

JDS Board Buys Stock; Some See Mixed Signals

Purchases Suggest Optimism But Are Noteworthy in Part Because They Are Unusual

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WASHINGTON—The board of JDS Uniphase Corp. took a metaphorical vote in recent weeks, as seven of the board's nine members voted with their pocketbooks and bought company stock. The other two board members abstained.

For analysts of insider stock transactions, that vote isn't a landslide mandate for the San Jose, Calif., communications-technology company, but it is an indication of support.

"It looks like it's the largest group-buying we've seen to date at this company," said

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Kevin Schwenger, insider research analyst for Thomson Financial. A spokesman for JDS Uniphase declined to comment on the recent insider transactions.

Michael Painchaud, the research director for Market Profile Theorems, said he is impressed by the large number of directors who chose to buy company stock from Nov. 22 through Nov. 26. Mr. Painchaud said the buying is particularly noteworthy because it has been so rare at JDS Uniphase. By his firm's method of counting open-market transac-

tions, fewer than 5% of the insider transactions at JDS Uniphase during the past 10 years have been purchases—and nearly half of those purchases took place in the recent string of open-market buys.

"This company tends to be very heavy on the sell side, compared to all other companies," Mr. Painchaud said.

Jonathan Moreland, director of research at Insiderinsights.com, said the history of stock sales by insiders sends mixed signals.

The company directors spent \$194,422 for 60,850 shares, an average of \$3.20 a share, according to filings with the Securities and Exchange Commission. In the past, however, individual board members have sold tens of thousands of shares in options-related transactions for prices that were often above \$50 a share and sometimes above \$100 a share, according to data from Thomson Financial.

"The dollars that they're committing now [to buy stock] pale in comparison to the dollars they've taken out of the company," Mr. Moreland said.

In fact, five of the seven recent buyers had sold substantial amounts of company stock at much higher prices—but that isn't necessarily a bad sign, because it shows that the JDS Uniphase directors are good predictors of price movement, Mr. Moreland said.

Mr. Moreland said he has observed a trend toward insider buying at other companies that were favorites during the stock-market bubble. "It's a pattern that we've seen a lot in technology names that everybody used to love a lot," Mr. Moreland said.