

American Eagle Sellers Flock Together

By CATHERINE SHU

Insider Tables: Buyers | Sellers

INSIDERS AT AMERICAN EAGLE OUTFITTERS MAY THINK the eagle has landed for now, since they have been taking profits as the apparel retailer's shares hover near a year high.

Four insiders at [American Eagle Outfitters](#) sold a total of \$9.5 million in stock during June. The bulk of the selling was done by Vice Chairman Roger S. Markfield, who sold 254,700 shares, or 44% of his total holdings, for a total of \$8.5 million. Other sellers were Executive Vice President LeAnn M. Nealz, Director Gerald E. Wedren and Ann Deshe, a 10% owner.

American Eagle is trading just below its intraday 52-week high of \$35 from June 30. Shares closed Wednesday at \$33.77. The stock has done well since the company reported in mid-May that first-quarter earnings increased 20% to 42 cents per share, beating the consensus estimate for 41 cents. The company raised its quarterly cash dividend to 11.25 cents from 7.5 cents in June.

Ben Silverman, director of research at InsiderScore.com, says that the insider selling on strength "is sort of what we expect to see," and notes that though Markfield sold 44% of his holdings in American Eagle, the vice chairman still has the right to acquire 2.2 million shares, according to the company's most recent proxy filing.

On the other hand, Silverman says that with the "aggressive profit-taking" by Markfield, "perhaps it's time for investors to also consider their position [in American Eagle stock] and their cost basis and see if it's a good time to take some money off the table," especially since the stock is near an all-time high.

Mark LoPresti, senior quantitative analyst at Thomson Financial, says that American Eagle insiders, including Markfield and Nealz, last made significant sell transactions of the company's stock in the summer of 2005 as the stock climbed to the previous 52-week high, before dropping about 35% by the end of September 2005. (See Inside Scoop, "[Retail Insiders Ring Up Stock Sales](#)," Aug. 31, 2005.)

"It wouldn't be hard to believe that insiders are selling now because they anticipate slower times ahead," LoPresti says. "Insiders do have a memory, and they want to make sure they take advantage [of the current high] while they still can, before the stock retraces."

Michael Painchaud, managing director of research at Market Profile Theorems, notes that while there is a strong history of selling at the company, American Eagle Chairman Jay L. Schottenstein purchased one million shares last September, when the stock price was about \$21.24 per share.

"Certainly attitudes are much different now," Painchaud says. "There was a nice buy signal at that level [\$21.24], but now that the stock price is in the mid-\$30s we would not be buyers at this point."

Sanders Morris Harris analyst Elizabeth Pierce, who has a Hold rating on American Eagle Outfitters, says the stock price "seems to be caught in its current trading range" from \$32 to \$34, and that the company will have a difficult June same-store sales comparison compared to a year ago, when sales grew 28% on historically low markdowns on clearance merchandise.

"The company has already been operating on some fairly high margins, and it had some difficult same-store comparisons against last year, when it did really well," Pierce says. "It's a value stock without a growth kicker, which has put some growth perimeters on its share price."

On the other hand, Pierce notes that American Eagle is doing well compared with peers and that while its multiple is a bit high, Pierce believes the stock is fairly valued in comparison to its growth rate. American

Eagle's forward price/earnings multiple is 15.4 times, compared with 12.2 times for Abercrombie & Fitch, 16 times for [Aeropostale](#), and 10.3 times for [Pacific Sunwear](#) of California.

"I think if they continue to perform and execute as they have in the past year, it will take a pretty big miss to see the stock fall," Pierce says. August sales figures, to be released in September, could be a telling indicator of things to come.

"Interest rates and gas prices are higher than last year," Pierce says. "We don't know how that is going to hit back-to-school shopping, and whether parents will sacrifice, which has historically been the case."

BUYERS:

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN TRANS.	RANGE OF VALUES	TRANSACTIONS DATES
J Crew	M. Casati	D	\$315,705	12,000	24.95-28	June 28, 2006
Tennessee Commerce Bancorp	M. Sapp	P	135,000	7,500	18	June 28, 2006
Synnex Corp	G. Quesnel	D	19,050	1,000	19.05	June 29, 2006
Commerce Energy Group	L. Clayton	CFO	12,530	10,000	1.2-1.3	June 29-30, 2006
Gray Television	H. Robinson	D	11,300	2,000	5.65	June 29, 2006
Williams Industries	F. Williams	DO	11,202	5,500	2.02-2.06	June 29, 2006
C&D Technologies	W. Bachrach	O	7,058	1,000	7.06	June 28, 2006
Fusion Telecommunications Intl	M. Del Giudice	D	6,170	3,000	2.05-2.07	June 30, 2006

SELLERS:

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN TRANS.	RANGE OF VALUES	TRANSACTIONS DATES
Celgene Corp	J. Jackson	D	\$28,217,528	596,061	47.34	June 30, 2006
Starbucks	H. Schultz	CB	21,282,980	586,760	36-38	June 29, 2006
Volt Information Sciences	B. Goodman	D	15,725,000	350,000	44.5-46	June 28-29, 2006
Las Vegas Sands Corp	B. Stone	O	8,225,000	110,000	70-75.25	June 29-30, 2006
Yahoo	D. Filo	O	5,410,686	167,000	32.28-32.5	June 29, 2006
Coventry Health Care	D. Wolf	CEO	2,827,905	52,000	54.33-54.5	June 30, 2006
Celgene Corp	W. Robb	D	2,824,374	60,000	47.07	June 30, 2006
Interstate Hotels & Resorts	K. Alibhai	D	2,808,145	327,276	8.55-8.63	June 28-29, 2006
Range Resources Corp	R. Waller	O	1,620,891	59,800	27.11	June 30, 2006
Tesoro Corp	J. Monroe	O	1,387,500	18,750	74	June 29, 2006

Here's a rundown of insider trading activity reported on July 4, 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.