

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (date of earliest event reported): May 14, 2019

**WELLS FARGO & COMPANY
(Exact Name of Registrant as Specified in Its Charter)**

Delaware **001-02979** **No. 41-0449260**
(State or Other Jurisdiction **(Commission** **(IRS Employer**
of Incorporation) **File Number)** **Identification No.)**

420 Montgomery Street, San Francisco, California 94104
(Address of Principal Executive Offices) (Zip Code)

1-866-249-3302
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$1-2/3	WFC	New York Stock Exchange (NYSE)
7.5% Non-Cumulative Perpetual Convertible Class A Preferred Stock, Series L	WFC.PRL	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series N	WFC.PRN	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series O	WFC.PRO	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series P	WFC.PRP	NYSE
Depository Shares, each representing a 1/1000th interest in a share of 5.85% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series Q	WFC.PRQ	NYSE
Depository Shares, each representing a 1/1000th interest in a share of 6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series R	WFC.PRR	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series T	WFC.PRT	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series V	WFC.PRV	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series W	WFC.PRW	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series X	WFC.PRX	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series Y	WFC.PRY	NYSE
Guarantee of 5.80% Fixed-to-Floating Rate Normal Wachovia Income Trust Securities of Wachovia Capital Trust III	WBTP	NYSE
Guarantee of Medium-Term Notes, Series A, due October 30, 2028 of Wells Fargo Finance LLC	WFC/28A	NYSE

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act (17 CFR 230.405) or Rule 12b-2 of the Exchange Act (17 CFR 240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01 Other Events.

Pursuant to the Order Granting Preliminary Approval of Derivative Action Settlement issued by the United States District Court for the Northern District of California, dated May 14, 2019, Wells Fargo & Company is hereby providing, as Exhibit 99 to this report, the Notice of Settlement of Shareholder Derivative Litigation and Hearing (the “Notice”). The Notice relates to the proposed settlement of shareholder derivative litigation alleging various claims, including breach of fiduciary duty claims, against current and former directors and officers for their alleged involvement with and failure to detect and prevent issues related to the Company’s retail sales practices.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

<u>Exhibit No.</u>	<u>Description</u>	<u>Location</u>
99	Notice of Settlement of Shareholder Derivative Litigation and Hearing	Filed herewith

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has
duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 20, 2019

WELLS FARGO & COMPANY

By: /s/ Anthony R. Augliera

Anthony R. Augliera
Executive Vice President and Secretary

1 Richard M. Heimann (063607)
rheimann@lchb.com
2 Katherine C. Lubin (259826)
kbenson@lchb.com
3 Michael K. Sheen (288284)
msheen@lchb.com
4 LIEFF CABRASER HEIMANN & BERNSTEIN, LLP
275 Battery Street, 29th Floor
5 San Francisco, CA 94111-3339
Telephone: (415) 956-1000
6 Facsimile: (415) 956-1008

7 Attorneys for Co-Lead Plaintiff Fire & Police Pension Association of Colorado and Co-Lead Counsel

8 Maya Saxena (*Pro hac vice*)
9 *msaxena@saxenawhite.com*
10 Joseph E. White, III (*Pro hac vice*)
11 *jwhite@saxenawhite.com*
12 Lester R. Hooker (241590)
13 *lhooker@saxenawhite.com*
SAXENA WHITE P.A.
150 East Palmetto Park Road, Suite 600
Boca Raton, FL 33432
Telephone: (561) 394-3399
Facsimile: (561) 394-3382

14 Attorneys for Co-Lead Plaintiff The City of Birmingham
Retirement and Relief System and Co-Lead Counsel

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

19 IN RE WELLS FARGO & COMPANY
20 SHAREHOLDER DERIVATIVE
LITIGATION

21 This Document Relates to:
ALL ACTIONS.

Lead Case No. 3:16-cv-05541-JST

**NOTICE OF SETTLEMENT OF
SHAREHOLDER DERIVATIVE
LITIGATION AND HEARING**

The Honorable Jon S. Tigar

1 **TO: ALL RECORD AND BENEFICIAL OWNERS OF WELLS FARGO & COMPANY**
2 **COMMON STOCK AS OF FEBRUARY 26, 2019 (THE “RECORD DATE”), WHO**
3 **CONTINUE TO OWN SUCH SHARES (“WELLS FARGO SHAREHOLDERS”).**

3 **PLEASE READ THIS NOTICE CAREFULLY.**

4 **THIS NOTICE RELATES TO THE PENDENCY AND PROPOSED**
5 **SETTLEMENT OF THIS SHAREHOLDER DERIVATIVE LITIGATION AND**
6 **CONTAINS IMPORTANT INFORMATION ABOUT YOUR RIGHTS**
7 **CONCERNING THE LAWSUIT. THIS NOTICE IS NOT AN EXPRESSION OF**
8 **ANY OPINION BY THE COURT AS TO THE MERITS OF ANY CLAIMS OR**
9 **DEFENSES IN THE LAWSUIT. THE STATEMENTS IN THIS NOTICE ARE**
10 **NOT FINDINGS OF THE COURT.**

8 **YOU ARE HEREBY NOTIFIED**, pursuant to Federal Rule of Civil Procedure 23.1 and
9 an Order of the United States District Court for the Northern District of California (the “Court”),
10 that a proposed settlement (the “Settlement” or the “Stipulation”) has been reached among (i) Co-
11 Lead Plaintiffs Fire & Police Pension Association of Colorado and The City of Birmingham
12 Retirement and Relief System (“Co-Lead Plaintiffs”) (on behalf of themselves and derivatively
13 on behalf of Wells Fargo & Company) (“Wells Fargo” or “the Company” or the “Bank”); (ii)
14 John G. Stumpf, Timothy J. Sloan, Carrie L. Tolstedt, John R. Shrewsberry, and Michael J.
15 Loughlin (the “Officer Defendants”); (iii) John D. Baker II, Elaine L. Chao, John S. Chen, Lloyd
16 H. Dean, Elizabeth A. Duke, Susan E. Engel, Enrique Hernandez, Jr., Donald M. James, Cynthia
17 H. Milligan, Federico F. Peña, James H. Quigley, Judith M. Runstad, Stephen W. Sanger, Susan
18 G. Swenson, and Suzanne M. Vautrinot (the “Director Defendants”); and (iv) Nominal Defendant
19 Wells Fargo (together, with the Individual Defendants (defined below), the “Defendants” and
20 together with Co-Lead Plaintiffs, the “Parties”) in the above-captioned derivative litigation (the
21 “Derivative Action”). The Derivative Action has been brought derivatively on behalf of Wells
22 Fargo to remedy the harm allegedly caused to the Company by the Officer and Director
23 Defendants’ alleged violations of federal law and breaches of fiduciary duties.

24 This Notice also informs you of the Court’s preliminary approval of the Settlement and of
25 your right to participate in a hearing that will be held on August 1, 2019, at 2:00 p.m., before the
26 Honorable Jon S. Tigar at the United States District Court for the Northern District of California,
27 450 Golden Gate Avenue, San Francisco, California 94102 (the “Settlement Hearing”), to
28 determine whether (i) the Settlement of the Derivative Action on the terms and conditions

1 provided for in the Stipulation is fair, reasonable and adequate to Wells Fargo shareholders and to
2 Wells Fargo and should be approved by the Court; (ii) Co-Lead Counsel's Fee Application and
3 Co-Lead Plaintiffs' Reimbursement Awards should be granted; and (iii) a Final Judgment and
4 Order of Dismissal should be entered herein. ***Because this is a shareholder derivative action
5 brought for the benefit of Wells Fargo, no individual Wells Fargo shareholder has the right to
6 receive any individual compensation as a result of the settlement of this action.***

7 The Defendants have denied and continue to deny each and every one of the claims and
8 contentions alleged by the Co-Lead Plaintiffs in the Derivative Action and in all of the actions
9 referenced in Section II.C of the Stipulation. The Defendants expressly have denied and continue
10 to deny all allegations of wrongdoing or liability against them or any of them arising out of, based
11 upon or related to any of the conduct, statements, acts or omissions alleged, or that could have
12 been alleged, in the Derivative Action, and contend that many of the factual allegations in the
13 Derivative Action are untrue and materially inaccurate. The Defendants have further asserted and
14 continue to assert that, at all relevant times, they acted in good faith and in a manner they
15 reasonably believed to be in the best interests of Wells Fargo and its shareholders.

16 Nonetheless, the Defendants also have taken into account the expense, uncertainty and
17 risks inherent in any litigation, especially in complex cases like the Derivative Action. Therefore,
18 the Defendants have determined that it is desirable and beneficial that the Derivative Action, and
19 all of the Parties' disputes related thereto, be fully and finally settled in the manner and upon the
20 terms and conditions set forth in the Stipulation.

21 **THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF
22 THE COURT. IT IS BASED ON THE STATEMENTS OF THE PARTIES AND
23 SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF
24 THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES
25 RAISED BY ANY OF THE PARTIES OR THE FAIRNESS OR ADEQUACY OF
26 THE PROPOSED SETTLEMENT.**

27 **I. THE DERIVATIVE ACTION**

28 Beginning on September 29, 2016, separate Wells Fargo shareholders filed a series of
putative shareholder derivative lawsuits in the United States District Court for the Northern
District of California alleging, among other things, that employees in the Company's Community

1 Bank opened accounts without customer knowledge or authorization, and that the Officer and
2 Director Defendants breached their fiduciary duties to Wells Fargo in connection with these and
3 other alleged improprieties (as further defined in the Stipulation, the “Improper Sales Practices”).

4 On January 12, 2017, following a hearing on the appointment of co-lead plaintiffs and co-
5 lead counsel, the Court issued an Order: (a) consolidating *Public School Teachers’ Pension and*
6 *Ret. Fund of Chicago v. Stumpf*, Case No. 16-cv-7089-JST, into the Derivative Action;
7 (b) appointing the Fire & Police Pension Association of Colorado and the City of Birmingham
8 Retirement and Relief System as Co-Lead Plaintiffs; and (c) appointing Lieff Cabraser Heimann
9 & Bernstein, LLP and Saxena White P.A. as Co-Lead Counsel.

10 On February 24, 2017, Co-Lead Plaintiffs filed a consolidated amended verified
11 shareholder derivative complaint (the “Complaint”) in the Derivative Action alleging generally,
12 on behalf of Wells Fargo, claims for breaches of fiduciary duty, unjust enrichment, breach of
13 fiduciary duty for insider selling and misappropriation of information, violations of Section 14(a)
14 of the Securities Exchange Act of 1934 (the “Exchange Act”) and SEC Rule 14a-9, Section 10(b)
15 of the Exchange Act and SEC Rule 10b-5 (the “Section 10(b) Claim”), Section 20A of the
16 Exchange Act, Section 29(b) of the Exchange Act, Section 25402 of the California Corporations
17 Code, Section 25403 of the California Corporations Code, corporate waste, and contribution and
18 indemnification. As specified in the Complaint, some claims were asserted against all the Officer
19 and Director Defendants and some were asserted against a subset.

20 On March 17, 2017, Wells Fargo moved to dismiss the Complaint for failure to plead
21 demand futility pursuant to Rules 12(b)(6) and 23.1 of the Federal Rules of Civil Procedure. On
22 May 4, 2017, following a hearing on Wells Fargo’s motion to dismiss, the Court granted in part
23 and denied in part Wells Fargo’s motion, holding that pre-litigation demand on the Wells Fargo
24 Board of Directors was excused and permitting Co-Lead Plaintiffs to pursue the surviving claims
25 asserted in the Derivative Action on the Bank’s behalf.

26 On June 5, 2017, the Officer and Director Defendants filed a number of motions to
27 dismiss the Complaint for failure to state a claim. On July 5, 2017, Co-Lead Plaintiffs filed an
28 omnibus opposition to the motions to dismiss. On October 4, 2017, the Court denied in large part

1 the Officer and Director Defendants' motions to dismiss. The Court dismissed, without
2 prejudice, the Section 10(b) Claim against Defendant Loughlin and the claims against Defendants
3 Sloan, Tolstedt, and Shrewsberry for indemnification and contribution. The Court dismissed,
4 with prejudice, Co-Lead Plaintiffs' Section 25402 California Corporations Code claim against
5 Sloan, Tolstedt, Loughlin, and Stumpf. The Court sustained all other claims.

6 In addition to the Derivative Action, additional putative shareholder derivative litigations
7 purportedly on behalf of Wells Fargo and against some or all of the Individual Defendants,¹
8 alleging the same or a similar course of conduct related to Improper Sales Practices, were filed.
9 These cases have been consolidated into the Derivative Action, have been stayed pending
10 resolution of the Derivative Action, or were voluntarily dismissed.

11 In the Derivative Action, Co-Lead Plaintiffs have sought and obtained extensive
12 document discovery from the Officer and Director Defendants, Wells Fargo and third parties. As
13 of December 12, 2018, Co-Lead Counsel reviewed over 1.1 million pages of documents produced
14 in the Derivative Action, as well as tens of thousands of pages of documents from other civil and
15 regulatory proceedings, public reports, press coverage, and Congressional testimony related to
16 Improper Sales Practices.

17 In a total of seven in-person mediation sessions that commenced in August 2017 and took
18 place in San Francisco and New York City, the Parties and the Insurers (defined below) engaged
19 in arm's-length discussions and negotiations regarding a potential resolution of the Derivative
20 Action. At the end of the last full-day mediation session on December 4, 2018, these mediation
21 efforts culminated in a Mediators' proposal from Judge Daniel Weinstein (Ret.) and Mr. Jed
22 Melnick, Esq. (collectively, "the Mediators") which the Parties and the Insurers accepted, that
23 would resolve the Derivative Action, each of the actions referenced in Section II.C of the
24 Stipulation, and the CPI Derivative Actions.²

25 ¹ "Individual Defendants" means, collectively, the Officer Defendants, the Director Defendants,
26 and Richard D. McCormick, Mackey J. McDonald, Nicholas G. Moore, Philip J. Quigley and
Howard V. Richardson.

27 ² "CPI Derivative Actions" means *In re Wells Fargo & Co Auto Ins. Derivative Litig.*, No. CGC
17-561118 (S.F. Super.), *Feuer v. Baker*, No. 3:18-cv-02866-JST (N.D. Cal.), *Himstreet v. Sloan*,
28 No. 3:18-cv-02922-JST (N.D. Cal.), and the CPI Allegations in the *Connecticut Laborers* Action.

Footnote continued on next page

1 On December 12, 2018, the Parties accepted the Mediators' proposal consisting of (i) a
2 monetary payment of \$240 million to be paid by the Insurers to Wells Fargo;
3 (ii) acknowledgement from Wells Fargo that facts alleged in the Derivative Action were a
4 significant factor in causing certain corporate governance changes undertaken by Wells Fargo
5 during the pendency of the Derivative Action (the "Corporate Governance Reforms") (see
6 Stipulation Ex. A), which include improvement to Wells Fargo's internal controls, internal
7 reporting, and expanded and enhanced oversight of risk management by the Board of Directors;
8 and (iii) acknowledgement from Wells Fargo that facts alleged in the Derivative Action were a
9 significant factor in causing certain remedial steps with respect to compensation reductions and
10 forfeitures undertaken by Wells Fargo during the pendency of the Derivative Action (the
11 "Clawbacks") (see Stipulation Ex. B). The Parties agreed as part of the Mediators' proposal that
12 the Corporate Governance Reforms and the Clawbacks have a combined value to Wells Fargo of
13 \$80 million, for a total settlement value to Wells Fargo of \$320 million, not including the Co-
14 Lead Plaintiffs' counsel's fee award.

15 On February 26, 2019, the Parties executed the Stipulation which sets forth the complete
16 terms of the Settlement. On February 28, 2019, Co-Lead Plaintiffs moved for preliminary
17 approval of the Settlement. On April 2, 2019, following a request from the Court, Co-Lead
18 Plaintiffs submitted a supplemental brief in support of preliminary approval of the Settlement.

19 On May 14, 2019, the Court entered an order (the "Preliminary Approval Order")
20 preliminarily approving the Settlement, setting a schedule for the Court's final review of the
21 Settlement, and establishing customary notice and objection procedures for Wells Fargo
22 shareholders.

23 **II. BENEFITS TO WELLS FARGO FROM THE SETTLEMENT**

24 Co-Lead Counsel engaged in arm's-length negotiations with counsel for Wells Fargo and

25 *Footnote continued from previous page*
26 CPI Allegations means the allegations that certain Individual Defendants violated their duties to
27 the Company concerning the provision of collateral protection insurance, overcharging auto loan
28 customers for Guaranteed Asset Protection insurance, charging customers related to mortgage
interest rates and so-called "rate-locks," violations of the Servicemembers Civil Relief Act, 50
U.S.C. App. § 3901 *et seq.*, and the fees charged to customers by the Company's foreign
exchange unit.

1 the Defendants with a view to achieving the benefits of this Settlement. Co-Lead Counsel
2 believes that the Settlement provides an excellent outcome for Wells Fargo based upon the claims
3 asserted against the Defendants, the evidence developed, and the recoverable damages that might
4 be proven at trial. Co-Lead Counsel have concluded that the terms and conditions of the
5 Settlement are fair, reasonable and adequate to the Company and its shareholders, and in their
6 best interests, and have agreed to settle the claims asserted in the Derivative Action pursuant to
7 the terms and provisions of the Stipulation, after considering: (i) the substantial benefits that the
8 Company and its shareholders will receive from the settlement of the Derivative Action; (ii) the
9 attendant risks of continued litigation against the Defendants, especially in complex actions such
10 as this Derivative Action, as well as the difficulties and delays inherent in such litigation; and (iii)
11 the desirability of permitting the Settlement to be consummated, as provided by the terms of the
12 Stipulation. Wells Fargo has acknowledged the substantial benefits conferred on it by the
13 Settlement.

14 **III. DEFENDANTS' DENIALS OF WRONGDOING**

15 The Defendants have denied and continue to deny each and every one of the claims and
16 contentions alleged by the Co-Lead Plaintiffs in the Derivative Action and in all of the actions
17 referenced in Section II.C of the Stipulation.

18 The Defendants expressly have denied and continue to deny all allegations of wrongdoing
19 or liability against them or any of them arising out of, based upon or related to any of the conduct,
20 statements, acts or omissions alleged, or that could have been alleged, in the Derivative Action or
21 in any of the actions referenced in Section II.C of the Stipulation, and contend that many of the
22 factual allegations in the Derivative Action and the actions referenced in Section II.C of the
23 Stipulation are untrue and materially inaccurate. The Defendants have further asserted and
24 continue to assert that, at all relevant times, they acted in good faith and in a manner they
25 reasonably believed to be in the best interests of Wells Fargo and its shareholders.

26 Nonetheless, the Defendants also have taken into account the expense, uncertainty and
27 risks inherent in any litigation, especially in complex cases like the Derivative Action. Therefore,
28 the Defendants have determined that it is desirable and beneficial that the Derivative Action, and

1 all of the Parties' disputes related thereto, be fully and finally settled in the manner and upon the
2 terms and conditions set forth in the Stipulation. Pursuant to the terms set forth below, the
3 Stipulation (including all of the Exhibits hereto) shall in no event be construed as or deemed to be
4 evidence of an admission or concession by the Defendants with respect to any claim of fault,
5 liability, wrongdoing, or damage whatsoever.

6 **IV. TERMS OF THE PROPOSED SETTLEMENT**

7 The full terms and conditions of the Settlement are embodied in the Stipulation and
8 Agreement of Settlement, which is on file with the Court and available at
9 <http://www.wellsfargoderivativesettlement.com/>. The following is only a summary of the
10 Stipulation.

11 In consideration of the full settlement, satisfaction, compromise and release of the
12 Released Claims, the Monetary Consideration of \$240 million shall be paid by the Insurers on
13 behalf of the Individual Defendants to Wells Fargo. The Insurers shall cause the Monetary
14 Consideration to be paid to Wells Fargo within thirty (30) calendar days of the Effective Date.

15 Wells Fargo agrees and acknowledges that facts alleged in the Derivative Action were a
16 significant factor in Wells Fargo's decision to adopt and implement the Corporate Governance
17 Reforms (*see* Stipulation Ex. A) and the Clawbacks (*see* Stipulation Ex. B) during the pendency
18 of the Derivative Action. The Parties agreed as part of the Mediator's proposal that the Corporate
19 Governance Reforms and the Clawbacks set forth in Exhibits A and B to the Stipulation have a
20 value to Wells Fargo of \$80 million, for a total Settlement value to Wells Fargo of \$320 million,
21 not including Co-Lead Plaintiffs' counsel's fee award.

22 **V. DISMISSALS AND RELEASES**

23 The Stipulation provides that, subject to approval by the Court pursuant to Federal Rule of
24 Civil Procedure 23.1, for good and valuable consideration, the Derivative Action shall be
25 dismissed on the merits with prejudice as to all Defendants and against Co-Lead Plaintiffs and all
26 Wells Fargo shareholders, and all Released Claims (defined below) shall be completely, fully,
27 finally and forever released, relinquished, settled, discharged and dismissed with prejudice and
28

1 without costs, as to all Released Parties.³

2 “Released Claims” means any and all manner of claims, demands, rights, liabilities,
3 losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees,
4 attorneys’ fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees,
5 matters, issues and controversies of any kind, nature or description whatsoever, whether known or
6 unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or
7 unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed
8 or contingent, including Unknown Claims, whether based on state, local, foreign, federal,
9 statutory, regulatory, common or other law or rule, brought or that could be brought derivatively
10 or otherwise by or on behalf of Wells Fargo against any of the Released Parties, which now or
11 hereafter are based upon, arise out of, relate in any way to, or involve, directly or indirectly, any
12 of the actions, transactions, occurrences, statements, representations, misrepresentations,
13 omissions, allegations, facts, practices, events, claims or any other matters, things or causes
14 whatsoever, or any series thereof, that are, were, could have been, or in the future can or might be
15 alleged, asserted, set forth, claimed, embraced, involved or referred to in the Derivative Action
16 and relate to, directly or indirectly, the subject matter of the Derivative Action in any court,

17 ³ “Released Parties” means (i) the Individual Defendants; (ii) Wells Fargo, as the Nominal
18 Defendant; (iii) American Express; and (iv) the Related Parties. “Related Parties” means (i) as to
19 Wells Fargo, Wells Fargo’s past or present directors and officers, employees, agents, attorneys,
20 personal or legal representatives, consultants, experts, predecessors, successors, parents,
21 subsidiaries, affiliates, divisions, joint ventures, assigns, general or limited partners or
22 partnerships, limited liability companies, any entity in which Wells Fargo has a controlling
23 interest, and all past or present officers, directors and employees of Wells Fargo’s current and
24 former subsidiaries and affiliates, the foregoing to include any person insured under the D&O
25 Policies, and (ii) as to the Individual Defendants (1) each spouse, immediate family member, heir,
26 executor, estate, administrator, agent, attorney, accountant, auditor, bank, insurer (including the
27 Insurers), co-insurer, re-insurer, advisor, consultant, expert, or affiliate of any of them, (2) any
28 trust in respect of which any Individual Defendant, or any spouse or family member thereof
serves as a settlor, beneficiary or trustee, and (3) any entity in which an Individual Defendant, or
any spouse or immediate family member thereof, holds a controlling interest or for which an
Individual Defendant has served as an employee, director, officer, managing director, advisor,
general partner, limited partner, or member and any collective investment vehicle which is
advised or managed by any of them; provided, however, that the releases shall in no event release
any claims in connection with certain directors and officers liability insurance policies (the “D&O
Policies”) or reinsurance of D&O coverage that the Individual Defendants or Wells Fargo may
have against any of the insurance companies who issued the D&O Policies (the “Insurers”),
except as set forth in the agreement by and among Wells Fargo, certain current and former
officers and directors of Wells Fargo, and the Insurers, confirming the Insurers’ agreement to pay
the Monetary Consideration and those officers’ and directors’ releases of certain insurance claims
(the “Insurance Agreement”).

1 tribunal, forum or proceeding, including, without limitation, any and all claims by or on behalf of
2 Wells Fargo which are based upon, arise out of, relate in any way to, or involve, directly or
3 indirectly: (i) Improper Sales Practices; or (ii) any of the allegations in any complaint or
4 amendment(s) thereto filed in (x) the Derivative Action or (y) any action described in Section II.C
5 of the Stipulation, with the exception, as described therein, of the CPI Allegations in the
6 *Connecticut Laborers Action*. “Released Claims” does not include (1) claims to enforce the
7 Settlement; (2) any direct claims on behalf of present or former Wells Fargo shareholders (*i.e.*,
8 not derivative claims) that are or were being prosecuted in *Hefler v. Wells Fargo & Co.*, No. 3:16-
9 cv-05479-JST (N.D. Cal.); and (3) any claims in connection with the D&O Policies or
10 reinsurance of D&O coverage that the Individual Defendants or Wells Fargo may have against
11 any of the Insurers, except as set forth in the Insurance Agreement.

12 “Unknown Claims” means any Released Claims which Co-Lead Plaintiffs, Wells Fargo,
13 or any of the current Wells Fargo shareholders do not know or suspect exist in his, her or its favor
14 at the time of the release of the Released Claims as against the Released Parties, including
15 without limitation those which, if known, might have affected the decision to enter into or object
16 to the Settlement. With respect to any and all Released Claims, and although the Settlement
17 provides for a specific release of the Released Parties, the Parties stipulate and agree that, upon
18 the Effective Date, Co-Lead Plaintiffs, Wells Fargo, and each of the current Wells Fargo
19 shareholders shall be deemed to have, and by operation of the Final Judgment and Order of
20 Dismissal shall have, waived the provisions, rights and benefits of California Civil Code § 1542,
21 which provides:

22 **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS
23 THAT THE CREDITOR OR RELEASING PARTY DOES
24 NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER
25 FAVOR AT THE TIME OF EXECUTING THE RELEASE
AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE
MATERIALLY AFFECTED HIS OR HER SETTLEMENT
WITH THE DEBTOR OR RELEASED PARTY.**

26 Co-Lead Plaintiffs, Wells Fargo, and each of the current Wells Fargo shareholders shall be
27 deemed to have, and by operation of the Final Judgment and Order of Dismissal shall have,
28 waived any and all provisions, rights and benefits conferred by any law of any jurisdiction, state

1 or territory of the United States, or principle of common law, which is similar, comparable or
2 equivalent to California Civil Code § 1542. Any of Co-Lead Plaintiffs, Wells Fargo, or the
3 current Wells Fargo shareholders may hereafter discover facts in addition to or different from
4 those which he, she or it now knows or believes to be true with respect to the Released Claims
5 but, upon the Court's entry of the Final Judgment and Order of Dismissal, Co-Lead Plaintiffs,
6 Wells Fargo, and each of the current Wells Fargo shareholders shall be deemed to have, and by
7 operation of the Final Judgment and Order of Dismissal shall have, fully, finally, and forever
8 settled and released any and all Released Claims known or unknown, suspected or unsuspected,
9 contingent or non-contingent, accrued or unaccrued, whether or not concealed or hidden, which
10 now exist, or heretofore have existed upon any theory of law or equity now existing or coming
11 into existence in the future, including, but not limited to, conduct which is negligent, intentional,
12 with or without malice, or a breach of any duty, law or rule, without regard to the subsequent
13 discovery or existence of such different or additional facts. The Parties shall be deemed by
14 operation of the Final Judgment and Order of Dismissal to have acknowledged that the foregoing
15 waivers were separately bargained for and are key elements of the Settlement of which this
16 release is a part.

17 Following the Court's entry of a Final Judgment and Order of Dismissal, the Parties will
18 jointly request that the Delaware Chancery Court dismiss, with prejudice, the *Connecticut*
19 *Laborers* Action to the extent it alleges claims relating to Improper Sales Practices.

20

21 **VI. ATTORNEYS' FEES AND CO-LEAD PLAINTIFFS' REIMBURSEMENT
AWARDS**

22 To date, Co-Lead Counsel have not received any payment for their services in prosecuting
23 the Derivative Action. The fee requested by Co-Lead Counsel would compensate counsel for
24 their efforts in achieving the benefits for the Company described in detail in the Stipulation and
25 for their risk in undertaking this representation on a contingency basis.

26 As part of their papers in support of Settlement to be filed on or before June 27, 2019,
27 which is thirty-five (35) days in advance of the Settlement Hearing, Co-Lead Counsel intend to
28 apply to the Court for an award of fees in connection with the Derivative Action (the "Fee

1 Application”). Defendants and Wells Fargo agree that Co-Lead Counsel are entitled to an award
2 of reasonable attorneys’ fees, in an amount not to exceed \$68 million. As part of the Fee
3 Application, Co-Lead Counsel will ask the Court to award attorneys’ fees in an amount not to
4 exceed \$68 million. As part of the Fee Application, Co-Lead Counsel shall seek Reimbursement
5 Awards for Co-Lead Plaintiffs not to exceed more than \$25,000 for each Co-Lead Plaintiff
6 reimbursing them for their time and costs relating to the prosecution of the Derivative Action,
7 (the “Reimbursement Awards”), which awards will be paid from Co-Lead Counsel’s attorneys’
8 fees. As part of the Settlement Hearing, the Court will consider the Fee Application and any
9 objections thereto. The Settlement, however, is not conditioned on the Court granting the Fee
10 Application or awarding any particular amount of attorneys’ fees or Reimbursement Awards.

11 The Fee Application and information regarding the hearing to consider the Fee
12 Application will be made available once it is filed with the Court on or before June 27, 2019 at
13 <http://www.wellsfargoderivativesettlement.com/> or by calling 1-888-334-6164.

14 **VII. SETTLEMENT HEARING**

15 The Court has scheduled the Settlement Hearing for August 1, 2019 at 2:00 p.m., Pacific
16 Standard Time, at the United States District Court for the Northern District of California, 450
17 Golden Gate Avenue, San Francisco, California 94102, to: (i) determine whether the Settlement
18 of the Derivative Action on the terms and conditions provided for in the Stipulation is fair,
19 reasonable and adequate to the Wells Fargo shareholders and to Wells Fargo and should be
20 approved by the Court; (ii) determine whether the Final Judgment and Order of Dismissal should
21 be entered in the Derivative Action pursuant to the Stipulation; (iii) determine whether Co-Lead
22 Counsel’s Fee Application and Co-Lead Plaintiffs’ Reimbursement Awards should be approved;
23 (iv) hear and address any objections to the Settlement; and (v) rule on such other matters as the
24 Court may deem appropriate.

25 The Court has reserved the right to adjourn the Settlement Hearing or any adjournment
26 thereof, without further notice of any kind to Wells Fargo shareholders. The Court also reserves
27 the right to approve the Settlement at or after the Settlement Hearing with such modification(s) as
28 may be consented to by the parties to the Stipulation and without further notice to Wells Fargo

1 shareholders.

2 **VIII. RIGHT TO APPEAR AND OBJECT**

3 If you wish to object to any aspect of the Settlement, the Fee Application, the
4 Reimbursement Awards, or the Final Judgment and Order of Dismissal, you must provide in
5 writing your full name, appropriate proof of your Wells Fargo stock ownership as of the Record
6 Date, the basis for your objection, and your signature. You may not ask the Court to order a
7 larger settlement; the Court can only approve or deny the Settlement. You may also appear at the
8 Settlement Hearing, either in person or through your own attorney. If you appear through your
9 own attorney, you are responsible for paying that attorney. All written objections and supporting
10 papers must: (a) clearly identify the case name and number (*In re Wells Fargo & Company*
11 *Shareholder Derivative Litigation*, 3:16-cv-05541-JST (N.D. Cal.)); (b) be submitted to the Court
12 either by mailing them to the Clerk of the Court for the United States District Court for the
13 Northern District of California, 450 Golden Gate Avenue, Box 36060, San Francisco, CA 94102,
14 or by filing them in person at any location of the United States District Court for the Northern
15 District of California; and (c) be filed or postmarked **on or before July 11, 2019**, twenty-one (21)
16 calendar days prior to the Settlement Hearing.

17 Any Wells Fargo shareholder who fails to object in the manner described above shall be
18 deemed to have waived the right to object (including any right of appeal) and shall forever be
19 foreclosed from raising such objection to the fairness, reasonableness or adequacy of the
20 Settlement as incorporated in the Stipulation, to the award of attorneys' fees to Co-Lead Counsel,
21 and to Co-Lead Plaintiffs' Reimbursement Awards, unless otherwise ordered by the Court, but
22 shall otherwise be bound by the Preliminary Approval Order and the Final Judgment and Order of
23 Dismissal to be entered and the releases to be given.

24 **IX. ORDER AND FINAL JUDGMENT OF THE COURT**

25 If the Court determines that the Settlement is fair, reasonable and adequate, the Parties
26 will ask the Court to enter a Final Judgment and Order of Dismissal, which will, among other
27 things:

28

1 1. Approve the Settlement as fair, reasonable and adequate to Wells Fargo and its
2 shareholders;

3 2. Grant Co-Lead Counsel's Fee Application and Co-Lead Plaintiffs' Reimbursement
4 Awards;

5 3. As of the Final Date, release and discharge the Released Parties from any and all
6 liability with respect to the Released Claims; and

7 4. As of the Final Date, permanently bar and enjoin the institution or prosecution
8 against the Released Parties of any action asserting or relating in any way to the Released Claims.

9 **X. SCOPE OF THE NOTICE**

10 This Notice contains only a summary of the Derivative Action and the terms of the
11 Stipulation. For a more detailed statement of the matters involved in the Derivative Action,
12 reference is made to the pleadings, to the Stipulation and to all other papers publicly filed in the
13 Derivative Action, which may be inspected by you or your attorney at the Office of the Clerk of
14 Court for the United States District Court for the Northern District of California, United States
15 Courthouse, 450 Golden Gate Avenue, San Francisco, California 94102, during regular business
16 hours of each business day.

17 Please visit <http://www.wellsfargoderivativesettlement.com/>,
18 <https://www.wellsfargo.com/assets/pdf/about/investor-relations/sec-filings/2019/federal-settlement-notice.pdf>, or call 1-888-334-6164 if you wish to obtain a copy of the Stipulation and
19 other relevant documents. Should you have any other questions regarding the proposed
20 Settlement or the Derivative Action, please contact Co-Lead Counsel for Co-Lead Plaintiffs:

21
22 LIEFF CABRASER HEIMANN &
23 BERNSTEIN, LLP
24 Richard M. Heimann
25 Katherine C. Lubin
26 Michael K. Sheen
27 275 Battery Street, 29th Floor
28 San Francisco, CA 94111-3339

22 SAXENA WHITE P.A.
23 Maya Saxena
24 Joseph E. White, III
25 Lester R. Hooker
26 150 East Palmetto Park Road, Suite 600
27 Boca Raton, FL 33432

28 **PLEASE DO NOT CALL OR WRITE THE COURT REGARDING THIS NOTICE.**

1 DATED: May 14, 2019

2 BY ORDER OF THE UNITED STATES DISTRICT
3 COURT FOR THE NORTHERN DISTRICT OF
4 CALIFORNIA

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28