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

Hidden Risks: Insider Shares Pledged as Collateral
3DAdvisors, LLC Special Report Update

May 14, 2008

Contacts: Bob Gabele (954) 779-3974 or bgabele@3DAdvisors.com
Sean Loren (954) 457-4991 or sloren@3DAdvisors.com

This *Special Report* covers situations where an insider or group of insiders has very large positions (sometimes more than 10% of the outstanding shares) and has pledged some or all of those shares as collateral for securities margin accounts or personal loans. During periods of increasing market volatility, such as we have been experiencing recently, these situations can add a hidden but sometimes very significant degree of risk for share prices that are already under pressure. In this report, we review not only some well known historical examples that manifested themselves as the tech bubble burst in 2001, but we also look at four current situations where this type of risk is clearly present. The Appendix lists other instances across a market cap and sector diverse group of companies where a significant percentage of shares outstanding are pledged as collateral.

Special Reports are published periodically on topics of general interest to 3DAdvisors, LLC subscribers.

Companies Highlighted in this Special Report

- Chesapeake Energy Corp. (NYSE: CHK)
- Knight Transportation Inc. (NYSE: KNX)
- Lithia Motors Inc. (NYSE: LAD)
- Quest Software Inc. (NASDAQ: QSFT)

Discussion of 3DAdvisors Findings

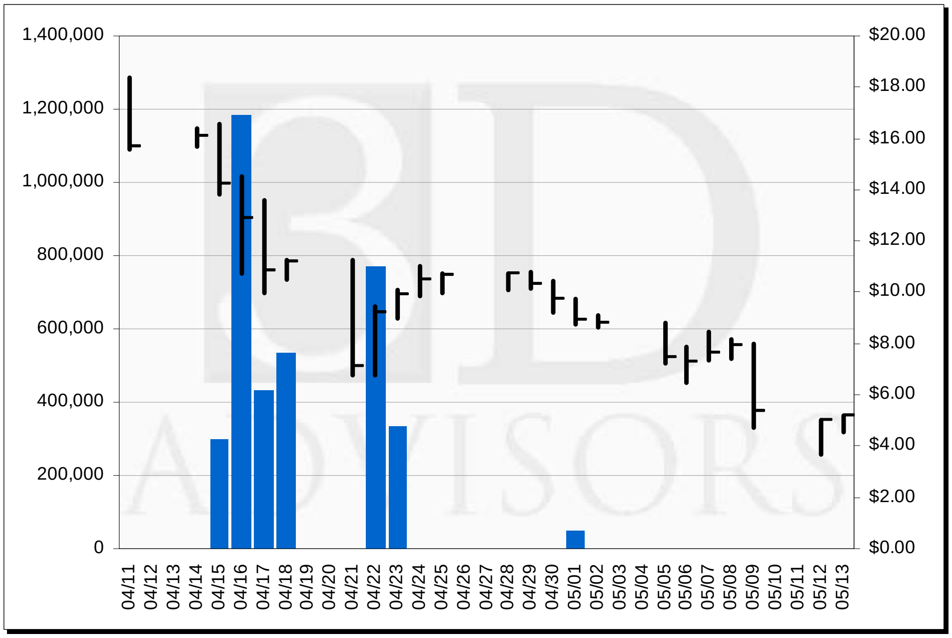
Last September we issued the first of a continuing series of Special Reports (see Hidden Risks: Insider Shares Pledged as Collateral) highlighting corporate insiders who pledge their shares to fund margin accounts or collateralize personal loans. While our interest in this topic goes back years, it was not until the SEC amended its beneficial ownership reporting in January 2007 that companies were required to report shares pledged as security by named executive officers, directors and director nominees in the Proxy Statement. This was quite a breakthrough as disclosure of pledged ownership information had never been required before. To us, there are two principal implications of this particular behavior. First of all, the behavior can be considered somewhat akin to a monetization event such as a forward sale. In this case, however, depending on the deal's structure, the institution to which the shares are pledged can be left holding the bag should the shares fall too far before action is taken. This behavior can also lead to outcomes that can be quite harmful to other shareholders if the stock experiences extreme volatility and begins to lose significant value. Here is the SEC's rationale taken from the final rule [bolding is ours]:

> **To the extent that shares beneficially owned are used as collateral, these shares may be subject to material risk or contingencies that do not apply to other shares beneficially owned by these persons. These circumstances have the potential to influence management's performance and decisions. As a result, we believe that the existence of these securities pledges could be material to shareholders.**

Our clients, no doubt, recall some of the more memorable margin call situations that unfolded at internet service provider PSINet in the wake of the 2001 tech bubble along with **Bernie Ebbers'** fall from grace. Ebbers, the founder and former chief executive of WorldCom, collateralized $250 million in personal loans with his WorldCom stock which would ultimately be surrendered to the bank, putting additional pressure on the already-sinking shares. More recent situations have since surfaced, including the three most recognizable from 2007: Tarragon Inc. (NASDAQ: TARR), American Home Mortgage (OTC: AHMIQ) and SLM Corp. (NYSE: SLM), where CEO **Albert Lord** received margin calls in December on 96% of his 1.3 million shares. On the whole, margin calls are uncommon even during periods of increased market volatility and we suspect others go unnoticed as the companies fail to differentiate a margin call sale from regular open market sales on the Form 4s. Of course, the attendant effect of related margin calls, when pledged shares fall, only serves to put additional pressure on already-stressed share prices, usually at the most inopportune time, which is why we feel such insider commitments represent information that clients should be aware of in considering the trading behavior of insiders.

Take for example the most recent case that played out at liquid natural gas company Cheniere Energy Inc. (AMEX: LNG). LNG shares traded at $30 in early March as the date approached for Cheniere to bring on line its Sabine Pass (Louisiana) receiving terminal, the largest in the United States. Questions about the undersupply of liquefied natural gas to domestic facilities began to drag down the issue until ultimately an analyst downgrade, the resignation of President **Stan Horton**, and reports of sweeping layoffs cut the shares in half by mid-April. The valuation loss triggered some of the most massive margin calls seen in years, as CEO **Charif Souki**, CFO **Don Turkleson**, and Vice Chairman **Walter Williams** surrendered 3.6 million of the 4.8 million shares the three collectively owned. The margin calls covered 7% of Cheniere's outstanding shares and put added pressure on the already downward spiraling issue (see Figure 1 below). Since the last margin call on May 1st, LNG's market value has eroded another 50% as the shares traded below $5 on its May 9th first quarter earnings release which included a widening loss from the same period a year earlier. We fully anticipate additional selling as there are still two additional board members who pledged shares as collateral and have yet to receive margin calls of their own.

Figure 1. Insider Selling to Meet Margin Calls (Blue Bars and Left Scale) and LNG High, Low and Closing Price (Right Scale), Daily, 04/11/08 through 05/13/08. Source: Reuters and LNG SEC Filings.



Again, this practice seems an opportunity for an insider to monetize shares under the radar. Should the shares fall, it's easier to just let the counterparty sell, making such sales look as if they were out of the insider's control as opposed to "insider selling". But if such insiders were truly believers that their shares would not be heading lower, one would think those involved would put up more cash collateral, when required, instead of allowing the shares to be sold. Having now analyzed two years of these pledged ownership disclosures, we have come to realize there are vast discrepancies and shortcomings in the manner in which they are reported. A lot can be read into those companies that obfuscate the extent of their insiders' debt obligations, which was certainly applicable at Cheniere, and we have singled out some of the more intriguing cases in this report.

We have constructed for our clients a list of companies where key insiders have pledged large stock positions as collateral for various loans. In some cases the disclosure is quite specific, in others quite vague. Although Proxy rules have now required pledged share disclosure for two years, the financial media has yet to take notice so our list should be considered one of the few available on the subject. Since the collateralization of shares is uncommon to begin with (many companies explicitly prohibit it), there is only a handful of key inside shareholders who have pledged significant percentages of their company's stock, but this list has grown two-fold since our last report.

We have applied two criteria to narrow down the list. First are those situations that involved shares pledged by the executive officers and directors as a group that account for more than 5% of the company's outstanding shares. This did exclude some very interesting situations, such as ailing Puerto Rican bank Popular Inc. (NASDAQ: BPOP), where three officers, including President, CEO **Richard Carrion**, and two board members collectively have pledged 5.3 million shares, or nearly 50% of their combined ownership. Another good example is Astoria Financial Corp. (NYSE: AF), a regional bank holding company that just missed its first quarter projections due to its exposure to bad mortgages. Chairman, CEO **George Engelke** increased his pledged share count 330% since last year and now has 85% of his common stock (31% of total actionable position), tied up. But the more fascinating part is that *eleven* insiders used their AF stock to secure margin loans and across the board the total shares pledged by each individual increased from 2007 to 2008.

The second criterion we used applies to key operating officers and prominent board members who pledged more than 75% of their total actionable ownership (common stock and vested options) but the leveraged shares do not account for more than 5% of their company's outstanding stock. Our suspicion is that influential individuals with a significant percentage of their net worth in jeopardy of being surrendered to a financial institution could direct the company to take on unnecessary risks and possibly even resort to what amounts to aggressive accounting that in extreme cases amounts to financial fraud. Although it seems farfetched, this is exactly what transpired at WorldCom. For the full list, see the Appendix A.

<u>Chesapeake Energy Corp. (NYSE: CHK)</u>

Key Statistics

Sector:	Last Close:	Shares Outstanding:	# Insiders Pledged:
Basic Materials	**$58.26**	**514.00M**	**3**
Industry:	**52 Week Range:**	**Average Volume (3m):**	**Shares Pledged:**
Independent Oil & Gas	**$31.38 - $57.87**	**11,674,000**	**29,586,509**
Market Cap:	**S&P Credit Rating:**	**Short % of Float:**	**% Out Pledged:**
$29.95B	**BB/+**	**7.4%**	**6%**

Chesapeake Energy Co-founder, Chairman and Chief Executive **Aubrey McClendon** (48) has garnered considerable attention on Wall Street for his continuing streak of stock purchases and deservingly so, as CHK has appreciated more than 800% since his frenzied accumulating started back in September 2002. Although at this point it would be difficult for anyone to dispute the legitimacy of his activity, we cannot ignore the veiled risks lurking below the surface: Chesapeake management's ownership is leveraged to a degree that has it standing alone among other publicly traded companies. (For a more descriptive explanation, see a full report on CHK dated 04/20/06 titled: Once High-Profile Stock Buyers, Principals Quietly Exit).

McClendon has laid out $365 million since September 2002 to acquire 17.5 million shares, either on the open market or through the exercise of vested stock options, increasing his ownership by 240%. This includes the 2.1 million shares purchased thus far in 2008 at a cost of $93 million. But at what expense did he acquire these shares? A disclosure in the Company's 2006 Proxy revealed 96% of McClendon's position at the time was "held in bank or brokerage margin accounts or escrow accounts securing brokerage accounts". The latest Proxy filed on 04/29/08 shows 29.3 of his 29.5 million shares (99.3%) are held in margin, which would include all those recently purchased, but this brief description hardly spells out the complexity of his commitments. Please note: the information below comes from McClendon's most current 13D filed on 02/22/06. Some of the figures have increased based on information provided in the current Proxy [bolding is ours]:

> **Mr. McClendon maintains credit arrangements with RBC Dain Rauscher, Inc. ("RBC") pursuant to an agreement dated September 16, 2005 with Lehman Brothers pursuant to agreements dated September 13 and December 8, 2005, with Wachovia Securities pursuant to an agreement dated September 5, 1996, with Morgan Stanley pursuant to an agreement dated February 1, 2005 and with Goldman, Sachs & Co. ("Goldman") pursuant to an agreement dated July 11, 2002. As of February 10, 2006, Mr. McClendon and CI have pledged 4.51 million shares of Common Stock as collateral for the credit arrangement with RBC. Mr. McClendon has also pledged 1.06 million shares of Common Stock as collateral for the credit arrangement with Lehman Brothers, 2.13 million shares of Common Stock as collateral for the credit arrangement with Wachovia Securities, 826,282 shares of Common Stock as collateral for the credit arrangement with Morgan Stanley and 7.01 million shares of Common Stock as collateral for the credit arrangement with Goldman, as of February 10, 2006. The agreements contain standard default and remedial provisions.**
>
> **Mr. McClendon has pledged 2.01 million shares of Common Stock, 50,000 shares of the Company's 5.00% (2003) Preferred Stock (which is convertible at any time by Mr. McClendon into 304,810 shares of Common Stock), and 10,000 shares of 4.125% Preferred Stock (which is convertible under certain conditions by Mr. McClendon into 600,555 shares of Common Stock) as security for the performance of financial obligations Mr. McClendon may have from time to time pursuant to energy trading transactions with a large Oklahoma-based private oil company. As a result, the shares may be subject to transfer if there is a default in the obligations secured by the parties' oral pledge agreement.**

Tom Ward founded Chesapeake with McClendon and had also been an aggressive buyer of CHK shares ($84 million worth) until his resignation in February 2006. No longer an executive, he was released from Company rules prohibiting derivative transactions covering CHK securities and immediately took action, selling forward and collaring 14.3 million shares, some of the most aggressive position-hedging we have seen. He laid out $425 million in the first quarter of 2007 to cancel all 2006 forward sale and collar contracts, only to sell forward his entire position (23.8 million shares) in March 2007 for an undisclosed price. What stands out to us is the fact that the eight contracts called for the shares to be delivered between March 2008 and May 2008 and did not include a provision for the contracts to be settled in cash (a common element of most forward sale agreements). **Since no further contract cancellations have been reported (Ward's amended 13G on 03/27/08 did not report any cancellations), it would appear that 23 million shares (5% of CHK's outstanding shares) just recently exchanged hands**.

Figure 2. CHK Daily Closing Price, 05/01/07 through 05/13/08. Source: Reuters.

We would add that the internal confidence is not nearly as high as it would seem from CEO McClendon's activity. Insiders have already sold 590,000 shares in 2008, topping the selling volume in each of the past three full years. CFO **Marcus Rowland** (55) sold off all of his actionable ownership, leaving just the 25,000 shares tied up in his margin account. COO **Steven Dixon** (49) sold 160,000 shares in April and May under an ongoing 10b5-1 plan, nearly matching his cumulative volume between 1996 and 2007. His apparent resolve to unwind his position, which is now down 35% on the year, included going outside of his trading plan to sell additional shares. Human Resource head **Martha Burger** (55) currently trades at an unprecedented pace in and out of a 10b5-1 plan of her own, and like Dixon, sold shares not covered by her plan earlier in the year. Her year-to-date ownership reduction stands at 36%. Finally, it was first disclosed in the current Proxy that Audit Committee chairman **Breene Kerr** (79), the longest tenured board member, put up his entire 228,000 share position as collateral for a margin account – an interesting move for someone his age.

Knight Transportation, Inc. (NYSE: KNX)

Key Statistics

Sector:	**Last Close:**	**Shares Outstanding:**	**# Insiders Pledged:**
Services	**$18.39**	**86.04M**	**4**
Industry:	**52 Week Range:**	**Average Volume (3m):**	**Shares Pledged:**
Trucking	**$14.30-$20.54**	**792,411**	**16,952,111**
Market Cap:	**S&P Credit Rating:**	**Short % of Float:**	**% Out Pledged:**
$1.59B	**N/A**	**29.2%**	**20%**

While Knight Transportation has one of the more underleveraged balance sheets in the trucking industry, the same cannot be said for its management team's personal stock accounts. KNX is a family-run business started by four cousins back in 1990. These four family members, Chairman, CEO **Kevin Knight** (51), Vice Chairman **Gary Knight** (56), COO **Keith Knight** (53) and Director **Randy Knight** (59) collectively own 33% of the outstanding shares. But what has attracted our attention is that each of the Knights has put up a significant amount of his ownership to secure certain undisclosed indebtedness and the pledged equity now comprises a very material, and potentially hazardous, percentage of the Company's outstanding shares. Making this situation even more compelling is the fact that since the last Proxy, three of the four borrowed more on their shares or were required to put up more stock to meet their margin requirements. Add to this the Company's deteriorating fundamentals; a stock that customarily trails its peer group and some rather unsavory open market stock sales in the past six months, and we have what amounts to a significant "Red Flag".

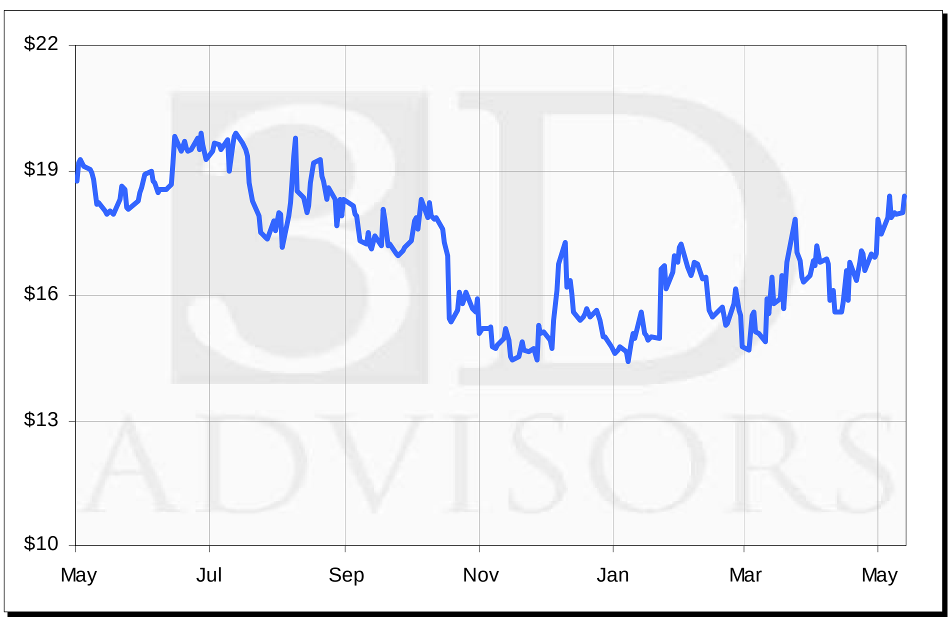
On April 23rd KNX reported a 31% drop in first quarter earnings from the same period a year earlier, attributing the setback to rising fuel costs and decreasing freight demand. Earnings missed Wall Street's expectations by a penny. Although KNX has wrestled with declining earnings for a few quarters, this was the first time they missed the consensus after having beat by a penny in the prior quarter. For much of the year analysts have predicted a bottom to the industry's prolonged slide, but the weakening economy continues to take its toll. On the 1Q08 conference call, CEO Kevin Knight commented, "High fuel prices, rates that fail to support adequate returns and high debt levels should continue to weigh heavily on the truckload industry." This should not have caught investors off guard, as Company insiders have been selling since October, distributing a total of 873,128 shares.

Director Randy Knight cashed in 650,000 shares in November at $15, more than reversing his May 2005 to March 2006 purchases when he picked up 227,000 shares at prices as high as $20. CEO Kevin Knight was last seen paying $16 to add shares to his position in July 2006 but later sold the stock for the same price in December 2007. Then there was Audit Committee member **Donald Bliss** who sold 35% of his holdings right after the April 23rd earnings release at prices in the $17 to $18 range after last selling in the third quarter of 2007 with the stock price at roughly $20. The insiders' fortitude to hold their shares for higher prices clearly appears to be waning.

Insider	Shares Pledged 03/01/07	% Common Holdings Pledged	Shares Pledged 05/10/08	% Common Holdings Pledged
CB, CEO Kevin Knight	2,325,000	35%	2,908,046	45%
VC Gary Knight (officer)	2,349,876	32%	3,931,636	54%
COO Keith Knight	2,825,000	40%	5,500,000	78%
Director Randy Knight	5,261,089	76%	4,612,429	74%

Due to the loosely defined proxy reporting rules for pledged holdings, it is unclear when or for what purpose insiders collateralized their shares as KNX's only description was that the shares were "pledged as security". We know stock was pledged earlier than March 1, 2007, but since the new disclosure rules did not take effect until January 2007, these shares might have been pledged years earlier without ever having to be reported. What we can say with full confidence is that they put up more shares between March 2007 and March 2008. CEO Kevin Knight's pledged ownership increased 25% while VC Gary Knight's and COO Keith Knight's pledged holdings jumped 67% and 95%, respectively. Based on the current market price of KNX shares relative to historical levels, it seems more likely these large increases were the result of additional borrowings rather than a maintenance requirement. At this time, 75% of the 16.9 million shares owned by the four Knight family relatives is currently pledged, which translates to 20% of KNX's outstanding shares being at risk of receiving margin calls.

Figure 3. KNX Daily Closing Price, 05/01/07 through 05/13/08. Source: Reuters.



<u>Lithia Motors, Inc. (NYSE: LAD)</u>

Key Statistics

Sector:	Last Close:	Shares Outstanding:	# Insiders Pledged:
Services	**$8.00**	**19.69M**	**8**
Industry:	**52 Week Range:**	**Average Volume (3m):**	**Shares Pledged:**
Auto Dealerships	**$7.52 - $27.58**	**409,700**	**4,192,231**
Market Cap:	**S&P Credit Rating:**	**Short % of Float:**	**% Out Pledged:**
$157.5M	**N/A**	**20.8%**	**21%**

Although the SEC has taken steps to improve investor awareness of corporate insiders' pledged shares commitments, the disclosure requirements are currently too vague. It is at the companies' discretion to report share counts and expound on the type of debt obligations the stock is being used to collateralize. The chain of events at Cheniere Energy heightened our awareness regarding the inconsistencies in pledged ownership disclosure and relevance of companies that censor the extent of its insiders' debt commitments. For example, Cheniere's only comments on its insiders' pledged shares came in the following terse footnote found in the Proxy [bolding is ours]:

"Some or all of the shares are held in a margin account."

When LNG shares traded from their March high of $30 to below $10 in April, three officers received margin calls and only then did we learn their actual margin obligations leaned more to "all of the shares" rather than "some of the shares" as the top three insiders surrendered 75% of the collective 4.8 million shares they owned. We recount these details at LNG because of similarly evasive disclosure at Medford, Oregon-based auto dealer Lithia Motors.

While we recognize Lithia is now just a $150 million company with a $8 share price, which probably makes it a less-than-attractive short idea, the company was valued at $600 million back in early 2007 and going through the details has illustrative value. Consecutive quarterly losses and declining sales have battered the shares, although management forecasts improving fundamentals in the second half of the year. Lithia also recently completed an internal investigation (with the assistance of its auditor) into irregularities in the way it reported car sales to manufacturers. For purposes of this report, our interest lies in certain ambiguous disclosures related to pledged stock found in the Company's Proxy filed on 04/29/08. The following footnote appears next to the holdings for all eight of Lithia's eight named officers and directors [bolding is ours]:

“The shares owned by each executive officer may be held in a brokerage account and certain executive officers may have margin loans secured by the entire account assets, which could include shares of Class A Common stock that could be sold by the broker to satisfy a potential margin call.”

Upon first reading this our thoughts immediately returned to the indeterminate number of pledged shares at Cheniere. The eight LAD insiders implicated collectively hold 430,000 Class A shares or 3% of Lithia’s outstanding shares. Adding to the risk are the 3.7 million Class B shares (100% of Class B shares) Chairman, CEO **Sidney DeBoer** used as collateral to secure personal loans. This is a slippery slope as DeBoer, through his Class B stock ownership, controls the election of the board of directors and is in a position to direct the policies and operations of the Company. Should he default on his personal loans it is unclear whether he would retain control of Lithia. DeBoer last reported only 1 million Class B shares tied up for his indebtedness, so it would seem the banks have since asked for a significant maintenance increase to meet his margin requirement.

Figure 4. LAD Closing Price, 05/01/07 through 05/13/08. Source: Reuters.

All considered, Lithia insiders put 21% of the outstanding shares in jeopardy of being recalled by their respective financial institutions. Compounding an already troublesome ownership profile is the fact that all options held by the management team and board have slipped under water. Should they receive margin calls, the likelihood of which seems quite high with the shares now trading at a ten-year low, it could wipe out all of the management team’s actionable ownership, and potentially put considerable downward pressure on the already beat up shares.

Quest Software, Inc. (NASDAQ: QSFT)

Key Statistics

Sector:	Last Close:	Shares Outstanding:	# Insiders Pledged:
Technology	**$15.04**	**103.85M**	**1**
Industry:	52 Week Range:	Average Volume (3m):	Shares Pledged:
Business Software & Services	**$12.14 - $18.87**	**1,317,670**	**30,750,531**
Market Cap:	S&P Credit Rating:	Short % of Float:	% Out Pledged:
$1.56B	**N/A**	**7.2%**	**30%**

There are only a few companies that have an insider with as many shares pledged to secure personal indebtedness as Quest Software. Chairman, CEO **Vincent "Vinny" Smith** (44) collateralized his entire 30.7 million share common position, leaving only those shares held in the name of his minor children untouched. Taking into account vested stock options, nearly 95% of his actionable holdings are currently pledged as collateral for margin accounts. Only Oracle's chief executive **Larry Ellison** and Boston Scientific's co-founders **Pete Nicholas** and **John Abele** have put up larger quantities of stock. If it were not for the SEC's new Proxy disclosure rules, shareholders would never have been aware of CEO Smith's debt obligations. There is only a brief mention (footnote to beneficial ownership table) of his pledged shares in the 2006 and 2007 Proxy Statements and none of his past SC 13G filings mention the pledged shares. Furthermore, Quest does not include Smith or his ownership profile in the Company's "risk factors" section of the quarterly or annual reports, which we find quite intriguing as most companies mention the loss of key personnel, especially those with significant ownership, as a risk to future operations.

In our opinion, Smith's heavy personal debt load is just one of many portentous issues currently hanging over the Company. In May 2006 Quest formed a special committee to investigate its historic stock option granting practices and determined that more than 22 million options were granted over a seven year period with incorrect measurement dates, resulting in an arduous restatement process (five years of annual reports) and a $140 million hit to the bottom line. Obviously the SEC opened a formal investigation of its own and more recently the US Attorney's Office has asked for documents as well. Although regulatory investigations into option backdating cases have typically ended without penalty, the Company, CEO Smith and certain current and former employees seem to be in hot water.

The SEC delivered Wells Notices to Quest along with CEO Smith, and former chief financial officers **John Laskey** and **Brinkley Morse**, the latter of whom resigned in November 2006 and refused to answer questions about the Company's option grant practices. According to the Company, the Wells Notices provide notification that the

SEC intends to recommend civil actions be brought against the Company and individuals for possible violations of federal securities laws. And that's not their only legal quandary. There are currently two ongoing shareholder suits brought against Quest and certain current and former officers, one stemming from the option backdating problems and a second related to the 1999 IPO. In both cases Quest's most recent motions to dismiss were denied by the respective courts. Despite these legal setbacks, the Company has yet to fund any litigation reserves.

Figure 5. QSFT Daily Closing Price, 05/01/07 through 05/13/08. Source: Reuters.

To Quest's credit, earnings have improved although this is defined by narrower year-over-year declines. After 4Q07 earnings reported on 02/05/08 fell 28% from the prior year, profits in the first quarter declined only 11%, beating Wall Street's expectations by a penny. Management sounded hopeful on the conference call but was unable to predict any meaningful turnaround until the fourth quarter, citing the economy as the reason for their timidity. It will be very interesting to see how the rest of the year unfolds as there does not seem to be any current catalyst for significant upside and an earnings miss could drag the shares back down to the $10 level. Based on Quest shares four year average price of $14, it would not be difficult to envisage margin calls at levels not too far below.

Appendix A

Pledged Share Data for Selected Companies and Insiders

Company	Ticker	Market Cap	Short Interest	Volume	Outstanding (millions)	Insiders w/ Pledged Shares	Actionable Ownership	Pledged Shares	% Actionable Ownership Pledged	Total % of Outstanding Pledged
Companies where insiders collectively pledged more than 5% of the outstanding shares										
Boston Scientific	BSX	19.52B	2.8%	9,917,630	1,500.00	CB Pete Nicholas	70,333,927	67,226,957	96%	**8%**
Boston Scientific						DIR J. Abele	58,609,458	51,384,488	88%	
Boston Scientific						DIR J. Fleishman	159,920	116,587	73%	
Cato	CTR	468.21M	9.3%	187,422	29.39	CB, CEO, Pres John Cato	1,861,725	1,740,525	93%	**6%**
Champion Industries	CHMP	49.04M	10.0%	13,492	9.99	CB, CEO Marshall Reynolds	4,274,127	2,377,750	56%	**24%**
Chesapeake Energy	CHK	29.95B	7.4%	11,674,000	514.00	CB, CEO Aubrey McClendon	29,529,975	29,332,493	99.3%	**6%**
Chesapeake Energy						DIR Breene Kerr	228,750	228,750	100%	
Chesapeake Energy						CFO M. Rowland	47,093	25,266	54%	
Constellation Brands	STZ	4.56B	7.0%	1,972,300	217.10	Sands Family	27,778,188	13,854,625	50%	**6%**
Covanta Holding	CVH	6.60B	2.8%	1,788,640	154.71	CB Samuel Zell	23,225,534	19,500,900	84%	**13%**
Credit Acceptance	CACC	701.62M	16.6%	23,107	30.38	CB Donald Foss	19,523,269	2,204,198	11%	**7%**
Fossil	FOSL	2.36B	12.8%	861,610	68.86	CEO Kotsa Kartsotis	9,575,539	8,875,539	93%	**13%**
General Maritime	GMR	898.14M	13.4%	403,008	31.32	CB, CEO, P Peter Georgiopoulos	3,985,701	2,267,793	57%	**7%**
Green Mountain Coffee	GMCR	897.35M	24.4%	454,622	23.84	CB Robert Stiller	6,590,857	3,057,129	46%	**13%**
Kinetic Concepts	KCI	2.79B	11.9%	1,258,300	72.32	DIR James Leninger	8,904,774	3,000,000	34%	**5%**
Knight Transportation	KNX	1.59B	29.2%	788,586	86.04	COO Keith Knight	7,096,621	5,500,000	78%	**21%**
Knight Transportation						DIR Randy Knight	6,277,252	4,612,429	73%	
Knight Transportation						VC Gary Knight	7,293,961	3,931,636	54%	
Knight Transportation						CB, CEO Kevin Knight	7,400,252	2,908,046	39%	
Kronos Worldwide	KRO	1.18B	0.7%	26,628	48.96	CB, CEO Harold Simmons (Valhi, Inc.)	46,705,079	23,292,297	50%	**48%**
Lithia Motors	LAD	157.50M	20.8%	405,664	19.69	CB, CEO Sidney DeBoer (Class B)	3,762,231	3,762,231	100%	**21%**
Lithia Motors						All executive officers	430,000	430,000	100%	
Mannatech	MTEX	176.22M	25.8%	157,989	26.46	CB Samuel Caster	5,663,116	5,300,000	94%	**27%**
Mannatech						DIR Marlin Robbins	2,044,480	1,900,000	93%	
NL Industries	NL	532.57M	2.6%	141,771	48.59	CB, CEO Harold Simmons (Valhi, Inc.)	41,759,006	17,224,992	41%	**35%**

Appendix A

Pledged Share Data for Selected Companies and Insiders

Company	Ticker	Market Cap	Short Interest	Volume	Outstanding (millions)	Insiders w/ Pledged Shares	Actionable Ownership	Pledged Shares	% Actionable Ownership Pledged	Total % of Outstanding Pledged
Oracle	ORCL	111.63B	1.1%	40,830,400	5,150.00	CB, CEO Larry Ellison	1,200,184,580	525,091,175	44%	**10%**
PetroQuest Energy	PQ	1.11B	9.8%	888,629	49.75	CB, P, CEO Charles Goodson	4,123,895	3,866,512	94%	**8%**
Pulte Homes	PHM	3.26B	15.3%	8,295,030	257.52	CB William Pulte	42,353,189	30,378,652	72%	**12%**
Quest Software	QSFT	1.56B	6.8%	1,293,630	103.85	CB, CEO Vincent Smith	33,210,531	30,750,531	93%	**30%**
Quicksilver Resources	KWK	6.51B	5.1%	2,160,070	158.50	Quicksilver Energy L.P. (Darden Family)	45,566,912	4,330,861	10%	**5%**
Quicksilver Resources						DIR Steven Morris	991,842	858,864	87%	
Quicksilver Resources						CB Thomas Darden	2,982,350	835,414	28%	
Quicksilver Resources						P, CEO Glen Darden	2,919,674	743,712	25%	
Quicksilver Resources						DIR Phillip Cook	14,515	12,084	83%	
Quicksilver Resources						DIR James Hughes	14,096	3,480	25%	
Sonic Automotive	SAH	791.87M	11.1%	462,595	40.87	CB, CEO O. Bruton Smith	11,052,500	4,440,625	40%	**11%**
Speedway Motorsports	TRK	1.18B	2.8%	131,360	43.52	CB, CEO O. Bruton Smith	29,000,000	14,350,000	49%	**33%**
TD Ameritrade	AMTD	10.59B	1.7%	4,068,930	594.34	CB Joe Ricketts	112,177,699	30,500,000	27%	**5%**
Trailer Bridge	TRBR	75.20M	1.0%	9,957	11.94	DIR Malcolm McLean	1,512,274	1,443,992	95%	**16%**
Trailer Bridge						CB, CEO John McCown	1,604,000	359,000	22%	
Trailer Bridge						GC William Gotimer	178,434	62,542	35%	
Trailer Bridge						CFO Mark Tanner	116,739	22,739	19%	
Trailer Bridge						VP Robert van Dijk	106,432	14,432	14%	
Western Alliance Bancorp	WAL	369.10M	16.9%	172,643	30.16	P, CEO Robert Sarver	3,655,807	2,363,141	65%	**8%**
Western Alliance Bancorp						DIR Donald Synder	215,071	96,082	45%	
Western Alliance Bancorp						CFO Dale Gibbons	136,674	69,900	51%	
Companies where a key officer or director pledged more than 75% of their holdings (but insiders collectively did not pledge more than 5% of outstanding shares										
Coca Cola Enterprises	CCE	10.40B	3.0%	2,928,860	487.36	DIR Marvin Herb	18,628,548	17,856,470	96%	**4%**
EXCO Resources						VC, P Stephen Smith	897,017	678,309	76%	
EXCO Resources	XCO	2.49B	11.9%	1,402,660	104.64	CB, CEO Douglas Miller	899,522	497,521	55%	**1%**
General Growth Properties	GGP	11.20B	12.1%	3,681,840	243.94	CFO Bernard Friebaum	7,648,741	7,527,590	98%	**4%**
General Growth Properties						P, COO Robert Michaels	1,929,929	1,326,000	69%	
General Growth Properties						CCDO Jean Schlemmer	361,417	185,956	51%	

Appendix A

Pledged Share Data for Selected Companies and Insiders

Company	Ticker	Market Cap	Short Interest	Volume	Outstanding (millions)	Insiders w/ Pledged Shares	Actionable Ownership	Pledged Shares	% Actionable Ownership Pledged	Total % of Outstanding Pledged
Kirby	KEX	3.15B	5.3%	755,905	53.73	CB C. Berdon Lawrence	1,574,984	1,326,640	84%	**3%**
Kirby						P, CEO Joseph Pyne	638,851	303,522	48%	
MCG Capital	MCGC	436.10M	12.5%	1,215,330	65.58	P, CEO Steven Tunney	430,062	421,520	98%	**1%**
MCG Capital						EVP B. Hagen Seville	370,330	258,675	70%	
MCG Capital						EVP, GC Samuel Rubenstein	166,085	25,000	15%	
SBA Communications	SBAC	3.80B	6.6%	1,597,120	108.47	P, CEO Jeffrey Stoops	2,205,239	1,915,768	87%	**1%**