This 3DAdvisors Report Covers:	
✓	**Insider Trading**: Insider Trading Behavior
	Accounting: Quality of Earnings Issues
	Governance: Corporate Governance Issues

Insider Research Bulletin

July 26, 2005

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Insider Research Bulletin describes significant insider trading behavior that we have identified at the following companies and is a summary of the first step in our research process. The next step is that these same companies will undergo a review of accounting and governance behavior, and if we identify indicative behavior in one or both areas, then a "full 3DA research report" will be published on that company. Note: Inclusion of a company in this report by itself does not necessarily mean a full research report will be published.

Insider Research Bulletin is published periodically and exclusively for 3DA Research subscribers.

Companies in this Bulletin

- Alamosa Holdings Inc. (NASDAQ:APCS)
- Monster Worldwide Inc. (NASDAQ:MNST)

Discussion of 3DAdvisors Findings

Alamosa Holdings Inc. (NASDAQ: APCS)

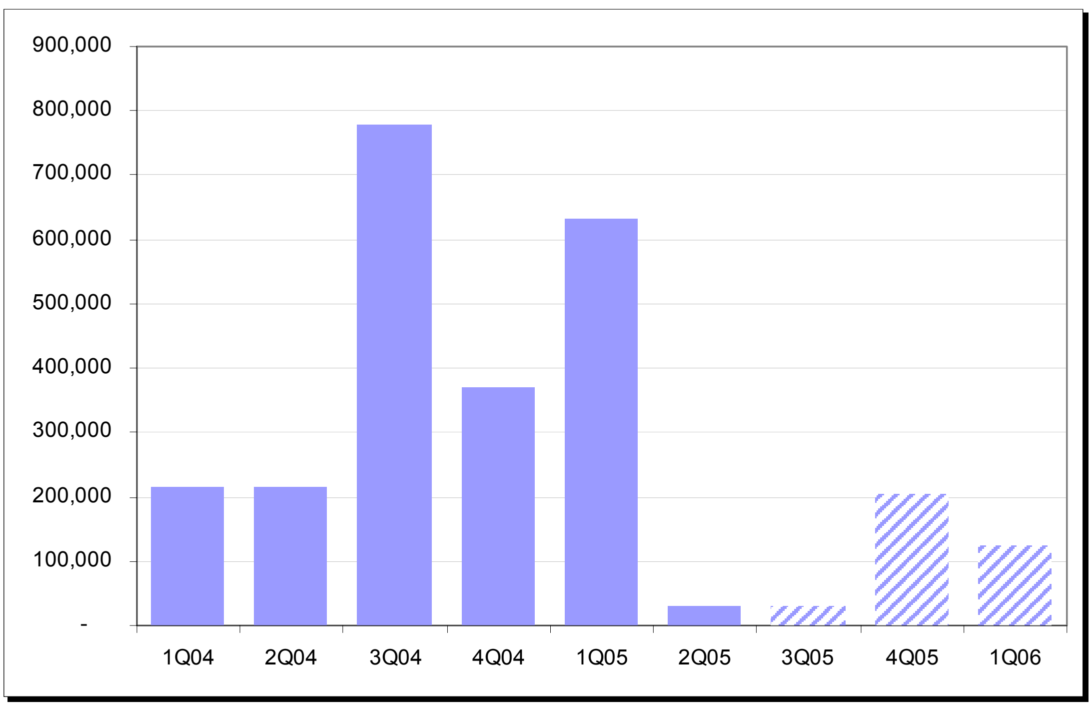
Our analysis of regional PCS provider Alamosa Holdings has uncovered 10b5-1 trading plan abuses, stealthy derivative activity, stock option and holdings deterioration despite slowing incentive awards, and even some borderline option skimming. Rarely do we observe so many indicative trading behaviors in a single company.

Alamosa Holdings, Sprint's largest affiliate, was formed in 1999 and held its initial public offering in February 2000. Since that time, it has grown through a number of acquisitions, including its most recent purchase of AirGate PCS. There has been a profusion of industry consolidation over the past six months as a number of Sprint affiliates have merged, while Sprint announced the acquisition of affiliate US Unwired (UNWR) on July 11th, all this while it awaits approval of its mega-merger with Nextel. Shares of Alamosa have certainly benefited from the trend, as the stock has moved steadily higher to approach prices not seen since 2001. This leaves us to question why nearly all holders of APCS, and not just the Section 16 insiders, have been cashing out.

➲ Significant and rapid depletion of options

Due to the favorable vesting schedules of option awards granted between 2002 and 2004, Alamosa's named executives saw an abundance of options vest in 2004. Easier option vesting terms allowed by the board were the reason. Options granted in 2002 vested monthly over two years, while those issued in 2003 vested immediately and two different awards in 2004 vested in full within six months. Clearly, options compensation took on an increasingly short-term profile, and executives were quick to react. Of the 1.91 million options issued to the five named execs in 2003 and 2004, Chairman, CEO **David Sharbutt** is the only recipient that has not cleared out of every last option. Making matters more interesting is the fact that these insiders will experience a significant decline in new options vesting in future quarters, as the Compensation Committee has scaled back both their stock option and restricted stock awards. Figure 1 below shows how many incentive awards have vested in prior quarters for the named executives and the significant drop-off that will ensue.

Figure 1. Number of APCS Incentive Awards that Vest in Each Quarter (Blue Bars are awards that have vested already; Lined Bars are those that are yet to vest). Source: APCS SEC Filings.



➲ Aggressive use of 10b5-1 plans as camouflage

Not only have the insiders sold an immense amount of stock under 10b5-1 trading plans, but the manner in which they did so circumvents the very spirit of the Rule. Our *3DA Special Report* dated June 17th outlined the representative 10b5-1 criteria that indicate behavior that we believe is significant regarding these plans. The trading conduct by Alamosa's insiders displays a number of these criteria. First and certainly most notable is use of trading plans to decimate overall ownership positions. Two of the

Company's top executives, COO **Steven Richardson** and Senior V.P., Corporate Finance **Loyd Rinehart** have sold 85% and 86% of their holdings since they adopted trading plans in March 2004. With very few vested options remaining (less than 10,000), Richardson has turned to his common stock holdings, partially comprised of shares purchased through the APCS Employee Stock Purchase Plan, to execute his monthly plan sales.

There are also a number of insiders who have chosen to waive the 30 to 60 day waiting period (recommended by leading Section 16 legal experts) following a plan's adoption/modification before executing their first plan sales. Directors **Michael and Steven Roberts** (Steven Roberts did not stand for re-election this year) each adopted a trading plan on February 24th of 2004 and executed their first plan sale the following day. This pattern became even more evident in the first quarter of 2005 when a number of executives modified their plans and sold during the first two weeks. By doing so, they jeopardized the safe-harbor protection afforded them under Rule 10b5-1.

The final component of Alamosa's 10b5-1 activity that caught our attention was sporadic, unusually heavy in-plan sales by certain executives. A number of plan participants have clearly provided straightforward instructions to sell an exact number of shares on a given date each month, which is the most simple (and common) plan designation. Some executives, particularly COO Richardson, have managed to bypass these guidelines, taking advantage of the issue's strength: Richardson, for instance, had sold just about 12,000 shares each month between April and December of 2004.

However, in addition to his 12,000-share sale in October, he unloaded 202,500 shares in plan on October 8th. After amending his plan in March 2005, he continued with his routine activity, selling 5,000 shares per month from April through July. Once again he circumvented his own instructions by selling 62,500 shares on May 9th in addition to his typical 5,000-share sale on May 20th.

- Aggressive use of forward sale contracts

Equally as compelling as the 10b5 dispositions is the stealthy use of forward sale contracts by three insiders and one large shareholder to monetize their shares, actions, we're willing to bet, that have gone largely unnoticed by the investment community.

On April 20th the Roberts brothers, who own shares separately, each entered into contracts covering 500,000 and 550,000 shares. They were offered an upfront cash payment valuing the shares at $9.76, a 27% discount to market. We are accustomed to seeing 10% to 15% discounts in similar dealings, so this steep concession gives us a strong inference as to how the Roberts value their shares. These forward sales were in addition to the nearly 1 million shares they have each sold year-to-date, effectively monetizing just over one-third of their holdings.

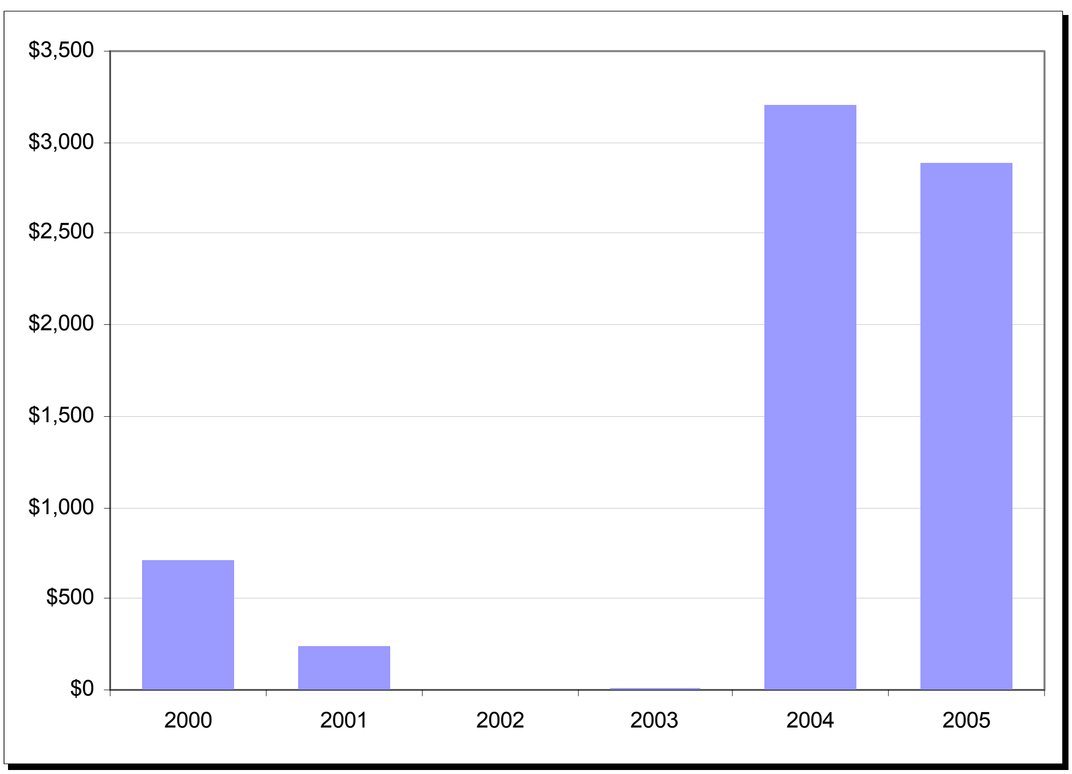
On May 31st Alamosa CEO David Sharbutt utilized a forward sale to monetize 332,233 shares held by a limited partnership (Five S Limited) that he controls, refraining from providing clear pricing detail for the transaction. It is interesting that Sharbutt already has two existing open contracts from June 2004 covering 335,800 shares, for which he accepted a 21% discount. Judging by his non-disclosure on the recent transaction and the price offered to the Roberts, it is a safe assumption that he monetized these shares at a similar or greater discount.

Finally, Chickasaw Holdings Co., an owner of 3 million shares acquired when Alamosa bought Southwest PCS Holdings from Chickasaw in 2001, pledged its entire position to a third party on June 15th. Chickasaw though has closer ties than the average shareholder. **Thomas Riley** is the chief operating officer of Chickasaw. He currently chairs Alamosa's Governance and Nominating committee and sits on both the Audit and Finance committees. There is a high probability that Riley was in on the decision making process to monetize the shares. It is rather interesting that Riley is considered independent at this time when just last year this wasn't the case.

➲ Rank and file employees hit the exit doors

As we mentioned earlier, the insiders aren't the only Alamosa employees that have been clearing out their options for cash. There has been a dramatic increase in option exercises in 2004 and already through the first quarter of 2005. The rank and file have exercised far more options in the past year than they had back in 2001 when the issue had traded at far higher prices. It has been our experience that employees typically sell most, if not all, of the underlying shares exercised for when converting their options. Judging from the continued heavy selling by Section 16 insiders in the second quarter, we expect that employee option exercises (and subsequent selling) through the first two quarters will far outpace the 2004 activity.

Figure 2. APCS Cash Flows from Employee Option Exercises (Millions $). Source: APCS SEC Filings.



➲ Pace of convertible preferred holder conversions up sharply

During the second quarter of 2005, Alamosa completed preferred share exchange transactions with respect to a total of 222,817 shares of Preferred Stock, constituting the heaviest quarter of conversions to date. Not only did the exchanges force the Company to issue 1.67 million new shares of common but they also prompted the Company to warn, “The conversion of shares will result in a substantial charge in the second quarter to write-down the derivative that is carried as an asset.” Just as option exercises by Company employees are an indication of rank-and-file selling, this sudden preferred conversion takes on an even greater significance when one considers that the preferred shares pay cumulative dividends of 7.5% and holders are also entitled to receive any dividends declared on common shares based on the conversion rate of preferred to common. That kind of guaranteed income is tough to pass up, unless of course, they would rather have the more liquid common which is much more easily monetized.

- **Steven Richardson (49)** – COO. Richardson’s 10b5-1 activity over the years has been particularly aggressive and has led to serious holdings deterioration. Shortly after filing his first plan in December 2003, he went out of plan to sell 168,000 shares, equal to 44% of his holdings, in February 2004. He then modified the plan in March 2004 and his selling has been anything but routine since. Between April 2004 and September 2004, Richardson consistently sold 12,000 shares a month, until October when he unloaded 202,500 shares in addition to his 12,000-share sale. Although the sale was reported as being “in-plan”, this change in behavior clearly suggests his exploitation of the Rule, especially since he went right back to his customary monthly volume in November. He then modified his plan once again in March 2005, reducing the volume sold since he had so few remaining available options or shares. Under the new plan he has been selling 5,000 shares per month but the pattern “blipped” in May with a 62,500 share sale which cleared out a recently-vested series of options not set to expire until July 2014. In all, Richardson has now sold 82,500 shares since April, **equal to 73% of his holdings**. He currently holds only one option series which vests at a rate of 1,600 options per month and will have 25,000 restricted shares vest in December 2005 (see Appendix A).

- **Thomas Riley (59)** – Director. Riley joined Alamosa’s board when the Company acquired his Southwest PCS Holdings in early 2001. In addition to his personal shares and options he also indirectly manages 3.2 million shares owned by Chickasaw Holding Co., who sold Southwest PCS to the Company. On June 14th he exercised all ten of his vested options series, none of which were nearing expiration (expiration dates ranged between February 2012 and December 2014) and acquired 79,174 shares. Although his recent 144 filing discloses his plans to sell all 79,174 shares, so far he’s sold 26,674 shares to date at $12.63, marking his first-ever sale of his personal shares. The following day he entered into a forward sale contract **covering 3 million shares** held by Chickasaw. The contract, which didn’t disclose the upfront cash payment, calls for Chickasaw to deliver 500,000 shares in June 2006, 1.25 million shares in December 2006, and 1.25 million shares in June 2007. Then, on July 11th and July 13th he sold the remaining 200,000 shares held by Chickasaw under the cover of a 10b5-1 plan, effectively monetizing Chickasaw’s entire position since June.

- **Loyd Rinehart (50)** – Senior V.P., Corporate Finance. Rinehart's most recent 10b5-1 plan might be his shortest yet, considering his first two rounds of plan sales wiped out nearly all of his actionable holdings. Under his first plan adopted in December 2003, Rinehart sold 50,000 shares before modifying the plan three months later. Under his second plan his volume picked up dramatically as he sold 371,816 shares through November 2004. He modified the plan a third time on March 3rd of 2005 and quickly sold 100,000 shares two weeks later at roughly $9. Then, on July 11th he cleared out his June 2010 option series with a strike price of $12.38 and sold the 100,000 shares at $15. Rinehart has **wiped out 82% of his holdings** since modifying his plan in the first quarter and now only holds 36,681 shares of common which are held in his 401(k) and Employee Stock Purchase Plan, as well as 7,000 vested options. He will have only 1,000 new options vest each month and 25,000 restricted shares vest in October (see Appendix A).

- **Anthony Sabatino (42)** – Senior V.P., Chief Technology Officer. Sabatino is the only named executive that to date hasn't entered into a 10b5-1 plan. His end results however, are quite similar. On June 1st, he cleared out six series of options with plenty of time remaining before expiration (expiration dates: 12/10, 10/12, 10/13, 1/14, 2/14, 7/14), leaving himself with only one partially vested series. He monetized all 298,000 newly-acquired shares at $12.43, **liquidating 81% of his actionable position**. That he opted to clear out most of his options is significant considering he only holds one series that vests at a rate of 1,200 shares per month, hardly a substantial forward-looking vesting amount for a Company's named executive. Following the sale he has 61,860 shares of common stock and 8,400 vested options (see Appendix A), well below the 240,000-share position he had just over a year ago.

- **David Sharbutt (55)** – Chairman, CEO. Since the Company was founded in 1998, Sharbutt has sold just 325,000 shares (of his 4 million share position) between April 2004 and June 2004. Since, his trading has ceased, that is, if you were looking for his activity on any insider data reporting service. On May 31st of 2005 Sharbutt stealthily monetized 332,223 shares through a variable forward contract to an undisclosed brokerage firm at an undisclosed price. This is not his first use of derivative contracts, as he monetized 335,800 shares at a 21% discount to market in a similar transaction back in June 2004. His reluctance to disclose the upfront cash he received in the recent transaction leads us to believe that he was offered a similar or greater discount on his shares. In all, Sharbutt has 17% of his holdings tied up in forward sale contracts.

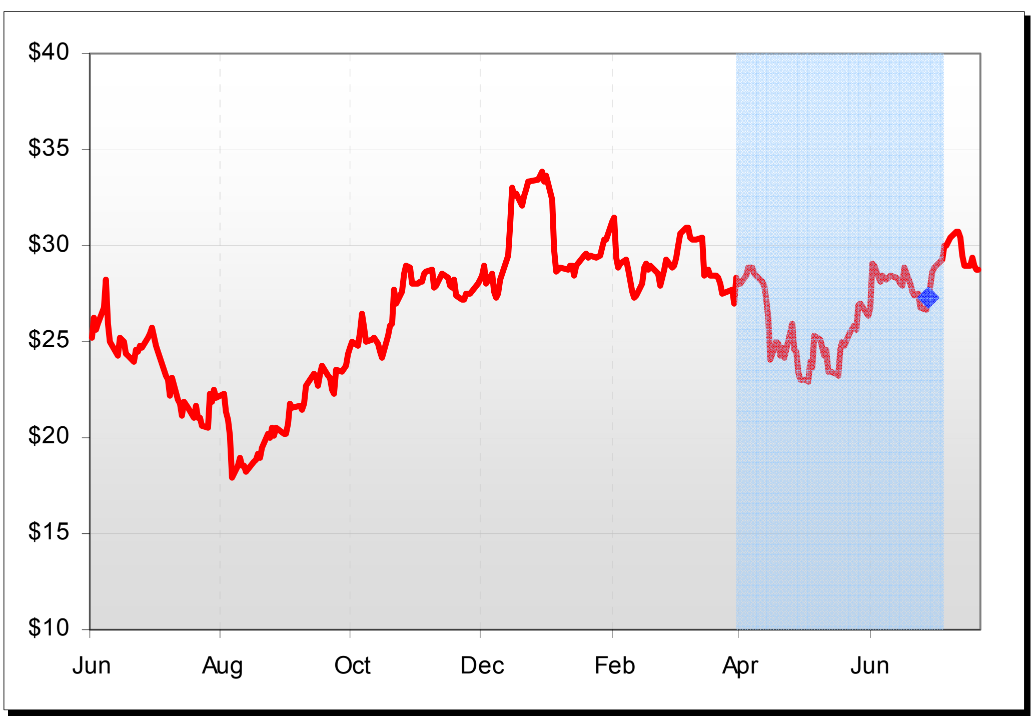
<u>Monster Worldwide Inc. (NASDAQ:MNST)</u>

It doesn't seem a coincidence to us that in the midst of intensifying speculation that internet stalwarts Yahoo!, eBay, and Google will make a big push into the job listing arena, certain key Monster Worldwide executives have left the Company, while a number of insiders, including Chairman, CEO **Andrew McKelvey** have monetized sizeable amounts of stock. The first defection occurred in March, when CFO **Michael Sileck** abruptly left the Company to "pursue other business opportunities." Three months later he was named the chief financial officer of struggling World Wrestling Entertainment in what seems to be hardly an upwardly mobile move, especially given the fact that his WWE compensation package looks very much to be the same as he had at Monster.

Then on June 13th Monster.com's 43 year-old founder and chief monster **Jeffrey Taylor** resigned from his executive position to start up a new internet venture. Widely heralded as Monster's innovative mastermind, the loss could have a greater impact than many might think, especially when you consider Monster's mantra: "Expertise is one reason for Monster Worldwide's success. Innovative strength is another." Just two weeks after Taylor announced his decision, McKelvey monetized 2.7 million shares through a variable forward sale (see below).

The sales by a number of board members and executives are further evidence that there may be concerns in the upper ranks. Between April 1st and July 6th, seven insiders sold a total of 588,746 shares at an average price of $27. The heavy volume, which was absent in the first quarter when the issue traded at slightly higher prices, stands out for a number of reasons. First, the sales weren't executed into any serious upward momentum as shares of Monster have traded in a range between $20 and $30 for the past two years. Secondly, a majority of the selling over the past two years was predominantly 10b5-1 activity, whereas the recent activity was comprised mostly of non-plan sales, which is the first time we've seen this happen in the past three years. A number of the non-plan sales were executed by departing executive Taylor, who sold 280,000 shares. Taylor's sell-off began in October and since then he has cashed out 90% of his holdings.

Figure 3. MNST Daily Closing Price, June 1, 2004 through July 22, 2005. Blue shaded area is where 7 insiders sold 588,746 shares. Blue diamond is where Chairman and CEO Andrew McKelvey entered into a forward sale for 2.7 million shares (June 28th). Sources: Reuters and MNST SEC Filings.



Taylor will remain as a consultant under an 18 month agreement (for $250,000). Although we typically do not put much emphasis on the selling of a departing insider, such actions by a company founder, coupled with the other insider actions, catches our attention.

Finally, at the current market price, over half of the total vested and unvested outstanding options held by MNST employees are either barely in the money or underwater. Should the issue continue to trade at its current levels, insiders will have few future opportunities to lock in gains should they clear out their lower priced options now. Apparently, the Compensation Committee attempted to provide some remuneration when it awarded the December 2014 options with an accelerated vesting schedule (options first vest after six months rather than the customary year), although these options are currently out of the money.

Also selling were directors **John Swann** and **George Eisele**, who sold 40% and 76% of their holdings, respectively. Eisele's relationship to the Company elicits some governance concerns. A director since 1987, he served as the executive vice president of TMP Worldwide Direct, the Company's response marketing division, for the past 16 years. He resigned from his executive position in May when Monster entered into a stock purchase agreement with GECKO Inc., an entity owned 65% by Eisele, to sell him the very TMP Direct division he was heading. It isn't often that we see a division sold to a Company employee, but this doesn't seem all that unnatural at MSTR. McKelvey has taken advantage of numerous related-party transactions, a couple of which involved The Marquette Group, which is not only a MSTR client, but is owned by a friend of McKelvey (McKelvey loaned the friend money to buy The Marquette Group).

- McKelvey, Eisele and Monster EVP **Paul Camara** have approximately 69.4%, 10% and 5% interests, respectively, in International Drive, L.P., the lessor of the Company's 48,000 square foot office in Mt. Olive, New Jersey.

- On October 5, 2004, the Company entered into a Stock Purchase Agreement with The Marquette Group and US Motivation, Inc., the Company's wholly-owned subsidiary. The Company sold all of the issued and outstanding capital stock of US Motivation to The Marquette Group in exchange for a net cash payment of $10 million.

- The Company leases office space to an investment company that is 50% owned by McKelvey.

- Mr. McKelvey has advised the Company that he (i) received a $3,000,000 interest-free personal loan in 2002 from The Marquette Group. McKelvey "inadvertently" violated a Company personnel policy by not getting prior approval for this loan.

Between the numerous related-party dealings (there are more that we have not highlighted), unusual contractual agreement giving McKelvey the right to monetize sizeable percentages of his holdings through derivative transactions, and accelerated vesting schedule tied to the exec's most recent round of incentive awards (December 2004), there appears to be a pattern of board approved, self-serving behavior. With the changing landscape in insider behavior, this is a Company we plan to further analyze for additional behavioral issues.

- **Andrew McKelvey (70)** – Chairman, CEO. McKelvey has been trading under a 10b5-1 plan since the fourth quarter of 2002, which he has modified a number of times. Since mid-2004, the plan calls for shares valued at $701,000 to be distributed each month. Apparently, the $5 million in stock that he's sold on the year wasn't enough to satisfy his capital needs, as he entered into a forward sale contract covering 2.7 million shares on June 28th, providing him with an upfront cash payment of $52 million. The contract was taken out on the same day that his previous series of forward sale contracts (entered into in June 2002) expired where he unwound contracts for 2.5 million shares. McKelvey settled his previous $45 million obligation in cash, not shares. Since the Company has adequately disclosed his derivative activity, and the derivative activity is actually a stipulation in his employment agreement, the transaction doesn't carry the same intrigue as other derivative transactions we've highlighted at other companies. What does distinguish this transaction from others is the fact that he **accepted a 32% discount** for the shares, which is one of the more exorbitant concessions we've encountered in a forward contract. In all, McKelvey has **monetized 25% of his 12 million shares** in 2005.

- **George Eisele (68)** – Director. Eisele has been a director of the Company since September 1987 and was the Executive V.P. of TMP Worldwide Direct, the Company's order fulfillment business unit from 1989 until May 2005 when the division was sold to GECKO Inc, a firm Eisele has a majority ownership stake in. Just one month after he acquired the division, Eisele sold 49,269 shares of MNST stock at $28.32, accepting 10% less for his shares than when he last sold back in March 1999, and also gifted an additional 71,149 shares to an unnamed party. The shares sold were acquired when he cleared out both his December 2008 and April 2013 options. The two dispositions **wiped out 76% of his holdings**. We have not heard any suggestion from the Company that Eisele plans to resign from the board to dedicate his time to the new venture. One final point of interest that caught our attention was the Company granted Eisele his executive stock award on May 2nd, two days before they signed the purchase agreement for his division. It seems quite generous that they provided him executive compensation knowing he was no longer going to be an executive, not to mention, the option favorably vested in part on the grant date.

- **Jeffrey Taylor (43)** – Founder and former Chief Monster. Taylor founded Monster back in 1994 and later sold it to TMP Worldwide in 1996. Although he no longer holds an executive position since resigning on June 13th, he will continue to serve as a consultant. As a Company employee, we deem his recent selling to be significant, as he sold 280,000 shares between June 6th and June 16th at an average price of $28.50. It is quite possible that he needed the cash for his new company, even though MNST is providing seed capital, but his willingness to **part with 90% of his holdings** since October speaks volumes to his opinion of MNST's upside.

- **John McLaughlin (49)** – Executive V.P. Although he initially registered as a Section 16 filing insider back in June 2004, McLaughlin joined the Company in 1998 upon the acquisition of TASA Worldwide, where he was a managing director. He has since held a number of executive positions and currently is responsible for overseeing the Company's Asia-Pacific region. On June 7th he cleared out the vested portion of his September 2012 option series and sold all 98,725 shares at $28. The sale was only his second since filing, as his first disposition covering 10,009 shares was executed in September 2004 under a short-lived 10b5-1 trading plan. His recent activity **shed**

32% from his holdings, but that doesn't give an accurate representation of his actionable holdings. In computing his holdings reduction, we included options that are currently vested but barely in the money or underwater. Had we not done so, his reduction would be much higher.

- **John Swann (69) –** Director. Swann's sale of 23,203 shares on June 6th was his first since joining the board ten years ago. Following years of accumulation through option and restricted share grants, his holdings were at the upper end of the board members' ownership range. That changed quickly as he monetized his September 2006 option series which **accounted for nearly 40% of his actionable holdings**. Following the sale, Swann holds 34,517 vested options and less than 4,000 shares of common.

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Appendix A

Option and Restricted Stock Vesting Schedules for Selected Alamosa Holdings Inc. Insiders

Grant Date	Equity Type	Options/ Shares	Strike Price (Options)	First Vesting Date	Expiration Date (Options)	Remaining Options/Shares in Series	Unvested Options/Shares in Series	Vesting Dates of Remaining Restricted Shares/Options
Steven Richardson, Chief Operating Officer. Common stock holdings: 19,978 shares								
12/01/02	R. Stock	100,000	N/A	12/01/03	12/01/05	25,000	25,000	12/01/05
01/03/05	R. Stock	30,000	N/A	01/03/06	01/03/08	30,000	30,000	01/03/06, 01/03/07, 01/03/08
01/03/05	Options	40,000	$12.35	01/03/05	01/03/15	40,000	28,800	Vests 4% each month through 02/01/07
Loyd Rinehart, Senior V.P.-Corporate Finance. Common stock holdings: 36,681 shares								
10/01/02	R. Stock	100,000	N/A	10/01/03	10/01/05	25,000	25,000	10/01/05
01/03/05	R. Stock	20,000	N/A	01/03/06	01/03/08	20,000	20,000	01/03/06, 01/03/07, 01/03/08
01/03/05	Options	25,000	$12.35	01/03/05	01/03/15	25,000	18,000	Vests 4% each month through 02/01/07
Anthony Sabatino, Senior V.P., Chief Technology Officer. Common stock holdings: 61,860 shares								
10/01/02	R. Stock	100,000	N/A	10/01/03	10/01/05	25,000	25,000	10/01/05
01/03/05	R. Stock	25,000	N/A	01/03/06	01/03/08	25,000	25,000	01/03/06, 01/03/07, 01/03/08
01/03/05	Options	30,000	$12.35	01/03/05	01/03/15	30,000	21,600	Vests 4% each month through 02/01/07
David Sharbutt, Chairman, CEO. Common stock holdings: 1,002,805 shares								
01/05/99	Options	1,697,500	$17.00	01/05/00	01/05/09	1,697,500	0	Fully Vested
10/01/02	R. Stock	250,000	N/A	10/01/03	10/01/05	62,500	62,500	10/01/05
09/30/02	Options	750,000	$0.38	10/01/02	09/30/12	750,000	0	Fully Vested
09/30/03	Options	250,000	$3.52	10/01/03	09/30/13	250,000	0	Fully Vested
12/31/03	Options	100,000	$4.01	07/01/04	12/31/13	100,000	0	Fully Vested
01/31/04	Options	112,500	$5.58	08/01/04	01/31/14	112,500	0	Fully Vested
06/30/04	Options	212,500	$7.45	07/01/04	06/30/14	212,500	0	Fully Vested
01/03/05	R. Stock	60,000	N/A	01/03/06	01/03/08	60,000	60,000	01/03/06, 01/03/07, 01/03/08
01/03/05	Options	80,000	$12.35	01/03/05	01/03/15	80,000	57,600	Vests 4% each month through 02/01/07