

Tuesday's Market Commentary March 3, 2009

Fasten Your Seatbelts



Last night the Dow Jones Industrial Average closed below 7000 for the first time in over twelve years. As we noted in our previous commentary, we believe the 1994 averages will be the next target before things start to settled down. As long as cash flows continue to decline, we do not see any reason to be long on equities. Thus far in 2009 we have made only nine long recommendations in this space.

Today we add one more long and our first short pick of the year.

Long: Humana (HUM)

Short MasterCard Incorporated (MA)

Long: Humana Inc. (HUM)

OPS/FFS/EPS Charts			QC/FC/EBITDA Charts																	
4 Quarters	20 Quarters	5 Years	20 Quarters	5 Years	Growth Rates															
Last 20 Quarters (Last 5 Years)																				
Q1 04	Q2 04	Q3 04	Q4 04	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Quarter Fiscal Yr
\$19.02	\$16.90	\$19.98	\$29.69	\$31.94	\$39.74	\$47.88	\$54.33	\$52.65	\$53.70	\$66.09	\$55.31	\$58.02	\$60.91	\$69.88	\$75.31	\$44.86	\$39.77	\$41.20	\$37.28	Qtr End Price
-\$0.24	\$0.40	\$1.88	\$0.12	\$0.60	\$1.10	\$3.56	-\$1.48	\$6.02	\$3.19	-\$2.32	\$3.17	\$9.32	\$2.81	-\$3.75	-\$1.11	\$0.03	\$0.62	\$3.42	\$1.76	OPS
\$0.41	\$0.50	\$0.52	\$0.29	\$0.67	\$0.51	\$0.30	\$0.39	\$0.50	\$0.53	\$0.95	\$0.92	\$0.42	\$1.28	\$1.78	\$1.43	\$0.47	\$1.24	\$1.09	\$1.03	EPS
1.8x	1.4x	2.1x	1.2x	1.5x	1.9x	3.1x	2.0x	5.4x	6.6x	2.3x	3.5x	4.7x	3.6x	2.6x	1.5x	-0.4x	-0.9x	0.7x	1.5x	Cash Cycle Ratio
-\$0.66	-\$0.10	\$1.36	-\$0.17	-\$0.06	\$0.59	\$3.26	-\$1.87	\$5.52	\$2.66	-\$3.27	\$2.25	\$8.90	\$1.54	-\$5.53	-\$2.54	-\$0.44	-\$0.63	\$2.34	\$0.73	OPS Spread
2	2	2	2	1	1	1	2	2	2	5	5	5	5	5	5	5	5	2	1	OPS Ranking

Closing Price: 02/27/2009 \$23.67

52-Week High: 02/28/2008 \$72.34

52-Week Low: 11/21/2008 \$22.33

Fiscal Year End: 12/31

OPS Ranking: upgraded to 1 on 02/24/2009

Short: MasterCard Incorporated (MA)

OPS/FPS/EPS Charts		
4 Quarters	20 Quarters	5 Years

OC/FC/EBITDA Charts		
20 Quarters	5 Years	Growth Rates

Company	
Profile	News

Last 20 Quarters																			Quarter Fiscal Yr	
(Last 5 Years)																				
Q1 04	Q2 04	Q3 04	Q4 04	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	
																			+	
																			-	
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$48.00	\$70.35	\$98.49	\$106.24	\$165.87	\$147.97	\$215.20	\$222.99	\$265.52	\$177.33	\$142.93	Qtr End Price
\$0.13	\$1.32	\$1.49	\$0.50	-\$0.14	\$1.57	\$1.51	-\$0.76	\$0.30	\$1.06	\$1.93	\$1.49	\$0.52	\$2.74	\$1.99	\$0.39	\$1.69	\$2.45	\$2.99	-\$3.97	OPS
\$0.74	\$0.66	\$0.98	\$0.01	\$0.93	\$0.89	\$1.06	-\$0.53	\$0.94	-\$2.30	\$1.42	\$0.30	\$1.57	\$1.85	\$2.31	\$2.26	\$3.38	-\$5.74	-\$1.49	\$1.84	EPS
3.1x	2.0x	1.7x	1.4x	1.2x	1.3x	1.2x	1.0x	1.1x	-2.0x	-8.5x	13.0x	4.9x	1.3x	1.1x	0.7x	0.7x	2.7x	-5.2x	-1.6x	Cash Cycle Ratio
-\$0.61	\$0.66	\$0.52	\$0.48	-\$1.07	\$0.68	\$0.45	-\$0.23	-\$0.64	\$3.35	\$0.52	\$1.19	-\$1.05	\$0.90	-\$0.32	-\$1.87	-\$1.69	\$8.19	\$4.49	-\$5.80	OPS Spread
1	1	1	1	2	2	2	3	2	2	2	1	1	1	1	1	1	1	1	2	OPS Ranking

Closing Price: 02/27/2009 \$158.03

52-Week High: 05/30/2008 \$320.30

52-Week Low: 11/21/2008 \$113.05

Fiscal Year End: 12/31

OPS Ranking: downgraded to 2 on 02/23/2009