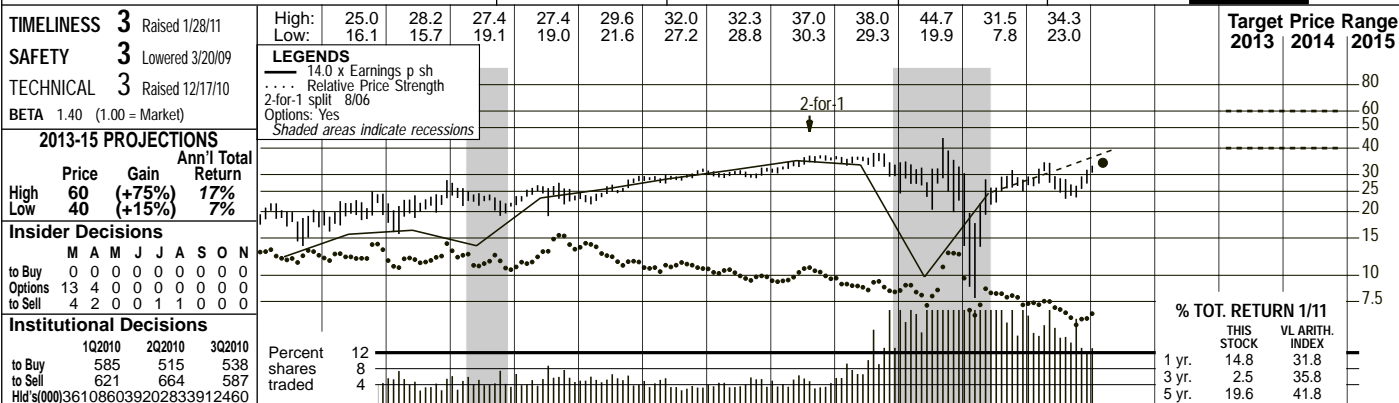


# WELLS FARGO NYSE-WFC

RECENT PRICE **34.10** P/E RATIO **13.6** (Trailing: 15.4 Median: 14.0) RELATIVE P/E RATIO **0.79** DIV'D YLD **0.7%** VALUE LINE



Year	1994	1995	1996	1997	1998 <sup>A</sup>	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	© VALUE LINE PUB. LLC	13-15
Price	.60	.68	.77	.88	.88	1.12	1.17	.99	1.66	1.83	2.05	2.25	2.49	2.38	.70	1.75	2.21	<b>2.85</b>	Earnings per sh <sup>B</sup>	<b>3.55</b>
Dividend	.19	.23	.26	.31	.31	.40	.45	.50	.55	.75	.93	1.00	1.08	1.18	1.30	.49	.20	<b>.24</b>	Div'ds Decl'd per sh <sup>C</sup>	<b>1.48</b>
Book Value	2.70	3.55	3.98	4.50	6.17	6.72	7.61	7.77	8.67	9.86	10.83	11.61	13.47	14.31	16.02	19.94	22.33	<b>22.45</b>	Book Value per sh	<b>28.45</b>
Market Cap	1236.6	1411.0	1474.8	1517.2	3288.1	3253.7	3429.3	3472.8	3472.8	3472.8	3472.8	3472.8	3377.1	3297.1	4228.6	5180.7	5272.4	<b>5400.0</b>	Common Shs Outst'g <sup>D</sup>	<b>5800.0</b>
P/E Ratio	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	14.6	42.1	13.3	12.7		Avg Ann'l P/E Ratio	<b>14.0</b>
Dividend Yield	.68	.70	.77	.96	1.12	1.04	1.18	1.20	.80	.79	.76	.72	.74	.78	2.53	.89	.76		Relative P/E Ratio	<b>.95</b>
Yield	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%	3.4%	4.4%	2.1%	.7%		Avg Ann'l Div'd Yield	<b>3.0%</b>

Category	2008	2009	12/31/10	2008	2009	12/31/10
<b>ASSETS (\$Mill.)</b>						
Net Loans	843817	758254	734245	843817	758254	734245
Funds Sold	49433	40885	80637	49433	40885	80637
Securities	151569	172710	172654	151569	172710	172654
Other Earning	--	--	--	--	--	--
Other	264820	271797	270592	264820	271797	270592
<b>LIABILITIES (\$Mill.)</b>						
Deposits	781402	824018	847942	781402	824018	847942
Funds Borrowed	108074	38966	55401	108074	38966	55401
Long-Term Debt	267158	203861	156983	267158	203861	156983
Shr. Equity	99084	111786	126408	99084	111786	126408
Other	53921	65015	71394	53921	65015	71394
Total	1309639	1243646	1258128	1309639	1243646	1258128
Loan Loss Reserv.	21013	24516	23022	21013	24516	23022

**MARKET CAP: \$180 billion (Large Cap)**

**ASSETS (\$Mill.)** 2008 2009 12/31/10  
 Net Loans 843817 758254 734245  
 Funds Sold 49433 40885 80637  
 Securities 151569 172710 172654  
 Other Earning -- -- --  
 Other 264820 271797 270592

**LIABILITIES (\$Mill.)**  
 Deposits 781402 824018 847942  
 Funds Borrowed 108074 38966 55401  
 Long-Term Debt 267158 203861 156983  
 Shr. Equity 99084 111786 126408  
 Other 53921 65015 71394  
 Total 1309639 1243646 1258128  
 Loan Loss Reserv. 21013 24516 23022

**BUSINESS:** Wells Fargo & Company was formed by the merger of Norwest and Wells Fargo on 11/98, and is one of the largest bank holding co. in the U.S. At 12/31/10, had over 11,000 offices, including over: 3,300 bank branches; 800 mortgage offices, 1,200 consumer finance offices in the U.S., Canada, Caribbean, & Central America. Acquired Wachovia, 12/08. At 12/31/10: net charge-offs, 2.02% of loans; allowance for loan losses, 3.10% of loans; nonperforming assets, 4.27%. Has about 267,300 full-time equivalent employees. Officers & directors own about 1.0% of common stock (Proxy 3/10). Chairman, President & CEO: John G. Stumpf. Incorporated: Delaware. Addr.: 420 Montgomery Street, San Francisco, CA 94104. Tel.: 800-292-9932. Internet: www.wellsfargo.com

**Wells Fargo's credit quality continues to improve.** Net charge-offs, the allowance for loan losses, and nonperforming assets all declined as 2010 came to a close, and the first two measures fell to their lowest levels in nearly two years. The big bank has also been busy with loan modifications, and has initiated some 620,000 since the beginning of 2009 with the goal of reducing delinquencies and further shoring up credit quality. **After declining in recent years, the loan portfolio should expand again.** The company spent the past two years aggressively trimming problematic assets from the balance sheet. Although loans are still down 13% from their peak in late 2008, growth resumed in the December quarter, and the portfolio ought to expand 5%–10% by the end of 2011. **Improving core deposit growth ought to help drive down the cost of capital.** After edging up 3% last year, deposit growth should accelerate in 2011, as Wells continues to build out its geographic footprint. Too, savings and checking accounts—typically a cheaper source of capital—now represent 90% of deposits, versus 86%

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
<b>2007</b>	321715	338980	359093	376888	
<b>2008</b>	380530	391862	403184	843817	
<b>2009</b>	821298	798579	775924	758254	
<b>2010</b>	756307	741681	729725	734245	
<b>2011</b>	<b>745000</b>	<b>760000</b>	<b>775000</b>	<b>790000</b>	

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
<b>2007</b>	.66	.67	.64	.41	2.38
<b>2008</b>	.60	.53	.49	d.84	.70
<b>2009</b>	.56	.57	.56	.08	1.75
<b>2010</b>	.45	.55	.60	.61	2.21
<b>2011</b>	<b>.62</b>	<b>.68</b>	<b>.75</b>	<b>.80</b>	<b>2.85</b>

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
<b>2007</b>	.28	.28	.31	.31	1.18
<b>2008</b>	.31	.31	.34	.34	1.30
<b>2009</b>	.34	.05	.05	.05	.49
<b>2010</b>	.05	.05	.05	.05	.20
<b>2011</b>					

**We look for total income to increase 6%–7% in 2011.** Net interest income ought to rise about 7%, as the loan portfolio grows and capital costs decline. Meantime, noninterest income should advance 5%, or more, owing to higher mortgage banking, trust, and investment management fees. **And record earnings ought to be achievable this year.** Absent one blemish in the fourth quarter of 2008, Wells Fargo was profitable through the worst of the recent recession. Too, the company came on strong down the stretch of 2010, and should build on that momentum over the next several quarters. In all, earnings will likely improve 25%–30% in 2011, to \$2.85 a share. **This stock has decent long-term recovery potential.** Wells Fargo remains among the strongest operators in the banking sector, thanks to its vast branch network, solid credit quality, and industry-leading deposit base. Indeed, this lender's shares have worthwhile appreciation potential out to 2013–2015. *Sharif Abdou* February 18, 2011