not buy the shares in the first place. You don't buy anything. You can still sell an option... sell a call option without actually buying the shares. So let's say, for example, that you look in the paper and you see that Kennecott Copper is \$27 a share, but you don't buy it. You don't cover. It's not a covered call option. You go ahead and make the agreement and at a time in the future you are going to sell it to somebody at \$30 a share. All right, let's say that before that time in the future happens, before that time comes, Kennecott Copper is suddenly bought out by an oil company, a large oil company, and the shares go from \$27 to \$62 a share. Now when you have to sell on that call option at \$30 a share, you are going to have to go out on the market and buy those at \$62 a share and sell them at \$30. This kind of a call option, an uncovered call option, is one of the most highly speculative types of transactions in the securities market. This is allowed under the law that we are about to pass. All right, I just had passed out to you a sheet called State Investment Survey. I hope you will take a look at that. If you look across the top, you will see a category called "Covered Call Options". They picked out 22 states. Why 22 out of the 50, I don't know, but 22 states have been surveyed and you will see that most of those do not allow covered call options. They certainly do not allow speculative call options, options where you have not purchased the stock at the time that you enter into the option agreement. Okay, so much for call options. Put options, I am not entirely familiar with all of the implications of put options, but I again want to point out to you that our law, if we pass it, would allow that. If you look at the State Investment Survey again, at the categories across the top, you will see the category "Writing Put Options". Not one single state allows the writing of put options, and maybe someone can explain the significance of this to me, but what it does indicate to me is that every place else in this country they have not found that that is something that they should allow the government to do with the state's pension funds. So my amendment would say that you cannot write call options