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INSIDE SCOOP |  Online Exclusive

Coach Executives Unload Shares

By NAUREEN S. MALIK

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FASHION IS A FICKLE BUSINESS, but **Coach** has been wildly successful turning classic designs into affordable luxury.

As a result, the stock's price has advanced fourteen fold over the last five years, and it has risen 19% this year, outstripping the Standard & Poor's 500's gains of nearly 1% in 2005 (see Weekday Trader Extra, "[Does Coach Have It in the Bag?](#)¹," May 12, 2005).

Late last month, Coach reported stellar fourth-quarter results, as net income surged 49% to 25 cents a share.

Over the past two weeks, some top Coach insiders have been exercising options and selling lots of shares while the stock hovers near all-time highs.

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Chief executive officer Lew Frankfort sold 220,000 shares in a planned sale over five consecutive trading days. Frankfort's trading plan is "future oriented" says Andrea Shaw Resnick, senior vice president of investor relations, because "it is always timed to coincide with earnings releases to align his interest with those of shareholders,"

Meanwhile, Coach's general counsel Carole P. Sadler sold 271,262 shares last week, the bulk of the 343,492 shares she acquired by options granted to her. Michael D. Tucci, president of the North American retail division, disposed of 76,954 shares after exercising options on 97,106 shares.

Spokesperson Resnick points out that several top executives—including Frankfort--have long-term contracts in place until 2008 that "reflects their long-term confidence in the company."

But after such a run up in the stock, some investors are getting cautious.

Michael P. Painchaud, managing director of research for Market Profile Theorems, says insider buying was one of the reasons his firm picked Coach as one of its top stocks for the year. The individual sales at Coach may not in themselves raise cautionary flags, he says, but the insiders' "aggregate behavior" has turned less positive and caused his firm to cut its recommendation on the stock to Hold from Buy.

Overall, Coach insiders have struck a balance between purchases and sales, says Brad Stephens, analyst at Morgan, Keegan & Company. "While they have exercised options, they have strategically bought back stock and they've done that in quarters [in which] they've sold as well," he says.

Recent Insider Activity

Buyers

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN TRANS.	RANGE OF VALUES	TRANSACTIONS DATES
Discovery Holding	J. Malone	CEO	\$15,238,000	1,040,000	14.18-14.79	Aug. 11-12, 2005
Xenogen	M. Bigham	DO	4,000,001.61	1,374,571	2.91	Aug. 11, 2005
Natus Medical	D. Nierenberg	DO	1,550,462	153,800	10.03-10.09	Aug. 11-15, 2005
Peoples Community Bancorp	T. Noe	OT	943,000	46,000	20.5	Aug. 11, 2005
Bank Of America	R. Tillman	D	865,200	20,000	43.26	Aug. 15, 2005
Align Technology	G. GUND	UT	630,000	100,000	6.3	Aug. 12, 2005
Energy	J. Sherman	CEO	295,395	10,000	29.31-29.79	Aug. 11, 2005
Overstock.Com	P. Byrne	P	260,012.20	5,500	47.25-47.31	Aug. 15, 2005
Griffon	H. Blau	CB	238,735	10,000	23.86-23.9	Aug. 16, 2005
Itron	T. Glanville	D	199,400	4,000	49.85	Aug. 15, 2005

Source: Thomson Financial/Baseline

Sellers

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN TRANS.	RANGE OF VALUES	TRANSACTIONS DATES
Middleby	W. Whitman	FO	\$31,843,000	568,625	56	Jul. 20, 2005
Marathon Oil	C. Cazalot	CEO	30,504,000	480,000	63.55	Aug. 11, 2005
Itron	R. Neilson	P	8,249,462.91	164,523	50.14	Aug. 15, 2005
Altria	M. Szymanczyk	O	6,561,886.84	97,968	66.98	Aug. 12, 2005
Siebel Systems	T. Siebel	CB	5,134,546	625,000	8.18-8.29	Aug. 12, 2005
Amedisys	W. Borne	CEO	4,664,817.06	114,599	40.51-41.19	Aug. 11-12, 2005
Qualcomm	D. Sullivan	O	4,150,000	100,000	41.5	Aug. 15, 2005
Qualcomm	S. Altman	P	4,094,850	100,000	40.95	Aug. 15, 2005
Southern Union	D. Morgan	O	3,537,029.65	138,662	25.51	Aug. 11-12, 2005
Shopping.Com	G. Santora	CFO	3,482,252.74	166,666	20.89	Aug. 12, 2005

Source: Thomson Financial/Baseline

Here's a rundown of insider trading activity reported on August 16 2005. An insider is any officer, director or owner of 10% or more of a class of the company's securities. The table shows purchases and sales which must be reported to the SEC and other regulators by the 10th of the month following the month of the trade, includes both open-market and private transactions involving direct and indirect holdings. Excludes stock valued at less than \$2 per share, acquisitions through options and companies being acquired. Included are purchases, sales and stock registered for sale for individual officers, companies, and sectors.

AC-member of the advisory committee. AF-affiliated person. AI-affiliate of investment advisor. AV-assistant vice president. B-beneficial owner of more than 10% of a security class. BC-beneficial owner as custodian. BT-beneficial owner as trustee. C-controller. CB-chairman. CC-member of the compensation committee. CEO-chief executive officer. CFO-chief financial officer. CI-chief investment officer. CO-chief operating officer. CP-controlling person. CT-chief technology officer. D-director. DO-director and beneficial owner. DS-indirect shareholder. EC-member of the executive committee. EVP-executive vice president. F-founder. FC-member of the finance committee. FO-former. GC-general counsel. GM-general manager. GP-general partner. H-officer, director and beneficial owner. I-indirect transaction filed through a trust, insider spouse, minor child or other. IA-investment advisor. LP-limited partner. M-managing partner. MC-member of committee or advisory board. MD-managing director. O-officer. OB-officer and beneficial owner. OD-officer and director. OE-other executive. OP-officer of parent company. OS-officer of subsidiary company. OT-officer and treasurer. OX-divisional officer. P-president. R-retired. S-secretary. SC-member of the science/technology committee. SH-shareholder. SVP-senior vice president. T-trustee. TR-treasurer. UT-unknown. VC-vice chairman. VP-vice president. VT-voting trustee. X-deceased.

*-Half of the transactions were indirect.

E-mail comments to editors@barrons.com²

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