



Stock Selection Guide[®]

The most widely used aid to good investment judgment

Company	WELLS FARGO & CO		Date	05/24/07	
Prepared by	jah		Data taken from	NAIC Data	
Where traded	NYSE		Major product/service	Diversified	
CAPITALIZATION --- Outstanding Amounts			Reference		
Preferred (\$M)	-52.0		% Insiders	%	
Common (M Shares)	3,350.5		0.0	0.0	
Debt (\$M)	103,508.0	% to Tot.Cap.	69.5	% Potential Dil.	None

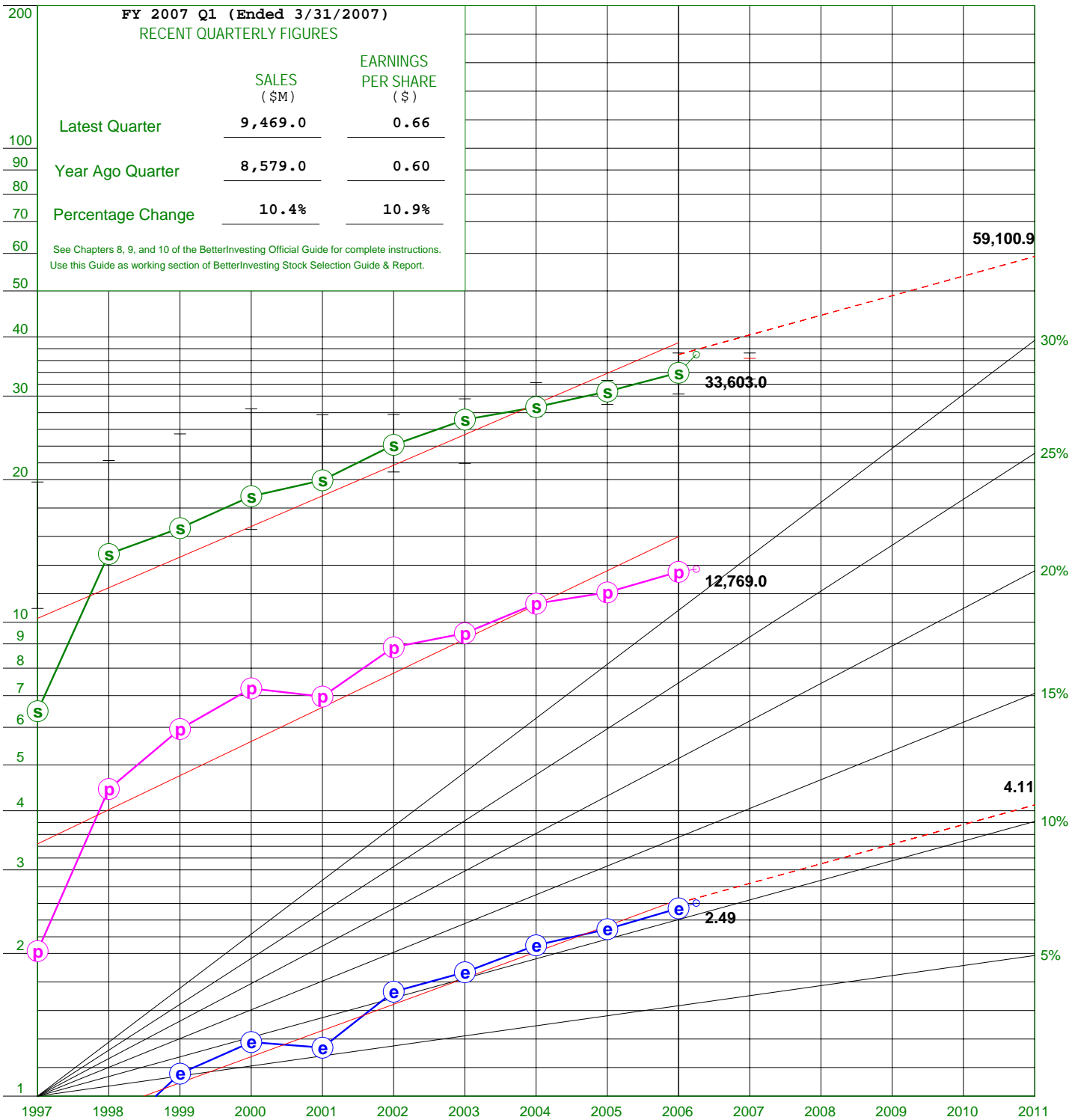
1 VISUAL ANALYSIS of Sales, Earnings and Price

WFC

FY 2007 Q1 (Ended 3/31/2007)
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	9,469.0	0.66
Year Ago Quarter	8,579.0	0.60
Percentage Change	10.4%	10.9%

See Chapters 8, 9, and 10 of the BetterInvesting Official Guide for complete instructions. Use this Guide as working section of BetterInvesting Stock Selection Guide & Report.



- (1) Historical Sales Growth 16.0%
- (2) Estimated Future Sales Growth 10.0%
- (3) Historical Earnings Per Share Growth 13.6%
- (4) Estimated Future Earnings Per Share Growth 10.0%

2 EVALUATING MANAGEMENT

Company **WELLS FARGO & CO (WFC)**

05/24/07

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	31.2	31.9	37.7	39.3	34.9	37.4	35.4	38.5	37.7	38.0	37.4	UP	
B % Earned on Equity (E/S ÷ Book Value)	19.4	13.1	16.7	17.1	15.8	18.5	18.0	18.6	18.6	18.3	18.4	EVEN	EVEN

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

PRESENT PRICE **36.040** HIGH THIS YEAR **36.990** LOW THIS YEAR **32.570**

Year	PRICE		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100	
	HIGH	LOW		HIGH A ÷ C	LOW B ÷ C				
1 2002	27.4	20.8	1.66	16.5	12.5	0.550	33.1	2.6	
2 2003	29.6	21.6	1.83	16.2	11.8	0.750	41.1	3.5	
3 2004	32.0	27.2	2.08	15.4	13.1	0.930	44.7	3.4	
4 2005	32.4	28.8	2.25	14.4	12.8	1.000	44.4	3.5	
5 2006	37.0	30.3	2.49	14.9	12.2	1.080	43.4	3.6	
6 TOTAL		128.7		77.4	62.4		206.7		
7 AVERAGE		25.7		15.5	12.5		41.3		
8 AVERAGE PRICE EARNINGS RATIO	14.0			9	CURRENT PRICE EARNINGS RATIO			14.1	

4 Proj. P/E [12.80] Based on Next 4 qtr. EPS [2.82] Current P/E Based on Last 4 qtr. EPS [2.56] EVALUATING RISK and REWARD over the next 5 years PEG=128

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E **15.5** X Estimate High Earnings/Share **4.11** = Forecast High Price \$ **63.7**
(3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E **12.5** X Estimated Low Earnings/Share **2.49** = \$ **32.0**
(3E7 as adj.)
(b) Avg. Low Price of Last 5 Years = **25.7**
(3B7)
(c) Recent Severe Market Low Price = **28.8**
(d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}}$ = $\frac{1.120}{0.036}$ = **31.4**
Selected Estimate Low Price = **28.8**
(4B1)

C ZONING

63.7 High Forecast Price Minus **28.8** Low Forecast Price Equals **34.9** Range. 1/3 of Range = **8.7**
(4A1) (4B1) (C) (4CD)
(4C2) Lower 1/3 = **28.8** to **37.5** (Buy) Note: Ranges changed to 25%/50%/25%
(4C3) Middle 1/3 = **37.5** to **55.0** (Maybe)
(4C4) Upper 1/3 = **55.0** to **63.7** (4A1) (Sell)

Present Market Price of **36.040** is in the **Buy** Range
(4C5)

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) **63.7** Minus Present Price **36.040** = **27.7** = **3.8** To 1
Present Price **36.040** Minus Low Price (4B1) **28.8** = **7.2** (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) **63.7**
Present Market Price **36.040** = $(\frac{63.7}{36.040} - 1) \times 100 = (\frac{1.767}{1} - 1) \times 100 = 76.7\%$ % Appreciation (4E)

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Relative Value: 100.7% Proj. Relative Value: 91.4%

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ **1.120**
Present Price of Stock \$ **36.040** = $\frac{1.120}{36.040} \times 100 = 3.1\%$ Present Yield or % Returned on Purchase Price (5A)

B AVERAGE YIELD OVER NEXT 5 YEARS

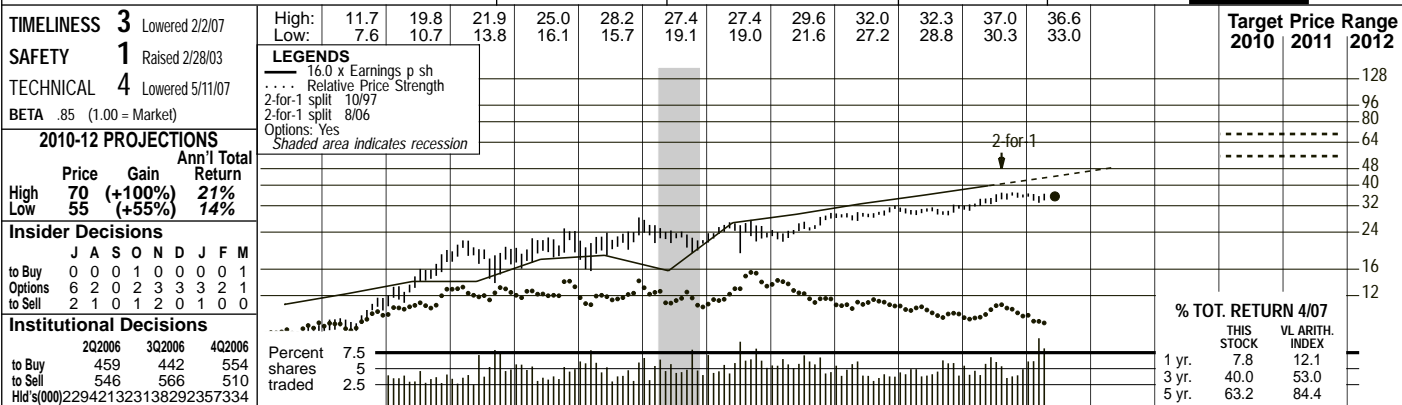
Avg. Earnings Per Share Next 5 Years **3.40** X Avg. % Payout (3G7) **41.3** = **140.4** = **3.9** %
(5B)

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) 76.7		P.A.R.	Tot. Ret.
	15.3 %	Average Yield 3.0%	2.7%
Average Yield (5B) 3.9 %		Annual Appreciation 9.8%	12.1%
Average Total Annual Return Over the Next 5 Years (5C) 19.2 %		% Compd Ann Rate of Ret 12.8%	14.7%

WELLS FARGO NYSE-WFC

RECENT PRICE **35.41** P/E RATIO **13.2** (Trailing: 13.9 Median: 16.0) RELATIVE P/E RATIO **0.68** DIV'D YLD **3.2%** VALUE LINE



1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	VALUE LINE, INC	10-12
.37	.43	.53	.60	.68	.77	.88	.88	1.12	1.17	.99	1.66	1.83	2.05	2.25	2.49	2.75	3.05	Earnings per sh ^{AB}	4.10
.12	.14	.16	.19	.23	.26	.31	.31	.40	.45	.50	.55	.75	.93	1.00	1.08	1.12	1.16	Div'ds Decl'd per sh ^C	1.32
2.16	2.43	2.76	2.70	3.55	3.98	4.50	6.17	6.72	7.61	7.77	8.67	9.86	10.83	11.61	13.10	15.40	17.30	Book Value per sh	24.80
1041.3	1120.9	1168.7	1236.6	1411.0	1474.8	1517.2	3288.1	3253.7	3429.3	3472.8	3472.8	3472.8	3472.8	3472.8	3368.3	3370.00	3360.00	Common Shs Outst'g ^D	3350.00
9.9	11.2	11.9	10.4	10.4	12.3	16.6	21.5	18.2	18.2	23.4	14.7	13.9	14.3	13.5	13.7	Bold figures are Value Line estimates	.74	Avg Ann'l P/E Ratio	15.0
.63	.68	.70	.68	.70	.77	.96	1.12	1.04	1.18	1.20	.80	.79	.76	.72	.74			Relative P/E Ratio	1.00
3.3%	2.8%	2.6%	3.1%	3.2%	2.8%	2.1%	1.6%	1.9%	2.1%	2.2%	2.3%	3.0%	3.2%	3.3%	3.2%			Avg Ann'l Div'd Yield	2.1%

CAPITAL STRUCTURE as of 12/31/06																	Total Assets (\$mill)		680000			
LT Debt \$87145 mill. Due in 5 Yrs \$57322 mill.																	Loans (\$mill)		445000			
LT Interest \$3070 mill.																	Net Interest Inc (\$mill)		27200			
Pension Assets-12/06 \$5.35 bill. Oblig. \$4.44 bill.																	Loan Loss Prov'n (\$mill)		3880			
Pfd Stock \$384.0 mill. Pfd Div'd \$4.0 mill.																	Noninterest Inc (\$mill)		21420			
Common Stock 3,378,619,486 shs. as of 1/31/07																	Noninterest Exp (\$mill)		22900			
MARKET CAP: \$119.0 billion (Large Cap)																	Net Profit (\$mill)		13900			
ASSETS				2004	2005	12/31/06														Income Tax Rate		36.0%
Loans				283824	306966	315352														Return on Total Assets		2.00%
Funds Sold				5020	5306	6078														Long-Term Debt (\$mill)		80000
Securities				33717	41834	42629														Shr. Equity (\$mill)		83030
Other Earning				--	--	--														Return on Shr. Equity		16.5%
Other				105288	127635	117937														Retained to Com Eq		11.5%
LIABILITIES(\$Mill.)																	All Div'ds to Net Prof		32%			
Deposits				274858	314450	310243																
Funds Borrowed				21962	23892	12819																
Long-Term Debt				73580	79668	87145																
Shr. Equity				37866	40660	45876																
Other				19583	23071	25913																
Total				427849	481741	481996																
Loan Loss Resrv.				3762	3871	3764																

BUSINESS: Wells Fargo & Company was formed by the merger of Norwest and Wells Fargo on 11/98. Wells is the 5th largest bank holding co. in the U.S. on 12/31/06. At 12/31/06, had over 6,000 offices, including over: 3,000 bank branches; 800 mortgage offices, 1,200 consumer finance offices in the U.S., Canada, Caribbean, & Central America. Loan losses, .73% of loans in '06. Loan loss reserve, 1.24% of loans; nonperforming assets, .76%. At 12/31/06, about 158,000 full-time equivalent employees. Officers & directors own about 1.0% of common stock (Proxy 3/07). Chairman and CEO: R. Kovacevich. Incorporated: Delaware. Address: 420 Montgomery Street, San Francisco, CA 94104. Telephone: 800-292-9932. Internet: www.wellsfargo.com

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Past Est'd '04-'06 to '10-'12
Loans	13.0%	15.0%	10.5%
Earnings	12.5%	16.0%	11.0%
Dividends	16.0%	17.5%	6.0%
Book Value	13.5%	10.0%	12.5%
Total Assets	10.0%	11.5%	8.0%

Cal-endar	LOANS (\$Mill.)			
	Mar.31	Jun.30	Sep.30	Dec.31
2004	260325	265791	275528	283824
2005	286805	297964	292303	306966
2006	302831	296771	303692	315352
2007	321715	326000	332000	340000
2008	346000	352000	358000	365000

Cal-endar	EARNINGS PER SHARE ^{A B}				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2004	.52	.50	.51	.52	2.05
2005	.54	.56	.58	.57	2.25
2006	.60	.61	.64	.64	2.49
2007	.66	.68	.70	.71	2.75
2008	.72	.75	.78	.80	3.05

Cal-endar	QUARTERLY DIVIDENDS PAID ^{A C}				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.15	.15	.225	.225	.75
2004	.225	.225	.24	.24	.93
2005	.24	.24	.26	.26	1.00
2006	.26	.26	.28	.28	1.08
2007	.28				

Wells Fargo started 2006 on a decent note. Even as the flat-to-inverted yield curve caused a narrowing in the net interest margin of most of the bank's peers, Wells was able to widen its margin by 10 basis points. First-quarter share net increased 10% from a year earlier, helped by a 3% increase in average loans and a 13% jump in average core deposits. Specifically, average commercial and commercial real estate loan growth was the primary driver of the top-line advance. That said, although Wells is feeling some of the effects of the deterioration in the subprime mortgage sector, it has been taking steps to reduce its exposure and cushion against a greater downturn in the market.

Wells has signed an agreement to acquire Greater Bay Bancorp. The stock-for-stock deal, currently valued around \$1.5 billion, is expected to close in the fourth quarter, pending regulatory approval. This move should help Wells to expand its banking operations in the California market and increase its asset base.

Credit quality should remain healthy in the years ahead. Although weakness in Wells' home equity portfolio led to a

65% jump in credit losses, we think this is short term. Management is tightening its underwriting standards and strengthening its reserves to limit the impact that any upticks in losses may have on earnings in the coming quarters. Meanwhile, nonperforming assets have risen over the last few months, but still only constitute a small (less than 1%) percentage of loans.

We expect the bank to perform solidly over the next 3 to 5 years. As one of the largest financial institutions in the U.S., Wells should get its share of rising loan demand as business expansion progresses. It has proven its ability to grow its loan portfolio at a healthy rate while increasing deposits. As a result, we think earnings will generally rise around 10% a year.

These neutrally ranked shares offer a measure of conservative appeal. Although the stock has not performed too well over the past few months, it does possess a good dividend yield, with prospects for steady increases in the years to come. Furthermore, the equity's stellar marks for Safety and Price Stability make it a nice addition to risk-averse portfolios.

Randy Shrikishun
 May 25, 2007

(A) Historical figures prior to '98 are for Norwest alone. (B) Based on average shares until 1989; diluted from 1990. Excludes nonrecurring gains (loss): '92, (\$0.06); '98, (\$0.29). Next earnings report due mid-July. (C) Dividends historically paid in early-March, June, September, December. (D) Dividend reinvestment plan available. (E) In mill., adj. for stock splits.

Company's Financial Strength A+
 Stock's Price Stability 100
 Price Growth Persistence 80
 Earnings Predictability 75