
WCI Communities Inc.
WCI - \$9.87 – NYSE

Recommendation: Cover 1/2 of Short Position

Reasons For Covering 1/2 of Short Sale Position

We are recommending closing out one half of our short position in WCI Communities. We originally recommended shorting WCI on Jan 30, 2006 at \$27.50. Our original price target was \$19. We now have a profit of \$17.63 or 64.1% in 18 months. We said in our original report that this stock could go back to \$9 a share which it has. We are covering one half of our position for a couple of reasons.

1. We have a huge profit.
2. Don't want to be too greedy.
3. It could still go bankrupt.
4. Another potential misinformed suitor could appear.
5. We will short more if the stock rallies on any kind of takeover rumor.

1-30-2006 sold @ \$27.50

7-26-2007 buy @ \$9.87

18 months profit \$17.63 +64.1%