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

Insider Research Bulletin

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

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

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

Companies in this Bulletin

- Knight Capital Group Inc. (NASDAQ: NITE)
- NVR Inc. (NYSE: NVR)

Discussion of 3DAdvisors Findings

Knight Capital Group Inc. (NASDAQ: NITE)

Few companies can report having benefited from the current economic climate and financial sector meltdown as has market maker Knight Capital Group, as the increased equity trading volume in the third and fourth quarters was a boon to the Company's top and bottom lines. Excluding the gain from the partial sale of Knight's ownership stake in Direct Edge Holdings, the Company reported fourth quarter earnings of $0.56 which topped analysts' expectations by $0.18, or 47%, with revenues increasing 28% over 4Q07. The better part of Knight's sales and all of its operating profits came from its Global Markets segment, which includes all trade execution services. The division has grown for the past four years through organic growth and acquisition activities, increasing sales from $470 million in 2005 to $1.0 billion in 2008. The segment that has weighed on Knight's income statement and public relations, the Deephaven hedge fund business, is being sold to Stark Investments for a trivial $7.3 million. The asset management arm lost only $13.4 million during the second half of 2008, but the divestiture will pay even greater psychological rewards for management.

So, with the unwavering stock market volatility, which should ultimately lead to continued profit expansion for Knight, why did insiders aggressively cash out after the fourth quarter earnings release?

Though the Company's other disclosures reveal certain detail, its insider trading profile and compensation practices are what caught our attention. Between 01/29/09 and 02/09/09 five insiders, including three named executive officers, collectively sold 714,687 shares at an average price of $18.77.

Figure 1. NITE Daily Closing Price, 02/01/08 through 02/13/09. Red shaded area is where 5 insiders sold 714,687 shares. Source: Reuters and NITE SEC Filings.

This was the highest volume convergence of selling since late 2006 when many of the same insiders took profits into similar share price momentum, just months before 4Q06 earnings reported on 01/18/07 missed the sell-side consensus, prompting analyst downgrades and a three month sell-off from $21 to $15. A comment issued by Chairman and CEO **Thomas Joyce** on the 01/22/09 4Q08 conference call leads us to suspect Knight insiders are hedging against a similar momentum swing [bolding is ours]:

> **In terms of dollar volume coming down, we are not immune to the -- or we are not ignorant of the fact that after periods of a lot of activity, a lot of volatility, frenetic trading, that it is often followed by periods that are quieter. No surprise there. So, will dollar volumes come down? Probably; and obviously we are not immune to the macro trends in the market.**

There are a number of bearish characteristics that can be seen in the recent trades, but none is more prominent to us than the sentiment reversals by three executive officers. Last July, CEO Joyce, Chief Information Officer **Steven Sadoff** and General Counsel **Leonard Amoruso** each purchased shares on 07/17/08, one day after the shares fell 17% on the 2Q08 earnings release, which missed analysts' expectations by

9%. The three execs collectively bought 22,500 shares at roughly $14 per share. For CEO Joyce, this was no aberration as he had been buying stock since November 2007, paying upwards of $17 per share in May 2008. By selling considerably more shares than he purchased, 325,000 in all, immediately after the six-month short swing period ended in January, and taking prices just 6% higher than what he paid for some of them, it becomes apparent that he may no longer see the same value in the shares as he did months earlier. With the exception of the People's United Financial Inc. (NASDAQ:PBCT) insiders, we cannot recall any other recent examples where this many insiders reversed purchases in a group move immediately after the six month wait period expired. There are few insider trading behaviors we view as significant as sentiment reversals in this fashion. But there is more.

As mentioned, there were five insiders who sold after the fourth quarter earnings release. Four of them sold 45% or more of their actionable holdings. CIO Sadoff cleared out the last of his vested stock options and most of his common holdings, leading to a 91% ownership reduction. **Gregory Voetsch**, head of the Institutional Client Group, began monetizing his holdings in August and come February, had diversified away his entire portfolio of derivative equity and common stock. Another interesting trader is Director **Robert Lazarowitz**, a former Knight executive under the Pasternak regime who has methodically monetized his position with a sizeable forward sale contract, separately with open market sales, and also with the use of pre-arranged sales plans. For the first few years, as he traded under 10b5-1 plans, Knight Capital issued SEC 8-Ks to announce the adoption of each new plan, but the transparency suddenly stopped at the end of 2005. Since the disclosure in the 8-Ks failed to provide many of the specifics, we believe, based on the trading data, that Lazarowitz was using a multitude of short duration plans (no more than one to three months) and would then trade even more shares during the brief intervals between the conclusion of one plan and start of the next. It is possible his behavior had become so spontaneous and unrestrained that NITE opted to minimize the shareholder attention being paid to his activity by discontinuing the SEC 8-K disclosures. For the first time in nearly two years, Lazarowitz began selling without the constraints of a plan in January 2009, trading higher volume at a faster rate than we had seen before, ultimately diversifying 66% of his actionable holdings.

The timing of this round as it relates to executive compensation is also quite interesting to us. Knight has regularly issued stock and option grants to executive officers in January of each year, following annual Compensation Committee meetings held earlier in the month. As a result of the regular timing of these awards, executives consistently vest in their stock and options each year at the end of January. Looking back over the last six years, NITE shares have coincidentally traded at or near a 52-week high around the time of the fourth quarter earnings release and the period their new equity becomes available, yet, this past earnings release period was the only one where 1) insiders traded exclusively without 10b5-1 plans set in motion well in advance of the sale dates and, 2) most of the shares distributed came from equity that had just vested days earlier. Unlike past sales, which seemed more random, these sales had more of a premeditated feel to them, in our opinion, while also establishing a new precedent of clearing out all new equity immediately upon vesting. This behavior hardly seems consistent with the Company's stated rationale for issuing long-term equity awards, which are intended to "create an ownership culture" and "align executive compensation with stockholders' interests". The absence of stock ownership guidelines and the fact that key operating officers such as Gregory Voetsch, who was awarded nearly 400,000 shares in the past four years but currently owns no shares, make it hard to believe stock ownership and retention are taken seriously at the Company.

Elsewhere on the governance front, CEO Joyce was given a new employment agreement at the end of December that replaced his last agreement signed in December 2005. The contract makes it clear the board values his leadership as it were quite liberal with the equity written into the deal that supplemented his regular annual equity compensation. Upon receiving his prior agreement, Joyce was awarded 350,000 stock options in January 2006, which also served as his annual equity grant for that fiscal year. Under the new contract he was granted 731,038 restricted shares on 12/31/08 which was identified as his "2008 Award" even though he had previously been granted 173,652 shares in January 2008. He also received two additional stock awards covering 768,962 shares on 01/02/09 called the "2009 Award", but less than one month later, along with the rest of the executive team, was issued another stock grant for 2009 consisting of 256,083 shares. The six separate stock awards he was issued during the 52-week period covered 1.9 million shares with a fair market value of $31.2 million. Also added to his new agreement was a Company paid gym membership, annual dues for a country club membership, and shortened payout periods for severance compensation ($5 million) and restricted stock vesting if he is terminated for cause or resigns for good reason.

One area of Joyce's employment agreement that has very little detail is his annual bonus. This information is spelled out in the annual Proxy and we are still in awe at its simplicity and payout, even if the Company earns no pre-tax income. As it applies to annual bonuses, those for most chief executives we have seen are measured and rewarded based on a multitude of different measures, including financial objectives, strategic initiatives, and individual leadership factors. Joyce's annual bonus on the other hand, is based only on pre-tax operating profits. It is that minimalistic and the bar is not set very high. We have included a table below that shows the operating income targets and Joyce's corresponding bonuses set for 2007. Knight reported operating profits of $256 million in 2006, the benchmark used for setting his 2007 goals, yet the majority of the income scale falls well below the prior year's results. Hence, a significant decline in OI still translates to a large payout for Joyce.

Pre-Tax Operating Income	Joyce's Bonus
Less than $0	No bonus
$0 to $49.99 million	$3 million
$50 to $74.99 million	$4 million
$75 to $99.99 million	$5 million
$100 to $174.99 million	$6 million
$175 to $249.99 million	$7 million
$250 to $299.99 million	$8 million
$300 million or greater	[1]

[1] $8 million plus 4% of pre-tax income in excess of $300 million

Knight's operating income did in fact decline from 2006 to 2007, with OI dropping 21% to $201 million. For this, Joyce was rewarded with a healthy bonus of $7.35 million, or the pro-rated portion of the incremental award that he would have earned had the Company achieved the maximum target ($249.99 million) in that range. We will not see the scale used for his 2008 bonus until the new Proxy is filed in April, but if it remains the same, the $314 million Knight earned in 2008 would translate to an expected payout $8.56 million. We find it quite ironic that it is Joyce who establishes the bonus factors for the other named executives and uses a set of "broad performance objectives". It is also stated that there is no formulaic approach to measuring these undisclosed objectives, leaving the final grading and ultimate bonus payments in the hands of Joyce. It makes us wonder what the Compensation Committee members are doing to earn their committee fees.

Below we have spelled out some of the finer details of the most recent insider trades:

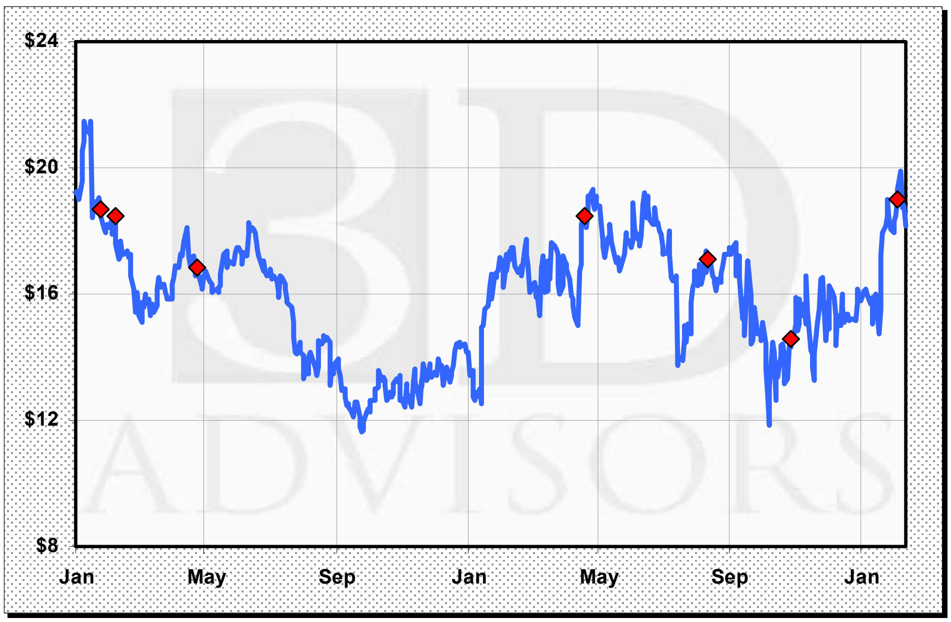
- **Thomas Joyce (54)* –** Chairman, Chief Executive Officer. After joining the Company in May 2002, Joyce spent his first few years acquiring NITE shares on the open market, paying upwards of $12 per share. He would then unload 2 million shares, or roughly one-half of his position, between July 2006 and April 2007 at an average price of $17. The sales were well-timed as the issue would fall back to the $12 range a few months after his last disposition, which is when Joyce began buying back stock on the open market. Although he reinvested a very small percentage of the $36 million he took out of the shares, his four purchases through July 2008 covering 60,000 shares were a positive sign for investors and a good indication Joyce believed the shares were underpriced. The same case cannot be made today, as Joyce has now sold 325,000 shares on 01/29/09 and 01/30/09 with the issue at $18, netting $6 million before paying the tax bill. **The sale covered only 20% of Joyce's position**, but more importantly he paid $17 for shares back in May and now reversed his sentiment at nearly matching prices. He will have no new derivative equity vest during the course of 2009, but stands to add 413,000 options and shares to his position next January (see Appendix A).

- **Steven Sadoff (45)*** – Executive V.P., Chief Information Officer. Apparently much has changed from Sadoff's perspective in the last six months. Last July he was buying NITE on the open market, paying $103,000 for 7,500 shares. Fast forward to 02/05/09, when Sadoff monetized his only vested stock options (50,000) and also cashed out the majority of his common stock, including restricted shares that vested one week earlier. As a result, the 97,012 shares sold **erased 91% of his actionable holdings**, which is made even more consequential since he will not have any new equity vest until next January (see Appendix A). And even then, the 50,000 shares will replace only half of what he cashed in recently. This was his first sale since becoming a registered Section 16 filer back in April 2006.

- **Gregory Voetsch (47)*** – Executive V.P., Head of Institutional Client Group. Voetsch has been a fairly steady seller over the past five years, averaging two sale transactions per year. Without question his trades going back to January 2007 have been worth following as he took profits before and into declining price moves as well as deftly avoided the wrong side of short-lived earnings rallies (see Figure 2 below). But while we have seen Voetsch execute high volume trades in the past, only recently did his profit taking result in a **complete liquidation of his entire position**.

His latest sales of 17,500 shares on 10/18/08 at $14.49 and 48,400 shares on 02/05/09 at $19.04 leave Voetsch without any actionable holdings after having owned a total of 1 million shares and vested options just three years ago. This last sale covered all of the previously restricted compensation shares which vested at the end of January. Although he will add another 100,000 shares to his actionable holdings in the next 52 weeks, none of these will become tradable until next February (see Appendix A).

Figure 2. NITE Daily Closing Price 01/03/07 through 02/13/09. Red diamonds are the dates EVP Gregory Voetsch sold shares. Source: Reuters and NITE SEC Filings.



- **Robert Lazarowitz (52)** – Director. For the past five years Lazarowitz, who had served as a NITE executive for 11 years until November 2000, has sold off his holdings with and without the assistance of 10b5-1 sales plans. After selling exclusively with a plan in 2008, distributing a total of 175,000 shares at a weighted average price of $18.80, he has already eclipsed last year's volume, selling 194,275 shares between 01/29/09 and 02/09/09 also at an average price of $18. Looking at the beneficial ownership table in the last Proxy, these sales do not look all that impressive. But 2.0 million of the 2.7 million he reportedly holds are actually owned by Trimark Associates LLC, of which he is a member, and are pledged in a prepaid forward sale contract entered into in January 2004 which will come due in January 2011. Not only does the Proxy fail to disclose the shares as being pledged, but our calculations along with the holdings reported on his Form 4s indicate his reported beneficial ownership was erroneously overestimated by 200,000 shares. So, i**n the past year Lazarowitz has sold 66% of his actionable personal holdings**, which will not come close to being replaced by the 10,000 options that will vest in January 2010 (see Appendix A).

* Indicates that the individual is a Named Executive in the Company's most recent Proxy.

NVR Inc. (NYSE: NVR)

Issuing coverage on the recent insider trading of the executives at homebuilder NVR Inc. almost feels too much like picking low hanging fruit as their actions simply jumped onto our radar. There are very few occasions where we are not compelled by situations involving insiders selling their holdings at prices 45% off highs, but further inspection of the recent NVR activity shows the trading profile entails much more than just untimely selling. We suspect their actions are a very telling sign there is diminished confidence amongst the management hierarchy that the housing market, and accordingly NVR shares, will rebound in the near term. As a result of NVR's deteriorating earnings and other key homebuilding metrics, senior executives' annual bonuses and equity compensation, which are primarily tied to financial objectives, will not be earned for the last fiscal year measurement period. With much of their compensation in jeopardy, it seems to us key insiders have resorted to monetizing their stock and options holdings as a hedge against what they could anticipate to be further share price erosion. Add to this the fact that NVR's insiders have been uncanny in the timing of their sales in recent years and the prospect for continued stock losses seems quite real despite the issue's currently trading just above the 52-week low.

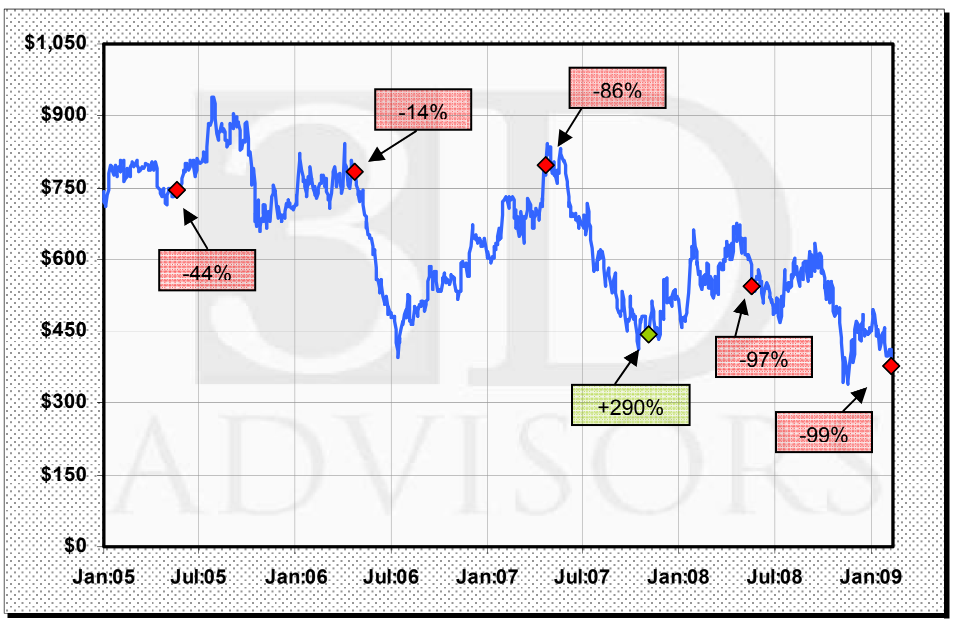
Our interest in NVR dates back to 2003 when we first covered the name in a 3DA Full Report dated 11/10/03, highlighting a number of trading, accounting and governance issues. An update to this report was issued five months later, but both reports proved early as NVR would close 2004 at a then record high of $770. The most informative insider trades would come years later when the housing market bubble began to burst and NVR shares showed their first signs of vulnerability in more than 10 years. The face of the Company, Chairman **Dwight Schar**, sold the majority of his holdings in mid-2007 whilst NVR withstood the early stages of the industry downturn. Many of his lieutenants followed suit. Almost immediately after their sales, NVR shares began to crack, falling from $840 to $430 in a matter of months. At the new lows Schar resurfaced, only this time to *buy* NVR stock, spending $52 million to add 118,000 shares to his holdings. The purchases were covered in dozens of media reports eliciting fervent comments from analysts such as "very positive sign" and "possible indication the housing market has bottomed". The shares did rally though, which just serves as a reminder that Schar's trading behavior should be closely monitored and never ignored.

Immediately after the six-month short swing period associated with his November 2007 purchases expired, Schar unloaded the shares bought earlier along with a combination of other holdings, including all of his vested stock options, shares held in a profit sharing plan, and cleaned out two separate accounts holding shares for the benefit of his wife and children. Throughout May 2008 Schar executed 17 sales, each at successively lower prices from $630 to $544, and ultimately sold 252,000 shares, or 97% of his total actionable ownership. At the time, these were the lowest prices Schar had accepted for his shares in more than four years, but he would continue averaging down less than one year later. But just recently, things really started to get interesting.

NVR issued a press release on 01/29/09 to report its 4Q08 and full -year earnings. At the conclusion of the financials discussion was the announcement Schar was relinquishing his executive role effective 02/04/09 and would continue to serve as a non-executive chairman. This admission would seem to have little impact on the management of the Company, since we are certain Schar will continue to have a hand in any key strategic decisions, but the significance had huge ramifications for Schar .

By surrendering the executive designation, Schar immediately gained access to 242,000 shares held in the Company's deferred compensation plan with the balance of a second deferred account (5,014 shares) becoming actionable in August. The value of the two accounts, which he had funded over the years with portions of his annual salary and bonuses, had declined 30% from January 2007 to January 2009 but he wasted no time cashing out the full amount of shares along with newly-vested stock options, 340,000 shares in all, between 02/02/09 and 02/11/09. Schar effectively liquidated 99% of his ownership in this round at prices as low as $383; the lowest he accepted for his shares since May 2003 (see Figure 3 below). We rarely use the word 'desperate' when characterizing insider selling, but the description seems fitting in this case. We should also point out that in the ten day period during which he sold, the highest volume selling occurred on 02/06/09, the same day a Credit Suisse upgrade from 'neutral' to 'outperform' boosted the shares as much as 6% intraday. The shares would give up those gains and more over the next few sessions and Schar continued selling at the lower prices, making it clear he does not subscribe to Credit Suisse's bull thesis.

Figure 3. NVR Daily Closing Prices, 01/03/05 through 02/13/09. Red diamonds are dates where Chairman Dwight Schar sold shares; Green diamond represents date of his open market purchases. The percentage change in Schar's actionable holdings is shown as a result of each transaction(s). Source: Reuters and NVR SEC Filings.



This entire story does not hinge on just one individual as the other insiders' behavior provide further confirmation that management has serious concerns about the current valuation. Seven additional operating officers and board members collectively sold 111,352 shares with a market value of $52 million (average price: $475) between 10/23/08 and 02/09/09. Including Schar's dispositions, more shares have already been sold in just the first two months of 2009, and at the lowest average price, than in any other year since 2003. The rest of the makeup of the senior executive team, including CEO **Paul Saville**, CFO **Dennis Seremet** and President of NVR Mortgage **William Inman** have each traded since the fourth quarter, diversifying between 50% and 75% of their holdings. Saville has continued to average down with each round of sales since

May 2007, having sold at $835 to take only $415 for his shares this month. In addition to clearing out options and directly held common stock in November, Inman dipped into the Employee Stock Ownership Plan for the first time, selling shares he had purchased as recently as April.

We cannot stress enough the significance of so many executives and board members accepting steeply discounted prices for their stock and averaging down as much as 15% with multiple sales in short windows. NVR insiders had always been momentum sellers, taking profits into steady share price appreciation without ever taking lower prices for their stock. In fact, of the 252 sale transactions executed between 1995 and 2007, no insider had averaged down in as short a timeframe as we have seen over the past year. And the dramatic decline of management's exposure to NVR shares is just as significant. The core of the senior management team has been together for more than 15 years and never before have we seen them selling off significant percentages of their holdings in chorus. The top four insiders, including Schar, collectively held 1.4 million actionable shares and options in January 2003 with a market value of $560 million. The same four currently hold just 103,000 actionable shares and options with a market value of $40 million.

We suspect there are two principal reasons why NVR insiders are dumping their stock at wholesale prices. For one, even at the current depressed market price the issue still trades at 22.7 times earnings compared to the industry average of 14.7 and 13.7 for the S&P 500. Historically NVR traded at a premium to its peers, but the question remains if this should still be the case. In 4Q08 the Company reported its first quarterly loss in the last fifteen years with new orders also falling to a record low. There are few positives to take from the last quarter, notwithstanding the Company's strong cash position, and without any comment from management on the earnings press release and their ongoing contempt for holding quarterly conference calls, that leaves their trading behavior as the only means for investors to gauge management sentiment.

Figure 4. NVR Quarterly Net Income, 1Q06 through 4Q08 (Millions $). Source: NVR SEC Filings.

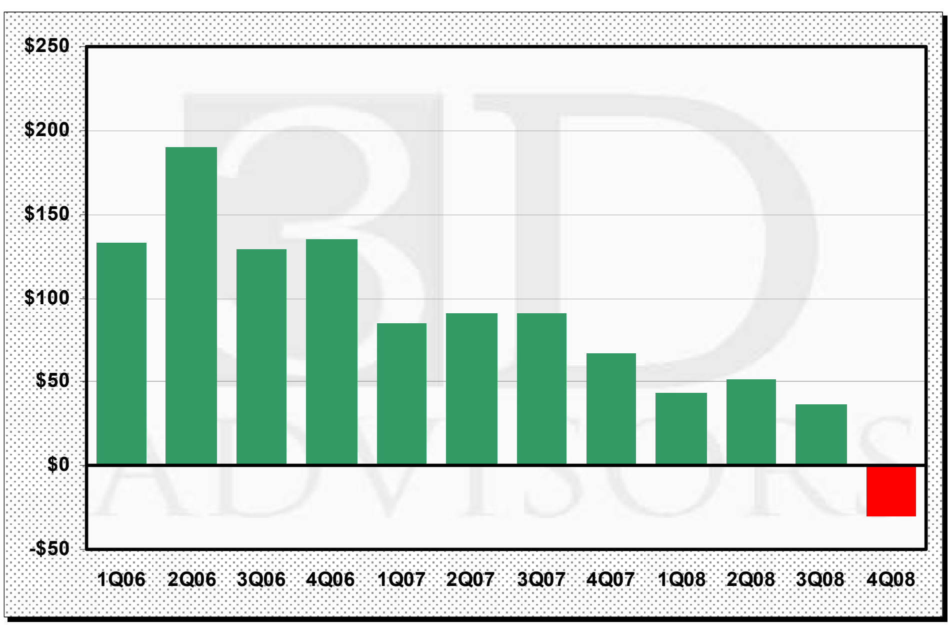
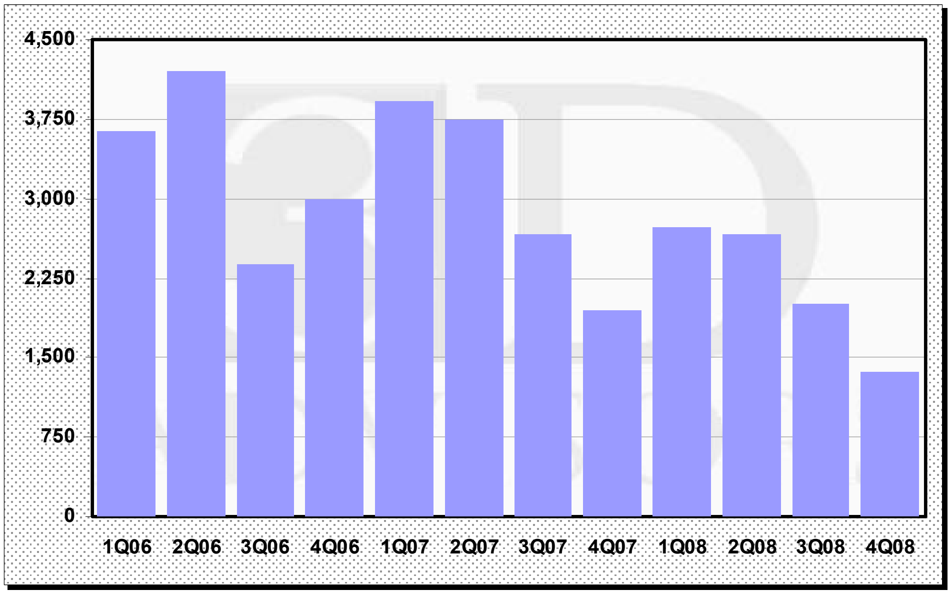


Figure 5. NVR Quarterly New Home Orders, 1Q06 through 4Q08. Source: NVR SEC Filings.



As we alluded to earlier, another motivation for insiders to sell is to preserve their net worth as their cash and equity compensation has been diminished due to NVR's failure to meet several financial and operating objectives. Base salaries have been frozen and no bonuses have been awarded to senior management since 2005. For 2008 the Company maintained the same pre-tax profit and new order metrics that they used for 2007, but did lower the payout threshold from 100% of the targets to 80%. But with full-year profits and new orders declining 70% and 29% since 2007, respectively, it is a safe assumption that even with more lenient target achievement ranges they will not be awarded any bonuses for 2008.

Compounding their compensation predicament, stock options granted to executives in 2005 were tied to diluted earnings for a four year period from 2005 to 2008, with conditional vesting only if the targets were met. The aggregate EPS target was set at $339 per share and the actual results came in at $248.80, resulting in the termination of these options. Unfortunately for the execs, these were the last significant option grants made under the now-expired 2005 Option Plan, although they did manage to issue the last few remaining shares (options) available under the Plan in January 2008. These grants will not become exercisable until 2010 and they have been unable to get shareholder approval for a new equity plan since. It is likely one will be put to shareholder vote at the next annual meeting, but the fact remains equity compensation for the management team is temporarily on hold.

- **Dwight Schar (67)*** – Chairman. Calling Dwight Schar an opportune trader understates just how timely he has been over last five years with his purchases and sales. There are few corporate heads of his stature that we can single out for having traded their company stock as proficiently as Schar. And not only has he timed his trades well, but he has diversified significant amounts of his position when he did act. In the past 52 weeks alone he has sold more shares, nearly 600,000 with a market value of $290 million, than in any equivalent period in the last 20 years. After cashing out 252,000 shares in May at descending prices from $630 to $544, including those held in the name of his wife and children, he resurfaced from 02/02/09 to 02/11/09 to sell another 339,059 shares between $383 and $420. These were the lowest prices he has accepted for his shares since mid-2005, which is significant because he **diversified 99% of his holdings** at these prices, leaving him with only 4,352 actionable shares with a market value of $1.6 million. Barring another buying spree similar to his actions in November 2007, Schar will not be able to replace any of these shares until August when 5,000 deferred shares become actionable and he will have 100,000 options with a strike price of $189 vest in December 2009. Once these particular options become exercisable, he will not have any remaining unvested derivative equity (see Appendix B).

- **Paul Saville (53)*** – Chief Executive Officer. Like Schar, CEO Saville has sold more shares in the past year than he had in any 12-month period in the last 15 years. Beginning last April he cleared out all the shares held in a family LLC along with options that were going to expire in May 2009. He resumed the monetization of this particular option series in November and finally cleared out the series with an exercise and sale on 02/02/09. Although these options were getting closer to their expiration date, he could have exercised the options and retained some shares in cashless transactions, bought the shares outright or even waited until the last trading window opened after the Company releases 1Q09 earnings in April to sell. Instead, Saville monetized these options along with his common stock, 132,500 in all, at successively lower prices beginning at $667 in April 2008 down to $415 in February, **ultimately selling 50% of his actionable ownership**. His actions show little confidence that NVR's deteriorating home sales and sagging profits will improve in the short run. The 37,500 options he has scheduled to vest at year-end will replace a small percentage of what he sold in the past year, but beyond that he will not have any additional equity vesting until December 2010 (see Appendix B).

- **Dennis Seremet (53)*** – Chief Financial Officer. Seremet, who has been an NVR finance officer since 1995 and CFO for the last three years, sold 32,000 shares between April 2008 and November 2008 at declining prices from $675 to $500. At first, he cleared out his May 2009 option series before turning to his only remaining partially-vested series not scheduled to expire until May 2011. We find it fascinating that, with no apparent urgency to act on this particular series, he accepted such low prices after having received $840 for the shares as recently as April, 2007. It almost makes one wonder if Seremet had concerns that these particular options, with a strike price of $189, were in imminent danger of slipping under water, as unlikely as that may seem. There are not too many other scenarios that we can figure out that would compel him to **diversify 65% of his holdings at steadily falling prices**. The 12,500 options he stands to gain in December will replenish his holdings by roughly one-third (see Appendix B).

- **William Inman (61)*** – President of NVR Mortgage. Unlike his peers, Inman, who has been in his current position since 1992, has been slowly diversifying his holdings for the last six years. But while the majority of his past selling involved the monetization of his stock options, Inman has exclusively turned his common stock into cash during the last four months. Without any vested options at his disposal, Inman sold 16,352 directly-held shares between 10/23/08 and 11/05/08 as the issue slid from $530 to $480. **The shares accounted for 74% of his holdings at the time**. Included in this total were 2,352 of the 3,135 shares he accumulated over the years through the Employee Stock Ownership Plan (ESOP), which he had been making regular purchases in as recently as April 2008. He has since vested in 12,500 options in December 2008 and will have another 12,500 from the same series become actionable in December 2009 (see Appendix B), but his efforts to clear out common stock beforehand strongly suggests an urgency to lower his exposure, which is understandable since his Mortgage division's income declined 72% in 4Q08 from the same period one year earlier.

* Indicates that the individual is a Named Executive in the Company's most recent Proxy.

Appendix A

Common Stock and Option Holdings for Selected Knight Capital Group Inc. (NITE) Insiders

Name	Actionable Position as of 02/17/09: Common	Options [1]	Total [2]	Derivative Equity Expected to Vest in Next 12 Months: Grant Date	Strike Price [3]	Vesting Dates	# Vesting
Leonard Amoruso	38,516	25,000	**63,516**	02/28/07	N/A	02/28/09	6,667
Senior Managing Director,				01/31/07	N/A	01/31/10	4,619
General Counsel				01/31/08	N/A	01/31/10	9,185
				01/31/09	N/A	01/31/10	9,511
							29,982
William Bolster	0	45,000	**45,000**	05/11/06	$17.03	05/11/09	5,000
Director				05/10/07	$16.32	05/10/09	5,000
							10,000
Thomas Joyce	659,998	590,023	**1,250,021**	12/31/08	N/A	12/31/09	125,000
Chairman, CEO				01/31/07	$17.97	01/31/10	73,607
				01/31/07	N/A	01/31/10	71,310
				01/31/08	N/A	01/31/10	57,884
				01/31/09	N/A	01/31/10	85,354
							413,155
Robert Lazarowitz	94,580	83,000	**177,580**	05/11/06	$17.03	05/11/09	5,000
Director				05/10/07	$16.32	05/10/09	5,000
							10,000
Steven Sadoff	9,306	0	**9,306**	01/31/07	N/A	01/31/10	12,953
EVP, Chief Information Officer				01/31/08	N/A	01/31/10	15,702
				01/31/09	N/A	01/31/10	21,018
							49,673
Gregory Voetsch	68	0	**68**	01/31/07	N/A	01/31/10	35,051
EVP, Head of Institutional Client Grp				01/31/08	N/A	01/31/10	30,666
				01/31/09	N/A	01/31/10	34,420
							100,137

[1] Total number of vested, in-the-money options.

[2] Total actionable position includes common stock plus vested in-the-money options.

[3] Strike Price N/A indicates the series is restricted stock, not options.

Appendix B

Common Stock and Option Holdings for Selected NVR Inc. (NVR) Insiders

Name	Actionable Position as of 02/17/09: Common	Options [1]	Total [2]	Derivative Equity Expected to Vest in Next 12 Months: Grant Date	Strike Price [3]	Vesting Dates	# Vesting
Dwight Schar Chairman	4,352	0	**4,352**	05/03/01	$189.00	12/31/09	100,000
							100,000
Paul Saville CEO	20,395	112,500	**132,895**	05/03/01	$189.00	12/31/09	37,500
							37,500
William Inman President of NVR Mortgage	5,681	12,500	**18,181**	05/03/01	$189.00	12/31/09	12,500
							12,500
Dennis Seremet CFO	5,424	12,500	**17,924**	05/03/01	$189.00	12/31/09	12,500
							12,500
Robert Henley Controller	1,264	3,500	**4,764**	05/03/01	$189.00	12/31/09	1,750
							1,750
Scott Bartlett Jr. Director	1,280	6,625	**7,905**	05/25/01	$189.00	12/31/09	4,250
							4,250
Manuel Johnson Director	10,465	12,750	**23,215**	05/25/01	$189.00	12/31/09	4,250
							4,250
David Preiser Director	1,050	7,750	**8,800**	05/25/01	$189.00	12/31/09	4,250
							4,250
George Slye Director	8,500	4,250	**12,750**	05/25/01	$189.00	12/31/09	4,250
							4,250
John Toups Director	12,625	12,750	**25,375**	05/25/01	$189.00	12/31/09	4,250
							4,250

[1] Total number of vested, in-the-money options.
[2] Total actionable position includes common stock plus vested in-the-money options.
[3] Strike Price N/A indicates the series is restricted stock, not options.