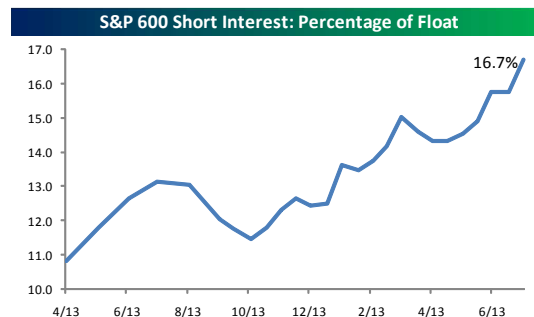
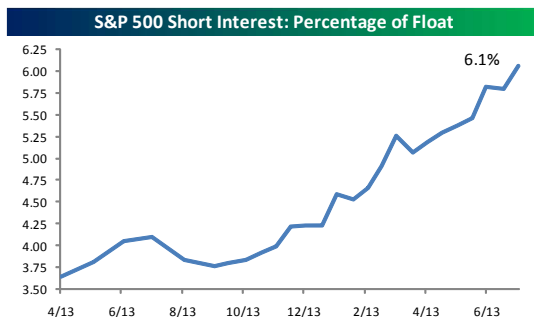
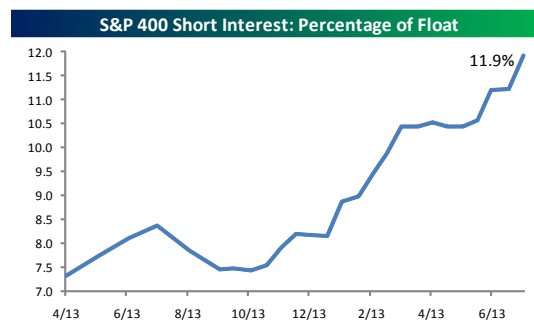
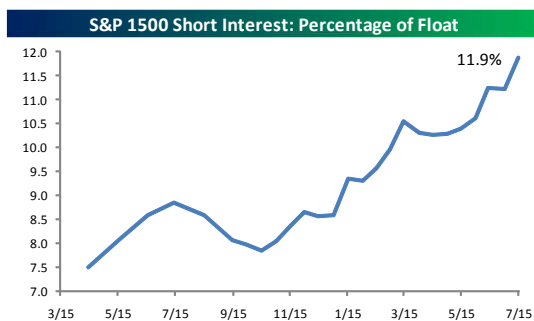


## Another High For Short Interest: Banks Top The List

Mid-month short interest figures released after the close today once again showed an increase to record highs on the NYSE. Additionally, for the S&P 500 the average stock now has 6.1% of its float sold short, while the average stock in the S&P 1500 saw its short interest rise to 11.9% of its float. For the S&P 500 as a whole, short interest has now increased by 38% in the last year. Given the large fluctuations in the market since mid-July, we would note that these most recent short interest figures were as of July 15th, which was the day the SEC first gave signals that they would crackdown on short interest. Therefore, if the comments by the SEC did have any impact (which we think is unlikely) on short interest figures, it wouldn't be reflected in the mid-month report.

On page two of this report, we summarize the current short interest as a percentage of float for each S&P sector and group versus its range of the last year. For each category we also highlight the three stocks that have currently seen the largest relative increase and decrease in their short interest levels since the last reporting period at the end of June. As the charts on page two illustrate, every group with the exception of Autos and Energy saw their short interest levels increase in the first half of July, and all of them remain near their highs of the year. We would also note that short interest in the banks jumped to 19.6% of the average stock's float, making it the most heavily shorted group in the S&P 1500 (see graphic on page three).

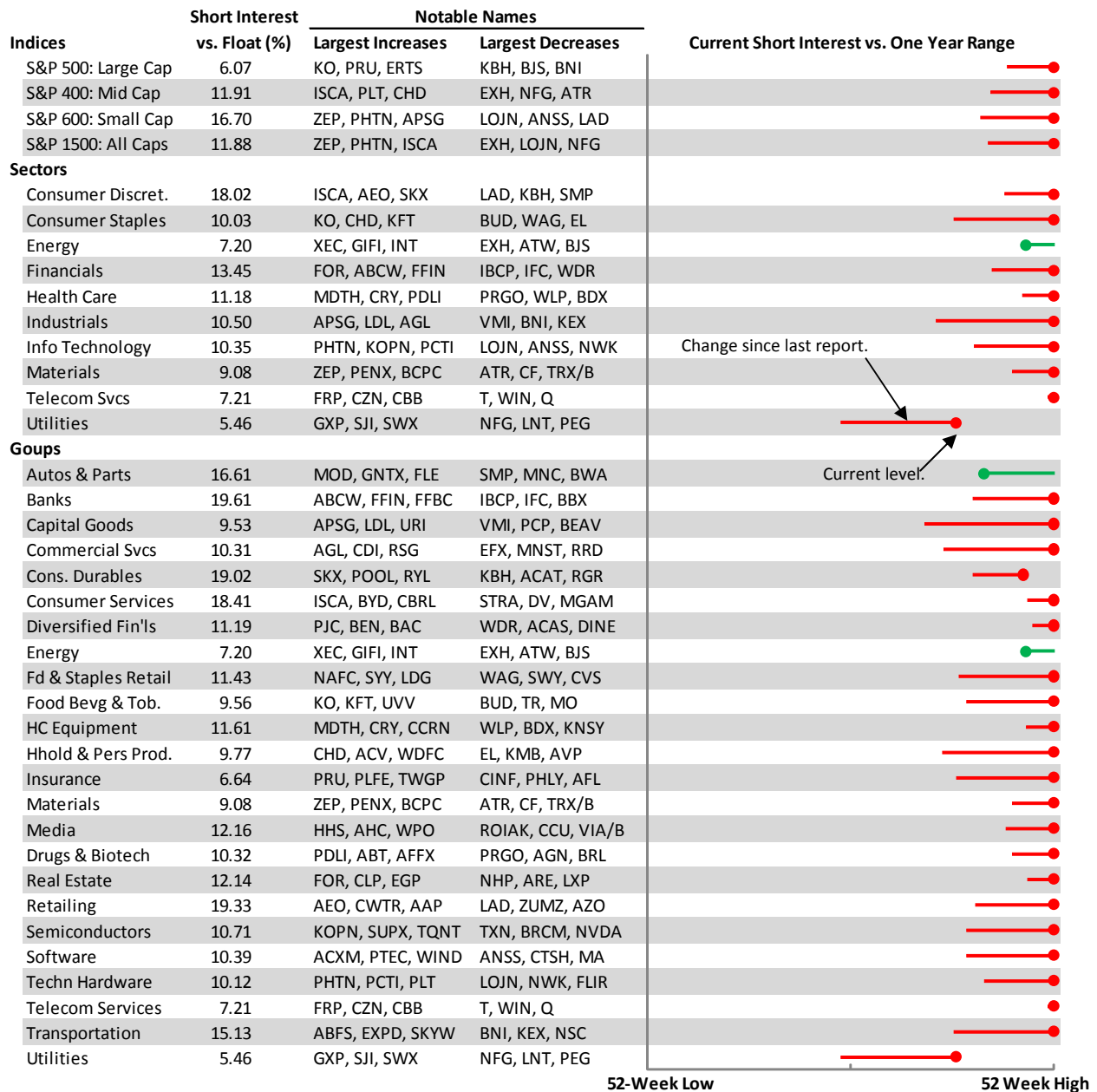


# S&P 1500 Short Interest Report

7/24/08

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## S&P 1500 Short Interest Summary



### Short Interest Report Explained:

**Short Interest vs. Float (%):** Average short interest as a percentage of float for companies in that index, sector, or group.

**Largest Increases:** Highlights the three stocks in each group that have seen their short interest as a percentage of float rise by the largest margin relative to their one-year range.

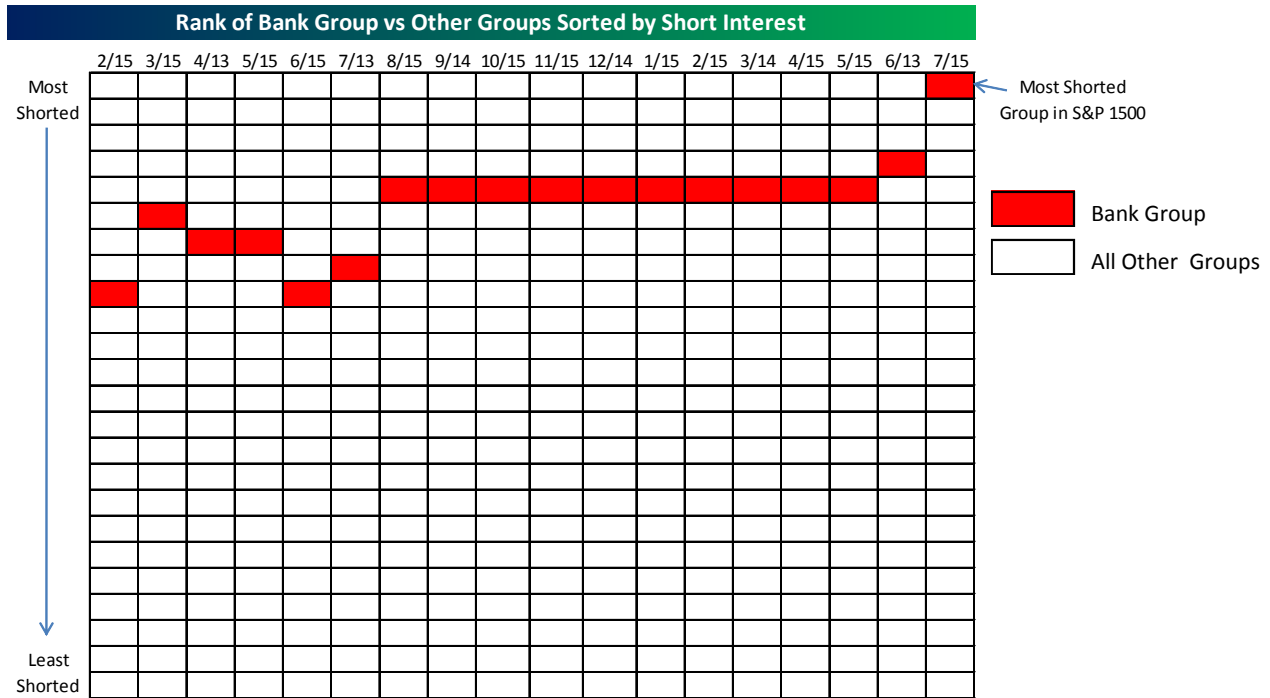
**Largest Decreases:** Highlights the three stocks in each group that have seen their short interest as a percentage of float fall by the largest margin relative to their one-year range.

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# S&P 1500 Short Interest Report

7/24/08

As shown below, Banks are now the most heavily shorted group in the S&P 1500, with the average stock having 19.61% of its float sold short. Banks are followed by Retail (19.33%), Consumer Durables (19.02%), and Consumer Services (18.41%).



Finally, given the emphasis on the list of nineteen stocks where the SEC is going to crack-down on naked short selling, we created an index of the average short interest as a percentage of float for each of the US based companies on the list (BAC, C, GS, JPM, LEH, MER, MS, FRE, and FNM). As we mentioned on page one, the most recent short interest data does not include the period following SEC Chairman Cox's announcement of the crack-down. Therefore, it will be interesting to see how these figures change at month end. That being said, as of July 15th, the average short interest increased to 7.5% of each stock's float. While the number has spiked, if we put this number in the perspective of the average bank stock (which has an average short interest of 19.6%), these stocks actually have lower short interest. So our question becomes, why did the SEC feel the need to focus on these names rather than the overall market?

## US Based Banks on SEC Naked Short List

Average Short Interest (Percent of Float)

