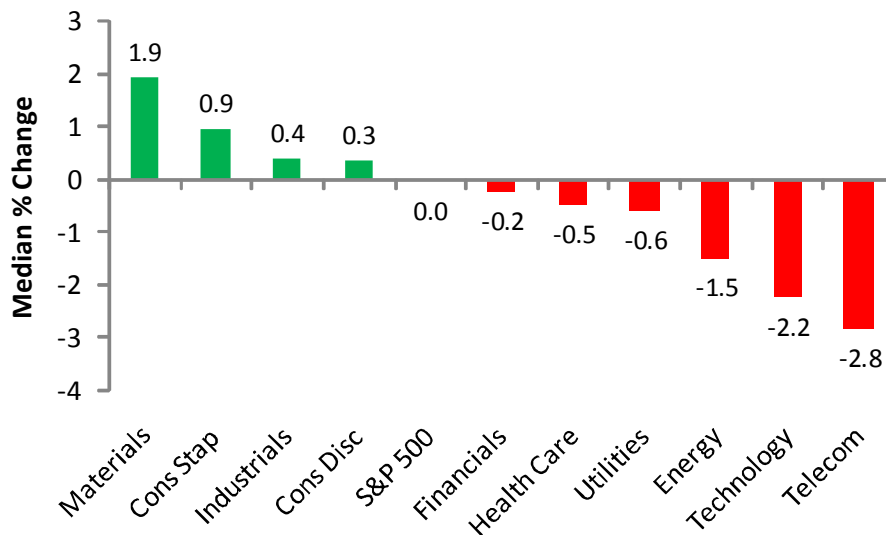


Earnings Season Stats to Watch

Last week we highlighted the performance of the overall market during earnings season, and below we highlight the performance of the ten S&P 500 sectors during earnings season. While the S&P 500 has historically performed much worse during earnings season than during the earnings off-season, four sectors have a median change during earnings season that is positive. The Materials sector has the best earnings season performance with a median change of 1.9%. Consumer Staples, Industrials, and Consumer Discretionary are the other three sectors with positive earnings season returns. Telecom, Technology, and Energy have had the worst performance during earnings season since 2001. *Continued on page two...*

Median % Change During Earnings Season: '01-Present

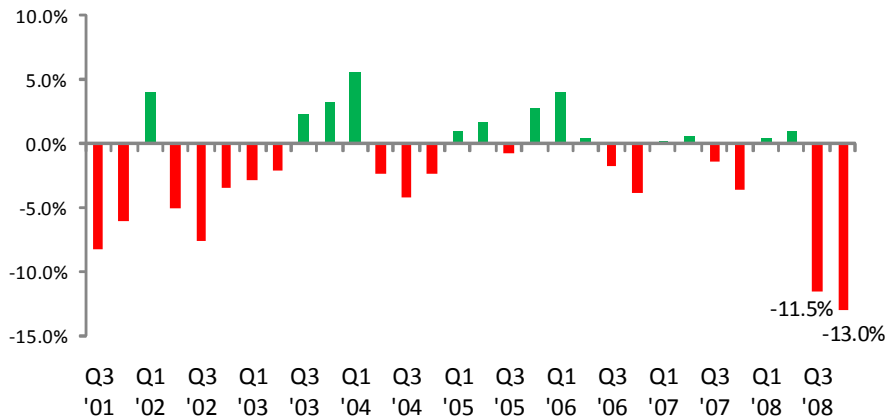


Performance During Earnings Season

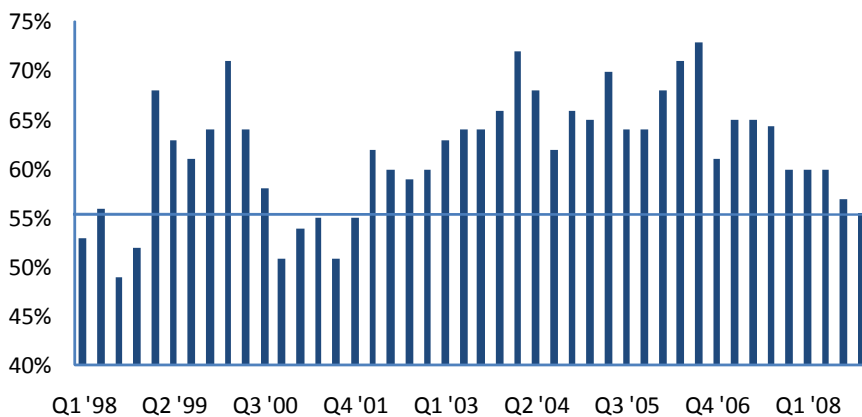
Sector	Median % Chg	Average % Chg	% Up Seasons
Materials	1.93	-0.01	56.7%
Cons Stap	0.94	0.12	60.0%
Industrials	0.38	-1.04	53.3%
Cons Disc	0.34	-0.96	53.3%
S&P 500	-0.05	-0.91	50.0%
Financials	-0.23	-1.86	46.7%
Health Care	-0.48	-0.33	43.3%
Utilities	-0.59	-1.69	50.0%
Energy	-1.48	-0.66	43.3%
Technology	-2.24	-0.21	43.3%
Telecom	-2.82	-2.23	46.7%

Bespoke Premium members will remember that the key to the last earnings season was poor guidance. As shown below, the spread between the percentage of companies raising guidance versus the percentage lowering guidance was -13% last earnings season, which was the worst reading over our time frame. The quarter before that was almost as bad. With the market heading into earnings season in a somewhat positive mood, it will be important to see how companies report versus analyst expectations. With so many companies lowering guidance for the upcoming quarter, analysts have lowered their estimates along with them, so it does leave room for upside surprises. With the market at somewhat of an inflection point here, the percentage of companies beating estimates during earnings season will surely impact whether or not this rally can continue. As we continuously note, the earnings “beat” rate has managed to stay above the ‘01-’02 bear market levels so far. If analysts did become too bearish and the “beat” rate improves versus last quarter, we believe stocks could continue their upward charge. If analysts’ increasingly bearish bets still weren’t bearish enough, look out below. As always, we’ll be keeping track of earnings season stats and make members aware of the trend as the reporting period progresses. *Continued on page three...*

US % of Companies Raising Minus Lowering Guidance



Quarterly EPS "Beat" Rates: 1998-Present



For investors looking for earnings season plays, we filtered the *Bespoke Earnings Database* to find the companies that have been the most consistent performers on earnings reports during the current bear market that began in October 2007. The S&P 1500 companies below have beaten earnings per share and revenue estimates 75% of the time, raised guidance at least once, and traded higher on their earnings report days more than 75% of the time since 10/07. We also provide the stock's average one-day change following its earnings report, and as shown, the performance numbers have been very positive for these names.

Best S&P 1500 Stocks on Earnings Reports During Bear Market

Stock	Company	EPS	Revenue	Guidance	Up on Day	Avg % Chg
ACAP	American Physicians Capital Inc	100.0%	83.3%	33.3%	83.3%	4.35
ADCT	ADC Telecommunications Inc	100.0%	100.0%	33.3%	83.3%	8.62
AFG	American Financial Group Inc/OH	100.0%	100.0%	50.0%	100.0%	7.70
APH	Amphenol Corp	100.0%	100.0%	33.3%	83.3%	6.31
ARG	Airgas Inc	83.3%	100.0%	33.3%	83.3%	4.34
BAX	Baxter International Inc	100.0%	83.3%	16.7%	83.3%	2.53
CIR	CIRCOR International Inc	100.0%	100.0%	25.0%	75.0%	3.39
FDS	Factset Research Systems Inc	83.3%	83.3%	16.7%	83.3%	6.09
FLS	Flowserve Corp	100.0%	83.3%	50.0%	83.3%	8.18
GES	Guess? Inc	100.0%	100.0%	16.7%	100.0%	8.29
HMSY	HMS Holdings Corp	100.0%	100.0%	66.7%	100.0%	7.11
LHCG	LHC Group Inc	83.3%	100.0%	33.3%	83.3%	10.49
MASI	Masimo Corp	100.0%	100.0%	66.7%	100.0%	5.12
MTD	Mettler-Toledo International Inc	83.3%	83.3%	33.3%	83.3%	2.72
MV	Metavante Technologies Inc	100.0%	100.0%	33.3%	100.0%	16.07
NJR	New Jersey Resources Corp	83.3%	83.3%	33.3%	83.3%	2.25
PCLN	priceline.com Inc	100.0%	100.0%	33.3%	83.3%	11.94
SLG	SL Green Realty Corp	83.3%	100.0%	33.3%	83.3%	7.42
SVR	Syniverse Holdings Inc	100.0%	100.0%	50.0%	83.3%	2.47
SY	Sybase Inc	100.0%	100.0%	16.7%	83.3%	6.10
TIF	Tiffany & Co/DE	100.0%	83.3%	16.7%	83.3%	5.84
TNDM	Neutral Tandem Inc	100.0%	100.0%	66.7%	100.0%	10.22
TTEK	Tetra Tech Inc	100.0%	83.3%	16.7%	100.0%	9.69
VAR	Varian Medical Systems Inc	100.0%	100.0%	16.7%	83.3%	5.76
WGOV	Woodward Governor Co	83.3%	100.0%	33.3%	83.3%	6.47