



This 3DAdvisors Report Covers:

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

Insider Research Bulletin

April 29, 2008

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

- ▶ Herbalife Ltd. (NYSE: HLF)
- ▶ LKQ Corp. (NASDAQ: LKQX)
- ▶ United States Cellular Corp. (AMEX: USM)

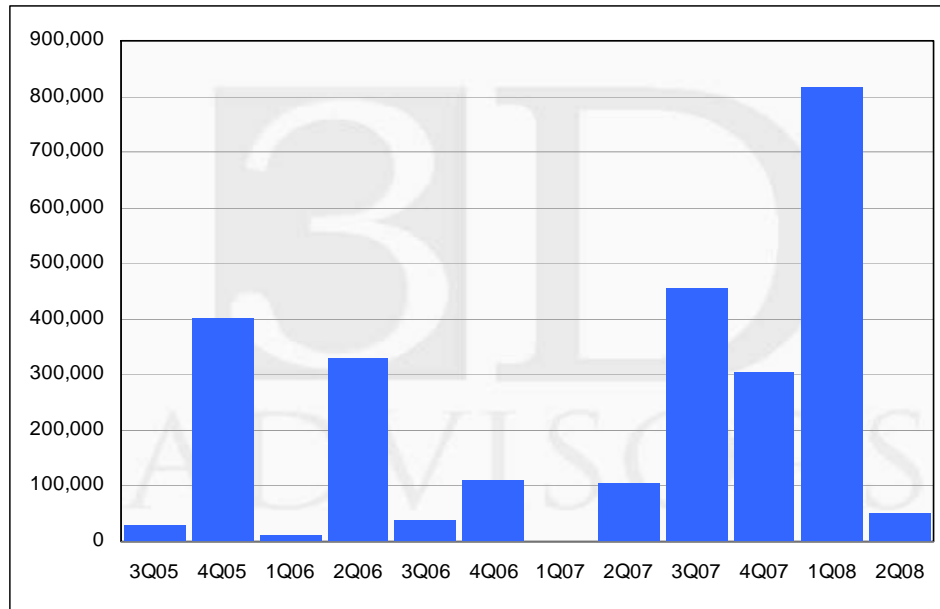
Discussion of 3DAdvisors Findings

Herbalife Ltd. (NYSE: HLF)

By this point, followers of nutritional and diet supplement distributor Herbalife are all too familiar with the ongoing smear campaign of Barry Minkow, founder of the Fraud Discovery Institute. His published reports and YouTube videos, including his most recent discovery of the faked education credentials on the resume of Herbalife's president, definitely provide an entertaining and persuasive case for deceptive practices; however his credibility and motive are still cause for skepticism. We have yet to probe into the origin of Minkow's numerous allegations as our interest to this point circles around the convergence of insiders who sold an unusually large amount of stock in the first quarter under the guise of 10b5-1 trading plans. With Rule 10b5 as their cover, HLF insiders have tapped into a striking number of their option series en route to diversifying large percentages of their actionable ownership (exercisable options plus common stock). And while the business model parallels being drawn between Herbalife and USANA Health Sciences (NASDAQ: USNA) do exist, we are drawn to the similarities in

the Company's trading profile to that of USNA's in late 2006 which we described in a [12/18/06](#) Research Notes report and proved to be a forewarning of several looming challenges. While Herbalife presently appears to be hitting on all cylinders, the insider behavior leaves us wondering if HLF, like USNA, has any skeletons hiding in its closet.

Figure 1. HLF Quarterly Shares Sold by Insiders, 3Q05 through 2Q08 (2Q08 through 04/25/08 only). Source: HLF SEC Filings.



Herbalife reported fourth quarter earnings on February 27th of \$0.77 which beat the \$0.73 consensus. The top line figures along with 2008 guidance exceeded expectations as well. But flanking the earnings release date was the heaviest selling volume to date, as ten insiders sold 852,484 shares between February 19th and April 4th (see Figure 2 below). This matched the highest selling volume for a *full year* established in 2007. More than 20% of the dispositions during this period were executed by Chairman, CEO **Michael Johnson** and President, COO **Greg Probert** on the 02/27/08 report date, opening the door to a number of questions we have about the legitimacy of the existing 10b5-1 plans. First off, we notice there were six insiders who sold a total of 446,245 shares within the first seven trading sessions after the release date. Looking back over the last eight quarters that insiders had open sales plans, only once, in March 2006, was there a convergence of multiple selling insiders. That 1Q06 report similarly included top and bottom line surprises along with a full-year guidance hike which boosted the shares to a new high, but HLF lost 30% of its value by the next earnings release date. This irregular selling schedule reminds us of the trading behavior of Biogen Idec Inc. (NASDAQ: BIIB) insiders who selectively sell under Rule 10b5-1 after earnings release dates, but only those where a positive surprise is reported.

With regards to their trading plan activity, the Company has never formally disclosed the finer details of its insiders' plans through a press release or SEC Form 8-K. We only know of their existence through footnotes in the individual Form 4s, which fortunately do include plan adoption dates. What we are not privy to, however, is how long the sales plans are expected to last, what the selling schedule looks like or the sale

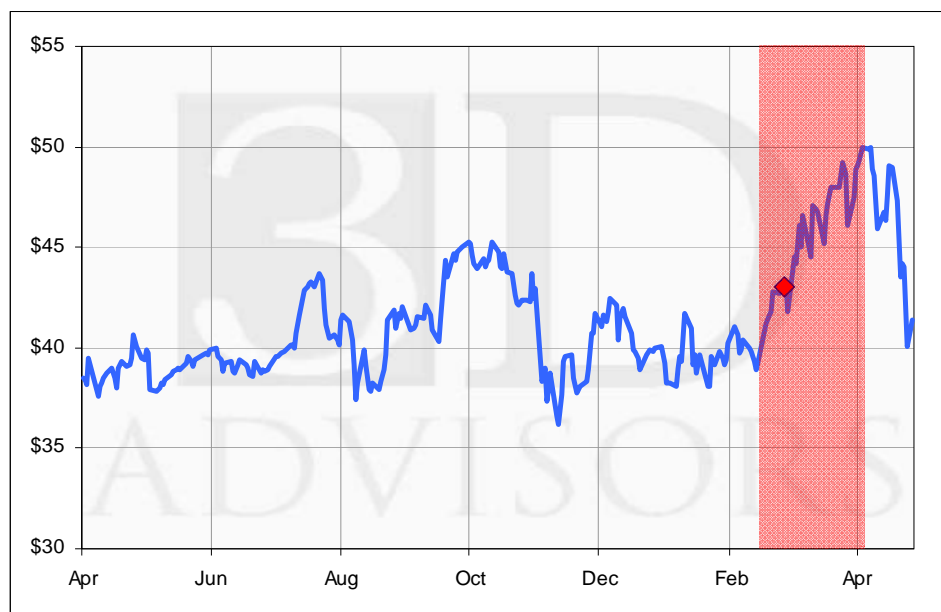
execution criteria or even how many shares each insider has set aside to sell. But when we measure the 2008 sales against those executed under their 2006 plans, there are many interesting distinctions that jump off the page. For one, we know that the sales so far through the first four months of the year covered a higher percentage of their actionable ownership than the aggregate plan sales that were spread out over all of 2006. General Counsel **Brett Chapman** sold 75% of his holdings in one March trade after selling 55% of his ownership with five trades in 2006. President, COO **Greg Probert** has already sold a higher percentage of his position (65%) with just three trades this year than he did over eight trades in 2006.

Earnings Period	Release Date	# of Sellers	Shares Sold ¹
4Q07	02/27/08	6	446,245
3Q07	11/07/07	--	0
2Q07	08/07/07	--	0
1Q07	05/02/07	1	40,000
4Q06	02/27/07	--	0
3Q06	11/07/06	1	4,000
2Q06	08/03/06	--	0
1Q06	05/04/06	4	165,000
4Q05	02/22/06	--	0

¹ Includes shares sold over the first seven trading sessions after the earnings release

Their diversification efforts have clearly been expanded and we suspect there is a reason for this behavioral change. We recently covered similar behavior at Mattel Inc. (NYSE: MAT) where the Chief Executive sold a large amount of stock all at once under his 10b5-1 plan rather than disperse the selling over a longer timeframe. Shortly after Mattel reported earnings that missed the consensus. We are not suggesting Herbalife will suffer the same fate because of the similarities in the two trading profiles, but we are always suspicious of large 10b5-1 sales that cover a significant percentage of insiders' ownership. Another big difference between the 2006 and 2008 sales is the number of option series insiders have tapped into to take profits. Prior to December, President Probert had never exercised more than one series in any of his eight option-related sales. Since this recent dash to sell began, he has drawn down eight different series, none of which was nearing expiration. Similarly, the most option series GC Chapman previously exercised in one session was six, with all of his other sales involving only one series. On March 5th he exercised options from twelve of his thirteen actionable series, an impressive effort by any measure. Nearly all of the other key sellers this year have traded out of six to nine series, demonstrating their apparent resolve to unwind as much of their derivative equity as possible, which as you will read below, ranged between 65% and 80% for four of the top six officers.

Figure 2. HLF Daily Closing Price, 04/02/07 and 04/28/08. Red diamond is the date HLF reported 4Q07 earnings (02/27/08); Red shaded area is where 10 insiders sold 852,484 shares. Source: Reuters and HLF SEC Filings.



There are additional 10b5-1 matters that have caught our attention, starting with the lengthy periods between the time CFO **Richard Goudis** and GC Chapman entered into their plans in August and September of 2007 and their first sales on March 5, 2008. In this case, the six and seven months it took to execute their first sales strikes us because they had been able to sell following the 3Q07 earnings release in November. It gives the appearance the trades are not as pre-arranged as they should be under the constraints of the Rule, especially with the sizeable sales both officers executed into the momentum that carried the issue to a new high. We also question CFO Goudis simultaneously trading under two separate plans and Senior V.P. of North America **Thomas Zimmer** using two short-term plans entered three months apart to sell 80% of his actionable position. All of these abusive 10b5-1 practices cause us to note that head counsel Chapman, the individual responsible for signing off on the executives' plans, has himself employed many of the same dubious plan tactics.

Herbalife was bought by private equity firms Whitney & Co. and Golden Gate Capital back in 2003, only to be offered to the public again in December 2004. Since that time there have been a number of liberal governance practices that can be attributed to HLF's 'controlled company' status through March 2006. But there are a number of new governance and compensation behaviors that have surfaced that suggest some cronyism and old customs still linger in the executive office and should not be quickly dismissed by investors:

- Through 2006 the board was composed of a majority of members of the controlling shareholders and Herbalife distributors. Two of these distributors, **John Tartol** and **Leon Waisbein**, are still on the board and are members of the Chairman's Club, a group of the highest grossing HLF distributors. The board's compensation

committee in 2006 consisted of non-independent members who had a sizeable investment in the Company.

- The former private equity controlling shareholders hand-picked CEO Michael Johnson to run the Company in April 2003. Johnson had previously spent 17 years with Disney and built his HLF exec team with three former Disney co-workers (Pres/COO Probert, GC Chapman and Managing Director **Paul Noack**). Probert reported directly to Johnson at Disney's Buena Vista Entertainment division and more recently was Noack's boss at DMX Music.
- CEO Johnson was provided a new employment agreement on March 28, 2008 with an open-ended term. He was awarded a \$1.5 million signing bonus along with a base salary of \$1.2 million and an annual incentive bonus that can reach 300% of his base. He was additionally awarded nearly 900,000 options and restricted shares just one month after receiving his annual 2008 compensation grants covering 163,000 options/shares. It is quite rare for a Company to award an officer the regular annual awards during contract negotiations when derivative equity will be a component of the new agreement. No officer, even upon their hiring, has received a signing bonus or equity awards anywhere near the range Johnson was provided for this contract.
- President Probert's employment agreement was amended at the same time. The Company did not provide any reasons for the change, which came less than two years after the original agreement was amended in October 2006. Probert's base salary was increased 30% and his incentive bonus targets were raised. He too was awarded equity for signing the amended agreement, receiving 372,000 options and shares just five weeks after receiving his 2008 comp awards covering 111,000 options/shares. We note that Probert received only 21,000 extra restricted shares for signing the amended agreement in October 2006.
- In February 2007 the Company received a proposal from Whitney & Co. to buy all outstanding HLF shares for \$38. The board established a "Special Committee" comprised of four independent board members to evaluate the proposal. They were each provided between \$122,000 and \$156,000 for their brief time on the committee. We wonder if this should have fallen under the scope of their regular board duties and compensation.
- The Compensation Committee continues to shorten the vesting schedules for options and restricted stock issued to executive officers. Options awarded in 2005 and 2006 vested over a five then four year period. Those issued in 2007 and 2008 vest in just three years. Restricted stock vested equally over four years as recently as 2006 but has since been cut back to three years. The Company stated the change was made to improve retention, but this seems to be a paradox as officers, who already monetize options almost immediately upon vesting, will now be entitled to monetize their derivative equity in a shorter timeframe. This also undermines keeping the officers' focus on long-term goals.
- Herbalife approved a \$450 million share repurchase program in April 2007. The Company bought back 3.9 million shares in 4Q07 and currently has another \$67.5 million available to use. On the 4Q conference call (02/27/08) an analyst asked if additional shares would be repurchased in 2008, to which CFO Goudis responded they were done buying back shares and that free cash flow would be used to pay

down debt. Apparently, based on his comments and the prolific insider selling, it would seem management has reached a consensus the shares are a more attractive sell than buy at the current prices.

Below we have provided more detail on the trading activity of the more noteworthy sellers:

- **Greg Probert (51)*** – President, Chief Operating Officer. Probert has sharply increased his selling in recent months, selling 328,000 shares since December 3rd, the first sales under a 10b5-1 plan entered into in August. The sales generated a net profit of \$9.2 million. This compares to the 275,000 shares sold under his prior sales plan that lasted more than one year. The shares sold since December, which **accounted for 65% of his actionable ownership**, were acquired when Probert exercised *eight* different option series with five to seven years remaining before expiration. One of his five sales during this timeframe was executed during the February 27th session the Company released fourth quarter 2007 earnings. Probert will vest in 212,000 options and shares during the remainder of the year, more than half of which become exercisable in December (see Appendix A).
- **Richard Goudis (46)** – Chief Financial Officer. Goudis adopted his first trading plan in September and before executing any sales, entered into a second plan three months later. With the ability to trade under two plans, he has set in motion his first profit taking efforts since the December 2004 IPO and it has been nothing short of impressive. Between March 5th and March 24th Goudis used both plans to tap into six different option series set to expire on different dates in 2014. He immediately sold all 215,000 exercised for shares for a \$6 million pre-tax profit. The sales **clipped his holdings by 65%**, which will not be fully replaced by the steady stream of 113,000 shares and options that vest quarterly throughout the remainder of the year (see Appendix A).
- **Brett Chapman (52)** – General Counsel, Corporate Secretary. Nearly seven months after adopting his second sales plan in August 2007, Chapman finally commenced the plan sales in Q1 and made quite a statement in doing so. On March 5th he monetized options from a striking *twelve* separate series, none of which was set to expire before October 2013. The 156,084 shares sold for \$45 apiece **set his actionable holdings back by 75%**. Chapman last sold 100,000 shares over a six month period in 2006 under Rule 10b5-1, so there has been a noticeable change in his trading plan demeanor since as more shares are being traded in a much shorter window. Chapman will have 96,000 options and shares become actionable before year-end, half of which are scheduled to vest in December (see Appendix A).
- **Thomas Zimmer (age not disclosed)** – Senior V.P. of North America. Zimmer, who oversees the Company's largest single market, has been a Section 16 filer since August 2006. He adopted his first sales plan in December 2007 and began selling one month later. He then adopted a second plan on March 3rd and commenced the sales under this plan three weeks later. In total, Zimmer sold 60,000 shares between January 11th and March 31st at prices between \$42 and \$46, **setting his position back 80%**. The shares sold came from each of his *nine* different non-expiring option series which were available to him at the time. Based on his current derivative holdings, including the 20,000 scheduled to vest through December, it will take

nearly three years for him to replace the ownership sold so far this year (see Appendix A).

- **Michael Johnson (53)** – Chairman, Chief Executive Officer. Johnson adopted his first sales plan in May 2007 and commenced selling two months later. He sold 320,000 shares in 3Q07, 150,000 in 4Q07 and another 150,000 between February 22nd and February 27th at roughly the same prices he sold at in November (\$43). His sales now appear to follow a regular course and have only **covered 22% of his available holdings since last July**. We will be closely monitoring his behavior after the Company reports Q2 earnings on May 5th as any significant deviation from the current trading pattern would be very telling. Johnson will vest in another 360,000 shares and options by year-end (see Appendix A).

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

LKQ Corp. (NASDAQ: LKQX)

We are certainly not the first to notice multiple trading, accounting and governance issues at LKQ. We first highlighted the name in a [10/03/07](#) Watch List due to the acceleration of insider selling after the announcement the Company would acquire Keystone Automotive. The activity since then has been both persistent and revealing. Like some of our previous reports on situations where insiders actively sold both before and after a merger, such as Sprint-Nextel (NYSE:S) and Cooper Cos. (NASDAQ:COO), LKQ insiders were aggressive profit takers leading up to and immediately after the October 2007 close of the Keystone acquisition. If LKQ follows the same pattern, we believe this behavior may suggest significant volatility lies ahead for the shares.

The Company announced it would acquire Keystone Automotive on 07/17/07. Between this date and 10/15/07 when the deal closed, nine insiders sold 4.2 million shares, 4 million of which came out in a 09/25/07 secondary offering. This was the heaviest selling in any quarter since the October 2003 IPO. Here's where things get pretty interesting: There was a 60 day lock-up period associated with the secondary offering, which should have prohibited any insider profit taking through 11/24/07 with the exception of those sales executed under 10b5-1 plans entered into prior to the offering date. However, between 11/20/07 and 11/23/07, before the lock-up period expired, four insiders sold 762,000 shares, 202,000 of which were transacted by President and CEO **Joseph Holsten** and **Director John O'Brien** and *were not part of any sales plan*. It is not clear to us how this was permissible since the prospectus for the offering contained the following disclosure [bolding is ours]:

There are no existing agreements between the representatives and any of our stockholders who have executed a lock-up agreement providing consent to the sale of shares before the expiration of the lock-up period.

So, we have a situation where insiders cleared out a large amount of stock before the Keystone deal closed and then sold 1,258,600 shares between the time the deal was finalized in November and year-end. This activity marked a new quarterly selling volume record for sales executed without the assistance of a secondary offering. The selling volume so far in 2008 has also exceeded historical norms, as four insiders

have sold 500,000 shares between January 8th and April 1st. This activity framing the merger date is reminiscent of activity we covered at Sprint-Nextel and Cooper Cos, which proved to be an early forewarning of unforeseen fundamental issues that continued to hinder their operations well after their respective deals.

We return to the selling of CEO Holsten who executed other questionable trades during the merger proceedings. At the same time he sold 100,000 shares between 11/10/06 and 11/14/06, Holsten entered into his first 10b5-1 sales plan on 11/13/06. This plan was not initially disclosed by LKQ. Weeks later he placed the first call to Keystone's chief executive and now LKQ board member, **Richard Keister**, to propose the acquisition. Shortly after, during which time the merger discussions continued and those involved parties were likely prohibited from trading while in possession of material non-public merger information, Holsten commenced his 10b5-1 sales, selling 8,000 shares on 01/08/07 and then sold another 192,000 on 04/20/07, his largest non-secondary sale on record. Technically, this would have been permissible since he presumably entered into the plan before the merger discussions began. But his timing in opening a trading plan immediately in advance of merger negotiations is curious to say the least.

Below we have provided a list of those LKQ insiders who have sold since the merger was first disclosed in July 2007.

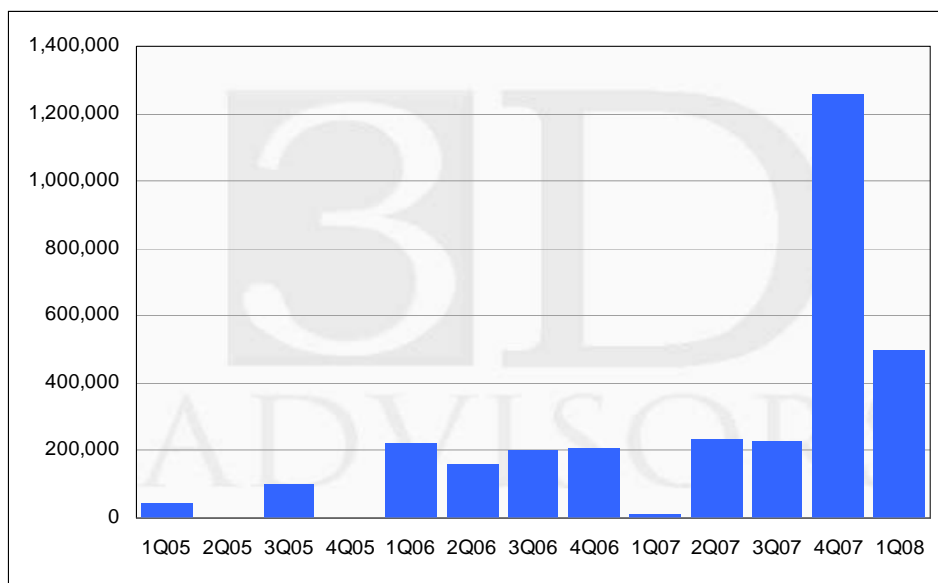
Insider	Position	Shares Sold	Value	% of Actionable Holdings Sold
J. Holsten*	President, CEO	865,000	\$14,612,013	37%
M. Spears*	CFO	400,000	\$6,200,000	21%
W. Hanley*	SVP of Devel.	150,000	\$2,719,035	35%
V. Casini*	GC	180,000	\$3,511,995	23%
S. Jones*	VP	84,640	\$1,429,511	20%
R. Wagman*	VP	73,000	\$1,390,708	45%
L. Damron	SVP	2,000,000	\$31,000,000	32%
F. Erlain	VP of Finance	150,000	\$2,978,144	34%
A. Allen	Director	60,000	\$1,184,103	11%
D. Flynn	Director	1,750,000	\$30,190,544	31% ¹
J. O'Brien	Director	160,000	\$2,994,818	36%

* Indicates individual is a named executive officer

¹ Director Donald Flynn currently has 2.2 million shares pledged to financial institutions. His holdings reduction accounts for this.

These position reductions in the 30% to 45% range are notable by any measure, but even more so considering a number of these individuals sold their shares shortly after the merger was finalized, including those who got a head start by selling before the September 2007 secondary offering lock-up expired. Since initiating the merger process back in late 2006, CEO Holsten has now sold: 1) under a trading plan adopted in November 2006; 2) through a September 2007 secondary offering; 3) on the open market in November 2007 before the lock-up period expiration; and 4) now under a new 10b5-1 plan the Company has yet to provide any information on, including an adoption date on his Form 4s as they did for Holsten's earlier 10b5-1 sales. We have covered few situations where an insider employed more questionable selling maneuvers in such a short timeframe. Founder, Chairman **Donald Flynn** also sold into the September 2007 secondary offering, but adopted a sales plan of his own to facilitate continued selling before the lock-up expired on the same offering. This is apparent by the fact that his sales plan included only two sales before the lock-up expired, on November 19th and November 20th, and he has since returned to selling without the assistance of a 10b5-1 plan. As a reminder, such short-term sales plans are frowned upon by both regulators and securities attorneys.

Figure 3. LKQ Quarterly Selling Volume by Officers and Directors (Excluding Shares Sold in Secondary Offering*). Source: LKQ SEC Filings.



* Insiders sold 3 million shares in an October 2005 offering and 4 million in a September 2007 offering

- **Joseph Holsten (55)*** – President, Chief Executive Officer, Director. Holsten, a former Waste Management executive, joined LKQ in November 1998. He has been a regular seller since early 2005 which is reflected in his year-over-year ownership deterioration. After owning 3 million shares and vested options in April 2005, his holdings now stand at 1.4 million following the 865,000 sold (**37% of position**) since the Keystone acquisition was first publicized. Holsten currently trades under an undisclosed 10b5-1 sales plan (first plan sale was on 01/10/08) and appears to be selling 75,000 shares per quarter. He will have only 60,000 options vest through

December followed by another 74,000 (including restricted stock) in 2009 (see Appendix B). At the current rate it will take him ten years to replace the ownership sold since Keystone was acquired.

- **Donald Flynn (68)** – Chairman. Flynn was a Waste Management officer between 1972 and 1990, last serving as the waste disposal firm's chief financial officer. Flynn joined LKQ's board in 1998 and was a buyer on multiple occasions in 2004. His first sale, covering 800,000 shares, was executed in an October 2005 secondary offering. He did not resurface until after the Keystone acquisition was announced. He sold 1 million shares in the September 2007 secondary and then began trading under an undisclosed 10b5-1 plan before the lockup period expired, selling 500,000 shares on November 19th and November 20th. His most recent sale of 250,000 shares was executed on February 29th at \$21.87. If we exclude the 2.2 million shares he currently has pledged as security to financial institutions, then **the 1.75 million sold since September represented 31% of his actionable holdings**.
- **Victor Casini (45)*** – V.P., General Counsel, Secretary. Casini has been LKQ's head counsel since its inception in 1998. He currently splits his time between LKQ and Flynn Enterprises (Chairman Donald Flynn), where he has held an executive position since 1992. He first sold 140,000 LKQ shares in the October 2005 secondary offering and then later sold 40,000 shares on May 23, 2007 under a 10b5-1 plan reportedly opened nine months earlier. It is unclear if his more recent activity was part of the same plan, but he has definitely become more liberal with his stock dispositions, having sold 180,000 shares, **equal to 35% of his holdings**, between November 19th and January 8th under an indeterminate sales plan. The plan apparently allowed him to take profits during the lock-up period associated with the September 2007 secondary offering. This is quite a curious diversification strategy, having already sold 180,000 shares, considering he will have only 38,000 options vest through the end of 2009 (see Appendix B).
- **Walter Hanley (41)*** – Senior V.P. of Development. Add Hanley to the list of Donald Flynn cronies. He served as Flynn Enterprises' associate general counsel and also as head counsel for two of the Flynn family's casinos, including Emerald Casino, which went Chapter 11 and had its gaming license stripped by the Illinois Gaming Board for making misrepresentations to the Board during an investigation. Hanley had previously sold 80,000 shares in May 2006 but has sold 150,000 since the Keystone deal was first disclosed. **The shares accounted for 35% of his actionable position**. The holdings sold off will not be replenished anytime soon as he is scheduled to vest in only 17,000 more options this year and another 34,000 next year (see Appendix B).

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

Below we have included some of the more noteworthy governance and compensation issues we came across:

- ➡ **Board Composition:** LKQ reports three of its ten board members are independent. They do not consider Chairman Flynn, who founded the Company and currently is the largest inside shareholder, as independent. No SEC filings list him as the Company's founder, which suggests they keep him at arm's length so they could

characterize him as a dependent board member in order to meet NASDAQ listing requirements before they expanded the board to nine in late 2007. The newest addition to the board will be Kevin Flynn, son of Chairman Flynn, whose wholly-owned private equity firm provides services to LKQ. Kevin Flynn owns 1.1 million shares and will presumably be voted in by the shareholders at the upcoming meeting in May. Before the younger Flynn, the last two board additions were the Chairman and CEO of Keystone Automotive, who for obvious reasons have more of a vested interest than they are being credited with.

➡ **Named Officer Disappears from Proxy:** Senior V.P. **Leonard Damron** has headed up the Southeast Region since 1998 when his firm, Damron Auto Parts, was acquired by LKQ. Damron was listed as a named executive officer in the 2006 Proxy but did not make the cut for 2007 despite having a higher total compensation than certain others listed (named officers are those who receive the highest total compensation package). Damron also happens to have the second largest ownership position (CB Flynn owns more) of all officers and directors with a 4.2 million stake even after selling 2 million in September 2007. It is very curious that he was removed from the Proxy altogether.

➡ **Pledged Ownership:** Chairman Flynn currently holds 6 million shares of which 2.2 million (37%) are pledged to secure loans. This is a new disclosure that did not show up in the last Proxy filed in April 2007. Audit Committee member Paul Meister pledged 33% of his actionable holdings as security to financial institutions since the last Proxy. Meister was the former Chairman of Thermo Fisher Scientific and never put up his TMO shares as collateral.

➡ **Related Party Transactions:** There are a number of related party dealings, including those disclosed in the SEC Form 10-K filed on 02/29/08 (last two below) which for some reason were not included in the Proxy filed one month later (04/01/08):

✓ **Facilities Leases** – We lease various properties where our facilities operate. Three of those properties are owned by affiliates of Leonard A. Damron, our Senior Vice President—Southeast Region. Our subsidiaries lease properties from these affiliates of Mr. Damron in Crystal River, Florida; Melbourne, Florida; and Jenkinsburg, Georgia. The aggregate annual rent under these three leases was approximately \$793,020 in 2007. Each of these leases was negotiated in 1998 on an arms-length basis in connection with our acquisition of Mr. Damron's business.

✓ **Related Party Employees** – During fiscal year 2007, Casey L. Damron and M. Chad Damron, sons of Leonard A. Damron, our Senior Vice President—Southeast Region, were employed by us as a Plant Manager—Sales & Marketing and a Plant Manager—Operations, respectively. Casey L. Damron was paid an aggregate salary (including bonus and amounts paid as matching contributions under our retirement plans) of \$145,501 for his services during the year, and M. Chad Damron was paid an aggregate salary (including bonus and amounts paid as matching contributions under our retirement plans) of \$142,411 for his services during the year. Both Casey L. Damron and M. Chad Damron participate in a nonqualified retirement plan for certain employees of one of our

subsidiaries that we agreed to continue when the subsidiary was acquired. We fund the plan through premium payments on life insurance policies that we own and maintain to meet the obligations under the plan. Todd D. Willen, brother of H. Bradley Willen, our Vice President—Midwest Region, was employed by us as a Plant Manager during 2007 and was paid an aggregate salary (including bonus and amounts paid as matching contributions under our retirement plans) of \$290,343 for his services during the year.

- ✓ Emerald Ventures, Inc – Emerald Ventures, Inc., a private investment holding and financial advisory company, provided advisory services and assistance to us in connection with the new credit facility that we entered into in October 2007 in connection with the acquisition of Keystone. Emerald Ventures is wholly-owned by Kevin F. Flynn, a nominee for our board of directors and the son of our Chairman of the Board, Donald F. Flynn. We paid Emerald Ventures \$375,000 for its services in 2007. Emerald Ventures subleases office space from us at our headquarters in Chicago, Illinois on substantially the same terms as our lease with the owner of the building. The total amount paid to us pursuant to this sublease arrangement was approximately \$54,200 in 2007.
 - ✓ A corporation owned by our Chairman of the Board, who is also one of our principal stockholders, owns private aircraft that we use from time to time for business trips. We reimburse this corporation for out-of-pocket and other related flight expenses, as well as for other direct expenses incurred. The total amounts paid to this corporation were approximately \$102,000, \$6,400 and \$122,000 during each of the years ended December 31, 2007, 2006 and 2005, respectively.
 - ✓ In connection with the acquisitions of several businesses, we entered into agreements with several sellers of those businesses, who became stockholders as a result of those acquisitions, for the lease of certain properties used in our operations. Typical lease terms include an initial term of five years, with three five-year renewal options and purchase options at various times throughout the lease periods. We also maintain the right of first refusal concerning the sale of the leased property. Lease payments to a principal stockholder who became an officer of the Company after the acquisition of his business were approximately \$0.8 million during each of the years ended December 31, 2007, 2006 and 2005, respectively.
- ☞ **Severance:** CEO Holsten is currently not entitled to any cash severance payment upon a change in control or upon his termination of employment. However, he entered into a consulting agreement on 01/11/08 that entitles him to receive \$200,000 per year for five years after he ceases to be employed by LKQ.

United States Cellular Corp. (AMEX: USM)

While it might seem as though we are making an eleventh-hour bear case for wireless telephone service provider US Cellular, a majority owned subsidiary of Telephone & Data Systems, Inc. (AMEX: TDS) that has already lost more than 30% of its market cap this year, at the very least the insider profile strongly suggests that a turn

around is not likely to happen any time soon. With USM trailing the Dow by 40% on the year and the shares nearly 50% off their 52-week high, four named officers sold 140,000 shares after the Company released first quarter earnings and raised 2008 guidance on February 29th. While the volume might not seem excessive, the shares accounted for a much higher percentage of their actionable ownership than the most current proxy implies. Despite management's confident growth projections, these sales took place while the shares hemorrhaged value over the first quarter. Adding to our reservations is that we have observed comparable insider profit taking at MetroPCS Communications (NYSE: PCS), which similarly occurred at bargain basement prices.

Figure 4. USM Daily Closing Price, 04/02/07 through 04/25/08. Red diamond is the date of the 4Q07 earnings release (02/29/08); Red shaded is where 4 insiders sold 140,000 shares. Source: Reuters and USM SEC Filings.



US Cellular insiders have been fairly subdued traders over the years as evidenced by their average quarterly selling volume of 44,000 shares in 2004 and 2005. A lengthy blackout period associated with restatements announced in November 2005 and November 2006 kept them on the sidelines for all of 2006 and it was not until May 2007 that the trading restrictions were lifted and they reinitiated their activity. This period also corresponds with TDS's failed attempt (after two years of negotiations) to acquire the remaining interest in USM due to "uneconomic terms". Since that time insiders have averaged more than 200,000 shares sold per quarter. With TDS pretty much running the show from its headquarters down the street, we wonder if the sales may be an indication of USM's management team growing impatient with the intrusive arrangement. We see it being more likely that valuation is the key issue here, as the Company's top officers have shown no aversion to taking profits at successively lower prices with each trade. President, CEO **John Rooney** has executed eight sale transactions since October and with only a few exceptions, each has come at lower prices from \$102 down to \$52. This is not a trend you want to see from any corporate officer, yet alone the chief executive.

CEO Rooney's behavior stands out to us for a number of additional reasons. It is written into his original 2000 employment agreement that after six years of service, all previously granted but unvested stock options and restricted stock awards will vest no later than six months after the six year anniversary date. Those stock and option awards made after the sixth anniversary are to become fully exercisable six months after the date they were granted. Therefore, Rooney entered 2007 with not only the roughly 300,000 options and shares issued between 2003 and 2006 that were just accelerated, but also gained access to 127,000 in October 2007 that had just been granted six months earlier. He has since monetized the better part of the accelerated options, including the above-mentioned 2007 series on the very day they became actionable, which has resulted in a 70% decline in his actionable ownership. This agreement has benefited him in other ways as well. While his peers are now left holding a bunch of vested options that have slipped under water as a result of the recent share price deterioration, Rooney had astutely cashed these out back in late 2007 when USM traded in the \$70 to \$100 range. These particular options would not presently be actionable had it not been for the generous employment agreement clause. We cannot recall having seen a provision like this in any other employment agreement, but what makes this situation so egregious is that while Rooney's peers and USM shareholders are coping with the effects of the declining share price, he has shown no restraint in cashing out his position.

The selling does extend past Rooney, as his peers have actively cashed in stock and options whenever possible as evidenced by the holdings reductions of 50%, 86%, and 98% of three of the other top four officers. After holding 815,000 vested in-the-money options in January 2007, the top five USM officers now collectively hold just 210,000 with Rooney's remaining accelerated options accounting for a large part of the total. The most recent round of sales also involved the monetization of restricted stock by nearly every key officer that became freely transferable on March 31st. At the time, most parties held very low or zero balances in their common stock accounts and still, with the shares trading at a two-year low, opted to take the cash rather than increase their common holdings by any material percentage. We suspect insiders would be more inclined to hold their stock if there was a consensus amongst the hierarchy the shares are positioned for a recovery. On a final note, it was reported in a 05/15/07 SEC Form 8-K that upon the conclusion of the aforementioned blackout period, four USM insiders intended to enter into 10b5-1 sales plans to facilitate their diversification endeavors. Only two of the four did, including CEO Rooney, whose plan ended in 2007. It would seem they had no need for a trading plan to monetize their shares.

As mentioned, we have also been closely monitoring selling at USM competitor MetroPCS. A number of insiders entered into sales plans immediately after the completion of their April 2007 IPO. The first trades under these plans occurred in December 2007, when three officers sold after the issue traded down from their high of \$40 to the \$20 to \$21 range. Apparently something in their respective plans triggered more sales in April, as now three new sellers joined the three who sold in December. In all there were 118,000 shares sold between April 3rd and April 8th at prices as low as \$18. Notable insiders to act were: CFO **J. Braxton Carter** (7,000 shares), Senior V.P. **Douglas Glenn** (50,000 shares) and Senior V.P. **Robert Young** (35,000 shares). While none of the sales resulted in material ownership reductions, officers such as Carter and Glen have now sold on three occasions since the IPO, each at successively lower prices. We suspect shareholders would prefer these 10b5-1 plans were cancelled altogether.

Due to TDS's majority ownership stake, US Cellular qualifies for 'controlled company' status under AMEX listing requirements. Consequently, the Company's governance practices are substandard at best and exemplify just how enmeshed TDS management is with the day to day management of the Company. We have composed a list of some of the more flagrant practices and it is easy to piece them together for a clearer picture of who is really pulling the strings at USM.

- The board is composed of nine directors, only four of whom are independent even by the Company's qualifications. Four board members are officers or chairman of TDS.
- USM does not have a compensation committee. The CEO of TDS, **LeRoy Carlson Jr.**, and CEO Rooney determine the salaries for the executive team and make recommendations to a Stock Option Committee for their approval on the long-term equity component of the comp package.
- USM has a Pricing Committee, which is authorized to make all decisions with respect to financing and capital transactions such as the issuance, redemption or repurchase of debt or the repurchase of shares. The Committee consists of TDS's CEO Carlson and CFO **Kenneth Meyers**, along with CEO Rooney.
- USM also does not have a nominating committee. The board does not have a formal policy with regard to the consideration of any director candidates recommended by shareholders nor does it have any specific minimum qualifications for director nominees or any specific qualities or skills the board believes are necessary for a director to possess. Hence, all USM board members are hand-picked by TDS's management team.
- Both companies share the same law firm, Sidley Austin LLP. The head counsel for both TDS and USM are partners of Sidley Austin, as is USM board member **Walter C.D. Carlson**.

Below we have provided more detail on the behavior and trading histories of the four recent selling officers:

- **John Rooney (65)*** – President, Chief Executive Officer, Director. Since 4Q07 Rooney has undertaken his most sweeping diversification effort since joining the Company back in 2000. After selling a total of 270,000 shares between 1Q05 and 3Q07, he has since sold 327,093 shares in the past six months. During this stretch Rooney monetized stock options from six different series with expiration dates between May 2011 and April 2017, clearing out five of the series. **His actionable ownership is down 70% over the past 52 weeks.** His selling volume is deceiving as a majority of the sales are filed with an "F" transaction code identifying those shares turned in to cover the exercise costs and related taxes, but these are in fact a component of his selling activity. Rooney continues to sell at steadily lower prices, having sold at prices up to \$100 in September and now at \$52 to \$56 in March and April. And despite the restricted stock he has vested in during the past two years, his common stock levels have not increased as he has taken profits on the vested stock just as he has his options. Rooney will not have any derivative equity vest until April 2009, when the 143,000 options and shares granted to him this year will become exercisable on an accelerated basis, but that will be it until more vest in late 2009

(see Appendix C). Rooney holds a board seat at First Midwest Bancorp but has not sold any FMBI shares in the past two years.

- **Jay Ellison (55)*** – Executive V.P., Chief Operating Officer. Ellison's most active trading occurred last May and June, when he monetized options from six different non-expiring series en route to selling 117,000 shares at prices up to \$90. These sales proved quite timely as a number of the options monetized would now be under water. He recently resurfaced on March 31st when stock awarded him in 2005 became actionable. With the stock having lost 40% of its value since his last trade, Ellison, who did not have any common stock at the time, sold 9,000 of the 9,500 shares he received after turning in stock to cover the taxes. These shares accounted for roughly one third of his actionable holdings, but more importantly, **his ownership (excluding out-of-the-money options) is down 85% in the past year.** Having been with the Company for eight years, it is unreasonable that he now has actionable holdings totaling just 17,000 vested options and shares. He is not scheduled to gain access to any additional equity until 43,000 options and shares vest next April, but if USM fails to gain momentum, these will all be under water when they vest (see Appendix C).
- **Michael Irizarry* (46)** – Executive V.P., Chief Technology Officer. Irizarry has served in his current role for the past six years and has been an infrequent trader since joining the Company. He most recently sold 74,000 shares last May at \$74, which proved to be two months early as he missed out on the issue's run to \$100. Apparently the gains lost last year have made him more apprehensive as Irizarry sold 15,409 shares on March 31st at prices (\$55) nearly 50% off the 52-week high. In addition to selling shares that vested that session, Irizarry monetized all of his available in-the-money options from two separate series with expiration dates of March 2014 and March 2015. One series was monetized at a pre-tax profit under 20%. **His March dispositions covered 93% of his actionable holdings.** Including unexercisable options currently under water, Irizarry will vest in 32,000 options and shares in April 2009 (see Appendix C).
- **Jeffrey Childs* (51)** – Senior V.P., Chief Human Resources Officer. There is little more that needs to be said than the fact Childs was last a seller in August at \$93 and is now taking profits at \$55. Childs sold 3,500 of the shares he received on March 31st upon the vesting of a restricted stock award, marking the lowest price he has accepted for his stock since joining USM in February 2004. He did retain some stock from the award, which now constitutes his only common holdings. **His ownership is down 50% in the past year.** Childs will not have any more derivative equity vest this year, but will gain access to 28,000 shares and options in April 2009 (see Appendix C).

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

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Appendix A

Option and Restricted Stock Vesting Schedules for Selected Herbalife, Ltd. 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
Brett Chapman, General Counsel, Corporate Secretary. Common stock holdings: 4,255 shares								
10/06/03	Options	75,000	\$5.00	12/31/03	10/06/13	15,000	7,500	3,750 vest each quarter through 9/08
10/06/03	Options	21,875	\$7.00	12/31/03	10/06/13	4,375	2,188	1,093 vest each quarter through 9/08
10/06/03	Options	21,875	\$11.00	12/31/03	10/06/13	4,375	2,188	1,093 vest each quarter through 9/08
10/06/03	Options	21,875	\$17.00	12/31/03	10/06/13	4,375	2,188	1,093 vest each quarter through 9/08
10/06/03	Options	21,875	\$23.00	12/31/03	10/06/13	4,375	2,188	1,093 vest each quarter through 9/08
09/01/04	Options	15,000	\$14.00	09/30/04	09/01/14	5,250	2,188	1,093 vest each quarter through 9/08
09/01/04	Options	15,000	\$14.00	09/30/04	09/01/14	5,250	2,188	1,093 vest each quarter through 9/08
09/01/04	Options	15,000	\$17.00	09/30/04	09/01/14	5,250	3,750	750 vest each quarter through 6/09
09/01/04	Options	15,000	\$21.00	09/30/04	09/01/14	5,250	3,750	750 vest each quarter through 6/09
09/01/04	Options	15,000	\$25.00	09/30/04	09/01/14	5,250	3,750	750 vest each quarter through 6/09
12/01/04	Options	137,500	\$15.50	12/01/07	12/01/14	91,666	91,666	12/01/08, 12/01/09
04/27/05	Options	75,000	\$15.00	06/30/05	04/27/15	37,500	26,250	3,750 vest each quarter through 3/10
03/23/06	Options	31,500	\$32.79	03/31/06	03/23/16	31,500	15,750	1,575 vest each quarter through 12/10
03/23/06	R. Stock	3,375	N/A	04/23/07	03/23/09	1,125	1,125	03/23/09
10/10/06	R. Stock	3,000	N/A	10/10/06	06/30/08	1,000	1,000	06/30/08
05/29/07	Options	26,083	\$40.25	05/29/08	05/29/17	26,083	26,083	20% vest on 05/29/08 and 05/29/09, 60% vest on 05/29/10
05/29/07	R. Stock	4,398	N/A	06/29/08	05/29/10	4,398	4,398	06/29/08, 05/29/09, 05/29/10
02/28/08	Options	22,195	\$43.13	02/28/09	02/28/18	22,195	22,195	20% vest on 02/28/09 and 02/28/10, 60% vest on 02/28/11
02/28/08	R. Stock	7,959	N/A	03/28/09	02/28/11	7,959	7,959	03/28/09, 02/28/10, 02/28/11
Richad Goudis, Chief Financial Officer. Common stock holdings: 7,275 shares								
06/14/04	Options	40,000	\$8.02	06/30/04	06/14/14	10,000	8,000	2,000 vest each quarter through 3/09
06/14/04	Options	40,000	\$12.00	06/30/04	06/14/14	10,000	8,000	2,000 vest each quarter through 3/09
06/14/04	Options	40,000	\$16.00	06/30/04	06/14/14	10,000	8,000	2,000 vest each quarter through 3/09
06/14/04	Options	40,000	\$20.00	06/30/04	06/14/14	10,000	8,000	2,000 vest each quarter through 3/09
06/14/04	Options	40,000	\$24.00	06/30/04	06/14/14	10,000	8,000	2,000 vest each quarter through 3/09
09/01/04	Options	7,500	\$9.00	09/30/04	09/01/14	750	0	Fully Vested
09/01/04	Options	7,500	\$13.00	09/30/04	09/01/14	750	0	Fully Vested
09/01/04	Options	7,500	\$14.00	09/30/04	09/01/14	6,750	1,875	375 vest each quarter through 6/09
09/01/04	Options	7,500	\$14.00	09/30/04	09/01/14	6,750	1,875	375 vest each quarter through 6/09
09/01/04	Options	7,500	\$17.00	09/30/04	09/01/14	7,500	1,875	375 vest each quarter through 6/09
09/01/04	Options	7,500	\$21.00	09/30/04	09/01/14	7,500	1,875	375 vest each quarter through 6/09
09/01/04	Options	7,500	\$25.00	09/30/04	09/01/14	7,500	1,875	375 vest each quarter through 6/09
12/01/04	Options	150,000	\$15.50	12/01/07	12/01/14	100,000	100,000	12/01/08, 12/01/09
04/27/05	Options	75,000	\$15.00	06/30/05	04/27/15	75,000	26,250	3,750 vest each quarter through 3/10



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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
03/23/06	Options	31,500	\$32.79	03/31/06	03/23/16	31,500	15,750	1,575 vest each quarter through 12/10
03/23/06	R. Stock	3,375	N/A	04/23/07	03/23/09	1,125	1,125	03/23/09
10/24/06	R. Stock	15,000	N/A	10/24/06	06/30/08	5,000	5,000	06/30/08
05/29/07	Options	26,083	\$40.25	05/29/08	05/29/17	26,083	26,083	20% vest on 05/29/08 and 05/29/09, 60% vest on 05/29/10
05/29/07	R. Stock	4,398	N/A	06/29/08	05/29/10	4,398	4,398	06/29/08, 05/29/09, 05/29/10
02/28/08	Options	22,195	\$43.13	02/28/09	02/28/18	22,195	22,195	20% vest on 02/28/09 and 02/28/10, 60% vest on 02/28/11
02/28/08	R. Stock	7,959	N/A	03/28/09	02/28/11	7,959	7,959	03/28/09, 02/28/10, 02/28/11

Michael Johnson, Chairman, Chief Executive Officer. Common stock holdings: 111,910 shares

04/03/03	Options	591,185	\$3.52	04/30/04	04/03/13	141,185	29,559	04/30/08
04/03/03	Options	591,185	\$10.56	04/30/04	04/03/13	591,185	29,559	04/30/08
04/03/03	Options	591,185	\$17.60	04/30/04	04/03/13	591,185	29,559	04/30/08
04/03/03	Options	591,185	\$24.64	04/30/04	04/03/13	591,185	29,559	04/30/08
12/01/04	Options	500,000	\$15.50	12/01/07	12/01/14	500,000	333,333	12/01/08, 12/01/09
04/27/05	Options	125,000	\$15.00	06/30/05	04/27/15	125,000	43,750	6,250 vest each quarter through 03/10
03/23/06	Options	140,000	\$32.79	03/31/06	03/23/16	140,000	70,000	7,000 vest each quarter through 12/10
03/23/06	R. Stock	15,000	N/A	04/23/07	03/23/09	5,000	5,000	03/23/09
05/29/07	Options	145,000	\$40.25	05/29/08	05/29/17	145,000	145,000	20% vest on 05/29/08 and 05/29/09, 60% vest on 05/29/10
05/29/07	R. Stock	20,700	N/A	06/29/08	05/29/10	20,700	20,700	06/29/08, 05/29/09, 05/29/10
02/28/08	Options	120,000	\$43.13	02/28/09	02/28/18	120,000	120,000	20% vest on 02/28/09 and 02/28/10, 60% vest on 02/28/11
02/28/08	R. Stock	43,033	N/A	03/28/09	02/28/11	43,033	43,033	03/28/09, 02/28/10, 02/28/11
03/27/08	Options	759,790	\$48.64	03/27/12	03/27/15	759,790	759,790	Vest on 03/27/12 subject to performance goals
03/27/08	R. Stock	130,480	N/A	03/27/09	03/27/12	130,480	130,480	30% vest on 03/27/09, 03/27/10, 03/27/11, 10% vest on 03/27/12

Robert Levy, Senior V.P. of South America. Common stock holdings: 45,454 shares

10/22/02	Options	75,000	\$3.52	12/31/02	10/22/12	43,000	0	Fully Vested
04/27/05	Options	20,000	\$15.00	06/30/05	04/27/15	20,000	7,000	1,000 vest each quarter through 3/10
03/23/06	Options	17,500	\$32.79	03/31/06	03/23/16	17,500	10,500	875 vest each quarter through 12/10
03/23/06	R. Stock	1,875	N/A	04/23/07	03/23/09	625	625	03/23/09
08/23/06	Options	6,000	\$30.97	09/30/06	08/23/16	6,000	3,900	300 vest each quarter through 6/11
05/29/07	Options	16,118	\$40.25	05/29/08	05/29/17	16,118	16,118	20% vest on 05/29/08 and 05/29/09, 60% vest on 05/29/10
05/29/07	R. Stock	2,718	N/A	06/29/08	05/29/10	2,718	2,718	06/29/08, 05/29/09, 05/29/10
02/28/08	Options	16,573	\$43.13	02/28/09	02/28/18	16,573	16,573	20% vest on 02/28/09 and 02/28/10, 60% vest on 02/28/11
02/28/08	R. Stock	5,943	N/A	03/28/09	02/28/11	5,943	5,943	03/28/09, 02/28/10, 02/28/11

Paul Noack, Managing Director of Asia. Common stock holdings: 15,584 shares



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04/03/04	Options	75,000	\$8.02	04/03/04	04/03/14	11,250	11,250	3,750 vest each quarter through 1/09
09/01/04	Options	10,000	\$9.00	09/30/04	09/01/14	1,000	0	Fully Vested
09/01/04	Options	10,000	\$13.00	09/30/04	09/01/14	1,000	0	Fully Vested
09/01/04	Options	10,000	\$14.00	09/30/04	09/01/14	9,000	2,500	500 vest each quarter through 6/09
09/01/04	Options	10,000	\$14.00	09/30/04	09/01/14	9,000	2,500	500 vest each quarter through 6/09
09/01/04	Options	10,000	\$17.00	09/30/04	09/01/14	10,000	2,500	500 vest each quarter through 6/09
09/01/04	Options	10,000	\$21.00	09/30/04	09/01/14	10,000	2,500	500 vest each quarter through 6/09
09/01/04	Options	10,000	\$25.00	09/30/04	09/01/14	10,000	2,500	500 vest each quarter through 6/09
12/01/04	Options	25,000	\$15.50	12/01/07	12/01/14	25,000	16,666	12/01/08, 12/01/09
04/27/05	Options	20,000	\$15.00	06/30/05	04/27/15	20,000	7,000	1,000 vest each quarter through 3/10
03/23/06	Options	31,500	\$32.79	03/31/06	03/23/16	31,500	15,750	1,575 vest each quarter through 12/10
03/23/06	R. Stock	3,375	N/A	04/23/07	03/23/09	1,125	1,125	03/23/09
04/13/06	Options	130,000	\$34.02	06/30/06	04/13/16	130,000	78,000	6,500 vest each quarter through 3/11
04/13/06	R. Stock	20,000	N/A	05/13/07	04/13/08	6,666	6,666	04/13/09
05/29/07	Options	26,083	\$40.25	05/29/08	05/29/17	26,083	26,083	20% vest on 05/29/08 and 05/29/09, 60% vest on 05/29/10
05/29/07	R. Stock	4,398	N/A	06/29/08	05/29/10	4,398	4,398	06/29/08, 05/29/09, 05/29/10
12/31/07	Options	20,000	\$40.28	12/31/08	12/31/17	20,000	20,000	20% vest on 12/31/08 and 12/31/09, 60% vest on 12/31/10
12/31/07	R. Stock	10,000	N/A	01/31/09	12/31/11	10,000	10,000	01/31/09, 12/31/10, 12/31/11
02/28/08	Options	14,500	\$43.13	02/28/09	02/28/18	14,500	14,500	20% vest on 02/28/09 and 02/28/10, 60% vest on 02/28/11
02/28/08	R. Stock	5,200	N/A	03/28/09	02/28/11	5,200	5,200	03/28/09, 02/28/10, 02/28/11

Gregory Probert, President, Chief Operating Officer. Common stock holdings: 21,445 shares

07/31/03	Options	75,000	\$23.00	07/31/05	07/31/13	75,000	0	Fully Vested
09/01/04	Options	40,000	\$9.00	09/30/04	09/01/14	14,000	10,000	2,000 vest each quarter through 6/09
09/01/04	Options	40,000	\$13.00	09/30/04	09/01/14	14,000	10,000	2,000 vest each quarter through 6/09
09/01/04	Options	40,000	\$21.00	09/30/04	09/01/14	14,000	10,000	2,000 vest each quarter through 6/09
09/01/04	Options	40,000	\$25.00	09/30/04	09/01/14	40,000	10,000	2,000 vest each quarter through 6/09
12/01/04	Options	375,000	\$15.50	12/01/07	12/01/14	250,000	250,000	12/01/08, 12/01/09
04/27/05	Options	100,000	\$15.00	06/30/05	04/27/15	50,000	40,000	5,000 vest each quarter through 3/10
03/23/06	Options	102,900	\$32.79	03/31/06	03/23/16	102,900	61,750	5,145 vest each quarter through 12/10
03/23/06	R. Stock	11,025	N/A	04/23/07	03/23/09	3,675	3,675	03/23/09
10/10/06	R. Stock	21,000	N/A	10/10/06	06/30/08	7,000	7,000	06/30/08
05/29/07	Options	105,000	\$40.25	05/29/08	05/29/17	105,000	105,000	20% vest on 05/29/08 and 05/29/09, 60% vest on 05/29/10
05/29/07	R. Stock	15,000	N/A	06/29/08	05/29/10	15,000	15,000	06/29/08, 05/29/09, 05/29/10
02/28/08	Options	82,000	\$43.13	02/28/09	02/28/18	82,000	82,000	20% vest on 02/28/09 and 02/28/10, 60% vest on 02/28/11
02/28/08	R. Stock	29,406	N/A	03/28/09	02/28/11	29,406	29,406	03/28/09, 02/28/10, 02/28/11



Appendix A

Option and Restricted Stock Vesting Schedules for Selected Herbalife, Ltd. 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
04/04/08	Options	290,740	\$50.00	04/04/12	04/04/15	290,740	290,740	Vests on 04/04/12 subject to performance goals
04/04/08	R. Stock	81,550	N/A	04/04/09	04/04/11	81,550	81,550	04/04/09, 04/04/10, 04/04/11
Thomas Zimmer, Senior V.P. of North America. Common stock holdings: 1,250 shares								
04/03/04	Options	25,000	\$8.02	04/03/04	04/03/14	5,000	5,000	1,250 vest each quarter through 1/09
09/01/04	Options	7,500	\$9.00	09/30/04	09/01/14	2,250	1,875	375 vest each quarter through 6/09
09/01/04	Options	7,500	\$13.00	09/30/04	09/01/14	2,250	1,875	375 vest each quarter through 6/09
09/01/04	Options	7,500	\$17.00	09/30/04	09/01/14	2,250	1,875	375 vest each quarter through 6/09
09/01/04	Options	7,500	\$21.00	09/30/04	09/01/14	2,250	1,875	375 vest each quarter through 6/09
09/01/04	Options	7,500	\$25.00	09/30/04	09/01/14	2,250	1,875	375 vest each quarter through 6/09
04/27/05	Options	25,000	\$15.00	06/30/05	04/27/15	11,250	10,000	1,250 vest each quarter through 3/10
03/23/06	Options	17,500	\$32.79	03/31/06	03/23/16	17,500	10,500	875 vest each quarter through 12/10
03/23/06	R. Stock	1,875	N/A	04/23/07	03/23/09	625	625	03/23/09
06/29/06	Options	6,000	\$39.05	06/30/06	06/29/16	6,000	3,600	300 vest each month through 3/11
05/29/07	Options	14,829	\$40.25	05/29/08	05/29/17	14,829	14,829	20% vest on 05/29/08 and 05/29/09, 60% vest on 05/29/10
05/29/07	R. Stock	2,500	N/A	06/29/08	05/29/10	2,500	2,500	06/29/08, 05/29/09, 05/29/10
02/28/08	Options	14,000	\$43.13	02/28/09	02/28/18	14,000	14,000	20% vest on 02/28/09 and 02/28/10, 60% vest on 02/28/11
02/28/08	R. Stock	5,021	N/A	03/28/09	02/28/11	5,021	5,021	03/28/09, 02/28/10, 02/28/11



Appendix B

Option and Restricted Stock Vesting Schedules for Selected LKQ 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
Victor Casini, V.P., General Counsel, Secretary. Common stock holdings: 76,668 shares								
01/12/00	Options	100,000	\$3.75	07/12/00	01/12/10	100,000	0	Fully Vested
01/22/01	Options	50,000	\$0.75	07/22/01	01/22/11	50,000	0	Fully Vested
03/06/02	Options	85,000	\$2.00	09/06/02	03/06/12	85,000	0	Fully Vested
01/14/03	Options	50,000	\$2.18	07/14/03	01/14/13	50,000	0	Fully Vested
10/02/03	Options	100,000	\$3.25	04/02/04	10/02/13	100,000	10,000	10/02/08
01/09/04	Options	60,000	\$4.49	01/10/05	01/09/14	60,000	0	Fully Vested
01/14/05	Options	30,000	\$4.42	01/14/05	01/14/15	30,000	13,332	3,333 vest every six months through 1/10
01/28/05	Options	84,000	\$4.16	07/28/04	01/28/15	84,000	0	Fully Vested
01/12/07	Options	30,000	\$10.05	07/12/07	01/12/17	30,000	24,000	3,000 vest every six months through 1/12
01/11/08	Options	20,000	\$19.13	07/11/08	01/11/18	20,000	20,000	2,000 vest on 07/11/08, then every six months through 1/13
01/11/08	R. Stock	20,000	N/A	01/11/09	01/11/13	20,000	20,000	01/11/09, 01/11/10, 01/11/11, 01/11/12, 01/11/13
Frank Erlain, V.P. of Finance, Controller. Common stock holdings: 126,000 shares								
01/12/00	Options	48,000	\$3.75	07/12/00	01/12/10	48,000	0	Fully Vested
01/14/03	Options	41,200	\$2.18	07/14/03	01/14/13	8,000	0	Fully Vested
01/09/04	Options	86,000	\$4.49	01/10/05	01/09/14	86,000	0	Fully Vested
01/14/05	Options	30,000	\$4.42	01/14/05	01/14/15	30,000	13,332	3,333 vest every six months through 1/10
01/13/06	Options	26,000	\$9.75	07/13/06	01/13/16	26,000	15,600	2,600 vest every six months through 1/11
01/12/07	Options	13,000	\$10.05	07/12/07	01/12/17	13,000	10,400	1,300 vest every six months through 1/12
01/11/08	Options	20,000	\$19.13	07/11/08	01/11/18	20,000	20,000	2,000 vest on 07/11/08, then every six months through 1/13
01/11/08	R. Stock	10,000	N/A	01/11/09	01/11/13	10,000	10,000	01/11/09, 01/11/10, 01/11/11, 01/11/12, 01/11/13
Walter Hanley, Senior V.P. of Development. Common stock holdings: 40,000 shares								
12/01/02	Options	80,000	\$2.00	06/01/03	12/01/12	20,000	0	Fully Vested
10/02/03	Options	30,000	\$3.25	04/02/04	10/02/13	30,000	3,000	10/02/08
01/09/04	Options	60,000	\$4.49	01/10/05	01/09/14	60,000	0	Fully Vested
01/14/05	Options	30,000	\$4.42	01/14/05	01/14/15	30,000	13,332	3,333 vest every six months through 1/10
01/28/05	Options	84,000	\$4.16	07/28/04	01/28/15	84,000	0	Fully Vested
01/13/06	Options	40,000	\$9.75	07/13/06	01/13/16	40,000	24,000	4,000 vest every six months through 1/11
01/12/07	Options	50,000	\$10.05	07/12/07	01/12/17	50,000	40,000	5,000 vest every six months through 1/12
01/11/08	Options	25,000	\$19.13	07/11/08	01/11/18	25,000	25,000	2,500 vest on 07/11/08, then every six months through 1/13
01/11/08	R. Stock	25,000	N/A	01/11/09	01/11/13	25,000	25,000	01/11/09, 01/11/10, 01/11/11, 01/11/12, 01/11/13
Joseph Holsten, President, Chief Executive Officer, Director. Common stock holdings: 437,000 shares								
01/14/03	Options	300,000	\$2.18	07/14/03	01/14/13	30,000	0	Fully Vested



Appendix B

Option and Restricted Stock Vesting Schedules for Selected LKQ 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
10/02/03	Options	300,000	\$3.25	04/02/04	10/02/13	60,000	30,000	10/02/08
01/09/04	Options	200,000	\$4.49	01/10/05	01/09/14	200,000	0	Fully Vested
01/14/05	Options	200,000	\$4.42	01/14/05	01/14/15	200,000	44,400	11,100 vest every six months through 1/10
01/28/05	Options	684,000	\$4.16	07/28/04	01/28/15	609,000	0	Fully Vested
01/12/07	Options	100,000	\$10.05	07/12/07	01/12/17	100,000	80,000	10,000 vest every six months through 1/12
01/11/08	Options	80,000	\$19.13	07/11/08	01/11/18	80,000	80,000	8,000 vest on 07/11/08, then every six months through 1/13
01/11/08	R. Stock	80,000	N/A	01/11/09	01/11/13	80,000	80,000	01/11/09, 01/11/10, 01/11/11, 01/11/12, 01/11/13

Steven Jones, V.P. of West Region, Northwest District, and Core Operations. Common stock holdings: 241,876 shares

03/06/02	Options	9,600	\$2.00	09/06/02	03/06/12	9,600	0	Fully Vested
01/14/03	Options	49,600	\$2.18	07/14/03	01/14/13	4,960	0	Fully Vested
01/09/04	Options	40,000	\$4.49	01/10/05	01/09/14	40,000	0	Fully Vested
01/14/05	Options	40,000	\$4.42	01/14/05	01/14/15	40,000	8,890	2,222 vest every six months through 1/10
01/13/06	Options	20,000	\$9.75	07/13/06	01/13/16	20,000	12,000	2,000 vest every six months through 1/11
01/12/07	Options	20,000	\$10.05	07/12/07	01/12/17	20,000	16,000	2,000 vest every six months through 1/12

Mark Spears, Executive V.P., Chief Financial Officer. Common stock holdings: 240,000 shares

07/27/99	Options	440,000	\$3.75	01/27/00	07/27/09	364,000	0	Fully Vested
01/12/00	Options	200,000	\$3.75	07/12/00	01/12/10	200,000	0	Fully Vested
01/14/03	Options	200,000	\$2.18	07/14/03	01/14/13	20,000	0	Fully Vested
10/02/03	Options	200,000	\$3.25	04/02/04	10/02/13	200,000	20,000	10/02/08
01/09/04	Options	100,000	\$4.49	01/10/05	01/09/14	100,000	0	Fully Vested
01/14/05	Options	100,000	\$4.42	01/14/05	01/14/15	100,000	22,220	5,555 vest every six months through 1/10
01/28/05	Options	348,000	\$4.16	07/28/04	01/28/15	348,000	0	Fully Vested
01/12/07	Options	50,000	\$10.05	07/12/07	01/12/17	50,000	40,000	5,000 vest every six months through 1/12
01/11/08	Options	25,000	\$19.13	07/11/08	01/11/18	25,000	25,000	2,500 vest on 07/11/08, then every six months through 1/13
01/11/08	R. Stock	25,000	N/A	01/11/09	01/11/13	25,000	25,000	01/11/09, 01/11/10, 01/11/11, 01/11/12, 01/11/13



Appendix C

Option and Restricted Stock Vesting Schedules for Selected United States Cellular 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
Steven Campbell, Executive V.P. of Finance, Chief Financial Officer, Treasurer. Common stock holdings: 207 shares								
06/01/05	Options	5,125	\$47.76	06/01/06	06/01/15	2,563	0	Fully Vested
04/03/06	Options	7,575	\$59.43	04/03/07	04/03/16	5,682	3,788	04/03/09, 04/03/10
04/03/06	R. Stock	590	N/A	04/03/09	04/03/09	590	590	04/03/09
04/02/07	Options	17,200	\$73.84	04/02/08	04/02/17	17,200	12,900	04/02/09, 04/02/10, 04/02/11
04/02/07	R. Stock	3,123	N/A	04/20/10	04/20/10	3,123	3,123	04/02/10
04/01/08	Options	27,175	\$57.19	04/01/09	04/01/18	27,175	27,175	04/01/09, 04/01/10, 04/01/11, 04/01/12
04/01/08	R. Stock	6,120	N/A	04/01/11	04/01/11	6,120	6,120	04/01/11
Jeffrey Childs, Senior V.P., Chief Human Resources Officer. Common stock holdings: 1,987 shares								
02/17/04	Options	25,700	\$43.20	01/19/05	02/17/14	6,425	0	Fully Vested
03/31/05	Options	19,250	\$45.63	03/31/06	03/31/15	14,750	4,813	03/31/09
04/03/06	Options	20,900	\$59.43	04/03/07	04/03/16	20,900	10,450	04/03/09, 04/03/10
04/03/06	R. Stock	2,172	N/A	04/03/09	04/03/09	2,172	2,172	04/03/09
04/02/07	Options	17,200	\$73.84	04/02/08	04/02/17	17,200	12,900	04/02/09, 04/02/10, 04/02/11
04/02/07	R. Stock	3,123	N/A	04/20/10	04/20/10	3,123	3,123	04/02/10
04/01/08	Options	26,225	\$57.19	04/01/09	04/01/18	26,225	26,225	04/01/09, 04/01/10, 04/01/11, 04/01/12
04/01/08	R. Stock	5,903	N/A	04/01/11	04/01/11	5,903	5,903	04/01/11
Jay Ellison, Executive V.P., Chief Operating Officer. Common stock holdings: 515 shares								
09/01/00	Options		\$75.00	09/01/02	09/01/00	4,613	0	Fully Vested
03/31/04	Options	35,225	\$38.65	03/31/04	03/31/14	8,807	0	Fully Vested
03/31/05	Options	34,400	\$45.63	03/31/06	03/31/15	17,200	8,600	03/31/09
04/03/06	Options	37,275	\$59.43	04/03/07	04/03/16	27,975	18,638	04/03/09, 04/03/10
04/03/06	R. Stock	3,873	N/A	04/03/09	04/03/09	3,873	3,873	04/03/09
04/02/07	Options	40,100	\$73.84	04/02/08	04/02/17	40,100	30,075	04/02/09, 04/02/10, 04/02/11
04/02/07	R. Stock	7,281	N/A	04/20/10	04/20/10	7,281	7,281	04/02/10
04/01/08	Options	61,250	\$57.19	04/01/09	04/01/18	61,250	61,250	04/01/09, 04/01/10, 04/01/11, 04/01/12
04/01/08	R. Stock	13,794	N/A	04/01/11	04/01/11	13,794	13,794	04/01/11
Michael Irizarry , Executive V.P., Chief Technology Officer. Common stock holdings: 1,155 shares								
03/31/05	Options	21,775	\$45.63	03/31/06	03/31/15	5,444	5,444	03/31/09
04/03/06	Options	23,650	\$59.43	04/03/07	04/03/16	17,738	11,825	04/03/09, 04/03/10



Appendix C

Option and Restricted Stock Vesting Schedules for Selected United States Cellular 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
04/03/06	R. Stock	2,458	N/A	04/03/09	04/03/09	2,458	2,458	04/03/09
04/02/07	Options	28,825	\$73.84	04/02/08	04/02/17	28,825	21,619	04/02/09, 04/02/10, 04/02/11
04/02/07	R. Stock	5,233	N/A	04/20/10	04/20/10	5,233	5,233	04/02/10
04/01/08	Options	44,150	\$57.19	04/01/09	04/01/18	44,150	44,150	04/01/09, 04/01/10, 04/01/11, 04/01/12
04/01/08	R. Stock	9,943	N/A	04/01/11	04/01/11	9,943	9,943	04/01/11
John Rooney, President, Chief Executive Officer, Director. Common stock holdings: 39,250 shares								
04/21/03	Options	175,000	\$24.47	04/21/04	04/21/13	105,250	0	Fully Vested
03/31/04	Options	92,000	\$38.65	03/31/04	03/31/14	67,533	0	Fully Vested
04/01/08	Options	136,000	\$57.19	04/01/09	04/01/18	136,000	136,000	04/01/09, 04/01/10, 04/01/11, 04/01/12
04/01/08	R. Stock	7,695	N/A	04/01/11	04/01/11	7,695	7,695	04/01/11

* Red highlight indicates options that are currently under water