

The Baird logo consists of the word "BAIRD" in white, uppercase, sans-serif font, set against a blue parallelogram background that is tilted to the right. The logo is positioned in the upper right corner of the slide.

BAIRD

The Wise Investor Group

A Financial Roadmap: 2014

Lessons From the Past and Opportunities for the Future

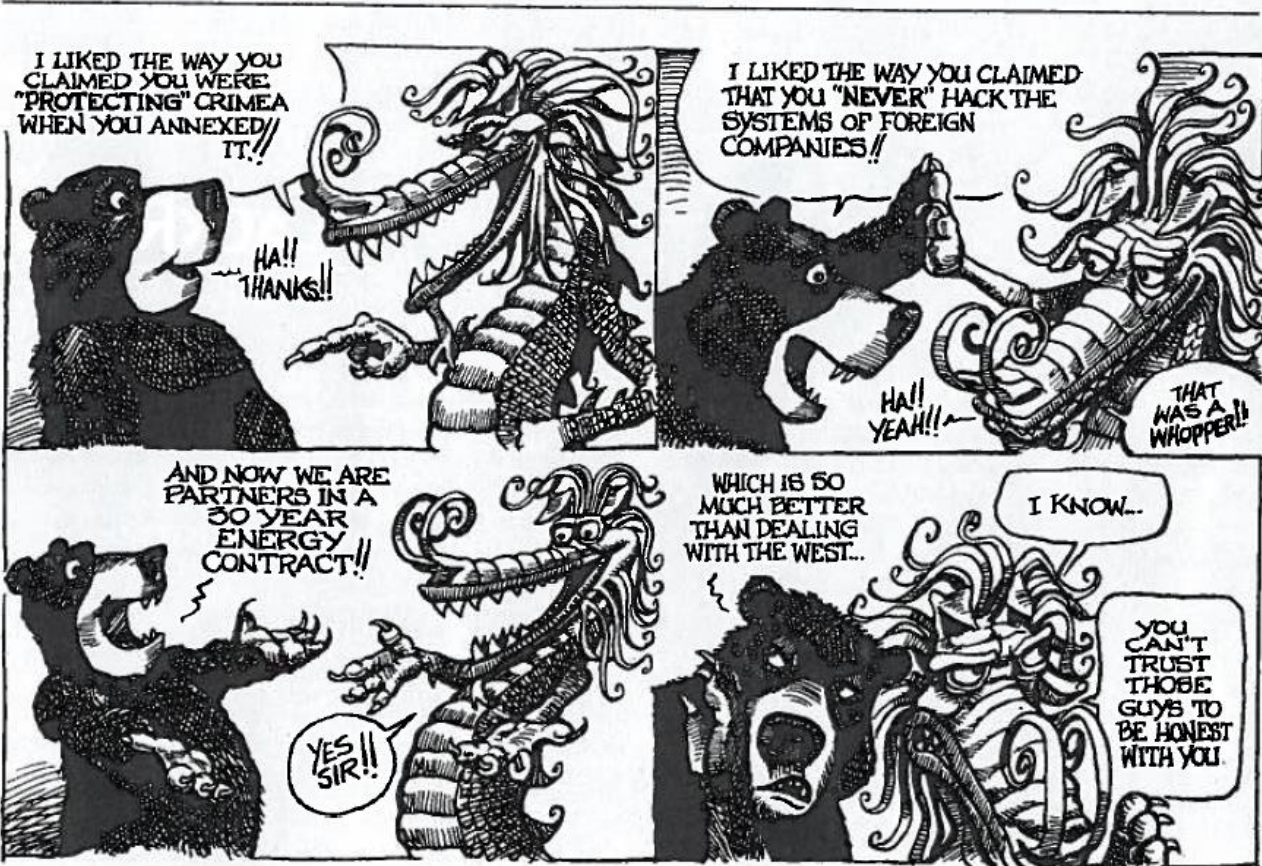
Nancy Popovich, CDFATM

Director
Portfolio Manager

Chase B. Hinderstein

Vice President
Portfolio Manager

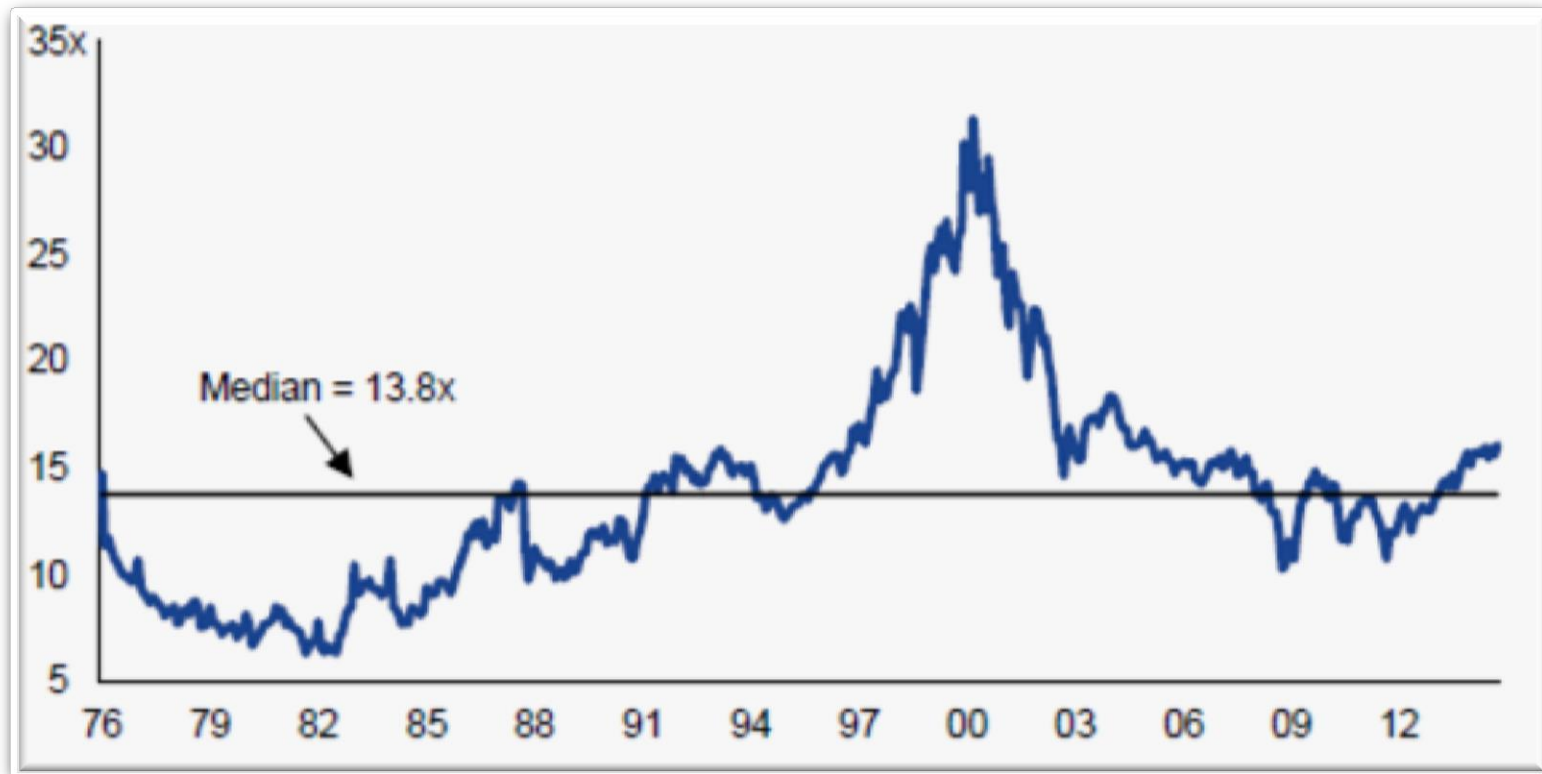
The Wise Investor Group
Robert W. Baird & Co.
11951 Freedom Drive, Suite 1000
Reston, Virginia 20190



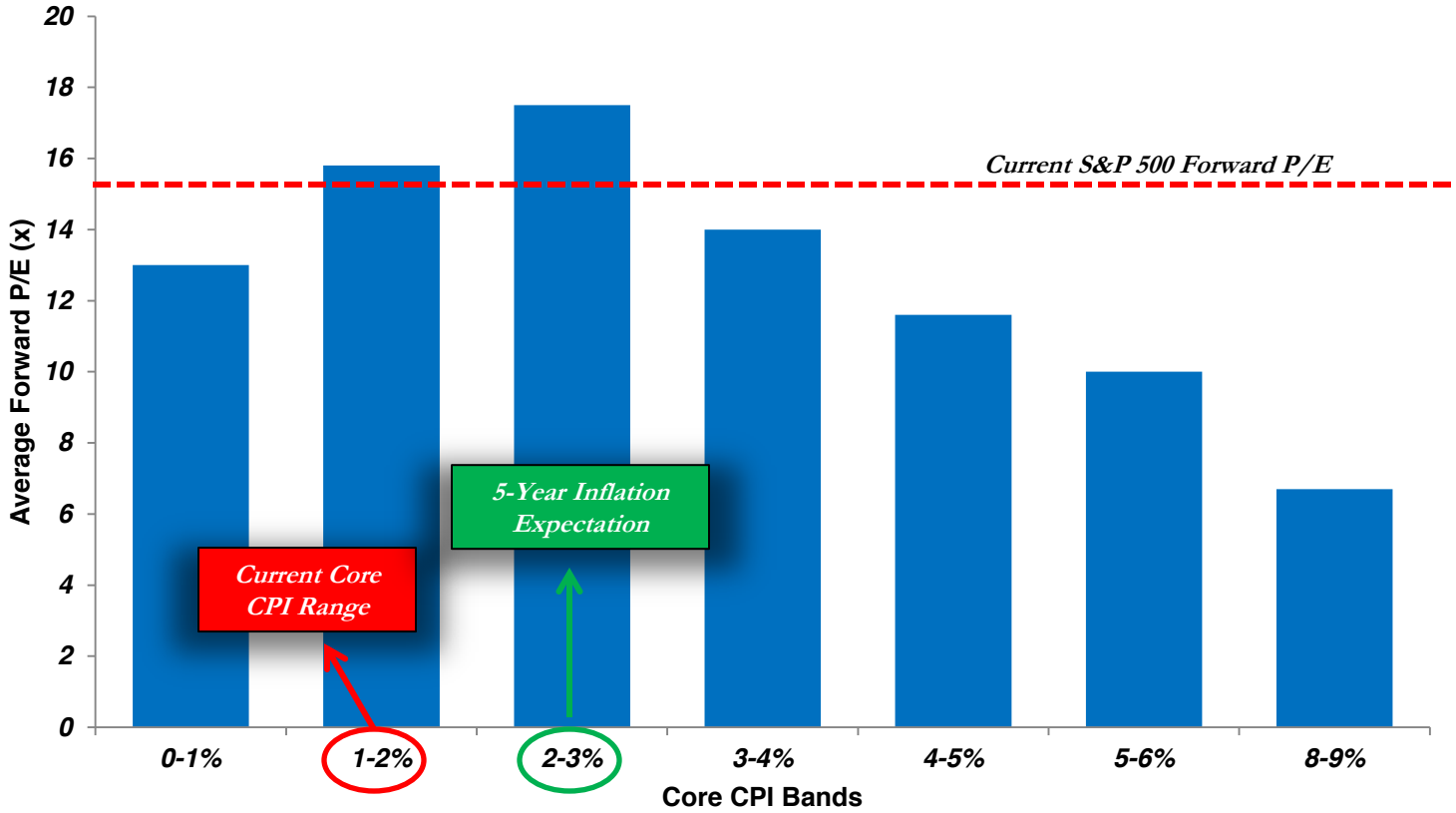
Market's Valuation from Shiller's Reference



Market's Regular Forward P/E Ratio

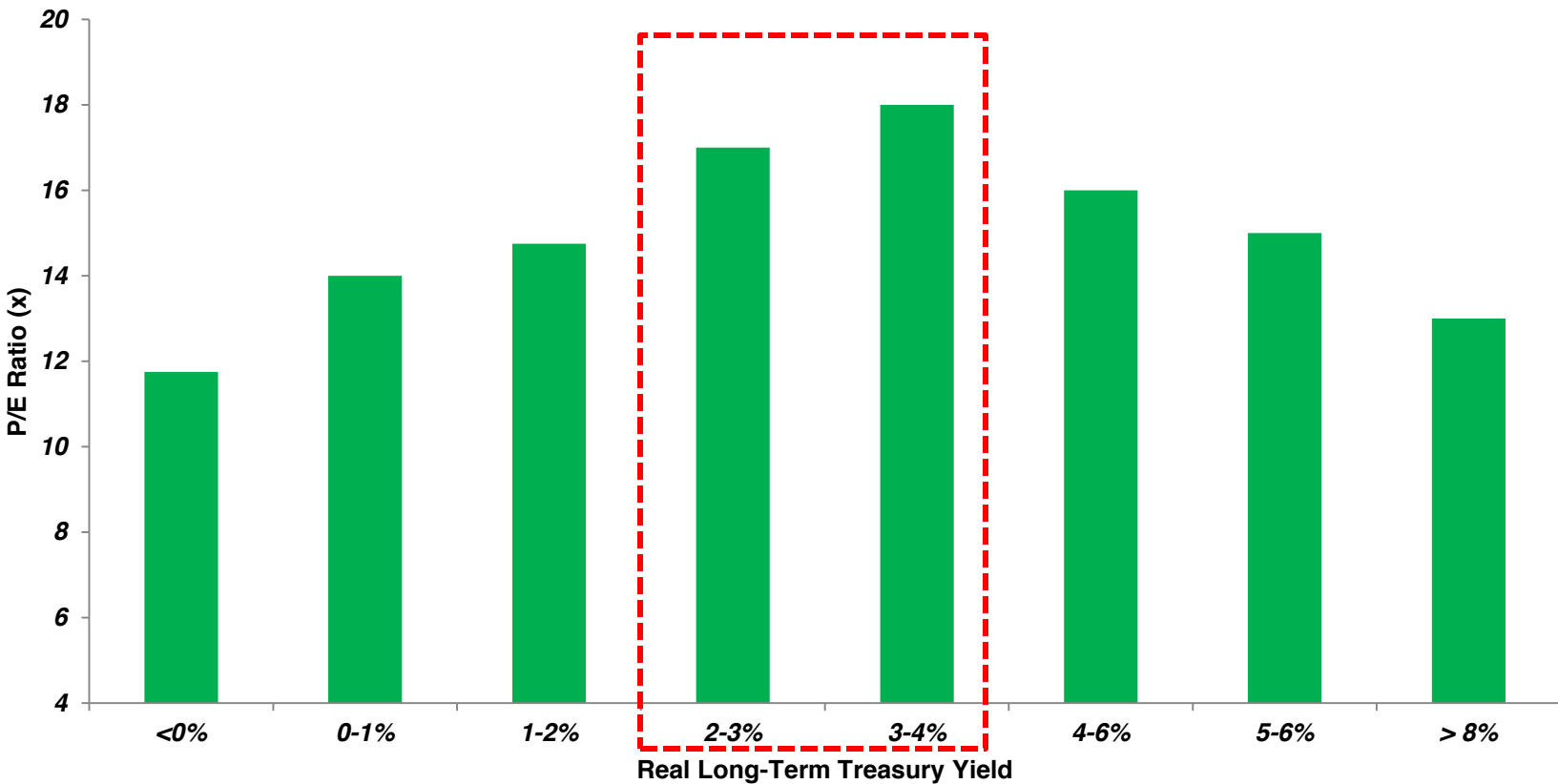


Modest Inflation Can Be Good for Equities



P/E Expansion Can Occur With Higher Rates

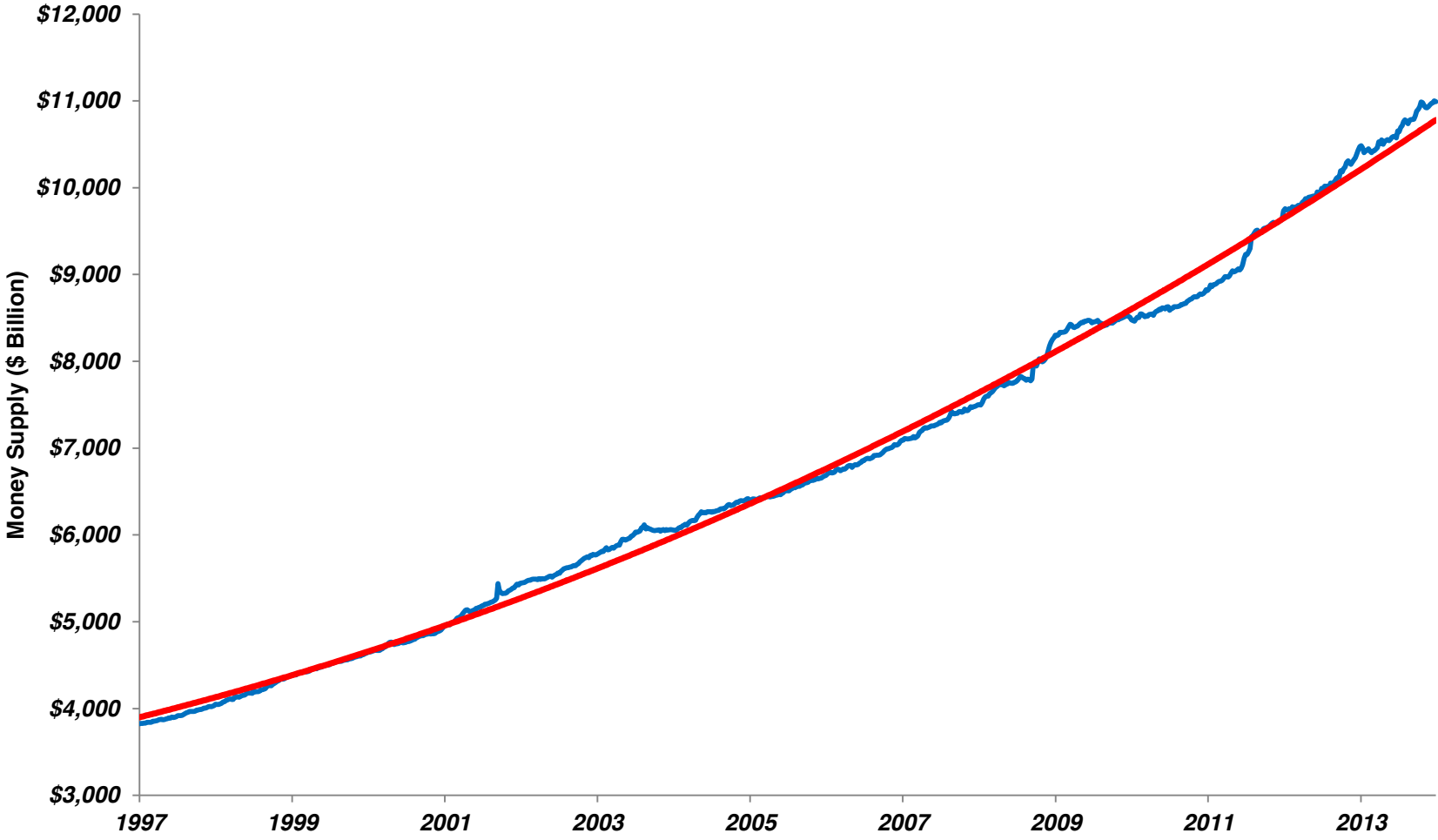
(Since 1930)



Source Bloomberg, Facset, Baird Research



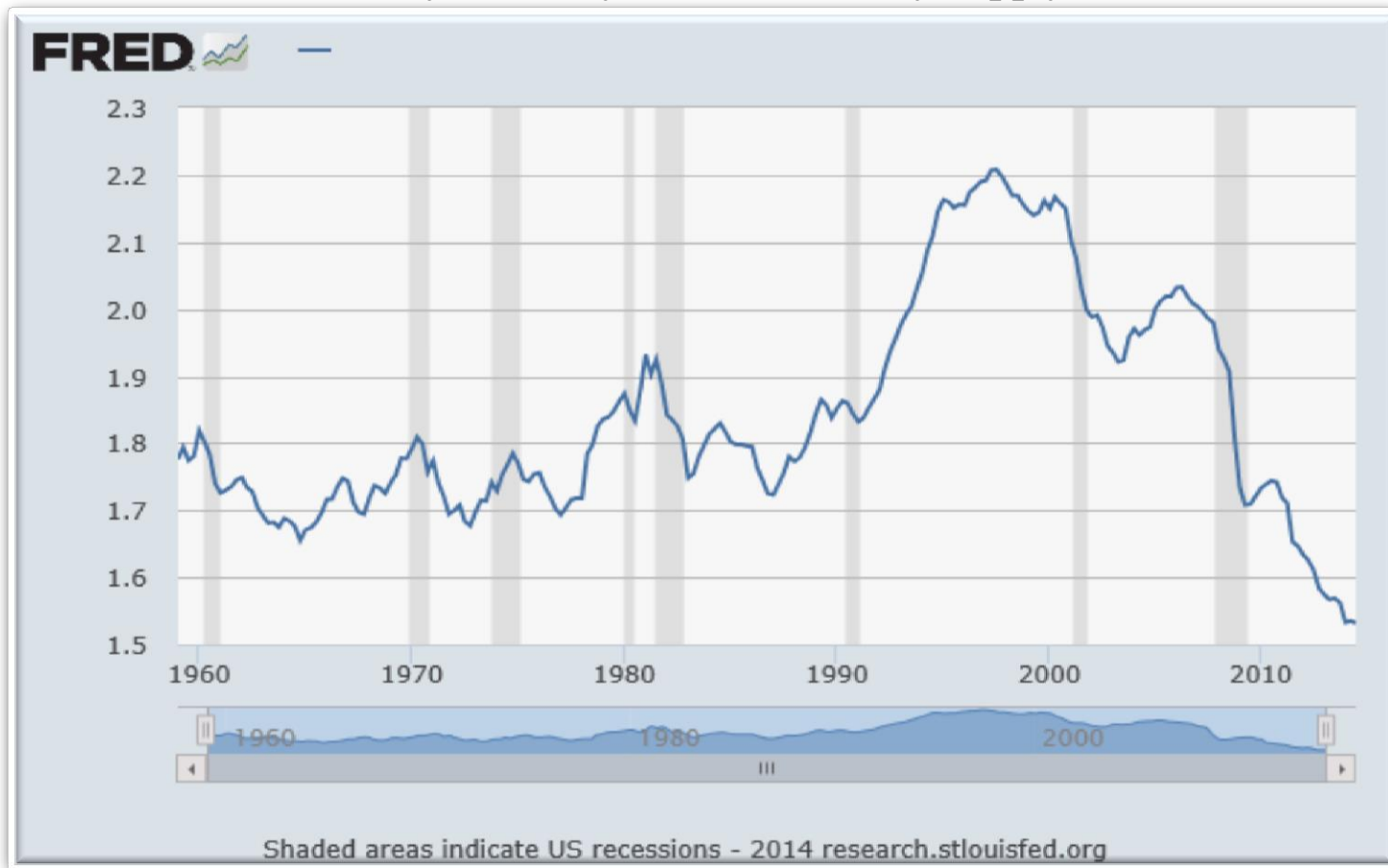
M2 Money Supply At Trend



Source: Bloomberg

Money Measure Have Little Economic Effect

(Velocity of Money: $GDP/M2$ Money Supply)



U.S. Bank Excess Reserves

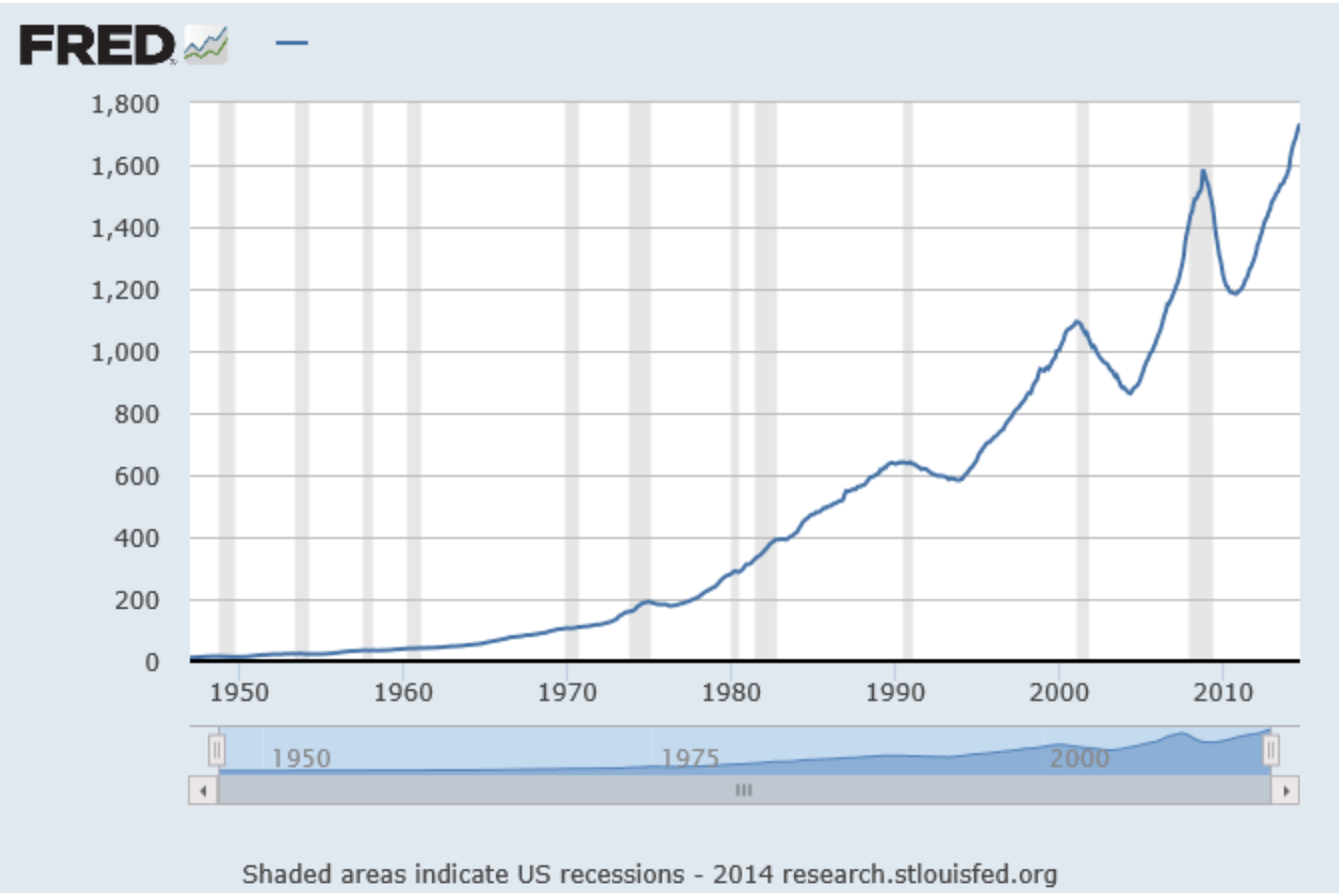
(Millions of Dollars)



Source: Federal Reserve Bank of St. Louis

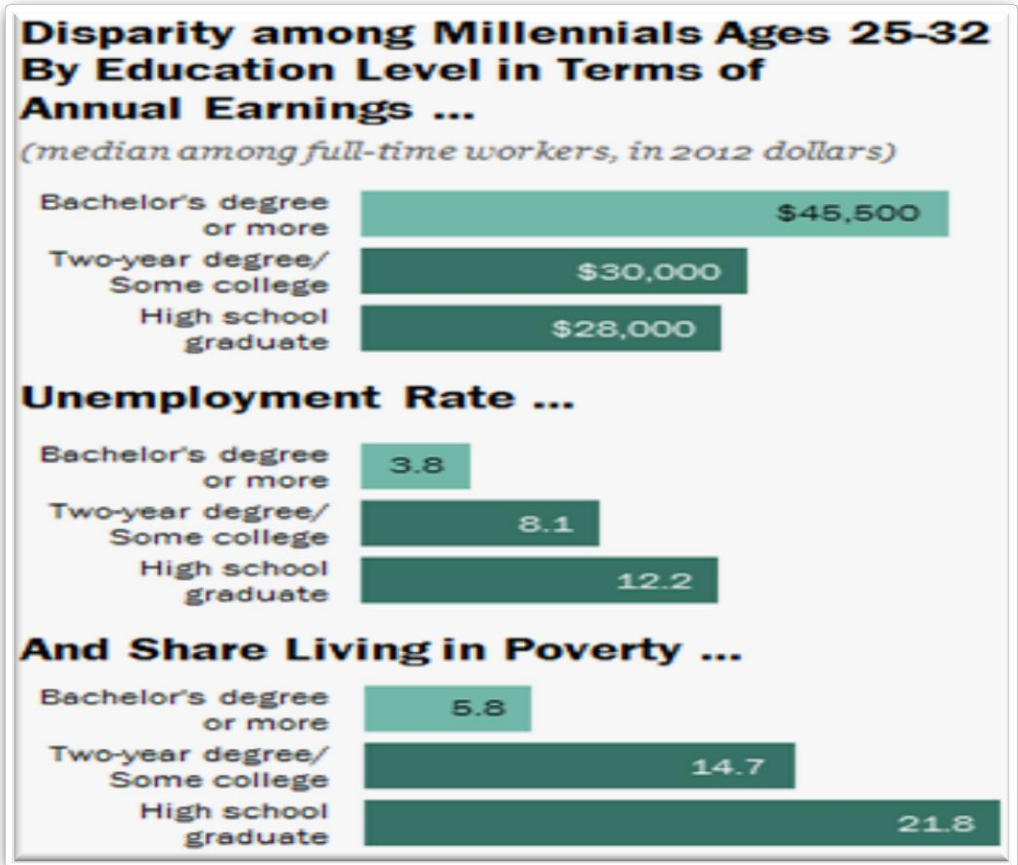
Commercial & Industrial Loans

(Billions of Dollars)



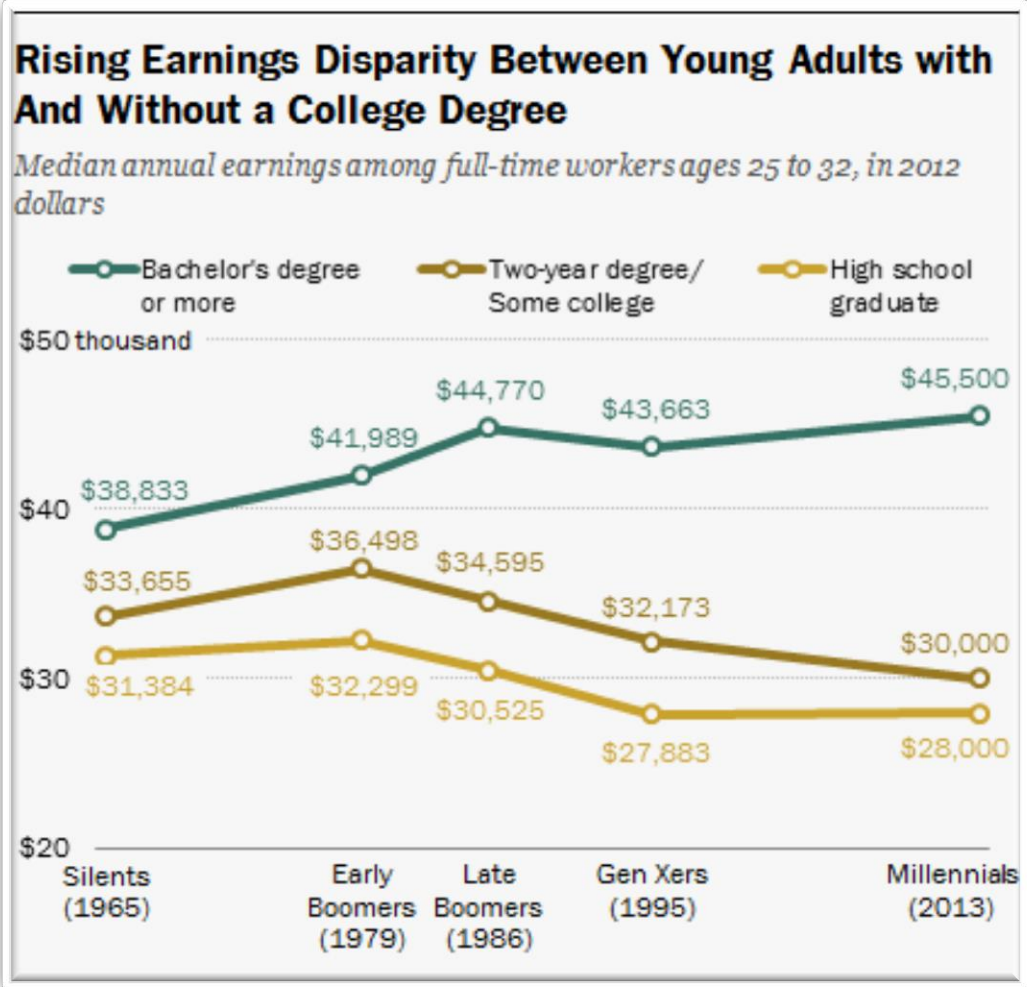
Source: Federal Reserve Bank of St. Louis

Income Disparity Widening



Source: Pew Research Center

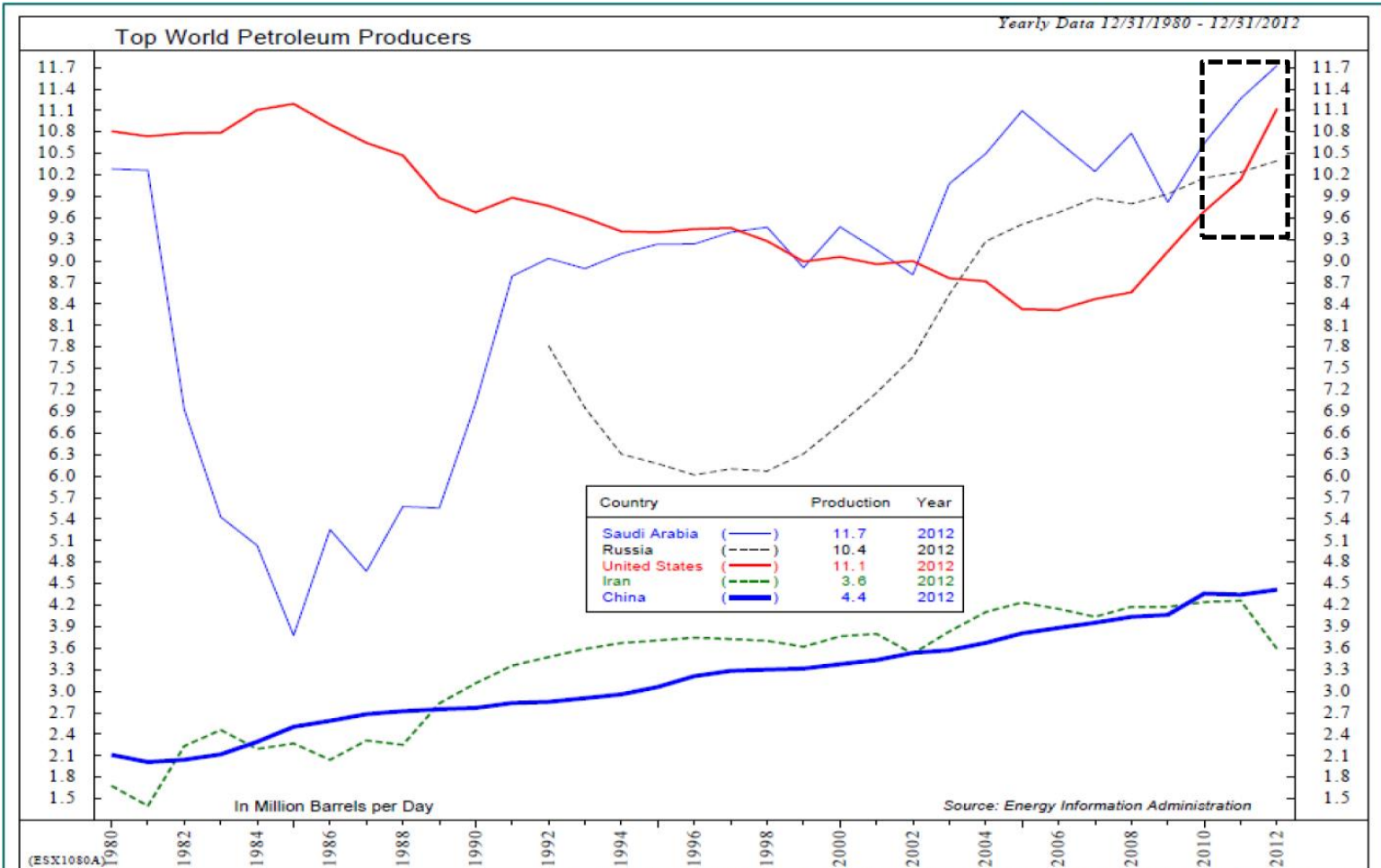
Income Disparity On The Rise



Source: Pew Research Center

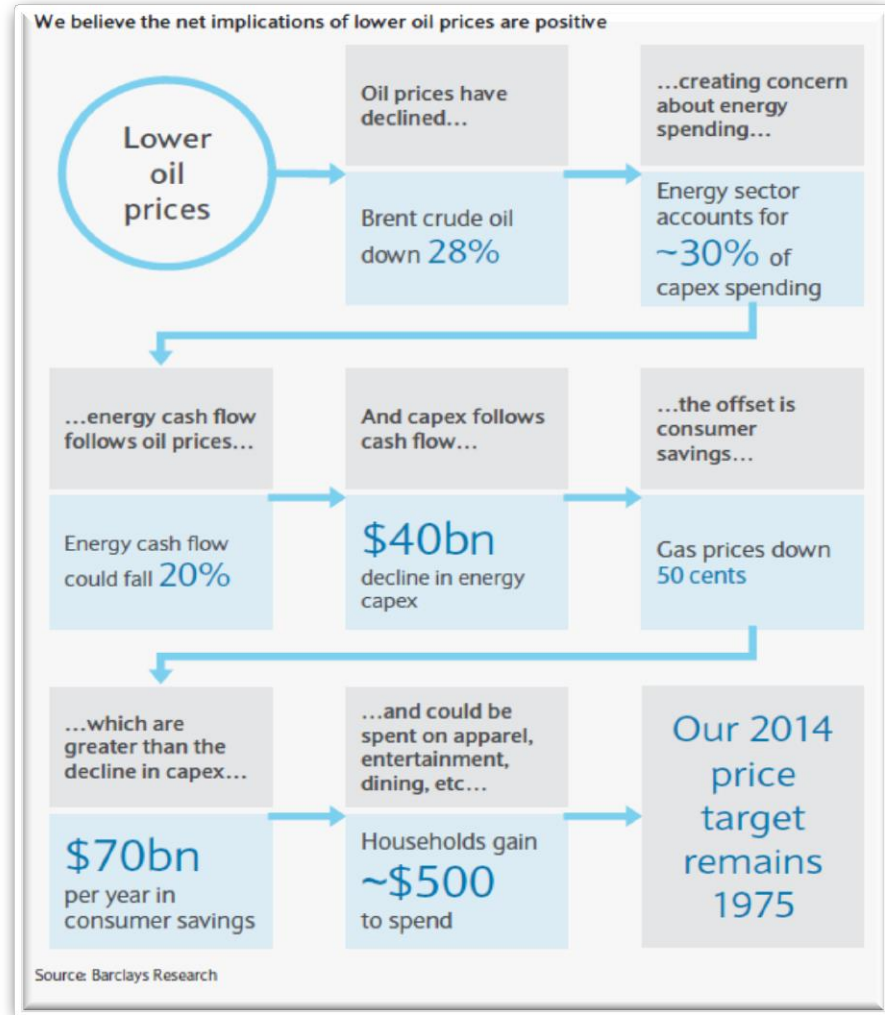


Top World Petroleum Producers

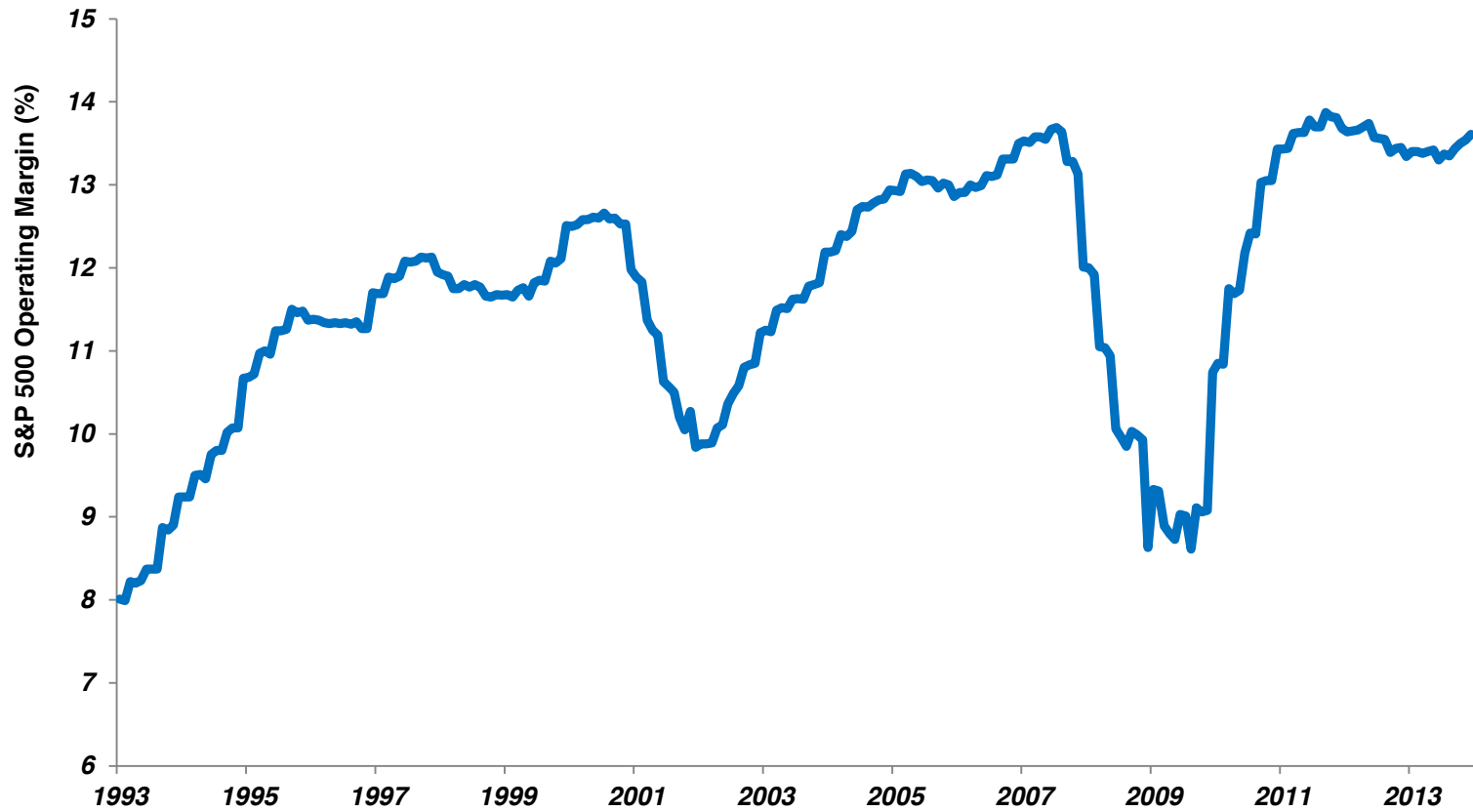


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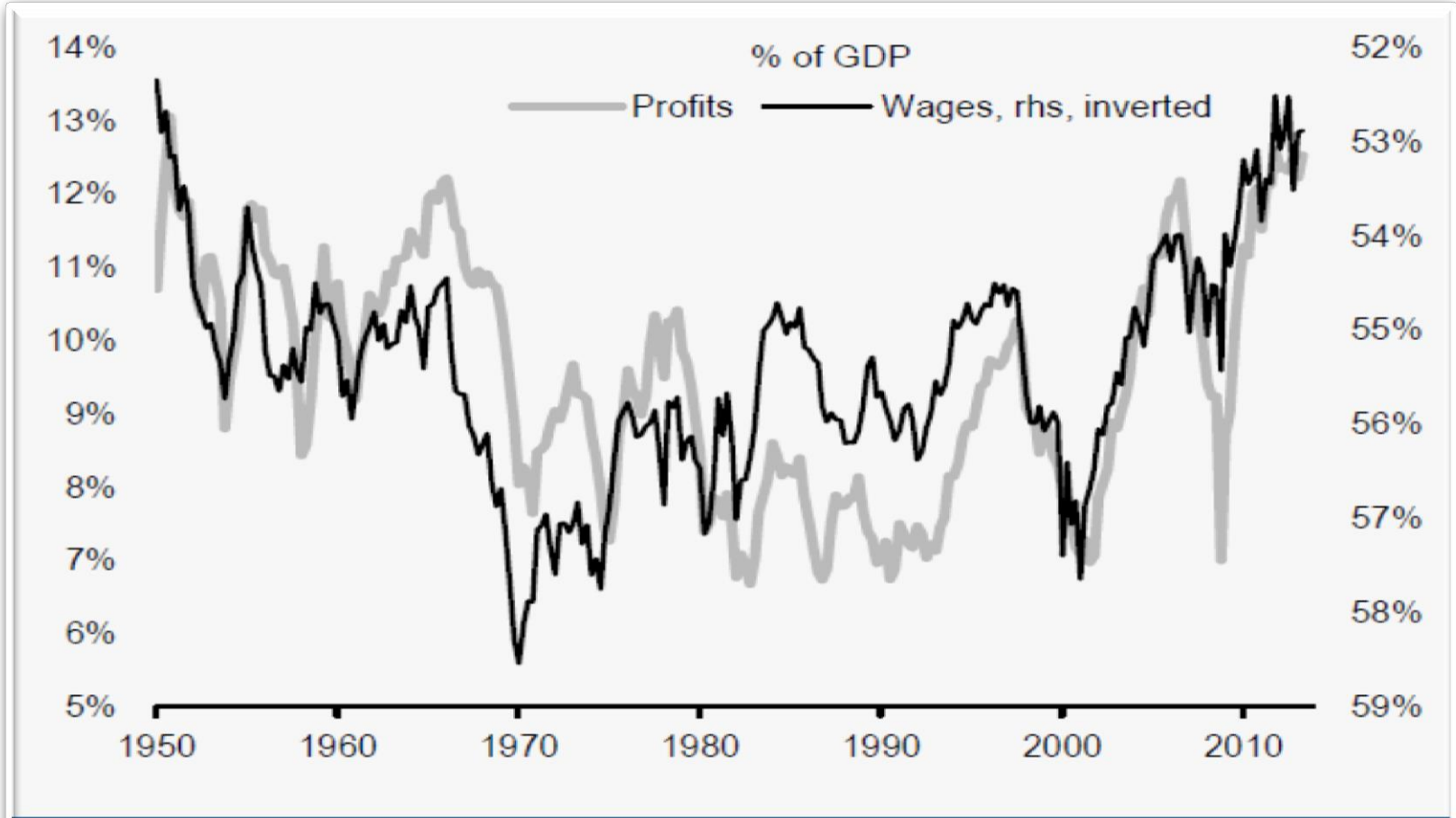
The Impact of Lower Oil Prices



U.S. Company Profit Margins



U.S. Company Profit Margins vs. Wages

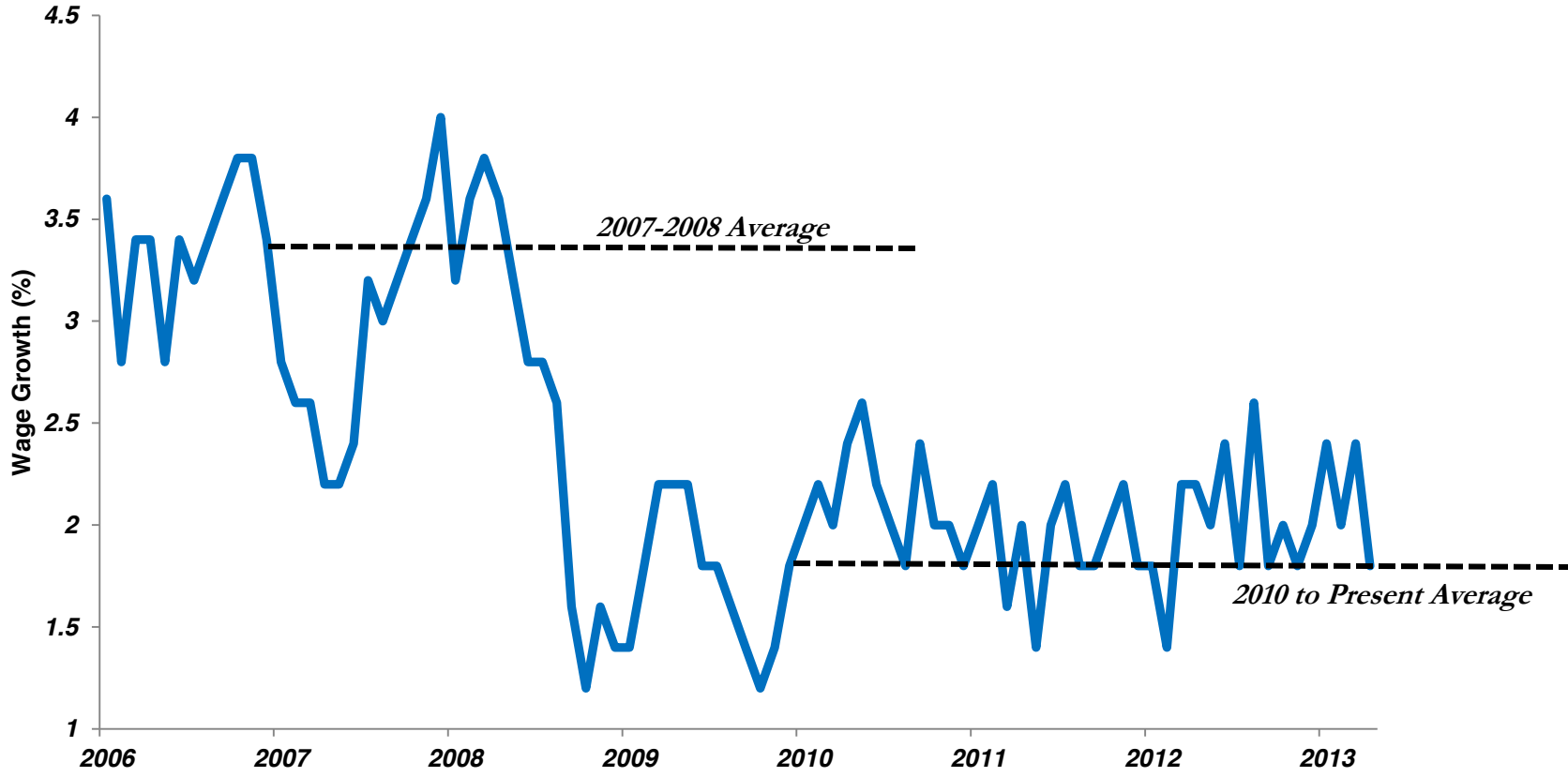


Source: Thomson Reuters, Credit Suisse research



Modest Wage Growth

(6-Month Annualized Change In Private Sector Wages)



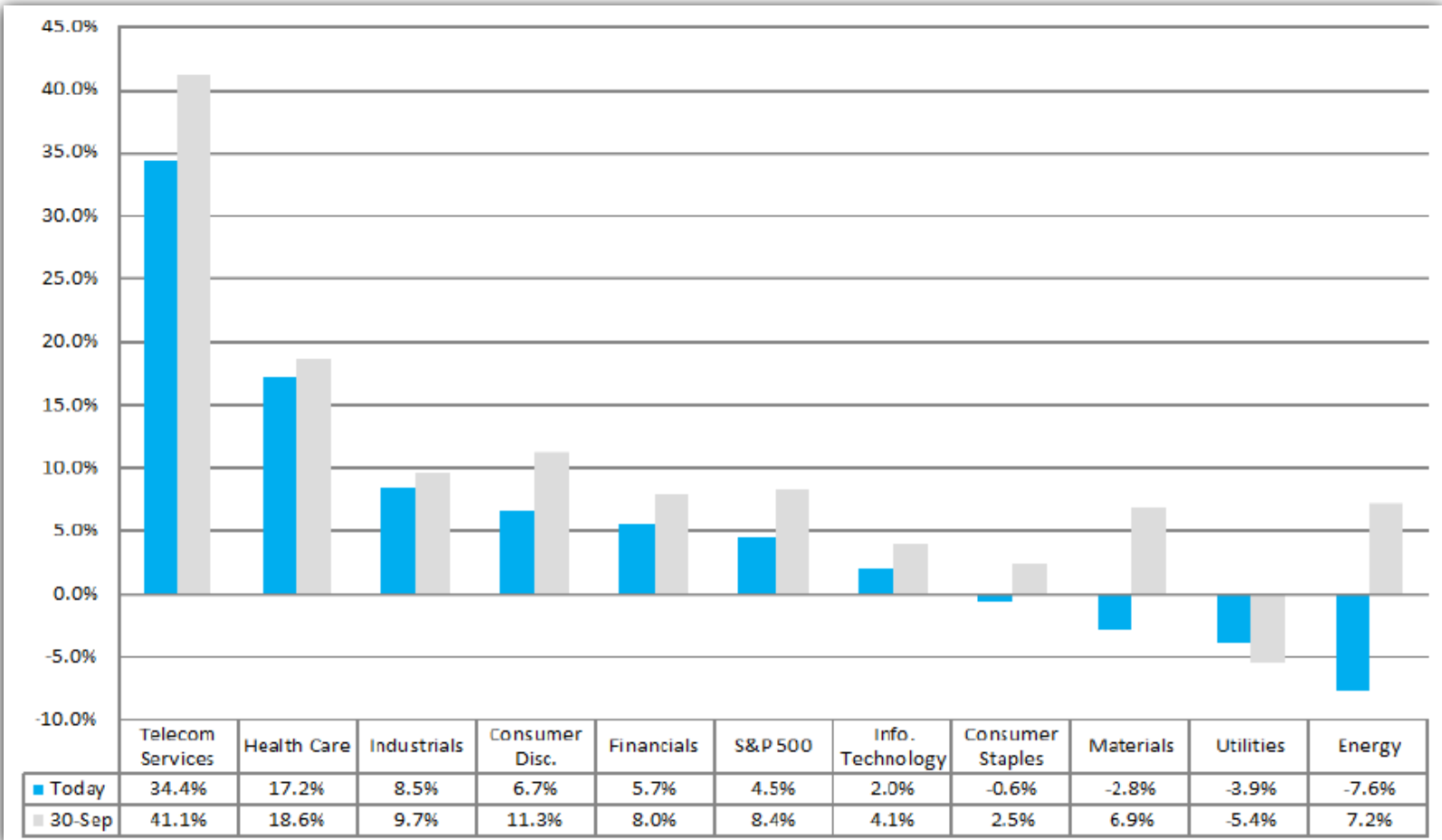
Source: Bloomberg



U.S. Margins Peak After Wages Rise

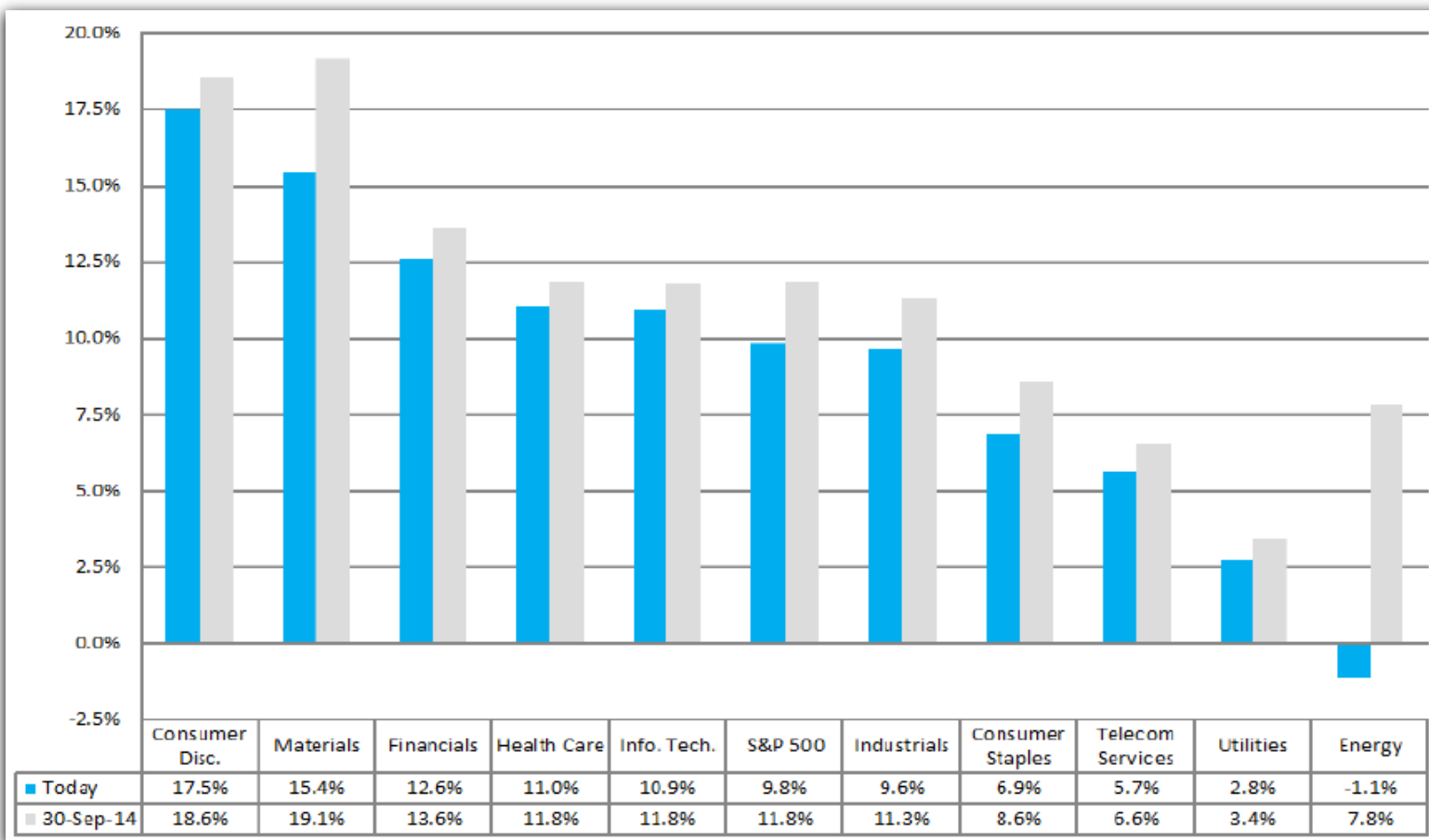
Peak in U.S. Margin	U.S. Hourly Wage Growth, YoY	Trough in Wage Growth	Lag (Months)
Jun - 84	3.5%	Aug - 83	10
Dec - 86	3.5%	Dec - 86	24
Sep - 97	3.9%	Mar - 96	18
Sep - 06	4.1%	Feb - 04	31
Average	3.7%		21
Current	2.0%		

S&P 500 Index Q4 2014 EPS Estimates



Source: FactSet as of 11/1/14

S&P 500 Index FY2015 EPS Estimates



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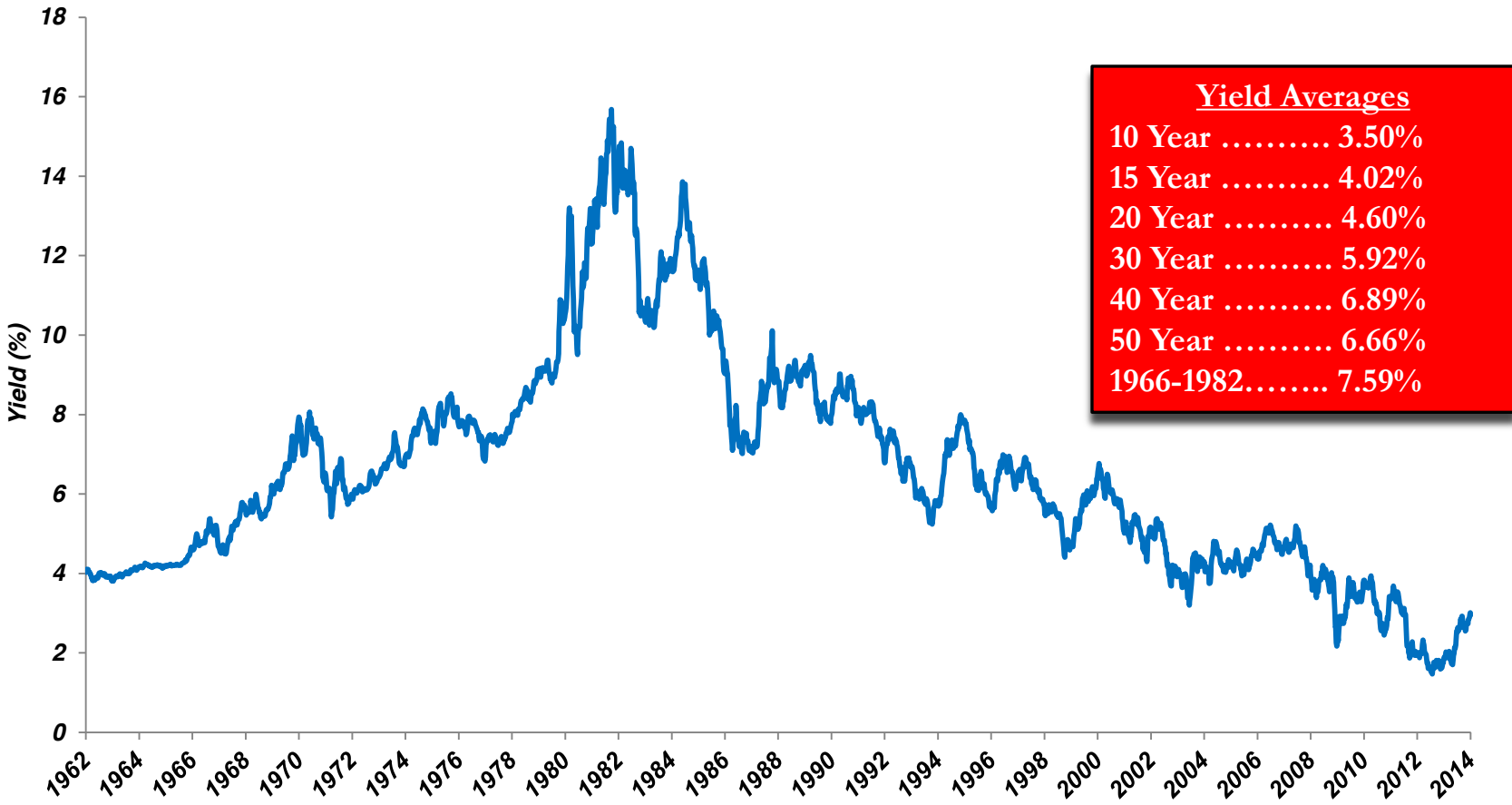
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Historical Perspective on Interest Rates

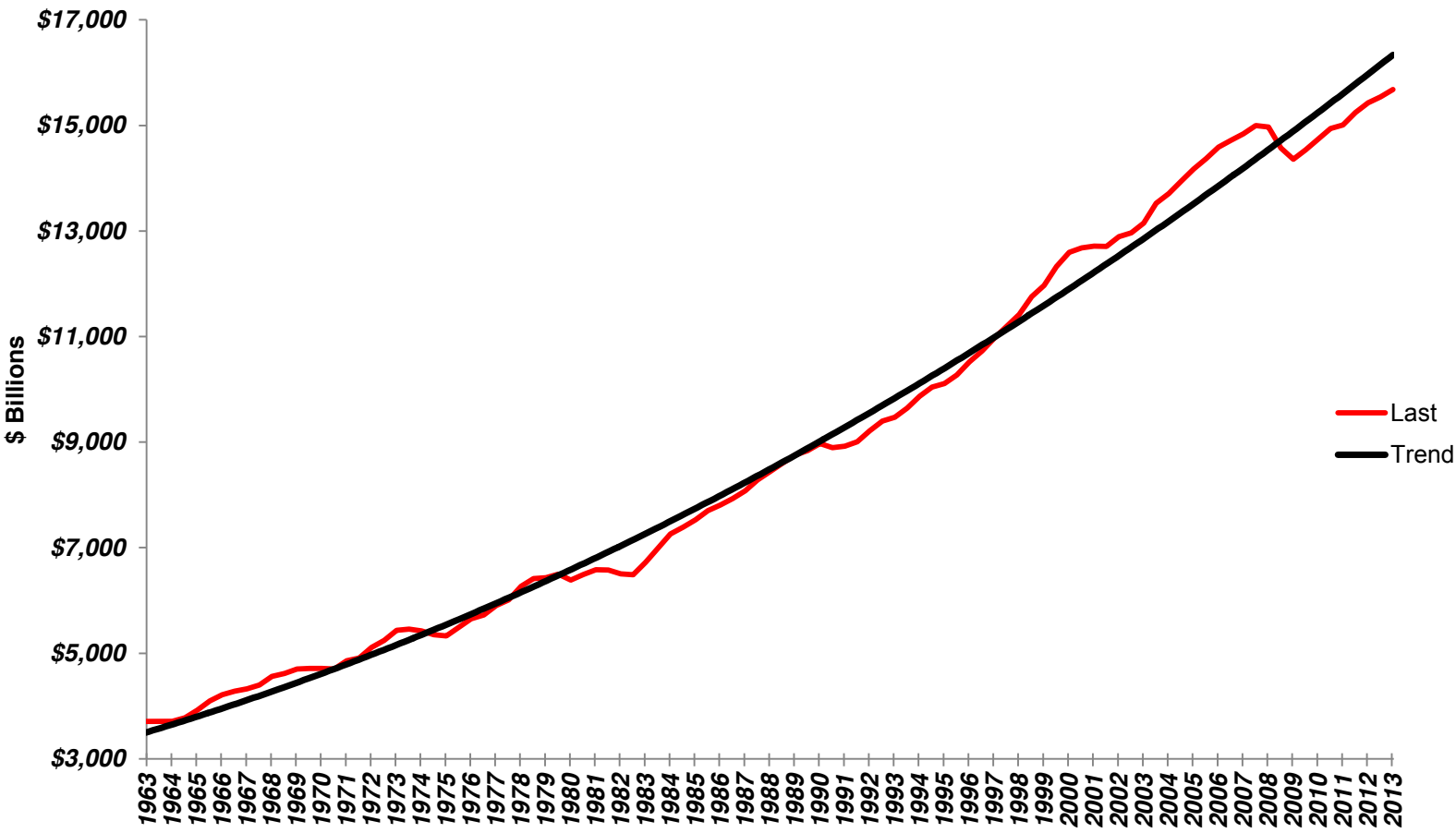
(U.S. 10-Year Treasury Yield)



Source: Bloomberg



U.S. Real GDP Growth vs. Trend



Source: Bloomberg

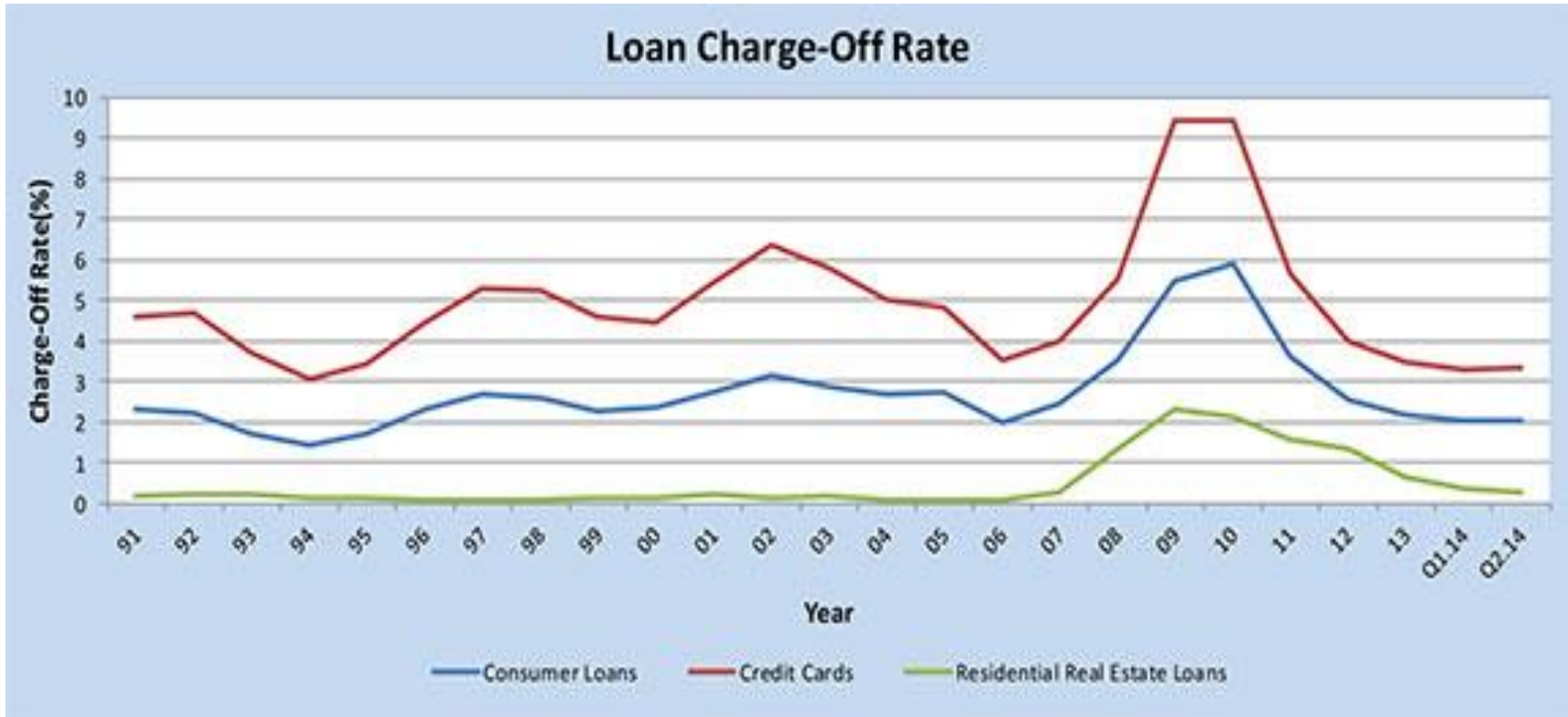
U.S. Bank Excess Reserves

(Millions of Dollars)



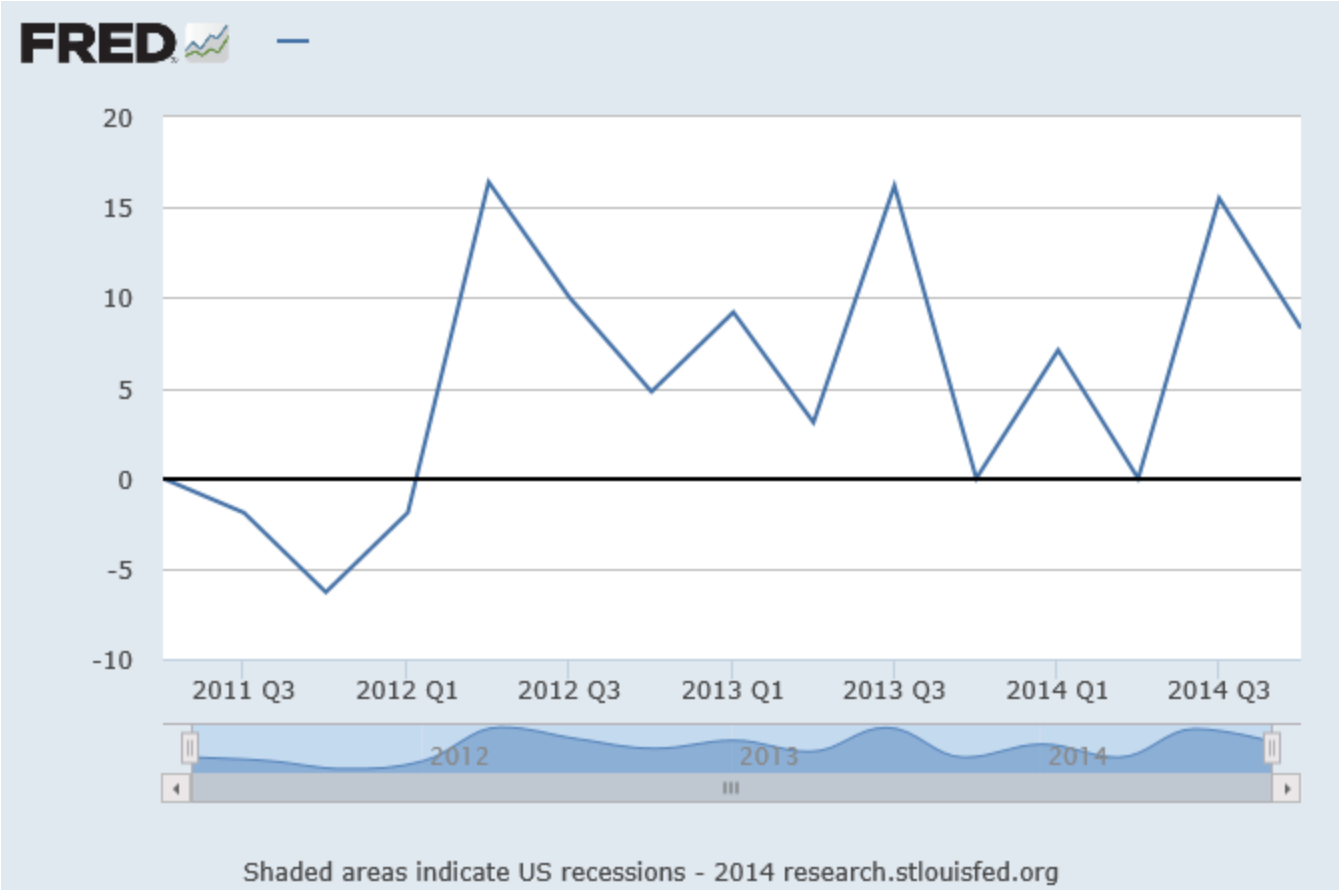
Source: Federal Reserve Bank of St. Louis

U.S. Commercial Bank Loan Charge-Offs



Stronger Demand for Consumer Loans...

(Net % of Banks Reporting Stronger Demand for Consumer Loans, ex- Credit Cards & Auto)



Source: Federal Reserve Bank of Philadelphia



Berkshire's Performance vs. S&P 500 Index

	Annual Percentage Change		
	In Per-Share Book Value of Berkshire	In S&P 500 with Dividends Included	Relative Results
	(1)	(2)	(1) - (2)
1965	23.8	10	13.8
1966	20.3	-11.7	32
1967	11	30.9	-19.9
1968	19	11	8
1969	16.2	-8.4	24.6
1970	12	3.9	8.1
1971	16.4	14.6	1.8
1972	21.7	18.9	2.8
1973	4.7	-14.8	19.5
1974	5.5	-26.4	31.9
1975	21.9	37.2	-15.3
1976	59.3	23.6	35.7
1977	31.9	-7.4	39.3
1978	24	6.4	17.6
1979	35.7	18.2	17.5
1980	19.3	32.3	-13
1981	31.4	-5	36.4
1982	40	21.4	18.6
1983	32.3	22.4	9.9
1984	13.6	6.1	7.5
1985	48.2	31.6	16.6
1986	26.1	18.6	7.5
1987	19.5	5.1	14.4
1988	20.1	16.6	3.5
1989	44.4	31.7	12.7
1990	7.4	-3.1	10.5
1991	39.6	30.5	9.1
1992	20.3	7.6	12.7
1993	14.3	10.1	4.2
1994	13.9	1.3	12.6
1995	43.1	37.6	5.5
1996	31.8	23	8.8
1997	34.1	33.4	0.7
1998	48.3	28.6	19.7
1999	0.5	21	-20.5
2000	6.5	-9.1	15.6
2001	-6.2	-11.9	5.2
2002	10	-22.1	32.1
2003	21	28.7	-7.7
2004	10.5	10.9	-0.4
2005	6.4	4.9	1.5
2006	18.4	15.8	2.6
2007	11	5.5	5.5
2008	-9.6	-37	27.4
2009	19.8	26.5	-6.7
2010	13	15.1	-2.1
2011	4.6	2.1	2.5
2012	14.4	16	-1.6
2013	18.2	32.4	-14.2

Compounded Annual Gain : 1965 – 2013

Berkshire 19.7%
S&P 500 9.8%

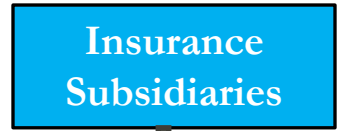
Overall Gain – 1964 – 2013

Berkshire 693,518%
S&P 500 9,841%

*Berkshire's
performance
was 70x greater
than the S&P
500 Index*

Berkshire's Float & Insurance Metrics

Year	Float (\$ Million)
1970	\$39
1980	\$237
1990	\$1,632
2000	\$27,871
2010	\$65,832
2012	\$73,125
2013	\$77,240



- Berkshire Hathaway Assurance Co.
- National Fire & Marine Insurance Co.
- Columbia Insurance Co.
- National Indemnity

Combined Ratio
 GEICO.....~ 93.5%
 General Re.... ~ 95.6%



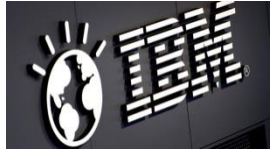
Berkshire's Operating Companies



Company	Employees	Company	Employees
Applied Underwriters	507	General Re	2,322
Berkshire Hathaway Homestate Companies	670	Guard Insurance Group	332
Berkshire Hathaway Reinsurance Group	699	Kansas Bankers Surety	14
BoatU.S.	388	Medical Protective	541
Central States Indemnity	156	National Indemnity Primary Group	425
GEICO	27,128	United States Liability Insurance Group	614
		Insurance total	33,796
NON-INSURANCE BUSINESSES			
Company	Employees	Company	Employees
Acme	2,117	Kern River Gas ⁽²⁾	153
Adalet ⁽¹⁾	262	Kirby ⁽¹⁾	483
Altaquip ⁽¹⁾	366	Larson-Juhl	1,544
Ben Bridge Jeweler	806	Lubrizol	6,624
Benjamin Moore	2,240	The Marmon Group ⁽⁴⁾	17,491
BH Media Group	3,660	McLane Company	20,545
Borsheims	170	MidAmerican Energy ⁽²⁾	3,479
Brooks Sports	437	MidAmerican Energy Holdings ⁽²⁾	26
BNSF	41,500	MidAmerican Renewables ⁽²⁾	307
The Buffalo News	732	MITek Inc.	2,037
Business Wire	488	Nebraska Furniture Mart	2,614
CalEnergy Philippines ⁽²⁾	62	NetJets	6,466
Campbell Hausfeld ⁽¹⁾	378	Northern Natural Gas ⁽²⁾	844
Carefree of Colorado ⁽¹⁾	234	Northern Powergrid Holdings ⁽²⁾	2,405
Clayton Homes	10,575	Oriental Trading	1,477
Cleveland Wood Products ⁽¹⁾	50	PacifiCorp ⁽²⁾	3,166
CORT	2,154	Pacific Power ⁽²⁾	1,669
CTB	2,670	The Pampered Chef	691
Dairy Queen	473	Precision Steel Warehouse	159
Douglas/Quikut ⁽¹⁾	34	Richline Group	2,635
Fechheimer	426	Rocky Mountain Power ⁽²⁾	1,416
FlightSafety	3,876	Russell ⁽³⁾	3,393
Forest River	7,653	Other Scott Fetzer Companies ⁽¹⁾	176
France ⁽¹⁾	167	See's Candies	3,000
Fruit of the Loom ⁽³⁾	26,820	Shaw Industries	22,312
Garan	3,713	Stahl ⁽¹⁾	93
H. H. Brown Shoe Group	1,183	Star Furniture	681
Halex ⁽¹⁾	89	TTL, Inc.	3,804
Helzberg Diamonds	2,327	United Consumer Financial Services ⁽¹⁾	206
HomeServices of America ⁽²⁾	2,481	Vanity Fair Brands ⁽³⁾	2,472
Iscar	11,933	Wayne Water Systems ⁽¹⁾	157
Johns Manville	6,841	Western Enterprises ⁽¹⁾	253
Jordan's Furniture	942	R. C. Willey Home Furnishings	2,333
Justin Brands	1,086	World Book ⁽¹⁾	165
		XTRA	421
		Non-insurance total	254,642
		Corporate Office	24
			288,462



Berkshire's Public Investment Portfolio



<u>Shares**</u>	<u>Company</u>	<u>Percentage of Company Owned</u>	<u>12/31/13</u>	
			<u>Cost*</u>	<u>Market</u>
			<i>(in millions)</i>	
151,610,700	American Express Company	14.2	\$ 1,287	\$ 13,756
400,000,000	The Coca-Cola Company	9.1	1,299	16,524
22,238,900	DIRECTV	4.2	1,017	1,536
41,129,643	Exxon Mobil Corp.	0.9	3,737	4,162
13,062,594	The Goldman Sachs Group, Inc.	2.8	750	2,315
68,121,984	International Business Machines Corp.	6.3	11,681	12,778
24,669,778	Moody's Corporation	11.5	248	1,936
20,060,390	Munich Re	11.2	2,990	4,415
20,668,118	Phillips 66	3.4	660	1,594
52,477,678	The Procter & Gamble Company	1.9	336	4,272
22,169,930	Sanofi	1.7	1,747	2,354
301,046,076	Tesco plc	3.7	1,699	1,666
96,117,069	U.S. Bancorp	5.3	3,002	3,883
56,805,984	Wal-Mart Stores, Inc.	1.8	2,976	4,470
483,470,853	Wells Fargo & Company	9.2	11,871	21,950
	Others		11,281	19,894
	Total Common Stocks Carried at Market ...		<u>\$56,581</u>	<u>\$117,505</u>

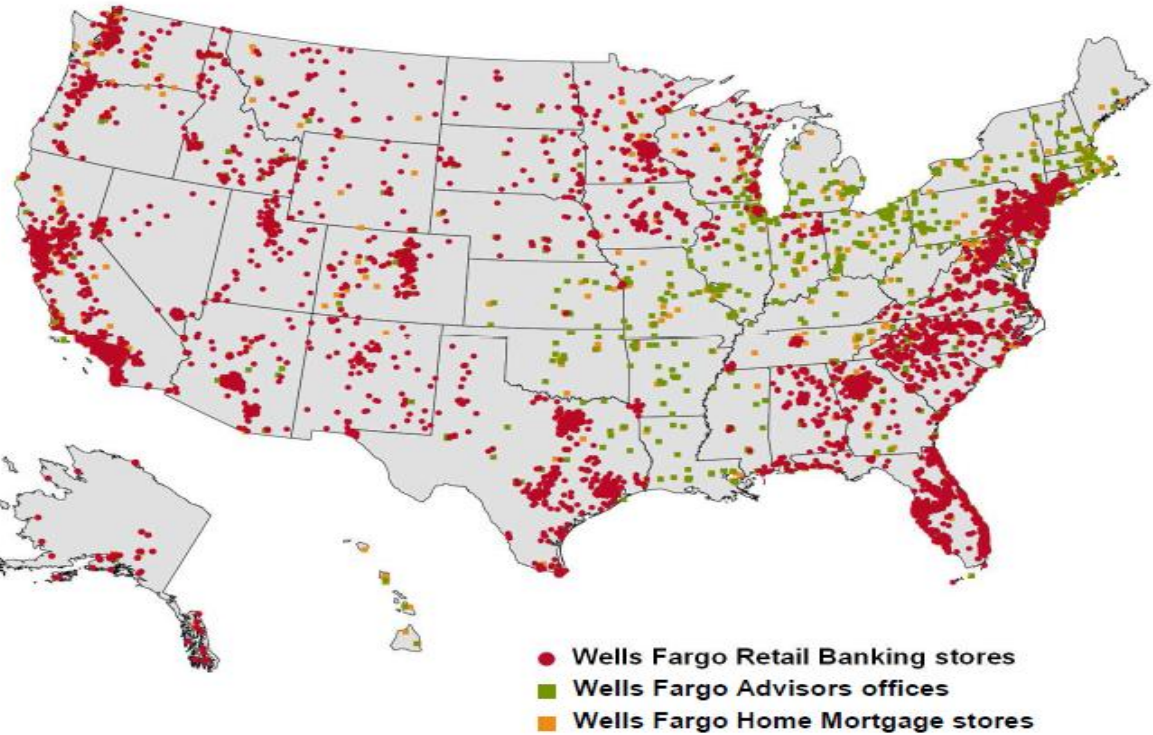


Source: Berkshire Hathaway's 2013 10-Q

The Wise Investor Group



Wells Fargo National Reach

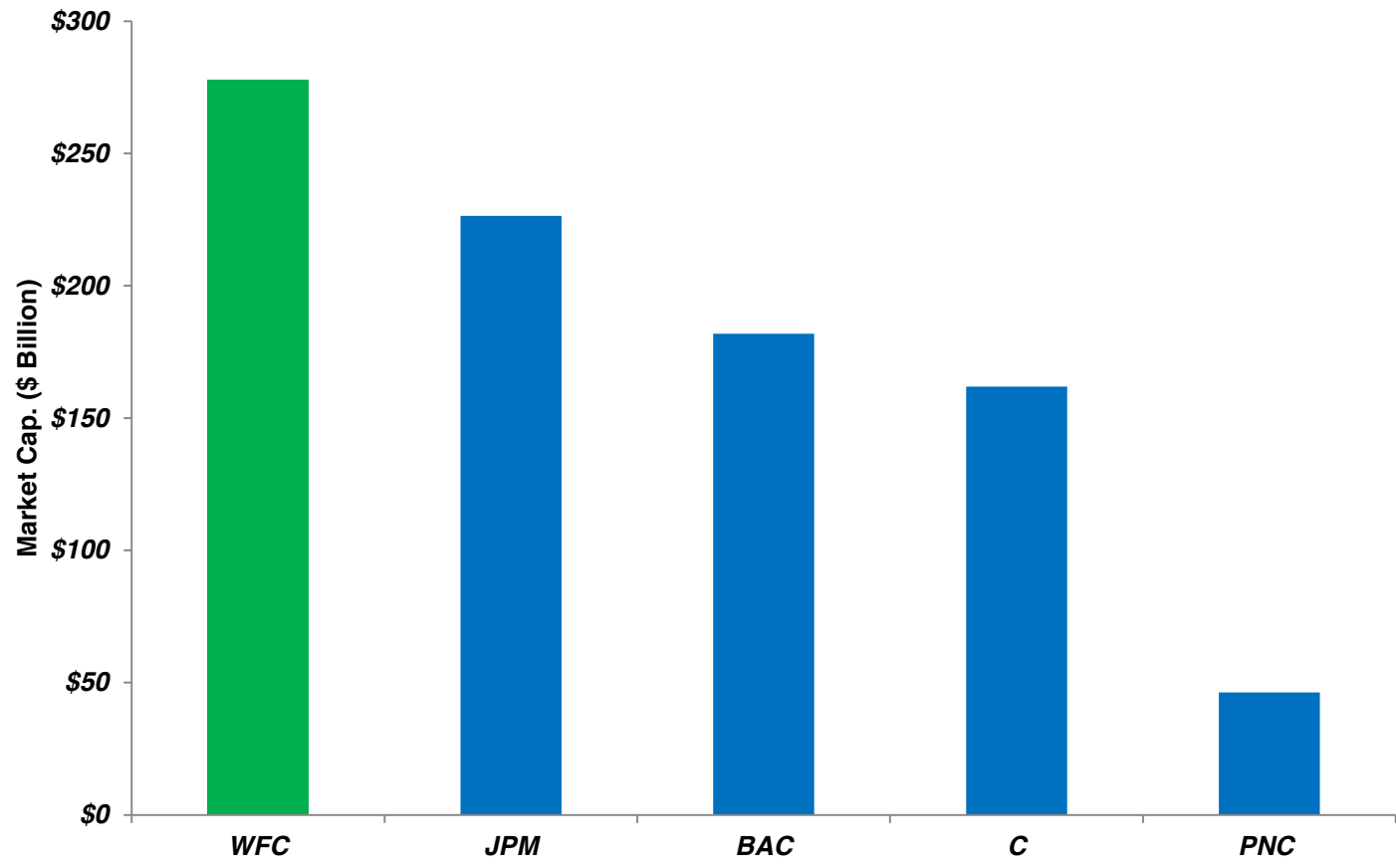


70+ MM customers	
9,051 stores	
Store Distribution	
Retail banking	6,172
Wells Fargo Advisors	1,368
Wholesale	767
Mortgage	744
Sales Team	
Platform bankers ⁽¹⁾	31,960
Financial advisors ⁽²⁾	15,285
Home Mortgage consultants	10,737
Other Distribution Channels	
ATMs	12,452
Online banking customers ⁽³⁾	22.9 MM
Mobile customers ⁽³⁾	11.5 MM

As of September 30, 2013.
 (1) Active, full-time equivalent.
 (2) Series 7 brokers.
 (3) Regional banking online and mobile customers, based on 90-day active accounts.

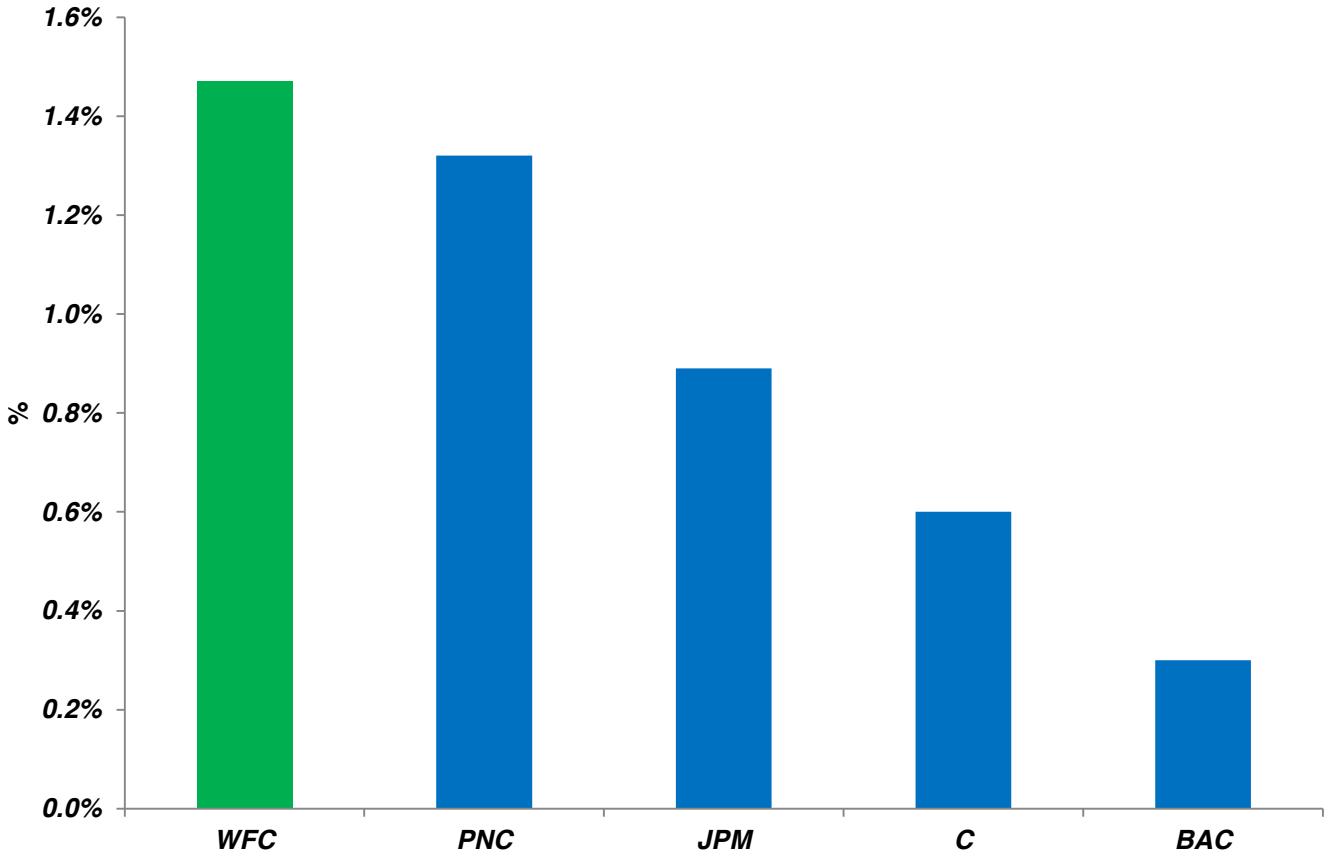


Wells Fargo by Market - Cap





Wells Fargo by Return On Assets

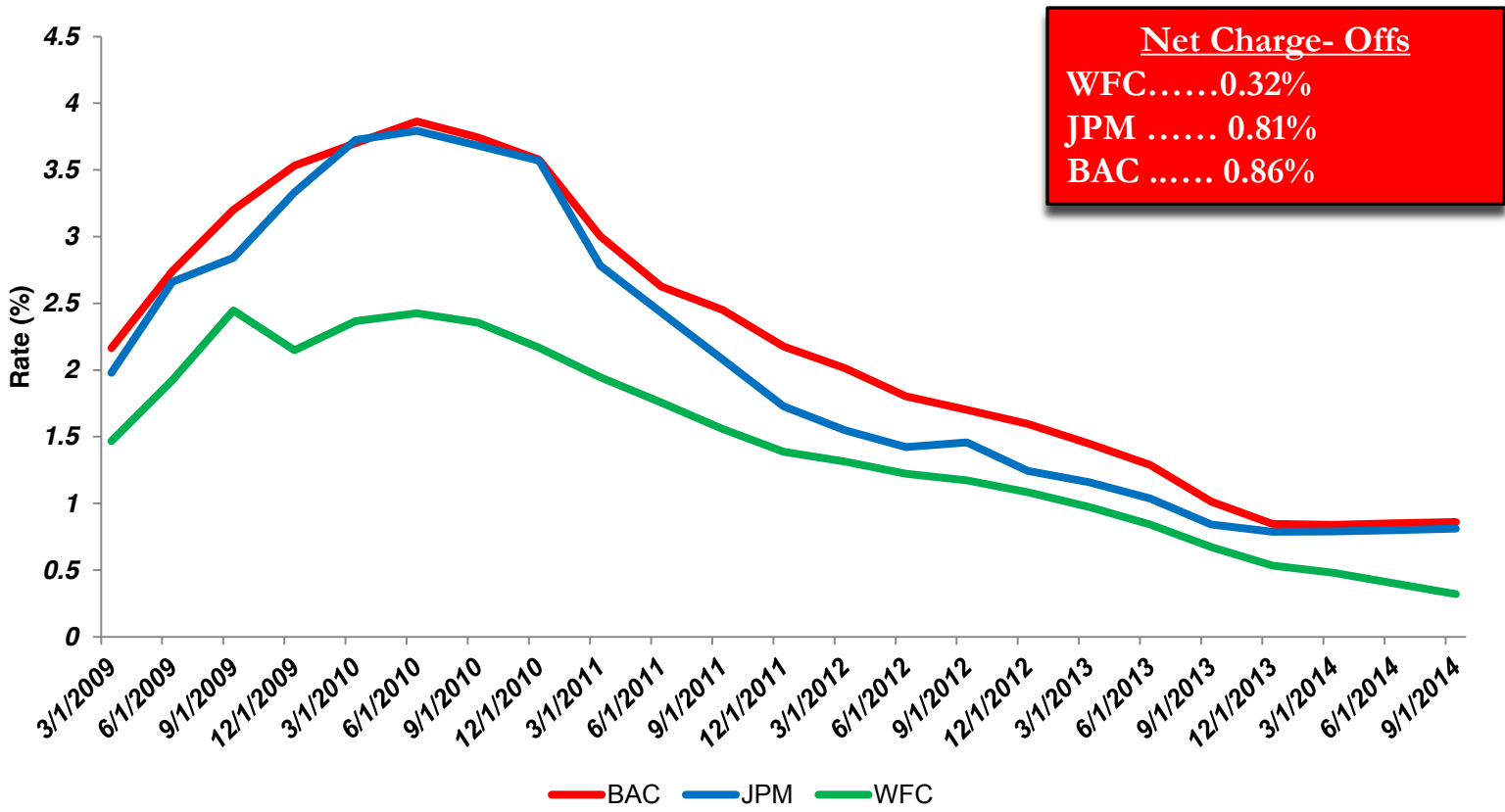


Source: Bloomberg , TTM As of 11/13/14



Net Charge-Offs

(As a % of Average Loans)



Source: Bloomberg, Value Line, As of 11/13/14



Wells Fargo (WFC)

(1997 – Present)

~~\$53.25~~

~~2.62%~~

WELLS FARGO NYSE-WFC										RECENT PRICE	P/E RATIO	Trailing: 13.1	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
TIMELINESS 3 Lowered 7/14/14 SAFETY 3 Lowered 3/20/09 TECHNICAL 3 Lowered 7/18/14 BETA 1.15 (1.00 = Market) 2017-19 PROJECTIONS Price High 85 Low 55 Gain (+60%) Ann'l Total Return 75% (+5%) 4% Insider Decisions D J F M A M J J A to Buy 0 0 0 0 0 0 0 0 0 0 Options 2 3 2 3 6 3 0 1 0 0 to Sell 1 2 1 0 8 0 0 0 0 0 Institutional Decisions 4Q2013 1Q2014 2Q2014 to Buy 787 740 785 to Sell 678 723 708 Held % 40.26 19.94 18.69 40.35 59.55 Percent shares traded 30 20										53.27	12.9	0.70	2.8%		
LEGENDS High: 29.6 32.0 32.3 31.0 38.0 44.7 31.5 34.3 34.3 36.6 45.6 53.8 Low: 21.8 27.2 28.8 30.3 29.3 19.9 7.8 23.0 22.6 27.9 34.4 44.2 --- 14.0 x Earnings p sh - - - - Relative Price Strength 2-for-1 split 8/06 Options: Yes Shaded area indicates recession 2-for-1										Target Price 2017 2018 2019 120 100 80 64 48 32 24 20 16 12 8					
1998-2014 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 .88 1.12 1.17 .99 1.66 1.83 2.05 2.25 2.49 2.38 .70 1.75 2.21 2.82 3.36 3.89 4.10 4.25 .31 .40 .45 .50 .55 .75 .93 1.00 1.08 1.18 1.30 .49 .20 .48 .88 1.15 1.35 1.55 6.17 6.72 7.61 7.77 8.67 9.86 10.93 11.61 13.47 14.31 16.02 19.94 22.33 24.04 27.45 28.65 29.70 30.55 3288.1 3253.7 3429.3 3472.8 3472.8 3472.8 3472.8 3472.8 3377.1 3297.1 4228.6 5180.7 5226.8 5358.5 5266.3 5257.2 5250.0 5200.0 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 10.0 9.8 10.2 1.12 1.04 1.18 1.20 1.20 .80 .79 .76 .72 .74 .78 2.53 .89 .76 .62 62 .58 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% 1.7% 2.7% 2.9%										% TOT. RETURN 10/14 THIS STOCK VL ARBTH. INDEX 1 yr. 27.9 10.1 3 yr. 121.5 87.5 5 yr. 113.0 124.6					
CAPITAL STRUCTURE as of 9/30/14 LT Debt \$184.6 bill. Due in 5 Yrs \$120.0 bill. LT Interest \$6.0 bill. Pension Assets-12/13 \$9.4 bill. Oblig. \$10.2 bill. Pfd Stock \$19.4 bill. Pfd Div'd \$1.3 bill. Common Stock 5,250.00 mill. shares										© VALUE LINE PUB. LLC 17-19 Earnings per sh ^A 5.00 Div'ds Decl'd per sh ^B 2.10 Book Value per sh 35.70 Common Shs Outst'g ^C 5600.0 Avg Ann'l P/E Ratio 14.0 Relative P/E Ratio .90 Avg Ann'l Div'd Yield 3.0% Total Assets (\$mill) 1950000 Loans (\$mill) 1250000 Net Interest Inc (\$mill) 57000 Loan Loss Prov'n (\$mill) 8000 Noninterest Inc (\$mill) 52500 Noninterest Exp (\$mill) 60000 Net Profit (\$mill) 28000 Income Tax Rate 33.0% Return on Total Assets 1.45% Long-Term Debt (\$mill) 170000 Shr. Equity (\$mill) 210000 Shr. Eq. to Total Assets 11.0% Loans to Tot Assets 64.0% Return on Shr. Equity 13.5% Retained to Com Eq 8.0% All Div'ds to Net Prof 42%					
MARKET CAP: \$280 billion (Large Cap) ASSETS(\$Mill.) 2012 2013 9/30/14 Net Loans 782514 811297 826202 Funds Sold 137313 213793 261932 Securities 235199 252007 248251 Other Earning --- Other 267942 249918 300470 LIABILITIES(\$Mill.) Deposits 1002835 1079177 1130625 Funds Borrowed 57175 53883 62927 Long-Term Debt 127379 152998 184586 Shr. Equity 157554 170142 152481 Other 78025 70815 76236 Total 1422968 1527015 1636855										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. Has over 9,000 stores and 12,000 ATMs, with offices in more than 35 countries, including the U.S., Canada, Caribbean, & Central America. Acquired Wachovia, 12/08. At 9/30/14: net charge-offs, 0.32% of loans; allowance for loan losses, 1.61% of loans; nonperforming assets, 2.11%. Has more than 265,000 full-time equivalent employees. Officers & directors own about 1.0% of common stock (Proxy 3/14). Chairman, President & Chief Executive Officer: John G. Stumpf. Incorporated: Delaware. Address: 420 Montgomery Street, San Francisco, CA 94104. Telephone: 800-292-9932. Internet: www.wellsfargo.com					

Wells Fargo (WFC)

Loan Loss Resrv.	17060	14502	12681
ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Past Est'd '11-'13 to '17-'19
Loans	17.0%	17.0%	NMF
Earnings	5.5%	-2.5%	7.0%
Dividends	11.5%	6.0%	16.5%
Book Value	11.0%	11.5%	5.5%
Total Assets	14.5%	16.5%	NMF

Cal-endar	NET LOANS (\$MIL)			
	Mar.31	Jun.30	Sep.30	Dec.31
2011	729172	731028	740067	750259
2012	747669	756879	765245	782514
2013	783255	785830	797166	811297
2014	812748	815841	826202	840000
2015	848500	857000	866000	875000

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	.67	.70	.72	.73	2.82
2012	.75	.82	.88	.91	3.36
2013	.92	.98	.99	1.00	3.89
2014	1.05	1.01	1.02	1.02	4.10
2015	1.08	1.05	1.05	1.07	4.25

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2010	.05	.05	.05	.05	.20
2011	.12	.12	.12	.12	.48
2012	.22	.22	.22	.22	.88
2013	.25	.30	.30	.30	1.15
2014	.30	.35	.35		

Wells Fargo remains a leader in credit quality among its big-bank peers. Net charge-offs, the allowance for loan losses, and nonperforming assets improved to 0.32%, 1.61%, and 2.11%, respectively, in the third quarter. (Those respective figures stood at 0.48%, 1.93%, and 2.55% in the year-earlier period.) Tier-1 common equity increased 13.5% year over year, rising from \$120.3 billion (under Basel I) to \$136.5 billion (under Basel III). Moreover, the Tier-1 common equity ratio, a measure of financial strength, expanded from 10.60% in the prior year to 11.16%. The lender will likely finish the current year with nearly \$140 billion in Tier-1 common equity and a ratio of 11.00%–11.50%.

Loan and deposit advances have been solid in the current year, setting the stage for decent results in 2014 and 2015. Loans on the balance sheet rose 3.6% in the September period, from the previous year, to a record \$826 billion, while deposits increased 8.5%, to \$1.13 trillion. Although a growing deposit base tends to keep the cost of capital in check, more cash and short-term investments caused the net interest margin to narrow

nine basis points, to a still-decent 3.06%. On the plus side, the efficiency ratio improved 140 basis points, to 57.7% (a lower number is better).

We have adjusted our share-net estimates for both this year and next. An expanding footprint of banking locations, rising loans, and higher credit quality should lift revenues to record levels in both 2014 and 2015. At the same time, declining loan losses and a solid net interest margin (probably in the range of 3.00%–3.30%) should bolster the bottom line. We have trimmed a nickel from our earnings targets for both 2014 and 2015, due to a slightly narrower-than-anticipated net interest margin, but still expect share net to advance 3%–5% in each of the next two years.

Wells Fargo shares have had a nice run in 2014. The stock is up 25%-plus from its 52-week low, outpacing both the broader market and equities of other large financial institutions, including rivals Bank of America, Citigroup, and JPMorgan Chase. Moreover, long-term total return potential is still decent.

Sharif Abdou November 14, 2014

(A) Based on diluted shares. May not sum due to change in share count and/or rounding. Next earnings report due in mid-January.

(B) Dividends historically paid in early March,

June, September, and December. ■ Dividend reinvestment plan available.

(C) In millions, adjusted for stock split.

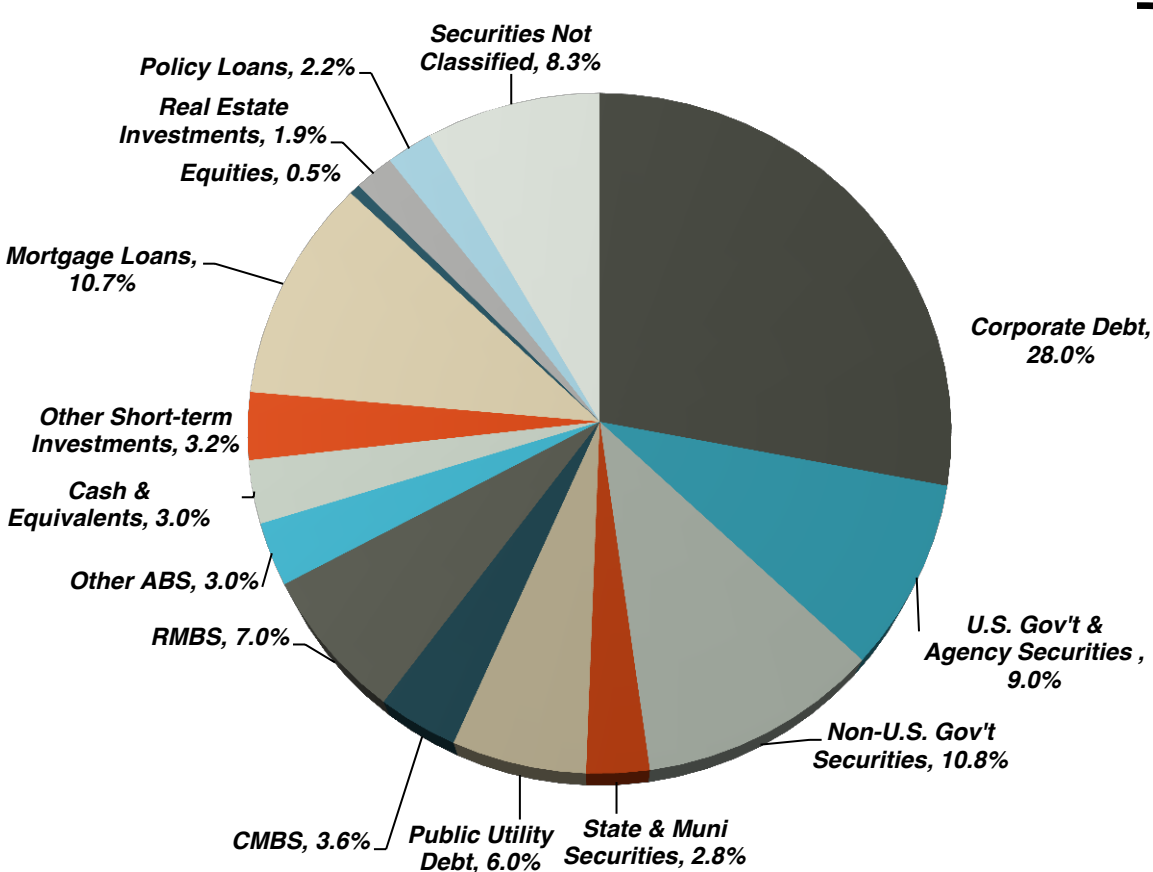
Company's Financial Strength	A
Stock's Price Stability	75
Price Growth Persistence	75
Earnings Predictability	50

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Met Life's Income Portfolio

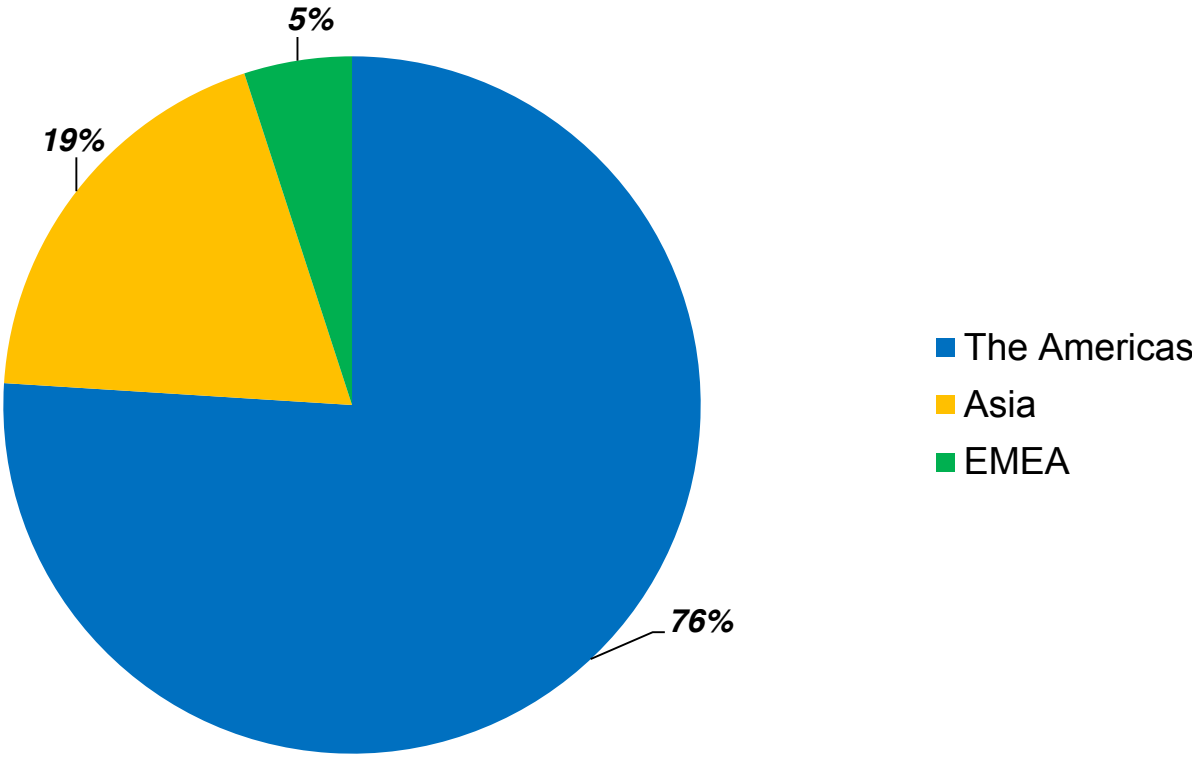


Analyst estimates suggest a 100 bps rise in the U.S. 10 year Treasury could be accretive to Met Life's earnings by \$0.20 per share. Over time, earnings could continue to improve if investments are made in higher yielding securities.

\$532.8 billion portfolio with an average duration of 8 years



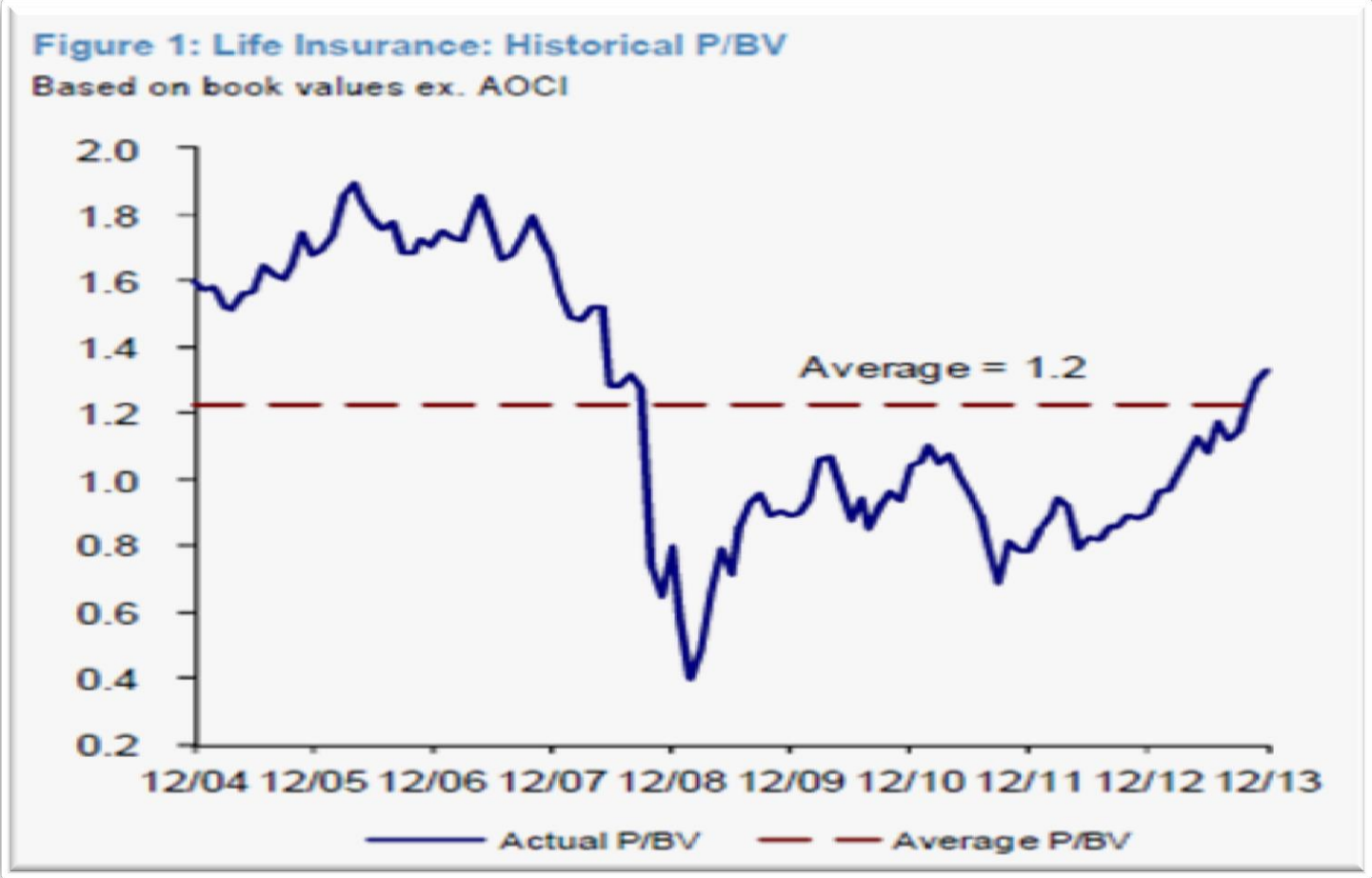
Met Life's Revenue Breakdown



Source: Bloomberg, 1/23/14

Historical View on Life Insurers

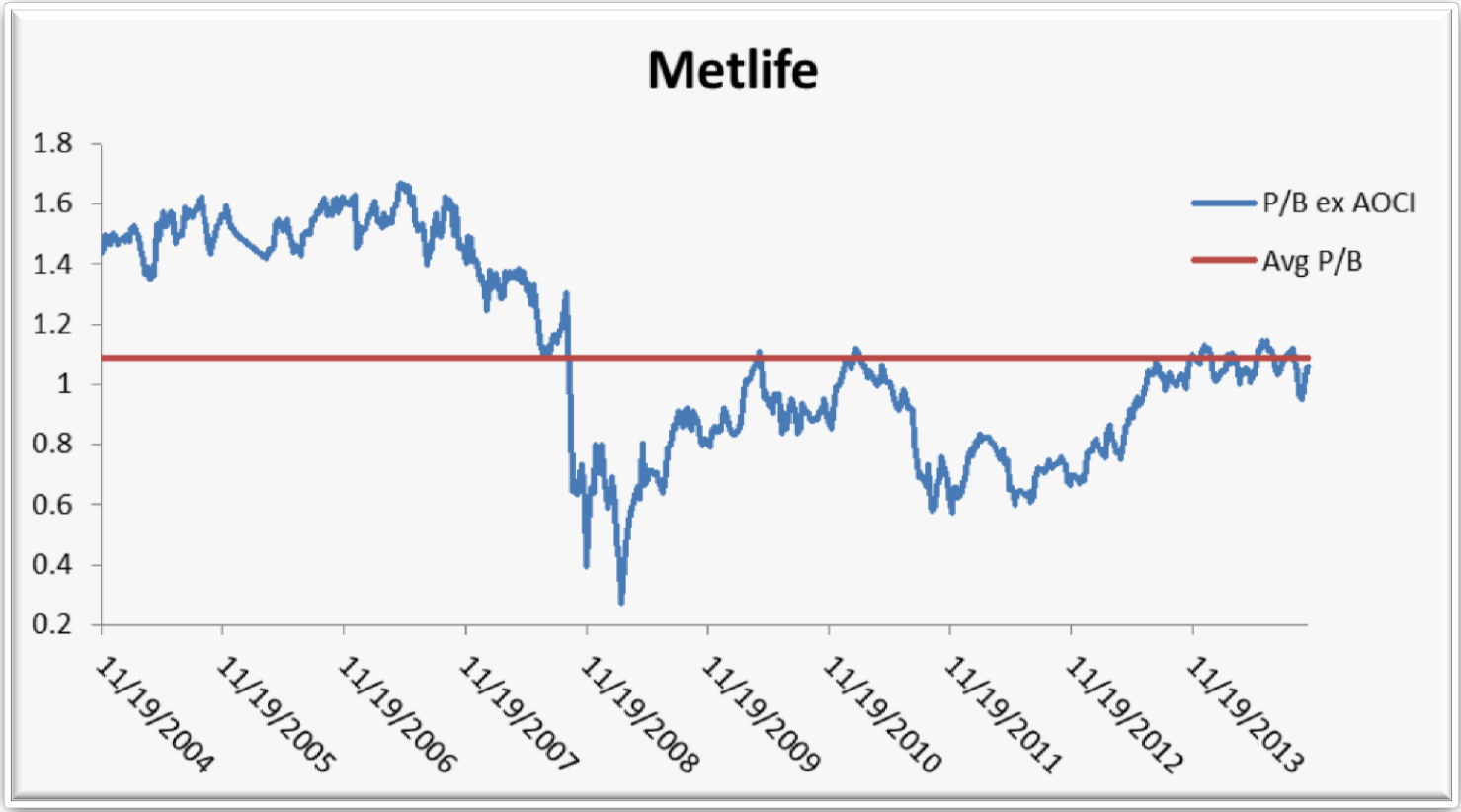
(Price-to-Book Value less AOCI)



Source: Bloomberg, JP Morgan, 1/14/14

Historical View on Met Life

(Price-to-Book Value less AOCI)



Source: Bloomberg, As of 11/13/14



Met Life (MET)

(1997 – Present)

~~\$54.41~~

~~2.56%~~

METLIFE, INC. NYSE-MET				RECENT PRICE	53.72	P/E RATIO	9.4	(Trailing: 9.8 Median: 10.0)	RELATIVE P/E RATIO	0.53	DIV'D YLD	2.7%	VALUE LINE				
TIMELINESS 3 Lowered 4/25/14	High: 34.1	41.3	52.6	60.0	71.2	85.5	41.4	47.8	48.7	39.6	54.3	57.6	Target Price				
SAFETY 3 Lowered 4/17/09	Low: 23.5	32.3	37.3	48.0	58.5	15.7	11.4	33.4	25.6	27.6	33.9	47.0	Range				
TECHNICAL 3 Lowered 9/26/14	LEGENDS 8.5 x Earnings p sh Relative Price Strength Omissions: Yes Shaded area indicates recession																
BETA 1.35 (1.00 = Market)	2017-19 PROJECTIONS Price Gain Ann'l Total High 80 (+50%) 13% Low 55 (Nil) 4%																
Insider Decisions														% TOT. RETURN 9/14 THIS STOCK VS. ARITH. INDEX 1 yr. 17.3 9.5 3 yr. 109.1 84.2 5 yr. 60.0 104.4			
Institutional Decisions				MetLife was created by the demutualization of the Metropolitan Life Insurance company on 4/7/00. In the demutualization, the policyholders' interests were converted into MetLife common stock. The initial public offering was concurrent with the demutualization, and was underwritten by Credit Suisse First Boston and Goldman Sachs for 202,000 shares at \$14.25 each.										© VALUE LINE PUB. LLC 17-19			
				2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Premium Inc per sh	47.85
				30.47	32.82	35.12	38.25	35.69	32.31	27.79	34.37	42.62	41.67	42.25	43.25	Investment Inc per sh	19.55
				16.95	19.68	22.86	26.06	20.53	18.43	17.57	18.53	20.14	18.35	19.55	Earnings per sh A	7.85	
				3.37	4.33	5.21	6.25	3.67	2.87	4.38	4.45	5.28	5.63	5.60	6.10	Div'ds Decl'd per sh B	1.80
				.46	.52	.59	.74	.74	.74	.74	.74	.74	1.01	1.33	1.49	Book Value per sh	78.20
				31.16	38.41	44.94	48.24	27.26	37.88	46.48	54.54	57.12	52.99	62.30	66.90	Common Shs Outst'g C	1150.0
				732.49	757.54	751.98	729.22	793.63	818.83	985.84	1058.0	1091.7	1122.0	1130.0	1135.0	Price to Book Value	86%
				116%	117%	119%	134%	186%	82%	87%	72%	60%	84%	84%	84%	Avg Ann'l P/E Ratio	8.5
				10.8	10.4	10.2	10.3	13.8	10.8	9.2	8.8	6.5	7.9	7.9	7.9	Relative P/E Ratio	.55
				.57	.55	.55	.55	.83	.72	.59	.55	.41	.45	.45	.45	Avg Ann'l Div'd Yield	2.6%
				1.3%	1.2%	1.1%	1.1%	1.5%	2.4%	1.8%	1.9%	2.2%	2.3%	2.3%	Premium Inc (\$mill)	55000	
CAPITAL STRUCTURE as of 6/30/14				22316	24860	26412	27895	28324	26460	27394	36361	46531	46760	47760	49100	Investment Inc (\$mill)	25000
Total Debt \$20,076 mill. Due in 5 Yrs \$5000 mill.				12418	14910	17192	19006	16296	15089	17321	19606	21984	20584	21760	22200	Other Income (\$mill)	2000
LT Debt \$19,976 mill. LT Interest \$1,148 mill. (22% of Cap'l)				1198.0	1271.0	1362.0	1533.0	4557.0	7559.0	8364.0	10338	1954.0	2000	2100	2100	Total Income (\$mill)	82000
Leases, Uncapitalized: Annual rentals \$320 mill.				35932	41041	44966	48434	49177	49108	53079	66305	68150	69298	71520	73400	Benefits & Reserves (\$m)	51600
Pension Assets-12/13 \$8024 mill.				27474	31110	33378	35295	33975	34918	35428	42506	37770	43983	45500	46500	Income Tax Rate	27.5%
Pfd Stock \$2.1 bill. Oblig. \$9335 mill. Pfd Div. \$121 mill. (3% of Cap'l)				2547.0	3333.7	4018.0	4762.0	2861.0	2487.0	3892.0	4748.0	5770.0	6409.0	6410	7010	Net Profit (\$mill)	7900
Common Stock 1,124,725,085 shs.				3.7	4.5	3.0	3.3	3.7	3.8	4.2	4.1	4.3	4.3	4.5	4.6	Insur in Force (\$tril)	5.5
as of 7/31/14				356808	481645	527715	558562	501678	539314	730906	799625	836781	885296	930000	965000	Total Assets (\$mill)	1040000
MARKET CAP: \$60 billion (Large Cap)				22824	29101	33798	35179	23734	33121	48625	59797	64453	61553	72500	78000	Shr. Equity (\$mill)	92000
FINANCIAL POSITION (SMILL.)				11.2%	11.5%	11.9%	13.5%	12.1%	7.5%	8.0%	7.9%	9.0%	9.0%	9.0%	9.0%	Return on Shr. Equity	8.5%
Bonds 374266 350187 367056				9.7%	9.9%	10.2%	11.6%	9.9%	5.7%	6.5%	6.7%	7.8%	8.7%	6.5%	6.5%	Retained to Com Eq	6.0%
Mortgages 57006 57703 57223				13%	14%	15%	14%	25%	29%	23%	19%	16%	19%	25%	26%	All Div'ds to Net Prof	28%
Policy Loans 11884 11764 11785				BUSINESS: MetLife, Inc. is the largest life insurance company in the U.S., with about \$4.3 trillion of life insurance in force. It also is a leading group non-medical health insurer & provides financial services to institutions and individuals. Serves about 90 million customers in over 60 countries. Premiums, 67% of '13 revenues; investment income, 30%; other, 3%. Acquired American Life Insurance Company, 11/10; Travelers Life & Annuity, 7/05; GenAmerica, 1/00. Has 64,000 employees. Officers & directors own less than 1% of common stock; MetLife Policyholder Trust, 16.9%; BlackRock, 5.2% (3/14 proxy). Chairman, President & CEO: Steven A. Kandarian, Inc.: DE. Address: 200 Park Avenue, New York, NY 10166. Telephone: 212-578-2211. Internet: www.metlife.com.													
Other 393625 465642 475056																	
Total Assets 836781 885296 911120																	
Res/ves, Claims 418172 418487 422503																	
Unearn Prems --- --- ---																	
Separate Accounts 235393 317201 324977																	
Other 118768 86663 93358																	

Source: Bloomberg, Value Line, As of 11/14/14

Met Life (MET)

Other	118258	86663	93358
Total Liab.	771823	823743	840838

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13 to '17-'19
Premium Inc	3.5%	.5%	3.5%
Invest Income	1.5%	-4.0%	2.5%
Earnings	9.0%	.5%	8.5%
Dividends	14.5%	4.0%	10.5%
Book Value	8.0%	6.5%	6.0%

Cal-endar	QUARTERLY INCOME (\$ mil.)				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2011	16011	16953	16150	16746	65860
2012	15916	18398	16503	17333	68150
2013	16975	17042	16899	18382	69298
2014	17116	17801	17600	19003	71520
2015	17500	18200	18000	19700	73400

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2011	1.23	1.13	.93	1.16	4.45
2012	1.37	1.33	1.32	1.26	5.28
2013	1.48	1.44	1.34	1.37	5.63
2014	1.37	1.39	1.39	1.45	5.60
2015	1.48	1.46	1.54	1.62	6.10

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2010	--	--	--	.74	.74
2011	--	--	--	.74	.74
2012	--	--	--	.74	.74
2013	.185	.275	.275	.275	1.01
2014	.275	.35	.35		

Profits for MetLife have been under much pressure during 2014. The Group, Voluntary & Worksite Benefits division is suffering from less favorable mortality experience, reflecting challenges within the group universal life and group term life businesses. To make matters worse, unfavorable changes in foreign currency exchange rates have weighed down operations in Asia. On the positive side, the Retail, Corporate Benefit Funding, and Latin America units have performed nicely of late. Still, the bottom line might be about flat this year, at \$5.60 a share, relative to the 2013 figure. Even so, we anticipate an earnings recovery in 2015, perhaps to \$6.10 a share, supported partially by cost-reduction measures and product introductions.

Meanwhile, the New York-based company has been "preliminarily" designated a nonbank systemically important financial institution (SIFI). Basically, that means it would be required to keep more capital on hand to act as a cushion in the event of an economic downturn, thus constraining MET's financial flexibility. Management argues that it

would not be fair if MetLife and other big-time companies (particularly Prudential and AIG) were under one set of rules, while other firms in the industry resided under another. As a result, the company is considering what options it has available under the Dodd-Frank Act. (A final decision is expected to occur sometime in 2015.) In our opinion, even if things don't go MetLife's way, this would not be a devastating blow.

The equity offers a decent amount of current dividend income. Too, our 2017-2019 projections show that additional, steady increases are likely to take place. The payout ratio over that span ought to be in the 25% to 30% range, which is reasonable.

There are some things to bear in mind, though. For a start, these shares are ranked to just approximate the market in the year ahead. What's more, capital appreciation potential out to decade's end is lower than the *Value Line* median. Lastly, the Beta coefficient of 1.35 indicates that the stock has a heightened level of volatility.

Frederick L. Harris, III October 10, 2014

(A) Diluted operating earnings. Excl. discontinued operations: '03, 40¢; '05, \$2.09; '06, \$4.14; '07, 28¢; '08, (40¢); '09, 5¢; '10, 1¢. Excludes nonrec. gains/(losses): '03, (44¢); '04, 28¢; '05,

(\$0.26); '06, (\$1.36); '07, (\$0.87); '08, \$0.87; '09, (\$5.81); '10, (\$1.39); '11, (\$1.82); '12 (\$4.20); '13, (\$2.72); '14, (\$0.45). Next earnings report due early November. May not sum

due to rounding.

(B) Beginning in 2013, dividends paid mid-March, June, September, and December.

(C) In millions.

Company's Financial Strength	A
Stock's Price Stability	55
Price Growth Persistence	15
Earnings Predictability	55

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Negative Headlines

“Cisco highlights the vulnerability of legacy Tech, regardless of valuation and cash position...”

“Apple is rotten to its core...”

“Tech investors with battle scares from the dotcom bubble are always reticent to pull the trigger.”

“IBM is in secular decline...”

“Apple sentiment remains poor as investors were quick to pooh-pooh better than expected iPhone units.”

“IBM miss highlights divergence between Old Tech and New Tech”

“Cisco going to be ugly...”

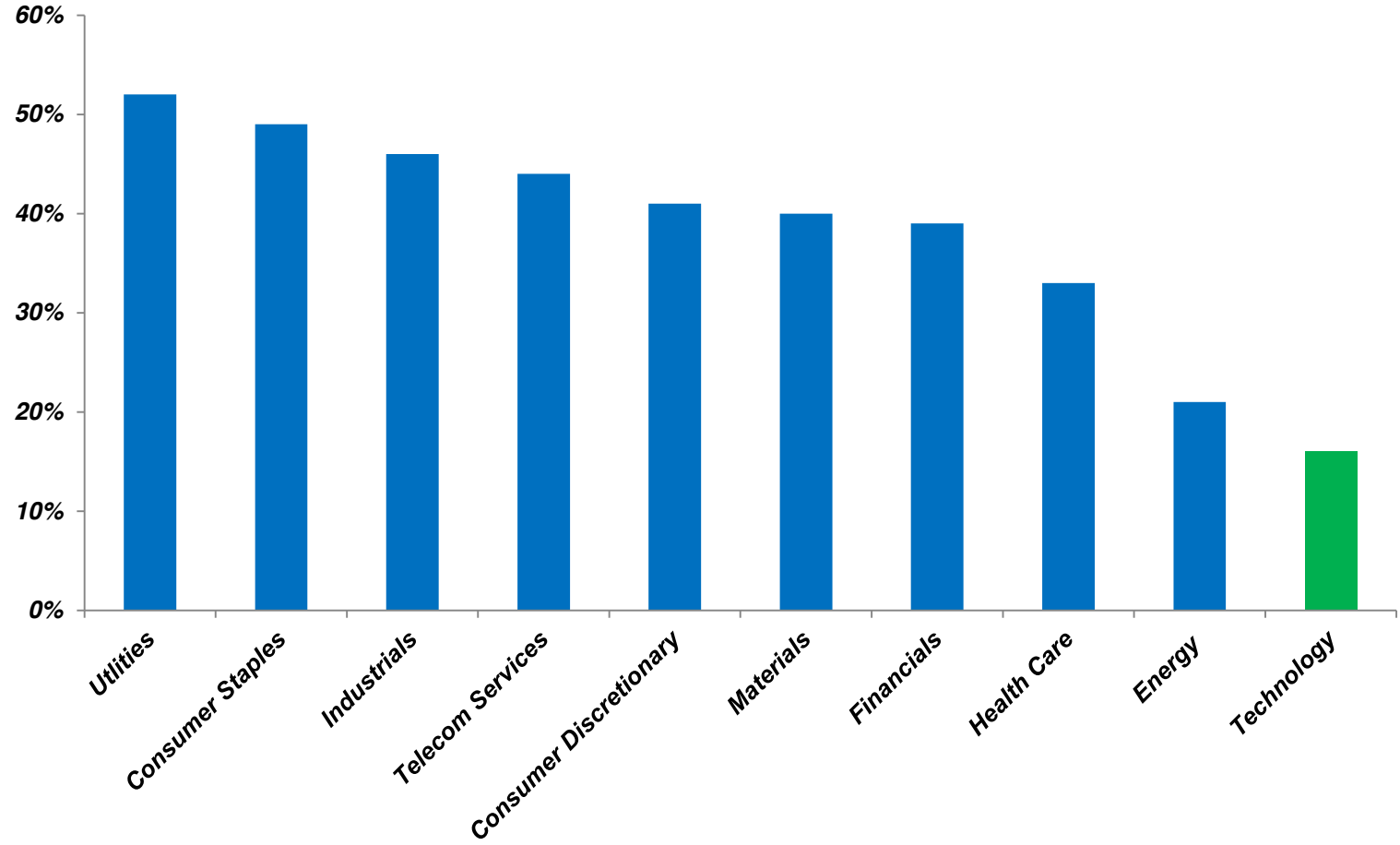
“Large cap Tech – there just has to be more to the thesis than cash and valuation...”



The Wise Investor Group

Balance Sheet Strength

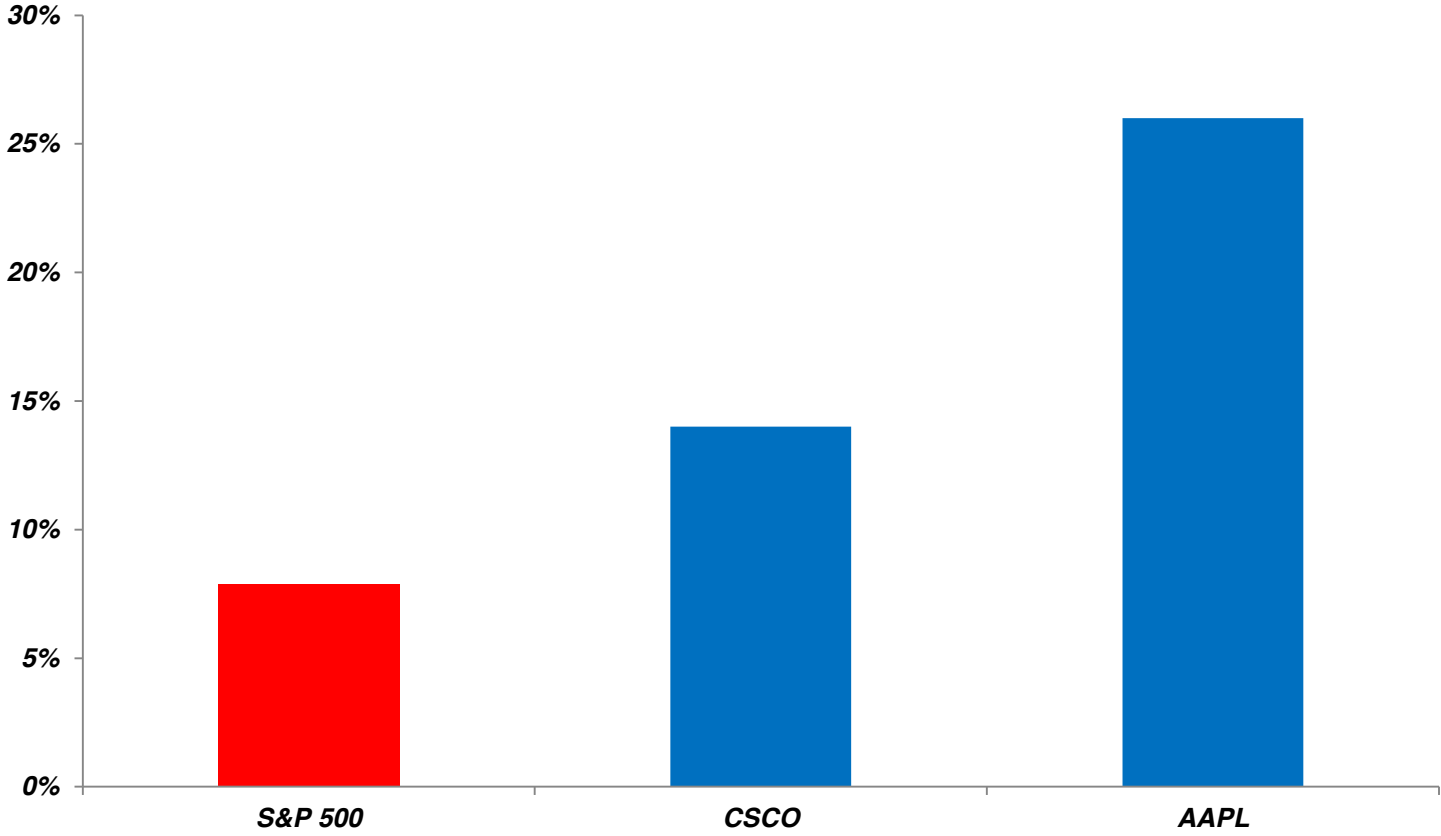
(Russell 1000 Index- Long Term Debt-to-Capital- Weighted Average)



Source: Bloomberg, Artisan Partners, As of FY 2013

Return on Capital

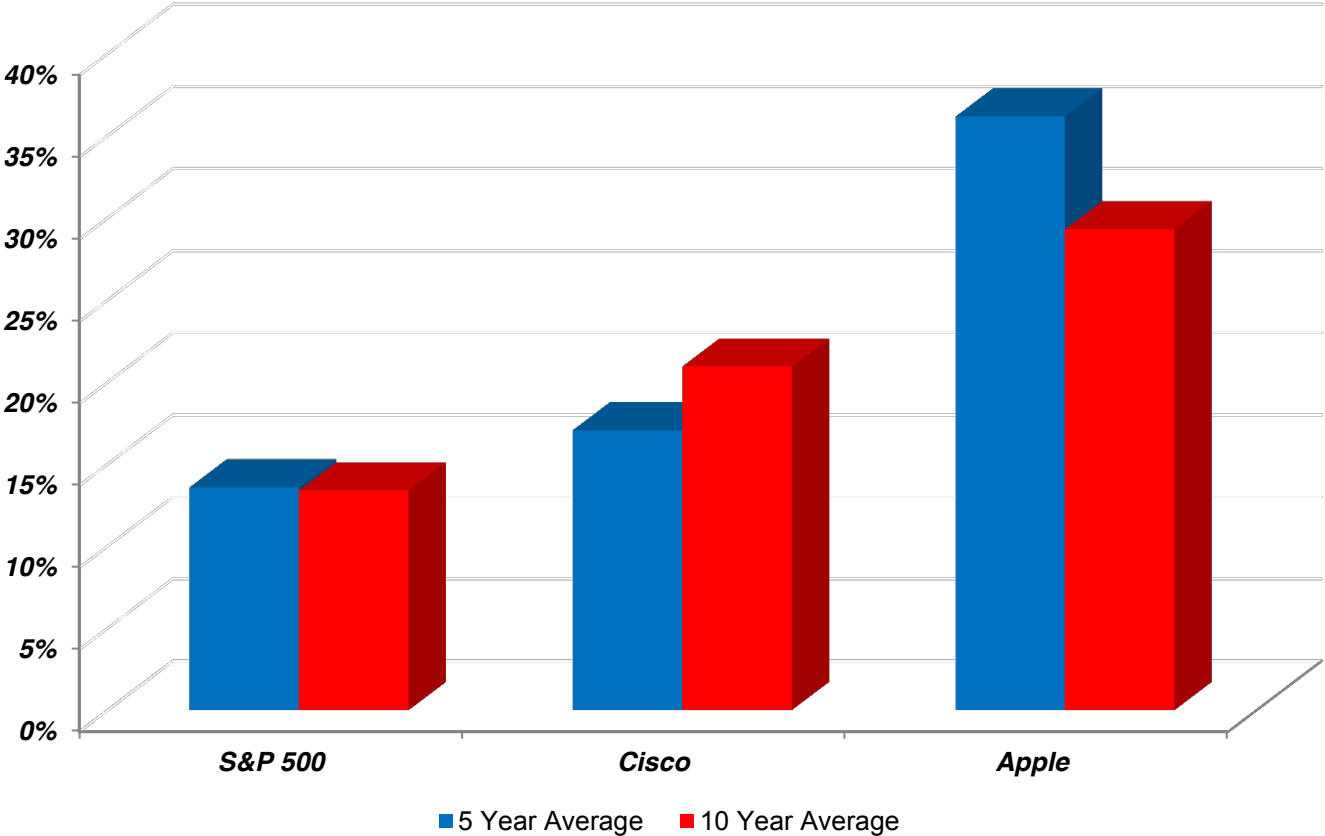
(S&P 500 Index vs. Selected Tech Stocks)



Source: Bloomberg, Trailing Twelve Month, Quarterly Data, As of 1/23/14

Return on Equity

(S&P 500 Index vs. Selected Tech Stocks)



Source: Bloomberg, As of FY2013



The Wise Investor Group

Cisco Systems (CSCO)

(1997 – Present)

~~\$25.95~~

~~3.00%~~

CISCO SYSTEMS		NDQ-CSCO	RECENT PRICE	24.86	P/E RATIO	11.6	(Trailing: 12.1)	RELATIVE P/E RATIO	0.64	DIV'D YLD	3.1%	VALUE LINE							
TIMELINESS 2	High: 24.6	29.4	20.3	28.0	34.2	27.7	24.8	27.7	22.3	21.3	26.5	26.1							
SAFETY 2	Low: 12.3	17.5	18.8	17.1	24.8	14.2	13.6	19.0	13.3	15.0	20.0	21.3							
TECHNICAL 3	LEGENDS --- 10.0 x "Cash Flow" p/sh - - - Relative Price Strength Options: Yes Shaded area indicates recession																		
BETA 1.10	2017-19 PROJECTIONS Price Gain Ann'l Total High Low 35 25 (+40%) 11% Low 25 (Nil) 3%																		
Insider Decisions O N D J F M A M J to Buy 0 0 0 0 0 0 0 0 0 0 0 0 0 Options 0 1 0 0 1 0 0 0 0 9 4 4 to Sell 0 5 1 0 3 3 0 12 8																			
Institutional Decisions 4Q2013 1Q2014 2Q2014 to Buy 745 678 725 to Sell 800 777 713 Hld's(000) 385679537633903747095																			
PERCENT SHARES TRADED 30 20 10																			
1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	17-19	
1.35	1.86	2.65	3.04	2.59	2.70	3.31	3.95	4.70	5.73	6.71	6.24	7.08	7.95	8.69	9.02	9.23	9.55	Revenues per sh ^A	
.35	.47	.65	.41	.54	.77	.95	1.08	1.13	1.43	1.66	1.37	1.73	2.12	2.38	2.45	2.60	2.65	"Cash Flow" per sh	
.29	.38	.53	.26	.39	.59	.76	.87	.89	1.17	1.31	1.05	1.33	1.62	1.85	2.02	2.06	2.15	Earnings per sh ^B	
---	---	---	---	---	---	---	---	---	---	---	---	---	---	.12	.28	.62	.72	.78	Div'ds Decl'd per sh ^E
.07	.09	.15	.31	.36	.10	.09	.11	.13	.21	.22	.17	.18	.22	.21	.22	.25	.25	.25	Cap'l Spending per sh
1.14	1.79	3.71	3.70	3.92	4.01	3.88	3.69	3.95	5.16	5.83	6.68	7.83	8.69	9.68	10.97	11.09	11.50	11.50	Book Value per sh
6250.3	6542.0	7138.0	7324.0	7303.0	6998.0	6650.4	6274.7	6059.0	6100.0	5893.0	5785.0	5655.0	5435.0	5296.0	5389.0	5107.0	5120.0	5120.0	Common Shs Outst'g ^C
37.1	62.2	99.7	NMF	42.4	24.3	29.6	21.6	21.3	22.0	20.6	17.7	17.9	11.9	9.7	10.3	11.3	11.3	11.3	Avg Ann'l P/E Ratio
1.93	3.55	6.48	NMF	2.32	1.39	1.56	1.15	1.15	1.17	1.24	1.18	1.14	.75	.62	.58	.59	.59	.59	Relative P/E Ratio
---	---	---	---	---	---	---	---	---	---	---	---	---	8%	1.6%	3.0%	1%	1%	1%	Avg Ann'l Div'd Yield
CAPITAL STRUCTURE as of 8/13/14 Total Debt \$20.9 bill. Due in 5 years \$8.5 bill. LT Debt \$20.4 bill. LT Interest \$570 mill. (26% of Cap'l) Leases, Uncapitalized Annual rentals \$399 mill.																			
No Defined Benefit Pension Plan Pfd Stock None																			
Common Stock 5,099,203,169 shs. as of 9/4/14 MARKET CAP: \$127 billion (Large Cap)																			
CURRENT POSITION (\$MILL) Cash Assets ^D 48716 50614 52074 Receivables 4369 5470 5157 Inventory (FIFO) 1663 1476 159 Other 7185 7965 8292 Current Assets 61933 65521 67114 Accts Payable 859 1029 1032 Debt Due 31 3283 508 Other 16944 17889 16269																			
BUSINESS: Cisco Systems, Inc. is a leading provider of Internet Protocol-based networking and other products for transporting data, voice, and video across geographically dispersed local-area networks, metropolitan-area networks, and wide-area networks. Devices are primarily integrated by Cisco IOS Software and include Routers, Switches, New Products, and Other. Provides services associated with these products. Foreign business accounted for 41.1% of 2014 revenues. R&D, 13.5% of revenues. Has about 75,049 employees. Officers/Directors hold less than 1.0% of stock; BlackRock, 5.6%. (9/13 proxy). Chmn. & CEO: John T. Chambers. Incorporated: California. Address: 170 W. Tasman Drive, San Jose, CA 95134-1706. Telephone: 408-526-4000. Web: www.cisco.com.																			

Cisco Systems (CSCO)

Other	16841	17880	18269
Current Liab.	17731	22192	19809

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '17-'19
Revenues	12.0%	7.5%	6.0%
"Cash Flow"	12.5%	11.0%	6.0%
Earnings	13.0%	11.0%	5.5%
Dividends	--	--	18.0%
Book Value	10.5%	12.5%	4.5%

Fiscal Year Ends	QUARTERLY REVENUES (\$mill.) ^A				Full Fiscal Year
	Oct.Per	Jan.Per	Apr.Per	Jul.Per	
2011	10750	10407	10866	11195	43218
2012	11256	11527	11588	11690	46061
2013	11876	12098	12216	12417	48607
2014	12085	11155	11545	12357	47142
2015	12150	12100	12200	12550	49000

Fiscal Year Ends	EARNINGS PER SHARE ^{AB}				Full Fiscal Year
	Oct.Per	Jan.Per	Apr.Per	Jul.Per	
2011	.42	.37	.42	.40	1.62
2012	.43	.47	.48	.47	1.85
2013	.48	.51	.51	.52	2.02
2014	.53	.47	.51	.55	2.06
2015	.52	.53	.54	.56	2.15

Cal-endar	QUARTERLY DIVIDENDS PAID ^E				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2010	--	--	--	--	--
2011	--	.06	.06	.06	.18
2012	.06	.08	.08	.28	.50
2013	--	.17	.17	.17	
2014	.17	.19	.19		

Cisco Systems posted July-quarter results that were in line with our estimates. Earnings per share of \$0.55 came in a penny above our estimate while revenues were flat year over year. Routing sales decreased 7% as continued double-digit growth in some high-end routers and strong demand from Internet companies were offset by softness from optical and mobile customers. Switching sales fell 4% as demand for campus devices remained weak, offsetting solid growth from cloud providers, financial services firms, and technology companies. We think it will take more time for the sales team to transition its customers from the *Nexus 7000* line to the *Nexus 9000*. Cisco continues to perform well in the data center space (30% gains) thanks to continued strength from its Unified Computing System, now a \$3 billion-a-year business.

Cisco is cutting jobs. It plans to terminate 6,000 positions, or roughly 8% of its workforce, which would be around six times the number of layoffs in fiscal 2014. The plan involves reinvesting the cost savings into its most promising growth areas like data center, cloud services, software,

and security. We think the restructuring provides evidence of the company's dedication to earnings growth.

The order book is mixed. Cisco's preferred performance indicator is orders, as they usually hit the income statement two quarters after they are reported. Overall growth of 1% in the July quarter included U.S. service provider down 9%. Europe, Middle East, and Africa growing 2%; and Asia/Pacific falling 7%. China was particularly bad, down 23%, which we blame on difficult price competition from low-cost vendors like Huawei.

Guidance is not very encouraging. The company doesn't expect a significant improvement in demand from emerging markets or service providers. October period guidance calls for non-GAAP earnings per share to fall in the \$0.51-\$0.53 range. We are keeping intact our full-year fiscal 2015 EPS of \$2.15.

These timely shares may interest conservative investors. Cisco appears to be doing what it can to stay competitive and maintain earnings momentum over the long haul.

Kevin Downing

September 19, 2014

(A) Fiscal year ends on last Saturday in July (four 13-week quarters). (B) Diluted earnings. Excludes nonrecurring items: '99, (7¢); '00, (17¢); '01, (38¢); '02, (14¢); '03, (9¢); '04,

(14¢). '01 includes \$0.15 inventory writeoff. May not sum due to rounding. Next egs. report due mid-Nov. GAAP egs. prior to 2011, pro-forma thereafter. (C) In millions, adjusted for

stock splits. (D) Long- and short-term investments in current assets beginning in fiscal 2006. (E) Dividend commenced March 29, 2011, paid in late Jan., April, July, and Oct.

Company's Financial Strength	A++
Stock's Price Stability	60
Price Growth Persistence	40
Earnings Predictability	85

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Apple Inc. (AAPL)

(1997 – Present)

APPLE INC. NDQ-AAPL										RECENT PRICE	P/E RATIO	Trailing: 16.6 Median: 22.0	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE							
TIMELINESS 2 Raised 9/10/14 SAFETY 1 Raised 1/3/14 TECHNICAL 4 Lowered 10/14 BETA .85 (1.00 = Market) 2017-19 PROJECTIONS Price High 155 Low 130 Gain (+50%) (+25%) Ann'l Total Return 12% 8% Insider Decisions N D J F M A M J J to Buy 0 0 0 0 0 0 0 0 0 Options 0 0 0 0 0 0 0 0 0 to Sell 3 1 1 1 2 2 2 1 1 Institutional Decisions 4Q2013 1Q2014 2Q2014 to Buy 1049 976 930 to Sell 887 943 1052 Hld's(000) 378510338591523684634 Percent shares traded 90 30										102.64	15.2	0.85	1.65%									
LEGENDS 11.0 x "Cash Flow" p sh - - - - Relative Price Strength 2-for-1 split 2/05 7-for-1 split 6/14 Options: Yes Shaded area indicates recession															Target Price 2017 2018 2019 Range 2019 200 160 100 80 60 50 40 30 20							
										1 yr. 50.6 3 yr. 98.0 5 yr. 348.5					VL ARITH. INDEX 21.5 72.7 129.0							
1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC 17-19				
1.57	1.36	1.70	1.09	1.14	1.21	1.51	2.38	3.23	3.93	5.22	5.80	10.17	16.64	23.61	27.15	30.35	34.65	Sales per sh ^A	53.00			
.10	.11	.15	.00	.05	.04	.08	.25	.37	.62	.85	1.02	2.35	4.26	6.85	6.96	7.55	8.35	"Cash Flow" per sh	12.80			
.07	.09	.12	d.02	.02	.01	.05	.21	.32	.56	.77	.90	2.16	3.95	6.31	5.66	6.35	7.05	Earnings per sh ^B	11.00			
--	--	--	--	--	--	--	--	--	--	--	--	--	--	.38	1.63	1.81	1.88	Div'ds Dec'd per sh ^F	3.00			
.01	.01	.02	.05	.03	.03	.03	.04	.11	.12	.18	.18	.31	.85	1.26	1.30	1.35	1.40	Cap'l Spending per sh	1.55			
.39	.66	.86	.80	.81	.82	.93	1.28	1.67	2.38	3.38	4.42	7.45	11.78	17.98	19.63	20.50	22.75	Book Value per sh ^E	36.60			
3785.4	4502.4	4699.5	4912.9	5025.4	5134.2	5480.2	5845.1	5986.8	6106.3	6218.3	6298.6	6411.8	6504.9	6574.5	6294.5	5950.00	5700.00	Common Shs Outst'g ^C	5000.00			
13.3	17.3	30.8	--	NMF	NMF	38.0	26.2	29.1	26.3	30.4	19.2	15.2	12.4	12.0	12.3	12.3	12.3	Avg Ann'l P/E Ratio	13.0			
.69	.99	2.00	--	NMF	NMF	2.01	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	.69	.69	Relative P/E Ratio	.80			
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	5.%	2.3%	2.3%	Avg Ann'l Div'd Yield	2.1%			
CAPITAL STRUCTURE as of 6/28/14 Total Debt \$31040 mill. Due in 5 Yrs \$10000 mill. LT Debt \$29030 mill. LT Interest \$1500 mill. (19% of Cap'l) Leases, Uncapitalized Annual rentals \$610 mill.						8279.0	13931	19315	24006	32479	36537	65225	108249	156508	170910	180500	197500	Sales (\$mill) ^A	265000			
						5.7%	13.1%	13.9%	19.7%	20.8%	22.9%	29.8%	32.9%	37.4%	32.6%	31.5%	31.5%	Operating Margin	31.5%			
						150.0	179.0	225.0	317.0	473.0	703.0	1027.0	1814.0	3277.0	6757.0	7000	7500	Depreciation (\$mill) ^D	9000			
						276.0	1254.0	1989.0	3496.0	4834.0	5704.0	14013	25922	41733	37037	37800	40200	Net Profit (\$mill)	55000			
						27.9%	30.9%	29.4%	30.2%	29.9%	28.6%	24.4%	24.2%	25.2%	26.2%	26.0%	26.0%	Income Tax Rate	26.0%			
No Defined Benefit Pension Plan Pfd Stock None						3.3%	9.0%	10.3%	14.6%	14.9%	15.6%	21.5%	23.9%	26.7%	21.7%	20.9%	20.4%	20.9%	20.4%	Net Profit Margin	20.8%	
						475.0	6816.0	8038.0	12657	20598	16983	20956	17018	19111	29628	22000	25000	29000	Working Cap'l (\$mill)	35000		
Common Stock 5,987,867,000 shs. as of 7/11/14						5076.0	7466.0	9984.0	14532	21030	27832	47791	76615	118210	123549	121900	129700	29000	29000	29000	Long-Term Debt (\$mill)	30000
Market Cap: \$615 billion (Large Cap)						5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	26.5%	25.5%	26.0%	26.0%	26.0%	Return on Total Cap'l	26.0%	
						5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	30.0%	31.0%	31.0%	Return on Shr. Equity	30.0%			
CURRENT POSITION (\$MILL.)						5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	33.2%	21.4%	22.0%	22.5%	22.5%	22.5%	Retained to Com Eq	22.0%	
Cash Assets						--	--	--	--	--	--	--	--	--	6%	29%	28%	27%	All Div'ds to Net Prof	27%		
Revenue						29129	40546	37805														

Source: Bloomberg, Value Line, As of 11/14/14

Apple Inc. (AAPL)

Current Liab.	38542	43658	46205		
ANNUAL RATES	Past	Past	Est'd '11-'13		
of change (per sh)	10 Yrs.	5 Yrs.	to '17-'19		
Sales	34.5%	40.5%	15.5%		
"Cash Flow"	76.5%	58.0%	47.5%		
Earnings	96.5%	57.5%	13.0%		
Dividends			N/A		
Book Value	35.0%	46.0%	14.5%		
Fiscal Year Ends	QUARTERLY SALES (\$mill.)^A			Full Fiscal Year	
	Dec.Per	Mar.Per	Jun.Per	Sep.Per	
2011	26741	24667	28571	28270	108249
2012	46333	39186	35023	35966	156508
2013	54512	43603	35323	37472	170910
2014	57594	45646	37432	39828	180500
2015	61500	50300	41500	44200	197500
Fiscal Year Ends	EARNINGS PER SHARE^{A,B}				Full Fiscal Year
	Dec.Per	Mar.Per	Jun.Per	Sep.Per	
2011	.92	.91	1.11	1.01	3.95
2012	1.98	1.76	1.33	1.24	6.31
2013	1.97	1.44	1.07	1.18	5.66
2014	2.07	1.66	1.28	1.34	6.35
2015	2.35	1.80	1.40	1.50	7.05
Cal-endar	QUARTERLY DIVIDENDS PAID^F				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2010	--	--	--	--	--
2011	--	--	--	--	--
2012	--	--	.379	.379	.76
2013	.379	.436	.436	.436	1.69
2014	.436	.47	.47		

Fiscal 2014 (ended September 27th) looks to have been a solid bounce-back year for Apple. Recent results have been pretty encouraging for the tech giant, with share net climbing nearly 20% during the June interim. The bottom line was buoyed by robust *iPhone* sales (35.2 million units were sold in the period, 13% more than a year earlier), especially in the developing BRIC countries (i.e., Brazil, Russia, India, and China). This strength, coupled with stable commodity costs, helped the gross margin, and offset further struggles from the *iPad* tablet franchise. **The company, meanwhile, continued to put its cash hoard to work this past year.** Indeed, Apple bought back stock aggressively and increased the quarterly dividend payout. (The yield is around 1.8% at present.) It also completed the largest acquisition in its history, purchasing Beats Electronics for \$3 billion. That deal, finalized in early August and expected to be earnings accretive right away (this is unusual in the technology space), has given the company successful headphone and music-streaming businesses to leverage globally. And it has provided a nice talent

infusion at a time when Apple is trying to build a line of smart wearable devices. **New products will probably support a double-digit share-net rise in fiscal 2015.** Leading the charge should be two newly unveiled smartphones, the *iPhone 6* and *iPhone 6 Plus*, which feature 4.7-inch and 5.5-inch displays, respectively, along with improved batteries, cameras, and software. The bigger screens—they compare with the smaller 4-inch display on the *iPhone 5* series—ought to enable Apple to better compete with Samsung, its principal rival. Moreover, they should enhance the company's position in the growing smartphone market. Another product that's set to hit store shelves in 2015 is an "Apple Watch," which will be available in versions from plastic to gold. And a new payment system, called "Apple Pay," looks promising. Developed in partnership with the nation's leading credit card outfits, the application aims to simplify consumers' lives by replacing the conventional wallet. **Timely Apple shares continue to hold both short- and long-term appeal.** Investors are encouraged to take a look.
Justin Hellman *October 3, 2014*

(A) Fiscal year ends last Saturday in September. (B) Diluted earnings. Quarters may not add to total due to rounding. Excludes non-recurring gains: '98, 1¢; '99, 4¢; '00, 3¢; '01, 1¢; '05, 2¢; loss: '02, 1¢. Next earnings report due late October. (C) In mill., adjusted for splits. (D) Depreciation on accelerated basis. (E) Includes intangibles. In 2013, \$5756 mill., \$0.91 a share. (F) New dividend policy adopted 3/12. Payments typically made in February, May, August, and November.	<table border="1"> <tr> <td>Company's Financial Strength</td> <td>A++</td> </tr> <tr> <td>Stock's Price Stability</td> <td>70</td> </tr> <tr> <td>Price Growth Persistence</td> <td>95</td> </tr> <tr> <td>Earnings Predictability</td> <td>60</td> </tr> </table>	Company's Financial Strength	A++	Stock's Price Stability	70	Price Growth Persistence	95	Earnings Predictability	60
Company's Financial Strength	A++								
Stock's Price Stability	70								
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Putting Apple's Cash Position in Perspective

Cash, cash equivalents and marketable securities

2014	2013	2012
\$155,239	\$146,761	\$121,251



Apple Cash of \$155.239 billion could own:

PEPSICO
\$128 bln

KOHL'S
expect great things
\$12 bln

or

MetLife
\$60.6 bln

CardinalHealth
\$23.6 bln

EXPRESS SCRIPTS®
\$58.7 bln

or

McDonald's
i'm lovin' it™
\$95 bln

SAFeway
Ingredients for life..
\$7.9 bln

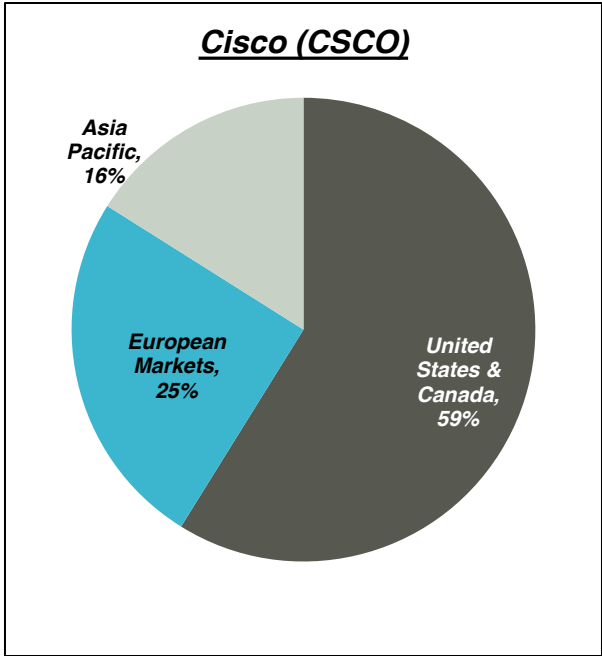
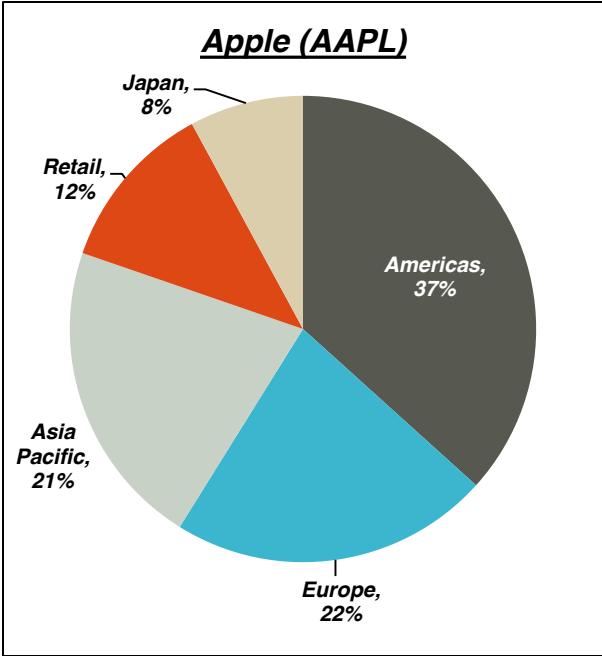
leidos
\$4.1 bln

NORFOLK SOUTHERN
\$28.2 bln

DOLLAR TREE
EVERYTHING'S \$1™
\$11 bln

Source: Bloomberg, Apple's 2014 10-k, As of 11/14/14

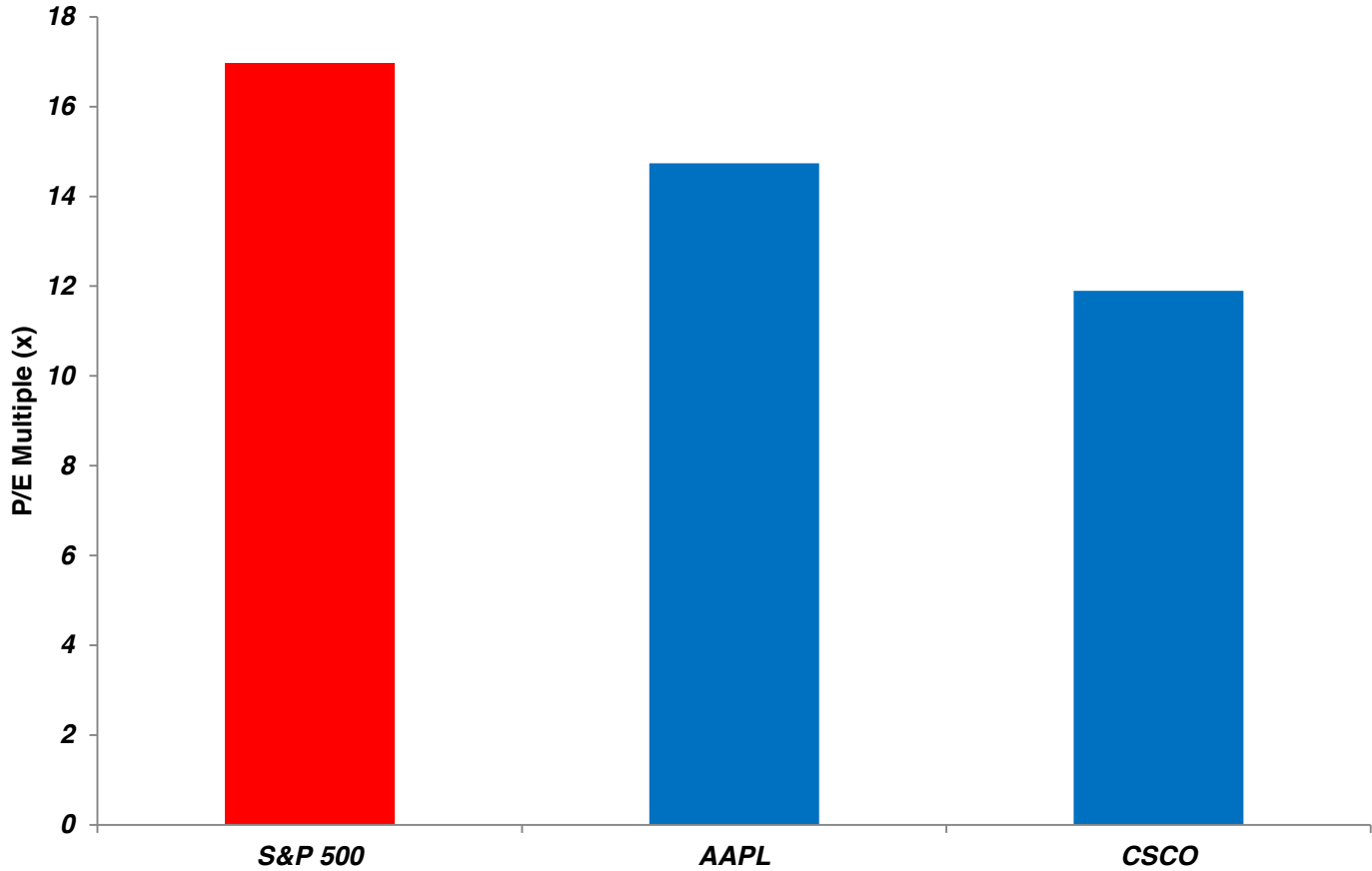
Geographic Revenue Segmentation



Source: Bloomberg, As of FY2013

Comparing Price-to-Earnings Ratios

(Forward Ratios)

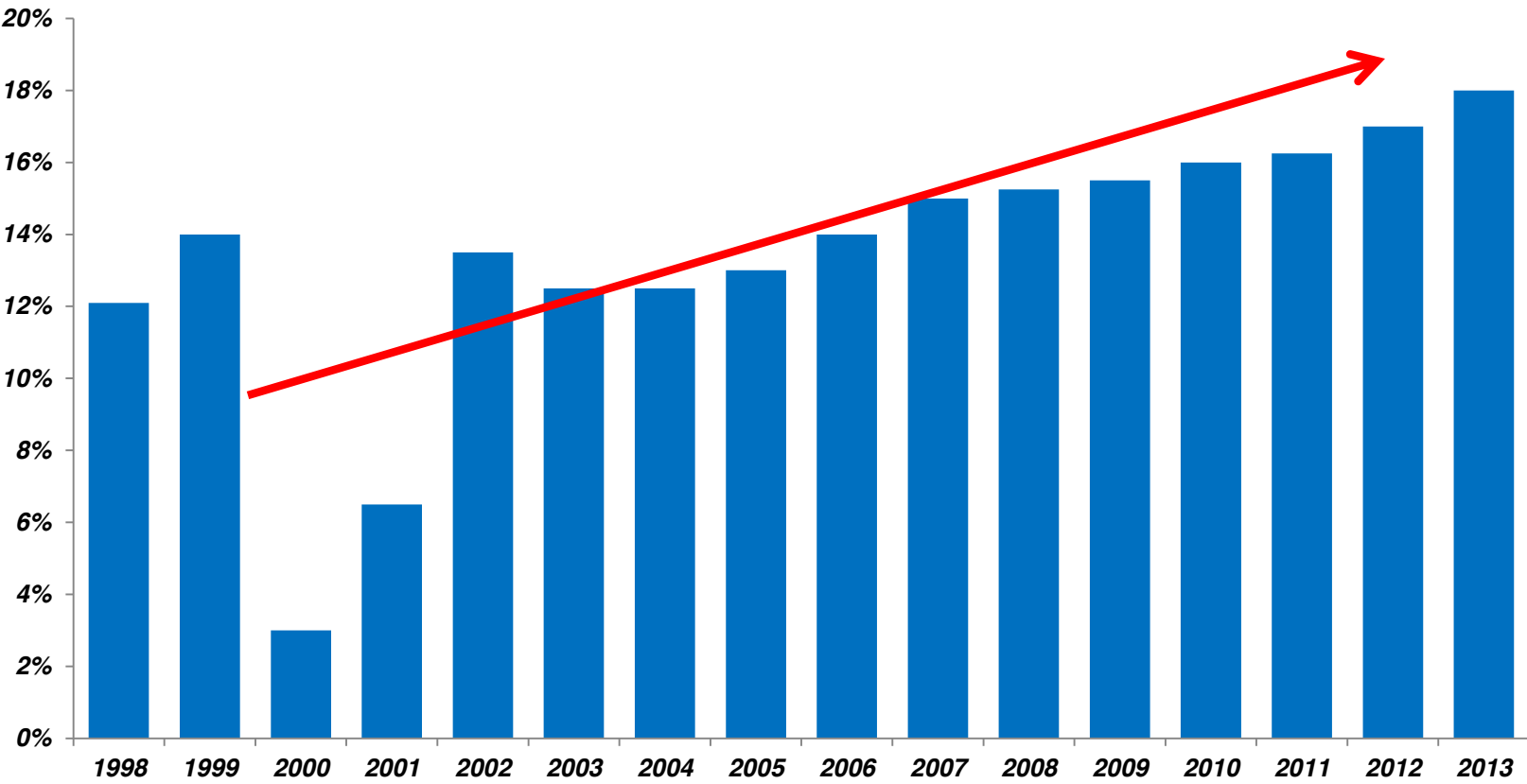


Source: Bloomberg, As of 11/13/14



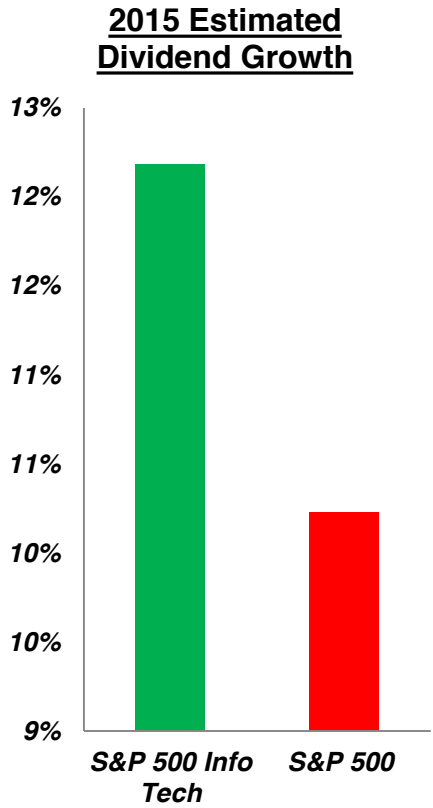
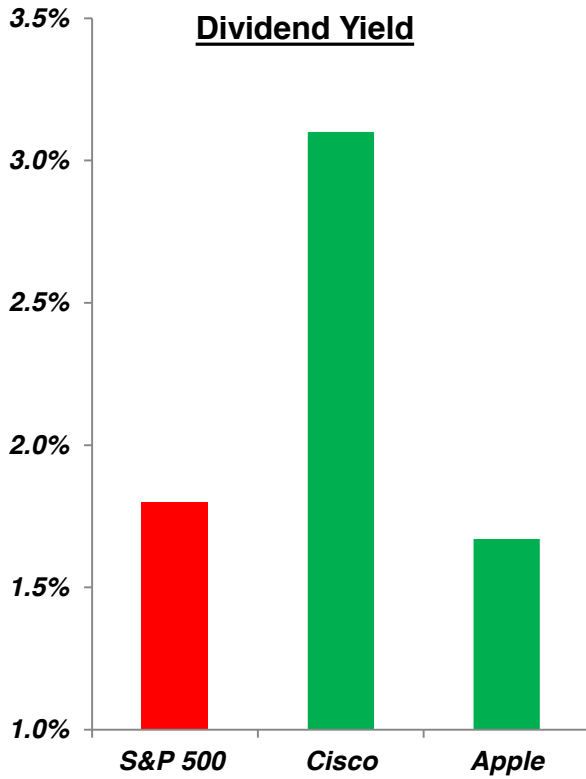
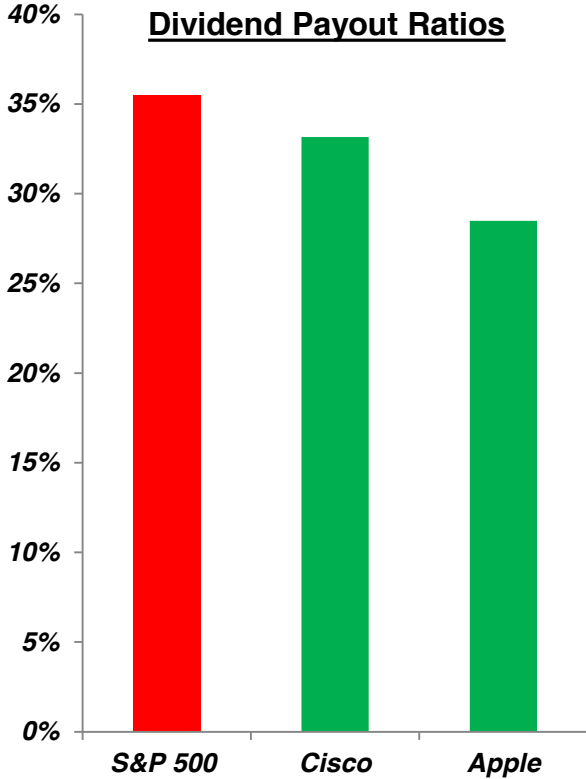
Tech Sector Free Cash Flow Margins

(Russell 1000 Index- Weighted Average)



Source: Bloomberg, Artisan Partners, FY 2013

Dividend Growth Story?



Source: Bloomberg, As of 11/13/14



The Wise Investor Group

EOG Resources (EOG)

(1998 – Present)

~~\$97.90~~

~~0.68%~~

EOG RESOURCES, INC. NYSE-EOG																	RECENT PRICE	P/E RATIO	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE															
TIMELINESS 1 Raised 9/9/14 SAFETY 3 New 3/23/01 TECHNICAL 4 New 3/23/01 BETA 1.25 (1.00 = Market) 2017-19 PROJECTIONS Price High 185 Low 120 Gain (+70%) (+10%) Ann'l Total Return 15% 3% Insider Decisions O N D J F M A M J to Buy 0 1 1 0 0 0 0 0 0 0 Options 0 0 1 0 0 0 1 1 1 4 to Sell 0 0 1 0 0 1 3 3 4 Institutional Decisions 4Q2013 1Q2014 2Q2014 to Buy 367 418 405 to Sell 356 328 393 Hid's(000) 488920 537232 489318 Percent shares traded 38 24 24																	109.40	19.0 (Trailing: 21.8 Median: 17.0)	1.04	0.6%	Target 2017	Price 2018	Range 2019													
LEGENDS 7.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 3/05 2-for-1 split 4/14 Options: Yes Shaded area indicates recession																																		% TOT. RETURN 7/14	THIS STOCK	VL ARITH. INDEX
																	1 yr.	3 yr.	5 yr.	17-19																
1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19																	
1.25	1.61	3.19	3.33	2.39	3.50	4.77	7.48	7.32	8.31	13.08	7.56	11.44	16.74	20.43	26.47	31.35	33.85	Sales per sh	41.60																	
.60	1.31	1.62	1.64	1.05	1.72	2.25	3.96	4.09	4.34	6.42	4.56	4.41	6.55	8.66	10.71	12.95	14.15	"Cash Flow" per sh	18.75																	
.09	.34	.81	.80	.20	.92	1.21	2.61	2.42	2.18	3.75	1.50	.59	1.90	2.84	4.11	5.65	6.20	Earnings per sh A	8.50																	
.03	.03	.03	.04	.04	.05	.06	.08	.12	.18	.26	.29	.31	.32	.34	.38	.59	.74	Div'ds Decl'd per sh B	1.00																	
1.12	.81	1.29	2.08	1.56	2.41	2.98	3.56	5.78	7.46	10.41	6.93	11.39	12.92	13.54	12.93	14.90	16.25	Cap'l Spending per sh	19.45																	
2.08	1.97	2.64	3.22	3.32	4.16	5.98	8.71	11.38	14.17	18.06	19.79	20.12	23.49	24.45	28.23	31.35	33.40	Book Value per sh	42.50																	
614.90	498.92	467.62	467.62	458.88	498.92	475.71	484.15	487.47	493.05	499.26	505.25	508.45	538.04	543.26	546.17	550.00	554.00	Common Shs Outst'g C	565.00																	
NMF	14.4	9.6	12.3	47.4	11.2	11.8	10.9	14.3	17.1	13.6	24.4	NMF	26.4	19.1	17.8	Bold figures are Value Line estimates			Avg Ann'l P/E Ratio	18.0																
NMF	.82	.62	.63	2.59	.64	.62	.58	.77	.91	.82	1.63	NMF	1.66	1.22	1.00				Relative P/E Ratio	1.15																
.6%	.6%	.4%	.4%	.4%	.4%	.4%	.3%	.3%	.5%	.5%	.8%	.6%	.6%	.6%	.5%				Avg Ann'l Div'd Yield	.7%																
CAPITAL STRUCTURE as of 6/30/14						2271.2	3620.2	3570.2	4097.7	6529.2	3819.8	5814.4	9007.2	11096	14456	17250	18750	Sales (\$mill)	23500																	
Total Debt \$5909.7 mill. Due in 5 Yrs \$1880 mill.						65.3%	73.4%	69.6%	67.6%	71.8%	48.7%	50.3%	50.4%	48.1%	52.1%	54.0%	54.0%	Operating Margin	56.0%																	
LT Debt \$5903.1 mill. LT Interest \$250.0 mill.						50.4	65.4	817.1	1065.5	1326.9	1549.2	1941.9	2516.4	3169.7	3601.0	4000	4400	4400	Depreciation (\$mill)	5800																
(Total interest coverage: 18.6x) (26% of Cap'l)						577.0	1271.5	1188.7	1079.7	1876.6	754.5	300.3	1008.5	1535.6	2246.0	3110	3435	3435	Net Profit (\$mill)	4800																
						32.6%	35.7%	37.9%	33.8%	49.9%	13.5%	16.4%	17.2%	17.2%	19.8%	18.0%	18.0%	Income Tax Rate	40.0%																	
Leases, Uncapitalized: Annual Rentals \$120 mill.						25.4%	35.1%	33.3%	26.3%	28.7%	19.8%	5.2%	11.2%	13.8%	15.5%	18.0%	18.3%	18.3%	Net Profit Margin	20.4%																
Pension Assets-12/13 \$11 mill. Oblig. \$13 mill.						d45.4	391.2	d3.4	d182.2	343.6	493.9	507.4	509.6	888.6	1218.3	1450	1700	1700	Working Cap'l (\$mill)	2500																
Pfd Stock None						1077.6	859.0	635.0	1185.0	1860.0	2760.0	5003.3	5009.2	5905.6	5906.6	6500	7000	7000	Long-Term Debt (\$mill)	8500																
Common Stock 547,455,514 shs. as of 7/29/14						2945.4	4316.3	5599.7	6990.1	9014.5	9998.0	10232	12641	13285	15418	17250	18500	18500	Shr. Equity (\$mill)	24000																
MARKET CAP: \$60 billion (Large Cap)						15.1%	25.1%	19.6%	13.7%	17.7%	6.5%	2.6%	6.5%	8.6%	11.2%	13.5%	14.0%	14.0%	Return on Total Cap'l	15.5%																
						19.6%	29.5%	21.2%	15.4%	20.8%	7.5%	2.9%	8.0%	11.6%	14.6%	18.0%	18.5%	Return on Shr. Equity	20.0%																	
CURRENT POSITION (\$MILL.)						18.9%	29.1%	20.3%	14.3%	19.5%	6.1%	1.4%	6.7%	10.2%	13.3%	16.5%	16.5%	16.5%	Retained to Com Eq	17.5%																
Cash Assets						7%	3%	5%	8%	6%	19%	51%	17%	12%	9%	8%	12%	12%	All Div'ds to Net Prof	12%																

Source: Bloomberg, Value Line, As of 11/14/14

EOG Resources (EOG)

(1998 – Present)

Receivables	1656.6	1658.9	1902.2
Inventory	683.2	563.3	667.1
Other	373.7	531.6	925.3
Current Assets	3589.9	4072.0	4724.7
Accts Payable	2078.9	2254.4	2661.5
Debt Due	406.6	6.6	6.6
Other	438.6	600.7	869.4
Current Liab.	2924.1	2861.7	3537.5

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13 to '17-'19
Sales	21.5%	17.5%	12.0%
Cash Flow	19.5%	12.0%	14.0%
Earnings	16.5%	1.0%	19.5%
Dividends	23.5%	13.5%	19.5%
Book Value	21.5%	12.0%	9.0%

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2011	1892.1	2216.9	2320.6	2577.6	9007.2
2012	2605.0	2607.6	2882.8	3000.8	11096.2
2013	3297.2	3635.5	3826.6	3696.6	14455.9
2014	4227.9	4413.0	4300	4309.1	17250
2015	4550	4700	4750	4750	18750

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2011	.34	.56	.42	.58	1.90
2012	.59	.58	.87	.81	2.84
2013	.90	1.05	1.16	1.00	4.11
2014	1.40	1.45	1.35	1.45	5.65
2015	1.50	1.55	1.55	1.60	6.20

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2010	.073	.078	.078	.078	.31
2011	.078	.080	.080	.080	.32
2012	.080	.085	.085	.085	.34
2013	.085	.095	.095	.095	.37
2014	.095	.125	.125	.168	

(A) Diluted earnings. Excludes nonrecurring gains (losses): '00, 3¢; '01, 6¢; '02, (7¢); '03, (6¢); '04, 8¢; '05, (4¢); '06, 21¢; '07, 2¢; '08, \$1.12; '09, (42¢); '10, (1¢); '11, 16¢; '12, (\$1.78); '13, (\$0.09). Earnings may not sum due to rounding. Next earnings report due early November. (B) Dividends historically paid late January, April, July, and October. (C) In mil-

BUSINESS: EOG Resources, Inc. engages in the exploration, development, and production of natural gas and crude oil. Utilizes producing basins primarily in the U.S., Canada, and offshore Trinidad. In 2013, total net proved natural gas reserves were 5.0 trillion cubic feet equivalent, and net proved crude oil and natural gas liquids reserves were 1277.7 million barrels. Estimated pretax

EOG Resources reported strong performance for the second quarter. Sales and share earnings advanced by 21% and 38%, respectively, for the June period. The company logged a 17% increase in total production, and 33% growth in domestic crude oil and condensate output. Liquids production gains from the Eagle Ford and Bakken plays, as well as the Permian Basin, led the way. But despite the good showing, the stock has taken a breather in recent months, following strong price appreciation in the first half of the year. We envision favorable comparisons in the coming quarters, and impressive growth in sales and earnings for the current year. Healthy improvement ought to continue in 2015. Strong production growth should remain an important factor here. The company's robust drilling and completion program across its Eagle Ford acreage should continue to bear fruit. Meanwhile, well productivity is improving markedly in the Bakken play, due to ongoing refinements in completion designs. Elsewhere, drilling prospects in the Delaware Basin appear favorable. This includes EOG's extensive Leonard Shale

present value of reserves: \$30.3 billion. Has 2,800 employees. Off. and dir. own less than 1% of common stock; Capital Research Global Investors, 6.6%; FMR LLC, 6.2%; BlackRock, Inc., 6.2% (3/14 Proxy). Chairman & CEO: William Thomas. Incorporated: Delaware. Address: 1111 Bagby, Sky Lobby 2, Houston, TX 77002. Telephone: (713) 651-7000. Internet: www.eogresources.com.

acreeage position in west Texas and New Mexico. Overall, this prominent driller's prospects appear excellent. The board of directors has increased the dividend by 34%. Beginning with the October payout, the quarterly dividend is now \$0.1675 per share. This follows a similar hike in the second quarter. Healthy dividend growth will probably continue, though we expect the yield will remain below the Value Line median. Finances are sound. With an ample cash balance and a fairly low debt-to-equity ratio, the balance sheet looks solid. Operating cash flow and proceeds from asset sales should be sufficient to cover investment in operations, though the issuance of debt and equity may also provide support, periodically. This stock is ranked to outperform the broader market averages in the coming six to 12 months, and may appeal to momentum-seeking accounts. However, long-term appreciation potential is just about average from the recent quotation. Patient investors may find more attractive choices elsewhere. Michael Napoli, CFA September 5, 2014

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A Financial Roadmap: 2014

Lessons From the Past and Opportunities for the Future

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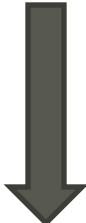
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