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## Cooling Off on Kohl's

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**Insider Tables:** [Buyers](#) | [Sellers](#)

**INSIDERS ARE QUEUING UP** at the Kohl's checkout line to sell a record number of shares while Wall Street rallies behind the discount department store.

Seven insiders sold more than 3.75 million shares for roughly \$217 million over the past 90 days, according to data provider Thomson Financial.

Less than 10% of these shares were acquired through options and more than 80% were sold indirectly on behalf of family or charitable trusts.

Kohl's had a tremendous run from \$20 in 1998 to nearly \$80 in 2002 even as the broader market succumbed to economic shocks. But the stock has been locked in a choppy trading pattern between the \$40 and \$60 range over the past two years and is trading flat compared to five years ago.

The faltering stock inflected higher in late February due to record fourth-quarter earnings amid a consistent trend of robust monthly sales reports. Last Thursday, Kohl's posted a 7.1% increase in same-store sales for June on top of last year's gain of 14.4%. Analysts polled by Thomson Financial had only expected a modest gain of 3.1%. (See Weekday Trader, "Investors May Find Kohl's Finally Fits," March 14, 2006)

As a result, Kohl's shares have leapt 21% so far this year, compared with a 2.5% decline in the Standard & Poor's retail index and a 1.54% gain posted by the S&P 500 index.

Michael Painchaud, managing director of research of Market Profile Theorems, says, "Insiders are using opportunities created by a very optimistic analyst community and a very optimistic trader community to distribute some stock and in an unusually robust fashion relative to history."

Kohl's did not respond to requests for comment by deadline for this article.

Lawrence Montgomery, Kohl's chief executive officer and chairman, exercised \$1.7 million in options for 180,000 shares and sold them for \$10.4 million. Kevin Mansell, president of Kohl's, spent about \$1.1 million to exercise options on 116,580 shares, which he then sold for \$6.7 million.

The remaining 92% of the shares were sold by long-time directors at the company, primarily under recently adopted trading plans.

William Kellogg (who stepped down as CEO and chairman of Kohl's in 2000 after 34 years with the company), John Herma (the former chief operating officer who retired in 1999 after 21 years) and Peter Sommerhauser (a director since 1988 and a shareholder of Wisconsin law firm Godfrey & Kahn) all set up their trading plans on June 5.

Jay Baker, who retired as Kohl's president in 2000 after 13 years at the company, adopted a trading plan in May.

R. Elton White was the only director to exercise options to sell shares. He acquired 16,000 shares for \$216,500, but only sold 8,000 of them for \$432,000.

Mark LoPresti, senior quantitative analyst at Thomson Financial, said Kohl's insiders "are not prolific sellers" and they have not been selling shares on the way up, which makes the recent breadth of sales all the more startling.

No Kohl's insider has purchased shares since March 2004.

Insider sales are not perfectly timed in terms of calling the top of a stock, but based on historical analysis, "that weakness may be forthcoming," he adds.

Kohl's insiders have historically sold \$33.7 million in shares on average for every quarter since 2001, but even this figure is skewed because of the last round of heavy selling that took place in the first quarter of 2002, notes LoPresti.

In March 2002, 12 senior executives and directors grossed \$92 million by selling 1.3 million shares, of which 51% were acquired through options for nearly \$4.6 million. These strike prices on the options ranged from \$2.94 to \$23.47 and the shares were sold at prices between \$67.96 and \$70.75, according to Thomson Financial.

The selling in 2002 was "prescient," says LoPresti. Kohl's shares peaked at a record high of nearly \$80 two months later before plunging 25% by year-end.

Just like in 2002, insiders have been opportunistically selling shares primarily since late May when there has been bullish momentum behind the stock.

LoPresti notes that Kohl's and retail-apparel chain **American Eagle Outfitters** are considered the "better-performing" retailers in terms of same-store-sales comparisons, but warns that the stocks could fall prey to the slightest negative news. (See Inside Scoop, "American Eagle Sellers Flock Together," July 5, 2006)

"I think insiders are demonstrating caution by the fact that they are taking so much off the table now, ahead of what everybody is expecting a slowing of the economy" and concern about back-to-school sales, says LoPresti.

## Recent Insider Activity

### BUYERS

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN TRANS.	RANGE OF VALUES	TRANSACTIONS DATES
Gehl Co	M. Braud	D	\$2,466,078	107,670	22.49-23.94	June 13-July5, 2006
Mexico Fund	J. Gomez Pimienta	D	634,400	20,000	31.72	July 5, 2006
Jackson Hewitt Tax Service	S. Barnett	GC	139,248	4,500	30.94	July 5, 2006
PGT	R. Feintuch	D	105,000	7,500	14	July 3, 2006
Cooper Cos	B. Battin	O	87,340	2,000	43.67	July 7, 2006
Gateway Financial Holdings	W. Johnson	D	37,669	2,547	14.78-14.79	July 5, 2006
Home Bancshares	T. French	O	35,340	1,550	22.8	July 5, 2006
Cooper Cos	S. Neil	CFO	32,580	750	43.39-43.54	July 7, 2006
MFB Corp	J. Housand	D	30,690	1,000	30.69	July 7, 2006
Gateway Financial Holdings	O. Sykes	D	22,215	1,500	14.77-14.83	July 6, 2006

(Source: Thomson Financial/Baseline)

### SELLERS:

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN TRANS.	RANGE OF VALUES	TRANSACTIONS DATES
Las Vegas Sands Corp	B. Stone	O	\$11,435,500	150,000	75.09-77.71	July 3-6, 2006
Valero Energy Corp	W. Greehey	D	9,256,505	138,100	67-67.06	July 6-7, 2006
Valero Energy Corp	G. King	P	7,379,082	110,134	67	July 7, 2006
Noble Energy	T. Edelman	UT	6,157,692	129,300	47.5-48.71	July 3-5, 2006
Apple Computer	P. Schiller	O	5,614,938	98,125	57.1-57.34	July 3-5, 2006
Synnex Corp	M. Miao	D	4,511,542	234,000	19-19.55	July 5-6, 2006
Dade Behring Holdings	J. Reid Anderson	CEO	4,384,422	107,030	40.96-41.05	July 3, 2006
Aventine Renewable Energy Holdings	R. Miller	CEO	4,085,000	100,000	40.85	July 5, 2006
Volt Information Sciences	B. Goodman	D	3,686,976	76,200	48.28-48.5	July 3, 2006
Arena Resources	L. Rochford	CEO	3,356,600	100,000	33.57	July 5, 2006

(Source: Thomson Financial/Baseline)