3D ADVISORS

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

Private Equity Deals Gut Company, Insiders Exit Too
Knoll Inc. (NYSE:KNL)

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Business Description

Knoll Inc. operates as a designer and manufacturer of branded office furniture products and textiles. It offers its products in five categories: office systems; specialty products; seating; files and storage; and desks, casegoods, and tables. The Company offers its products to Fortune 1000 companies, governmental agencies, and other medium to large sized organizations in various industries primarily in North America through its direct sales force and a network of independent dealers. Knoll Inc. was founded in 1938 and is headquartered in East Greenville, Pennsylvania.

Key Statistics

Sector:	Last Close:	Market Cap:	Avg Vol (3m):
Consumer Goods	**$23.96**	**$1.19B**	**341,821**
Industry:	52 Wk Range:	Trailing P/E:	Shrs Out:
Office Equipment	**$16.78 - $24.80**	**18.94**	**49.48M**
F/T Employees:	FYE:	Forward P/E:	Short % of Float:
4,224	**31-Dec**	**13.24**	**3.70%**

Summary of 3DAdvisors Findings for KNL

- **Accounting:** The consequences of Warburg's plundering of Knoll
- **Accounting:** After Warburg makes its grab, cash is exceptionally tight
- **Insider Trading:** Insiders follow Warburg's lead, leaving investors holding bag
- **Governance:** Warburg members remain on board, reward compliant executives
- **Accounting:** Audit Committee disclosure raises questions
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- **Fundamentals:** Claim of "industry leading margins" faces test as U.S. sales slow

Discussion of 3DAdvisors Findings for KNL

One wonders what the “Post-Liquidity Factory” environment will look like when so many of the companies that have been taken private or acquired eventually struggle to cope with the debt burdens taken on in the deals. As we all know from past experience, such problems will be a given and there will be plenty of sorry examples to demonstrate the excesses of this period. Though it may be some time before extreme liquidity problems emerge at individual companies involved in such deals, the self-serving private equity maneuvers and recent executive behavior at Knoll Inc. suggest to us that such problems may be close at hand for the Company.

Summarily drained of liquidity by private equity giant Warburg Pincus, which has since cashed out of its Knoll investment, Knoll management has been left holding the bag with a highly leveraged balance sheet, tight financial covenants and an even tighter cash position. Despite its comparatively weak financial condition, in recent conference calls and other disclosures, Knoll management continues to offer a very optimistic outlook, which we note is increasingly out of sync with some of its peers in the office equipment industry who have admitted a slowing of demand in some markets. Meanwhile, with happy faces intact, management has been ever more aggressive and stealthy in recent quarters selling off the majority of its stock. As such, with management-speak at odds with management behavior and financial and operating reality, it more and more looks to us like the remaining shareholders will be the only ones left holding the bag.

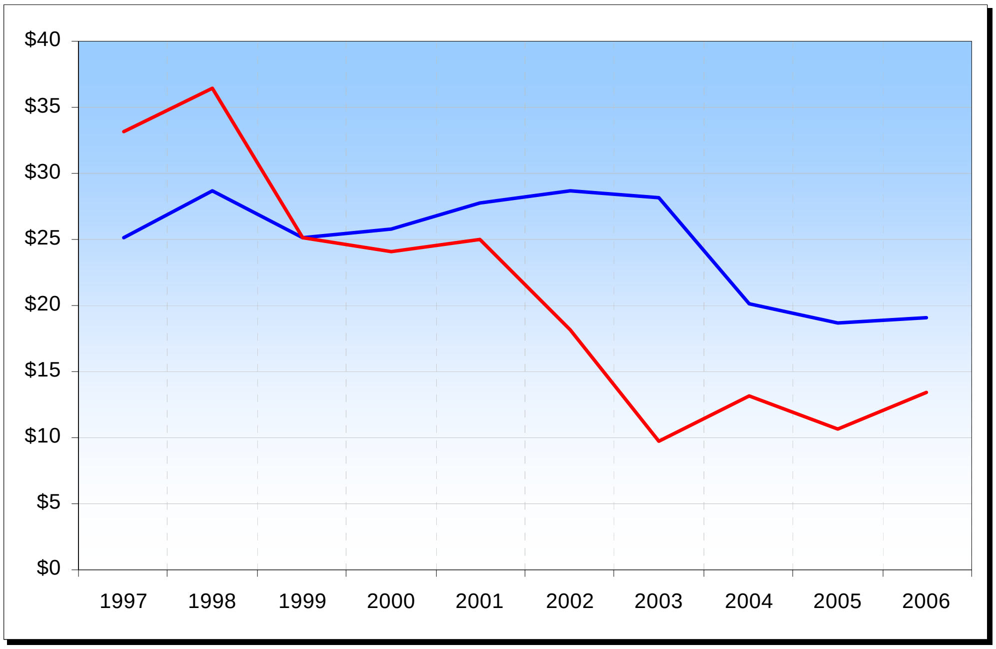
<u>Accounting: The consequences of Warburg’s plundering of Knoll</u>

To understand the impact of Warburg’s past relationship with Knoll, one need go no further than to compare the health of Knoll’s business prior to the November 1999 deal, which took the Company private in a “leveraged recapitalization”, to the vastly different shape in which Knoll currently finds itself.

Prior to the deal, the Company’s long-term debt stood at $139 million with the balance sheet sporting relatively strong shareholders’ equity totaling $386 million. The subsequent transaction, through which all shareholders other than Warburg and key members of Knoll management were taken out, cost the Company $497 million, causing Knoll’s long-term debt to skyrocket to $592 million and wiping out shareholders’ equity to a deficit of $94 million. One year later, after trimming some of the debt burden, Knoll paid out $220 million to its shareholders, which consisted of Warburg and Knoll management, borrowing the proceeds from its credit facility in January of 2001. This first-ever dividend of its kind ($9.50 per share) reversed much of the progress Knoll had shown in trimming its long-term debt picture during 2000, which by year-end 2001 stood at $485 million.

Perhaps more telling than the feather-bedding evidenced by the dash for dividend is the reduction in CapEx which occurred during the same period. CapEx had averaged $35 million in 1997 and 1998 and the Company’s estimate, as of 09/30/99, for the full year of 1999 was to spend another $35 million. By year-end, however, and after the closing of the Warburg deal, it was revealed that CapEx spending was just $25 million for that year, far below estimates of just three months prior. Any thoughts that this may signal a proclivity towards pulling cash out of the business at the expense of investment in its future would have been confirmed by Knoll's level of CapEx spending in the subsequent periods which would hold in the $25 million range through 2001, then sink to average just $12.6 million annually for the next five years (through 2006), one-third the level that existed prior to the Company's going private.

Figure 1. KNL CapEx (Red Line) and Depreciation (Blue Line), 1997-2006 (Millions of $). Warburg Pincus arrived in 1999. Source: KNL SEC Filings.



Just prior to the 2005 offering taking the Company public again, which took Warburg out of most of its ownership, Knoll made a $71 million dividend payment to its shareholders. The pillaging did not stop until 2006 when Warburg finally exited, selling its last 3.6 million shares back to Knoll for $66 million, most of which, of course, was borrowed. As of 03/31/07, Knoll has $354 million in long-term liabilities vs. total shareholders equity of $20 million and total assets of $632 million.

Accounting: After Warburg makes its grab, cash is exceptionally tight

We find it a glaring statistic that the Company continues to operate with insufficient cash levels to cover its accounts payable and instead relies totally on its credit facility to cover shortfalls. This facility has been amended twice since Knoll's re-emergence as a public company and was reduced from $488 million to $450 million in the process. The current facility consists of a $200 million revolver and a $250 million term loan. As of 03/31/07, Knoll had $20 million in cash and $106 million available on the revolver and $68 million in payables. Total long-term debt of $354 million vs. tangible assets of $395 million rounds out the picture.

There are some interesting, and in one case draconian, statements that show up in the risk section of Knoll's SEC Form 10-K for the past two years. In a disclosure about its leverage and cash available to service its indebtedness, Knoll wraps up the section in an ominous manner [red bolding below is ours for emphasis]:

We operate with leverage, and a significant amount of cash will be required to service our indebtedness. Restrictions imposed by the terms of our indebtedness may limit our operating and financial flexibility.

As of December 31, 2006, we had total consolidated outstanding debt of approximately $350.3 million, which consisted of $254.7 million under our term loan facility, $95.0 million under our revolving credit facility and $0.6 million under local credit facilities maintained by our foreign subsidiaries. We also had $3.9 million outstanding commitments under letters of credit.

The terms of our credit facility permitted us to expand our revolving credit facility by an additional $12.0 million and our term loan facility by an additional $100.0 million, subject to certain limitations and satisfaction of certain conditions, including compliance with certain financial covenants.

As of December 31, 2006, the total remaining credit available to us under our credit facility and those of our foreign subsidiaries was $121.7 million. If we were to borrow the maximum available to us under our credit facility and those of our foreign subsidiaries, we would have total consolidated outstanding debt of approximately $472.0 million. The high level of our indebtedness could have important consequences to holders of our common stock, given that:

- a substantial portion of our cash flow from operations must be dedicated to fund scheduled payments of principal and debt service and will not be available for other purposes;

- our ability to obtain additional debt financing in the future for working capital, capital expenditures, research and development or acquisitions may be limited by the terms of our credit facility; and

- the terms of our credit facility also impose other operating and financial restrictions on us, which could limit our flexibility in reacting to changes in our industry or in economic conditions generally.

Our credit facility prevents us from incurring any additional indebtedness other than (i) borrowings under our existing credit facility; (ii) certain types of indebtedness that may be incurred subject to aggregate dollar limitations identified in the credit facility, including, without limitation, purchase money indebtedness and capital lease obligations not to exceed $30.0 million in the aggregate and unsecured indebtedness not to exceed $50.0 million in the aggregate, and (iii) other types of indebtedness that are not limited to specific dollar limitations, such as indebtedness incurred in the ordinary course of business and unsecured, subordinated indebtedness. The aggregate amount of indebtedness that we may incur pursuant to these exceptions is further limited by the financial covenants in our credit facility and, therefore, will depend on our future results of operations and cannot be determined at this time. Furthermore, although we may incur unlimited amounts of certain types of indebtedness, subject to compliance with these financial covenants, the amount of indebtedness that we may actually be able to incur will depend on the terms on which such types of debt financing are available to us, if available at all.

As a result of the foregoing, we may be prevented from engaging in transactions that might further our growth strategy or otherwise be considered beneficial to us. A breach of any of the covenants in our credit facility could result in a default thereunder. If payments to the lenders under our credit facility were to be accelerated, our assets could be insufficient to repay in full the indebtedness under our credit facility and our other liabilities. Any such acceleration could also result in a foreclosure on all or substantially all of our subsidiaries' assets, which would have a negative impact on the value of our common stock and jeopardize our ability to continue as a going concern.

So not only does Knoll find itself generally prohibited from incurring indebtedness outside of the credit facility, certain violations of related negative covenants could *"jeopardize our ability to continue as a going concern."* We acknowledge that this "going concern" language is not new as it has been disclosed since the Company's 2005 public offering. We note, however, the relative rarity of such language.

Insider Trading: Insiders follow Warburg's lead, leaving investors holding the bag

Management may have been left holding the bag after Warburg's exit but lately, it would seem that it has been passed on to the shareholders. Insiders have been lightening up since the 2005 offering and now, their pace has picked up to the point where many of them have managed to clear out the majority of their stakes. More important is the sly nature by which much of these shares have been sold. The first clue came from the periods immediately after both 2006 public sales of Knoll shares. In both cases, insiders found ways to sell in spite of the existence of 90-day lockup periods.

Knoll sponsored two secondary offerings for shareholders in 2006 as Warburg continued to sell its holdings to the public. The February offering totaled 11.6 million shares. Lockup restrictions after this deal were quite loose, allowing for Section 16 insiders to sell up to 15% of their holdings during the 90 days after the deal. For this particular lock-up agreement, their holdings were computed using non-actionable restricted shares, which speciously inflated their totals, facilitating the sale of even more of their actionable holdings. Needless to say, all of the execs sold their 15% immediately.

Lockups tightened up after the August offering, of 9.2 million shares, but this didn't seem to deter insiders from selling anyway. During this deal CEO, **Andrew Cogan**, CFO **Barry McCabe** and Chairman **Burton Staniar** agreed to a 90-day lockup, not receiving the 15% exemption offered in the earlier deal. But this lockup too, had its loopholes*. It did not apply to any pre-existing 10b5-1, which is ironic since both Cogan and McCabe had already entered into plans beforehand, allowing for them to sell, exempt from their agreed-upon lockups*. Needless to say, both Cogan and McCabe took advantage of the exemption and sold shares during both lockup periods. Staniar, by the same token, was a participant in both secondary offerings, selling 60% of his ownership, so there seemed little reason for him to be named in the lockup. In effect, there were no Section 16 insiders who were actually prevented from selling during this period despite the Company's attempt to give such an appearance.

Earlier lockup circumvention aside, recent selling by Knoll insiders has been accompanied by its own stealthy practices. Take, for instance, the recent forward sale by CEO Andrew Cogan who, on February 15th of this year, entered into two such contracts covering a total of 225,000 shares. On the same day, he separately sold 27,000 shares in the open market**. Cogan has now cleared out of 60% of his actionable holdings over the past year** and has no unvested stock options with which to replenish his ownership (see Appendix A). Not only has he pledged a large percentage of his direct ownership with the forward sale contracts, but he has also done so in return for a discount of as much as twenty-five percent (25%). This is much steeper than the 10% to 14% discount we are accustomed to seeing in similar contracts and is a good indication the counter party on the other end of the transaction believes there is a higher degree of risk in the shares at current prices (for more information on forward sales contracts and why we deem them significant, see 3DA Special Report: Forward Sales, Exchange Funds and Zero Cost Collars).

Alone, the reduction and discount had our interest, but a closer look reveals that this hedge carries weightier implications than is apparent on the surface. According to a corporate press release[1], Cogan adopted a 10b5-1 sales plan back in May 2006 under which he planned to exercise 417,500 stock options and sell all the underlying shares. The plan is to terminate once all shares are sold or by May 1, 2008, which ever comes first. At the time of the forward sale, 367,560 shares had already been sold, which implies the shares pledged under the forward sale on February 15th were executed outside of his sales plan.

Based on our research, we have created a methodology for analyzing 10b5-1 plans based on a number of different criteria that are useful in helping to identify

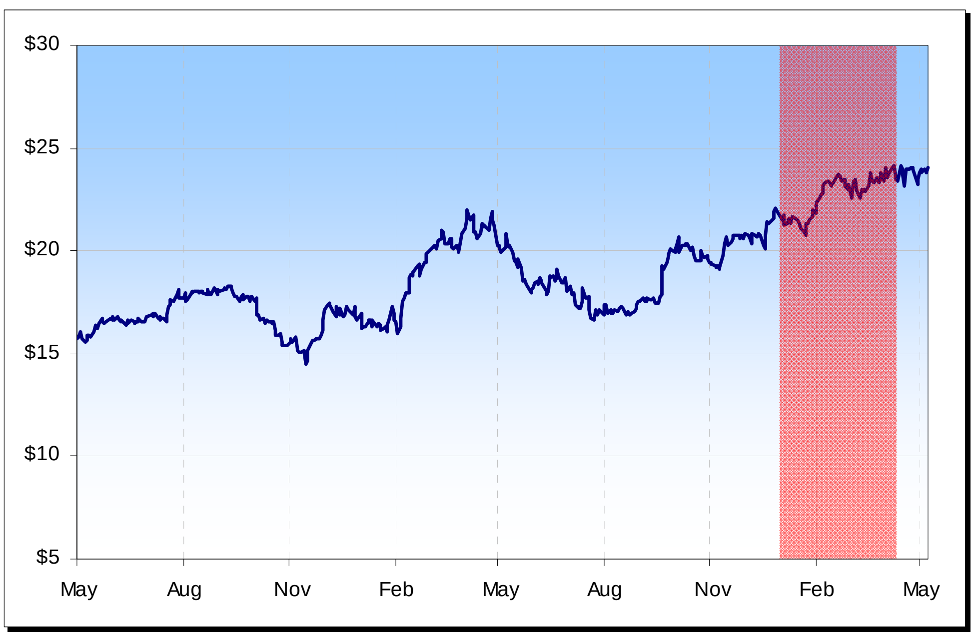
[1] "Knoll Executive Establishes 10b5-1Plan", Press Release, May 25, 2006. The press release can also be found in an SEC 8-K filed on the same date.

potential negative behavior occurring under the cover of such plans (see Special Report dated 06/17/05). In this case, Cogan's behavior concerning his plan trading has violated two of the most significant criteria: using Rule 10b5-1 to shed more than 30% of his ownership (40% taking into account shares tied up in forward sales), and more importantly, going outside the plan to monetize additional shares. According to the Section 16 legal community, executives that choose to sell out of plan after adopting a trading plan jeopardize not just safe-harbor protection, but their credibility as well. The excerpt below was taken from a compliance and governance article written by two securities attorneys with specializations in litigation and regulation:

> ***"A Rule 10b5-1 trading plan may elevate the litigation risk for any trades executed outside the plan. Because an insider is presumably meeting his needs for diversification and liquidity through his Rule 10b5-1 trading plan, a plaintiff would likely argue that any additional trades must be for another, illegitimate purpose. Accordingly, it is prudent for insiders to limit their trading to a Rule 10b5-1 trading plan."***[2]

Interestingly enough, many of the trading plan contracts filed with brokers that we have seen explicitly prohibit any hedging or derivative transactions while the plan is in effect. Evidently, Cogan had no intention of excluding himself from the ability to hedge shares outside of his plan.

Figure 2. KNL Daily Closing Price, 05/02/05 through 05/09/07. Red shaded area is where 8 insiders sold 1,270,522 shares. Source: Reuters and KNL SEC Filings.



[2] "Individual Trading Plans Can Help Defend Securities Fraud Claims", Compliance Week, by Lyle Roberts and Nicholas Porritt, July 7, 2004.

Holdings reductions of Knoll insiders since the IPO:

Insider	Position	2-Year Ownership Reduction
B. Staniar	Chairman	65%
A. Cogan	CEO, Director	68%
K. Bradley	Div. Pres., Director	68%
B. McCabe	CFO	13%
P. Milberger	General Counsel	95%
S. Grover	Senior V.P.	66%
A. Graves	Senior V.P.	55%

Without question, the Knoll management team has taken advantage of all opportunities afforded it to divest its holdings sooner rather than later. The significant ownership reductions over the past two years range between 55% and 95%, with many of the shares coming out in the past year. After owning 14% of the outstanding shares just two years ago, KNL executives and directors now hold just 5%. Making these reductions even more compelling is the actuality that none of the executives currently holds any unvested stock options that could make them whole downstream. They have not received new options since the IPO, and though we do expect to see new grants this year, even those would not begin to vest until 2008 based on early option granting practices. They do however hold restricted stock, which according to our email exchanges with CFO McCabe, began vesting in February 2007 at a rate of 1/6 per year, but these will hardly be enough to restock their holdings.

In addition to Cogan, here are some of the more interesting trading details:

- **Burton Staniar (64)** – Chairman. Staniar has been through it all with Knoll, having run the Company during its Westinghouse years and later orchestrating the 1996 LBO with Warburg Pincus. Regardless of his intentions to remain on the board, he has **gradually scaled back his holdings by 65% since the 2004 IPO** and now has considerably less exposure to KNL shares. After holding 1.4 million shares at the time of the IPO, he now has just 52,000 shares of common. Most recently, he sold 127,000 shares between February 13th and February 15th, marking his largest round of distributions that were not part of a Company sponsored offering. Staniar does not have any unvested stock options (see Appendix A).

- **Stephen Grover (53)** – Senior V.P., Operations. After selling just 43,000 shares through the third quarter of 2006, Grover, who has responsibility for all purchasing, logistics, and product development and manufacturing operations, has sold 162,000 shares since November. All of the shares distributed were acquired when he exercised options with two or three years remaining before expiration, and **accounted for 50% of his actionable ownership**. His most recent sale of 30,000 shares occurred on February 16th at $23. Like all of his peers, Grover holds no unvested stock options scheduled to vest downstream (see Appendix A).

- **Kathleen Bradley (56) –** President, CEO, Knoll North America, Director. Bradley has been with the Company for nearly 30 years and has been in her current position since 2001. Following the sell-off by CEO Cogan, she held the largest ownership position of all Knoll insiders. Though that status has not changed, the margin has contracted greatly. Between February 6th and April 4th Bradley sold just over 496,000 shares under a 10b5-1 sales plan at prices in the $23 to $24 range. This flurry of sales contributed to a **68% decline in holdings since early 2005.**

On, February 28th, the same day Knoll issued a press release[3] disclosing the adoption of its 10b5-1 trading plan for the repurchase of $50 million in stock, the Company snuck in another corporate disclosure[4], filed as an exhibit to the same SEC Form 8-K, announcing Senior V.P., Chief Financial Officer **Barry McCabe** (60) adopted a sales plan of his own. Fresh off the culmination of a prior sales plan under which he had sold 80,000 shares between September 2006 and January 2007, McCabe will now reportedly sell an additional 125,000 shares. As of this writing, he has already shed 50,000 shares under this new plan. By the time he distributes all shares registered under his newly-adopted plan, **McCabe's holdings will be down 65% since the fourth quarter**, and this with no new stock-based equity vesting until 2008.

<u>Governance: Warburg members remain on board, reward compliant executives</u>

Jumping out at us, upon reviewing the post-IPO Knoll board composition, is the fact that three Warburg directors remain on the Company's board, two of which are on the Compensation Committee, which is chaired by Warburg director **Sidney Lapidus**. Clearly, Knoll management had given Warburg the opportunity to profit hugely, at the Company's expense, from the entire "privatization" experience. Indeed, from the goings on between the 1999 buyout of the public shareholders and the eventual cashing out of Warburg's shares to the public in 2005, one gets the clear impression that it was Warburg running the show. Knoll claims that six of its ten board members are "independent". This includes the three Warburg directors who continue to remain on the board. It is interesting that these same three were not considered independent earlier, when Warburg held a significant stake in Knoll. Though the Company now claims that it no longer has a material relationship with Warburg, it would seem that the continued inclusion of Warburg directors on the Compensation Committee travels a fine line, given the past history of the mutual relationships involved and the developments yet to come.

In 2006, and after Warburg had cashed out, CEO Cogan was immediately granted a 30% raise in base salary and a $1 million bonus soon after the IPO. Similar raises and bonuses were awarded to other named officers during the period, each of which far exceeded those of previous years. It would seem that the "independent"

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[3] "Knoll Announces 10b5-1 Plan", via BusinessWire-First Call, February 28, 2007. The press release can also be found in an SEC 8-K filed on the same date.

[4] "Knoll Executive Announces 10b5-1 Plan", via BusinessWire-First Call, February 28, 2007. The press release can also be found in an SEC 8-K filed on the same date.

Warburg directors had one more task to tend to: Provide compliant Knoll management with their quid quo pro for having allowed Warburg to have its way for so long.

Accounting: Audit Committee disclosure raises questions

A strange disclosure contained in the Knoll Proxy's Audit Committee description bears highlighting [red bolding is ours for emphasis]:

> ***Audit Committee.*** Our audit committee met fourteen times during 2006. This committee currently has three members, Messrs. Fisher, Maypole and Terracciano. Our board of directors has determined that Mr. Maypole, the Chairman of the audit committee, is an "audit committee financial expert," as the SEC has defined that term in Item401 of Regulation S-K. The composition of our audit committee meets the currently applicable independence requirements of the Sarbanes-Oxley Act, the New York Stock Exchange and SEC rules and regulations. Our audit committee (i)assists our board in monitoring the integrity of our financial statements, our compliance with legal and regulatory requirements, our independent registered public accounting firm's qualifications and independence, **and the performance of our internal audit function, if any,** and independent registered public accounting firm; (ii)assumes direct responsibility for the appointment, compensation, retention and oversight of the work of any independent registered public accounting firm engaged for the purpose of performing any audit, review or attest services and for dealing directly with any such accounting firm; (iii)provides a medium for consideration of matters relating to any audit issues; and (iv)prepares the audit committee report that the SEC rules require be included in our annual proxy statement or annual report on Form 10-K. The audit committee reviews and evaluates, at least annually, its performance and the performance of its members, including compliance with its charter. Please see the report of the audit committee set forth elsewhere in this proxy statement.

An interesting fact is that Knoll's Audit Committee met fourteen times during 2006, vs. just seven and two in 2005 and 2004, respectively. More curious though is the disclosure that the Audit Committee assists the board in monitoring *"the performance of our internal audit function, if any*". If any? It sounds as if there may not be much going on with regards to regular ongoing internal audit activities.

Governance: A sudden, and unexplained, departure of chief counsel

Although there is no related disclosure via either a press release or an SEC Form 8-K filing, the sudden departure of Knoll's long-time chief counsel, **Patrick Milberger**, raised our antennae. Milberger has been a key officer since before the Warburg involvement in the late '90's. One would not know of his sudden defection unless scrutinizing the footnotes contained in the "Security Ownership of Certain Beneficial Owners and Management" section of Knoll's proxy filed on May 1st of this year. This footnote states that Milberger had resigned effective February 28, 2007. His resignation probably should not come as that much of a surprise as Milberger cleared out his entire ownership position under a trading plan, with the last sales occurring in January. Yet, the significance of his behavior was obscured by the simultaneous, and equally pronounced activity of his peers, which we note, was renewed upon his leaving and continued into April.

Fundamentals: Claims of “industry leading margins” faces test as U.S. sales slow

One only needs to read any of Knoll’s recent conference call transcripts to see the many references to its “industry leading margins”. Such comments become much more interesting when one takes into account management’s explanations for why it, unlike its industry peers, steadfastly retains its prognostication for growth opportunities in the double digit range at a time when the likes of Herman Miller and HNI are clearly less sanguine about the outlook. Thus far, Knoll has been able to sell the idea that demand in Europe is increasing and that this is where the Company is looking to sustain its momentum while the U.S. market slows. Having said this, we must note how Knoll’s competitors, with the possible exception of Steelcase Inc., which also is showing an anomalistic level of insider sales and management optimism, seem to have clearly different views.

The possible answer to this divergence of opinion on the outlook for the office equipment industry may be that, even by Knoll’s admission, European sales do not bring the same margins as those in the U.S. Although Knoll does not break these margins out, with regards to European sales, or, for that matter any other country, the fact stands that much of Knoll’s growth hypothesis seems to rely on its “industry-leading margins” which the Company hypes, ad nauseam. Whether or not these margins hold up in the face of increasing offshore sales, at the expense of a slowing U.S. market, remains to be seen.

For additional details on the different outlooks among industry peers, plus details on the trading behavior at Steelcase Inc. (NYSE:SCS), which has some similarities to KNL, see our coverage in the Insider Research Bulletin published on 05/03/07.

Appendix A

Option and Restricted Stock Vesting Schedules for Selected Knoll 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
Kathleen Bradley, President, CEO-Knoll North America, Director. Common stock holdings: 150,692 shares								
02/06/01	Options	220,366	$15.66	02/06/02	02/06/11	220,366	0	Fully Vested
02/05/02	Options	220,366	$16.34	02/05/03	02/05/12	220,366	0	Fully Vested
12/17/04	R. Stock	320,000	N/A	02/12/07	[1]	266,667	266,667	[1]
Andrew Cogan, Chief Executive Officer, Director. Common stock holdings: 271,095 shares[2]								
03/06/00	Options	521,298	$10.74	03/06/01	03/06/10	50,000	0	Fully Vested
02/06/01	Options	220,366	$15.66	02/06/02	02/06/11	220,366	0	Fully Vested
02/05/02	Options	220,366	$16.34	02/05/03	02/05/12	220,366	0	Fully Vested
12/17/04	R. Stock	320,000	N/A	02/12/07	[1]	266,667	266,667	[1]
Arthur Graves, Senior V.P.-Sales and Distribution. Common stock holdings: 73,1666 shares								
02/05/02	Options	110,182	$16.34	02/05/03	02/05/12	110,182	0	Fully Vested
12/17/04	R. Stock	144,000	N/A	02/12/07	[1]	120,000	120,000	[1]
Stephen Grover, Senior V.P.-Operations. Common stock holdings: 16,654 shares								
03/06/00	Options	104,258	$10.74	03/06/01	03/06/10	74,258	0	Fully Vested
02/05/02	Options	110,182	$16.34	02/05/03	02/05/12	110,182	0	Fully Vested
12/17/04	R. Stock	144,000	N/A	02/12/07	[1]	120,000	120,000	[1]
Barry McCabe, Senior V.P., Chief Financial Officer. Common stock holdings: 96,406 shares								
02/05/02	Options	44,072	$16.34	02/05/03	02/05/12	44,072	0	Fully Vested
12/17/04	R. Stock	112,000	N/A	02/12/07	[1]	93,334	93,334	[1]
Burton Staniar, Chairman. Common stock holdings: 50,058 shares								
03/06/00	Options	390,974	$10.74	03/06/01	03/06/10	390,974	0	Fully Vested
02/05/02	Options	110,182	$16.34	02/05/03	2/5/2012	110,182	0	Fully Vested
12/17/04	R. Stock	80,000	N/A	02/12/07	[1]	66,667	66,667	[1]

[1] This award was originally scheduled to vest in December 2010 but was accelerated due to performance targets being attained. One-sixth of the total vested on February 12, 2007, but it is unclear when the rema

[2] CEO Andrew Cogan currently has 225,000 shares pledged to a third party investor in a forward sale contract. These shares have not been deducted from his total above.