

## Positive Sign for Wells Fargo

Chairman's Buy  
Suggests the Stock  
Is Set to Rebound

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### INSIDE TRACK

With shares of Wells Fargo & Co. trading near their lowest level in years, Chairman Richard M. Kovacevich made his first purchases of company shares since 1998.

Like many of its counterparts in the financial-services sector, Wells Fargo has been hammered by the mortgage crisis, and its first-quarter net income suffered because of mortgage-related write-downs and an increased credit-loss provision. The company's stock has reflected the pain. Wells Fargo shares, which closed Tuesday at \$25.91, have dropped more than 30% from the 52-week intraday high of \$37.99.

Last week, Mr. Kovacevich bought 40,398 shares of the San Francisco-based company's stock through his family trusts at \$26.05 a share for a total purchase price of \$1.05 million.

Michael Painchaud, director of research at Seattle-based research company Market Profile Theorems Inc., said the recent purchases are "highly actionable" -- that is, a signal to buy -- based on Mr. Kovacevich's buying and selling history as well as a model of transactions that includes insider activity over time at Wells Fargo. Mr. Painchaud said the recent purchases by the chairman put the company's rating for insider transactions above its historical norm.

"This is an excellent selection relative to all companies, relative to itself [historically] and relative to its industry and its sector," Mr. Painchaud said.

Before his purchases last week, Mr. Kovacevich had a history of selling Wells Fargo shares, with his last sale in August for about \$6.07 million, or \$36.96 a share.

Mr. Kovacevich has been a prescient seller, earning "a well-deserved" 4.0 accuracy rating, the highest possible, for his insider activity, Mr. Painchaud said.

Mr. Painchaud said his company's insider model also accounts for the positive signal from a \$44,842 Wells Fargo stock purchase last month by Chief Executive John G. Stumpf.

"These two transactions, coming within a very short time period of one another, adds further positive character to the score that the model ultimately develops," Mr. Painchaud said.

Although Wells Fargo's stock has declined lately, Mr. Painchaud is not saying the only way it has to go is up. "I hesitate to say it's the bottom. ... The probability is very high that this company will outperform its industry, its sector and the market for the ensuing three to six months," Mr. Painchaud said.

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