



SP1500 SECTOR VALUATION

BEST VALUES: HEALTHCARE, TECHNOLOGY, ENERGY, STAPLES OR CONSUMER DISCRETIONARY IN VARIOUS STYLE INDICES

Our favorite analysis in our *SP1500 Sector Valuation* model is always the ranking of forward quarterly earnings growth rates for all sectors. However, given the deficits recorded by many sectors in 4Q08 and 1Q09, the comparison of earnings growth rates has been difficult and this methodology has lost its meaning. Therefore, we have swapped our quarterly earnings growth rate charts for dollar-based earnings per share charts. In this environment, we believe this comparison provides a better visual of past earnings trends while offering insight to growth expectations for 2010.

Earnings forecasts have been erratic throughout September and October, still **Healthcare, Technology, Energy, Staples** and **Consumer Discretionary** continue to repeat in our model as the best “value” in one or more of the S&P style indices.

Despite media reports that 3Q earnings announcements were widely beating consensus earnings estimates, our model shows that 2009 calendar earnings estimates rose slightly for the SP500 and fell for the SP400 and SP600 during October. See pages 5-7.

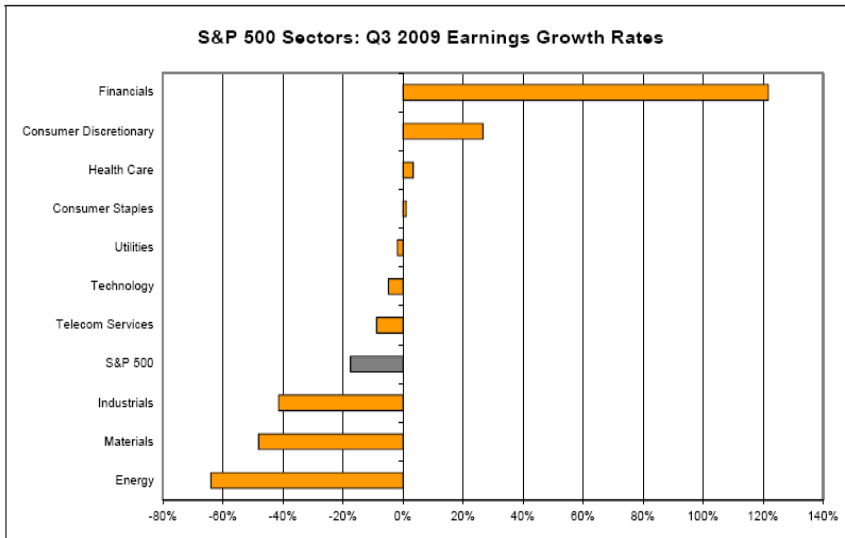
S&P Index and Sector Earnings and Growth Rates																		
Sector	SP500						SP400						SP600					
	4Q08 EPS	4Q09E EPS	YOY%	2009E % chg	2010E % chg	2002-2007 Avg	4Q08 EPS	4Q09E EPS	YOY%	2009E % chg	2010E % chg	2002-2007 Avg	4Q08 EPS	4Q09E EPS	YOY%	2009E % chg	2010E % chg	2002-2007 Avg
Cons Discretionary	\$ (0.37)	\$ 3.01	NM	69%	55%	17%	\$ 0.61	\$ 3.70	510%	75%	33%	9%	\$ (0.90)	\$ 2.50	NM	175%	92%	3%
Energy	\$ 4.44	\$ 6.21	40%	-67%	89%	26%	\$ (40.02)	\$ 8.04	NM	NM	NM	31%	\$ (35.78)	\$ 9.44	NM	-35%	130%	41%
Financials	\$ (13.93)	\$ 2.54	NM	NM	113%	5%	\$ (2.58)	\$ 4.84	NM	137%	48%	5%	\$ (10.69)	\$ 2.48	NM	NM	NM	8%
Healthcare	\$ 5.66	\$ 6.63	17%	9%	12%	9%	\$ 4.55	\$ 5.20	14%	-20%	40%	15%	\$ 5.93	\$ 6.62	12%	10%	19%	14%
Industrials	\$ 4.63	\$ 3.63	-22%	-36%	12%	14%	\$ 3.90	\$ 4.05	4%	-32%	26%	20%	\$ 4.00	\$ 4.44	11%	-37%	29%	25%
Materials	\$ (4.56)	\$ 1.66	NM	-21%	77%	29%	\$ 0.99	\$ 1.95	98%	-47%	57%	42%	\$ (3.57)	\$ 2.52	NM	62%	57%	51%
SP Index	\$ (0.09)	\$ 16.58	NM	13%	33%	14%	\$ (0.79)	\$ 9.26	NM	-9%	52%	14%	\$ (1.27)	\$ 3.72	NM	-12%	98%	15%
Staples	\$ 4.20	\$ 4.61	10%	4%	10%	7%	\$ 6.83	\$ 8.20	20%	1%	23%	17%	\$ 5.04	\$ 6.40	27%	32%	5%	9%
Technology	\$ 2.73	\$ 5.34	95%	1%	29%	6%	\$ (2.08)	\$ 10.00	NM	-6%	79%	77%	\$ (0.76)	\$ 2.22	NM	-29%	233%	18%
Telecom	\$ 1.87	\$ 2.04	9%	-6%	4%	13%	\$ 4.37	\$ 1.84	-58%	-37%	-8%	60%	\$ (0.22)	\$ 0.03	NM	-75%	15%	23%
Utilities	\$ 2.37	\$ 2.52	6%	-5%	9%	0%	\$ 3.48	\$ 3.87	11%	4%	13%	3%	\$ 8.26	\$ 8.89	8%	-6%	18%	9%

Source: S&P; Bold=above L-T avg *S&P forecasts EPS for SP5 Financials of (\$21.24) for 2008, \$5.51 for 2009 and \$11.96 for 2010

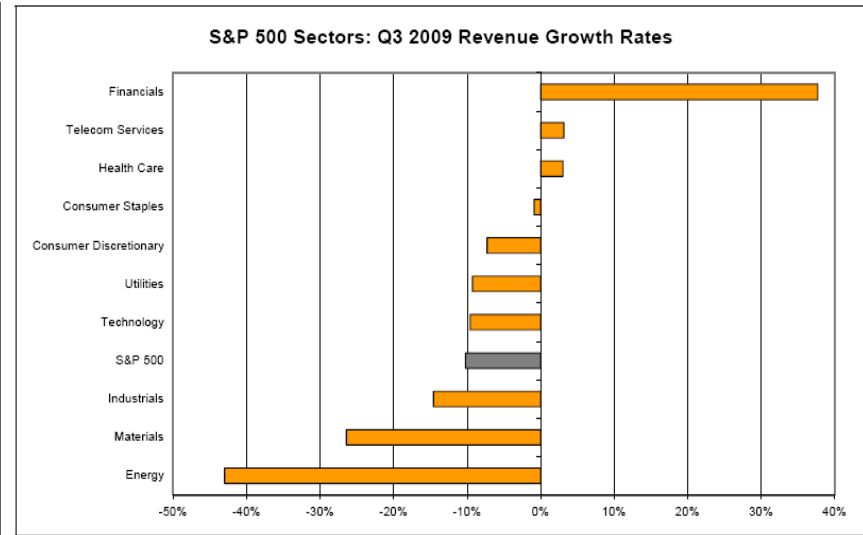
SP4 Energy (\$1.37) for 2009; SP6 Financials (\$6.15) in 2008, (\$4.65) in 2009 and \$17.20 in 2010

With third quarter earnings season past the mid-way point, a pattern of weak revenue growth is developing. As seen in the charts below, the **Financial** sector provided the bulk of 3Q earnings and revenue growth. The only other sector to show both earnings and revenue gains in 3Q09 was **Healthcare**.

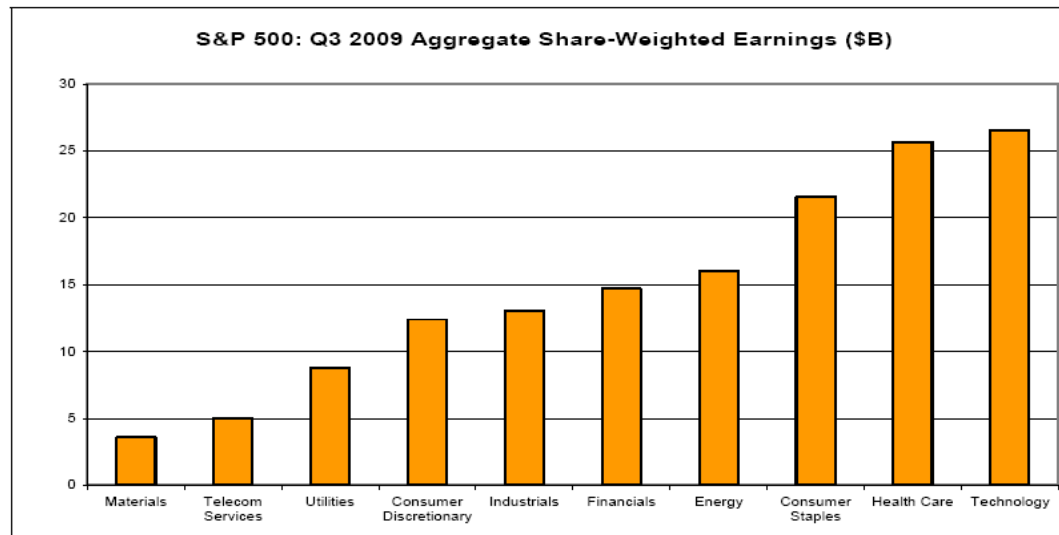
On a share weighted basis, our model shows **Energy**, **Technology**, **Staples** and **Healthcare** as the sectors that tend to generate the best earnings in each S&P style indices. See pages 5-7. As seen in the bottom chart, this pattern is also reflected in Thomson's consensus data for the third quarter.



Source: Thomson Reuters



Source: Thomson Reuters



Source: Thomson Reuters

SUMMARY OF VALUATION TRENDS (UNDERLINING IDENTIFIES SECTOR PATTERNS):

- Earnings growth rates are difficult to compare due to the number of deficits reported in recent quarters but when we simply look for *THE HIGHEST 2010 DOLLAR-BASED EARNINGS PER SHARE IN EACH INDEX* we find them to be:
 - SP500: Energy, Healthcare, Technology
 - SP400: Technology, Staples, Energy
 - SP600: Energy, Staples, Healthcare
- Excluding rebounds from earnings declines, the *HIGHEST 2010 EARNINGS GROWTH RATES* are currently projected for:
 - SP500: Consumer Discretionary (54.8%), Technology (29.2%), Healthcare (12.1%) and Staples (9.7%)
 - SP400: Financials (47.6%), Consumer Discretionary (33.1%), Utilities (13.3%) and Staples (23.0%)
 - SP600: Consumer Discretionary (92.3%), Materials (57.5%), Healthcare (18.8%) and Staples (4.9%)
- The best valuations, as measured by the *LOWEST ESTIMATED 2010 PEG RATIOS* are currently projected for:
 - SP500: Industrials (1.4), Healthcare (1.4), Staples (1.4) and Technology (1.4)
 - SP400: Industrials (1.3), Healthcare (1.3), Energy (1.3), Technology (1.3) and Consumer Discretionary (1.3)
 - SP600: Healthcare (1.0), Energy (1.1)
- Earnings growth is forecasted to be *BELOW THE S&P INDEX'S AVERAGE* for each of the next four quarters (4Q09-3Q10) for:
 - SP500: Staples, Healthcare, Telecom and Utilities
 - SP400: Staples, Industrials, Telecom and Utilities
 - SP600: Staples, Industrials, Healthcare and Utilities
- *HIGHEST PEG RATIOS on forecasted 2010 earnings* (excluding deficits) are currently projected for:
 - SP500: Telecom (2.6) and Financials (2.0)
 - SP400: Telecom (2.7) and Financials (2.6)
 - SP600: Financials (2.9) and Utilities (2.2)
- The following sectors are forecasted to have *DECLINING EARNINGS* growth in calendar 2010:
 - SP500: None
 - SP400: Telecom (-7.8%)
 - SP600: None
- Where does a sector's forecasted *EARNINGS CONTRIBUTION EXCEED THE SECTOR'S MARKET CAPITALIZATION*?
 - Energy and Utilities in all three indices
 - Materials and Healthcare in the **SP500** and **SP600**
 - Telecom in **SP500** and **SP400**
 - Staples in the **SP400** and **SP600**
 - Technology in the **SP400**

The 12-month forward PE ratios for each sector are 20% or more *below their long term average* for **Healthcare** and **Technology** in each index. PE's are 10% or more *above their long term average* for various sectors in each index, but without any sector patterns. See pages 7-9.

Strategic Sector Momentum and Valuation

Summary of November 2009 reports: SP1500 Industry Momentum/SP1500 Sector Valuation

S&P's 2010 Est's	SP 500	Cons Disc	Staples	Energy	Finance**	Healthcare	Industrials	Materials	Technology	Telecom	Utilities
EPS Gro%	33.3%	54.8%	9.7%	88.9%	113.1%	12.1%	11.8%	77.3%	29.2%	3.9%	9.4%
PEG***	1.5	1.6	1.4	1.7	2.0	1.4	1.4	1.7	1.4	2.6	1.8
Div Yield	2.3%	1.7%	3.0%	2.1%	2.4%	1.9%	3.0%	2.3%	1.0%	6.0%	4.6%
L-T Momentum											
Stage 1	92.1%	97.9%	100.0%	100.0%	100.0%	84.2%	100.0%	98.1%	71.0%	100.0%	100.0%
Stage 2	6.0%	0.0%	0.0%	0.0%	0.0%	3.3%	0.0%	0.0%	29.0%	0.0%	0.0%
Stage 3	0.2%	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Stage 0	1.6%	0.0%	0.0%	0.0%	0.0%	12.5%	0.0%	1.9%	0.0%	0.0%	0.0%
Positive	98.1%	97.9%	100.0%	100.0%	100.0%	87.5%	100.0%	98.1%	100.0%	100.0%	100.0%
Negative	1.8%	2.1%	0.0%	0.0%	0.0%	12.5%	0.0%	1.9%	0.0%	0.0%	0.0%

S&P's 2010 Est's	SP 400	Cons Disc	Staples	Energy	Finance**	Healthcare	Industrials	Materials	Technology	Telecom**	Utilities
EPS Gro%	51.8%	33.1%	23.0%	*	47.6%	39.5%	26.0%	57.0%	79.1%	-7.8%	13.3%
PEG***	1.5	1.3	1.4	1.3	2.6	1.3	1.3	1.5	1.3	2.7	1.7
Div Yield	1.5%	0.7%	1.0%	0.6%	3.5%	0.4%	1.1%	2.1%	0.3%	0.9%	4.3%
L-T Momentum											
Stage 1	78.4%	44.0%	81.1%	100.0%	98.5%	75.1%	94.5%	100.0%	57.9%	100.0%	96.1%
Stage 2	15.7%	38.4%	18.9%	0.0%	1.5%	15.1%	3.2%	0.0%	42.1%	0.0%	0.0%
Stage 3	2.6%	6.8%	0.0%	0.0%	0.0%	9.8%	2.3%	0.0%	0.0%	0.0%	0.0%
Stage 0	2.0%	10.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.9%
Positive	94.1%	82.4%	100.0%	100.0%	100.0%	90.2%	97.7%	100.0%	100.0%	100.0%	96.1%
Negative	4.6%	17.6%	0.0%	0.0%	0.0%	9.8%	2.3%	0.0%	0.0%	0.0%	3.9%

S&P's 2010 Est's	SP 600	Cons Disc	Staples	Energy	Finance**	Healthcare	Industrials	Materials	Technology	Telecom	Utilities
EPS Gro%	98.0%	92.3%	4.9%	130.1%	*	18.8%	29.4%	57.5%	233.4%	14.8%	18.4%
PEG***	1.4	1.2	1.4	1.1	2.9	1.0	1.2	1.5	1.2	1.3	2.2
Div Yield	1.2%	0.7%	0.7%	0.4%	3.1%	0.3%	1.0%	1.1%	0.2%	3.6%	4.1%
L-T Momentum											
Stage 1	79.8%	39.2%	39.8%	100.0%	88.1%	87.4%	98.9%	73.0%	100.0%	100.0%	42.4%
Stage 2	17.0%	60.8%	60.2%	0.0%	11.9%	12.6%	0.0%	27.0%	0.0%	0.0%	0.0%
Stage 3	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Stage 0	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.0%	0.0%	0.0%	57.6%
Positive	96.8%	100.0%	100.0%	100.0%	100.0%	100.0%	98.9%	100.0%	100.0%	100.0%	42.4%
Negative	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.0%	0.0%	0.0%	57.6%

Source: Dudack Research Group; S&P * Losses in 2008 make 2009 earnings growth comparisons not meaningful (NM) **Negative earnings est's/xiv's may be at risk

Blue shading = good px momentum (>85%), EPS est's better than benchmark next 3 to 4 quarters, highest eps est's, lowest PEG ratios, highest div yield

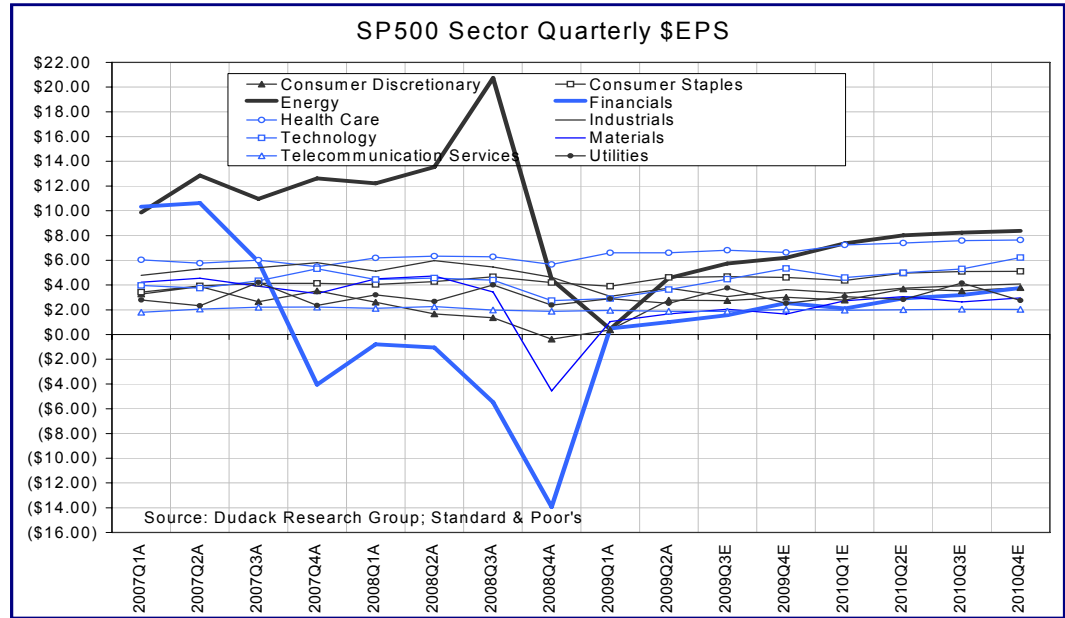
Grey shading = weak px momentum, lowest quarterly growth estimates, highest PEG ratios

*** Estimated 5-year growth rates (StockVal)

Putting key information from our *SP1500 Industry Price Momentum* and *SP1500 Sector Valuation* models into one table helps us define sector patterns. We have shifted our table to focus on 2010 earnings estimates, so there are more changes than in previous months. Note that the blue shading (positive) in the table above still directs our attention to **Technology** and **Consumer Discretionary** as sectors that demonstrate best value; this is also true of **Healthcare** and **Staples** but with less conviction this month. **Energy** continues to evolve as a value play after a year of below average EPS growth. Note that a number of sectors such as **SP400/SP600 Staples** and **SP400/SP600 Consumer Discretionary** have price momentum that is moving into Stage 2 momentum (leadership). Bottom line: our table is reflecting a slow and consistent positive turn in economic/fundamental/momentum statistics.

S&P 500 Sector Valuation

- The **SP500's** projected earnings growth rate for 2010 slipped from 34.9% in September to 33.0% in October. The largest estimate changes were EPS decreases for **Financials** and **Materials**.
- Only **Healthcare** (15.9%/5.0%/8.9%/12.1%) and **Staples** (10.1%/10.0%/3.7%/9.7%) had positive EPS growth rates in 2007/2008 and have positive growth forecasts for 2009 and 2010.
- Deficits in **Financials**, **Materials** and **Consumer Discretionary** have created havoc in our charts of year-over-year growth in quarterly earnings and many percentages are no longer meaningful. As a substitute, we are providing the chart to the right which displays the quarterly earnings per share of the ten SP500 sectors. By the end of 2010, the top three dollar-based EPS gainers are forecasted to be in **Energy**, **Healthcare** and **Technology**.
- No sector has a 2010E PEG ratio of 1 or less.
- Based upon 2010E earnings, earnings contributions are greater than market cap weightings for: **Healthcare**, **Energy**, **Utilities**, **Materials** and **Telecom**. See arrows in the table below.



Ranked by 2010E PEG Ratio

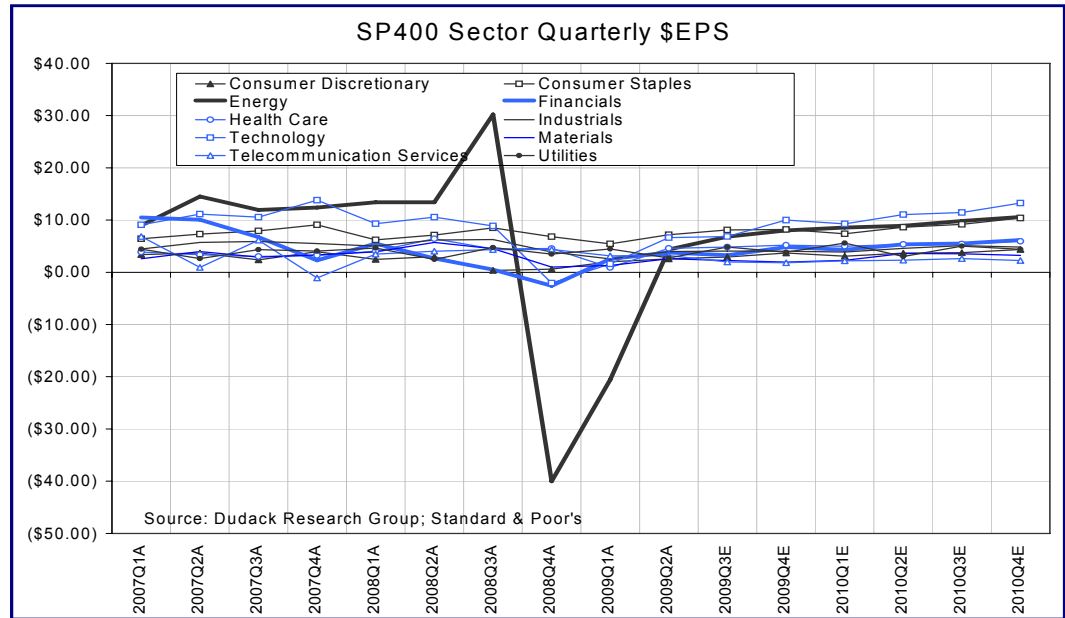
By Market Cap SP500 Sectors	2003 EPS% Chg	2004 EPS% Chg	2005 EPS% Chg	2006 EPS% Chg	2007 EPS% Chg	2008 EPS% Chg	2009E EPS% Chg	2010E EPS% Chg	2010E PE	2010E PEG**	Current (2010E)		Dividend Yield
											% SP EPS	% Mkt Cap	
Healthcare	-1.7%	17.5%	8.5%	7.8%	15.9%	5.0%	8.9%	12.1%	11.1	1.4	17.0% ↔ 12.6%		1.9%
Industrials	3.3%	20.7%	24.8%	16.2%	11.8%	-0.5%	-36.1%	11.8%	15.1	1.4	8.6%	10.1%	3.0%
Technology	139.2%	56.7%	18.5%	1.3%	14.7%	-7.1%	1.3%	29.2%	16.2	1.4	12.0%	19.0%	1.0%
Staples	-1.0%	8.8%	4.9%	5.5%	10.1%	10.0%	3.7%	9.7%	13.7	1.4	11.1%	11.9%	3.0%
Cons Disc	10.6%	29.5%	-3.5%	20.0%	-15.7%	-60.4%	68.6%	54.8%	15.8	1.6	7.8%	9.1%	1.7%
Materials	18.7%	90.0%	18.5%	27.3%	4.7%	-49.3%	-20.8%	77.3%	16.2	1.7	6.5% ↔ 3.4%		2.3%
Energy	65.3%	48.9%	44.0%	24.7%	6.1%	10.0%	-66.7%	88.9%	13.7	1.7	18.2% ↔ 12.4%		2.1%
Utilities	-9.4%	-1.6%	12.8%	18.1%	1.5%	5.0%	-4.6%	9.4%	11.5	1.8	7.3% ↔ 3.7%		4.6%
Financials	27.2%	15.4%	3.6%	17.5%	-39.4%	*	*	113.1%	16.4	2.0	6.8%	14.7%	2.4%
Telecom	-0.7%	0.8%	5.6%	9.9%	3.8%	-0.6%	-5.6%	3.9%	12.8	2.6	4.6% ↔ 3.1%		6.0%
SP500 Average	18.8%	23.7%	13.0%	14.7%	-5.9%	-40.0%	12.7%	33.3%	14.3	1.5			2.3%

Arrow = eps contribution > market cap Bold = better value than index *S&P forecasts EPS for Finance: (\$21.24) for 2008, \$5.51 for 2009 and \$11.96 for 2010

Source: Dudack Research Group; Standard & Poor's; StockVal **Est 5 year growth rate

S&P 400 Sector Valuation

- The **SP400's** projected earnings growth rate for 2010 rose from September's 49.5% to 52.0% in October. This increase came from a variety of sectors but was also due to downward adjustments to 2009 EPS estimates.
- No sector had/has consistently positive earnings growth rates or estimates for the years including 2007, 2008, 2009 and 2010.
- The deficits seen in **Energy**, **Financials** and **Technology** have created havoc in our chart of year-over-year growth in quarterly earnings for the ten SP400 sectors.
- By the end of 2010, the top three dollar-based EPS gainers are forecasted to be in **Technology**, **Staples** and **Energy**.
- No sector has a 2010E PEG ratio of 1 or less.
- Five sectors have forecasted 2010 earnings contributions greater than their market cap weighting: **Energy**, **Telecom**, **Technology**, **Staples** and **Utilities**.



Ranked by 2010E PEG Ratio

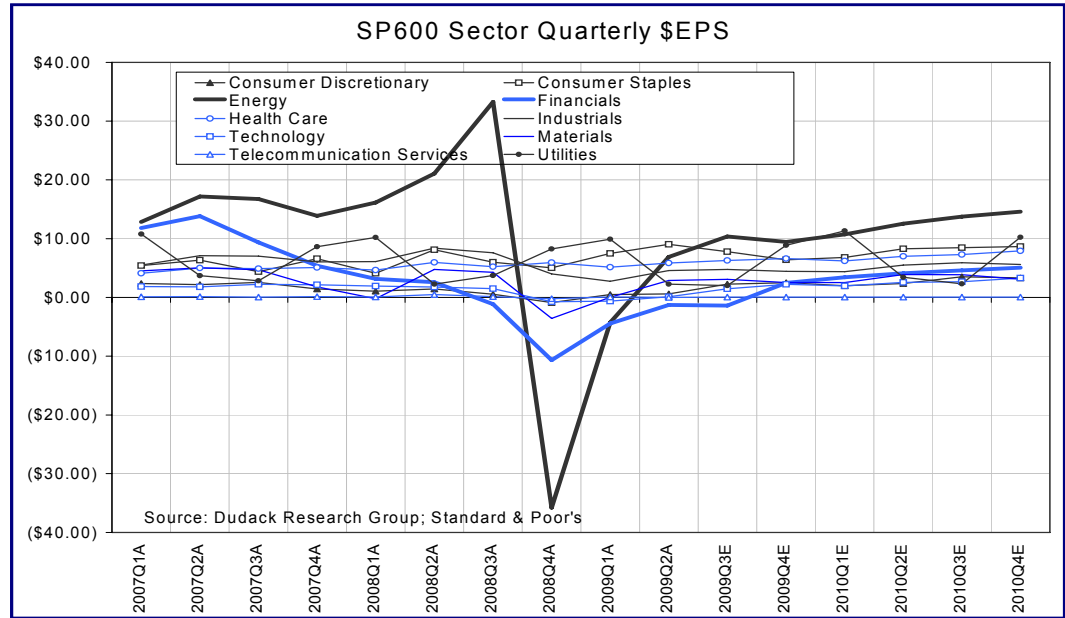
By Market Cap SP400 Sectors	2003	2004	2005	2006	2007	2008	2009E	2010E	2010E		Current (2010E)		Dividend Yield
	EPS% Chg	EPS% Chg	EPS% Chg	EPS% Chg	EPS% Chg	EPS% Chg	EPS% Chg	EPS% Chg	PE	PEG**	% SP EPS	% Mkt Cap	
Healthcare	41.6%	10.6%	6.4%	3.6%	-6.0%	44.1%	-20.2%	39.5%	17.2	1.3	9.2%	12.1%	0.4%
Energy	100.5%	36.0%	43.3%	57.5%	2.3%	-64.5%	*	*	15.7	1.3	16.1%	↔ 6.5%	0.6%
Industrials	9.8%	26.4%	18.8%	20.5%	26.9%	-0.9%	-31.6%	26.0%	16.3	1.3	7.9%	14.9%	1.1%
Technology	310.6%	90.7%	4.7%	43.2%	32.3%	-40.2%	-5.8%	79.1%	17.2	1.3	19.1%	↔ 14.9%	0.3%
Cons Disc	16.2%	25.9%	9.2%	-11.0%	-24.8%	-52.2%	75.2%	33.1%	17.7	1.3	6.3%	15.7%	0.7%
Staples	14.5%	22.5%	2.0%	19.8%	15.5%	-6.8%	1.0%	23.0%	13.3	1.4	15.1%	↔ 3.8%	1.0%
Materials	-40.6%	241.9%	39.2%	29.0%	-1.3%	18.3%	-46.7%	57.0%	14.1	1.5	5.4%	6.6%	2.1%
Utilities	3.1%	9.2%	8.4%	2.9%	11.9%	-1.0%	3.6%	13.3%	12.5	1.7	7.7%	↔ 6.5%	4.3%
Financials	19.1%	11.8%	0.4%	9.9%	-25.1%	-79.3%	136.9%	47.6%	18.7	2.6	9.1%	18.3%	3.5%
Telecom	139.5%	-8.7%	50.0%	12.3%	39.5%	26.1%	-37.2%	-7.8%	16.4	2.7	4.0%	↔ 0.6%	0.9%
SP400 Average	24.1%	25.9%	10.0%	15.3%	-0.5%	-29.6%	-8.9%	51.8%	16.5	1.5			1.5%

*S&P forecasts EPS for Energy of (\$1.37) in 2009 and \$37.92 in 2010

Source: Dudack Research Group; Standard & Poor's; StockVal **Est 5 year growth rate

S&P 600 Sector Valuation

- The **SP600's** projected earnings growth rate for 2010 rose from 89.6% in September to 98.0% in October. Equally important, the growth rate estimate for 2009 fell from negative 9.0% to negative 12.0% reflecting a recent increase in the forecasted calendar deficit for **Financials**.
- Only **Healthcare** (19.2%/14.1%/10.0%/18.8%) and **Staples** (64.6%/2.3%/32.2%/4.9%) had positive earnings growth rates in 2007 and 2008 and positive growth forecasted for 2009 and 2010.
- The deficits seen in **Energy, Financials, Materials, Consumer Discretionary, Telecom** and **Technology** in 2008 have created havoc in our chart of year-over-year growth in quarterly earnings for the ten SP600 sectors.
- By the end of 2010, the top three dollar-based EPS gainers are forecasted to be in **Energy, Staples** and **Healthcare**.
- Only **Healthcare** has an estimated PEG ratio of 1.0 or less for 2010.
- Sectors with 2010E earnings contributions greater than their market cap weighting: **Healthcare, Staples, Energy, Materials** and **Utilities**.



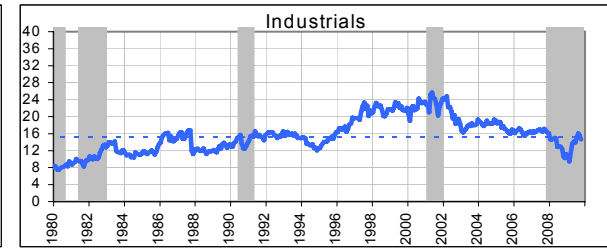
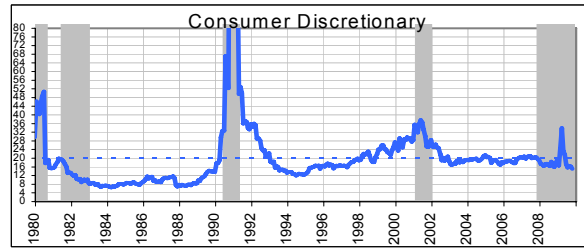
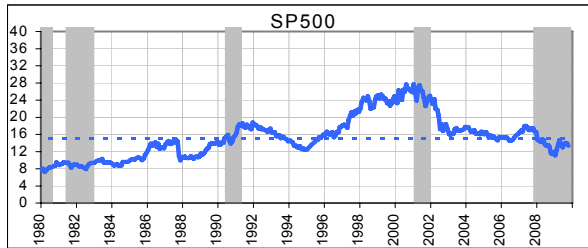
Ranked by 2010E PEG Ratio

By Market Cap SP600 Sectors	2003 EPS% Chg	2004 EPS% Chg	2005 EPS% Chg	2006 EPS% Chg	2007 EPS% Chg	2008 EPS% Chg	2009E EPS% Chg	2010E EPS% Chg	2010E PE	2010E PEG**	Current (2010E) % SP EPS	% Mkt Cap	Dividend Yield
Healthcare	4.8%	8.8%	4.5%	-0.2%	19.2%	14.1%	10.0%	18.8%	16.9	1.0	13.3% ↔ 13.0%		0.3%
Energy	60.2%	142.8%	64.4%	29.1%	3.3%	-42.8%	-35.3%	130.1%	15.4	1.1	24.2% ↔ 6.0%		0.4%
Cons Disc	2.3%	18.5%	15.0%	-8.8%	-44.4%	-75.2%	175.0%	92.3%	16.3	1.2	5.2%	15.1%	0.7%
Technology	NM	157.6%	-11.3%	34.4%	5.6%	-44.6%	-29.4%	233.4%	17.9	1.2	4.9%	17.1%	0.2%
Industrials	5.1%	37.8%	24.3%	27.5%	17.4%	1.7%	-36.7%	29.4%	16.5	1.2	10.0%	17.0%	1.0%
Telecom	-61.1%	190.3%	4.2%	1.4%	-52.6%	15.9%	-74.9%	14.8%	19.3	1.3	0.1%	0.5%	3.6%
Staples	7.5%	7.4%	-8.1%	1.4%	64.6%	2.3%	32.2%	4.9%	16.5	1.4	15.1% ↔ 4.1%		0.7%
Materials	-27.1%	238.1%	47.2%	29.0%	-22.0%	-67.4%	62.4%	57.5%	16.4	1.5	6.3% ↔ 4.5%		1.1%
Utilities	4.8%	10.8%	29.7%	7.2%	10.4%	-5.6%	-5.6%	18.4%	13.1	2.2	12.8% ↔ 3.7%		4.1%
Financials	28.9%	9.6%	0.4%	2.6%	-21.0%	*	*	*	22.7	2.9	8.1%	19.1%	3.1%
SP600 Average	14.7%	36.7%	15.9%	11.3%	-6.7%	-46.2%	-11.8%	98.0%	17.4	1.4			1.2%

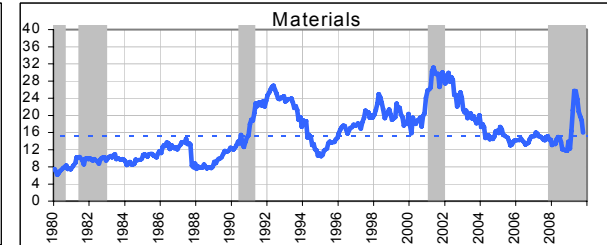
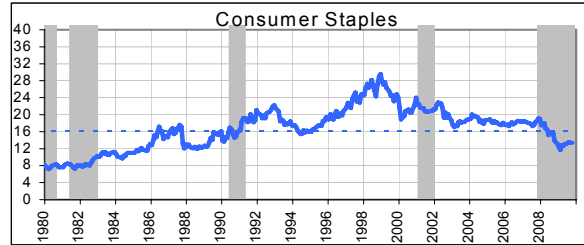
Arrow=eps contribution>market cap Bold = better value than index *S&P forecasts EPS for Finance of (\$6.15) for 2008, (\$4.65) for 2009 and \$17.20 in 2010

Source: Dudack Research Group; Standard & Poor's; StockVal **Est 5 year growth rate

SP500: 12-MONTH FORWARD PE RATIOS AND 27-YEAR AVERAGES



Source: StockVal Estimates

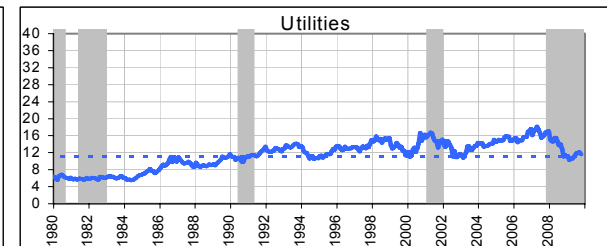
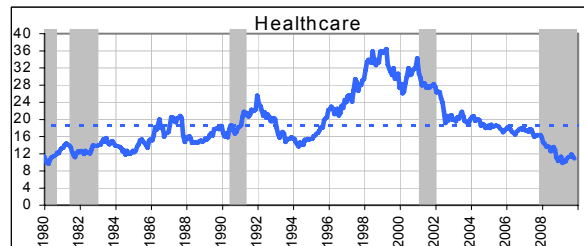
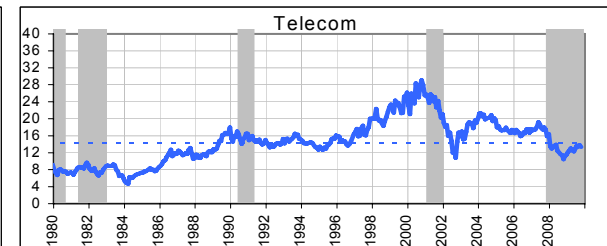
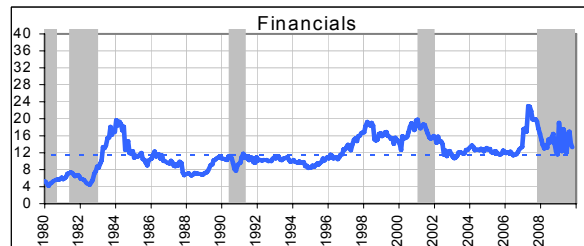
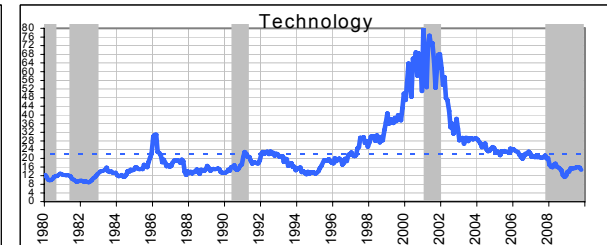
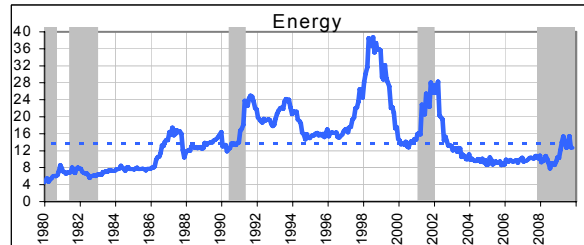


Sectors with a forward PE 20% or *more below* their long term average are:

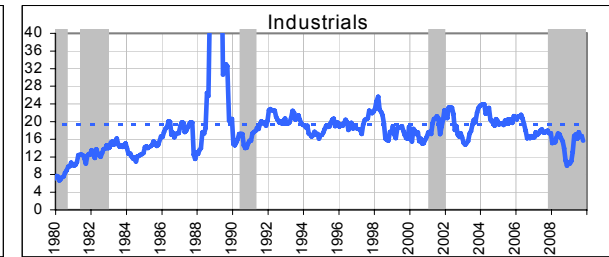
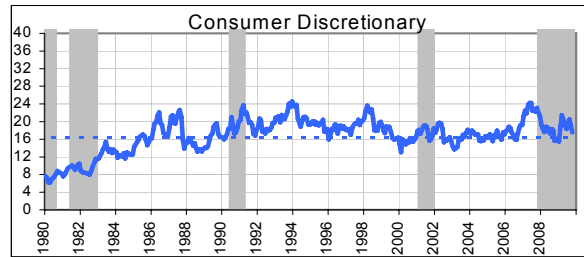
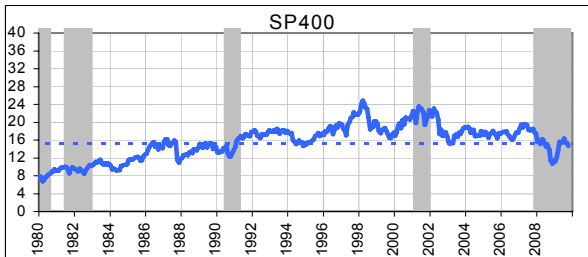
Healthcare
Technology
Consumer Discretionary

Sectors with a forward PE 10% or *more above* their long term average are:

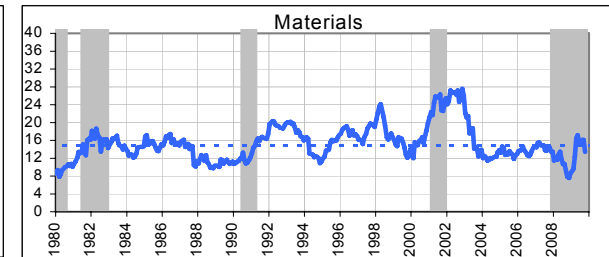
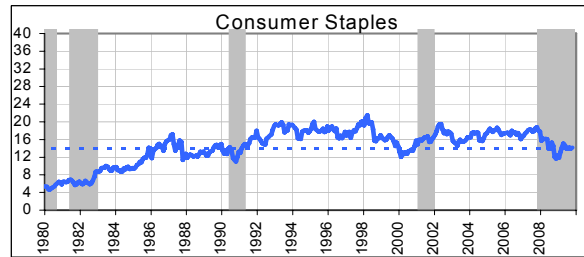
Financials



SP400: 12-MONTH FORWARD PE RATIOS AND 27-YEAR AVERAGES



Source: StockVal estimates

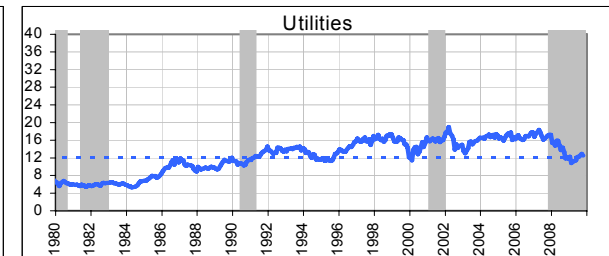
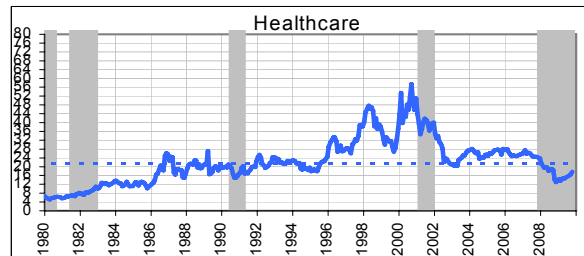
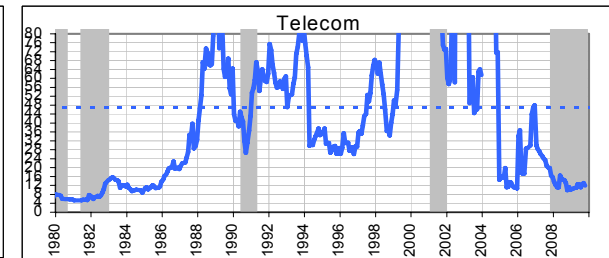
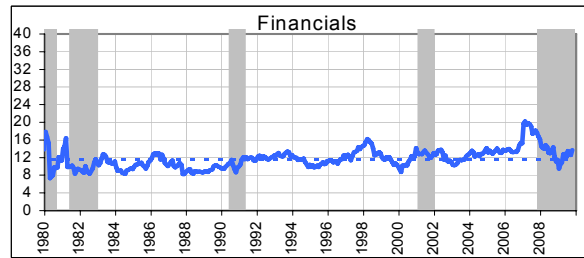
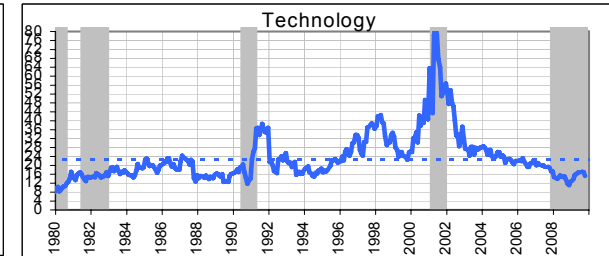
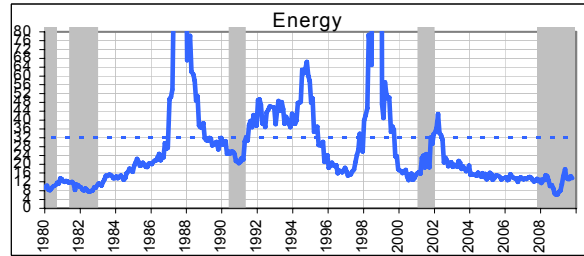


Sectors with a forward PE 20% or more **below** their long term average are:

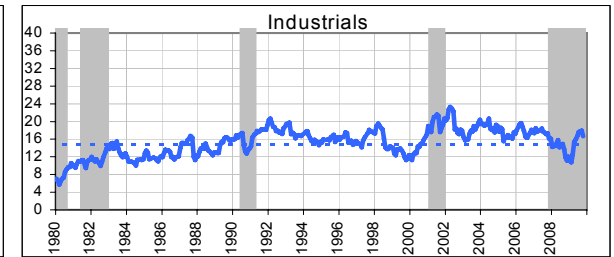
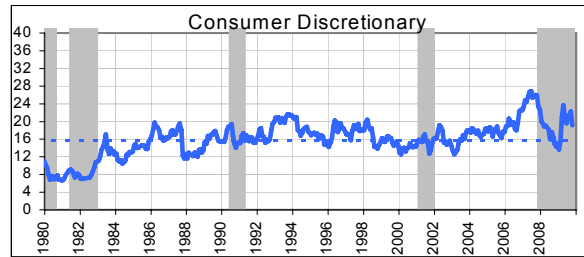
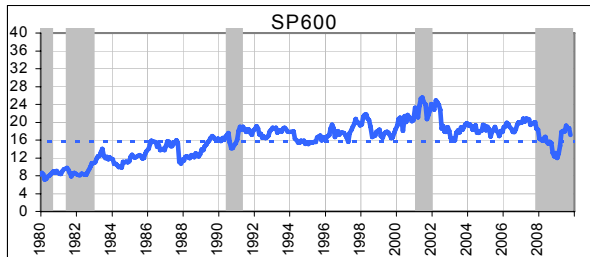
Technology
Energy
Telecom

Sectors with a forward PE 10% or more **above** their long term average are:

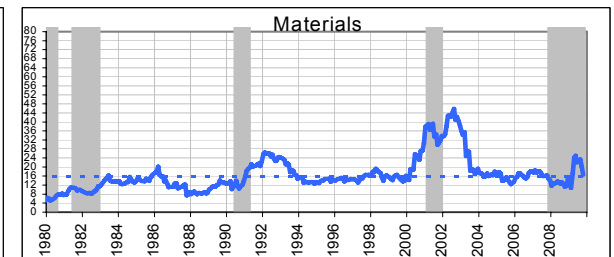
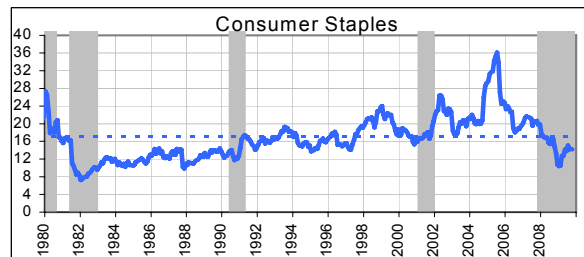
Financials



SP600: 12-MONTH FORWARD PE RATIOS AND 27-YEAR AVERAGES



Source: StockVal estimates

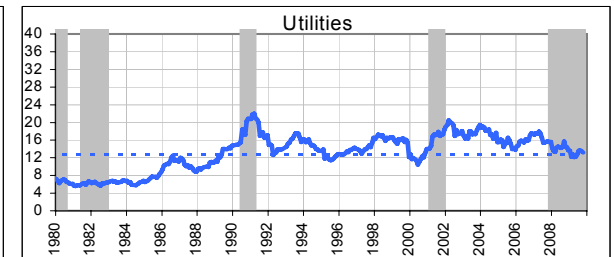
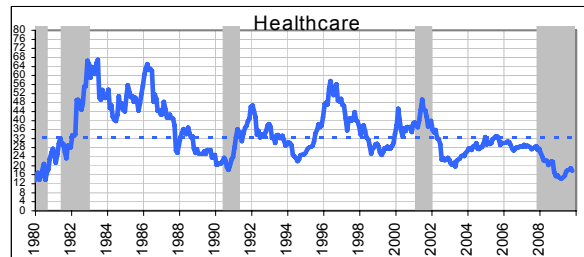
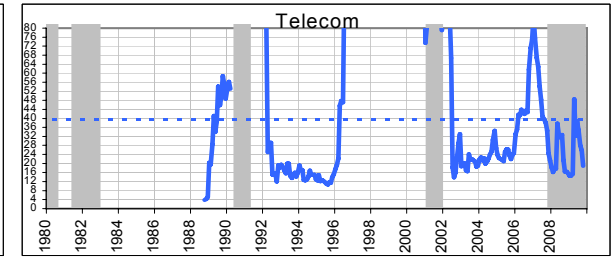
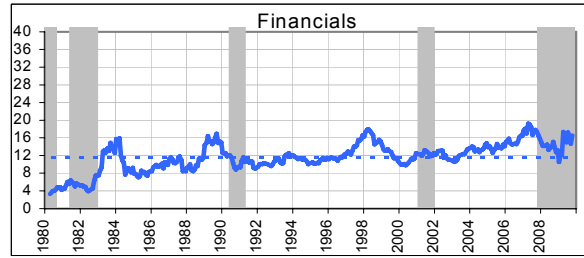
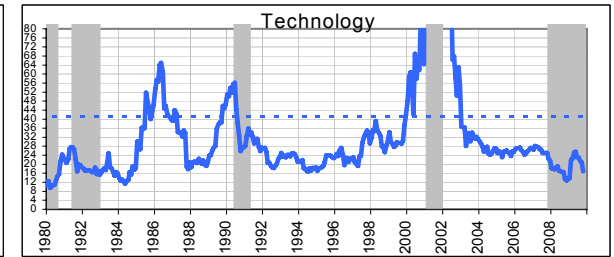
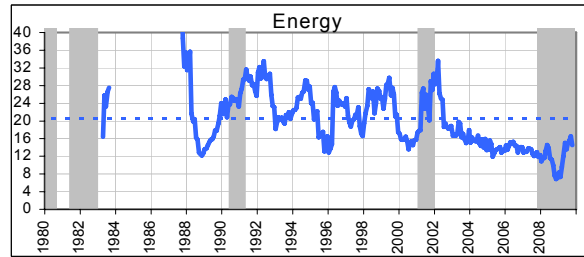


Sectors with a forward PE 20% or more **below** their long term average are:

- Healthcare**
- Technology**
- Telecom**
- Energy**

Sectors with a forward PE 10% or more **above** their long term average are:

- Financials**
- Consumer Discretionary**
- Industrials**



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"Overweight": Overweight relative to S&P Index weighting

"Neutral": Neutral relative to S&P Index weighting

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Cover page prices as of November 3, 2009; pages 8, 9 and 10 are as of October 30, 2009;
Dividend Yields on pages 5, 6 and 7 are from October 30, 2009
All other calculations based on Standard & Poor's weekly earnings data as of October 27, 2009