

## The Week In Review

Week Ending 16 November 2007



### Stock Performance - \$51.95 closing price

	This Week	2007 YTD
ZION	-2.8%	-37.0%
BKX (KBW 24 Bank Index)	-0.2%	-20.5%
Dow Jones Industrials	+1.0%	+5.7%

From its close of \$53.47 last Friday, the stock climbed to a high of \$58.10 on Wednesday before cresting the week's summit and plummeting down the other side to a low of \$50.34 today – a gut-wrenching 15% price swing!

Investors' early hopes were dashed by a number of comments in the latter half of the week: a reiteration that Zions' net interest margin is likely to continue to shrink this quarter; Wells Fargo CEO Stumpf's characterization of the current environment as being the worst housing market since the Great Depression; and Huntington Bank's announcement that it will post a net loss in the 4<sup>th</sup> quarter as the result of a \$300 million provision for loan losses relating to its lending relationship with Franklin Mortgage.



### Analyst and Investor Activity

- On Monday, **Ken Usdin** of **B of A** issued a note based on his travels with Doyle Arnold in Texas. He remained "Neutral" on the stock.
- On Tuesday, **Citigroup** announced that it was discontinuing coverage of Zions with the departure of **Michael Diana**, who had covered Zions for Citi for the past several years. As part of its cost-cutting actions, Citi reduced the number of bank analysts from three to two. Citi expects to pick up coverage on Zions again sometime in 2008.
- Doyle Arnold** presented at the **Merrill Lynch** conference on Thursday. The presentation may be viewed from a link at [www.zionsbancorporation.com](http://www.zionsbancorporation.com). Copies of his PowerPoint slides are available on the website under "Presentations."
- Clark Hinckley** met with 40 members of the CFA Society of Salt Lake City on Thursday.
- On Friday KBW downgraded **Wells Fargo** to "Underperform," underscoring concerns about housing related credit in the Midwest and California. They also identified the likely leaders and laggards under different economic scenarios: base case, rebounding growth, stagflation, recession. They list Zions among banks faring the worst under both stagflation and recession.
- James Abbott** of **Friedman, Billings, Ramsey** issued a report on Friday morning reiterating his "Market Perform" rating on Zions but lowering his EPS estimate for 2007 by \$0.04 and 2008 by \$0.25 (to \$5.25) based on higher credit costs and lower NIM.

### Upcoming Events

- November 28** – Clark Hinckley participates in the Friedman Billings Ramsey investor conference.
- November 26** – Doyle Arnold begins a week of meetings with European investors.

### Quote of the Week

"It's interesting that the industry has invented new ways to lose money when the old ways seemed to work just fine."

- John Stumpf, CEO of Wells Fargo, speaking at the Merrill Lynch Conference in New York on Thursday.