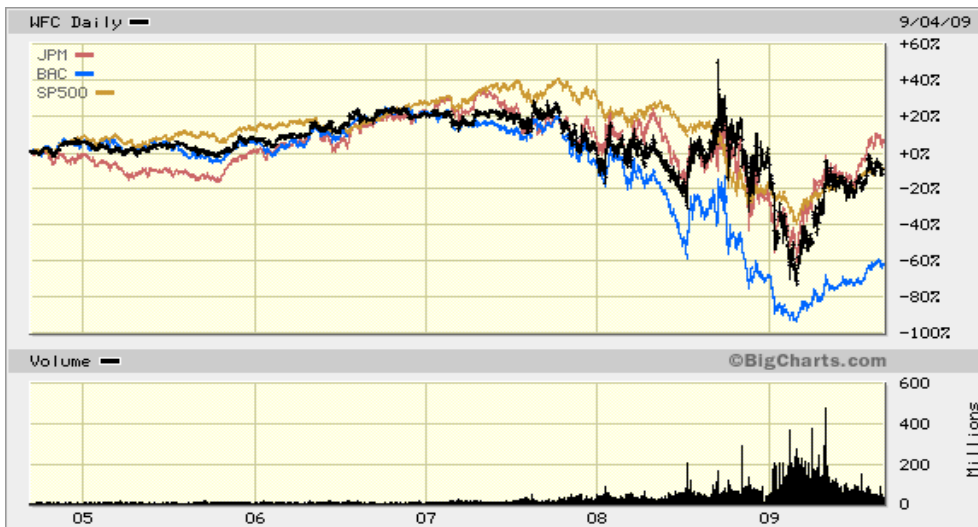


Wells Fargo & Company (WFC) 9/6/09

WFC, along with subsidiaries, operates in retail, commercial, and corporate banking primarily in the US. The company operates in three segments; Community Banking, Wholesale Banking, and Wells Fargo Financial. Community Banking offers traditional commercial banking services, Wholesale Banking offers commercial and corporate banking services, and Wells Fargo Financial offers consumer and auto finance services. WFC was founded in 1929 and is headquartered in San Francisco, California.

Current Price	\$26.91
52 Week High	\$44.69
52 Week Low	\$7.80
One Yr Target	\$27.00
Market Cap (in billions)	\$125.71
P/E (Trailing)	34.43
P/E(1 Yr Forward)	15.81
P/E/G	1.50
ROA	0.55%
ROE	5.16%
EPS	\$0.78
Beta	1.63
Annualized Dividend	\$0.20
Dividend Yield	0.74%
Analyst Consensus	2.90



Annual EPS

2005	\$2.25	
2006	\$2.47	9.78%
2007	\$2.38	-3.64%
2008	\$0.70	-70.59%
2009E	\$0.78	11.66%

Annual Revenue (in millions)

2005	n/a
2006	n/a
2007	n/a
2008	n/a

Annual Net Income (in millions)

2005	\$7,671.00	
2006	\$8,420.00	9.76%
2007	\$8,057.00	-4.31%
2008	\$2,655.00	-67.05%

Required Rate of Return

14.22%

Dividend Growth Model

Present Value of 2013 Price	\$1.93
Holding Period Return (5 years)	-33.22%

Expected Annualized Return Model

Present Value of 2013 Price	\$7.45
Holding Period Return (5 years)	-25.73%

Residual Income Model

Intrinsic Stock Price	\$1.44
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Analysis

Positives

EPS for 2009 are projected to increase in percentage

Negatives

High P/E ratio, Beta > 1, and dividend yield is low

Company had decreasing EPS and Net Income even before the economic downturn

Greatly overvalued according to all three valuation ratios

Financial Statements

Balance Sheet is decent, a large increase in equity in recent year is good

Income Statement is ok, company was greatly effected by the economic conditions

Cash Flows have very large changes over several years, but a nice increase for 2008

Industry Analysis

Company is one of the largest in the industry

Financial ratios are average compared to competitors as are profit margins

Summary

WFC is a well run company but is in a highly competitive and highly tracked industry. The financial ratios of the company are poor, with a high P/E ratio driven up by expectations for the banking industry. Financial Statements have looked average to poor for the past several years but show signs of turning around. All three valuation models show the stock price as being greatly overvalued, which is a huge red flag. Overall WFC earns a **hold** rating.