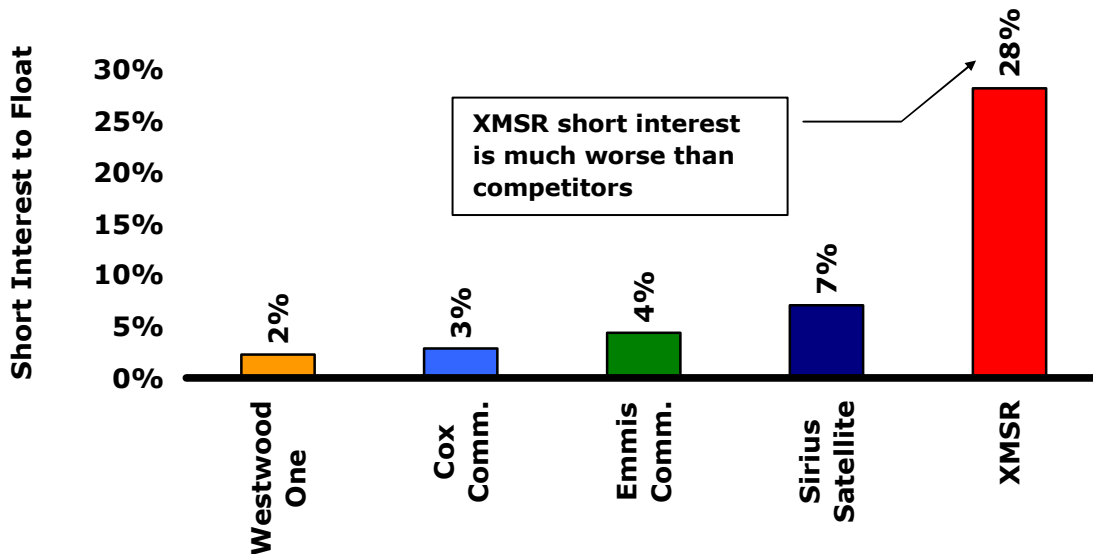




Heavy XMSR short interest is great for your puts!

There's no doubt about it: Shares of **XM Satellite Radio (XMSR)** are under tremendous downward pressure. Reason: *Everybody and their brother are shorting the stock!* Take a look:

Big downward pressure on XMSR shares



As you can see from this chart, XMSR's short interest to float is 28%. Translation: A mind-boggling 28% of XMSR's shares available to the public *are sold short!* That's far worse than *any of XMSR's major competitors...*

Worse than Westwood One's 2% ... Cox Communications' 3% ... Emmis Communications' 4%. *In fact, XMSR's short interest is four times as bad as Sirius Satellite Radio's 7%!*

No matter how you slice it, a boatload of people are betting XMSR shares are headed down in a hurry. So, **hold** your January XM Satellite Radio puts!

Alongside XMSR, your other positions are poised to jump, too

After pulling back from a recent high at \$45.75, shares of **Avon Products** are poised for a move down. In fact, a move below support in the \$43 area should pave the way for a slide to \$41 and below. And that should give your January Avon Products puts a nice boost! **Hold.**

Sure, the **Nasdaq-100 Index Tracking Stock (QQQ)** popped higher yesterday with the broader markets, but don't be fooled -- *there's a maelstrom of bearish pressure on the QQQs...*

Rising interest rates ... a tepid labor market ... skyrocketing oil prices ... geopolitical uncertainty and unrest galore! And as these bearish forces sink in, your December QQQ puts should get a lift, so **hold 'em!** Still...

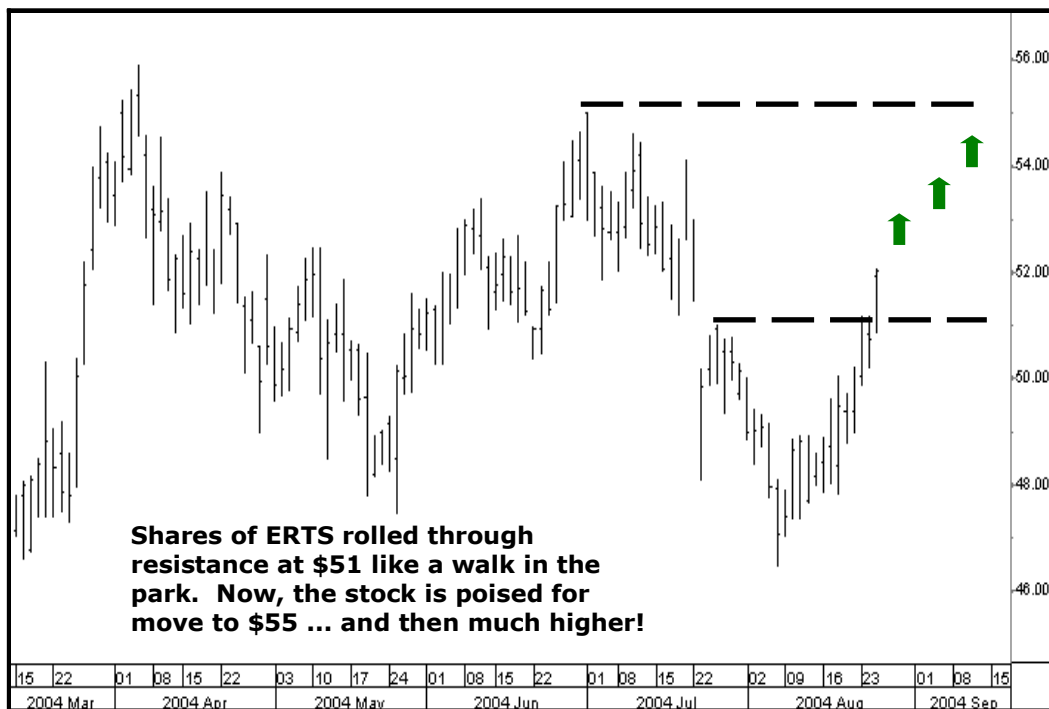
Not every company is going to get hammered by the market's looming decline. Some will shine regardless...

Electronic Arts just announced that *Madden NFL 2005* sold a mind-boggling 1.35 million copies at retail stores within its first week. That makes it the biggest week one launch of the video game's 15 year franchise history. Nice!

But that's not all. *Madden NFL 2005* and its sister-product *NCAA Football 2005* are tracking ahead of last year's record volume. And that's nothing to sneeze at: Last year the two games were the number one and number two selling football titles. Now matter how you look at it, that's great news for your calls.

Plus, Viacom is eyeing Electronic Arts as a possible purchase target. Reason: The media giant has an itching to get into the video game business and has even formed a directors group to sort through possibilities. That's bullish for Electronic Arts for sure.

And there's more...



As you can see from this chart, shares of ERTS smashed easily through resistance at \$51. We're now looking for a move above to \$55 and, beyond that, the sky's the limit! The

shares have support at \$51, their former resistance level. So, **hold** your September Electronic Arts calls.

And the good news doesn't stop there...

Veritas just announced that it's expanding its presence in one of the fastest growing markets around, China. How? By developing engineering talent in Beijing, investing in local-language technical support, and furthering data protection with a fully-localized version of *Veritas Net Backup 5.0*, the industry's number one data protection product. That's bullish indeed, so **hold** your January Veritas calls.

Your **September Bristol-Myers calls** are down -- but not out. They've recently traded near their strike price which means they could rebound in the blink of an eye. **Hold 'em.**

Bottom-line: Your portfolio is loaded with upside potential! Hold all positions -- we'll be in touch soon with more recos and updates!

Best Wishes,

Martin, Scot, and Wayne

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