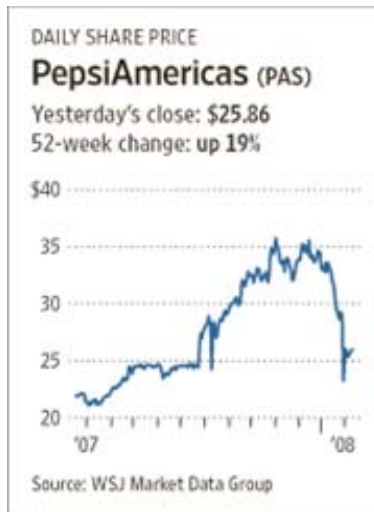


'Buy' at PepsiAmericas Is Really Drop in Bucket

By NICOLAS BRULLIARD
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When evaluating insider purchases, the context can matter as much as the number of dollars spent.



That's why Jonathan Moreland, adviser to Ladenburg Thalmann Asset Management Inc. on insider strategies, isn't particularly impressed with the recent \$10.2 million stock purchase by [PepsiAmericas](#) Inc. Chairman and Chief Executive Robert Pohlada.

"It's obviously a bullish-leaning sentiment, no doubt about it," Mr. Moreland said. "Ten million is a fair amount of money, but considering the size of what they already own and how small an increase it is, it really mitigates the strength."

Mr. Pohlada reported the purchase of 400,000 PepsiAmericas shares for an average of \$25.54 last week through Starquest Securities LLC, a holding company affiliated with him. PepsiAmericas shares fell 12 cents to \$25.86

in 4 p.m. composite trading on the New York Stock Exchange yesterday.

Including Mr. Pohlada's stock options and unvested restricted stock, he and his affiliates own more than 12.9 million PepsiAmericas shares, or a 9.9% stake, according to a filing with the Securities and Exchange Commission.

"I am very, very bullish and optimistic and confident in where this company has been and the plans it has in place and therefore where it can go," Mr. Pohlada said. "The market reaction after our fourth-quarter announcement was so dramatic and frankly hard for me to explain that it clearly was in my mind a buying opportunity." Mr. Pohlada said he might buy additional shares in the future.

The purchases took place after PepsiAmericas reported 2008 guidance that fell short of analysts' expectations. The company's shares fell 19% that day, but in part because of the stock-price decline, Bear Stearns and J.P. Morgan upgraded the stock to neutral.

Mr. Moreland said that the company has good fundamentals and that Starquest has a good buying track record, but he said that without additional insider buyers, the bullish signal is relatively weak. Mr. Pohlada's recent purchases were the first by a PepsiAmericas insider in almost three years, according to data provider Washington Service. Other insiders have sold shares.

"One would have hoped to see other insiders buying as well," Mr. Moreland said. "And lo and behold, some guy exercised options and sold them just on Friday, so there is not even a consensus of bullish opinion here."

Director Herbert Baum sold 5,517 shares Friday after exercising options that were set to expire this week.

[PepsiCo](#) Inc. has also been selling shares of PepsiAmericas, but it said in November that the reduction in ownership isn't intended to affect its relationship with PepsiAmericas, and its stake won't fall below 37%.

Michael Painchaud, founder and principal of Market Profile Theorems, said the recent purchases by Mr. Pohlad registered a high bullish score in his insider model, but that overall, when taking into account earnings and analyst ratings, the outlook on PepsiAmericas' stock is "slightly positive but not actionable," he said.

"If it's in the portfolio, you hold it," Mr. Painchaud said, "and I would probably look for an opportunity to buy the shares."

For Mr. Moreland, that opportunity isn't here yet. He said the market is full of beaten-down stocks that are better positioned for a rebound. Mr. Moreland also said that for Mr. Pohlad and Starquest, \$10 million remains a relatively small amount of money.

"The only thing that stands out is the dollar value, and that's only one metric you look at," Mr. Moreland said. "And that's lost on a lot of people who follow this data and use it much too simplistically."