



SECTOR LIQUIDITY REPORT

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Corporate Liquidity Most Favorable in Health Care Health Care Companies Buying Big: Six \$1+ Billion Stock Buybacks Announced in May

Bottom Line

We are continuing to overweight Health Care (XLV) in our model portfolio, but we are no longer overweighting Consumer Staples (XLP).

We are overweighting Health Care because both float change scaled by standard deviation and float change scaled by market cap are more bullish in Health Care than in any other sector. Corporate buying has been strong across the board. Four new cash takeovers totaling \$11.5 billion were announced in the past three months, including Universal Health Services' purchase of Psychiatric Solutions for \$1.8 billion in cash announced last Monday. Meanwhile, ten \$500+ million new stock buybacks were announced, including six \$1+ billion buybacks announced in May alone, led by repurchases for Gilead Sciences (\$5.0 billion), Bristol-Myers Squibb (\$3.0 billion), and Medco Health Solutions (\$3.0 billion).

Float change is also bullish in Consumer Staples, but we are no longer overweighting the sector because little float shrink has been announced recently. The only substantial float shrink in May has been Kellogg's \$2.5 billion buyback, and that buyback was announced almost three weeks ago.

We do not recommend shorting any sectors, mostly because new offerings have been relatively light in all sectors except Financials. Even in Financials, equity issuance has amounted to 1.20% of the market cap in 2010, so this year's share selling is unlikely to approach the record 10.02% of the market cap in 2009. Nevertheless, if we had to short a sector, Financials would be our choice.

Sector	Liquidity Assessment	Float Change Scaled by Standard Deviation (1)	Float Change Scaled by Market Cap (2)	Insider Buying-to-Trading Scaled by Standard Deviation (3)
Consumer Discretionary	Neutral	0.67	-0.83%	-1.05
Consumer Staples	Bullish	-0.60	-1.43%	-0.36
Energy	Neutral	0.70	0.14%	0.50
Financials	Neutral	0.78	1.11%	-0.87
Health Care	Recommend	-0.74	-2.02%	-0.59
Industrials	Neutral	0.28	-0.58%	-0.82
Information Technology	Neutral	0.22	-0.96%	0.57
Materials	Neutral	0.79	0.42%	-0.95
Telecom Services	Neutral	0.47	-0.05%	-0.58
Utilities	Neutral	0.54	0.29%	-1.40

Note: The data on float change scaled by standard deviation (column 1) and insider buying-to-trading scaled by standard deviation (column 3) is for the past 60 days. The data on float change scaled by market cap (column 2) is for the past 12 weeks. For the data on float change scaled by standard deviation (column 1) and float change scaled by market cap (column 2), more positive values are more bearish. For the data on insider buying-to-trading scaled by standard deviation (column 3), more positive values are more bullish.

We are not using insider trading data to make our market calls. Insider buying, which has much more signal value than insider selling, is depressed in all sectors. Indeed, insider buying-to-trading scaled by standard deviation is negative in all

sectors except Energy and Information Technology.

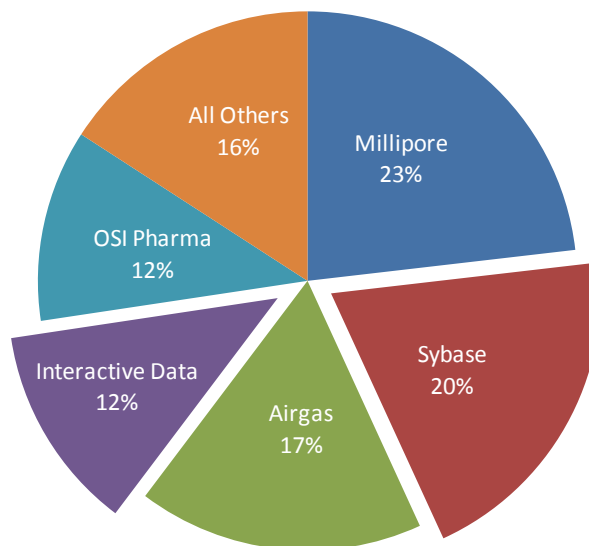
Our model portfolio, which is 100% long at all times, outperformed significantly in the market turmoil of the past two weeks, and it narrowed its year-to-date underperformance relative to SPY (Spiders) to 5.7%. Since its inception in March 2006, it has outperformed SPY by 22.4%.

Sector Liquidity Overview

New Cash Takeovers Amount to Only 0.07% of Market Cap in Q2 2010. Germany's SAP Offers to Buy Sybase for \$5.2 Billion in Cash, Second-Largest Cash Merger This Year.

For the fifth consecutive quarter, new cash takeovers have been light, amounting to only 0.07% of the market cap in Q2 2010. Three deals involving Russell 1000 companies as targets have been announced in Q2 2010. In Information Technology, Germany's SAP offered on May 12 to buy business software firm Sybase for \$5.2 billion in cash. In Consumer Discretionary, Silver Lake and Warburg Pincus announced May 5 that they are buying Interactive Data for \$3.2 billion in cash. In Energy, oil producer Apache announced on April 15 use \$750 million in cash to buy Mariner Energy. The Sybase and Interactive Data deals are the second- and fourth-largest, respectively, of the year.

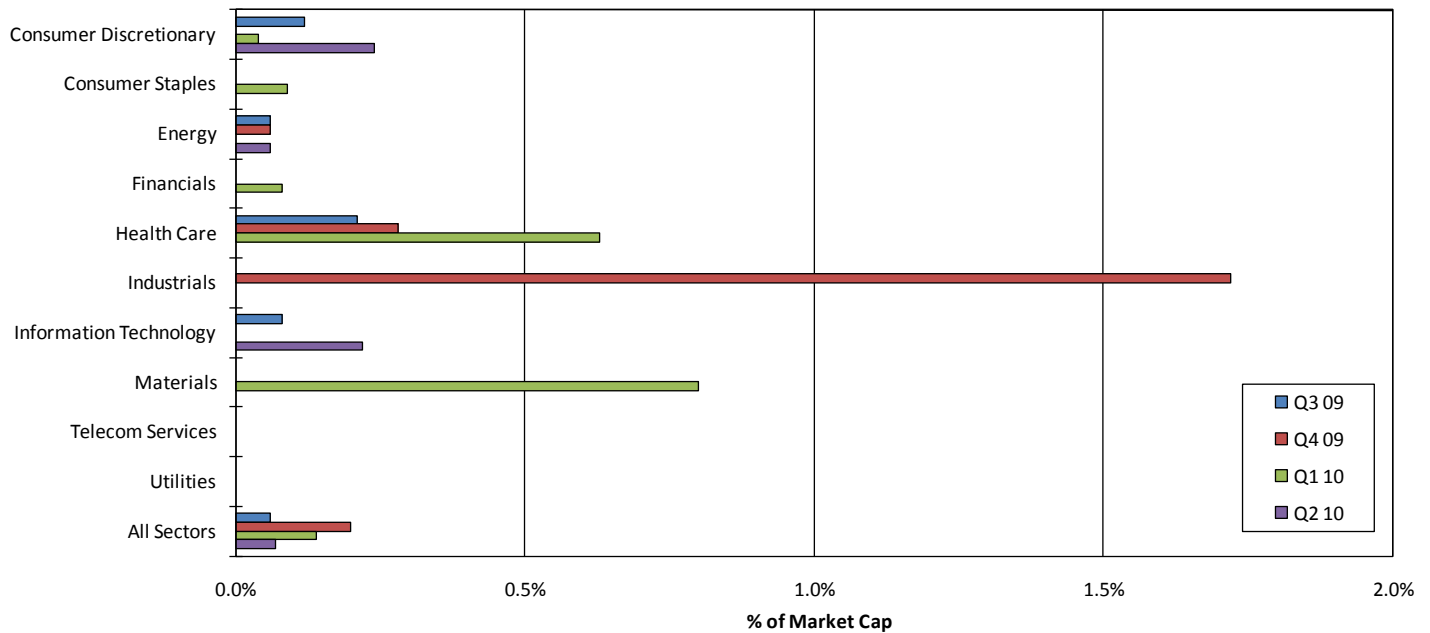
New Cash Takeovers for Russell 1000 in 2010



New Cash Takeovers / Market Cap by Sector, Q2 2009-Q2 2010

Quarter	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities	All Sectors
Q2 10*	0.24%	0.00%	0.06%	0.00%	0.00%	0.00%	0.22%	0.00%	0.00%	0.00%	0.07%
Q1 10	0.04%	0.09%	0.00%	0.08%	0.63%	0.00%	0.00%	0.80%	0.00%	0.00%	0.14%
Q4 09	0.00%	0.00%	0.06%	0.00%	0.28%	1.72%	0.00%	0.00%	0.00%	0.00%	0.20%
Q3 09	0.12%	0.00%	0.06%	0.00%	0.21%	0.00%	0.08%	0.00%	0.00%	0.00%	0.06%
Q2 09	0.00%	0.06%	0.00%	0.00%	0.00%	0.00%	0.37%	0.00%	0.00%	0.00%	0.08%

New Cash Takeovers / Market Cap by Sector, Q3 2009-Q2 2010

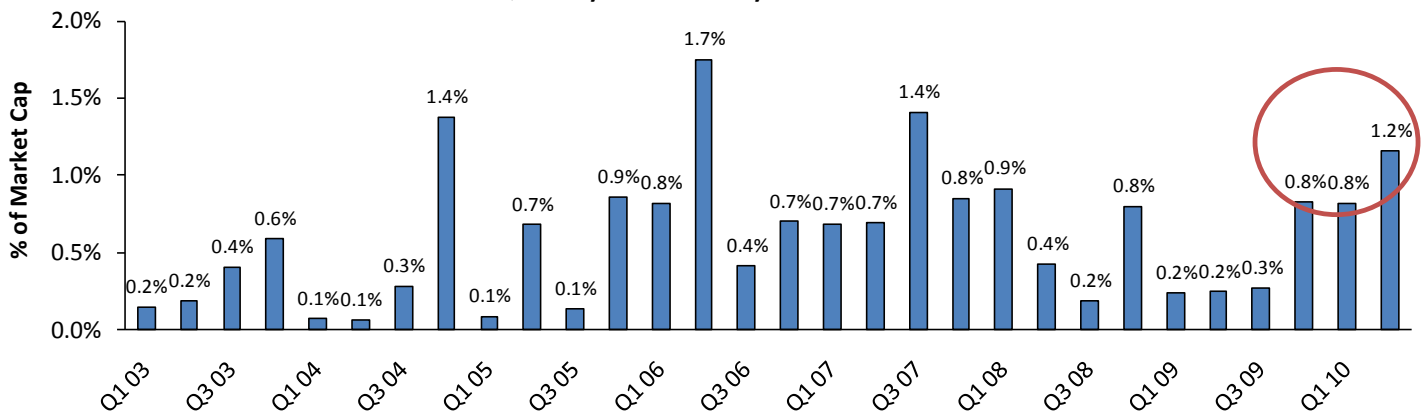


New Stock Buybacks Solid for Third Consecutive Quarter, Equal to 0.33% of Market Cap in Q2 2010. Buybacks in Health Care Soar to 1.16% of Market Cap, Highest Level since Q3 2007. IBM's \$8.0 Billion Buyback Third-Largest by Any Company This Year.

New stock buybacks have stayed strong at 0.33% of the market cap in Q2 2010 after hitting a six-quarter high of 0.79% of the market cap in Q1 2010.

Buybacks this quarter are far and away strongest in Health Care, totaling 1.16% of the market cap, the highest level since Q3 2007. Five of the nine largest buybacks of the quarter are in the sector, as Gilead Sciences (\$5.0 billion), Bristol-Meyers Squibb (\$3.0 billion), Medco Health Solutions (\$3.0 billion), Genzyme (\$2.0 billion), and Biogen Idec (\$1.5 billion) announced large repurchases. Buybacks in the sector have been consistently high, topping 0.75% of the market cap in each of the past three quarters.

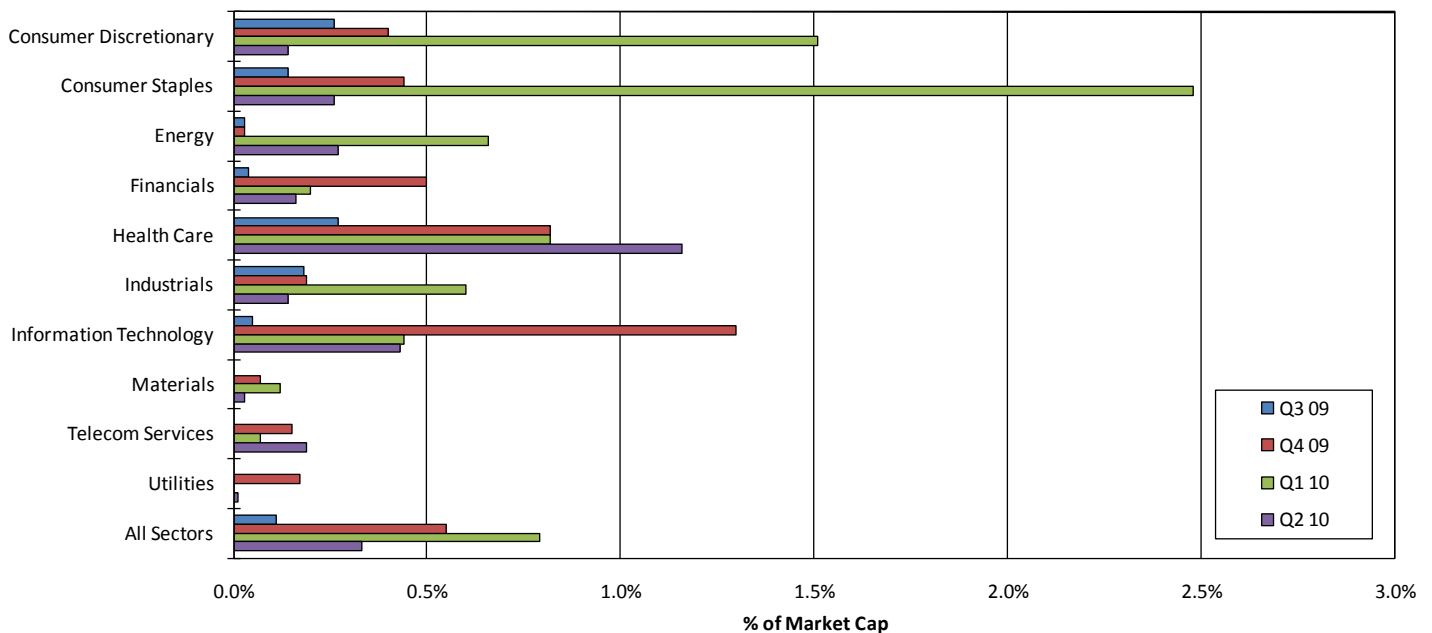
Quarterly New Stock Buybacks in Health Care



The Health Care sector has been hammered lately. XLV (SPDR Health Care) is down 7.8% in the past three months. Only Energy has performed more poorly, with XLE (SPDR Energy) dropping 8.0%. Also, the Health Care mutual funds we track daily took in only 2.4% of assets in the past three months, which pales in comparison to massive flows into more speculative vehicles, such as World Bond funds (8.8% of assets) and Real Estate funds (5.2% of assets). In our view, a lack of love is a quality to be prized in an investment.

New Stock Buybacks / Market Cap by Sector, Q2 2009-Q2 2010											
Quarter	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities	All Sectors
Q2 10*	0.14%	0.26%	0.27%	0.16%	1.16%	0.14%	0.43%	0.03%	0.19%	0.01%	0.33%
Q1 10	1.51%	2.48%	0.66%	0.20%	0.82%	0.60%	0.44%	0.12%	0.07%	0.00%	0.79%
Q4 09	0.40%	0.44%	0.03%	0.50%	0.82%	0.19%	1.30%	0.07%	0.15%	0.17%	0.55%
Q3 09	0.26%	0.14%	0.03%	0.04%	0.27%	0.18%	0.05%	0.00%	0.00%	0.00%	0.11%
Q2 09	0.13%	1.09%	0.45%	0.06%	0.25%	0.00%	0.21%	0.00%	0.00%	0.00%	0.27%

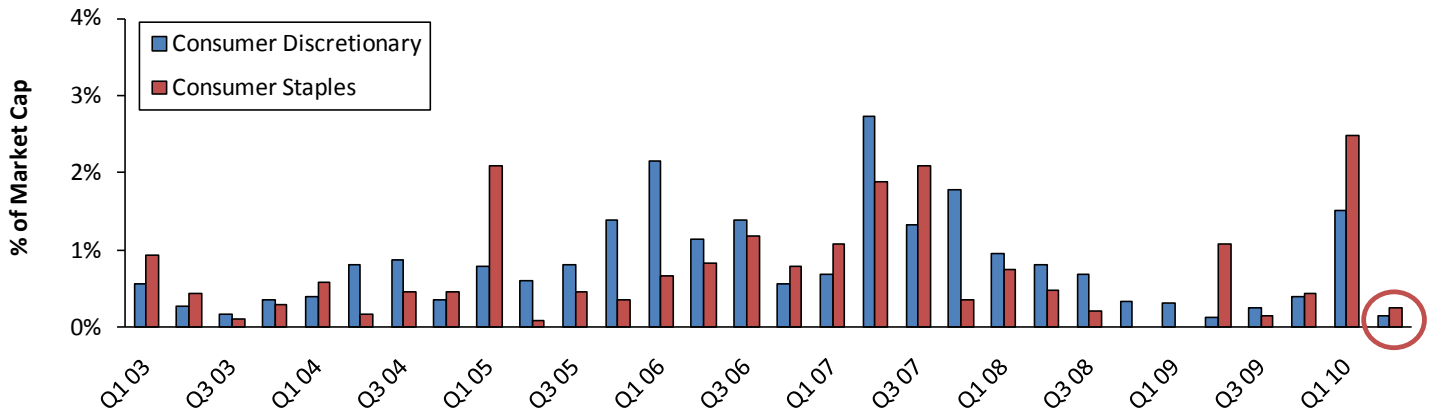
New Stock Buybacks / Market Cap by Sector, Q3 2009-Q2 2010



Buybacks are elevated in Information Technology (0.43%), mostly because of the \$8.0 billion buyback International Business Machines announced on April 27. This is the largest repurchase of the quarter and the third-largest this year. Six other tech companies unveiled buybacks totaling \$2.3 billion.

Buybacks are also notable in Energy (0.27%) and Consumer Staples (0.26%). The strength in Energy owes solely to Devon Energy's \$3.5 billion buyback. In Consumer Staples, huge repurchases from PepsiCo (\$15.0 billion) and Phillip Morris International (\$12.0 billion) drove buybacks in the sector to a record 2.48% of the market cap in Q1 2010. In the current quarter, however, only Kellogg (\$2.5 billion), Herbalife (\$800 million), and Constellation Brands (\$300 million) have announced repurchases. Buybacks in both consumer sectors have fallen sharply from last quarter's pace.

Quarterly New Stock Buybacks in Consumer Discretionary and Consumer Staples

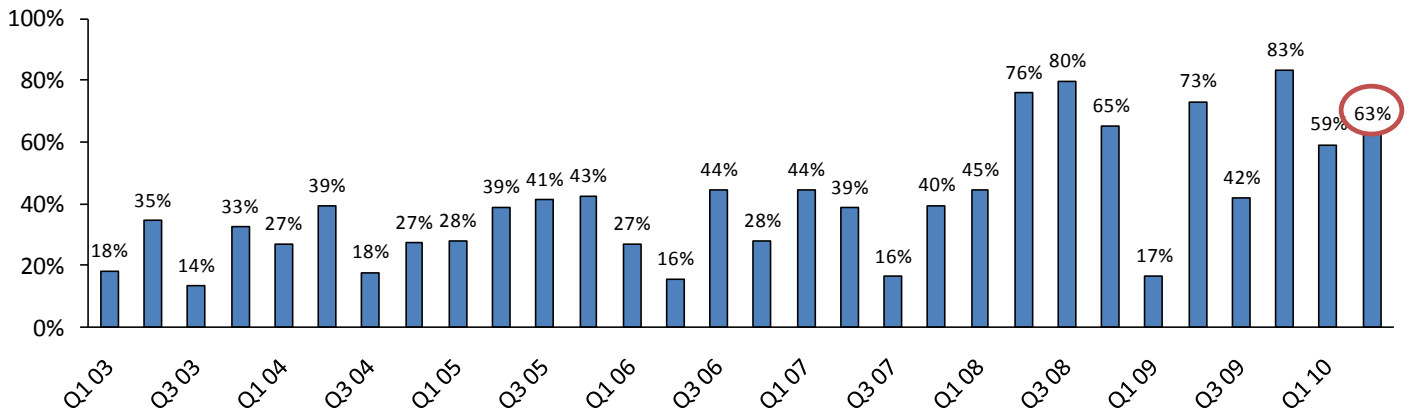


New Offerings Remain Modest, Totaling Only 0.12% of Market Cap in Q2 2010. Financials Dominate Equity Issuance, Accounting for 63% of Amount of All New Offerings. Chesapeake Energy’s \$2.0 Billion Convertible Largest Deal This Quarter.

New offerings for all companies have averaged only \$800 million daily in 2010, the lowest level in five years. We attribute the weakness to record levels of company cash and record fundraising in 2009. New offerings for Russell 1000 companies total only 0.12% of the market cap in Q2 2010, which means this quarter’s share selling is unlikely to be much higher than the 0.18% of the market cap in Q1 2010.

Financials continue to dominate what little issuance there is. New offerings in Financials already amount to 0.50% of the market cap in Q2 2010, and they account for 63% of the volume of all new offerings. Sixteen of the 30 new offerings for Russell 1000 companies announced this quarter are in Financials. The largest deals are for the REIT Macerich (\$1.4 billion), mortgage insurer MGIC Investment (\$1.3 billion), financial services firm Synovus Financial (\$1.2 billion), and Puerto Rican bank Popular (\$1.2 billion).

Quarterly New Offerings in Financials as Percentage of All New Offerings

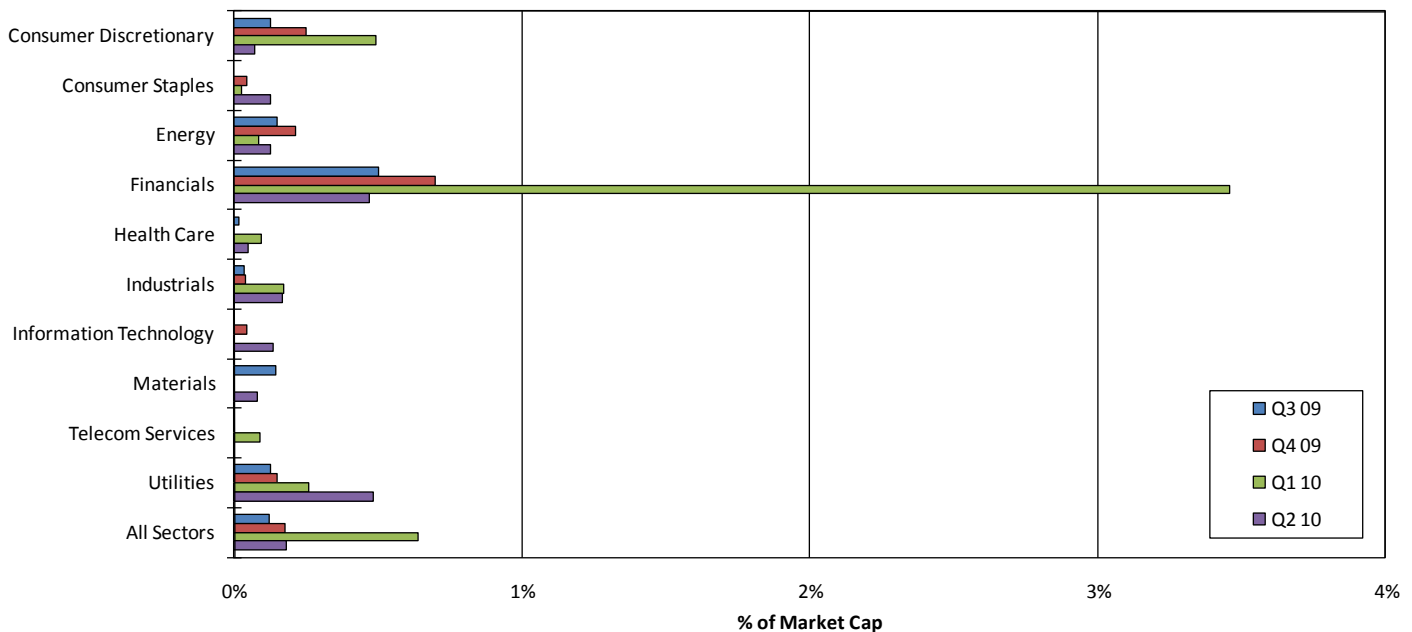


New offerings in Q2 2010 are also notable in Energy (0.15%), Materials (0.15%), Consumer Discretionary (0.13%), and Utilities (0.13%). The strength in Energy owes solely to Chesapeake Energy’s \$2.0 billion convertible, the largest new offering this quarter. Consumer Discretionary boasts six new offerings this quarter, the largest of which is from Dollar

General (\$800 million), while Materials and Utilities sport two offerings each.

New Offerings / Market Cap by Sector, Q2 2009-Q2 2010											
Quarter	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities	All Sectors
Q2 10*	0.13%	0.00%	0.15%	0.50%	0.02%	0.03%	0.00%	0.15%	0.00%	0.13%	0.12%
Q1 10	0.25%	0.04%	0.21%	0.70%	0.00%	0.04%	0.04%	0.00%	0.00%	0.15%	0.18%
Q4 09	0.49%	0.03%	0.08%	3.46%	0.09%	0.17%	0.00%	0.00%	0.09%	0.26%	0.64%
Q3 09	0.07%	0.13%	0.12%	0.47%	0.05%	0.17%	0.13%	0.08%	0.00%	0.48%	0.18%
Q2 09	0.61%	0.09%	0.39%	5.91%	0.22%	0.24%	0.13%	1.49%	0.26%	0.83%	1.13%

New Offerings / Market Cap, Q3 2009-Q2 2010



Insider Selling Slows as S&P 500 Retreats from April 23 High. Insider Selling Amounts to 0.04% of Market Cap in Q2 2010, and Insiders in Consumer Discretionary and Information Technology Sell Most Heavily.

The S&P 500 is down more than 10% from its April 23 high, and insiders have slowed the pace of their selling. Insiders have sold \$2.4 billion in May, which is much lower than the \$4.4 billion in April, when earnings season blackouts prevented many corporate executives from dumping shares. For the quarter, insider selling totals 0.04% of the market cap. Insider selling is highest in Consumer Discretionary (0.08%) and Information Technology (0.05%). Meanwhile, insider buying is extremely low in all sectors for the fifth consecutive quarter.

Net insider selling (insider selling - insider buying) has been highest this year in Consumer Discretionary (0.26%), Health Care (0.17%), and Information Technology (0.16%).

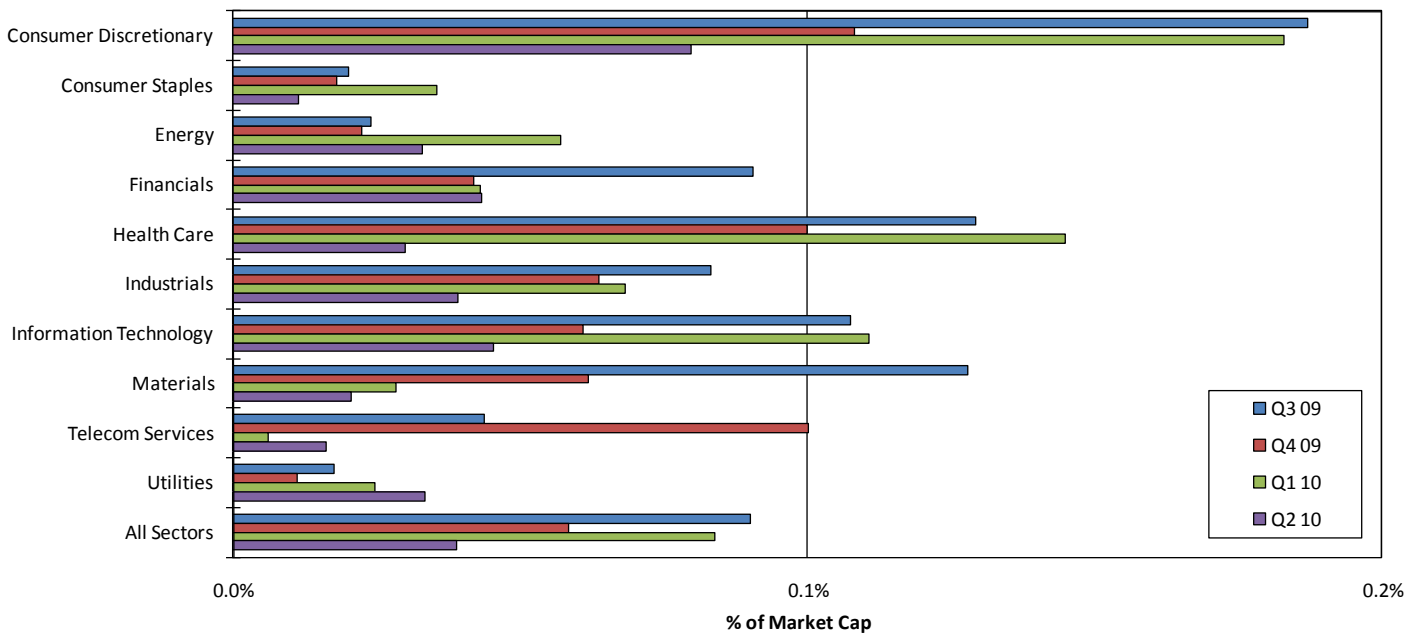
Insider Buying / Market Cap by Sector, Q2 2009-Q2 2010

Quarter	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities	All Sectors
Q2 10*	0.00%	0.00%	0.01%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Q1 10	0.01%	0.01%	0.02%	0.03%	0.03%	0.00%	0.01%	0.01%	0.00%	0.00%	0.02%
Q4 09	0.04%	0.00%	0.01%	0.02%	0.01%	0.00%	0.01%	0.00%	0.00%	0.00%	0.01%
Q3 09	0.01%	0.00%	0.02%	0.01%	0.02%	0.02%	0.01%	0.00%	0.00%	0.00%	0.01%
Q2 09	0.02%	0.00%	0.01%	0.02%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%

Insider Selling / Market Cap by Sector, Q2 2009-Q2 2010

Quarter	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities	All Sectors
Q2 10*	0.08%	0.01%	0.04%	0.04%	0.04%	0.04%	0.05%	0.02%	0.02%	0.03%	0.04%
Q1 10	0.19%	0.04%	0.07%	0.08%	0.17%	0.07%	0.12%	0.04%	0.01%	0.03%	0.10%
Q4 09	0.15%	0.02%	0.04%	0.06%	0.11%	0.07%	0.07%	0.06%	0.10%	0.01%	0.07%
Q3 09	0.19%	0.02%	0.04%	0.10%	0.15%	0.10%	0.12%	0.13%	0.04%	0.02%	0.10%
Q2 09	0.11%	0.02%	0.03%	0.12%	0.04%	0.13%	0.08%	0.05%	0.02%	0.01%	0.07%

Net Insider Selling / Market Cap, Q3 2009-Q2 2010



Appendix A: Corporate Liquidity, Insider Buying, and Short Interest by Sector

Consumer Discretionary Corporate Actions									
	Announced Float Contraction			Announced Float Expansion			Actual Liquidity		
Quarter	New Cash Takeovers	New Stock Buybacks	Insider Buying	New Offerings	Cancelled Deals	Insider Selling	Actual Stock Buybacks	Share Shrink	Actual to Announced Buybacks
Q2 10	0.24%	0.14%	0.00%	0.13%	0.00%	0.08%			
Q1 10	0.04%	1.51%	0.01%	0.25%	0.00%	0.19%			-
Q4 09	0.00%	0.40%	0.04%	0.49%	0.00%	0.15%	0.45%	-0.38%	112%
Q3 09	0.12%	0.26%	0.01%	0.07%	0.00%	0.19%	0.46%	-0.06%	179%
Q2 09	0.00%	0.13%	0.02%	0.61%	0.00%	0.11%	0.32%	0.72%	248%

Insider Buying in Past Two Months				
Company	Ticker Symbol	Insider Buying (\$ Million)	Number of Insiders Buying	Market Cap (\$ Million)
AUTONATION INC	AN	17.8	2	3,606
BARNES & NOBLE INC	BKS	12.1	1	1,164
ITT EDUCATIONAL SERVICES INC	ESI	6.3	1	4,011
THOR INDUSTRIES INC	THO	0.7	2	1,874
TIFFANY & CO	TIF	0.1	1	5,766
LEAR CORP	LEA	0.1	1	-
COLUMBIA SPORTSWEAR CO	COLM	0.1	1	1,905
SONIC CORP	SONC	0.1	1	701
MCCLATCHY CO-CLASS A	MNI	0.0	1	415
NIKE INC -CL B	NKE	0.0	1	37,085

Short Interest			
Company	Ticker Symbol	Amount of Short Interest (\$ Million)	Short Interest to Market Cap
NUTRISYSTEM INC	NTRI	295	44.5%
SAKS INC	SKS	393	29.4%
HOVNIANIAN ENTERPRISES-A	HOV	131	29.0%
MGM MIRAGE	MGM	1,041	26.4%
BEAZER HOMES USA INC	BZH	57	25.7%
LIZ CLAIBORNE INC	LIZ	152	25.3%
BARNES & NOBLE INC	BKS	239	20.5%
RYLAND GROUP INC	RYL	149	17.1%
POLARIS INDUSTRIES INC	PII	323	17.1%
ANN TAYLOR STORES CORP	ANN	225	16.3%

Consumer Staples Corporate Actions									
	Announced Float Contraction			Announced Float Expansion			Actual Liquidity		
Quarter	New Cash Takeovers	New Stock Buybacks	Insider Buying	New Offerings	Cancelled Deals	Insider Selling	Actual Stock Buybacks	Share Shrink	Ratio of Actual Stock Buybacks to Announced Buybacks
Q2 10	0.00%	0.26%	0.00%	0.00%	0.00%	0.01%			
Q1 10	0.09%	2.48%	0.01%	0.04%	0.00%	0.04%			-
Q4 09	0.00%	0.44%	0.00%	0.03%	0.00%	0.02%	0.69%	-0.55%	158%
Q3 09	0.00%	0.14%	0.00%	0.13%	0.00%	0.02%	0.59%	-0.05%	406%
Q2 09	0.06%	1.09%	0.00%	0.09%	0.00%	0.02%	0.40%	-0.23%	37%

Insider Buying in Past Two Months				
Company	Ticker Symbol	Insider Buying (\$ Million)	Number of Insiders Buying	Market Cap (\$ Million)
SARA LEE CORP	SLE	0.5	3	10,122
NBTY INC	NTY	0.1	1	2,127
HERBALIFE LTD	HLF	0.0	1	2,972

Short Interest			
Company	Ticker Symbol	Amount of Short Interest (\$ Million)	Ratio of Short Interest to Market Cap
SMITHFIELD FOODS INC	SFD	338	13.0%
WHOLE FOODS MARKET INC	WFMI	586	10.6%
BUNGE LTD	BG	473	7.6%
BJS WHOLESALE CLUB INC	BJ	153	6.9%
MCCORMICK & CO-NON VTG SHRS	MKC	297	6.4%
SUPERVALU INC	SVU	173	5.9%
BARE ESCENTUALS INC	BARE	83	5.0%
ENERGIZER HOLDINGS INC	ENR	167	5.0%
SARA LEE CORP	SLE	483	4.8%
CHURCH & DWIGHT CO INC	CHD	171	3.8%

Energy Corporate Actions									
	Announced Float Contraction			Announced Float Expansion			Actual Liquidity		
Quarter	New Cash Takeovers	New Stock Buybacks	Insider Buying	New Offerings	Cancelled Deals	Insider Selling	Actual Stock Buybacks	Share Shrink	Ratio of Actual Stock Buybacks to Announced Buybacks
Q2 10	0.06%	0.27%	0.01%	0.15%	0.00%	0.04%			
Q1 10	0.00%	0.66%	0.02%	0.21%	0.00%	0.07%			-
Q4 09	0.06%	0.03%	0.01%	0.08%	0.00%	0.04%	0.20%	0.68%	754%
Q3 09	0.06%	0.03%	0.02%	0.12%	0.00%	0.04%	0.36%	0.11%	1154%
Q2 09	0.00%	0.45%	0.01%	0.39%	0.00%	0.03%	0.48%	-0.05%	106%

Insider Buying in Past Two Months				
Company	Ticker Symbol	Insider Buying (\$ Million)	Number of Insiders Buying	Market Cap (\$ Million)
PLAINS EXPLORATION & PRODUCT	PXP	5.9	1	2,663
UNIT CORP	UNT	2.8	1	2,001
HELIX ENERGY SOLUTIONS GROUP	HLX	2.2	2	1,317
GLOBAL INDUSTRIES LTD	GLBL	1.5	1	645
OCEANEERING INTL INC	OII	0.5	1	3,257
SMITH INTERNATIONAL INC	SII	0.4	1	9,001
OVERSEAS SHIPHOLDING GROUP	OSG	0.0	1	1,316

Short Interest			
Company	Ticker Symbol	Amount of Short Interest (\$ Million)	Ratio of Short Interest to Market Cap
WESTERN REFINING INC	WNR	67	20.9%
OVERSEAS SHIPHOLDING GROUP	OSG	200	15.2%
PATTERSON-UTI ENERGY INC	PTEN	301	13.9%
ROWAN COMPANIES INC	RDC	414	13.6%
TIDEWATER INC	TDW	330	12.7%
HOLLY CORP	HOC	162	12.4%
ARCH COAL INC	ACI	438	12.4%
BAKER HUGHES INC	BHI	1,783	12.4%
RANGE RESOURCES CORP	RRC	810	11.0%
TESORO CORP	TSO	174	9.9%

Financials									
Corporate Actions									
	Announced Float Contraction			Announced Float Expansion			Actual Liquidity		
Quarter	New Cash Takeovers	New Stock Buybacks	Insider Buying	New Offerings	Cancelled Deals	Insider Selling	Actual Stock Buybacks	Share Shrink	Ratio of Actual Stock Buybacks to Announced Buybacks
Q2 10	0.00%	0.16%	0.00%	0.50%	0.00%	0.04%			
Q1 10	0.08%	0.20%	0.03%	0.70%	0.00%	0.08%			-
Q4 09	0.00%	0.50%	0.02%	3.46%	0.00%	0.06%	0.22%	3.00%	44%
Q3 09	0.00%	0.04%	0.01%	0.47%	0.00%	0.10%	0.13%	5.57%	312%
Q2 09	0.00%	0.06%	0.02%	5.91%	0.00%	0.12%	0.12%	1.41%	180%

Insider Buying in Past Two Months				
Company	Ticker Symbol	Insider Buying (\$ Million)	Number of Insiders Buying	Market Cap (\$ Million)
SYNOVUS FINANCIAL CORP	SNV	1.0	9	1,014
E*TRADE FINANCIAL CORP	ETFC	1.0	1	854
BLACKROCK INC	BLK	1.0	1	20,187
NORTHERN TRUST CORP	NTRS	0.5	1	12,036
EVEREST RE GROUP LTD	RE	0.4	1	4,748
CONSECO INC	CNO	0.3	1	1,121
HCC INSURANCE HOLDINGS INC	HCC	0.3	1	3,007
FEDERATED INVESTORS INC-CL B	FII	0.2	1	2,373
FIRST CITIZENS BCSHS -CL A	FCNCA	0.2	1	2,142
FIFTH THIRD BANCORP	FITB	0.2	1	8,438

Short Interest			
Company	Ticker Symbol	Amount of Short Interest (\$ Million)	Ratio of Short Interest to Market Cap
POPULAR INC	BPOP	331	33.4%
CBL & ASSOCIATES PROPERTIES	CBL	249	24.5%
MGIC INVESTMENT CORP	MTG	283	24.1%
SOUTH FINANCIAL GROUP INC	TSFG	13	23.9%
CITIGROUP INC	C	5,328	23.5%
REGENCY CENTERS CORP	REG	673	23.3%
SYNOVUS FINANCIAL CORP	SNV	232	22.9%
AMBAC FINANCIAL GROUP INC	ABK	95	22.8%
REALTY INCOME CORP	O	672	20.5%
ZIONS BANCORPORATION	ZION	602	20.2%

Health Care Corporate Actions									
	Announced Float Contraction			Announced Float Expansion			Actual Liquidity		
Quarter	New Cash Takeovers	New Stock Buybacks	Insider Buying	New Offerings	Cancelled Deals	Insider Selling	Actual Stock Buybacks	Share Shrink	Ratio of Actual Stock Buybacks to Announced Buybacks
Q2 10	0.00%	1.16%	0.01%	0.02%	0.00%	0.04%			
Q1 10	0.63%	0.82%	0.03%	0.00%	0.00%	0.17%			-
Q4 09	0.28%	0.82%	0.01%	0.09%	0.00%	0.11%	0.55%	1.44%	67%
Q3 09	0.21%	0.27%	0.02%	0.05%	0.00%	0.15%	0.27%	1.21%	102%
Q2 09	0.00%	0.25%	0.02%	0.22%	0.00%	0.04%	0.48%	0.01%	193%

Insider Buying in Past Two Months				
Company	Ticker Symbol	Insider Buying (\$ Million)	Number of Insiders Buying	Market Cap (\$ Million)
GILEAD SCIENCES INC	GILD	0.5	1	36,116
VERTEX PHARMACEUTICALS INC	VRTX	0.1	1	5,394
JOHNSON & JOHNSON	JNJ	0.1	1	180,720
AFFYMETRIX INC	AFFX	0.1	1	471
PDL BIOPHARMA INC	PDLI	0.1	1	696

Short Interest			
Company	Ticker Symbol	Amount of Short Interest (\$ Million)	Ratio of Short Interest to Market Cap
MYLAN INC	MYL	1,610	24.3%
CEPHALON INC	CEPH	647	15.5%
THE COOPER COS INC	COO	244	14.8%
AFFYMETRIX INC	AFFX	65	13.8%
COVANCE INC	CVD	469	13.5%
PDL BIOPHARMA INC	PDLI	87	12.5%
IDEXX LABORATORIES INC	IDXX	455	11.7%
OSI PHARMACEUTICALS INC	OSIP	379	11.5%
CERNER CORP	CERN	745	10.9%
VERTEX PHARMACEUTICALS INC	VRTX	574	10.6%

Industrials Corporate Actions									
	Announced Float Contraction			Announced Float Expansion			Actual Liquidity		
Quarter	New Cash Takeovers	New Stock Buybacks	Insider Buying	New Offerings	Cancelled Deals	Insider Selling	Actual Stock Buybacks	Share Shrink	Ratio of Actual Stock Buybacks to Announced Buybacks
Q2 10	0.00%	0.14%	0.00%	0.03%	0.00%	0.04%			
Q1 10	0.00%	0.60%	0.00%	0.04%	0.00%	0.07%			-
Q4 09	1.72%	0.19%	0.00%	0.17%	0.00%	0.07%	0.33%	-1.06%	174%
Q3 09	0.00%	0.18%	0.02%	0.17%	0.00%	0.10%	0.19%	0.15%	110%
Q2 09	0.00%	0.00%	0.00%	0.24%	0.00%	0.13%	0.20%	0.38%	-

Insider Buying in Past Two Months				
Company	Ticker Symbol	Insider Buying (\$ Million)	Number of Insiders Buying	Market Cap (\$ Million)
C.H. ROBINSON WORLDWIDE INC	CHRW	1.8	1	10,316
WESCO INTERNATIONAL INC	WCC	0.4	1	1,618
TELEFLEX INC	TFX	0.3	1	2,375
COPART INC	CPRT	0.1	1	3,044
TEREX CORP	TEX	0.0	6	2,414

Short Interest			
Company	Ticker Symbol	Amount of Short Interest (\$ Million)	Ratio of Short Interest to Market Cap
YRC WORLDWIDE INC	YRCW	34	125.1%
US AIRWAYS GROUP INC	LCC	203	32.3%
UAL CORP	UAUA	653	26.4%
FIRST SOLAR INC	FSLR	1,705	16.7%
CONTINENTAL AIRLINES-CLASS B	CAL	367	16.4%
WESCO INTERNATIONAL INC	WCC	240	14.9%
JETBLUE AIRWAYS CORP	JBLU	227	14.7%
GENERAL CABLE CORP	BGC	245	14.4%
AMR CORP	AMR	247	14.2%
GATX CORP	GMT	199	13.0%

Information Technology Corporate Actions									
	Announced Float Contraction			Announced Float Expansion			Actual Liquidity		
Quarter	New Cash Takeovers	New Stock Buybacks	Insider Buying	New Offerings	Cancelled Deals	Insider Selling	Actual Stock Buybacks	Share Shrink	Ratio of Actual Stock Buybacks to Announced Buybacks
Q2 10	0.22%	0.43%	0.00%	0.00%	0.00%	0.05%			
Q1 10	0.00%	0.44%	0.01%	0.04%	0.00%	0.12%			-
Q4 09	0.00%	1.30%	0.01%	0.00%	0.00%	0.07%	0.65%	-0.45%	50%
Q3 09	0.08%	0.05%	0.01%	0.13%	0.00%	0.12%	0.54%	0.15%	1003%
Q2 09	0.37%	0.21%	0.00%	0.13%	0.00%	0.08%	0.31%	0.22%	148%

Insider Buying in Past Two Months				
Company	Ticker Symbol	Insider Buying (\$ Million)	Number of Insiders Buying	Market Cap (\$ Million)
TAKE-TWO INTERACTIVE SOFTWARE	TTWO	8.6	1	828
DELL INC	DELL	0.3	1	30,315
INTL RECTIFIER CORP	IRF	0.3	2	1,593
FAIRCHILD SEMICON INTERNATIO	FCS	0.1	1	1,296

Short Interest			
Company	Ticker Symbol	Amount of Short Interest (\$ Million)	Ratio of Short Interest to Market Cap
CIENA CORP	CIEN	439	28.9%
ALLIANCE DATA SYSTEMS CORP	ADS	1,119	21.8%
TAKE-TWO INTERACTIVE SOFTWARE	TTWO	121	14.7%
TERADYNE INC	TER	280	14.2%
SILICON LABORATORIES INC	SLAB	312	13.9%
AKAMAI TECHNOLOGIES	AKAM	807	12.4%
SYBASE INC	SY	405	12.1%
CYPRESS SEMICONDUCTOR CORP	CY	197	11.2%
CREE INC	CREE	702	11.2%
RAMBUS INC	RMBS	273	10.9%

Materials Corporate Actions									
	Announced Float Contraction			Announced Float Expansion			Actual Liquidity		
Quarter	New Cash Takeovers	New Stock Buybacks	Insider Buying	New Offerings	Cancelled Deals	Insider Selling	Actual Stock Buybacks	Share Shrink	Ratio of Actual Stock Buybacks to Announced Buybacks
Q2 10	0.00%	0.03%	0.00%	0.15%	0.00%	0.02%			
Q1 10	0.80%	0.12%	0.01%	0.00%	0.00%	0.04%			-
Q4 09	0.00%	0.07%	0.00%	0.00%	0.00%	0.06%	0.08%	0.37%	104%
Q3 09	0.00%	0.00%	0.00%	0.08%	0.00%	0.13%	0.06%	0.40%	-
Q2 09	0.00%	0.00%	0.00%	1.49%	0.00%	0.05%	0.04%	-0.17%	-

Insider Buying in Past Two Months				
Company	Ticker Symbol	Insider Buying (\$ Million)	Number of Insiders Buying	Market Cap (\$ Million)
TITANIUM METALS CORP	TIE	2.5	1	2,962
LOUISIANA-PACIFIC CORP	LPX	1.0	1	974
FREEPORT-MCMORAN COPPER	FCX	1.0	1	26,969
MONSANTO CO	MON	0.1	1	31,636
ECOLAB INC	ECL	0.1	2	12,079
CELANESE CORP-SERIES A	CE	0.1	1	4,360
VALHI INC	VHI	0.1	1	2,633
STEEL DYNAMICS INC	STLD	0.1	1	3,025
OWENS-ILLINOIS INC	OI	0.0	2	5,277
COMMERCIAL METALS CO	CMC	0.0	1	1,715

Short Interest			
Company	Ticker Symbol	Amount of Short Interest (\$ Million)	Ratio of Short Interest to Market Cap
MARTIN MARIETTA MATERIALS	MLM	692	18.3%
UNITED STATES STEEL CORP	X	956	15.4%
VULCAN MATERIALS CO	VMC	899	15.0%
LOUISIANA-PACIFIC CORP	LPX	142	14.6%
ALLEGHENY TECHNOLOGIES INC	ATI	608	11.3%
AK STEEL HOLDING CORP	AKS	164	9.4%
ALCOA INC	AA	898	9.1%
FREEPORT-MCMORAN COPPER	FCX	2,112	7.8%
EAGLE MATERIALS INC	EXP	102	7.6%
EASTMAN CHEMICAL COMPANY	EMN	371	7.5%

Telecommunication Services Corporate Actions									
	Announced Float Contraction			Announced Float Expansion			Actual Liquidity		
Quarter	New Cash Takeovers	New Stock Buybacks	Insider Buying	New Offerings	Cancelled Deals	Insider Selling	Actual Stock Buybacks	Share Shrink	Ratio of Actual Stock Buybacks to Announced Buybacks
Q2 10	0.00%	0.19%	0.00%	0.00%	0.00%	0.02%			
Q1 10	0.00%	0.07%	0.00%	0.00%	0.00%	0.01%			-
Q4 09	0.00%	0.15%	0.00%	0.09%	0.00%	0.10%	0.04%	-3.65%	28%
Q3 09	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.06%	-0.08%	-
Q2 09	0.00%	0.00%	0.00%	0.26%	0.00%	0.02%	0.05%	2.85%	-

Insider Buying in Past Two Months				
Company	Ticker Symbol	Insider Buying (\$ Million)	Number of Insiders Buying	Market Cap (\$ Million)
VERIZON COMMUNICATIONS INC	VZ	0.1	1	80,876

Short Interest			
Company	Ticker Symbol	Amount of Short Interest (\$ Million)	Ratio of Short Interest to Market Cap
CLEARWIRE CORP-CLASS A	CLWR	173	13.2%
LEAP WIRELESS INTL INC	LEAP	136	12.8%
SBA COMMUNICATIONS CORP-CL A	SBAC	417	11.8%
CENTURYTEL INC	CTL	326	9.5%
LEVEL 3 COMMUNICATIONS INC	LVLT	134	6.9%
METROPCS COMMUNICATIONS INC	PCS	182	6.3%
NEUSTAR INC-CLASS A	NSR	68	3.9%
QWEST COMMUNICATIONS INTL	Q	327	3.7%
WINDSTREAM CORP	WIN	167	3.6%
CROWN CASTLE INTL CORP	CCI	246	2.3%

Utilities Corporate Actions									
	Announced Float Contraction			Announced Float Expansion			Actual Liquidity		
Quarter	New Cash Takeovers	New Stock Buybacks	Insider Buying	New Offerings	Cancelled Deals	Insider Selling	Actual Stock Buybacks	Share Shrink	Ratio of Actual Stock Buybacks to Announced Buybacks
Q2 10	0.00%	0.01%	0.00%	0.13%	0.00%	0.03%			
Q1 10	0.00%	0.00%	0.00%	0.15%	0.00%	0.03%			-
Q4 09	0.00%	0.17%	0.00%	0.26%	0.00%	0.01%	0.12%	0.27%	71%
Q3 09	0.00%	0.00%	0.00%	0.48%	0.00%	0.02%	0.24%	-0.37%	-
Q2 09	0.00%	0.00%	0.00%	0.83%	0.00%	0.01%	0.01%	0.57%	-

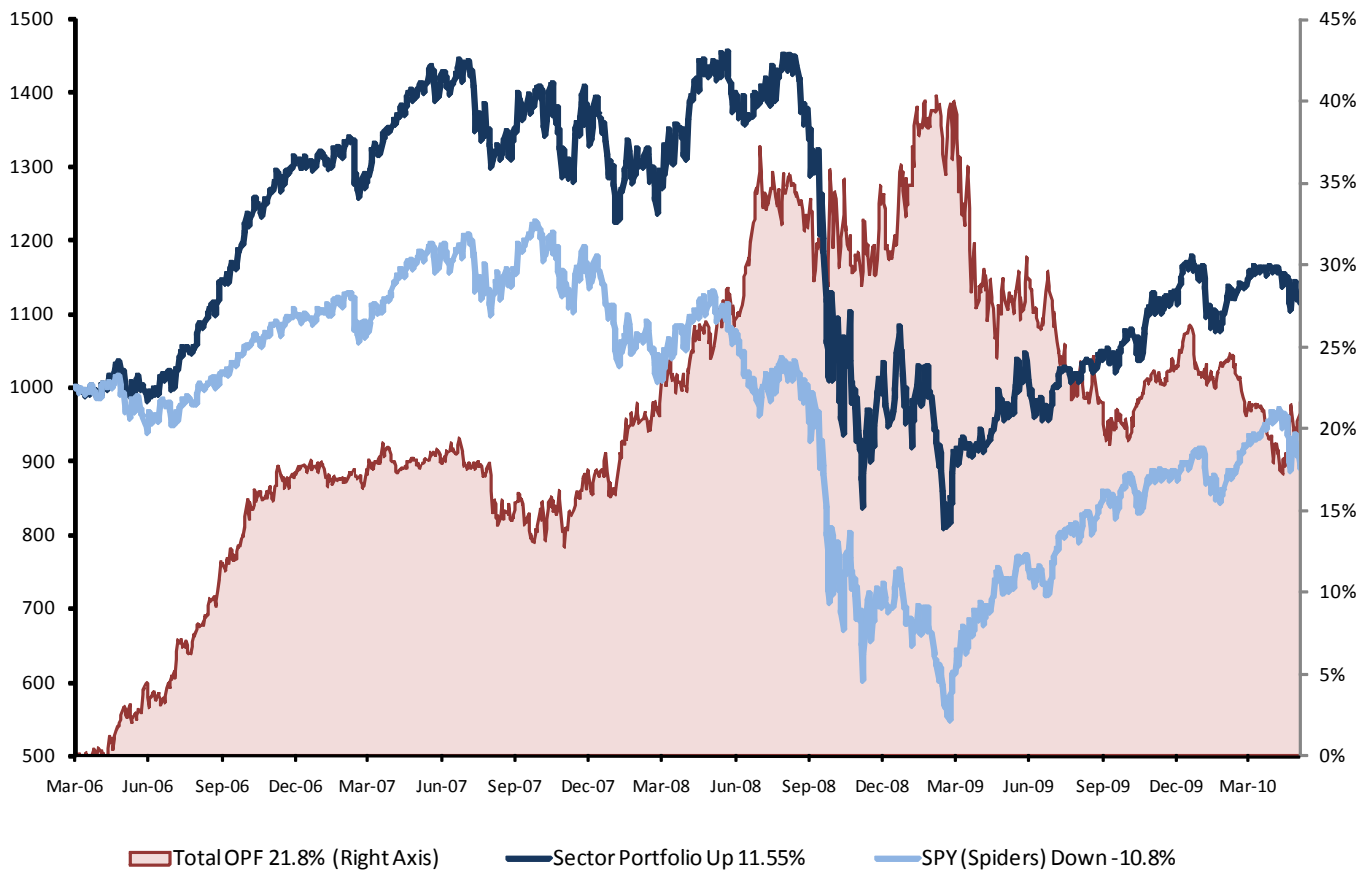
Insider Buying in Past Two Months				
Company	Ticker Symbol	Insider Buying (\$ Million)	Number of Insiders Buying	Market Cap (\$ Million)
CONSOLIDATED EDISON INC	ED	0.0	10	3,457
OGE ENERGY CORP	OGE	0.0	1	-
UGI CORP	UGI	0.0	1	-
ALLEGHENY ENERGY INC	AYE	0.0	1	-

Short Interest			
Company	Ticker Symbol	Amount of Short Interest (\$ Million)	Ratio of Short Interest to Market Cap
CMS ENERGY CORP	CMS	519	14.9%
AQUA AMERICA INC	WTR	285	11.9%
INTEGRYS ENERGY GROUP INC	TEG	381	10.3%
HAWAIIAN ELECTRIC INDS	HE	172	9.0%
MIRANT CORP	MIR	153	7.1%
PIEDMONT NATURAL GAS CO	PNY	139	7.0%
RELIANT ENERGY INC	RRI	84	6.0%
PNM RESOURCES INC	PNM	62	5.5%
NICOR INC	GAS	104	5.4%
GREAT PLAINS ENERGY INC	GXP	119	5.4%

Appendix B: Sector Liquidity Model Portfolio

Our unleveraged, long-only model portfolio is based on our overweight sector recommendations. If we recommend overweighting one sector, we allocate our entire model portfolio to the corresponding sector SPDR. If we recommend overweighting two sectors, we allocate our model portfolio equally between the corresponding sector SPDRs. We make trades in our model portfolio at the close every other Thursday. Since the inception of *TrimTabs Sector Liquidity* on Thursday, March 16, 2006, our model portfolio has gained 11.6%, while SPY (Spiders) has lost 10.8%.

Sector Model Portfolio Performance
 03/16/2006 to Present



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