

Loading the Cart With ConAgra Shares

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TWO FORMER PEPSI EXECUTIVES are snapping up beleaguered [ConAgra](#) shares just months after starting their jobs at the packaged-foods giant, best known for brands including Chef Boyardee, Healthy Choice, Hebrew National and Reddi-wip whipped cream.

Chief Executive Officer Gary M. Rodkin and Robert Francis Sharpe Jr., executive vice president of legal and external affairs, purchased 109,000 shares in aggregate on the open market for \$2.26 million on Friday, according to Securities and Exchange Commission filings.

"I like the level of conviction both are showing," says Ben Silverman, research director of InsiderScore.com. He notes that the food industry has been hammered with margins pressured by higher raw material costs.

ConAgra shares are up 3% so far this year, recovering some ground after a dividend cut and lower-than-expected earnings guidance for fiscal 2007 pushed the stock down to \$18.86 on March 16, its lowest level in nearly three years. The stock is still down 21% over the past 12 months.

Rodkin and Sharpe made their initial open-market transactions in ConAgra amid this share-price weakness. Rodkin, who took over as CEO on Oct. 1, 2005, bought 75,000 shares, each priced at \$20.72, for about \$1.6 million. Sharpe, who joined the company in December 2005, bought 34,000 shares for \$707,000.

ConAgra has roughly 519 million outstanding shares.

Before joining ConAgra, Rodkin was chairman and CEO of PepsiCo Beverages and Foods North America. Sharpe was a partner at Brunswick Group, a privately held financial communications firm. Prior to that, he had served as senior vice president and general counsel for parent company PepsiCo. Inc.

Thomson Financial data indicate that the executives' purchases were the largest made by an executive or director at ConAgra since 2003, and that insiders have not sold any shares since 2001.

Corporate governance guidelines do not allow directors to sell shares while they serve on the company's board. Executives are only allowed to sell during one trading window a year, if they meet the minimum ownership guidelines.

Rodkin will receive a base salary of \$1 million per year with an annual bonus that "shall be no less than 200%" of his base salary, according to his employment contract.

He received 480,000 options that will be exercisable at the end of ConAgra's 2006 fiscal year in May, and another one million options that will begin to vest at the end of the 2007 fiscal year.

ConAgra's stock-ownership guidelines require that the CEO hold 10 times his base salary in direct shares and restricted stocks, while other executive officers are required to hold between two and six times their base salary. Sharpe's salary was not disclosed.

The executives' purchases "reflect their confidence in the strategy they've outlined," says a ConAgra spokesman, referencing plans management discussed earlier this month to streamline the company's portfolio and strengthen long-term performance.

"In neither case are these purchases required" and there is no time limit for them to acquire the required amount, he says.

InsiderScore.com's Silverman said that even with these ownership guidelines, "I'd say for a guy making a million dollars a year, it's nice to see [Rodkin] step up and buy more than he makes."

The stocks purchased by Rodkin and Sharpe may signal an inflection point for a stock pummeled by analyst and investor pessimism, says Michael Painchaud, managing director of research at Market Profile Theorems.

Equity analysts have been cutting earnings estimates and ratings as ConAgra's new management led by Rodkin undertakes a restructuring plan announced March 16 that involves divesting the company's refrigerated meats, seafood and cheese businesses.

"[The buying] clearly reflects a perception of value at these price levels and analysts can't get much lower," in terms of their score on Market Profile Theorem's proprietary models gauging analyst and insider sentiment, Painchaud says.

Last Thursday, ConAgra posted third-quarter earnings of 37 cents a share, beating the Thomson Financial consensus estimate by three cents amid improving margins and sales growth.

Credit Suisse First Boston analyst David Nelson writes in a March 23 note that he hesitates drawing positive conclusions from the quarter, given "all of the transition noise," but says "there is probably some low-hanging fruit here considering how poorly [ConAgra] was previously managed."

ConAgra shares are trading 17.9 times earnings estimated for the next four quarters, according to Thomson Financial/Baseline. This is roughly a 2% premium to its peers in the major-packaged food industry, when it has traded at an average premium of 9% over the past five years.

Recent Insider Activity

BUYERS

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN TRANS.	RANGE OF VALUES	TRANSACTIONS DATES
Hana Biosciences	M. Ahn	CEO	\$10,630	1,000	10.63	Mar. 24, 2006

(Source: Thomson Financial/Baseline)

SELLERS

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN TRANS.	RANGE OF VALUES	TRANSACTIONS DATES
Angiodynamics	D. Meyers	D	\$551,000	19,000	29.00	Mar. 23, 2006
Pepco Holdings	W. Spence	O	373,495	16,025	23.31	Mar. 23, 2006
Gasco Energy	C. Lotito	D	343,750	62,500	5.50	Mar. 24, 2006
American Land Lease	R. Blatz	P	22,635	800	28.29	Mar. 24, 2006
American Land Lease	S. Smith	CFO	22,635	800	28.29	Mar. 24, 2006

(Source: Thomson Financial/Baseline)

Here's a rundown of insider trading activity reported on March 27, 2006. 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.