

CEO Charles Schwab Swaps Out Some Shares

By ALEXANDER EULE

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HIS NAME IS STILL ON THE DOOR, but Charles R. Schwab has been on a selling binge of late when it comes to shares of the brokerage firm he founded 36 years ago.

Mr. Schwab sold 800,000 shares of **Charles Schwab** for nearly \$16 million this past Friday at prices ranging from \$19.59 to \$19.79, according to a Securities Exchange Commission filing. The sale accounts for less than 1% of the chairman and chief executive officer's stake in the company.

"Chuck Schwab has a long standing practice in place of periodically selling some of his shares as part of an overall estate management and personal financial-management plan," says company spokesman Glen Mathison. "He is still a significant owner of the company."

In fact, Mr. Schwab, 69, continues to hold over 214 million shares, about 17% of the firm's outstanding stock, even after sales of 16,758,630 shares (totaling \$268 million) over the last 18 months, according to InsiderScore.com data.

Mr. Schwab's sale came two days after his company announced an increased share-buyback plan, authorizing \$500 million in additional funds for repurchases. As of the announcement, the company had repurchased 22 million shares since Jan. 24 for a total of \$426 million. During that period, the share price ranged from \$17.76 to \$19.73.

Is it a bit of a mixed message for Mr. Schwab to be selling stock right after his company announced an increased repurchase plan?

"I don't think there's a mixed message," says Mathison. "What you have is the company making a capital management decision and individual executives making personal financial and asset-allocation decisions."

As of Friday's close, Schwab shares have gained 7.7% over the last 12 months, though the stock fell 2.5% to \$19.12 on Monday.

William Blair & Co. analyst Mark Lane says he was not surprised by the timing of Friday's sales. "To be frank," Lane says, "valuations for asset-management companies, and Charles Schwab in particular, are at above-average levels."

Mr. Schwab was joined in Friday's selling by two other senior executives from Schwab Institutional, a unit that provides custodial, operational and trading support for independent investment advisors. Executive Vice President and President of Schwab Institutional Deborah McWhinney sold \$41,752 in stock and Executive Vice President and Chief Operating Officer of Schwab Institutional Charles Goldman sold \$26,169 worth.

Meanwhile, last Thursday Schwab director Nancy Bechtle, acquired 10,125 shares through options for about \$54,000, or \$5.31 per share, and sold them at \$19.77 each, or just over \$200,000 in total. Those options were set to expire on May 15.

According to InsiderScore.com, Schwab insiders have sold a total of \$127.4 million in shares in the last 12 months, with the last insider buy on the open market over a year ago on April 27, 2006.

Lane, who rates Schwab at Market Perform, was positive on the company's prospects. "We like the direction they're headed," he says, pointing to the company's efforts to emphasize a more advisory-based model over a self-directed platform.

To some, though, insider sentiment continues to represent a bearish signal. Michael Painchaud, managing director of research for Market Profile Theorems, says his firm is underweight the company, and the equity brokerage industry as a whole, given insider activity.

On Painchaud's 10-point scale of insider sentiment, Schwab had rated a 1, the lowest level, even before Friday's trades. Further, Painchaud currently rates insider sentiment for the industry at 4, at the bottom of its historical pattern, which generally moves between 4 and 8.

"I think the overriding situation here is that the industry doesn't look good right here relative to its historical norm," Painchaud says.

Recent Insider Activity

BUYERS:

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN TRANS.	RANGE OF VALUES	TRANSACTIONS DATES
M & F Worldwide	R. Perelman	DO	\$12,000,000	200,000	60	April 25, 2007
Colonial Properties	H. Ripps	T	4965000	100,000	49.65	April 27, 2007
Western Alliance	Boyd	D	3,165,536	100,000	31.34-32.07	April 25-26, 2007
Colonial Properties	W. Lowder	CB	1,493,657	30,000	49.67-50.00	April 27, 2007
Colonial Properties	M. Gorrie	T	1,346,787	27,000	49.88	April 27, 2007
Parker Hannifin	D. Washkewicz	CEO	308,890	3,400	90.85	April 27, 2007
Independent Bank	S. Gulis	D	167,508.80	10,000	16.7-16/9	April 26-27, 2007
Americanwest Bancorp	P. Rusnak	Co	154,553.25	7,500	20.6-20.61	April 26, 2007
Capitol Bancorp	J. Reid	CEO	148,579	5,000	29.66-29.75	April 26, 2007
Popular Inc.	A. Jordan	O	100,595	5,900	17.05	April 27, 2007

(Source: Thomson Financial/Baseline)

SELLERS:

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN TRANS.	RANGE OF VALUES	TRANSACTIONS DATES
Gamestop	L. Riggio	DO	\$84,278,790.04	2,500,000	33.53-40	April 25-25, 2007
Superior Offshore	L. Schaefer	CB	45,375,000	3,025,000	15	April 25, 2007
Global Industries	W. Dore	DO	42,063,563.95	2,000,000	21	April 25-26, 2007
Amphenol	M. Loeffler	CEO	19,815,760.80	555,000	35.7039-21.5	April 25-26, 2007
Superior Offshore	R. Koch	GC	19,500,000	1,300,000	15	April 25, 2007
Force Protection	F. Kavanaugh	D	17,855,873.35	750,000	23.13-24.04	April 24-26, 2007
Wyeth	K. Martin	Cfo	17,533,250.60	315,036	55.29-55.97	April 25-27, 2007
Matthews Intl	D. Kelly	D	12,178,874.15	287,333	41.02-42.79	April 25-26, 2007
Oracle	K. Block	O	10,518,913.58	555,375	18.94	April 25, 2007
Wyeth	P. Jones	O	8,377,543.29	149,564	56.01	April 25, 2007

(Source: Thomson Financial/Baseline)

Here's a rundown of insider trading activity reported on April 29, 2007. 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.