

Bespoke Earnings Estimate Revisions

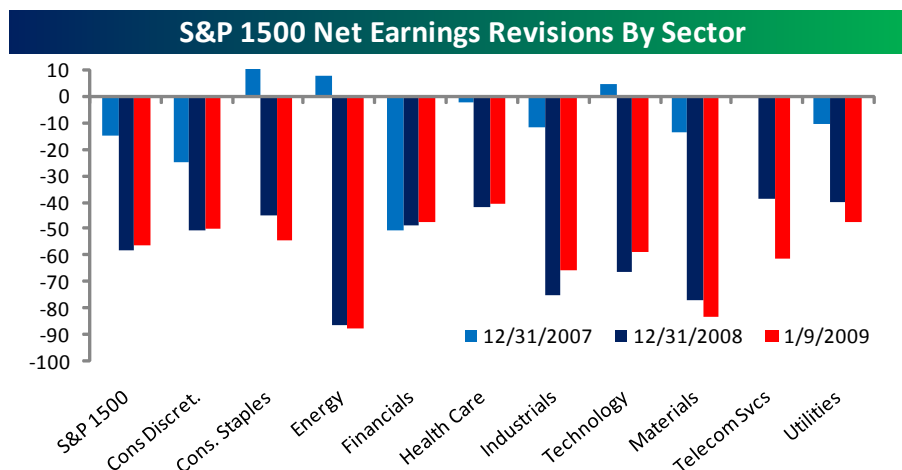
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In terms of analyst revisions, 2009 is picking up right where 2008 left off. As shown below, over the last four weeks analysts have lowered earnings forecasts for 982 of the companies in the S&P 1500 and raised forecasts for only 134. This works out to a net of 56.5% of the companies in the index. While analysts seemed pessimistic on the prospects of the companies they covered at the start of last year, the outlook heading into 2009 seems downright apocalyptic.

On a sector basis, given the declines in commodities, it is not too surprising that analysts are bearish on Energy and Materials. Over the last four weeks, they have cut forecasts for 88% of the companies in the Energy Sector, and 83% of stocks in the Materials sector. Within the Energy sector, the drillers seem to be seeing the most pain, as the three stocks in the sector with the most negative revisions are all from that group (OXY, BHI, and EOG). Refiners, on the other hand, are benefitting from the drop in oil prices. The two stocks in the sector with the most positive revisions are Tesoro (TSO) and Sunoco (SUN).

In terms of individual companies, the two stocks with the greatest number of positive revisions are Apollo (APOL) and Family Dollar (FDO). While these stocks are from the Consumer Discretionary sector, we would note that for profit education stocks (APOL) and dollar stores (FDO) are probably more countercyclical in nature.

The question now for investors is whether expectations are low enough heading into earnings season.



Analyst Earnings Revisions By Sector - Last Month

Sector	Net Estimate Revisions	Companies in Sector	Percentage of Companies	Most Positive Revisions	Most Negative Revisions
Cons. Discret.	-136	271	-50.2	APOL, FDO, BBY	AEO, COH, URBN
Cons Staples	-42	77	-54.5	CCE, DMND, CHD	WAG, WMT, COST
Energy	-77	88	-87.5	TSO, SUN, SWSI	OXY, BHI, EOG
Financials	-123	260	-47.3	AFL, VNO, PRA	SNV, ICE, RF
Health Care	-68	167	-40.7	AMED, MGLN, GILD	SYK, CVD, LH
Industrials	-139	211	-65.9	ALK, SGR, AAI	ETN, IR, MAN
Technology	-148	253	-58.5	ADBE, IWOV, FDS	INTC, GPN, MU
Materials	-73	88	-83.0	BLL, OLN	WY, APD, ARG
Telecom Svcs	-8	13	-61.5	n/a	VZ, T, WIN
Utilities	-34	72	-47.2	UNS, PNW, NVE	PGN, ETR, DYN
S&P 1500	-848	1500	-56.5	APOL, FDO, AMED	SNV, INTC, GPN

Analyst Earnings Revisions By Group - Last Month

Group	Net Estimate Revisions	Companies in Group	Percentage of Companies	Most Positive Revisions	Most Negative Revisions
Autos & Parts	-10	15	-66.7	n/a	JCI, BWA, GNTX
Banks	-72	90	-80.0	HCBK	SNV, RF, BBT
Capital Goods	-85	131	-64.9	SGR, APSG, PWR	ETN, IR, ROP
Commercial Services	-31	52	-59.6	SCHS, HNI, EFX	MAN, CTAS, HSII
Consumer Durables	-45	73	-61.6	DECK, TRLG	COH, NKE, NWL
Consumer Services	-19	62	-30.6	APOL, DRI, CFL	SONC, CCL, HOT
Div. Financials	-39	51	-76.5	EV, LAB, FCFS	ICE, BAC, CME
Energy	-77	88	-87.5	TSO, SUN, SWSI	OXY, BHI, EOG
Food & Staples Retail	-13	17	-76.5	n/a	WAG, WMT, COST
Food Bevg & Tobacco	-19	46	-41.3	CCE, DMND, CAG	MO, GIS, SFD
HC Equip & Svcs	-48	115	-41.7	AMED, MGLN, LHCG	SYK, LH, UHS
Hhold & Pers Prod.	-10	14	-71.4	CHD	EL, AVP, NTY
Insurance	-10	52	-19.2	AFL, FAF, PRA	PFM, LNC, MMC
Materials	-73	88	-83.0	BLL, OLN	WY, APD, ARG
Media	-18	27	-66.7	n/a	TWX, OMC, CBS
Drugs & Biotech	-20	52	-38.5	GILD, WPI, KG	CVD, FRX, TMO
Real Estate	-2	67	-3.0	VNO, HCN, SLG	AVB, LRY, HST
Retailing	-44	94	-46.8	FDO, BBY, HOTT	AEO, URBN, BBBY
Semiconductors	-44	56	-78.6	ACLS, FEIC, SMTC	INTC, MU, WFR
Software & Services	-40	97	-41.2	ADBE, IWOV, FDS	GPN, ORCL, PAYX
Tech Hardware	-64	100	-64.0	CIEN, COMS, PLCM	WDC, FFIV, JBL
Telecom Services	-8	13	-61.5	n/a	VZ, T, WIN
Transportation	-23	28	-82.1	ALK, AAI	ODFL, JBHT, CSX
Utilities	-34	72	-47.2	UNS, PNW, ED	PGN, ETR, DYN
S&P 1500	-848	1500	-56.5	APOL, FDO, AMED	SNV, INTC, GPN

Earnings Estimates Revision Report Fields Explained:

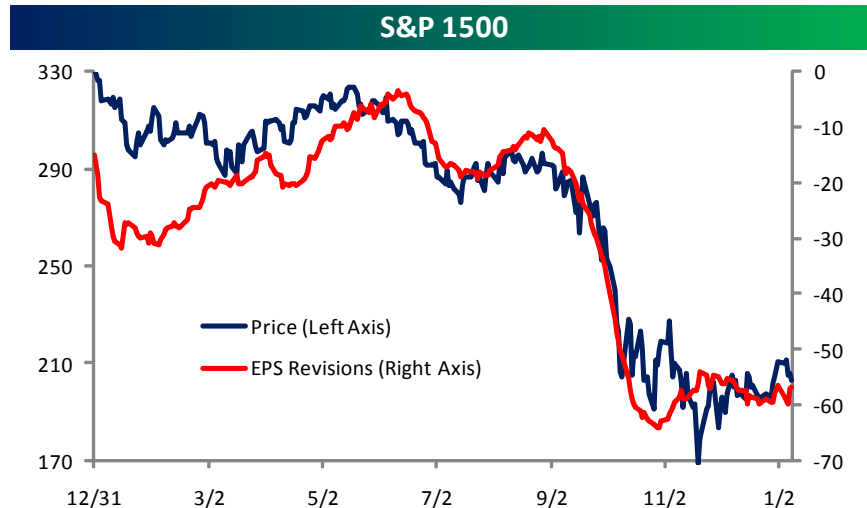
Net Estimate Revisions: Stocks with positive estimate revisions minus negative estimate revisions.

Companies in Sector/Group: Number of companies in each sector or group.

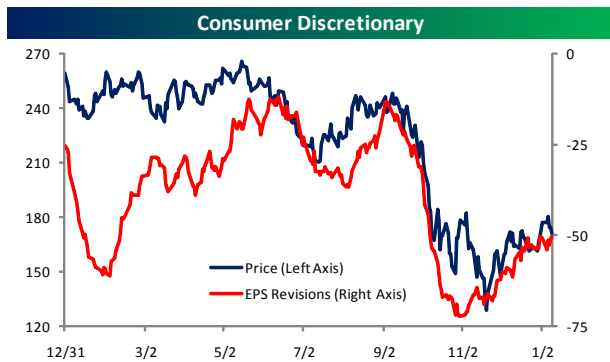
Percentage of Companies: Net Estimate Revisions divided by total number of companies in sector/group.

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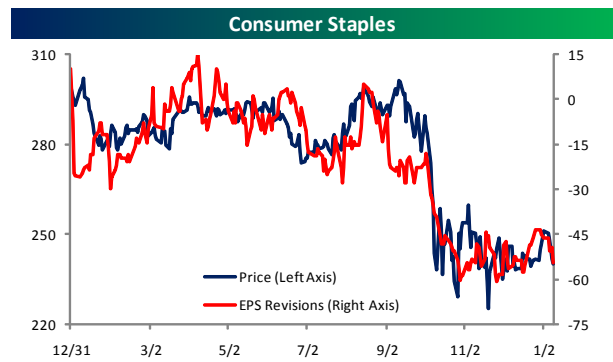
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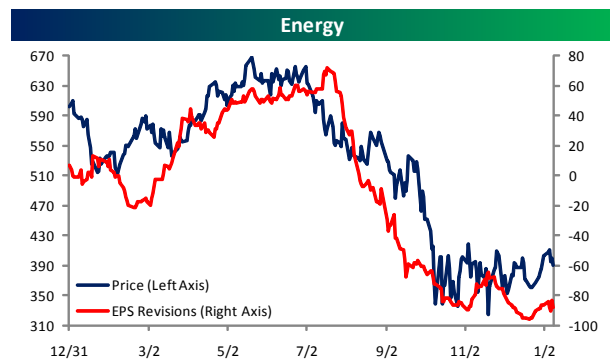
Just like last year, earnings revisions remain deeply underwater.



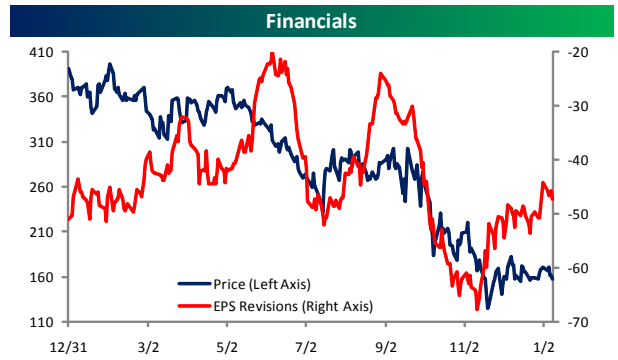
Improvement in revisions has led the sector higher.



Consumer Staples earnings revisions still range bound.



Earnings revisions in the Energy sector continue to drop.

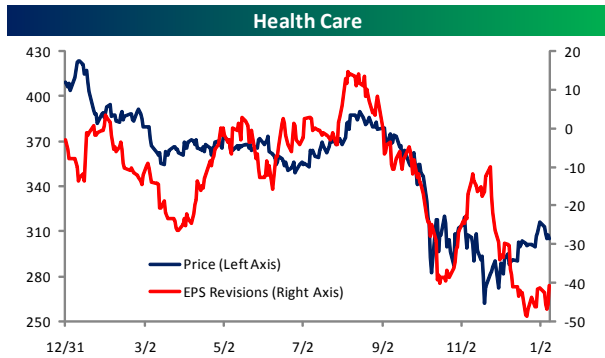


Will the improvement in revisions lead the sector higher?

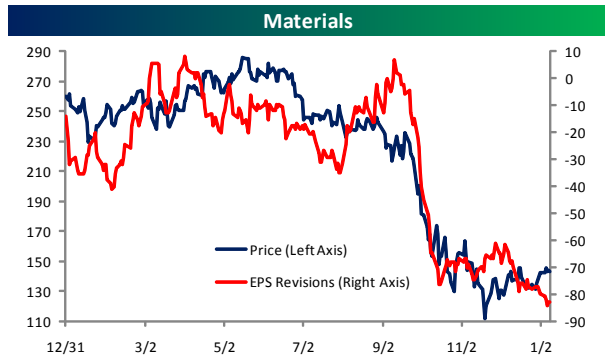
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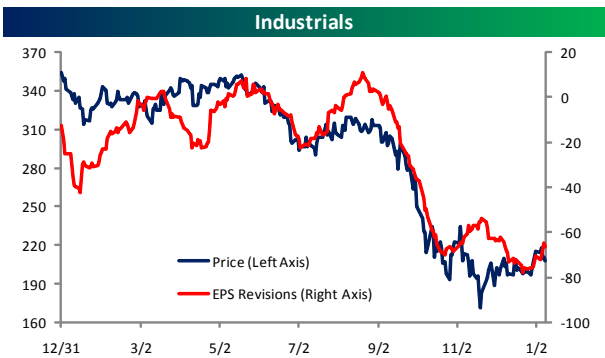
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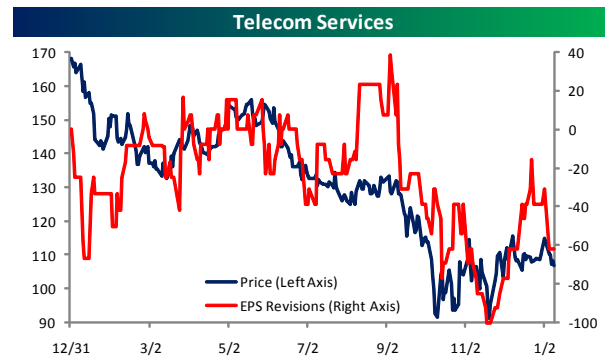
Health Care earnings revisions still near their lows, even though the sector is showing some signs of improvement.



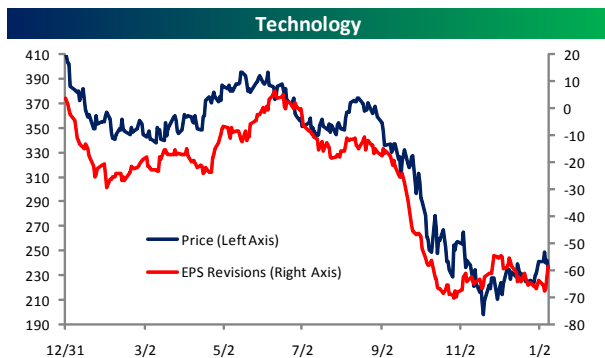
Analysts in the Materials sector are nearly all in on the negative side.



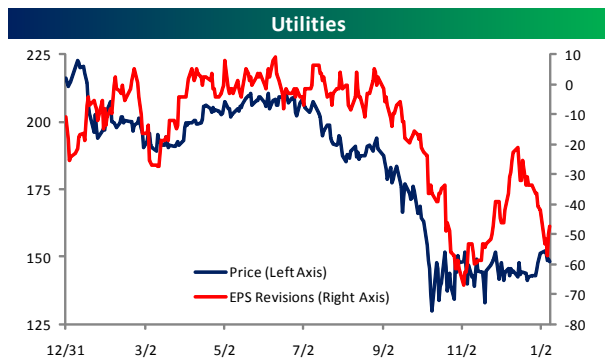
While the sector has improved, earnings revisions are still near their lows.



Any hopes for a rebound in revisions was quickly reversed.



Tech sector revisions are range bound. INTC news this week doesn't help matters.



Sharp negative reversal in Utility sector revisions.

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