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

Executive Behavior and Hidden Risks Belie Image Leucadia National Corp. (NYSE:LUK)

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Business Description

Leucadia National Corporation, through its subsidiaries, engages in manufacturing, real estate, medical product development, and winery operations in the United States. It manufactures and distributes various wood products, which include remanufacturing dimension lumber; remanufacturing, bundling, and bar coding of home center boards; and other specialty wood products, as well as lightweight plastic netting, which is used for building and construction, erosion control, packaging, agricultural, carpet padding, filtration, and consumer products. The company's real estate operations comprise development and sale of various commercial properties, residential land development projects, and other unimproved land. As of December 31, 2006, it owned a 740,000 square foot office building located in downtown Tulsa, Oklahoma. Leucadia National's medical product development operations involve the development of Hemospan, a form of cell-free hemoglobin, for intravenous administration to treat various medical conditions, including use as an alternative to red blood cell transfusions. Its winery operations comprise production and sale of wines to distributors in the premium table wine market. The company was founded in 1854 and is headquartered in New York, New York.

Summary of 3DAdvisors Findings for LUK

- **Fundamentals:** High-risk securities trading at odds with conservative image
- **Insider Trading:** After new offerings, senior finance executives sell off holdings
- **Fundamentals:** Stock price trends upward despite housing market exposure
- **Accounting:** Limited disclosure and certain practices help pretty up results
- **Governance:** In the Sarbanes-Oxley era, some curious self-serving practices

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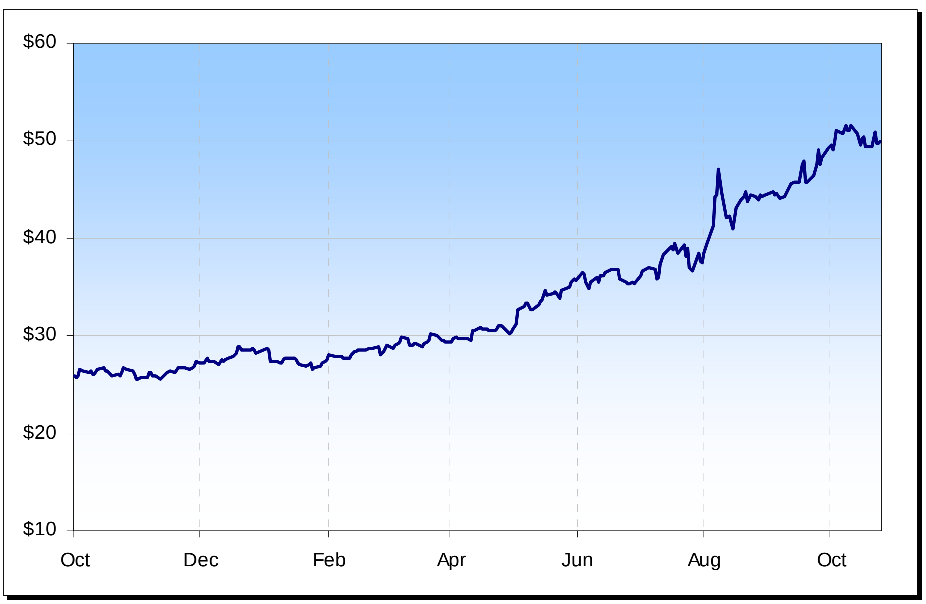
Discussion of 3DAdvisors Findings for LUK

We are frequently asked, given the current environment, to keep an eye out for companies that may be holding the bag with regards to the toxic waste generated by recent credit market issues. Clearly, finding such companies at this point that are not already identified is no simple task, yet it seems logical that hidden candidates for this type of exposure would be found among those companies that exhibit limited disclosure practices. Leucadia National, which came to our attention initially due do its highly aggressive trading behavior, also meets the criteria of direct and indirect exposure to the housing market combined with highly limited disclosure practices. But there is much more in terms of hidden risks.

Leucadia's shares find themselves trading in rarified air as potential speculation regarding the succession plans of Chairman **Ian Cumming** and President **Joseph Steinberg** seems to have overridden concerns involving the health of some of Leucadia's core businesses, the largest of which is directly tied to the home building and/or home improvement markets. Leucadia management has a long history of not speaking to analysts, not providing earnings release conference calls or, for that matter, guidance of any kind. LUK's recent addition to the S&P 500 has also helped add fuel to the rise in its share price. It is in a company such as this, operating under a cloak of limited disclosure, where we typically find the most valuable clues emanating from the actions of its management team. When a number of them clear out of their shares, they very well may be telegraphing something not provided in more traditional disclosures.

Figure 1. LUK Daily Closing Price, 10/02/06 through 10/26/07. Source: Reuters.



Leucadia's recent insider sales are unprecedented in not only their volume but also with regards to their effect on the long-held holdings of those involved. Not lost on us is the fact that their timing correlates with an unexpected round of capital raising by the Company, as it registered for debt sales totaling $500 million and a coincident stock sale of 5.5 million shares, and all this months after the Company's board authorized the its largest-ever stock repurchase (12 million shares). Clearly, with the stock trading at all-time highs, one should come to expect a certain level of selling by management. The fact, however, that four key individuals, two being closely involved in Leucadia's finances, have cleared out of between 85% and 100% of their positions puts an emphasis on the potential overvaluation of LUK shares given the continued deterioration of its Idaho Timber division, extensive post-Hurricane Katrina damage control at its Biloxi casino operations (currently operating under Chapter 11), and the commodity price pressures (read: oil and gas) affecting polypropylene which is the principal raw material used in its plastics subsidiary, Conwed Plastics.

Framing all of this is Leucadia's reputation for being conservative value players not willing to pay up for assets. With all this in mind, we note with particular interest the Company's recent quiet forays into certain trading and investment businesses involved in high-yield, high-risk securities, such as credit default swaps, equity derivatives and mortgage-backed and asset-backed securities. Leucadia's exposure to these areas, all of which was in place prior to the recent debt crisis, has increased this year and, though related information remains sparse, its very existence seems to contradict the traditionally conservative face put forward by the Company to the investing public. Add some creative accounting to the mix and one gets a picture of a Company whose profile seems to be in transformation from what has been its traditional image into something with a very different risk profile, a change that some insiders may not really care for.

Fundamentals: High-risk securities trading at odds with conservative image

Leucadia first began dealing with Jefferies & Company back in 2000 with an equity investment of about $127 million in the then-named Jefferies Partners Opportunity Fund II LLC. At that time, Company disclosure of the Fund's activities was that it "invests in high yield securities, special situation investments and distressed securities and provides trading services to it customers and clients." Disclosure of this relationship remained fairly static until 1Q07 (period ending 03/31/07) when the Company and Jefferies restructured and expanded the operation and both committed to contribute additional capital of $600 million each and seek passive investments of an additional $800 million. The new entity, managed by Jefferies, was named Jefferies' High Yield Holdings (JHYH) and the new description of its investment objectives changed dramatically [bolding is ours]:

> **JHYH owns a registered broker-dealer engaged in the secondary sales and trading of high yield securities and specialized situation securities formerly conducted by Jefferies, including bank debt, post-reorganization equity, equity, equity derivatives, credit defaults swaps and other financial instruments.** It commits capital to the market by making markets in high yield and distressed securities and invests in and provides research coverage on these types of securities.

Note that the above disclosure clearly implies that these dealings, including equity derivatives and credit default swaps (not to mention "other financial instruments") were all "formerly conducted by Jefferies". This clearly implies that these are not new initiatives but are, in fact, the offspring of Jeffries prior dealings that have now found a new home, JHYH, which Jefferies now owns jointly with Leucadia. Leucadia and Jefferies each holds a 50% voting interest in JHYH and, as of the filing of LUK's Q2 SEC Form 10-Q, it had invested $250 million of its $600 million commitment. So Jefferies has managed to get its high risk business packaged and has "sold" a portion of it to Leucadia who now shares in both its risks and rewards.

It is most interesting to note that since the reorganization of JHYH, Leucadia has gone through some extensive and seemingly unexpected, fund-raising efforts. We say “unexpected” because, according to the Company implications in its Q2 SEC Form 10-Q (filed on 08/08/07) Leucadia’s liquidity was adequate for its anticipated needs and there had been no indication of any future capital raising efforts.

Just eleven days later, however, on August 19th, LUK announced the proposed offering of $350 million of Senior Notes and a sale of 5.5 million of its common shares. On the next day, the note offering was increased to $500 million. It seemed no surprise to us that Jefferies & Company was the sole underwriter to these deals. Typical of its lean disclosure, Leucadia made no subsequent mention of the results of either transaction. An inspection of the Tombstones, displayed on Jefferies’ website, however, not only confirms that both deals were done but also shows that another $250 million of add-on notes were sold as part of the debt deal. Here’s the liquidity disclosure from the Q207 SEC Form 10-Q:

> In addition to cash and cash equivalents, the Company also considers investments classified as current assets and investments classified as non-current assets on the face of its consolidated balance sheet as being generally available to meet its liquidity needs. Securities classified as current and non-current investments are not as liquid as cash and cash equivalents, but they are generally easily convertible into cash within a short period of time. As of June 30, 2007, the sum of these amounts aggregated $2,991,500,000. However, since $583,500,000 of this amount is pledged as collateral pursuant to various agreements, represents investments in non-public securities or is held by subsidiaries that are party to agreements which restrict the Company's ability to use the funds for other purposes (including the Inmet shares), the Company does not consider those amounts to be available to meet the Parent's liquidity needs. The $2,408,000,000 that is available is comprised of cash and short-term bonds and notes of the U.S. Government and its agencies, U.S. Government-Sponsored Enterprises and other publicly traded debt and equity securities, including the Company's investment in Fortescue ($757,800,000 at June 30, 2007). The investment income realized from the Parent's cash, cash equivalents and marketable securities is used to meet the Parent company's short-term recurring cash requirements, which are principally the payment of interest on its debt and corporate overhead expenses.

So, it seems that Leucadia management, who just eleven days prior in the 10-Q strongly implied that, considering both its current and non-current assets, “generally available to meet its liquidity needs”, it had over $2.4 billion available, decided to raise over $1 billion in debt and equity just one month after the markets had been roiled by the unfolding of the credit crisis. Smart move? Maybe. Getting ready for a big blockbuster transaction? Could be, but why then, during the same time period, do we see four of the Company’s small contingent of Section 16 filers selling out almost their entire holdings?

We are intrigued at the Jefferies/Leucadia relationship. The reorganization of the high yield trading business into Jefferies High Yield Holdings, where Jefferies and

Leucadia now hold 50-50 voting interests, has succeeded in allowing Jefferies to lay off a lot of its trading risk from credit default swaps and equity derivatives over to Leucadia. We also note that these disclosures have been made during a time when Leucadia's principles, Chairman Ian Cumming and President Joseph Steinberg, have publicly discussed "our succession problem"[1]. We are left to wonder whether Leucadia's need for succession help and Jefferies need to lay off some of its high yield trading risk may have led to some sort of mutual solution. Indeed, Jefferies now seems to be the main underwriter in Leucadia offerings and has also been able to take in some trading profits in LUK shares as well. Not lost on us is the fact that, prior to 4Q06, Jefferies had not disclosed holding any common shares in Leucadia. Prior to the move to reorganize the high yield trading business, Jeffries started accumulating a stake in Leucadia shares, reporting holding 219,200 as of 12/31/06 as LUK shares traded between $22 and $27 during the period. By 03/31/07, Leucadia shares had worked their way up to $30, and Jefferies had increased its position to 410,000 shares. By June 30, as LUK shares moved higher to the $35 range, Jefferies had trimmed its position to 250,000 shares. We will be very interested to see what that position looked like at 09/30/07 when Jefferies files its next 13-F.

Leucadia's recent forays into high risk investments are not limited to its Jefferies dealings. In January of 2007 the Company invested $74,000,000 in Highland Opportunity Fund, L.P. ("Highland Opportunity"), a limited partnership which principally invests through a master fund in mortgage-backed and asset-backed securities, and $25,000,000 in HFH ShortPLUS Fund, L.P. ("Shortplus"), a limited partnership which principally invests through a master fund in a short-term based portfolio of asset-backed securities.

Insider Trading: After new offerings, senior finance executives sell off holdings

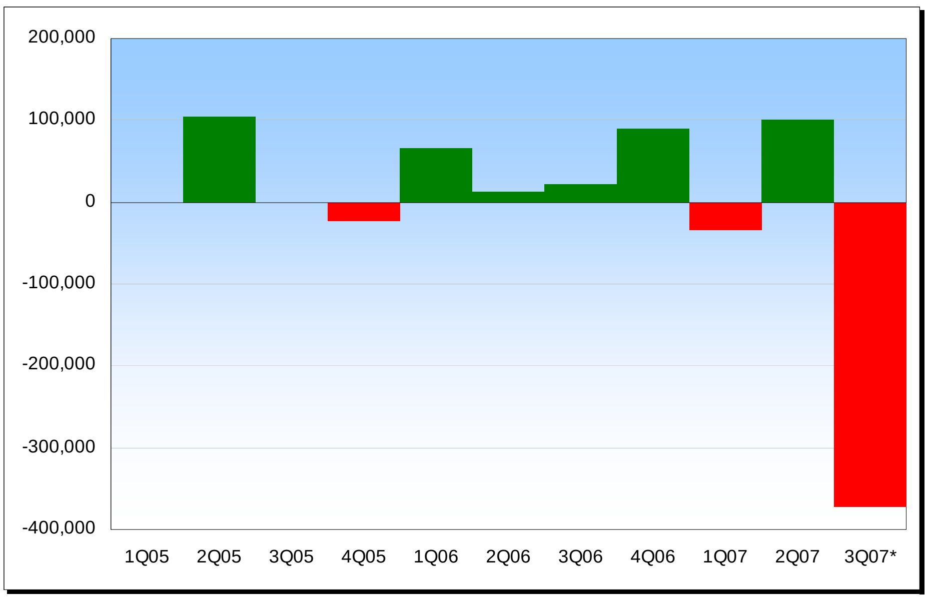
Oftentimes it is not the CEO, Founder or President who provide the greatest clues as to true insider sentiment. This group, keenly aware of the scrutiny given their behavior, is often more guarded in their trading decisions than the next tier down in the Section 16 hierarchy. For this reason, we tend to be more interested in the divisional officers who, needing to protect their more-limited assets, move to sell first when risks rear up. This is the situation that we are observing at Leucadia, where four of the eight filing Section 16 executives have sold between 85% and 100% of their holdings during the market rebound from the depths of the emerging credit crisis and as Leucadia moved to add capital through debt and stock offerings.

Magnitude of the current selling aside, the mere presence of any clustered insider selling, such as we are observing, represents quite an anomaly for Leucadia insiders. These insiders have generally been net acquirers of stock, exercising options and buying on the open market between Q205 and Q207, during which time Leucadia shares appreciated more than 100%. The pendulum has swung in the third quarter, as the four unloaded 383,097 shares between August 21st and October 11th at an average price of $46. While Figure 2 below illustrates their quarterly net acquisitions and dispositions dating back to 2005, it falls short of indicating the fact that more shares came out in Q3 than any other quarter dating back to 1998.

[1] Letter from the Chairman and President, April 17, 2007, page 13. Letter can be found at www.leucadia.com.

Not lost on us is the fact that two of the four executive sellers, CFO **Joseph Orlando** and Executive V.P., Treasurer **Thomas Mara** have a combined 30 years overseeing the Finance Department. Additionally, judging by the amount of time spent by the Company managing its numbers (see below), one could easily surmise that these two could be counted among Chairman Cumming's and President Steinberg's busiest lieutenants. It is hardly encouraging to see these two selling so aggressively days after orchestrating the recent debt and stock offerings.

Figure 2. Quarterly Net Share Acquisitions and Dispositions for Leucadia National Insiders. Green bars indicate purchases exceeded sales by the amount shown; Red bars indicate sales exceeded purchases by the amount shown. Source: LUK SEC Filings and 3DAdvisors, LLC.



* Reflects acquisitions and dispositions filed through 10/26/07.

It is in instances such as this, when companies choose to offer little to no analyst guidance whatsoever and very little meaningful information of any kind to investors that the behavior of insiders tends to be the most important indication of actual management sentiment. In this particular case, their actions speak volumes to us:

- **Joseph Orlando (51)*** – V.P., Chief Financial Officer. Orlando has served the Company for nearly 14 years, which is roughly around the time of his last sale. He has spent the past few years accumulating stock through the exercise of options, either purchasing the shares outright or turning in some stock to cover the exercise costs and related taxes. Apparently, the recent price gains tempted him to shift strategies as he sold a total of 161,715 shares, **equal to 85% of his actionable holdings**, on September 5th and September 24th at an average price of $45. In addition to monetizing all 51,000 of his vested options (expiration dates: July 2008 and January 2011), he also cleared out the common he had acquired in 2005 and 2006. With only 38,000 options scheduled to vest through the end of 2008 (see Appendix A), it would seem he does not anticipate the issue will remain at the current levels for too long as he compromised any future profit taking opportunities.

- **Thomas Mara (61)*** – Executive V.P., Treasurer. Mara's trading history is very similar to Orlando's, as he was a net acquirer of shares in the past five years, adding 66,000 common to his position in early 2006. His last sale occurred in August 2000. Most recently, Mara liquidated his vested derivative holdings to sell 169,782 shares between August 21st and October 11th at prices ranging from $44 to $52. **The shares accounted for 90% of his ownership**, which is now depleted to its lowest level in seven years. He will have 44,000 options vest in January, but that will be it for the remainder of 2008 (see Appendix A).

- **Justin Wheeler (34)** – V.P. Wheeler has been with the Company for more than seven years, but filed as a Section 16 insider only in October 2006 upon assuming his current position. He surfaced on September 24th to execute his first sales, and by September 26th, exercised all 41,000 vested options at his disposal (expiration dates: July 2008 and January 2011) and sold 36,000 at roughly $47. While he did in fact retain 5,000 shares, **the net result was the disposal of 85% of his actionable equity**. Some of the shares diversified away will be replaced in January when he vests in 22,500 options (see Appendix A), but the action clearly shows his intent to limit his exposure to LUK shares at the current highs.

- **Joseph O'Connor (age not disclosed)** – V.P. There is actually very little we know about O'Connor since the Company does not list officers on its website and he has shown up in very few corporate filings. An internet search also revealed very little. What we do know is that he became a registered insider in May 2007 and on September 28th **cleared out all of his actionable holdings**, 15,600 shares, at $47.80. Although we do not fully understand his role at the Company, he represents the fourth of six filing executive officers to sell more than 60% of his ownership in the third quarter. O'Connor will have 14,000 options vest in 2008 (see Appendix A).

* Indicates individual was a "Named Executive" in the Company's last proxy.

Another interesting trading behavior, which also happens to represent a risk related to the Company's debt picture, involves the practices of one of the two principals. With its paper rated well below investment grade, Leucadia is somewhat shackled by a change of control provision in its debt covenants of its recently placed $750 million in notes. Should the ownership position of either Cumming or Steinberg fall below 10% of the shares outstanding, note holders have the option to require the Company to purchase their notes at 101% of the principal amount plus accrued interest.

Although both Cumming and Steinberg currently hold in excess of the required 10%, it would seem that Cumming has engaged in some recent actions which could put his position at risk should Leucadia shares suffer a fall. We say this because he has pledged over 4.5 million of his shares to back "various lines of credit" (Leucadia Proxy for the year 2006). Should he face a margin call material enough to force the liquidation of those shares, he would be well below his required 10% ownership. Clearly, Cumming has utilized credit lines as a vehicle for monetizing a portion of his ownership. Though the implications of this are not large at this time, should any event materialize that would cause a severe blow to Leucadia's share price, his moves would add a certain, possibly toxic, complexity to the mix.

Fundamentals: Stock price trends upward despite housing market exposure

The timing of this collective sell-off is suspicious on a number of fronts. For one, the Company reported unimpressive results for the first six months of the year on August 8th. Total sales increased 4.8%, but the gains stemmed from the addition of revenues from two companies, ResortQuest and STi Prepaid, acquired during the year. Excluding the sales from these two businesses, revenue for the first half of the year would have declined 4% from the same period last year. These same new operations contributed to roughly 40% of the $27.8 in reported net income before taxes, which was down from the $153 million gain recorded through the first two quarters of 2006.

Another point we cannot explain is the stock price's resiliency in the face of the Company's housing market exposure. Half of Leucadia's 2006 revenues came from its Idaho Timber subsidiary and domestic real estate operations. Idaho Timber's primary product is dimension lumber, which is used for general construction and home improvements. The demand for this particular lumber is directly correlated with housing starts. Obviously, this has hardly been the most lucrative market in the past year (this year, Idaho Timber revenues have declined 16% from first six months of 2006), similar to the Company's real estate operations, which include residential land development. More ominous is the fact that margins have been slipping here as well as the Company continues its struggle to find higher margin products. The housing market exposure of course extends to the home improvement market, as Idaho Timber's largest customers are Home Depot and Lowe's.

Similarly, pressures seem to be mounting on Leucadia's Conwed Plastics division, which is a large user of polypropylene. As of the 2006 SEC Form 10-K, the Company has disclosed that, thus far, it had been able to pass on increases in gas and oil prices to customers. With no recent disclosures to that effect so far through the first two quarters of 2007 and with pre-tax income dropping 19% for the period on a revenue decline of 5%, one is led to wonder whether oil and gas prices are finally eating into Conwed's results. The Company only goes so far as to explain the margin erosion as a reflection of "product mix, lower sales volume and greater depreciation and amortization expense related to acquisitions and equipment upgrades."

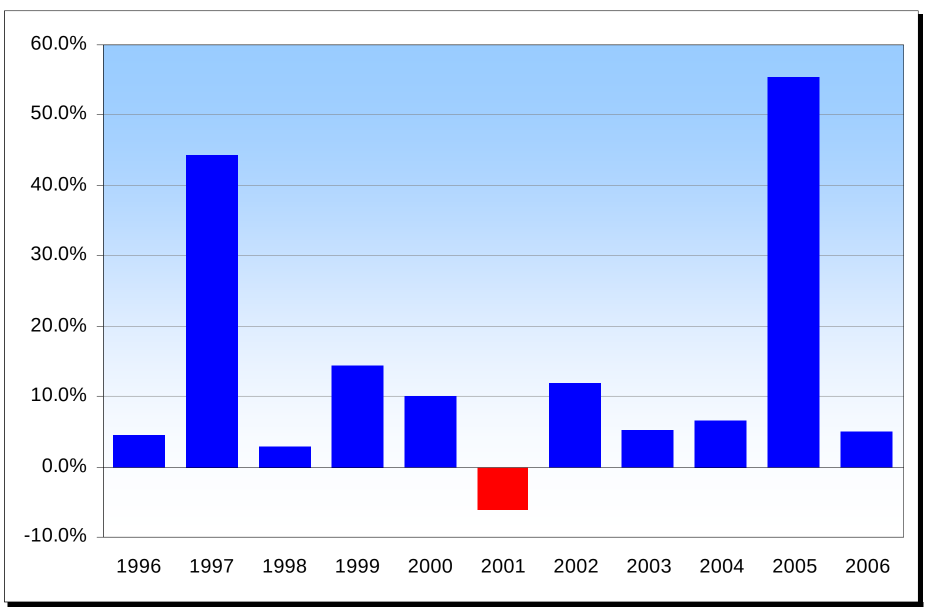
The Company has taken steps in 2007 to diversify its portfolio, buying telecommunications and property management businesses, but 70% of revenues through 2Q07 still came from the above-mentioned operations. It might just be a matter of time before the investor community catches on that Leucadia is not nearly as profitable as it has been in recent years, and with a trailing P/E of 100, the stock could fall hard when that happens.

Accounting: Limited disclosure and certain practices help pretty up results

Leucadia's financial performance has been far from remarkable. Even Chairman Ian Cumming's letter to investors, arguably the only real narrative available to the public concerning LUK management's comments on its performance, states that the Company's Return on Average Equity of 5% for 2006 was "anemic" explaining it further by saying it is "the result of what we do. Investing for the long-term and fixing troubled companies' results in lumpy outcomes." He goes on to explain that "Over the long-term, however, we are pleased with the results and happy to have participated in the wealth created for our shareholders." Figure 3 below shows the last ten years of return on average equity taken directly from the 2006 letter to investors. We would argue that the data is somewhat misleading, however. We say this because in 2005, Leucadia racked up a 55.3% return on equity which was engineered to a significant degree by the Company taking one of the largest reversals of a Deferred Tax Asset Valuation Allowance that we've ever seen. In that year, Leucadia reversed that allowance by $1.135 billion, creating a $5.26/share benefit. Without that move, Leucadia's return on equity would have been a far less impressive 16.9%.

To this, we must also add the curious practice which enables Leucadia to maintain a well-stuffed cookie jar in its pantry with regards to Other Consolidated Income (OCI). The Company records essentially all of its holdings as Investments Held for Sale. By doing this, unrealized gains and losses are parked in OCI until the related assets are sold, at which time they are then included in net income for the period involved. So, in spite of Cummins' admission that the Company invests for the long term, Leucadia chooses to treat all investments the same for accounting purposes, as if they are on the block for sale. Clearly, this practice is common amongst all companies such as this. Companies such as Berkshire Hathaway, however, do not treat all investments as if they are held for sale. Leucadia chooses not to provide any real disclosure on the makeup of the amounts (and they are large) coming in and out of OCI. For the first six months of 2007, there was $332 million recorded for net unrealized gains on investments added. So far, there is no way of telling which investments were affected.

Figure 3. LUK Return on Average Equity. 2005 number includes a $1.135 billion reversal of a Deferred Tax Asset Valuation Allowance. Source: Letter from the Chairman and President, April 17, 2007.



Then there is the rather creative accounting treatment utilized in Leucadia's investment of $408 million in Australian Fortescue Metals Group Ltd. where it received 9.99% of the common stock of Fortescue and a 13-year, $100 million note, whose interest is calculated as 4% of the net revenue invoiced from the iron ore produced from one specific production area. In this deal, the accounting for the note was bifurcated into a 13-year zero coupon note with a fair value of $21.6 million (present value of the $100 million discounted at 12.5%) and a Prepaid Mining Interest of $184.3 million which is recorded in Other Non-Current Assets and is being amortized to expense as an offset to the income received, which is based on 4% of the certain revenue referenced above. We viewed this treatment rather creative since, if revenue from the specific property dropped off or dried up, Leucadia could be faced with a rapid write off of that prepaid interest.

The Company's investment in Goober Drilling we also find interesting. In Q2 of 2006, the Company acquired a 30% interest for $60 million, then agreed to lend Goober $126 million (which was disbursed on 12/31/06) to finance new rig equipment purchases and construction costs and to pay off existing debt. That loan facility was amended to increase the existing interest rate to LIBOR plus 5% and expanded to provide Goober with an additional secured credit facility for up to $45 million at LIBOR plus 10%. Leucadia then provided Goober another equity investment of $25 million, raising its stake in the driller to 42%. The additional funding was needed when Goober found itself pressed due to increased raw materials and labor costs required to construct the new rigs and for working capital needs due to delays in rig construction. Adding insult to injury, Leucadia's investment in Goober exceeded its share of the driller's underlying assets by $36 million at 12/31/06.

Governance: In the Sarbanes-Oxley era, some curious self-serving practices

Leucadia is run as a personal fiefdom for both Cumming and Steinberg. Perhaps nothing sums this up better than the following quote from the most recent Proxy [bolding is ours]:

> **In addition, as stated in the Corporate Governance Guidelines, the Board has determined that friendship among directors shall not in and of itself be a basis for determining that a director is not independent for purposes of serving on the Board. On April 12, 2007, in view of Mr. Keil's son-in-law becoming an employee of the Company (described below under "Certain Relationships and Related Person Transactions--Related Person Transactions"), the Board of Directors reconsidered Mr. Keil's independence and determined that he continues to be independent of the Company and its management**

There are numerous governance issues we feel need to be pointed out. It would seem that, with 25% of the Company's shares in the hands of Chairman Ian Cumming and President, Director Joseph Steinberg, certain liberties have been taken with the compensation guidelines that do not befit a company of this scale:

✓ **Compensation for senior officers is at discretion of Cumming and Steinberg:** "Neither the Compensation Committee, nor Messrs. Cumming and Steinberg, rely on any specific formula, benchmarking or pre-determined targets. In making their recommendations to the Compensation Committee, Messrs. Cumming and

Steinberg focus primarily on their subjective determination of the performance of the individual executive officer, as well as on the performance of the Company."

- ✓ **Annual Bonuses for Cumming and Steinberg are fixed:** Under the terms of their 10-year employment agreements that last through 2015, both receive an annual cash payout equal to 1.35% of the audited pre-tax earnings of the Company. For 2006, this amount came to nearly $4 million.

- ✓ **No succession plan in place for Cumming (66) and Steinberg (63):** The Company has yet to disclose a formal succession plan. Yet, they did amend a section of their Shareholders Agreement last year that stipulates the Company repurchase $125 million of stock from the estate of either insider in the event of a death. The cap had been set at $50 million. Plus, in the event of a termination or death, they, or their beneficiary, are to receive their base salary through the end of their employment agreement (2015).

- ✓ **The Company willingly discloses that stock options are not granted according to a set schedule.**

In another example of self-serving practices that would get the attention of governance watch dogs, Cumming and Steinberg own 7% and 8%, respectively, of HomeFed Corporation of which Leucadia is a 30% owner. In 2002, Leucadia managed to divest itself of one of its real estate subsidiaries, CDS Holding Corporation, by selling it to HomeFed. At the time of the sale, both Cumming and Steinberg were both directors at and shareholders in HomeFed.

Clearly, this is a company where things such as director independence, compensation and the like are defined very much by the whims of Cumming and Steinberg.

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Appendix A

Option and Restricted Stock Vesting Schedules for Selected Leucadia National Corp. 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
Thomas Mara, Executive V.P., Treasurer. Common stock holdings: 19,518 shares								
12/09/04	Options	120,000	$21.75	01/02/06	01/02/11	72,000	72,000	01/02/08, 01/02/09, 01/02/10
11/11/06	Options	100,000	$27.34	01/01/08	12/31/12	100,000	100,000	01/01/08, 01/01/09, 01/01/10, 01/01/11, 01/01/1
Joseph O'Connor, V.P. Common stock holdings: 0 shares								
12/09/04	Options	30,000	$21.75	01/02/06	01/02/11	18,000	18,000	01/02/08, 01/02/09, 01/02/10
11/11/06	Options	40,000	$27.34	01/01/08	12/31/12	40,000	40,000	01/01/08, 01/01/09, 01/01/10, 01/01/11, 01/01/1
Joseph Orlando, V.P., Chief Financial Officer. Common stock holdings: 25,827 shares								
12/09/04	Options	90,000	$21.75	01/02/06	01/02/11	54,000	54,000	01/02/08, 01/02/09, 01/02/10
11/11/06	Options	100,000	$27.34	01/01/08	12/31/12	100,000	100,000	01/01/08, 01/01/09, 01/01/10, 01/01/11, 01/01/1
Justin Wheeler, V.P. Common stock holdings: 5,000 shares								
12/09/04	Options	37,500	$21.75	01/02/06	01/02/11	22,500	22,500	01/02/08, 01/02/09, 01/02/10
12/11/06	Options	75,000	$27.34	01/01/08	01/01/13	75,000	75,000	01/01/08, 01/01/09, 01/01/10, 01/01/11, 01/01/1

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