



This 3DAdvisors Report Covers:

- ✓ **Insider Trading:** Insider Trading Behavior
- Accounting:** Quality of Earnings Issues
- Governance:** Corporate Governance Issues

Insider Research Bulletin

February 2, 2007

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

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. The ▲ symbol indicates that we have observed trading behavior that suggests a bullish sentiment.

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

Companies in this Bulletin

- ▶ Magellan Health Services Inc. (NASDAQ:MGLN)
- ▶ Starwood Hotels & Resorts Worldwide Inc. (NYSE:HOT)
- ▶ UAL Corp. (NASDAQ:UAUA)

Discussion of 3DAdvisors Findings

Magellan Health Services Inc. (NASDAQ:MGLN)

It has become increasingly more difficult in the current market environment to find occurrences of insiders selling well off the highs, or at least into modest price volatility, which is why we were drawn to the activity at Magellan Health Services. Fresh off releasing 2007 earnings guidance that failed to win over analysts, the Company's top three executives kicked off the New Year with some of the most aggressive dispositions since the Company's emergence from Chapter 11 in January 2004. This story so far has all the ingredients we could wish for in a compelling insider report and will undoubtedly be investigated further for additional behavioral risks. At this point, there have already been 1.15 million shares sold in January and we expect there will be more to follow once additional options vest later in the quarter.

Magellan shares had been flying high in 2006 until the September 6th announcement that WellPoint was exercising its right to terminate its Midwest contract

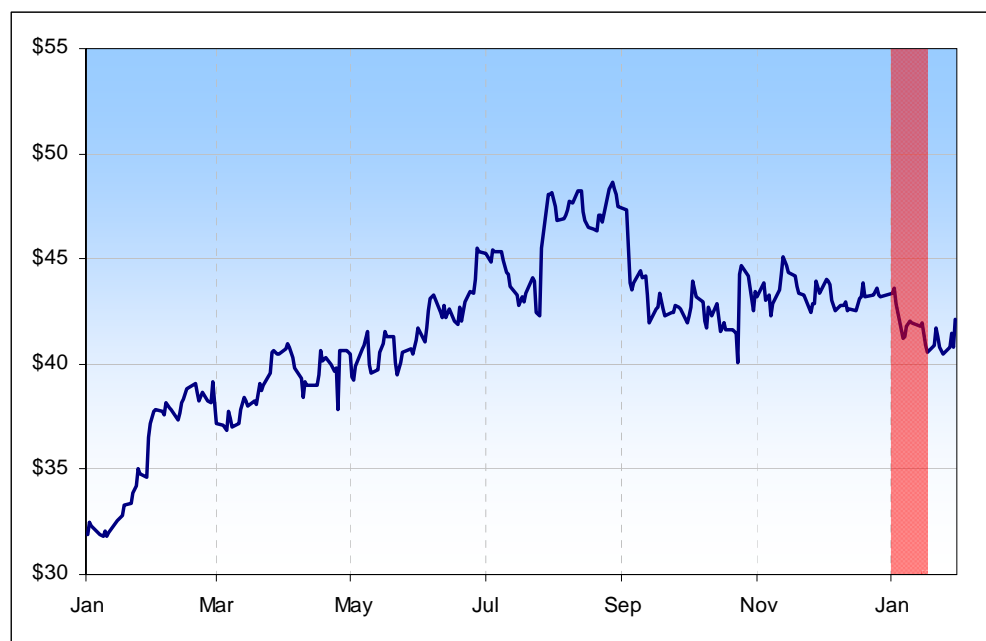
months in advance of the expected expiration. In less than two months MGLN shares gave back 15% of their value in the aftermath of the announcement and stalled further when the mid-point of the Company's 2007 earnings forecast came in more than 20% below the consensus. When relating his expectations for 2007, Chairman, CEO **Steve Shulman** said that it would be a "transitional period", referring to the addition of two new large contracts and the loss of two higher-margin deals. Much of Shulman's three years with the Company have been transitional, as he was brought in to manage the Company through bankruptcy and lead a successful reemergence back to public company status. To help with the process, he tapped long-time business partner, Chief Operating Officer, Director **Rene Lerer**, and he and Shulman, along with the incumbent chief financial officer, **Mark Demilio**, have run MGLN hand in hand. While we can't argue with the Company's post-bankruptcy performance, we certainly take issue with management's aggressive stock sales over the past 18 months.

This is not the first time MGLN executives have displayed a proclivity towards aggressive share liquidation. Just before the issue resumed trading following the recapitalization, it was determined that MGLN executives were issued options that were priced below fair market value. An IRS rule change (Section 409A), effective in 2005, required that such options be treated as deferred compensation subject to stiff consequences unless certain modifications were made. The Company could either move the strike price of those options up or shorten their exercise period in order to avoid penalties. In this case, instead of simply increasing the strike price, the Company opted to shorten the exercise period for those options. Consequently, they had to be exercised (though not necessarily sold) within one year of their vesting date, rather than nine years under the original specifications.

As a result, we had expected to see a large number of options exercised, and were curious to see whether the execs would either go out of pocket to buy the shares outright or use cashless exercises to retain some of the shares. They apparently had a different strategy in mind. In June 2005, the three established 10b5-1 personal sales plans and immediately unloaded (i.e. exercised *and* sold) over one million shares in a two-week period, with Lerer and Demilio clearing out the majority of their ownership just months before the issue got a haircut when the Company reported declining revenues in the third quarter of 2005. And now the same three have resurfaced again, in January, to put on a repeat performance of much larger magnitude.

With the issue down more than 10% from the highs established in September, Shulman, Lerer, and Demilio either adopted new trading plans or recommenced their original ones, but we are unable to discern the 10b5-1 terms due to incomplete disclosure. What we do know for certain is that Lerer and Demilio, under the guise of "subjectively carried-out" sales plans, monetized 95% and 100% of their total ownership with multiple trades executed at successively lower prices from \$43 down to \$40. Their apparent impatience to move the stock was demonstrated when they began monetizing the options on the first or second trading day after becoming exercisable. So, in summary, we have the Company's top executives expediently cashing out their holdings off the highs, after issuing disappointing 2007 guidance, and all under the cover of 10b5-1 trading plans yet to be defined for the investor public.

Figure 1. MGLN Daily Closing Price 01/03/06 through 02/01/07. Shaded red area is where 3 insiders sold 1.5 million shares. Source: Reuters and MGLN SEC Filings.



Making this story even more interesting to us (though probably not so much to shareholders of the pre-bankrupt Magellan) are the immense amounts of money taken home by these three execs during the past three years. In addition to the astounding profits generated from their stock sales, they have been paid quite handsomely in base salaries and annual bonuses. These figures are outlined below in addition to the details of each executive's personal trades.

- **Rene Lerer (50)** – President, Chief Operating Officer, Director. Lerer kicked off the year with his second substantial round of selling since the issue emerged from bankruptcy in 2004. After liquidating 340,000 shares in June 2005, equal to 95% of his ownership, he repeated the same feat this quarter. Between January 8th and January 19th he again **shed 95% of his holdings**, only in this case, the share count increased to 537,000 shares. The trades netted him a pre-tax profit of \$16 million, driving his total option-related income to \$25 million since June 2005. Add in the nearly \$5 million in cash compensation he has received and Lerer has earned \$30 million in the three years he has been with the Company. To put the magnitude of his recent selling into perspective, Lerer currently does not even hold enough unvested equity, which will not even be fully exercisable until 2010, to replace 50% of what he just erased (see Appendix A).
- **Mark Demilio (50)** – Chief Financial Officer. Demilio has been the Company's CFO since 2001, so the forced bankruptcy occurred on his watch. Shareholders of the former company would not be pleased to hear Demilio has made \$17.3 million (after exercise related costs) on the sale of his stock over the past 18 months. Current shareholders should be equally as disgruntled that with all the stock options and restricted stock granted Demilio since the Company emerged from bankruptcy, **he currently does not have any MGLN ownership**. After selling 50,000 shares in the

second quarter of 2006 at an average price of \$41, he picked up his pace in 2007, monetizing all 358,000 of his vested options between January 5th and January 9th at roughly \$41. None of the options was scheduled to expire before January 2014. He will not have any actionable holdings until 53,822 options and restricted shares vest over the next two months, which regrettably for Demilio, will be the only equity to vest until 2008 (see Appendix A).

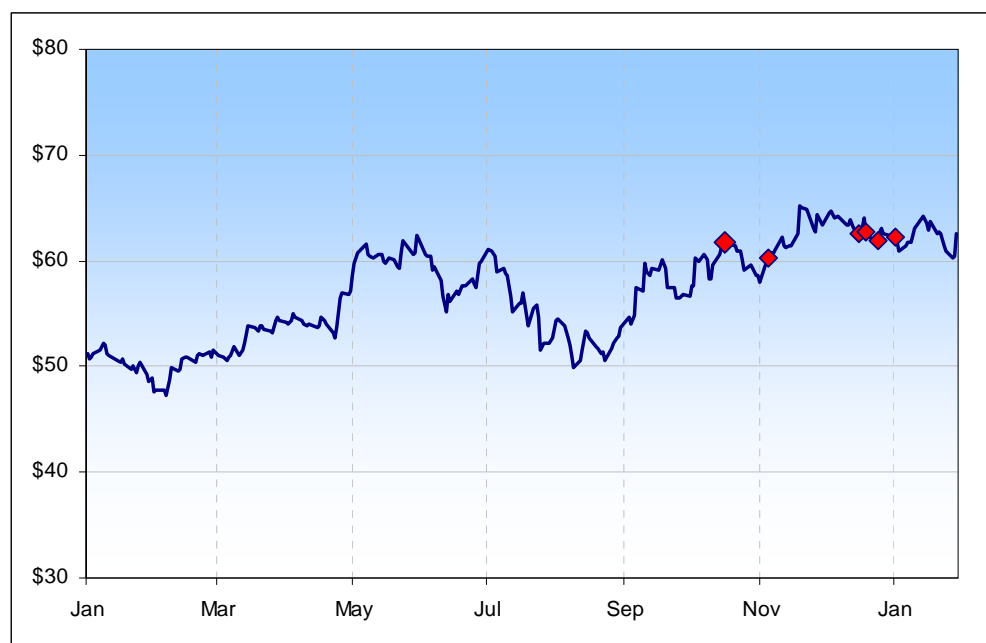
- **Steve Shulman (54)** – Chairman, Chief Executive Officer. Relative to his two direct reports, Shulman's January sales had a smaller impact on his total ownership. His sales, however, are by no means insignificant. The 258,348 shares sold under a 10b5-1 plan between January 3rd and January 8th, combined with the 70,000 sold in 2006, **accounted for nearly 30% of his actionable holdings**, which are comprised of common stock and vested options. Yet, over the past eighteen months he has already burned through more than half of the sizeable option grants issued him in January 2004, which are now fully vested. Shulman will have 136,000 options and restricted shares become actionable in the next few months but that will be it for the next twelve months (see Appendix A). Finally, shareholders might be interested to find that Shulman's sales dating back to June 2005 have rewarded him with profits totaling \$23 million.

Starwood Hotels & Resorts Worldwide Inc. (NYSE: HOT)

The insider behavior at Starwood Hotels has been a bit of an enigma in recent years. The trading profile looked bleak back in Q4 of 2004 and Q1 of 2005 when veteran operating managers began to abnormally dump large quantities of stock which accounted for majority percentages of their ownership. As we suspected, the sales were a precursor to a wave of executive defections that resulted when former CEO **Barry Sternlicht** passed the torch to outsider **Steven Heyer** in October 2004. First to depart was heir apparent President and Chief Operating Officer **Robert Cotter** followed by the president of the Real Estate Group **Ted Darnall**, who left to join HEI Hospitality, a private investment company that has been aggressively buying up hotel properties. Now, with a management team that appears entrenched and the Company aggressively pushing ahead with its new aloft hotel concept, we are very interested to see another wave of profit taking that has a unique quality not evident in past collective insider moves.

During the fourth quarter three named executives and one veteran board member sold a total of 556,000 shares between \$60 and \$63, while one other director led off the New Year with a 2,500 share sale on January 3rd. The real focus here is CEO Heyer, who monetized all of his vested stock options in December and **now no longer owns any common stock or vested derivative equity**. Heyer is widely heralded for helping reshape the Company's image since taking the helm in October 2004. And he has certainly been paid handsomely for it, earning \$3.2 million in salary and bonus in 2005 (2006 figures have not been released) in addition to the 1.4 million options and restricted shares issued him since joining the Company. A large compensation package was probably required to convince him to leave the second highest post at Coca-Cola, but the contrast between his trading behaviors at the two companies leaves us with many questions.

Figure 2. HOT Daily Closing Price, 01/03/06 through 01/31/07. Red diamonds are trade dates for three named executives and one board member who collectively sold 556,000 shares. Source: Reuters and HOT SEC Filings.



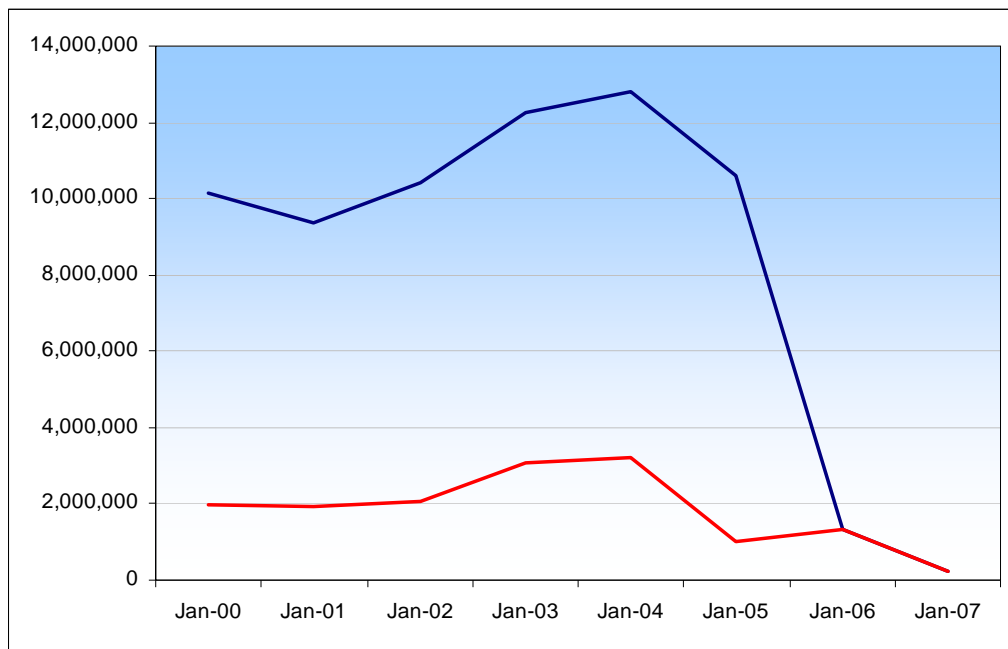
Between 2002 and 2004, Heyer grew his Coca-Cola ownership position by 350%, never once selling during his three-year tenure. His trading habits so far at Starwood contradict his behavior at Coke as he has failed to accumulate even one share of HOT stock, instead opting to cash out all his stock options, some of which had only been actionable for three months and reaping a pre-tax profit of \$10 million. This is not the commitment we would expect from a chief executive, especially one in the early years of his tenure. One reason Heyer's behavior interests us is because it sets a precedent for his leadership team, and we are already seeing the ramifications.

Back in June 2006, **Raymond "Rip" Gellein Jr.**, president of the Global Development Group, with responsibility for all real estate and hotel development operations in addition to vacation and timeshare properties, cashed out more than 90% of his ownership, which at the time was the largest insider position following Sternlicht's resignation. Now, in addition to Heyer's sale, CFO **Vasant Prabhu** and General Counsel, Chief Administrative Officer **Kenneth Siegel**, who along with the two above round out the named executive team, each sold roughly 70% of his total ownership in 2006. We find it ironic that Prabhu, like Heyer, had spent his years at Safeway, where he was employed as CFO between 2000 and 2003, aggressively accumulating an ownership stake, whereas he now seems to value cash in lieu of any position in his current company. All of this mass selling has created a situation where Starwood management has reduced its risk exposure to Company shares to almost nil. Figure 2 below shows the beneficial ownership of the Company's management over the past seven years, and although it is slightly misleading as a few key execs sold their holdings before leaving the Company, it still illustrates the overall degeneration of insiders' stock positions in the company.

A number of analysts and industry experts are predicting a slowdown in industry-wide REVPAR and earnings in 2007, including one analyst who last month downgraded the big three, Marriott International (NYSE: MAR), Hilton Hotels (NYSE: HLT) and Starwood to “underweight” from “market weight” based on his assessment that the bar is set too high right now despite “clear signs of erosion in fundamental trends.” However, just yesterday the Company reported earnings that beat the consensus by 27% and issued a very upbeat outlook for 2007, with REVPAR and earnings expectations widely exceeding most industry benchmark forecasts.

As is always the case in comparable situations, we are attracted to the incongruity between CEO Heyer’s personal stock activity and his bullish implications in his comments to the investor community regarding fourth quarter earnings, “We fully expect 2007 to be another great year for our company and we remain focused on our strategic initiatives - service excellence, brand development, pipeline development, vacation ownership growth, real estate development and re-positioning. We believe that these initiatives will allow us to outperform the competition and continue to create value for our shareholders.” We wish we could take his ringing endorsement at face value, but are unable to get past the fact he recently traded all his HOT ownership for cash.

Figure 3. Annual Beneficial Ownership of Starwood Hotels & Resorts Worldwide Named Executives and Directors (Blue Line Includes Holdings of Former CEO Barry Sternlicht, Red Line Excludes His Holdings). Source: HOT SEC Filings.

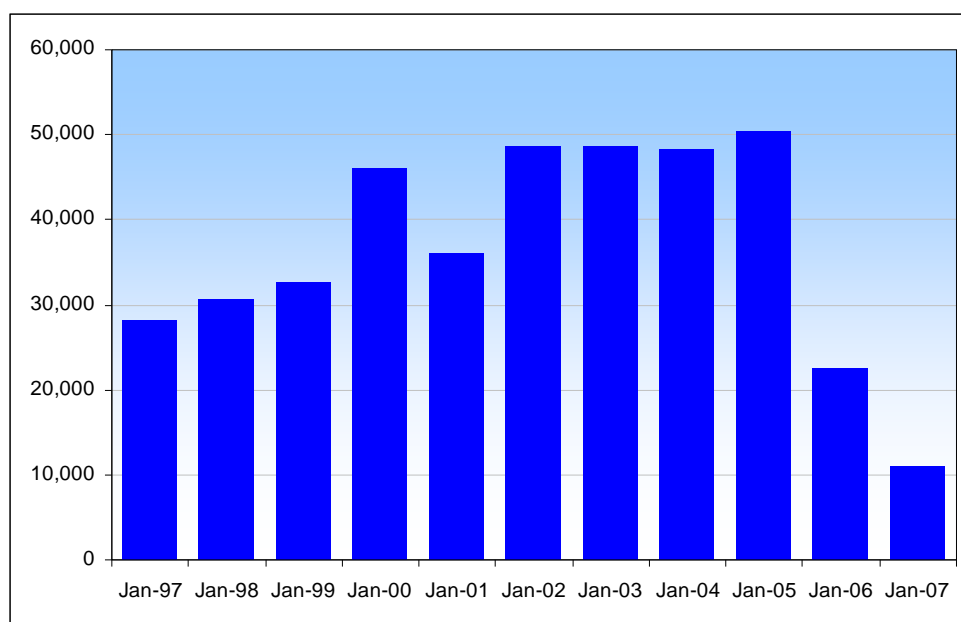


- **Steven Heyer (54)** – Chief Executive Officer, Director. In short order, Heyer has monetized over 400,000 options under two separate 10b5-1 trading plans since last April, including the 380,000 shares sold on December 18th and December 19th at \$63. These shares **accounted for 100% of his actionable ownership**, which leaves us to question why he has failed to acquire any common stock during his 27

months on the job. He will have nearly 250,000 new options at his disposal in the upcoming year with 150,000 of those vesting on February 7th (see Appendix B).

- **Vasant Prabhu (46)** – Executive V.P., Chief Financial Officer. Prabhu and Heyer have very similar backgrounds, having worked together at Booz Allen & Hamilton, each doing a stint at a major beverage manufacturer (Heyer at Coca-Cola, Prabhu at PepsiCo) where each demonstrated a conviction to build an ownership position at his last employer. Prabhu began his Safeway career by increasing his SWY holdings by 800% between 2001 and 2003, yet his Starwood holdings have steadily declined over the past two years. After selling a total of 70,000 shares under a two month 10b5-1 plan starting in December 2005, Prabhu adopted a second plan on November 22nd through which he sold 61,000 shares on December 21st at \$64. **The shares distributed in 2006 accounted for nearly 70% of his ownership.** Prabhu will have 113,000 options vest in 2007, all in the first quarter (see Appendix B), and it will be very interesting to see if he acts shortly thereafter, effectively retarding any holdings growth.
- **Kenneth Siegel (50)** – Chief Administrative Officer, General Counsel. Siegel has been a HOT executive since 2000. He has actively sold shares under multiple 10b5-1 trading plans over the past three years and most recently sold 94,705 shares, **equal to 65% of his ownership**, in the fourth quarter with sales on October 17th (61,100 shares) at \$61 and December 26th (33,605 shares) at \$62. After opening 2006 with actionable holdings of 150,000 shares and vested options, he ended the year with just 54,000, some of which will be replaced when 75,000 options vest this month (see Appendix B). More importantly, there almost seems to be an unwritten ownership ceiling, and not a very high one we might add, that these executives are reluctant to transcend. Only once in the past four years has Siegel sold during the first quarter, so we will be very interested if he is quick to monetize his soon-to-be vesting options.

Figure 4. Ten-Year Stock Ownership Levels of HOT Director Daniel Yih, January 1997 to January 2007. Source: HOT SEC Filings.



- **Daniel Yih (47)** – Director. Yih sits on the Audit Committee and is the longest tenured Starwood board member (1995). One of only two board members who have sold in the past two years, Yih cleared out four of his six option series (expiration dates range between June 2010 and February 2012) in order to sell 21,996 shares on November 6th at \$60. Including his sales from the first quarter, **Yih shed 80% of his ownership in 2006**, dropping his ownership to its lowest level in the past ten years (see Figure 4 above). We also should note that Yih's last four sales dating back to November 2005 were all executed at equal or higher prices than those he recently accepted for his shares. If the pattern holds true, Yih will be granted roughly 5,500 stock options this month which are immediately exercisable, but he still will not hold any unrestricted common stock (see Appendix B), which is remarkable for a twelve year board veteran.

UAL Corp. (NASDAQ: UAAU)

A recent domestic Airline industry forecast issued by the Air Transport Association of America (ATA) provided some guardedly optimistic expectations for 2007. To put it briefly, the trade association predicts industry-wide earnings of \$4 billion on operating revenues of more than \$150 billion, a profit margin just under 3%. As the report points out, the expected margin exceeds the industry's norm dating back to 1979, but margins for domestic carriers as a group have historically under performed those of average U.S. corporations by a wide margin. With airline stocks now appearing richly valued, mixed forecasts issued by a number of key players, conflicting reports from most interested analysts, and insiders cashing out over the past six months, we sense some of the names are emerging as interesting short candidates. Since most of the major carriers have similar fundamentals, we have focused on those names where the insider profile is decidedly more bearish and from this group, UAL is presently the most interesting.

Airline	Profitable In 4Q06?	# Sellers (6 Months)	Shares Sold (6 Months)	% of Insider Ownership Sold
UAL (UAAU)	N	10	628,698	78.0%
Continental (CAL)	N	6	604,062	64.6%
US Airways (LCC)	Y	3	423,775	24.4%
Southwest (LUV)	Y	6	334,948	4.0%
AMR (AMR)	Y	4	150,089	1.5%

Less than one year removed from UAL's emergence from its lifesaving reorganization, the senior executive team has been resolute in trading its ownership for cash at the earliest opportunities. We first began watching the activity in August ([see Research Notes report dated 10/16/06](#)) when the Company issued a press release announcing the adoption of 10b5-1 trading plans by nearly all of UAL's Section 16 filing executives. The release coincided with the first vesting date (08/01/06) of insiders' derivative equity grants, restricted stock and stock options, issued immediately following the reorganization. We found one particular disclosure very interesting, as it was

reported the plan sales would be executed “largely to cover the executives’ tax obligation associated with the vesting of restricted stock.”¹ This seemed innocent enough on day one of the commencement of the plan sales, which did in fact involve just enough shares to cover their tax liability. However, trading across the board persisted through the end of Q3, right through Q4, and now into 2007, rendering their earlier explanation meaningless.

Since the first group of options and restricted shares vested on August 1st, insiders have sold 630,000 shares, including the 401,000 shares sold by eight different execs between November 14th and January 12th at an average price of \$42. As a group, the eight execs named on the Company’s website as the “Senior Leadership Team” have already liquidated 75% of their cumulative stock and options. We should note that the options held by UAL execs were initially under water when the first group of options vested, but insiders began freely monetizing them as soon as UAL shares traded above \$40 in mid-November, burning through them with an impulsiveness clearly not suggested by the 8-K filing initially disclosing the plans. Meanwhile, executives have aggressively liquidated their common holdings, despite the Company’s “attempt” to encourage ownership with stock guidelines that at this point are yet to be defined. In fact, it was disclosed that UAL “expects sales under the 10b5-1 stock trading plans to be in compliance with these guidelines,” but we have yet to see any evidence this is the case. As you can see from the table below, four of the eight execs listed on the corporate website currently do not own any stock, along with a fifth key senior executive.

Executive	Position	Total Equity Vested on 8/1/06	Current Common Stock Holdings*
G. Tilton	Pres, CEO	273,400	14,373
F. Brace	CFO	109,400	6,669
P. McDonald	COO	109,400	0
J. Tague	EVP	109,400	0
P. Lovejoy	Gen Counsel	54,600	5,349
S. Fields	SVP	54,600	0
J. Allen	SVP	28,400	0
G. Kelly	CIO	15,000	4,200
R. Moore**	SVP	54,600	0
G. Atkinson**	EVP	26,752	1,789

* Holdings as of January 31, 2006

** Moore and Atkinson are not named on the Company’s website, but are high level executives worth noting.

¹ SEC Form 8-K filed on 08/02/06, “UAL Corporation’s Officers Establish Rule 10b5-1 Stock Trading Plans”

Another facet of the activity that observers should find particularly interesting is that in order to comply with Rule 144, it is required that, amongst other conditions, a potential seller satisfy a one-year, from the date of the grant, holding requirement. By providing for a six-month vesting period, the Compensation Committee has provided insiders the opportunity to clear out of their restricted shares six months earlier than would be the case in more typical situations. There are yet more examples of management's preference to hold cash over UAL shares: On September 29th, the Company gave a new four year employment agreement to Executive V.P., Chief Operating Officer **Peter McDonald** after he was reportedly being courted by a competitor. Many of the terms were standard, but we found one component to be quite anomalous and at odds with the spirit of the Company's compensation policies.

The related text to the above matter is too lengthy for inclusion here but can be found in its entirety in an SEC 8-K filed on September 29th in Exhibit 99.3, the McDonald Agreement, under subsection 3(d) and 3(e). In summary, Mr. McDonald forfeited the rights to all restricted shares and options scheduled to vest between 2008 and 2010, 330,000 in total, in exchange for \$2.6 million cash. The money was placed in a secular trust and will become vested as to 25% in February 2008, 25% in February 2009, and 50% in February 2010, as long as he remains employed by the Company. This clause feels more like a concession we would expect to see in a separation agreement rather than an incentive provided for a dedicated executive, and even more so since McDonald recently liquidated 100% of his previously vested equity. The blanket lack of commitment to UAL shares by the senior exec team contradicts their own compelling forecast for 2007 issued on the Q4 conference call. Keep in mind when reading the exchange below that Chairman, CEO **Glenn Tilton** has already monetized 95% of his ownership.

Analyst: Okay, great. And with the -- you're pretty optimistic on the business going into this year, it sounds like, as other airlines, and that's probably being reflected in the upward trend toward the stock prices.

CFO Jake Brace: We do see the fundamentals in the industry as very solid. You have a -- the fuel environment is very -- is much better than it has been. The capacity environment remains good. The demand environment, while maybe not seeing the kind of year-over-year increases we have seen before, is still very solid. So we are encouraged by the fundamentals. And we don't have lot of capacity out there. We don't have a lot of cash that we have to pay. And so we're looking to generate a lot of cash this year.

Chairman, CEO Glenn Tilton: I think, Ray, the point is that -- to get Pete [McDonald] into the conversation, everybody in the room that can participate, not only are we bullish on the fundamentals, as Jake just said a moment ago, the opportunity for us to perform, we're bullish on the impact of our work. We really think that we have an opportunity in 2007 to leverage the initiatives that John and Peter and others would mention to you, in an environment that is the environment that we like to find ourselves in to leverage the work.

Although there has been a large number of executives who have sold in recent months, those listed below are the insiders we deem to have executed the most notable trades. Please note the ownership reductions provided below were as of January 31st and do not take into account restricted stock and options that became exercisable on February 1st. **We were unable to update these figures at the time of this report since the Form 4s disclosing the tax sales related to the vesting of restricted stock were not yet filed. If you are interested in what their holdings look like after the equity vested, please contact us directly for the updated information.**

- **Glen Tilton (58)** – Chairman, President, Chief Executive Officer. During the early stages of the insider activity, Tilton's trades did in fact appear to be little more than measures taken to settle the tax liability associated with his vested restricted stock. But his actions since leave little question that he has a very different motivation. After selling nearly 60,000 shares in the third quarter, all common stock, Tilton cleared out 142,000 shares in the fourth quarter and an additional 58,000 shares on January 3rd – all under the guise of a 10b5-1 personal sales plan. Included in the second round of sales was the monetization of all 164,400 of his vested stock options, which had become profitable only in mid-November, just one week before he started exercising them. In all, he **cleared out 95% of his ownership** comprised of options and stock which vested in August. It will be interesting to monitor his conduct with the 273,400 new shares he gains access to on February 1st (see Appendix C).
- **Peter McDonald (54)** – Executive V.P., Chief Operating Officer. None of the highest ranking UAL execs have reduced their exposure to UAL stock more than seven year employee McDonald. Not only has he **monetized every last share and option (totaling 109,400) that vested on August 1st**, representing his entire UAL position, but he has forfeited his remaining restricted shares and stock options scheduled to expire at later dates in exchange for a cash payment. Like Tague (below), he will receive a reload of these recently-sold shares which occurred on February 1st. Past this, we see no further share vesting events in the foreseeable future. The trigger here is to see whether he sells these newly-vested shares (see Appendix C).
- **John Tague (43)** – Executive V.P., Chief Revenue Officer - Given the fact that UAL shares have doubled since August one must expect a certain amount of profit taking. The reductions that we are monitoring however are beyond reasonable expectations. In the case of Tague, not only did he sell every last share of common owned (76,500 of them), but he has also tapped into all three of his option series to **shed 70% of his actionable holdings**. Granted, these holdings will be re-loaded as he will have a total of 109,400 shares and options vest on February 1st (see Appendix C). We are monitoring his activity closely to determine whether or not he chooses to hold onto these newly-vested shares.
- **Sara Fields (62)** – Senior V.P. and **Rosemary Moore (55)** – Senior V.P.-Corporate and Government Affairs. We are lumping Fields and Moore together for no other reason than the similarity of their trading behavior and holdings. The two have a combined 18 years with UAL and following their sales in the third and fourth quarters, **currently do not own even one share or vested stock option**. Both execs had 55,000 shares and options vest on August 1st and subsequently monetized them all on roughly the same dates at prices ranging between \$24 and \$45. Each will have

55,000 more shares at her disposal on February 1st (see Appendix C) and it will be important to monitor how long it takes before they begin disposing of these shares.

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Appendix A

Option and Restricted Stock Vesting Schedules for Selected Magellan Health Services 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
Steve Shulman, Chairman, CEO. Common stock holdings: 103,909 shares								
01/05/04	Options	826,006	\$11.91	01/05/05	01/05/14	361,376	0	Fully Vested
01/05/04	Options	619,505	\$10.43	01/05/05	01/05/14	309,752	0	Fully Vested
03/10/05	Options	198,250	\$34.57	03/10/06	03/10/15	198,250	148,688	03/10/07, 03/10/08, 03/10/09
03/10/05	R. Stock	24,451	N/A	03/01/06	03/01/09	18,338	18,338	03/10/07, 03/10/08, 03/10/09
05/16/06	Options	276,106	\$38.52	02/24/07	02/24/16	276,106	276,106	2/24/07, 02/24/08, 02/24/09, 02/24/10
05/16/06	R. Stock	35,144	N/A	02/24/07	02/24/09	35,144	35,144	02/24/07, 02/24/08, 02/24/09
Rene Lerer, President, COO, Director. Common stock holdings: 3,668 shares								
03/10/05	Options	118,950	\$34.57	03/10/06	03/10/15	118,950	89,213	03/10/07, 03/10/08, 03/10/09
03/10/05	R. Stock	14,671	N/A	03/01/06	03/01/09	11,003	11,003	03/10/07, 03/10/08, 03/10/09
05/16/06	Options	132,531	\$38.52	02/24/07	02/24/16	132,531	132,531	2/24/07, 02/24/08, 02/24/09, 02/24/10
05/16/06	R. Stock	16,869	N/A	02/24/07	02/24/09	16,869	16,869	02/24/07, 02/24/08, 02/24/09
Mark Demilio, CFO. Common stock holdings: 0 shares								
03/10/05	Options	79,300	\$34.57	03/10/06	03/10/15	59,475	59,475	03/10/07, 03/10/08, 03/10/09
03/10/05	R. Stock	9,780	N/A	03/01/06	03/01/09	7,335	7,335	03/10/07, 03/10/08, 03/10/09
05/16/06	Options	83,628	\$38.52	02/24/07	02/24/16	83,628	83,628	2/24/07, 02/24/08, 02/24/09, 02/24/10
05/16/06	R. Stock	10,645	N/A	02/24/07	02/24/09	10,645	10,645	02/24/07, 02/24/08, 02/24/09



Appendix B

Option and Restricted Stock Vesting Schedules for Selected Starwood Hotels & Resorts Worldwide 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 Heyer, CEO, Director. Common stock holdings: 0 shares								
09/20/04	Options	758,321	\$45.08	09/20/05	09/20/12	379,159	379,159	09/20/07, 09/20/08
02/07/06	Options	592,621	\$48.80	02/07/07	02/07/14	592,621	444,466	02/07/08, 02/07/09, 02/07/10
02/07/06	R. Stock	54,985	N/A	02/07/09	02/07/09	54,985	54,985	02/07/09
03/01/06	R. Stock	19,069	N/A	03/01/09	03/01/09	19,069	19,069	03/01/09
Vasant Prabhu, Executive V.P., CFO. Common stock holdings: 26,366 shares								
02/02/04	Options	244,380	\$30.01	02/02/05	02/02/12	122,300	61,095	02/02/08
02/18/04	Options	48,876	\$32.79	02/18/05	02/18/12	24,438	12,219	02/18/08
02/10/05	Options	82,478	\$40.96	02/10/06	02/10/13	82,478	41,239	02/10/08, 02/10/09
02/10/05	R. Stock	27,493	N/A	02/10/08	02/10/08	27,493	27,493	02/10/08
03/01/05	R. Stock	4,296	N/A	03/01/08	03/01/08	4,296	4,296	03/01/08
02/07/06	Options	79,913	\$48.80	02/07/07	02/07/14	79,913	59,935	02/07/08, 02/07/09, 02/07/10
02/07/06	R. Stock	30,735	N/A	02/07/09	02/07/09	30,735	30,735	02/07/09
03/01/06	R. Stock	3,939	N/A	03/01/09	03/01/09	3,939	3,939	03/01/09
Kenneth Siegel, Chief Administrative Officer, General Counsel. Common stock holdings: 31,285 shares								
02/18/04	Options	122,200	\$32.79	02/18/05	02/18/12	61,100	30,550	02/18/08
02/10/05	Options	91,643	\$40.96	02/10/06	02/10/13	91,643	45,821	02/10/08, 02/10/09
02/10/05	R. Stock	30,548	N/A	02/10/08	02/10/08	30,548	30,548	02/10/08
03/01/05	R. Stock	4,444	N/A	03/01/08	03/01/08	4,444	4,444	03/01/08
02/07/06	Options	84,521	\$48.80	02/07/07	02/07/14	84,521	63,391	02/07/08, 02/07/09, 02/07/10
02/07/06	R. Stock	32,272	N/A	02/07/09	02/07/09	32,272	32,272	02/07/09
03/01/06	R. Stock	3,547	N/A	03/01/09	03/01/09	3,547	3,547	03/01/09
Daniel Yih, Director. Common stock holdings: 0 shares								
02/10/05	Options	4,500	\$48.39	02/10/05	02/10/13	5,499	0	Fully Vested
02/07/06	Options	4,500	\$48.80	02/07/06	02/07/14	5,499	0	Fully Vested



Appendix C

Option and Restricted Stock Vesting Schedules for Selected UAL 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
Glenn Tilton, Chairman, President, Chief Executive Officer. Common stock holdings: 14,373 shares								
02/01/06	R. Stock	545,000	N/A	08/01/06	02/01/10	436,000	436,000	02/01/08, 02/01/09, 02/01/10
02/15/06	Options	274,000	\$34.18	08/01/06	02/01/16	219,200	164,400	02/01/08, 02/01/09, 02/01/10
02/23/06	Options	274,000	\$35.91	08/01/06	02/01/16	219,200	164,400	02/01/08, 02/01/09, 02/01/10
03/02/06	Options	274,000	\$35.65	08/01/06	02/01/16	219,200	164,400	02/01/08, 02/01/09, 02/01/10
Frederic Brace, Executive V.P., Chief Financial Officer and Chief Restructuring Officer. Common stock holdings: 6,669 shares								
02/01/06	R. Stock	218,000	N/A	08/01/06	02/01/10	174,400	174,400	02/01/07, 02/01/08, 02/01/09, 02/01/10
02/15/06	Options	109,666	\$34.18	08/01/06	02/01/16	109,666	65,800	02/01/08, 02/01/09, 02/01/10
02/23/06	Options	109,667	\$35.91	08/01/06	02/01/16	109,667	65,801	02/01/08, 02/01/09, 02/01/10
03/02/06	Options	109,667	\$35.65	08/01/06	02/01/16	109,667	65,801	02/01/08, 02/01/09, 02/01/10
Peter McDonald, Executive V.P., Chief Operating Officer. Common stock holdings: 0 shares								
02/01/06	R. Stock	218,000	N/A	08/01/06	02/01/10	43,600	43,600	02/01/07
02/15/06	Options	109,666	\$34.18	08/01/06	02/01/16	21,934	0	Fully Vested
02/23/06	Options	109,667	\$35.91	08/01/06	02/01/16	21,934	0	Fully Vested
03/02/06	Options	109,667	\$35.65	08/01/06	02/01/16	21,934	0	Fully Vested
Paul Lovejoy, Senior V.P., General Counsel, Secretary. Common stock holdings: 5,349 shares								
02/01/06	R. Stock	109,000	N/A	08/01/06	02/01/10	87,200	87,200	02/01/07, 02/01/08, 02/01/09, 02/01/10
02/15/06	Options	54,666	\$34.18	08/01/06	02/01/16	54,666	32,800	02/01/08, 02/01/09, 02/01/10
02/15/06	Options	54,667	\$35.91	08/01/06	02/01/16	54,667	32,801	02/01/08, 02/01/09, 02/01/10
02/15/06	Options	54,667	\$35.65	08/01/06	02/01/16	54,667	32,801	02/01/08, 02/01/09, 02/01/10
Sara Fields, Senior V.P. Common stock holdings: 0 shares								
02/01/06	R. Stock	109,000	N/A	08/01/06	02/01/10	87,200	87,200	02/01/07, 02/01/08, 02/01/09, 02/01/10
02/15/06	Options	54,666	\$34.18	08/01/06	02/01/16	43,733	32,800	02/01/08, 02/01/09, 02/01/10
02/15/06	Options	54,667	\$35.91	08/01/06	02/01/16	43,734	32,801	02/01/08, 02/01/09, 02/01/10
02/15/06	Options	54,667	\$35.65	08/01/06	02/01/16	43,734	32,801	02/01/08, 02/01/09, 02/01/10



Appendix C

Option and Restricted Stock Vesting Schedules for Selected UAL 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
Rosemary Moore, Senior V.P.- Corporate and Government Affairs. Common stock holdings: 0 shares								
02/01/06	R. Stock	109,000	N/A	08/01/06	02/01/10	87,200	87,200	02/01/07, 02/01/08, 02/01/09, 02/01/10
02/15/06	Options	54,666	\$34.18	08/01/06	02/01/16	43,733	32,800	02/01/08, 02/01/09, 02/01/10
02/15/06	Options	54,667	\$35.91	08/01/06	02/01/16	43,734	32,801	02/01/08, 02/01/09, 02/01/10
02/15/06	Options	54,667	\$35.65	08/01/06	02/01/16	43,734	32,801	02/01/08, 02/01/09, 02/01/10
John Tague, Executive V.P., Chief Revenue Officer. Common stock holdings: 0 shares								
02/01/06	R. Stock	218,000	N/A	08/01/06	02/01/10	174,400	174,400	02/01/07, 02/01/08, 02/01/09, 02/01/10
02/15/06	Options	109,666	\$34.18	08/01/06	02/01/16	98,700	65,800	02/01/08, 02/01/09, 02/01/10
02/23/06	Options	109,667	\$35.91	08/01/06	02/01/16	98,701	65,801	02/01/08, 02/01/09, 02/01/10
03/02/06	Options	109,667	\$35.65	08/01/06	02/01/16	98,701	65,801	02/01/08, 02/01/09, 02/01/10
Graham Atkinson, Executive V.P., Chief Customer Officer. Common stock holdings: 1,789 shares								
02/01/06	R. Stock	52,000	N/A	08/01/06	02/01/10	41,600	41,600	02/01/07, 02/01/08, 02/01/09, 02/01/10
02/15/06	Options	27,254	\$34.18	08/01/06	02/01/16	24,529	16,353	02/01/08, 02/01/09, 02/01/10
02/23/06	Options	27,255	\$35.91	08/01/06	02/01/16	24,530	16,353	02/01/08, 02/01/09, 02/01/10
03/02/06	Options	27,255	\$35.65	08/01/06	02/01/16	24,530	16,353	02/01/08, 02/01/09, 02/01/10
10/25/06	Options	50,000	\$34.55	02/01/07	10/24/16	50,000	37,500	02/01/08, 02/01/09, 02/01/10
10/25/06	R. Stock	25,000	N/A	02/01/07	02/01/10	25,000	25,000	02/01/07, 02/01/08, 02/01/09, 02/01/10