



Options Hawk Special Report - Notable Open Interest and Analysis

Introduction

The following report details 50 stocks with notable Institutional option trades in open interest, along with a brief view on fundamentals, technicals, and potential catalysts. If you have followed the OptionsHawk website you know that I utilize options flow to find trading opportunities, generally directional trades. Without going into too much detail the notion behind this method is that Institutions have the best access to information that impacts stock performance, and by following the large money trades you can piggy-back on that knowledge and take part in the profits.

Most of the trades discussed below have taken place in Q1 and are positioned in options for April through January 2014, a broad array of companies in various industries. With each I provide the initial entry price to allow easy comparison to the current price, and one can decide to keep things simple, or develop more complex strategies based on the options positioning. The details of the trade will give you a good idea about the expected target move for shares, and the timeframe.

As with any trade it remains important to do your own due diligence, but these 50 stocks are presented as ideas, a starting point to find your own profitable trades. In any case it is always important to manage risk, and determine entry and exit points as appropriate whether through valuation techniques, or important technical levels on the chart.

I will also note that all 50 of the trades noted below are of the bullish variety, and this is for a couple reasons. First, we are in a raging bull market, and the Institutional options flow has been positioning with sizable bullish trades since last November, and been very accurate to this point, just as they were positioning for downside ahead of the Financial Crisis. Secondly, a large opening position in calls provides much more clarity than one in puts, as puts are often utilized to hedge long stock, and although one could argue that calls are hedging short stock, this can be discounted by observing short interest trends in the stocks, and also a lot of Institutions are not apt to take short positions.

I tried to keep the language simple and not get too complex in the trade descriptions, but if you are confused feel free to visit the OptionsHawk site and check out the Education tab, and also learn more about the art of following options flow.

BP PLC (BP)

Options Open Interest: On 2-8 a trader sold 30,000 April \$44 calls at \$1.06 in a buy-write, an expected target for April OpEx. On 3-5 a trader put on 7,500 July \$42/\$38 bull risk reversals at a \$0.10 debit. On 2-2 the April \$41/\$44 call spread was bought at \$1.23 for 4,000 contracts.

Fundamentals: BP has a \$129.7B market cap and trades 7.9X earnings, 0.33X Sales, 1.09X Book and 6.45X Cash with a 5.32% dividend yield, so on valuation and yield downside is limited making the risk reversal an attractive strategy.

Technical View: BP shares are oversold and finding support at the \$40 level that offered support multiple times in 2012 and also MACD starting to rise and triggered a bullish crossover, a good signal that a bottom is in. The \$42 level is intermediate resistance, and then \$45 is an upside target.

Potential Catalysts: Asset Sales, Removal of Litigation Overhang



Nucor (NUE)

Options Open Interest: Nucor has a few notable positions in OI including fairly recent accumulation in April \$47 calls with 5,000 added since 3-5. On 1-24 a block of 5,000 July \$47 puts was sold to open at \$2.39 and on 2-7 a block of 2,000 July \$50 calls added to OI at \$1.02. On a longer term view most notable is a block of 5,700 January 2015 \$45 calls bought at \$5.75 to open on 2-5.

Fundamentals: Nucor has long been a top quality play in a Steel sector that has struggled and the \$15.1B Co. trades 12.7X earnings, 0.78X Sales, and 1.98X Book with a 3.09% dividend yield and after EPS fell 35.4% in 2012 the Company expects 52.65% growth in 2013. Nucor's Direct Reduced Iron (DRI) initiative is expected to start mid-2013 and be a game changer for cost-savings using natural gas in the raw materials process in lieu of metallurgical coal.

Technical View: Nucor shares on the daily recently pulled back and broke its 50 day SMA, but held the 20 week EMA on a closing basis. Shares now have a major top near \$48.50 for a breakout that would target the 123.6% Fibonacci Extension at \$52.20. Both MACD and RSI broke downtrends on the daily this week and momentum is picking up.

Potential Catalysts: Improvements to Non-Residential Construction Industry, Earnings, Demand Pick-Up



Marathon Petroleum (MPC)

Options Open Interest: MPC has seen massive bullish positions for months and many are now deep ITM like the 20,000 April \$67.50 calls bought on 12-11-12 at \$2.70 now pricing \$20.50. However, there have been plenty more trades expecting further upside. On 1-22 the July \$75/\$55 bull risk reversal traded 5,175X at \$0.95 debit followed by another 2,500 at \$0.85 the following day. On 2-7 a trader bought 20,000 January 2014 \$90 calls at \$3.90. On 2-27 the July \$90/\$100 call spread was bought 10,000X at \$2.28. The January \$80/\$90/\$100 butterfly call spread traded 2,500X5,000 on 1-29 and then another 2,500X5,000 the following day on 1-30 when 20,000 July \$77.50 calls were bought as well at \$2.80.

Fundamentals: The \$29.1B refiner has gained 110% over the last year but still is a value play at 9.1X earnings, 0.9 PEG, 0.35X Sales, 10.75X FCF and 2.5X Book with a 1.59% yield. After a 48.3% surge in EPS in 2012 the Company forecasts a 9.2% decline in 2013 which may prove to be conservative.

Technical View: MPC shares have made 10 straight higher closes on the monthly, but this past week have consolidated with a bull flag below \$90, a pattern that measures to a \$100 target.

Potential Catalysts: Stronger Earnings on Texas City Acquisition and Detroit Heavy Oil Upgrade Project



International Paper (IP)

Options Open Interest: IP's notable April open interest is in the \$39 calls with 25,410 in OI, many from former roll-outs of January positions. On 11-27-12 the April \$39 calls were bought at \$1.45 for 20,000 contracts and then another 15,000 the following day that have since been closed. These calls are up a lot and now deep ITM, but on 1-25 a trader bought 20,000 July \$45/\$50 call spreads at \$1.10, and another 20,000 the following day, also 10,000 April \$44 calls bought those two days. Another 20,000 July \$45/\$50 call spreads bought at \$0.88 on 2-13, and currently 55,000 in OI.

Fundamentals: IP shares are +18.8% YTD and the \$20.75B packaging Co. trades 10X forward earnings, 1.15 PEG, 0.75X Sales, 3.28X Book and 18.7X FCF with a 2.55% dividend yield. IP is forecasting a 21.75% rise in EPS for 2013 after a 41.6% decline in 2012.

Technical View: IP is trading to all-time highs and has been bought strong on even the slightest of dips. The \$35 break was a key level and now trading at \$47. Shares are clearly extended and if there was a pullback to \$42 it would be a major opportunity.

Potential Catalysts: Containerboard Price Increases, Dividend/Buyback Raises, Temple-Inland Integration



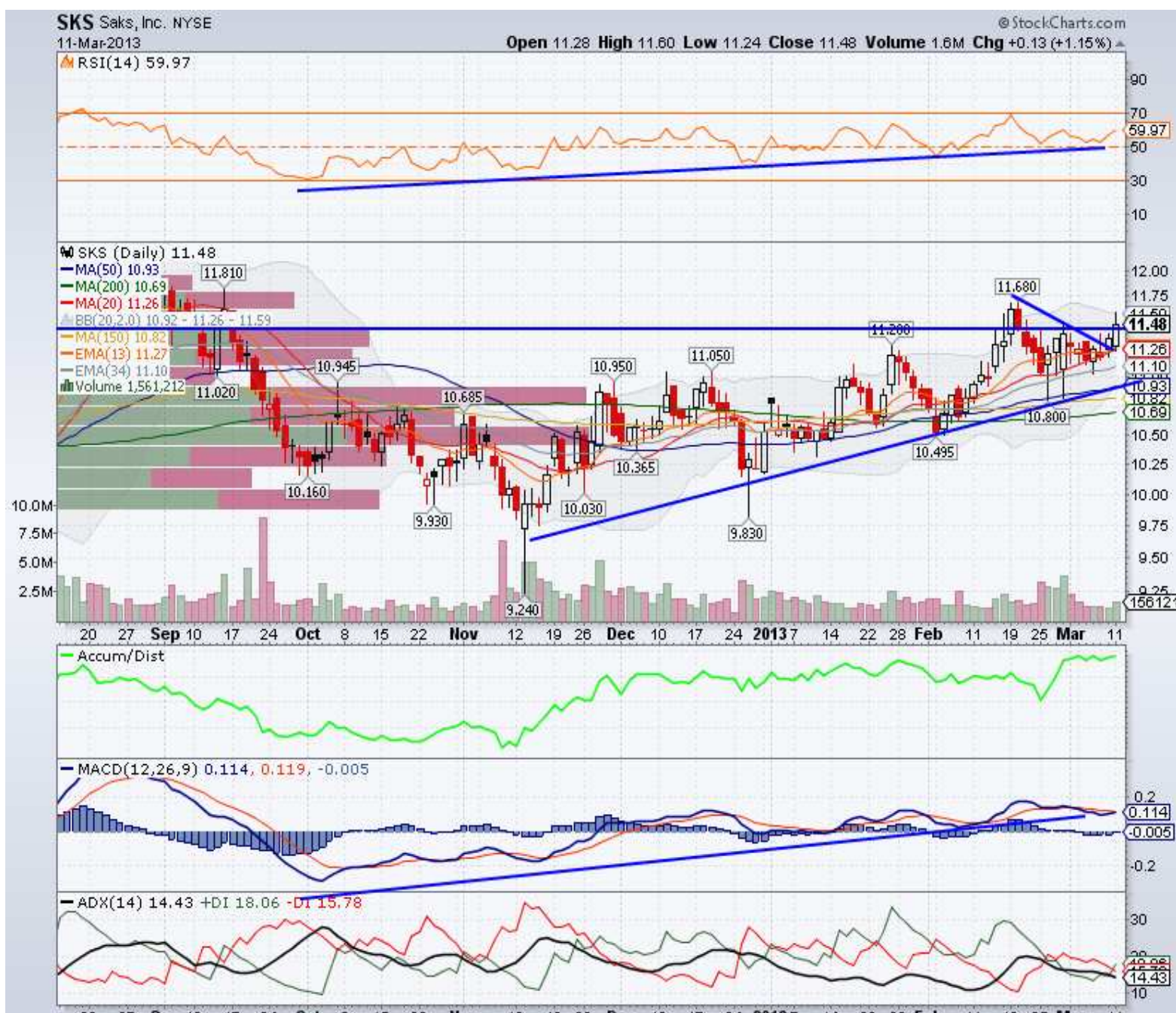
Saks (SKS)

Options Open Interest: Saks has some notable OI on both sides, but would give it a bullish bias as the puts are likely hedging long stock. The May \$11 puts were bought 7,300X to open at \$1.30 on 12-11-12 and remain in OI. On 2-15 the August \$12 calls were bought 6,250X at \$0.75, and another 5,000 bought \$0.75/\$0.80 on 2-22. On 3-6 another 10,000 were bought at \$0.75 bringing OI to above 20,000 in the August \$12 calls.

Fundamentals: Saks is a \$1.74B retailer trading 21.65X earnings, 1.8 PEG, 0.56X Sales, 1.49X Book and 23.8X FCF, fairly rich on valuation, and 23.45% of its float is short. Saks has also seen slowing sales trends, although able to beat on earnings last quarter with margin expansion. Saks is a higher end retailer and guided 2013 comps up 3-5%.

Technical View: Saks shares have been riding an uptrend since the August 2011 lows near \$8 and the \$12 level is major resistance for a breakout that would target a move to \$15. Shares put in a major top at \$22 back in 2007.

Potential Catalysts: M&A Target - In 2010 the UK's Daily Mail Noted PE Firms Interest in Sak's



Kohl's (KSS)

Options Open Interest: On 2-14 a trader bought 10,000 January \$52.50 calls to open at \$1.65, and also active buying in July calls.

Fundamentals: The \$10.8B department store trades 9.7X earnings, 0.56X Sales and 1.8X Book with a 2.72% dividend yield. After quarters of disappointing results recent comp. sales numbers look to have turned things around at Kohl's which still has plenty of opportunity for store expansion. Kohl's trades at cheap valuation to peers, but comes with sales, margins, and earnings risk.

Technical View: Kohl's shares have moved off a \$41 bottom and been consolidating below its 150 SMA at \$48, looking to complete a gap fill to \$49.40. KSS shares have major resistance up near \$54/\$55 and a move above could trigger fresh money if shares leave a 3.5 year sideways channel.

Potential Catalysts: Improved Sales Trends



Genworth Financial (GNW)

Options Open Interest: GNW's April \$10 call OI has ballooned to more than 34,000 after 25,000 were bought on 3-4 at \$0.27 and another 5,000+ added the following day. On 3-11 traders sold 7,500 September \$9 puts to open at \$0.55 and bought 7,500 September \$12/\$15 call spreads at \$0.57.

Fundamentals: The \$5.17B Financial Services Co. trades 7.24X earnings, 0.52X Sales, 0.31X Book, 1.42X Cash and 5.38X FCF. After a 558% EPS growth rate in 2012 the Company looks to add another 19.85% in 2013. GNW has a new CEO as of January and is looking to raise prices on products and sees growth in the mortgage unit.

Technical View: GNW shares recently broke through \$9.50 resistance and past its 150/200 week moving averages, out of a cup and handle pattern that measures to a target of \$15. Shares are under strong accumulation the past few weeks and look to have plenty of gas left in the tank.

Potential Catalysts: US Mortgage Market Strength, Unit Sales, Price Increases



Legg Mason (LM)

Options Open Interest: The January 2014 \$25 calls with 16,680 in OI from buyers on 2-19, 2-22, 2-25, and 2-27 average paying \$5.15 for those calls and then 10,000 January 2014 \$35 calls at \$1 bought to open on 2-25.

Fundamentals: The \$3.95B asset manager trades 14.4X earnings, 0.8X Book and 26.7X FCF and recently showed sequential growth in AUM. The group is turning around with healthier markets and LM long been considered a Private Equity target. LM is also looking at potentially cutting the number of Funds offered and at potential acquisitions with \$10.20/share in cash on the books.

Technical View: LM shares recently broke out past \$29 resistance, a channel breakout that targets a move to \$35, while \$36.50 was major resistance in 2011.

Potential Catalysts: Better Flows, Expense Controls, M&A, Buybacks, New CEO



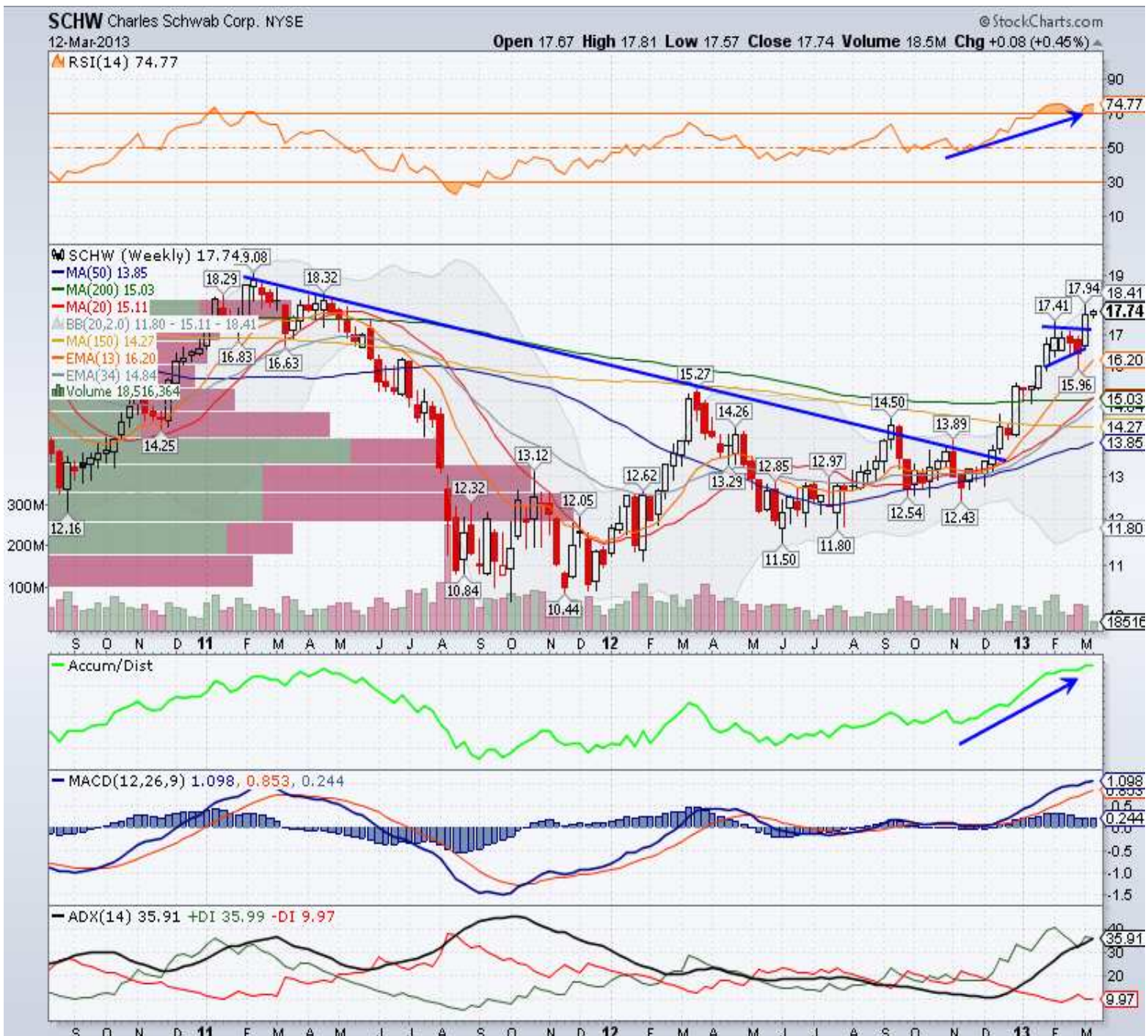
Schwab (SCHW)

Options Open Interest: Schwab notable open interest includes 10,000 April \$18 calls bought on 3-6 at \$0.35, the June \$17 calls bought 5,000X on 1-29 at \$0.55 when 11,500 January 2014 \$17 calls were also bought to open at \$1.10, and the additions of 8,000 more January 2014 \$17 calls on 1-31 and 2-1.

Fundamentals: Schwab trades 20.4X earnings, 1.58 PEG, 4.64X Sales, 2.37X Book and 29X FCF with a 1.35% yield, but more importantly the strong balance sheet with little debt and \$9.90/share cash on the books. Schwab should see improving metrics in 2013 with healthier markets making new highs on a daily basis bringing retail money off the sidelines.

Technical View: SCHW broke a 4 year downtrend on the move past \$16, and the \$13/\$17 bull flag range breakout measures to a \$21 target. The \$19.20 highs from 2011 is the next upside target.

Potential Catalysts: Net New Asset Growth, Cash Utilization, M&A



Allergan (AGN)

Options Open Interest: On 1-9 a trader in AGN sold 7,000 April \$100 calls at \$3.80 and bought 6,000 September \$100 calls at \$6.85 in a spread. On 1-11 a trader bought 5,000 September \$110 calls at \$4.05 to open. On 2-5 a trader bought 7,000 April \$105 calls at \$4.50 to open, and 5,000 January 2014 \$105 calls to open at \$10.15.

Fundamentals: AGN has a \$33.85B market cap and trades 20.25X forward earnings, 2.4 PEG, 5.83X Sales and 5.67X Book with 14.3% EPS growth seen for FY13. Allergan has plans to sell its weight-loss division by the end of Q1.

Technical View: AGN shares recently broke out past \$109 and now flagging above that level looking to break above \$111 and target \$115 to \$120.

Potential Catalysts: Weight-Loss Unit Sale, Phase2b DARPin anti-VEGF for wet AMD Data Mid-Year



Baxter International (BAX)

Options Open Interest: Baxter's largest trade in OI is from 1-29 when the April \$62.50 puts were sold to open at \$1.11 and May \$72.50 calls bought to open at \$1.61 in a 15,000 contract bullish risk reversal. On 11-28-12 the April \$70 calls were bought to open 5,500X at \$1.62.

Fundamentals: Baxter has a \$37.8B market cap and trades 13.3X earnings, 2.67X Sales and 5.46X Book with a 2.6% dividend yield. Baxter recently made an acquisition of Gambro as well. Estimates for downside for the Alzheimer's data are 8-10%, but upside at 20%+ with BAX likely to see \$85 on positive results.

Technical View: BAX recently broke out of a triangle pattern at \$68.50 and now forming a bull flag below \$70 with a target move to \$73.50 on a breakout.

Potential Catalysts: Phase 3 Alzheimer's Data in Q2 (July Meeting Presentation)



Tyco (TYC)

Options Open Interest: Tyco has notable OI in April calls, but most notable size in July. The July \$32/\$25 bull risk reversal was opened at \$0.03 debit on 12-17 for 7,450 contracts, and on 1-17-13 the July \$35 calls bought 8,500X at \$0.53. The largest position is a buy of 20,000 July \$30 calls at \$1.565 to open on 11-29-12 that remains in OI.

Fundamentals: The \$14.75B Co. trades 14.85X earnings, 1.4X Sales, 2.87X Book and 15.8X FCF with a 1.9% dividend yield and sees 15.4% EPS growth for FY13.

Technical View: TYC shares have been riding the 34 day EMA higher and currently forming another bullish consolidation in an uptrend, RSI back down to the 50 level and looking to rebound. On a break above \$32.50 TYC shares target a move to \$35.50.

Potential Catalysts: Buyout Target - Tyco's 3 Way Split Created Takeover Targets



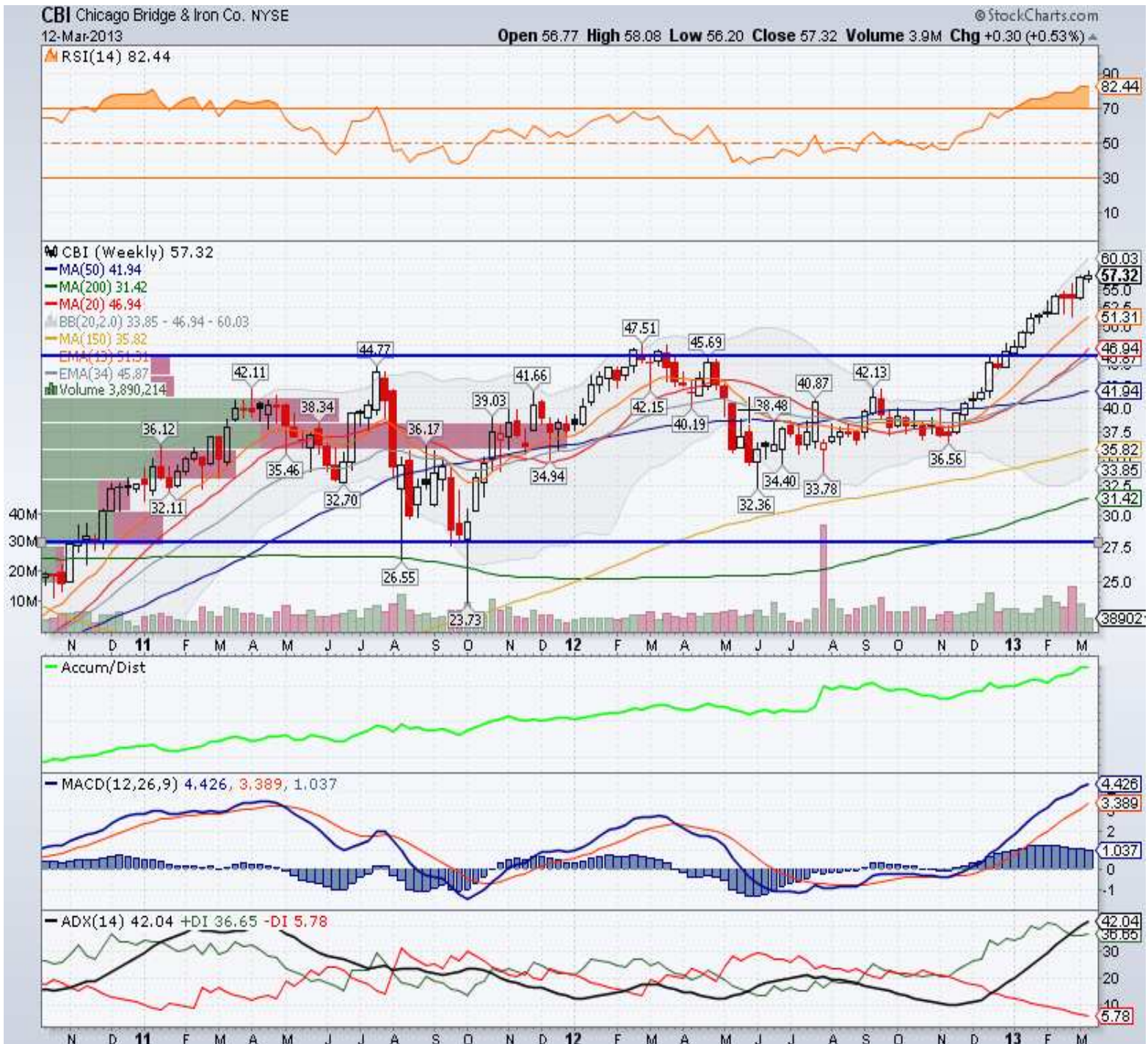
Chicago Bridge & Iron (CBI)

Options Open Interest: CBI's April \$55 calls were bought to open 20,000X on 2-1 at \$0.90 to \$1, and then on 3-8 5,000 were closed but 10,000 July \$60 calls bought to open at \$2.30.

Fundamentals: CBI was one of my top Fundamental picks for 2013 as the US builds out its Energy Infrastructure. The \$6B co. trades 11.87X earnings, 0.92 PEG, 1.1X Sales and 3.98X Book with 20.75% forward EPS growth, a top growth play among Industrials with a strong backlog and integrating its acquisition of Shaw Group.

Technical View: CBI shares broke out past 2012 highs at \$47.50 and have gone vertical, measured move target of \$57.50 was recently achieved. The next key level for CBI is \$62.50 as the 161.8% Fibonacci Extension of the 2011/2012 range. Shares are overbought short-term, but very buyable on pullbacks to the \$54 level.

Potential Catalysts: Analyst Meeting Late March, Valuation (Multiple Expansion)



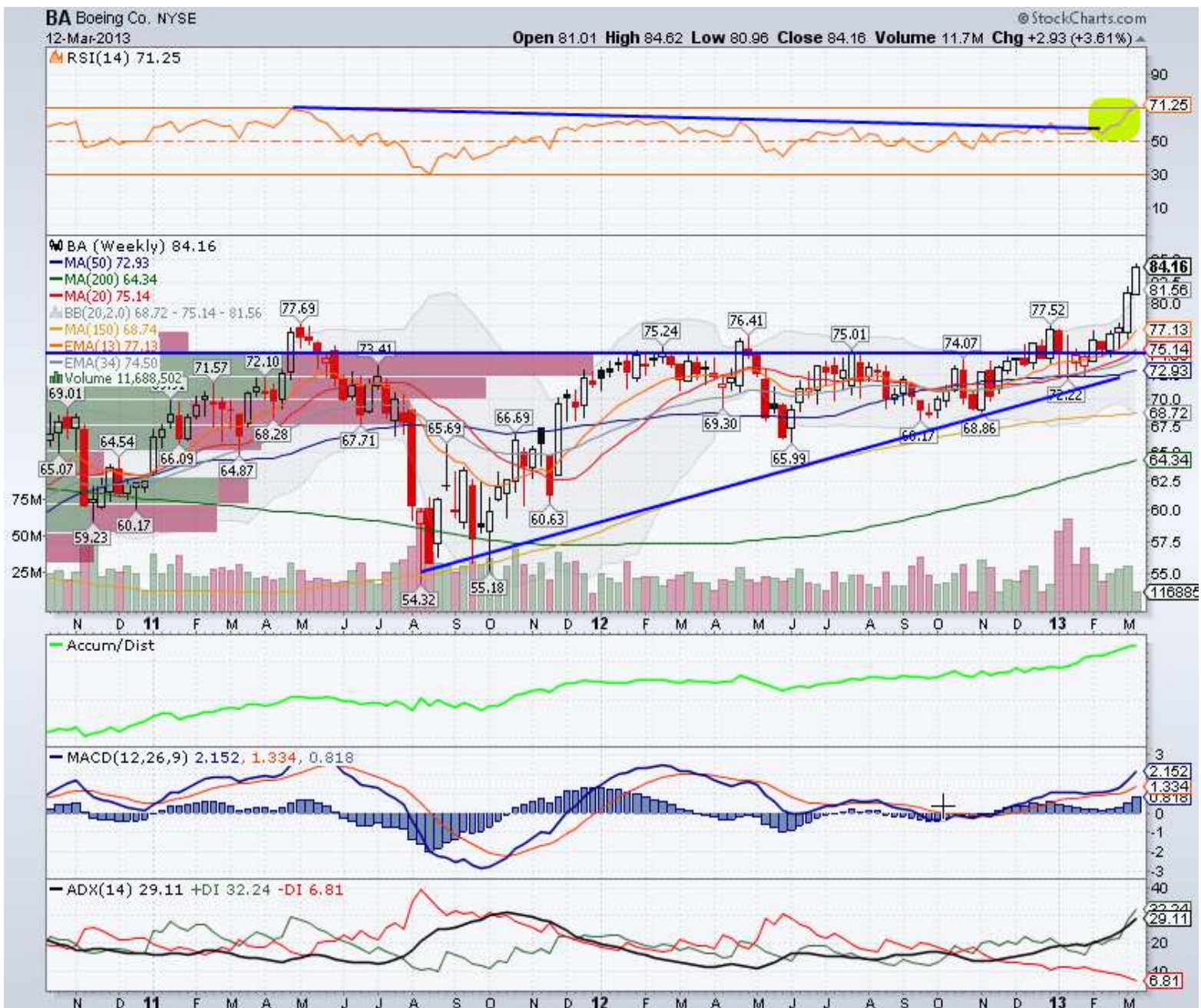
Boeing (BA)

Options Open Interest: Boeing was a name that saw serious size positioning for longer term upside when it was having its Dreamliner issues. The May \$77.50 calls are loaded with 16,000 in OI as well as the August \$77.50 calls with 17,400 in OI (Bought 1-25 at \$3.25), but most notable the 25,000 January 2014 \$85/\$95 call spreads in OI from trades on 1-30, 1-31, and 2-7 at \$1.57.

Fundamentals: Boeing has lagged peers due to these overhangs as Aerospace remains strong and it continues to rack up large orders including a \$15B order this week. The \$63.65B Co. trades 11.66X earnings, 1.54 PEG, 0.78X Sales and 14.2X FCF with a 2.3% yield and 13% EPS growth, and Boeing has consistently been beating estimates and raising guidance, and a massive backlog provides long term earnings clarity. Boeing also has \$13.5B in cash.

Technical View: BA cleared major resistance at \$76 and eyeing a return to 2007 highs near \$92. After spending 3 years in a sideways channel shares are seeing strong momentum and should see \$90+ by year end.

Potential Catalysts: Capital Allocation Decisions, New Orders, Earnings Reports



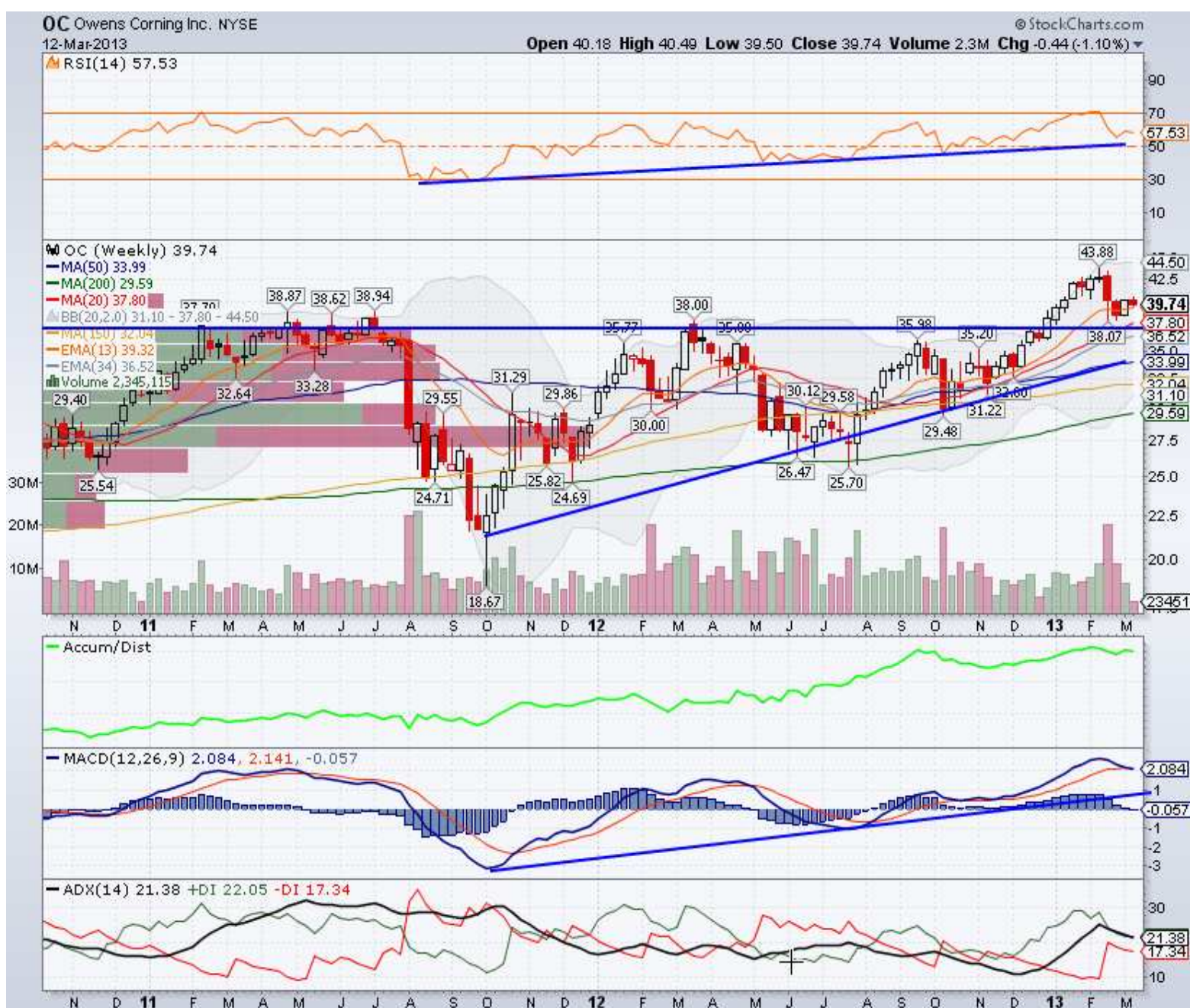
Owens Corning (OC)

Options Open Interest: Owens Corning with a buyer of 4,590 May \$41 calls at \$3.20 on 1-28-13 after rolling out of May \$35 and \$36 calls. The May \$40 calls have also accumulated 5,000 from buyers, most recently 2,400 added at \$2.70 on 1-17-13. On 2-15 a large buyer of January \$50 OTM calls for 5,000 contracts at \$1.65 to \$1.80.

Fundamentals: OC has a \$4.7B market cap and trades 12.6X earnings, 0.9X Sales, and 1.33X Book with 61% EPS growth seen for FY13, a play on the recovery in housing as a provider of building materials. OC has 16% of its float short.

Technical View: OC shares dropped recently on earnings but found support at the prior major top breakout level of \$38, also being the 20 week EMA and shares in a 1 year channel up pattern. Shares are looking to clear \$40 and make a run to recent \$43 highs, and eventually \$45+.

Potential Catalysts: Operating Leverage, Pricing, Utilization Improvements



Eaton (ETN)

Options Open Interest: ETN saw a lot of bullish positioning in March options that paid off well, but now the April \$65 calls have 9,945 in OI, mainly rolls from March already playing with "house money." The largest block came on 3-5 with 5,000 bought to open at the \$0.90 offer.

Fundamentals: ETN shares are +16.75% YTD and still an attractive value as the truck market stabilizes and showing strong numbers in February. The \$29.6B Co. trades 12.05X earnings, 1.9 PEG, 1.8X Sales, and 1.96X Book with a 2.67% yield.

Technical View: ETN shares clearing \$52.50 was key with a measured move target at \$67.50 for the range breakout. Shares are short-term overbought, but very buyable on dips to \$60.

Potential Catalysts: Cooper Acquisition Benefits, Electrical Analyst Day in May



Las Vegas Sands (LVS)

Options Open Interest: On 2-22 a buyer of 25,000 May \$52.50 calls at \$2.05 opened a large position that remains in OI.

Fundamentals: The \$43.5B casino trades 17X earnings, 3.9X Sales and 6.15X Book with 15.7% EPS growth seen for FY13. LVS is mainly now considered a play on Macau gambling, but Las Vegas is starting to turn around.

Technical View: LVS hit highs above \$57 in April of 2012, while the recent peak was at \$56 before a pullback to \$48 support. Shares are basing along its 50 day SMA, and forming a massive cup and handle pattern, one that measures to \$70 on a break above \$56.

Potential Catalysts: REIT Status, Macau Monthly Numbers, Singapore Growth



United Parcel Service (UPS)

Options Open Interest: UPS still has more than 10,000 in OI for April \$80 and \$85 calls that positioned when shares were down near \$70, but more recently positions moved into July. The July \$85 calls have 23,707 in OI with 13,000 bought at \$0.86 on 2-4-13. On 1-31 a trader bought 3,000 January 2014 \$85 calls at \$1.45.

Fundamentals: UPS has an \$80.6B market cap and trades 14.8X earnings, 1.49X Sales and 10.7X Book with a 2.93% yield, a clear beneficiary of the surge in online retail, but also hurt by recent rising gasoline costs. In February UPS re-authorized a \$10B buyback plan.

Technical View: UPS shares traded in a \$70/\$78.50 channel for all of 2012 and broke out, so the target is \$87. A longer term channel up pattern puts \$90 as a likely upside target for shares before hitting resistance.

Potential Catalysts: Acquisitions and Dividend Raises



CH Robinson (CHRW)

Options Open Interest: CHRW has longer term positioning in January 2015 \$80 calls with 9,774 in OI, ill-timed with 10,000 bought on 1-14-13 at \$3 to open. In more recent action a trader bought 5,000 May \$62.50 calls at \$0.55 to open on 2-26, and on 2-27 bought 5,000 May \$60 calls at \$1.20 to open.

Fundamentals: The \$9.24B transportation logistics Co. is coming off a bad quarter and trades 18.7X earnings, 1.25 PEG, 0.81X Sales and 6.15X Book with a 2.44% dividend yield and 10.45% EPS growth seen for FY13. CHRW has chosen to forego margins in efforts to grow, and still integrating its acquisition of Phoenix.

Technical View: CHRW broke out of a long channel down pattern in late 2012 and now have pulled back near that prior breakout level and basing, a monster gap to fill from \$61.50 to \$64.50. CHRW has resistance near \$70 and \$79 if shares can move out of this bottom.

Potential Catalysts: Stock Buybacks, Acquisition Target for UPS ?



US Air (LCC)

Options Open Interest: US Air had a buyer of 20,000 April \$15 calls at \$0.63 to open on 3-7-13, a roll from M March \$14 calls. On 2-13 a trader put on 15,200 June \$22 synthetics vs. stock. On 2-15 traders bought 20,000 September \$15 calls to open \$1.15 to \$1.35, and most still in OI.

Fundamentals: US Air has a \$2.52B market cap and trading 5.12X earnings, 0.18X Sales, 3.19X Book and 1.06X Cash and seeing improving operating metrics.

Technical View: LCC shares are nearing a breakthrough \$15.50 resistance out of a pattern that measures to \$17.50, while longer term the \$10.50/\$14.50 range break targets a move to \$18.50.

Potential Catalysts: AMR Deal Close



Noble Corp (NE)

Options Open Interest: Noble has seen a few large bullish positions build in OI. The April \$37/\$40 call spread was bought 5,000X to open on 3-8 at \$0.61. Most notable are the 15,500 January 2014 \$45 calls in OI that have accumulated from buyers, also on 3-1 a trader bought 5,000 January 2014 \$40 calls to open at \$2.17. On 3-14 the September \$32/\$28 put spread was bought 5,000X as protection on a large share purchase. On 3-13 traders sold 3,000 January \$30/\$28 put spreads to buy 3,000 of the January \$50 calls.

Fundamentals: Noble is a \$9.45B offshore drilling contractor trading 7.85X earnings, 2.67X Sales, and 1.22X Book with a 1.39% dividend yield, and after generating 40% EPS growth sees 53% EPS growth in 2013.

Technical View: Noble shares ran up to \$41 to start 2013 and then pulled back sharply basing below its 200 day MA, and broke out of that base this week with RSI crossing above the 50 level and a bullish MACD crossover. Shares are likely to take a run at \$40 resistance and then target a move to \$45.

Potential Catalysts: Noble is likely to announce a spin-off in Q2 2013 of non-strategic assets.



Cavium Networks (CAVM)

Options Open Interest: Cavium is not usually very active in options, but one large trade remains in OI, a buyer of 4,500 June \$36 calls at \$4.50 on 2-14.

Fundamentals: The \$2B maker of chips for the networking industry trades 28.35X earnings, 8.55X Sales, and 8.1X Book, rich on valuation, but expects a 39% rise in EPS next year. CAVM has 11.85% of its float short, 5.7 days to cover.

Technical View: CAVM shares recently broke out of a 6 point channel that targets a move to \$42, and formed a bullish consolidation flag above that \$36 level, before breaking out this week. The \$42.80 level is the next Fibonacci Retracement of the 2011/2012 range, while shares saw \$48.30 highs in 2011.

Potential Catalysts: Nomura Analyst on 2-20 Noted CAVM a Takeover Target. CAVM's closest peer NetLogic (NETL) was acquired by Broadcom (BRCM) in 2011, and CAVM the next clear target.



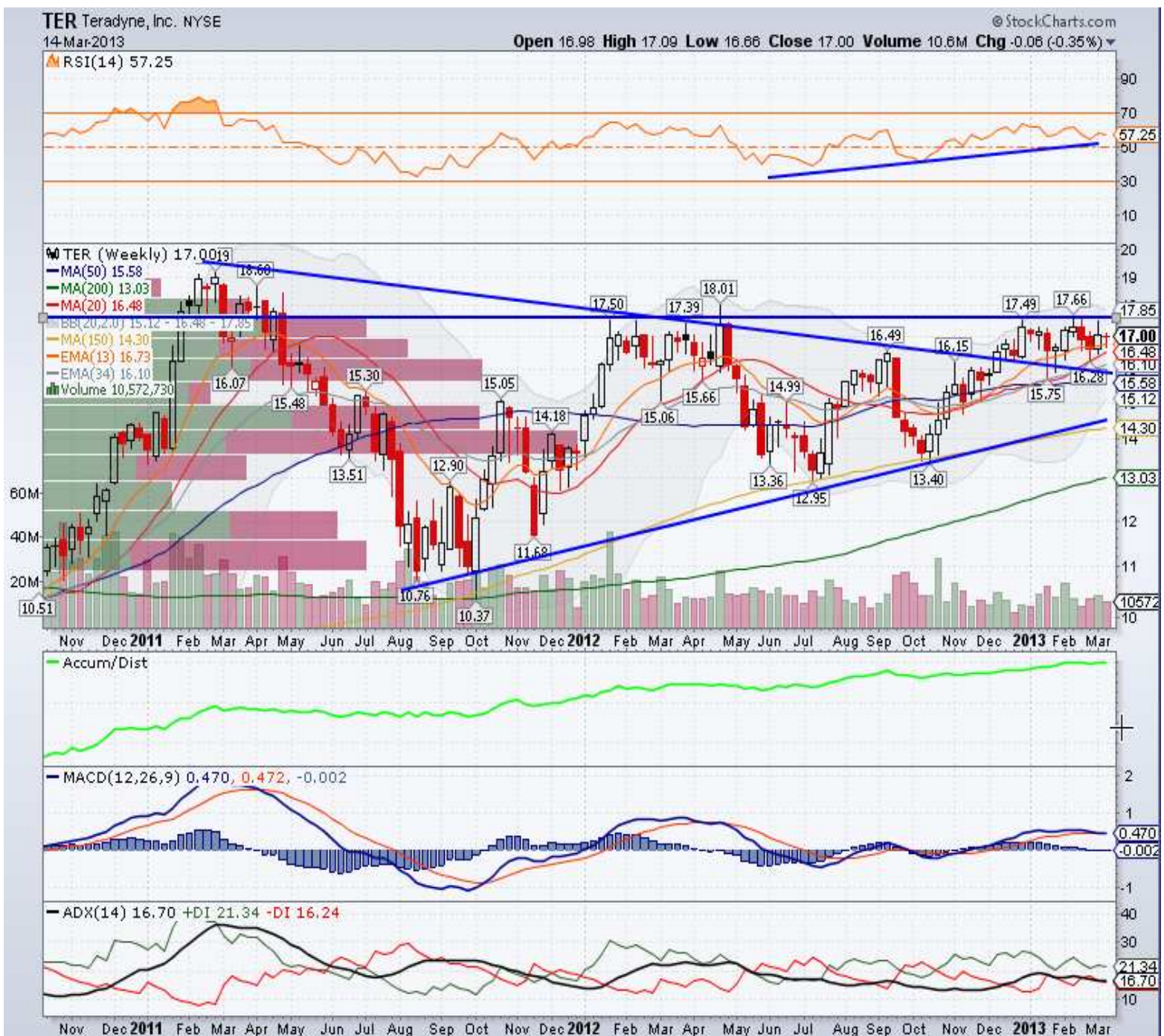
Teradyne (TER)

Options Open Interest: The focus in TER is July with 10,000 July \$16 calls and 11,970 July \$18 calls in OI. On 2-1 the July \$16 calls were bought 6,500X at \$1.60 to \$1.65, On 2-14 another 3,100 bought at \$2.40 and initial action in July \$18 calls for 1,975 at \$1.15. On 3-5 the July \$18 calls bought \$0.95-\$1 for 7,000 contracts and another 2,900 the following day, while on 3-7 2,850 more July \$16 calls bought at \$2.

Fundamentals: TER is a \$3.24B maker of test equipment for the Semiconductor industry that trades 8.9X forward earnings, 1.95X Sales, 1.8X Book and 11.33X FCF, also with \$4/share of cash on the books, and 10.6% of its float short.

Technical View: TER shares had a key trend breakout in late 2012 on the weekly and put in a "W-Bottom" in the \$13-\$13.50 range, and now eyeing a breakout past \$17.75 to target a move to \$20+.

Potential Catalysts: Mobile SoC Strength, LitePoint Growth, Attractive M&A Target



Interactive Corp (IACI)

Options Open Interest: IACI has some notable OI in April \$45 calls with 2,000 added at \$0.90 to \$1 on 3-11 to bring the OI to 4,700, but one major trade sticks out, a 3-7 buyer of 12,500 October \$40 calls at \$5.60 to open.

Fundamentals: IACI was a top story stock in early 2012 but slipped up late in the year. The \$3.67B Co. operated various websites, owning some very attractive assets, and trades 9.9X forward earnings, 1.5 PEG, 1.3X Sales, 2.33X Book, and 14.3X FCF with a 2.21% dividend yield. Google's change in search ad policy hurt IACI and remains a headwind, but the Company managed to beat the Street in Q4. At 4X 2014 EBITDA, IACI trades at a major discount to peers and is still seeing strong profit growth, also utilizing buybacks.

Technical View: IACI shares recently broke out of a falling wedge pattern in a longer term uptrend, a powerful technical pattern that flips momentum to bullish, and confirmed with MACD crossing bullish and RSI nearing a break past 50 on the weekly. Shares based at a high volume price level and held \$40 well. Shares are likely to face resistance up at \$50.

Potential Catalysts: Buybacks, Search Rebound, Asset Sales



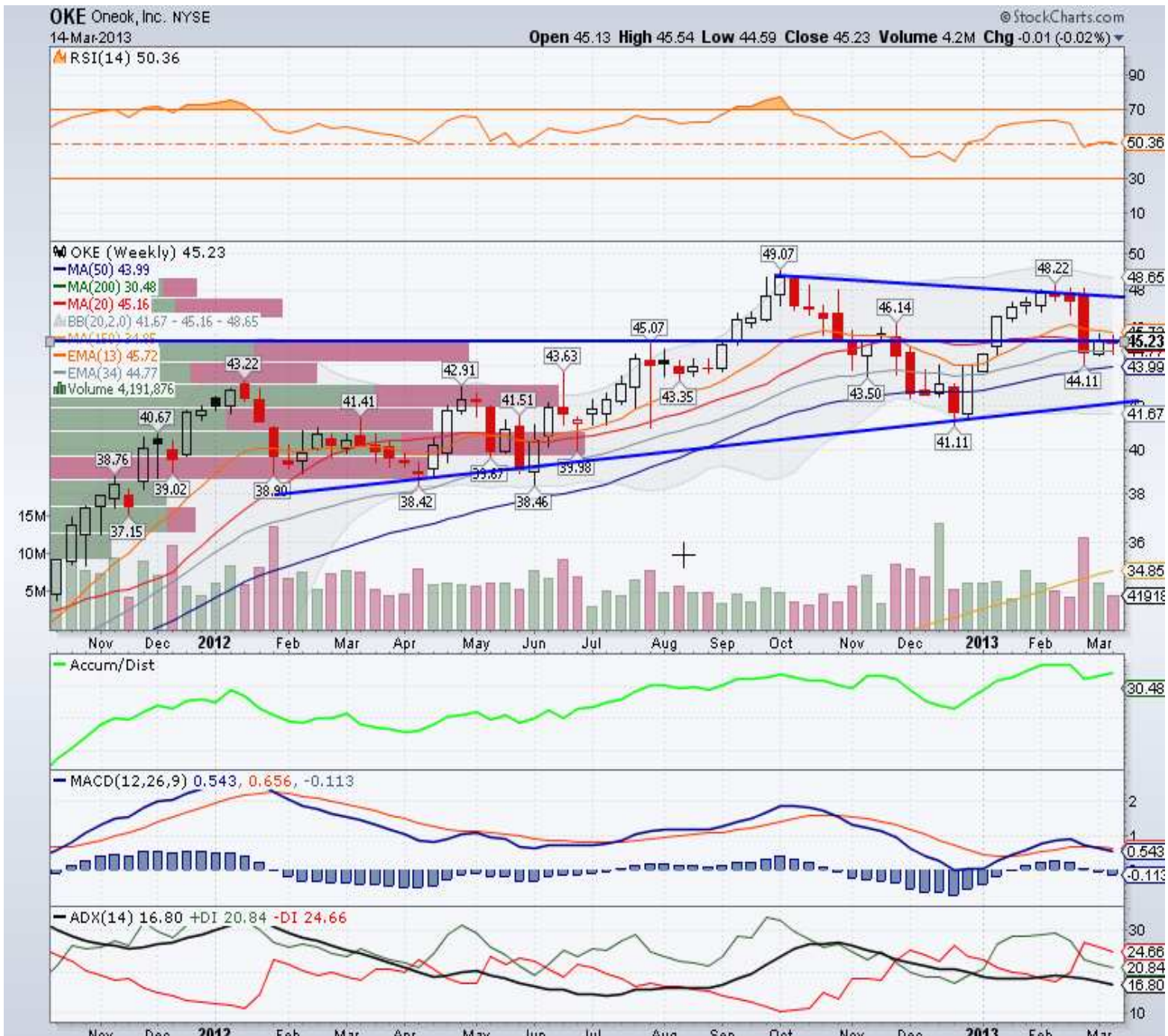
Oneok (OKE)

Options Open Interest: The October \$50 calls were bought to open 16,000X on 3-6 at \$0.60 to \$0.90, very unusual action for a name that trades 485 calls on average per day.

Fundamentals: Oneok is a \$9.27B diversified Energy Company dealing with gathering, processing, storage, and transportation of natural gas. Shares trade 20.5X earnings, 1.87 PEG, 0.73X Sales, and 4.35X Book with a 3.18% dividend yield.

Technical View: OKE shares recently pulled back near its 50 week moving average, a level shares previous based. Shares need to clear \$48 resistance for a run to new highs at \$50. Shares are currently basing along its 200 day EMA, and the monthly looks very constructive, consolidating after a run from \$20 to \$48.

Potential Catalysts: Natural Gas Demand, Break-Up Candidate



Capital One (COF)

Options Open Interest: COF saw a surge in bullish positioning as shares fell to \$51. On 2-14 a trader bought 5,000 June \$55 calls at \$3.05. The largest positions are in January 2014 mainly from trades on 2-15 and 2-16 with the January 2014 \$57.50/\$65 call spreads bought at \$2.30 along with the sale of the \$50 puts at \$3.80, 5,000 contracts on each day, and as net credit spreads, more a case of willing buyers of stock at \$50 wanting to participate in the upside. On 3-1 a trader sold 5,000 January 2014 \$45 puts and bought 5,000 of the \$55/\$65 call spreads at \$2.61.

Fundamentals: The \$31.75B Financial trades 8.12X earnings, 1.03 PEG, 1.67X Sales, 0.78X Book and 3.8X FCF with \$6.65/share of cash on the books. COF recalibrated expectations in its most recent earnings report that sent shares lower, but the conservative view may turn into a positive with the bar set low.

Technical View: COF shares bottomed just above its 50% Fibonacci at \$49.50, but the chart suffered plenty of technical damage along the way. Shares are flagging below \$55 currently with major resistance at \$56.70. The \$58 to \$61 gap is likely to come into play as shares fight back.

Potential Catalysts: Buybacks and Dividend Raises, Earnings/Valuation



Tesoro (TSO)

Options Open Interest: Tesoro has a few notable positions including the April \$55/\$65 ratio call spread 20,000X40,000 that traded to open at \$2.27 on 2-19-13. Also notable are the 20,000 January 2014 \$50 calls in Open Interest, accumulated on 1-17, 1-22, and 1-23 at prices from \$3.35 to \$4, and currently trading at \$11.50.

Fundamentals: Tesoro is one of many refiners on a strong run, shares up 30% YTD, but still cheap with the \$7.83B refiner trading 9.25X earnings, 0.85 PEG, 0.24X Sales, and 1.85X Book with a 1.4% yield. TSO sees flat earnings for 2013 after a 37.8% rise in 2012, but that is likely to prove conservative.

Technical View: TSO shares have done a giant round-trip, a move from \$10 to make a run back near the 2007 top near \$60, the near term target for shares. The most recent breakout at \$55 is a pattern that targets a move to \$67.50 this Spring.

Potential Catalysts: Carson Refinery Acquisition Approval 1H 2013, Improving Margins = Earnings Power



Spectra Energy (SE)

Options Open Interest: The notable OI for SE is mainly in June with 6,690 \$28 calls, 13,874 \$29 calls, 20,762 \$30 calls, and 9,404 \$31 calls. SE's Total Call OI of 120,214 compares to Put OI at 14,872. The other notable OI is the January \$32 calls, bought to open 5,000X on 1-9-13 at \$0.45. The June calls accumulated on multiple days of buying activity.

Fundamentals: Spectra is a \$19.24B natural gas pipeline Co. trading 17.55X earnings, 3.79X Sales and 2.14X Book with a 4.24% dividend yield. Spectra announced the closing of its \$1.5B deal for the Express-Latte crude oil pipeline this week.

Technical View: SE shares have major support near \$27 and rallied in late January and early February, but since breaking through a downtrend line have formed a cup and handle, a break above \$30 targets a move to new highs at \$33.

Potential Catalysts: Natural Gas Prices, Growth Projects via M&A



Molson Coors (TAP)

Options Open Interest: TAP has significant open interest in both April and July options, a name that has seen a lot of bullish risk reversals trades. The action has been more accumulative than a single date with a large trade. The July \$50 calls with 14,513 lead the OI and more than 6,000 July \$55 calls as well. On 12-18-12 a trader put on 3,000 July \$50/\$35 bull risk reversals at \$0.50 debit, and on 1-18-13 another 3,000 traded, and another 2,000 the following day.

Fundamentals: The \$8.78B beverage Co. trades 11.33X earnings, 2.24X Sales, 1.1X Book and 16.74X FCF with a 2.65% dividend yield. TAP EPS fell 32.85% in 2012 and only expects a 6% rebound in 2013.

Technical View: TAP cleared 5 year downtrend resistance with the move through \$44.50 and recently broke out of a 6 point cup and handle targeting a move to \$50. Overall shares are leading an 11 point 36/47 sideways range for a longer term \$58 target.

Potential Catalysts: Cost-Savings Leading to Higher Earnings, Consolidating Industry - M&A Target?



Owens Illinois (OI)

Options Open Interest: Owen Illinois has 10,018 May \$27 calls in open interest, acting that began on 2-13 with 3,500 bought at \$0.85 to \$0.90, another 3,550 the following day at \$1.15 to \$1.20, and 4,000 more on 2-19 at \$1.30, large accumulation of OTM calls.

Fundamentals: OI is extremely undervalued, the \$4.46B maker of glass containers for the beverage industry trades 8.6X forward earnings, 0.64X Sales, and 15.65X FCF, and with 12.8% EPS growth seen for FY13. OI expects EPS of \$3.17 in 2014, so at a market multiple the stock should be worth \$45+.

Technical View: OI shares broke a long term downtrend at \$24 and out of a 7.5 point range at \$25 that measures to a \$32.50 target, while long term Fibonacci Retracements are at \$31.45, \$37, and \$42.60 with OI a stock that traded at \$60 in 2008.

Potential Catalysts: Stabilization in Europe, AB-InBev/Modelo Deal, Valuation



Blackstone (BX)

Options Open Interest: Blackstone's bullish open interest is mostly focused longer term and has been right for a long time as shares have outperformed. The January 2014 \$15, \$17, and \$20 call each have more than 30,000 in OI, now ITM, while the \$22 calls have 14,000. Looking at the January 2015 \$30 OTM calls, a trader bought 115,000 at \$0.40 to \$0.45 on 2-19-13, taking a very bullish long term view.

Fundamentals: BX has a \$7.8B market cap and trades 7.8X forward earnings, 5.95X Sales and 4.4X Book, and after 215% EPS growth sees 20% EPS growth next year. Blackstone operates in Private Equity, Real Estate, Hedge Fund Solutions, Credit, and Financial Advisory, all industries on the upswing.

Technical View: BX shares officially broke out around \$15.30 of a large descending triangle, a pattern that measures to a target of \$23.50. RSI is in a strong trend on the weekly and \$22.70 is the next Fibonacci Extension target. Since breaking out shares have closed above the 6 week EMA every week, a buyback pullback level.

Potential Catalysts: Expense Management + Performance Fees Drive Earnings



Ameritrade (AMTD)

Options Open Interest: AMTD's May \$20.50 call OI surged to 6,500 with trades in late February and early March, on 3-5 the May \$20.50 calls bought 4,500X at \$0.50. Most notable in AMTD are the August \$23 calls with 109,000 in OI, large opening trades on 2-28, 3-5, and 3-8 with buyers paying \$0.20 initially and as high as \$0.65 on 3-8. Another large trade on 2-15-13 sold 8,800 January 2014 \$16.50 puts at \$0.55 and bought 15,800 January \$24.50 calls at \$0.30. On 3-5 and 3-6 the August \$22 calls were also bought to open 10,000X.

Fundamentals: AMTD has an \$11.55B market cap and trades 16.95X earnings, 4.36X Sales, 2.69X Book and 11.2X FCF with a 1.7% yield and 11.7% forward EPS growth. AMTD's value lies in its balance sheet with \$11.90/share in cash on the books, shares trading just 1.77X Cash. With the market setting highs the brokers should be able to generate more fees with retail money returning to the market and AMTD also now offering mini-options to investors.

Technical View: AMTD shares are fairly overbought near-term but like many other stocks shares have moved in a sideways range for years, so a move past the \$21.50 level opens up the opportunity to see \$28. Weekly MACD crossover triggered a buy back near \$15.50 and momentum has increased, the ADX at 36.4. Any move back to \$19.50 is buyable.

Potential Catalysts: New Net Asset Growth, Increased Trading Activity, Monthly Activity Reports (DARTS), Deals in the Sector



Prudential (PRU)

Options Open Interest: PRU's notable OI is the April \$60 calls with 9,987 in OI, a buyer of 4,000 on 2-19 at \$0.97, and on 3-7 a trader rolled 5,000 March \$57.50 calls to the April \$60 calls at \$0.73. Also, on 3-12 a trader bought 1,000 June \$65 calls and sold 2,000 June \$55 puts.

Fundamentals: PRU has a \$28.1B market cap and the Insurance sector has been very strong, shares trade 7X earnings, 0.33X Sales, 0.73X Book, and 1.55X Cash with 11% forward EPS growth.

Technical View: PRU shares recently broke out to multi-month highs and targeting a return to the \$62.50 level that was a top in 2011 and 2012. A breakthrough that level would target a longer term move to \$85, where shares traded back before the Financial Crisis.

Potential Catalysts: Integration of Hartford's Life insurance Business and Other Acquisitions, Asset Sales



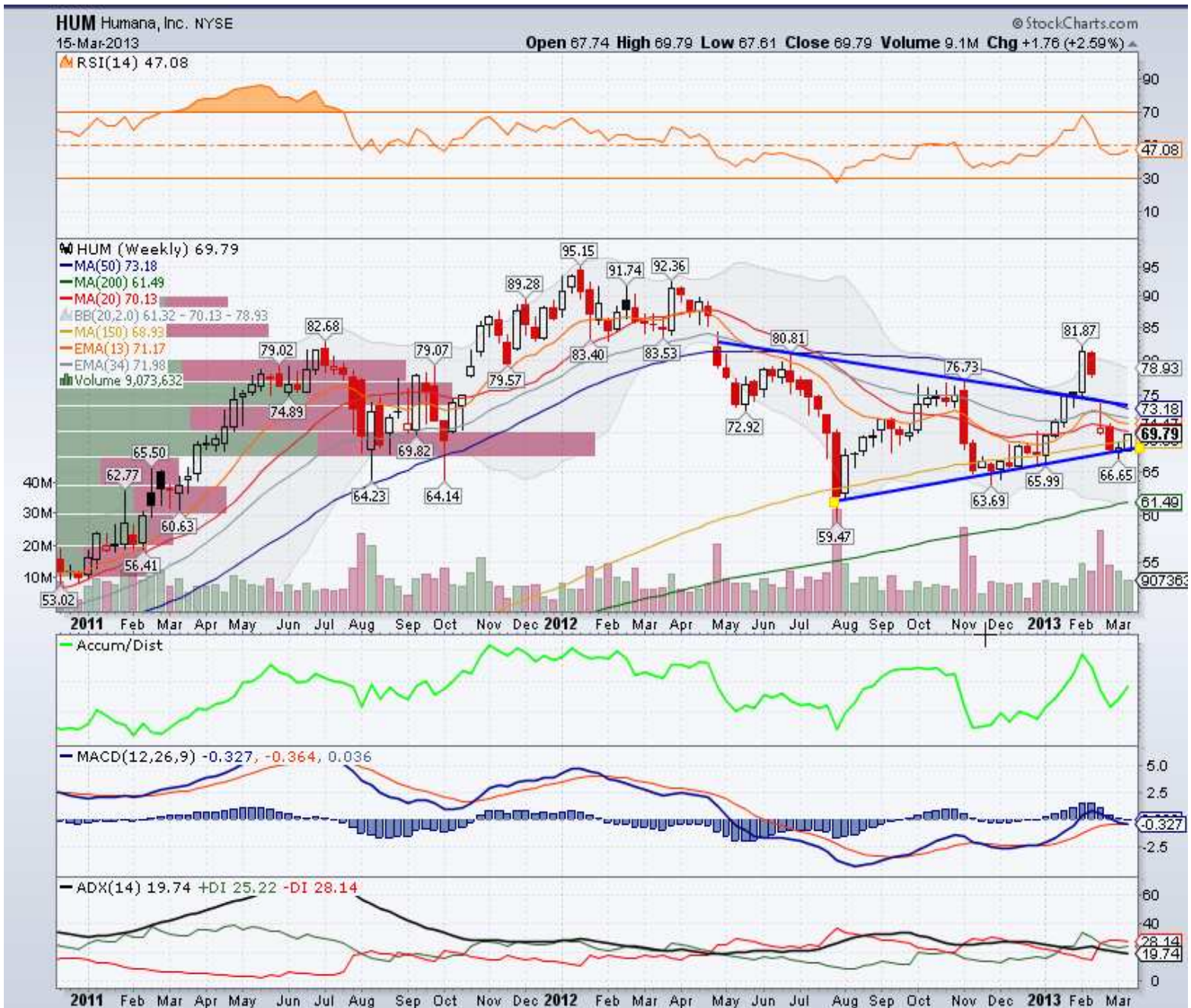
Humana (HUM)

Options Open Interest: On 2-19 when shares were hit hard on earnings the April \$70 puts traded 15,000X, and 10,000 remain in OI, but typical of action selling puts into weakness feeling the move was overdone. On the call side the April \$70 calls have 15,291 in OI, a buyer of 5,000 at \$1.40 on 3-4 and on 3-8 another 10,000 traded with 6,000 added to OI.

Fundamentals: The \$11.08B managed care Co. trades 8.3X earnings, 0.85 PEG, 0.28X Sales, 1.25X Book, 8.22X FCF and 1.19X Cash. HUM's EPS fell 11% in 2012 and sees 6.2% growth in 2013 with rising costs a problem for the industry and HUM is trying to maintain 5% margins.

Technical View: HUM has a gap to fill from \$73.50 to \$77.50 and shares did put in a higher low at \$66.60 support from the August and November lows. HUM has formed a triangle on the weekly and above \$75 could target a move to \$90.

Potential Catalysts: Rate News



BE Aerospace (BEAV)

Options Open Interest: BEAV is not a heavily traded name, but one large trade to keep in mind from 2-8-13 when a trader sold 6,200 July \$50 puts at \$1.70 and bought 6,200 July \$55/\$60 call spreads at \$2.02. The July \$55 and \$60 calls have seen some action in recent days, so some closing of positions, but the short puts remain in OI.

Fundamentals: BEAV has long been a fundamental stalwart, and the \$6.2B Co. still is not overly priced at 14.2X earnings, 2X Sales, 2.83X Book and 27X FCF with 18-20% forward EPS growth, and Aerospace demand remains very strong.

Technical View: BEAV shares recently cleared 2008 highs and making all-time highs, a strong 10%+ surge after consolidating in February, and overbought in the short-term. The \$37/\$48 cup and handle breakout has completed its measured move to \$59. The \$65 level is the 123.6% Fibonacci Extension of the 2008 highs to low.

Potential Catalysts: Rebound in Business Jets, Margin Expansion, M&A



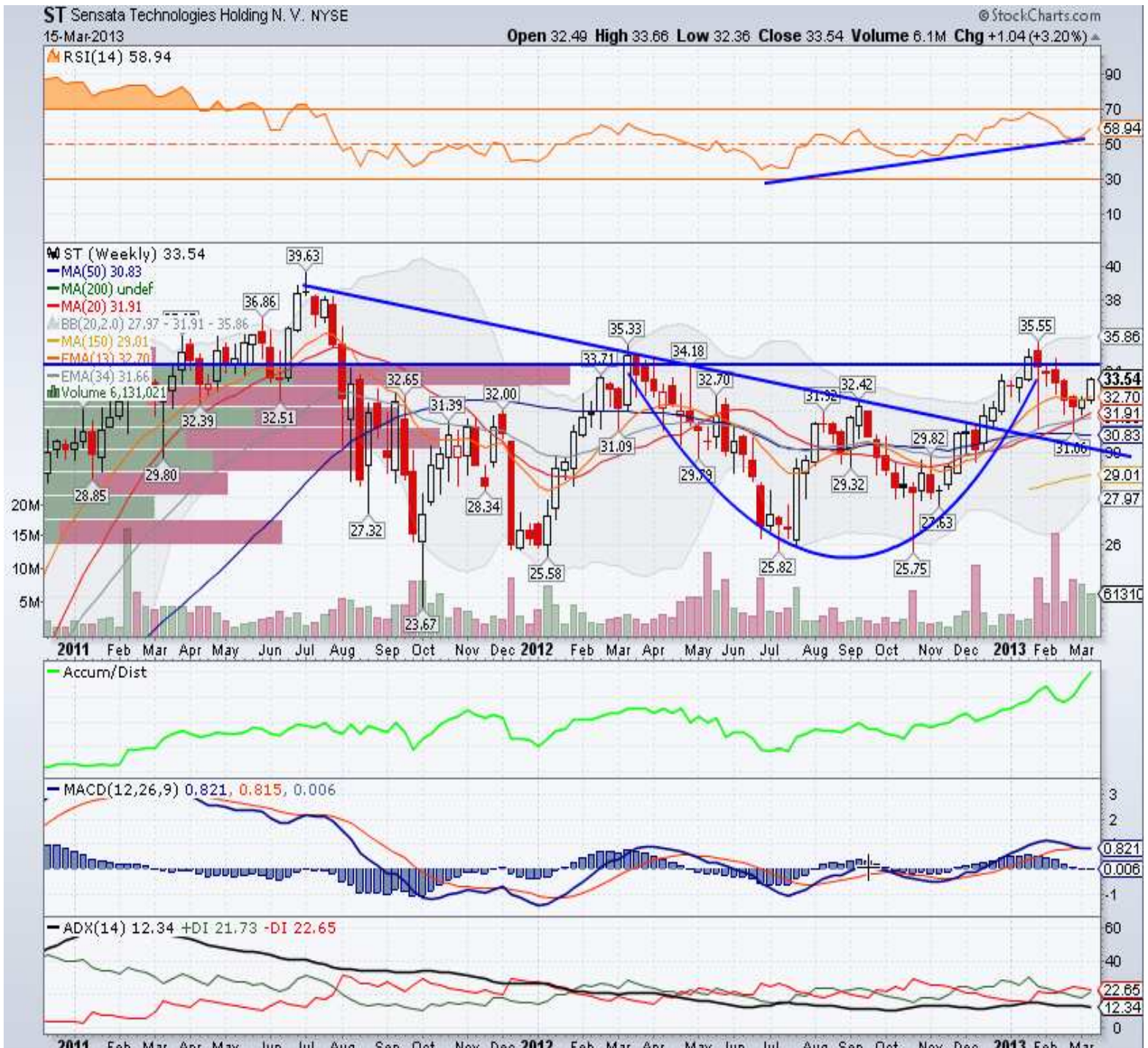
Sensata Tech (ST)

Options Open Interest: ST does not see a lot of options activity but one large trade remains in OI, a large bullish trade. On 2-7 more than 5,000 June \$35 calls were bought to open at \$1.60 to \$1.65 and the September \$30 puts sold to open at \$1.39 to \$1.50 in bullish risk reversals. The trader is willing to be put shares at \$30, but owns June upside calls as a bullish position.

Fundamentals: The \$6B Industrial that makes sensors and controls trades 15.75X earnings, 3.12X Sales, 4.89X Book and 17.45X FCF.

Technical View: ST shares are forming a cup and handle pattern and began to break out of the handle this week, and a break through \$35 resistance targets a move to \$44.

Potential Catalysts: Acquisitions, Improving European Business



News Corp (NWSA)

Options Open Interest: NWSA has large positioning across various months and strikes, all pointing to further upside for shares. The April \$28 calls have 23,000 in OI, 11,000 bought at \$2.57 on 3-12, rolled from March, and 8,000 more bought at \$2.85 to \$2.90 on 3-14. On 3-14 the July \$30/\$32 ratio call spread was opened 20,000X40,000 at zero cost as well. The April \$29 calls also have 10,000 in OI from recent accumulation, notably 5,650 bought at \$1.25 in sizable lots on 3-5 at \$1.25. On 1-24 the July \$28/\$30 call ratio spread traded 6,250X13,000 at \$0.30. On 3-12 the October \$33 calls were bought 5,000X at \$1.30. On 2-12 the July \$32/\$35 call spread was bought at \$0.70 for 25,000 contracts. The January 2014 \$30 calls also have 70,400 in OI from sizable accumulation. On 1-11-13 the January 2014 \$30/\$35 call spread was bought 50,000X at \$1.15.

Fundamentals: The \$70.6B media Co. trades 15.4X earnings, 1.18 PEG, 2.06X Sales, 2.52X Book and 25.6X FCF and has been consistently reporting strong numbers above Analyst estimates.

Technical View: NWSA shares have been grinding higher for months, riding its 20 day EMA higher, and recently have consolidated in a narrow range, and a break above \$30.75 can lead to a target of \$33.50.

Potential Catalysts: Split into The Fox Group and New News Corp, Fox Sports 1 Rollout



Time Warner (TWX)

Options Open Interest: On 1-28-13 the July \$55 calls were bought 8,000X at \$1 to open. On 3-5 traders bought 4,000 July \$65 calls at \$0.275 and sold 1,200 July \$50 puts at \$1.15 to open. On 3-12 8,500 April \$55 calls were rolled out to July \$57.50 calls where 5,000 were bought to open at \$2.46.

Fundamentals: The \$53B entertainment Co. trades 13.35X earnings, 1.5 PEG, 1.84X Sales, 1.77X Book and 29.6X FCF with a 2% dividend yield and 12-15% EPS growth. TWX recently announced the spin-off of Time Magazine.

Technical View: TWX shares recently paused below \$57.50 and formed a bull flag, one that targets a move to \$62.50 on a breakout. Shares have been under accumulation and riding its 13 day EMA higher.

Potential Catalysts: Another Spin-Off Such as HBO ?



Liberty Global (LBTYA)

Options Open Interest: LBTYA January 2014 options saw a couple notable trades, the \$80 calls bought at \$1.50 to \$1.65 for 3,000 contracts on 2-20, and 5,000 of the \$75 calls at \$2.40 on 2-21. ON 1-11-13 the January \$60 calls were closed at \$7.50 and 7,500 July \$70 calls at \$3.20 bought, and 10,000 July \$75 calls at \$1.50. On 1-31-13 another 20,000 July \$75 calls were bought at \$1.65.

Fundamentals: The \$18B provider of cable and internet in Europe trades 25.2X earnings, 1.74X Sales, and 17.35X FCF, and recently announced a large deal for Virgin Media (VMED). LBTYA is a strong leveraged growth story among large caps. Liberty is mostly exposed to Germany, the strongest market in Europe.

Technical View: LBTYA shares pulled back after making new highs to near \$72, back to its 20 day SMA. Shares quickly recovered from a re-test of its \$62.50 level, a former breakout and the 100 day EMA. Shares remain in a narrow channel up pattern on the weekly, next target \$75.

Potential Catalysts: Sale of Non-Strategic Assets, Virgin Media Integration



Dollar General (DG)

Options Open Interest: DG had a buyer of 10,000 April \$45 calls at \$1.85 to open on 2-25, a position that remains in OI. On 1-14-13 a buyer opened 25,000 August \$50 calls at \$0.95, and on 2-13 another 20,000 bought at \$1.15, now 48,000+ in OI.

Fundamentals: The \$15.85B discount retailer trades 14.7X earnings, 0.99 PEG, 0.99X Sales, 3.35X Book and 29.8X FCF with 15%+ EPS growth.

Technical View: DG shares recently broke out of 9 month downtrend after strong earnings from Dollar Tree. Shares are currently flagging below \$49 with potential to rise back to \$54 after holding its 100 week EMA as support. Shares face Fibonacci resistance at \$49.80 and \$52.55.

Potential Catalysts: Earnings 3/25/13, Removal of Private Equity Overhang (Buck Holdings)



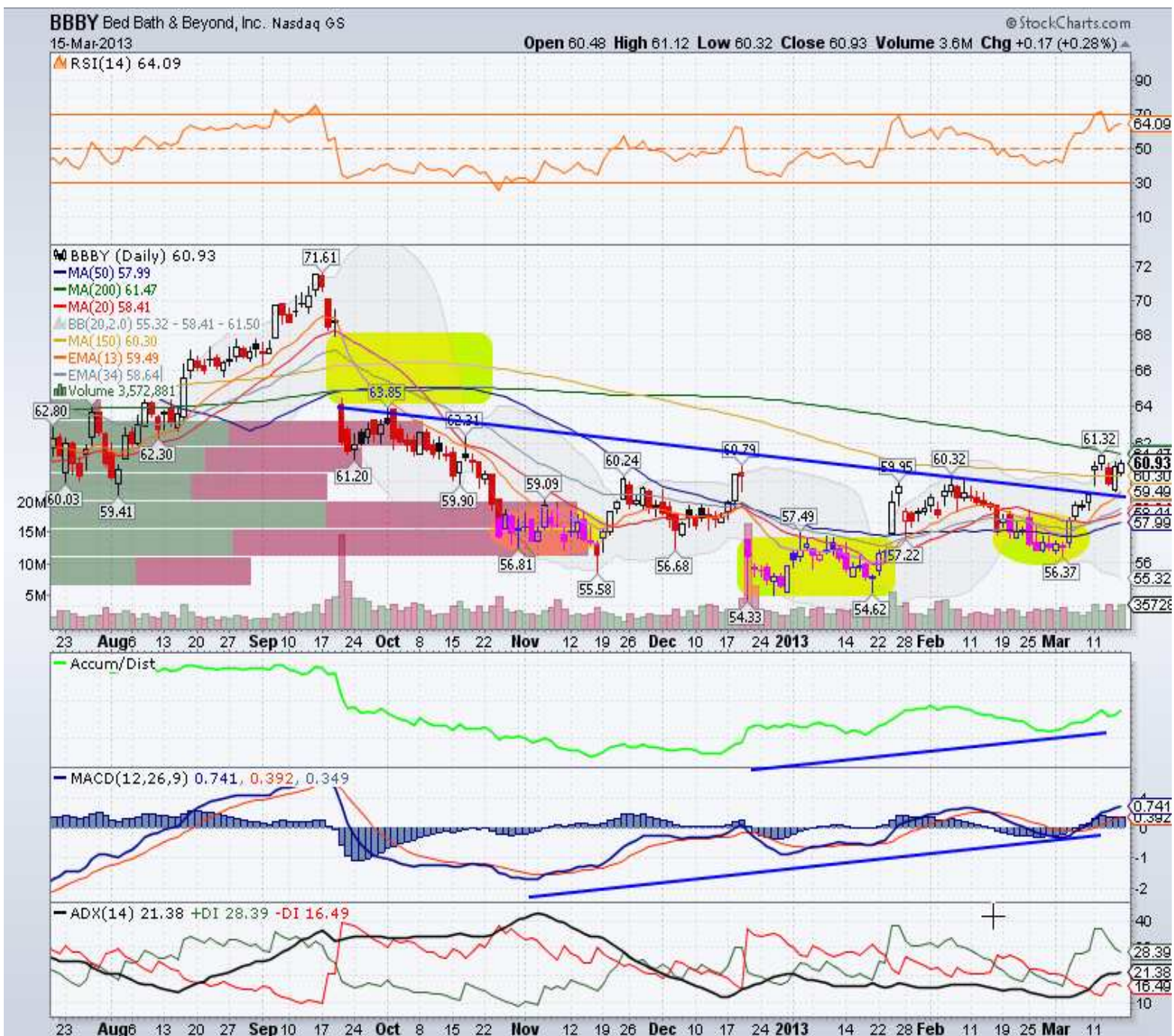
Bed Bath & Beyond (BBBY)

Options Open Interest: BBBY has significant longer term OI, but for the near term on 3-4 a trader sold 2,000 April \$52.50 puts to buy 2,000 April \$57.50/\$60 call spreads. More importantly there are 10,000 January 2014 \$57.50/\$77.50 call spreads in OI that were bought on 1-25, 1-28, and 2-15 at around \$6.20 debits.

Fundamentals: The \$13.78B retailer should be seeing strength with the housing recovery but has floundered on its recent earnings reports. At 12.1X earnings, 1.07 PEG, 1.34X Sales, and 3.47X Book shares do offer a value proposition.

Technical View: BBBY shares this week broke back above its 50 week EMA, a meaningful move that has shares coming out of a basing pattern. Shares formed an inverse H&S bottom and look ready to head higher with the \$64.43 to \$67.94 gap in focus.

Potential Catalysts: 2H13 Margin Rebound after Investments, Rumored as Warren Buffett Target



Gannett (GCI)

Options Open Interest: Gannett's notable open interest is in July with the \$22 calls (9,760), \$23 calls (30,730) and \$24 calls (10,289). The action began on 1-17-13 when 6,300 July \$23 calls were bought at \$0.45, another 1,100 the following day at \$0.50, another 4,200 at \$0.55 the day after, and then 3,040 July \$22 calls on 1-23 at \$0.90 to open. There have been many days of accumulation in these calls. More recently on 3-8 the July \$24 calls were bought at \$0.90 in a block of 10,000.

Fundamentals: The \$5B publishing company is cheap on valuation at 8.67X earnings, 0.93X Sales, 2.13X Book and with a 3.68% yield an attractive investment as it attempts to turn around its online business.

Technical View: GCI has been trending strong lately with a key breakout at \$19 followed by a breakout past \$20.50. Shares have a long journey back to pre-crisis levels, but the recent sideways channel breakout should measure to at least a \$24 target, but likely more upside on valuation.

Potential Catalysts: Digital Marketing Opportunity, Buffett "Loves Newspapers" so GCI a Potential Target, Sale of Assets



Avis Budget (CAR)

Options Open Interest: A recent trade in Avis was very bullish, although now deep ITM, but worth highlighting. On 3-5 a trader bought 7,000 April \$22 calls at \$2.70, and remains in OI.

Fundamentals: The \$3B car rental company remains a value at 10.2X earnings, 0.37 PEG, 0.41X Sales and 3.97X Book with 20%+ EPS growth.

Technical View: CAR shares left the \$8/\$19 range that will target a move to \$30, while shares have major long term resistance at \$32.75 and \$35.

Potential Catalysts: Acquisition of ZipCar Benefits, Strong Travel Industry



Parametric Tech (PMTC)

Options Open Interest: PMTC rarely sees options action, but recently has seen a surge that began on 3-7 with 2,020 July \$22.50 calls bought to open at \$3.50 to \$3.70, and 2,040 that next day at \$3.80 to \$4.30, and finally 1,530 more on 3-14 at \$4.60 to \$4.70.

Fundamentals: The \$3.1B maker of enterprise software trades 12.8X earnings, 2.5X Sales, 3.78X Book and 19X FCF with 14.7% EPS growth seen next year.

Technical View: PMTC shares recently broke out past \$25 and aiming for a return to \$29 highs from 2012, while the longer term chart shows shares traded above \$50 back in 1999. Shares are overbought in the short-term, but could easily make a run back to \$35.

Potential Catalysts: Embraer Contract, Takeover Target



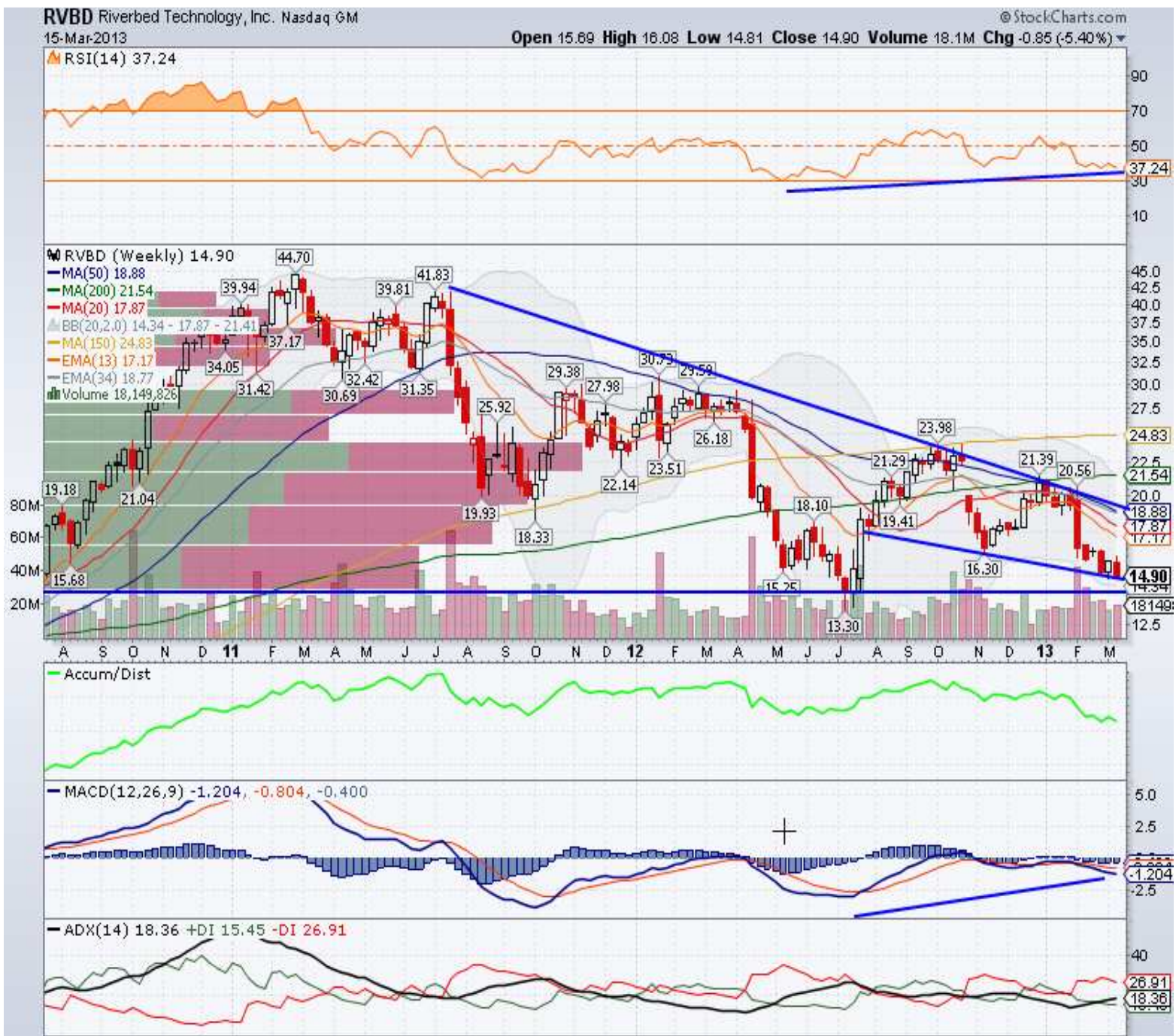
Riverbed Tech (RVBD)

Options Open Interest: RVBD had a large trade this week with 5,000 April/May \$15 calendar call spreads at \$0.35 debits, positioning for shares to remain in a narrow range, but upside for its next earnings report. The other notable position is the September \$18 calls with 12,000+ in OI, the original buy of 5,500 on 2-12 at \$1.65 and accumulation since that day.

Fundamentals: The \$2.43B Tech Co. trades 10.88X earnings, PEG of 2, 2.9X Sales, 2.56X Book and 11.2X FCF with 22% forward EPS growth. RVBD also trades just 5.4X cash value with almost no debt.

Technical View: RVBD shares are not far from 3 year low support at \$13.30 and trying to base around \$15, oversold on the weekly, and small bullish divergences developing on the daily. Trend resistance off a series of highs is up near \$18.

Potential Catalysts: Integration of OpNet (OPNT) Acquisition, Takeover Target



MEMC Electronic (WFR)

Options Open Interest: On 2-14 the July \$5 calls were bought 20,000X at \$0.75 to \$0.80. On 3-13 these same calls traded 20,000X at \$0.58, but OI did not change, so the position found a mutual buyer and seller.

Fundamentals: The \$1.05B solar equipment Co. trades 11X earnings, 0.41X Sales and 1.82X Book with 65% EPS growth. WFR also has \$2.48/share in cash on its balance sheet, though also a ton of debt. Shares sold off last week after the Company's Analyst Day failed to impress. WFR could be a sum of the parts story with the cash-flow positive Semi segment estimates to be worth \$5/share at Goldman, noting the solar segment is basically a free call-option. WFR has outsized exposure to high-value solar projects in North America.

Technical View: WFR broke a 5 year downtrend on the move past \$4.50, and held its 10 week EMA on weakness, now forming a bull flag below the 100 week EMA, a break past \$5.70 will target a move up to \$7+.

Potential Catalysts: Unlock Value Via Sum of the Parts



Avon (AVP)

Options Open Interest: On 1-31 a trader rolled out 20,000 March \$17 calls to July \$17 calls at \$1.38 to open, a position that remains in OI. The July \$24 OTM calls were bought in the \$0.53 to \$0.60 range for 20,000 contracts on 2-19, and 16,000 remain in OI.

Fundamentals: The \$8.7B seller of beauty products trades 15.95X earnings, 0.8X Sales and 7.15X Book with a 1.19% dividend yield, and 22% EPS growth seen for next year. Avon recently raised \$1.5 in debt that will take care of its cash needs through 2015/2016.

Technical View: AVP shares recently surged on earnings and now forming a weekly bull flag below its 200 week EMA. A move through \$21 can target a return to \$25.

Potential Catalysts: Frequently Mentioned as Takeover Target, Improving Margins and Fundamentals Bottomed, Settlement of the FCPA Investigation



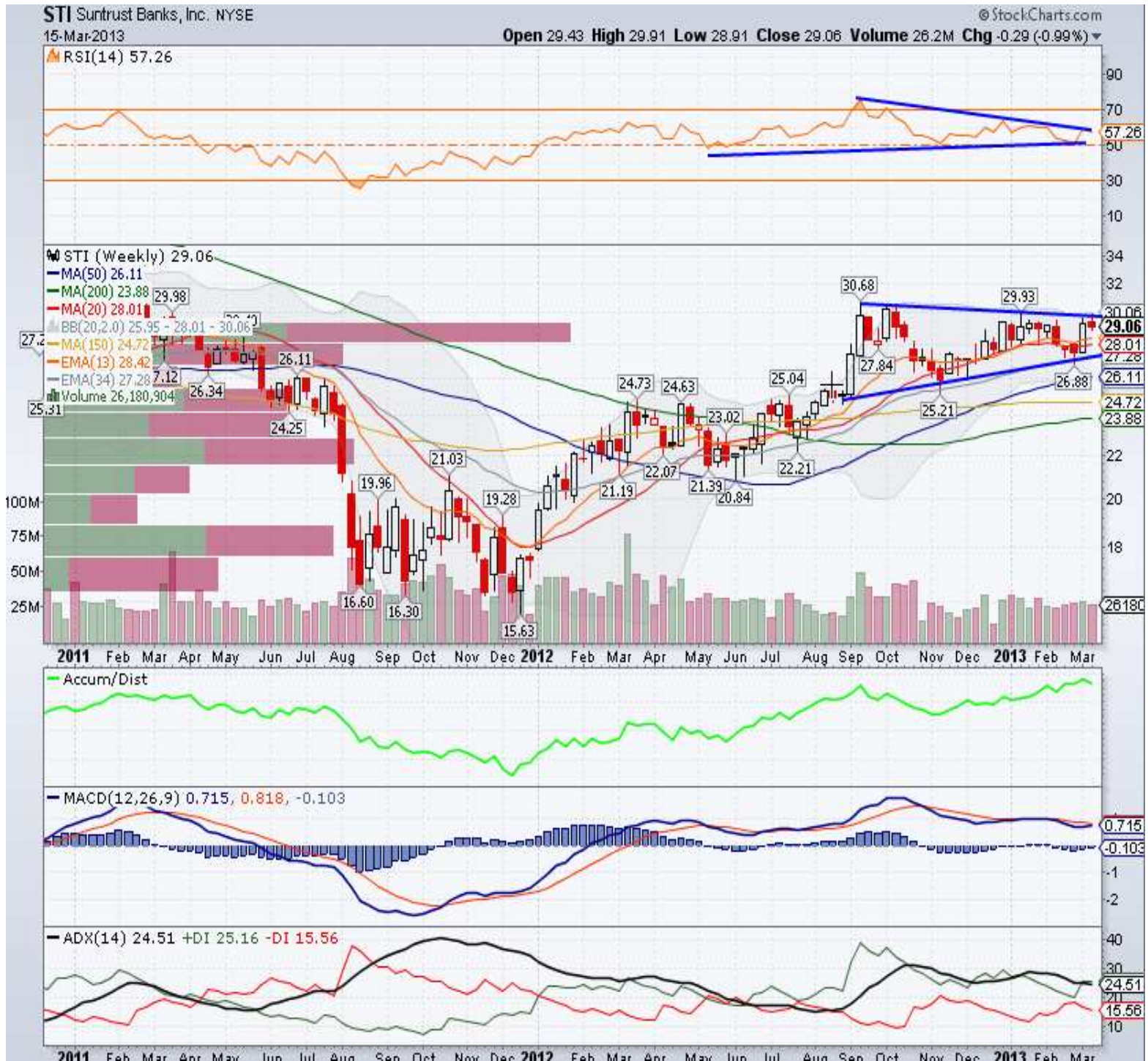
SunTrust Bank (STI)

Options Open Interest: The OI in the STI July \$31 calls jumped to 7,300 this week from 500, a large buy of 6,250 on 3-11 at \$1.25 accounting for most of the action, but 3,440 did trade on Friday, so important to check the OI change Monday.

Fundamentals: The \$15.65B regional bank trades 9.85X earnings, 0.73 PEG, 2.67X Sales, 0.75X Book, 2.2X Cash and 9.3X FCF, a strong value at these level and yet to make a big run like many of its peers.

Technical View: STI shares have spent awhile in the \$25.50 to \$30.50 range forming a bullish consolidation and on a breakout can target a move as high as \$40.

Potential Catalysts: Valuation, M&A



Teva Pharma (TEVA)

Options Open Interest: TEVA is a recent find with notable bullish open interest accumulating. Since 3/6 more than 14,000 April \$42.50 calls have been added to OI and 4,000 April \$40 calls. The June \$40 calls have added 6,000 since 3/6 with OI now above 18,000, and 5,000 June \$42.50 calls as well. On 3-12 the June \$40/\$42.50 call spread was bought 3,700X at \$1.09.

Fundamentals: TEVA has long been a laggard but appears to be turning a corner, the \$38.5B generic drug maker trades 7.4X earnings, 1.9X Sales, 1.55X Book, and 14.75X FCF with a 2.6% dividend yield, but sub-10% EPS growth. Cost savings may offset the impact of generic competition hurting sales.

Technical View: TEVA shares rallied the last two weeks and now pushing up against 4 year trend resistance, and a breakout could shift momentum to a positive phase. TEVA would face major resistance near \$45, and upside likely fairly limited.

Potential Catalysts: Dividend Raise, Pulmicort Ruling Due by End of March



SunPower (SPWR)

Options Open Interest: SPWR's large positioning lies in the June calls with 14,223 in the \$11's and 4,505 in the \$12's. On 2-12 the June \$12/\$15 call spread was bought to open 5,000X at \$0.55, and on 2-13 3,700 June \$10 calls bought at \$1.30. The June \$11 calls were bought to open 10,000X at \$2.15 on 2-14 and on 2-19 1,000 September \$14 calls bought at \$2.52. ON 2-27 another 3,000 June \$11 calls bought at \$1.80 added to OI.

Fundamentals: The \$1.9B solar trades 21.45X earnings, 0.8X Sales, 1.42X Book and 5.05X Cash with 10.8% of the float short. SPWR is one of the few solar stocks with some earnings momentum after posting a strong quarter.

Technical View: SPWR shares have moved strong off a bottom and after forming a bull flag below \$9 after a spike, now forming one below \$12, with a potential run to \$16 in mind.

Potential Catalysts: Potential for REIT, Increase in US Installations, New Projects



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