Option Analytics
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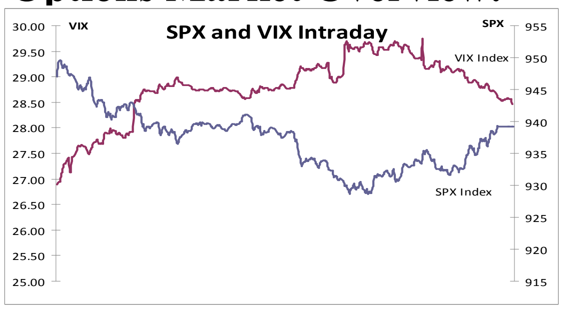
Options Market Overview:



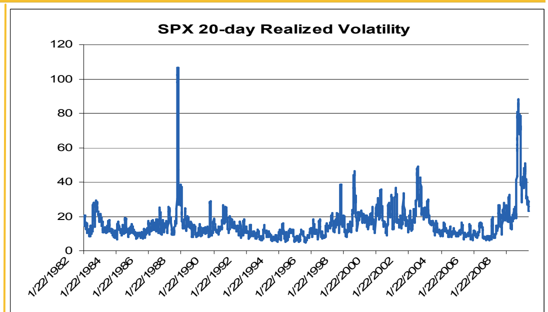
VIX futures declined by 1 point to June, .50 point from July to Nov, and .70 in Dec. As we noted last week, SPX index calls recently broke vol support, and given the breadth of skew, puts were reasonably expected to follow if realized volatility declined from the high 20's. 10day realized vol came down to 17.50, and 20day to 23, giving the VIX room to decline. Light volume on exchanges and somewhat unexpected coincident moves up in rates and commodity prices all leave the recent rally somewhat suspect, and merit an expectation of some consolidation on the downside.

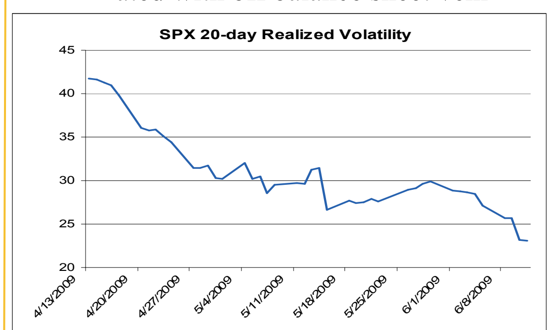
In higher beta indices (QQQQ, OIH, EEM, etc.), short term put skew (July) is high, and those looking to own some downside protection might consider 100/90% put spreads.

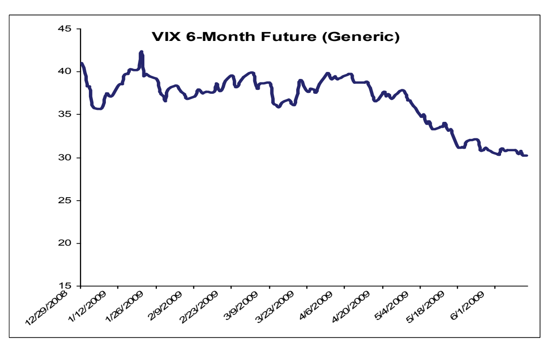
Single stock vol may be higher than it should be relative to index vol, and stands to contract more should index vol go lower. Note Monday's scan of 10 and 15% out of the money puts to sell for entry points, and today's scan of elevated vols amongst US equities.

Natural Gas. Trade idea proposed this morning suggests owning UNG longer dated at the money calls, and "funding" the premium by selling shorter dated out of the money puts.

Financial sector vols have contracted quite a bit. If agree that the commercial mortgage portfolio risk, and possibility of new rules associated with off balance sheet vehicles, are not properly discounted and could represent potential unwelcome downside news over the summer, perhaps vol is worth owning here.







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MERIDIAN EQUITY PARTNERS

SOUTHWESTERN ENERGY CO SWN $45.19

NOTEWORTHY ACTIVITY: SWN—Southwestern Energy Co. Implied volatility rises after positive comments out of a bulge bracket firm, helping the stock surge 9%. Option volume is running 5x average daily volume, with over 36k contracts trading. Overall option sentiment is bullish (based on calls & puts trading on the bid or offer). SWN estimated report date is 7/17/09(according to Bloomberg), which happens to be July option Expiration. Other sources have it 7/30/09. *Active series: Calls: Jun 45, Jul 45, 50; Puts: Jun 44, Jul 43.*

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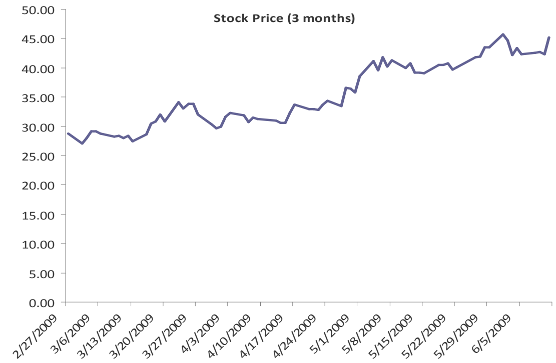
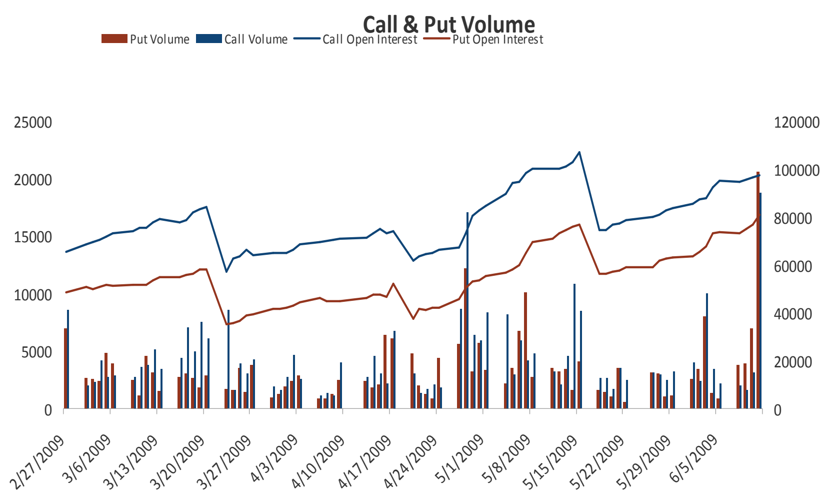


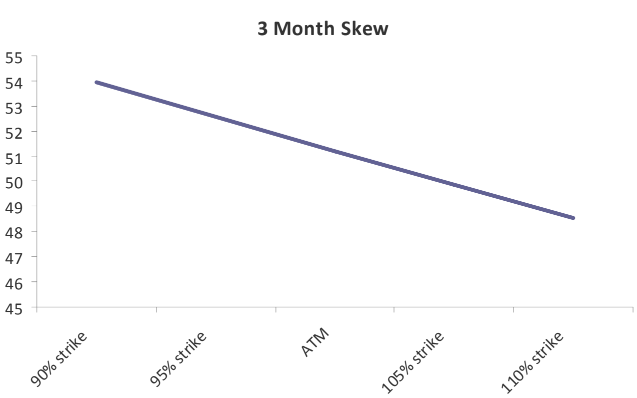
Description

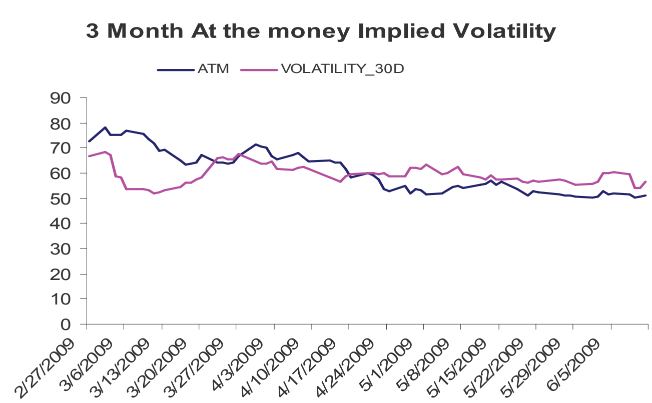
Southwestern Energy Company is an independent energy company primarily focused on natural gas and crude oil exploration, development and production (E&P) within the United States. The Company operations also include natural gas gathering, transmission, and marketing, as well as natural gas distribution.

At a Glance

Last Price	$ 45.19
52 Week High	$ 52.69
High date	7/2/2008
52 Week Low	$ 19.05
Low date	10/10/2008
Open Interest Total Put	80,559
Open Interest Total Call	97,323
Total Call Volume	18,736
Total Put Volume	20,563
Short Interest Ratio	2.82
30 Day Volatility	56.43
60 Day Volatility	58.44
90 Day Volatility	57.43
Equity Beta	1.26
Month-to-Day Total Return %	3.96
Quarter-to-Day Total Return %	52.21
Year-to-Day Total Return %	55.99







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ASSURED GUARANTY LTD AGO $15.09

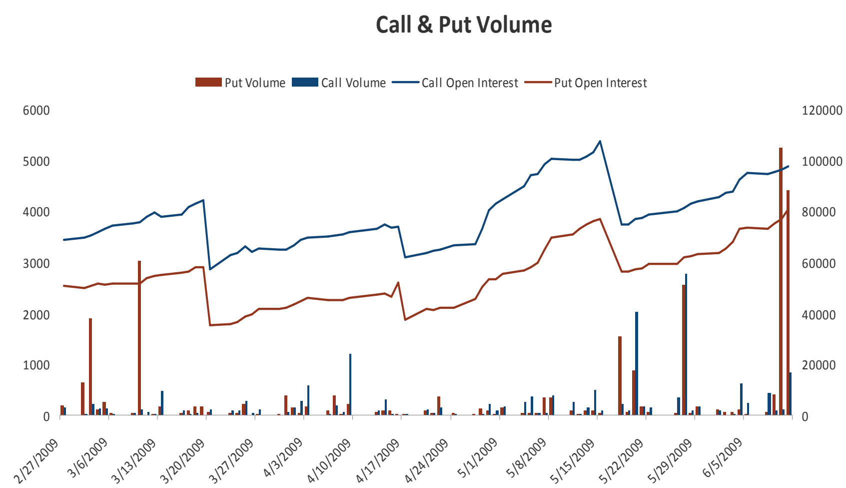
NOTEWORTHY ACTIVITY: AGO—Assured Guaranty Ltd. Implied volatility spikes on 5x average daily option volume, with five puts trading for every call. Overall option sentiment is bearish (based on calls & puts trading on the bid or offer). With the focus on front month out of the money puts, it appears investors believe AGO could be headed lower in the short term. *Active series: Calls: none ; Puts: Jun 12.50.*

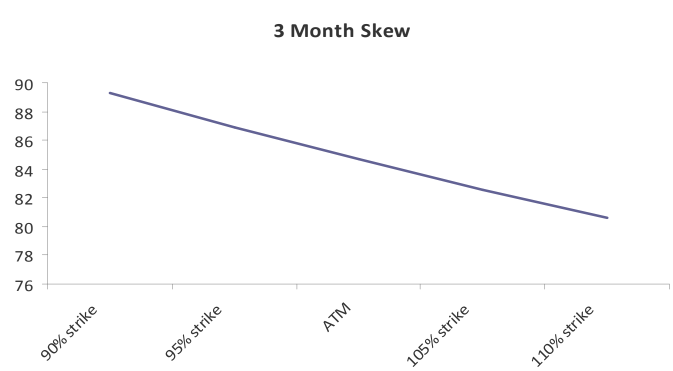
Description

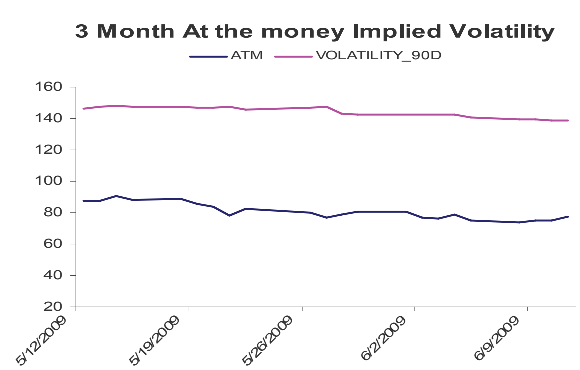
Assured Guaranty Ltd. provides financial guaranty insurance and reinsurance, as well as mortgage guaranty coverage. The Company's products include guaranties for municipal finance, structured finance, and corporate bonds.

At a Glance

Last Price	$ 15.09
52 Week High	$ 24.91
High date	6/17/2008
52 Week Low	$ 2.69
Low date	3/4/2009
Open Interest Total Put	20,271
Open Interest Total Call	10,105
Total Call Volume	839
Total Put Volume	4,389
Short Interest Ratio	7.02
30 Day Volatility	110.75
60 Day Volatility	120.16
90 Day Volatility	138.95
Equity Beta	2.08
Month-to-Day Total Return %	15.10
Quarter-to-Day Total Return %	123.63
Year-to-Day Total Return %	33.72







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MERIDIAN EQUITY PARTNERS

All Indexes sorted by Implied Volatility Gain:

Symbol	IVX	IVX Change	IVX % Chg	52wk IVX Low	52wk IVX Hi	% scaled range	HV	IVX/HV(%)	Name
TNX	47.47	15.23	**47.21**	27.52	108.49	0.25	45.13	105.20	10-YR YIELD INDEX
XBD	42.92	2.62	**6.51**	39.26	134.81	0.04	45.57	94.19	NYSE Arca Sec Brkr/Dealr
RVX	76.58	4.58	**6.36**	47.54	239.48	0.15	53.71	142.57	CBOE RSL2000 VOLATILTY I
BYT	37.52	1.33	**3.68**	24.64	77.39	0.24	41.01	91.49	ISE SEMICONDUCTORS
EPX	49.74	1.61	**3.35**	38.98	116.58	0.14	60.67	81.98	PHILA OIL EXPLOR & PROD
TNY	34.49	0.96	**2.86**	23.40	81.69	0.19	41.21	83.69	ISE-CCM NANOTECH INDEX
PMP	29.83	0.76	**2.63**	24.43	82.99	0.09	32.72	91.18	ISE INTEGRATED OIL & GAS
MVR	44.58	0.99	**2.28**	35.24	99.42	0.15	45.27	98.48	Basic Rate
DUX	26.02	0.48	**1.88**	16.95	37.09	0.45	25.38	102.52	DOW JONES UTILITIES CBOE
DMA	36.40	0.57	**1.58**	31.03	122.51	0.06	41.43	87.86	DJIA MINI e-CBOT Sep09

All ETF's sorted by IV Gain:

Symbol	IVX	IVX Change	IVX % Chg	52wk IVX Low	52wk IVX Hi	% scaled range	HV	IVX/HV(%)	Name	Short Int. Ratio
HGD	78.65	17.36	**28.32**	17.36	28.32	61.29	124.28	0.28	#N/A Sec	#N/A Sec
ADRE	36.77	5.87	**18.99**	5.87	18.99	25.57	90.05	0.17	BLDRS-EMER MKTS	0.70
BMR	68.02	10.32	**17.88**	10.32	17.88	30.08	121.12	0.42	BIOMED REALTY TR	2.05
TAN	60.52	8.72	**16.83**	8.72	16.83	42.02	147.20	0.18	CLAYMORE/MAC GLO	0.62
KWT	61.95	6.69	**12.10**	6.69	12.10	40.12	127.00	0.25	MKT VECT-SOLAR	0.28
IYH	23.56	2.46	**11.66**	2.46	11.66	14.06	69.35	0.17	ISHARES-DJ HEALT	5.92
PBW	52.57	4.80	**10.05**	4.80	10.05	29.64	104.89	0.30	POWERSH-W CL ENR	1.95
EWJ	25.24	2.15	**9.32**	2.15	9.32	21.98	88.34	0.05	ISHARES-JAPAN	1.04
FAA	74.47	6.12	**8.95**	6.12	8.95	68.36	74.47	1.00	CLAY-NYSE AR AIR	1.52
FCG	45.49	2.70	**6.30**	2.70	6.30	33.30	93.58	0.20	FIRST TR ISE CHI	0.57

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All US Equities Implied Volatility Near Top Of 52wk Range:

Symbol	IVX	IVX Change	IVX % Chg	52wk IVX Low	52wk IVX Hi	% scaled range	HV	IVX/HV(%)	Name	Expected EPS Date	Short Int. Ratio
ARST	101.18	10.50	11.58	60.03	101.18	**1.00**	69.21	146.18	ARCSIGHT INC	9/9/2009	5.07
TNDM	75.64	8.52	12.69	53.22	75.82	**0.99**	72.90	103.77	NEUTRAL TANDEM I	8/5/2009	2.25
FUQI	101.87	1.90	1.90	57.67	107.77	**0.88**	116.59	87.38	FUQI INTERNATION	8/12/2009	0.92
SEP	30.68	3.27	11.91	24.99	31.71	**0.85**	27.48	111.66	SPECTRA ENERGY	8/7/2009	1.74
BAK	71.52	-0.49	-0.68	69.43	72.01	**0.81**	68.94	103.74	BRASKEM SA-ADR	8/12/2009	2.05
MRCY	106.13	-0.10	-0.09	62.17	117.01	**0.80**	88.84	119.46	MERCURY COMPUTER	7/30/2009	4.97
AWI	72.11	-0.02	-0.03	28.71	83.76	**0.79**	85.80	84.04	ARMSTRONG WORLD	7/30/2009	4.58
PMTI	90.65	-4.94	-5.17	42.96	108.90	**0.72**	136.64	66.34	PALOMAR MED TECH	7/31/2009	8.64
FIF	47.83	-0.10	-0.21	43.62	49.47	**0.72**	31.84	150.20	FIN FED CORP	9/24/2009	23.42
VASC	73.58	-1.64	-2.19	49.36	83.65	**0.71**	40.77	180.49	VASCULAR SOLUTIO	7/23/2009	2.26
CLDA	89.85	-2.39	-2.59	47.34	109.01	**0.69**	75.99	118.23	CLINICAL DATA IN	6/15/2009	20.71
ICGE	88.14	8.72	10.98	48.28	106.32	**0.69**	70.92	124.29	INTERNET CAP GRP	7/31/2009	7.05
RIGL	160.40	7.44	4.87	57.04	208.16	**0.68**	72.46	221.38	RIGEL PHARMACEUT	8/5/2009	23.15
HTH	35.21	0.70	2.04	27.55	38.94	**0.67**	24.86	141.60	HILLTOP HOLDINGS	8/7/2009	7.54
HRLY	78.73	11.97	17.94	42.23	96.96	**0.67**	47.52	165.68	HERLEY INDS	9/17/2009	9.33
DRH	79.20	3.06	4.02	33.43	102.20	**0.67**	94.47	83.84	DIAMONDROCK HOSP	7/22/2009	3.21
SSI	89.03	4.68	5.55	53.29	107.51	**0.66**	54.01	164.83	STAGE STORES INC	8/21/2009	7.23
OPTR	78.48	0.88	1.13	56.95	91.10	**0.63**	62.16	126.25	OPTIMER PHARMACE	8/6/2009	6.39
MELA	86.05	-1.48	-1.69	66.82	97.43	**0.63**	66.10	130.19	ELECTRO-OPTICAL	8/7/2009	5.12
IFSIA	73.51	0.06	0.09	41.87	92.94	**0.62**	79.73	92.21	INTERFACE INC-A	7/23/2009	2.87
GBX	99.20	-3.41	-3.32	48.72	130.38	**0.62**	88.74	111.79	GREENBRIER COS	7/8/2009	10.50
SUNH	64.33	0.34	0.53	33.96	83.21	**0.62**	59.42	108.27	SUN HEALTHCAR	8/6/2009	2.44
CCO	104.56	-2.48	-2.32	36.57	147.33	**0.61**	175.83	59.46	CLEAR CHANNEL-A	8/11/2009	3.23
RADS	79.73	1.56	1.99	52.45	97.57	**0.60**	67.64	117.88	RADIANT SYSTEMS	7/31/2009	6.19
AGYS	84.09	0.00	0.00	44.37	110.35	**0.60**	131.08	64.15	AGILYSYS INC	8/14/2009	4.32
MEI	89.13	6.92	8.42	52.73	113.89	**0.60**	93.20	95.63	METHODE ELEC	7/17/2009	6.62
BAS	86.25	7.95	10.16	39.75	118.02	**0.59**	84.88	101.61	BASIC ENERYG SVS	8/4/2009	7.26
ARGN	83.41	1.83	2.24	61.81	98.39	**0.59**	87.35	95.49	AMERIGON INC	8/6/2009	10.34
WMG	90.34	2.50	2.84	60.78	110.94	**0.59**	92.90	97.24	WARNER MUSIC GRO	8/7/2009	3.39
MCRI	108.51	13.12	13.75	50.02	149.40	**0.59**	96.58	112.35	MONARCH CASINO	7/23/2009	1.87
USTR	52.41	-0.97	-1.81	30.25	68.28	**0.58**	67.15	78.05	UNITED STATIONER	7/30/2009	4.61
RDEN	85.20	10.62	14.23	44.42	114.40	**0.58**	66.54	128.05	ELIZABETH ARDEN	8/13/2009	7.84
IBI	61.85	-2.95	-4.56	34.92	81.16	**0.58**	67.95	91.01	INTERLINE BRANDS	8/4/2009	3.17
USU	113.35	0.44	0.39	61.53	150.77	**0.58**	95.36	118.86	USEC INC	8/5/2009	8.92
PTI	86.99	-0.01	-0.01	46.90	115.98	**0.58**	86.53	100.53	PATNI COMPUT-ADR	7/23/2009	0.83
ENSG	73.44	2.88	4.08	59.89	83.26	**0.58**	50.88	144.35	ENSIGN GROUP INC	8/6/2009	4.85
AVD	78.48	14.35	22.37	50.23	99.19	**0.58**	67.52	116.24	AMER VANGUARD	8/7/2009	13.90
IMN	62.96	1.42	2.30	33.50	84.59	**0.58**	44.49	141.52	IMATION CORP	7/22/2009	15.96
AGQ	77.74	0.23	0.29	66.74	86.38	**0.56**	67.42	115.32	PRSH-ULT SILVER	#N/A N/A	0.36
BTH	78.41	2.44	3.21	45.42	106.24	**0.54**	78.61	99.74	BLYTH INC	9/4/2009	4.26

Option Analytics User's Guide:

At Meridian Equity Partners, we believe there is significant decision-making data to be gleaned from our daily scans of the option markets. Analysis of rapid increases in implied volatility often yields "clues" as to changing investor expectations and/or pending activity that may not otherwise be readily evident in underlying equity pricing. These predeterminates have signaled earnings surprises, merger announcements, corporate action and legal notices, and afford our clients the opportunity to intensify their research ahead of such events. This guide breaks down the purpose and usefulness of each component of our publication.

Noteworthy Movers:

Throughout the trading day we scan all US equity options in real-time, looking for extraordinary spikes in implied volatility. When these volume-driven gains are not correlated to a change in the company's fundamentals or stock price - as evidenced by our multi-layer filtration process - we deem them "Noteworthy." The resulting list is published each afternoon in our MEP Noteworthy Activity Note, and serves as the lead section the following day in our Option Analytics Morning Note. The timeliness & accuracy of our note has at times been verified as soon as post-market or overnight, as well as within days.

Implied Volatility Movers:

Increased implied volatility generally precedes heightened equity volatility. We therefore utilize proprietary data screens to pinpoint the largest single-day increases within specific market sectors and groups, as listed in MEP Option Analytics.

Option Market Overview:

We believe the broader market's expectation for volatility, and therefore risk, are assistive in the asset allocation process. As such, we provide several graphs beginning on page 2 of broad market measures of implied volatility: VIX, VXN and RVX. These are frequently coupled with charts of the underlying indices: S&P 500, NASDAQ 100 and Russell 2000. We also feature the CBOE Equity-only Put/Call ratio regularly, and often include other quantitative measures of option activity useful in the investment and trading processes.

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