

When asked how he became so successful, Buffett answered: "we read hundreds and hundreds of annual reports every year."



Edited by the  
**Manual of Ideas  
Research Team**

*"If our efforts can further the goals of our members by giving them a discernible edge over other market participants, we have succeeded."*

### Top Five Ideas In This Report

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### About Portfolio Manager's Review

Our goal is to bring you investment ideas that are compelling on the basis of value versus price. In our quest for value, we analyze the top holdings of top fund managers. We also use a proprietary methodology to identify stocks that are not widely followed by institutional investors.

Our managing editor John Mihaljevic is a member of Value Investors Club, an exclusive community of money managers, and has won the Club's prize for best investment idea. John is a trained capital allocator, having studied under Yale chief investment officer David Swensen and served as research assistant to Nobel laureate James Tobin. John holds a BA in Economics, *summa cum laude*, from Yale and is a CFA charterholder.

## THE SUPERINVESTOR ISSUE

- ▶ Snapshot of 100 companies owned by superinvestors
  - ▶ 24 companies profiled by MOI research team
- ▶ Proprietary selection of Top 5 candidates for investment
  - ▶ Plus: Latest holdings of top investors
  - ▶ Plus: Exclusive Interview with Paul Sonkin

*Superinvestor companies mentioned in this issue include*  
Abbott Labs, Aetna, Alcatel-Lucent, Alleghany, Allegheny Energy,  
Alliance One, Allstate, AmeriCredit, ATP Oil & Gas, ██████████  
Baldwin & Lyons, Becton Dickinson, Boeing, BreitBurn Energy,  
Brookfield Asset Management, Brookfield Properties, CA, Campbell Soup,  
Capital Southwest, CapitalSource, Cardinal Health, CarMax,  
Chesapeake Energy, Citigroup, Columbia Banking, Contango Oil & Gas,  
Crosstex Energy, dELiA\*s, Dell, DENTSPLY, Diageo, Dillard's, DineEquity,  
DIRECTV, Domtar, DreamWorks Animation, Enzon Pharma, Fair Isaac,  
Fairfax Financial, Forest City Enterprises, Forest Labs, Gastar Exploration,  
General Electric, Hartford Financial, Heritage-Crystal, Hertz, Humana,  
Huntsman, International Assets, International Coal, Investors Title,  
ITC Holdings, J.C. Penney, Jefferies Group, John Bean Tech,  
Johnson & Johnson, Kraft Foods, Leucadia National, Level 3 Comms,  
Lockheed Martin, Markel, McDonald's, MI Developments, Microsoft,  
MTS Systems, Multimedia Games, ██████████ News Corp.,  
Northrop Grumman, Omnicom, Orange 21, Overstock.com, Paychex,  
Pfizer, Pioneer Natural, Pool Corp., Resource America, RSC Holdings,  
Sears Holdings, Spirit AeroSystems, St. Joe, Syneron Medical,  
Theravance, Thomas Properties Group, TravelCenters, tw telecom,  
Tyco Electronics, United America Indemnity, United Parcel Svc, USG, Viad,  
ViaSat, Wal-Mart, Walt Disney, WellCare, Wells Fargo, Wendy's Arby's,  
Yum! Brands, Zenith National, Zoran, and more.

(profiled companies are underlined)



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## Portfolios With “Signal Value”

### Revealing the Top Ideas of Top Investors

“Signal value” as opposed to “noise.” We present the holdings of some of the world’s top investors. We look for investors who have amassed impressive track records over long periods of time. We choose these investors carefully to avoid the noise inherent in most 13F-HR filings.

#### Top investors included in this section:

- William Ackman, Pershing Square
- Zeke Ashton, Centaur
- Brian Bares, Bares Capital
- Bruce Berkowitz, Fairholme
- Warren Buffett, Berkshire Hathaway
- Ian Cumming & Joe Steinberg, Leucadia
- David Einhorn, Greenlight
- Glenn Greenberg, Chieftain
- Brian Gaines, Springhouse
- Tom Gayner, Markel Gayner
- Mason Hawkins, Southeastern
- Chris Hohn, Children’s Investment Fund
- Carl Icahn, Icahn
- Seth Klarman, Baupost
- Eddie Lampert, RBS (ESL)
- Dan Loeb, Third Point
- Steve Mandel, Lone Pine
- Mohnish Pabrai, Pabrai Funds
- Rich Pzena, Pzena Investment
- Bryant Riley, Riley Investment
- Kenneth Shubin Stein, Spencer
- Prem Watsa, Fairfax
- Wally Weitz, Weitz Funds
- Marty Whitman, Third Avenue

*Missing your favorite superinvestor?  
Let us know at [editor@manualofideas.com](mailto:editor@manualofideas.com).*

*MOI Signal Rank answers the question, “What are this investor’s top ten ideas right now?”* Rather than simply presenting each investor’s largest holdings as of the recently filed quarter end, the *MOI*’s proprietary methodology ranks the companies in each investor’s portfolio based on the investor’s current level of conviction in each holding, *as judged by the MOI*.

**Our proprietary methodology takes into account a number of variables**, including the size of a position in an investor’s portfolio, the size of a position relative to the market value of the corresponding company, the most recent quarterly change in the number of shares owned, and the change in the stock price of a position since the most recent quarterly filing date.

**For example, an investor might have the most conviction in a position that is only the tenth-largest position in such investor’s portfolio.** This might be the case if an investor invests in a small company, resulting in a holding that is simply too small to rank highly based on size alone. On the other hand, such a holding might represent 19.9% of the shares outstanding of the subject company, suggesting a high level of conviction. Our estimate of the conviction level would rise further if the subject company has a 20% poison-pill threshold, thereby suggesting that the investor has bought as much of the subject company as is practically feasible.

## Bill Ackman, Pershing Square

Bill Ackman, managing member of Pershing Square Capital, is a value-oriented activist investor. He runs a concentrated portfolio with the largest ten equity investments accounting for the vast majority of his long book. Before the credit crunch developed into a full-blown economic crisis, Ackman made a strong case for why MBIA (MBI) and AMBAC (ABK) were overvalued and fundamentally more distressed than the market had judged at the time. On the long side, Ackman has approached large companies, including McDonald's (MCD) and Target (TGT), with proposals for unlocking value.

### MOI Signal Rank™ – Top Current Ideas of Pershing Square

Company	Ticker	Market Value (\$mn)	Price (\$)			Shares Owned		Holdings as % of		
			Latest	Filing	Δ Since	Latest	Δ Since	Co.	Fund	
			Date	Date	Filing	Filing	6/30/09			
1	Corrections Corp of America	CXW	2,878	25.19	22.65	11%	10,936,672	new position	9%	8%
2	McDonald's	MCD	68,615	64.53	57.07	13%	8,245,412	>100%	1%	15%
3	Borders Group	BGP	105	1.92	3.11	-38%	10,597,980	no change	18%	1%
4	EMC	EMC	34,432	17.24	17.04	1%	58,678,780	no change	3%	32%
5	Landry's Restaurants	LNy	308	19.10	10.50	82%	1,554,255	new position	10%	1%
6	Greenlight Capital	GLRE	859	24.09	18.80	28%	250,000	no change	1%	0%
7	Target	TGT	36,834	50.29	46.68	8%	26,012,799	-21%	3%	39%
8	General Growth Properties*	GGWPQ	1,330	4.27	4.85	-12%	23,261,369	no change	7%	3%
9	Automatic Data Processing	ADP	21,956	43.94	39.30	12%	6,118,353	-16%	1%	8%

\*Information regarding General Growth Properties represents Manual of Ideas estimates. Pershing Square does not show General Growth Properties in its quarterly 13F filing, as companies in bankruptcy reorganization are not longer required to be shown in such filings.

### Top Holdings of Pershing Square – By Dollar Value

Company	Ticker	Market Value (\$mn)	Price (\$)			Shares Owned		Holdings as % of		
			Latest	Filing	Δ Since	Latest	Δ Since	Co.	Fund	
			Date	Date	Filing	Filing	6/30/09			
1	Target	TGT	36,834	50.29	46.68	8%	26,012,799	-21%	3%	39%
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\*Information regarding General Growth Properties represents Manual of Ideas estimates. Pershing Square does not show General Growth Properties in its quarterly 13F filing, as companies in bankruptcy reorganization are not longer required to be shown in such filings.

### New Positions

Corrections Corp of America (CXW)  
Landry's Restaurants (LNy)

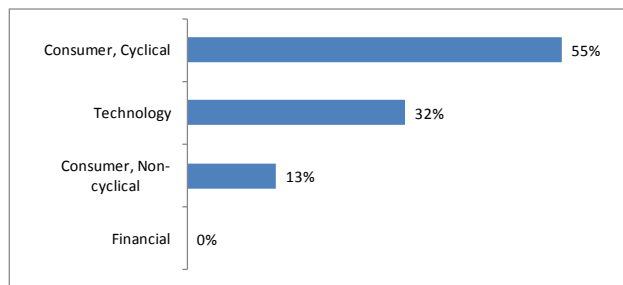
### Sold Out Positions

None

### Portfolio Metrics

Portfolio size	\$3 billion
Top 10 as % of portfolio	100%
Median market value	\$22 billion
Average market value	\$24 billion
Median price to earnings	18x
Median price to book	2.2x

### Sector Weightings



## Exclusive Interview with Paul Sonkin

We recently had the pleasure of speaking with Paul Sonkin at his offices in New York. Paul is one of the most prominent value investors focused on micro cap and nano cap investing. He serves as portfolio manager of The Hummingbird Value Funds and the Tarsier Nanocap Value Fund. He is also an adjunct professor at Columbia Business School, where he teaches security analysis and value investing. He was previously a senior analyst at First Manhattan and an analyst and portfolio manager at Royce. Prior to receiving an MBA from Columbia, Paul worked at Goldman Sachs and at the SEC. He is a co-author of [Value Investing: From Graham to Buffett and Beyond](#).

### **MOI: What was the genesis of your firm, and how would you describe your investment approach?**

**Paul Sonkin:** I started in December of 1999, so we're coming up on ten years. I had worked at Royce and then I had worked at First Manhattan. First Manhattan did large cap value, and I really wanted to get back to what I had done at Royce—which was micro cap value—because that's what I really love. I met with Mario Gabelli and said I wanted to manage his micro cap fund. He had this guy who worked for him who had started a partnership, and he said, Why don't you start a hedge fund and I'll give you some money and own a piece of your management company? So that was how I really got the start at Hummingbird. It's just old-school, Graham-and-Dodd-type value investing.

We've pushed the envelope a little bit—Bruce Greenwald talks about doing an asset value based on replacement cost, and then an earnings power value and an earnings power value with growth. The asset value is really Graham's "net nets." The earnings power value would be the low P/E. The earnings power value with growth is where you may be paying a full price for the current earnings power but you are getting all the growth for free. We tend to stay in the first two categories, although we have gotten into situations where we are paying for earnings that we firmly believe will materialize, but they haven't materialized yet—and then we're getting a lot of growth on top of that for free. That's evident in a lot of the positions we have.

Our largest position now is a company called Rand Logistics (RLOG). We believe they'll do about \$0.40 in free cash flow [per share] in this fiscal year ending March [2010]. We think that will go up to \$0.75 to \$1 over time. The stock is at \$3-3.25, so we think it's a pretty good bargain.

Hummingbird was structured after the old Buffett Partnership and Graham-Newman. There are two sides to the portfolio: There is an arbitrage side, and there is a cheap stocks side. We look to keep to those roughly 50-50, although that'll change over time. In the last few years, there hasn't been a lot going on in arbitrage. There are a lot of spinoffs but none—that area is pretty well picked over. Liquidations used to be a great area to invest in, and that's become very picked over. Even in micro cap risk arbitrage, we've seen more deals breaking, so that hasn't been a great area for us.

*"Our largest position is a company called Rand Logistics (RLOG). We believe they'll do about \$0.40 in free cash flow [per share] in this fiscal year ending March. We think that will go up to \$0.75 to \$1 over time. The stock is at \$3-3.25..."*

## Snapshot of 100 Superinvestor-Owned Companies In Alphabetical Order

Company / Ticker	Industry	Notable Shareholders	Recent Price (\$)	Δ to 52-Wk		Market Value (\$mn)	Website
				Low	High		
Abbott Labs / ABT	Major Drugs	Gayner	52.95	-22%	8%	81,900	<a href="http://www.abbott.com">www.abbott.com</a>
Aetna / AET	Health Insurance	Pzena	29.43	-52%	18%	12,758	<a href="http://www.aetna.com">www.aetna.com</a>
Alcatel-Lucent / ALU	Communications Equipment	Pzena	3.80	-71%	30%	8,587	<a href="http://www.alcatel-lucent.com">www.alcatel-lucent.com</a>
Allegheny / Y	Conglomerates	Ashton	264.18	-33%	15%	2,348	<a href="http://www.allegheny.com">www.allegheny.com</a>
Allegheny Energy / AYE	Electric Utilities	Shubin Stein	22.40	-9%	61%	3,798	<a href="http://www.alleghenyenergy.com">www.alleghenyenergy.com</a>
Alliance One / AOI	Tobacco	Klarman	4.90	-60%	17%	437	<a href="http://www.aointl.com">www.aointl.com</a>
Allstate / ALL	Property & Casualty Insur.	Pzena	28.91	-52%	16%	15,510	<a href="http://www.allstate.com">www.allstate.com</a>
AmeriCredit / ACF	Retail Financial Services	Berkowitz, Cumming	18.79	-84%	7%	2,507	<a href="http://www.americredit.com">www.americredit.com</a>
ATP Oil & Gas / ATPG	Oil & Gas Operations	Einhorn	16.54	-83%	39%	741	<a href="http://www.atpog.com">www.atpog.com</a>
Automatic Data / ADP	Business Services	Ackman, Bares	43.51	-27%	1%	21,957	<a href="http://www.adp.com">www.adp.com</a>
Baldwin & Lyons / BWINB	Insurance (Miscellaneous)	Watsa	22.47	-36%	9%	331	<a href="http://www.baldwinandlyons.com">www.baldwinandlyons.com</a>
Becton, Dickinson / BDx	Medical Equipment	Buffett	72.72	-20%	6%	17,408	<a href="http://www.bd.com">www.bd.com</a>
Boeing / BA	Aerospace and Defense	Pzena	50.68	-43%	9%	36,824	<a href="http://www.boeing.com">www.boeing.com</a>
BreitBurn Energy / BBEP	Oil & Gas - Integrated	Klarman	11.33	-54%	16%	598	<a href="http://www.breitburn.com">www.breitburn.com</a>
Brookfield Asset / BAM	Real Estate Operations	Gayner, Whitman	21.14	-47%	15%	12,092	<a href="http://www.brookfield.com">www.brookfield.com</a>
Brookfield Prop. / BPO	Real Estate Operations	Pabrai	11.02	-63%	10%	5,517	<a href="http://brookfieldproperties.com">brookfieldproperties.com</a>
CA / CA	Software & Programming	Pzena	22.10	-38%	9%	11,530	<a href="http://www.ca.com">www.ca.com</a>
Campbell Soup / CPB	Food Processing	Gayner	33.18	-26%	17%	11,461	<a href="http://www.campbellsoup.com">www.campbellsoup.com</a>
Capital Southwest / CSWC	Misc. Financial Services	Ashton, Cumming	77.41	-31%	45%	290	<a href="http://www.capitalsouthwest.com">www.capitalsouthwest.com</a>
CapitalSource / CSE	Regional Banks	Klarman, Loeb	3.77	-76%	46%	1,218	<a href="http://www.capitalsource.com">www.capitalsource.com</a>
Cardinal Health / CAH	Biotechnology & Drugs	Berkowitz, Einhorn	31.08	-36%	0%	11,273	<a href="http://www.cardinal.com">www.cardinal.com</a>
CarMax / KMX	Retail (Specialty)	Gayner	20.96	-73%	10%	4,650	<a href="http://www.carmax.com">www.carmax.com</a>
Chesapeake Energy / CHK	Oil & Gas Operations	Hawkins	25.03	-61%	20%	16,212	<a href="http://www.chk.com">www.chk.com</a>
Citigroup / C	Money Center Banks	Lampert, Pzena	4.05	-76%	150%	92,599	<a href="http://www.citigroup.com">www.citigroup.com</a>
Columbia Banking / COLB	Regional Banks	Pzena	13.80	-66%	26%	388	<a href="http://www.columbiabank.com">www.columbiabank.com</a>
Contango Oil & Gas / MCF	Oil & Gas Operations	Shubin Stein	46.70	-32%	26%	739	<a href="http://www.contango.com">www.contango.com</a>
Crosstex Energy / XTXI	Natural Gas Utilities	Greenberg, Shubin Stein	5.33	-86%	31%	248	<a href="http://www.crosstexenergy.com">www.crosstexenergy.com</a>
dELIA*s / DLIA	Retail (Apparel)	Shubin Stein	1.98	-30%	45%	62	<a href="http://www.deliasinc.com">www.deliasinc.com</a>
Dell / DELL	Computer Hardware	Greenberg, Hawkins, Watsa	15.40	-49%	12%	30,117	<a href="http://www.dell.com">www.dell.com</a>
DENTSPLY / XRAY	Medical Equipment	Gayner	33.89	-36%	9%	5,033	<a href="http://www.dentsply.com">www.dentsply.com</a>
Diageo / DEO	Beverages (Alcoholic)	Gayner	67.69	-40%	2%	42,339	<a href="http://www.diageo.com">www.diageo.com</a>
Dillard's / DDS	Retail (Dep't & Discount)	Hawkins	13.19	-81%	19%	974	<a href="http://www.dillards.com">www.dillards.com</a>
DineEquity / DIN	Restaurants	Hawkins	23.55	-78%	47%	414	<a href="http://dineequity.com">dineequity.com</a>
DIRECTV / DTV	Broadcasting & Cable TV	Hawkins, Weitz	29.82	-40%	1%	28,534	<a href="http://www.directv.com">www.directv.com</a>
Domtar / UFS	Paper & Paper Products	Klarman	52.81	-88%	1%	2,270	<a href="http://www.domtar.com/en">www.domtar.com/en</a>
DreamWorks Animation / DWA	Motion Pictures	Ashton (sold out)	33.99	-49%	12%	2,949	<a href="http://dreamworksanimation.com">dreamworksanimation.com</a>
Enzon Pharma / ENZN	Biotechnology & Drugs	Icahn, Klarman	9.88	-68%	2%	449	<a href="http://www.enzon.com">www.enzon.com</a>
Fair Isaac / FICO	Business Services	Hawkins	18.63	-48%	31%	910	<a href="http://www.fairisaac.com">www.fairisaac.com</a>
Fairfax Financial / FFH	Property & Casualty Insur.	Gayner, Hawkins, Pabrai	357.32	-41%	7%	7,538	<a href="http://www.fairfax.ca">www.fairfax.ca</a>
Forest City / FCE.A	Real Estate Operations	Whitman	10.53	-69%	35%	1,647	<a href="http://www.forestcity.net">www.forestcity.net</a>
Forest Labs / FRX	Biotechnology & Drugs	Berkowitz	28.35	-35%	8%	8,555	<a href="http://www.frx.com">www.frx.com</a>
Gastar Exploration / GST	Oil & Gas - Integrated	Shubin Stein	4.37	-68%	19%	217	<a href="http://www.gastar.com">www.gastar.com</a>
General Electric / GE	Conglomerates	Gayner, Watsa	15.66	-63%	23%	166,740	<a href="http://www.ge.com">www.ge.com</a>
Hartford Financial / HIG	Property & Casualty Insur.	Pzena	24.68	-87%	20%	9,453	<a href="http://www.thehartford.com">www.thehartford.com</a>
Heritage-Crystal / HCCI	Waste Management Services	Gayner	9.88	-34%	42%	106	<a href="http://www.crystal-clean.com">www.crystal-clean.com</a>
Hertz / HTZ	Rental & Leasing	Berkowitz	9.79	-84%	22%	4,011	<a href="http://www.hertz.com">www.hertz.com</a>
Humana / HUM	Health Insurance	Berkowitz	41.10	-55%	12%	6,980	<a href="http://www.humana.com">www.humana.com</a>
Huntsman / HUN	Chemical Manufacturing	Shubin Stein	8.30	-76%	19%	1,970	<a href="http://www.huntsman.com">www.huntsman.com</a>
International Assets / IAAC	Investment Services	Bares, Cumming	17.73	-70%	13%	162	<a href="http://www.intlassets.com">www.intlassets.com</a>
International Coal / ICO	Coal	Watsa	4.54	-76%	18%	700	<a href="http://www.intlcoal.com">www.intlcoal.com</a>

[Portfolio w 100 companies\* Top100\_browser + MOI\_macros\_100.xls, MOI100A, then MOI100B, then MOI100C, then MOI100D , then MOI100E]

**In Alphabetical Order** (continued)

Company / Ticker	Industry	Notable Shareholders	Recent Price (\$)	Δ to 52-Wk		Market Value (\$mn)	Website
				Low	High		
Investors Title / ITIC	Property & Casualty Insur.	Gayner	30.26	-43%	29%	69	<a href="http://www.invtitle.com">www.invtitle.com</a>
ITC Holdings / ITC	Electric Utilities	Gayner	45.88	-30%	6%	2,329	<a href="http://www.itc-holdings.com">www.itc-holdings.com</a>
J.C. Penney / JCP	Retail (Dep't & Discount)	Pzena	31.21	-56%	19%	7,361	<a href="http://www.jcpenney.net">www.jcpenney.net</a>
Jefferies Group / JEF	Investment Services	Cumming	27.77	-71%	12%	4,671	<a href="http://www.jefferies.com">www.jefferies.com</a>
John Bean Tech / JBT	Misc. Capital Goods	Shubin Stein	17.52	-67%	10%	483	<a href="http://www.jbtcorporation.com">www.jbtcorporation.com</a>
Johnson & Johnson / JNJ	Major Drugs	Buffett, Watsa	61.43	-25%	2%	169,492	<a href="http://www.jnj.com">www.jnj.com</a>
Kraft Foods / KFT	Food Processing	Buffett, Watsa	26.91	-23%	11%	39,715	<a href="http://www.kraftfoodscompany.com">www.kraftfoodscompany.com</a>
Leucadia National / LUK	Conglomerates	Berkowitz, Pabrai	22.48	-54%	18%	5,466	<a href="http://www.leucadia.com">www.leucadia.com</a>
Level 3 Comms / LVL3	Communications Services	Watsa	1.21	-53%	46%	1,984	<a href="http://www.level3.com">www.level3.com</a>
Lockheed Martin / LMT	Aerospace and Defense	Greenberg, Hohn	76.07	-25%	14%	28,966	<a href="http://www.lockheedmartin.com">www.lockheedmartin.com</a>
Markel / MKL	Property & Casualty Insur.	Hawkins	325.15	-36%	12%	3,192	<a href="http://www.markelcorp.com">www.markelcorp.com</a>
McDonald's / MCD	Restaurants	Ackman, Mandel	63.58	-21%	1%	68,615	<a href="http://www.mcdonalds.com">www.mcdonalds.com</a>
MI Developments / MIM	Real Estate Operations	Einhorn	14.05	-77%	5%	656	<a href="http://www.middevelopments.com">www.middevelopments.com</a>
Microsoft / MSFT	Software & Programming	Weitz	29.63	-50%	1%	263,088	<a href="http://www.microsoft.com">www.microsoft.com</a>
MTS Systems / MTSC	Technical Instruments	Pzena	26.93	-27%	19%	449	<a href="http://www.mts.com">www.mts.com</a>
Multimedia Games / MGAM	Casinos & Gaming	Klarman	5.38	-71%	18%	146	<a href="http://www.multimediasgames.com">www.multimediasgames.com</a>
MVC Capital / MVC	Misc. Financial Services	Ashton	9.48	-35%	25%	230	<a href="http://www.mvccapital.com">www.mvccapital.com</a>
News Corp. / NWSA	Broadcasting & Cable TV	Klarman	12.61	-61%	4%	33,038	<a href="http://www.newscorp.com">www.newscorp.com</a>
Northrop Grumman / NOC	Aerospace and Defense	Ashton, Pzena	55.27	-39%	0%	17,341	<a href="http://www.northropgrumman.com">www.northropgrumman.com</a>
Omnicom / OMC	Advertising	Pzena	36.57	-45%	7%	11,382	<a href="http://www.omnicomgroup.com">www.omnicomgroup.com</a>
Orange 21 / ORNG	Recreational Products	Shubin Stein	0.79	-48%	90%	9	<a href="http://www.orangetwentyone.com">www.orangetwentyone.com</a>
Overstock.com / OSTK	Retail (Online)	Watsa	15.66	-60%	15%	358	<a href="http://www.overstock.com">www.overstock.com</a>
Paychex / PAYX	Business Services	Gayner	31.02	-35%	2%	11,210	<a href="http://www.paychex.com">www.paychex.com</a>
Pfizer / PFE	Major Drugs	Berkowitz, Einhorn, Loeb	17.59	-34%	5%	141,943	<a href="http://www.pfizer.com">www.pfizer.com</a>
Pioneer Natural / PXD	Oil & Gas Operations	Hawkins	42.79	-72%	8%	4,935	<a href="http://www.pxd.com">www.pxd.com</a>
Pool Corp. / POOL	Recreational Products	Gayner	20.56	-46%	22%	1,007	<a href="http://www.poolcorp.com">www.poolcorp.com</a>
Resource America / REXI	Misc. Financial Services	Shubin Stein	3.81	-37%	80%	70	<a href="http://www.resourceamerica.com">www.resourceamerica.com</a>
RSC Holdings / RRR	Rental & Leasing	Berkowitz	6.39	-37%	46%	661	<a href="http://www.rsrental.com">www.rsrental.com</a>
Sears Holdings / SHLD	Retail (Dep't & Discount)	Berkowitz, Lampert	74.54	-64%	6%	8,856	<a href="http://www.searsholdings.com">www.searsholdings.com</a>
Spirit AeroSystems / SPR	Aerospace and Defense	Berkowitz	17.98	-60%	7%	2,536	<a href="http://www.spiritaero.com">www.spiritaero.com</a>
St. Joe / JOE	Real Estate Operations	Berkowitz	26.61	-45%	29%	2,458	<a href="http://www.joe.com">www.joe.com</a>
Syneron Medical / ELOS	Medical Equipment	Klarman	10.75	-58%	16%	295	<a href="http://www.syneron.com">www.syneron.com</a>
Theravance / THRX	Biotechnology & Drugs	Klarman	14.50	-70%	28%	922	<a href="http://www.theravance.com">www.theravance.com</a>
Thomas Properties / TPGI	Real Estate Operations	Whitman	2.57	-58%	85%	66	<a href="http://www.tpgre.com">www.tpgre.com</a>
TravelCenters / TA	Retail (Specialty)	Cumming	4.60	-79%	90%	77	<a href="http://www.tatravelcenters.com">www.tatravelcenters.com</a>
tw telecom / TWTC	Communications Services	Hawkins	14.77	-66%	3%	2,207	<a href="http://www.twtelecom.com">www.twtelecom.com</a>
Tyco Electronics / TEL	Electronic Instruments	Pzena	24.12	-69%	1%	11,066	<a href="http://www.tycoelectronics.com">www.tycoelectronics.com</a>
United Am. Indemnity / INDM	Property & Casualty Insur.	Pzena	6.85	-46%	97%	415	<a href="http://www.uai.ky">www.uai.ky</a>
United Parcel Svc / UPS	Air Courier	Gayner	56.69	-33%	5%	56,282	<a href="http://www.ups.com">www.ups.com</a>
USG / USG	Construction Materials	Buffett, Watsa	14.19	-71%	40%	1,409	<a href="http://www.usg.com">www.usg.com</a>
Viad / VVI	Business Services	Pzena	18.01	-32%	54%	371	<a href="http://www.viad.com">www.viad.com</a>
ViaSat / VSAT	Communications Equipment	Klarman	29.65	-46%	7%	945	<a href="http://www.viasat.com">www.viasat.com</a>
Wal-Mart / WMT	Retail (Dep't & Discount)	Buffett, Gayner	53.20	-13%	11%	205,183	<a href="http://walmartstores.com">walmartstores.com</a>
Walt Disney / DIS	Broadcasting & Cable TV	Gayner, Hawkins	30.44	-50%	0%	55,349	<a href="http://disney.go.com">disney.go.com</a>
WellCare / WCG	Health Insurance	Berkowitz, Shubin Stein	32.58	-81%	4%	1,379	<a href="http://www.wellcare.com">www.wellcare.com</a>
Wells Fargo / WFC	Regional Banks	Buffett, Shubin Stein, Watsa	27.68	-72%	18%	129,683	<a href="http://www.wellsfargo.com">www.wellsfargo.com</a>
Wendy's Arby's / WEN	Restaurants	Shubin Stein	4.16	-32%	39%	1,926	<a href="http://www.wendysarbys.com">www.wendysarbys.com</a>
Yum! Brands / YUM	Restaurants	Hawkins	35.29	-39%	5%	16,505	<a href="http://www.yum.com">www.yum.com</a>
Zenith National / ZNT	Property & Casualty Insur.	Watsa	27.95	-34%	21%	1,044	<a href="http://www.thezenith.com">www.thezenith.com</a>
Zoran / ZRAN	Semiconductors	Pzena	9.84	-48%	25%	509	<a href="http://www.zoran.com">www.zoran.com</a>

## By Market Value

Company / Ticker	Industry	Notable Shareholders	Recent Price (\$)	Δ to 52-Wk		Market Value (\$mn)	Enterprise Value (\$mn)	LTM	LTM
				Low	High			EBIT / EV	EBIT / Capital
Microsoft / MSFT	Software & Programming	Weitz	29.63	-50%	1%	263,088	232,356	8%	50-99%
Wal-Mart / WMT	Retail (Dep't & Discount)	Buffett, Gayner	53.20	-13%	11%	205,183	246,533	9%	0-25%
Johnson & Johnson / JNJ	Major Drugs	Buffett, Watsa	61.43	-25%	2%	169,492	166,755	10%	50-99%
General Electric / GE	Conglomerates	Gayner, Watsa	15.66	-63%	23%	166,740	623,573	2%	0-25%
Pfizer / PFE	Major Drugs	Berkowitz, Einhorn, Loeb	17.59	-34%	5%	141,943	128,099	9%	0-25%
Wells Fargo / WFC	Regional Banks	Buffett, Watsa	27.68	-72%	18%	129,683	312,266	6%	25-50%
Citigroup / C	Money Center Banks	Lampert, Pzena	4.05	-76%	150%	92,599	nm	nm	0-25%
Abbott Labs / ABT	Major Drugs	Gayner	52.95	-22%	8%	81,900	88,859	7%	25-50%
McDonald's / MCD	Restaurants	Ackman, Mandel	63.58	-21%	1%	68,615	77,496	8%	25-50%
United Parcel Svc / UPS	Air Courier	Gayner	56.69	-33%	5%	56,282	63,799	5%	0-25%
Walt Disney / DIS	Broadcasting & Cable TV	Gayner, Hawkins	30.44	-50%	0%	55,349	64,633	8%	25-50%
Diageo / DEO	Beverages (Alcoholic)	Gayner	67.69	-40%	2%	42,339	55,216	7%	50-99%
Kraft Foods / KFT	Food Processing	Buffett, Watsa	26.91	-23%	11%	39,715	57,444	8%	25-50%
Boeing / BA	Aerospace and Defense	Pzena	50.68	-43%	9%	36,824	41,416	0%	nm
News Corp. / NWSA	Broadcasting & Cable TV	Klarman	12.61	-61%	4%	33,038	40,459	nm	nm
Dell / DELL	Computer Hardware	Greenberg, Hawkins	15.40	-49%	12%	30,117	21,562	12%	>99%
Lockheed Martin / LMT	Aerospace and Defense	Greenberg, Hohn	76.07	-25%	14%	28,966	30,062	15%	>99%
DIRECTV / DTV	Broadcasting & Cable TV	Hawkins, Weitz	29.82	-40%	1%	28,534	32,404	7%	25-50%
Automatic Data / ADP	Business Services	Ackman, Bares	43.51	-27%	1%	21,957	20,379	9%	>99%
Becton, Dickinson / BDx	Medical Equipment	Buffett	72.72	-20%	6%	17,408	17,546	9%	25-50%
Northrop Grumman / NOC	Aerospace and Defense	Ashton, Pzena	55.27	-39%	0%	17,341	20,130	nm	nm
Yum! Brands / YUM	Restaurants	Hawkins	35.29	-39%	5%	16,505	19,374	8%	25-50%
Chesapeake Energy / CHK	Oil & Gas Operations	Hawkins	25.03	-61%	20%	16,212	27,721	nm	nm
Allstate / ALL	Property & Casualty Insur.	Pzena	28.91	-52%	16%	15,510	21,444	nm	nm
Aetna / AET	Health Insurance	Pzena	29.43	-52%	18%	12,758	14,677	14%	>99%
Brookfield Asset / BAM	Real Estate Operations	Gayner, Whitman	21.14	-47%	15%	12,092	42,767	5%	0-25%
CA / CA	Software & Programming	Pzena	22.10	-38%	9%	11,530	10,439	11%	>99%
Campbell Soup / CPB	Food Processing	Gayner	33.18	-26%	17%	11,461	14,034	9%	50-99%
Omnicom / OMC	Advertising	Pzena	36.57	-45%	7%	11,382	13,182	11%	>99%
Cardinal Health / CAH	Biotechnology & Drugs	Berkowitz, Einhorn	31.08	-36%	0%	11,273	12,154	15%	25-50%
Paychex / PAYX	Business Services	Gayner	31.02	-35%	2%	11,210	10,881	7%	>99%
Tyco Electronics / TEL	Electronic Instruments	Pzena	24.12	-69%	1%	11,066	11,962	nm	nm
Hartford Financial / HIG	Property & Casualty Insur.	Pzena	24.68	-87%	20%	9,453	17,004	nm	nm
Sears Holdings / SHLD	Retail (Dep't & Discount)	Berkowitz, Lampert	74.54	-64%	6%	8,856	10,906	2%	0-25%
Alcatel-Lucent / ALU	Communications Equipment	Pzena	3.80	-71%	30%	8,587	8,654	nm	nm
Forest Labs / FRX	Biotechnology & Drugs	Berkowitz	28.35	-35%	8%	8,555	5,701	16%	25-50%
Fairfax Financial / FFH	Property & Casualty Insur.	Gayner, Hawkins, Pabrai	357.32	-41%	7%	7,538	7,505	23%	>99%
J.C. Penney / JCP	Retail (Dep't & Discount)	Pzena	31.21	-56%	19%	7,361	8,441	10%	0-25%
Humana / HUM	Health Insurance	Berkowitz	41.10	-55%	12%	6,980	1,509	>99%	50-99%
Brookfield Prop. / BPO	Real Estate Operations	Pabrai	11.02	-63%	10%	5,517	18,496	5%	0-25%
Leucadia National / LUK	Conglomerates	Berkowitz, Pabrai	22.48	-54%	18%	5,466	6,931	nm	nm
DENTSPLY / XRAY	Medical Equipment	Gayner	33.89	-36%	9%	5,033	5,095	7%	25-50%
Pioneer Natural / PXD	Oil & Gas Operations	Hawkins	42.79	-72%	8%	4,935	7,746	0%	nm
Jefferies Group / JEF	Investment Services	Cumming	27.77	-71%	12%	4,671	7,584	nm	nm
CarMax / KMX	Retail (Specialty)	Gayner	20.96	-73%	10%	4,650	4,907	4%	0-25%
Hertz / HTZ	Rental & Leasing	Berkowitz	9.79	-84%	22%	4,011	13,433	nm	nm
Allegheny Energy / AYE	Electric Utilities	Shubin Stein	22.40	-9%	61%	3,798	8,008	9%	>99%
Markel / MKL	Property & Casualty Insur.	Hawkins	325.15	-36%	12%	3,192	3,105	2%	>99%
DreamWorks Animation / DWA	Motion Pictures	Ashton (sold out)	33.99	-49%	12%	2,949	2,672	7%	>99%
Spirit AeroSystems / SPR	Aerospace and Defense	Berkowitz	17.98	-60%	7%	2,536	3,213	8%	0-25%

**By Market Value** (continued)

Company / Ticker	Industry	Notable Shareholders	Recent Price (\$)	Δ to 52-Wk		Market Value (\$mn)	Enterprise Value (\$mn)	LTM EBIT / EV	LTM EBIT / Capital
				Low	High				
AmeriCredit / ACF	Retail Financial Services	Berkowitz, Cumming	18.79	-84%	7%	2,507	10,939	7%	0-25%
St. Joe / JOE	Real Estate Operations	Berkowitz	26.61	-45%	29%	2,458	2,345	nm	nm
Alleghany / Y	Conglomerates	Ashton	264.18	-33%	15%	2,348	2,285	6%	>99%
ITC Holdings / ITC	Electric Utilities	Gayner	45.88	-30%	6%	2,329	4,679	7%	>99%
Domtar / UFS	Paper & Paper Products	Klarman	52.81	-88%	1%	2,270	3,851	nm	nm
tw telecom / TWTC	Communications Services	Hawkins	14.77	-66%	3%	2,207	3,081	3%	0-25%
Level 3 Comms / LVL3	Communications Services	Watsa	1.21	-53%	46%	1,984	7,712	2%	0-25%
Huntsman / HUN	Chemical Manufacturing	Shubin Stein	8.30	-76%	19%	1,970	4,582	13%	0-25%
Wendy's Arby's / WEN	Restaurants	Shubin Stein	4.16	-32%	39%	1,926	2,807	nm	nm
Forest City / FCE.A	Real Estate Operations	Whitman	10.53	-69%	35%	1,647	9,960	4%	0-25%
USG / USG	Construction Materials	Buffett, Watsa	14.19	-71%	40%	1,409	2,751	nm	nm
WellCare / WCG	Health Insurance	Berkowitz, Shubin Stein	32.58	-81%	4%	1,379	208	17%	>99%
CapitalSource / CSE	Regional Banks	Klarman, Loeb	3.77	-76%	46%	1,218	5,661	nm	nm
Zenith National / ZNT	Property & Casualty Insur.	Watsa	27.95	-34%	21%	1,044	1,087	4%	>99%
Pool Corp. / POOL	Recreational Products	Gayner	20.56	-46%	22%	1,007	1,250	8%	25-50%
Dillard's / DDS	Retail (Dep't & Discount)	Hawkins	13.19	-81%	19%	974	1,926	nm	nm
ViaSat / VSAT	Communications Equipment	Klarman	29.65	-46%	7%	945	948	5%	0-25%
Theravance / THRX	Biotechnology & Drugs	Klarman	14.50	-70%	28%	922	941	nm	nm
Fair Isaac / FICO	Business Services	Hawkins	18.63	-48%	31%	910	1,164	10%	50-99%
ATP Oil & Gas / ATPG	Oil & Gas Operations	Einhorn	16.54	-83%	39%	741	1,955	2%	0-25%
Contango Oil & Gas / MCF	Oil & Gas Operations	Shubin Stein	46.70	-32%	26%	739	698	13%	0-25%
International Coal / ICO	Coal	Watsa	4.54	-76%	18%	700	1,047	3%	0-25%
RSC Holdings / RRR	Rental & Leasing	Berkowitz	6.39	-37%	46%	661	2,890	6%	0-25%
MI Developments / MIM	Real Estate Operations	Einhorn	14.05	-77%	5%	656	774	nm	nm
BreitBurn Energy / BBEP	Oil & Gas - Integrated	Klarman	11.33	-54%	16%	598	1,227	19%	0-25%
Zoran / ZRAN	Semiconductors	Pzena	9.84	-48%	25%	509	111	nm	nm
John Bean Tech / JBT	Misc. Capital Goods	Shubin Stein	17.52	-67%	10%	483	616	9%	25-50%
MTS Systems / MTSC	Technical Instruments	Pzena	26.93	-27%	19%	449	372	13%	25-50%
Enzon Pharma / ENZN	Biotechnology & Drugs	Icahn, Klarman	9.88	-68%	2%	449	589	0%	0-25%
Alliance One / AOI	Tobacco	Klarman	4.90	-60%	17%	437	1,450	15%	0-25%
United Am. Indemnity / INDM	Property & Casualty Insur.	Pzena	6.85	-46%	97%	415	324	nm	nm
DineEquity / DIN	Restaurants	Hawkins	23.55	-78%	47%	414	2,737	7%	0-25%
Columbia Banking / COLB	Regional Banks	Pzena	13.80	-66%	26%	388	300	18%	>99%
Viad / VVI	Business Services	Pzena	18.01	-32%	54%	371	275	nm	nm
Overstock.com / OSTK	Retail (Online)	Watsa	15.66	-60%	15%	358	340	1%	>99%
Baldwin & Lyons / BWINB	Insurance (Miscellaneous)	Watsa	22.47	-36%	9%	331	287	15%	>99%
Syneron Medical / ELOS	Medical Equipment	Klarman	10.75	-58%	16%	295	109	nm	nm
Capital Southwest / CSWC	Misc. Financial Services	Ashton, Cumming	77.41	-31%	45%	290	279	4%	>99%
Crosstex Energy / XTXI	Natural Gas Utilities	Greenberg, Shubin Stein	5.33	-86%	31%	248	1,636	1%	0-25%
MVC Capital / MVC	Misc. Financial Services	Ashton	9.48	-35%	25%	230	289	5%	>99%
Gastar Exploration / GST	Oil & Gas - Integrated	Shubin Stein	4.37	-68%	19%	217	372	nm	nm
International Assets / IAAC	Investment Services	Bares, Cumming	17.73	-70%	13%	162	204	10%	25-50%
Multimedia Games / MGAM	Casinos & Gaming	Klarman	5.38	-71%	18%	146	220	nm	nm
Heritage-Crystal / HCCI	Waste Management Services	Gayner	9.88	-34%	42%	106	105	1%	0-25%
TravelCenters / TA	Retail (Specialty)	Cumming	4.60	-79%	90%	77	-3	>99%	nm
Resource America / REXI	Misc. Financial Services	Shubin Stein	3.81	-37%	80%	70	234	nm	nm
Investors Title / ITIC	Property & Casualty Insur.	Gayner	30.26	-43%	29%	69	60	1%	>99%
Thomas Properties / TPGI	Real Estate Operations	Whitman	2.57	-58%	85%	66	381	nm	nm
dELIA's / DLIA	Retail (Apparel)	Shubin Stein	1.98	-30%	45%	62	27	nm	nm
Orange 21 / ORNG	Recreational Products	Shubin Stein	0.79	-48%	90%	9	15	nm	nm

## By Sector

Sector	Industry	Company / Ticker	Notable Shareholders	Price (\$)	Δ to 52-Wk		Market Value (\$mn)	Enterpr. Value (\$mn)
					Low	High		
Basic Materials	Chemical Manufacturing	Huntsman / HUN	Shubin Stein	8.30	-76%	19%	1,970	4,582
Basic Materials	Paper & Paper Products	Domtar / UFS	Klarman	52.81	-88%	1%	2,270	3,851
Capital Goods	Aerospace and Defense	Boeing / BA	Pzena	50.68	-43%	9%	36,824	41,416
Capital Goods	Aerospace and Defense	Lockheed Martin / LMT	Greenberg, Hohn	76.07	-25%	14%	28,966	30,062
Capital Goods	Aerospace and Defense	Northrop Grumman / NOC	Ashton, Pzena	55.27	-39%	0%	17,341	20,130
Capital Goods	Aerospace and Defense	Spirit AeroSystems / SPR	Berkowitz	17.98	-60%	7%	2,536	3,213
Capital Goods	Construction Materials	USG / USG	Buffett, Watsa	14.19	-71%	40%	1,409	2,751
Capital Goods	Misc. Capital Goods	John Bean Tech / JBT	Shubin Stein	17.52	-67%	10%	483	616
Conglomerates	Conglomerates	Alleghany / Y	Ashton	264.18	-33%	15%	2,348	2,285
Conglomerates	Conglomerates	General Electric / GE	Gayner, Watsa	15.66	-63%	23%	166,740	623,573
Conglomerates	Conglomerates	Leucadia National / LUK	Berkowitz, Pabrai	22.48	-54%	18%	5,466	6,931
Consumer Cyclical	Recreational Products	Orange 21 / ORNG	Shubin Stein	0.79	-48%	90%	9	15
Consumer Cyclical	Recreational Products	Pool Corp. / POOL	Gayner	20.56	-46%	22%	1,007	1,250
Consumer Non-Cyclical	Beverages (Alcoholic)	Diageo / DEO	Gayner	67.69	-40%	2%	42,339	55,216
Consumer Non-Cyclical	Food Processing	Campbell Soup / CPB	Gayner	33.18	-26%	17%	11,461	14,034
Consumer Non-Cyclical	Food Processing	Kraft Foods / KFT	Buffett, Watsa	26.91	-23%	11%	39,715	57,444
Consumer Non-Cyclical	Tobacco	Alliance One / AOI	Klarman	4.90	-60%	17%	437	1,450
Energy	Coal	International Coal / ICO	Watsa	4.54	-76%	18%	700	1,047
Energy	Oil & Gas - Integrated	BreitBurn Energy / BBEP	Klarman	11.33	-54%	16%	598	1,227
Energy	Oil & Gas - Integrated	Gastar Exploration / GST	Shubin Stein	4.37	-68%	19%	217	372
Energy	Oil & Gas Operations	ATP Oil & Gas / ATPG	Einhorn	16.54	-83%	39%	741	1,955
Energy	Oil & Gas Operations	Chesapeake Energy / CHK	Hawkins	25.03	-61%	20%	16,212	27,721
Energy	Oil & Gas Operations	Contango Oil & Gas / MCF	Shubin Stein	46.70	-32%	26%	739	698
Energy	Oil & Gas Operations	Pioneer Natural / PXD	Hawkins	42.79	-72%	8%	4,935	7,746
Financial	Health Insurance	Aetna / AET	Pzena	29.43	-52%	18%	12,758	14,677
Financial	Health Insurance	Humana / HUM	Berkowitz	41.10	-55%	12%	6,980	1,509
Financial	Health Insurance	WellCare / WCG	Berkowitz, Shubin Stein	32.58	-81%	4%	1,379	208
Financial	Insurance (Miscellaneous)	Baldwin & Lyons / BWINB	Watsa	22.47	-36%	9%	331	287
Financial	Investment Services	International Assets / IAAC	Bares, Cumming	17.73	-70%	13%	162	204
Financial	Investment Services	Jefferies Group / JEF	Cumming	27.77	-71%	12%	4,671	7,584
Financial	Misc. Financial Services	Capital Southwest / CSWC	Ashton, Cumming	77.41	-31%	45%	290	279
Financial	Misc. Financial Services	MVC Capital / MVC	Ashton	9.48	-35%	25%	230	289
Financial	Misc. Financial Services	Resource America / REXI	Shubin Stein	3.81	-37%	80%	70	234
Financial	Money Center Banks	Citigroup / C	Lampert, Pzena	4.05	-76%	150%	92,599	nm
Financial	Property & Casualty Insur.	Allstate / ALL	Pzena	28.91	-52%	16%	15,510	21,444
Financial	Property & Casualty Insur.	Fairfax Financial / FFH	Gayner, Hawkins, Pabrai	357.32	-41%	7%	7,538	7,505
Financial	Property & Casualty Insur.	Hartford Financial / HIG	Pzena	24.68	-87%	20%	9,453	17,004
Financial	Property & Casualty Insur.	Investors Title / ITIC	Gayner	30.26	-43%	29%	69	60
Financial	Property & Casualty Insur.	Markel / MKL	Hawkins	325.15	-36%	12%	3,192	3,105
Financial	Property & Casualty Insur.	United Am. Indemnity / INDM	Pzena	6.85	-46%	97%	415	324
Financial	Property & Casualty Insur.	Zenith National / ZNT	Watsa	27.95	-34%	21%	1,044	1,087
Financial	Regional Banks	CapitalSource / CSE	Klarman, Loeb	3.77	-76%	46%	1,218	nm
Financial	Regional Banks	Columbia Banking / COLB	Pzena	13.80	-66%	26%	388	nm
Financial	Regional Banks	Wells Fargo / WFC	Buffett, Watsa	27.68	-72%	18%	129,683	nm
Financial	Retail Financial Services	AmeriCredit / ACF	Berkowitz, Cumming	18.79	-84%	7%	2,507	nm
Health Care	Biotechnology & Drugs	Cardinal Health / CAH	Berkowitz, Einhorn	31.08	-36%	0%	11,273	12,154
Health Care	Biotechnology & Drugs	Enzon Pharma / ENZN	Icahn, Klarman	9.88	-68%	2%	449	589
Health Care	Biotechnology & Drugs	Forest Labs / FRX	Berkowitz	28.35	-35%	8%	8,555	5,701
Health Care	Biotechnology & Drugs	Theravance / THRX	Klarman	14.50	-70%	28%	922	941
Health Care	Major Drugs	Abbott Labs / ABT	Gayner	52.95	-22%	8%	81,900	88,859

**By Sector** (continued)

Sector	Industry	Company / Ticker	Notable Shareholders	Recent	Δ to 52-Wk		Market	Enterprise
				Price (\$)	Low	High	Value (\$mn)	Value (\$mn)
Health Care	Major Drugs	Johnson & Johnson / JNJ	Buffett, Watsa	61.43	-25%	2%	169,492	166,755
Health Care	Major Drugs	Pfizer / PFE	Berkowitz, Einhorn, Loeb	17.59	-34%	5%	141,943	128,099
Health Care	Medical Equipment	Becton, Dickinson / BDx	Buffett	72.72	-20%	6%	17,408	17,546
Health Care	Medical Equipment	DENTSPLY / XRAY	Gayner	33.89	-36%	9%	5,033	5,095
Health Care	Medical Equipment	Syneron Medical / ELOS	Klarman	10.75	-58%	16%	295	109
Services	Advertising	Omnicom / OMC	Pzena	36.57	-45%	7%	11,382	13,182
Services	Broadcasting & Cable TV	DIRECTV / DTV	Hawkins, Weitz	29.82	-40%	1%	28,534	32,404
Services	Broadcasting & Cable TV	News Corp. / NWSA	Klarman	12.61	-61%	4%	33,038	40,459
Services	Broadcasting & Cable TV	Walt Disney / DIS	Gayner, Hawkins	30.44	-50%	0%	55,349	64,633
Services	Business Services	Automatic Data / ADP	Ackman, Bares	43.51	-27%	1%	21,957	20,379
Services	Business Services	Fair Isaac / FICO	Hawkins	18.63	-48%	31%	910	1,164
Services	Business Services	Paychex / PAYX	Gayner	31.02	-35%	2%	11,210	10,881
Services	Business Services	Viad / VVI	Pzena	18.01	-32%	54%	371	275
Services	Casinos & Gaming	Multimedia Games / MGAM	Klarman	5.38	-71%	18%	146	220
Services	Communications Services	Level 3 Comms / LVLt	Watsa	1.21	-53%	46%	1,984	7,712
Services	Communications Services	tw telecom / TWTC	Hawkins	14.77	-66%	3%	2,207	3,081
Services	Motion Pictures	DreamWorks Animation / DWA	Ashton (sold out)	33.99	-49%	12%	2,949	2,672
Services	Real Estate Operations	Brookfield Asset / BAM	Gayner, Whitman	21.14	-47%	15%	12,092	42,767
Services	Real Estate Operations	Brookfield Prop. / BPO	Pabrai	11.02	-63%	10%	5,517	18,496
Services	Real Estate Operations	Forest City / FCE.A	Whitman	10.53	-69%	35%	1,647	9,960
Services	Real Estate Operations	MI Developments / MIM	Einhorn	14.05	-77%	5%	656	774
Services	Real Estate Operations	St. Joe / JOE	Berkowitz	26.61	-45%	29%	2,458	2,345
Services	Real Estate Operations	Thomas Properties / TPGI	Whitman	2.57	-58%	85%	66	381
Services	Rental & Leasing	Hertz / HTZ	Berkowitz	9.79	-84%	22%	4,011	13,433
Services	Rental & Leasing	RSC Holdings / RRR	Berkowitz	6.39	-37%	46%	661	2,890
Services	Restaurants	DineEquity / DIN	Hawkins	23.55	-78%	47%	414	2,737
Services	Restaurants	McDonald's / MCD	Ackman, Mandel	63.58	-21%	1%	68,615	77,496
Services	Restaurants	Wendy's Arby's / WEN	Shubin Stein	4.16	-32%	39%	1,926	2,807
Services	Restaurants	Yum! Brands / YUM	Hawkins	35.29	-39%	5%	16,505	19,374
Services	Retail (Apparel)	dELIA*s / DLIA	Shubin Stein	1.98	-30%	45%	62	27
Services	Retail (Dep't & Discount)	Dillard's / DDS	Hawkins	13.19	-81%	19%	974	1,926
Services	Retail (Dep't & Discount)	J.C. Penney / JCP	Pzena	31.21	-56%	19%	7,361	8,441
Services	Retail (Dep't & Discount)	Sears Holdings / SHLD	Berkowitz, Lampert	74.54	-64%	6%	8,856	10,906
Services	Retail (Dep't & Discount)	Wal-Mart / WMT	Buffett, Gayner	53.20	-13%	11%	205,183	246,533
Services	Retail (Online)	Overstock.com / OSTK	Watsa	15.66	-60%	15%	358	340
Services	Retail (Specialty)	CarMax / KMX	Gayner	20.96	-73%	10%	4,650	4,907
Services	Retail (Specialty)	TravelCenters / TA	Cumming	4.60	-79%	90%	77	-3
Services	Waste Management Services	Heritage-Crystal / HCCI	Gayner	9.88	-34%	42%	106	105
Technology	Communications Equipment	Alcatel-Lucent / ALU	Pzena	3.80	-71%	30%	8,587	8,654
Technology	Communications Equipment	ViaSat / VSAT	Klarman	29.65	-46%	7%	945	948
Technology	Computer Hardware	Dell / DELL	Greenberg, Hawkins, Watsa	15.40	-49%	12%	30,117	21,562
Technology	Electronic Instruments	Tyco Electronics / TEL	Pzena	24.12	-69%	1%	11,066	11,962
Technology	Semiconductors	Zoran / ZRAN	Pzena	9.84	-48%	25%	509	111
Technology	Software & Programming	CA / CA	Pzena	22.10	-38%	9%	11,530	10,439
Technology	Software & Programming	Microsoft / MSFT	Weitz	29.63	-50%	1%	263,088	232,356
Technology	Technical Instruments	MTS Systems / MTSC	Pzena	26.93	-27%	19%	449	372
Transportation	Air Courier	United Parcel Svc / UPS	Gayner	56.69	-33%	5%	56,282	63,799
Utilities	Electric Utilities	Allegheny Energy / AYE	Shubin Stein	22.40	-9%	61%	3,798	8,008
Utilities	Electric Utilities	ITC Holdings / ITC	Gayner	45.88	-30%	6%	2,329	4,679
Utilities	Natural Gas Utilities	Crosstex Energy / XTXI	Greenberg, Shubin Stein	5.33	-86%	31%	248	1,636

**ATP Oil & Gas (ATPG) – Einhorn** ↴

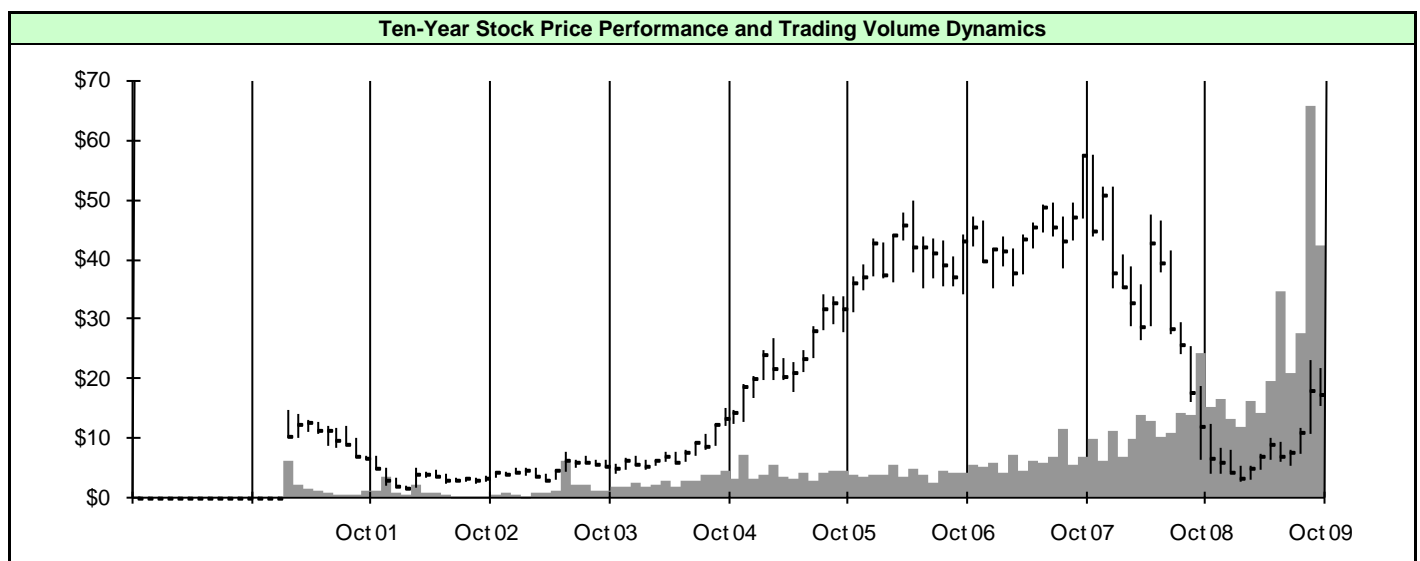
Energy: Oil & Gas Operations

Houston, TX, 713-622-3311

[www.atpg.com](http://www.atpg.com)

Trading Data	Consensus EPS Estimates			Valuation	
Price: \$16.54 (as of 11/13/09)		Month	# of	P/E FYE 12/31/08	5x
52-week range: \$2.75 - \$22.99		Latest	Ago	P/E FYE 12/31/09	n/m
Market value: \$741 million	This quarter	-\$0.03	-\$0.01	P/E FYE 12/31/10	12x
Enterprise value: \$2.0 billion	Next quarter	0.14	0.09	P/E FYE 12/31/11	5x
Shares out: 44.8 million	FYE 12/31/09	-0.13	-0.29	EV / LTM revenue	5.4x
	FYE 12/31/10	1.38	1.54	EV / LTM EBITDA	10x
	FYE 12/31/11	3.03	3.03	EV / LTM EBIT	50x
	LT EPS growth	n/a	n/a	P / tangible book	1.8x
Ownership Data	Latest Quarterly EPS Surprise			Greenblatt Criteria	
Insider ownership: 21%	Date	Actual	Estimate	LTM EBIT yield	2%
Insider buys (last six months): 0	11/5/09	-\$0.20	-\$0.08	LTM pre-tax ROC	2%
Insider sales (last six months): 1					
Institutional ownership: 56%					
# of institutional owners: 241					

Operating Performance and Financial Position										
(\$ millions, except per share data)	Fiscal Years Ended							LTME	FQE	FQE
	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08	6/30/09	6/30/08	6/30/09
Revenue	80	70	116	147	420	608	618	362	192	81
Gross profit	63	52	96	117	345	503	527	281	168	63
EBIT	2	(19)	25	29	77	162	180	39	50	9
Net income	(5)	(51)	1	(13)	(39)	49	122	84	(12)	(4)
Diluted EPS	(0.23)	(2.24)	0.05	(0.43)	(1.33)	1.55	3.39	2.35	(0.33)	(0.12)
Cash from ops	51	51	41	44	259	329	547	365	116	72
Capex	35	84	88	421	577	850	918	811	212	121
Free cash flow	16	(33)	(47)	(378)	(319)	(520)	(371)	(447)	(96)	(49)
Cash & investments	7	5	104	66	184	201	230	102	278	102
Total current assets	37	23	144	166	327	443	375	237	441	237
Intangible assets	0	0	0	0	0	0	0	0	0	0
Total assets	182	218	372	824	1,447	2,307	2,276	2,393	2,577	2,393
Short-term debt	16	0	3	14	33	24	19	11	65	11
Total current liabilities	51	69	76	165	250	346	339	248	287	248
Long-term debt	80	115	208	372	1,063	1,405	1,357	1,305	1,633	1,305
Total liabilities	144	213	315	606	1,411	1,997	1,959	1,984	2,231	1,984
Preferred stock	0	0	0	185	0	0	0	0	0	0
Common equity	39	4	57	33	36	310	316	410	345	410
EBIT/capital employed	2%	-15%	16%	8%	10%	12%	10%	2%	n/m	n/m



## BUSINESS OVERVIEW

ATP Oil & Gas is an oil and gas company that operates in the Gulf of Mexico (GOM) and the North Sea.

## INVESTMENT HIGHLIGHTS

- **Spawned “hub” concept** to improve economics and growth of offshore oil and gas properties. 53% of reserves are in the GOM deepwater, 10% in the GOM shelf and 37% in the North Sea. ATP focuses on already discovered but undeveloped reserves, and operates almost all projects in development. The company has a 98% success rate converting properties from undeveloped to producing.
- **Proved and probable reserves of 197 MMBoe** at yearend 2008. Using strip pricing as of June 30, PV-10 was \$5.3 billion and PV-30 was \$2.2 billion. Reserve growth has accelerated since the 2004 shift from a shelf-focused to deepwater-focused firm.
- **Strong growth**—Telemark Hub development expected to double production in 2010. Analysts estimate revenue to grow from \$343 million in 2009 to \$697 million in 2010 and \$963 million in 2011, with EBITDAX grow from \$239 million in 2009 to \$490 million in 2010 and \$677 million in 2011.
- **Infrastructure portfolio may be worth \$1 billion**, as floating assets Innovator, Titan and Octabouy have estimated lives of 20 to 50 years each and can be moved to develop new reserves in new locations.
- **Founded by chairman and CEO Paul Bulmahn (65) in 1991.** Bulmahn assumed the CEO role in May 2008. He owns 19% of the company.
- **Improving balance sheet**, with equity raises and asset sales reducing the term loan from \$1.7 billion on June 30, 2008 to \$1.2 billion as of Nov. 5, 2009.
- **Management puts value at \$5.1 billion or \$102 per share**, based on 2P PV-10 of \$5.3 billion (June 30 strip pricing), plus “infrastructure investment” of \$1.0 billion, minus net debt of \$1.2 billion.

## INVESTMENT RISKS & CONCERNS

- **Profitability sensitive to oil and gas prices.** ATP operates in the deepwater GOM and the North Sea and has a correspondingly high cost structure.
- **Balance sheet risk remains** despite deleveraging, as ATP continues to have \$1.2 billion in net debt. Additional equity offerings cannot be ruled out.

## MAJOR HOLDERS

CEO Bulmahn 19% | Other insiders 2% | Centennial Energy Partners 9% | Bessemer 8% | Greenlight 4% | KOM 2%

## SELECTED OPERATING DATA

FYE December 31	2004	2005	2006	2007	2008	YTD 9/30/09
Δ revenue	66%	26%	186%	45%	2%	-56%
Δ production	31%	-11%	155%	26%	-10%	-47%
Δ ASP incl. hedges	36%	42%	11%	15%	4%	-28%
Δ proved reserves	8%	773%	21%	12%	0%	n/a
Δ PV-10 <sup>1</sup>	-7%	320%	-25%	122%	-9%	n/a
Revenue (\$mn)	116	147	420	608	618	238
<i>Selected expenses as % of revenue:</i>						
DD&A	48%	44%	40%	41%	40%	51%
Lease operating	17%	16%	17%	15%	15%	25%
G&A	14%	17%	8%	5%	7%	11%
Impairments	0%	0%	5%	6%	20%	4%
Asset retirement	2%	2%	2%	2%	3%	4%
Exploration	1%	4%	1%	2%	0%	0%
<i>Proved reserves (period end):</i>						
Natural gas (Bcf)	205	353	329	356	322	n/a
Oil (MBbls)	12	29	51	60	65	n/a
Total (Bcfe)	60	527	637	716	714	n/a
<i>Production:</i>						
Natural gas (Bcf)	18	16	31	37	32	12
Oil (MBbls)	1	1	3	4	4	3
Total (Bcfe)	22	20	51	64	57	28
<i>Average realized sales price (incl. hedges):</i>						
Natural gas (\$ per Mcf)	5	7	8	8	8	4
Oil (\$ per Bbl)	34	42	54	64	72	54
Blended (\$ per Mcfe)	5	7	8	9	10	7
<i>Standardized DCF measure (PV-10, not based on strip pricing) (after tax) (\$mn):</i>						
PV-10 – Gulf of Mexico	127	275	290	699	621	n/a
PV-10 – North Sea	47	453	255	510	486	n/a
Δ shares out (avg)	9%	17%	2%	4%	15%	10%

Source: Gridstone Research, Company filings, *Manual of Ideas* analysis.

<sup>1</sup> Represents after-tax standardized measure of discounted future net cash flows, as disclosed in the company's SEC filings (not based on strip pricing).

## COMPARABLE PUBLIC COMPANY ANALYSIS

	MV (\$mn)	EV (\$mn)	EV / Rev.	P / Tang. Book	This FY P/E	Next FY P/E
TOT	140,160	157,090	.9x	2.2x	12x	9x
E	93,820	120,100	.9x	1.6x	12x	9x
APA	32,990	36,820	4.6x	2.2x	18x	11x
DVN	30,110	36,600	4.1x	3.5x	19x	11x
CHK	16,210	27,720	3.3x	1.4x	10x	10x
NFX	5,860	7,900	6.3x	2.2x	9x	10x
COG	4,130	4,900	5.6x	2.3x	24x	28x
FST	2,230	4,700	5.6x	3.0x	10x	9x
<b>ATPG</b>	<b>740</b>	<b>1,950</b>	<b>5.4x</b>	<b>1.8x</b>	<b>n/m</b>	<b>12x</b>

## RATINGS

<b>VALUE</b>	Intrinsic value materially higher than market value?	☆☆☆☆☆
<b>MANAGEMENT</b>	Capable and properly incentivized?	☆☆☆☆☆
<b>FINANCIAL STRENGTH</b>	Solid balance sheet?	☆☆☆
<b>MOAT</b>	Able to sustain high returns on invested capital?	☆☆☆☆☆
<b>EARNINGS MOMENTUM</b>	Fundamentals improving?	☆☆☆☆☆
<b>MACRO</b>	Poised to benefit from economic and secular trends?	☆☆☆☆☆
<b>EXPLOSIVENESS</b>	5%+ probability of 5x upside in one year?	☆☆☆☆☆

## THE BOTTOM LINE

ATP is a compelling organic growth “story” and also one of the cheapest companies in the oil and gas industry, based on the value of ATP’s long-lived offshore infrastructure assets and PV-10 of proved and probable reserves using strip pricing (fair value up to ~\$100 per share). Production should more than double in 2010 as the company develops the deepwater Gulf of Mexico Telemark Hub. With CEO Bulmahn owning 19% and having founded the company in 1991, we are confident management is intent on maximizing equity value. Recent deleveraging is a positive catalyst. We like the risk-reward.

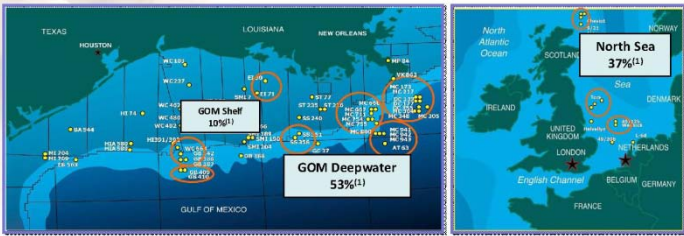
...additional insight into ATP Oil & Gas:

**SLIDES FROM COMPANY PRESENTATION, NOVEMBER 2009**

**Corporate Strategy**



- ▼ Create value by developing already discovered but undeveloped reserves
- ▼ Operate substantially all projects in development
- ▼ ATP spawned the "Hub" concept to improve economics and growth



**98% success rate converting properties from undeveloped to producing**

(1) Based on Proved Reserves at December 31, 2008, using independent third-party reserve engineers.

**History of Creating Value Through Reserve Growth**



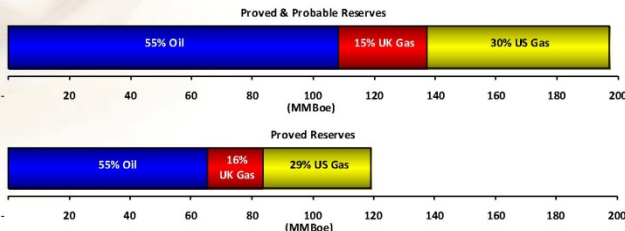
**Current Proved & Probable Reserves**

**Year-End 2008**

- ▼ Proved & Probable Reserves of **197 MMBoe<sup>(1)</sup>**
- ▼ PV-10 of year-end Proved & Probable Reserves using strip prices at:
  - December 31, 2008: \$4.7 billion
  - June 30, 2009: \$5.3 billion

**Proved Reserves of 120 MMBoe<sup>(1)</sup>**

- ▼ PV-10 of year-end Proved Reserves using strip prices at:
  - December 31, 2008: \$2.5 billion
  - June 30, 2009: \$2.9 billion



(1) Reserves prepared by independent third-party reserve engineers, at December 31, 2008.

**History of Creating Value Through Reserve Growth**



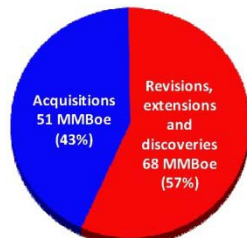
**Growth Through Shift to Deepwater Focus**

▼ Since the focused move to deepwater in 2004, ATP has added 119 million BOE (57% oil) in Proved Reserves

Revisions, extensions and discoveries 1 MMBoe (3%)



**Shelf-focused  
2000 -2004**



**Deepwater-focused  
2004 -2008**

**With the move to deepwater, revisions, extensions and discoveries has increased from 3% of reserve growth to 57%**

**Fundamental Valuation**



**Fundamental Valuation as of June 30, 2009**

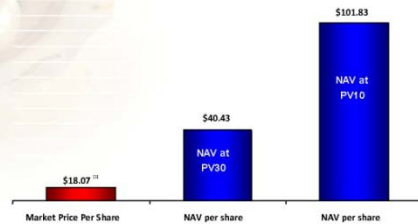
PV-10 at June 30, 2009	\$5.3 billion <sup>(1)</sup>
Plus estimated infrastructure investment	\$1.0 billion
<u>Less net debt</u>	<u>\$(1.2) billion</u>
<b>Net Asset Valuation (NAV) for shareholders</b>	<b>\$5.1 billion</b>

(1) Based on 6/20/09 strip pricing

**Fundamental Valuation**



<b>Net Asset Valuation (NAV) for shareholders</b>	<b>\$5.1 billion</b>
Shares outstanding November 5, 2009	50.1 million
<b>NAV per share at PV10</b>	<b>\$101.83</b>



(1) As of November 3, 2009

**Achievements Since June 30, 2009**



**Infrastructure monetization – Gomez pipeline sale**

- ▼ Sale of oil and natural gas pipelines at MC 711 for \$78 million
- ▼ ATP remains operator of the pipelines

**Successful equity offerings**

- ▼ Priced concurrent \$108 million common equity and \$140 million perpetual convertible preferred offerings

**Continued debt prepayment**

- ▼ Since 6/30/09: Tranche B-2 reduced \$113 million
- ▼ Tranche B-2 reduced \$440 million since December 2008

**What Makes ATP a Compelling Value?  
Floating Infrastructure Assets**



	ATP Innovator	ATP Titan	Octobouy
Initial Installation	Gomez Hub	Telemark	Cheviot
Oil Processing Capacity	20 MBbls/d	25 MBbls/d	25 MBbls/d
Gas Processing Capacity	100 MMcfd	50 MMcfd	50 MMcfd
In Service	2006	2009	2012
Expected Useful Life	>20 yrs	>40 yrs	>50 yrs
Drilling Capability	No	Yes	Yes
Water Depth Range	300' - 3,500'	1,500' - 9,500'	500' - 9,500'
Total Installed Cost	\$300 million	\$600 million	\$600 million

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