



Financial Services Communications & Strategy

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Work Sample Series

The Assignment:

For a period of three years, MarshComm wrote the quarterly earnings releases for Regions Financial Corp. (NYSE:RF). For the last two of those years, we also wrote the scripts used by Regions executives during quarterly conference calls with analysts.

In the midst of its merger with Union Planters Corp., Regions needed to communicate to shareholders and analysts that the integration process was progressing smoothly, while at the same time the bank was continuing to grow. Adding to the complexity of the script was the fact that much of the bank's footprint – Alabama, Florida, Georgia, Mississippi and Louisiana – endured one or more of four hurricanes during the quarter. This offered the opportunity to showcase how the two merging companies came together in a crisis to continue to serve customers, a sure sign that the merger was indeed on track.

The goal of the script was to communicate the continued success of Regions' strategy for merging with Union Planters, show the solid progress of the integration effort and credibly position the bank's performance during the quarter as proof of the success of management's longer term business strategy.

Regions Financial 3Q 2004 Earnings Conference Call Script

IR Officer:

Thank you very much for joining us today. Carl Jones, Regions' Chairman and CEO, Jack Moore, Regions' President and CEO-designate, Bryan Jordan, Regions' Chief Financial Officer, and Rick Horsley, Regions' Chief Operating Officer, will be commenting on third-quarter earnings and the progress of our integration efforts. Our earnings release and supplement has been filed on form 8-K and is also located at Regions.com in the Investor Relations earnings release section of the Web site. I will remind you that we do not provide specific earnings guidance; however, we will be happy to answer your questions after the presentation as thoroughly as possible. I will also remind you that certain statements made in this call may be forward-looking statements. These forward-looking statements reflect Regions' current views with respect to future events and financial performance. Actual results could differ substantially and materially from what we have projected. Such statements are made in good faith pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Please refer to our press release filed on form 8-K

dated today, October 15, 2004, for factors that could affect the accuracy of our expectations or cause our future results to differ materially from our expectations. With that, I will turn it over to Mr. Jones.

CEO

Thanks, Jenifer, and good morning everyone. Jack, Bryan and I are glad you could join us.

Let me begin by saying that I am pleased with the solid results we achieved in the third quarter of 2004, especially in light of the fact that much of our focus has been on integration, not to mention that parts of our footprint - Alabama, Florida, Georgia, Mississippi and Louisiana – endured one or more of 4 hurricanes during the quarter – Florida and Georgia experiencing the effect of all 4.

Despite these events, our banking units generated solid growth and improvement in net charge-offs to 30 basis points of average loans in the third quarter. The banking units' grew loans 10 percent and deposits 4 percent quarter over quarter on an annualized, comparable basis. Overall, we earned 57 cents per diluted share, excluding merger-related charges, in the quarter.

Looking at our business units...Morgan Keegan had a good - albeit challenging - quarter that was affected by reduced trading volumes and equity activity. And though Regions Mortgage also had a challenging quarter, as did most of the mortgage industry, we were able to do an excellent job with our servicing and accounting conversion, while our EquiFirst nonconforming mortgage business turned in yet another strong quarter.

I know many of you are interested in both the status of our integration efforts and the impact from the hurricanes. Concerning the integration, I'm pleased to report that we made excellent progress in the third quarter, completing the conversions of our brokerage, mortgage and commercial leasing businesses. Rick is going to go into the details of that in just a few moments.

The ability of our associates to maintain their focus on our customers and the integration gives us confidence that we will be able to complete several of our initiatives in 2005 that were scheduled for 2006. Having said that, I want everyone to know that we will continue to take a cautious and deliberate approach to the integration. Getting it done right is more important than getting it done fast. So if we need to add additional time to our planning schedule for any reason, we will do so.

Turning to the four hurricanes that affected our footprint in August and September, I want to take this opportunity to say how proud I am of the performance and attitude of our associates during these challenging events. It has been said that in a crisis, you truly understand what people are capable of. Well, our associates have shown incredible courage, dedication and commitment in the face of a very tough situation. And it wasn't just our associates in the path of the storms who did the hard work. Our other offices provided a great deal of support to the affected areas to ensure they were up and running as quickly as possible.

When I was touring branches the Monday after one of the storms hit over the weekend, Regions was the only branch in town I saw that was operating that day. The floors were wet and smelled a little bit, but our doors were open to help the people of that community, giving them access to their accounts so they could obtain funds in a time of need.

What I'm most proud of is how well both longtime Regions associates and new associates from the former Union Planters came together to face this crisis. Situations such as this accelerate bonding and the feeling of working together as one. I see this coming together as a tangible example of the camaraderie we have seen develop across the franchise. I think the example they set is symbolic of how well our two organizations have come together so far, and a sign of the cooperation we will continue to show in the future.

I'm now going to let Bryan talk further about our results in the quarter. Afterwards, Rick will give you more details on our integration planning, and Jack will highlight the benefits and opportunities that are resulting from our newly expanded organization.

Bryan...

Transition to CFO

Thanks, Carl.

Regions posted a solid third quarter. With few exceptions, which I will touch on, the merger of Regions Financial and Union Planters is progressing as expected. Overall, we saw favorable trends in our banking business – especially in loan growth – we improved our credit quality and we continued to strengthen our balance sheet. We did experience slight softness in our Morgan Keegan and mortgage businesses due to overall weakness in the markets and declining mortgage volumes. I will also spend some time on purchase accounting, cost saves, merger charges and the effect of the hurricanes on our business.

Since this is the first time we are reporting results for the combined company, it is difficult to make comparisons to previous quarters. I'm going to talk about the results from this quarter primarily in terms of a baseline for comparisons moving forward or on a high level comparison to the proforma combined second quarter results of Regions and Union Planters excluding the effects of any special charges.

Net income totaled 256.8 million dollars, or 55 cents per diluted share, which includes 2 cents in merger-related and other non-recurring charges. Excluding merger and other charges, our pro forma EPS in the second quarter would have been 55 cents a share – so, on a comparable basis, EPS was up around 2 cents or 14 percent, linked-quarter, annualized.

Purchase accounting added approximately XX million dollars or less than one penny to EPS in the third quarter. Regions recorded a core deposit intangible of 370 million dollars, resulting in 12.6 million dollars of amortization in the third quarter. Net interest income

was improved by 9 million dollars as a result of purchase accounting adjustments and occupancy expense was approximately X million dollars lower due to reduced depreciation.

Regions' total revenues, excluding securities gains, were 1.2 billion dollars, down around 1 percent on a comparable basis. Net interest income was up nearly \$26 million but was offset by a decline in mortgage banking and brokerage revenues. 42 percent of total revenues were generated by fee income.

Net interest margin in the third quarter was 3.71 percent, and net interest income totaled 677 million dollars. The early repayment of Federal Home Loan Bank advances in the second quarter of 2004 boosted the margin by XX basis points, and the mark to market of Union Planters' interest earning assets and liabilities improved the margin by approximately XX basis points. As in the past few quarters, we are asset sensitive. Through the reduction in the securities portfolio, we added to asset sensitivity in the third quarter.

Trends in loans and deposits were positive during the third quarter. Average community banking loans in the third quarter grew 10 percent, annualized, when compared to the pro forma ending balance in the second quarter. The majority of this growth was a direct result of continued growth in commercial real estate and home equity lines of credit. We saw a slight decline in C & I loan balances compared to the second quarter.

Average community banking deposits increased 4 percent, annualized, linked quarter, on a proforma basis. The deposit acquisition campaign in place in the legacy Regions branches continues to be successful as we have opened xx accounts – xx% of our 250 thousand account goal.

Credit quality was strong in the third quarter. We saw an improvement in net charge-offs, which declined to 42.7 million dollars or 30 basis points of average loans. Our provision for loan losses was 43.5 million dollars.

Non-performing assets totaled XX million dollars, or ___ percent of total assets. Non-accrual loans drove the improvement, declining 13.3 million dollars or 3 percent on a comparable linked quarter basis. Our allowance for loan losses as a percentage of total loans was 1.33 percent.

We were able to strengthen our balance sheet while reinforcing our capital position during the quarter, as we de-leveraged our securities portfolio by 1.9 billion dollars.

Morgan Keegan has begun to take advantage of the growth opportunities resulting from our merger with Union Planters. Morgan Keegan opened 3 offices during the quarter in St. Louis, Indianapolis, and Miami, each of which is staffed by former Union Planters brokers and located near Union Planters bank branches. All three offices were profitable in their first month of operations and are expected to grow at an above average pace.

Morgan Keegan produced third quarter results including earnings of XX million dollars on total revenues of 177.2 million dollars. Both brokerage and fixed income activity was weaker than in previous quarters. Private client revenues totaled 54 million dollars, while the fixed income business generated 41.5 million dollars.

Turning now to our mortgage operations, we sold 14 West Coast mortgage offices during the third quarter and 5 billion dollars worth of out of footprint servicing. You may recall that the income statement effect of the servicing sale was recorded in the second quarter as a mark to market adjustment of that portion of the Union Planters servicing portfolio. In addition, there was a minimal loss recognized in the second quarter for the anticipated branch sales. The sale of servicing resulted in a decline in our servicing portfolio on a pro forma combined basis from XX dollars to XX dollars.

Regions Mortgage earned 2.8 million dollars, excluding impairment. Originations totaled 2.5 billion dollars in the third quarter compared to the combined volumes of Regions Mortgage and Union Planters Mortgage, which totaled 3.6 billion dollars in the second quarter, a 32% decline. Retail activity comprised 24 percent of originations, while wholesale operations accounted for 36 percent. The remainder came from the correspondent and affiliate channels. Overall declining origination volumes and an internal focus in the market on conversion of the servicing platforms were the primary drivers of lower conforming volumes.

We did record impairment on our mortgage servicing rights portfolio of 50 million dollars. As you may recall, we hedge our MSR's by holding 10-year bullet agency securities. We recognized approximately 50 million dollars in gain on sale of securities in connection with the recording of impairment.

EquiFirst turned in another strong quarter with 9.7 million dollars in earnings in the third quarter. Origination volumes were down slightly to 1.3 billion dollars from 1.5 billion dollars in the second quarter. Premiums declined somewhat; however, sales volume increased resulting in 6 million dollars of growth in gain on sale.

Looking to the fourth quarter, we expect mortgage revenues to remain relatively flat, as the rate of refinancing likely will continue to slow for Regions Mortgage and as EquiFirst continues to grow its West Coast presence but experiences continued contraction of premiums.

As Carl noted earlier, we did experience four major hurricanes across our footprint in the third quarter. It is probably impossible to quantify the effects of these storms. Although difficult to quantify, there are very real impacts on the business. During the four storms impacting Regions we closed XX banks for an average of XX days. Associates have to deal with oncoming storms and the after effects, both personally and professionally. Customers begin to defer purchases and related borrowing. Retailers, hotels, and sporting events are all impacted by the storms since so much of the areas affected by the storms are service oriented. Carl described earlier the tremendous team work of our associates in dealing with these storms. It is easy to underestimate the effort to stage for a disaster: the boarding and unboarding of branches, locating and starting generators, ensuring branches are guarded, making sure ATM's and branches have adequate cash and communicating with customers. The teams of legacy Regions and Union Planters associates worked together with remarkable precision.

Cost savings from our consolidation efforts were approximately 6 million dollars in the third quarter, in line with our expectations. The savings were due mostly to FTE reductions and renegotiated contracts. We expect to begin to realize additional cost savings in the fourth quarter as a result of integration activities completed in the third quarter, as well as from continued vendor contract re-negotiations. We are on track for approximately 30 million dollars in cost savings for the year and 200 million dollars overall.

As Carl alluded earlier, given how smoothly the integration has gone so far, we are considering accelerating our schedule to have all branch conversions completed by the end of 2005. This would increase our previous estimate of realizing 60 percent of the total cost savings by the end of 2005 to the 70 to 75 percent range, and accelerate 30 million dollars worth of cost savings into 2005.

As Carl also mentioned, we will continue to move cautiously with regard to the integration.

Finally, I want to touch on merger-related charges. You may recall that we announced that we expected 300 million in merger-related charges. In addition, prior to the merger announcement – in the fourth quarter of 2003 – Union Planters announced their intent to incur charges of approximately 60 million in connection with several restructuring initiatives. As of the end of the second quarter, Union Planters had incurred approximately 125 million dollars in total merger and restructuring charges. As of the end of the third quarter, Regions has recognized 20.9 million dollars in merger-related charges through the income statement and 79.7 million dollars through purchase accounting. This leaves approximately 135 million in merger-related charges to be incurred in future quarters.

Now I'm going to turn the call over to Rick Horsley, who will update you on the details of our integration planning.

Rick...

Transition to COO

Thanks, Bryan.

As Carl mentioned at the beginning of the call, we have made great progress with our integration efforts. We successfully integrated three of our business units in the quarter – commercial leasing, brokerage and the largest and most complex – mortgage servicing and secondary marketing.

On September 30, 2004, Regions Leasing successfully converted the \$45 million UP Leasing portfolio from the UP Leaseplus system onto the Regions InfoLease system.

On August 1, we saw the seamless transition of 25,000 brokerage customers to Morgan Keegan, and the addition of 75 brokers and 1,400 annuity salespeople from PFIC, Union Planters' brokerage unit. This brings Morgan Keegan's total number of accounts to 302,000,

its total customer assets to 44.5 billion dollars, and the number of financial associates to 975.

Our mortgage conversions have been the most complex so far and were complete on September 30. Activities included the conversion of legacy Regions Mortgage's servicing platform to legacy Union Planters' servicing platform. Fortunately, both platforms were Fidelity, and Regions had just converted to Fidelity one year ago, so our people were familiar with the conversion activities. Secondly, the accounting systems of the two legacy companies were merged and thirdly, secondary marketing was combined. All of these activities were completed successfully and according to plan. The primary piece of mortgage that is still in process of integrating is the origination platform. Because of the nature of this conversion, it can be handled over time. It has begun and is anticipated to be fully complete during the first quarter of 2005. We have measured customer service levels and met our goals in all cases. We are extremely pleased with the smoothness of this conversion.

As we have said in the past, the integration process will be spread over time and divided into separate and distinct phases, each of which will be measured extensively to ensure that the quality of our customer service is maintained throughout the process.

The emphasis in the fourth quarter will be on planning. We will not make any significant process changes in the quarter, as we will spend the time assessing the quality of our work and making sure we are ready for the activity that will come in 2005. Part of the getting ready phase is training of our bankers. We will hold intensive two-day training sessions in November to introduce legacy Union Planters bankers to the Chart the Course sales process that has been in place at Regions for a number of years and to roll out the common sales initiatives and incentive plans for 2005. Legacy Regions bankers will undergo the same training on sales initiatives and incentive plans in the first quarter of 2005. Furthermore, we plan to resolve any remaining decisions surrounding product mix and other issues around how we do business in the banking units as a combined company.

Given the rapid progress we have made to date, we are on schedule to begin signage and system conversions at certain former Union Planters branches as early as the first quarter of 2005. We call this project Customer One. Customer One will allow us to more quickly standardize our products and services across the organization and realize expected cost savings sooner. Right now, our bank conversion plan includes three events – one in each of the second, third and fourth quarters of 2004. We'll start in the second quarter with the conversion of about 170 branches mainly in parts of Arkansas, Louisiana, Texas, North Alabama, south Kentucky and Tennessee. In the third quarter, assuming all of our service standards are being met in the branches that were converted in the second quarter, we will convert around 260 branches – finishing up Arkansas, Mississippi, West Tennessee and South Alabama. Finally, about 270 branches in our areas with no overlap will be converted by the end of the year – these branches are primarily located in Florida, Indiana, Illinois, North Kentucky, Missouri, and Iowa. These are the same branches that will be re-branded under the Customer One initiative in the first quarter of 2005.

Having said that, let me reiterate what Carl said, that we will continue to move cautiously with regard to the integration. We are taking it one step at a time, and if circumstances call for slowing the process down, we will not hesitate to do so. As of today, I couldn't be more

pleased with our progress or more proud of our team for working together to make this integration process come together.

Jack Moore is now going to make a few closing comments before we open up the call for questions.

Jack...

Transition to CEO-designate

Thanks Rick.

Since the first day we announced that Regions and Union Planters were going to join forces, we told you that our focus on the customer would never waiver. Our motto was: “keep going and keep growing,” because we knew that we could not lose sight of the fact that our customers are our most important asset.

I’m proud to say that we have kept our commitment to serving our customers through this time of change. The positive growth we generated in our banking business during the third quarter is proof that we have not taken our eye off the ball. That speaks volumes about the similar cultures of our previously separate organizations, the dedication of our associates, and why we are so excited to work together to leverage our combined products, services, customer base and associate talent.

Our banking business was strong in the quarter – 10 percent annualized community banking loan growth and 4 percent annualized community banking deposit growth. I really couldn’t be prouder of our associates for making this happen. And, not only did the banking business grow, but our credit quality improved significantly as well. I am very pleased with our 30 basis points of annualized net charge-offs and our combined improvement in non-performing assets. Not only did the actions taken in the second quarter to accelerate credit quality pay off, but our loan officers and credit associates worked hard to implement new credit policies and procedures with success.

As we move into the bank integration phases in the third quarter, we will continue to focus on customer retention. Our bankers know that acquiring a new customer costs 5-10 times more than retaining an existing customer. They will be focused on improving customer service and on making sure we understand the customer’s needs and are offering the right products to meet those needs. We have already launched what we call the 2 by 2 by 2 calling program across the franchise. We will call customers 2 days after they open their account to make sure they have what they need and are pleased with the service they received. We’ll call them again 2 weeks after their account is opened to ensure that they have received checks and debit cards. We’ll also call them 2 months after their account is opened to check on their Regions experience and to begin to identify cross-selling opportunities. As we go through the bank conversions, we will implement high value customer calling programs and cross-sell direct mail programs for our most profitable customers – those whom we refer to as our MainSail customers – and for potential MainSail customers.

The progress we've made so far in the integration speaks well of the compatibility of our newly combined organization – as does the cooperation our combined forces demonstrated during the hurricanes. As a result, we've positioned the franchise for greater consistency in profitability and growth, which we are already beginning to experience.

We are squarely focused on the task of building relationships and taking advantage of cross-selling opportunities. Our mortgage business is now operating from a stronger base of resources, markets and talent. Morgan Keegan is beginning to realize the opportunities for growth presented by the influx of new customers, brokers and salespeople. It will continue to expand through deeper customer and market penetration, new office openings and select acquisitions

We believe we are making great progress toward becoming *the* regional force in financial services in the South and Mid-South.

With that, operator, we would like to open up the call for questions.

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