

Insiders at 2 Sporting-Goods Firms Buy Shares

By TONY COOKE
Dow Jones Newswires

WASHINGTON—Insiders stepped up to the plate and bought the shares of two sporting-goods companies this month, but a look into the record books shows that the buyers at K2 Inc. have a better batting average than those at Gander Mountain Co.

During March, two K2 insiders paid \$454,580 to buy 35,000 company shares at an average price of \$12.99 a share. At Gander Mountain Co., three insiders reported spending \$339,250 to buy 28,000 shares, paying an average of \$12.12 a share.

Gander Mountain shares closed yesterday at \$13.08, and K2 shares ended the day at \$13.12.

"They're both good examples of companies where insiders participate in a company's fortunes [by owning stock]," said Michael Painchaud, research director for Market Profile Theorems. "The difference is at K2, the ability to time their purchases seems to be a little bit better."

Since December 2003, K2 shares only rarely have traded below \$13 or above \$18. In that period, Chief Executive Richard J. Heckmann has bought 20,000 shares at an average price of \$13.43 a share, including 5,000 shares this month at \$12.93 apiece.

"There comes a point, generally, when you see the stock trading at a level...where you think it's a hell of a buy," said Mr. Heckmann in an interview. "I'm not suggesting it's a compelling buy to other people, but to me it's hard for me not to buy it at these levels."

Mr. Painchaud said that Mr. Heckmann, through his timely purchases and

his lack of stock sales, has demonstrated the attributes of an insider worth emulating.

"The guy is loyal to his company, loyal to his shareholders and loyal to himself," said Mr. Painchaud. "This looks attractive to me. It looks attractive because the people involved seem to be accurate in their buying, and they seem quite loyal to the company."

David Coleman, editor of Vickers Weekly Insider Report, noted that insiders at K2 also have picked opportune moments to sell shares. For example, last year in October and November, insiders exercised options and sold 19,500 shares, getting an average price of \$16.41 for the shares of the Carlsbad, Calif., maker and marketer of such sporting goods brands as Rawlings, Worth, Volkl and Marker.

"When you see insiders at a company selling at higher prices than those at which they are buying, it shows that...they have a strong feeling for when the shares are overvalued and oversold," Mr. Coleman said. "There's certainly a price-sensitive component to this activity."

Mr. Coleman said that insiders at Gander Mountain, which went public last April at \$16 a share, haven't been so timely in their purchases. Through February, insiders bought nearly 90,000 shares, paying an average price of \$16.37 a share.

On the other hand, Mr. Coleman said, the fact that two insiders increased the size of their purchases in March, when the stock traded at a relatively low level, suggests that they are sensitive to price movement, and that they look for opportune moments to make their biggest investments.

Mr. Coleman also noted that, in addition to the open-market purchases in March, Gander Mountain Chief Executive Mark R. Baker exercised options to ac-

quire 25,000 company shares.

"The option exercise by Baker—and not selling any stock—is certainly a good statement of confidence that the shares will be worth more in the foreseeable future than they are now," said Mr. Coleman.

Shannon Burns, Gander Mountain's director of investor relations, said the purchases by company insiders are "absolutely a vote of confidence in the concept and the future of this company."

Of course, Gander Mountain insiders were also exhibiting that confidence last August and September when they paid about \$20 a share to buy 13,700 shares.

Ms. Burns said that after those purchases, the company's results were hurt in part by an unpredictably mild winter. The Minneapolis retailer, whose stores carry products for hunting, camping and fishing, tends to do much of its business in the fall and winter, and gets higher

margins for outerwear and footwear.

"Hunters will go hunting no matter what the weather is," said Ms. Burns, "but they don't go out and buy heavier boots and heavier jackets if they are warm."

Ms. Burns said that despite the weather and other issues, the company will continue to pursue growth outside the Great Lakes states where the company originated. "The fundamental story remains intact," she said. "We believe there is potential for as many as 400 Gander Mountain stores. We have 83 at the moment."

Messrs. Coleman and Painchaud don't dispute that optimism. While preferring the pattern of insider transactions at K2, each said that the Gander Mountain story looks attractive too.

"In both cases, I wouldn't hesitate to hold these shares for the longer term," said Mr. Painchaud.



INSIDE TRACK

CD Yields Rose in the Latest Week

NEW YORK—Yields on certificates of deposit were higher in the latest week. The average yield on six-month "jumbo" CDs, which typically require deposits of \$95,000 or more, was 2.35%, up from 2.32% a week earlier, according to Bankrate.com. The yield on five-year jumbos was 3.93%, up from 3.90% a week earlier, the information service said.

The average yields on small-denomination "savings" CDs were higher in the last week. The average six-month yield was 2.09%, up from 2.05% a week earlier, said Bankrate.com. The average two-year CD yield was 3%, up from 2.96%, and the average five-year yield was 3.80%, up from 3.78% a week earlier.

BANKRATE.COM® Money Markets and CDs Tuesday, March 29, 2005

Average Yields of Major Banks									
Type	MMA	1-MO	2-MO	3-MO	6-MO	1-YR	2-YR	2.5-YR	5-YR
NEW YORK									
Savings	0.56	1.17	1.29	1.55	1.79	2.23	2.88	2.93	3.81
Jumbos	0.92	1.34	1.44	1.83	2.07	2.40	2.91	2.98	3.81