Stock Selection Guide ®

NATIONAL ASSOCIATION OF INVESTORS CORPORATION
NAIC
INVESTMENT EDUCATION FOR INDIVIDUALS AND CLUBS
SINCE 1951

The most widely used aid to good investment judgment

Company	WELLS FARGO & CO
Date	06/12/07
Prepared by	jah
Data taken from	NAIC Data
Where traded	NYSE
Major product/service	Diversified

CAPITALIZATION --- Outstanding Amounts   Reference _____

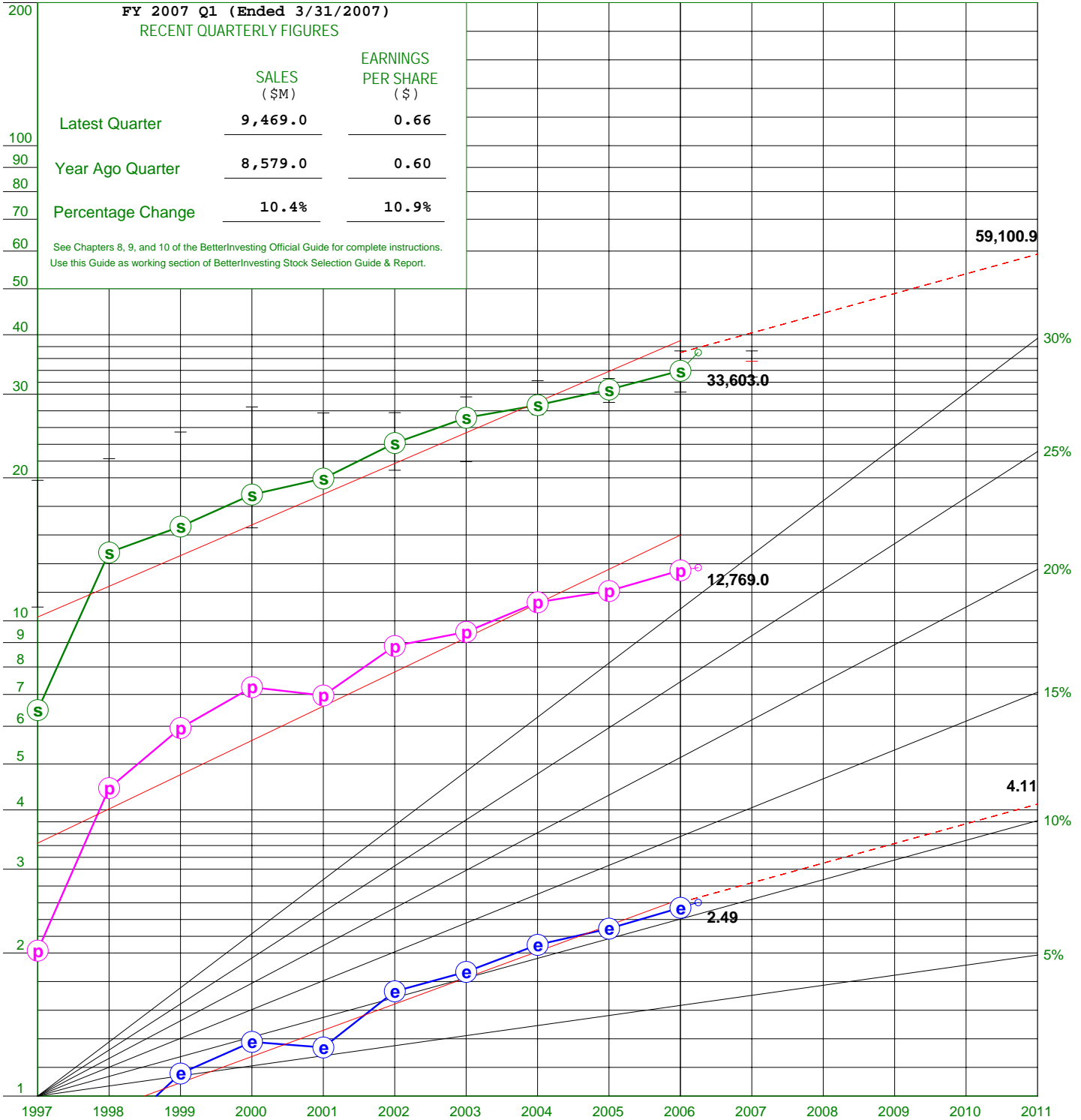|		% Insiders	% Institution
Preferred ($M)	-52.0		
Common (M Shares)	3,350.5	0.0	0.0
Debt ($M) 103,508.0	% to Tot.Cap. 69.5	% Potential Dil.	None

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.

59,100.9
33,603.0
12,769.0
4.11
2.49

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011

(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 %

Printed: 06/12/07 07:46 PM Prepared by: jah Using The Investor's Toolkit

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	LAST 5 YEAR AVG.	TREND UP	TREND 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   35.180   HIGH THIS YEAR   36.990   LOW THIS YEAR   32.570

	Year	A PRICE HIGH	B PRICE LOW	C Earnings Per Share	D Price Earnings Ratio HIGH A÷C	E Price Earnings Ratio LOW B÷C	F Dividend Per Share	G % Payout F÷C X 100	H % High Yield F÷B X 100
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	13.8			

4   Proj. P/E [12.49] 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=125

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 (3D7 as adj.)   X Estimate High Earnings/Share   4.11   = Forecast High Price $ 63.7 (4A1)

B LOW PRICE -- NEXT 5 YEARS
(a) Avg. Low P/E   12.5 (3E7 as adj.)   X Estimated Low Earnings/Share   ~~2.49~~   2.56   = $ 32.0
(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 (4A1)   High Forecast Price Minus   28.8 (4B1)   Low Forecast Price Equals   34.9 (C)   Range. 1/3 of Range =   8.7 (4CD)

(4C2) Lower 1/3 = (4B1) 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   35.180   is in the   **Buy** (4C5)   Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)
High Price (4A1) 63.7   Minus Present Price   35.180
Present Price 35.180   Minus Low Price (4B1) 28.8   = $\frac{28.5}{6.4}$ = $\frac{4.5}{(4D)}$ To 1

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 35.180   = (1.811) X 100 = (181.1) - 100 = 81.1 (4E)   % Appreciation

Relative Value: 98.6%   Proj. Relative Value: 89.2%

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.

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 $ 35.180   = 0.032   X 100 =   3.2 (5A)   Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS
Avg. Earnings Per Share Next 5 Years   3.40   X Avg. % Payout (3G7) 41.3   = 140.4   = 4.0 (5B)   %
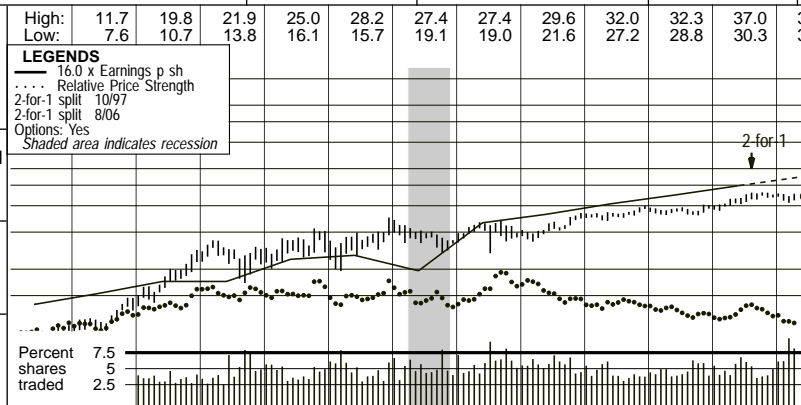Present Price $ 35.180

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS
5 Year Appreciation Potential (4E) 81.1 / 5 = 16.2 %
Average Yield (5B) = 4.0 %
Average Total Annual Return Over the Next 5 Years (5C) = 20.2 %

	P.A.R.	Tot. Ret.
Average Yield	3.0%	2.7%
Annual Appreciation	10.3%	12.6%
% Compd Ann Rate of Ret	13.3%	15.3%

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

TIMELINESS 3 Lowered 2/2/07

SAFETY 1 Raised 2/28/03

TECHNICAL 4 Lowered 5/11/07

BETA .85 (1.00 = Market)

High:	11.7	19.8	21.9	25.0	28.2	27.4	27.4	29.6	32.0	32.3	37.0	36.6
Low:	7.6	10.7	13.8	16.1	15.7	19.1	19.0	21.6	27.2	28.8	30.3	33.0

LEGENDS
— 16.0 x Earnings p sh
.... Relative Price Strength
2-for-1 split 10/97
2-for-1 split 8/06
Options: Yes
Shaded area indicates recession

2 for 1

Target Price Range 2010 2011 2012

2010-12 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	70	(+100%)	21%
Low	55	(+55%)	14%

Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	0	1	0	0	0	0	0	1
Options	6	2	0	2	3	3	2	1
to Sell	2	1	0	1	2	0	1	0	0

Institutional Decisions

	2Q2006	3Q2006	4Q2006
to Buy	459	442	554
to Sell	546	566	510
Hld's(000)	2294213	2313829	2357334

Percent shares traded 7.5 / 5 / 2.5

% TOT. RETURN 4/07

	THIS STOCK	VL ARITH. INDEX
1 yr.	7.8	12.1
3 yr.	40.0	53.0
5 yr.	63.2	84.4

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 A	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		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	Value Line		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%	estimates		Avg Ann'l Div'd Yield	2.1%
88540	202475	218102	272426	307569	349259	387798	427849	481741	481996	520000	560000	Total Assets ($mill)	680000
41288	104860	116294	157405	168738	192772	249182	283824	306966	315352	340000	365000	Loans ($mill)	445000
4033.4	8990.0	9355.0	10865	12460	14855	16007	17150	18504	19951	21480	22900	Net Interest Inc ($mill)	27200
524.7	1225.0	1045.0	1329.0	1780.0	1733.0	1722.0	1717.0	2383.0	2204.0	2850	3200	Loan Loss Prov'n ($mill)	3880
2962.3	6427.0	7420.0	8843.0	7690.0	9641.0	12382	12909	14445	15740	16800	17920	Noninterest Inc ($mill)	21420
4421.3	9427.0	9782.0	11830	12891	13909	17190	17573	19018	20742	21200	21640	Noninterest Exp ($mill)	22900
1351.6	2906.0	3747.0	4026.0	3423.0	5710.0	6202.0	7014.0	7671.0	8482.0	9390	10380	Net Profit ($mill)	13900
34.1%	39.0%	37.0%	38.5%	37.5%	35.5%	34.6%	34.9%	33.6%	33.4%	34.0%	35.0%	Income Tax Rate	36.0%
1.53%	1.44%	1.72%	1.48%	1.11%	1.63%	1.60%	1.64%	1.59%	1.76%	1.80%	1.85%	Return on Total Assets	2.00%
12767	20494	24160	32981	38530	50205	63642	73580	79668	87145	90000	90000	Long-Term Debt ($mill)	80000
7022.2	20759	22131	26488	27214	30358	34469	37866	40660	45876	51900	58040	Shr. Equity ($mill)	83030
7.9%	10.3%	10.1%	9.7%	8.8%	8.7%	8.9%	8.9%	8.4%	9.5%	10.0%	10.5%	Shr. Eq. to Total Assets	12.0%
46.6%	51.8%	53.3%	57.8%	54.9%	55.2%	64.3%	66.3%	63.7%	65.4%	65.5%	65.0%	Loans to Tot Assets	65.5%
19.2%	14.0%	16.9%	15.2%	12.6%	18.8%	18.0%	18.5%	18.9%	18.5%	18.0%	18.0%	Return on Shr. Equity	16.5%
12.8%	9.3%	11.1%	9.3%	6.3%	12.7%	10.7%	10.3%	10.7%	10.6%	11.0%	11.0%	Retained to Com Eq	11.5%
35%	35%	35%	39%	50%	33%	41%	45%	44%	43%	40%	38%	All Div'ds to Net Prof	32%

CAPITAL STRUCTURE as of 12/31/06
LT Debt $87145 mill. Due in 5 Yrs $57322 mill.
LT Interest $3070 mill.

Pension Assets-12/06 $5.35 bill. **Oblig.** $4.44 bill.

Pfd Stock $384.0 mill. **Pfd Div'd** $4.0 mill.

Common Stock 3,378,619,486 shs.
as of 1/31/07

MARKET CAP: $119.0 billion (Large Cap)

ASSETS	2004	2005	12/31/06
Loans	283824	306966	315352
Funds Sold	5020	5306	6078
Securities	33717	41834	42629
Other Earning	- -	- -	- -
Other	105288	127635	117937
LIABILITIES($Mill.)			
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

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '04-'06 to '10-'12
Loans	13.0%	16.0%	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 ■ 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				

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

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 it 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, non-performing 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. ■ Dividend reinvestment plan available. (D) In mill., adj. for stock splits.

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